

May 19, 2014



“Preserving the Past while Building the Future.”



Celebrating 129 Years of Service

A note from the Siewers Family...

Mark your calendars for Thursday, May 22nd from 11:30 am to 1:00 pm for our Founder's Day. We will be celebrating 130 years! Cox Wood Preserving and Simpson Strong Tie will be on hand building a deck and to answer any of your decking and fastening questions! We will have BBQ for lunch and we will even be serving birthday cake!!!

In 1880, a few years after the death of his parents, German Architect, Richard A. Siewers, left Germany and came to America settling in Richmond, Virginia. During the 1880s construction in Richmond was big business. Although the Civil War had been over more than 15 years, many Southern cities, including the torched Confederate Capital, were still rebuilding from the devastation. Recent immigrant Richard Siewers, recognized opportunity when he saw it. Through constant application and careful thrift, he was able to take up the contracting business. In 1884, in association with Henry Miller, Richard founded a building company and lumber yard at Canal and Belvidere streets, under the firm name of Siewers & Miller. Sometime afterward he acquired the interest of his partner and continued the business, including the mill and lumber department, under the firm name of R.A. Siewers. Some of the notable buildings in Richmond area which stand today as good examples of the substantial work of the Siewers contracting firm are the Shenandoah Apartments, the Bishop's Residence and the Rectory of the Sacred Heart Cathedral, the Knights of Columbus Home, the Jewish Club, the Merchants Cold Storage Plant, as well as a great number of fine Richmond city residences.

We want to take this opportunity to thank you for helping us achieve 130 years of business!!! Thank you for reading our newsletter and for your feedback on ways of making it better. Hope to see you on Thursday at our Founder's Day!

-The Siewers Family

May 19, 2014

Economic News

Richmond region's jobless rate unchanged at 5.5%

The Richmond region's unemployment rate stood at 5.5% in March, unchanged from the previous month, the Virginia Employment Commission reported.

The jobless rate was down slightly from the 5.6% rate in March 2013.

Both the number of people reporting they were employed and the number of people reporting they were unemployed and seeking work increased.

Report from the Times Dispatch April 29, 2014.

National Unemployment rate falls

Nationally the unemployment rate fell to 6.3%.

Employment in construction grew by 32,000, with job growth in heavy and civil engineering construction (+11,000) and residential building (+7,000). Construction has added 189,000 jobs over the past year, with almost 3/4th of the gain occurring in the past six months. *Figures from the May 2nd, 2014 Home Channel News site.*

Long & Foster Market Minute / April 2014

New Listings	Current Contracts	Sold Vs. List Price	Months of Supply
2,600	1,669	98.3%	5.4

Contractor News

Homeowners Ramp-Up Spending on Kitchen and Bathroom Design

A clear sign that the housing market is in recovery mode, households are placing greater emphasis on kitchens and baths. A sizeable share of residential architects reports both the number and size of kitchens and baths are increasing. Even more indicative of an improving market is that upscale features and products used in these areas of the home are growing in popularity. These findings are from the American Institute of Architects (AIA) Home Design Trends Survey for the fourth quarter of 2013, which focused specifically on kitchens and bathrooms.

Residential architects are reporting much stronger market conditions. Design billings at residential architecture firms, as well as inquiries for new design projects, have steadily improved over the past two years. Likewise, the level of project backlogs—the amount of work currently in-house for these firms—has increased.

“Now that home prices have hit bottom and are beginning to recover, households are more willing to invest in their homes, looking for more features in new homes that they

May 19, 2014

are purchasing, and willing to undertake higher-end home improvement projects,” said AIA Chief Economist Kermit Baker, PhD, Hon. AIA. “Kitchens and baths tend to be the areas that households first look to when they want to upscale their home as markets improve, just as they remained a high priority even during the depths of the downturn.”

Popular kitchen products and features 2013 2012

LED lighting:	87%	N/A
Integration with family space:	44%	43%
Larger pantry space:	42%	31%
Computer area / recharging stations:	37%	47%
Wine refrigeration/storage:	35%	24%
Upper-end appliances:	35%	16%
Adaptability / universal design:	32%	35%
Drinking water filtration systems:	25%	19%

Baker added, “In contrast to emerging trends in kitchen design, the features increasing the most in popularity in bath design deal with growing desires for accessibility.”

Here at Siewers, we have cabinet options to meet most budgets. Kellene Gordon can provide professional layout/design services to you and your client. From rough drawings on a napkin or detailed blueprints, she can create 3-D renderings of your project to bring it to life. Most of the projects listed above can be found at Siewers Cabinet Department. From LED lighting, wine storage cabinets, charging station/drop zones and/or custom islands, the list really does go on and on. Stop by and see how Kellene can help you on your next visit.

Six Keys to Expanding Your Cash Flow as You Grow Your Business

By Victoria Downing

One would think that now, when the market is growing stronger day by day, our problems would all be over. But over the course of the last several weeks, remodelers are coming to us with a new problem: They are growing themselves right out of business!

Rapid growth is causing severe cash flow problems, and too many remodelers lack the resources or know-how to manage these issues.

So I talked to Walt Mathieson, an accountant and president of Mathieson Consulting, in Glendale, Ariz., who shared several crucial tactics for remodelers who are beginning to feel that cash crunch:

1. Use metrics and modeling to **forecast the best time to add staff**. “Create a metric for the amount of production volume a production manager, a project manager or a lead carpenter can handle,” Mathieson says. “Then create your schedule with an eye toward

May 19, 2014

when you will have maxed out your current staff. By using modeling and metrics, you can find the optimum time to hire the next employee—neither too soon, increasing expenses early, nor too late, when clients are unhappy.”

2. It's critical to **use client's money to finance their project**. Never borrow to produce a job, and don't use your own money. Instead, collect as much up front as you can. Invoice frequently and be firm and insistent on collections. “If a client doesn't pay on schedule, don't be afraid to leave the job,” Mathieson advises.

3. **Review your formula** for developing your selling prices. “Growing companies often need to invest in additional support staff, additional equipment, training and more,” he says. “This means that overhead goes up—requiring additional gross profit dollars to cover it. Be sure that your pricing model works for your current overhead.”

4. **Collect your receivables quickly**. Mathieson's warning: “Not collecting money that is owed to you is criminal! This money can have a huge impact on easing the strain of poor cash flow.”

5. **Monitor your client's satisfaction** regularly. Unhappy clients may hold back payments. Be sure you are addressing concerns quickly.

6. Be profitable and **build a cash reserve**. Experts agree an “emergency” fund equal to four to six months of overhead should be on hand to help when cash flow gets tight.

Most remodelers are delighted to be in a growth market again. Just keep your eye on the cash to make sure you don't grow yourself out of business.

2 Critical Business Investments for Contractors Looking To Grow Their Businesses

Good news! Confidence in the future for remodeling contractors is starting to pick up. A recent surge in new sales and leads being reported by many in the industry is a welcome change that will help businesses strapped with aging accounts payable and uncomfortable loan balances. As welcome and helpful improved cash flow can be, be sure you prioritize how you use it. Remodelers should not only catch up on debt with this money, but it is also important to direct some of it to invest back into your business as a way to prepare for an improved marketplace.

Below are two critical areas remodelers should consider investing in as their finances improve and before the remodeling marketplace rebounds. Sure, both will cost money and require a commitment of your time. However, consider the lost opportunities and lost income you could be enjoying for the rest of your career if you invested in your business now.

May 19, 2014

#1. Think past the present and develop a long term perspective:

If contractors knew how to prepare for this recession, they would have been ready for it and the actual impact wouldn't have been as dramatic on their businesses. Knowing what you now know, use the lessons learned to better predict and deal with the next recession. Also, start thinking about where you want you and your business to be in the future. Be proactive and create a plan, don't wait to see what happens and where you end up. Rather than do it on your own consider finding a mentor with a track record of success, someone who can help you and will invest the time required to understand you and your business and will invest in you.

This should be an on-going commitment. Don't get started with a mentor unless you are willing to really embrace making changes and commit to the time it will take. Establish a consistent schedule to interact with your mentor and stick to it. You may be lucky enough to find someone who will do it at no cost. If not, expect **to** invest at least an hour or more of your time a **week** to interact and at least \$5000.00 over the course of one year to pay this person. It is better to predict and control your future than to be subject to whatever happens. The right mentor will have already successfully gone down the same path you are looking to get started on.

#2. Improve your sales skills:

Consider this. Contractors earn profits when they sell; they earn wages when they wear a tool belt. If you want to make a lot more money, you should learn how to improve your sales skills.

Selling isn't what it used to be. Memorized responses to prospects' objections won't cut it anymore and emailing your proposal is not selling; it makes you an order taker. Find a sales training coach or program that will help you understand and take advantage of the psychology of sales and selling. I took three years of sales training on a weekly basis during the early years of my business. Sticking with the training and having a coach to guide me helped me "own" a sales system. That system became second nature to me and dramatically improved not only my ability to sell at higher margins, but also allowed me to become more selective about who I would ultimately choose as my customers.

If you join a training program, expect to invest about two hours a week in the class and about \$5-7,000 a year for the training. If you have multiple salespeople, consider doing in-house training and working with a remodeling specific sales coach and assume you will invest at least \$7000. If you choose the right trainer and embrace what you learn, it will be an investment, not an expense.

May 19, 2014

Customers Killing You on Change Orders? Van Halen Has the Answer

Invoke your version of the band's famous 'brown M&Ms' rule to avoid surprises later



Remodeling consultant Leslie Shiner isn't known for being a fan of the rock group Van Halen or its former lead singer, David Lee Roth, but her advice at a recent JLC Live seminar echoed a practice that Roth and the band became famous for in the 1980s involving brown M&Ms.

In those days, Van Halen's concert contracts stipulated M&Ms were to be provided as backstage snacks, but that all brown M&Ms had to be removed. If they weren't, the promoter wouldn't get paid. To help make their point, band members trashed their dressing rooms when they saw the offending candy.

Today we know why: Van Halen was putting on an unprecedentedly huge road show, and thus promoters needed to be aware of the band's lighting, sound, and electrical needs. Inserting a no-brown-M&Ms Provision gave the band a quick indication of whether the promoter had read the contract.

You may lack the band's 1980s hair, but you too can benefit when clients take time to read the contract, particularly the section on change orders. Shiner suggests you add a line in that section stipulating that you charge a \$200 admin. fee for every change order requested. It gives you an opportunity to discuss why change orders matter. Then, if you'd like, offer to waive that fee for the first few orders. This makes you look good—and the client never even knew your main objective.

Quick Contractor Tip

5 Ladder Safety Training Tips

Because portable ladders are so commonly used, both at work and at home, many employers assume that their employees are familiar with them and know how to use them properly. According to the National Institute for Occupational Safety and Health (NIOSH), improper use of portable ladders is a major source of injury both on and off the job.

Tip 1: Block, Lock or Guard Ladders Used in Doorways or Passageways

In high-traffic areas, set up cones or some other visible barricade when a portable ladder is in use.

Tip 2: Keep Reaching Distance Short

Overreaching is a common cause of portable ladder accidents. Minimize the distance between themselves and the area they're trying to reach.

May 19, 2014

Tip 3: Keep at Least One Hand Free to Hold On

Keep at least one hand free when climbing a ladder so they can grasp the ladder to maintain balance or keep themselves from tipping backward.

Tip 4: Put Ladder on Dry and Even Surfaces

Employees should use a wide platform that's securely in place to level the surface.

Tip 5: Remove Broken Ladders from Service

Common defects to look out for include problems with the locking device and cracks in the rungs. Clearly mark any ladders out of service.

Question: *I often encounter rot on joists and sills in my remodeling work, and have to sister on new wood members to support the structure. Is it okay to leave some rotten wood in place, or must I remove it all?*

Answer: *Paul Fiset, director of the Building Materials and Wood Technology program at the University of Massachusetts in Amherst, responds: Wood rots when it is attacked by rot fungi — living organisms that need four things to survive: food (wood), favorable temperatures (32°F to 100°F), water, and oxygen. If wood is rotting, you can stop the process by eliminating one of these four things.*

Generally, the most effective approach is to keep the wood dry — below a moisture content of 22% (which corresponds to around 90% relative humidity). Once the wood is dry, the rot will go dormant, but it can reactivate when the moisture content again rises above 22%.

Before you sister joists onto wood with dormant rot, I would spray the existing wood with a product like Bora-Care. It is sold by Nisus Corp of Knoxville, Tenn. (800/264-0870; www.nisuscorp.com.) It's fairly inexpensive and will kill any fungi that are still on the wood. After you spray the wood (using a garden sprayer), be sure to dry the existing wood and take care of the conditions that led to wetting in the first place before adding the new wood.

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 us at laurenf@siewers.com.

Share with others.

If you know someone that would like to receive our “Siewers Newsletter”, have them email us at laurenf@siewers.com and we will add them to our distribution list.

May 19, 2014

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 *Keith Carter* our May winner!

May 22nd Siewers Founders Day

Reserve your spot today by contacting Lauren (358-2103 or laurenf@siewers.com)

Thanks to all the Nari Meeting Attendees on May 7th

Our speaker was Kristin Ziegler (<http://minimaonline.com>)



Nari Member Ray Praught @ the event.

Fiberon Decking Demo 5/28/14 11:00 – 1:00

Hamburgers & Hotdogs will be served (Sponsored by Diamond Hill)

Siewers will be closed Monday 5/26/14 for Memorial Day

We will reopen at 7:30 am on May 27th, 2014

May 19, 2014



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>
April 2014	6.3%	82.3	1,072,000
Prior Month – March 2014	6.7%	83.9	947,000
Prior Year – April 2013	7.5%	69.0	848,000

	<u>Gallon (\$) Of Gas</u>	<u>Existing Home Sales</u>
April 30, 2014	\$3.68	N/A
Prior Month – March 2014	\$3.63	4,590,000
Prior Year – April 2013	\$3.52	4,990,000

Market Summary

	<u>May 19, 2014</u>	<u>1/01/14</u>	<u>5/01/13</u>
DOW	16,491	16,576	14,839
NASDAQ	4,090	4,176	3,328
S&P 500	1,877	1,848	1,597

May 19, 2014

Company Mission

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



“All things are difficult before they are easy.” Thomas Fuller

**Siewers Lumber & Millwork
1901 Ellen Road
Richmond, VA 23230**

**Visit our website for product and general information.
www.siewers.com**

Phone: (804) 358-2103 Fax: (804) 359-6986

**Hours:
Monday – Friday
7:30 a.m. – 4:30 p.m.**

....Next issue June 18th