

## FOCUS ON LEADERSHIP

**J**ohn Wu is the second-generation president and CEO of Novalis Innovative Flooring, one of the largest players in the global LVT market. The company, started 34 years ago by Wu's father, today creates all products under the LVT spectrum and goes to market via a number of channels, including its own Nova and Ava brands. Novalis manufactures its products in China.

**Q: You were born in China, educated in Canada and sell flooring in 50 countries. Where do you call home?**

**A:** I am Canadian Chinese and have been living in Toronto since I was 17, so Canada is definitely home for me. However, over the last few years, I haven't been spending as much time in Toronto, but instead splitting time among the U.S., China and western Europe, with occasional trips to other continents and countries. I love Toronto and prefer to spend my downtime there. It is a metropolitan city that continues to evolve. It is especially nice in the summertime with many outdoor events and festivals.

**Q: What motivated your father to leave the medical profession to start a flooring business?**

**A:** Both of my parents were medical doctors—they were college sweethearts—in China. When my brother, my sister and I were young, my parents decided Hong Kong would give us a better future, so Dad packed up the family and moved us to Hong Kong.

At the time, Hong Kong was still under British rule, so my parents could not practice medicine in Hong Kong. My father went through a few business ventures. Eventually, during one of his trips to the U.S., he saw black and white checkerboard peel-and-stick vinyl tiles at a home center and believed it would be cheaper to make the product in China. So in 1984, we invested in China and built the first LVT factory there.

**Q: You studied computer engineering, but, as your father has gotten older, you and your sister, CC, have taken over leadership of the business. Why did you first seek an independent career path?**

**A:** Our parents always insisted on us doing our own thing and



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seeking out our own career paths, so we wouldn't need to rely on the family. My brother was a journalist, my sister was in the fashion business and I was managing a defense engineering firm. When the time was right, all three of us thought we could use our knowledge and experience to help the family businesses. My brother, CS, took over one venture; while CC and I took over the LVT business. It has been clear that having our own work experiences enabled us to bring in different perspectives to these pursuits.

**Q: How do you and your sister divide the leadership responsibilities?**

**A:** I am responsible for all the business development and product development activities, while CC is responsible for all factory and office operations.

**Q: People who meet you wouldn't know how successful Novalis is. What makes you so humble and approachable?**

**A:** It is a personality trait that our parents taught us when we were just kids, and we learned through watching our parents. Through a lot of hard work and some luck, we have been able to build a pretty decent business, and this is not without the help of our dedicated employees, our customers and our suppliers.

**Q: What percentage of your business does the U.S. represent? And what effect will the tariffs have on that piece of your business?**

**A:** About 75% of our business is in the U.S. today. The U.S. seems to have an insatiable appetite for LVT. The tariffs will hurt some, due to either lower margins for everyone in the supply chain or higher retail prices for the customers. However, LVT is still a headache-free flooring that is aesthetically superior to other flooring, so it will still hold its own in terms of marketshare.

**Q: As someone close enough to the evolution of rigid core LVT to know where its intellectual property originated, how do you explain the Section 301 tariff?**

**A:** Section 301 is a broad-stroke tariff that is targeted at nearly all imported products from China. It fails to pay attention to the details of which products can be made in U.S. and which have the capacity to support the needs of the American consumer—and we all know rigid core LVT falls into this category. It is a shame, but hopefully our two countries can resolve the trade issues soon, so we can get back to doing business and serving the needs of the American consumer.

**Q: If you had known that President Trump was going to add duties to LVT, would you have committed to the \$35 million expansion that you're currently undertaking?**

**A:** We were fortunate to hear about the potential tariff during the initial design phase and before construction started. Now, because of the tariff, we are holding off on the construction of our new site until things become clearer regarding the 301 tariff and global trade in general.

**Q: Up until now, no one has been able to produce rigid core LVT in the U.S. on any scale. What are they doing wrong?**

**A:** The current technology is based on relatively inexpensive but slow extrusion lines. These lines work in China because of lower labor costs—and the machines are made in China. Using U.S. labor costs with machines coming from China, the process is just not very feasible. So everyone is looking at alternative technology to make rigid core LVT in the U.S., but it has proven to be a difficult task.

**Q: Who are your mentors?**

**A:** Clearly my father plays a huge role in shaping the way I think and the way I run the business.

After I had finished my master's degree in computer science, I went to work for a defense engineering firm of about 80 people. We were given two career paths—technical or managerial. I selected the managerial path and was fortunate enough to work with a very intelligent manager who taught me all about listening to the customers' needs, communication, and win-win negotiation.

**Q: You sell branded product through distributors to independent retailers, OEM product to several major American flooring brands, and to the home**

**centers and big box stores using their brands or licensed brands, like Stainmaster. Which channel do you think will be the healthiest ten years from now? And how do you manage this so they all feel like they are getting something unique?**

**A:** Many companies choose to partner with Novalis because we work in a very collaborative way. We bring our product, our market knowledge and our understanding of our partners' business, and we help them develop products that are unique to their own business. In addition, we are very good at design. Every year, we invest a lot of money in developing exclusive designs to offer our partners.

**Q: Which of these channels is largest, and which is growing fastest?**

**A:** The three channels are pretty evenly split in our business. Because it is in LVT, all three are growing at the market rate.

**Q: Novalis was one of the first Chinese factories to pursue ISO 14001 certification and one of the first to move to soy plasticizers. What is your philosophy on minimizing waste and creating products that contribute to a healthy indoor environment?**

**A:** My dad instilled in us the philosophy that we must do right for the people and the world while doing business. We realized about ten years ago that we can do better when it comes to manufacturing LVT. We can make better products with better ingredients, eliminating waste in the production process, investing in equipment that will allow us to minimize pollutants in the air and in water. Our Dantu plant is built with these criteria in mind. Sustainability is a continually evolving process. You keep looking for things that you can improve upon, like replacing ortho-phthalates with soy-based plasticizers.

**Q: What are the next frontiers for Novalis? Will you move beyond LVT? Will you make product in the U.S.?**

**A:** The U.S. is our next frontier! U.S. manufacturing is something we are actively evaluating, but it needs to be the right technology and the right product.

As good as LVT is, we are also working on PVC-free flooring, but that is more for the specialty commercial segment.

**Q: If you opened a plant here in the U.S. where would it be located?**

**A:** Logistically, it makes the most sense to put it in North Georgia.

**Q: What activities do you like to do when you aren't focused on work?**

**A:** Sports. I love playing basketball, and I play a little tennis. Unfortunately, my busy travel schedule does not allow me to play them with any consistency, so I have resorted to keeping physically fit using the fitness centers and pools, when available.

**Q: How do you balance the priorities in your life?**

**A:** I try as hard as I can, but it is not easy! For me, family comes first. Any time with family is precious. ■