

## RETAILERSON KEY ISSUES



Bob Hill



Jeri Pischke



Mike Duck

**W**e recently spoke with three leading floorcovering retailers, all members of the World Floor Covering Association, to discuss some of the issues that are at the forefront of the retail world today. Our panelists were Robert Hill, president of Floor Covering Associates of Shorewood, Illinois; Jeri Pischke, vice president of Home Valu Interiors of Fridley, Minnesota; and Mike Duck, president of Duck's Carpet and Flooring of Jackson, Tennessee. Here's what they had to say:

**How do you distinguish your company in the marketplace?**

**Duck:** Service more than anything, to the point of opening the store to meet a customer if need be. Our store closes at six o'clock every day, but it's rare that at least one of our builder reps isn't here until eight. Our builder clients' customers pick out paint, cabinets, countertops, shutters—and we don't sell any of those. But we do have samples here and when we go to a builder and pitch him about what we provide, it gives him a one-stop interiors store. We're saving them time and it helps us keep them in one place.

**Pischke:** With us its customer service, and bringing in modern trends. We try to be ahead of the game, and not just offer your standard off white carpet. We hire experienced people and have found over time that's the best way to do it.

**Hill:** We have large, freestanding architecturally significant buildings that are landmarks. We bought the land and built the buildings ourselves. We use a lot of glass and an angular look, not just square block. All of them are two story or capable of two stories with attached warehouses anywhere from 20,000 to 40,000 square feet combined.

**How are your customers using the Internet?**

**Pischke:** We're not seeing use of the Internet much in carpet, but we're seeing it in wood and laminate. We have a website and a lot of people have researched us before they walk in the door. When they come in, they know what they want. Price is the main driver for people on the Internet. Of course, when they realize how much the freight is to get it shipped to them, that does it. Also we tell them we have first quality goods and service, we warranty our products and we're going to be here.

**Duck:** The Internet has had good effects and bad effects. Good effects: over 50% of customers have used it to pre-shop, which makes our job easier. The only downside is sometimes they come in with warranty ideas that are misleading. People confuse fiber loss with appearance retention, so they come in wanting to see something that's guaranteed 25 years. It's difficult to explain the difference to some of them.

We don't sell over the Internet, but I think you need a presence for people to find you and help with product selection.

**Hill:** To a large extent customers use the Internet to Google floorcovering. Then they start researching until they get enough information or get confused enough and eventually find their way into one of our stores. Over the next six

months we'll be driving people to our website through our marketing programs.

I'm on the board of the WFCA and one of their initiatives is to become the impartial broker of knowledge in the floorcovering industry. Having a prominent position with them on their dealer locator is something that we're going to try to do.

One of our new employees bought an area rug at another store before working here and then went back for a matching one. The salesman promised to get back to her but never did. Someone suggested she try Home Depot. In five minutes, she found it on the Internet, and has since bought three more rugs on the Internet shipped to her directly with no dealer involved. When you start stripping out all the overhead associated with retail selling, it's amazing how little margin you need to do really well online.

### **Do you believe the industry has a quality problem? Is there a need to develop a standardized claims resolution protocol?**

**Pischke:** That's my committee at the WFCA. We haven't had many quality issues and we think part of it is because we use union workrooms to install a lot of our retail carpet. They inspect the carpet prior to it going out and cut around any problems. There may be a perception of a problem that's not real to us. At our last board meeting I asked a lot of people about that and we're all seeing the same thing—that the quality's pretty good and when we file a claim we're getting our money. We don't see a need to develop a standardized claims resolution program.

**Hill:** Installation isn't the source of our problems. If you pay your installers enough you're going to attract the best ones and you're not going to have a problem. I can control my installation. I can't control the quality of the carpet that comes to me. There's still too high a percentage of color sight match, mis-shipments, bad cuts, shipping 12 foot instead of 15 foot—that type of thing.

Many distributors are bringing ceramic tile in from overseas and it's not calibrated properly, the sizes are wrong, there are shading issues, there's breakage. On hardwood, we've had some product come in that's milled so poorly we couldn't install it.

I don't believe in standardized claims protocols. All of our energy needs to be spent on preventing the claim. I'll be impressed when I go to Shaw or Mohawk and I see engineers redesigning their manufacturing process to eliminate side match.

**Duck:** Over the past five years, quality has improved a great deal. I think they're shipping less defective product now than ever. That's a good thing. The bad thing is when they do ship a defective product it's often difficult to get them to admit it. They may ship us something with an obvious visual defect. If it's a residential replacement customer, we won't put it down. But when you've got a closing or someone moving in who doesn't have an option, it has to go down. But then you have a mill rep or mill inspector asking you: you knowingly installed a product with a visual defect? And I'll say, you knowingly shipped a product with a visual defect? The quality has improved, but their handling of problems has gotten worse.

### **How are you adapting B2B in your business?**

**Hill:** We're developing some browser-based software programs so the salesperson can come in and enter orders or process claims right online. We've become an application service provider and all product catalog and pricing information resides on our main file servers. Our direction is toward the browser-based program. The big manufacturers are ahead of everyone else and the distributors are the last to get on the bandwagon. Until smaller distributors have software that can do these things, it's pretty hard for a dealer to match up with them.

**Pischke:** We'd like to do more in B2B. We've centralized all purchasing functions for our nine stores into one location. Shaw has a B2B program, but they're one of the few. There are so many smaller guys among our kitchen and bath vendors they're just not doing B2B.

**Duck:** We've used B2B for some time in areas other than our industry. Taxes, workmen's comp, that sort of thing. In the industry, we use it on the accounting side and to get estimates on when products are going to get in. On the product side, we're still using the phone. The way I look at that, for our size, we're going to have to employ someone to do that either way. They can pick up the phone and call or they can type it in. I can see where it would save the mills a ton of money. I'm not opposed to it; I just don't think it's going to hurt me or help me. But if the mills want everybody to jump on board they're going to have to make it enticing to use it or penalize you for not using it. If you've done something one way for 20 years, you're not going to move if you don't see a benefit. One thing I don't want to see is automatic drafting on my bank account. I'll scream over that. I know some industries have done that and I hope this one isn't headed there. ■

**COMING IN AUGUST/SEPTEMBER**

**THE 2005 SUSTAINABILITY REPORT**  
Who's Who in Environmental Leadership