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Hoboken Files Chapter 7; Sends Shockwaves Through Industry

Hoboken Hardwood Floors LLC (Wayne, N.J.), the largest U.S. distributor of hard floor coverings, which had branches throughout the East Coast from Westbrook, Maine, to Pompano Beach, Fla., as well as Texas, has filed for Chapter 7 after suddenly closing its doors on November 5 after 77 years of business.

Following several waves of layoffs over the past year, 120 more employees were fired at the end of October, and the remaining employees received an e-mail in the early morning hours of November 5 from **Craig S. Dean**, managing director of **AEG Partners LLC** (Chicago), the firm handling Hoboken's restructuring, informing them that the business had closed. The e-mail said, "... as of late Sunday evening, the company's lenders have elected to stop funding the business on a go forward basis. There, at this time, the Hoboken Wood Floors, SPI Floors and Reliable businesses are closed."

Two days later, the company filed for Chapter 7 bankruptcy in Wilmington, Del. An Associated Press report quoted Dean as saying that the company had opted for Chapter 7 rather than Chapter 11 because the company "would be unable to obtain financing or to generate enough cash to fund an expensive Chapter 11 case." The report also said that Hoboken has claimed assets and debts of more than \$100 million each, and that Hoboken claimed to have between 1,000 and 5,000 creditors. An initial hearing for creditors has been set for Dec. 11.

Rumors abounded for months that Hoboken, which was acquired by private equity firm **Code Hennessey and Simmons** (Chicago) in 2005, was having financial problems. Questions arose when longtime partners in the business, **Ira** and **Joel Lefkowitz**, who controlled a minority percentage of the company upon their departure, stepped down from their positions — Ira in July, Joel in September. Ira is now CEO with **Ark Floors** (Irwindale, Calif.). Joel was replaced with new CEO **Mark Steele** in October, but remained a partner in the business.

Regardless of the rumors, the sudden closure sent shockwaves through the industry. Hoboken supplier **Wood Flooring International** (Burlington, N.J.) plans to close its doors as a consequence (see story below). On October 30, **Columbia Flooring Inc.** (Portland, Ore.) and **Millwood Specialty Flooring** (Ellijay, Ga.) filed a lawsuit against Hoboken for \$892,511 and \$127,993, respectively. Hoboken is said to owe other suppliers many millions, although those reports could not be confirmed.

Hoboken's contractor customers have been left scrambling to find distributors who can provide the products necessary for scheduled jobs. **John Blesing**, president of **Blesing Flooring** (Clifton, N.J.), a former Hoboken contractor customer, said he is seeing many smaller distributors pursuing Hoboken's former customers. "Many distributors are picking up the slack in the area. I see a lot of new players coming into play; they're trying to come into the market," he said. National Wood Flooring Association Executive Director/CEO **Ed Korczak** said the association has been receiving many calls from former Hoboken customers trying to figure out where to turn, and the association is encouraging them to call the manufacturers directly to find distributors and also use the online Resource Book at www.nwfa.org. Some members also have been using the NWFA ListServ to try to source product (NWFA members can sign up for the ListServ by e-mailing to listservnwfa@nwfa.org; more information can be found under "Member Networking" at www.nwfa.org).

Some Hoboken suppliers have already chosen new distributors for their products. **Mirage/Boa-Franc** (St-Georges, Quebec) announced that **J.J. Haines** (Glen Burnie, Md.) and **BWA Belknap White Alco** (Mansfield, Mass.) are now its distributors for the New England area, **Wheeler** (Orlando, Fla.), a division of J. J. Haines, will distribute in Florida, and **Trinity Hardwood Distributors Inc.** (Houston, Texas) is its distributor for Texas. "We have taken all the steps on our side to be sure that retailers had product available to them," said Luc Robitaille, vice president of marketing for Mirage. **BR-111 Exotic Hardwood Flooring** (Miami) announced that it has a new sole distributor for the New York City metro area, **Apollo Distributing Company** (Fairfield, N.J.).

Other former Hoboken suppliers, however, say that they are waiting to see what develops in the area; there are widespread rumors that former Hoboken salespeople will be funded by a former Hoboken supplier to open new distribution in the area, but those reports could not be confirmed.

Brenda Kubasta, president of former Hoboken supplier **Oshkosh Designs** (Winneconne, Wis.), lamented the loss of the great business relationships Oshkosh had with Hoboken representatives. "You just hate to see someone that big and powerful go down," she said.

Hoboken employees were aware the company was planning to close at the end of the month, but its sudden early closure left many workers shortchanged. According to northern New Jersey newspaper *The Record*, Hoboken owes approximately \$400,000 to \$500,000 to employees in overtime pay, and former employees have been left without any health insurance, as the company had discontinued its COBRA insurance.

Rick Holden, executive vice president of distributor **Derr Flooring Co.** (Willow Grove, Pa.), a Hoboken competitor, said he is sad to see Hoboken go. "For us, our families go back a long, long way," Holden says. "[Hoboken was a] great competitor and they were a hardworking, strong company; it's a real tragedy for the families."

No one at Hoboken or AEG could be reached for comment.

WFI Lays off Employees, Plans to Close Business

As a consequence of Hoboken closing, wood flooring manufacturer **Wood Flooring International** (WFI) (Burlington, N.J.) is in the process of closing its business. WFI laid off 30 employees on November 2, and has a skeleton crew in place to wind down the business, company president **Bill Jopling** said.

WFI had aggressively expanded the business over the last three years, working with larger distributors and expanding its commercial business, and the company made the 2007 *"Inc. 5000"* list, which cited WFI's growth from \$14.0 million in revenue in 2003 to \$22.9 million in 2006.

Given WFI's aggressive growth and the stagnant economy, the aftermath of Hoboken closing proved too much for WFI. "We had largely extricated ourselves out of Hoboken except for the commercial side," Jopling said. "Hoboken bounced a bunch of checks, stranded a bunch of containers at port, and then there was roughly \$700,000 in projects for November and December deliveries that got unconnected." While that was bad enough, WFI also had \$1 million in inventory at its distributors waiting for a November 1 launch with a national account. The marketing pieces for that account included SKUs from both WFI and Hoboken, and when Hoboken closed, the national account killed the entire program.

"I voluntarily called in the bank, because I'm trying to do the right thing by everybody," Jopling says. "We had to watch the potential liabilities coming out of the aftermath of Hoboken, so we're basically winding down WFI the corporation, and on the other side, there will be another organization springing up."

While it is painful to close the business he started in 1998, "It was the right thing to do," Jopling says. "We certainly weren't going to let it get worse and worse and do it like Hoboken." He expects that other companies will suffer the same fate as a direct result of Hoboken going under. "I've got to wonder how many other suppliers are going to go," he says.

Lumber Liquidators Has IPO, Stock Price Falls

The **Lumber Liquidators** (Toano, Va.) initial public offering last Thursday, Nov. 8, sold 10 million shares at \$11 per share, totaling \$110 million, and the company's stock price has fallen since. When the company announced last April that it filed for the IPO, it reported that it would raise up to \$150 million. Media reports indicate the timing of the IPO during the housing slump weakened the offering. As of press time, shares were trading at \$9.04, nearly an 18 percent drop since the IPO. The company's stock is traded on the New York Stock Exchange under the symbol "LL."

NWFA Promotes Skills in Charlotte

The NWFA held an Intermediate Installation, Sand & Finish School November 7-9 in Charlotte, N.C. NWFA Technical Director **Steve Seabaugh**, assisted by Technical Advisor **Glen Miller**, led the instruction of 60 students. Volunteer instructors included **Jim Schumacher**, 3M; **Scott Lynch**, Absolute Coatings Inc.; **Richard Conway**, All Wood Floor Craft; **Kevin Reilly** and **Sharon Kay Smith**, Basic Coatings; **Bob Burton**, BonaKemi USA Inc.; **Wayne Lee**, Clarke American Sanders; **David Harrison**, Custom Wholesale Floors, Inc.; **Bill Costello** and **Lynn Brinkman**, Dura Seal; **Roger Barker**, Fortifiber Building Systems Group; **Janet Sullivan**, Lenmar Inc.; **Michael Klinge**, LOBA Wakol LLC; **Reed Maddray**, Maddray Flooring LLC; **Greg Mihaich**, Norton Abrasives; **Mark Mukosiej** and **Donovan Norton**, Powernail Company; **Wes Cronskey**, Start 'N' Finish; **Johannes Boonstra**, Synteko Floor Finishes; **Chuck Garvey**, Timbermate USA Inc.; **Mike Summers**, UFloor Systems Inc.; **Karl Stafflinger**, Virginia Abrasives Corporation; **Dave Posey**, Wagner Electronic Products; **Stephen Harris**, Wood U Woodworking; and **Ricardo Pairazaman**, Woods of the World LLC. The lead distributor was **American Products Inc.** (Pineville, N.C.).

Manufacturer News

Armstrong World Industries' (Lancaster, Pa.) third quarter 2007 wood flooring net sales were \$191.9 million, a decline of 12 percent from \$217.2 million in the same quarter of 2006. The company attributed the decrease to the housing market slowdown. Adjusted operating income of \$13.5 million declined from \$16.5 million for the same time period in 2006; Armstrong said the decrease was due to the fact that the sales decline and higher lumber prices offset improved manufacturing productivity and a better product mix. For the entire company, third quarter net sales were \$913.3 million, up 1 percent from \$902.3 million in the same period for 2006. Adjusted operating income from continuing operations of \$83.8 million increased 5 percent compared with \$80.1 million in the same quarter in 2006.

UFloor Systems Inc. (Greensboro, N.C.) has opened a 4,000-square-foot distribution and machine service center in Denver. The company now distributes, repairs and ships parts for its line of Wolff wood floor sanders, the Cobra and King Cobra, out of this new location. **Mike Hodges** has been appointed product manager of the distribution center; he previously worked for BonaKemi USA.

PennWood Products (East Berlin, Pa.) held an open house at its facility in East Berlin to celebrate the reconstruction and improvements to its finishing building. The event was held October 9, exactly one year after the former building caught fire.

Wicanders Cork Flooring (Hanover, Md.) is holding its Born of Nature contest for all professionals who create a design or project using Wicanders products. First place is a five-day trip for two to Portugal. Photos of projects should be e-mailed to

projects@wicanderscorkoakblog.com. For more information, visit www.wicanders.com.

Distributor News

Mirage/Boa-Franc (St-Georges, Quebec) has announced that **Ohio Valley Flooring** (Cincinnati) will distribute Mirage products in Ohio, Indiana, Kentucky, and west Pennsylvania.

TruStor Coatings (Wausau, Wis.) has added two new distributors: **Universal Hardwood & Moulding** (Los Angeles) and **Tree Products Hardwoods** (Eugene, Ore.).

Design Flooring Distributors (Pompano Beach, Fla.) partnered with **Anderson Hardwood Floors, Mirage/Boa-Franc, Kährs International, Artistic Finishes, W.F. Taylor Co.** and **Bostik** for customer appreciation events October 24-25. The events were held at the company's Orlando branch and at its new 1,700-square-foot Design Center Showroom and expanded Customer Service Center in Pompano Beach. In addition, Design Flooring Distributors is celebrating its 25th year supplying both Anderson Hardwood Floors and Kährs International wood flooring to Florida specialty retailers.

Long Floor (Richmond, Va.) held training seminars September 18-25 for sales staff and customers at its Beltsville, Md., Chesapeake, Va., and Richmond, Va., locations. Participating vendors included **3M, BonaKemi USA, Clarke American Sanders, Dura Seal** and **W.D. Flooring**.

Horizon Forest Products (Raleigh, N.C.) hosted its 10th annual Customer Appreciation Nights October 8-11 and awarded Sea-Doo GTI 4-Tec Watercraft to **Fantastic Floors** (Charleston, S.C.), **Ed Newsome Hardwood Floors**, (Wilmington, N.C.), **Phil's Hardwood Floors** (Raleigh), **Weeks Hardwood Flooring** (Greensboro, N.C.) and **Scotts Cabinets** (Raleigh).

People News

PennWood Products Inc. has added six employees to its office/management staff. **Christopher Lamason** is technology director, **Paul Shimek** is manufacturing manager, **Thomas Devore Jr.** is supervisor of sanding, **Michael Hottinger** is sales manager of Dallas-sales region west, **Karla Leon** is quality assurance auditor and **Amy L. Davis** is customer services representative.

Award Hardwood Floors (Wausau, Wis.) has appointed **Allen Smith** director of sales for the Southwest territory. Smith previously worked in distributor sales for Columbia.

Long Floor (Beltsville, Md.) has promoted **Paul Wimer** from branch manager to sales manager, and **Phil Kearney** to branch manager.

Floor Style Products Inc. (Hastings, Mich.) has appointed **Bob Blevin** manager of its Maryland location. Blevin is a 14-year hardwood flooring industry veteran.

Erickson's Flooring & Supply (Ferndale, Mich.) has hired **Kelly Earls** as a salesperson. She comes to Erickson's with several years in the floor covering industry. Earls is based out of the Ferndale location and will cover central Michigan. She can be reached at 800/225-9663 or kearls@efs.bz.

Association News

The **United States Green Building Council's** (USGBC) Greenbuild 2007 International Conference and Expo was held in Chicago November 7-9. While final figures were not available at press time, its exhibit space at McCormick Place was sold out, with 850 exhibitors, and by the second day, attendance was 20,517 — already more than 7,000 higher than the total attendance from the 2006 event. The event kicked off with a buzz — nearly 8,000 people attended the opening plenary session, which featured former president Bill Clinton as the keynote speaker.

The NWFA has received two MarCom Creative Awards, an international competition that recognizes "outstanding achievement by marketing and communication professionals." The association received a Gold Award for its NWFA 2007 School Brochure and a Platinum Award for its 2007 Convention Campaign.

The Maple Flooring Manufacturers Association Inc. (MFMA) has enacted an accreditation program for sports flooring installers. For more information, visit www.maplefloor.org.

By the Numbers

New residential sales of single-family houses in September 2007 were at a seasonally adjusted annual rate of 770,000 units, according to the **U.S. Commerce Department**. This is 4.8 percent above the revised August rate of 735,000 units but is 23.3 percent below the September 2006 estimate of 1,004,000.

Mark Your Calendar

The NWFA will hold a Custom Design & Craftsmanship School February 27-29 at its training facility in St. Louis. For more information, e-mail installationschools@nwfa.org or visit www.nwfa.org.

Floorstyle 2008, a new floor covering show, will launch at the ExCel center in London June 29 - July 1, 2008. More than 100 exhibitors from floor covering companies, including hardwood flooring businesses, will be at the show. For more information, visit www.floorstyle08.co.uk.

On the Web

The Wood Floor Depot (Galax, Va.) has launched its Final Touch hardwood floor filler Web site at www.finaltouchwoodfiller.com.

The USGBC has updated its Web site, www.usgbc.org. In addition, it has launched a consumer education site, www.thegreenhomeguide.org.

Job Watch

Heritage Wide Plank Flooring (Riverhead, N.Y.) is seeking regional salespeople to cover territories including Long Island, Connecticut, Westchester, Manhattan and New Jersey. Résumés should be e-mailed to clanieri@hwpf.com.

Akzo Nobel Coatings Inc., manufacturer of **Synteko Floor Finishes** (Troy, Mich.) is looking for independent sales representatives in the U.S. with knowledge and understanding of the hardwood flooring industry. For more information, contact **Lou Jones** at 866/796-8356 or e-mail lou.jones@trd.akzonobel.com.

Aacer Flooring LLC (Peshtigo, Wis.) is seeking a vice president of marketing. The ideal candidate will have 15 years of operations management and P&L experience, a strong background in manufacturing operations within the wood industry, a bachelor's degree in business or related study (a master's degree in business is preferred), and experience in lean manufacturing, Six Sigma and other continuous improvement methods. Résumés should be sent to Aacer Flooring, Attn.: Human Resources, P.O. Box 151, Peshtigo, WI 54157 or e-mailed to stevef@aacerflooring.com.

Glitsa American Inc. (Seattle) is looking for a technical representative with strong knowledge of hardwood finishes. Résumés should be sent to Glitsa American Inc., S. Kenyon St., Seattle, WA 98108 or e-mailed to hr@glitsaemail.com.

Augusta Lumber Co. Inc. (Waynesboro, Va.) is seeking experienced salespeople to promote its Montebello line of prefinished wood flooring. The position includes a full compensation package. Résumés should be e-mailed to terrycampbell@augustalumber.com.

Floor Style Products is looking to fill positions at its branches in Reno, Nev.; Ft. Lauderdale, Fla.; Baltimore and Hastings. The company is looking for a phone salesperson with general knowledge of hardwood flooring. Basic computer knowledge is preferred, but the company will train the right individual. The second position is a technical support position; candidates must be mechanically inclined with superior attention to detail. The positions offer excellent wages and medical benefits, with paid travel for training. Résumés and references should be sent to info@floorstyle.com.

Aspen Wood Floors Ltd. (Mississauga, Ontario) has a full-time permanent position available for an inside/outside sales representative. Aspen supplies and installs hardwood, cork and laminate floors to residential, builder and cash-and-carry customers in the greater Toronto area. A hardwood/flooring background is required. Résumés should be sent to rep@aspenwoodfloors.com.

NWFA Member Services

Fax-on-Demand is a 24-hour technical resource available exclusively to NWFA members. This service provides technical information, membership information and product-order forms, whenever you need it, 24 hours a day. To participate, call the NWFA at 800/422-4556 (U.S.), 800/848-8824 (Canada) or 636/519-9663 (local and international), follow the voice prompts and press 1000 to receive a menu of items available. For more information, contact the NWFA by e-mail at info@nwfa.org or visit www.nwfa.org.