

# NEWS BRIEFS

Newsletter of the Architectural Woodwork Institute

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## AWI NewsBriefs

AWI's monthly newsletter is published as a service for members to help them improve operations and grow their businesses. NewsBriefs is also a resource for news and information about AWI's products, programs and publications and other membership benefits and services. •

## Coming Next Month

- Money Matters
- Education Online and across the Nation



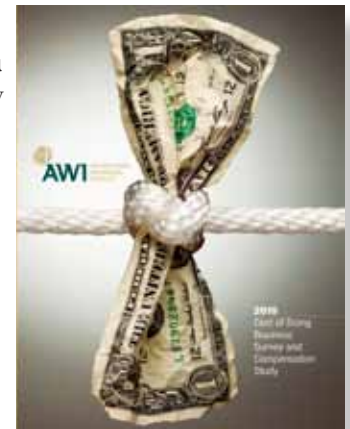
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## Push the "Easy" Button Ten Steps to Participate in the CODBS

By Dave Nadolski, Chair, AWI Audit Committee

**I**s the prospect of participating in the Annual AWI Cost of Doing Business Survey daunting? Are you confused about how to start? Is this another foray into financial statements you don't want to make?

Who wants to take a bath in numbers? You should; it's easier than you think, although it does require an investment of your time. Now is the time to commit to improving your business with trend data that you can convert into action. This financial management tool is critical for identifying areas ripe for improvement, for arming yourself with fact-based comparable salaries throughout the country, for improving your bottom line, and much more. Get a better grip on your financials and what they really mean for the future of your business.



(continued on page 2)

## Do You Know the Difference?

By John Wiley, Owner, Elipticon Wood Products

Do you know the difference between ignorance and apathy regarding Lean Manufacturing? It is...“I don't know and I don't care.” Today, American businesses are in a position where owners must know and must care.

# “I don't know and I don't care.”

### Getting Started

Lean concepts put into action get rid of wasted time, energy, space and materials. The starting point is converting your company culture, which compels your plant, sales, and office employees – everyone from the top down – to understand the goals of your company and to embrace them. When you lead a culture change within your organization, your employees become empowered to produce change and accept responsibility for the tasks assigned to them. What a great way to do business! What a great place to work! Right?

### Culture Change

The trick – if you can call it that – is for the owner or president of a company to come to grips with why the company is in business. Once the owner / president understands that the concept is taken to employees who may not necessarily adopt the principles, but they need to understand how to work with them to effect change. Frankly, an owner needs to get the message across: “buy into the concept or leave.”

(continued on page 4)

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## Push the “Easy” Button... *(continued from page 1)*

### BUSINESS TOOLS

If you are an AWI Manufacturing Member who is a skillful woodworker, but have no formal training or comfort with financial statements, don't worry; there are noncompetitive AWI members who can guide you through the CODBS process. Ask for help. AWI Senior Director of Operations Teresa McCain (tmccain@awinet.org) will put you in touch with other members who can assist you.

Alternatively, if an outside professional prepares your financials, you will want to direct them to participate. The cost to you for them to complete the survey is nominal compared with the return on your investment.

#### Participation Basics

##### 1. Decide to Participate.

As the leader of your organization, make up your mind – this year – to participate. When you commit to participate, your team will follow through.

##### 2. Open the E-mail about the CODBS.

The survey is open only to AWI Manufacturing Members. If your membership falls in this category, you should have received an e-mail on February 1 with information from the independent company, Inverra, whom AWI has commissioned to conduct the project.

##### 3. Download the Excel Spreadsheet.

Follow the link in the e-mail and download the spreadsheet into your computer. Keep the original – as it is – so you have a clean copy. Then make a copy of the file saving it with your company name within the file name – so you know which file is which.

##### 4. Complete the Company Background & Business Sentiment Section.

Most of this section is summary information, but it also asks for your perception of the economic climate currently and in the near future. You may not calculate your bid “Hit Rate”

## 2011 AWI Cost of Doing Business Survey

Survey period:  
February 1 – April 1, 2011

Questions:  
Call AWI at 571.323.3636

“Don't worry;  
there are noncompetitive  
AWI members who can  
guide you through the  
CODBS process.”

(\$ work performed/ \$ work bid). Maybe that is something to look at for this year, but if you don't have the information and don't track it, don't sweat it, just move on.

##### 5. Gather your Information.

Get the final version of your financial statements for the most recent full fiscal year. It doesn't matter if the most recent 12-month period ended in March, September, December, or whenever.

Your Income Statement (“Statement of Results of Operations”) and your Balance Sheet (“Statement of Financial Position”) are the only financial statements you need, but you do need the full, account by account, line by line versions, not a summary. You will also need a source of staffing and compensation data for the same 12-month period.

##### 6. Create an Internal Mapping Process.

Often, the biggest hurdle to participation is having a map to understand the way you record transactions vs. the CODBS line items. Everyone's chart of accounts is different. Make a copy of the financial statements and map the way your individual

accounts correspond to the CODBS line items. For example, use brackets on your worksheet to identify and label accounts you combine into one line item on the survey.

Some terms may be unclear. Don't worry; there is descriptive information on each line of the survey. Use judgment, reasonable estimates and ratios, as necessary.

For medium and smaller companies, many line items may not apply to your business. Leaving those lines blank will not invalidate the survey. The CODB survey is broad enough to include all sizes and types of woodwork businesses; some of the requested information will not apply to your company.

One example may challenge you – plant-processed vs. non-plant processed sales. If possible, segregate the sales and related expense of “buy out” material that you don't do much work on. However, if you don't segregate the information on your Financial Statements, that's okay; enter the total of

“ It is important that you save your “map” so that you remain consistent from year to year. ”

all combined sales and expenses into the survey.

**7. Enter Your Information on the Spreadsheet.**

Enter information from your financial statements into the copy of the survey you labeled with your company name.

**8. Save Your Internal Map.**

It is important that you save your “map” so that you remain consistent from year to year. The map organizes your thoughts and is a guideline for the future. Your mapping system should significantly speed up the process the next time. You need to have comparability from year to year so that the data is meaningful for your organization.

**9. Complete the Compensation & Benefits Data.**

This section of the survey breaks out types of employees by functional roles. You’ll need to identify employees in FTE’s (full time equivalents), e.g. one person full time all year = 1.0 FTE. Report how many people are doing what. The survey asks about tenure (the number of years each employee type has worked in your organization) and expertise level (from novice to expert), base pay (annual salary), and bonus information if applicable. If you track by hourly pay, multiply that figure by 2080 hours (the standard number of hours in a year) to get the annual salary. There are also brief questions on what benefits your company offers and who pays for them.

**General Do’s and Don’ts**

- Do NOT be concerned if there are lines on the survey left blank.
- Do NOT spend significant effort to derive amounts to the dollar-level...use good business judgment and ratios, where appropriate.
- Do enter income statement figures to the nearest thousand.
- Do maintain the consistency of your data from year-to-year for maximum comparability with industry averages.
- Do take action when you receive the final report!



Dave Nadolski is CFO and a principal of the A. J. Pietsch Company of Milwaukee, WI, an architectural woodwork firm founded in 1916. Mr. Nadolski is 24-year veteran of the woodwork industry. He has a B.B.A. degree in Accounting and is a Certified Public Accountant. In 2011, Mr. Nadolski chairs the AWI Audit Committee and the AWI Education Foundation, and he is a member of the AWI Finance Committee.

**10. Send the Spreadsheet to Inverra**

At the point when you have entered all the data you can, click “save” on the spreadsheet and e-mail it as an attachment to Inverra at awi@inverra.com. You will receive an acknowledgement of receipt.

Inverra is an independent company commissioned by AWI to conduct the survey, aggregate the results and produce the final report and related documents for participants. All data submitted by members is held in strict confidence by Inverra.

**Take Action on the CODBS Report!**

When the survey is completed, participants (only) get the book free. Plus, participants receive a customized comparison with their data in one column and selectable industry data in additional columns. Use it to slice and dice the information. It’s a very powerful, simple to use tool for drawing industry comparisons.

Remember, if you can’t glean actionable information from your financial data, it will not help you improve your business. That’s why participating in this Annual AWI CODBS survey is so important. Press the “easy” button and get started. •

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**Do You Know the Difference?...** (continued from page 1)

In most cases, people don't understand they are changing culture before they are undertaking Lean. The culture has to change because everyone in the company has to embrace it, respect it, and make appropriate changes to make those changes successfully.

Fundamentally, the concept is very simple; putting it into practice is very complicated.

Why bother? Because a culture change is paramount to becoming a Lean operation and that is critical to remaining competitive in an uncertain economy and an unpredictable future.

**LEARNING FORUM****Teamwork**

It is important to form teams with people who are relevant to the specific objective at that point in time. The team has a unique life span – it may take years or hours to overcome the specific challenges. The owner / president needs to be aware that every single change causes more change behind the action of change.

For example, if you decide you need to increase the speed of a machine, how do you supply materials to the machine and where do you go with the materials produced? Every change made causes people in front and back of the machine to be affected.

When you are all on the same page, measure what you are doing to establish a baseline; then find ways to improve it. Examples might be the sales process, composed of a team of sales, customer service, and billing staff. Other changes might be necessary in your manufacturing process or administration. The scope affects the entire company so that your organization benefits throughout.

**Lean Rewards**

Why implement Lean concepts in the first place? To rid ourselves of wasted time, energy, space, and resources. It is THE way businesses can be much more competitive – globally.

If American industry is going to survive, it has to be more efficient and responsive. To succeed with Lean Manufacturing, you need to prepare and spend at least three to five years of hard work to establish a new culture, and once established, you have to continue to exercise it. It's called continuous quality improvement.

The return on your investment of time begins immediately as soon as you establish values and employees buy into the concept and start to implement changes. Once employees are empowered to effect change, they become important, earn respect and receive it. Your organization becomes one of the "best places" to work. •

*John Wiley is the owner of Elipticon Wood Products, a manufacturer of custom curved millwork, providing goods wholesale for lumberyards and window or door distributors. Based in Little Chute, WI, the company was founded 1993. Elipticon has been an AWI Manufacturing Member since 2008. Mr. Wiley joined the AWI Lean seminar presentation team in 2010. •*

**Learn More...****"Lean for Woodworkers: The Race for Continuous Improvement"**

May 13-14, 2011

8:00 am – 5:00 pm

What do the following examples have in common?... the Model-T and a Ferrari, hand tools and a CNC, board drafting and CAD? Each is the by-product of "Continuous Improvement" thinking. As you race for success, this two-day interactive workshop will teach you the meaning and how to implement the tools of Lean: 5S, Value Stream Mapping, Total Productive Maintenance, SMED, Lean Plant Layout, and the Five Whys. The race for success begins with *changing the culture* within your organization. Start the race here to gain insights into the cost/benefit return of Lean concepts and gather the tools for improving your company. Find out more and register at [www.awinet.org](http://www.awinet.org).

**Faculty:**

Erik Fetzer, Fetzer Architectural Woodwork

John Wiley, Elipticon Wood Products

Eric Peterson, New World Millworks

**Registration Open!**

May 11-14, 2011

AWI Spring Professional Development

Seminars & Leadership Conference

Sheraton St. Louis City Center • St. Louis, MO

[www.awinet.org](http://www.awinet.org)

**Register before April 1st and Save!**



Photo courtesy of St. Louis Convention and Visitors Commission

## The Advantages of Pay for Performance

**T**he recession has prompted many small and medium-sized companies to review their current compensation systems. Paying workers based on their performance offers employers and employees several advantages over the traditional “across the board” merit system.

**Improves morale and retention.** It’s motivating for employees to know they will be well compensated when they meet or exceed goals.

**Increases productivity.** Aligning individual and group goals with the company’s objectives can greatly enhance productivity. Each person is held accountable; poor performers are forced to work harder.

**Attracts top performers.** Pay-for-performance systems entice employees who are looking for an organization that values hard workers.

Several factors to consider when implementing a pay-for-performance system include:

**Incentives should reflect the work.** A pay-for-performance program should make it worthwhile for employees who do more. Small incremental pay increases between each level of performance are not very motivating to a high achiever.

**Communicate.** Employers should talk to employees as soon as possible about any new incentive or merit plans. Employees can then provide their feedback.

**Promote accountability.** Employees will be more impressed knowing that everyone, including executives, is following a similar pay-for-performance program.

**Commit to the program.** A successful program requires supervisors to avoid bias and subjective decisions; merit increases must be based on objective performance measurements. •

*Article provided by Administaff (NYSE: ASF), the nation’s leading professional employer organization (PEO), serving as a full-service human resources department that provides small and medium-sized businesses with administrative relief, big-company benefits, reduced liabilities and a systematic way to improve productivity. The company also provides an array of additional products and services designed to improve business performance, including software solutions for time and attendance, expense reimbursement and performance management, as well as recruiting, background screening and retirement services, among others. The company operates 51 sales offices in 24 major markets. For more information about Administaff, call 800.65.800 or visit [www.administaff.com](http://www.administaff.com).*

Please see AWI cautionary disclaimer on page 1.



## AWI Benefact!

### AWI Logo **BUSINESS TOOLS**



Promote your company’s affiliation with the industry’s internationally recognized association of architectural woodworkers by incorporating the AWI

logo into your informational and marketing materials. AWI is highly regarded for the *Architectural Woodwork Standards* and the AWI Quality Certification Program.

**FOR:** All AWI Manufacturing and Supplier Members.

#### RETURNS:

- **Showcase** your company’s support for the highest levels of professionalism for which AWI is widely known.
- **Position** yourself as a knowledgeable resource about fine architectural woodwork.
- **Favorably influence** the perception of others who will judge you in part by your affiliation with professional organizations.
- **Influence** potential customers and business partners who will know that your firm is part of an international community of members who subscribe to the industry’s ultimate reference for fine architectural woodwork – the *Architectural Woodwork Standards*.
- **Identify** your company with other members who readily share ideas within the AWI community.
- **Help build** further recognition of AWI as the “go to” resource.

**COST:** Use of the logo is a benefit of membership available at no additional cost.

**HOW TO START:** Download the AWI logo from the AWI “Members Only” section of the Web site, [www.awinet.org](http://www.awinet.org). Numerous electronic format choices, including DWG, are available.

**QUESTIONS:** Call or e-mail Katie Allen, AWI Marketing Director, at 571.323.3611 or [kallen@awinet.org](mailto:kallen@awinet.org) to request an official graphic standard sheet via return mail.

AWI Benefacts are designed to help you maximize the return on your AWI membership dues investment.

**MAKE THE MOST Of your AWI Membership!**

## AWI NEWS

## New AWI Members

**Manufacturing**

**A & B Woodcraft, Inc.**  
Decatur, GA

**Aaron Carlson Corporation**  
Minneapolis, MN

**Capital Components & Millwork**  
Elkwood, VA

**Commercial Display and Design, LLC**  
Norwich, NY

**Wood Designs, Ltd.**  
Greeley, CO

**Wooden Valley Carpentry, Inc.**  
Winthrop Harbor, IL

**WoodMark**  
New Caney, TX

**Supplier**

**Dooge Veneers, Inc.**  
Grand Rapids, MI

Use the online Directory of AWI Manufacturing and Supplier Members at [www.awinet.org](http://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. •

# Success for Your Chapter.... Step by Step!

By Greg Bednar, AWI Chapter Coordinator

As the AWI "Chapter D.R.I.V.E." program kicks off for 2011, organized planning goes a long way in earning "Distinguished Chapter" status. Here's a step-by-step resource for meeting the basic requirements that can also create a superior experience for AWI Chapter Members.



1. Elect Chapter Officers and appoint Committee Chairs.
2. Conduct a training meeting so that Officers and Committee Chairs know what is expected of them.
3. Supply AWI National with a list of Officers (with contact information), Members, Suppliers, and a basic financial report.
4. Send out invoices to Chapter Members for Chapter Membership.
5. Review Chapter By-laws for any references / topics in need of updating.
6. Supply to AWI National any requested information needed for "Chapter in Great Standing."
7. Set Chapter Goals by reviewing "Distinguished Chapter Program" criteria.
8. Have Chapter President, Treasurer and Secretary prepare a Budget for the year. (Be aware that without up-front funding, Board Members and Committee Chairs are powerless to perform critical tasks.)
  - a. Ask each Chapter Board Member for a dollar amount they need to perform their tasks.
  - b. Ask each Chapter Committee Chair for a dollar amount they need to perform their tasks.
  - c. Choose those Chapter Members who will attend Chapter Leadership Training and AWI National events. Include a line item in the Budget for this responsibility.
  - d. Requested amounts are not guaranteed, but to be reviewed and approved and/or altered by your Chapter Board.
9. Prepare a Calendar with dates of expected meetings and events.
  - a. Detail of the meeting beyond the date can be added later. For now, simply committing to dates aids greatly in planning your year. Add detail as it becomes confirmed.
10. Forward dates of Chapter proposed events to AWI National.
11. Review "Chapter in Great Standing" criteria for compliance.
12. Review and continue to plan chapter activities using the "Distinguished Chapter" criteria as a framework for success.
13. Celebrate your Members' talents at the AWI National Convention.

At the 2011 AWI Convention, October 26-29, AWI looks forward to recognizing all chapters that achieve "Distinguished Chapter" status. Best wishes to all. •

# Important QCP Policy Revisions Effective January 1, 2011

The following revisions to the *QCP Policies* apply to all current Q-accredited woodworking firms and applicants.

Please read the following changes as well as the entire document at [www.awiqcp.org](http://www.awiqcp.org) and familiarize yourself with the new policies, which are required in order to obtain and maintain Q-accreditation. See also the January issue of *AWI NewsBriefs* for policy changes on triennial inspection requirements. The entire revised version of the AWI Quality Certification Program (QCP) policy manual is available online at [www.awiqcp.org](http://www.awiqcp.org).

1. **Shop Drawings.** Shop drawings for certified projects shall be in conformance with the Submittal requirements as noted in Section 1 of the *Architectural Woodwork Standards* (AWS). Projects that specify the *AWI Quality Standards Illustrated* shall be fabricated, finished, and installed as per the specifications; their drawings, however, shall conform to the AWS, Section 1.
2. **Application Fees.** Beginning January 1, 2011, application fees for AWI Manufacturing Member firms will increase from \$1,650 to \$1,800. This will help cover the increased cost of inspections.
3. **Filing Complaints.** The Quality Certification Corporation (QCC) has implemented a new process for filing complaints whereby any QCP stakeholder may file a complaint on any matter pertaining to the conduct of QCC staff, inspectors (Q-representatives), or any matter pertaining to the conduct of a QCP applicant and/or participant within the context of the QCP policies. Complaints must be filed using the form provided by the QCC, and the complainant will be notified of the investigation's findings and corrective actions taken (if applicable) within four (4) weeks from the date the complaint was filed. All information pertaining to a complaint will be held in confidence. Details will be divulged, solely to the extent necessary, to the parties involved in the complaint.
4. **Statute of Limitations on Filing Appeals.** Appeals to the QCC Board of Directors must be submitted to the QCC Executive Vice President within ninety (90) days of the notification date of the decision being appealed. Appeals submitted outside of this timeframe will not be considered.
5. **Written Tests.** Participants are required to successfully complete the QCP written tests (AWI Standards and QCP Policies) every three (3) years.

## 6. Policy Test.

All currently accredited QCP firms and applicants will be required to take a test to confirm their understanding of the *QCP Policies*. This must be completed within the first six (6) months of 2011. A score of 60 correct answers out of a total of 70 is considered a passing score. The test will be available online, and firms will be notified when it is active.

## ABOUT QCP

“Familiarize yourself with the new policies, which are required in order to obtain and maintain Q-accreditation.”

## 7. Distribution of Labels and/or Certificates of Compliance.

Following authorization by the QCC Inspections Manager, project certification labels and Certificates of Compliance will be sent from the QCC office directly to the woodworking firm. Q-representatives will no longer be involved in the distribution of labels.

## 8. Certified Project Signatory.

Project Certificates of Compliance shall be signed by an employee of the Q-accredited firm. Persons eligible to sign the certificate will be required to successfully complete the following tests within six (6) months of the tests' respective initial release, or every two (2) years, whichever is sooner:

- a. QCP Written Test of the Current AWI Standards. A score of at least 130/150 is required.
- b. QCP Written Test of the *QCP Policies*. A score of at least 60/70 is required.

No additional fees will be levied for this provision.

Questions or concerns may be directed to AWI QCC Executive Vice President Craig Elias at [celias@awiqcp.org](mailto:celias@awiqcp.org) or 571.323.3620. •



# AWI Webinars: Electronic Delivery of Tools to Use

## LEARNING FORUM

AWI is sponsoring two informative webinars for Manufacturing Members to fine-tune their skills in understanding and negotiating language in project contracts that protect the rights of Subcontractors as well as the General Contractors who have written them. Seating is limited, so if you miss out on the February webinar, make sure you register early for the March webinar.

### How to Participate?

Register online at [www.awinet.org](http://www.awinet.org). Scroll down to "2011 Upcoming AWI Events" and click on "Click Here for More Information."

### About the Presenter:

Michael P. Davis, Attorney-at-Law, Chamberlain, Hrdlicka, White, Williams & Martin, maintains a construction and employment law practice. He has successfully represented a broad spectrum of specialty trade and prime contractors in a variety of construction disputes involving construction defects, labor inefficiencies, warranty issues, constructive accelerations, and increased scope of work. Mr. Davis has achieved settlements, judgments and awards that have ranged in the millions of dollars. •

## "Negotiating Favorable Changes to Subcontracts"

February 16, 2011 • 2:00 – 3:00 pm (EST)

Discover the legal and practical reasons for negotiating more favorable language before signing a "boilerplate" Agreement. Learn about some of the most significant contract provisions and language that lead to more profitable projects.

## "Pay if Paid' Contract Language"

March 16, 2011 • 2:00 – 3:00 pm (EST)

Gain an understanding of the legal significance of contingent payment contract clauses. Learn the difference between pay if paid versus pay when paid contract provisions.



## 2011 AWI Sponsors

AWI thanks these annual sponsors for their additional support in 2011. Visit [www.awinet.org](http://www.awinet.org) to contact them whenever a need arises for their services. •

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