

June 18, 2014



*“Preserving the Past while Building the Future.”*



*Celebrating 129 Years of Service*

*A note from the Siewers Family...*

*Summer has arrived.....*

Schools out and summer has begun! Hopefully this summer proves to be a productive one for all of you!

Thanks to all of you who attended our Founder's Day Celebration on May 22<sup>nd</sup>! We had a great day with Cox Wood Preservers providing a tasty BBQ lunch and along with Simpson Strong Tie several product demonstrations. Thank YOU for helping us achieve our 130<sup>th</sup> Anniversary.

Although summer is a time to be very productive, we hope you can enjoy your summer and take a little time off to spend with your family and loved ones. Thank you for reading our newsletter and for your feedback on ways of making it better.

As always, thank you for your business!

*-The Siewers Family*

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### Economic News

#### U.S. Demand for Windows & Doors to Reach \$31.9 Billion by 2018

Demand for windows & doors in the U.S. will grow 6.9% per year to \$31.9 billion by 2018 according to a new study by The Freedonia Group, a Cleveland based business research firm.

The study predicts that plastic windows and doors will see the most growth at 8.2% per year, while metal and wood windows and doors will grow 6.7% and 6.2% each year, respectively.

The growth is driven by the expected rebound in housing completions and building construction spending through 2018. Changing customer preference will also drive higher sales margins. *Story from the ProSales Magazine June 2014.*

### Long & Foster Market Minute / May 2014

<b>New Listings</b> 2,500	<b>Current Contracts</b> 1,745	<b>Sold Vs. List Price</b> 98.4%	<b>Months of Supply</b> 5.2
	<b>Median Sales Price</b> \$205,000	<b>Days on Market</b> 57	

### Contractor News

#### 3 Steps to Turning an Angry Customer into a Raging Fan

BY VANESSA MERIT NORBERG @VANESSANORBERG

A customer with a problem or a complaint should never be met with a pat answer, a resounding silence, or worse yet, an attitude from someone at your company. On the contrary, an irate customer is an incredible opportunity.

If you are able to convert his anger to satisfaction, you have the chance to win real customer loyalty instead. Every employee who comes into contact with your customers should be taught this and be able to do the following:

**1. Treat the problem as your own.** A customer who contacts your company with a problem wants to be understood, not placated. Repeating the problem back to him as some companies instruct their employees to do is not only patronizing, it indicates that the client is being seen as a "type of issue," rather than an individual experiencing a personal problem.

What's more, interrupting the customer's complaint before he finishes is condescending and presumptuous, because it blocks the incredibly important moment of connection with the

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customer. A customer in distress wants to know that his pain is felt completely, as much by the company he believes is causing it as by him--regardless of whose fault the problem is.

In other words, this is a crappy moment being had by all. Empathy is everything.

**2. Hear the back-story, not the badmouthing.** If the customer feels his problem is being dismissed or that your company is not going to help resolve it, he can go from calm to outrage in a heartbeat. When this happens, the key is not only to hear what the customer is explaining, but also the back-story he has created in his mind.

For example, a customer who calls because he has received the wrong item in his order is likely less upset by the wrong item than by the possibility that he will not be able to return or exchange it. His fear, which may remain unspoken, quickly snowballs in his mind, and he thinks any or all of the following:

- If I cannot return/exchange this, I have lost money.
- If I lose money, I have been cheated.
- If I am cheated, my business will not be able to operate as I had intended.

If the person listening to the complaint can hear this silent conversation and neutralize it quickly, the customer can be reassured and the problem can be solved through a painless and efficient conversation. That conversation happens when your company representative speaks with authority and calms the back-story so the real problem can be addressed.

**3. Focus on the solution rather than the drama.** The first and only thing out of your employee's mouth should be "OK. Let's see what kind of options we have so we can get this resolved for you." Customers like to know there is not only one solution, but many. They also want to know they have a choice in the matter--and rightfully so--they have chosen to spend their money with your company, so they are entitled to feel their needs should be met in a way they can agree with. Think positively about the final outcome of his interaction, despite the fact that it went awry at one point.

This kind of customer care (or the lack thereof) directly affects a company's bottom line. Companies, just like the human beings that compose them, are rarely perfect. Mistakes happen, and they can be forgotten only when they are made right.

### **Ways Contractors Can Become a Trusted Customer Resource**

A recent survey by Planese found the home improvement and remodeling industry earned a customer service score of 4.5 out of 7 in 2013. Not bad, but it could be better. More worrying is **our industry's score** for meeting expectations, which is just 36 percent. Comparatively, banking scored 61 percent, which is pretty good for an industry that isn't exactly the most popular.

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A little bit of work to understand what your customers or potential customers want and offering yourself as a good resource can help you improve your customer service outlook and give yourself a competitive advantage.

- **Timeframe.** It's difficult to nail this down but if you're considering a project similar to ones you've tackled in the past, provide a sample schedule. Note items that can slow things down or build in time to address them. There's nothing wrong with over-delivering by completing a project ahead of schedule because you foresaw potential problems that did not materialize.
- **Discuss materials options.** Customers want energy-efficient and environmentally friendly materials. Explain the differences between standard drywall and plaster, for example, and the different grades of insulation. Tell them about materials you've worked with green.

Don't Be Shy: Advertise Your Work

**Remodeling Magazine urges contractors to advertise and enlist past customers for testimonials.** Start by sending thank you notes for trusting you with their remodel and ask if they would send a review you can post on your website.

**Speaking of: don't shy away from online review sites.** Register with Google, Yahoo, Yelp and Angie's List, which is highly recommended for its popularity with consumers. In addition, by registering with these sites, you can respond to reviews and ensure that the information out there is accurate and complete.

### ***The Design/Builder's Blog by Doug Hanna***

As a general contractor, I often find myself involved in good-natured arguments with some of my fellow builders regarding the advantages and disadvantages of “fixed cost” versus “cost plus/time and materials” contracts. There are distinct arguments for each model, depending of the type of job, the type of structure, as well as the nature and level of completion of the plans and specifications. Having used the cost-plus/time and materials (CP/T+M) contract for the last thirty years, I am somewhat biased towards its benefits.

However, I understand the allure of a fixed-price contract for both the owner and the contractor. Fixed cost is most appropriate with a very thorough, well-defined set of construction documents (plans and specifications) and even more so if those complete documents are produced for new construction. In a less well-defined job with plans in progress, or in an older home, cost-plus/time and materials may be more appropriate simply because there is too much that is unknown to be able to estimate with full certainty what it will take to perform the work.

On most projects of any size, no matter which contract is used, anywhere from 50 to 90 % of the work will usually be done on a fixed cost basis by subcontractors. CP/T+M jobs are generally “open book”, meaning that the owner has complete access to estimates,

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proposals and invoices for the entire project. Still, there can be a somewhat more open-ended aspect to CP/T+M contracts, and some people simply are not comfortable not knowing exactly what they are going to pay up front.

### **Risks and rewards for both options**

There are more risks for a contractor operating under a fixed price contract, but there is also the possibility for more profit. Fixed price contractors are more likely "bidding to the plans", meaning the bid is based strictly on the plans as they are, even if they are not fully developed. This is only natural. If contractors are only getting a fixed amount, they must base their estimate strictly on what the plans show. If you proceed with a project having only rough sketches or incomplete plans, it is very likely there will be changes (change orders). The more changes there are the more things cost, with an attendant extension of schedule.

Again, if you have fully developed plans and specifications, and especially in new construction, where most factors are known and manageable, fixed price makes sense. With phased design, where plans are being developed on a fast track as construction proceeds, and especially in renovation work, it's my opinion that CP/T+M is the better choice.

Try to become as educated as possible on the contract options available and get a good tight set of plans and specifications from your architect. Then do your homework when it comes to the contractors you invite to bid on your project. There are excellent contractors in both the fixed cost and the cost plus/ time and materials worlds.

### **EPA's Renovation Repair & Painting Chief Shares Lead-Paint Rule's Goals and Challenges**

The federal government's lead-paint program has its fair share of challenges, said the official in charge of the program during her talk at the 2014 Remodeling Leadership Conference. Since its launch four years ago, difficulties with test kits, a lack of funding and where responsibility lies have impeded the lead-paint rule's overall progress.

One way to circumvent faulty test is to assume lead paint exists in any home built before 1978. "The older the home, the more likely it is to contain lead paint," said Tanya Mottley, director of the National Program Chemicals Division of the EPA.

So, What's Next?

Mottley said her office is focusing on four areas for 2014 and beyond:

- \* It's getting ready for recertifications, which begin in 2015. Remodelers will be able to apply for recertification online, and EPA is planning to have refresher course training online as well. "We are looking into the possibility of removing the requirement for hands-on training as part of the refresher training," she added.

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If that is the course, EPA will send out a proposal later this year to get feedback on the idea.

- \* EPA plans to roll out a public education campaign called "Look for the Logo" encouraging homeowners to use certified renovation firms. The campaign will target groups of people who have or watch over small children, such as day-care centers and parent organizations, Mottley said.

The agency is encouraging local permit-issuing agencies to require proof of RRP certification prior to granting building permits for regulated work in homes built before 1978.

- \* Emission standard limits and certain restrictions on furniture that has formaldehyde in its adhesives. "If it has formaldehyde in it, we want to make sure it's not being sold to the consumer," Mottley said.

*Tim Regan is assistant editor of REMODELING and PROSALES.*

*NOTE: Region 7 EPA just charged a Sedalia, MO Renovation Company \$9,548.*

### **EPA Launches 'Look for the Logo' Campaign**

Effort aims to get consumers to seek lead-paint-certified firms

By: Craig Webb



The Environmental Protection Agency (EPA) is rolling out a "Look for the Logo" campaign that calls for remodelers certified under the agency's lead-paint rule to sport a label showing their status and for customers seeking a contractor to check on whether that pro is displaying the logo.

"Lead paint comes with a lifetime guarantee. It will do damage for generations," a series of full-, half-, and quarter-page public-service advertisements declare. Their tagline reads: "Protect Your Family. Look for the logo." Aside from providing a downloadable logo, the campaign also features Web banner ads and a widget that can be inserted onto websites linking to a database of remodelers certified under the agency's Lead Renovation, Repair, and Painting (RRP) rule.

The ad campaign's imminent rollout was signaled in late April by Tanya Hodge Mottley, director of the EPA's National Program Chemicals Division and the chief official in charge of the RRP program, but the logo wasn't released to REMODELING until today.

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In an interview with REMODELING in April, Mottley said that the campaign will target groups of people who have or watch over small children, such as day care centers and parent organizations.

**Quick Contractor Tip**

**How to clean a wood deck.....By Mark Clement**

When it comes to cleaning, as opposed to stripping a wood deck, it's important to choose the right detergent for the stains and test it on a small area before doing the entire deck. Using a pressure washer is not a bad idea, as long as you use it correctly. Remember, you're trying to rejuvenate the old finish, not start from scratch.

A mild chlorine bleach solution (typically 1 cup of household bleach per gallon of water) applied with a garden sprayer can be used to kill mold and mildew on treated wood. OxiClean or Borax, baking soda and even vinegar, which are less toxic to plants, can be effective against mold and mildew. Whatever you choose, use the mildest solutions possible, and leave it on long enough to do its job, but not so long that it bleaches the wood. Pre-rinsing and covering nearby plants and house's siding will help protect them from the bleach.

Detergent can be used for general dirt, fading and other environmental factors. Read the packaging before you use one. Detergents as well as bleach solutions need to stay on the deck's surface for a period of time to actually work, similar to soaking dirty dishes. After-ward, be sure to rinse the decking with clear water.

**We have several great articles on decking design and maintenance. If you're interested let us know and we can provide copy for you or your customer**

**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](mailto:laurenf@siewers.com).

**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 *Jerry McCurdy* our June winner!**

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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>
May 2014	6.3%	83.0	1,010,000
Prior Month – April 2014	6.3%	81.7	1,071,000
Prior Year – May 2013	7.5%	74.3	915,000

	<u>Gallon (\$) Of Gas</u>	<u>Existing Home Sales</u>
May 31, 2014	\$3.63	N/A
Prior Month – April 2014	\$3.69	4,650,000
Prior Year – May 2013	\$3.61	5,150,000

**Market Summary**

	<u>June 19, 2014</u>	<u>1/01/14</u>	<u>6/01/13</u>
DOW	16,781	16,576	16,717
NASDAQ	4,321	4,176	4,242
S&P 500	1,937	1,848	1,923

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Company Mission

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



**“Let us not look back in anger or forward in fear, but around in awareness.”  
James Thurber**

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**....Next issue July 18th**