Welcome New Member
Majestic Forest Products, Inc. is a Custom Cedar Remanufacturer specializing in WRCedar and Incense Cedar DRY "knotty' patterns and decking. Located in Eugene, Oregon in a central location for fast shipments on all orders. Good Quality is always their first priority.

From 1x4 thru 1x12, 2x4 thru 2x12 they can help. Any Pattern! They inventory some of the most popular patterns for prompt shipment: Patterns such as 1x6 WP4, 1x8 #105, 2x6 S4S Decking, etc...

Call to get free quotes and ask for the "Specials" list.
Owner: Steve Hammans
Phone: 541-345-4990 / Fax: 541-345-8131
E-mail: majesticforestproducts@gmail.com

WBMA Board of Directors Changes
During the Annual Board Meeting at the 111th Annual Convention, the WBMA Board of Directors approved a change to our by-laws to create additional seats for Supplier and Associate Members. We are excited to include additional leadership and insight from our Supplier/Associate members to better address the needs of our membership as the association continues to evolve.

Current Supplier/Associate Members now serving on the WBMA Board of Directors include:
• Supplier’s Council Chairman David Shanda, Huttig Building Products, Auburn, Washington.
• Christina Buttz, International Wood Products, Tumwater, Washington
• Steve Dolan, Boise Cascade, Woodinville, Washington
• Jeff Mancheni, Old Castle Central Pre-mix, Spokane, Washington
• Phil Schumock, McFarland Cascade, Tacoma, Washington
• Tom Stumpf, Western Wood Preserving, Sumner, Washington

Additionally, the WBMA Board added the Chairman of the Investment Committee, Bruce Abel, Don Abel Building Supplies and the Chairman of the Professional Development Committee, Tom Rider, BlueTarp Financial, Inc.

Upcoming Events
April 9-10, 2014
Estimating Workshop
Boise, ID

April 24-25, 2014
Roundtable Group 2
Olympia, WA

April 29-30, 2014
Yard & Delivery Managers
Ken Wilbanks
Olympia, WA

May 1, 2014
The Executive Imperatives
Ken Wilbanks
Olympia, WA

July 30-31, 2014
WBMA Mid Year
Board Meetings
Skamania Lodge
WBMA's Estimating Workshop  
**April 9th & 10th, 2014**  
Red Lion Hotel - Boise, ID  
The workshop will consist of 2 full days of instruction and discussion of residential construction methods, blueprint reading and material take-off.

**Two New Workshops for WBMA's Professional Development Series**  
**Yard & Delivery Managers Workshop**  
**April 29th & 30th, 2014**  
The Yard & Delivery Managers Workshop devotes two dynamic days to understanding the essential best practices and providing powerful tools to ensure stellar performance within each separate, yet interrelated, area of yard and delivery operations. Ken Wilbanks applies his Operational Excellence Methodology to teach yard and delivery managers to be effective managers with rock solid core best practices and standards that really work.

Ken Wilbanks will be facilitating both workshops. Ken is a highly regarded industry consultant with over 30 years experience in the lumber and building material industry and conducts professional development programs for building material dealers across the country.

Both sessions will be held at WBMA’s Kincaid Learning Center in Olympia, WA. Hours are 8:00 am to 5:00 pm and include all course materials, lunches and refreshments.

**Building Material Operations Comparison Survey**  
Compare your business with similarly sized dealers throughout the United States. This program combines cost studies and salary surveys into one program. Cost is $200. All data must be entered by Wednesday, April 30, 2014.

**Q & A - Forklift Operator Training**  
We have received several calls over the past few months regarding mandated re-training for Forklift Operators. The regulations require operators complete a driving skills evaluation every three years. It is not necessary to have your operators take the written (theory) test again.

Simply have your designated trainer complete an operating assessment using the evaluation form included with “The Forklift and You” training program. It can be completed by observing your forklift operators performing their regular tasks, there is no need to set up a special testing area. Review any problem areas noted and file the form with your other training materials in the event of an OSHA inspection.

Beware of receiving promotional information from training sources citing a requirement trainers and/or operators must be trained by “state certified” trainers. We recently were forwarded one of these promotional letters and followed-up with departments of workplace safety in each of our five states, confirming there is no such requirement or for that matter, state agencies that “certify” trainers to conduct operator training. You do not need to spend the $500 (or so) that these local training companies are trying to pass off as being required. Federal OSHA 1910.178(I)(B)(iii) states, “All operator training and evaluation shall be conducted by persons who have the knowledge, training, and experience to train powered industrial truck operators and evaluate their performance.”

WBMA is your source for industry-specific training and regulatory compliance. Please contact Casey Voorhees at the WBMA office casey@wbma.org or 360-943-3054 for any questions.
WBMA is Pleased to Welcome our New Columnist Featuring HR Insights for the Building Material Industry

Alicia Cappola, Real People Person, LLC

Alicia has been in Human Resources in Washington since 2004 primarily on the retail side of the building materials industry. Please feel free to contact her directly at alicia@realpeopleperson.com

Background Check: Criminal?

According to the U.S. Department of Justice, 30% of America’s adult population has a criminal record. Among people of working age, about 40% have criminal records. It is estimated that nearly 7% of the working population has a felony on record. Why am I telling you this? Because if you’re excluding people with criminal records from your applicant pool, either intentionally or passively, you’re going to find that it’s nearly impossible to fill all of your openings. It’s very difficult for most HR people, hiring managers, and business owners to ignore the check mark in the “yes” box of the criminal conviction box you probably have on your job application, so what can you do?

Many large cities, and counties have already started to do the work for you by banning that box on an initial job application. While criminal background checks are a great idea before you decide to hire someone, the idea behind not asking on the initial application is to allow potential hires to be assessed on their qualifications and not old or unrelated convictions. In April of 2012, the U.S. Equal Employment Opportunity Commission (EEOC) revised its guidance on the use of arrest and conviction records. The EEOC recommended as a “best practice…that employers not ask about convictions on job applications and that, if and when they made such inquiries, the inquiries be limited to convictions for which exclusion would be job related for the position in question and consistent with business necessity.” To be clear, this is merely guidance from the EEOC for now, but as of the writing of this article 56 jurisdictions have adopted some part of “ban the box”. In some cities, the ban only applies to public jobs that aren’t already federally mandated where convictions are concerned (such as for law enforcement officers) while some cities are applying the ban to private businesses as well. Of the 5 states active in the WBMA, 2 of them have some kind of law on the books about when a business can inquire about criminal background: Washington and Oregon.

As of November, 2013 the City of Seattle passed a law limiting employers’ ability to use criminal history in hiring and employment decisions. During the initial screening process, employers cannot perform a criminal background check or ask on the application (or in any other manner) about the applicant’s criminal history. After the initial screening background checks can be performed, but you have to be careful about how you’re using this information. Any adverse actions based on the information found in the background check must be based on a legitimate business reason.

Furthermore, if you determine you have a legitimate business reason for not hiring an individual based on their criminal history, you must inform the applicant of the relevant information and give the applicant reasonable opportunity to explain or correct it. This applies to public and private businesses, and protects all job applicants, employees, and independent contractors who perform at least 50% of their services within Seattle city limits.

In Oregon, Multnomah County removed the question from their applications in 2007 allowing the information only to be inquired about and used at a later stage in the hiring process. Like Seattle, the Multnomah County policy requires that an individual determination be made of whether the conviction bears a rational relationship to the job being applied for. For the time being, the regulations in Multnomah County do not apply to private businesses.

It seems very likely that this initiative will continue to grow and affect businesses in the United States. While you may not currently be required to take special care and consideration about when and how you use information about an applicant’s criminal background, you can certainly still take steps to do so and stay ahead of the curve. As a business owner, do you want to pre-screen 65 million+ applicants out of your hiring process, or do you want to narrow the field based on an applicant’s merits and qualifications before delving into mistakes he or she might have made in their past? On a personal, full disclosure note – I don’t have a criminal history.
Four Ways to Improve Your Credit Program and Boost Cash Flow
By Scott Simpson, CEO BlueTarp Financial, Inc.

We’re all optimistic about the signs of growth in the LBM industry. One recent report states that the seasonally adjusted annual rate of new home production has topped one million – for the first time since 2007. Building supply dealers are focused on stabilizing and growing their businesses but have painful memories of cuts to staff, services and inventory. Now is the time to understand the lessons learned from the past and make simple changes that will keep cash flow flush and credit risk low.

At BlueTarp, we manage the trade credit programs for thousands of dealers. This gives us a unique viewpoint of how every dealer approaches credit differently. The dealers we work with know that being great at credit is a key factor in healthy cash flow and the ability to invest in those things that grow their sales. It keeps their AR from building up, keeps their bank happy, and they have the time and the cash flow to focus it where it’s most valuable: growing their business. On the flip side, slow pay by your customers means you have cash flow tied up in AR, creating a significant barrier to your ability to buy inventory, increase delivery, hire sales reps, or similar investments that helps grow your sales. Here are four simple ways to improve your credit program and avoid repeating the mistakes of the past.

**Invest the time to understand how your bank views your business**
Your line of credit is the oxygen your business requires in order to function. Spend time getting to know your banker and make sure they understand your business. When the bank structured the deal, did they take into account the unique aspects of your business? If you have a bump in a covenant, can you trust the bank will not take a hard position and call the loan?

Building a strong relationship with your bank is an ongoing process and your ability to gain their confidence is essential. This takes work not only at the time of deal negotiation but also post-deal with frequent and proactive communication about your on-going successes and challenges. This sets the groundwork to ensure reasonable and rationale discussions when you need some help or when you are asking for improvements in your deal.

Every bank deal is unique but there are a lot of commonalities. Banks are in the business of making sure they are protecting their principal and so they get concerned when anything threatens that. Many dealers have relationships with their banks that are friendly and tight but, generally speaking, loan officers are trying to avoid downside risk and are monitoring for any tripped covenant. Often covenants are about operating income, the percent of your AR that is delinquent, a certain amount of losses that you’ve experienced, or the kind of liquidity you have. The more losses you incur implies higher volatility for them. Banks get skittish when they see too much delinquency and write offs, and if you’ve tripped a covenant they have rights to charge you more interest for your money, reduce your credit line, or even remove it. This is like taking the oxygen away from a fire – it can kill your business.

**Set clear credit limits**
If you haven’t explicitly set clear limits, then you really don’t have any.

There is a continuum of how tight and or loose credit programs can be. On one end is what we call “the Sales Prevention Team”, a credit team that is so tight that your sales reps complain that no one can get approved. On the far other end, you have the open door, where no one effectively gets screened out. Most people would agree that neither extreme is healthy. My point is not to declare there is an optimal place – that’s ultimately a question for you on your tolerance for risk. However, you do need to know upfront what situations are “no.” How large is too large a line? Below what credit score is this application declined? What is your approach if you require a personal guarantee and someone declines to provide you one or they provide you a bad one?

**Know how to screen for all major risks, not just bad debt**
Now that you’ve set clear limits and have shared them with your credit and sales teams, it’s time to assess how well you can screen for all major risks.

Dealers today need to beware of contractors who went out of business and are coming back. They may have burned you before and now they’re asking for a new credit line. The key is to have a powerful toolset that screens for all types of risk, not just bad debt. Most dealers that we engage with tend to focus only on whether they’ll get paid or not. It’s key to know that there are many tools available that allow you to assess various risks.
When someone is asking for credit, you should be evaluating four different risks. Two of these, bankruptcy and fraud, you should be screening out. The other two, their likelihood to dispute and the probability of them paying you slow, are risks that can be mitigated if you understand them upfront. The question is – how do you evaluate these risks? Invest your time and some money to have the right tools to manage these four types of risk:

- **Bankruptcy risk:** Make sure you are pulling commercial credit bureaus in addition to consumer credit bureaus. Also, collect personal guarantees and make sure they are from prime or super prime credit quality customers.
- **Slow pay:** How contractors pay others is a great indicator of how they are going to pay you, so look at the percent of trades that are in the credit bureau file that are 60+ and 90+ days past due. You can also gain insight by understanding where they stand in the payment hierarchy. If they are getting paid last, it’s likely you are getting paid last too.
- **Disputes:** When calling their references, don’t just ask about payment history but ask how often they’ve had issues or complaints from this contractor. And check BBB for what this contractor’s customers are saying about them.
- **Fraud:** Beware of the perfectly filled-in application and the prompt reference call returns. Ironically enough, that’s a signal that something may not be right. Use Google maps to verify their business address. We find some people have not taken the time to choose their business address.

### Make integrated credit and sales decisions

If they have made it through your screening and your answer is yes, then make sure it’s an integrated sales and credit decision. The most impactful decision comes down to how you price to ensure that a paying customer is actually a profitable one too.

Most dealers know their cost of goods sold very well but often ignore other factors that are key to profitability. A big one is understanding your true cost of credit. Veteran LBM consultant Bill Lee has researched that the fully-loaded cost of credit ranges from 3.5% to 5% of sales. The real key behind that is the often ignored costs -- the cost of money and the cost to collect. For dealers who have higher delinquency or have contractors taking them out 60, 90, or 120 days, those costs can add up.

If you know your true cost of credit, you can better understand what a slow payer is going to do to your profitability. If someone is going to regularly take you out to 60 or 90 days, they’re effectively hiking up your administrative costs (the cost to bill, collections) and line of credit costs (the borrowing).

So what do you do with that large customer who pays everyone else slowly and they are asking for a credit account? Do you decline them and lose the business? You don’t have to.

An integrated sales and credit decision is about pricing for this kind of situation upfront so that your sales team and credit team are on the same page from the get-go. Most dealers I know get wise after someone has strung them out and they try to fix this after the fact. Sometimes it works, sometimes it doesn’t. By assessing the situation early, you can offer a price to the customer that accounts for the fact that he is going to slow pay.

By the way, you should also think about reflecting which accounts cost more for delivery (distance, # drops), more sales time, or other special asks. Often these are very large customers. Sometimes you might find your very large customers spend a lot, but make you nothing in the end once all the added costs are factored in.

In our experience, making these four improvements to your credit program can be game changing. It results in predictable, faster cash flow, it protects you from credit risk, and you know the security of your bank line. Ultimately this is not about spending a lot of time and cash on credit. It’s about making sure that your time and your cash can be invested in those things that will grow your business.

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*Scott Simpson is the president and CEO of BlueTarp Financial, which manages the trade credit programs of over 2,000 dealers. Services include funding, billing, customer service and collection. To learn more, visit www.bluetarp.com or contact Scott at ssimpson@bluetarp.com.*
Bell-Anderson Insurance Agency - WBMA Service Partner

WBMA's partner Bell Anderson Insurance Agency offers a complete line of insurance products to our members including commercial, medical and personal. Our members will benefit from Bell-Anderson's experienced agents and accessibility to a broad range of insurance carriers ensuring the right coverage at competitive rates.

We encourage you to welcome a call from George Kupets and allow him the opportunity to review your insurance program.

President Obama Signs Flood Insurance Bill into Law

On March 22nd, President Obama signed into law the Homeowner Flood Insurance Affordability Act, which will ease premium increases to the National Flood Insurance Program that took effect in 2012.

The legislation provides a more affordable rate structure for policyholders; repeals the requirement that flood insurance premiums increase immediately to full actuarial rates for homes that are sold; and restores “grandfathering” for properties that were paying premiums applicable to their initial flood risk rating, allowing owners to pay premiums based on the original risk zone rather than updated flood risk zones.

Earlier this month, both the House and Senate passed bills with strong bipartisan support that provided relief to homeowners living in flood-prone areas from big spikes in insurance costs. Efforts to reform the program are in response to passage in 2012 of the Biggert-Waters Flood Insurance Reform Act (Biggert-Waters Act). Implementation of the Biggert-Waters Act has raised serious concerns about dramatic flood insurance premium increases, and how FEMA is managing changes to the Flood Insurance Rate Maps.

The new law will still allow premium increases for businesses, second homes, and properties that severely and repeatedly flood, including those that have been flooded so badly that their payouts exceed their value. The program will also be required to raise those premiums by 25 percent each year until they reach actuarial rates.

NLBMDA Urges OSHA to Withdraw Proposed Injury/Illness Reporting Rule

NLBMDA urged the Occupational Health and Safety Administration (OSHA) to withdraw its proposed Improved Tracking of Workplace Injuries and Illnesses rule that would require employers to report injury and illness data more often, submit reports in new electronic formats, and allow the agency to release the raw data to the general public. NLBMDA questioned the legal authority under the Occupational Safety and Health Act (OSH Act) to issue such a regulation that would publicly release the injury and illness reports and warned of the potential unintended consequences.

OSHA's proposed rule would require companies with more than 250 employees to electronically submit the records on a quarterly basis to OSHA. OSHA is also proposing that establishments with 20 or more employees, in certain industries with high injury and illness rates (including LBM dealers), be required to submit electronically their summary of work-related injuries and illnesses to OSHA once a year. OSHA plans to eventually post the data online.

"The release of injury and illness reports could lead to mis-characterizations about an employer's safety record. OSHA is proposing to release this information without context or clarifications about each incident. This creates the opportunity for, and will likely result in, misuse of the information. This would punish good actors and reward bad actors by creating the incorrect presumption that employers with several reports operate with hazardous work conditions and those with few or no records are workplaces with very safe conditions," said Michael O'Brien, NLBMDA president and CEO. "The opposite is likely to be true because employers that keep meticulous records and diligently report to OSHA are more likely to closely monitor safety conditions and quickly correct any issues that may arise at the workplace than those that fail to report."
Weyerhaeuser Completes Distribution Center Move

Weyerhaeuser Distribution has completed the relocation of its Eugene, Ore., distribution center 40 miles north to Albany, Oregon.

The new Albany facility positions operations between the Eugene and Portland markets while significantly expanding space from 66,000 square feet to 300,000 square feet. The increased space available in Albany not only moves storage of nearly all inventory at the facility under cover, but it will also allow the location to grow its cedar and lumber lines, expand into pine products and add Simpson Strong-Tie engineered wood hangers.

“The dramatic increase in capacity at Albany will further ensure our dealers can get the products they want and need from a single source,” said Dee Goodin, area general manager for Weyerhaeuser Distribution. “Combined with our reputation for on-time, accurate deliveries and array of value-added services, it’s one more way we’re demonstrating a deep commitment to stellar customer service.”

The move is one of many sizeable investments Weyerhaeuser Distribution has embarked on over the past year, including a similar relocation of the company’s Stockton, Calif., operations that consolidated two facilities to improve efficiencies and expand capacity. Other investments include hiring 146 new associates in sales, operations and support functions, and upgrades to wireless tracking technology, phone systems and lift equipment.