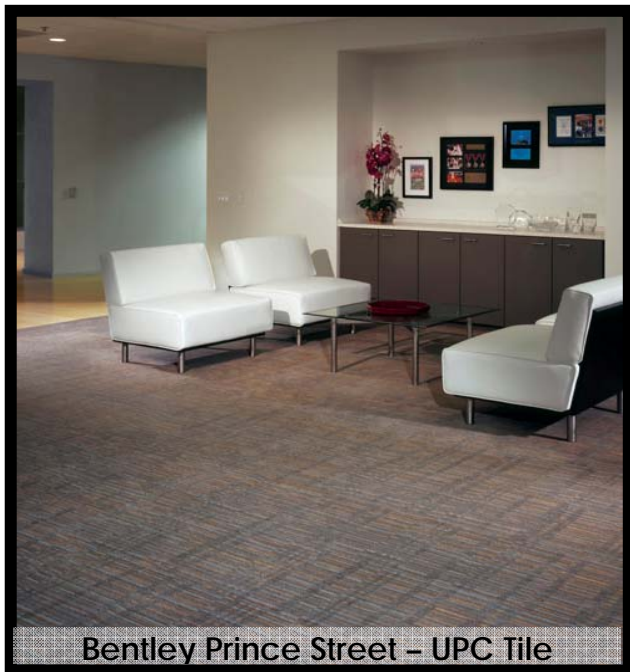


Interesting Facts and Information for 2007 / 2008

Including a special article from Lance Wallach, CLU, CHFC, CIMC

Carpet tile use is growing dramatically but at the expense of broadloom carpet. There is no question carpet tile is the fastest growing textile floor covering material on the market but its growth is coming at the expense of broadloom. The ease of installation, design capabilities, structural integrity, performance

are having challenges with the product are aware of them and will step up to the plate to take care of a compromised situation. Not that this makes having to replace these products any more fun or less costly for the end user.



Bentley Prince Street – UPC Tile

The hospitality market shows no signs of slowing from information we've seen or have learned from conversations with manufacturers and flooring contractors alike. In the NYC market alone over 32 new hotels opened in 2007 and another 103 are on the books. The demand for hotels in NY and elsewhere is astounding and with the room rates at all time highs this demand should continue. This demand is also being fueled in large part by the fact that the US is a bargain for the rest of the world. Manufacturers who do nothing but produce carpet for hotels see no slowdown in production, especially for

characteristics and versatility of carpet tile, along with new innovative backing systems, many of them the result of recycling efforts, make carpet tile the hot property that it is. The fact that it is cannibalizing broadloom is not all bad for manufacturers as carpet tile is generally sold for more and can bring higher margins. One consideration is that all of the new innovations and recycling efforts, primarily having to do with the backings have created some challenges in the market place with the stability of the product. This is new territory for manufacturers and everyone wants to be in the game but be wary of the ramifications of having a problem with the product as it could be very costly. Fortunately, most manufacturers who a



Couristan, Inc. – Corridor

custom goods. Not only for hotels in the US but throughout the world into 2009 at least. By the way, room rates are up all over which indicates high occupancy rates. And, as an example, I live in Chattanooga, Tennessee off of route 75, a major north south artery, and a growing market for Baby Boomer retirees. The exit we live off of is under development as is all the land around it. A new Hampton Inn and Holiday Inn are being built and there are plans for at least two more hotels. The exit just south of this has the same properties and the traffic on 75 is getting heavier. Its obvious people are moving around and spending money.

The commercial market shows some signs of slowing from what we've heard from some of the largest commercial flooring contractors in the country. However, a flooring contractor in a major market may be so busy they're having a hard time keeping up with the work and another in the same market might be off significantly. Things are spotty.

Your ad could be here!

Commercial Flooring Report

Call 706-370-5888 for more details

We all know the housing market is off but large flooring contractors who have addressed the multi-family housing market are seeing things pick up. The apartment market therefore is showing signs of life. This is not a high margin high profit market segment but it is one that will help keep the lifeblood of flooring contractors who understand this market doing well.

Condos and commercial buildings are a bargain right now for overseas investors and potential occupants because of the value of the dollar and exchange rates. As a result there will be demand for high end product, not only for the common areas of these buildings but for the flooring materials going into the individual units. The same holds true of commercial property especially in plum locations such as Miami and New York City, among many others.

The US is a bargain for foreign investors who are flush with cash or who can buy at discounts with their currency because of the exchange rate and value of the dollar. The market for US flooring products overseas should also be increasing in demand because of the exchange rates, construction projects and, something not given much thought, ships dead-heading back with empty containers. No transportation medium wants to travel empty so rates are more favorable going abroad than they are coming to the US. Also, the US has the capacity for making flooring materials, the know-how, and the ability to provide technical services. The same can't be said for products coming from abroad. In fact we at LGM look at this as an opportunity because we have the ability to provide technical services and product expertise abroad and on products coming into the US. Without the technical back up some flooring materials, especially carpet can be a very scary investment regardless of the cost. There is no check for any inconsistencies and once massive installations of the product are down there may be no recourse for resolving a problem. Labor is not a factor particularly in making carpet in the US. Labor is about 5% the cost of the product which is not far out of line with countries that produce flooring material inexpensively.

The biggest problems we're seeing in the field are still keeping the flooring material on the floor. The last two large claims we had come in at the end of 2007, one a health care facility and the other a commercial office space, were both caused by the carpet releasing from the substrate. One was a carpet tile that, aside from the fact the tile had its own set of defective issues, was installed on a slab that literally had water on it when the tiles were lifted.



SLAB MOISTURE UNDER CARPET TILES

The other was a broadloom installation under which the adhesive was failing and the substrate also had moisture problems. With the incidences of failing installations due to moisture issues in concrete anyone who is having anything to do with installing flooring materials that does not address this issue better be ready for some hefty losses. Whatever it costs to test for moisture and correct for it pales in comparison to what it will cost to remediate this condition. We're talking millions of dollars in losses to the industry and all associated with it here folks, not tens of thousands. In these situations you have to consider business interruption, displacement of personnel and patients, tear down and rebuild of furnishings and systems, specialized personnel to conduct the testing and correction of the substrate and new flooring material - which will be the least expensive item on the list. I cannot emphasize enough how much you should avoid having one of these problems and how greatly it will impact your business in dollars and reputation. This issue is going to take some people down with it and at the very least it will drain profits away from any number of involved parties faster than a ruptured dam. The responsibility for a flooring failure due to moisture actually starts with the Architect and General Contractor, a subject we can discuss in more detail in a future issue. We have a seminar that addresses this issue that everyone should make an effort to attend.

**FLOORING FAILURES
ON CONCRETE SLABS**
February 20, 21 and 22nd, 2008
See Page 5 for details.

There is unfortunately a lack of knowledge about flooring materials and issues related to them including installation, maintenance and a lack of technical services, which will unfortunately continue. Architects and designers have been polled in surveys and responded that flooring manufacturer's reps are relied upon for technical information. This, in my opinion, presents a false sense of security. History tells us that reps know their product but that's about all. They are not technical experts and they are not trained to be. It's better to trust a reputable flooring contractor, such as a StarNet member or a firm like LGM.

Wood is one flooring material where information about it and its performance is sorely lacking and there are very few people who are well versed in this product. Another area that is not well understood has to do, again, with moisture, and that is treatments available that are supposed to suppress moisture which sometimes work and sometimes don't.

We have seen and will continue to see in 2008 new product innovations. FreeLay, the unique technology that allows carpet to be installed without adhesives and that will eliminate virtually all installation failures, continues to pick up speed. Look for the first commercial floor manufacturer to introduce FreeLay to the market in 2008. Thermal Bac, another revolutionary development, will eliminate every structural integrity compromise in the construction of carpet such as edge ravel, delamination, filament



The Commercial FLOORING REPORT

Lew Migliore
President and Owner

LGM Enterprises, LLC
519 Oxford Street
Dalton, GA 30720

P-(706) 370-5888
F-(706) 270-0482

Email:
lgmtcs@optilink.us
or visit our website
lgmandassociates.com

**The World's Largest
Flooring Portal Now
Has an Archive of
Lew's Articles.**

FLOORBIZ
.com

**Just Click the Tab
Technical Resources.**



FILAMENT SLIPPAGE / FUZZING

slippage and tuft bind and make recycling carpet much easier. We are currently looking at liquid filled acrylic tiles from Italy that make the floor come alive with movement; extraordinary for unique installations such as fancy restaurants, night clubs and other edgy design applications. We are also seeing a move to Sorona and Corterra fibers into the commercial market which will give increased performance and resistance to staining. There is also a variety of new backings as a result of recycling efforts and to replace PVC. Another environmental impact product is synthetic turf whose use is increasing because it looks just like grass, stays green, performs well, and requires no water – a major benefit – and some states are

BENTLEY PRINCE STREET

**EVERYTHING
is right
HERE
for you**



800.423.4709
www.bentleyprincestreet.com
Miliken Zoro and the Miliken Zoro mark are trademarks of Miliken, Inc.



Recycled Symbol
we promise to eliminate
any negative impact our company
may have on the environment
by the year 2030.

From BOARD ROOMS to reception areas, BioCel™ offers proven performance and sustainability for contract projects.



Designed for high-traffic applications, BioCel is third party certified to be approximately 70% green by weight, and offers the enhanced performance features of high-performance polyurethane backings, without increasing costs.

BioCel contributes to LEED totals for recycled and low-emitting materials.

To learn more, go to www.universal-textile.net

UNIVERSAL
TEXTILE TECHNOLOGIES
706-279-3801 ext. 6104
BioCel is a trademark of Universal Textile Technologies
Photos provided by the National Soybean Board

granting tax credits for its use. For example synthetic turf is used in the medians on Las Vegas Boulevard and in yards to replace or in place of grass. Everything more expensive is selling. At the recent NY Auto Show Lamborghini reported it had its best year in history as did all of the other luxury and unique automobiles. This should translate into the carpet and rug market and unique product application – like the liquid filled tiles mentioned earlier.

The same problem areas will continue to exist as we see it into 2008. Fast track construction projects which result in concrete issues and thus installation failures and no time to do flooring installations at the end of the project while installers work over, around and through other trades occupying the same space. This is the “Damn the torpedoes; full speed ahead” mindset – this is a major cause of installation failures and damaged and soiled floor floor covering. If you’re thinking green just take a moment to consider the vast amount of floor covering material that will be prematurely pulled up,

scrapped and replaced as a result of this thinking and maybe it will sink in that we have to think green on the end of the project as well as in the beginning. This type of situation is wasteful environmentally and economically and all it will take to remedy it is a change in attitude but only if you're really environmentally conscientious.

We will also continue to see more exotic types of flooring of all kinds used in commercial applications, more patterned carpet and more expensive materials. In the realm of things, no matter what you think, carpet is still king of the hill in floor coverings.



The LGM Carpet Seminar

February 6, 7 and 8th 2008

Let the experts who pioneered the industry move your company to a higher plateau of success. This seminar will help to cultivate your skills; confidence and expertise that will help give you a competitive edge.

Guest Speakers: Perry McLawhorn and Lee Phillips
Instructors: Lewis G. Migliore, Sim Crisler, Benny Wood

Topics are:

- Carpet Construction,
- Industry Statistics,
- Carpet Fibers and Their Characteristics,
- Carpet Yarn Manufacturing,
- Dyeing Processes, Tufting Processes,
- Carpet Finishing/Backing Systems,
- Installation, Adhesives,
- Cleaning and Maintenance,
- Testing Methods, Industry Overview

Including Mill Tours





WORLD FLOOR COVERING ASSOCIATION

Located in Dalton, Georgia
at the Northwest Georgia
Trade & Convention Center

For Seminar Information and
Reservations Contact: Anita Drennon
Email: lgm_anita@optilink.us
P-706.370.5888 F-706.270.0482
519 Oxford Street-Dalton, GA 30720

Want to advertise in CFR?
Lowest Cost, Largest Distribution and
Totally Green. Call (706) 370-5888
or email: (lgmtcs@optilink.us) Today!




Interested in LARGE Tax Deductions?

By Lance Wallach

Interested in a large tax deduction? How about protecting assets from creditors and passing wealth tax-free to your children? You should consider a 501(c)(9) VEBA (Voluntary Employees' Beneficiary Association). Contributions are tax deductible, and money can come out tax free for various benefits. Any funds not used before death may pass free of estate tax consequences. I know you don't expect to die.

Plan Now to Attend – February 20, 21 and 22nd

FLOORING FAILURES ON CONCRETE SLABS





An In-Depth presentation for identifying and solving moisture-related problems with concrete floors.

Presenters:

Peter Craig – Concrete Constructives
Kelly Mortensen – Full Spectrum Flooring Technology
Benny Wood – LGM and Associates
Sim Crisler – LGM and Associates

Featured Topics:

- Moisture sources, movement, & misconceptions
- Below slab vapor barriers/retarders
Nuisance or necessity?
- Moisture Testing
What works, what doesn't and why?
- Sub-Floor preparation
- Underlayment and levelers
- Adhesive Choices
- Is pH an issue?
- Why don't the concrete dry?
- Moisture mitigation
- Who is to blame?

Contact Anita Drennon
for your registration
form or visit our
website:
lgmandassociates.com
Email address:
lgm_anita@optilink.us
or
Phone (706) 370-5888

Well, funds can be used for various living benefits with no tax consequences. For example, life insurance premiums can trigger income tax deductions. How about getting a tax deduction now to fund future health care needs? VEBAs have numerous benefits and advantages, yet most people have never heard of them. Neither have most accountants. I speak at over fifty accounting conventions a year. When I discuss VEBAs, most accountants either have no knowledge or think that they are useless. A VEBA is easily implemented, and the plan contributions are distinct from your retirement plan contributions. So you can make full retirement plan contributions and still obtain the full VEBA tax deduction.

So what are you waiting for? You could be overlooking tens, or even hundreds, of thousands of dollars in tax savings. Look into using a VEBA. For additional articles on this subject visit

Lance Wallach speaks at more than seventy national conventions annually and writes for more than fifty national publications. He can be contacted by calling (516)938-5007 or through

The information provided herein is not intended as legal, accounting, financial or any other type of advice for any specific individual or other entity. You should contact an appropriate professional for any such advice.