

Rooftop REPORTER

AUGUST 2011



SDRCA Contact Information
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Upcoming Events

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| Wednesday, September 14th | Dinner Meeting, Gordon Biersch Mission Valley Learn How to Maximize Profit and What's New in Contract Law! Flier Attached |
| Monday, October 24th | SDRCA 45th Annual Golf Classic |

Our Advocate Sponsors

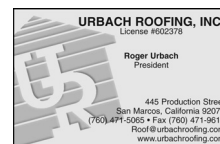
Diamond



Emerald



Pearl



Learn How to Maximize Profit and What is New in Contract Law!

Keep that profit in your pocket? What are the things that profitable contractors have in common? Please join us on September 14th, 2011 to learn more about what separates the men from the boys in contracting.

Glenn M. Gelman from Glenn M. Gelman and Associates will discuss what he has learned in his 30 + years of experience working directly with contractors on the tricks of the trade to making and holding on to profits. Glenn M. Gelman & Associates ranks among America's best-managed accounting firms based on fiscal and management performance and is recognized as one of INSIDE Public Accounting's 2008 'Best of the Best', an honor bestowed on only 25 CPA firms throughout the entire country.

The firm has also been honored as the "Best Accounting Firm" for the construction industry and focuses not only on financial services but also business consulting services. Glenn is asked to speak to the construction industry at events across the country and has been published in accounting publications.

Barry Hagar will also be speaking about what is new in the world of contract law as well as recent changes in mechanic's lien law and construction license law. Mr. Hager is a partner with the law firm of Treitler & Hager, LLP, and has been a member of the San Diego Roofing Contractors Association since 1992. Mr. Hager is also a San Diego native, with over twenty years of experience representing contractors, owners, and material suppliers in various areas of construction law and litigation, including contracts and negotiation, dispute resolution and collection.

Table tops are available for any manufactures or associates that are interested in displaying products and or services. Please contact the SDRCA office if interested.

San Diego Roofing Contractors Association Wednesday, September 14th, 2011, 5:00 PM Social Hour, 6:00 PM Dinner & Program

Gordon Biersch Mission Valley, 5010 Mission Center Road (619) 688-1120 ► Free Valet Parking
SDRCA Dinner Meeting Reservation
Due by Friday, September 9th, 2011

Company: _____

Please fill in your amount

Attendee: _____

_____ Attendees at \$45.00 member price = \$_____

Attendee: _____

_____ Attendees at \$60.00 non-member price = \$_____

Attendee: _____

Total Price = \$_____

Attendee: _____

Check Enclosed Credit Card listed below Use Advocate dinner credits

Card Number: _____ Exp: _____

Name on Card: _____

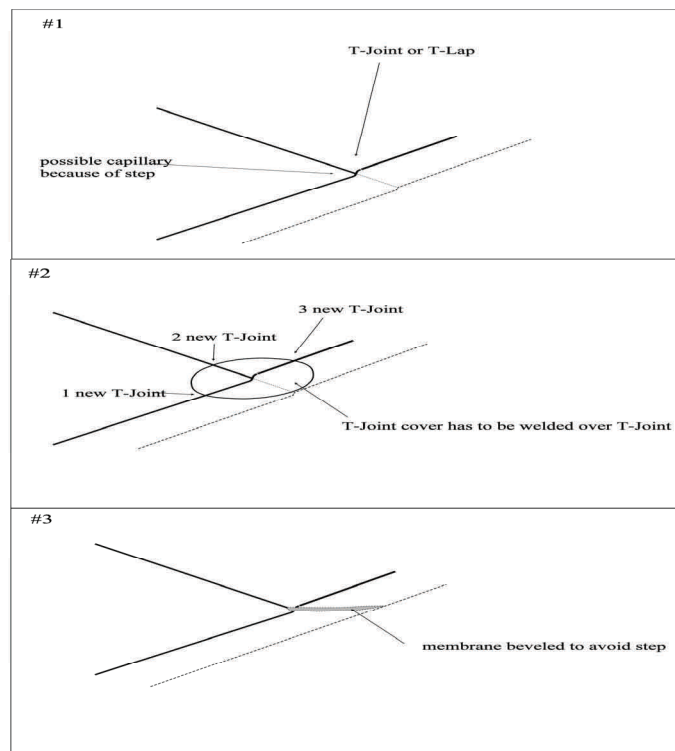
SDRCA – PO Box 127, Imperial Beach, CA 91933-0127

Phone/Fax: 888-825-0621

President's Message

This month's message will get a little technical. One of my pet peeves in current TPO installation manuals and specifications is the use of so called "T-Joint" covers. Please see the illustrations below for an explanation. T-joint covers are required in most US specifications for TPO membranes 60 mils and thicker and PVC membranes above 80 mils. The stiffness of TPO membranes make it especially difficult to avoid so called "capillarity" and subsequent leaks because the small step is hard to perfectly hot air weld. However, I think a properly hand welded T-Joint will work, even with an 80 mil TPO. My contention has always been that when you put a T-Joint patch on, you now have three T-Joints. You also have patches everywhere and anyone who has done these jobs has heard the question from the owner or his/her representative: "What about all these patches? Are they going to leak, I did not want patches."

Whenever I have technical problems, I use the unfair advantage of talking to my father, who has been a roofing contractor and manufacturer in Germany all his life. For those of you who don't know, single ply membrane roofing has been developed in Germany in the 1960's and 70's, the tools we all use are from German speaking Switzerland. So, when I had problems with small leaks on an 80 mil TPO job I told my Dad about the T-Joint dilemma. His answer: "Oh, we just use a small hand planer and bevel the edge under the T-Joint, we don't even need to hand weld it then. We don't even cut the underlying corners round anymore with some manufacturers." So, I tried that out and TPO is really easy to bevel with a sharp hand planer. Of course when you do that here you would be violating manufacturer's specifications. I checked some German manufacturer's specs and they also allow it to bevel these edges with the nozzle of a hot air welder.



Talking to a fellow contractor about this, we came up with the idea to put together an SDRCA organized trip to Germany to learn and see about the roofing industry there. We were thinking about a trip to several cities and visiting jobsites, manufacturing plants suppliers and the impressive roofing training facility in Berlin. There will also be a lot of innovative things to see in the residential sector. This trip would be tax deductible as a company expense and we are currently checking if there is interest. My connections over there will allow us access to many roof related sites and of course there are many other things to see and taste. If you are interested in such a trip please email or phone Jim Robyn ed@sdrc.com.

Ulf Waldmann

Have you met your stormwater discharge permit requirement for employee training for *Sector D (Asphalt Manufacturing)*?

Certified Employee Training (CET) by the National Stormwater Center is being offered on Friday, October 7, 2011 beginning 1 p.m. EST. Online Course is only \$20.00.

Register via the web at www.npdes.com or email info@npdes.com.

Frank Delgado (RSI Roofing) Wins MVP Award

On February 16-18, RSI traveled to the NRCA's International Roofing Expo held in Las Vegas, NV to celebrate Frank Delgado winning an MVP Award for "Outstanding on the Job Performance". Out of thousands of candidates nationwide, Frank was chosen based off of his leadership, quality of work, experience and dedication to the industry.

Congratulations Frank! The SDRCA is proud to have one of its members receive such a prestigious award.

September Quarterly Dinner Meeting

Learn How to Maximize Profit and What's New in Contract Law!

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Flier is attached, please reserve your space now.

Mesuring Up: The Seven Deadly Sins of Failing Roofing Contractors

by Monroe Porter

The downturn in the economy has been a challenge for most contractors, with many looking for business help. As we work to turn around failing roofing contractors, patterns begin to emerge. The following seven traits emerge in many of these organizations:

1. No monthly financial review. Each and every failing contractor ignored the importance of having a meaningful monthly financial meeting. Yes, many had poor records, but records only get better when you stop, briefly analyze them, question what is going on and seek answers. Contractors should review a monthly profit and loss statement, a balance sheet, receivables and payables. They should also review job costs and sales closing ratios.

2. Recording customer deposits as sales. Many of these failing companies had cash in and cash out financial mentalities. To make matters worse, they recorded a customer's deposit as a sale when it was put into the bank. Customer deposits are not income and should not be recorded as "cash and a sale" but rather as "cash and a liability." Until the work is performed, the customer has merely "loaned" or "prepaid" you the money. In some cases, this deposit was as high as 33 percent.

This gave the illusion of company profit as they were taking gross profit on future sales prior to doing the work. Worse yet, they are using money that was not theirs and committing fraud by using customer deposits to pay for work performed on someone else's job.

3. A sales marketing solution. Almost every failed company's culture was to sell, sell, and sell. The solution to all problems was more volume. Some companies were actually profitable until they took on this sales-driven expansion with little or no control over finances. The culture was to grow to make money, not make money and use that money for growth.

4. The illusion of guaranteed profits as salespeople were commissioned and work was performed by subcontractors. Paying salespersons' commission only can create a false sense of security. Even if the salesperson uses a price sheet, jobs can be measured short with extras and complications left out. Even punishing the salesperson by withholding commissions does not ensure the salesperson is competent.

Most subs working for roofing contractors live from hand to mouth. Yes, you are controlling per unit cost, but don't assume you are controlling all of your liability. Callbacks, leaks and other liabilities come out of your pocket as they are the only pockets with any money in them.

Overhead was one of the main culprits in each company. Just because you pay a flat rate for sales and subs does not mean you have recovered all of your overhead costs. You still must know your overhead, price accordingly and make sure you have enough volume cover it.

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Continued

5. Incompetent employees and advisors. Just because someone has an impressive sales manager or production manager résumé does not mean they are going to do a good job for you. These people still have to be managed and their costs built into your overhead structure.

Contractors can also receive poor advice from former corporate executives, bankers, etc., who are now consultants or looking for permanent management employment. Being smart and well educated and formerly employed at a large business does not ensure you know how to advise or manage a small business. In some of these companies we witnessed poorly targeted advice that helped contribute to the business's failure. The advice was well meaning but did not take into account the nature of contracting or the limitations of the particular business.

6. Prideful owners in denial. The owners were all in some form of denial. Some did not reach out sooner because they were prideful and thought they could fix it themselves. Others had a long history of denial and only came forth when they bottomed out and had no choice. Several heard me speak and reached out, not realizing the true gravity of the situation until one of our consultants showed them. Optimism and denial are close cousins. Optimism is hope with a foundation of facts. Denial is hope with a foundation of fiction and false beliefs.

7. Good times and volume hid the problems. The U.S. economy enjoyed massive growth from 1991 until the recent recession. Such growth and increases in volume hid the inadequacies of many businesses. But these companies' business inadequacies were in place long before the recession.

As the economy has faltered, running your business blindly simply does not work. Many of these businesses will fail. Some economists contend this is the way of capitalism — the good survive and the weak die out. Maybe so, but a lot of good people are going to suffer because of mismanagement. All of these owners meant well, were honest and never intended to cause themselves, their families or their employees hardship. If you would like some third-party insight into your business, call me; I would be happy to talk with you.

Join Monroe Porter at Best of Success

Monroe Porter will speak at Roofing Contractor's Best of Success conference in Clearwater Beach, Fla., Sept 26-27. For more information about the event, visit www.bestofsuccessconference.com.

SDRCA OFFERS MONTHLY PAYMENT FOR DUES

The SDRCA recognizes that during this economic struggle, some members may prefer to pay the annual dues on a monthly basis.

If you would like to take advantage of the monthly plan, simply contact the SDRCA office to make arrangements.

45th Annual Golf Classic

Hard to believe but this will be our 45th Annual Golf Classic. The event is set for Monday, October 24th at the private Lomas Santa Fe Country Club. Now is the time if you are interested in being a part of our sponsors to let us know.

Over the next few months we will be sending out information regarding the event and with your sponsorship, your logo will be embedded in all of our correspondence. Sponsorship levels are available at <http://www.sdrca.com/golfclassic>.

We are now accepting entries to the event and the entry form is available at <http://www.sdrca.com/images/uploads/Golf%20Entry%202011.pdf>.



SDRCA General Liability Program for Members

The San Diego Roofing Contractors Association (SDRCA) and Coronado Insurance Wholesale Services are proud to present a new General Liability option for contractors who are members.

The construction industry is critical to any growing economy. The nation has experienced a decrease in the economic environment while at the same time the insurance industry has become more competitive. Insurance is now available and cost effective for many contractors in California. Competitive programs providing lower premiums, varied coverage limits, and financially stable carriers are the foundation for the current marketplace.

Through Coronado Insurance Wholesale Services, roofing contractors who are members of the SDRCA will have access to premium discounts, a loss control program and financially stable carrier.

At Coronado Insurance Wholesale Services, our fundamental goal is to provide a new, unique and stable market for contractors through profitable underwriting, superior claims service, and risk management programs through your local independent agents and brokers.

Risks Insured: Residential & Commercial Roofing Contractors

Program Features:

- Admitted, Rated Carrier
- \$1200 Minimum Premium
- Tracts, Apartments, Condos & Town homes, & Hot Work available CG 20 10 11/85 available - Commercial Work only

Coverage: Limits of Coverage: Up to \$1 million per Occurrence
\$2 million General Aggregate

- Deductibles: as low as \$2,500 per claim
- Rating Basis: Gross Receipts
- Maximum Policy Term: 1 (one) Year

Inspections: A telephone inspection is made on all accounts

- Completed & Executed applications only

Download application at www.SDRCA.com

Completed Jobs: Jobs completed prior to policy date are not covered

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