Considering Cloud: Consider This

Cloud revenue is estimated to be $149.12B by 2019. I think it’s safe to say that cloud services and applications are here to stay; 59% of companies indicate that they are using some sort of cloud service for at least 1 or 2 applications. That still leaves 41% of companies yet to adopt. Many businesses are still asking what is Cloud Computing. Cloud Computing is IT Hardware, Software or Services that are delivered over a network as a service; typically the network is internet based for public clouds.

There are many different types of cloud computing products and services as well as a set of acronyms to go along with them.

- **Infrastructure as a Service (IAAS)** – Customer can create their own infrastructure on the IAAS provider's resources, however they are responsible for the upkeep of the virtual server and software. Examples include Amazon, GoDaddy & Rackspace.
- **Platform as a Service (PAAS)** – The operating system has already been installed by the reseller and the customer is given a virtual server to install their software on – the software is the customer’s responsibility. Examples include Microsoft Azure, Force.com & Google App Engine.
- **Software as a Service (SAAS)** - The reseller delivers the software that you need directly to the end user, you the customer. This type of service is typically accessed through a web browser. The reseller is responsible for all upkeep of the software. Examples include Office 365, Salesforce, Autodesk 360
- **Network as a Service (NAAS)** – This service strictly handles the networking/transport of an end user's connection services. The most common example of this is a VPN (Virtual Private Network).

- **Business Process as a Services (bPaaS)** - This service looks to combine different cloud services and types together to fit a specific business need. This type of offering is still relatively new and highly specialized. Cognizant is an example of a

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I am a Chilean Architect. I have worked in both countries, which has allowed me to experience and compare different ways of understanding a construction phase.

As background, in Latin America lawsuits are a lot less prevalent than here. In addition, Construction Documents are less focused on physical performance (meaning that you may say “air barrier”, but you wouldn’t say “0.05 perms air barrier”) and they are more focused in design and how things appear: you still need a good set of structural drawings; but if the architectural drawings have a couple of good details (and by a couple, I still mean 2) and have well-measured floor plans, elevations and sections, identifying the basic structure and finishes materials, I would call it a day. The process of construction is more hands-on, because chances are that materials and systems will change for some reason, and putting together the building is much more a balancing act between getting the material, improvising, and adapting. This often falls into the contractor’s hands and is dependent on whatever experience he has. Yes, you cross your fingers pretty often.

Buildings still have to get built without falling apart, and the construction cost is probably 2/3, if not ½ of what it costs here. That is not to say that all end results are good, but let’s just say that we are more forgiving South of the border.

So, it did come as a learning experience, when I started working in the states 12 years ago, and I had to develop the skills to communicate how buildings should be put together with a different emphasis: from a roof-wall joint, to a gutter (“huh, really, the roofer doesn’t know that?”). It took me a couple of projects to fully understand the implications of expecting an “improvising contractor” and a “forgiving client.” If my boss is reading this article, this never happened in my current company.

Now I comprehend how a project must be communicated, and who is responsible for what and when.

Projects are a lot more expensive in the states, and we shouldn’t hope that a client will take it lightly: all the players have to perform to an expected level. The architect must provide a thorough set of drawings and specifications at the beginning of the construction bid, not after. The contractor, on the other hand, by signing the contract, is obligated to follow the construction documents that he supposedly reviewed (as good or bad as they may be), and estimate the cost. In a perfect world, things would go smoothly. Many times this is the experience, but not always. Of course, this has never happened to me!

So let’s clear the architect's obligations first: construction documents have to communicate clearly. Yes, we do need the basics (floor plans, elevations and sections), but we probably have to detail how things are being put together. How many details? As many are needed to control how different materials shall come together safely. So yes, as tedious as it may be, we still have to design the wall-roof joint, and we do have to specify the flashing. How much to specify? As specific as we must, and “as we must” doesn’t mean “as we'd like to”. If our specifications had just the relevant information for the project, that product section would be a handful of pages, and the information would be more precise. If we are leaving the specification too open, we can't complain if the contractor based his bid on the least desired product. And if we are leaving parts of your specifications to be handled later as change orders, we are just being negligent.

Now, let’s clear the contractor’s obligations. First, to understand all the expectations. Most small contractors don’t read the specifications; however, they are part of the contract. I get it, you guys are more hands-on, and a volume of specs, one third of which is dedicated to how to put together parts of the project (namely Part 3, Execution), must be perceived as insulting at best. The contract for construction is about leveling everybody’s expectations: the contractor executes, the owner pays and the architect shall evaluate the fairness of this dance. We all have an important role.

I have seen terminations of contracts and it is not pretty.
Before you begin your next construction or renovation project, talk to Herman/Stewart Construction and Development, Inc., your local Maryland based general contractor, to learn how you can benefit from our personal approach and professional expertise. We build lasting relationships with our clients, earning trust and building projects for the long run.

Meet & Greet

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Don’t Go Looking For Trouble

I worked my first really big deal with Matt McDevitt, a broker who later became a huge player in our industry. I was amazed at how calm he seemed to be throughout the whole process. By contrast, I was anxious about everything, constantly calling him to see if the deal was still going according to plan.

After a while, he asked me why I kept calling him. I responded that I was calling to see if there was any trouble with the deal. Matt laughed, and then told me something that has stayed with me ever since: “Trouble? I don’t go looking for trouble, because if you keep looking for it you just might find it.”

I’ve been in this industry long enough to know that what he said is the absolute truth. If you constantly anticipate trouble you train yourself to always expect the worst. If you always expect the worst, it tends to become a self-fulfilling prophecy.

It feels strange at first, but I’ve found the best way to avoid falling into this trap is to shift gears and think about positive things that might happen on the deal. After all, in most deals the best-case scenario has as at least as much chance of happening as the worst-case scenario. If you focus on the positive parts of the deal you will naturally begin to think of ways to keep the deal going smoothly instead of wasting time and energy fretting about all the things that might go wrong.

Don’t misunderstand me – some deals do have potential pitfalls, and you shouldn’t ignore them. Focusing too much on the best-case scenario can be just as bad in its own way as always anticipating the worst, because you may miss signs that the deal is going south until it is too late for you to do anything about it. My point is that you should not try to create trouble that isn’t already there. Deal with problems as they come up, but don’t let the possibility of a problem paralyze you from moving forward on the deal.

It goes back to the old saying: “Be careful what you wish for, because you just might get it.”

Ronayne M. Waldron  
Senior Vice President  
Avison Young

"Ro Waldron is a commercial real estate broker who blogs about life and business at www.rowaldron.com."

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Rethink Your Wellness Programs To Reduce Workplace Stress

Let's face it. Everyone is busy and most people find themselves feeling frequently overwhelmed. Between juggling jobs and kids and personal responsibilities, stress has become a defining feeling that most Americans struggle with on a daily basis. While many workplaces have implemented health and wellness programs that offer stress management, these types of programs tend to neglect the underlying causes of stress and treat only the symptoms, creating short-term solutions that don't actually change patterns of behaviors. By gaining a better understanding of the causes of stress and effective coping methods, employers can ensure that their employees are happier, healthier, and more productive.

What Is Stress?

The problem with most stress management solutions is that they assume that stress is the real issue at hand. However, when you ask a room full of 20 people to define stress, you'll get 20 different answers. This is because stress isn't really the problem. It is simply a catch-all term used to describe a variety of different core issues.

Tackling The Root Problems

The only way to truly handle stress is by recognizing the underlying causes of stress and tackling those problems. Whether someone is feeling stressed because they are anxious about their job or angry at a rude coworker, there is always more going on beneath the surface that the word "stress" simply cannot address. Employees need to be given the tools to understand the underlying causes of their stress so that they can work to change their behaviors and improve their wellbeing.

Wellness Programs Don’t Address Underlying Causes

Many insurance providers offer web-based wellness programs that employers can offer to help their employees manage stress. The problem with these programs is that they tend to offer band-aid solutions rather than helping people understand what is truly causing their stress. In order to change, people must understand how they are contributing to their own feelings of stress so that they can change their own behaviors.

WHY Coaching can be extremely beneficial for helping employees cope with stress. By helping them to understand why they behave the way that they do, they will be able to shift their own responses and begin seeing situations in a new light.

To most effectively help your employees manage stress, it is important to look beyond traditional stress management approaches. Instead, seek the guidance of coaches and consultants who focus on identifying the root causes of why you do what you do that causes stress so that your employees can truly work toward creating a less-stressful life rather than simply focusing on stopgap solutions.

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At Allan Hirsh Advisors we believe in making a difference in the lives of CEOs and Business Owners. We help you understand your vision – both personal and professional, discover why you are in business, work with your visions to align them with your “why”, and give you feedback on what is important and hold you accountable for your decisions. All this so you can improve your life and improve the lives of the people around you. If you are interested in taking your business to the next level then contact Allan Hirsh Advisors to learn how we can Create AHA! Moments for you.
Product Profile

Bin There Dump That is a system that is clean, easy and quick. Our trucks fit in tight spaces and we protect the driveway. The name is fun and the brand is committed to exceptional customer service!

Bin There Dump That is a specialist in the field of bin & dumpster rental.

Ken Demski,
President
Bin There Dump That ™ of Greater Baltimore
O: 410-882-2838
kdemski@bintheredumpthat.com

Bin There Dump That provides residential trash container rental service, but just because we say residential friendly trash container rental don’t be misled as we provide trash containers for commercial use as well. We’ve delivered dumpster rentals for construction cleanups to thousands of construction sites at various stages of progression. What they all have in common is that a smooth construction cleanup operation is vital to the success and progression of the project. This is where Bin There Dump That excels as we’ve built our reputation across America as being the go to company for prompt, efficient and professional construction cleanup dumpster rentals.

We’ve been able to establish and maintain our reputation through our many years of proven ability. We’ve picked-up and delivered construction cleanup dumpsters on-time, as promised, to those construction companies that are improving and developing the many great cities across America. We have a variety of dumpsters used for construction cleanup use.

When you choose a dumpster rental in Baltimore from Bin There Dump That, you get the professional, friendly and prompt service that has been the basis of our reputation since 2004. All of our equipment, including our trucks, has been designed to be residential friendly. Using residential friendly equipment means that we can fit down those narrow city streets that can be lined with parked cars on one side with ease, unlike other dumpster rental companies in Baltimore with large CDL rated trucks.

We’ll take the time to understand you and the details of your project to ensure our recommendations are as accurate as possible. We even provide a free estimate! Our Baltimore dumpster rentals are normally available for seven to ten days; however, Bin There Dump That maintains a flexible pick-up and delivery schedule that allows us to extend your dumpster rental should an unforeseen event occur.

All of our dumpsters in Baltimore are delivered clean, well-maintained and easy to operate. We developed a unique method of delivering your dumpster rental by placing wooden boards under the dumpster so that it never actually touches your property, eliminating the opportunity for any damage to occur. That is just another way Bin There Dump That Baltimore cares about our customers and their property.

So whether you’re doing construction clean up, spring clean up around the home or office or maybe a home renovation project, feel free to give Bin There Dump That of Greater Baltimore a call for a dumpster rental quote and see how are Baltimore dumpster rental service can assist you.

We specialize in trash removal, junk removal, garbage pickup and whole lot more in the dumpster rental service.
Why The New Lease Accounting Standard Could Cause Bank Covenant Violations

Earlier this year the Financial Accounting Standards Board (FASB) issued a new leasing standard that becomes effective for public companies in calendar year 2019 and nonpublic companies in calendar year 2020. That’s a long way off. Why worry about it now? Do your debt agreements have covenants? If so, the calculations may be negatively impacted by recording all long-term leases (defined as leases of more than one year) on the balance sheet, which is required under the new leasing standard. The standard applies to all leases, including real estate, so any business with an office lease is potentially impacted.

In case you are saying “what new leasing standard?” we will provide brief background. The new standard requires that all leases be recorded on the balance sheet at the present value of the monthly payments over the remaining lease term, resulting initially in an asset and liability of the same amount. The asset is a “Right to use asset” and the liability is a “Lease liability”. Basically, you are recording an obligation for future lease payments akin to a debt obligation on a fixed asset. Since you don’t own this asset, you record a right to use asset which is depreciated like other depreciable assets.

In regards to the debt covenants many debt agreements have them. The long-term debt you have now and enter into in the next several years very well may still be on your balance sheet in 2020 when this standard becomes effective. If you have financial covenants in your long-term debt agreements, implementing the standard may impact those calculations and cause you to violate the covenants. Covenant violations result in default of the debt agreement and give the lender the legal right to terminate the debt agreement and demand immediate repayment of the entire loan. While lenders will frequently provide written waivers for covenant violations, this is not without cost as lenders will usually require a waiver fee be paid. Plus, covenant violations could damage your relationship with your lender. However, there are ways the covenants in future agreements can be worded (or current agreements amended), that can eliminate or minimize the impact of the new standard.

To illustrate the impact of the new standard, we have included an example balance sheet below. The company is a highly leveraged with a 5 year lease. We have included the impacts of a 5, 10 and 20 year lease as the longer the lease, the greater the impact. An otherwise healthy company with little debt may violate covenants if their lease terms are extremely long.

The company has a $10,500 per month lease. The lease payments will be recorded on the balance sheet at present value when applying generally accepted accounting principles (GAAP). After recording the lease on the balance sheet, you can see the debt to equity ratios move in more unfavorable ranges.

| Monthly rental | $10,500 | $10,500 | $10,500 | $10,500 |
| Lease term     | 5 years | 5 years | 10 years | 20 years |
| Current GAAP   | $2,300,000 | $2,300,000 | $2,300,000 | $2,300,000 |
| Fixed assets - Net | 100,000 | 100,000 | 100,000 | 100,000 |
| Right to use asset** | - | 559,000 | 995,000 | 1,598,000 |
| Other assets   | 30,000   | 30,000   | 30,000   | 30,000   |
| Total assets   | $2,430,000 | $2,989,000 | $3,425,000 | $4,028,000 |
Negotiate for debt covenants to be calculated with “frozen GAAP”. "Frozen GAAP" clauses protect companies from changes in accounting standards and would allow the covenants to be calculated as they are at the date of the debt agreement.

Include a clause excluding the operating lease liabilities from the definition of liabilities in the borrowing agreement.

Indicate that “Right to use assets” are not included in the definition of intangible assets. Absent defining this item now, the bank may define it as they see fit when the standard becomes effective.

Keep the above considerations in mind when negotiating and renegotiating debt in the next several years. When the time comes, you’ll be thankful you were ultra-proactive with respect to this item in the new standards.

Claudia Wolter, a Shareholder with KatzAbosch, joined the firm in 1988. She serves as Co-Chair of the firm’s Accounting and Auditing Services Group, assists in the quality control management and oversight of the firm and is a member of the Construction and Real Estate Services Group. Founded in 1969, KatzAbosch is one of the largest CPA and business consulting services in the Mid-Atlantic region.
Lead-based paint was used in a great deal of housing constructed prior to 1978, when it was banned from residential use by the federal government. As you have seen recently in the news, lead can also be found in water and soil. Children and pregnant women are at higher risk for lead poisoning because the body views lead as calcium and it is easily absorbed. Lead paint that is disturbed turns into lead dust that settles on floors where children spend a lot of time. Lead can be inhaled and/or ingested and it only takes a small amount of lead to become poisoned. This poisoning can lead to decreased intelligence, joint/muscle pain and permanent brain damage. Contractors have a responsibility to use lead safe work practices when disturbing paint in older housing.

**EPA’s Renovation, Repair and Painting Rule**

If you are working in “target housing” for “compensation”, your company is required to be a Certified Firm and have employees trained in lead safe work practices. *  

Individuals are required to take a full day EPA Certified Renovator course which will result in a 5 year individual certification. Companies are required to apply as Certified Firms, online through the Environmental Protection Agency (EPA), at [www.epa.gov/lead/getcertified](http://www.epa.gov/lead/getcertified). Firms will be given an EPA Certified Firm logo to use on websites, company vehicles or uniforms. Let your customers know that you are Lead-Safe!!

Fines can be up to $37,500 per offense so be sure to protect your customers, clients and employees.

Pre-Education (Renovate Right) pamphlets are required to be given to residents prior to performing work in “target housing” and Lead Hazard signs will also need to be posted when disturbing paint.

**Maryland’s Lead Laws**

Maryland just recently passed regulation that every child will have their blood lead level tested at age 1 and 2. The Center for Disease Control (CDC)’s level of concern is 5 mg/ul and any child that tests above this level will be reported to The Department of Public Health and Maryland Department of the Environment.

As of January 1, 2015, the definition of an “affected property” changed, which added hundreds of thousands of properties (1950-1978) to the regulated population.

Pre-1978 residential rental properties in the state of Maryland are required to be registered with MDE. Certain counties and/or cities, such as Baltimore City may also have an additional registry for rental properties. Once registered, the property becomes part of the Maryland Risk Reduction Program, which requires lead inspections at every unit turnover. **Being part of this program also requires that homeowners and property management companies use trained workers, accredited supervisors and contractors when performing renovation work.**

There are several disciplines that are recognized by MDE, such as lead paint abatement workers, structural steel workers, lead paint maintenance and repainting supervisors, lead paint removal and demolition supervisors and structural steel supervisors.

Companies who work on residential, public, commercial buildings or steel structures must also apply as Lead Paint Contractors through MDE.

**Exemptions**

There are certain exemptions, such as the property having a lead-free certificate from an accredited lead paint inspector. A certain amount of paint may need to be disturbed in order to follow lead-safe work practices. Contact a regulatory authority for specific needs and projects.

**Documentation**

As a property owner or contractor, be sure to keep documentation of any work being done on pre-1978 residences. If the property is certified lead-free, be sure to get a copy of the inspection report and keep in your records. Have all company and worker certificates on site in an organized binder in case of an audit from...
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<tr>
<td>Construction</td>
<td>Corporate Gifts</td>
<td>Education</td>
<td>Industrial Supplies</td>
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<td>Office Supplies</td>
<td>Shipping</td>
<td>Telecom</td>
<td>Temporary Labor</td>
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¹ The Corporate Membership Rewards program is for eligible Commerical Card Clients. Terms, conditions and restrictions apply; for a copy or for more details, call 1-888-800-8564.

² Actual float time will vary based on the date of the charge, the billing cycle cutoff date, and the payment date.

³ The number of checks cut will be reduced based on converting suppliers to card payments.

For more information on this effective and efficient member benefit, contact MCN’s Vema Rogler at 443-982-7329 or at verna@niconstructionnet.net.
The subject of this investigation was a construction worker. He allegedly hurt his left arm while working at a jobsite. As time went by, he continued to remain out of work. Doctors’ notes were continuously presented for time off. At one point the employee was offered “light” duty but he would not comply with that option.

During the initial hearing at the Worker Compensation Commission, the defense attorney had no evidence to help the employer defend the claim. The attorney asked the subject questions such as:

Question: Have you ever hurt your left arm before this?
Answer: No

Question: Have you hurt your arm since this claim was made?
Answer: No

Question: What are you able to do using your arm?
Answer: The subject said that he owned a farm and he needed to hire people to help with even the most simple of tasks.

The employer felt that, based upon the alleged incident, the worker was milking the claim. The employer needed evidence to dispute the subject’s testimony that he was incapacitated and could not return to work.

Consequently, surveillance was conducted. The subject’s farm was so far removed that there was nowhere for an investigator to discreetly set up. A background check and a social media investigation were conducted on the employee and his family. It was learned that the subject’s wife had opened a flea market business. Intuition suggested that the subject might be helping his wife run the business.

Arriving at the flea market location an hour before it opened; the investigator saw both the claimant and his wife arriving together. The subject was videotaped lifting a riding mower onto its side, repairing it, and then cutting a large field around the building. He was filmed carrying trash, unloading a pickup truck with furniture, cleaning the exterior of the building as well as numerous other tasks.

It’s important to reiterate that this case was in an extremely rural location where blending in was a challenge. Maintaining a diverse staff of investigators was, therefore, crucial in this investigation. Surveillance was conducted for three days without the investigator’s identity being compromised.

Surveillance was able to prove that the subject’s claim was fraudulent. Videotape and eye witnesses confirmed the claimant could, in fact, do everything he claimed that he could not do. Surveillance caught it all.

The subject was confronted with the evidence and quickly settled his claim for pennies on the dollar. Additionally, he forfeited the right to come back at a future date for worsening.

Debbie Donohue
President & Sr. Private Investigator
Insurance Investigations, Inc.

Insurance Investigations is a locally and minority owned and operated business. For additional information, please contact Debbie Donohue at 800.375.8068 or at insuranceinvestigations@hotmail.com.

“Rather fail with honor than succeed by fraud.”

~ Sophocles
Older buildings and brownfield sites typically require the services of a hazardous materials consultant or industrial hygienist (IH) to properly identify conditions warranting compliance with EPA and OSHA laws and regulations. More often than not, architectural and engineering project managers wait until after the schematic design phase to engage their hazardous materials/industrial hygiene consultant until they have a better understanding of the project's scope. Why wait? Particularly on a whole building renovation or demolition project. Early involvement helps us to anticipate the hazards that require characterization and allows for proper scoping and planning. It also allows the consultant ample time to perform research, review and survey activities. The key to a successful project is to engage your industrial hygienist early and through the following best practices.

Notice to Proceed — Request and Provide Us with Existing and Historic Building Plans and Prior HAZMAT Surveys

Right out of the gate you should provide your industrial hygienist with all existing plans including original construction and renovation drawings of the building as well as any past hazardous materials (HAZMAT) surveys that were completed. Please be aware that not all HAZMAT surveys are created equally. Let us decide what is useful and what is not. By providing these documents early in the process, your IH can begin reviewing this historical data immediately and recognize the hazardous materials that may exist in the building.

We should also get to know the team and each discipline's scope of work. Every discipline will have some impact on the building structure and the IH’s scope of work. We should be included in the discussion between architecture, M/E/P, fire protection, structural, civil and geotechnical engineers. A major mistake on project teams is limiting communication between the IH and these key disciplines. Let's say your project involves the renovation of a 1950's-era school cafeteria and kitchen. The IH is told by the architect that the kitchen will be remodeled and that all new floors, ceilings and lighting will be installed. It’s easy to think that the scope of work is limited to the kitchen and cafeteria, right? Not in this case. Life safety upgrades were required and without discussing this requirement with the fire protection engineer we wouldn’t have known that a sprinkler pipe had to be run from the opposite end of the school to the project location. Therefore, the scope of the project and hazardous materials abatement actually included work in the ceiling of a main corridor through the school.

This is also the ideal time to get to know the owner/end user. For large company, university or other institutional clients, your IH will need to have a conversation with the end user's industrial hygiene/environmental managers so they have a thorough understanding of their process or guidelines that may include hazard control requirements, disposal site preference, requirements for completing shipping documents, and to obtain their EPA ID number for hazardous waste disposal. By having access to the end user's representatives, the IH can better prepare specifications for abatement and ensure that the owner/end user needs are met. If the owner has their own set of specifications that they use in-house it is beneficial for the IH to review their guidelines and format with them. This involvement also helps if the owner/end user has a preferred list of contractors or vendors that they are expecting to complete the abatement tasks for the project.

Schematic Design (SD)—Let’s Get that Survey Started

With few exceptions, every building material in an old building is assumed to contain asbestos or is coated with lead-based paint until it is proven otherwise. So many times the SD narrative goes something like this, “The building was constructed in 1950. Based upon the age of the structure, asbestos, lead in paint, mercury, PCBs, etc. are anticipated throughout. After review of the documents we will conduct testing for...” Through testing we work to rule out hazardous or regulated materials and identify those that require special handling. This takes time. In the case of a whole building

Continued On Page 26
You Can’t Fix Your Mental Health With Duct Tape

To most of the general population, mental health is daunting, mysterious…even scary. Because of this, many people avoid the conversation all together, and the result of this avoidance is that many people who are in despair keep falling through the cracks. In particular, men who are stoic and courageous are often resilient on many fronts, but when overwhelming life challenges hit or men experience addiction or mental health conditions like depression, they often “white knuckle” it instead of reaching out for support. The outcome can be fatal. This group of “double jeopardy men” — men with a number of risk factors who are also least likely to seek help on their own — are being missed by traditional messages like “if you’re depressed, seek help.” Consequently, men in the middle years represent the highest rates and numbers of people who die by suicide.

After my brother died by suicide in 2004, our family and his friends founded the Carson J Spencer Foundation (CJSF) and made a commitment to prevent what happened to Carson from happening to other people. It didn’t take us long to discover that we needed innovative approaches to reach men like him. Eleven years later we help lead the nation in finding new strategies to reach high risk men.

Our first effort to fill the gap is a program called “Working Minds” (www.WorkingMinds.org). Our thinking: if kids were being reached through schools, we would reach working-age men through the workplace. So, in 2006 we started the nation’s first comprehensive and sustained workplace suicide prevention program, and in 2016 we now have several strategic partnerships in male dominated industries.

Our fastest growing collaborative workplace effort is with the construction industry. On World Suicide Prevention Day 2015, the Carson J Spencer Foundation, in partnership with the National Action Alliance for Suicide Prevention, published the Construction Industry Blueprint for Suicide Prevention. On July 1st, 2016 the CDC released a report sharing data that placed the construction/extraction #2 for industries with highest rates and #1 for highest numbers. The same week our “Construction Working Minds” website underwent a soft launch (sneak peak here: www.ConstructionWorkingMinds.org). Here we offer construction companies solutions for suicide prevention, intervention and crisis management.

Another one of our innovative programs for men is “Man Therapy” (www.ManTherapy.org). This program uses humor to engage men to think about mental health differently and to self-screen for depression, anxiety, anger and substance abuse. One of our favorite tag lines? “You can’t fix your mental health with duct tape.”

Why is the Construction Industry Suicide Rate So High?
Two reasons: the workforce and the nature of the work. Industries that are male dominated tend to have more suicides than industries that have a gender balance or are predominantly female. The construction industry has specific risk factors including:

- Stoic, “old school” and “tough guy” culture
- Fearlessness and “thrill seeking”
- Promotion of supervision without leadership training
- Family separation and isolation with travel
- Sleep disruption/deprivation due to shiftwork
- Seasonal layoffs and end of project furloughs
- Tolerant culture of alcohol and substance abuse
- Chronic pain
- Industry with highest use of prescription opioids
- Performance pressure (schedule, budget and quality)
- Access to lethal means
- Skills gap to do something else; trapped in job with no way out and needing to provide for family

Thus, employees in the construction industry have an increased risk for suicide, and would benefit from comprehensive and sustained programming to educate them about resiliency, and mental health services, and how to cope with overwhelming life challenges throughout their careers. For more information about training and other strategies visit: www.
Retirement is a time to stop and smell the roses. You’ve worked hard for many years and eventually it will be time to comfortably retire and enjoy the rest of your life. In order to be truly comfortable, it’s important to devise a proper plan to build wealth for you and your family. One of the best ways to increase financial security is to participate in your company’s 401(k) plan. Below are some important items that impact your 401(k) that every investor should be aware of.

**Inflation**

Do you remember hearing how much it cost your grandparents to go to the movies? A lot less than it does now! Over the past decade, the average inflation rate was 1.78%\(^1\). Inflation causes an increase in prices for energy, food, commodities as well as other goods and services.

Below are ways to fight inflation before and during retirement:
- Factor inflation into your financial plan
- Remain invested long-term
- Stay invested during retirement

**Returns**

Instead of asking what to expect in total return from your 401(k) plan, ask yourself what you can do to increase your total return. You can’t change the stock market, but you can control how you contribute and manage your money.

Below are ways you can maximize your returns:
- Take advantage of the employer’s match
- Increase your contribution when possible, especially when you receive a raise
- Start early and stay invested long-term
- Talk to your financial advisor about what asset allocation is best for you

**Taxes**

Most 401(k) plans offer a Traditional and Roth option to invest in. It’s important to know the difference, as they are taxed differently.

**Traditional 401(k)** - You make pre-tax contributions to your retirement account. The money grows tax-deferred. You don’t have to pay income taxes until you withdraw the money (typically upon your retirement).

**Roth 401(k)** - You make after-tax contributions to your retirement account. The money grows tax-free. With the Roth 401(k) option, you will be able to make tax-free withdrawals provided two conditions are met:
1. A withdrawal must be a “qualified” distribution. This means money can be withdrawn from your Roth 401(k) when you are age 59 1/2 or older, upon disability, or death.
2. Your Roth 401(k) contributions must remain in the plan for at least five years starting from the first day of the year of your first contribution. If you plan to contribute to a Roth 401(k), the sooner you start contributing, the easier it will be to meet this five-year requirement.

**Fees**

The Department of Labor requires companies to send you a fee disclosure form which explains the different fees you are paying. The DOL recently released a ruling promoting fiduciary standards for investment advisors ensuring they are putting their clients’ interests above their own. It’s important that your plan sponsor is reviewing your fees with their advisor, to ensure they have the best plan in place to meet their business needs.

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\(^1\)http://www.usinflationcalculator.com/inflation/current-inflation-rates/

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R. Michael Richardson  
Financial Advisor  
The Prosperity Consulting Group, LLC  
410-363-7211  

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The Prosperity Consulting Group, LLC  
A WEALTH MANAGEMENT COMPANY
Contact us today to see how we can work together on building your business. We can help provide your company reach its maximum profit potential by providing the expert guidance, support and resources many contractors lack. Services we provide include: Accounting and Auditing, Tax Planning and Preparation, Business Advisory Services, Surety and Bonding Assistance and Cost Segregation Services.

Building Relationships | Delivering Success®

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Baltimore  ·  Greater Washington, D.C.  ·  Northern Virginia
There comes a point in the existence of many construction companies when the owner may want to bring in a partner. This is usually a good sign — the company is probably growing and there's just too much work or opportunity for one person to handle.

If you find yourself in such a situation, be as patient and choosy as possible when picking your partner. And make sure you know, well in advance, how this change will affect your construction company’s tax liability.

Complementary Roles
Essentially, there are two major facets to choosing a business partner: strategic and financial. Let’s start with the strategic.

Obviously, adding a partner isn’t something one should do on a whim or just because you enjoy working with a fellow contractor. Doing so has got to be part of a well-conceived, carefully planned strategic expansion of the business. Ask yourself questions such as:

- Where do I want to take my company that I can’t get to on my own?
- Can a partner help me get there — or just slow me down?
- Do I need a partner, or is an employee or consultant the better choice?

It’s particularly important that any prospective partner complement you. Remember, the word cuts both ways. Of course your partner can’t be someone too different from you — he or she must share your values and overall approach to doing business. But a partner must be significantly different from you as well. Ideally, he or she needs to excel in one or more areas in which you tend to struggle.

A typical problem in partnerships occurs after two people unite because of a common skill or passion in a certain area. Unfortunately, they end up competing over the work involving that skill or passion. So if you’re a “hands-on, work-at-the-jobsite” kind of owner, a partner who excels in, say, technology or sales might be a good fit.

Tax Impact
Then there’s the financial side. You’ll naturally have to establish salary levels, benefits, and a sound and efficient approach to sharing financial information. But it’s tax liability that can often sneak up on new partnerships with unpleasant surprises.

For tax purposes, partnerships are “pass through” entities — meaning that income passes through to the owners’ respective personal tax returns. Partnership income may also be subject to employment taxes. And this particular business entity choice doesn’t protect personal assets from creditors — if an owner is a general partner. Limited partners are liable only up to the amount of their investments.

For these reasons — and simply the fact that construction projects expose contractors to so much risk and liability — forming a limited liability company (LLC) may be a good idea. LLCs are, by default, taxed as partnerships. So they’re also pass-through entities. But LLCs shield owners’ personal assets from business-related debts and court judgments. In fact, for larger or more risky projects, some construction companies set up an LLC specifically for the job in question.

Carefully Made Move
Aside from selling your construction company, bringing in a co-owner is among the most impactful changes you could make. That doesn’t necessarily mean it’s a bad move; it’s just got to be a carefully made one.

Getting A Leg Up
Just thinking about what could go wrong will give you a leg up on avoiding the biggest disasters. To further increase your chances for success, involve your CPA in the implementation.

Don Hoffman
Partner
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Earthquake Preparedness

The primary dangers to workers result from: being struck by structural components or furnishings, inadequately secured stored materials, burns resulting from building fires resulting from gas leaks or electrical shorts, or exposure to chemicals released from stored or process chemicals. Many of the hazards to workers both during and following an earthquake are predictable and may be reduced through hazard identification, planning, and mitigation.

There are many things you can do to prepare your workplace before an earthquake occurs:

- Pick "safe places". A safe place could be under a sturdy table or desk or against an interior wall away from windows, bookcases or tall furniture that could fall on you. The shorter the distance to move to safety, the less likely that you will be injured. Injury statistics show that people moving as little as ten feet during an earthquake’s shaking are most likely to be injured.
- Practice drop, cover, and hold-on in each safe place. Drop under a sturdy desk or table and hold on to one leg of the table or desk. Protect your eyes by keeping your head down. Practice these actions so that they become an automatic response.
- Practice these safe earthquake procedures (i.e., drop, cover, and hold-on) at least twice a year. Frequent practice will help reinforce safe behavior. When an earthquake or other disaster occurs, many people hesitate, trying to remember what they are supposed to do. Responding quickly and automatically may help protect you from injury.
- Make a plan for workers to follow in the event of an earthquake and be sure that it includes the following precautions:
  - Wait in your safe place until the shaking stops, then check to see if you are hurt. You will be better able to help others if you take care of yourself first, and then check the people around you. Move carefully and watch out for things that have fallen or broken, creating hazards. Be ready for aftershocks.
  - Be on the lookout for fires. Fire is the most common earthquake-related hazard, due to broken gas lines, damaged electrical lines or appliances, and previously contained fires or sparks being released.
- If you must leave a building after the shaking stops, use the stairs, not the elevator, and look for falling debris. Earthquakes can cause fire alarms and fire sprinklers to go off. You will not be able to rule out whether there is a real threat of fire, and the elevators may have been compromised. Always use the stairs.
- If you’re outside in an earthquake, stay outside. Move away from buildings, trees, streetlights and overhead lines. Crouch down and cover your head. Many injuries occur within ten feet of the entrance to buildings. Bricks, roofing and other materials can fall from buildings, injuring persons nearby. Trees, streetlights and overhead lines may also fall, causing damage or injury.
- Inform workers of the plan and discuss earthquakes with workers. Everyone in your workplace should know what to do if an earthquake occurs. Discussing earthquakes ahead of time helps reduce fear and anxiety and lets everyone know how to respond.
- Get training. Take a first-aid class from an organization such as the American Red Cross, American Heart Association, or National Safety Council chapter. Get training on how to use a fire extinguisher. Keep your training current. Training will help you to keep focused and know what to do when an earthquake occurs.
- Businesses can use the Federal Emergency Management Agency How to Series for protecting people/property during emergencies. Perform a workplace survey, especially if you are in an area with a high risk of earthquakes, to identify potential hazards to workers if an earthquake occurs. Look for furniture or materials that could fall and strike workers or block means of egress, or cause a release of hazardous materials, or otherwise affect the health and safety of workers as a result of utility loss or system/structural failure. Follow mitigation techniques recommended by FEMA for equipment and furniture.

Continued On Page 24
On Thursday July 28th, I was part of a presentation at the MCN Educational Direct Connect event at the Naval Academy Football Stadium. Joining me was Steve Mainello of RCM&D and David Notoli from Merge Investigations. The topic was Workers’ Compensation: Cost, Fraud & Productivity.

For those not able to attend, MCN will be posting a podcast of the presentation on their website and I will be happy to provide a copy of our Power Point presentation as well.

Every construction company is impacted, directly or indirectly, by workers’ compensation insurance costs. The true cost of workers’ compensation includes loss of productivity and profit, limitation or loss of work, regulatory fines and penalties, damage to company image, and administrative costs.

An estimated 10 to 20% of claims paid are fraudulent which translates to between 6 and 12 BILLION dollars in total cost!

To continue the dialogue started on July 28th, we would like to get feedback from MCN members that we can use to provide real life examples in future newsletters or at future educational events.

Email me at rshaw@rcmd.com with answers to all or any of the questions below:

- Has your company ever had a workers’ claim where fraud was proven?
- If so, was there a criminal prosecution?
- Has your company ever had a workers’ compensation claim where fraud was suspected but not proven?
- Do you have more than 20 employees?
- Is your EMR over 1.00?
- Does your company have a health insurance plan with a large deductible?

Part of the collaboration of the Maryland Construction Network is to provide an education platform. By getting your feedback, it helps us in providing relevant and timely content.

Richard Shaw is a Senior Client Executive with RCM&D with over 25 years of experience working with clients to help them manage their risk. You can contact Richard at rshaw@rcmd.com.
company providing this type of service.

Cloud Services and Management

So now that you know what the cloud is, you're probably wondering why you should consider any of these offerings. The clouds provides many benefits to companies and users. The following list outlines the advantages to consider when moving to the cloud:

- If part or all of the infrastructure and software is being managed by a 3rd party, the resources needed internally to maintain that system or applications is reduced.
- Acquisition of cloud services is typically an operating expense, not a capital expenditure, alleviating large cash outlays to acquire up to date technology and applications.
- Scalability is another benefit of cloud services; the platform to acquire cloud technologies allows you to easily scale up or down as needed. Traditional infrastructure and software acquisitions are extremely static with no agility. This does not lend itself well for companies that are growing or that unfortunately need to down size.
- Cloud computing gives companies the advantage of mobility as long as you have an internet connection; giving companies and employees the benefit of working any time anywhere.

Cloud Computing has transformed itself into a business strategy that projects double digit growth and increased cloud IT budgets in the coming years. If companies haven't yet adopted some sort of cloud technology they should at least be evaluating their options. For those firms that refuse to consider the cloud; consider the inability to compete based on lack of mobility, agility and collaboration.

Jen Dangro
Business Information Group

Incorporated in 1992, Business Information Group (BIG) provides our clients quality services in network design and implementation, virtualization, wireless communication, and custom software development.

1IDC, 2016
2IDC, 2016
Your 100% Guaranteed Sleep-Aid

Have you ever wanted to fall asleep so badly you’d give just about anything to do it? Maybe you’ve tried sipping hot tea, taken a shower, or (God help you) even thought about counting sheep. I can’t vouch for any of those methods, but there is one thing that I bet you haven’t tried which I guarantee will work. Every. Single. Time.

Read a typical indemnification provision. That’s right, take a look at the last contract you signed and dig right in there. It’ll be toward the end, when your attention span and energy levels are already at their lowest point. You’ll be thinking that you’re almost finished with the contract, having made it through all the other “important” clauses and that it’s all smooth sailing when…BAM. There it is. Indemnification.

Just looking at it makes your eyes droop. Indemnification provisions have everything — 5 comma sentences, parenthetical phrases, and words that no one uses in real life. You may be tempted to skip over them and move on to the signature line. Here’s my recommendation: Don’t.

For the uninitiated, “indemnification” basically means “we will insure you if…” And you better read it carefully, because depending upon how it’s worded, it can make or break your company.

Now, I could describe the pitfalls, but I’d rather do something else. I’d rather have you find them. Here’s an example of a classic indemnification clause. Read it carefully.

Your Company shall indemnify, defend and hold harmless Other Company from and against any and all claims, suits, damages and losses, including related expenses and attorneys’ fees, for or resulting from injury to, or death of any person (including but not limited to employees of Your Company or Other Company) and/or loss of or damage to any property in any way sustained by reason of, arising from, or relating to the act, error or omission of the Your Company, its employees or subcontractors in the performance of the Services and/or while on Other Company’s premises. Regarding such claims, Your Company shall promptly give notice to Other Company, after the Your Company has knowledge, of any claim against Your Company or Other Company or any investigation by any governmental agency of any activity conducted on or in the project site or of the commencement of any legal proceeding against Other Company related to the project for which Your Company is providing Services. Your Company shall not, in the defense of any such claims, investigation or litigation, consent to the entry of any judgment or enter into any settlement (except with the written consent of Other Company, which consent shall not be unreasonably withheld), that does not include as an unconditional term thereof, the giving by the claimant or the plaintiff to Other Company a complete release from any and all liability in respect of any such claim or litigation.

Your challenge: Find 5 potential company-killers.

When you are ready to see the answers, continue to page 24 and we can compare notes!
Six Steps To Develop Loyal Customers

The ultimate goal for contractors is to find customers who will only get proposals and bids from your company, won't shop your price, award you negotiated contracts, and give you work based on your trusted relationship with them. Loyal customers are those who trust you and want to give you contract after contract at your price. To make this happen takes a step by step plan, process and system. With so much competition, there are lots of choices for customers to choose from. Most of their choices are excellent contractors who offer great service, quality workmanship, professional supervision, and competitive prices. So why should they only hire your company instead of getting lots of bids?

Customer loyalty requires time and commitment! Remember when you were first dating? To get to know the other person, you spent lots of time talking, having fun, and doing things together. After the date, you would call and talk for hours, send them flowers, and keep in touch on a regular basis. Building relationships take commitment, time, and constant contact. When you don't see each other or stay in touch, the relationship withers away and vanishes over time.

Building loyal customer relationships works the same way. Think of it as dating. Without phone calls, gifts, thank-you cards, or time together, there is no long term ongoing relationship. The memory of doing an excellent job for a customer is quickly forgotten when competitors continue to attack them and offer more than you provided at a lower price. The best loyal customer relationships are built over time in what I call ‘relationship building sessions.’ These are times together with customers having fun, eating meals, attending ballgames, playing golf, or doing something enjoyable together. This is how you date customers to build loyalty, not by just being a great contractor.

Don’t ask, don’t get! Customers really want to do business with friends and people they trust and know. Customers build trust with contractors by first receiving an impression, referral, or perception of the contractor’s reputation. Next the contractor is low bid and does a good job for the customer. And more importantly, has a chance to get to know them better in a personal way. This opens the door to a second date if the contractor is persistent, follows-up, and actually asks for the next date. This is where most contractors fail. They never ask for another date and hope their good work will get them another chance at the dance. Just like dating!

Look at your calendar, your marketing plan, or sales program. Do you follow-up with potential loyal customers? Do you make them a priority and try to see them at least every three months? Are you persistent, or do you give up after one try? Do you take time to stop and invite customers to lunch or a ballgame? How much time do you spend dating your customers to build trusted relationships and loyalty? If you weren't persistent during dating, you didn't get a second chance. Right? Same with customers. Once you realize you’re in the relationship building business and make written plans to date customers on a regular basis, your company will grow and make more money doing business with loyal customers who want to only hire you.

6 Steps To Build Loyal Customer Relationships

1. Make Customers Your #1 Priority!
Spend at least thirty-three percent of your time with customers in face to face relationship building sessions. This includes meals, sporting events, industry meetings, and sitting on boards of community organizations. Put customer time into your calendar. Make it a priority. I try to schedule at least three meals plus one golf game with current or potential customers every week. The only way to build customer relationships is in what I call ‘relationship building sessions.’ These are times together with customers having fun, eating meals, attending ballgames, playing golf, or doing something enjoyable together. This is how you date customers to build loyalty, not by just being a great contractor.

2. Help Customers!
People want to help those who help them. Look for ways to help your customer make more money. Act like a business partner with them. Before you meet with customers, try to identify how you can help them be successful. Come prepared to share a business tip or trick that will help their bottom-line. Send something to help your customers make a profit at least four times a year. Send business articles, books, tapes, technical
specification updates from your suppliers, magazine subscriptions, photos of jobsite challenges, new code updates, changes in the law, or industry studies from your association. When you send things to help your customers, you reinforce your relationship with them. Include a little handwritten note like: “I thought this would help your business. It helped me provide better customer service.”

3. Constant Customer Contact!
Think how you cultivate personal relationships and build true friendships. Trusting relationships are built over time with lots of one on one contact, conversations, experiences, and fun. In business you get distracted with constant pressure of getting projects built. It isn't natural to stop to take time required to build deep customer relationships. So you continue bidding lots of jobs and selling low price. This won't generate above industry average net profit.

Put your customer relationships first by tracking business relationship time. Make a list of all your customers from the last three years. Put them in categories: loyal customers, repeat customers, old customers, new target customers, and referring parties. Next rank them on how easy they are to do business with and their potential to become loyal. Next list them in order of ranking and make sure you spend more time with the highest ranked customers.

4. Spend Time With Top Customers
You now have your customers listed in order of importance to your business. You know where to concentrate your customer relationship time and which customers are your top priorities. Keep track every time you meet with customers and make a commitment to see them at least every two to three months. Don't forget, your goal is to convert potential customers into new into repeat customers, and repeat customers into loyal customers who only use your company for all their construction needs.

5. Be In The Right Place At The Right Time!
Lucky people seem to always be in the right place at the right time. In my business, I noticed subcontractors who spend a lot of time in our office, get the most work. Luck? I don’t think so! By making customer relationship time a priority, you’ll land jobs just because you made it easy for customers to ask you questions and advice on projects they are currently working on before they go out to bid.

6. Show You Care!
The number one reason customers stop working with companies is an attitude of indifference. They don't think you care about them. Customers want to know you care about them, their business, their challenges, and them as people. Keep personal files on each of your customers. Track their family, schools, hobbies, goals, vacations, activities, and major life events. Before you meet with them refer to it and then when you meet, ask them questions about their personal life. This caring attitude will set you apart and solidify your relationships.

To show your care, send your top customers handwritten notes as often as appropriate. Mail out to your customer list at least every three months. Send materials that'll help customers improve their business including: how-to ideas, tip sheets, new product brochures, code updates, business articles, or new industry trends. To get your copy of George's 'Winning Ways To Win More Work!’ email GH@HardhatPresentations.com. This constant customer contact will also help you build deep relationships over time.

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As a professional construction BIZ-COACH and popular industry speaker, George Hedley helps contractors increase profits, grow, and get their companies to work! He is the best-selling author of “Get Your Construction Business To Always Make A Profit!” available at his online bookstore at www.HardhatPresentations.com. E-mail GH@HardhatPresentations.com to sign-up for his free e-newsletter, join a peer mastermind BIZGROUP, attend a BIZ-BUILDER Boot Camp, implement the BIZ-BUILDER BLUEPRINT, or get a discount for online courses at www.HardhatBizSchool.com.

“Your most unhappy customers are your greatest source of learning.”
~ Bill Gates
It hurts your business and your subcontractors. But it also hurts the client. He/she has to halt construction for a period of time, and that is costly too, even with the best surety companies.

So Mr. General Contractor, here is what I’ve learned from administering some contracts for construction:

1. Don't rely on the architect for everything. The architect is contracted to observe, not to inspect.
2. Review those drawings and specs. They will become part of the project’s contractual obligation to which you are bound.
3. We need those submittals: it is good for you and for the client. But most important: it is good for you. It won't relieve your contractual obligations, but it gives you a chance to confirm the expectations, or for the designer to catch something that your sub may not have. But that is still your responsibility.
4. Keep the communication in writing: send an RFI, it may become a change order. Without the proper communication trail, we all understand something slightly different, and you won't want a proposed change order slightly approved.
5. Keep up with the schedule and inform the client. Delays will become extra cost for you. If you bring an updated schedule 6 months later you won't get those “weather days”.
6. Hire young people: they are eager to learn and they are proactive in getting things done right. With the right amount of cordiality, an architect can help them learn the ropes of what to look for in the contract.
7. Hire seasoned people: We all benefit when the contractor knows what he is doing. He will catch my mistakes and turn them into change orders a lot sooner than the new guy, and he may even be nicer, which will give you a better chance of being approved early. Scratch that: only hire young people!

I have also learned that we all make mistakes, but I won't expect anybody to be nice or forgiving about it anymore, just fair. Mistakes, errors and omissions are costly. Neither the contractor, the architect, nor the client should pay for things out of his/her control. All of us want to do a good job, finish with a sense of accomplishment and move to the next assignment.

And when things go smoothly, we build trust which often leads to long lasting business partnerships in the future.

Paulina Beeche, AIA, LEED AP, CSI
CDT
Associate
Penza Bailey Architects

Penza Bailey Architects’ private expertise includes commercial / retail, urban revitalization / historic preservation, Americans with Disabilities (ADA) compliance, multi-family and custom single-family residential design. Public expertise includes educational, healthcare / institutional and judicial. We specialize in additions and renovations, which require a very thoughtful level of attention and detail.

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Continued From Page 18

Equipping

Get emergency supply kits and keep them in shelter locations.

Stay Safe,
Terry L. Foy
President
www.foysafety.com
a regulatory authority. Keep pre-education tenant/resident signature confirmation on file.

Employee/Staff Training

Those employees that are regulated could be any industry that may be disturbing paint in pre-1978 residential properties. Those industries that may be affected by lead-based paint regulations include; renovation and restoration contractors, maintenance staff, painters, plumbers, HVAC technicians, electricians, restoration and weatherization technicians, landlords performing work on their rental properties.

Additional Resources

EPA (Renovation, Repair and Painting Rule): www.epa.gov/lead
1-800-424-LEAD (5323)

MDE (Lead Poisoning Prevention Program): www.mde.state.md.us/programs/land/leadpoisoningprevention
410-537-3825

This is a brief summary and full regulations can be found in the Code of Federal Regulations and Code of Maryland Regulations.

Christine Schifkovitz
Director of Operations
CONNOR Institute

Christine is responsible for managing compliance training courses related to lead-based paint, mold and asbestos. She is an EPA Certified Renovator, Maryland Maintenance & Repainting Supervisor and Certified Apartment Supplier.

CONNOR Institute offers EPA Certified Renovator and Maryland Maintenance & Repainting Supervisor courses in the Baltimore/DC region. CONNOR also provides lead paint inspections, which can lead to a Certified Lead-Free certificate and Risk Reductions, dust sampling at unit turnover. For more information on compliance training, please visit www.connorinstitute.com.

“Confidence comes from discipline and training.”

~ Robert Kiyosaki
renovation or demolition project—don’t wait—let’s get that evaluation survey started.
Unlike our architectural and engineering colleagues who generally take dimensions and crunch numbers, we are tasked with collecting representative building material samples, submitting those samples for laboratory analysis, waiting for results, compiling the survey data, and generating a report. We lose valuable surveying time if we can’t use the few weeks available in the SD phase of the project. Getting in early ensures that we can meet the design development (DD) objectives.

Early involvement further allows your IH to uncover major expenses that could kill your budget before you even begin the DD phase. We aren’t just looking for asbestos and lead in paint but all hazardous materials conditions that can result in potential health, safety or environmental impact. Nothing short of discovering radio-active concrete should impact your design in this phase (yes, it’s happened) and the head start allows for thorough and quality reports to be delivered to the project manager on deadline.

**Design Development (DD)—Give Us Adequate Time to Survey and to Write Quality Reports**

The design development phase is where the IH consultant is usually brought in to begin HAZMAT surveys. By now the architect has a set of proposed drawings and a nice rendering of the concept for the building and they are working to flesh out that plan with the aid of the rest of the design team. Demolition plans from all disciplines provide the most valuable information to the IH and where we can fine tune what we have learned about the building and the project scope.

Perhaps it’s fair to talk about some hurdles that we encounter including access, testing restrictions and safety. Rarely, does the IH have full access to an occupied building during the normal workday. We want to start scheduling and surveying as early as possible in the design process because we most often have to survey at night or on weekends in occupied buildings. It is imperative that your IH has an opportunity to thoroughly investigate all aspects of the building to ensure a clear identification of any potential hazardous materials.

Destructive testing is necessary at times and is incredibly important to uncovering potential impacts to your project’s schedule and budget. Through destructive testing your IH has a better quality of data to help uncover hidden sources of hazardous materials that may be found above ceilings, behind walls and in mechanical chases. We are just peeking through holes cut into the wall or ceiling to evaluate the potential for hazardous materials. Otherwise, we assume asbestos is present behind solid walls and there is a potential for changed condition to exist and a change order.

For roofing projects like wholesale roof preplacement or installation of rooftop mechanical equipment, destructive testing is unavoidable to determine the presence of asbestos. Your IH will work with the roofing contractor to collect roofing cores and will take the cores to the lab to be tested. The contractor will do a patch and repair on the location where the sample was taken unless otherwise advised by the client. These core samples are critical to identifying asbestos and may be useful to the architect in determining insulation thickness. Please note that collecting roof cores can void the warranty on a roof so early conversations regarding the potential impact to warranties are vital.

Further, some structures are just unsafe to enter. It’s not uncommon for a building structure to be weakened by years of neglect or acts of man or nature. While we will do our best to identify hazardous materials on these structures, please keep in mind that entry may not be possible.

**Construction Documents—Sharing Our Specs and Field Reports to the Contractor is Key**

When you receive your CD set, it will contain our abatement plans and specifications and it will also include our field survey report. This survey report contains the room-by-room inventory of all materials identified as both hazardous and non-hazardous. Don’t be tempted to leave the report out to save printing costs or because of file size limitations. It’s one thing to tell the contractor what is hazardous or regulated for bidding purposes but it is another thing when the field superintendent starts the project and he or she sees so many other suspected hazardous materials. This leads
to work stoppage, RFIs and delays so please share our field report with the contractor in order to keep the project moving forward.

Construction Administration—We Can Be a Vital Teaming Partner During this Phase

Your IH will conduct a contractor submittal review to look for deficiencies in the abatement contractor’s work plan and specifications and to determine whether or not the contractor has deviated from the scope of work. Your IH can also review any alternative abatement methods proposed by the contractor and is valuable in reviewing and advising the project manager on issues revolving around change order requests, quality control and helping to resolve any problems that may arise during the abatement phase. Your IH can conduct periodic site visits to ensure that the abatement work is moving along at a pace to keep on schedule and to avoid major impacts to the project.

An IH’s job is to anticipate, recognize, evaluate and control workplace hazards. The variety and type of hazards encountered on a building renovation or demolition project can vary greatly with the building age, renovation history, current and past use. The earlier we can get involved in the project the better chance we have of achieving our objective and avoiding surprises. Best practices involve working with your IH early in the schematic design phase so your IH can identify potential problems early in the design process that, if undiscovered, could negatively impact your design in the design development phase. This early involvement will allow your IH to adequately sample the building, provide thorough analysis and better quality reporting as well as it allows the IH to become familiar with each team member’s perspective and the owner’s requirements.

Michele Twilley, DrPH, CIH, President
Aria Environmental, Inc.

Aria Environmental, Inc. (AE) is a MDOT-certified woman-owned small business that provides environmental, industrial hygiene and safety consulting services and EPA/OSHA compliance training to the private industry as well as federal, local and state agencies throughout the State of Maryland. For more information on engaging industrial hygienists at your project start or to schedule a Lunch & Learn session in your office, please contact Michele Twilley, DrPH, CIH, President at 410-549-5774, mtwilley@ariaenviro.com or Mindy Hinsley, CPSM, Chief Marketing Officer at 410-353-1988, mhinsley@ariaenviro.com.

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Ready? Let's see if you found these five, not counting that the paragraph is written very, very badly:

1. The clause does not exclude consequential damages. Consequential damages can include lost profits or other forecasted damages. Imagine a painter which was supposed to complete its work on a hotel by May 30th. Upon its failure to do so, the hotel owner sued the contractor for the $1 Billion in lost profits forecast for the Memorial Day weekend. Those lost profits would be consequential damages and should be excluded.

2. By including what would normally be covered in a simply breach of contract claim, instead of being limited to personal injury or death, the OtherCompany has retained the ability to claim attorney’s fees under this provision while YourCompany presumably does not have access to the same kind of relief, in the event YourCompany has to file suit for lack of payment.

3. The indemnification is not restricted solely to damages that can be traced to YourCompany’s acts or omissions. This results in 2 potential problems (see point #4 below for the second). You will notice that the clause envisions two separate circumstances: (1) claims arising out of personal injury; and (2) claims relating to the project. The second one is (at least partially) tied to the acts or omission of YourCompany. The first does not have any such limitation. The difference could be that YourCompany will be held to 100% indemnification of a claim in which it ultimately bears only 10% of the responsibility. (Grammar and phrasing count!)

4. The first clause of the indemnification provision cites issues that "relate to or arise out of" YourCompany’s work. Well, in a complicated undertaking involving multiple trades, virtually anything can be said to "arise out of" YourCompany’s work. To avoid being roped into a huge lawsuit for which YourCompany is only marginally responsible, you must take pains to tighten the language of this clause.

5. YourCompany is precluded from settling a claim unless the other side provides the OtherCompany with a complete release. So what happens if the other side did not file a claim against OtherCompany and refuses to release them as part of the settlement? Will YourCompany have to turn down an advantageous settlement (and perhaps jeopardize its insurance coverage) because it could not secure a release of a non-party?

You know as well as I do that when you negotiate your contracts, the other side will never agree to eliminate indemnification. The key to your success, therefore, is not to demand something you’re never going to get. In short, you’re never going to eliminate the risk that indemnification represents. Instead, you should work to reduce your risk by nibbling around the edges.

And if you learn to negotiate reasonable indemnification provisions while also reducing your risk in other aspects of your contracts, I guarantee you that even after signing the biggest contract of your life, you’ll sleep like a baby.

Good luck.

**Eliot Wagonheim**

Wagonheim Law

For more advice and tips, please visit our website at [www.wagonheim.com](http://www.wagonheim.com) or follow us on Twitter @Wagonheim

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ConstructionWorkingMinds.org.

**Sally Spencer-Thomas**

Carson J Spencer Foundation

As a clinical psychologist, mental health advocate, faculty member, and survivor of her brother's suicide, Dr. Sally Spencer-Thomas sees the issues of suicide prevention from many perspectives. Currently, she is the CEO and Co-Founder of the Carson J Spencer Foundation, a Denver-based organization leading innovation in suicide prevention. Carson J Spencer Foundation is best known for innovative programs like "Man Therapy" ([www.ManTherapy.org](http://www.ManTherapy.org)) and "Working Minds: Suicide Prevention in the Workplace" – the nation's first comprehensive and sustained suicide prevention program designed to help employers with the successful prevention, intervention and crisis management ([www.WorkingMinds.org](http://www.WorkingMinds.org)). Additionally, she is the Co-Lead of the Workplace Task Force for the National Action Alliance for Suicide Prevention, and the Co-Chair of the Workplace Special Interest Group of the International Association for Suicide Prevention.
Uh-Oh — Survey Says Construction Contractors Are Leaving Tax Savings Dollars On The Table

Our 2016 Maryland Construction Industry Survey took a deep look at accounting, finance and tax issues across all types and sizes of construction companies.

We found a few unexpected results.

**You Probably Pay Too Much in Taxes**

The survey revealed that contractors do not appear to be taking advantage of a number of tax minimization opportunities secured through tax deductions or credits.

Recent changes to legislation and regulation make the issue of tax planning more important than ever, particularly because of the significant chance that there are more federal and state tax credits and incentives available to contractors than ever before.

In fact, half of all CFOs and nearly nine out of ten CEOs report that they are unsure of whether or not their company is taking advantage of Section 41, 199 and/or 179D credits and deductions.

**The Good News: You Can Recover These Missed Opportunities**

With proper tax planning, you can recover those missed opportunities from past years and set your firm up to secure the tax credits and incentives you’re due to receive in the future, from both the federal government and the state of Maryland.

Steve Ball, CPA, CVA, CCFIP, is director of Gross Mendelsohn’s Construction & Real Estate Group. He is passionate about helping contractors succeed in all facets of business. Steve provides audit, review, compilation, tax, business valuation, succession planning and consulting services for contractors. Contact Steve at 410.685.5512 or sball@gma-cpa.com.
You Are Doing Your Part To Boost Our Economy - You Are Creating Value

In a breakfast meeting not so long ago, I got into a very interesting discussion with Mike Schmid, an experienced exec from Lancaster, PA. We started to list all the burgeoning examples of regulations that are impacting businesses. It struck us both that a very large part of our economy is devoted to compliance and not to creating value. Economic growth in the form of jobs and improved circumstances only happens when value is created and people and organizations buy that value.

Money Ripples.

Then that money ripples through the economy and is multiplied. The amount of money that businesses (and really organizations of all types) have to spend on complying with a bewildering variety of Federal, state and local regulations is money that does not go towards creating value. This is not an argument against regulations. Many of them are needed to protect public and financial safety. But many of them are created in the frenzy that occurs after some kind of scandal like Enron or the mortgage crisis. Often, the proverbial barn is locked tight after the horses have run away. And, the innocent are punished while the guilty go free. But, it is what it is. So what can we do?

Create Value.

Despite the obstacles and frustrations, we can go on creating and delivering value-products and services that people need and want. These things include those that improve lives and organizational success. Besides, when we are mad at the stuff that life throws in our way, success is the best revenge. We cannot ignore compliance, but we can shift our focus to doing the things that create positive ripples through our economy: finding needs and filling them.

Talk With Your Customers.

In at least five consecutive recent business owner group meetings, the topic of going back to current and previous customers as prime sources of growth has come up. They are all entities that have voted with their money to do business with your company. When was the last time that they voted? Assuming that prior customers did not leave because of problems, when was the last time you had any contact with them? What products and services did they buy? What products and services that you offer have they not bought? When was the last time you asked them how they were doing or what plans they were making.

The Power Of Construction.

So here is the best part, which is appropriate to say in the newsletter of a construction trade association: you are in an industry that creates value by its very nature. You build structures in which people work, live or play. If they are working, they are making money, building lives, improving the success of their organizations’ customers. You did the work to build the places and created the opportunity for others to succeed. If they have a home, you do not need to be reminded of the ripple effect your money generates sheltering, clothing, feeding and educating the people who live there. If you build places where people play, that creates jobs and improves the quality of life. Noble work, indeed.

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Eggspectations ~ Ellicott City/Columbia
3:30 - 6:30 p.m.

That’s Amore ~ Rockville, MD
2:15 – 7:00 p.m.

October 19th, 2016 – BCPS Meet The Primes
Maryland State Fairgrounds ~ Timonium, MD
8:00 a.m. – Noon

October 27th, 2016 - The Blue Book Showcase
M&T Bank Stadium ~Baltimore, MD
Noon – 6:00 p.m.

November 17th, 2016 - “Where’s The Work” Economic Forecast & Direct Connect Networking
Players Fun Zone ~ Westminster, MD
3:00 – 7:00 p.m.

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