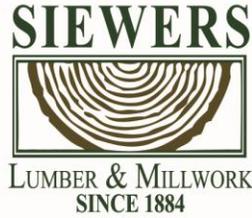


December 18, 2013



“Preserving the Past while Building the Future.”



Celebrating 129 Years of Service

A note from the Siewers Family...

Merry Christmas and Happy New Year!!!

Let us begin by taking this opportunity to say “Thank You” for your business and your patronage throughout the past year.

As the Christmas Holiday Season approaches, it is our sincere hope that you are able to spend quality time with family, friends and loved ones and that you will enjoy a very special holiday season. And please, remember in your thoughts and prayers those who are unable to be with their families during this time, especially our troops who are safeguarding our liberties and our freedom!

As we say goodbye to 2013 and look forward to all that 2014 holds for us, we wish you and your family a very happy, healthy and prosperous New Year! May 2014 be your best year yet!

Again, Thank You, Merry Christmas and Happy New Year!

-The Siewers Family

December 18, 2013

Economic News

2014 Housing Outlook: Home prices head higher...

Home prices will rise in 2014 but at a slower, steadier pace compared with historical trends.

The housing recovery has pushed up home prices nearly everywhere. Past year home prices rose in 225 of the 275 cities tracked by Clear Capital, a provider of real estate data. Prices nationwide increased by 10.9 percent, pushing the median price for existing homes up by \$30,000, to \$215,000. For people who have waited to sell their home or refinance their mortgage, that's good news.

In 2013, a sense of urgency drove traditional buyers hoping to take advantage of still-affordable home prices and historically low mortgage rates. Buyers found selection limited and were often forced into bidding wars with investors and other buyers who paid cash. Sellers reaped the rewards in terms of quick sales, often above the asking price.

More on this story can be found at www.realestate.msn.com.

IRS Mileage Rate for 2014

There's good news and bad news about gas prices.

The good news is that the cost of fueling up has gone down, meaning more money in your pocket. The bad news is that, since those costs are tied to the optional standard mileage rates, those deductions will be a bit smaller in 2014.

- 56 cents per mile for business miles driven
- 23.5 cents per mile driven for medical or moving purposes
- 14 cents per mile driven in service of charitable organizations

The rates for business, medical and moving expenses rates are one-half cent per mile below the 2013 rates.

These rates go into effect at the beginning of 2014 for the 2014 calendar year. That means they'll show up on your 2014 returns (the ones you'll file in 2015). You'll use the 2013 rates for the return that you'll submit in 2014.

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Contractor News

Zappos Tells Remodelers How to Deliver the Wow

A culture of service “is our No. 1 priority. Everything falls into place if you can focus on that.” Wolske said. When the company decided to define its culture, it asked for input from employees, vendors and clients, and came up with a list of 10 core values that it would be willing to hire and fire on:

- * Deliver “wow” through service
- * Embrace and drive change
- * Create fun and a little weirdness
- * Be adventurous
- * Pursue growth and learning
- * Build open & honest relationships with communication
- * Do more with less
- * Be passionate and determined
- * Be humble

The company hires those who are aligned with these values. Wolske says that bad employees can be toxic – such a threat that, halfway through the company’s training, Zappos offers money to new employees to quit then and there. The company figures that anyone who would take the money and walk probably lacks the right attitude.

Wolske cited a study that found: businesses that focus on culture have 51% lower employee turnover, 66% less use of sick leave and 125% less burnout. These businesses also have 33% higher profitability, 43% increased productivity and 300% more innovation.

Congratulations

Congratulations to HomeKeepers for their article in the November 2013 Remodeling Magazine. To view the article go to page 18 at this website:

<http://mydigimag.rrd.com/publication/?i=182805>

Five Keys To Getting Contractor Financial Reports That Speak To You by Shawn McCadden

Guest Blogger: Melanie Hodgdon is a Certified QuickBooks ProAdvisor who has been providing financial analysis and QuickBooks training for contractors since 1994. She’s the co-author of *A Simple Guide to Turning a Profit as a Contractor.* Melanie and Shawn often coordinate their efforts when helping remodelers develop financial systems for their businesses so they serve the contractor, not just their accountant.

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“How can I get meaningful financial reports for my construction business?”



There's a big difference between a pile of materials and a well-designed building. Yes, everything required to create and use the building is contained within the pile, but until it's been put together with the intention of producing something useful and well-thought-out, it's pretty much useless.

The same thing applies to contractor financial reports

I have worked with literally hundreds of contractors' financial databases, and many of them have got the majority of the information in there, all right. The problem is that, just like the pile of materials, **the information isn't organized in a way to let them easily draw conclusions.** Just like the point of having a house is to provide shelter, **the point of having financial reports is to make informed management decisions.**

My clients, seminar attendees, and reader audience are probably sick of hearing this, but if reports don't provide useful information *at-a-glance*, they aren't doing you any good. **Contractors can't afford to have their bookkeeper or accountant adjust, explain, and interpret reports.** Waiting for this kind of information puts them at the mercy of others. Instead, any contractor should be able to instantly access, review, and draw conclusions from standard reports *any time he feels like it!*

Begin with the end in mind.

The key to getting this right and meaningful is to decide beforehand what questions you want answered. So if you want to know what your gross profit is, for example, then you need to set up your Chart of Accounts to show it to you. If you want to figure out how much your production workers are costing you, then be sure to capture all the burdens along with the wages. If you want to find out which marketing methods are working best, then you'll need to have two categories of information: (1) you'll have to have your financials set up so you can see costs by marketing source, and (2) you'll have to have a lead tracking system that will identify which leads are coming in from which source.

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Even software that advertises itself as being set up specifically for contractors doesn't necessarily classify costs in the most useful way for a particular company; relying on the software to control the content and level of detail of information means you may be giving up answers that are important to you.

Here are five keys to getting the financial reports contractors need:

1. First and foremost, **give accounts names that make sense to you.** If you want to call your refuse disposal *garbage*, do it. **Don't be hung up on what your accountant thinks it should be called.** Use names that are familiar, descriptive, and have meaning for *you*.
2. **Separate costs related to production from overhead** by using different *types* of accounts; when you run your financial reports, they will be in different regions of the reports and you should be able to get key numbers (such as gross profit) without doing anything more.
3. **Use account numbers to control the order of the accounts.** Without numbers, your reports may appear in alphabetical order, which may be far less revealing.
4. **Organize the accounts in clusters;** use sub-accounts to provide detail when required. For example, you can have a main account for marketing, but **use sub-accounts** for web, home show, print, and other categories.
5. **Arrange accounts to show the biggest numbers higher up.** For example, if you cluster your production-related accounts together, and 50% of your production costs are for subcontractors, then put the subcontractor account at the top of the production cost list. If you spend only 3% on permits, put that at the bottom.

Cost of Goods Sold		
5000 · CONSTRUCTION COSTS		
5100 · Production Labor		
5110 · Job Labor (Gross Wages)	112,248.54	14.48%
5120 · Production Payroll Taxes	13,577.88	1.75%
5140 · Production Benefits	588.00	0.08%
5150 · Production Burden	0.00	0.0%
5161 · Worker's Comp Production	11,687.18	1.51%
5162 · Liability Insurance	2,387.70	0.31%
5165 · Education Fees	695.00	0.09%
5171 · Production Cell Phones	227.74	0.03%
5180 · Production Vehicle Costs		
5181 · PGas & Oil	2,688.18	0.35%
5182 · PRepairs & Maintenance	2,174.42	0.28%
5183 · PRegistration & License	714.15	0.09%
5184 · PInsurance-Auto	1,273.34	0.16%
5185 · Vehicle Mileage Reimbursement	3,537.58	0.46%
5199 · Truck Payments*****	3,980.73	0.51%
Total 5180 · Production Vehicle Costs	14,368.40	1.85%
Total 5100 · Production Labor	155,780.44	20.09%

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Take control of your Chart of Accounts so that your financials will speak to you.

You don't have to have an MBA to derive meaning from reports; the basics are pretty darned easy to understand. However, if your accounts have arcane names, are organized with an inappropriate level of detail, or are in the wrong location, your job will be made more difficult. It's challenging enough being a contractor without making things harder than they have to be!

Quick Contractor Tip

Fit an inset door in place

Make fitting a newly made inset door less stressful. Here's how.

With the door attached to the face frame by its hinges, slide a scrap of thin plywood between the door and the face frame and use a block plane to carefully remove what is needed. This approach eliminates the back and forth between the saw and the cabinet to make minor final adjustments. As a plus, doing it this way lets you put a shallow back-bevel on the door, which helps it open and close more easily. Paul Comi, San Gabriel, CA

How would you like to be published in a future issue of Siewers Newsletter?

Be sure it is a quick tip that can help another contractor and one that is simple to understand ("Even I need to understand it!") It also must be economical to create. Submit your tips to laurenf@siewers.com.

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Feel Lucky!

Be sure and bring your business card next time you visit Siewers. Just drop it into the glass fish bowl on the counter to enter a monthly drawing.

Good Luck!!!

Congratulations to John Stockdon your December winner!



We will be closing for Christmas at 3:00 pm on Monday, December 23rd and will reopen at 7:30 am on Thursday the 26th. We will also be closed on Wednesday, January 1st for New Years and reopen Thursday the 2nd at 7:30.

**Congratulations to 2013 Retailer of the Year
Custom Kitchens**

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Economy Snap Shot.....

	<u>Unemployment Rate – Entire U.S.</u>	<u>Consumer Confidence (Indexed to value of 100 in 1985)</u>	<u>Total Housing Starts/Seasonally Adjusted Annual Rate</u>
Nov. 2013	7.0%	70.4	1,091,000
Prior Month – October. 2013	7.3%	72.4	889,000
Prior Year – Nov. 2012	7.8%	71.5	842,000

	<u>Gallon (\$) Of Gas</u>	<u>Existing Home Sales</u>
November 30, 2013	\$3.27	N/A
Prior Month – Oct. 2013	\$3.27	5,120,000
Prior Year – November 2012	\$3.39	4,960,000

Market Summary

	<u>December 18, 2013</u>	<u>1/01/13</u>	<u>12/01/12</u>
DOW	15,875	13,104	13,025
NASDAQ	4,023	3,019	3,010
S&P 500	1,781	1,426	1,416

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Company Mission

To serve the needs of contractors and do-it-yourselfers.



“The only place where success comes before work is in the dictionary.” Vince Lombardi

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Share with others.

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“Siewers Newsletter”, have them email us at
laurenf@siewers.com and we will add them to our
distribution list.***

....Next issue January 17th