The Benefits of Partnerships Between Small and Large Businesses

Partnerships between global flooring manufacturers and locally owned shops continue to rise. As large businesses seek stronger relationships with the people on the front lines locally—architects, designers, end users, and contractors and retailers—the once competitive landscape is evolving to reveal new relationships.

With four decades in the flooring industry, I’ve learned that smaller specialty shops can offer mature partners access to new customers, innovative flooring products, new management techniques and opportunities to ride the coattails of a small business’ progressive image. What follows are some tips and what every small business owner should do before forming a partnership with a large flooring brand.

Leverage Your Local Insight
As small business owners in the flooring industry, many of us see large businesses exclusively in competitive terms. This characterization is correct for small enterprises that compete directly with national or international companies for a piece of the pie. For example, an independent specialty flooring store might see the arrival of a national chain as a threat. But small businesses can capitalize off large, well-known brands too.

Take my relationship with Gerflor. I just celebrated my 500th sports flooring installation with its Taraflex product, in which more than 15 million children in school districts across the Midwest use the type of vinyl multi-purpose flooring that I sold. Because of my commitment to Gerflor, the company sent me to the recent Indy 500 as part of my milestone achievement. This was parlayed into its own company announcement about sales agent support, but also helped garner exposure for my company, Specialty Floors in Kansas City, Mo.; it was a win-win situation.

Larger flooring companies like this may take on the role of business partner, product distributor or even customers. The trick is to determine how your small business fits into the overall growth strategy of a larger company and what type of business model it chooses to conduct its day-to-day operations.

When I started out in flooring nearly 40 years ago, it was virtually unheard for large companies to “partner” with small enterprises. In the late ’70s through the late ’90s when I was with two of the industry’s largest

The flooring in the New Century Field House in Kansas City is a prime example of how a local and international business can work in partnership to help remodel a facility for the community to enjoy.
manufacturers, the mentality of “bigger is better” permeated the flooring industry—and most other industries for that matter—but as consumers became savvier a shift started to occur. Large companies today are held to a higher standard. Consumers want to see how a product will help them live their lives better.

In the flooring industry, locally owned shops have their ear to the ground and know what resonates within the market. This is, perhaps, the greatest thing you can offer a large flooring company—the inside scoop on trends and what drives the market. Never underestimate it.

Although alliances between just large companies still exist, most business analysts and consultants contend that large organizations recognize the benefits of establishing partnerships with flexible, entrepreneurial firms.

Small businesses have and always will be the backbone of the U.S. economy, but now larger businesses are cashing in on this “can-do” attitude. This is very true in the flooring industry where technology and innovation are the name of the game.

Each year we see flooring manufacturers upping their game with new solutions or improvements to existing products. This often takes place with feedback and insight from the people on the front lines—small business owners. In my roles with some of the largest flooring manufacturers in the world, I’ve been able to participate in sales meetings that have helped shape product rollouts and messaging.

Working Together

In recent years, the stereotype that large flooring companies are out for No. 1 has slowly started to erode. This has been replaced with a more collaborative attitude where big business depends on small business to be successful.

My business, Specialty Floors, is a sales agency that works diligently to promote and sell products like Gerflor’s Taraflex and Commercial Flooring; Ecore Commercial Flooring; Tajima Commercial Flooring, and innovative products such as SprayLock adhesive. When I win, they win. They also save money by only paying when we produce.

In the book “Winning Combinations: The Coming Wave of Entrepreneurial Partnerships Between Large and Small Companies” by James Botkin and Jana Matthews, they state: “Entrepreneurs and corporate executives now need each other more than ever. Their needs and their strengths are often opposite and complementary. Both large corporations and small companies can brighten their global prospects by forming collaborative partnerships that capitalize on their complementary strengths while respecting the independence of each party.”

Successful small business owners in the flooring industry have a knack for anticipating market trends, exploiting new technologies and using far less overhead to outpace larger companies. As entrepreneurs, we don’t have to deal with large, corporate structures that can be cumbersome at times when considering decision-making and bringing products to market.

On the other hand, we are also sometimes limited in our distribution or making an impact beyond our community. This is where partnerships with large companies come into play. By combining our quick, responsive nature with a large company’s brand name, quality product and expanded marketing network, we can focus on increasing our bottom line, while also that of the company we choose to partner with—another win-win situation. Thus, with larger businesses, small business owners can benefit from robust distribution and marketing.

Since a number of small business owners have come from the corporate world, it’s natural to have some suspicions. Isn’t the “corporate-y” dog-eat-dog world what we left in the first place? Why jump back in bed with the very people from whom we wanted to escape? Just as you would carefully consider what flooring products you would sell,
it’s crucial to examine any potential partnership with a critical eye. An entrepreneur must ask the right questions and develop a plan before the first meeting with a large corporation is called.

**Things To Consider**

Here are several tips that entrepreneurs should consider when negotiating and maintaining a partnership with a larger company:

- **Research.** Do your research. Just like bad marriages are doomed from the beginning, so too are bad partnerships. Do your due diligence when researching a company and look at its existing relationships.
- **Sound business practices.** Entrepreneurs who want to form a partnership must be a viable business. Who wants to form a relationship with a business that’s in trouble? Nobody. If a small company’s business practices are below par, large companies will be sure to notice.
- **Mutually beneficial.** Small flooring companies can reap many benefits from partnering with large businesses, but they need to recognize that like themselves those big companies are for-profit enterprises. Therefore, it’s all about helping each other. Just as you expect something in return for your expertise, they expect something in return for their marketing or use of their brand name.
- **What’s the intended outcome?** Many partnerships with larger companies mean a greater commitment to our own business. You should determine what it is you really want from the partnership. If you launched your business for the express purpose of realizing greater personal wealth or establishing a significant presence in the flooring industry, finding the desire to meet those partnership obligations should not be a problem. If you launched your business to stake out an independent lifestyle and travel, you may want to evaluate what this means to the success of the partnership.
- **Do not be intimidated.** Remember, you’re a successful business owner and act accordingly. Negotiate with this in mind.
- **Maintain as much independence as you want.** Determine how much autonomy you’re willing to give up before the first meeting is called. Don’t be too quick to give up what you’ve established as success and quality of life touch points.
- **Establish clear and open lines of communication.** Good communication is essential to all business relationships—both internal and external—and partnerships with large companies are no exception.

**Measuring Success**

The above list is not exhaustive, but it gives you a starting point when considering a potential business partnership. People often ask how I’ve continued to enjoy success in the flooring industry since starting out in 1978. Simply put, you have to enjoy it.

I am in the flooring business because I like providing tangible products that affect the overall beauty and safety of homes and buildings. Just as a building needs walls to function, I believe the flooring is an integral part because without it you can’t provide that finishing touch that affects everything else in the space. Luckily, I’ve formed some great partnerships with global companies over the years. The one thing we all have in common is a commitment to excellence.

My successes have been created because I take advantage of successful project relationships with A&D people and end users. This has been driven, in part, because of my strong relationships with large businesses in the flooring industry. Part and parcel to any good business relationship is trust, experience, and proven product performance. When you can find these qualities in the culture of a potential large business partner, and they mirror what you’ve established as your own small business success indicators, you can set yourself up for a mutually beneficial relationship.

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