

The Commercial FLOORING REPORT



Happy New Year to all of you.

I wish you good health.

Happiness deep down within.

Serenity with each sunrise.

Success in each facet of your life.

Family beside you.

Close and caring friends.



Challenges of 2008 have not vanished with the passage into a new year and, in my opinion; the difficult times are going to be here for awhile. The commercial market is seeing a slow down right now with

less work in the pipeline for 2009, from the latest figures on average 15 to 20%. With projects put on hold due to fear of releasing funds or tight credit, falling tax revenues and an overall slow down in business, everyone is affected. Even if a project is funded it may be shelved because of the psychological effects the economic conditions have on entities and individuals. The guilt factor of spending while so many are pulling in their claws may be enough to halt a project. Though the slowing of projects will effect short term business it also means that there will be pent up demand when things do

This CFR report includes special articles from Warren R Tyler, Motivation Plus and Lance Wallach, CLU, CHFC, CIMC.

do pick up, as they will. Not spending while still earning means the money goes into savings. With the build up of funds, extending schedules to service facilities that continue to undergo use and abuse and the need to expand, update or renew, the demand quietly grows as does the ability to fund the projects. You can only put so much water in a balloon before it bursts and it's only a matter of time before that happens with business. Nature's law of the survival of the fittest is being imposed. The fittest are those that know what business they're in and who their customer is. They are also the ones who can adjust to market and economic conditions best now because they weren't overextended in the first place. Now is the time to keep the overhead low and re-evaluate the business.

Take a look at what you do, where your opportunities lie within your core competencies and exploit them. This is also a time to develop unique services or aspects of your business you may have overlooked or had on the back burner. Look at the market, see and hear what it's telling you and then

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give it what it wants and needs back. Get back to basics and ask everyone on your team to come up with three ideas that can help the business. Often we are oblivious to the obvious and the answers to most things are more often than not, staring us in the face. As the old saying goes, "We can't see the forest for the trees." I'm neither an economist nor a soothsayer but I have been in business for 38 years and started during a recession when people said you couldn't make it. I've been through several economic slowdowns. Life and business ebbs and flows and you have to adjust to it. Flexibility, adaptability and seeing opportunities are paramount. I also learned from many wise people over the years to keep the overhead low. We're ebbing right now but we'll flow again and with more rational and reasonable expectations the market will be stronger. Find something you do that no one else does or that you do better and improve upon it. Or look at the market, see where the pain exists and provide a service that relieves it. Keep things in perspective, as hard as that may be at times.

Everyday I come into the office I view as a new day;



like starting fresh. I never look at it as a continuation of the day before. This keeps you hungry, dangles the carrot in front of you and keeps you passionate about what you do. And if you don't love what you do and aren't passionate about it you now have a perfect opportunity to do

something else – make room for someone else on the ladder who is passionate. The giant that is our economy may have dozed off but be certain that it will awaken again, be ready for it.

EVERYONE WANTS A PIECE OF THE PIE

The commercial market may have slowed but it is still alive and it's attracting the attention of flooring dealers who are hungry and looking for work. Many of them are residential dealers who also service the Main Street commercial market and might do some

Top Problems		2008	2007
1.	Improper Installation	40%	35%
2.	Poor Maintenance	26%	24%
3.	Product Quality Problems	15%	9%
4.	Moisture	7%	4%
5.	Inconsistent Pricing	7%	10%
6.	Slow Delivery	3%	12%
7.	Poor Project Management	1%	1%
8.	Bad Product Advice	0%	3%

larger projects. Others may have little or no experience at all in the commercial market. Beware of this situation. These guys are swelling the ranks of bidders or suitors for commercial work and they may do so with lower prices, less experienced or lower paid labor. These dealers are also being told to actively seek this work as the residential market slows. Their gain may be your loss. The commercial market is the big league of the industry. Minor leaguers may be able to play the game but not at the level the pros can and do. What may sound too good to be true on a project probably is. In a discussion we had yesterday in the office it was mentioned that a retail dealer bid and got a commercial job for a library carpet replacement and


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put in his price \$700.00 for moving book racks. He panicked when he found out he had to remove all the books, keep them in order, move the shelving and then replace all the books as he found them. Someone on this project should have caught this and realized that this part of the job couldn't possibly be done for this price. How do you think the rest of the job would turn out? Stick with the professional commercial flooring contractors who are the major leaguers. If you must and feel comfortable, you can give some small jobs to the minor leagues but be sure to have an installation spec that is detailed, asks for references, demands experience in the type of work being bid and has a stipulation for a warranty on the work performed.

CLAIMS THEY ARE A COMIN'

When the economy slows claims filed on flooring materials, installation issues and just plain discontent with flooring products increase. With the increase in claims velocity the entrance they have to pass through becomes more restricted. No one wants

to lose money; everyone hates claims and they are more difficult to settle when they do occur at times like this. Manufacturers of flooring materials whose business has slowed don't want to entertain a complaint and will be far less accommodating. They're already losing money in sales so they don't want to give any of what they are now clinging to away if they don't have to and it won't be parted with easily. Keeping this in mind you have to determine if the complaint or concern being registered is actually legitimate. If the problem is something that can be easily fixed do it and move on. Now is not the time for standing on principal with complaints. Most of the problems can be resolved with reason and calm and its most often far less expensive than "digging in." If you want to prevent a legal battle call us and we'll help keep you out of trouble on the front end and get you out of trouble on the back end before an issue gets legal. We can stop problems dead in their tracks, help mediate a resolution or assist in resolving a complaint, claim or concern. We can determine what's wrong, who or what is at fault, why, and how to resolve an issue. We can do all this for far less than it would cost otherwise and faster. Even if you only have questions, call us with any flooring or substrate issue, we exist to be of service to any segment of the industry - we can help.

Upcoming LGM Seminars
Carpet Seminar
 March 4, 5, 6, 2009
Concrete, Moisture, and
Flooring Failures
 March 18, 19, 2009

The Commercial FLOORING REPORT Totally Green Publication

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LGM has a wealth of technical information at its disposal as well as many documents to help explain and describe how and why various problems occur.

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At LGM and Associates we are supremely confident that no issue in the flooring industry is beyond the ability of Lew or one of his associates to solve. Remember – in the business people will not always give you the full story. The floor, however, will always tell you the complete truth if you know how to listen. At LGM we specialize in listening.

Attitude—The Key to Success



By: Warren Tyler – Motivation Plus

No matter what branch of this industry you may participate in—specifying, technical services, sales, installation or manufacturing, the key to your success rests on your attitude. The more technical you are, the more difficult this fact may be to reconcile.

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A Wall Street Journal article recounted a survey of several hundred Ivy League graduates, who when informed that their attitude would be a more important factor in their future success than their Ivy League degrees, 70% of these young people believed that if this were true, it was grossly unfair given their huge investment in time, work and money in acquiring their degrees.

I have been the keynote speaker at several award dinners where the owners reward employees, including installation specialists, for exemplary performance. When it came to presenting the award for most valuable installer, I would ask the winner why he thought he won. Invariably, the answer came back: "Because customers like me."

Professional salespeople understand the value of attitudes. Having the right attitude means thinking more of other people than yourself, speaking of their interests and making them feel important-- just a few factors in getting people to like you. Customers tell us that the most important factor in purchasing is not lower price or better selection, but whether they like the salesperson or not.

If you are a professional cleaner and own the most expensive equipment available and have earned every certification the industry offers, the job usually goes to the most affable. Your background in specifying various

flooring products may be unsurpassed, but the “specs” accepted may be those of a likable, but less knowledgeable competitor. Your price, applicability and company reputation may be the best, but the purchaser will often award the contract to the more likable contract specialist.

Attitude is even more important when you have to deal with clients or end users. There is an art involved with handling clients, who by the time a problem or issue festers, are probably full of righteous anger, frustration and anxiety. The magic ingredient in settling these issues short of court is the mastery of “human skills”—the art of being liked.

I know this is a difficult obstacle for most of us to hurdle, but if there is one piece of professional advice that will propel your career forward, it is to understand the attitudes of success in order to become more people-oriented. As I have stated many times; “Attitude isn’t everything, it’s the only thing!”

Next time: The Art of Being Liked

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How to Find the Right Experts to Guide You Through These Times

By LANCE WALLACH, CLU , CHFC, CIMC

These days, business owners have a lot on their plates. Not only do they have businesses to run, but they need to have the resources to operate, manage, and flourish those businesses in order to stay afloat. Without serious knowledge of things like finances, taxes, tax audits, and retirement plans, it's hard to keep a shop open for business and to ensure that your future is in good hands. Especially now, as the economy begins to change, it is smart to look into different ways to secure your future and money. Recent well documented events have made it increasingly important to educate yourself on how to handle such endeavors correctly. Thousands of businesses have closed as a result of bankruptcy , corrupt policies, lowered sales, and other factors, often because issues that seemingly, in hindsight, should have been obvious were overlooked. In this environment, more than ever, you simply cannot afford mistakes or omissions with respect to your finances. Such

mistakes can result in audits and other problems that could eventually lead to the closing of your establishment. Being aware of the amount of debt that you are carrying, when your sales tend to plummet, and your number of employees are three trivial yet important aspects of watching your money. Websites such as IRS.gov, financeExperts.org, and taxlibrary.us are resources that can help make sure that there are ZERO unpleasant surprises in your numbers. Additionally, keeping accurate records and constantly double checking your numbers are two obvious, yet often neglected, things that you should do. So the question stands: how knowledgeable are you about your own finances?

Many of you have received information about the current state of your investments in the past few months. Sticker shock would be an understatement. Thousands have been lost as a direct result of the fiascoes constantly occurring as of this writing. Savings that would not only brighten your futures, but in many cases investments that you planned to use for your children's educations, are gone. The downward spiral will continue, as the shrapnel from these events moves throughout our failing economy. It won't stop in the foreseeable future, and it will entail more than just monetary losses. The watchdog agencies that will now have to redeem themselves for failing to perform their regulatory functions, leading at least in part to all of these failures, will respond with increased scrutiny of American citizens and businesses in every manner imaginable. Trust me, no stone will be left unturned, including that of increased IRS audits for the express purpose of raising money, which in fact has already started.

All of which is why treading water in the tide of an ebbing economy is not a solution.

It would appear that the seemingly indestructible giants of Wall Street have begun to crumble. Lehman Brothers is no more, Merrill Lynch has been taken down a peg or two, and now, disaster is apparently looming over Morgan Stanley. To say nothing of the looming threat to the consumer banking industry. As industry insiders, we've seen the writing on the wall for quite some time. Now, everybody else can see it, too.

In this day, the veil has been pulled back on the stock market's heavy hitters. Consumers now know there is indeed no "wizard" behind the curtain, just a few individuals in designer suits pulling down astronomical sums of money for the advice they send down from on high. Who can forget the images of the Lehman Brothers employees in New York City, emptying their offices into boxes and carrying them down Seventh Avenue? As sad as it was to see, it was a day we all had the feeling was coming, right? But now that it's here, why don't we feel any better?

The hopes of many investors in the stock market have been shaken to the core, but we cannot forget about the morose consumers and business owners. A number of individuals are suffering the potentially substantial loss (or potential loss) of their hard-earned money in a volatile market. Consumers need advisors who can guide them toward a safe harbor.

As previously mentioned, financeexperts.org can give you the help you need in this failing economy. The leading authorities

are members, and will most likely give helpful feedback. Consumers are fearful, and if they say they aren't, it's probable that they aren't being honest. For most Americans today, a stress free retirement is looking more and more impossible, and the difficulties looming between ourselves and that goal seem insurmountable. But things do not have to look and seem so bleak.

In a sense of the word, we feel compassion. Too many scoundrels plague Wall Street but, to some degree, we all feel the brunt. Be it for the out of work traders and brokers, or the investors who are wondering what is going to happen to their futures, we all feel some concern. But when it comes to who will receive most of our compassion, my money is on the investors. We hate to have an "I told you so" attitude, but at times it is hard to avoid. However, rather than dwell on this compassion, why not capitalize on it? Often unforeseen opportunities arise from the ashes of situations such as these. In fact, many such opportunities are available as I write this. They will be taken advantage of by those with the imagination and talent to position themselves to do so.

By reading this, you may be off to a good start. There are many ideas you will get from our leading finance experts to better run your business, reduce taxes and insurance costs, and much more. You will learn how to avoid audits, which are already up fifty (50) percent and are expected to increase further still, and turn your accountant into your protector instead of a tax collector. You will learn from Lance Wallach, who, as an American Institute of CPAs instructor and course developer, teaches CPAs. Lance also draws upon the knowledge and expertise of his associates, who are the leading finance experts in the United States. None of them work for any of the firms that were affected by the recent and ongoing financial fiascoes. Many of them perceived the arrival of these problems, and only their clients benefited because most other business people were too busy buying products from stockbrokers, insurance agents, and so-called financial planners who did not know what was going on. In Lance's spare time, between speaking at conventions, writing and helping a select few business owners, Lance appears as an expert witness. In fact, for two days in Sept 2008, Lance Wallach testified as an expert witness in Federal Court for a business owner that was sold a faulty financial product by a combination of his accountant and a so-called retirement plan expert. After Lance completed his testimony, the judge called the retirement plan salesman a "crook" and said that he should settle with the plaintiff. He did not, and the jury awarded the business owner TWICE what he had sued for. As a side note, Lance had advised the lawyer that this was a so called "ERISA case" and instead of the \$400,000 that the business owner was suing for, \$800,000 (double damages, as is possible in "ERISA" cases), could be awarded if the jury felt that was appropriate.

The point is that, under no circumstances, should you be forced to lay down and take the abuse and malpractice that most salespeople pin on you. Get your financial and business affairs in order, and, if necessary, take some action! Take some serious action!

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