



MLA NEWS YOU CAN USE

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BULLETIN NO. 984

FALL 2010

MLA Estimating and Material Take-Off Workshop



The estimating and material take-off workshop is set for March 22-23, 2011 in Sedalia, Mo. MLA is offering this program in partnership with State Fair Community College. The class will be taught by industry veteran Steve Bloess.

Who Should Attend: The Sales/estimating staff, management personnel, or anyone involved in reading blueprints. It is especially useful to those with minimal skills in reading blueprints. The program will be held at State Fair Community College in the Fielding Technical Center. Classes run 8 a.m. to 5 p.m. each day. Attendees should bring a handheld calculator and pencils. Reference manual and other materials will be provided.

More information is available at www.theMLA.com.

Partial Authorization Rules in Effect Now!

MasterCard and Discover are modifying their rules for processing debit, prepaid and gift cards. Specifically, MasterCard and Discover will now require that most merchants support the processing of partial authorizations, real-time full authorization reversals, and balance response transactions. MasterCard's rule changes went into effect May 1, 2010, and Discover's rule changes went into effect April 16, 2010.

The changes were made because MasterCard and Discover have identified three main areas of concern that cause transactions to be declined for customers using debit, prepaid and gift cards:

1. Customers do not always know the available balance on their card.
2. If a customer tries to spend more than the balance available on their card, the purchase is declined, with no option to use the card's available balance along with another form of payment.
3. If a customer wants to use a debit, prepaid or gift card, and the merchant gets an authorization, but then the transaction is not completed, the available balance on the card is temporarily reduced unless the merchant reverses the authorization.

Here are a few answers to many of the questions you may have. You may need to refer to Customer Service of your processor/provider for anything not covered here.

What are the new compliance requirements and how will complying with them benefit me, the merchant?

MasterCard and Discover are requiring merchants to support the following three transaction types for debit, prepaid and gift cards:

1. *Partial Approval (or Partial Authorization)* — Merchants are required to partially approve a transaction if a cardholder does not have enough balance on their debit, prepaid or gift card. Also, the merchant must allow cardholders to pay the remaining balance owed with another form of payment. This is called a split-tender purchase transaction. *Benefit:* Prior to implementing partial approvals, a debit, prepaid or gift card with an insufficient balance was declined, often costing the merchant a sale. By supporting partial approvals, the merchant can turn a potential decline or negative cardholder experience into a completed sale by asking for an additional form(s) of payment to cover a purchase.

2. *Authorization Reversal* — Merchants are required to reverse an authorized transaction if a cardholder decides they do not want to proceed with the split-tender purchase upon receiving a partial approval. Authorization reversals will free up the available balance on a customer's debit, prepaid or gift card when transactions are not completed. *Benefit:* By supporting authorization reversals, the merchant restores the cardholders' available balance, which enables them to potentially make a purchase (within their debit, prepaid or gift card's balance) at your store instead of a decline.

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MLA BOARD OF DIRECTORS – 2009-2010

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Are You Getting Our Emails?

Every two weeks, MLA sends an electronic newsletter to members and friends. If you're not receiving it, you're missing out on a lot of timely information, as well as regular legislative and regulatory updates.

Please send your email address to mail@themla.com so we can add you to the list so you'll get all our communications.

Information is an important benefit of membership and we don't want anyone to miss out!

Code Issues – Big Headaches on the Way

Sprinklers and energy code update

Let's start with the basics: Dealers want to provide quality products so builders can build safe and comfortable homes. In most instances, dealers and builders have no major issue with energy efficiency. Paraphrasing an old saying: Sometimes you can get too much of a good thing. Here are a couple of items dealers need to watch as 2011 approaches:

Sprinkler Systems

Only California (who else?) has adopted a total state-wide code to adopt residential sprinkler systems. Pennsylvania, Maryland and New Jersey have adopted the code, but the January 1, 2011 effective date is in flux in these three states for a variety of reasons, be it a moratorium or control of enforcement to local jurisdictions. Just because the code says it is so does not necessarily make it so. The last recourse to prevent this costly action from being implemented is the one most construction trade groups are turning to—their state legislatures.

As a refresher, the 2009 International Code Council meeting in Minneapolis mandated sprinkler systems in one and two family houses starting on Jan. 1, 2011. The suspect way in which the vote was adopted has no bearing on the fact that this regulation has passed and enforcement is expected unless Legislative action is taken to stop the code from being enforced. That has happened in 18 states, three of which are in our trade territory (Arkansas, Kansas and Missouri). At this time, stop gap measures are being applied in two of these states (see below). Permanent caps are very much needed and 2011 is the year to make a serious move in this direction.

Arkansas

All such decisions in Arkansas are left to the local jurisdictions. No legislative action was taken. This action was agreed to by the State Fire Marshall and the state home builders.

Kansas

Kansas requires a choice by consumers whether or not they would want the sprinkler system – an “opt out” if you will. This law sunsets on July 1, 2011.

Missouri

Same as the Kansas provision but sunsets on December 31, 2011.

At stake is a huge issue for a housing market that hasn't quite had the toe-tag removed. Depending on location, architectural design, material and labor costs, adding a sprinkler system to a house can range from \$2.50 to more than \$8.00 per square foot. The math simply does not justify the costs. Advocates for the system maintain that a sprinkler system and a hard-wired smoke alarm rather than just a stand-alone smoke alarm will increase occupants' chances of surviving by 80 percent. However statistics provided by the National Fire Prevention Association (NFPA) have shown that occupants stand a 99.45 percent chance of surviving a fire with just a smoke alarm. Adding this 80 percent means that you achieve a .44 increase (from 99.45 to 99.89) with sprinkler and wired smoke alarm system. Ask yourself: Is the staggering cost of the system to gain less than a .5 percent in safety really worthwhile?

All construction trades legislative liaisons will be in full voice this year to extend these temporary moratoriums or, as is the case in Texas, just eliminate the mandate altogether and make it a choice issue for the consumer, which is where the issue should probably be couched.

One thing we know for sure: You have not heard the last of this issue by a long shot.

Energy Code Adoption – Is it Really A Good Idea?

Do we all want to save energy? Well, of course we do if for no other reason than to cut down on our utility bills (until they ask for a rate increase because of lower energy consumption). Once again, the Code Council has mandated a 30 percent energy savings in new home construction based on their 2010 guidelines. A real stem-winder is the inclusion of an “energy evaluator” that would be used to inspect the structure to see if it meets the criteria for ENERGY STAR listing. The rater and the rater alone is the judge and jury on making sure that the builder has complied with the checklist used for this purpose. (NOTE: A copy of that list is available from MLA. Contact Robert Uhler or Art Brown for a copy.)

An example of one of the changes is to take the current wood wall R-values and increase them from R-13 to R-20 in a large portion of our trade territory. Installation techniques with products more geared for energy efficiency than structural integrity would be used as foam would replace the conventional structural panels as well as other wood components. At first blush, it would appear cost considerations for these new standards were of secondary importance if

Continued on next page

that. Again, like the sprinkler systems, costs are being added to a structure just as the industry is trying to open the crypt and get back into the real world. The word “Draconian” has been used but that may be extreme. Still many of these new regulations may be radical enough that states would balk at implementation. Hanging over their heads is access to stimulus money, which could be shut off if adoption is not adhered to. Again, the legislative liaisons will have to bend the ear of elected officials to blend some harmony into the situation; energy efficiency with subdued costs. We will keep you in the loop as events transpire in our trade territory.

Insurance Issues Arise on Lead-Based Paint

Builders Getting Unwelcome Surprise From Insurance Companies

At the end of the day, one can cynically surmise that one of the real supporters of the lead-based paint ruling were the trial lawyers as this gives them a new target for litigation related to lead exposure. This thinking certainly is not a big stretch. Insurance companies, however, after being stung hard by asbestos and mold litigation issues are taking preemptive precautions and to paraphrase the old Who song, “They won’t get fooled again!”

New policy renewals will not cover workers – certified or not – from exposure to lead and the words “Canceling Coverage” are appearing on more and more insurance policies as they come due. By the insurance community bowing out of underwriting such coverage, they have taken the “deep pockets” away from the trial bar that they so eagerly love to mine. The problem is that this leaves the person doing the work (contractor) exposed to liability claims from those for whom they do the work or a general could have a problem with those hired to do the work that may later develop health issues related to lead exposure.

The Trial Bar sees lead as the next asbestos; the insurance community wants to nip this in the bud so it does not become so. Consider this as a “heads-up” for those of you in installed sales, as well as your customer base, to contact insurance providers ASAP to see where they stand relative to such coverage. The price tag for insurance coverage will probably be a hefty one.

Missouri Winter Meeting Set

Important Topics for Membership Presented

The Holiday Inn Executive Center in Columbia, Jan. 6-7, 2011, will once again host the annual gathering of the Missouri Lumber Dealers Activity Committee (MLDAC). Business and social issues will be discussed and Regional Manager Robert Uhler will get a first hand look at how this committee functions and what transpires at these events.

Key to this will be a speaker platform after the MLDAC meeting that will be available to members only. Topics and speakers include:

Bette Johnson, Boone County Recorder of Deeds: The new lien law in Missouri incorporates an additional administrative function from the Recorder of Deeds in the county in which any project is being built. Bette will walk you through how this new law impacts her office; what you should be prepared to know in talking to her about liens and how the office works in general. A great behind-the-scenes look.

Alice Bartlett-Commissioner Missouri Labor and Industrial Relations Commission. With the unemployment situation on the rise, claims for unemployment coverage are dramatically on the rise. Alice will have a one-hour presentation on how to prepare for unemployment hearings and win them for yourself or your employer. This can be an invaluable seminar.

Key provisions of the Patient Protection and Affordable Care Act (PPACA). In English, that is the new health care bill. How will it impact you – your business – your future? No speaker as of yet and this program is in flux as changes may occur with the new Congress. Nonetheless, parts of it are here to stay and you will need to know what does impact you and/or your company.

There is no charge to members for these meetings. An agenda will be sent to you along with registration information in the near future.



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Missouri - Lien Law HB 2058

By Robert Uhler, Regional Manager

As we all know, HB 2058 has taken effect and the confusion over the implementation of this bill is running rampant. Since I came to the table late on this issue, it has taken me some time to get my hands around it. As my grandpa might say, "Clear as mud." It is a major change in the way and the time frame that many of you in Missouri have to protect your lien rights.

Art Brown, Dale Amick and I attended a brief overview meeting in Jefferson City on November 18, including several other trade associations, lobbyists and lawyers that were involved in much of the discussions last year. At the conclusion of this meeting, the groups decided there are definitely several issues with the bill at hand. As a group, we are starting to come together and will start to re-visit the bill and reach out to the original group that pushed this bill. It was the "11th hour" change before it was passed last year that really changed the intent of this bill.

We are part of a small but growing coalition of business associations that are putting together an action plan and talking points to present to the legislators in the 2011 session. There will be over 80 new people roaming the State Capitol this session – what a great forum to discuss and explain the law the way it was meant to be, the way it is currently and the way it should be in the future. It won't be a quick fix. Art said, "The ink isn't even dried on the bill. So, this session of the legislature will not repeal HB 2058 without giving it a chance to work in the field." According to Chip Gentry from Carson & Coil, P.C., we might have an opportunity to "enhance" the current bill.

In the meantime, we need information from you. We need to know specific issues you have with the bill and any

"horror" stories you have had with it or are going through currently. Please send them to the Association office to my attention. We will compile the information and forward it to the group as we continue to move forward. Also, you can help locally and get in front of your local legislator the way Maryrose Stricker from Pack's Do-It Center, Popular Bluff, Mo. has done (photo below). It will take all of us working together to get the changes implemented in this bill.

As always, if any changes or enhancements are made to the current bill, your Association will keep you informed and updated.



State Sen. Rob Mayer listens to Maryrose Stricker, owner of Pack's Do-It Center, Popular Bluff, Mo., making a point regarding the recent changes to the Missouri lien law at a recent town hall meeting.

Your Business Wins When We Grow Membership

A membership in the MLA is an important business investment that will provide your business and career with a wealth of information and training about our industry. Share these benefits with your industry peers by recruiting them to join the MLA in 2011.

Great Reasons to Sign Up!

- Interact with real people from your industry.
- Sharpen your skills by participating in all of our training and educational opportunities.
- Keep up with all of the new legislative issues that are going on in your state and on the national level.
- Receive quality services from the association, and find the best business partners through the membership of the association.

For membership information and record changes call MLA at 800-747-6529.

Members Gather in Kansas City for Annual Meeting

The annual MLA Fall Fling was held Nov. 5 at the Hampton Inn and Suites in Kansas City, Mo. As in the past, the meeting was filled with important and valuable information for MLA members and suppliers.

The event was opened with remarks from the 2010 MLA President Gary Smith. Mike O'Brien, NLBMDA President, made the first presentation. He updated the membership on current national issues, including the OSHA crane rule, health care reform legislation and more. O'Brien entertained everyone with his recap of the 2010 elections – the good, the bad and the ugly.

Other speakers at the Fling included Joe Calhoon on "Leading through Adversity"; Craig Webb, who provided "60 Ideas in 60 Minutes"; Dan Garcia, with Federated Insurance gave a presentation; and Dan Fesler wrapped up the meeting by encouraging dealers with "How to be Uncommon in a Common World."

Art Brown Retires

Dinner at the Fall Fling was devoted to saying a fond farewell to Regional Manager Art Brown. Art will retire in March 2011 after 22 years with MLA. Members also had a chance to meet new Regional Manager Robert Uhler. Photos on this page were taken at the Fall Fling.



Mike O'Brien, NLBMDA, addresses the group.



Joe Calhoon, presenting "Leading through Adversity."



Dan Fesler, presenting "How to be Uncommon in a Common World."



Thursday night's dinner at the Fall Fling was devoted to honoring Art Brown on the occasion of his retirement. These photos show Art talking with members (left photo) and Harold Baalmann (right photo).

Thanks to These Generous Fall Fling Sponsors

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The Monarch Cement Co.

This event would not be possible without the generosity of these members. Thank you, sponsors!

Sunflower Shootout XXIII - Moving on Down the Road

The Salina Elks Country Club has shut down its kitchen facilities until further notice. From reliable sources at the Elks (members) the days may be numbered for its existence. Given that we don't want to be stuck at the last minute without a golf course, the Kansas Committee asked Regional Manager Art Brown to look at other venues basing the selection on: location; price; availability; and the ability to serve a full course meal.

Keeping the circle between Hays, Topeka, Salina and Wichita the course that filled the bill was the *Highlands in Hutchinson*. This is a class "A" course. The date of the Shootout will be June 10. Mark your calendars now and plan to attend.



New Arkansas State Activity Committee – Update

We have had a great response to setting up the new Arkansas Activity Committee. We will be working together as a group to have positive impact on the lumber industry in the state of Arkansas.

We have six dealers who have agreed to help get this committee up and running. We would like to have a core group of 10 to 12 dealers from all over the state. So, if you are interested in working with us to help shape the lumber industry in your state, please call Robert at the Association office. We are looking to have our first meeting toward the end of January 2011. We would like to start awarding scholarships to our members' college-bound kids for the 2012 school year.

We are putting together a list of legislative issues that we will be working on in this upcoming session with Roger Smith, MLA's Arkansas lobbyist. If you have any issues that the group should be looking at, please give the Association a call at 800-747-6529.

Changes in Arkansas Consumer Lending Finance Charge

With the passage of amendments on the November ballot, voters have repealed previous restrictions set on the finance charge retailers can charge on consumer lending. Retailers can now charge up to 17 percent as the cap on consumer loans. This should become effective 30 days after the election results have been certified. As this varies from county to county a reasonable start date would be Jan. 1, 2011. This should also apply to past due accounts as well. Below are some sample disclaimers for your invoices and statements:

Contractor (1)

Your account balance is due by the 10th day of the month following the date of this statement. A FINANCE CHARGE computed by a "periodic rate" of 1.4166% per month (equivalent to an ANNUAL FINANCE CHARGE OF 17%) will be charged on any portion of the account balance appearing on your monthly statement that is not paid or otherwise credited to your account on or before the due date. Interest rates may fluctuate.

Customer

Your account balance is due by the 15th day of the month following the date of this statement. A FINANCE CHARGE computed by a "periodic rate" of 1.4166% per month

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(equivalent to an ANNUAL PERCENTAGE RATE OF 17%) will be charged on any portion of the account balance appearing on your monthly statement that is not paid or otherwise credited to your account on or before the due date. Interest rates may fluctuate.

Statement on Sales Tickets

The amounts shown on this invoice are due at the time of purchase or by the 15th of the following month. Amounts unpaid after that date may be assessed a FINANCE CHARGE equal to 17% ANNUAL PERCENTAGE RATE.

Brown Back to the Statehouse

At least for the 2010 session, Art Brown, who lobbied extensively for the Kansas membership throughout the 90s, will work the Kansas Capitol for the membership. "Let's see how it feels, and how I do," Brown noted. The MLA management team asked Brown to consider this and an agreement was reached. One issue is the sprinkler issue whose timeline for implementation ends in July 2011. "This is a big issue and we need to work with other groups to get this deadline extended," Brown noted. With energy code implementation passed at the last code meeting in October, and a host of other regulations poised to be implemented or discussed, the time felt right to get back to the Capitol and update members on what exactly is going on and give a voice to the membership. "This is a year-to-year thing," Brown noted. "If it looks productive and works out, we will

work it for as long as long as it makes sense. You can contact Brown via email at abrown@swassn.com for issues you would like to see him look into or comment on issues you feel should be reviewed or promoted.

New Small Business Health Insurance Tax Credit

In an effort to help small business offer health insurance coverage or maintain the coverage they have, there is a new tax credit to help qualified businesses cover their health insurance expense. The maximum credit in 2010 is 35% of premiums paid (25% for tax-exempt organizations). As is true with most government programs, this one has some strings attached:

- The employer must have fewer than 25 full-time employees.
- Wages must average less than \$50,000 per employee per year.
- The credit is maximized for employers with 10 or fewer full-time employees paying an average wage of \$25,000 or less.

The credit increases to a maximum of 50% of premiums paid in 2014 (35% for tax exempt organizations).

This article was taken from the Client Advisor Practical Tax and Financial Advice. Always contact your tax advisor on tax information. Please give the Association a call if you have a tax or legal question and we will point you in the right direction.

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Building a “Loss-Side” Culture



Over the last few years, Federated’s risk management initiatives have evolved into a “loss-side culture” – a belief shared with successful business owners that risk management practices can help strengthen a company at the core. Incorporating safety throughout all operations helps prevent unnecessary losses and preserve profits. It improves efficiency, boosts employee morale, and bolsters the company’s reputation in the community. Employees are more likely to appreciate their roles and contribute more to the company’s success. And, customers feel more comfortable doing business with a company that cares about their well-being before and after the sale.

Federated has found that the greatest opportunity to help our clients control loss costs and thereby save profits, is to address the frequency and severity of losses. Any type of loss adds expense for a business. Besides the costs of increased insurance premiums and deductibles, hidden costs associated with lost production, replacing or retraining employees, and losing customers can eat away profits. Over time, if income received from sales can’t keep up with these loss costs, the choice is either to raise prices or do nothing – in which case the difference must come from savings or profits or employee benefits.

These choices affect your long-term ability to compete with other businesses. You may not be able to provide the best customer service, offer new products, or expand in your marketplace. In essence, loss costs limit your ability to gain new customers and retain profitable business. Finally, they reduce the resources available for salaries and employee benefit programs.

How Can You Establish a Loss-Side Culture?

A loss-side culture must be a shared commitment by management and employees at all levels to prevent losses and retain profits. These practices can help you establish a loss-side culture:

- Monitor existing trends in your loss experience.
- Pay attention to new and emerging loss experiences that threatens profitability or survival of your business.
- Consult with your industry peers and your trade association to identify, understand and help solve your industry’s loss issues.
- Take advantage of risk management programs offered by Federated, your trade association, or industry resources to help your prevent losses.

Remember, when an accident happens it involves real people – your employees or customers and their families – as well as you and your family. All too often, accidents diminish the quality of life we take for granted. Accidents drain

the bottom line profits of a business through direct and hidden costs. Federated can help you establish a loss-side culture and provide quality resources that will help your business thrive and protect the people who are most important to you.

Source: Federated Insurance Co. - MLA endorsed provider of insurance products.

Across State Lines - Oklahoma

MLA Roundtable Meets in Oklahoma City

The roundtable group had a productive meeting in the State of Oklahoma recently. Hank Bockus, Gordon White Lumber, served as the host and showed all in attendance a good time. The group spent the better part of two days comparing and working through a series of “best business practices” associated with each of their businesses. Bob Erwin, from Lee Resources, served as the facilitator for the group.

The group toured Gordon White Lumber in Lindsey, Okla. They saw the store, yard and total operation and offered advice for improvements.

Have you wanted to learn what other dealers are doing about certain problems/issues associated with the lumber business? Or wonder that products are doing well in other parts of the market area, or what vendors are working to make an impact in your business? Learning from your peers is one of the best opportunities to do this. One characteristic the great legendary UCLA basketball coach John Wooden was passionate about was the truly “Great” understand the value of association. They know they can only become great if they surround themselves with others who are headed in the same direction.

If you are interested in learning more about getting involved in a Roundtable, give the Association office a call at 800-747-6529.

MLA Calendar of Events

Missouri Winter Meeting - Jan. 6-7, 2011

Kansas Winter Meeting - Jan. 13-14, 2011

NLBMDA Spring Meeting & Legislative Conference -
March 21-23, 2011

Estimating and Material Take-Off Workshop -
Mar. 22-23, 2011

Contact MLA at 800-747-6529 for additional information.

Boss or Leader? Which Management Style is Best For Your Company

By Bill Lee, BillLeeOnline.com

Managers must continually ask themselves these questions: Is my management style working as well as I would like? Am I willing to make changes in the way I manage my people in order to gain increased productivity?

It's not easy to change, especially if you grew up under the tutelage of a boss-management style. After all, barking orders and directives may be the only way you have ever known to manage. It's your business and it's your prerogative to manage any way you choose, so why not examine your own management style and select the most productive management style for you.

Suggestions to Lower Costs of Doing Business

The anemic gross margins many businesses experience (often unnecessarily) have forced even the most change-resistant managers to consider any suggestions that will allow them to operate at lower costs of doing business.

Owners and managers that take the time to hire the best employees and then hone their own management skills will be the same managers who will most typically put optimal profits on the bottom line. I have read many management theories over the 40-plus years I have worked as a manager and consultant, but never have I found management principles any more solid as those I will describe in this article.

In just 124 pages of brilliance, William Glasser, M.D., has outlined a management theory that no progressive manager can afford not to at least consider. In his book, *The Control Theory Manager*, Glasser is extremely convincing.

Boss-Management

1. The boss sets the task and the standards for what employees will do, usually without consulting the employees.
2. The boss tells rather than shows employees how the work is to be done and rarely asks their input as to how it might possibly be done better.
3. The boss, or someone the boss designates, inspects the work. The employees are not involved in the evaluation process.
4. Coercion is the primary technique used to make employees do the job they are expected to do. Employees and management often end up operating in an "us versus them" environment.

Lead-Management

1. Managers engage employees in ongoing discussions. They not only listen, but encourage any input that will improve the system or reduce costs.
2. Managers show or model the job so employees can see exactly what management expects. The lead-manager works to increase the employees' sense of control over the work they do.
3. Managers teach employees to inspect or to evaluate the quality of their own work.
4. Managers promote continuous improvement. The manager's job is more that of a facilitator. Managers do everything possible to provide both the best tools and a work environment that is friendly, non-coercive and non-adversarial.

Lead-managers realize that friends will do more for each other than strangers or adversaries. Control theory identifies three management behaviors that are destructive to a manager/employee relationship:

1. Expressing too much criticism of employees.
2. Asking more of employees than is practical for them to accomplish.
3. Attempting to coerce employees to do what they don't want to do.

Lead-Management Rule Number One: You cannot force employees to do what they don't want to do. You can only teach employees a better way and encourage them to try it. If it works, there's a good chance they will continue.

Lead-Manager Rule Number Two: All human behavior is caused by what goes on inside the heads of each employee.

Lead-Manager Rule Number Three: You cannot give employees need-satisfying information unless you understand what their needs are.

The Five Basic Human Needs

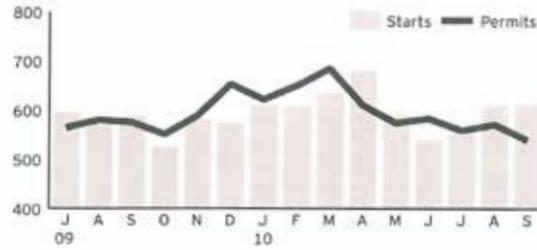
1. **Survival:** This need is satisfied for virtually everyone in first-world countries.
2. **Love & Belonging:** The more a manager can foster a sense of friendship in the workplace, the higher the quality of the employees' work. Workers who do not believe that anyone cares about them personally

Continued on page 12

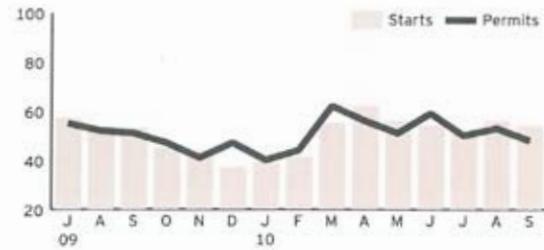


Housing

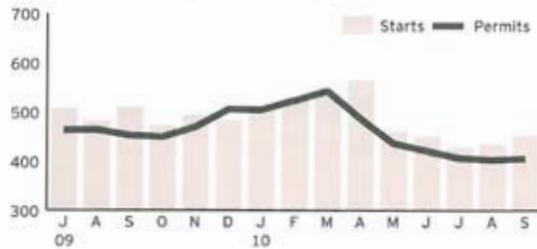
000's of units **U.S. Housing – SAAR***



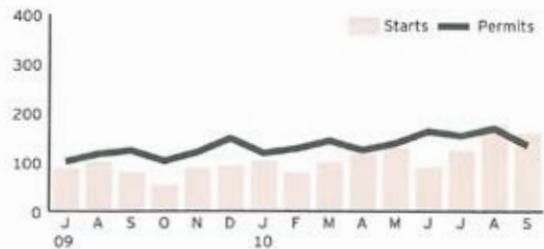
000's of units **U.S. Housing – Actual**



000's of units **U.S. Single-Family – SAAR***



000's of units **U.S. Multifamily – SAAR***



U.S. Housing Starts and Permits*

Region	Sep 2010 Single-Family	Sep 2010 Multifamily	Sep 2010 Total	Sep 2009 Total	2010 Year-to-Date	2009 Year-to-Date
Starts – Actual (thousands)						
Northeast	5.4	1.0	6.4	5.8	54.3	47.8
Midwest	7.1	2.1	9.2	9.9	77.1	74.0
South	19.9	7.1	27.0	26.8	239.8	215.4
West	7.6	3.9	11.5	10.1	96.1	93.3
TOTAL U.S.	40.0	14.0	54.0	52.6	467.3	430.5
Starts – Seasonally Adjusted Annual Rate (thousands)						
Northeast	60	12	72	67		
Midwest	78	23	101	105		
South	225	80	305	297		
West	89	43	132	117		
TOTAL U.S.	452	158	610	586		
Permits – Actual (thousands)						
Northeast	4.3	1.9	6.2	6.4	55.1	48.1
Midwest	6.5	1.8	8.3	10.2	75.9	72.6
South	16.9	4.9	21.8	25.6	234.1	226.6
West	7.1	3.2	10.3	10.8	99.7	90.4
TOTAL U.S.	34.8	11.9	46.7	52.9	464.8	437.7
Permits – Seasonally Adjusted Annual Rate (thousands)						
Northeast	46	21	67	70		
Midwest	70	18	88	103		
South	205	61	266	309		
West	84	34	118	123		
TOTAL U.S.	405	134	539	605		

Source: U.S. Census Bureau * Note: Census Bureau reports single-family starts and permits by region; regional multifamily starts and permits derived by subtracting single-family from totals.

Housing Report is reprinted by permission of Random Lengths Publications, Inc., Eugene, OR. This information is from the October 2010 edition of their "Yardstick" publication.

tend to work only for survival, which is hardly a motivation for quality work.

3. **Power:** This need is satisfied in the workplace only when employees are asked for their input, given useful work and encouraged to evaluate what they do. We all want to have a sense of control over what we choose to do.
4. **Freedom:** Workers who are dominated by management will spend too much of their energy struggling to gain a sense of freedom, which is energy that could be better spent in pursuit of higher levels of performance and quality.
5. **Fun:** When employees enjoy their work, the amount and quality of the work they do will increase.

You and Your Management Skills

As companies reach the “next level,” bottom line profitability can take a quantum leap when managers avoid resting on their laurels and continue to develop their management skills. Exposure to more effective ways of managing people and productivity almost always leads to an increased level of robust profitability. Be cautious about breathing too much of your own exhaust. No matter what challenges you face in your business, someone out there has solved the very same problems you are facing today. Sometimes you find these solutions in management books and other times you find solutions by visiting with managers who are substantially more profitable than you are.

I encourage you not to let these opportunities pass you by. So many companies I work with earn six percent to eight percent before taxes (with more and more reaching double digit levels of profitability) that I believe an optimal level of bottom line profit is a realistic objective for all businesses.

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Winter Meeting – “Kansas City, Here We Come”

In January, Regional Manager Art Brown passes the torch to his successor Robert Uhler as Brown facilitates the annual Kansas Winter Meeting, Jan. 13-14, in Kansas City.

As Brown retires in March, this will be his last group function for MLA. There are some fantastic tours, social interaction activities and an in-depth overview of the new CSA 2010 truck regulations that impact all lumber and building material dealers. The agenda should already be in your hands. Look it over and plan to attend. It will be a memorable and worthwhile event!



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Additional Authorization Reversal Questions:

- *If a transaction has been captured (i.e., an auth capture transaction type), can the authorization be reversed?* No, authorization reversals can only be performed on transactions that have already been authorized but not captured (auth only transactions). If the transaction has been captured, then the merchant should initiate a void (if the transaction has not settled) or a refund (if it has been settled).
- *Does this apply to full authorization reversals or partial authorization reversals?* The requirement applies to both full authorization reversal as well as partial authorization reversals. A partial authorization reversal is applicable for situations where the capture request amount is less than the authorized amount, and the difference will have to be partially reversed. In the case of a partial auth reversal, merchants do not need to do anything; this is done automatically.

3. **Balance Response** — Merchants are required to print the prepaid card balance on the customer receipt or display it on a customer-facing terminal/POS device/Web page, or both. Prepaid card balance information is made available by the prepaid issuer only for some, but not all, prepaid cards, and support of this requirement is limited to those particular cards. *Benefit:* By supporting balance responses and making the information available to the consumer, the consumer is better informed regarding their available balance on their prepaid cards, and could make additional purchases based on that balance.

Additional Balance Response Questions:

- *Will merchants be required to print the remaining prepaid account balance on both the receipt and display it on the customer-facing POS device or Web page?* No. Merchants can choose to print the balance, or display the balance to the cardholder, or both.
- *Will the balance be displayed/printed for all debit and prepaid products?* No. For security reasons, balances will only be returned by the issuer for prepaid cards (and even then, only for select cards) to avoid, for example, printing a customer's checking account balances. If the "available balance" is present in the record, merchants are required to print and/or display it to the customer, regardless of the dollar amount.

Which payment card types does this change impact?

The compliance requirements apply to regular debit, prepaid and gift cards for the following payment card types:

- MasterCard
- Discover
- Diners Club
- JCB – U.S. transactions only

When do these requirements go into effect?

They are currently in effect. MasterCard's rule changes went into effect May 1, 2010, and Discover's rule changes went into effect April 16, 2010.

Do I have to support the requirements?

MasterCard and Discover are requiring all merchants to support the requirements with the exception of merchants that exclusively process transactions via batch uploads, mail order/telephone order (MOTO), or recurring payment transactions. Your Merchant Service Provider (MSP) is ultimately responsible for determining if the requirements apply to your business, so please contact them for assistance in determining if your company is exempt.

What do I need to do to support the requirements?

The steps you will need to take to support the requirements depend on how you connect to the payment gateway. For example, if you connect using a shopping cart, point-of-sale device, or other solution, you will need to contact your solution provider to confirm that they will be supporting the requirements. If you connect using a direct integration, you should contact your Web developer for assistance.

Are the requirements global or U.S. only?

At this time, the requirements are mandated for U.S. merchants only.

Do issuers support these new compliance requirements?

Yes. Effective November 1, 2008, all Debit MasterCard and Maestro debit and prepaid issuers were required to process and respond appropriately to merchants that support partial approvals and real-time reversals (full and partial). In addition, prepaid Debit MasterCard and Maestro issuers must support the account balance response.

Are e-commerce merchants required to support these changes as well?

Yes, e-commerce merchants are required to offer at least one opportunity for customers to submit an additional form of payment after receiving a partial approval.

Are there any transaction types that are exempt?

Yes. The following transaction types are exempt: Batch uploads, mail order/telephone order (MOTO), and recurring payment transactions.

Can the authorization reversal be made several days after the original authorization request?

Yes, the authorization reversal for e-commerce and other

Continued on next page

Healthy Spending Habits for the Holidays

By Motorcycle Mary



The definition of a gift: An acknowledgment of a special day. We all make promises to ourselves that this year is going to be different. We are going to be careful shopping for Christmas, pay cash for everything, and control the amount we spend on each gift. Then, you have to do the regular maintenance of life (cleaning, cooking, laundry, working, etc.) plus make appetizers for the parties, set aside time to go to the parties, and family gatherings come faster than expected. You do all this while the "Marketing of the Season" is beginning to fill the air...and our resolve crumbles...and then we hit "Full-Fledged Panic Mode." And then, you are out buying gifts in a panic; all of which you have not planned in the budget.

First, make a list of the people you want to buy for and be sure to put a dollar limit on how much you plan to spend on each person. We can make the list, but we must set a dollar amount that we can afford. Keep a spot at home for all the receipts, not only for the recipient, but maybe one evening you figure out that you have overspent by quite a lot. You may need to swallow your pride and take back some of those expensive gifts that you bought in haste. You know, reorganize the list to a more manageable amount.

Think about some nontraditional gifts – perhaps a "Feast of Friendship" for all your friends and family in January. You will provide the main course of meat and everyone else brings a vegetable, dessert, or whatever and they need to RSVP. You need to know how much meat to buy and you don't want to have 14 desserts and vegetables. Spend \$50 on a spiral ham (of course, one that you buy on sale). You invite 20 friends/family and you have done your gifts to them for \$50 (the meat) and a few invitations and stamps. This is better than spending \$10 each for small trinkets of a gift that would cost you \$200 total. You have saved 75 percent over the cost of materialist dust-catchers, and you probably will have some great memory makers from the Feast of Friendship.

Gift cards are something we think we buy for other people. Take your allotted Christmas gift money and buy a gift card at a shopping center where you do most of your shopping and use it only for Christmas gifts. This will allow you to keep a real check on your spending and let you know when you are approaching the upper limits of your holiday shopping.

Credit Cards: People spend about 30 percent more when using credit cards vs. cash or debit cards. Only go shopping with cash, debit card, check and, I repeat, a list with dollar limits for each gift.

We all look for that "perfect gift," but don't try to set a new standard for thoughtfulness and generosity. "Look what

I can buy, look what I can buy, and do you think I did well?" Remember that you are CEO of Me Inc. Impulsively spending your money in December 2010 can totally ruin your 2011 finances. Use caution and be aware of the money leaving your financial world.

If you would like Motorcycle Mary to conduct a Financial Fitness workshop for your employees, contact her at mary@motorcyclemary.com.

Partial Authorization Rules - Cont.

card-not-present transactions should be generated whenever a purchase transaction is not or cannot be completed, and the transaction has not yet been captured. Note: The account balance response only needs to be supplied to the cardholder in an authorization response to a real-time authorization request.

How do these requirements impact split shipments?

Merchants should be aware of the impact of the requirements on split shipments. A capture submitted for a partial shipment will be matched against the original authorization and release the hold of funds in the cardholder's account. If the merchant expects to make a second shipment of goods, a new authorization should be taken against the card in the amount of the second shipment and captured when the second shipment is sent.

What if a merchant does not comply? Is there a non-compliance fee?

Yes. Merchants are obligated to support the requirements and make the appropriate changes to support these transactions. The payment card brands will be performing frequent "Compliance Monitoring" of these rules changes and will follow through with the appropriate parties if merchants are found to be non-compliant. The amount of fees assessed will be as per the MasterCard and Discover association "non-compliance" fines described in their operating regulations and rules. For more information, please contact your Merchant Service Provider (MSP). As a reminder, your MSP is ultimately responsible for determining if the requirements apply to your business, so please contact them for assistance in determining if your company is exempt.

*If you would like to consider an alternative to your current credit card processor, consider the MLA program with MSNA/TriSource. Call our program consultants for more information and a review of your current program: **Sam Nardi** - 847-219-6711 or **Brian Relph** - 312-493-4742.*

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(Printed in EHS Today 10-6-2009)*

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