

THE WALL STREET JOURNAL.

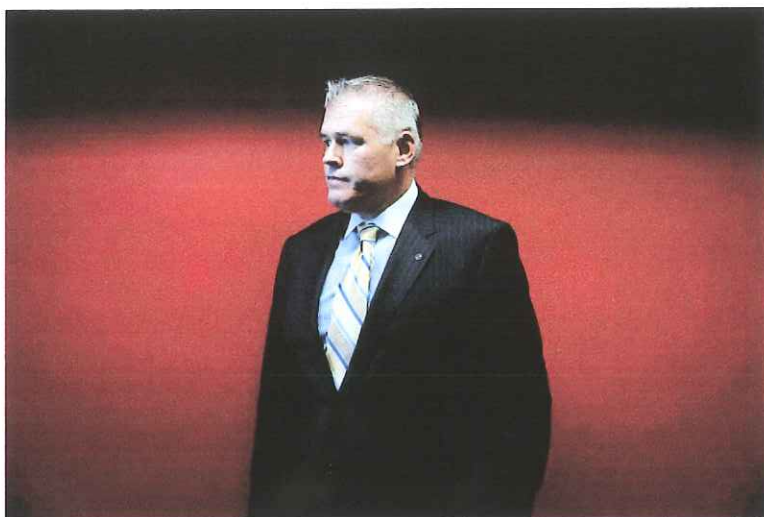
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The Meberg Family's Latest Challenge

Their Consolidated Carpet, one of New York's largest flooring suppliers, battles nonunion competitors



David Meberg, CEO of Consolidated Carpets *PHOTO: JOHN TAGGART FOR THE WALL STREET JOURNAL*

By PETER GRANT

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One of the largest sellers and installers of flooring to New York's commercial-real-estate industry was founded in the 1940s by two Norwegian immigrants, Torvald and Leif Meberg. Since then, three generations of the family have built the enterprise through downturns, sensitive leadership transitions and near-crippling warehouse fires.

Now, the Meberg family's Consolidated Carpet is facing another big challenge: competition from nonunion labor. Consolidated Carpet increasingly is losing business to nonunion shops that undercut its prices, said David Meberg, grandson of Torvald Meberg and current chief executive. "It's putting a lot of my business at risk," he said. "We are struggling to find solutions for it."

Union contractors and subcontractors are fighting similar battles throughout New York. While the volume of construction business has been rising overall, thanks to the improving economy, more of it is going to companies that employ nonunion labor, experts say.



A 1959 photo of Consolidated Carpet workers at the company's Brooklyn warehouse. *PHOTO: CONSOLIDATED CARPET*

Consolidated Carpet—which had about \$75 million in revenue last year—is using seven decades of experience and strong relations with customers to fend off competition and keep growing. On offense, it's expanding geographically in the region and offering new products like hardwood floors and finished concrete surfaces.

On defense, the Mebergs are increasing efforts to educate customers on the benefits of working with union shops in terms of quality, safety and service. Thomas “Bud” Meberg, executive vice president and David Meberg’s uncle, points out he’s had some clients for 40 years. “We must be doing something right that they keep coming back,” he said.

In the world of New York’s real-estate dynasties, it’s unusual for a contracting business to be able to draw on three generations of experience. Most of them don’t last that long because of issues deciding how to divvy up control, profits, jobs and other matters from one generation to the next.

The Mebergs overcame these tensions several times during the family history. At one point, one of the family members was bought out. On another occasion, a group of family members went on a retreat in Asheville, N.C., with consultants that, among other things, gave them psychological tests to determine who was best fit for certain management roles.

“We tried to fit each person into what they’re good at from their personalities and interests,” said Bud Meberg, who is 73 years old.

Torvald and Leif Meberg immigrated to the U.S. in the 1920s because of an old-world transition issue: They were the youngest of the 10 children of David Jacob Meberg, a farmer in southwest Norway.

Most of the children moved to the U.S. or Canada because they could expect little inheritance if they stayed. “In the tradition, the oldest inherited the farm,” said Torvald’s son, Arne Meberg, 77, who started working for Consolidated Carpet during summers when he was 12 years old and retired about seven years ago.

Torvald and Lief moved to Brooklyn and started out as carpenters on the IND Concourse Line of the New York subway system, attending night school to learn English. After learning the carpet and linoleum trade, they spent about 10 years on jobs such as installing flooring at the 1939 World’s Fair. They formed their own business in 1943.

Over the decades, as New York grew, Consolidated Carpet became one of the leading carpet installers, with clients including the Plaza Hotel, Barclays Center, Columbia University and office tenants Morgan Stanley, Federal Reserve Bank of New York and law firm Gibson Dunn Crutcher.

But the Mebergs also had to cope with two warehouse fires in the 1970s, recessions and changing client needs and competition. In the company’s early years, workers would hand-sew carpet seams. Later, carpet tiles and raised floors became popular. Today, finished concrete floors are all the rage among technology and creative firms.

A big transition challenge came in the early 1990s. David Meberg, who had joined the company after graduating from Ithaca College in 1985, said he was becoming increasingly frustrated because he wanted to expand the company but lacked the authority to do so. “I was thinking about getting out” of the family business, he said.

That led to the retreat in Asheville. The consultants recommended that David become chief executive, his cousin Paul become vice president and that the three members of the older generation, Bud, Arne and the late Tor Meberg, move to separate offices. “That way, the personnel would see that David and Paul were in charge,” said Arne Meberg.

The challenge from contractors hiring nonunion labor in the New York construction industry has intensified since the recent recession. The cause was partly the sharp decline in work during the downturn, which made many union laborers take jobs with nonunion shops, according to Richard Lambeck, chair of the graduate construction-management program at New York University's Schack Institute of Real Estate.

Mr. Lambeck says about half of private-sector construction work in the city is done by unions, compared with 80% to 90% just 15 years ago. "Those nonunion firms got skills they didn't have before," he said.

Despite these pressures, David Meberg said he's going to continue expanding. He recently got more help: Eric Meberg, a member of the fourth generation, joined the company late last year and is being groomed for a management role. "Our long-term philosophy," said David, "is to have significant family involvement in the management of the company."

—*Laura Kusisto contributed to this article.*

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