



MLA

NEWS

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BULLETIN NO. 980

FALL 2009

Workforce Development

Sign Up Today for MLA Online Campus

One of the newest MLA member programs is the MLA Online Campus. This program makes it possible for dealers to train their entire staff quickly and efficiently without ever leaving the business.

Programs can be used for training, coaching, refreshing learning, performance support, promotion paths and meetings. These courses are available on your computer 24 hours a day, seven days week.

Members purchase a subscription to the MLA Online Campus. Then, all your employees will have access to the campus materials. We'll issue a unique password to each staff member. MLA will help you set up a curriculum for new hires or specific positions.

The Online Campus is highly focused training that delivers high employee business impact. The Campus will assist you in:

- Developing high-impact leaders who will help you grow your business;
- Retaining your best people by investing in their future to help them better serve customers in a welcoming and safe workplace; and
- Building and sustaining customer loyalty with consistent and positive interactions.

Proven Results

Real companies similar to yours have shown outstanding results by using online campus technology. One company with 175 employees got these results over an 18-month period:

- Increased sales and profits
- Reduced product returns by 10%
- Improved customer and employee satisfaction
- Reduced employee turnover by 33%
- Reduced training costs
- Compliance with state and federal law

The Cost of Not Training

When one of your best people leaves your organization, estimated costs can easily reach 150% of that employee's annual salary:

- Cost of lost productivity during opening and transition;
- Training you have already invested in the employee who is leaving;
- Cost of potential lost customers and additional customer service cost required to retain their loyalty;
- Cost of advertising, recruitment and training of their replacement;
- Lack of consistent customer interactions for dealers with multiple locations results in lost customers. What is the lifetime value of one lost customer?
- Not having compliance training (such as harassment-avoidance and safety) causes all types of potential negative business outcomes and risks that can impact your bottom line and the future of your business.



For more information about the Online Campus, contact Olivia at the MLA headquarters - 1-800-747-6529.



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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!

Members Gather in Kansas City for Annual Meeting

The annual MLA Fall Fling was held Nov. 6 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 2009 MLA President John Duncan. Mike O'Brien, NLBMDA President, made the first presentation.

He updated members on what is happening in Washington. He remarked that health care legislation is nearly dominating the "scene" in Washington during this session. However, there has been some legislation passed this year that impacts lumber and building material dealers. The extension of the \$8,000 first time home buyers tax credit is one piece of legislation to potentially benefit the building industry.

Following O'Brien's remarks, MLA President Duncan introduced Gary Smith as the 2010 President. Following comments by Smith, Jason Duncan, Federated Insurance, made a presentation on "Controlling the Cost of Health Insurance Premiums – Is it Controlling You?"

"Make Your Spot Shine" - Phil Mitchell, Discovery-Based Retail

Our keynote speaker, Phil Mitchell, Discovery-Based Retail, made an inspiring presentation, "Make Your Spot Shine." Mitchell based his presentation on the idea that "differentiation is more than just a hot phrase." In fact, the way you differentiate your business and make it relevant to your customers will determine, in large part, how successful your business will be. Mitchell shared the secret of the 6Ps, which are key elements that differentiate a store and increase its appeal to current and potential customers. Once you clearly understand the 6-P thought process, it becomes much easier

to focus on the elements of customer interface. In fact, grasp the 6 Ps and you should be immediately able to develop real strategies for increasing your business.

Thanks to These Generous Sponsors

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2010 MLA President Gary Smith, right, presents a plaque to 2009 President John Duncan.



Phil Mitchell, presents his program, "Make Your Spot Shine."



Jason Duncan, Federated Insurance



Mike O'Brien, NLBMDA

“Green is the Thing”- Greensburg Here we Come!

By now, Kansas dealers have received the mailing announcing the agenda for the 24th annual winter meeting of the Kansas building materials community. Suppliers are as welcome as the retail members. No booths; no sponsorships and no extra fees. It is a great chance to learn and network with like people in the industry at a time when networking could be of invaluable assistance.

With “green” being the current buzzword, Co-Chairs Brent Adams, Home Lumber & Supply, Medicine Lodge, and Roy Hoffman, Home Lumber & Supply Corporate Office, Ashland, will provide members a chance to see the concept in action with a two-hour tour of Greensburg – the undisputed home of green construction techniques. This will be a “boots on the ground” experience and just one of several other networking and learning opportunities offered during the two-day event.

Take a minute to review the material and consider the opportunity being offered. As we have often said, if you go to one of these, you will be hooked. One thing that will be discussed by the Committee at this meeting is increasing the number of scholarship awards given each year. Feel free to contact Regional Manager Art Brown with questions about this event.

NLBMDA Applauds Passage of Key Legislation

The National Lumber and Building Material Dealers Association (NLBMDA) applauded the passage of legislation by the U.S. Congress that would expand and extend the homebuyer tax credit and expand net operating loss (NOL) carryback tax relief to more businesses. President Obama has indicated he will sign the legislation.

Specifically, the legislation would:

- Extend the current \$8,000 first-time homebuyer tax credit to purchases of primary residences under contract by April 30, 2010 and closed by June 30;
- Create a \$6,500 homebuyer tax credit for those that have owned their primary home for five years;
- Raise qualifying income limits to \$125,000 (single) and \$225,000 (couple);
- Expand NOL relief to all businesses so that they can offset current losses against taxable profits earned in the previous five years.

Source: NLBMDA, Nov. 5, 2009

Tax Policy Forum Focuses on Tax Exemptions

Kansas like many states is looking at revenue from review of current tax exemptions

If there is a big shift in the way Kansas looks at sales tax exemptions, a tax policy forum at Washburn University on November 18th was probably ground zero. Sponsored by a Kansas social service advocacy group, they discussed tax policy and tax exemptions that greatly impact the State’s tax base. A very sparse crowd was there to hear Bradley Border, Associate Professor of tax law at Washburn University and the current Secretary of Revenue Joan Wagnon weigh in on taxes and, particularly, exemptions that have reduced State tax revenues by billions of dollars over the decade.

While Border used language to describe tax exemptions as tax “expenditures” (a phrase that will be used to grab the interest of elected officials during the upcoming legislative session), he basically noted to those in attendance that eliminating many of these tax exemptions would raise hundreds of millions of dollars and thus lower current tax rates.

Wagnon, who has a history of not embracing tax exemptions, told the audience that the Legislature needs to totally reevaluate the way tax exemptions are looked at for the value received to the State as a whole.

The sponsoring advocacy group, Statewide Independent Living Council of Kansas, took the position that because independent living is an optional state service that doesn’t fall under the appropriated comparison of entitlements to nursing homes and causes a cut in the appropriation process to their clientele. Their solution: Raise taxes! Border basically stated that it is very simple: tax more stuff at current rates and you get a lot more money. Wagnon noted that the money raised would be split between providing money for State services and lowering rates of taxation in Kansas.

According to MLA Legislative Director Bud Burke, experts at the Capitol agree on one thing: “Passing any form of consumption or sales tax increase would be extremely difficult and with Governor Parkinson holding firm in support of Democratic opposition to any form of sales tax increase it would be next to impossible to get 2/3rds in both houses to override a veto.

“Next session will be the most or one of the most difficult sessions the state has ever experienced and it will no doubt be one on which every possible solution to the budget shortfall will be discussed. There will be no shortage of business groups and others that will be involved in opposing any solution that involves our interests.”

Eliminate Transfer Fees on Real Estate

As the press gears up during the upcoming legislative session, one thing that will certainly be garnering some interest is the movement to get a constitutional amendment to eliminate real estate transfer fees. To pass a constitutional amendment, a vote of 2/3 of the House and Senate is required and a majority vote from the voters in a general election.

What are we talking about here? *In brief, a real estate transfer fee is a State or local government tax that is collected when you transfer ownership of your home, land or commercial real estate.* Typically, once the tax is initiated, the rate can be increased by the State, county or city at any time. As things stand now, the State government in Missouri has the power to enact transfer taxes on the sale of property without a vote of the people. Amending the constitution to prohibit transfer taxes gives power back to the people. The tricky part is the wording of the amendment. Pay close attention here. It reads:

Shall the Missouri Constitution be amended to prevent the State, counties and other political subdivisions from imposing any new tax, including a sales tax, on the sale and transfer of homes or any other real estate?

What you want to do is say “Yes” to a “No” question. That is always a tricky sell. For those of you wondering, this has no impact on school districts as they rely on other forms of revenue besides sales and transfer taxes.

With a rough economy at this time, such fees could look very attractive to a revenue-starved State and their local governments. However, in the very early going, there is strong support from legislative leadership to pass this amendment. We will be updating you on this issue as it moves through the process. Contact Regional Manager Art Brown if you have any questions.

Member News

Dave Fisher, former owner of Fisher Lumber, Garden Plain, Kan., died Sept. 7.

Burke and Sons in Rock Port/Fairfax, Mo., celebrated 60 years in business with an open house on Sept. 18.

Eldred Proctor, Proctor Lumber Company, California, Mo., is retiring and closed his store after 47 years in business.

Missouri Lumber Dealers Committee (MLDAC) to Meet in January

The Missouri Lumber Dealers Activity Committee (MLDAC) will meet in Columbia on January 8 to discuss issues relevant to the Missouri lumber dealer and set the agenda for the annual “Swing into Spring” activities, which will be held May 6-7, 2010. Details will be forthcoming early in 2010.

Review of the current scholarship application will be on the table and legislative issues will be discussed. The program will also include a speaker to bring the Committee up to speed on the constitutional amendment on real estate transfer taxes mentioned in this newsletter. A hands-on exercise on fire extinguisher safety is also planned. Results of what transpires at this meeting will be reported in the next MLA newsletter.

Finance Charge Opportunity

In what has amounted to a massive amount of frustration for Arkansas retailers who utilize open accounts for credit, there may be some help on the way. By constitutional amendment, all finance charges are capped at approximately 6-7%. Surrounding States have the ability to charge up to 18% per annum on their billings and, in some cases, more if there is an agreement between the business and the customer. Not so in Arkansas. This year, through a Legislative process, both this and a popular school funding mechanism will be together on the ballot for consideration of the electorate.

For the Arkansas lumber dealer, this becomes a valuable tool for collecting past-due accounts. Seventeen percent (being proposed) on an invoice in the hundreds or thousands gets the attention of a debtor.

Again, this is part of the legislative process, so while it is getting an initial favorable sounding, it has a way to go to find its way to the ballot. We will definitely keep you in the loop on this issue as events transpire and provide a deeper overview of this matter in the next news letter.

Washington Legislative Update

Bill Extends Economic Incentives

Congress passed and President Obama signed the Worker, Homeownership & Business Assistance Act to extend unemployment insurance benefits and expand and extend the five-year net operating loss carry-back period and the homebuyer tax credit enacted in the American Recovery & Reinvestment Act (ARRA).

The new law extends unemployment benefits for 14 weeks in all states and for 20 weeks in states with unemployment rates above 8.5 percent and extends the Federal Unemployment Tax Act (FUTA) surcharge until June 30, 2011.

It allows all businesses, regardless of size, to use the five-year carry-back period for losses incurred in 2008 or 2009. Small businesses that opted for five-year carry-back for 2008 losses under ARRA can also elect five-year carry-back for 2009 losses.

It extends the current \$8,000 tax credit for first-time homebuyers to April 30, 2010, and establishes a tax credit of \$6,500 for homeowners who have lived in their current homes for five years or more and want to upgrade.

Work Continues on Health Care

The House passed the Affordable Health Care for America Act in a close 220-215 vote while the Senate prepared for what is expected to be a lengthy and cantankerous floor fight. As this was written, Senate majority leader Harry Reid (D-NV) was still trying to combine the Finance Committee's America's Healthy Future Act with the Health, Education, Labor & Pensions Committee's Affordable Health Choices Act. It was expected to reach the floor before Thanksgiving.

With several senators threatening a filibuster, the Senate leadership was not confident of 60 Democratic votes to stop it. Obama continued to say he looks forward to signing a health care bill before the end of the year. Others peg completion to the State of the Union address in late January.

Although there are similarities between the House and Senate legislation, the bills are not identical. A House-Senate conference and another vote in both houses would be necessary before anything is ready for President Obama's signature.

An Estate Tax Fix?

The likelihood that Congress will do something about the estate tax is increasing. House Ways & Means Committee chairman Charles Rangel (D-NY) said he intended to introduce legislation to permanently freeze the estate tax at current levels.

There is legislation in the Senate to freeze the tax at this year's rates and index the exemption for inflation. However,

the Senate may opt to simply extend 2009 levels for another year.

Unless the two houses can agree, nothing will happen before year-end, thus allowing the estate tax to be repealed in 2010 – something Democrats do not want to happen.

Source: North American Retail Hardware Association



New Executive Vice President for MLA

At their November 5, 2009 meeting, the Mid-America Lumbermens Association (MLA) Board of Directors elected Olivia Holcombe, CAE, to serve as the Executive Vice President, the top staff position with the group.

Holcombe has served for the past eight years as General Manager of MLA. She has been with SouthWestern Association, MLA's managing organization, since 1994 and involved in the Association management profession since 1976. Olivia manages the day-to-day activities of MLA and acts as primary liaison to the Board of Directors.

Holcombe succeeds Jeff Flora in the position. Flora continues as CEO of SouthWestern Association. The change in leadership is part of the strategic direction set by the MLA Board in 2008.

According to Flora, "Given new opportunities facing the SouthWestern Association that are taking more of my time and the leadership Olivia already provides to MLA, it made sense to make the change at this time."

Holcombe holds a Masters Degree from the University of Illinois – Springfield and received her certificate of completion from the U.S. Chamber of Commerce's Institute for Organization Management in 1999. Among her professional achievements was being presented the Professional Excellence Award by the Kansas City Society of Association Executive's in 2008.

Lien Law Change

Starting Time for 75 Day Pre-Lien Notification

Many of you were notified via broadcast e-mail about the change in the Oklahoma lien law and when the 75-day pre-lien notice takes effect. For those of you who might have missed that here is the attorney's opinion of this matter as provided by NACM in Oklahoma City.

When the Oklahoma Legislature made changes to the Oklahoma Lien Laws and added a pre-lien notice requirement, one of the questions about the new law was whether the pre-lien notice needed to be sent within 75 days of the first date materials or services were provided to the project or within 75 days of the last date materials or services were provided to the project. Until recently there were no appellate court decisions on the issue. Recently, the Oklahoma Court of Civil Appeals ruled on an appeal of a district court decision on this issue. The Court of Civil Appeals decided the statute requires a pre-lien notice within 75 days of the last date materials or services were provided to the project. The case is Izza Robert Jones d/b/a Professional Plumbing Services v. Purcell Investments LLC v. Express Fire Protection. The party who lost on appeal has filed a petition for certiorari with the Oklahoma Supreme Court asking the Oklahoma Supreme Court to review the decision of the Court of Civil Appeals. Since this case is a matter of first impression there is a possibility the Oklahoma Supreme Court may decide to review it. There is no time limit by when the Oklahoma Supreme Court has to decide whether it will review the issue so it could be some time before we know their decision.

Delayed Enforcement of the "Red Flags" Rule

At the request of Members of Congress, the Federal Trade Commission is delaying enforcement of the 'Red Flags' Rule until June 1, 2010, for financial institutions and creditors subject to enforcement by the FTC.

This is a good thing for dealers who have not yet been able to understand and, if necessary, implement the Red Flags Rule for their businesses. MLA hopes that dealers will use this time extension to seriously look at their efforts in protecting the information that they have gathered over the years. If you have any questions or are interested in more information concerning a plan for your company, please feel free to contact MLA at 1-800-747-6529.

How to Cancel a Yellow Pages Ad

Why on earth are we wasting valuable print space on cancelling an advertisement? Well in this case if you aren't familiar with how to cancel an ad with the yellow pages, pull up a chair and prepare to be amazed. NOTE: The following is our attorney's opinion on a typical yellow pages advertising agreement. Some wording may not be exactly the same in your region, but the premise is the same no matter where your business is located:

First it is important to know that this contract automatically renews for each subsequent issue unless the customer cancels the order. The cancellation procedures are in section 3(c) of the contract.

The first thing they need to do is call the number specified on their order (877-647-6278) and ask for the "Final Date for Changes" for the next issue to be published. I can't tell whether they are getting print services or internet services. If they are getting both services, they should ask for the Final Date for Changes for both services. There could be different dates.

Then they need to send notice of cancellation to the Publisher. The notice must be signed by an authorized representative and sent by U.S. certified mail, return receipt requested, to:

AT&T Advertising & Publishing
ATTN: Cancellation Manager
(address will be specified in agreement)

*The Publisher must receive the notice **on or before** the Final Date for Changes. So just putting it in the mail by the deadline won't suffice.*

Regarding internet advertising, upon cancellation the unpaid balance for the current renewal term will become immediately due and payable.

The contract describes a different procedure if they are receiving Limited Inventory Advertising (LIA), but it sounds the same. In that case, the customer must call to obtain the "Renew/Cancel Date" for the subsequent issue, and send notice of cancellation by that date.

You didn't know it would be this much fun did you? Questions? That is why we have the "hot line." Contact our MLA legal liaison (800-747-6529) to visit with them about this or other legal questions or concerns you may have.

How to Get Everything You Want in Life

By Bill Lee, BillLeeOnline.com

As just about everyone intellectually understands, there's a huge difference between wants and needs. In the USA the great majority of us have everything we need: food, water, shelter, clothing, etc. Evidence of this fact is that obesity is one of the major health problems in every state, while malnutrition is practically non-existent.

But the Title to This Article is How to Get Everything You WANT in Life.

I believe I first heard this statement from Zig Ziglar: You can get everything in life that you want if you'll just help enough other people get what they want. This is one of the truest statements you'll ever hear. It pertains not just to customers, but also to your family of support personnel.

If you are a salesperson, you are highly dependent on a lot of other people in your company. You cannot be successful at sales unless your company has a conscientious group of operations people, administrative people and management personnel.

I can't imagine a halfway intelligent salesperson not understanding that he or she really needs every other person on their business team. But few days go by when I'm on a consulting assignment that salespeople don't tell me how stupid and undependable the men and women are who work in support roles and how insensitive most of them are to the customer's (and, of course, the salesperson's) interests.

Salespeople are naïve if they don't understand how they are quite often perceived by other members of the business team, especially by operations personnel. While many salespeople take personal credit for creating opportunities for operations people to have a job, operations people more often than not see salespeople as arrogant, selfish and self-centered.

The truth of the matter is that both salespeople and operations personnel are critical to the success of any business. No salesperson could earn a living wage if he or she were required to personally deliver everything that he or she were able to sell. It would be equally time consuming to try to sell in between unloading and putting into stock incoming deliveries from vendors.

Relationships

It's a lot easier to get someone to do a favor for you if you have already made a significant investment in building a relationship with that person. This is especially true of drivers, dispatchers and yard foremen. Wise salespeople treat coworkers a lot like they treat customers.

Internal Customers

The reason this is true is because each person on your business team is an internal customer. You are their internal customer. If you want your internal customers to give you preferential treatment, you have to give your internal customers preferential treatment.

Pizza and Cokes

While on a consulting assignment in Connecticut, I spent some time with an outside salesperson as he called on his customers. As we drove from job to job, he was forever honking his horn and throwing up his hand to say hello to the driver when he would see one of his company trucks approaching. On one occasion he saw a driver making a delivery and stopped by the jobsite to say hello.

"You sure do go out of your way to be nice to the drivers," I commented.

"Yeah, these guys can make me look awfully good or awfully bad. My job would be a lot more difficult without them on my team. In fact, just last week, I told the drivers not to bring a lunch to work. I told them that I was buying pizza for the whole crowd."

"That must have cost you a lot of money."

"No, it didn't cost me anything. The money I spent on those guys was an investment, and I promise you, I'll get a good return on that investment."

If you want to be in a position to ask a favor of someone on the operations team and hear a cheerful yes, consider the following ideas:

1. Send a lot of thank-you notes. Each time a driver, loader, dispatcher or operations manager does you a favor, send a short thank-you note.
2. Occasionally ask this question: "What can I do differently to make your job easier?"
3. Tell members of the operations team how much you appreciate them.
4. Occasionally jump in a truck and ride with a driver who's taking a delivery out to one of your jobs. Introduce him to the builder or crew chief. Make him feel like an important member of your team by bragging on him to the customer.

Continued on next page

5. When you're talking to customers, make positive comments about your operations personnel.
6. Once in a while, bring in donuts for the operations personnel in the morning.
7. Occasionally buy pizza for lunch.
8. If you carry a cooler full of cold drinks in your truck in the summertime, drive through the yard occasionally and offer one to the operations people.
9. When you make a mistake that causes a driver to have to make an extra trip, apologize for your goof and thank him for bailing you out of trouble.
10. When a loader or yard foreman catches a mistake you made and corrects it, give them a big thank you.

The more and better relationships you develop with people in your own company, as well as with the people who are in a position to send business your way, the higher the odds that you will be in a position to have not just everything you need in life, but many more of the things you want.

Even in the difficult housing market that many of us are currently struggling with, there is business out there your relationships can send your way. By treating everyone you meet like they are ten feet tall and like they hung the moon, you'll discover what relationships can do for your sales volume.

Every salesperson is in a position to grow their market share by taking business away from the competition. Expand your relationships and watch your business expand, as well.

Scholarship Program Just Around the Corner

Applications mail by end of January

One of the most popular programs MLA provides is the annual scholarship awards to members, employees or their children. Each State has criteria for earning these \$500 awards. They will be the subject of discussions for both the Kansas and Missouri State Committees when they meet in January. If you have a son or daughter, an employee or employee's son or daughter in college or an employee who is utilizing continuing education, take a minute to review the scholarship application when it is sent out at the end of January. Contact Regional Manager Art Brown for further details or with questions.

No Thank You to Contractor Registration

AGC proposal fine for AGC; not so for residential

Last year, the Association of General Contractors (AGC) invited comment on a registration prodigal modeled after a system being utilized in Utah to register all contractors to assure payment to all parties involved in the construction process. MLA attorneys reviewed the language of the bill and said it would cause a hardship for dealers at the residential level. Regional Manager Art Brown contacted a lumber dealer in Utah and asked him to weigh in on the measure as it stands in Utah. It is not a viable product at this time and he has even had to hire an extra person to keep up with the administrative requirements of the law. If he got a "do over" it would never pass in its current state. Interestingly enough (and with a sense of perfect timing), Chris Wilson of the Home Builders Association called Brown and asked what he thought of the Utah law. When Brown told her what the dealer had told him, she indicated she had the mirrored response from a builder.

With that backdrop, the AGC held a meeting on October 28 for all interested stakeholders to express their thoughts. It should be noted that some of the supplier/vendor base wanted residential to be included in this provision. The AGC took no position and could have cared less whether the residential component was part of the final product or not.

With Ready-Mix and Concrete Aggregate as the only real proponent for the inclusion of residential, others pushed the language out of the bill with the expressed opinion that none of us wanted to do anything to hurt the AGC effort to get their bill passed for their members. There will probably be a registration requirement for our membership for commercial construction. It would not be onerous in the point that it would enhance in dealers and sub-subs getting paid for commercial jobs. Further meetings are planned and as the final product emerges, we will pass on what does pass and how it would impact members who provide materials to commercial jobs. Again, this will not occur until the 2010 session if it even happens at that time.



Federated Insurance Companies – Strength and Reliability

By Mike Pennington, Regional Marketing Manager

Financial Strength

To say we are witnessing uncertain economic times is an understatement. In the lumber and building materials industry, as in other areas of the marketplace, risk is present everywhere. As a business owner, it is important that you make an informed decision about your insurer and choose wisely. Federated Insurance is rated A+ (Superior) by A.M. Best, the insurance industry's leading watchdog. They also maintain a Ward's 50 Group designation. These rankings place Federated among the most financially secure in the industry. Federated has posted outstanding results in 2008, and early in 2009. Equipment dealers should be checking with their carrier to see what has happened to their surplus; as many organizations have taken a significant financial "hit" in recent years - loss of surplus can weaken the stability of an insurance company and force changes in the commitment and direction towards our industry.

Federated is the 54th largest insurance company in America based on total assets. They are the 10th largest property and casualty mutual insurer in America. Federated's investment strategy is very conservative, protecting the overall integrity of the company.

Association Recommendations

The most reliable evidence to the worthiness of an insurance company comes from its policyholders. Federated is also widely recommended by almost 400 trade associations across the industries they serve.

Mutual Structure

Well-run and well-capitalized insurance companies can be either mutual or stock companies. In contrast to stock companies, mutual companies do not cater to the investment expectations of shareholders, nor are they distracted by the enticement of stock options. Federated is a mutual company, which, in essence, means they are owned by their policyholders. There is no reason for Federated to charge excessively for their products or services, as any profits are reinvested into the company since there are no outside stakeholders.

Dividend Plan

Federated offers a dividend plan through your association. Only mutual companies are able to offer these types of programs, which allow policyholders to participate when profits exceed losses and expenses.

Client Contact Center

Federated has established a Client Contact Center, where policyholders can access a live voice to deal with routine requests and changes. In 2008, 98.9% of all calls to the Client Contact Center were answered within 30 seconds. This is just an example of the focus on customer service – the backbone of the Federated organization.

Safety Programs

Federated has risk management programs designed specifically for lumber and building materials dealers. Most insurance companies offer some sort of safety and risk management programs for the policyholders. We know, however, that Federated actually delivers. Federated has a nationwide staff of professionals who work with business owners to develop action plans customized to a specific business. The reduction of losses and the management of exposures is a sure-fire way for dealers to control costs.

Forms

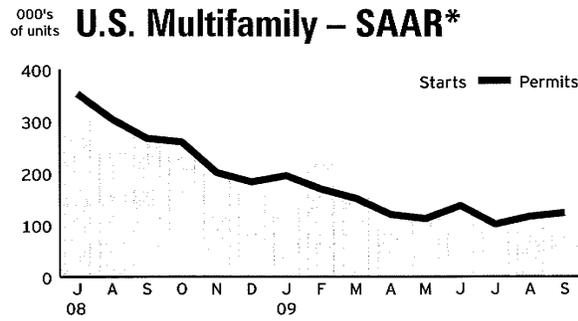
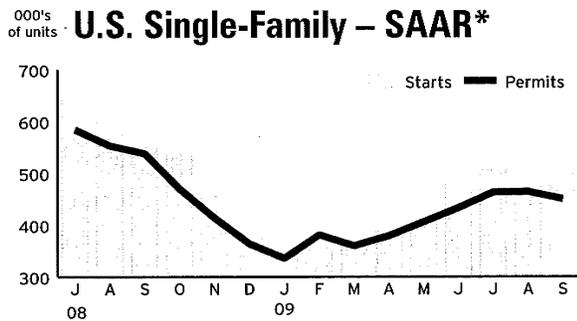
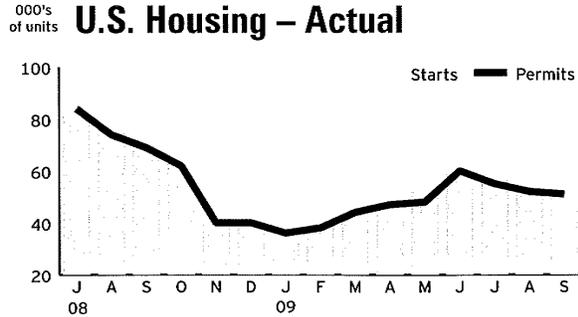
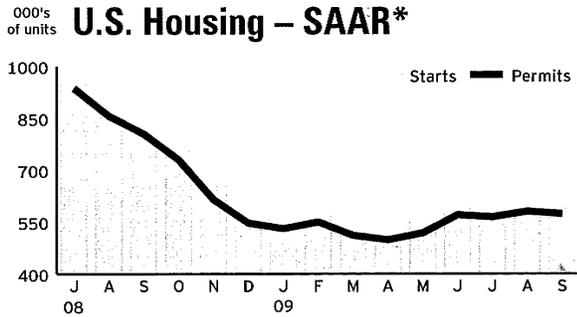
Did you know there are over 400 forms and endorsements that can modify basic insurance coverages? Federated spends a great deal of time and effort training their representatives to understand the unique programming needs of equipment dealers. Pollution and employment-related practices are just two examples of coverages that dealers need to research carefully to make sure they are adequately protected; these exposures are excluded from basic insurance coverages.

Bottom Line

Your association endorses and recommends Federated because Federated doesn't take unnecessary risks and is financially sound. Their leadership is stable, and has been for more than a century. Federated Insurance's programs are developed from its knowledge of equipment dealers and the risks they face. Most importantly, Federated is determined to work with dealers to reduce risks and control losses. Federated actively participates in and supports our association. That relationship, alone, should offer you great peace of mind.



Housing



U.S. Housing Starts and Permits*

Region	Sep 2009 Single-Family	Sep 2009 Multifamily	Sep 2009 Total	Sep 2008 Total	2009 Year-to-Date	2008 Year-to-Date
Starts – Actual (thousands)						
Northeast	4.6	1.5	6.1	9.8	48.3	104.9
Midwest	8.0	2.1	10.1	13.1	74.6	110.4
South	24.3	2.6	26.9	36.5	215.7	373.4
West	7.9	1.6	9.5	14.5	92.7	163.3
TOTAL U.S.	44.8	7.9	52.7	73.9	431.3	752.1
Starts – Seasonally Adjusted Annual Rate (thousands)						
Northeast	52	17	69	112		
Midwest	83	24	107	138		
South	271	29	300	408		
West	95	19	114	164		
TOTAL U.S.	501	89	590	822		
Permits – Actual (thousands)						
Northeast	4.2	1.4	5.6	8.4	47.2	100.3
Midwest	7.4	2.6	10.0	13.0	72.1	112.4
South	20.3	4.6	24.9	34.5	225.9	372.4
West	8.0	2.5	10.5	15.0	89.6	163.1
TOTAL U.S.	39.9	11.2	51.1	70.9	434.8	748.1
Permits – Seasonally Adjusted Annual Rate (thousands)						
Northeast	45	17	62	92		
Midwest	74	26	100	134		
South	239	53	292	410		
West	92	27	119	170		
TOTAL U.S.	450	123	573	806		

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 2009 edition of their "Yardstick" publication.

Will Green Building Products Really Do What They Are Supposed To Do? – Part 2

In the last newsletter, we covered what constituted a “green product” and some criteria you as a careful and prospective buyer should consider about such products before you invest in them to inventory. While it is common knowledge all dealers are known for due diligence before entering into relationships to add new inventory or take on a new program, green products don’t have the in-depth history of many other commonly used building materials.

Now we will get into the arena of whether the product affects the environment and where should and could you go to be sure that the product you evaluate has good testing and reliable criteria behind it.

First, how does the product affect the environment? In a general sense, “green products” affect the environment in five different ways. They are:

Energy efficiency	Materials optimization
Carbon footprint	Public health
Water efficiency	

Any green product you consider will impact the environment in one or more of the ways shown above. So this begs the question:

Are there any applicable standards that you can measure the product against?

Green certifications verify that a product meets specific green standards and validate specific environmental criteria and/or claims. So as you evaluate the product and its merits both as a product and as a “green” product, you can obtain information from a wide range of product information specialist known as “*third party certifiers*” that can provide you with the information you need to evaluate the “green” claims being made. As an example, such certifiers include but are not limited to: *Green Guard, Smart Wood, Green Label Water Sense, Energy Star, Scientific Certification Systems EcoLogo, Sustainable Forestry Initiative (SFI), and Forest Stewardship Council (FSC)*.

Google any of these groups to find out more about the group, what they certify and the credentials that make them the expert in such products.

Most third-party certifications focus on only one aspect of a product such as energy conservation or water conservation. Other third party certification companies focus on and certify multiple environmental aspects of a product and can issue multiple attribute certifications.

Not all third party certification programs are created equal.

Here are some tips to look for when looking at 3rd party evaluations on a product:

- Identify the specific criteria of the standard and how the standard came into existence. (This should be on the third party’s company website.)
- The standard should be objective and consensus based, with a strong foundation in science.
- The standard should be stringent enough so that only the best products qualify.
- Beware of greenwashing!! Ask for data supporting each green statement.
- Be wary of “green product directories.” Often the only requirement for inclusion is a financial contribution.
- Ask if a Life Cycle Assessment (LCA) has been done
 - a. Life Cycle assessment evaluates a product’s total environmental impact from “cradle” to “grave” or “cradle to cradle.” Compare LCA’s of similar products to make the best “green” choice.
 - b. Consult reliable databases for “environmentally preferable products.” EPS’s Environmentally Preferable Purchasing Database (yosemite1.epa.gov/opt/eppstand1.nsf), EcoLogo (www.ecologo.org), and Green Seal (www.greenseal.org)

It should also be noted that third party organizations are in the process of having to certify compliance with ASTM. They have a task force on environmentally preferable products. Also in January of this year Underwriters Laboratories (U.L.) launched their own certification program for the validation of environmental claims and certifications.

There is a host of criteria for not only selecting a product as noted in the prior news bulletin. But there is also a great deal of support to verify how environmentally friendly and useful the product is from a host of third party certifiers.

Part three (conclusion) of this series will deal with Pre-Construction and Post-Construction considerations in helping you reduce your liability.

Much of the information provided for these articles was provided by Simpson Gumpertz & Heger, an engineering firm located in Boston; Wood, Smith, Henning & Berman LLP attorneys, Los Angeles and K & L Gates, attorneys. None of this information is copyrighted. Reproduce as you see fit.

Building Materials Merchandising
TRAINING
for your career



Spring 2010

**Construction Materials
and Methods I (CNST 101)**

This is a Fast Track 8-week online class that begins March 15 and ends May 13. Enrollment opens Nov. 16 and ends March 13.

State Fair Community College has partnered with the Mid-America Lumbermen Association to provide **online training** to MLA members and their employees in Building Materials Merchandising!

High-quality online training in:

- Construction Materials and Methods I
- Construction Materials and Methods II
- Construction Estimation
- Salesmanship

How much does it cost?

MLA members will pay the lowest tuition rate available and the standard application fee will be waived.

How do I apply and enroll?

Visit www.sfccmo.edu/buildingmaterials for program details, course start dates and descriptions, and an admissions application.

Construction Methods and Materials I provides basic knowledge of construction materials, their properties, their uses and limitations, and the way they are properly installed.

The course teams with Construction Materials and Methods II (CNST 103) to cover all the topical areas necessary for a student interested in construction and/or architecture.

The topical areas are not sequential (for example the study of wood products does not have to proceed the study of concrete) and so a student does not have to take CNST101 before CNST103 but if the student wants complete knowledge of all major materials they do need to take both courses.

Go online at sfccmo.edu/buildingmaterials to download the MLA admissions application to get started!



10/09

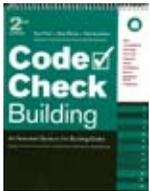
www.sfccmo.edu/buildingmaterials



Lumber Reference Books

These publications can be invaluable tools for resolving disputes, answering questions and training sales staff and other employees. Consider keeping copies on the desk of every lumberyard manager, no matter where they live or how big or small the operation.

CODE BOOKS: These exceptionally well-illustrated and easy to understand codebooks break through the complexity of the International Building Code. Written to be easily understood by both you and your customer.



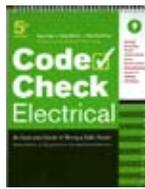
Building Code Check 2nd edition: Comprehensive overview of framing components of the current building code. Updated every three years as code changes are adopted. Includes framing, fireplaces, windows and doors, ventilation, drainage, foundations and much more. The one code book that is a must-have for all retail lumber dealers!



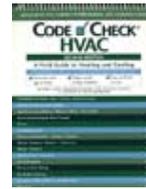
Building Code Check 5th edition - Illustrated Guide to Building a Safe House: Excellent tool for preparation of new house construction. Covers basic electrical, plumbing, building and HVAC codes, stairs, windows, water heaters, panels/wiring, drains, traps vents and much more.



Code Check – Plumbing 3rd edition: A complete overview of the latest code as it applies to all plumbing applications.

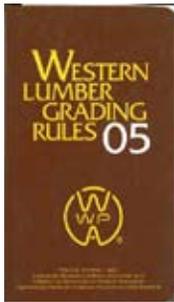


Code Check – Electrical 5th edition: Latest code criteria for all electrical applications



Code Check – HVAC 2nd edition: Latest code criteria for all HVAC applications.

GRADE RULE BOOKS: All of the latest grade rule modifications for Southern Yellow pine lumber and Western Species Lumber. Complete with latest supplements.



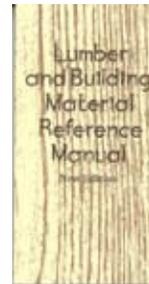
Western Lumber



Southern Yellow Pine

LUMBER AND BUILDING MATERIAL MANUAL:

This is a must-have for all counter and inside sales staff. Loaded with formulas, tables and other information to answer customers' questions quickly at the point of sale.



CURRENT SPAN TABLE BOOK:

2008 edition of spans of Canadian and United States Lumber species (including Southern Yellow Pine)



To order books, please contact the MLA office at 1-800-747-6529.

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