



AL'S COLUMN

LUCKY 7TH: The annual Alan Greenberg Charity Golf Tournament sponsored by CCA Global Partners for the benefit of the Floor Covering Industry Foundation (FCIF) was a resounding success, attracting 120 golfers and guests. Held recently at Barnsley Gardens, a magnificent golf course 60 miles north of Atlanta, the event raised \$120,000 for the cause, through sponsorships, a journal and tournament fees. Since the first tournament in 2003, CCA has raised nearly \$1 million for the FCIF, which cares for industry colleagues who are afflicted with catastrophic illnesses or experiencing life-altering medical hardships. Executives from around the country attended the golf tournament, which featured 27 teams and was followed by a grand reception.

LOOKING UP: The Small Business Administration (SBA) is finally seeing an uptick in loan applications, the first since the introduction of enhanced programs, which includes fee elimination, as part of the Recovery Act passed earlier this year. Karen Mills, SBA administrator, said last week, "SBA weekly loan volume is up about 60% compared with the two months before the Recovery Act. We've supported over \$10 billion in lending so far. We're back near 2008 levels in weekly loan volume." With fee elimination alone, a business can save more than \$50,000 on a \$2 million loan. With the ability to borrow restored, perhaps we can say it is the beginning of the recovery, or at least the end of the financial free-fall.

LOOKING IN: Companies are starting to source closer to home, according to a study by Northeastern University's College of Business Administration released this week. Many of the CEOs surveyed expect the trend toward reverse globalization and the shortening of supply chains to continue for the next several years. When you outsource, you globalize, so reverse globalization is simply insourcing. It is interesting to note 57% of the CEOs reported that some of their

major customers had shifted manufacturing activities from Asia and Eastern Europe to North or Central America. That's true in our industry. The Italians and Spaniards have established ceramic tile companies in the U.S., as have laminate manufacturers. I guess the shorter the supply lines, the tighter the control.

HOUSE CALL: The U.S. House of Representatives recently passed H. Res. 81, which recognizes the importance and sustainability of the country's hardwoods industry and urges "that United States hardwoods and the products derived from [them] be given full consideration in any program directed at constructing environmentally preferable commercial, public or private buildings." That is one powerful endorsement and it made the National Wood Flooring Association (NWFA) proud. Rep. Brad Ellsworth (D-IN) sponsored the legislation, which was supported by the Hardwood Federation, a coalition of more than 30 associations, including the NWFA and its executive director Ed Korczak. The Resolution acknowledges the sustainability of United States hardwoods in a global marketplace that is giving increased emphasis on the procurement from sustainable, legally harvested forests as a result of the Lacey Act and an increased interest in green building.

FURTHERMORE: Speaking of green building, architects say durability is the most important attribute for a "green" building product. That came from a recent survey that revealed, among building product manufacturers, Armstrong (37%) and USG (35%) are perceived most often as green building leaders. DuPont was among companies identified as green leaders by more than 20% of those surveyed. Also, the fastest growing overseas markets are India and Dubai, which grew by 60% and 44%, respectively. China is down by 29% from 2006 but remains the second largest source of foreign commissions, landing between Canada and Mexico. Firms with more than 100 people are the most likely to conduct business outside the United States.

checking in

Distributors weigh in on key issues

(First of two parts)

One of the highlights of the annual meeting of the North American Association of Floor Covering Distributors is the networking, including distributors breaking off into small groups to discuss pre-determined issues such as Internet policy, freight, budgeting/forecasting, and the always popular manufacturer-distributor relationship. I chose to sit in on the latter, simply because I knew it would illicit the most impassioned comments. In my never-ending quest to provide the most entertaining and insightful copy, here are some of the distributors' thoughts. Names are withheld for obvious reasons.

The relationship

"Most have so many internal issues, such as cutbacks, that there has not been much in the way of relationship building."

"I've never seen mills having the challenges they do today: Products not in the pipeline, no field representation, no customer service people. Add customer credit issues, and it doubles the situation."

"Many vendors are not providing the service; longer lead times. This is the new reality."



STEVEN
FELDMAN

"We spend time trying to figure out how to better work together, but when we talk it's more about problems than anything else. We don't seem to pool our collective resources and work on strategy."

"A lot of our vendors don't have a real strategy that can be communicated downstream. It's basically survival these days."

"Nobody is happy with anybody right now. It has created much angst in the channel."

Manufacturer reps

"Generally, there are fewer reps but with larger territories."

"There are many reps who do not provide value. When a guy is covering 11 states, you are not going to see him a lot."

"Reps are doing a lot on their laptops, emails, etc. If all you know is an email, it's very impersonal."

"Before a rep sells a product, he has to sell himself."

Bypassing distributors

"Where I'm from, there are

not enough good distributors to go around, so mills have to look for alternative channels."

"Especially with low-priced Chinese wood, a lot of retailers are buying direct and are overlooking the levels of service and the consistency of material. Everything is being driven by lack of top-line sales. If there is a problem, there is no recourse."

"When it comes to wood, look at the West Coast where all the imports are coming in. There are 100 agents, sub-agents, importers, all looking to move product. If they can't hook up with a traditional distributor, they are going to figure out how to sell containers to large retailers. People are looking to move product any way they can. And, then there is the Internet."

Dollars and sense

"We can't make money providing Nordstrom services but working on Costco margins."

"Margins are being squeezed, with value being defined as low price as opposed to something warm and fuzzy."

"The big buzz is service engineering."

"These days it's about service, quality and price. Pick two."

OBITUARY

Rudolf Krepinsky

FOUNDER, CERAMICA ANTIGUA

DALLAS—Rudolf Krepinsky, one of the most respected veterans of the international tile community, passed away from cancer Sept. 22. He was 85.

The founder of Ceramica Antigua, a manufacturer of hand-crafted, hand-painted decorative tile products located in Araras, Brazil, Krepinsky was a firm believer that tile was indeed art. He backed up his belief by producing tile materials at his "low tech" Araras factories which rivaled those of the most venerated European producers in both quality and style.

"The tile world has lost a great friend," said Edson Gaidzinski, CEO of Eliane Ceramic Tiles and currently president of Anfacer, the association of Brazilian tile manufacturers. "He was more than just a long-time leader within our industry. He was a compassionate employer, a wonderful family man and someone I've known and

respected my entire life."

Of Krepinsky's many accomplishments, a major one was establishing Ceramic Tile Trends (CTT) in the U.S. Managed for the last 15 years by his daughter, Suzy, CTT pioneered the process of importing small-format tiles and decorative trim pieces from Brazil, making them available state-side. Still in strong demand, many of these products are actually hand-painted by artists who live on the Ceramica Antigua campus.

"He was a devoted family man, definitely my back bone," said Suzy. "He was very hardworking and had a tremendous love for the artistic tile industry. He was one of the pioneers in this field not only with the artistic tile "Antigua" but in helping introduce Brazil as a leading tile country/importer. He was a pioneer in bringing 4¼-inch tile from Brazil to the U.S."

In 1957, Rudy traveled from Canada to Brazil as a consultant, working with several factories, one being a tile producer. "His love for tile started then," she said. "He was asked to help build a factory and became a director of Brillhoceramica in Sao Paulo in 1965."

In 1973, opting for a more high-end tile look, Krepinsky



decided to purchase a small bankrupt factory that produced roof tile and, with a new partner, Jens Chrestesen, started Ceramica Antigua; manufacturing fire flashed pavers for the U.S. market. They started creat-

ing hand painted tiles and gradually importing them to the U.S. and other parts of the world. In 2004, he passed his part of Ceramica Antigua to his daughter.

In 1982, he formed CTT based in Dallas. He had remained active up until late August, coming to the office on a daily basis.

Krepinsky is survived by his wife, Marcela; two daughters, Suzy Krepinsky and Cynthia Rodrigues, and three grandchildren.