SOCIAL MEDIA ERA TRANSFORMS RESIDENTIAL MARKETING STRATEGIES

On a September morning, a technician crew from Novak Heating and Air Conditioning Inc. finishes cleaning a residential customer’s furnace in preparation for the coming cold of the fall and winter months. The crew snaps a picture of their handiwork and sends it back to company headquarters in Cedar Rapids, Iowa. The home office receives the digital photo, which is then posted to the Novak Heating and Air Conditioning Facebook page along with a reminder that it’s the season for furnace cleaning.

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Where Technology and Convenience Meet

As I start my term as President of SMACNA, I am struck by the rapid transformation all our sectors are experiencing when it comes to technology. None more so than the residential sector, which is the focus of this issue of SMACNews. It is the residential sector where a confluence of technological trends and consumer preferences collide in an effort to provide comfort, convenience, and pleasant aesthetics to the consumer.

It’s no secret—consumers like their technology and I am one of them. Maintaining the comfort of my home requires several systems making remote adjustments throughout the day. Like millions of consumers, I prefer to remotely control my thermostat through an iPhone app rather than walk around the house tinkering with various controls. The Internet-of-Things (IoT) enables me to conveniently control my settings, and it is the IoT that presents the residential sector with some promising expansions in the services they offer.

In addition to the impressive technological innovations taking place in the home, I am also impressed by the level of competitiveness required in the residential sector. The competition is tough, and slim margins in service separate the best from the rest. Stellar service, in-depth knowledge, and timely installations all matter significantly to the bottom line and the company’s very survival.

The marketing required to win and keep new customers in the residential sector is awe-inspiring. No longer is it just a Yellow Pages ad and we are off to the races, now its social media posts, Yelp reviews, customer recommendations on list-servs, truck decals, outdoor billboards, and more. Its complex, and every effort contributes its part to the marketing mix that can grow a business or kill it.

And to top it off, we can all take a page from the residential sector in terms of their flexibility and responsiveness to market demands. Many have gone on to diversify the work they do to take advantage of opportunities present inside and outside the structures they serve. From the roofing surfaces to the larger, more open spaces inside, residential contractors are doing their part to meet changing consumer preferences for greener, more efficient energy systems within their homes.

Residential HVAC contractors are therefore in a great position to continue their adaptable ways and broaden the services they offer as they fight to service the whole household, not just the thermostat.

Sincerely,

Nathan Dills
SMACNA President

SMACNA Endorses “CHP Support Act,” Industrial Energy Legislation

Congress is turning bipartisan attention to advancing infrastructure, sustainable power, and energy efficiency packages in the post-election lame duck session and in the opening session of the 116th Congress in January. The legislation would promote energy savings, manufacturing competitiveness, and creation of skilled jobs.

To support this momentum, SMACNA and the Alliance for Industrial Efficiency have endorsed The CHP Support Act, H.R. 6949, co-sponsored by SMACNA’s leading energy efficiency allies in Congress.

The legislation would boost the combined heat and power efforts across the industrial, commercial, and large-scale residential market. SMACNA and its industrial efficiency coalition allies have worked with each of the co-sponsors on combined heat and power legislation for years and advocated for this and additional incentive bills awaiting action in Congress after the elections are concluded.

This important legislation would help promote the deployment of combined heat and power (CHP) and waste heat to power (WHP) systems by authorizing a network of 10 Technical Assistance Partnerships (TAPs) to provide education, assessments, and guidance to potential project hosts through 2022.

The CHP Support Act will allow for continuous support for potential and existing CHP and WHP projects, increasing the certainty of success and continuing interest in and installation of these systems. Bipartisan leadership is instrumental to the future of these technologies, and with the top efficiency advocates in the House of Representatives the outlook is greatly improved.

CHP is a proven and effective energy resource that can help efficiently address current and future energy needs, according to the Alliance. Eighty-three-gigawatts of CHP are currently installed in the United States, accounting for 12 percent of U.S. electricity generation. Each year, this installed capacity decreases U.S. energy use by 1.9-quadrillion BTUs, reducing costs for American
Management Succession Planning

Over the next decade, an estimated 10,000 Baby Boomers a day will retire, and with them many executives from SMACNA member contractors will as well. How well prepared are sheet metal and HVAC contractors to manage the transition of their top people over the next decade? How should Baby Boomer companies prepare the next generation of leaders to step up and assume a leadership role?

SMACNA’s new report on Management Succession, part of SMACNA’s Contractor Operations Manual, illustrates the ways members can turn this potential crisis situation into an opportunity while gaining a competitive advantage. The report highlights the benefits of internal management succession, best practices, and outlines a process for effective management succession. The Contractor Operations Manual covers the non-financial areas of operating a contracting business.

“When executives retire without a succession plan, the likelihood of the company surviving decreases significantly,” noted Thomas J. Soles Jr., SMACNA’s executive director of member services and market sectors, who spearheaded the project. “If you don’t have some continuity with similar outlooks on the culture, the organization as a whole, and on the kind of customers they work with, then significant disruptions and confusion can take over and cause the business to collapse. You see a lot of business failures as a result of poor planning on succession.”

According to the manual, succession planning includes many benefits such as: increasing the odds of success in key positions, reducing the costs of external recruiting and hiring, quicker transfers of institutional knowledge retention of high-performers increased productivity due to talent development from within.

“The manual shows you how to put some policies and processes in place to identify key people and future leaders in your company for possible leadership roles,” agreed Thomas E. Martin, president of T.H. Martin Inc. and chair of the Contractor Operations Manual Task Force. “The manual offers a way to prepare yourself better for management succession.”

“This is a process piece that tells you how to organize your thoughts about management succession, incorporating policies that work for your company,” Martin said. “It’s an exercise in the process of identifying people from the field to bring into the office to become managers and officers and also to identify future estimators, sales staff, and project managers to become company leaders.”

According to the report, only 10 percent of companies have an effective management succession plan in place to prepare for the departure of seasoned executive leaders and transitioning younger leaders into senior executive roles.

“We as contractors aren’t as prepared as we want to think we are,” Martin reflected. “Especially on the whole turnover of people retiring from the workforce, and of Millennials coming in. Millennials see things differently. They are social media and Internet savvy. We have to change our ways to make sure they are comfortable working for us. They are goal-driven, professionally and personally.”

“If your leaders are retiring and you are not ready to replace them, there is a lot of training involved and there could be gaps in your business,” Martin said. “If you bring in a new person, the training takes up to three months. If you’re not prepared you can lose customers, not be able to bid projects, and then customers’ concerns grow. It’s a real concern if you get caught in continued on page 10
Giving a Curvilinear Roof the “Wow” Factor

When an Iowa homeowner who worked in the construction industry dreamed of crowning his new Arts and Crafts-style house with a distinctive custom-made roof, he turned to one of the oldest and most experienced sheet metal firms in the area—Geisler Brothers Company of Dubuque, Iowa, founded in 1892.

“We’ve built a good reputation,” said company President Todd Geisler. “Quality workmanship speaks for itself.” Their client had built the house and even handled the shingling himself.

“He wanted a ‘wow’ factor, something unique,” Geisler said. “So, we placed matte black, 24-gage, 12-inch wide Pac-Clad flat architectural metal panels along the 280-square-foot overhang.

We used the same panels for the 270-square-foot radius roof, curving them to fit the radius roof profile.”

The joint between the flat roof and the radius roof profile situated over the front entrance-way presented the job’s biggest challenge. “The mitered cuts had to be precise,” Geisler explained. “Fortunately, we have very talented sheet metal workers. The man who handled the fittings, John Oldenburg, has over 40 years of sheet metal experience, and it’s all architectural.”

“We curved the panels for the radius roof on-site,” Geisler said. “Of course, if it rains or snows when you’re working on-site, the weather puts you back in the shop. There were rain days on this project.” The team used those rainy days to fabricate flashings in the shop, which allowed three workers to complete the roof in just 10 days.

With 125 years in the sheet metal industry, ownership of Geisler Brothers Co. has been passed down in a unique way through the generations. “The company always goes to two sons of the oldest son,” Geisler said. “My brother Scot and I are the fifth generation to run the business.”

The Geisler family has also built the firm by diversifying their services and growing with the times. “We are not only a sheet metal contractor,” Geisler said. “We’re somewhat unique. When it comes to roofing, we cover all the bases—we might install tile, sheet metal, or shingles for pitched roofs, because they shed water well. Flat roofs collect rain and snow, so waterproof EPDM rubber (a synthetic rubber roofing membrane widely used in low-slope buildings) is the ideal application—it holds up the best over time.”

The company also does ductwork and maintenance for both residential and commercial HVAC systems along with custom sheet metal fabrication for homes and businesses.

This range of services enables Geisler Brothers to establish relationships with a variety of contractors. These strong bonds lead directly to new work opportunities, Geisler said, including the residence in Dubuque, Iowa.

Geisler Brothers developed the expertise to take on diverse projects over the years through expansion and modernization. In 1892, Joseph Geisler Sr. added a sheet metal shop to a hardware store, then split off the sheet metal business in 1903.

In the 1920s, the company diversified into slate, tile, and metal composition. They also built up their roofing work, offered a complete line of sheet metal work, did automobile body repair, and performed home insulation projects. In the 1930s, the company added ventilation and air conditioning services. In the 1970s and 1980s, they invested in machine tooling and computer technology.

This strategy of slow but steady growth gave Geisler Brothers the ability to purchase complementary companies during the last few decades. Each acquisition brought new customers and expanded access to new markets in surrounding cities.

Now Geisler Brothers has locations in Dubuque, Coralville, Dyersville, and Guttenburg, and serves customers in Dubuque’s Tri-State area, including parts of Iowa, Illinois, and Wisconsin.
“HVAC Basics” Manual Addresses New Technologies

Written with the next generation in mind, the newly revised SMACNA manual HVAC Systems: Understanding the Basics, third edition, is more than simply an introduction to HVAC systems for contractors and staff who are new to the industry.

“This revised manual is a great resource for educating support staff—technicians, project managers, estimators, and other team members,” said Thomas Martin Jr., president of Cleveland-based T.H. Martin Inc. “The updated content will be valuable to SMACNA firms looking to diversify their companies. A number of SMACNA contractors are trending towards providing more mechanical services to their customers.”

It is a non-technical handbook that offers a comprehensive overview of HVAC systems in residential, commercial, and institutional buildings, and covers everything from the fundamentals to the latest advanced technologies. For the first time, the manual contains educational video links to add value to the written content in the manual.

The third edition of the manual, released in September, has new material focused on the residential market, including sections on geothermal heat pumps, hydronic radiant heating, mini-split systems, energy efficiency, and sequence of operations. HVAC contractors can use the guide for self-study, training, and reference.

“We added quite a bit of content, including new diagrams, pages from manufacturers, and many video links to help illustrate the concepts in the manual,” said author Blake E. Wentz, a professor and chair of the Civil, Architectural Engineering, and Construction Management Department at Milwaukee School of Engineering University.

“The biggest benefit is the information about evolving technologies. I think a lot of people will use the manual just to get up to speed. Technology is advancing quite quickly—more so in certain parts of the country,” he noted.

For residential contractors, HVAC Systems: Understanding the Basics can prepare them for a growing demand from customers who are sensitive to environmental sustainability, green building, and energy efficiency. Mini-split systems, for example, have existed for quite a while, but they were cost prohibitive. Now, thanks to technological developments and economies of scale, mini-split system technologies are gaining traction in the residential market. Similarly, HVAC contractors are increasingly using variable refrigerant flow (VRF) for residential and light commercial applications.

For those readers who prefer visual learners, video learning modules are also embedded throughout the manual. This was a first for Wentz and the association. Available on the SMACNA website and YouTube, each short video provides easy-to-understand information on the technical aspects of 38 topics.

Many of the video links are relevant Titus Timeout podcasts, provided by Titus HVAC, a SMACNA Premier Partner. For example, the video “Conduction, Convection, and Radiation,” illustrates the principles of heat transfer, smacna.info/condu43d46.

“Adding the video content to the manual takes it a step further and makes it a more valuable document,” Wentz said. “Many of the videos also have some good diagrams and animations that really help drive home the points to the readers.”

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Multiunit Residential Work a Profitable Niche for Years to Come

If it wasn’t for the boom in apartment construction in the decades following World War II, there might not be an S&M Heating and Air Conditioning.

Company President Jeff Laski says that kind of work is what long sustained the company that his father and uncle co-founded in 1961, and it remains a major part of the Southfield, Michigan-based contractor’s portfolio. “It’s really what made our company what it is today,” Laski says.

The multifamily rental housing market in the U.S. is vast, with an estimated 14.6 million apartment buildings that contain at least five units per structure, according to the National Multifamily Housing Council, says 36 percent of American households are currently occupied by renters, and it predicts that an additional 4.6 million apartments will need to be built by 2030 to meet expected demand.

That means HVAC installation and service work in this sector is healthy and it’s expected to be strong for years to come as long as the economy remains stable.

For SMACNA contractors such as S&M that do service or installation jobs on residential multiunit buildings, the projects offer reliable revenue and steady work for employees. Laski estimates that his company has installed HVAC systems in 25,000 to 30,000 apartments in southeastern Michigan over the last 57 years. “That was really how the company established itself,” Laski says.

His father, Sam, quickly saw potential in the low- and high-rise public housing projects that were springing up in Detroit in the 1960s and other apartment complexes under construction throughout the region.

“He just started going after them,” Laski says. “Even though he had a crew that was doing houses, apartments were his forte.”

S&M Heating became a preferred HVAC contractor with Detroit city officials, and Laski estimates that for the next 30 years, the company worked on 1,000 to 1,500 apartments in the Motor City annually.

“The city of Detroit was probably over half of the work that we did,” Laski adds. “It just kept flowing. I think we had maybe 40 to 50 guys doing nothing but apartment units.”

Work ranged from rough-in HVAC to through-the-wall furnaces and split systems. S&M also did makeup air and ventilation projects in downtown high-rise buildings. “We probably got a good percentage of (those types) of projects, just because they knew we could handle it,” Laski says.

Today, multiunit residential remains a major part of S&M’s portfolio, with employees performing HVAC work in 300 to 400 units a year. One service contract is with the corporate owner of a large apartment complex that even has its own maintenance department.

But the corporate owners prefer to let S&M handle any HVAC projects that arise. “They don’t rely upon their service guys to touch anything,” Laski says. “I think they just like us.”

The nature of the work has changed from the days when Laski’s father and uncle ran the business, however. What used to be simply going in and performing an installation now involves testing for air leakage and carbon monoxide, and ensuring local construction codes are followed.

“Every municipality follows different codes,” he says. A positive side effect is that the typical cost of an apartment contract has increased from $2,500 per unit years ago to $7,500 today.

At Keystone Heating and Air Conditioning Company Inc. in Racine, Wisconsin, it’s not apartments but condominiums and single-family rental properties where company President David Katt says he’s found success. The key is to create a relationship with landlords and property managers, he says.

“Anytime I can talk to a condo manager, I’m happy to do it,” Katt says. He uses such opportunities to create special group discounts to encourage multiple owners to hire his company for service work or maintenance contracts. A letter from the condo property manager that mentions his company carries more weight than an unsolicited flyer. “It works for my service guys,” he says.

Among Keystone’s current clients are the owners of a multiunit condominium property with HVAC equipment that dates to 1972. Due to the building’s design, replacing the 46-year-old systems is not an option, Katt says, but the old equipment is prone to break down. That’s where Keystone comes in. The regular maintenance work is profitable, he says.
Going up? Multistory Industrial is Becoming Reality

The concept of traditional industrial warehouses, sprawling single-story structures ranging in size from 10,000 to more than 100,000 square feet and located in rural transportation hubs near highways, rail lines, and water, is being challenged by a new type of structure: the multistory industrial facility located in more urban locations.

Already popular in Europe and Asia, developers are starting to erect multistory industrial warehouses in America as well. Reserved for the priciest and most space-challenged real estate markets in the world, multistory warehouses—some topping 200,000 square feet—are currently in use in New York City, Japan, and China, with another under construction in Seattle. One has already been proposed for San Francisco.

The rise of e-commerce and same-day delivery is increasing demand for industrial space in urban markets. In the U.S., multilevel warehouses are being designed with ramp access to the first two levels to accommodate a variety of users and products on the lower and upper levels, with the third level, accessible by freight elevators, more suitable for offices rather than distribution.

These industrial buildings look to reduce the problem of high land acquisition costs by essentially building two or more warehouses on top of each other. Some designs include parking decks sandwiched between floors and most developments have multiple straight two-way ramps to allow trucks access to loading areas.

Real estate experts say this is a deep trend that will continue, according to Rob Kossar, vice chairman of real estate services firm JLL. Multistory urban industrial buildings are coming to America and soon. Major cities across the country, where industrial-zone land is scarce and property costs are high, are prime candidates for these multilevel projects.

Few, if any, SMACNA contractors have been involved in the building of such multilevel mega warehouses, but that doesn't mean that members don't have experience in multistory structures used for commercial or industrial purposes.

On the West Coast, there is a need for a different kind of multistory structure. At Whittler-Young Co. Inc., a design-build mechanical contractor in Los Angeles, Brad Young said he hasn't yet seen the type of modern multiple-story warehouse buildings now being built in New York, but Southern California has plenty of what he called “tilt-up” structures that incorporate interior mezzanines.

“We’ve been doing them forever,” he said. “They’re not multistory buildings in the sense of the word that you build a floor and you build another floor and build another floor on top of that. They’re basically a big shell that’s really tall and then you build plates on the inside with steel structures.”

Typically, offices or manufacturing facilities sit on the interior mezzanine level. In tilt-up construction, four 25- to 60-foot tall concrete slabs are poured on the
A local customer sees the post on Facebook and comments about the quality of the work done by the Novak technicians who cleaned her furnace last week. That comment then goes out to her Facebook friends.

Welcome to “word of mouth” marketing in the era of social media. “It’s a form of verification from the existing customers that doesn’t cost a lot of money, and that type of marketing has helped us a lot,” says Randy Novak, president of the air conditioning and furnace service and repair provider.

Like all industries, sheet metal and HVAC contractors are constantly evaluating the effectiveness of their marketing strategies. Even though companies in the industry continue to rely on traditional staples of marketing to inform audiences about their offerings, online channels and social media are transforming their strategies for reaching out to customers, particularly in the residential sector.

**Marketing for Millennials**

Not so long ago, the most effective point of contact for advertising HVAC services was an ad in the Yellow Pages. For members of the millennial generation like Trenton Fluetsch, thumbing through that gargantuan book of business phone numbers feels like a foreign concept.

Fluetsch is a service manager with Sunset Air Inc., a heating and air conditioning company in Olympia, Washington, which his family has owned for more than 40 years. After graduating from
Washington State University in 2012, he came onboard with his family’s business to help refine its marketing strategies and reach new audiences.

Historically, Sunset Air has found success attending home shows and using its longstanding reputation in the community to attract customers who are already in the market for HVAC units. However, Fluetsch says younger home buyers are more likely to be found through online avenues such as Facebook and LinkedIn.

The company also monitors websites and apps that post reviews like Nextdoor, Google Review, and Yelp to assess customer feedback. Sunset Air also coordinates with a third-party online marketing firm that provides search engine optimization and website management services.

“So many different avenues for information about your company can be accessed online,” Fluetsch says. “You have to have your hands in a lot of pots to keep your reputation positive and reach customers.”

Finding the Right Mix

The growth of social media and online marketing hasn’t completely supplanted other traditional channels.

When it comes to attracting new business, St. Louis-based Welsch Heating and Cooling Company counts on a comprehensive approach to putting its brand in front of potential customers. Paul Heimann, the company’s controller and the incoming chair of the SMACNA National Residential

Tips for Your Marketing Toolbox

Not surprisingly, there’s no magic marketing bullet to help HVAC contractors grow their businesses. The right approach requires striking the right balance between any number of strategies and channels.

Here are a few tips regarding some of the must-haves for HVAC companies’ marketing toolboxes.

Have an attractive website.

Your company’s website is the new version of your storefront. “It is the first impression when people go out and shop Google and see your business,” says Heimann.

Fueling the importance of having an attractive website is the changes in B2B buying behavior. Initial buying impressions are often made prior to ever engaging with company representative. According to Accenture, 94 percent of B2B buyers do some form of online research prior to contact including: 77 percent use Google search and 84.3 percent check the business website first.

As the first point of contact with potential customers, making sure the site looks good is important. So is ensuring that the information on the site is current and fresh. This helps raise your company’s results in a Google search.

If visitors can’t find the information they need quickly, including how to contact your business, they will move on to a competitor.

Track your results.

As famed business guru Peter Drucker once advised, you can’t manage what you can’t measure. In other words, find ways to keep up with metrics that tell you how effective your marketing programs are.

Fortunately, the move to web-centric marketing offers a wealth of information about customer behavior, such as visits to your website and how much time they spend there. Interpreting that data correctly is also key, which might require hiring outside consultants to help you understand and act upon the numbers.

It starts with service.

HVAC contractors point out that a company’s service department can actually help drive new business. For example, service calls often identify major issues that require upgrading or replacing of the entire HVAC unit, according to Fluetsch. Heimann says that if customers are comfortable with a company’s service staff, it makes them more likely to come to that company for new equipment and installations at a later time.

Know your customers.

It may seem obvious, but the more information you have about your customer base and local community, the better your company can tailor its products and services—along with its marketing—to meet their needs. Growing locales tend to need new housing stock, which results in new construction. That means increased demand for new installations.
Contractors’ Council Steering Committee, says he believes in an old marketing adage that it takes three visual cues to make an impression on prospective client.

In addition to direct mail, online marketing, and television, Welsch also advertises on billboards. One of the more understated weapons in the company’s advertising arsenal: its service trucks. There are roughly 45 of them out on the roads around St. Louis on any given day, he says.

“We try to maintain good visuals on our trucks,” says Heimann. “When we try to track how people find us, it’s amazing how many people say they’ve seen our trucks in the area.”

Ultimately, no single advertising strategy or marketing channel works effectively without complementary pieces, according to Heimann. “We have found that you have to have a mix to make all your marketing efforts work,” he says.

**Targeting Your Audience**

Although traditional approaches remain part of that marketing mix, the most significant breakthroughs continue in the online space. In fact, a clunky website can be a business killer, according to Heimann.

Novak points out that the wealth of opportunities in web advertising, such as online videos, enable industrious companies to achieve greater differentiation from their competitors. Meanwhile, HVAC contractors can tailor their messages more easily online to fit with what’s important to consumers.

For example, when the temperatures outside start to dip and air conditioning service calls decline, Novak notes that his company can target multifamily building managers and homeowners’ associations to advertise maintenance for their HVAC units. In other cases, companies can use web traffic data to identify customers for special offers and discounts.

Most importantly, however, Fluetsch says HVAC contractors should focus on providing content that is relevant to their audiences. Ironically, that often means not trying to sell customers new products or services, he says. Instead, it might involve messages to help customers with the products they already own, such as offering tips on when to change HVAC filters.

“It’s giving the customers content that gives them value,” Fluetsch says. “Otherwise, you’re just wasting their time.”

**SUCCESSION PLANNING**

*continued from page 3*

...a situation where somebody exits and you don’t have a plan in place. We could be missing out on customers and future projects because we lack succession planning.”

“If you do the succession planning in-house, you are putting a positive plan together based on your culture,” Martin continued. “Every business is different. Some businesses bid to mechanical contractors, some bid to general contractors. You can build and define the company culture and your business mantra when you set your succession policies in-house.”

Coaching and mentoring also helps in-house recruits move upward. “When working on defining roles, make sure they know what they are going to be doing and mentor them accordingly,” Martin said.

“For your senior managers, you are looking at Gen-Xers and Millennials as your potential candidates for leadership positions,” Soles agreed. “How do you evaluate them? The manual gets down to the nitty-gritty details in the process and gives company leaders a detailed plan.”

Members can download a free copy of the new Management Succession manual on SMACNA’s Contractor Operations Manual web page, smacnews/logina129c.
Welcome 2018 Associate Members

PLATINUM

SMACNA welcomes new Silver Associate Member Jiangyin W.T. Thermal Insulation Material Co. Ltd. of Jiangyin City, China.

GOLD

SMACNA welcomes new Silver Associate Member Jiangyin W.T. Thermal Insulation Material Co. Ltd. of Jiangyin City, China.

SILVER

SMACNA welcomes new Silver Associate Member Jiangyin W.T. Thermal Insulation Material Co. Ltd. of Jiangyin City, China.

BRONZE

Being a SMACNA Associate Member increases your visibility and opportunities to engage SMACNA members.
To learn more about becoming an Associate Member, visit smacna.org or contact Scott Groves at smacna@maylor.com.

MEMBERS

Welcome New SMACNA Members

SMACNA welcomes these new members:

<table>
<thead>
<tr>
<th>Command Ventilation Group</th>
<th>Chicago, Illinois</th>
</tr>
</thead>
<tbody>
<tr>
<td>Critchfield Pacific Inc.</td>
<td>Honolulu, Hawaii</td>
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<tr>
<td>Hawaii Ventilation Systems LLC</td>
<td>Pearl City, Hawaii</td>
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LEGISLATIVE

Rep. Paul Cook Discusses Issues at Retreat

Carmen Koo, vice president and owner, Applied Air Conditioning, Fullerton, California, on October 18, 2018, took the opportunity to meet with Rep. Paul Cook (R-8th-Calif.) during a policy and politics retreat at wine country vineyards.

Discussions were wide-ranging, and included support of infrastructure, prevailing wages, skilled labor apprenticeship, and military base enhancements—a matter that SMACNA and Rep. Cook have previously worked on together.

Carmen Koo is an active member of SMACNA’s Congressional Insiders’ Club and on SMACNA of Southern California’s Legislative Committee.
Members entering bargaining negotiations this year will acquire the necessary bargaining skills for successful negotiations during SMACNA’s 2019 Collective Bargaining Orientation, March 12, 2019, in Dallas, Texas.

“In my opinion, this is one of the most valuable programs that SMACNA provides to our members,” said Jason Watson, SMACNA’s director of labor relations. “I encourage all chapter executives, contractor members of negotiating committees and Local Joint Adjustment Boards, and all those involved in the administration of collective bargaining agreements to attend this program.”

This full day, basic legal course contains essential information for both new negotiators and experienced bargainers. It will provide participants with experienced advice and insights on preparing for bargaining, the legal framework for bargaining, and preserving the multiemployer unit should an impasse occur. Owners, new and experienced bargainers, chapter executives, and contractor members of their Local Joint Adjustment Boards will also polish their labor relations skills, understand collective bargaining, and spark new ideas to bring to the bargaining table.

Participants will also be briefed on current industry trends as well as review the latest SMACNA employment share numbers. Younger contractors, chapter executives, and new negotiators are also welcome.

Year upon year, this orientation has proven to be a valuable resource for those with upcoming bargaining seasons.

Registration and accommodation information is available on SMACNA’s Collective Bargaining Orientation registration web page, smacna.info/colle6831c. The registration deadline is Feb. 8, 2019.
LABOR

New DOL Guidance on Contractor Compliance Policy

On August 24, 2018, the U.S. Department of Labor’s Office of Federal Contract Compliance Programs (OFCCP) rescinded Directive 307 and its Obama-era procedures for reviewing contractor compensation practices during a compliance evaluation and replaced it with a new directive where the OFCCP’s approach to compensation analysis is “clarified and constrained.”

The Office’s new directive applies to all compliance evaluations on or after August 24, 2018, as well as open reviews, to the extent the current guidance does not conflict with OFCCP guidance or procedures in place prior to August 24.

The OFCCP anticipates that this new directive will provide clear guidance to contractors, which will result in more effective self-auditing, and facilitate the elimination of pay discrimination.

Under the new directive, compensation analysis must be performed based on similarly situated analysis groupings (SSAGs) as determined by job similarity (e.g., tasks performed, skills required, effort, responsibility, working conditions, and complexity) and other objective factors, such as minimum qualifications or certifications.

The Office will assess similarly situated employees by first developing pay analysis groupings (PAGs), which may span multiple job titles, units, categories, and groups. However, the Office has clarified that pay analysis groupings will track contractors’ compensation hierarchies and job structures when that information is reasonable and verifiable.

Notably, OFCCP has provided a process where contractors can communicate and offer input during the desk audit. Firstly, at the conclusion of the desk audit, the Office will notify the contractor in writing of the general nature of any preliminary compensation disparities it intends to investigate.

Secondly, OFCCP will now attach to any Pre-Determination Notice (PDN) for preliminary discrimination findings the individual-level data necessary for the contractor to replicate the pay analysis groupings and regression results. This will give the contractor a formal opportunity to offer a nondiscriminatory explanation for the purported pay disparities.

Federal contractors are encouraged to take a close look at their pay groupings as well as perform a self-audit to determine whether their current compensation practices could potentially be flagged as a potential discriminatory practice.

Members can learn more about the new directive on the U.S. Department of Labor’s OFCCP website, smacnews/direc51424.

LEGISLATIVE

SMACNA–Cleveland Meets Candidate Anthony Gonzalez

Members of SMACNA - Cleveland met with former football player and Congressional candidate Anthony Gonzalez, who’s running for Ohio’s 16th Congressional District, during a recent fundraiser at the Cleveland Browns FirstEnergy Stadium.

A fitting stadium for a reception, Gonzalez played for the Indianapolis Colts and the Ohio State Buckeyes. After retiring from football, he earned his MBA from Stanford University. He won the GOP primary in May and is favored to win the seat vacated by Rep. Jim Renacci.

Gonzalez, who grew up in his father’s steel business, supports sheet metal and HVAC industry issues and has been a top Republican fundraiser.

SMACNA NYC Meets Rep. Peter King of New York

A delegation from the Sheet Metal and Air Conditioning Contractors Association of New York City (NYC SMACNA) recently met with Rep. Peter King (R-2nd-NY.) at the home of former New York City Mayor Michael Bloomberg.

They discussed Rep. King’s support of initiatives favorable to construction and infrastructure as well as his support of the industry in the aftermath of Hurricane Sandy.
TRANSFORMING YOUR ORGANIZATION FOR THE FUTURE

Sheet metal and HVAC contractors today describe a number of industry issues that can make profitability elusive, challenges such as manpower shortages, pricing pressures, scheduling compression, and increasing owner demands.

“Historically, contractors have employed a ‘work harder’ approach to solve these challenges,” says Michael McLin, author of the new report Transforming Your Organization for the Future, part of SMACNA’s Contractor Operations Manual. “However, contractors are faced with the reality that solving these challenges may require a different approach. Enter lean transformation.”

Lean transformation is all about eliminating waste, and the key element of lean transformation, McLin notes, is for contractors to move toward a 100 percent “kitting strategy.”

What is kitting? “It means that every piece of material, every tool, and every drawing, flows through a centralized fabrication and logistics facility,” says McLin. “Gone are the days of tradesmen walking around jobsites looking for tools, materials, and information. The object is to have tradesmen doing what they love to do – installing work.”

“Kitting, which has been used for years in the shipbuilding and automotive industries, involves packaging all the materials, tools, and installation drawings into a kit, which makes the tradesmen far more productive, he said. Furthermore, kitting can be a long-term strategic solution to the challenges of manpower shortages, pricing pressure, and schedule compression.

“Kitting is a term that is becoming more and more common in some industries,” said Bobby McCally, director, operations support, Brandt Companies, Dallas, Texas, “and we are trying to apply that to some degree in the mechanical world. What it really resembles is prefabricating and sectioning. We are taking prefabrication and adding more layers to it. For example, you might go buy a kit at Ikea and everything is in there, even tools. It’s in a container that is delivered to the job that has everything that the crew needs to install that work.”

“The point is that we are trying to get more work done offsite, so when it arrives at the site you don’t need a large crew to do that work,” he explained. “Because of the prefabrication they don’t need to go chasing tools.”

McCally, who serves on the Contractor Operations Manual Task Force, suggests that those who want to start the transformation process begin by reading the section on “How to Implement.” McCally adds, “Start there, and you will understand why and how some fail.”

This section outlines how to make the transition from a traditional company to a 100 percent kitting strategy. To understand how the present company operates, McLin recommends contractors outline a value stream mapping process that includes the four enterprise-level value stream maps present in business: human resources, design development, accounts payable, and accounts receivable.

“Most contractors do not take the time to truly understand the issues the organization is dealing with,” McLin says. “It is not until a core team of people in the organization map out and recognize the waste and complexity that is created, that understanding and cultural buy-in can be achieved.”

Some large contractors, such as The Brandt Companies are pursuing a kitting strategy to impressive results, and they see how it can scale to small and mid-size companies as well. “We fabricate as much as possible and ship it to the site. We have over $500 million in revenue each year, and although my company is on the large side, this SMACNA manual and kitting are geared to span the spectrum of company size, even for small contractors.”

“Kitting is going to be foreign to some people,” he reflected. “But we have to think outside the box and take advantage of these new ideas. It’s important not to become complacent, but to strive to improve always. One of our core values at Brandt is agility, and sometimes people think agility adds costs, but agility is actually a way to balance costs.”

McCally added, “Also, people need to be thinking about logistics. It’s become a paramount piece of what we do. Not only with the workforce channels and the issues with supply chains, but also with trucking distribution and meeting deadlines. That is where kitting can help people manage the workflow process.”


Members can also check out the SMACNA website for more anniversary news, including an interactive 75th Anniversary Timeline www.smacna.org/75th-anniversary-timeline.
SAFETY

Shape the Future of Safety at 2019 Safety Champions Conference

Safety professionals and representatives from management and labor will come together and engage in influencing the future of safety and health during the 2019 Safety Champions Conference from February 24 to 26, 2019, at the Tempe Mission Palms Hotel and Resort in Tempe, Arizona.

The annual Safety Champions Conference is an ongoing, collaborative effort between SMACNA and SMOHIT to help create an improved safety culture in the sheet metal industry. The conference includes presentations and discussions on a variety of safety topics including safety cultures, adult learning and training, the aging workforce, and new technologies in safety and health. Attendees will also have an opportunity to suggest discussion topics about safety issues affecting their local areas.

SMACNA contractors will have a chance to interact with industry representatives interested in protecting workers and promoting safety excellence in the industry. The 2019 Safety Matters Awards will also be presented to individuals and contractors who, through their passion for keeping workers safe and healthy, reach out and spread the word of safety and health and demonstrate safety through example.

Registration is now open. Free to all Industry Fund contributing contractor representatives, members need only pay for travel and hotel accommodations.

Members may register and reserve their hotel rooms on the SMOHIT website at www.smohit.org/safetychampionsconference. The conference and hotel rooms traditionally fill up quickly.

For more information, contact Mike McCullion, SMACNA director of market sectors and safety, at mmccullion@smacna.org.

EDUCATION

Project Managers Take the Lead at Advanced Project Managers Institute

Participants simulated running a real-world sheet metal project during SMACNA’s Advanced Project Managers Institute, October 7 to 10 in Raleigh, North Carolina. This advanced program was developed to go beyond the basics and as a follow-up to SMACNA’s successful Project Managers Institute.

To create a realistic experience, participants took part in industry-specific exercises and case studies with their associated challenges. These included understanding and managing the project’s scope, estimating costs to complete, billings and cashflow, and change-order management.

Participants also worked together in teams using actual project documents to better identify and manage project financials and learn how to think more strategically. The program also addressed key operational aspects of a project from site logistics to project tracking and forecasting.

Program highlights included reinforcing leadership versus management approaches along with exposure to detailed project financial reports. The program was developed and presented by Andy Patron and Greg Ferguson, consultants with construction consulting firm, FMI Corporation.

“The most important part was the personal action planning session,” Patron noted. “We helped them select the most important next steps in their development so they could leave with a plan of what they learned to implement when they went back home.”

SMACNA’s 2019 Advanced Project Managers Institute is scheduled for May 5-8, 2019, in Raleigh, North Carolina. Members may visit SMACNA’s Events and Education web page for the latest updates at www.smacna.org/events-education.

For more information, contact Bridgette Bienacker, SMACNA’s director of business management and membership at bbienacker@smacna.org.
SMACNA CALENDAR

DECEMBER 2018
Dec. 2–4
Council of Chapter Representatives
Miami, Florida

Dec. 4
Industry Fund Seminar
Miami, Florida

JANUARY 2019
Jan. 27–29
Chapter Executive Institute
Austin, Texas

FEBRUARY 2019
Feb. 24–26
Safety Champions Conference
Tempe, Arizona

MARCH 2019
March 3–7
Business Management University
Tempe, Arizona

March 12
Collective Bargaining Orientation
Dallas, Texas

March 14–15
Association Leadership Meeting
Dallas, Texas

APRIL 2019
April 1–4
Leadership Development Program
Chapel Hill, North Carolina

April 7–10
Project Managers Institute
Raleigh, North Carolina

MAY 2019
May 7–9
2019 CEA National Issues Conference
Hyatt Regency
Washington, D.C.

May 10
Safety Surveys Due

May 19–22
Financial Boot Camp
Tempe, Arizona

FUTURE SMACNA CONVENTIONS
Oct. 20–23, 2019
76th Annual Convention
JW Marriott, Austin, Texas