

# Hallmark Hardwoods: Rich in history, quality

By Steven Feldman

ONTARIO, CALIF.—The name Hallmark is much more synonymous with greeting cards than flooring, but Hallmark Hardwoods owner Tony Pan has quietly been making history in the U.S. for nearly 15 years. That's longer than many of his competitors and certainly

hardwood flooring manufacturers at the time. The engineered structure had a lower cost of entry for many manufacturers in comparison to furniture manufacturing. Excellent machine manufacturers in Asia also meant they didn't have to buy European manufacturing equipment."

Pan continued to bring in product under his United Wood Floor brand, but business kicked into another gear with the increasing popularity of character/rustic looks. "I was seeing more and more hand-distressed products in the market. I realized I could make this product in China more effectively due to lower labor costs."

He claims to be the very first to buy 4.2mm from Great Lakers and make private label product for many companies such as Witex. "The fact that the margins were so high at the time on the hand-distressed flooring made the emergence of significant numbers of Chinese companies possible."

## The birth of Hallmark

With that, in 2005 Pan decided to set up his own brand focusing on quality and integrity. "We were seeing a lot of Chinese companies selling birch but marketing it as maple. We were seeing Asian maple marketed as American maple. Asian butternut would be called American walnut. Their honesty was questionable. We opted right from the start to not employ that strategy and focused very heavily on American walnut, hickory and maple as well as Asian birch and not trying to confuse the market."

The new company was called Hallmark Hardwoods and the first distributor was Longust Distributing in the Southwest. Longust was followed by The Masters Craft (West Plains, Mo.), Intermountain (Boise, Idaho), Palo Duro Hardwoods (Denver), Horizon Forest - Long Floor (Richmond, Va.) and NRF (Augusta, Maine). The story then, as it is now, is a significant value proposition for retailers.

While Hallmark is focusing on the specialty retailer, it still makes private label products for several large customers, prima-

rily distributors. It has no home center business. "We prefer the distributor relationship because I respect the American distribution system from manufacturer to distributor to dealer," Pan said. "Many Chinese companies take short cuts and go directly to dealers. Our philosophy is everyone brings value throughout the chain."

## Focus on quality

Hallmark's goal then, as it is today, Pan said, is to sell a quality product at a fair and reasonable price. The quality story begins at the outset with the purchase of its own raw materials. "We control our lumber. We source logs and lumber in the U.S., then ship to China to produce our own face veneers. There are certain sawmills we will not do business with because the quality of their lumber does not allow us to create the products our customers are looking for."

That, he explained, includes boards with longer average lengths, up to 7 feet on sawn and 6 feet on rotary. "You are getting fewer defective materials and longer average lengths. We never get complaints from installers that we ship too many short boards."

Hallmark is also partnering with factories that will make product to its specifications

tive duties for 30 years. This Vietnam factory offers long-term stability of supply."

Pan assures the quality of product coming out of the Vietnam factory is equivalent to its Chinese-made products. "The technology and the equipment is a copy of what we have in China. It's the same system with all new equipment. And we have our own quality control team."

While it is more expensive to manufacture in Vietnam, Pan acknowledged this may change given how the cost of labor is increasing in China. "Long term, we believe we are going to be successful given our supply stream and efficiency. We believe we will do those things better [than our competitors]."

He cited dimensional stability as one competitive advantage. "Because engineered hardwood is more dimensionally stable you can make the planks wider. This minimizes some of the excessive plank movement you get with a wider solid product. "We make 4mm sawn cut because the usable wear layer is comparable to solid. The 4mm can be resanded at least three times and our 2.5mm rotary product can be resanded twice. That creates exceptional long-term value for the customer."

The results speak for themselves. Hallmark has posted four consecutive growth years. This summer the company will expand its California warehouse capability to 50,000 square feet in addition to its 10,000 square feet of space in Florida as well as an additional 20,000 square feet of space in Baltimore.

## Benevolence

Pan is a major supporter of Shepherds Field, an orphanage in China where most of the children are handicapped. Over the last five years, Hallmark's sister company, Real Wood Floors, has installed more than 30,000 square feet at the orphanage.

But Hallmark's involvement runs deeper than flooring. In April 2010, Pan attended a Leaders Summit where he learned about Toms Shoes. For every pair of shoes sold, it gives



Products in the Chaparral Collection offer 7-inch-wide planks with longer random lengths of up to 6 feet.



Tony Pan, right, shown with Hallmark's Ron Oliver, began bringing in hardwood from China as early as 1998.

longer than all those who import from China. In fact, it can be argued that Pan played a significant role in their success.

Back when Triangle Pacific and its Bruce, Hartco and Robbins brands virtually controlled the U.S. hardwood flooring market in the 1990s, Pan was watching from the sidelines. He realized there was little to no Chinese-made wood being imported into this country. "I knew there had to be an opportunity for Chinese-made product because of the labor advantages," he said.

So in 1998, Pan brought in solid hardwood flooring from China, claiming to be the first to do so. Species were natural white oak in colors he called honey and roast.

Pan started off small. He sold to local dealers in Southern California under the United Wood Floor brand and also private labeled for other companies.

He did not stop there. "Then my customers told me engineered wood was very popular, so I wanted to make the highest quality engineered floors," Pan said. "We developed a multiple birch core, sawn face, premium product."

It was this product, Pan said, that opened the floodgates to countless Chinese manufacturers importing engineered hardwood flooring to the U.S., beginning primarily in the early to mid 2000s. "It really helped China and the American consumer. There were not many



One way in which Hallmark creates value on its engineered flooring, like the Heirloom Collection, is by offering a 4mm sawn cut solid wear surface that can be resanded at least three times.

rather than approaching a factory to make a certain product. "And the quality control people at the factory work for us."

Today, the factory that manufactures Hallmark's six engineered lines (four sawn, two rotary) are located in both China and Vietnam. After the antidumping investigation was announced in October 2010, within two months Pan decided to joint venture and make a multi-million dollar investment in a Vietnam facility. "It's the best answer for antidumping of China-made engineered wood floors," he said. "Everyone has to be concerned about the retroac-

one away. "I was touched by this, so I decided all profits from the sale of our moldings would go to Shepherds Field."

It has impacted the entire company. In fact, a number of people who work at Real Wood Floors in West Plains, Mo., including Sam Cobb, the president, have adopted children from Shepherds Field.

## Why should a retailer take on the Hallmark line?

FCNews asked Tony Pan, president of Hallmark Hardwoods, why a retailer should take on the Hallmark line. He had no shortage of reasons.

1. We offer a premium product, providing high quality at a fair and reasonable price.

2. We truly partner with our authorized dealer network in that we have no online sales or home center business.

3. Territorial exclusivity. At Surfaces the last couple of years, I've had more dealers complain that our distributor sales reps won't set them up. It's all about limited display placement.

4. We do not go direct.

5. We have a very small claims rate, almost invisible. We have a distributor that has five other major wood lines, and we outsell each of the five combined by a major margin and have fewer claims than all five combined.