

# Flooring firms surge before the downturn

A NEW report reveals the state of the flooring industry just before the start of the recession a year ago, showing a gradually increasing sales and pre-tax profits.

The Key Note Business Ratio report analyses accounts filed by 131 leading flooring companies in the three years up to September 7, 2008.

Among the manufacturers, the top performers was James Halstead Plc and its Polyflor subsidiary, which achieved an industry leading profit margin of 16.9%. Headlam Group is way ahead in the distributors' category. The best performing retailers was the Carpetright group.

During the period up to September 7 last year, average sales across the flooring industry had increased by 10% from £43m in 2005/06 to £47.3m in 2007/08.

Pre-tax profits rose from £3.4m in the first review year to £3.7m in the third year, an improvement of 9.4% overall.

However, the report also notes that profitability or return on capital (how much profit a business yields relative to the money invested in it) saw a marginal deterioration, falling from 32.2% in 2005/06 to 31.7% in 2007/08.

Return on total assets followed a similar negative trend, decreasing from 14.5% to 13.9% over the course of the review period.

The report average pre-tax profit margin recorded a minor decline after dropping from 8% in the first year of analysis to 7.9% in the third year.

Return on investment decreased from 27.9% in 2005/06 to 26.1% in 2007/08.

**The top 10 companies by turnover 2007/08** is led by Headlam Group Plc with sales of £544.7m showing a growth of 6%, followed by Carpetright with revenue of £511.7m (up 6%).

In third place is Allied Carpets, the company which was recently placed in administration. Allied had sales of £206.8m, up 1%.

It was followed by Interface Europe (£111.2m, down 2%), Polyflor (£108.5m, up 13%), Brintons (£98.7m, up 2%), Interfloor (£96.6, down 7%),

Forbo Flooring (£71.2m, up 23%) AW (Europe) (£69.1m, down 1%).

A new entry at number 10 is the carpet manufacturer Greenwood & Coope with sales of £67.7m, an increase of 8%).

The highest pre-tax profit

margin among the manufacturers was achieved by Westex Carpets with 19.4%. **CFJ**

For the price of a full report contact Key Note:

■ **T: 020 8481 8720**

■ **E: reports@keynote.co.uk**

## Manufacturers: (annual sales £'000)

	08/09	07/08	06/07	05/06
1 James Halstead Plc	–	158,740	137,252	126,024
2 Armstrong World Ind	–	142,341	138,361	128,923
3 Interface Europe	–	111,162	105,125	115,577
4 Polyflor	–	108,474	95,295	85,392
5 Brintons	–	98,722	96,871	94,313
6 Interfloor	–	96,645	110,464	112,676
7 Forbo Flooring	–	71,206	44,825	47,435
8 Greenwood & Coope	60,624	67,721	67,418	58,193
9 Victoria Plc	–	61,701	55,426	52,288
10 Abingdon Flooring	–	59,507	61,234	52,115
11 Ulster Carpet Mills	–	55,325	56,978	62,116
12 Forbo UK	–	46,425	46,779	48,432
13 Cavalier Carpets	–	46,129	47,866	40,500
14 Gradus Group	–	39,835	–	–
15 Axminster Carpets	31,869	31,645	29,960	22,057
16 Natl Floorcoverings	–	29,687	27,791	26,755
17 Victoria Carpets	–	28,364	27,316	25,460
18 Ryalux Carpets	–	27,645	29,682	36,817
19 Fred Lawton & Sons	–	26,828	27,565	26,024
20 Burmatex	–	20,816	19,339	18,579

Source: Key Note

## Manufacturers: Pre-tax profit margin %

	08/09	07/08	06/07	05/06	Pre-tax profit £'000 07/08
1 Axminster Carpets	3.3	35.3	11.1	-9.1	11,150
2 Westex Carpets	–	19.4	20.1	20.3	3,542
3 James Halstead Plc	–	18.9	17.2	13.9	29,857
4 Polyflor	–	16.9	18.1	18.5	18,242
5 Westbond	–	14.2	7.8	7.1	1,578
6 Ulster Carpets	–	13.0	7.4	3.4	7,185
7 Interface Europe	–	12.8	0.5	4.3	14,169
8 Forbo Flooring	–	10.7	8.6	6.3	7,582
9 Greenwood & Coope	4.8	6.9	5.2	6.7	4,608
10 Armstrong World Ind	–	6.5	3.1	-12.0	9,158
11 Burmatex	–	6.1	6.6	7.8	1,256
12 Victoria Plc	–	5.7	5.0	3.9	3,509
13 Natl Floorcoverings	–	5.2	5.9	7.3	1,529
14 Styletuft	3.5	4.6	–	–	57
15 Cambridge Weavers	–	4.2	-4.6	-11.6	197
16 Beach Bros	–	3.7	5.0	–	226
17 Interfloor Group	–	2.7	0.3	0.0	2,513
18 Ramsden Trading	2.9	2.4	1.4	0.2	96
19 Victoria Carpets Plc	–	2.4	1.3	-0.9	663
20 Abingdon Flooring	–	1.7	2.1	4.4	976

Source: Key Note

## Business in brief

### Headlam profits plunge

Operating profit at Headlam plunged by 58.4% from £21.7m to £9m in the first six months of 2009. Group revenue fell by 8.2% from £276.1m to £253.4m. On a like for like basis, revenue falls were 10.7% in the UK and 9.7% in continental Europe.

### Allied stores for sale

Administrator BDO Stoy Hayward is seeking buyers for 20 stores of Allied Carpets which has been placed in administration. Of the original 217 stores, 55 were sold to a new firm set up by former Allied chief executive Clive Hutchings.

### Mitie buys specialist

Fit-out specialist Mitie reportedly paid £130m to acquire Dalkia, provider of outsourced technical facilities management and energy and specialist services.

### Rok profit declines

Main contractor Rok has seen its turnover drop 33% (to £364.5m) in the first half of the year with pre-tax profit down 47% (to £6m). Rok incurred £1m in restructuring costs in the first half, principally for redundancies.

### Below cost warning

The Civil Engineering Contractors Association is warning of a trend for firms to price below cost. It believes the tender price drop will increase disputes and reduce investment in training and technology.

### Small firms ready to grow

Small service industry businesses are poised for growth despite the recession, with 53% planning expansion in the next 12 months, says Barclays research.

### Jobs boost pledge

The government has pledged a further 85,000 'opportunities' to help get young people into work, including apprenticeships with support from the construction company Carillion.

### Tender enquiries up

There was a small rise in construction tender enquiries in June, says Experian.

### Property positive news

The commercial property market returned to positive territory for the first time in two years during July, says a new report.

### Redundancy pay rises

A one-off rise in the weekly maximum of redundancy pay from £350 to £380 has now taken effect.

## CFA membership to become yet more attractive

THE CFA is one of 29 bodies affiliated to the NSCC whose members will benefit from a range of new benefits and services to be introduced in the next 12 months.

NSCC has joined forces with two new service providers, Centor Insurance and Risk Management and Hilti.

Centor offers advice and tailored insurance packages, including credit insurance and retention bonds, allowing flooring contractor members of the CFA to work on a range of projects safe in the knowledge that they are fully insured.

Hilti fleet management provides CFA members with a cost effective solution for managing the best tool fleet whilst preserving much-needed cashflow.

The popular NSCC telephone helplines cater for CFA member firms of all sizes with advice on **contracts and disputes** from Wedlake Bell, Anderson Strathern and P J English Associates; **employment** from Croner; **health & safety** from Safety Services UK; and **tax** from Baker Tilly.

NSCC has also just published a report to mark the second year of the Fair Payment Campaign, showing how flooring and other specialist contractors benefit from the guidance and tools available.

The Fair Payment Campaign

# CFA members to enjoy even more benefits



Hamish MacGregor



continues to have an impact on payment practices in the industry and NSCC is encouraging all companies committed to fair payment to support the campaign by signing up on the website: [www.fairpaymentcampaign.co.uk](http://www.fairpaymentcampaign.co.uk)

**Hamish MacGregor**, a former CFA president and currently NSCC president, explains why CFA membership is more important now than ever:

**'The start of a new membership year is always an exciting time and that is particularly true this year with even more services on offer for 2009/10.'**

**'In a difficult economic market, all companies can benefit from all the practical support provided by trade associations and we will be working hard to support all our members throughout the next year.'** See also page 20.

■ [www.nsccl.org.uk](http://www.nsccl.org.uk)

■ [www.cfa.org.uk](http://www.cfa.org.uk)

■ Centor is a member of the British Insurance Brokers Association and a fully independent insurance broker regulated by the Financial Services Authority, specialising in bespoke insurance for the commercial business, corporate, construction, and property owners sectors.

[www.centor.co.uk/construction](http://www.centor.co.uk/construction)

■ Hilti Fleet Management is designed to give peace of mind from the costs and hassles associated with managing tools, including the co-ordination of tool repairs, and reduces overall tool costs. [www.hilti.co.uk/nscc](http://www.hilti.co.uk/nscc)

## 'Failure to conduct credit checks drives many firms to insolvency'

AN amazing 73% of UK companies fail to conduct credit check on new customers, says new research.

Credit checks help protect against bad debt, says Nic Beishon, of Equifax.

Flooring contractors, especially, often battle to get paid. Small firms had to write-off almost £5bn of bad debt over the past year, another survey reveals.

Equifax monitors a wide range of events including new CCJs, change in registered address or company director and decrease or increase in credit limit.

Email and SMS alerts inform users of any changes as soon as they become available, allowing businesses to act quickly.

It also provides instant online access to critical business



Nic Beishon

information on limited companies.

Nic Beishon adds: 'Trading in a recession opens a business to all kinds of risk.'

'Our latest business failures report shows that 8,874 businesses went bust in the second quarter of 2009 and for many of these the payment record and financial stability of existing customers is likely to have been a contributing

factor in their downfall.

'Remember that not all new business is good business. Only one or two customers going bust will jeopardise your company's own financial standing.'

'A few simple credit checks and monitoring key customers helps a business safeguard against bad risk and secure a good financial future.' [www.equifax.co.uk](http://www.equifax.co.uk)

## 'Don't be too optimistic'

CAUTION is advised by Jason Heath, construction finance specialist Bibby.

Despite reports of the economic recovery starting, he warns that 'change takes time to filter through the innumerable cracks of UK industry.'



Jason Heath

He urges business to regard with care claims that the recession will soon become a thing of the past.

Jason adds: 'Never has it been more important that construction firms work to keep costs under control and to ensure that credit management processes are robust and watertight. Cash is king and a healthy flow of funds should be the number one priority.'

## Industry in brief

### BSI seeks wood experts

BSI has approved a complete revision of BS 8201 Code of practice for flooring of timber, timber products and wood-based panel products. The drafting committee is seeking wood flooring experts to help update the 25 year old document.

Anyone interested should e-mail: [alice.kasian-brown@bsigroup.com](mailto:alice.kasian-brown@bsigroup.com)

### Win contracts online

The Forum of Private Business is advising flooring contractors to go online to help win public contracts, following the scrapping of the charge on the government website. [www.supply2.gov.uk](http://www.supply2.gov.uk)

### Agency workers paid

More powers to the Employment Agency Standards inspectorate has reportedly won back over £125,000 in unpaid wages for agency workers since April. The government has set up a Pay and Work Rights helpline. T: 0800 917 2368

### Salary for new adviser

The government's new chief construction adviser, due to be named next month, will reportedly earn £120,000 a year for working three days a week.

### Route optimiser launched

A smart route optimiser for business motorists, claimed to cut fuel, labour costs and even carbon emissions by up to 30%, has been unveiled. The online service, launched by the AA and business efficiency specialist Postcode Anywhere, is called Route Optimiser. It plans shortest routes. [www.routeoptimiser.com](http://www.routeoptimiser.com)

### A-Plant hire protection

Hire firm A-Plant has teamed up with HAE (Hire Association Europe) to offer insurance on hired equipment against loss or damage for up to £100,000. The cost is 15% of the equipment hire rate. [www.aplant.com](http://www.aplant.com) T: 0870 050 0797

### Insurance is offered

FairTrades, the multi-trade association is offering employer's liability compulsory insurance via Simply Business. T: 0870 734 4344 [www.fairtrades.co.uk](http://www.fairtrades.co.uk)

### Builders report pains

Builders are the trade most likely to seek medical advice or pain relief due to work-related injuries, according to a survey by Bahco hand tools. Most common injuries include spinal and back pain, plus arm, hand, wrist or finger pain.



# Shock move sparks controversy

THE hot topic at the National Floor Show in Harrogate last month was not, as you might guess, the state of the economy or the latest new product launches.

It was the surprise decision of the organisers to move the show to the NEC in Birmingham. Most exhibitors were reportedly told officially only the week before the event opened.

In fact, a few exhibitors were only made aware of the transfer to the NEC when they arrived at the venue to see a large billboard outside, announcing the move.

An on the spot straw poll taken by **CFJ** revealed that most exhibitors are unhappy with the move, especially the show dates at the end of June, which are in the middle of the football World Cup and just before the summer holiday season. Many also recall the ill-fated move from Harrogate to the NEC some 20 years ago. The event lasted barely three years in Birmingham before returning to Harrogate.

■ The current organisers of the National Floor Show do not appear to know all of their exhibitors.

Embarrassingly, they actually presented an exhibitors' raffle prize at the exhibitors' party to a



One of the busiest stands at the National Floor Show this year, shared by CFJ and the CFA

person who was not an official exhibitor and who had apparently gate-crashed the event.

Literature published by that person were allegedly circulated in the exhibition in contravention of the organisers' regulations which prohibit material from non-exhibitors from being distributed at the show.

## Polyflor and Altro join forces to boost vinyl floor recycling

**ALTRO** and **POLYFLOR** have launched the UK's first recycling take-back scheme. Called Recofloor, it is managed by Axion Consulting.

It aims to allow for safety flooring and smooth vinyl offcuts from the installation process to be recycled back into new flooring. Uplifted, or end-of-life material, will be used in the manufacture of traffic calming products, such as traffic cone and road barrier bases.

Axion Consulting is the agent for the Recofloor scheme, which has developed from a WRAP-funded (Waste & Resources Action Programme) trial to increase the collection and recycling of vinyl flooring.

The target now is to create a sustainable, cost-effective and efficient collection system.

Waste flooring is accepted from all types of sources, from individual contractors to large construction projects.

Axion is co-ordinating and managing Recofloor collection systems: **T: 0161 355 7618**.

Registered participants within Recofloor will receive bulk bags which can be collected from site when filled with vinyl flooring, or



**'Altro and Polyflor have invested a lot of time and cost into developing internal recycling processes for vinyl flooring and feel the time is right to set up an industry collection scheme'**

— Jane Gardner, of Axion Consulting, Recofloor project manager

they can drop off waste at one of 19 designated sites across the UK.

Recofloor is keen to increase the number of drop-off sites across the UK and to recruit distributors to

provide a drop-off point for vinyl flooring waste.

■ **T: 0161 426 7731**

■ **www.axionconsulting.co.uk**

■ **www.wrap.org.uk**

### PEOPLE • PEOPLE • PEOPLE

**ANDY PERRY** has joined Polyflor as technical sales representative covering Dorset, Hampshire, Wiltshire and the Channel Islands. Andy, who lives in Southampton, previously held similar roles for Gradus and has 30 years experience in the flooring and retail industries.

**STEVE BAKKER** has joined The WoolSafe Organisation as promotions and communications manager. Steve has a background in carpet care and maintenance, having been a WoolSafe certified operator working in residential and commercial premises.



**Andy Perry**



**Steve Bakker**

SATRA has appointed **MARK BUCKLEY** as health, safety and environmental manager. He is a member of the Institute of Environmental Managers and Auditors (IEMA).

### Industry in brief

#### Environmental CPD

Versatile Flooring, which makes EcoTile 100% recycled interlocking floor tiles, has gained RIBA-approval for its CPD seminar on environmentally aware innovations in flooring specification. T: 01707 800060 [www.versatileflooring.co.uk](http://www.versatileflooring.co.uk)

#### 'More racism in building'

Racist 'banter' unacceptable in other industries is still tolerated in parts of the construction industry, says the Equality and Human Rights Commission.

#### Stone podcasts offered

Stone Federation Great Britain is offering informative podcasts on cladding, flooring and stone cleaning available on the website: [www.stonefedgb.org.uk](http://www.stonefedgb.org.uk) T: 01303 856123

#### FTBA helps move OAP

The Furnishing Trades' Benevolent Association (FTBA) has given a £500 grant to the elderly wife of a retired carpet shop employee who needs a special wheelchair to move around the nursing home where she lives, instead of being stuck in her room.

#### Swine flu advice for firms

As a result of swine flu, the government is advising employers to promote good hygiene practice in workplaces, including hand washing facilities, disposable paper towels, soap/spray pumps etc. Employees showing signs of symptoms should seek medical advice. T: 0800 1513513

#### Dorrell at St Pauls School

Worcestershire wood floor refurbishment specialist Peter Dorrell and Co helped refurbish St. Pauls School, London, celebrating its 500th anniversary this year. The company has done work for the school for over 10 years.

#### Water Jet grab specialist

Water Jet Sweden (including Yorkshire-based WJS UK) has acquired a prime sub-contractors, Swede Matic AB, a long-established design engineer firm which helped develop new WJS machine models.

#### Timber frame turn off

Timber frame house building is less popular following a resurgence in traditional brick and block, says a new NHBC survey.

#### Botched DIY jobs

Failed DIY jobs by weekend handymen costs a massive £1.5bn in total, says a new report.

## Westco cuts packaging

**WESTCO**, which has a range of over 500 wood and laminate flooring products, has made significant reductions to its packaging in an effort to reduce the amount of waste it produces.

Working with key customers, unnecessary packaging has been removed by packing the flooring and accessory products in larger quantities to reduce wastage.



**Markus Burkhardt, from Westco, with one of the new LPG powered forklifts**

As a result, the Cardiff-based company will save 20 tonnes of cardboard each year.

Westco is also improving the energy efficiency of its fleet of forklifts, replacing all 13 of its petrol and diesel powered models with newer LPG powered equivalents.

Markus Burkhardt, operations director at Westco, says: 'In today's carbon-conscious world we are

confident that we can significantly enhance our reputation by taking steps to reduce our packaging and improve our environmental performance.'

■ [www.westcofloors.co.uk](http://www.westcofloors.co.uk)  
■ T: 029 2037 6700

## F Ball achieves ISO 14001 award

**F BALL AND CO** has been awarded ISO 14001 certification at its manufacturing facilities in Cheddleton, Staffordshire. An international standard for environmental management systems, ISO 14001 is designed to help organisations establish effective policies to reduce the environmental impact of all aspects of a business.

The latest certification highlights the company's commitment to the more efficient use of resources, raw materials and energy, as well as reducing waste and carbon emissions.

Furthermore, as F Ball's headquarters are adjacent to the River Churnet, with a variety of wildlife habitat, the company's location has a significant impact on its ongoing business and environmental responsibilities.

Energy saving and emission reducing measures were incorporated into the design of the new factory.

■ [www.fball.co.uk](http://www.fball.co.uk) ■ T: 01538 361 633



**Luke Williams, second from the left, client manager, SGS UK, is pictured with (L-R) F Ball's environmental advisor Ian Baker; md James Igoe and QES manager Brian Newbold**

## TTA member wins honour

**MIKE Bennett**, a member of The Tile Association (TTA) has won the national 'Tiler of the Month' accolade from [www.tilerworld.com](http://www.tilerworld.com)

The award recognises his high standards of customer service and tiling quality, supported by glowing reviews posted on the website.

Based in Bristol, Mike has more than 25 years' experience with the long-established family firm D. J. Bennett & Son.

He has recently been working on a large tiling project, comprising



**Mike Bennett and tiles he recently laid**

195 luxury apartments built as part of the regeneration of Bristol city centre.

Customers using a rated tiler from website and submitting a

rating go into a monthly free prize draw for the value of tiling up to £1,000. The site is free to use for both tilers and their customers.

■ [www.tilerworld.com](http://www.tilerworld.com)

## Desso backs charity for low-income families

**DESSO** has donated 80sq m of obsolete carpet stock to help create an eco-friendly show home for Liverpool Habitat for Humanity, a charity which builds homes for low-income families.

Huyton Churches Training Service, which offers work based training, supplied a team of supervised apprentices to fit all the carpets free of charge. The organisation also donated the gripper, floor plates, adhesive and other sundries required.

Liverpool Habitat for Humanity is building 32 homes for low-income families on a site donated by the local Roman Catholic Archdiocese.

■ [www.desso.com/businesscarpets](http://www.desso.com/businesscarpets)



**Carpets ready for installation in an eco-friendly show home**

## Products in brief

### Zero rated floors

Finnish flooring producer Timberwise claims to have completely eliminated formaldehyde emissions from its single plank engineered boards, incorporating the WiseLoc click system, supplied by Taylored Flooring. T: 0161 498 0325

### Jewson ISO 14001

Jewson, which supplies sustainable timber, has been awarded ISO14001 status by BM TRADA across all its 500 branches following a three year intensive assessment programme. [www.jewson.co.uk](http://www.jewson.co.uk)

### Bosch angle grinder

Bosch has introduced a 5kg angle grinder driven by a 2200-watt motor, suitable for 180mm discs. [www.bosch-pro-team.com](http://www.bosch-pro-team.com)

### Blade adaptors launched

Joaliff has produced an adaptor designed to allow the use of Bosch blades on the Fein Multimaster machines (quick change lever machines only). T: 01494 461720

### Dealership showroom

RAK UK has launched a new dealership showroom. The company has also revamped its image with a new logo. [www.rakceramics.co.uk](http://www.rakceramics.co.uk)

### Accoya wood offer

James Latham has been appointed by Titan Wood as national distributor of Accoya wood, the durable, and dimensionally stable certified softwood. [www.lathamtimber.co.uk](http://www.lathamtimber.co.uk)

## Events in brief

### Grand Designs advice

Grand Designs Live at the NEC, Birmingham (October 9-11) will feature an expert advice centre for advice on self build and renovation. [www.granddesignslive.com](http://www.granddesignslive.com)

### Acoustic show on curbs

Products which control noise will be featured at Euronoise (October 26-28 in Edinburgh) organised by the Institute of Acoustics. [www.euronoise2009.org.uk](http://www.euronoise2009.org.uk)

## Have you heard?

### Bottoms up for a prize

A job-matching website is offering cheeky surfers the chance to win cash by texting in photos of builder's bums. Each week, one bum-snapper will win £20; every exposed builder gets a crack at the 'Best Builder's Bum 2009' award at the end of October. [www.ejobdone.co.uk](http://www.ejobdone.co.uk)