



Finishing Contractors Association

Business Practices Advisory Committee Meeting Minutes

**Tuesday, November 13, 2007
Caesars Palace
Las Vegas, NV**

Attendees: Tim Wies, Chairman, Randy Bender, Carl Biggs, Fred Philipp, Tony Schmalz, Mike LeGood, Ed Smith

Guests: Terry Urr, Gary Lundvall, Rick Lundvall, Don Wendler, Owen Smith, Jeff Bender, Bobby Smith, Brian Gann, Ken Evans, Gerry Williams, Roger Linnebrink, Bill Knopf (FCA Staff)

Chairman Tim Wies called the meeting to order at 1:00 PM. Minutes for the prior meeting were approved as submitted. Following self introductions, Tim called upon Ken Evans of the accounting firm of Moss Adams in Seattle to present the results of the 2007 FCA-CFMA Financial Survey.

Ken Evans noted that participation, while low at 5% (51 contractors submitting valid responses), made for a valid sample size in most FCA trades and in most geographic areas, and was impressive for a first year participation rate. It was noted that the final report was going to the printer on 11/21, and that participants would be mailed their free copy of the results in early December. Non participating FCA members could purchase a copy of the results for \$99, and non FCA members could purchase a copy for \$250. It was noted that 29 participants reported volume over \$10 million, and 22 were under \$10 million. With more responses in the future, we could break the classifications down further. Ken Evans went through a detailed ratio by ratio analysis of the results and separated mean numbers from best in class numbers.

Chairman Wies then introduced Gerry Williams and Roger Linnebrink from Portland for a presentation on successfully documenting and winning claims based on labor productivity. It was noted that their firm is doing a labor productivity study for the Northwest Wall and Ceiling Bureau (WA/OR) and the Northern CA Drywall Contractors Association, similar to a study published by national associations such as NECA, SMACNA and MCA.

Page Two

Labor productivity can be impacted by trade stacking, reorganization of the work, multiple change orders, schedule slippage, excessive call backs, and project fragmentation.

Following the presentation, discussion turned to the possibility of FCA hiring the company to do a national labor productivity study for the finishing trades, and in so doing giving our member contractors documentation and a national study to refer to as they pursue claims and engage in negotiations and litigation. It was noted that such a study for the NW Wall and Ceiling Bureau was \$60k, but that a national FCA study would be \$40k since the survey instrument had been already designed and tested. BPAC members voted unanimously to recommend to the FCA Board of Directors that FCA engage the services of Gerry Williams to conduct a labor productivity study for our trades in 2008. It was noted that this would result in a new membership service currently unavailable to competing open shop contractors. It was additionally noted that FCA would own all the survey results.

It was suggested that FCA contact the NW Wall and Ceiling Bureau and investigate "purchasing" rights to include the results of their regional drywall survey in our national publication. Incorporating these returned surveys would make our required national sample size lower.

It was also suggested that since relatively few FCA contractors have experience documenting and filing claims in this area, that FCA consider hiring Gerry Williams to conduct some educational seminars, possibly in partnership with our local affiliates, to raise the level of contractor awareness of this issue and how to successfully recoup lost dollars due to productivity losses. It was noted that successfully negotiating a claim with a GC or owner as a change order is significantly less expensive than going to trial.

Gerry advised that if given board approval, members of the BPAC group be selected to work with him on finalizing and testing the methodology of the survey.

Chairman Wies thanked Gerry and Roger for their attendance at the meeting, and asked Bill Knopf to update the committee on the status of the five major 2007 BPAC initiatives. Bill Knopf reviewed the FMI management education program, the ASA strategic alliance, the ADR seminar held last April in St. Louis, and the CFMA survey. It was noted that the planned PAS survey would be deferred until the 4th quarter of 2008 when FCA members see the benefits of participating in national surveys, such as the CFMA survey.

There being no other new or old business, the meeting adjourned at 3:00 pm.