



50% of stats are created on the spot 93% of the time

By Don Roberts

Do you run your business by your gut or by the data? Most of us who have been in the industry for 40 years or more remember the days when you had to run things by your gut or you crawled digging through mountains of paperwork to figure out what you sold; what you paid for something; and, what the heck you made at the end of it all each year. I would rather gouge out my eyes than go back to that.

Unfortunately, many dealers today are doing that still – getting away from what they loved about the business when they got into it, which is selling and interacting with customers! What happens a lot of the time is that owners end up having to run the back office and shuffle paperwork because they either won't pay for the technology they need to streamline their business or, they fear the technology.

For businesses today to compete, we need to streamline and make decisions based on data. Here are just a few examples of questions you can easily get answers for from a good industry software:

1. Did I make the right choices for my business?

For example, did we buy the right inventory? Did we get enough of a discount from the vendor to make it worth putting the product in our inventory and tying up our cash? If you don't save at least 20 percent, I can show you where it makes no sense to have inventory. You burn through customers by having to sell old inventory you're trying to get rid of or a cancelled order you got stuck with.

2. What are our best sellers?

How do you calculate best sellers? For most dealers, it is what products did we "sell" the most of? For me, it is

a combination of what products and services made me the most profit and best margins. Dropping price instead of moving product is a sure-fire way to burn money. You can't make up the volume if you waste the customer by giving something away.

3. What are your people costs?

a. As a cost of sales?

b. As a cost of profit?

c. Most businesses cannot survive when these costs get to be more than 20 percent of sales for too long a time.

4. What product categories make the most sense to sell?

In 2019, I sold more square feet of product than in 2018, but my sales were less – why? For me, it was LVT/LVP! The same problem you had by dropping price happens when you sell a less expensive product. You lose top line sales and, with that, profit dollars.

In other words, my margin percent was higher, but my average selling price was less than the hardwood, ceramic, and yes, the carpet that LVT/LVP stole from. We have many people come in looking for these other products, but we sold them off to LVP because we could make a quick sale. Not realizing that we needed an increase of 15 percent more sold customers to make up for a \$1 per square foot lower price point sold at the same margin.

Long story short, for today's business to run effectively and react quickly to a changing world, you need help. I use RFMS, but do your own research and get your gut out of the equation.

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Sundries Add Up

By Sharyn Bernard

[Atlanta] Sundries should not be an afterthought. The category is broad — encompassing everything from adhesives to floor cleaners — and everything within the segment should be addressed during a retail transaction.

"The first thing we talk about with our teams is that first and foremost, these are not optional products," said David Moore, senior director of accessories for Mohawk Industries. "You can't just say, 'Hey, I want to sell flooring.' You need these other products to complete the job. You have not done your job if you have just done the flooring piece."

Offered Teresa Tran, vice president, retail channel for Shaw Floors, "Adding sundries to every order not only increases sales, it ensures everything needed for an installation job arrives together to help keep business moving on schedule."

It is crucial to include installation-oriented sundries like adhesives, subflooring and underlayments during the sale, noted Brian Saker, director of business development for Armstrong Flooring. "A successful flooring installation requires the use of other products to ensure the long-term functionality, performance and consumer satisfaction," he said. "Many of these products,

depending on the flooring and project type will be used during the installation and should be part of the offer when a retailer makes the flooring sale."

Added Kris Kollenda, western sales director for DriTac Flooring Products, "Sundries help to mitigate the problems throughout the installation and contribute to increased durability and longevity for the finished installation."

Sundries typically carry significantly higher margins than the actual flooring products too, so retailers should carry a full line and stress adding them to customers' orders. "There's often more margin percentage on flooring sundry items than the primary floor covering itself," explained Jack Boesch, director of marketing for MP Global Products. "The price per square foot makes floor covering styles and brands easy to compare prices, whereas underlayment and trims might have a better markup to make a sale more profitable."

And, Mohawk's Moore explained, "Everything in the sundries category is typically a very margin rich opportunity. You can take a discount on the flooring because you can make up the margin on the accessories. From a dollars and cents standpoint, it makes a lot of sense."

Added Boesch, "Sometimes, offering a sundry at the point-of-sale can be as easy as a fast food restaurant asking if you'd like to add fries or a drink to your order. It's much easier to add to an order if you have the sundries in stock versus needing to special order them."

Wendy Booker, vice president of marketing and product development for AHF Products, noted, "Retailers can raise revenue by offering a one-stop solution when it comes to floor care products that consumers typically may buy at other stores. Why let your customers slip away?"

Cleaning products are particularly strong sundries categories for both margins and bringing in repeat customers. Classic Wood Flooring makes its own cleaning products and Don Herndon says he's had customers coming back for 15 years asking for the products. "It really keeps the customer engaged and it's one more touchpoint for the salesperson to talk with the customer. If you have it, people come in for it. And it's a great profit center."

Care and maintenance products "are not necessary [for installation] but when consumers purchase floors, they want to know what they are using are supported by the manufacturer and



Classic Wood Flooring makes its own cleaner and cleaning kit to offer customers with their purchase.

won't void the warranty," Moore said. Care products are also consumable "so you get a lot of repeat business. We've seen savvy retailers use care and maintenance programs to keep tabs and in touch with their customers."

Suppliers agree that retailers would serve themselves well to prominently feature and merchandise sundry items to maximize potential sales and keep sundries in stock at all times. "Retailers must regularly work with their sundry manufacturers to acquire a portfolio of products tailored to their market and customer needs," said Arthur Mintie, senior director of technical services for Laticrete.

Mohawk's Moore noted retailers should keep relevant products with their flooring counterparts — for example, carpet pads with carpets — and should have a good, better, best strategy.