

NEWS BRIEFS

Newsletter of the Architectural Woodwork Institute

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The New NewsBriefs!

This issue of *AWI NewsBriefs* sports a new look and expanded content. You'll find new features with information to help you improve operations and grow your business. And, you'll continue to find news about AWI's products, programs and publications and other membership benefits and services. Tell us what you think! •

COMING NEXT MONTH

Estimating Tips & Techniques •

NOTE: The information, examples and suggestions presented in this newsletter should not be construed as legal or other professional advice. Neither AWI nor guest contributors accept any responsibility for the accuracy nor completeness of this material and recommend the consultation with competent legal counsel and/or other professional advisors before applying this material in any particular factual situations.



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Exciting Times for AWI

By 2009 AWI President Whitney Coombs, President of Ivan C. Dutterer, Inc.



As my succession as AWI President is ratified later this month, I want to take this opportunity to “speak” with our members about “The State of the Association.” This is one of most exciting times in AWI history. A single architectural woodwork standard is coming to fruition, new education offerings for adults are being finalized, Skill Standards are being developed, a combined national and chapter membership is being explored, and AWI Best Practices Groups are thriving and delivering business solutions for AWI Manufacturing Member participants.

I am eager to see the successful launching of many of these exciting initiatives. Here are six goals we will pursue in 2009.

1. Keeping Business Strong

Our number one priority in 2009 is finding ways to help our members deal with the extremely unsettled economy. AWI must help members grow their businesses and be in far stronger positions as the economy re-strengthens. This is a time in which we as AWI members need to reevaluate how we do business as well as do *better business*. Our Best Practices Groups, which I strongly endorse, are an excellent resource for our AWI Manufacturing Members to gain ideas, support and help from other members in similar situations. Participation in our education programs is another important avenue for meeting the challenges of these turbulent economic times. Now, more than ever,

(continued on page 6)

Change Orders: Money Pit or Profit Opportunity?

By Matt Lundahl, Chair of the Project Management Team of the AWI Education Committee

Some of the most volatile elements of an architectural woodwork project are change orders. They are guaranteed to add stress to every project manager's job. Change orders make your firm vulnerable to loss of profits, but they can also be opportunities for profit for savvy project managers.

Because of the specific and detailed nature of woodworking, there are inevitable changes to the job that eat up valuable time and usually increase the cost of the project. Careful project management is critical for controlling and obtaining payment for changes in the job scope and specifications.

(continued on page 2)

Change orders make your firm vulnerable to loss of profits, but they can also be opportunities for profit for savvy project managers.

Change Orders:*(continued from page 1)*

What follows is a three-point checklist for operations on change orders: 1) define the change and the impact; 2) identify the players; and 3) relate the change to the contract.

LEARNING FORUM**What Constitutes a Change?**

Defining up front what constitutes a change order seems obvious, but it is often overlooked. Changes can involve the scope of work, a significant alteration in time and the schedule, and deletions and additions to the job. Perhaps the changes elevate the level of joinery, require higher grades of materials, or necessitate use of machinery not originally specified.

You've heard this before: "We need to step up the schedule." "Okay," you say, but do you request

If you don't document the changes and ask for the funds, you will not get paid for the added time and costs to your firm.

additional funds when the contractor or owner accelerates the schedule? Many project managers do not properly request additional funds to cover overtime pay to meet the schedule or cover wasted time resulting from efficiency losses often due to trade stacking. If you don't document the changes and ask for the funds, you will not get paid for the added time and costs to your firm.

AWI Project Management Seminars

Fundamentals & Advanced Project Management are two of the many great course offerings available at the AWI Spring Professional Development Seminar, April 29 — May 2, 2009, in Charlotte, North Carolina.

The Fundamentals course is a one-day delivery designed for new project managers and is a prerequisite for the Advanced course, a two-day delivery designed for those with a minimum of three years experience.

Each course is packed with tips and techniques, forms incorporating best practices, charts and template documents, including those for tracking change orders, to put to work immediately. Gain the tools you need to be a successful project manager and an asset to your firm!

To find out more or to register today, please visit www.awinet.org. •



Photo courtesy of Visit Charlotte

Plan to Attend!**April 28 - May 2, 2009****Spring AWI Professional Development Seminars****Harris Conference Center
Charlotte, NC****Who is the Decision Maker?**

Can you identify who is asking for the changes? Although it is typically the general contractor, the requested change may emanate from the owner or the architect. If you don't know the source of the change, you could get stuck at an intersection waiting until a decision is made. And, time is money.

If you don't know the source of the change, you could get stuck at an intersection...

Using standardized forms will help you track change orders, understand the costs and ramifications of change orders, and justify your firm's pricing for changes. A flow chart system is a practical resource for tracking dates, time, hours, labor rates, and more in an organized manner.

Do You Understand the Contract?

As we all know, change orders are usually controlled by the job contract, another area where lack of scrutiny can lead to lost time and eroded profits down the road. Make sure you understand the relevant contract language that impacts change orders. Some contracts even include change order clauses and most will likely limit the amount that can be charged for overtime, as well as overhead and profit. In order to play the game, you certainly need to know the rules.

What Are Your Options?

So, how do you proceed? Do you start the work before you receive a signed change order? Or do you wait? As they say, "The Devil is in the details." Business circumstances

don't always allow time for proper documentation but as a project manager you must be aware of the risk involved with the choice you're making. There is no right or wrong way to proceed, but risks can be calculated and minimized with the proper documentation. AWI's Fundamentals of Project Management course weights the pros and cons of your options:

- Obtaining a change order in writing before starting the work (strong protection)
- Starting the work without any written change order. (no protection)
- Creating and sending a self-executing written confirmation of the verbal change order relayed to you. (little protection)
- Creating and sending a written notification stating that without a written change order the job will be delayed resulting in increased cost for the work. (some protection)

Finally, I cannot overemphasize the need for well organized paperwork documenting changes, particularly if arbitration or litigation is necessary to resolve disputes.

Document, Document, Document!

Finally, I cannot overemphasize the need for well organized paperwork documenting changes, particularly if arbitration or litigation is necessary to resolve disputes. A majority of all projects have disputes over changes. Having fine-tuned project management skills and standardized forms for documenting change orders can help your project be among those that avoid disputes and enjoy a more profitable bottom line. •



Mr. Lundahl is a regular presenter of AWI's Fundamentals and Advanced Project Management courses. He is Chief Operating Officer of Meyer and Lundahl, a 55,000 square foot architectural woodwork manufacturing facility in Phoenix, AZ. Founded in 1948, the firm has 100 employees today.

NEW Woodwork Standards: Changing the Way You Do Business

THERE'S A NEW ADDITION TO OUR STANDARDS!



The Joint Standards Committee comprised of the Architectural Woodwork Institute (AWI), the Architectural Woodwork Manufacturers Association of Canada (AWMAC) and the Woodwork Institute (WI) is working towards the completion of the new *Architectural Woodwork Standards* in early 2009. On January 9 -11, 2009 the committee met in Dallas, Texas to continue their journey towards one unified standard.

Get ready for the new standards by reviewing a Beta Draft version of the sections on the web. The committee invites your feedback on the sections currently available for review: 1) Shop Drawings; 2) Care & Storage; 3) Lumber; 4) Panel Products; 7) Stairwork & Rails; 8) Wall Paneling; and 12) Historic Restoration Work. Once you go to the web site, participate in the section's blog and add your comments and suggestions. The draft can be found at: <http://awi-development.wikispaces.com/AWSreview> copies.

The *Architectural Woodwork Standards* has been formatted to tie in with the Construction Specifications Institute (CSI) master format, allowing it to be ready for ANSI approval in the future. While this format is not like the current *Quality Standards Illustrated*, it is a more useful tool for all compliance inspections.

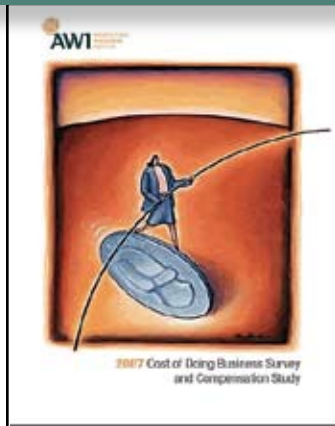
Check out this space in the coming months for all of your *Architectural Woodwork Standards* news and information! •



AWI Cost of Doing Business Survey

A resource for turning bad times into good times and good times into better times.

BUSINESS TOOLS



We all know times are tough and the economy could get worse before it gets better. In fact according to Inverra* in 2008 only 38% of CEOs believed the economy would improve in the subsequent six months which was drastically down from the 65% in 2007.

Because the commercial construction market lags behind the slump in the residential sector, architectural woodworkers are not feeling the chilling effects of a lagging economy quite yet – but don't wait until it's too

late to prepare for a potential slump. Savvy management will control expenses and eek out every dollar of profit they can in case a crisis hits.

Due to the downward spiral in the economy many banks are not loaning companies the money they need. Armed with the AWI Cost of Doing Business survey results you will be able to re-negotiate terms for loans and Line of Credit based on your performance vs. industry norms.

Companies need to use all of their tools to keep profits coming in the door. The AWI Cost of Doing Business Survey is a financial tool you can use to your advantage. The survey opens February 1 and closes April 1, 2009. You will receive more information on how to participate in the survey and its financial benefits soon.

One reminder — You must take part in the survey in order to receive the results. Beginning in 2009, only AWI Manufacturing Member participants will receive the full published report. Non-participating Manufacturing Members will receive an Executive Summary. This is one financial lifeline you will want to grab. •

* Inverra, the developer of AWI's Cost of Doing Business Survey

Got the Answers?

Most architectural woodworkers could make more clear profit. They only need to know the answers to a few simple questions.

What's your fixed cost of doing business?

What is your annual overhead?

How do you set your mark-up amount?

What is the labor rate and burden for each employee?

Which project type makes the best profits?

Which crew or foreman makes you the most money?

Which customer type do you make the most money on?

How do you set your change order mark-up amount?

How much money did your company clear last year?

Ninety percent of your competition does NOT know the answers to more than two of those questions. Do you? The answers are the difference between flushing money down the drain and accruing real improvements on your bottom line.

The annual AWI *Cost of Doing Business Survey and Compensation Study Report* and AWI's new Financial Management Seminar are your path to these answers, and many more. •

Hot Topic of the Month

This new monthly feature of *AWI NewsBriefs* is designed to elicit information – tips, suggestions, best practices – from AWI members about various issues that affect the business of woodworking. Questions will also appear in *AWI e-briefs* with links to respond. Answers to the questions raised in *AWI NewsBriefs* will appear in the following month's edition of this newsletter as well as the AWI web site.

The Question for January is...

What steps has your business taken to become a "green" company and has going "green" improved your bottom line?

Please go to www.awinet.org and respond to the link on the front page or send your answer to Katie Allen by e-mail to kallen@awinet.org or by fax to 571.323.3630. •

Six Tips for a Productive Job Candidate Interview

Interviewing proficiency and preparation are just as important for an interviewer as they are for a job candidate. The skilled interviewer can draw out necessary information from a job candidate while striking a balance between leading and following during the conversation. Consider these best practices for interviewing:

- **Prepare.** This sounds pretty basic, but you'd be amazed at how often this isn't done. Make sure you have read the candidate's cover letter and resume before the interview. Write down questions directly related to the resume that will bring out details about the candidate's experiences.
- **Control the interview.** The person asking questions and listening is the one who is in control...if the interviewer takes a structured approach, the right questions are asked, and there's time built in for follow-up questions as needed.
- **Listen.** Get the job candidate to do about 80% of the talking. Be sure to ask open-ended questions to elicit answers that require more than a "yes" or "no," and note their responses.
- **Avoid asking the wrong questions.** Federal law prohibits discrimination based on age, sex, race, marital status, religion, disability or national origin. Steer clear of questions that directly or indirectly address these topics.
- **Allow time for the candidate to ask questions.** Answer those questions honestly and invite the candidate to ask for clarification. Follow up by asking why he or she may be interested in a particular work issue. Those answers may provide more insight into an applicant's character and work ethics.
- **Be systematic.** If you're interviewing several candidates, be sure to ask each about the same set of general issues: education, work experience, career objectives, what they would bring to the company. This provides a balanced basis to compare the applicants. •

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SPONSOR SPOTLIGHT

Stiles Invites You to the LIGNA World Fair

AWI Manufacturing Members are invited to participate in an international tour in conjunction with the LIGNA World Fair for the Forestry and Wood Industries which will be held May 18-22, 2009 in Hanover, Germany.

This tour promises to uniquely blend education and culture for a remarkable experience that will most certainly impact your future business operations. The group will travel to Germany to see innovations and manufacturing processes at small- to medium-sized woodworking plants as well as machinery factories, and then also attend the 2009 LIGNA fair to see the latest developments unveiled.

Stiles and AWI are offering an all-inclusive tour package with airfare, ground transportation, accommodations, meals, translators, LIGNA registration fees, and much more. Costs are still being developed, but most likely will be less than \$3000 USD.

With all the business challenges and opportunities in the marketplace, experiences such as this tour help you stay ahead of the game.

Registration will be open after the first of the year. If you have any questions before then, please contact Lorraine Bush at 616.698.7500 or lbush@stilesmachinery.com. Watch for more news in AWI e-briefs, including a tentative schedule of events. •



The "new" Town Hall in Hanover, Germany



Exciting Times for AWI *(continued from page 1)*

Problems are opportunities you haven't dealt with yet.

participation in AWI's premier financial resource, the Cost of Doing Business Survey, is one of the best tools available to guide business as they adjust to changes in our economy. We must look for new ways to deal with old problems, continuing problems, and new problems.

AWI NEWS

2. Introducing New Standards

Introduction of new woodwork standards is next in line. We are one step away from introducing new *Architectural Woodwork Standards* (Standards), a multi-association* project that began in 2007. We will educate our members to use the Standards, identifying their similarities with and differences from the *Quality Standards Illustrated*. Our Manufacturing Members will learn how to improve the quality of the projects they produce based on compliance with the new standards. For AWI members, the format will be the biggest change.

Our committees have established marketing and education plans to help acclimate AWI members first, then our customers – general contractors, interior designers, architects, and owners – so that the new Standards become included in job specifications during the transition from *Quality Standards Illustrated* to *Architectural Woodwork Standards*.

The AWI Speakers Bureau is preparing presenters to introduce the Standards to AWI chapters as well as to architects and designers in accordance with the American Institute of Architects (AIA) requirements.

3. Supplementing the Standards

This objective depends somewhat on the final format of the new Standards but it will be to continue our educational commitment to AWI members by producing an educational supplement to the *Architectural Woodwork Standards*. My own expectation is that education will be a joint activity between AWI, AWMAC and WI. A meeting of the Joint Standards Committee is scheduled for January 9-11 in Dallas, at about the time you read this column. When our AWI Board of Directors meets on January 23 we will determine the next steps in this process.

* Jointly developed by the Architectural Woodwork Institute (AWI), the Architectural Woodwork Manufacturers Association of Canada (AWMAC), and the Woodwork Institute (WI)

4. Advancing Education Initiatives

Education programs for our membership are central to our basic mission. We will:

- Ensure that six new programs approved by the AWI Board of Directors are developed by our Education Committee and introduced to members this year.
- Facilitate the work that the Woodwork Career Alliance is doing to continue development of Skill Standards, to provide education and certification of members and their employees.
- Create new distance education and e-learning opportunities under development by our Education Committee to bring education to members' facilities at their own pace 24/7.

5. Funding Educational Opportunities

This objective involves our Education Foundation created in 2008 to establish funding for educational opportunities for young people. Through scholarships and contributions for educating the woodworkers of tomorrow we will support continued development of their skills and encourage a supply of future members of our industry. As a 501(c)(3) organization, the Foundation is a vehicle for receiving fully tax deductible contributions.

6. Updating Our Preferred Futures

Finally, we will update the AWI Preferred Futures that the Board of Directors established in 2006. Having completed several of the objectives, we need to identify long-term preferred futures to focus our board and staff on attaining goals. We will begin this task at the upcoming 2009 Board of Directors meeting. Our plan will enable us to focus everything we do on the AWI Preferred Futures.

The year ahead presents your AWI Board of Directors with exciting opportunities. I am pleased with the quality of members serving on the board and look forward to working with them in 2009. They are immensely dedicated and sincere in doing everything they can for AWI. •

“ Our plan will enable us to focus everything we do on the AWI Preferred Futures. ”

New AWI Members

Manufacturing

American Wood Design Company
Claymont, DE

Argo Enterprises, LLC
Crozet, VA

Ark Woodworks, Inc.
Brighton, CO

Holly Springs Architectural Millwork & Manufacturing, LLC
Holly Springs, MS

Jmark Solutions, Inc.
Fridley, MN

Kingsbury Builders Supply, Inc.
Pine Island, MN

Madsen Fixture & Millwork, Inc.
Forest Lake, MN

MCEnterprises, LLC
Gainesville, GA

Phipps Cabinets, Inc.
Dothan, AL

Pitts Companies Cabinets & Millwork
Fulton, MS

Precision Woodworks & Design, Inc.
Chisago City, MN

Quality Wood Products, Inc.
Kansas City, MO

Schiller Enterprise, Inc.
Fredericksburg, VA

T & C Woodworking
Pawtucket, RI

Suppliers

Noreaster Installations, Inc.
Plainfield, CT

USA Stone Companies
Waterford, MI

Use the online Directory of AWI Manufacturing and Supplier Members at www.awinet.org for contact information and access to the web sites of these and other AWI members. The resource is open 24/7 for use in seeking manufacturers and suppliers of architectural woodwork. •

Are You Turning Green Yet?

Have you been asked what your carbon footprint is or if you are eco-savvy? Are you moving forward to a greener business or do you need some navigation tools? In the architectural woodwork industry, the term you will hear used most frequently is LEED®.

GREEN SCENE

As stated by the US Green Building Council, “The Leadership in Energy and Environmental Design (LEED) Green Building Rating System™ encourages and accelerates global adoption of sustainable green building and development practices through the creation and implementation of universally understood and accepted tools and performance criteria.

LEED is a third-party certification program and the nationally accepted benchmark for the design, construction and operation of high performance green buildings.



There is much more to learn about LEED and many ways to find that information. Throughout the year, this space in *NewsBriefs* will be dedicated to making you more aware and educated on LEED and other Green solutions.

If you can't wait or want more tools, here are just a few resources that will make you turn Green.

AWI LEED Podcasts

<http://awi-development.wikispaces.com/LEED-for-Woodworkers>

Dollars & Sense of Going Green Conference Presentations

<http://www.greenwoodseminar.com/handouts.html>

GreenFormat

<http://www.greenformat.com>

GreenSource

<http://greensource.construction.com/>

U.S. Green Building Council

<http://www.usgbc.org/>

For other source materials, go to www.awinet.org and click on “Industry Resources.” •

D.R.I.V.E. for AWI Chapter Success

By Gregory M. Bednar, CSI, CDT, AWI Chapter Development Services

This coming year, 2009, marks the introduction of the new AWI Chapter D.R.I.V.E. campaign, an AWI chapter building initiative that stands for **D**irection / **R**esolve / **I**nvolvement / **V**ictories / **E**nergy. This formula will be used to provide direction as a superhighway for growth and development of chapters. The journey begins with applying D.R.I.V.E. to our new AWI Distinguished Chapter Program.

CHAPTER NEWS

Everyone recognizes the vital importance that AWI chapters play. For many across the country, involvement in chapters represents THE AWI Experience. Often, it is the local AWI chapter which creates visibility and acts as the conduit to the markets we serve. To grow our industry and profession, chapters need a proven roadmap for success. The following highlights the newly revised AWI Distinguished Chapter Program which provides just that.

Basic Annual Report *

To best assist chapters and *as required* by the bylaws of AWI National, every chapter must fulfill basic reporting requirements*, so that AWI National can channel needed resources to their elected leaders.

Chapter in Good Standing *

To realize "Chapter in Good Standing" status, chapters must confirm that other basic administrative practices are being executed, such as having basic chapter insurance, etc.

Distinguished Chapter Status *

Now, here's where it gets really interesting and leads to chapter growth. In addition to meeting basic annual chapter reporting requirements, chapters may meet additional optional criteria for "Distinguished Chapter" designation. Select from among an extensive list of possibilities for your chapter and obtain any combination of ten points to become a "Distinguished Chapter."

What's in It for You?

Perhaps adding to a legacy of excellence in service to the industry? The opportunity to lead a team on a challenge to excel? The competition with other chapters and friends?

While budgets are being decided as *AWI NewsBriefs* goes to press, we can only state – emphatically – that the "V" in our D.R.I.V.E. formula is for "Victories." Celebrating Victories using the Distinguished Chapter Guidelines is definitely a destination this year. Stay tuned to find out more about our roadmap to success, happening exclusively at an AWI chapter near you!•

* For details about all AWI chapter reporting requirements and the Distinguished Chapter Program, contact Greg Bednar at GBednar@awinet.org.



2009 AWI Sponsors

Thanks to all of the following 2009 AWI Sponsors whose support helps to fund association programs and services that benefit all AWI members. Support these members; they are supporting you through their 2009 sponsorship commitment. Visit www.awinet.org to contact these suppliers the next time a need arises for their services. •

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