



COMMERCIAL FLOORCARE UPDATE

The pandemic created long-term opportunities for savvy floorcare contractors.

■ By Jennifer Bardoner

Soft surface, typically the bulk of the floorcare business, is prevalent in office environments—which closed down during the pandemic.

Eric Boender, vice president of business development for the Starnet group of commercial flooring contractors, reports that those in the traditional commercial floorcare business are finally seeing pre-Covid revenues again. However, the overall industry looks different than it did prior to the pandemic. As main sources of revenue were taken offline, many contractors added new services and expanded their floorcare to include hard surfaces. And even with the market and industry now largely back on solid ground, those forced opportunities should continue to pay off.

CARPET TAKES A HIT

In 2019, carpet deep cleaning and ongoing maintenance accounted for approximately 70% of the revenue generated in the floorcare business, Boender says. Today, that number is closer to 50% for most members of the Starnet Floor Care program. Carpet is the predominant flooring material in office environments, which completely shut down during the pandemic and have not fully returned since, and hard surface materials had begun eating away at soft surface's square footage across other commercial market sectors well beforehand.

"The biggest thing no one needed was the biggest thing we'd built our business around: carpet maintenance plans and people being in the office and needing to clean the carpet after them," recalls Elias Shanine, maintenance division manager of Lippert Flooring and Tile, located in the Greater Milwaukee area. "We lost half our business in one month. Carpet cleaning is almost a luxury in terms of someone's budget, and we were the first thing on the chopping block."

John Hodgson, vice president of maintenance for DFS Floor-

ing, estimates that carpet accounted for around 90% of the California-based commercial flooring contractor's floorcare business, though that had begun shifting amid LVT's rise.

"When Covid hit, we lost about 40% of our business, because we were all corporate," he says. "Everybody got sent home, so they quickly either canceled their maintenance programs or put them on a skeleton-type maintenance program. We just fully recovered last year to where we were pre-Covid, but to do it, we had to diversify."

With LVT becoming the 800-pound gorilla of the industry across both the commercial and residential markets, many Starnet Floor Care members had already started adding related programs. Though Starnet does not endorse applying a coating to help protect the material from scratches, remaining in alignment with the group's manufacturer partners and their prescribed processes, Boender reports that such applications have become a revenue generator.

"We are finding that certain clients prefer a coating or are finding the LVT to scratch in such areas as classrooms and need



A before-and-after (L to R) of LVT restoration performed by Lippert Flooring and Tile.

a layer of protection," he explains. "This is most common when a 12 mil LVT is specified in a commercial setting and doesn't hold up in the environment. There are tens of millions of square feet of LVT being installed commercially, and with even a small percentage needing professional floorcare, it creates a nice revenue opportunity."

Having started Lippert's floorcare business by himself several years prior to the pandemic, Shanine had been scaling up slowly in order to maintain service and quality. Naturally, he initially took on carpet—not only the bulk of the industry at the time, but also the highest revenue-generating material for floorcare contractors, thanks to its straightforward maintenance routines. Shanine then evolved to include tile and grout restoration, adding

CARPET'S NOT DEAD

Despite hard surface's gains, carpet still has a strong foothold in the commercial market. Even on the West Coast, where soft surface sales face significant fees to help fund material recycling efforts, Hodgson reports that "most flooring going in these days is still carpet," estimating its share at around 55%.

"Even though carpet care has declined for our members, it still represents over 50% of the revenue and is very important," says Boender.

Both Hodgson and Shanine see carpet as a significant revenue generator that is finding its footing again. Some of that is coming from corporate workers' return to the office, which Hodgson reports "is now actually happening." Meanwhile, other environments are returning to the material.

"We've seen a lot of schools bounce back to carpet for acoustics and the health of the people standing on it all day," Shanine says. "When that big LVT boom happened, there wasn't as much carpet going in. Even polished concrete was huge. But people think it's foolproof, then they live with it and get wear patterns and learn that it's noisy, so we've had a lot of people putting carpet back in some areas."

The material is also getting a boost from relatively new cleaning processes that rely on foam and minimize the amount of water, thereby decreasing the drying time—as well as the potential for slips and falls, a major concern for facility managers.

"This process gives carpet the distinction of being the only flooring type that does not generate chemical- and debris-laden water disposal," Boender says, with Shanine noting that sustainability is especially important in the commercial sector.

resilient care to his portfolio just before the pandemic hit.

"Everything we lost during Covid we doubled back up in hard surface," he says. "I went to our larger customers that were not shutting down, mainly healthcare manufacturing entities, and asked, 'What are the things you're doubling down on?' Production had to get ramped up, so people were focusing on their manufacturing areas, where they didn't in the past. It opened a segue for us to get a lot of hard surface contracts during Covid. We kept those post-Covid, and we've added our carpet cleaning back slowly."

His enterprise is now doing over \$1 million in floorcare business annually, which he attributes to the ongoing diversification; though he points out that it's easier to scale a newer business.

LEGACY HARD SURFACE MATERIALS RETURNING

Whereas before, DFS "would not touch VCT unless they specifically asked us to, we now go after VCT, resilient, stone," Hodgson says, reporting that he's seen the biggest increase in the maintenance of polished concrete. "It hasn't stopped expanding; it's still increasing in all kinds of environments," he says, pointing to a slew of new products like Ardex's CG Concrete Guard, which are not only making the process easier but also expanding the material's possibilities.



DFS Flooring is branching more into hard surface floorcare, including terrazzo restoration.

"Concrete sealing and epoxies have become more appealing to end users due to the product requiring less maintenance," says Jesse Castro, a Fuse Alliance member and the maintenance manager for Texan Floor Service. Hard surface now accounts for around 70% of his business's revenue—flipping the long-established model of 80% stemming from the care of soft surface flooring—which he largely attributes to concrete refinishing. The Houston-based flooring contractor recently added a dedicated High Performance Coating division, which provides concrete polishing and epoxy application.

AN ANCILLARY BUSINESS AVENUE

Boender notes construction cleanup as an interesting new service expansion opportunity that many Starnet members have begun providing.

"This strategy makes sense since our Starnet Floor Care members are part of a commercial flooring contracting business that is already working with the general contractor or end-use client and can seamlessly provide construction cleanup for the project," he says. "This service has provided a big revenue boost and is now 20% or more of the revenue of the division for some of the Starnet members."

Hodgson reports that "our construction industry never slowed down, even during Covid."

"Concrete sealing and concrete polishing seem to be the most profitable due to less soft goods maintenance," Castro adds.

Shanine is eyeing high-performance coatings and stonework as his next step in scaling Lippert's floorcare business. Boender reports that terrazzo polishing or coating has become a big growth opportunity over the past few years.

"Terrazzo is still very popular in education, government and airports," Boender points out. "These are typically large-square-footage areas, and the day-to-day janitorial companies aren't equipped to maintain these floors to the desired level."

Shanine believes another reason for the material's resurgence is because it is being uncovered when other flooring is removed, and there is a general trend to repurpose what's already there as people become more aware of their environmental impact.

Similarly, Boender says VCT is making a comeback for commercial floorcare contractors.

"This may be surprising, as VCT has lost momentum in the marketplace, but it isn't dead, and there are still tens of millions of feet of VCT being installed annually," he says. "Stripping and finishing VCT is a skill, and there is a risk of failure, so there is less competition and greater opportunity for the experienced floorcare providers to make a fair margin with this service."

Branching into "new" materials doesn't just require additional expertise around their recommended care and related processes and equipment, it presents a learning curve in terms



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of human logistics, as well. Hodgson notes that while one can charge more when working with materials like stone and concrete, the related processes take longer than carpet cleaning, and labor is his business's biggest cost.

"We've learned what to charge to still make a good margin," he adds. "We price everything so that we make the same profit on all services."

As Texan Floor Care has grown its concrete services, Castro says it's been challenging to find qualified technicians. Labor is a concern for Shanine, as well.

"The biggest setback we had from Covid overall is just the labor market falling off," Shanine says. "We're kind of stalled out at this point because we don't have the labor force to sell or service more than what we do right now. Those are probably harder hurdles than what we had to face before. The other things were in my control."

NEW SERVICE MODELS

The pandemic highlighted buildings' role in the health and safety of occupants, and Hodgson says the focus on cleanliness has not diminished. When floorcare became less of a

maintenance requirement amid the shutdowns, many related contractors began offering sanitization services. DFS now incorporates hospital-grade disinfection services into cleaning regimens through a fogging process, "something we learned from Covid," Hodgson says. Likewise, Shanine says the incorporation of Intercept foaming disinfectant, designed for use in medical facilities, "saved our carpet cleaning business" during the pandemic, but it was always pitched as part of a multifaceted approach to creating an overall healthy working environment and retaining the client's flooring investment.

"The biggest thing we gained out of Covid was highlighting the number of things that go in a carpet that even CRI [Carpet & Rug Institute] tests that you run for gold standards don't always pick up on," says Shanine, referencing mold spores.

The pandemic also pushed floorcare contractors to focus on new segments. DFS is exploring hospitality and education, while Lippert hopes to home in on healthcare and hospitality. All are highly active sectors in terms of current capital investments, though that hasn't always translated over to floorcare.

"Healthcare is like, 'We're busy enough, we could use some help,' whereas on the hospitality side, it's a mixed bag," Shanine reports.

Budgets have always been a challenge when it comes to floorcare, with many janitorial services performing maintenance in-house, despite not being specialized in the field.

"Education has a very small operations budget—the janitorial guy doesn't have it in his budget to hire somebody like us, but their CapEx guy does," shares Hodgson. "We've learned how to negotiate with their capital expenditure guys, so when they're doing construction, they can put it on their CapEx budget, and then their operations guy doesn't have to be bothered with it. They don't have the manpower, so they're quite happy to outsource it."

"We explain the benefits of what a good maintenance program can do, so they won't be replacing the flooring products as often, and that appeals to them." ■



The impact of floorcare is evident in this Starnet picture from the field, with Lippert Flooring's Elias Shanine noting the positive effect additional disinfectant has had on business since the pandemic.

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