Attracting Millennials To The Construction Industry

A recent study pronounced that some 69% of firms in the construction industry have trouble filling open positions. Think about that: for all we hear about the challenges of finding work, more than two-thirds of the companies in this space can't fill their empty seats.

Why? Certainly one major reason is the trend towards a college education – and away from the blue-collar world – for more and more young people. Whether college is the right choice for that many of them is open to debate: of those attending four-year schools, about one in three will transfer and only 70 percent will graduate. Regardless, though, this is the reality in which the construction industry finds itself.

The challenges of employing Millennials in any business have been well documented, as has their seeming sense of entitlement, the “everyone gets a trophy” epithet we hear so often. (At a recent conference, an older CEO used that line to complain about the younger generation until a Millennial-aged CEO stood up to retort: “You gave us those trophies!”)

So if all businesses are challenged to attract and retain Millennials, what hope is there for the construction industry? There’s plenty … if you’re willing to try a different approach. Here are some suggestions:

Educate: Offering a job, even a good, high-paying job, is not enough. You’ll need to demonstrate a path for advancement and be able to show what that looks like in some detail. Let candidates know they’ll receive mentoring and support, show them the way to career advancement and make those steps easily measurable. Variety is a selling point, also. If there are opportunities to cross-train into other trades, be sure to share that information.

Show them the “Why:” There has never been a more socially-conscious generation than the Millennials. Sure, they want to make a lot of money, but they also want to make a difference. For many of them, “You’ll

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Product Profile

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The Psychology Of Investing

The increased volatility in the market has many investors feeling as though they are on an emotional roller coaster. Investors may think, “The market tanked, I should have seen it coming”, or, “my account is down, but I don't want to sell at a loss”. These thoughts are from people struggling to separate their emotions from their investment decisions. While overcoming your own thoughts can be difficult, knowing what causes behavioral biases and how they affect your investment decisions can help keep your emotions in check.

Recency Bias
This is when investors believe that current events will last forever and predict the future based on what has recently occurred. If the market is performing poorly, investors might mistakenly believe this will continue forever. Perhaps when the market is doing well, they might forget about the inherent market volatility and believe it will continue to go up. It is important to keep a long-term perspective and remember that changes will occur. Consider this – you wouldn't drive while only looking through the rearview mirror. Investing is much the same, while it may be valuable to look into the rear view every once in a while, you need to keep your eyes on the road ahead to stay on track.

Choice Paralysis
Have you ever caught yourself at a store trying to pick out an item only to find yourself overwhelmed with choices and leaving with nothing but frustration? When investors are offered too many choices, they may feel the same way. This may hinder their ability to make an informed decision and invest. Don't be intimidated by choices! By utilizing proper tools to help screen your choices, you can make an informed decision and invest.

Herding
If your mother was like mine, she may have told you “if all your friends jumped off a cliff, would you follow?” The same statement can be said to investors who are prone to the herding bias. This is the tendency of investors to follow the actions of a larger group. Buying all the same investments and following what everyone else is doing provides us with a sense of safety. By the time most investors meet-up with the herd, the trend could very well be over. Remember the dot-com stock crash in the late 1990's? Investors were hurt by following the herd.

Loss Aversion
This is when investors are more sensitive to losing money than to gaining money. It is important to understand that with investments come risk. A long-term investor will see the market fluctuate throughout their life – don’t sweat the losses and focus on the future.

Confirmation Bias
This is the tendency to only look for information that supports your ideas. If you think a particular stock is going to do well, you only read articles that reaffirm your ideas. Investors need to look at various sources so they are looking at the whole picture.

Optimism & Overconfidence
When an investor's portfolio is doing well, they might become overconfident and think they are invincible, which may lead to excessive risk taking. Any investment decisions should be analyzed fully to reduce poor investment decisions.

Bias Blind-Spot
Investors believe that none of these behavioral finance biases could happen to them. The reality is, we're only human! Every investor experiences some, or all, of these biases at some point. Remember, having a sound financial plan, and sticking to it, can help you avoid behaving emotionally and becoming susceptible to investor biases.

Identifying these psychological responses can help you keep your emotions in check – it may even make you a better investor.

Erin M. Ansalvish  
Director of Financial Services  
The Prosperity Consulting Group, LLC  
410-363-7211
Today’s Basics Of Surety Bonding

Expedited Issue Bonds.

Sureties continue to expand their offerings into the quick issue / credit based bond programs. Underwriting is usually a one or two page application, credit check on owners, in-house financial statements and tax returns and jobs get larger. This is a great first step for a small contractor needing their first bond, or a contractor that has limited bond needs not anticipating growing into larger jobs.

Some questions for the contractors.

- Do I anticipate growing and needing to bond larger and more complex jobs?
- Am I willing to make the commitment to detailed internal accounting presentation, outside CPA statements at year-end and updated work in process schedules?

Additional accounting work and an outside construction CPA will likely cost more money. Depending on the level of bonding required, the year-end financial statement could require either a compilation with schedules or a full review.

- Do you view the increased accounting detail as just a task and expense, or do you view it as a tool and see the value in more detailed financial / cost analysis?

Let's look at the hard costs of a bond between the two types of surety bond programs.

<table>
<thead>
<tr>
<th>Job size</th>
<th>Traditional</th>
<th>Expedited Issue</th>
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<tbody>
<tr>
<td>$500,000</td>
<td>$8,500</td>
<td>$12,500 - $15,000</td>
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<tr>
<td>$750,000</td>
<td>$11,000</td>
<td>$18,750 - $22,500</td>
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<tr>
<td>$1,000,000</td>
<td>$13,500</td>
<td>$25,000 - $30,000</td>
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The traditional program is much more cost effective as the job sizes grow due to sliding scale / tiered rating. Expedited issue programs typically use one flat rate. A contractor that builds an increasingly strong balance sheet, and has more bonding needs, may qualify for preferred / discounted rates that will lower the cost of the traditional program you see above.

So you have decided to grow your company, move into expanded surety bonding; what are the next steps?

- You will need a good team. An experienced and knowledgeable surety bond agent / broker and CPA are musts.
- Do you have a business plan and realistic growth goals? Are you pursuing projects of the size and scope that is within your capability from an experience and financial viewpoint?
- Once the game plan is set, have your broker schedule a meeting with an interested surety underwriter that has reviewed both your financial and experience profile. The surety must be comfortable that your plans are realistic and achievable.
- Stick with your game plan. Meet with your team at least annually (CPA, surety agent). Discuss plans going forward. Surety and CPA will discuss capital retention needed to support desired surety bond capacity.

Capital Retention & Leverage

- Retaining capital in the company is a key component of growing your surety bond capacity. For example, retaining $100,000 in the company will increase your bonding capacity by $1,000,000. This is a good rule of thumb, as many sureties use a 10 to 1 ratio for working capital to bonding capacity. Some will go higher, with SBA using a 20 to 1 ratio.
- The financial decisions you make at year-end will impact your bonding capacity for the next 12 months. It is important to balance distributions with capital retention needs. Taxes also need to be considered.

The Three C’s Of Surety (Capital, Capacity, Character). Character Is The Most Important.

- While a contractor will need to have sufficient capital and capacity to successfully perform a job, this will not matter if the character is questionable.
- If the capital and /or capacity are a bit light /
Construction Labor Contractors (CLC) has been helping contractors since 1997. CLC has been reducing headaches for construction contractors and industrial project managers by providing skilled construction workers, flexible skilled labor, and HR management.

As a company, we put over 6000 skilled craftsmen to work every year.

We help our partners lower overall skilled labor costs, reduced risk, and improve the bottom line. We offer hundreds of pre-qualified, highly skilled construction workers to fill labor staffing requests nationwide. From brand new construction to plant reorganizations or relocations, CLC can customize the best construction staffing services package for your project.

CLC provides construction staffing for a wide range of industries:

- Commercial construction
- Electrical and Mechanical
- Industrial construction
- Manufacturing
- Alternative energy
- Drilling and exploration
- Construction of government institutions
- Shipyard labor and general labor

Locally, our Baltimore offices in Windsor Mill Maryland and Chantilly Virginia work with contractors across the greater Baltimore - DC Metro area and beyond. We are proud to be a member of the Maryland Construction Network and value the relationships and partnerships that we have established through the networking events and workshops offered through MCN.

We look forward to meeting you at the next MCN event and want to wish everyone a very safe and happy holiday season!
Making Maryland Magnificent

Marshall Craft Associates has relocated the firm’s Baltimore headquarters to join the vital Clipper Mill design community of artisans and craftsmen as the lead commercial tenant in the Assembly Building.

50 days from dust and rust to robust, Waverly Construction was there from start to finish.
If you work on construction projects in Maryland, you have submitted Forest Stand Delineations (FSD) and Forest Conservation Plans (FCP) for Forest Conservation Act (FCA) compliance. These plans are often put together by cross-disciplinary teams. Do consulting arborists fit in, and if so, how?

First, a bit about FCA. Maryland is a Home Rule state. While FCA is a State law, local governments must adopt their own version of it, which may be different but no less stringent than the State law. This means local governments can do things like increase the fee-in-lieu mitigation rate, make a smaller diameter limit for a tree to be declared a Specimen Tree, or reduce the thresholds requiring mitigation. Some specifics of the Act will vary from jurisdiction to jurisdiction.

FSDs and FCPs must be performed by a Licensed Forester, a Licensed Landscape Architect, or a Forest Conservation Qualified Professional. In order to practice in Maryland, an arborist must hold a Maryland Tree Expert License. If they are going to create FSDs and FCPs, arborists must also be Maryland Forest Conservation Qualified Professionals. However, arborists may contribute certain portions of work to Qualified Professionals, to be used for FSDs and FCPs.

The FSD is an existing conditions map. It identifies the natural resources on-site, particularly the priorities for retention according to the priority sequence (steep slopes, wetlands and waterways, Specimen Trees, etc., depending on local ordinance). The FCP shows which resources will be preserved and which resources will be impacted, and contains plans for tree preservation and mitigation of impacts.

The main components of FCA compliance that a Qualified Professional / consulting arborist may assist with are:

- An existing conditions map;
- Forest stand characterization;
- Tree inventory;
- Assessment of suitability for preservation;
- Demolition plan;
- Tree preservation narrative;
- Forest conservation worksheet;
- Tree preservation detail;
- Tree preservation monitoring and reporting (depending on jurisdiction); and,
- Specimen tree appraisal (depending on jurisdiction).

The existing conditions map shows where tree canopy cover and individual trees exist on site.

The forest stand characterization will identify the forest stands on site and quantify them by acreage and type based on the types of trees growing in them. These add up to the total forest on site, which is important for the forest conservation worksheet.

The tree inventory will vary depending on jurisdiction. It will include Specimen Trees within the project area (these are large trees, normally 30 inches in diameter or greater), whether in the woods or individually. It may include trees within the limits of disturbance (LOD) and up to 100 feet from the LOD. The tree inventory will include a listing of trees, their size, their condition, and whether they will be removed or preserved. Criteria for determining whether or not a tree will be preserved include: Specimen tree or not; condition; age; inside the LOD or not; proportion of the Critical Root Zone within the LOD. The Critical Root Zone is a circle around the tree delineating the area that should be undisturbed if a tree is to be preserved. In most jurisdictions, it has a radius of 1 foot per inch tree diameter (for instance, a 20 inch diameter tree would have a CRZ with a 20 foot radius). Trees are often, but not always, identified by the surveyor on the plans, with the arborist collecting the attributes rather than the locations.

The tree preservation narrative would describe the steps and sequencing of preservation measures, including demolition (tree removal).

The forest conservation worksheet is a tool to calculate mitigation requirements. The zoning, amount of forest on site, and amount of forest being cleared are entered into a calculation that provides a threshold for clearing.
Protecting Your Organization From Internal Threats

Security is a topic that we hear about everywhere, from big box stores like Target to the Presidential Election. Security is something that every company should be evaluating and planning for, so why aren’t they, because security is inconvenient:

1. It’s expensive – security is typically implemented through hardware and software which has a price tag. In addition, companies have to maintain the hardware and software purchased for security to remain effective.
2. It’s time consuming – the threats are constantly changing and it takes time and resources to maintain security and to understand how it works.
3. It’s complicated – in addition to the items mentioned above which adds to complexity, security demands are becoming stronger, longer and require more complex passwords.
4. It’s not guaranteed – no matter how much time and money you spend on security, it won’t catch 100% of the threats 100% of the time.

So what can companies do to protect their organization from one of the biggest threats – their people?

- Educate your Staff – this is huge – employees don’t know what they don’t know and their main responsibility at work isn’t to keep up with security which is constantly changing. Tips and Tricks, webinars and lunch and learns are a great way to create a unified message while sharing up to date information with employees. Common topics to educate employees on are email, internet and social media safety. These are the most common places where your employees will come across threats that they may not recognize.
- Limit Access – Although at times inconvenient, it’s necessary. The more access employees have the greater risk for the corporation. So how do you limit access? Give employees access to those applications and websites that are necessary to do their job, it’s a rather simple approach that reduces risk considerably yet many companies haven’t taken this approach.

The following are a few quick tips to consider:

- Never open email that is suspicious - things that would create suspicion would be the wrong email address, title of the email, poor grammar and misspellings. In addition, pay special attention to anything with an attachment or embedded link.
- Do not do any social browsing or social networking on company workstations – this limits exposure to corrupt websites, infectious links and website browsing that leads to viruses.
- Make sure you work with IT support to ensure you have the proper hardware and software in place as well to limit exposure; a firewall, anti-virus, web filtering and spam filtering are a few of the most common.

As the world becomes smaller and the threats become larger security is going to have to be considered in every company regardless of size. Although technology can’t guarantee completely secure environments there are many simple and cost effective measure that companies of all sizes can consider to limit exposure which reduces risk for the organization.

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.

It's fine to celebrate success but it is more important to heed the lessons of failure.
~ Bill Gates
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Please Support
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In Our Second Annual

CHRISTMAS TOY DRIVE!

Share the gift of giving this holiday season!

Many families in the Baltimore area are in need of help this Christmas. Bring a smile to the face of a child in need by making dreams and wishes come true! Donate a new, unwrapped toy to help us help those less fortunate and celebrate the meaning of Christmas!

Drop Off Location

Waverly Construction & Management
1515 Sulphur Spring Road
Baltimore, MD 21227
(Located at the intersection of Sulphur Spring Rd. & Waelchli Ave. Entrance is on Waelchli Ave.)
M-F, 8am to 5pm

Donations must be received by Wednesday, December 14, 2016
Deliveries will be made the following week.

Have questions?
Contact Pam Hundley at 410.536.2010 or at phundley@waverlyconstruction.com
Or
Verna Regler at 443.982.7329 or at verna@mdconstructionnet.net

GIFT IDEAS: Toys for all ages! — Dress-up sets, games, books, puzzles, craft sets/supplies, hats, scarves, gloves, backpacks, soft children’s throw blankets, cause-and-effect toys (interactive, pop-ups, buttons, touch/feel)
Your AHA Moment

Effective Productivity

We only have so much time in the day, so every moment we're at work needs to count. Gathering motivation and maintaining focus can be challenging, but there are ways of jumpstarting and regulating your ability to be productive. You just need to use a proven process.

Employing the power of SWOT.

SWOT is a method of self-analysis that assesses your Strengths, Weaknesses, Opportunities, and Threats. This acronym is useful in a myriad of business contexts, particularly in strategic planning. Here we use it for strategically evaluating how we work.

Start with your strengths. What do you struggle to do? What do you not enjoy doing? What do you ask others to do for you? Then, you should take a look at your opportunities. What can you improve? What are some of the challenges you face? Where can you improve? What can you do to improve and grow? Finally, what are the things that threaten your success? Many of these are outside your control, while some are under your control. Anything from having your cell phone on to being distracted by a certain type of music. Once you have clearly sequestered each component of your SWOT, you can begin the path to a more productive day.

Eliminate threats and bolster your strengths.

Give yourself the opportunity to succeed. If you know that you need a substantial break in the middle of your day to stay focused, then see how you can work with your environment to achieve that. If you know that you are easily distracted by conversations that your coworkers are having, then try to use headphones while you work or even close your door from time to time if you have one. Creating the SWOT assessment is meant to help you achieve maximum productivity by showing you the things that help and hinder you.

The key to effective productivity is to use that knowledge and edit your process until you find yourself improving.

Ready for your AHA! Moment? Call Allan Hirsh Advisors today!

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.

Tune into AHA! Business Radio Tuesdays from 6-7 pm EST on CBS Sports Radio, 1300 AM to listen to Allan Hirsh and his guests discuss all areas of business. And don't forget to follow Allan Hirsh Advisors on Facebook and Twitter too!
What Contractors Need To Do To Comply With The New Lease Accounting Rules

Changes to the way your construction company accounts for leases are on the horizon. Are you ready?

The use of leases in the business world is widespread. Businesses can lease land, buildings, rail cars, airplanes, large machinery, office equipment … the list goes on and on. Chances are, your business uses leases in some way.

The reasons businesses use leases varies, but the bottom line is that all leases have to be accounted for in financial statements.

Why the Need for the New Rules?
The current accounting standards governing leases have long been a topic of discussion by financial statement users.

Many users criticize the rules for not requiring enough information about a company’s leasing transactions in financial statements. Also, the application of current standards results in various interpretations of the rules and how businesses classify and present leases in their annual reports. It is often difficult to determine the true financial impact of a company’s leasing activity.

In response to the issues raised about accounting for leases, the Financial Accounting Standards Board (FASB), the rule-setting body for accounting standards, sought to identify the problems with the current rules and develop new guidelines for improved lease reporting.

The result was a new accounting standard, issued in February 2016, which covers both lessees and lessors.

Who Do the New Rules Apply To?
While the accounting rules for lessors will remain generally unchanged, the rules for lessees will change significantly.

If your business currently leases property or equipment, then your financial statements could be significantly impacted by the upcoming changes in the accounting standards.

The Nitty Gritty of the New Lease Accounting Rules.
Under current lease rules the accounting treatment of a lease may be different depending on how the lease is structured. Business owners are probably familiar with the terms “capital lease” and “operating lease.”

If the terms of the lease basically transfer ownership of the property to the lessee by the end of the lease term, or if the lease term is approximately equal to the economic life of the asset, the lease is known as a capital lease, and the value of the leased asset, along with the related lease obligation, are shown on a company’s financial statements. The asset is then depreciated similar to other assets owned by the entity.

Generally, if the lease is not a capital lease, then it is classified as an operating lease. Payments under operating leases are usually expensed as incurred, with little or no impact on a company’s balance sheet, but are normally included in the notes section, sometimes referred to as disclosures, of the financial statements. Additionally, leases with a lease term of less than 12 months do not fall under the current lease rules.

What’s a Contractor to Do to Comply with the New Rules?
The new lease standard brings with it many changes, from accounting requirements to terminology.

Most importantly, lessees will be required to recognize lease assets and related lease liabilities on their balance sheet, regardless of the type of lease. Recording of both financing leases (the old capital lease) and operating leases will result in the recording of a “right-of-use” asset and a lease liability that will be measured at the present value of the lease payments called for under the
On a company’s income statement, the payments on a financing lease will be reflected as depreciation of the right-of-use asset, and interest expense on the lease liability, while an operating lease will be reflected as a single lease expense.

The new rules also require expanded note disclosures in the financial statements. For leases with terms of less than 12 months, the business can elect not to report lease assets and liabilities.

Consideration should be given to the new definition of a lease, which is now defined as a contract, or part of a contract, that conveys the right to control the use of identified property, plant or equipment for a period of time in exchange for consideration. Right to control is generally defined as the lessee’s right to the economic benefit from the use of the asset, and the right to direct the use of the asset. An identified asset is defined as being explicitly specified in a contract or implicitly specified at the time of the initiation of the lease term. Contractors might find that some of their current leases no longer meet the new definition of a lease.

Upon adoption of the new standard, a business will need to use a “modified retrospective approach” where your business is required to apply the new standard and reporting to all of its current leases and any future leases.

There are several elections that can be made and reliefs available in the standard relative to initial adoption, and you should be aware of your options in the period of transition to the new rules.

What Is the Deadline for Adopting the New Rules In Your Financial Statements?

The new lease rules will impact your business through the use of something called the “effective” date – the date by which your business MUST adopt the new standards and present leases in financial statements under the new rules.

For non-public companies, which covers most small business, the effective date is for the year starting after December 15, 2019. For most construction companies, it’s the 2020 calendar year.

Keep in mind that the new standard will be required for all years presented in your company’s financial statement. Therefore, as many contractors present multiple years in their statements, any prior periods presented must reflect leases under the new rules.

Why Should You Start Thinking About the New Rules NOW?

At first glance you might dismiss the impact of the new standard, at least for now. After all, it’s still a few years away. However, NOW is the time to start thinking about how the new rules will affect your business.

Upon adoption of the new rules, you might find that you suddenly have additional assets and liabilities on the books that were not there before. Additional liabilities can directly impact ratios and other financial covenants for banking and bonding purposes.

Keep in mind that some of the new leases that your company enters into in the next few years will be impacted when adopting the new rules. As an owner or financial officer of your business, you need to be aware of these changes in order to plan for the future and eliminate the surprises this new standard might bring.

Contractors can proactively plan for implementing the new standard by charging someone in the business with learning the new rules and requirements, identifying all of the leases your business has, and evaluating those leases for conformity with the new standard.

Once the leases are identified, you can calculate the effect on your company’s financial reporting, and develop a strategy for adopting the new standard.

Need Help?

Contact Reid Roberts, CPA, a member of Gross Mendelsohn’s Construction Group, at rroberts@gma-cpa.com or 410.685.5512 with questions.
Maryland Construction Network® Presents:

Premier Construction Networking Events

“How To Turn Your Customers Into Raving Fans” & Direct Connect Networking

The Grand Lodge – Bonnie Blink
Wednesday, January 25th, 2017
Program: 3:30 - 5:00 p.m. ~ Networking: 5:00 - 7:30 p.m.

Outstanding Information & Unrivalled Networking
MCN’s January 25th Direct Connect® Is The Place To Get Connected!

Location: The Grand Lodge – Bonnie Blink
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Cost: $45 Member Early | $60 Non Member Early
$60 Member Late | $70 Non Member Late

Format/Time/Itinerary:
3:00 – 3:30 p.m. - Registration
3:30 – 5:00 p.m. - How To Turn Your Customers Into Raving Fans
5:00 – 7:30 p.m. - Direct Connect Networking

Presentation Is Included At No Additional Charge With Your Paid Network Registration.

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<th>Charities</th>
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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 Commercial Card Clients. Terms, conditions and restrictions apply; for a copy of the Card Member Agreement, call 1-888-501-8564.
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Maryland Construction Network®

Much More For Much Less!

If Time Is Money...
You Should “Take The Time”
To Compare Your Association Memberships!

- Does your association offer membership at a fair and affordable price?
- Are business-building, advertising opportunities “included” with your membership? Or, are you paying for just a “membership”? Are relevant and noteworthy educational programs provided; sharing valuable “Where’s The Work” type information, at no-charge?
- Are networking opportunities routinely provided, at a reasonable price, in an inviting environment?
- Are networking events well attended with attendance exceeding 150 attendees?
- Do networking opportunities facilitate creating new business relationships within the entire Maryland construction community? Or, is it a local association?
- Does your association freely and proudly share membership numbers?
- Is providing business and industry specific education, at a reasonable (or no-charge) price, a primary focus of your association?
- Is the association owner easily and readily available to serve and assist?
- Are you provided prompt and efficient customer service from professionals who know and understand the construction industry?

If you answered “no” to one of the above questions; it’s time to experience what an innovative construction association has to offer.

Maryland Construction Network is the “efficient” and “effective” construction industry association. Over 370 companies have joined MCN in 42 months. Attendance at “Direct Connect” networking events: 125 – 220 attendees; month after month. Educational programs are designed to help you grow and improve your business. MCN’s electronic newsletter contains relevant business and industry content. Project Tours often provide Continuing Education Credits. Membership packages, inclusive of advertising, are offered at a fraction of the cost of most association memberships! Membership packages start at just $160 a year for the company. Our Focus: Your Success.

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For membership information contact Verna Regler at verna@mdconstructionnet.net or 443.982.7329.
You Were Mistaken

I'll never forget his reply when, as a young lawyer, I asked the late Earl Plumhoff how he won his first million dollar verdict. Earl was one of the best trial lawyers of his generation, and he always made time for people just learning the ropes. “How did I win my first million dollar verdict,” he repeated? “Well, it was easy, I f&%k'ed up a ten million dollar case.”

I think about that reply a lot, but never more than at this time of year. Approaching December 31st, we find ourselves at a time of natural reflection. Perhaps this is a biological impulse and not just a trick of the calendar. The days are colder and we physically turn inward. In the evenings, when I stand looking out my office window, a trick of the light causes me to more of my reflection than the landscape.

In this season, as we hurtle toward a new year, I tend to have and to seek out more of the big picture conversations with my clients. The discussions these days tend to be positive ones. 2016 was a strong year for a lot of people. That could be why my strong recommendation that companies conduct a Failure Summit tends to be met with such odd looks and awkward pauses.

“Success is a lousy teacher. It convinces smart people they cannot fail.”

~ Bill Gates

Construction is a tough and unforgiving industry. It is, therefore, tempting to look at a profitable job as an unmitigated success. But even if you made a million dollars on a project doesn’t mean that you couldn't have made a million five.

- Maybe estimating could have been sharper.
- The contract, perhaps, could have been clearer about when unit pricing kicks in.
- There may have been some near misses with scheduling, scope changes, and required notifications.
- Maybe you had to smooth over some feathers which should never have gotten ruffled in the first place.

Regardless of the reason, it is the rare project that does not provide an opportunity for company-wide education.

In article after article, I read about the technological advances coming our way. Communication on different platforms, instant feedback, and a tidal wave of information at the fingertips of every Supervisor and PM without their boots ever leaving the jobsite.

What I don't read about is the answer to the real question: What does knowledge management look like for the companies best designed to succeed in this brave, new world of ours? And that's unfortunate, because the future belongs to those who master knowledge management.

So, when I’m talking to my clients as the weather gets colder, I recommend that they call a Failure Summit and institute everything that comes with it. The more successful the company; the stronger my recommendation. Specifically, here's what I tell them to do:

1. **Throw out their annual personnel evaluations.**
   In all my years defending companies against wrongful termination lawsuits, never once have I entered the personnel evaluations as exhibits on the company’s behalf. Instead, they are almost always marked collectively as *Plaintiff’s Exhibit #1*. Why? Because managers are neither trained nor inclined to have difficult conversations. They inevitable default to a Good to Very Good rating across the board. How do you defend a decision to fire someone on merit with all of those positive personnel evaluations staring you in the face?

   Instead, make these touches personal and regular throughout the year and save these annual or semi-annual reflections for company-wide learning.

2. **Create a Culture of Bloodless Autopsies.**
   Near miss conversations are never easy, but they can be exceedingly productive...that is unless all the necessary parties are too busy covering their own rear ends. As a leader, it is your job to demonstrate, consistently, that the organization’s best interest lies not in a witch hunt but rather in the creation of a learning environment. Once people get used to the idea that they are a valuable part of the “how can we avoid this in the future” conversation,
any company becomes a learning company.

3. **Cultivate the Near-Miss Stories.** Train supervisory personnel in the art of nonfiction storytelling. Every department has those instances when things went wrong. A deadline was missed, a client was unhappy, violence was done to a budget. You can’t let the lessons learned from a near miss stay stuck only with the lead actors. It is a lost opportunity indeed if one PM thinks to herself “I’ll never do that again” while the other PMs remain ignorant of the landmine that may lay ahead of them.

4. **Hold a Failure Summit for Each Department.** Make it a focused, mandatory-attendance, off-site day. Tell the stories. Review the “aha” moments. Develop strategies for steering clear of landmines. Celebrate together the relief of bullets dodged.

5. **Incorporate the Lessons into Your DNA.** Take the lessons learned and stories told from your Failure Summit and emphasize them in the weekly meetings and personal touchpoints that took the place of your annual personnel reviews. Those stories – the good ones – should become the stuff of legend.

I’ll grant you that these recommendations are not the management equivalent of 20 minute abs. The benefits don’t come without effort. That’s what makes this all the more difficult to achieve after a year in which the balance sheet was a healthy shade of black.

But take it from someone who’s only hope of putting his kids through college without debt lies in leaders continuing to ignore advice like this: Knowledge Management will save your company. It can turn around an organization on the rocks and create a legacy out of a company doing well. And your legal fees? Well, if you take my advice, they will be reduced to something more akin to wellness visits than to the high price tag of crisis management.

Now, isn’t that a lesson worth learning?

**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*
Essential Tips For Sustainable Construction Cash Flow

Everyone has heard the saying... Cash is King. The point of this saying from an accounting perspective is that it is not enough for a business to be profitable in order to be successful. In addition to profitability, a business must be well capitalized and have proper cash management to even stay in business, let alone provide worthwhile returns to ownership. In the world of construction, these points are magnified by the unique and complex cash management challenges faced by the industry.

Management of cash flow begins for the contractor well before a job actually starts. There are important decisions which need to be made in developing a bid and in entering into a contract. Here are a couple important cash flow factors to consider before committing to a new construction contract:

Retainage

Many large jobs require retainage which can be a serious drag on cash flow. For those who are unfamiliar with the concept: Retainage is an amount of billings which the owner or general contractor will hold back until a job is complete. Commonly 10% of billings are held back until a job is complete or specific punch list items have been completed. In an environment where it’s a challenge for contractors to put 10% income on their bottom line this means that at best a job may break even until the retainage is paid out.

If your company is not used to having retainage held back on a job, then careful consideration should be given to whether the company can afford to dedicate its resources to a job in which the profit is delayed until completion. For all contractors, it is obviously beneficial to negotiate retainage out of a contract or mitigate its impact by having various milestones at which a portion of retainage is released. Read more about proper construction billing in our article “The Secret Sauce to Construction Billing”.

Job Financing

The cash flow for all construction jobs is not created equal. Various factors can affect whether a job’s cash flow will keep up with its profitability. Beyond retainage the most prominent factor that will determine how well the cash flows is the owner or general contractor. The person paying your bill obviously has a huge influence on your cash flow and in this industry, the decision to work with certain groups is more important than any other industry considering the complex billing procedures.

Before committing to a job, a contractor should understand the extent to which they will need to finance the job and ensure they have the resources to do so. When working within an existing relationship, the contractor has all of the information needed to estimate the financing that will be required however this analysis is rarely completed. Preparing a job-level cash flow analysis by retrofitting the job schedule for this purpose can provide very meaningful data in determining the cash impact a new job will have. Having this information available can be a great tool for understanding if a particular job could create an unsustainable cash crunch or simply additional interest expense that may be avoidable if working with another owner or general contractor.

It is critical that the management of closely held businesses understand all the factors that impact their cash situation because mismanagement of cash can be a fatal flaw even for companies who may otherwise appear to be profitable. Careful consideration should be given to the cash flow implications of accepting new work and cash flow management should be at the top of mind throughout the life cycle of each contract. Paying attention to the concepts discussed in this article can help you provide a better cash return to your owners and avoid cash flow pitfalls. MKS&H can assist with a job level analysis that can provide information for these
How Valuable To Your Company Is The Experience Of People Retiring?

Whenever I am in four or five conversations in a short period of time and the same topic comes up I start thinking something might be going on. In two of these recent conversations, the other people were dealing with the impending retirement of key employees. In one case the almost retirees were reported to be excited about the prospect of kicking back, traveling, pursuing hobbies and spending more time with grandchildren. On the other hand, they were concerned about what I will call loss of relevance to other people. Its not just the measure of self-worth that comes from a job, it is also the regular engagement with other people, learning and making a contribution however that is defined. Couple that with the rising expectations that people today have of the quality of their lives into older years and you see the dread people have of sitting on the deck doing nothing worthwhile.

In the other conversations I heard some business owners and CEOs mourn the loss of good people and the fear that the people coming up behind them were not ready. And given the generational differences in attitudes towards work, there is concern that more people will have to be hired to get the same amount of work done. So, what we may have is a “trough” created by the departure of older workers not completely filled with the efforts of those who come behind.

It also seems that the definition of retirement has been one day you are working and the next day you are not. So what vacuum is created by the departure of seasoned personnel and is not immediately filled? Why not redefine retirement as one day the valued employees are working full time and the next day they are not working so much. Could it be possible that special arrangements can be made to keep access open to that experience and brainpower for mentoring and feedback? Of course there would have to be adjustments made to compensation and benefits. And also of course, not everyone could be a fit for some kind of continuing involvement. But, if there is value to the company and also to the retiree for the continued involvement, isn’t that the basis for a good contract?

So, when you are faced with the loss of a valued employee because they have reached some arbitrary date for retirement, have a conversation ahead of time with them to see to what extent they want to stay involved and exactly what their duties would be under a “working not so much” arrangement. You probably already know who these people are and when that retirement date will be. The earlier in their preparation process these conversations can start the better. And remember that the employee is probably not the only person in his or her family involved in the retirement planning. If you do not have someone with pre-retirement planning skills in your Human Resources Department, there are outside resources that can help you with this. Those resources could also help you with designing a longer-term organizational development plan to manage these transitions on an on-going basis.

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Paul Riecks is a Principal at INSIGHT. At INSIGHT, we believe that every business has the opportunity and the potential to be as successful as its owners want it to be and deserves the chance to reach that potential. One of the best resources available to business owners and CEOs in reaching their company's potential is the deep pool of knowledge shared with other business owners and CEOs. So what we do is form INSIGHT Groups-each with 10-15 owners and CEOs- and facilitate their monthly meetings where they advise each other, share ideas and experiences and gain the clarity they need to achieve the success they seek. www.gaininsight.net

Happy Holidays!
This matrix is designed to serve as an easy tool to help you identify areas of strength and weakness within your company. Long-term growth and success depends upon the implementation of proper fiscal and management procedures which alert you of potentially hazardous trends before they become problematic.

Unfortunately, many construction companies, especially small to mid-sized ones, remain entirely focused upon the completion of contracts and neglect to develop a comprehensive business strategy. If your self-evaluation yielded many results in the "Weak" or "Improving" columns, I urge you to seek the advice of professionals who can get you moving in the right direction. Services are easily customized to meet virtually any budget.

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The Impact Of The Blueprint For Suicide Prevention In The Construction Industry: A Year Later

Editor’s Note: Approximately one year ago, in the Networked & Connected newsletter, the Maryland Construction Network published an article on a nascent initiative in the construction industry pertaining to mental health and suicide prevention. The article below provides an update of the progress this initiative has made in the past year.

On September 3, 2015, the Carson J. Spencer Foundation, RK, a construction company in Denver; and the National Action Alliance for Suicide Prevention issued a joint press release. This press release was timed to coincide with Suicide Prevention Month in September and World Suicide Prevention Day on September 10th. The announcement centered on the distribution of the A Blueprint for the Construction Industry: Suicide Prevention in the Workplace (aka The Blueprint). One year later, we acknowledge that The Blueprint was a catalyst in developing a national movement in suicide prevention in construction. This article tracks the milestones of this movement and its future directions.

In 2010, the National Action Alliance for Suicide Prevention and its Workplace Task Force were launched in conjunction with World Suicide Prevention Day. The co-authors served as inaugural members of the Workplace Force. The Blueprint was intended to create awareness, generate advocacy and spur action in the construction industry around suicide prevention. In addition, The Blueprint provided a toolkit for how to discuss mental health and suicide prevention in the construction industry.

Equipped with The Blueprint, the co-authors began an initiative to break the silence and create a culture of caring in the construction industry. The co-authors intentionally sought to gain the attention of the construction industry through a media saturation campaign. The intent was to build a reproducible model within the construction industry that could subsequently be used as a reproducible model by other industries. In short, the coauthors sought to integrate mental health and suicide prevention in safety, health, wellness and employee benefit programs by framing the topics as the “next frontier in safety”.

A year later we evaluate the impact The Blueprint has had on the construction industry and find it has exceeded expectations. Specifically, The Blueprint spawned an outpouring of targeted action that is rippling throughout the construction industry. The impacts have been felt in the following areas: publications, presentations, projects and partnerships.

Publications
The publishing of The Blueprint created demand for articles by major independent construction industry publications and those published by construction trade associations. All told, there have been at least 31 unique articles published since the first one was posted online by the Construction Financial Management Association (CFMA) on November 1, 2015.

These articles have included both in-print and online versions. The articles have begun to crossover from construction into architecture and engineering too to make this an issue being discussed in the integrated AEC industry. The articles have penetrated major industry brands including Engineering News-Record (ENR); the Associated General Contractors of America's Constructor; CFMA’s Building Profits; Associated Builders and Contractor's Construction Executive; Construction Business Owner; and the National Association of Women in Construction’s Image.

Presentations
Once articles began appearing in industry publications it was easier to solicit presentations. The first presentation Cal Beyer addressed suicide prevention was the September 2015 CFMA Southwest Regional Conference where he included suicide prevention as part of his company’s commitment to Safety 24/7: safety at work, home and play. The second presentation he delivered was to the South Sound Chapter of the National Association of Women in Construction near Seattle in November 2015. These two early successes

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Like every contractor, you want to have a good 2017. And this objective should be eminently doable as long as you stay within your strengths, manage your financials carefully and do good work. But why settle for a good year when it could be great?

The key, always, is cash flow. The more working dollars you have to work with, the more power you possess to control your own, profitable destiny. To that end, here are three cash flow boosters to consider.

1. **Well-crafted contracts**

When you think about money problems, your mind might immediately go to the end of the construction process when you’re trying to get paid. But the seeds of monetary discontent are often sown before a shovel hits the dirt. Case in point: the contract’s payment terms. In the broadest terms, contractors have two basic options:

1. Payments are received upon completion of specific job phases.
2. Payments are remitted in equal installments over the course of the project.

If you’ve been accepting one or the other without question, consider the negative impact on your cash flow. Receiving payments on completion puts you at the mercy of the many random events that can delay a project. Meanwhile, the installment approach may leave you underfunded at key moments. You might try renegotiating the payment terms if either approach has been a problem.

Also review a contract’s payment terms in light of the owner. Does the language seem equitable given the person’s or company’s financial strength and creditworthiness? Don’t stop there, either — assess the capacities of suppliers and vendors as well. And, as a job gets underway, try to establish a good working relationship with the owner’s accounts payable representative to ensure the payment terms will be followed.

Another contract issue to scrutinize carefully is retainage. You may think you’re in control of the cash flow from a job until you realize that 5% or 10% of retainage is going to take a while to arrive. Check your state laws and remember that effective renegotiation can have a positive impact.

2. **Prescient financial forecasting**

To the extent possible, establish financial forecasting processes that minimize the chances of an unforeseen cash flow slowdown. One best practice is to set forth a carefully planned, front-loaded billing schedule so you can start strong and know when to expect dollar inflows. Try to create a billing cycle that brings in money as soon as possible after each major expense.

For instance, let’s say you know you’ll need to rent, lease or buy an expensive piece of equipment at the six-week point of a job. If you can procure a payment at the sixth or seventh week, you’ll be able to recoup those dollars as quickly as possible. This is how forecasting can help you stay in an optimal cash position.

And make no mistake — financial forecasting is a skill that every construction company must develop over time. It’s not something that happens overnight. Make an ongoing effort to gather and organize job data into dynamic, usable information that you can apply to future projects.

The good news is that technology is your friend. A variety of financial management software products offer forecasting functions. Also, your CPA can help you identify and track the right numbers to keep you informed.

3. **Intensive invoicing**

Of course, it’s indisputable that cash flow issues often originate with owners. Whether people or companies, project owners will typically delay payment as long as
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possible to benefit their own cash flows. Meanwhile, your unpaid invoices pile up and your cash flow drags.

One general rule of thumb says that contractors must live with getting paid within 60 to 90 days. But, to boost cash flow, set a company objective to whittle that down to 50 days. The nuts and bolts of precisely how to do so will vary on the type of construction work you do and the structure of your contracts. But there are certain tried-and-true procedures that can help. Use an electronic billing system to invoice owners instantly. Revise your invoice so they clearly express terms, amounts and consequences for tardy payments.

Moreover, abide by that old expression: Know thy customer. Familiarize yourself with each owner and scale your invoicing procedures to suit the situation. With some owners, a clear invoice alone will do the trick. But others may call for a more hands-on approach. This is particularly true when dealing with an owner that has given you payment problems in the past. In these cases, make an extra effort to invoice them on time and be prepared to follow up diligently.

The challenge ahead

For construction companies, every year brings changes to the industry, economy and your local market that affect profitability. This year, look to meet that challenge head on by keeping your cash flow as strong as it can possibly be.

Sidebar: The many forms of flow — a cash flow glossary

Measuring and forecasting cash flow can involve many different data points and perspectives. As you strive to do so, here are a few key terms to discuss with your CPA:

**Levered cash flow.** As you might have guessed, these are the dollars left over after you’ve made all of your debt and other financial obligation payments.

**Cash flow from operations.** This is money gathered from regular, continuous business activities — but not including long-term capital or investment costs.

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5 Common Ways Employers Run Afoul Of Wage & Hour Laws

Every employer, including those in the construction industry, should constantly be evaluating their exposure for any possible violation of the various state and federal wage and hour laws. Indeed, any violation of these various laws could result in significant financial costs to the company, including having to shell out money for back pay, treble damages, or attorneys’ fees. If litigation ensues and the case turns into a collective action, which is when an entire class of employees join in a lawsuit against the employer, the potential damages could be astronomical. Oftentimes, a violation of these wage and hour laws isn’t as obvious as simply not paying the employee. Instead, the employer typically has a policy or practice in place that, unbeknownst to them, triggers a violation of one or more of the various wage and hour laws. The following five examples are among the most common ways that employers run afoul of various wage and hour laws.

Misclassifying Employees

There are many ways that employers can classify their employees, and each of them will have an impact on their pay. For example, an employer may classify an employee as exempt, which would result in that employee not getting overtime pay. They could also list an employee as an independent contractor, even though they do the same work as a normal employee. These, and other, types of misclassification can cost employees a considerable amount of money and give rise to significant legal exposure for the employer. While there are regulations in place that guide employers on how they should be classifying their employees, some employers simply fail to get legal counsel to guide them through those regulations.

Not Paying Overtime

As mentioned above, when an employer classifies their employees as exempt, they don’t have to pay overtime. If an employee is misclassified and not paid overtime, that employee could file suit against the company and, if successful, be entitled to damages and attorneys’ fees. Another way employers run afoul of wage and hour laws is by ‘moving’ hours worked from one pay-period to another so they only have to pay the normal rate for the hours worked. If your business is engaging in this practice, you should consult with legal counsel immediately.

Failing to Pay for Hours

Some employers ask employees to work, but then don’t pay for them. For example, requiring employees to do some types of work from home, but not counting those hours on the pay check. Another way this is done is by requiring employees to arrive at work 15 minutes early, but refusing to pay for the work they do once they are there. These activities are illegal and employees can sue for back pay.

Paying Under Minimum Wage

Employers may, knowingly or unknowingly, pay their employees a rate below the established minimum wage. This is one of the more egregious ways that employers run afoul of labor laws. Indeed, this is one of the easiest cases for a plaintiff’s attorney to prosecute against the employer and to win. If you are an employer with multiple locations, you must stay abreast of not only the federal minimum wage laws but also the local minimum wage laws so that you can avoid legal exposure for possible wage and hour claims.

Excessive Deductions

Some employers charge their employees for different things such as uniforms and other required items. An employer may not charge employees so much that their actual rate of pay drops below minimum wage. Even if it doesn’t drop that low, some types of deductions can be considered excessive in the court of law.

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made it easier to "sell" the concept of presentations.

Sally Spencer-Thomas presented at the January 2016 Men's Health Conversation at the White House in January 2016, while Cal Beyer presented at the pre-meeting at the Department of Health and Human Services. The next two presentations were led by Sally Spencer-Thomas in February 2016 at an Executive Roundtable sponsored by Lendlease in Chicago and to the Associated General Contractors of Washington. Over 100 attendees heard Cal Beyer's presentation at the Pacific Northwest Forum of the National Association of Women in Construction in April of 2016. Two sessions were facilitated at the CFMA Annual Conference in June 2016. Similar sessions were offered in Portland, OR, in June to the AGC of Oregon Columbia Chapter Safety & Health Council and in Boise, ID, in July for the Idaho Chapter of CFMA.

The marquee event was held in Phoenix on April 7, 2016, when over 100 attendees participated in the CFMA Valley of the Sun Chapter's Regional Suicide Prevention Summit. Similar Summits are scheduled by CFMA chapters in Charlotte on November 9, 2016, and in Portland, Oregon, on November 16th as well as Chicago on February 17, 2017 and Grand Rapid, MI, on April 25, 2017. A series of summits have been proposed by numerous CFMA chapters in 2017 including: Denver, Colorado; Houston, Texas; Indianapolis, Indiana; Las Vegas, Nevada; Minneapolis/St. Paul, MN, and Washington, DC.

Projects and Partnerships
The first partnership was established with CFMA through publications including the first article as well as two custom PDF publications highlighting both the why and how to address suicide prevention in construction companies. Moreover, CFMA launched the aforementioned Construction Industry Alliance for Suicide Prevention and created an Executive Committee Task Force to govern this process. Clare Miller, the Executive Director of the Partnership for Workplace Mental Health, has been distributing periodic updates on the construction industry to her organization's members. A partnership was formed with JP Griffin Group, an employee benefits consultancy in Scottsdale, Arizona. The Griffin Group created artwork for four custom poster templates that have been provided to the construction industry at no charge. Hoop 5 Networks, an IT system consulting company from San Diego provided web development services for the Construction Working Minds website maintained by the Carson J Spencer Foundation (www.ConstructionWorkingMinds.org).

Union Pacific invited Sally and Cal to present in Omaha at the Railroad Suicide Prevention Summit on August 24, 2016 so that Rail industry leaders could transfer the lessons learned from construction to their own industry. Likewise, the United States Department of Veterans Affairs requested the construction industry to be represented at its roundtable on suicide prevention on August 30, 2016. When Cal was not able to attend, he invited representatives from the CFMA and Associated Builders and Contractors (ABC) associations to attend.

Finally, the best example of the growing partnership is the creation of a Construction Subcommittee on the Workplace Task Force of the National Action Alliance for Suicide Prevention. There are now a total of ten members of this subcommittee and it comprises the largest subcommittee of the Workplace Task Force. The ten members of this subcommittee represent a broad cross-section of the construction industry. The construction subcommittee members are:

1. Cal Beyer; Director of Risk Management; Lakeside Industries, Inc. (Issaquah, WA)
2. Dr. Morgan Hembree; Leadership Consultant; Integrated Leadership System (Columbus, OH)

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An unexpected breakthrough occurred on July 1st, 2016, when the Centers for Disease Control and prevention (CDC) published a report that placed the Construction and Extraction industry as second highest in the nation for top suicide rates. With this major announcement, the need for support services and resources for the construction industry’s visible public health concern of mental health and suicide prevention became immediate.

Conclusion
What started as an initiative has morphed into a movement and that the Construction Industry Alliance for Suicide Prevention and the Construction Working Minds website had become solutions for a newly confirmed problem. Both Beyer and Spencer-Thomas kept reassuring construction companies following the release of The Blueprint that this evolution was needed and that the birthing of awareness and the concomitant development of resources was like “building the bridge as we crossed the chasm” that formerly existed.

In less than one year following the release of The Blueprint, the construction industry moved from not thinking about suicide prevention to being a leading industry in the effort. In fact, Forbes published an article called, “What Construction Workers Could Teach Other Industries about Mental Health Awareness.” This first phase of garnering awareness and political will was critical in starting this national movement. The next phase is to institutionalize these efforts by bringing best practices in suicide prevention to companies and researching outcomes to better understand what works. The third phase is developing policy and procedures that support mental healthy, resilient, and psychologically safe workplaces.

This is an example of doing well by doing good. It is more than a feel good story. It is a life-saving mission that is making a difference in the construction industry. Beyer and Spencer-Thomas and the Workplace Task Force Construction Subcommittee envision a construction industry where leaders and workers alike reminisce about yesteryear when no one talked about the issue of zero suicide similar to before zero incidents and injuries were common expectations. For employees and their families at risk, this future cannot come soon enough. Fortunately, a bridge now exists to cross the chasm of the stigma of mental health and suicide prevention.

Cited Resources:
Associated Builders and Contractors (www.abc.org).
Construction Industry Alliance for Suicide Prevention (http://www.cfma.org/news/content.cfm?ItemNumber=4570)
2017 Maryland Construction Industry Survey To Get Underway Soon

Don’t Miss Out!

Maryland Construction Network and Gross Mendelsohn and will once again partner on an annual survey of Maryland construction companies.

The online survey, the only one of its kind in Maryland, will open in early January. As a MCN member, you will be invited to take the 2017 Maryland Construction Industry Survey. Watch your email inbox for your invitation to participate. In return for your time, you will get exclusive access to the data we collect. You will receive a detailed report that considers local industry conditions and data-driven insights on topics such as:

- Outlooks and trends for 2017
- Best practices for recruiting and retaining key staff
- Marketing strategies for boosting your online presence
- Top technology concerns among contractors
- How baby boomers are selling and leaving their business
- Key financial issues affecting profitability

Nearly 250 Maryland contractors responded to the 2016 Maryland Construction Industry Survey, the results of which were compiled into a report and presented at a MCN seminar.

Don’t miss out on the opportunity to be a part of the 2017 Maryland Construction Industry Survey!
learn a trade and get paid a lot” won’t cut it. How do people, or the community at large, benefit from what you do? Be sure to communicate that at every opportunity.

**Get ‘em early:** Reach out to high schools to create programs to educate young people on the opportunities and benefits in your industry before they get to the big college decision. Can you partner with other firms to create a job fair? Especially in an urban environment, this could be a huge winner. And look for ways to actually involve these high-schoolers in your company. This requires some caution so as not to impact your insurance rates, but putting high school students in carefully chosen roles can help your firm build its own talent pipeline.

**Tech talk:** Most people outside the construction industry don’t understand the degree to which technology has changed the field. It’s no secret that Millennials love tech, so go out of your way to show them how it applies in your world: the software, the GPS technology, the joysticks that operate your equipment.

**Moving on:** Training workers who might then leave for greener pastures runs counter to our instincts, but for a generation brought up on the idea that jobs don’t exist, career portability is another hot button. Promote the future of construction as an industry and the broad appeal of the skills they’ll learn. If you deliver on your promises you won’t have to worry about them leaving.

**Grow the network:** Everyone knows that a referral from an existing customer is the best lead you can get. Guess what? Referrals from existing employees can work the same magic. Put your young people to work spreading the word: they’re the most interconnected generation ever, and they can share the joys of working for you with a huge network of peers in a single click. Incentivize that behavior and you’ll have a small army of acolytes spreading the word about your company.

Dan Workmeister, CIC, CAWC is Vice President of Consolidated Insurance in Owings Mills, Maryland, working with companies to build stories that underwriters can’t resist. Learn more about Dan here, and click here for more about how Consolidated can help make sure you and your business are always ready for the next chapter.
You Can’t Do It All Yourself!

Replace Yourself With Written Systems

During my first seven years starting and building my construction company, I tried to do too much myself. Just like you, I did everything that took brains and was important to the viability of the business and more. I put all the estimates together and presented the bids; awarded, negotiated and signed all the contracts, subcontracts, and change orders; I made the big field decisions; purchased all materials and equipment; went to all the job meetings; supervised concrete slab pours; and made every personnel decision. This made me crazy, raised my weight, and caused most of my hair to fall out!

Why? I made lame excuses that I couldn't find any accountable or responsible people I could trust. The real reason was I couldn't let go. And I couldn't let go because we didn't have any written systems or training programs to insure everyone knew what and how to do things the way I wanted them done.

One evening I took my family for a ‘happy’ meal at McDonalds. I noticed the boss wasn't there, the employees were sixteen, customers were happy, and the food was consistent and relatively edible. I also wondered who decides how many pickles they put on the hamburgers to make sure everyone is the same. Do they have a pickle inspector or do they let each burger flipper decide? I thought: 'How do they do it without the owner supervising full-time and making every decision for the crew?’ I asked a server to show me their secret. He took me behind the counter where they have pictures or blueprints clearly displaying how to build a hamburger with two pickles as well as the other menu items.

Good people or good systems?

Wow! A huge company runs smoothly using simple pictures of the finished product. This guarantees consistent quality and results. Plus the owner doesn't have to be on-site all the time supervising, juggling and making every decision for every customer order. If I could do this in my business, I could also build a systemized well-organized company. This could reduce my dependence on having great people. And it would allow me to grow beyond the level of what I can control, micro-manage, and supervise.

A systemized business produces consistent performance and the same results every time. How much money are you losing relying on your people to do their best and not following company installation and operational standards? In your company, who decides how many pickles you include per burger, nails per top plate of wall, form braces per lineal foot of slab edge, support wires per light fixture, hangers per lineal foot of copper water pipe, depth of excavation lift, or what two coats of paint really means?

The results of owning a systemized business include on-time on-budget projects, quality workmanship, safe working conditions, repeat customers and the ability to always make a profit. All this, with or without you being there all the time. Perhaps you could take a vacation one or two days per year!

Good systems are simple!

Excellent companies have simple systems. Outline each system on one piece of paper, written or drawn detailing a picture of the end result desired to meet your company, customer, or project specification. The best systems are team designed by the people who actually do the work and know how to do it best. For example, at hotels, all rooms always look the same when ready to occupy. How do they do this? Simple. A picture of a ready room is shown to the housekeepers and the supervisors explain what's expected. They don't care how the result is accomplished, just that the room is perfect when completed. This simple approach can be applied to every part of your business.

Create a “DO” manual

To organize and systemize your company requires time and effort to produce consistent results and get everyone doing business the same way. Create a “DO” manual of pictures, checklists, and guidelines as your company minimum standards. Build a three ring binder

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of standard systems for every aspect of your company and field operations. Include everything from how to prepare a timecard, calculate change order markup, install slab expansion joints, form door openings in concrete walls, do monthly job close-out, and get paid. Focus on the important things first that will make a difference in your bottom-line. Make a goal to create one system a week and you will be very organized in a year.

7 steps to create systems!

1. **Identify areas to systemize.**
   Start a ‘Fix-It List’ identifying everything you need to fix in your company. Keep this list handy and add to it when things go wrong. At your manager meetings, pick the top one or two items to systemize every month.

2. **Assign system team.**
   First assign a key individual in your company to be the systems keeper to formalize and keep them organized. After choosing a system to create and implement, pick three or four people to work on the company standard. Involve those who actually work within the area being systemized. For example, your team might include a project manager, foreman and journeyman when systemizing a field standard. Let them pick a convenient time and location to work together for a few hours.

3. **Draft standards, guidelines & tracking system.**
   Create checklists with pictures of the desired end result for each system. Include a way for the standard to be verified that it is being followed and implemented by everyone in your company. Draft it on a standard paper for three hole punching into a binder.

4. **Formalize & try.**
   The system keeper will be in charge of formalizing and distributing the systems. Let the team who created the system try it and work out all the bugs for a few weeks before implementing it company-wide.

5. **Implement & train.**
   At regular monthly meetings, have the team who created the system present it to the entire company.

6. **Monitor & track.**
   You job will be insist the systems are followed. Many of them will need a tracking mechanism to make sure they are being followed. For example, a pre-concrete pour checklist should include a place for the foreman to sign off on the checklist and submit it to the project manager for review.

7. **Follow-up, evaluate & improve.**
   After six months, revisit the new systems to ensure they are still being used and working well. If revisions are needed, ask the team to revisit the procedure and improve it.

The beauty of written systems is not having to worry about every little detail all the time. Your team will have a company standard to follow. This will allow you to spend time on important matters like growing your business and making more money. Get started now by making a “Fix-It List” and you will get organized sooner than you think.

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As a professional construction BIZCOACH 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.
borderline, but character is strong, a surety is likely to stretch to meet your needs.

- Good references from subcontractors, suppliers, architects, owners and general contractors are essential. Your company’s reputation is a key component of this process.

Final Thoughts

The percentage of jobs that require bonding is increasing. An increasing amount of private work requires bonding due to owner’s requirements. Public work typically requires a bond, and the general contractors are requiring major subcontractors to bond back to them.

- Letter of credit (LOC) in lieu of a bond? This may seem like an easy and expedient way to proceed, particularly for a contractor that has substantial liquid assets. The pitfall here is that the LOC is payable upon demand. A surety will have the ability and desire to review a dispute and demand for payment. There are often two sides to an issue. With a LOC, the money will have been turned over to the obligee and your only recourse will be legal.

- Keep your internal financial accounting accurate, up to date and complete. An accurate work in process report should accompany these statements. Preferably monthly, but at least quarterly, internal statements should be prepared. Your surety will want to see these figures throughout the year as part of the ongoing underwriting process.

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www.sandyspringbank.com
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AGI specializes in construction bonding and insurance and is part of Sandy Spring Insurance Corp (SSIC), a Maryland corporation owned by Sandy Spring Bank (SASR). Sandy Spring Bank is listed by Forbes as one of America’s 50 most trustworthy financial companies.
If you are a business owner who has concerns about possible legal exposure for wage and hour claims, contact us for a consultation so that we can take steps immediately to assess and minimize your legal exposure. We'll provide you with honest and direct advice and work tenaciously to protect your interests.

Attorney Jamaal (“Jay”) W. Stafford focuses his practice on employment litigation, and he has extensive experience counseling and representing clients facing complex and challenging legal issues. He puts his experience to work with each client to help them get their desired results, no matter what legal situation they are facing. Each service that is offered is backed by his experience, education, professional training, and passion for employment law and litigation. You can learn more about Jay and The Law Firm of J.W. Stafford, L.L.C. by visiting their website.

Some jurisdictions require an appraisal of preserved Specimen Trees, and the posting of bond in the amount of the appraised value for a period following construction. Consulting arborists can perform appraisals according to the Council of Tree & Landscape Appraisers Guide to Plant Appraisal to support compliance with this requirement.


Mike Galvin, RCA, CA, MD FCQP, LTE currently serves as Director of the SavATree Consulting Group. His 30 year career in arboriculture includes 13 years with the MD Dept. of Natural Resources where he spearheaded programs to provide technical and financial assistance for urban forestry in the Chesapeake Bay regions. Mike is current President of the American Society of Consulting Arborists, a Registered Consulting Arborist, and recipient of the 2011 True Professionals award from the International Society of Arboriculture. If SavATree Consulting Group can help you with your project, please feel free to contact him at mgalvin@savatree.com.
“Wisdom & Wine”
A Business Enhancement Event With Networking

Our Featured Presentation:

Get Your Head Out Of The Cloud:
The Do’s & Don’ts Of Modern Business In The Cloud

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Registration: 3:30 – 4:00 p.m.
“Wisdom” | Presentation: 4:00 – 5:30 p.m.
“Wine” | Networking: 5:30 – 6:30 p.m.

Join Maryland Construction Network and Business Information Group for an informative (non-technical) presentation addressing cloud computing. The presentation will address the model of cloud computing, the types of cloud computing, and the business benefits and risks associated with cloud computing. Industry cases studies will be presented and business benefits discussed.

• The Cloud – Understanding the business benefits & risks.
• Cloud Computing & Security – What you need to know.
• Important factors to consider when choosing a cloud provider.

Don’t miss this affordable opportunity to learn the do’s and don’ts of cloud computing from an industry expert!
You’re Invited!

The Maryland Department of Labor’s Division of Labor and Industry is now offering FREE classes to ensure you and your employees stay safe, stay informed and stay in compliance. Join us for sessions sure to be packed with the information you need to know relating to safety, employment standards, and wage issues.

**Wage and Hour Information and Laws Workshop:**
*Minimum Wage, Overtime, Leave and Break Laws, Employment of Minors*

*When:*
Friday, December 16, 2016
10:00 a.m.—11:30 p.m.

*Who should attend?*
Business Owners in all Industries
[Click here to register](#)

**Prevailing Wage and Worker Classification Workshop:**
*Understanding Prevailing Wage on State-Funded Construction and Classification of Workers in the Construction and Landscaping Industries*

*When:*
Friday, December 16, 2016
12:30 p.m.—2:30 p.m.

*Who should attend?*
Construction & Landscape Professionals
[Click here to register](#)

**Maryland Occupational Safety and Health (MOSH):**
*Hazards in Construction: Falls, Electrocution, Struck-By and Caught-In or Between*

*When:*
Friday, December 16, 2016
2:45 p.m. — 4:45 p.m.

*Who should attend?*
Supervisors, Superintendents & Foremen
[Click here to register](#)

Where:
Harford County Public Library—Bel Air Branch
100 E. Pennsylvania Avenue • Bel Air, Maryland 21014

Registration is preferred, but not required. If you are unable to register online or have questions, please:
Call: (410) 767-2182 or Email: Melissa.myer1@maryland.gov
Position Wanted:  Project Manager | Program Manager With 10+ Years Experience

A dynamic Project Manager | Program Manager with 10+ years of experience; adept to managing large scale complex projects with compressed schedules and financial constraints. PMI PMP certification practitioner aiming to leverage leadership skills, adaptability, and problem solving skills to drive projects to successful completion while achieving fiscal bottom-line results. Possess a Bachelor's degree with a dual major in Management and Marketing and a Master's degree in Science of Marketing. Contact Andrew at 443.841.9864 or ar9508@yahoo.com.

Position Wanted:  Business Development | Customer Service | Sales

Experienced business developer, customer service oriented sales rep with excellent communication, organizational, problem solving and follow-up skills seeks full-time position. Applicant is a results-focused professional with measurable successes in new and changing environments. Applicant is highly self-motivated, resourceful, and responsive to changing business demands; while building valuable rapport and enriched relationships. Contact Coleen Schmitt at 410-459-3236 or coleen.schmitt1@gmail.com.

Position Available:  Concrete Construction Foreman (Baltimore)


Position Available:  Concrete Finisher (Baltimore)

Must have experience in ALL phases of placing & finishing commercial slabs. Transportation Required. Benefits. 410.737.0866.

Position Available:  Backhoe Operator (Baltimore)

Must be experienced in digging footings for commercial buildings, etc. Transportation Required. Benefits. 410.737.0866.

FREE Classes:  The Maryland Department of Labor’s Division of Labor & Industry

Now offering FREE classes to ensure you and your employees stay safe, stay informed, and stay in compliance. Join DLLR for sessions, sure to be packed with much needed information relating to safety, employment standards, and wage issues. Click here for additional information.

Position Available:  Estimator

Responsible for evaluating specifications & drawings and pre-bid follow-up with subcontractors; providing support to project management during the procurement phase. Must possess knowledge of: construction sequencing & durations | applicable building codes & standards | building systems including architectural, civil, structural, mechanical, and electrical | differing site conditions, building conditions, and construction technologies. Must possess ability to: work under pressure | prioritize activities | understand the importance of attention to detail | express thoughts & ideas via written and verbal communication. At least 8 years of related experience in commercial construction with a minimum of 3 years of estimating experience. Strong computer skill-set required. Full-Time, $75K Annually. Send resumes to ovettam@commercial-group.com.

Place Your Classified Here!

Contact Verna Regler For More Information.