



MLA NEWS YOU CAN USE

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BULLETIN NO. 989

Third Quarter 2012

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Upcoming Events

Arkansas Trout Fishing Event

Oct. 3-5 - Cotter, Ark.

NLBMDA Pro Dealer Industry Summit

Oct. 24-26 - Savannah, Ga.

MLA Fall Fling

Nov. 8-9 - Kansas City, Mo.

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Fall Fling - Just Around the Corner

Better Than a Boom: Who's Winning in this Half-Fast Recovery and Why!

November 8-9, 2012

KC Marriott Country Club Plaza, 4445 Main St., Kansas City 64111

If you've attended the Fall Fling in the past, you probably already have the dates circled on your calendar: November 8-9. You already know that it's THE annual event to meet with other members, exchange ideas, learn new tips and techniques and simply "let go" for a couple of days – away from the pressures of every day.

Suppliers step forward annually to support this event so there's no registration fee for members. (Nonmembers pay \$225 per person.) And, we've negotiated a reasonable hotel rate of \$124 per night – so it's affordable and convenient.

We'll have two outstanding speakers to provide ideas and techniques to help you right now. Even if you're one of the lucky ones who has not seen a downturn in your business, you can always improve.

Come to Kansas City to learn, laugh and even celebrate another year in this dynamic industry. We hope to see you there!

Registration Information

To attend, all you need to do is register. Complete the enclosed registration form and return to MLA by Friday, October 19.

Let us know who is coming and we'll do all the rest. (You are responsible for your own hotel reservations, as needed, and transportation expenses.)

This meeting is sponsored by Federated Insurance, your suppliers and your Association. This will be a fun and informational get-together and a way to thank members for their support and membership. The cost to members is their time and travel expense. We'll cover all the meeting expenses. (Nonmembers may attend for \$225 per person.)

Hotel

Our headquarters hotel is the KC Marriott Country Club Plaza—Kansas City. We negotiated a fantastic rate of \$124 per night, single or double occupancy. Reservations may be made by calling the hotel at

Continued on next page

800-810-3708. Guests must call before the October 17 cut-off date and request the “Mid-America Lumbermens Association rate.” On the cut-off date, rates will return to their regular level.

This is your chance to join colleagues and friends in a fun atmosphere for a quick get-away. This is a special event for members to have an informative and entertaining two days with industry friends. We hope to see you there!

About the Program

This program will be presented in two parts: The first with Greg Brooks providing an update and forecast—what will 2013 look like? The second half will feature Jon Davis who will help you create a plan to win in this economy.

Better Than a Boom: Who's Winning in This Half-Fast Recovery and Why! featuring Greg Brooks, The Building Supply Channel, Inc.

Yeah, it's better this year — a lot better in most U.S. markets. But it's far from clear how the economy will play out in 2013 and beyond. From foreclosures to the so-called “fiscal cliff,” there are any number of looming issues that could suck the momentum out of the housing recovery.



Another recession may not scare you. Nor should it. You survived 554,000 starts in 2009; you can survive indefinitely in this environment. But whether 2013 turns out to be the real deal or not, the ride back up will be as bumpy as the ride down. Supply and demand are badly out of balance. Case in point: This summer's slowdown was due not to weakening demand but tight supply: too few homes for sale, too few developed lots to build on, and in some cases, not enough skilled trades to do the building.

Eventually similar problems will reach the channel—price hikes, material shortages, and a labor shortage like you've never seen. Recruiters say there are plenty of aging veterans on the street, but an entire generation of up-and-coming veterans in their 30s and 40s has moved on and won't be coming back.

Those are much better problems to have than the kind we just left behind, of course. But we are in uncharted territory. Everyone knows how housing emerges from an 18- or a 24-month downturn. No one living today has ever seen a six-year downturn, and no one can guarantee it won't be another six before housing fully recovers. If you think the market is distorted now, just wait.

The kicker is that the Great Recession has already ended for some dealers. The average dealer was still in the red in 2011 with -1.94% operating income, according to the

Construction Suppliers Association's new cost of doing business report. But some were back to pre-recession profit levels—5% or higher—and say they're doing even better in 2012.

Strategic Planning: The Key to Winning in this Half-Fast Recovery—featuring Jon Davis, Davis Consulting

Exceptional Strategic Planning is the secret to maximizing profit and growth potential regardless of your company's annual revenue or business model. There are big variances in annual sales volume, the number of units in each company, individual market conditions and diversified marketing strategies. Strategic planning is a comprehensive blueprint customized to fit your business model, market opportunities and individual challenges. Fifty percent (50%) of company profits are tied to operational excellence. The other fifty percent (50%) of company profits are tied to effective strategic planning.



Creating a formal strategic business plan will vastly improve sales, market share, profits, cash flow, teamwork and communications. However, you may be thinking, does strategic planning work for small and mid-sized companies? Yes, but the process and complexity varies. An effective strategic planning process typically includes the following:

- Defining a five-year “Vision” that reflects where you want your business to be positioned
- Developing an “Effective Long Term Marketing Strategy” capitalizing on your opportunities
- Establishing a “12 Month Action Plan” with four to five key goals, objectives and actions steps needed to accomplish each goal
- Preparing a “Conservative and Accurate 12 Month Budget”
- Evaluating the role of “Acquisitions and Divestitures” in your business
- Providing the cash needed for your future growth through “Aggressive Asset Management”
- Implementing “Effective Strategies to Outwit the Competition” in order to accomplish your mission

Jon's perspective will help your company customize a strategic plan that will help you “Win and Prosper in today's Half-Fast Recovery”. He will provide valuable insights into how to position your company correctly to enjoy prosperity later.

A registration form is included with this newsletter. In addition, registration materials are found on the MLA website at www.TheMLA.com.

Annuities: Beware of Excess Withdrawals

It's extremely important to understand the impact of withdrawals on a living benefit attached to an annuity contract. The most widely used living benefit today is the lifetime guaranteed minimum withdrawal benefit (Lifetime GMWB). These usually allow you to make withdrawals from your account up to an annual limit (usually 4-6 percent of your investment).

If you withdraw more than that percentage, future payments may be reduced. Sometimes, an excess withdrawal triggers a reset of the base on which your guaranteed amount is calculated. These withdrawals can also negatively impact the account value and death benefit.

Example:

You purchase an annuity for \$100,000 that allows you a guaranteed 5 percent annual withdrawal until you start receiving monthly payments for life. You may withdraw \$5,000 every year. If you take out more than \$5,000, your annual guaranteed withdrawal amount may decrease, and you won't be able to take out as much the following year. An excess withdrawal of, say, \$5,500 will trigger a reset of your benefit base to equal your current account value. If the current value of your investment sub-account is, say, \$80,000, you now get 5 percent of \$80,000: only \$4,000.

The examples presented herein are for informational purposes only. They are not representative of any specific annuity and do not constitute investment advice. Annuities are suitable for long-term investing, particularly retirement savings. Withdrawal of earnings will be subject to ordinary income tax and, if taken prior to age 59½, may be subject to a 10 percent federal tax penalty. Additional fees apply for living-benefit options. Investment restrictions may also apply for all living-benefit options. Violating the terms and conditions of the annuity contract may void guarantees. Read your prospectus carefully for all the fees and expenses that may apply to your variable annuity contract. It is also recommended that you consult with a financial advisor and tax advisor before purchasing an annuity.

Source: Tax Favored Benefits. For more information, contact Tax Favored Benefits at 913-648-5526.

Get Ready for Fishing at Cotter - Oct. 3-5

The Arkansas Lumbermens State Committee would like to invite all MLA members to join them for the second annual Trout Fishing event in Cotter, Ark. They are excited to come back to this great community on the White River and organize one of the most talked about activities of the year. This year, participants will stay in their own private lodge overlooking the river. More information about the lodge can be found at www.thefishermanslodge.com.



Joshua Hartley, Midwest Low-E Insulation last year on the White River.

Trout fishing in the Arkansas Ozarks is an experience unlike that found anywhere else in the western hemisphere. It is a luxury outdoor living and fishing experience that never fails to satisfy the great American outdoor spirit.



The Fishing Lodge on the White River.

Contact Robert Uhler, MLA Regional Manager, for more information - 800-747-6529.

Call Your Association Hotline For Assistance With:

Accounting Services	Operations Comparison Survey
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Mid-America Lumbermens Association
Toll Free: 800-747-6529

Meet the Members - New Feature

Your association has added a new segment to the MLA *News You Can Use* quarterly publication. We would like to feature you in this column, as well. Please contact MLA for more information at 800-747-6529.

Member Spotlight - Patrick Goebel, Star Lumber

Q: Tell us about your company.

A: Star Lumber is a family owned business founded in 1939. Our revenues are approximately \$92 million, and we have about 300 employees.

Q: How and when did you become involved with your company?

A: Originally, I started after my 8th grade year. I worked at Star through high school and college before becoming a CPA. I came to Star a couple of years later.

Q: What do you like the most about your job? What do you like least?

A: I love working with people. I don't like working with people with bad attitudes.

Q: What was your first job?

A: Mowing lawns and working in the cedar mill.

Q: What are your favorite books and/or movies?

A: RUSH

Q: What are you reading now?

A: *14 minutes* by Alberto Salazar

Q: What are you most proud of?

A: My family

Q: How would you like to be remembered?

A: For helping a lot of people achieve a lot.

Q: What's one thing about you few people know?

A: I was a drummer in a rock band in high school.

Q: What are your pet peeves (the things that bug you the most)?

A: Being late.

Q: Tell us about your family.

A: My wife is Paulette and we have five children (three girls and two boys).

Q: If you have pets, tell us about them.

A: Reluctantly, we just bought a cat - he is ok though.

Q: What is your favorite vacation location and why?

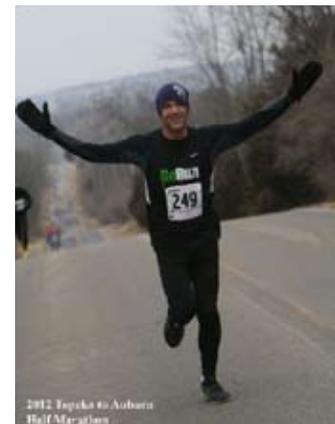
A: Breckenridge is our favorite because we just "chill" out, literally.

Q: What is your favorite way to unwind after a hard day?

A: My favorite way is to run. I run about 60 miles a week.

Q: What does belonging to MLA mean to you?

A: It means our industry has a voice in the political system.



Patrick Goebel



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Member Spotlight - Woodie Acord, Acord's Home Center

Q: Tell us about your company.

A: We are a 34-year old home center business started by my wife, Jane, and I. We cater mostly to the remodel market.

Q: How and when did you become involved with your company?

A: Jane and I started this business together in 1979.

Q: What do you like the most about your job? What do you like least?

A: I like most meeting and dealing with our customers. I probably know more people and can call them by name than anyone else in town. I like least to have to deal with associates who don't live up to my expectations.

Q: What was your first job?

A: My brother, Steve, and I had a paper route. I was nine and he was six.

Q: What are your favorite books and/or movies?

A: My favorites are history books and historical novels. I really liked "The King's Speech."

Q: What are you reading now?

A: Right now, I am reading, *Three Cousins*, *George V*, *Nicholas II*, and *Kaiser Wilhelm*, by Miranda Carter.

Q: What are you most proud of?

A: I am most proud of the fact that our children are all very well educated and established in very fine careers.

Q: How would you like to be remembered?

A: I would like to be remembered as one who loved and was loved by his family and friends and always tried to do the right thing.

Q: What's one thing about you few people know?

A: When I was in my twenties, I worked in Chicago for the Cook County Juvenile Court as a juvenile probation officer.

Q: What are your pet peeves (the things that bug you the most)?

A: Folks who refuse to try to help themselves and then complain about the fact they don't have anything and blame everyone else for their problems.

Q: Tell us about your family.

A: My wife, Jane, and I have four daughters and three grandchildren, and are very proud of them. We lost our daughter Leah to cancer this past April and this loss has helped us to realize that we have to make the most of every day of our lives as we truly don't know what may happen tomorrow.



Woodie Acord

Q: What is your favorite vacation location and why?

A: Big Cedar Lodge at Lakeview, Mo. It is a very rustic setting where you can relax if you want to, or enjoy the many activities available. Also, it is not far from our home.

Q: What is your favorite way to unwind after a hard day?

A: Jane and I enjoy sitting in our sun room and visiting with each other about any number of things, but we try not to visit about our work.

Q: What does belonging to MLA mean to you?

A: Belonging to MLA, and NLBMDA, has allowed me to meet many, many hard-working influential people in our industry. I have learned more about our industry by just visiting with these people than I ever could have learned on my own, or in a thousand seminars. Also, the opportunity to work for so many years with the staffs of MLA and SWA have given me an appreciation for these fine folks who have made it possible for us to continue as an organization and to continue to enjoy the many benefits of having the opportunity to interact with each other.

MLA would like to feature you in an upcoming issue of *News You Can Use*. Please contact Olivia Holcombe at 800-747-6529 or oholcombe@TheMLA for a questionnaire and more information.

Find a Place to Prepare for Your Next Sales Call

By Bill Lee, visit BillLeeOnline.com

I was a salesperson for four years before I ever received any lessons on how to be an effective salesperson. I look back on those first four years of my sales career and think often about what a good investment it would have been for my old company if they had invested in a sales training program for me.

While a lot about selling is common sense, the sales profession seems to attract men and women who are gifted in many ways, but lacking in other selling basics. One of the typical shortcomings of salespeople lies in their natural unwillingness to plan ahead.

During my first four years as a salesperson I don't believe I ever planned, not even once. I had my trips laid out so that the geographical parts of my travels were structured and organized, but when it came to what I was going to say and what questions I was going to ask, I was clueless.

When I changed companies I began traveling with my boss, he didn't send me to sales training classes, but he did model for me sales behaviors and sales disciplines I had never been exposed to before. One of them was planning and rehearsing before each sales call.

As he and I drove down the road to our next sales call, he would be reviewing the next customer's or the next prospect's file to familiarize himself with what had occurred on previous calls, what specific products were discussed, what

objections had been raised, etc. He would share all of this with me as he discovered it in the file.

At my old company, if I were traveling with my sales manager, we would drive down the road to our next sales call discussing sports, where we were going to have dinner that night or gossiping about what was going on in the company.

The first time we thought about what we were going to say to the next customer was right after the words left our mouths ... not a very professional way to manage one's profession.

But at my new company, my boss would always say to me, "How about pulling over at the next exit and let's have a cup of coffee and plan our sales call." I'd exit the freeway, find a place that sold coffee and we'd spend 20 to 30 minutes preparing for the call.

Among the things we'd plan were the following:

1. Who was going to take the lead on the call; that is, who would open conversations with the customer, who would take notes, etc. What would be our opening comments?
2. How did we leave the last call on this customer?

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In a Calm Sea, Anyone Can Be a Captain

Source: PROSALES Information Service

Attend the MLA Fall Fling – November 8-9 – to see Jon Davis speak about “Strategic Planning: The Key to Winning in This Half-Fast Economy”

Thirty years ago, Davis Lumber, our family owned company, was hit with a downturn that lasted more than 12 years. Here’s how we survived, and what you can learn from our experience.

Before the Storm Hit:

Our headquarters was in Hutchinson, Kan., a prosperous regional trade center for a central and western Kansas community with a population of 50,000 in 1978. Cessna had a manufacturing plant in Hutchinson that employed 3,500 people who produced hydraulic pumps for use in front-end loaders for the construction market and tractors for the agricultural market. Large companies like John Deere and Caterpillar were Cessna’s primary customers. In addition, there were several smaller manufacturers, and Hutch was the home of Dillon’s grocery chain. Single-family housing starts in our community had ranged from 200 to 300 annually ever since World War II.

My brother, Jim Davis, and I owned Davis Lumber. I was president/CEO and Jim was vice president/COO of our contractor divisions. We operated three facilities: a roof/floor truss and wall-panel plant shipping components for multi-family projects, motels, assisted living projects, restaurants and tract builders into 16 states; a contractor building material distribution facility shipping throughout Kansas and northern Oklahoma; and a home center outlet focusing on remodelers and do-it-yourselfers.

Competition was friendly and times were good in the ‘70s throughout the Midwest. There were three truss plants, six building material locations and two millwork companies operating in Hutchinson at that time.

Trouble Arrives:

When President Carter imposed a grain embargo on Russia in the late 1970s, Cessna’s agricultural business dropped precipitously and almost immediately. Within two years, Fed Reserve Chairman Paul Volker implemented his series of interest rate increases to attack inflation with interest rates eventually reaching 17 percent. This chain of events destroyed Cessna’s core customer base and its employment dropped more than 80 percent, to 650, over a two-year period. Housing starts in Hutchinson plummeted 90 percent to 20 annually and remained in the 20-to-40 range annually throughout the 1980s. The population fell by 20 percent to

40,000 by the end of 1983 and remains at that level today. (Note: annual single family permits in the last 15 years still don’t top 80 homes per year.) Our local builder business and retail business dramatically contracted. On a national basis, interest rates soared, single family and multi-family housing starts collapsed and builder bankruptcies soared. Our regional truss and wall panel business shrank dramatically.

First Responses:

Through a series of strategic changes and tough-minded business decisions, we reinvented our company in the face of the new economic reality and dramatically changed our marketing strategy. Among the changes:

- We changed our targeted customers, closed our truss and wall panel plant and consolidated our contractor distribution facility at our retail/remodeler facility.
- We outsourced our manufacturing to roof truss manufacturers and door mill companies.
- We liquidated all of our manufacturing equipment and much of our transportation fleet.
- We eliminated 75 percent of our employees and liquidated one facility and subleased another facility.

Our new business model fit the economic reality of what our market was then and remains today. We successfully sold our business to Star Lumber of Wichita, Kan., in 1990. Today, the only building material location in Hutchinson is the location we sold to Star Lumber in 1990. The other two truss plants and six building material locations and one of the millwork operations have all been closed.

I remained with Star Lumber for 17 years until I retired in 2007. At that time our annual revenues were \$126 million. For many of my 17 years with Star, I was Star’s senior vice president in charge of both their contractor and store divisions. During my tenure at Star, we faced several severe sudden downturns of up to 25% in annual single family housing starts caused primarily by the cyclical nature of the aircraft industry.

Jon Davis retired from Star Lumber in January 2007 and started Davis Consulting. He works with clients in several states on a variety of projects including: strategic planning in a downturn; succession planning; operations; sales and marketing management; effective builder incentive programs; acquisitions and divestitures; and builders’ showroom design and operations. Contact him at jondavis2000@cox.net.

Remembrance

Frank O. Healy Tribute

Frank O. Healy, an active member of the IDA (International Door Association), DASMA (Door & Access Systems Manufacturers Association International) and MLA passed away Sept. 24, 2011. He was a sales manager for Delden Mfg./Renner Supply Co. for over 30 years, retiring in 1995. Healy played a significant role in making Delden & Renner Supply Co. what it is today. He was survived by his wife of 65 years, Katie, (since passed); four children, eight grandchildren and 13 great-grandchildren. In his free time, he was an adult Boy Scout leader. Ken Kelly, now a Priest at Saint Pius X recalls, "I have good memories of Mr. Healy as an adult boy scout leader at St. Agnes Troop 195. He transported us to many a campout in the mid 1960s. I recall him also working at Miege School Cafeteria in later years, a 'behind-the-scenes' excellent worker. Thoughts and prayers to Mrs. Healy, Kathy, Mike, Chris, Patty."



Delden Mfg./Renner Supply Co. team listed left to right: Clancy Plummer, Harry Link, Dick Wright, Frank O. Healy, and Gene Renner.

Delden Manufacturing Announces New Marketing and Promotions Manager

Delden Manufacturing Company, a leading manufacturer and distributor of garage doors, parts, operators, and accessories for over 50 years, is proud to announce and welcome Brad Dodson to the new position of Marketing and Promotions Manager.



Brad Dodson

Brad brings several years of on-hand garage door experience to this assignment.

In his new position, Dodson will be responsible for improving, expanding and developing Marketing and Promotional Programs for Delden Manufacturing Company.

"I am thrilled to be part of the Delden team. My entire career has been spent in the garage door industry and I look forward to continuing that tradition by providing an exceptional level of service and quality to this company and our current and future customers."

Denise Dahms, Delden Manufacturing Company President, states, "We are very excited to welcome Brad to our management team at Delden and look forward to a prosperous future with him."

Switch to the MLA Credit Card Program!

If you're already utilizing the MLA Credit Card Program through Tri-Source, congratulations on making a great decision. If you are still "on the fence," consider letting them evaluate your most recent processing statement to see if we can save you money.

We know members are telemarketed frequently by companies claiming they can save them money on their bankcard acceptance. Don't fall victim to false claims. These companies are likely to quote their lowest rate, but when you process a rewards card or similar, you're likely to find the rate is much, much higher.

Here's what Patty Ostermeyer at Beyers Lumber in St. Louis has to say: "Lately I have been bombarded by credit card companies wanting to review our account, saying they can give us a better deal. After rejecting all of them, one

got my attention by saying they would give us \$500 if they could not beat our current rates, so we set up a meeting. Since we have been with TriSource for so long I wanted to give them a chance to match what this competitor had offered. I feel very comfortable talking with Sam Nardi, so I contacted him to verify their rates. Sam verified and matched the offer and we could not be happier. I am so glad I called Sam first before going through the stressing process of switching credit card processors."



If you're going to switch – switch to the MLA-endorsed program, and start saving!

MLA Announces Scholarship Winners

Missouri

Once again, the Missouri Lumbermens Committee has given out six \$500 scholarships to very deserving students for the upcoming school year. With what is one of the most popular programs we offer, we have two new and four returning scholarship winners. Here is a short review of the winners:

Christian Bunch, LaPlata Lumber, LaPlata, Mo., continues his studies at John Wood Community College and is playing baseball. He has a very strong work ethic and looks to continue with his current success.

Curtiss Bunch, LaPlata Lumber, LaPlata, Mo., Curtiss is also a past winner and is continuing his education at Bradley University. Along with playing baseball at a Division 1 school, he is still focusing his education on a pre-med degree in biology.

Kevin Prendergast, Moscow Mills Lumber Co., Moscow Mills, Mo. Kevin first won a scholarship two years ago and is continuing his education at Xavier University where he is majoring in Sports Management.

Keri Prendergast, Moscow Mills Lumber Co., Moscow Mills, Mo. Keri is the daughter of Dan and Ellen Prendergast, owners of Moscow Mills Lumber. She is undecided on her major at the University of Central Missouri, but is leaning towards a degree in Safety Management. Keri was very involved at school with sports – varsity volleyball, soccer and golf and still found time to be involved with the National Honor Society, International Club and her church youth group. She plans to continue with mission trips to Haiti where she enjoys working with the orphan children.



Paige Becker, Becker Millwork, Freeburg, Mo. Paige first won a scholarship back in 2009 and has continued toward her goal of graduating with a degree in Construction Management from Central Missouri State University.

Tyler Feth, Hall Brothers Lumber Co., Union, Mo. Tyler is the son of long-time employee Tony Feth with Hall Brothers Lumber. When he was little, Tyler would walk to the lumber yard and do his homework waiting for his dad to get off work, according to Mark Hall, President of Hall Brothers Lumber. Not only is Tyler a hard worker at school where he ranked 22nd in his class, he finds time to help with the community and is involved at his local church with the Boy Scouts. Tyler is going to Missouri University of Science & Technology with the hope of earning dual majors in Aerospace & Mechanical Engineering. Good luck, Tyler! We look forward to hearing from you in the future.



Kansas

The Kansas Lumbermens Committee has awarded one \$500 scholarship for this upcoming school year.

Rachel Messamaker, Frontier Forest Products, Overland Park, Kan. Rachel continues her studies at Truman State University as a returning scholarship winner. She has a very aggressive schedule working towards a double major in Spanish and accounting. She looks forward to another successful year at school.



Buyer's Guide Now Online

Last year, the popular MLA Buyer's Guide went out of print and transitioned to a robust new platform on the MLA web site at www.TheMLA.com.

Anyone wishing to source products or locate a supplier can go to the MLA online buyer's guide to find what they need. The site enables searches by company, location, type of product and brand.

Suppliers wishing to have their company and products listed may contact the Association at 800-747-6529.

Protect Your Staff During Hot Weather

To protect you and your staff's health when temperatures are extremely high, remember to keep cool and use common sense. The following tips are all common sense, but still very important.

- **Drink plenty of fluids** – During hot weather you will need to increase your fluid intake, regardless of your activity level. Don't wait until you're thirsty to drink. During heavy exercise and work in a hot environment, drink two to four glasses (16 ounces) of cool fluids each hour. Don't drink liquids that contain large amounts of sugar - keep it simple and water is the best choice. Avoid very cold drinks, because they can cause stomach cramps.

- **Wear appropriate clothing and sunscreen** – If you must be outdoors, protect yourself from the sun by wearing a wide-brimmed hat along with sunglasses and putting on sunscreen of SPF 15 or higher.

- **Pace Yourself** – If you are not accustomed to working in a hot environment, start slowly and pick up the pace gradually. If exertion in the heat makes your heart pound and leaves you gasping for breath, STOP all activity. Get into a cool area or at least into the shade and rest, especially if you become light-headed, confused, weak or faint.

- **Use a buddy system** – When working in the heat, monitor the condition of your co-workers and have someone do the same for you. Heat-induced illness can cause a person to become confused or lose consciousness.

Just remember to keep cool and use common sense. Avoid hot foods and heavy meals, they add heat to your body. Drink plenty of fluids and limit your sun exposure during the hot mid-day hours.

You're 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 2013.

Below are a few great reasons to sign up:

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

For membership information and record changes, call any MLA staff member at 800-747-6529.

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Your Bad Debts May Still Be Good

Every business owner is familiar with the unpleasant task of charging a receivable account to bad debt expense.

As you know, this accounting procedure is done to remove the receivable asset from the balance sheet because it is considered uncollectable and therefore, it no longer has value as a current asset.

In accounting terms, bad debt recognition is a credit to Accounts Receivable (current assets) and a debit to Bad Debt Expense.

In layman's terms, a charge to bad debt is recognition that a sale has been converted into "a charitable donation" but without the same tax benefits or personal satisfaction.

In many cases, the criteria for bad debt recognition are established by the bank when receivable accounts are pledged as collateral on a line-of-credit or similar loan.

The primary criteria for determining collectability of a debt is its age; the number of days past due. The cut-off on collectability is usually at 90 days or more past due.

In those instances where the bank's guidelines are not involved, accounts are often charged to bad debt expense when the business gets tired of chasing after the account or when the business loses contact with the customer, often because the customer moves.

Whatever the basis for the bad debt charge, the end result is painful.

However, it may ease your pain to know that your bad debts may still be good. That's right: some of your bad debts may still be legally valid debts that can be collected.

Obviously, this concept does not apply to those bad debts resulting from a personal or commercial bankruptcy or due to a business entity ceasing operations. In these cases, the debt is bad, dead, and buried.

However, for all other bad debts, the internal accounting process of charging a receivable account to bad debt expense simply removes that asset from your balance sheet; it does not change the legal status of the debt. It is likely that it remains a legal debt and is still collectable.

Obviously, the term "collectable" in this context is relative. If a business could have collected the debt, it would not be a bad debt. This is where your collection professional comes into the picture. A collection agency is much more likely to have success in collection of bad debt accounts than your business because of the bigger stick agencies carry (credit reporting and legal action). Agencies also have specialized resources to locate "missing" debtors.

This is the point at which profitable businesses are separated from the very profitable businesses because, surprisingly, this is the point at which a number of business

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owners are content to absorb their bad debt expense and move on down the road without giving the bad debt account any further thought.

The reasons business owners give are equally surprising. Often, the rationale for not pursuing the collection of bad debt accounts is, "Why pay someone to collect my money and throw good money after bad? I cannot afford to pay someone 35 percent of the amount owed to me in order to get the account paid." The fact is, it will cost you more NOT to get the assistance of a reputable collection professional.

Value of a Collection Agency

Here is why - 65 percent of something is worth more than 100 percent of nothing. As a business owner myself, I know how hard it is to let go of a receivable - no matter how small it is. But the fact is, once you charge off a receivable on your books, you then need to charge it off in your heart.

By taking the charge to bad debt expense, you have already acknowledged that there is no reasonable expectation that you will be able to collect the account. To then think that hiring a collection agency to get the account collected is giving up 35 percent of your money is missing the point completely. That is your heart talking.

The reality is that you will gain by working with a reputable collection agency to collect your bad debt accounts. By working with a professional debt collector, you will convert a portion of your bad debt accounts from worthless receivable assets into CASH at a rate of \$0.65 (approx.) on the dollar.

No matter how many or how few of these accounts get collected, you are better off with \$0.65 on the dollar in cash in your pocket than with 100 percent of nothing in your heart.

As you already know, when any portion of a bad debt is collected, 100 percent of the amount collected goes directly to your bottom line.

Best of all, collection agencies will handle collection of these accounts on a contingency basis, which means you owe no fees or commissions unless monies are actually collected on your behalf.

An Impossible Skill

By Federated Insurance



As you're reading this article, are you doing something else at the same time? Maybe you're eating, or listening to the radio, or even mentally planning your day. You might think you're multitasking, but – and this may come as a surprise – you're not. Scientists have learned that our brains don't process more than one stream of information at a time.

When you read, your brain absorbs the information it receives through the act of reading. You may be conscious of the radio in the background, but to be fully aware of the song that's playing, your brain drifts to the music for a few seconds. When that happens, you no longer comprehend the words on the page. The time "away" is so fleeting that you may not realize you're not fully engaged in the original task of reading, leading you to believe you're multitasking.

Multitasking is a mythical activity which leads people to believe they can perform two or more tasks at the same time.

Now, let's switch the situation to driving. Knowing what you know now about your brain's inability to process simultaneous activities, do you still think you can "multitask" behind the wheel? Keep in mind that, during the time your mind wanders from focusing on driving to focusing on a distraction, your vehicle may have traveled hundreds of feet. You are now a distracted driver behind the wheel of a two-ton battering ram. And, depending on the duration of the distraction, the trip could involve events much more disastrous than just "unconscious" driving.

While we all need to be responsible drivers, business owners whose employees drive on behalf of the company have an added responsibility of ensuring their employees are safe drivers. Make sure they understand the gravity of a distracted driving incident, and the potential risk to themselves and their employer – and possibly their job.

Help your drivers understand the three kinds of distractions, then work together to devise ways to avoid them.

- **Visual** – Anything that takes your eyes off the road. This includes things both inside and outside the car.
- **Manual** – Anything that takes your hands off the wheel.

Two hands are much better than one for making corrective maneuvers.

- **Cognitive** – Anything that takes your mind off driving. This is known as inattentive blindness. It's often what happens when you drive somewhere and don't remember the drive itself.

As much as we'd all like to believe we can multitask, our brains simply are not wired to let us do so effectively. Being distracted while reading is relatively harmless; being distracted while driving is not. When you're focused on driving, it could help avoid the guy in the next lane who isn't.

Federated Announces Annexstad Retirement

The Federated Insurance Companies have announced that Chairman Al Annexstad will retire as a full-time employee effective Nov. 30, 2012. He will continue to serve as a member of Federated's Board of Directors.

Annexstad joined Federated in 1965 as a Marketing Representative in his hometown of St. Peter, Minn. After this initial period of service, Annexstad embarked upon a career in marketing management where he continued to build a record of unprecedented achievement. His accomplishments led to multiple promotions within the marketing function of the organization culminating in his promotion to Director of marketing in 1986.

In 1998, he was appointed Executive Vice President, Director of Insurance Operations, which encompassed responsibilities for Federated's claims, underwriting, and marketing disciplines. On July 20, 1999, Annexstad was elected President and was appointed Chief Executive Officer. On May 25, 2000, the Board of Directors of the Federated Insurance Companies elected Annexstad to the position of Chairman.

During the past generation, Annexstad is credited with the development and implementation of several strategic initiatives that propelled Federated from a successful regional insurer to a position of national prominence within the insurance industry. He created Federated's Business Plan, which included new growth expectations and measurements as well as establishing standards for client service. He also directed development of a highly effective national distribution system to fulfill Federated's commitments to its clients and recommending trade associations and franchise buying groups.

Prepare for Your Next Sales Call

Continued from page 6

- What was discussed on the last call that needed to be followed up on this call?
3. At what point would the person taking the lead pass the call to his partner? We would rehearse this step carefully.
 4. What products were we going to discuss? What brands did the customer or prospect currently carry and what obstacles did we anticipate having to overcome?
 5. We would review each key person's name, how to pronounce his or her name, what each key person's title was and what our relationship was with each key person.
 6. What was discussed on the last call? What commitments did we make? Have we lived up to those commitments?
 7. What pricing issues did we anticipate would be discussed? Did we need to make a call to one of our suppliers in advance of the call to make sure we had current pricing?

Needless to say, this degree of preparation was a lot different than I had experienced at my old company. I was amazed at how much more we got accomplished on a sales call when we prepared and rehearsed.

Then immediately following each sales call, we would find a safe place to pull over and we would make good notes about what transpired on the call. What commitments did we make? What insights did we gain? These notes would become invaluable when we made subsequent sales calls on this customer or prospect. In many cases, we would write a thank-you note then and there.

What can you do to enhance the professionalism of your sales calls?

In my experience, you can't over-prepare for a sales call. Every minute you spend preparing and planning will pay handsome dividends.

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New Safety Training Program Takes Off

MLA Regional Manager Robert Uhler has been traveling the territory and providing OSHA compliance training for members for the past several months. We have compiled a short list of activities for the month of July:



- Mock OSHA Audits - 4
- Safety Committee Meetings - 3
- Forklift Certification Training - 78
- Safety Inspections - 8
- CPR Training Class - 1

If you need any help with your OSHA compliance, please give the association a call at 800-747-6529. We are here to help you with all of your health and safety needs.

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Your Bad Debts May Still Be Good - cont.

Related to the bad debt concept is your state's statute of limitations on debt. Instead of dealing with the value of a receivable account, the statute of limitations deals with limits on the legal recourse available to a creditor.

The common misconception is that these statutes place a limitation on the terms of the debts and that the debts become null and void after the statutes have expired.

Though this is true in some states, in most states, the limit only applies to the period of time in which a creditor may file in an effort to recover the amount owed by a debtor. After the statute of limitations has expired, the debt remains legally valid and collectable but the creditor can no longer use the courts as a means to collect the debt.

Another important element of these laws is the point at which the limitations clock starts running. For a one-time transaction, the limitation is usually based on the date that the debt became delinquent; 30 days after the date of the invoice, usually. For open credit accounts, the timing is normally based on the date of the last transaction, either a purchase or a payment. This means that if a debtor makes a payment on the account after two years, the statute of limitations clock is reset to the date of that payment.

Since the statute of limitations applies primarily to the filing of collection actions, only accounts that are large enough to justify filing suit (\$1,500.00 and greater) will be affected by the statutes of limitations.

Clearly, once the statute of limitations has expired on a larger debt, it becomes much more difficult to achieve payment in full. However, many times it is possible for a collection agency to settle these accounts for some percentage of the original amount owed.

Something is always better than nothing.

Here, too, something is always better than nothing.

With these two concepts in mind, you may want to take another look at your bad debt accounts from the past several years and consider if some of your bad debts may still be good for one more try at collection.

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