

Woods Brothers Lumber Inc. Selected for EBMDA Safety Award

Woods Brothers Lumber Inc. in Philadelphia, PA has been selected as the EBMDA Safety Award recipient for the plan year 10/1/02 through 9/30/03. Woods Brothers is both a long-time PLM insured and active member of the EBMDA dividend plan since 1987. Woods Brothers Lumber is a building material dealer with all lines of business in the EBMDA/PLM Safety Group Dividend Plan, including Workers Compensation and Business Automobile coverage.

Woods Brothers was selected as the recipient of the EBMDA Safety Group Dividend Plan Award based upon their demonstrated results. The results were viewed and measured against existing loss experience and a demonstrated commitment to address specific areas where losses occur. The willingness to address loss exposures included both physical hazard recognition and



EBMDA Safety Award

L to R—Randy Zellis-PLM, Clif Whitehead-Roehrs & Co., Ellen McGurrin-PLM, Safety Award recipient John Woods-Woods Brothers Lumber, Mike Kirkman-PLM

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a management commitment to instill in their employees accountability for safety performance. Woods Brothers operates in the urban Philadelphia area where unique loss exposures exist. Driving in congested city traffic, looking for unusual delivery sites, and being patient with other drivers while driving on congested city streets are but a few of the hazards faced on a daily basis. Woods Brothers and its employees, to produce superior loss control results, have effectively managed this increased exposure to workday hazards.

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on next page**

*Season's
Greetings*



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Safety Award

Few companies are able to sustain favorable loss results. Even fewer companies can manage loss exposures and avoidance on a prolonged basis. Woods Brothers has been unusually successful in managing their safety and loss control performance on a sustained basis. This demonstrated performance is a direct result of being

Mike Kirkman-PLM and
John Woods-Woods Brothers
EBMDA Safety Award
Recipient

aware of two broad based loss control areas. The first area involves the physical environmental hazards for a building material dealer.

Environmental hazards present specific and controllable loss exposures. Woods Brothers has managed these exposures on a sustained basis, as recorded in loss frequency and severity rates. The second area of loss control that has been embraced and managed by Woods Brothers involves the behavior of employees. Employees will respond to the efforts of controlling losses when encouraged by management and held accountable for loss free results. Woods Brothers has demonstrated their ability to motivate employees to identify problems, develop solutions to hazards and actively manage exposures to produce favorable results.

Their five-year loss ratio of 5.58% demonstrates management's commitment to maintaining a safe work environment. We applaud their effort and their stellar safety record! Congratulations to Woods Brothers.

National Cell Phone Directory to be Published

A national directory of cell phone numbers will soon be published. This will open a completely new database available to telephone mass marketers. The Federal Trade Commission has established a "Do Not Call List".

To register your cell phone on this list, you must call from the phone you wish to register @ 888-382-1222 or you can register up to three phone numbers online at <https://www.donotcall.gov/register/Reg.aspx>.

\$49,000,000

This is the amount of retirement money that your colleagues have entrusted to **Eastern Retirement Trust**, a subsidiary of **EBMDA**. **ERT** is a Master Plan Trust arrangement directed by volunteer member Trustees. The purpose of this arrangement is to pool our members retirement plans to open investment opportunities that may not be available to smaller plans and to assume most of the fiduciary responsibility. For more information, contact

Ada O'Conner
888-894-4805

Or
EBMDA
800-296-3278
office@ebmda.org

2005



Membership Drive

EBMDA members recently received their 2005 renewal notices. Each year, members are asked to renew their investment in their Trade Association. With today's increasing market pressures, EBMDA helps companies manage the strategic challenges of consolidation, staff education, and the rapid advances in technology. We forecast trends in the building material industry to help dealers plan their futures and capture best practices in areas as diverse as financial management, technology, communications, and government relations. These best practices are tangible benefits that save organizations time and money. All of this is done collectively with input from members of an entire industry, and the shared economies of scale enable many to benefit at a much more reasonable cost.

EBMDA has quantifiable member benefits that include education, insurance and retirement programs. In addition to those benefits, it's important to realize the intangibles that our organization provides. Your Trade Association needs everyone's dues support to continue its work of representing Independent Dealers and their Associates.

Invest in your future.

Join today!!!



Lumber Tech Estimating Seminar Well Received

The EBMDA sponsored Lumber Tech Estimating Seminar week, held in October, was attended by 21 employees of 7 EBMDA member companies. The estimating seminar was conducted by Keith Kluis and well received by attendees. Attendee Scott Hart of MSI Inc. commented "Excellent for people who know very little about estimating". The next scheduled EBMDA sponsored estimating seminar will be in April 2005.

Please Support These Associate Members Who Support EBMDA

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COLD WEATHER PRECAUTIONS

By Randy Zellis, Assistant Vice President of Technical Services
Pennsylvania Lumbermens Mutual Insurance Company

With winter fast approaching, proper precautions need to be taken in order to protect your business from the cold weather and some of the problems it may bring. Buildings may be loaded beyond their design by the accumulation of snow and ice. Fire protection equipment may freeze, leaving a major portion of the facility without protection.

Taking an active role in safeguarding your business from the severe cold weather is the best approach. Here are some precautions to take:

General

- Plans should be made to remove snow from flat roofs and other structures, which may result in the collapse of one or more buildings.
- All doors, windows, skylights, ventilators and other openings should be weather-tight so they will not admit cold air that could cause sprinkler systems to freeze.

Heating Systems

- To determine that the entire system is in proper operating condition, it should be examined and deficiencies corrected. Burners, boilers and flues should be clean. Obstructions should be removed from all pipes, radiators and unit heaters. Controls of heating equipment should be tested for proper operation.
- Where possible, an adequate supply of fuel should be on hand at all times. Safe alternate energy sources should be investigated.
- Temperatures of about 40°F must be maintained at all times in buildings equipped with wet pipe sprinkler systems, in all dry pipe, pre-action, and deluge valve closets, and in all pump houses.
- Clearances should be maintained between heating system components and combustible floors, walls, partitions, platforms and stock.

Protective Systems

- Plans should be made to promptly clear snow from access ways, control valves, hydrants, hose cabinets, smoke and heat vents, explosion relief vents and other essential equipment to permit effective operations in the event of an emergency.
- Wet pipe sprinkler systems in areas which are inadequately heated, should be converted to dry pipe or pre-action systems.
- Dry pipe sprinkler systems and pre-action or deluge systems dry pilot lines should be inspected carefully to make sure that the piping is properly pitched for drainage. Any condensation that collects in low points in the piping should be removed. Excessive priming water should also

be removed.

- Sprinkler heads in the immediate vicinity of steam pipes, unit heaters, or other heat-producing appliances should be of the correct temperature rating.
- Solutions in all anti-freeze sprinkler systems should be tested and anti-freeze added as necessary.
- Any “shut-in-winter” valves controlling small, unheated areas should be closed, tagged with IRI cold weather shut-off tags, and properly drained. Consideration should be given to converting such systems to either a dry pipe or pre-action system.
- All wet standpipe systems with piping located in areas subject to freezing should be shut off, drained and tagged.
- Connections to water motor gongs and fire department connections should be properly drained.

Fire Protection Water Tanks

- Gravity tanks must not leak, since an accumulation of ice on trestles can cause the tank structure to collapse. The expansion joint and riser boxing should be in good condition.
- The water temperature in the gravity tank should be checked frequently during cold weather and maintained at no less than 42°F.
- The tank heating system should be flushed and put in good working order.
- The tank roof-hatch cover should fit tightly and be fastened.

Hydrants and Underground Piping

- Hydrants and fire pump hose headers should be drained. Outlet hose valves must be left half open to prevent damage from freezing.
- Hoses should be properly drained and dried.
- Packing on the post indicator valves should not be leaking.
- Sections of exposed piping should be drained or otherwise protected against freezing.
- Valve and meter pits should be dry and frost-proof.
- Portable and wheeled fire extinguishers located in cold areas should be suitable for such locations or installed in heated cabinets.
- Automotive fire apparatus should be properly serviced for cold weather.

Taking these precautions before the cold weather hits is the key to avoiding preventable losses that can cause your business unnecessary claims and financial loss.

Pennsylvania Lumbermens Mutual Insurance Company is the “Endorsed Carrier” for the EBMDA Safety Group Dividend Plan open to qualified members of EBMDA. For more information on joining this program, contact Ellen McGurrian at 1-800-752-1895 or via e-mail at emcgurrian@palumbermens.com.

This is the 2nd installment of the 2-part series detailing an EBMDA member's search for a competitive pension plan. For a complete transcript, contact EBMDA offices @ 800-296-3278 or office@ebmda.org.



Hamilton Supply's Search for a Competitive Retirement Plan

By
Kip Coleman

Many of the plan providers hope you overlook costs and focus just on returns. Returns are important of course. Just make sure that these returns are net of all fees. We wanted to see what proposed funds did in 2000, 2001, 2002, 2003 as well as what they did in 2004 so far. We also wanted to see how they fared on their 3, 5, and 10 year return. We also wanted to know if the funds they proposed were guilty of drift. What is drift? An example of drift is when a small cap value fund buys a large cap growth stock to make the fund return look better when it is a bad year for small cap value stocks and a great year for large cap growth stocks. The gist is when you buy a small cap value fund you want a small cap value fund. Most well diversified plans will have large cap growth already provided for in the plan. You don't want to buy it again through drift. Drift is a difficult question to answer for a broker or someone not intimately familiar with money managers of the funds being proposed. But it is a good one. Remember that returns are important but no one can pick the best funds year after year so beware of anyone that says they can out perform the market on a regular basis. They can't and they won't.

Another thing we were looking at pretty hard was how the education of the participants was handled. Many proposals we had gave the impression that providers could give individual investment advice. If anyone says they can give your participants individual investment advice you have to ask more questions. Plan sponsors, investment advisors (if they want to keep their credentials) and providers must be careful to avoid running afoul of

the nondiscrimination and prohibited transaction rules in the Internal Revenue Code and in Title I of ERISA. I think you will find that this promised advice boils down to testing the participant's risk tolerance and merely suggesting what investments are available to them within the plan, and nothing more than that.

To help you make a decision you can take the plan asset money in your plan and play a what-if game on a spread sheet. What if the plan assets decrease 10 to 30% in one year? What does that do to your fees? What if your plan assets increase 50% over the next 5 years? Do your fees increase per participant or decrease and at what rate? You can think of other what-if scenarios I am sure. It is something you have to do to evaluate these proposals. If you hire an unbiased consultant, this is what you want from him or her too.

The bottom line to this story is that we tried to find the very best plan for Hamilton Supply's owners and employees. Just because I am the Chairman of EBMDA I did not change my goal. My connection to ERT simply gave me the knowledge to ask a lot of questions. I do not sit on the Eastern Retirement Trust. You have to be a participant in ERT to be asked to sit on the trust and we would not place our multi-million plan with ERT just to have one of us sit on the trust. Our goal was to get the best plan regardless of our affiliations with any entity that we do business. After all the smoke and mirrors and rockets and fireworks from prospective plan providers this is what we discovered:

1. Returns and cost were important factors for us. Our costs going forward are less than we were paying with our former provider and will increase as assets grow because some fees are based assets but at a lesser rate than all other proposals, thus helping us increase net returns.
2. The SEI investment returns are consistent with our goals to increase our plan assets safely and steadily, and their returns performed consistently over 3, 5, and 10 years.
3. As a fiduciary we are backed by SEI and Eastern Retirement Trust through education of the participants and investment options. Lots of backup!
4. Oversight and compliance is the responsibility of a board of our peers backed by an independent advisor of Kuntz Leshner Capitol in addition to SEI and the administrator, Turning Point Associates.
5. The third party administrator is directly responsible to us and ERT with hands-off loan initiation and asset distribution as well as full ERISA compliance and testing.

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Bill Lee
Lee Resources Inc.

HOW TO RESPOND TO CUSTOMER COMPLAINTS

By
Bill Lee

If you are in business, you will eventually offend a customer, or at least fail to meet the customer's expectations. Now that the damage is done, what is the most effective way to deal with the complaint and keep the customer?

Step 1. Identify with the customer. Never take a customer complaint lightly. Rather, do your homework and make sure that the customer understands that you genuinely care and that you want to do the right thing. Doing the right thing, however, doesn't always mean giving customers what they want; it means making sure you do your best to get both sides of the story and respond appropriately.

One of the best ways to identify with a customer is to ask yourself, "If this had happened to me, how would I feel? What would I think the right thing to do would be?" If you're truthful with your answers, and you respond accordingly, the odds improve that your customer will also.

Step 2: Acknowledge the customer's point of view. Never tell a customer that he is wrong, but always respond in such a way that the customer knows that you understand where he is coming from. This is best achieved by listening to what the customer has to

say and asking questions for clarification.

Step 3: Ask the customer this question: "What would you have us do?" This puts the monkey on the customer's back to tell you what would be fair. It still doesn't mean that you are going to do what has been suggested, but you give the customer an opportunity to offer an opinion.

Step 4: Get input from others whom you respect before you respond.

Ask your supervisor's opinion, your fellow salespeople or even someone you respect from outside our industry. What you're looking for here are alternatives to both keep the customer and to avoid putting your company in jeopardy.

Caution: Sometimes doing the "right thing" is not enough to keep a customer. So calculate what it will cost you in terms of gross profit dollars if you and the customer cannot come to terms.

I recall a Colorado client who supplied redwood fascia to a builder for his own home. While the lumberyard did not supply the paint or the painter, the painter that they builder selected used water-based paint on the fascia. When the grain swelled, the builder demanded that the dealer replace the fascia.

The lumberyard was clearly not responsible and the builder's demand was ridiculous. However, the manager of the lumberyard made the decision to replace the fascia because he knew that the builder was the kind of person who would punish him by taking his business elsewhere if he didn't meet the builder's demands.

What is the right thing to do and what will keep the customer may not always be the same.

Hamilton Supply

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We have all the bells and whistles. Account access through the Internet, phone, and direct contact with one or two record keepers. You are not just a number. If you or your participants want to talk to a real person you can do that easily and it is the same team of people who know your plan.

If you get the phone calls each and every week asking to review your plan like I do and you are inclined to review your plan, please give Eastern Retirement Trust an opportunity to also review your plan. I was impressed with the quality of the people involved with the process at ERT and SEI. If you don't think you have the time to spend on a review it may be costing you and your company plan in return on your invest-

ments. If you already have your plan with ERT and are reviewing the results I think you owe it to yourself and your company to have Ada O'Connor and representatives from SEI take a look at your proposals for a comparison. (It is very easy to become confused by those proposing plans. If it sounds too good to be true, it probably is!) You already have the fiduciary backing and very competitive returns. There are costs associated with administration and no one to my knowledge has found a way to keep records for nothing. If you want to be able to sleep at night too as a fiduciary, then there is no one that is as trustworthy as your association plan. They do a great job and they are as reasonable as anyone in the business. I know because I just spent 6 months and hours and hours reviewing our options here at Hamilton Supply. **ERT is the best bang for the buck!**



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CALENDAR OF MEETINGS & EVENTS:

December 2, 2004—ERT Quarterly Meeting, Lewisburg, PA
December 3, 2004—EBMDA Board Meeting, Lewisburg, PA
February 4-7, 2005—EBMDA Off-Shore Meeting, Cancun, Mexico
February 15, 2005—Yard Foreman Seminar, Mechanicsburg, PA
February 16, 2005—Mastering Management Essentials Seminar, Mechanicsburg, PA
March 14-16, 2005—NLBMDA Legislative Conference, Washington, DC
April 18-21, 2005—Lumber Tech Estimating Seminar, Location TBA
April 28, 2005—ERT Quarterly Meeting, Split Rock Resort, PA
April 29, 2005—EBMDA Board Meeting, Split Rock Resort, PA
September 15-16, 2005—EBMDA Board Meetings, Location TBA
September 29-October 1, 2005—NLBMDA Annual Meeting, Vancouver, BC
December 1-2, 2005—EBMDA Board Meetings, Harrisburg, PA

Happy Holidays

**From the staff of
EBMDA**