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ON THE COVER: As part of its marketing upgrades, Virginia Marble is showcasing its products with outstanding photography and better printed materials for its customers to showcase to their clients. Pictured on the cover is the company's Bluestone Granite Vanity Top. A profile on the company begins on page 4. Photo: TriGroup

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PRESIDENT'S LETTER

Always moving forward



I RECENTLY RETURNED FROM A FOUR-CITY, FIVE-COMPANY LEAN TOUR that was one of the most eye-opening experiences of my professional life. I was so overwhelmed with all I learned I couldn't possibly fit it into a column. But there were several key concepts I want to share.

The first is this: if you aren't constantly seeking improvement, there is no way to get ahead. As I ate dinner at Paul Akers' house, he explained to those on the tour that too many of us live sloppy lives. We

plod ahead not weighing what we do instead of learning to be precise in everything we do—our daily lives, our jobs, even what we do for entertainment. Paul says that, after a trip to Japan, he realized the difference between Japanese and American culture is that the Japanese are constantly studying processes and improving each step so that the overall result is continuous forward momentum. He now lives by the mantra: banish sloppiness and fall in love with precision.

A second point that stuck with me from what I was seeing is: we need to look for the why in everything we do—every work project, every experience we have. If we are seeking the why behind what we're going through, it helps us find the right path: the most precise solutions. This brings me to another point, which is: we need to engage our own people. If we understand the whys behind what we do, including what we do at work, we can show our employees the why of what they do; we can pull them along, instead of pushing. I really think many bosses today completely miss the boat on this: they expect their employees to fix problems without understanding what's behind those problems. If we teach our employees how they can improve themselves—how they can fix their own problems

by understanding why they do what they do on the job—our companies can greatly benefit from a culture of moving forward, instead of reacting.

This issue of the magazine carries the themes of business and finance. These are two areas where precision is certainly vital and where sloppiness can cost us greatly. I picked up some tips on this tour as I saw how the five companies handle their operations. At Lewis Cabinets in Utah, for example, I saw a

company that has learned to use throughput accounting—the concept of identifying system constraints that keep a company from reaching its full profitability, then breaking down what can be done into simple measures that will drive behavior in the right direction. This is key in the process of learning to pull instead of push; we need to enable our own employees to break down what they do into little steps and show them how to move each step toward the common goal of improvement.

Looking forward to talking with some of you in April about such concepts during POLYCON 2019 Kansas City! ■

Luke Haas
ICPA President

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VIRGINIA MARBLE:

How to be **BIG** and “small” at the same time

BY GENILEE
SWOPE PARENTE

VIRGINIA MARBLE MANUFACTURERS,
INC. feels like both a giant and an inti-

mate place to work.

The expansiveness comes from the reality the manufacturer is one of the largest of its kind in the country: a company that offers customized engineered marble products across the mid-Atlantic U.S. from New Jersey to the Carolinas and as far west as Ohio. The intimacy comes from the fact it's a family-owned business in Kenbridge, VA, (population 1,206) in a rural area of that state—a place it's been for half a century. Many staff members have known each other for years.

“We are particularly proud of this heritage, and we wouldn't want to have our plants or facilities in any other location,” says Scott Bridgforth, president of the company and second-generation son of one of the company's founders William Bridgforth.

The birth and growth

William Bridgforth was a businessman with several interests when he came across the cultured marble industry and decided to buy a small operation in Richmond, VA. The facility's location on the James River proved to be fateful when a massive flood facilitated William's decision in 1969 to bring the operation to his hometown. Bridgforth opened a small plant on the same site where the company's headquarters now rest, just inside the Kenbridge limits.

Since those early days, when a few employees were making the product in a tiny building, Virginia Marble has grown to include three large production facilities and seven warehouses, all of them in that community. This makes the





company the largest employer in Lunenburg and Nottoway Counties of Virginia—more than 320 people work for the company.

Yet General Manager Mark Buss says growth is only one aspect of the company's history and heritage.

"The neat part about the historical perspective of Virginia Marble is not so much how big we've become. It's that we have a long-tenured and very diverse workforce and all of them live in and around the community," he says.

The other "neat part" of the history is that the current leader Scott Bridgforth came up through the manufacturing side.

"I think he's held almost every job in our manufacturing plants, which means he truly understands all the nuances of the manufacturing process," Buss says. "His passion and confidence in the business is unmatched because he knows what the organization can achieve if it puts its mind to it, yet he allows his team to do what they need to do day to day," he adds.

"WE HAVE A LONG-TENURED AND VERY DIVERSE WORKFORCE AND ALL OF THEM LIVE IN AND AROUND THE COMMUNITY.

— MARK BUSS, GENERAL MANAGER

There is also a third generation eager to succeed: Scott's son Scottie and his daughter Jessie both work for the business.

Also, the long tenure does not apply just to the Bridgforth family; the management team

has worked there several decades. The company's Plant Manager Alan Bagley is approaching 34 years and Vice President of Sales Bubba Williams has been in his role for 24 years.

"This is the legacy of who Virginia Marble is, which is a cornerstone of its own community," Buss says.

The current business

Virginia Marble is almost exclusively a business-to-business operation, selling its products wholesale to distributors as well as to national and regional homebuilders, renovators, some architects and cabinet companies.

"We have no transactions directly with big box retailers and few local walk-in consumers. Some of our competitors have gone that direction. We chose not to do so," Buss said.

Instead, the company focuses on being able to provide customization on the expansive client base, which got the company to where it is today. Virginia Marble recently added a tag line: "Inspired by you, created by us." That means that if

Molds are prepared in one of two Virginia Marble cast polymer manufacturing plants.

consumers tell a builder or a renovator they want a product in an unusual shape or an off-center bowl or a product that fits into a large or tiny space, Virginia Marble strives to make it fast, make it right and rarely has to say it can't be done.

"One of the benefits of having a seasoned staff and leaders with hands-on experience is that we have a very high level of expertise working for us," Buss comments. "We've learned to use that expertise to deliver exceptional customer service in a cost-effective way," he adds.

Most of what's produced in the plants is engineered marble, which works well with the goal of being able to customize. But about five years ago, the company expanded into stone fabrication, an area led by Scottie that is growing rapidly for the company.

"Our stone business came from a marketplace shift occurring," Buss says. "Some of our customers came to us and asked if we could help them find and fabricate stone products, and it's always beneficial to be able to say yes to your customers," Buss explains.

Both sides of the business offer opportunity for growth, however.

"Stone fabrication is increasingly important to us as a business because stone is more popular with many consumers today. It needs to be part of any showroom," Buss



Virginia Marble has a huge warehouse for staging delivery of products.

says. "However, engineered marble's distinct advantage is the ability to customize," he says.

In other words, it may be easier to cut a stone top to a certain size than to put products together according to a formula and then pour, cut, finish and polish a cultured marble piece. "But it takes the earth thousands of years to make that stone look a certain way. Meanwhile, it's much simpler and can often offer a better price point if you can create your own look and size from readily available materials," he comments.

Group leader Jacoby Freeman casts directly onto a Wave Bowl mold at the company's Brunswick Avenue plant.



Into today

Most recently, the company has begun a period of modernization in several areas. Mark Buss, who is the only manager to come from outside the engineered marble business, was hired a year ago to bring about some of the modernization by providing a distinctly different business perspective to the workings of a successful, rural marble manufacturer.

Buss' background is in running businesses; most recently he was president of Govino glassware and before that, a leader at Saeco (espresso machines) and Hamilton Beach as well as a 10-year board member for the billion-dollar business of Shark-Ninja brands.

"I was hired here to assist Scott in helping to bring a more strategic approach to the operational and commercial aspects of the business," he explains.

Part of that approach is to study and update the company's image and marketing materials. As such, Virginia Marble not only added the tag line that focuses its image on its customization strengths, but has redone brochures, marketing pieces, catalogs, updated its logo and is in the middle of updating the website.

"All of our marketing is for business to business so our approach is to provide our customers with the materials they need to reach the final consumer. The sales people and



Buss says the longevity of the staff is a backbone of the company. He's shown here (left) with Plant Manager Alan Bagley.

our own customers are our first line of defense," Buss says.

If it's a giant distributor showroom, for example, the company would ensure its best vanity samples were on the floor and that the showroom sales staff had available updated marketing brochures, catalogs and product samples that show both the material that the product is made of and the colors and varieties available.

As far as the website, "like many companies in our business, we need to bring our site into the current time period. We are modernizing the feel and the look and simplifying

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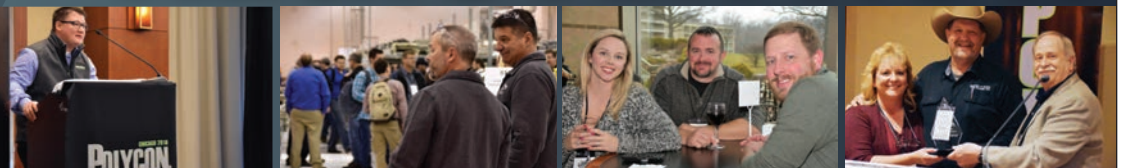
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navigation,” Buss explains. “We asked our customers what they need. Because we are business to business, our customer base looks to our site to allow access to good digital imagery, product information and information on care and maintenance of cultured marble. That’s where we’re starting,” he says.

The plan will evolve towards a more interactive look and feel, which is what consumers and business customers today are coming to expect.

“Ultimately, someone will be able to click on a countertop and watch it change color and feel,” he says.

Another area of modernization the company is studying is technology.

“We have identified several areas of our company that we believe might benefit by more automation. We are on the edge of getting ready to push the button on robotics,” he says.

Today’s challenges, tomorrow’s direction

One of the reasons Virginia Marble is considering automation is to help it address the biggest issue in the industry today: finding skilled labor.

“I believe that the single greatest challenge for our company (and most manufacturers in the U.S.) today is maintaining a high-quality labor force on a daily basis in an economy of low employment and in a rural area,” Buss says.

The company fights back with competitive wages, good benefits and a constant evaluation of how to provide a safe working environment, “which we do every day,” Buss says. “But although we are blessed with a workforce with longevity, diversity and a company reputation as a good place to work, the reality is that attrition is natural,” he says.

Another significant challenge for Virginia Marble is material cost increases.

“In the last two years, our cost increases in the manufacturing process have gone up 10% per year,” Buss says. Those increases include the same materials as all of the cultured marble industry is now facing: resins and gels and corrugated cardboard. But for Virginia Marble, it also includes diesel fuel: the company has its own trucking fleet.

It most definitely includes labor costs.

“If you’ve got good people and you’re not paying them well, you’re going to lose them,” he points out.

For these reasons, the company has placed its priority for investments on financial and human resources, including the possibility of robotics.

The company is also committing resources to finding more ways to ensure high quality. Virginia Marble is certified by several programs and recently became reactivated in ICPA



Workers on the line polish and finish end splashes.

with Buss now serving on the board.

He reactivated the membership and became involved to learn more about the industry and attended his first POLYCON in Chicago last April. The experience was eye-opening, he says.

“I was immediately fascinated by the camaraderie of this business. The vendors in this industry are a critical part, and they jumped right in to get me involved. But it’s also the manufacturer members. Some of our largest competitors were more than willing to share their opinions on how we can grow the industry and help me understand the roadblocks and opportunities,” he says.

Buss says he believes that will be increasingly important going forward as the industry evolves. For example, he says he hopes that ICPA can help the industry develop the litmus tests it needs to make certification programs more realistic.

“One of the challenges we’re now facing is that, while we recognize the need to find appropriate certifications to allow us to validate our quality, the testing protocols are not always relevant,” he says.

He gives the example of a weathering test, a test that uses xenon light to measure durability.

“The problem is that our industry’s product is never going to be used under the intensive lighting over extended periods of time that this test studies. That’s not how our products exist every day in the home,” he says.

“Our hope is that participation in organizations such as ICPA can help the industry find more relevant ways to certify what engineered stone faces in the real-world environment,” he says. ■

GENILEE SWOPE PARENTE is executive editor of **Cast Polymer Connections**. She welcomes ideas on what other companies should be profiled. Reach her at gsparente@verizon.net.

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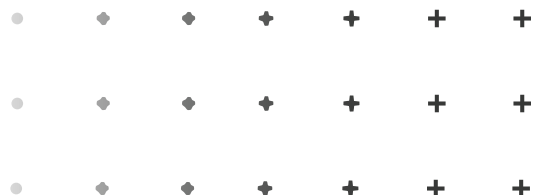

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Entering the mindset of today's potential workers

BY LISA RYAN

IF YOU BELIEVE TODAY'S YOUTH ARE HARD TO DEAL WITH, consider this quote:

"The youth of today love luxury. They have bad manners, they disrespect their elders and they prefer chatter in place of exercise."

Do these complaints ring a bell? The quote is attributed to Socrates, who issued it around 432 B.C. That means we have been complaining about our younger generations almost since the beginning of time.

Some of the issues for us as bosses have remained the same over the years: we're trying to adjust to more relaxed thinking, wishing our youth had as much respect for our businesses and plants as we have. We might even translate "chatter in place of exercise" to: why do they always have their noses in their smart phones?

But, as an employer in the current, skills-hungry marketplace, those of us who don't understand youth at least enough to get them to work for us may well be in trouble. Unless you are ready to adapt your business strategies to both the generations currently in the workplace and those soon to be entering, you will not have the staff that can help you compete.

Probably, the best place to begin is to simply understand the differences between the generations we have today. Briefly, those include:



- **Traditionalists (also known as the “silent” or the “greatest” generation.** Born before 1945, this group was raised to “pay their dues”—to work their way up through an organization. They were hardworking, fiercely loyal, and they trusted authority. They did not expect to be recognized for doing their job because it’s what they get paid to do. Since these people are mostly retired today, we’re not looking to hire them. But they helped to formulate the bases of our companies’ leaders. Since many of the leaders in ICPA are now second and even third generation, the traditionalist attitude was their fathers’ or grandfathers’ thinking and some of that may have rubbed off..

- **Baby Boomers.** Born between 1946 and 1964, Boomers are the generation for which the term “workaholic” was created. They lived to work because they were taught to do so, and they put in the “facetime” (and I’m not referring to iphones here) necessary to climb the corporate ladder. Their extreme dedication to career caused some imbalance in their personal lives, leading to a high divorce rate and an increase in single-parent households. Many of our managers and industry leaders today are baby boomers or children

of baby boomers and some of our part-time personnel might be balancing retirement with work.

- **Generation X.** Born between 1965 and 1980, Gen Xers were the first generation of latchkey children, and they were raised to be independent. They saw the toll that spending too many hours at the workplace put on their parents, and thus desired more time with their families. This is the generation that introduced the concept of work/life balance and many of our leaders today struggle with this balance. However, not only is this currently the smallest generation in existence, they also were steered away from manufacturing/trade occupations by their parents, thus causing today’s large age gap in many plants.

- **Millennials (Generation Y).** Born between 1981 and 2000, the Millennials make up the largest percentage of the workplace today. The group is almost as big as the Boomers (75 million Millennials versus 80 million Boomers). Just like the Boomers, this group is poised to change business as we know it, and many of them are tomorrow’s leaders and managers. They were raised embracing technology, recycling and initiatives to take care of the planet. They are the most educated of the generations, and many are dealing with the repayment of large student loans. Because they are used to receiving continuous feedback, they expect the same level of recognition, respect, and relevance that’s been ingrained in their values since their childhood.

Serving a mission greater than themselves and making a difference is an important personal initiative for them, and they are looking to join an organization that makes the world a better place.

- **Generation Z (sometimes known as the iGen).** Born sometime after 1996-2000 (the years get fuzzy among experts when defining both the Millennial and this generation), this group has seen the struggles Millennials faced, including “helicopter” parents hovering while keeping tabs on how they are doing, high student loan debt, and a negative perception from older generations that they are “lazy and entitled.” This generation is distancing themselves from Millennials as much as possible because they are seeing these negative



perceptions. Meanwhile, Gen Z is used to being part of a “gig” economy—a term used to describe an environment in which temporary positions are common and organizations seek out independent workers for short-term engagements. A study by Intuit predicted that by 2020, 40% percent of American workers would be independent.

Because the Reg Z generation values flexibility, they are much more likely to consider contract work and entrepreneurship.

These are the generations that make up today’s workforce from our leaders down to our part-time personnel. To understand how they can work together in your plant and office, you need to know how they think. However, by understanding the general traits of each generation, you can learn to accept and appreciate the differences and create a more harmonious workplace.

Meanwhile, here are my ten strategies that can help you attract and retain the youngest of those generations.

1. Develop career plans and pathways for people to rise. For the first ten years of their career, Millennials, on average, will switch jobs four times. They will either move into different positions within one company, or they’ll take their skills to a new company.

By creating a personalized career development plan for new employees, an employer can provide opportunities that this generation can see may offer different ways to advance within your company. They also can see the best fit for their skills. This plan requires listening to what employees want in their careers and then helping them to achieve their goals.

2. Start early. Because Gen Z is less enthusiastic about the value of higher education, many may go straight into the workforce. Tapping into this pool of candidates as early as possible can give your organization an advantage over companies that wait for potential hires to graduate from high school or college. One good way to do that is to work with local schools. Participating in events such as “Manufacturing Day” (first Friday in October. See the Fall issue of **Cast Polymer Connection**) is a good way to connect with elementary and middle school children as well as with their parents.

3. Learn to be flexible. Today’s youth, with its “gig economy” mindset, wants choices. Offering flexible schedules, opportunities for cross-training and time off to work on charitable projects are benefits that resonate with both

Millennials and Generation Z. These younger generations thrive on life-long learning, career growth and having a mission, instead of just holding down a job.

4. Find ways to clean up. Unfortunately, one of the problems with manufacturing today is its image. Many younger workers still see manufacturing plants as dirty, boring, smoky, dismal places to work. Providing a clean, safe environment with good air quality not only improves worker productivity, morale and retention, it also plays a critical role in recruitment. Today’s plant managers not only need to make clean a reality, they need to be out there telling the world just how clean and safe their facilities are. Cleaning up the workplace also creates manufacturing employees who want to stay with you.

5. Listen, listen, listen. Millennials and Gen Zers don’t necessarily want to punch in, punch out, then go home and not think about what they did during their work day. They have a lot of energy, and they want to contribute their ideas and that energy. Why not take advantage of this? Create ways that you and your plant managers can embrace their unique perspectives and leverage their ideas. Find ways to recognize their participation in achieving company goals.

6. Learn to respond quickly. Multitasking is a way of life for younger generations today. They are used to watching videos, hanging out with friends and texting—and are often doing all three of these at the same time. Because of this constant connection, they also expect to be able to communicate immediately with their bosses, and they expect a quick response. Learn how to effectively use that smart phone of yours, as well as email and other channels that allow you to respond as quickly and thoroughly as you can.

7. Promote safety. Because both Millennials and Gen Z were buckled in a car seat as babies, taught to wear safety helmets while cycling or skate boarding, and have always had the feeling that someone was keeping them from harm, they expect the same in the workplace. As leaders, you need to convey everything your company is doing to protect its employees. You need to stress how you go beyond and above to provide them a safe workplace.

8. Look for ways to instill confidence. Millennials do not appreciate feeling like rookies. As the most educated of the generations, they already believe themselves to be leaders. Even if they are not there yet, you need to let them feel like working for your company will get them

there. Today's younger generations want to be recognized for what they bring to the table. They also have a desire to confidently contribute from day one in a position. This group likes to learn new skills and technology – encourage them to do so by offering good training programs and opportunities for bettering themselves such as the Certified Composites Technician Program (see page 20).

9. Take field trips. Have you signed your managers up to go to POLYCON 2019? Why not? The younger generations need to be exposed to industry trends and best practices and one way you can do that is by taking them or allowing them to attend tradeshow, supplier open houses and demo days. You don't have to be able to afford to take the entire staff to a national show, of course. But there are many opportunities in your own communities. Let your entire team experience the excitement of the cast polymer and manufacturing worlds. Find ways they can see new technology and assess today's business trends for themselves so they can see where their industry is going.

10. Use mentoring to spread the skills. Companies that want to get ahead today have learned to set up mentoring, not just reporting relationships between em-

ployees and their managers as well as other tenured employees who can show them the ropes. Set expectations for both mentors and mentees so they know what is expected of these mentoring relationships. Then schedule frequent check-ins to see how the relationship is working and have a defined period with an option to continue if needed and wanted.

When it comes down to it, the youngest of your workers ultimately wants the same things most of the rest of your workforce want. They want to be treated fairly and with respect; they work best when acknowledged for their efforts; they need to feel valued by the organization.

There are differences of course. The rapidly changing workplace of today means leadership teams have to study every aspect of their businesses so they can make changes necessary to keep up with the technically savvy, ever-multi-tasking people who are seeking today's jobs. But finding ways to do that means you're building the pathway to a future that includes the best quality staff. ■

LISA RYAN is founder of Grategy, is an award-winning speaker and is a best-selling author of ten books, including "Manufacturing Engagement: 98 Proven Strategies to Attract and Retain Your Industry's Top Talent." She is keynote speaker at POLYCON 19 Kansas City. Learn more at www.LisaRyanSpeaks.com.

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INSURANCE and why it matters

BY DOUG
RIEDER


AS BUSINESS OWNERS KNOW, the future is unpredictable; it's the "unknowable" events that keep them up at night. But that's why insurance was invented—to protect against possible eventualities. For businesses, insurance protects them from liability claims, from damage to assets, buildings and equipment, and from acts of God. Having correct and complete coverage takes some research and guidance from a professional. But having the right insurance in place when disaster strikes is priceless.

What do I need?

The range of types of insurance is broad, which is why professional guidance is needed: A professional can guide a

company to the specific needs of that company's line of business. However, there is basic insurance coverage that *every company should have* to be properly covered, including:

- **General**—This is coverage for liability to third parties
- **Property**—First-party coverage is needed for buildings and equipment
- **Automobile**—Liability coverage protects against problems arising from the use of vehicles in the business. These vehicles might be "owned" by the company, hired or rented by the company or "non-owned," which generally refers to cars and trucks owned by employees, but used in the conduct of the business.

- 
- **Workers compensation**—No-fault insurance is required by state law to protect employees from workplace injuries. This covers the medical costs associated with workplace injuries and lost income of an employee as prescribed by law. This is the “indemnity” portion of a claim—the employee is indemnified for lost wages while injured and unable to work.
 - **Umbrella/excess liability**—This provides higher limits for the previously mentioned types of coverage.

There also are many coverages to be considered for specific exposures, such as cyber (computer network exposures), crime and employee dishonesty, and directors and officers liability.

Some core coverages applicable to companies in solid surface manufacturing should definitely include:

- **Business interruption**—This covers the loss of income when a company can’t run its manufacturing business because of property damage.
- **Manufacturers selling price insurance**—This is protection for finished goods that have yet to be sold.
- **Product recall insurance**—Such insurance covers expenses associated with recall of a product.
- **Manufacturing errors and omissions insurance**—This is protection against a manufacturing mistake or negligent service that results in a third-party financial loss (but does not result in bodily injury or property damage).

Many manufacturers choose to purchase a business owner policy (BOP), which is a package of coverages for buildings and contents owned by the company as well as coverage for general liability exposure of the company. These policies typically include a number of ancillary enhancements that otherwise would have to be purchased separately including:

- **Property insurance**—This covers direct loss to property and equipment because of typical property exposures (such as fire, windstorm, theft, vandalism, etc.)
- **Business interruption insurance**—Such insurance covers loss of income resulting from a fire or other catastrophe that disrupts business operation. It also often includes the expense of operating out of a temporary location.
- **Liability protection**—This covers a company’s legal responsibility for the harm it may cause to others. This

harm can result from something the owner or employees have done in business operations that caused bodily injury or property damage because of defective products, faulty installation or errors in providing services.

BOPs do not cover professional liability, auto insurance, worker’s compensation or health and disability insurance. Examples of ancillary coverages for BOPs are sublimits for employment practices liabilities (discrimination, wrongful termination, etc.), crime (loss from employee theft) and automatic coverage for newly acquired property.

How much is enough?

Businesses of different types will operate within a certain band of insurance costs. The type of business, the exposure to loss and the actual loss experience of a particular company will dictate where a company falls within that band. For example, a hair salon generally pays very little for its liability insurance because injuries are mainly exposure to falls. But a manufacturer of power tools or heavy equipment would have a high potential for bodily injury and would pay more for its liability coverage. A company’s operating and safety procedures also will impact where a program will fall within the cost band.

The actual amount of insurance (the limits) businesses should have depends on the level of sales the business generates, what sort of capital investment is tied up in the business, the company’s tolerance for risk and other factors. There is not a simple formula to determine what level of insurance is needed, but generally, considerations include the size of the business, the nature of exposure, the limits of umbrella coverage purchased and risk tolerance of the insured. These are all factored into a coverage proposal. Within our practice, most small businesses we work with purchase umbrella limits of \$5-15 million in excess of their \$1 million primary limit.

How to protect equipment

Any manufacturing business has a large investment in equipment. Different types of insurance best protect that investment, depending on equipment use and mobility. Equipment is protected by property policies that can be easily tailored to meet the needs of manufacturers. If the equipment moves, it is typically covered by an inland marine policy (a form of property policy) that is designed for mobile equipment.

Permanently installed equipment is generally insured by property insurance. Owners can also purchase insurance for a breakdown of equipment that results in the loss of revenue, especially if the equipment is very specialized and has a long

lead time for parts or repairs. This area is a big risk exposure for manufacturers so it should be seriously considered.

A 101 lesson on purchasing

It is important to have a broker or agent familiar with the type of business to assist a specific company with the insurance purchase so that an insurance program can be structured for the best fit with company needs. Often, the multiple needs of small to medium-sized businesses can be provided by one carrier. These businesses might carry property, liability, auto, workers compensation and umbrellas with other ancillary or specialty coverages provided by carriers specializing in these types of policies.

As the owner and purchaser of insurance coverage, a person has a right to know the stability of the company insuring the business. Several credit rating agencies can help, including Standard & Poor's, Moody's and A.M. Best. A broker should disclose the ratings of the carriers they propose. If they don't, the owner and purchasers of the coverage should demand that information. Each state also regulates the insurance carriers doing business in their state. These

controls help to provide assurance that carriers will act in a reasonable and prudent fashion to ensure they have assets available to honor claims should they come due.

Managing cost

Businesses try to implement as many best practices as are practical for their particular companies. In regards to insurance, they should measure and focus on improving things susceptible to loss. For those who don't know what these are, start with the industry association or with an existing agent or carrier. Many carriers have online resources specific to industries that can be helpful.

Companies should take the opportunity to meet with their carrier's loss control engineers as frequently as possible. There are many such services for hire that can be put on retainer or paid hourly. These can audit facilities and processes and make helpful suggestions as to what best practices can help eliminate or minimize the chances for loss and thereby decrease cost of insurance.

A buyer of insurance products needs to make the market work for them by using a qualified agent or broker to assist with marketing and placement of the insurance program (all the policies for that company). Presentation of the business by the agent or broker to the insurance carriers in the marketplace in a professional manner with emphasis on the best practices employed at the business is vital as is a desire on the part of the business to partner with a particular carrier. Ideally, an insured should meet with any carriers prior to quoting to send this message personally and inquire of the agent what their process is so that they are comfortable with the whole procedure. Often, supplemental or industry-specific applications may be needed. These should be prepared thoroughly and early in the process of seeking coverage so that as much detailed information about the business can be presented as possible.

Insurance is complicated for anyone. For owners of manufacturing firms, the worst scenario is discovering too late that the best coverage was not in place when an incident occurred. It is important to be in frequent contact with a broker as the company adds additional equipment or lines of manufacturing. Such open lines of communication are the best line of defense against not being prepared. ■

DOUG RIEDER is Chairman of the Board, Sterling Seacrest Partners (www.sterlingseacrest.com).

Additional Resources:

www.entrepreneur.com/article/241026

www.trustedchoice.com/business-insurance/industry-types/manufacturers

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Financial software integration: Can it be done?

AS A CPA WHO WORKS EXCLUSIVELY WITH SMALL ENTERPRISES (under \$15 million in sales), I'm often asked for opinions on accounting software purchases and software integration. This is understandable because having several programs running financial aspects of an operation have proven to be a point of pain for many small enterprises. They hear and see so much advertising touting the benefits of software that promises seamless integration with other accounting software packages. Unfortunately, too often the desire to have one overall type of magic solution for figuring out the books, for assessing inventory, running payroll and making material estimates and projecting profit leads to frustration and failure. Based on what I know is out there and my own experiences, I offer these tidbits of advice to small business owners.

Software is not expertise

First, remember that technology is not a replacement for experienced professionals. Of course I'm going to advise that: I'm an accountant. But as with all areas of the business, you need to hire the very best accounting and information technology (IT) people you can afford. Quite frankly, this advice also answers the question of how much you can afford to pay for software integration as well. More on that in a minute.

This is not a plug specifically for CPAs. What I mean is that, in my experience, enterprises that try to replace qualified people with technology end up with disaster. Technology is a fantastic advancement in the way all enterprises manage their businesses, no matter the size. And I would never for a second endorse going back to manual ledgers for accounting. But high-tech marketing too often preaches the idea that the technology will allow a business owner to fully meet their financial management needs—sometimes with only a touch of a button on a smartphone screen. In reality, technological processes will never think, never adjust. It will always perform the function it's instructed to do. Given the world of constantly changing situations, unchecked technology will let you down. Properly managed, however, technology can satisfactorily perform the tasks it was assigned, but that's often because the right people are making the right adjustments along the way.



Why did I make that earlier comment, then, that the people you have in accounting and IT will address how much technology you can afford?

Because I believe technology will only be an asset to your enterprise to the extent that your financial and IT people thoroughly understand the processes you have in place or that you're looking to purchase. In other words, if you can afford to hire a controller with a master's degree in accountancy and highly trained IT professionals, you most likely can afford to buy an enterprise resource system (ERP) with fully integrated component pieces. However, if you can only afford to hire a non-degreed bookkeeper while your nephew is running your IT, implementing a \$75,000 ERP system would be a huge and costly mistake.

My advice is for those in charge of the financial management of the enterprise to take a good, sobering look at the expertise at their disposal and decide—not how much you can afford in an accounting system—but how much you can manage in any form of an accounting system. Your controller and the head of IT are the best bet for determining what level of system your enterprise can handle, and the answer of what you can afford and how sophisticated your operation is, goes a long way toward settling the level of integration between applications for your enterprise.

At this point, let me emphasize that I am not disparaging smaller businesses. I have a soft spot in my heart for the clients that cannot afford a full-time controller and qualified IT professional. My point instead is that technology is not a

replacement for qualified people. If you are really small, you should stick with a platform that's suited to your size.

This brings me to my second point.

Come down to reality

My second piece of wisdom is: realize that seamless integration between two, off-the-shelf processes will not happen. While most small business component software makers design their products to integrate with mainline general ledger programs for small business, (e.g. QuickBooks, Sage, Xero, etc.), the reality is that the price ceiling for the component systems necessitates a limited design that cannot take into account many limited and outlying situations.

As a CPA, I am ultimately trying to get accurate reporting for all the components of a client's financial system (e.g. accounts receivable aging, payroll by quarter, or inventory totals by product). I have not run across a single occurrence in QuickBooks where integration of software has improved the quality of generated reports. On the contrary, most times, thinking the integration is progressing wonderfully leads to enterprises just letting things move along. Meanwhile, the

QuickBooks ledger becomes increasingly flawed. The ultimate result is that more resources are expended reconciling and fixing issues than the integration process may have saved.

If you are running a program such as QuickBooks, the best integration process would be one where the component program (the billing program, the inventory program) pushed up summary information to the general ledger (QuickBooks) in batches (either monthly, weekly or daily, if absolutely necessary). Detailed reports would be accessible in the component program. However, this gets to the question of: why integrate at all? This same result could easily be done with manual entries by a decently qualified accountant. In the end, I have arrived at the conclusion I don't believe integration is money saving or a time-saving endeavor for users of off-the-shelf accounting software such as QuickBooks, Sage 50 and others. That doesn't mean don't buy it. It means don't expect it to do the job without having someone in place who understands what it's doing and what its strengths and weaknesses are. ■

RICK PALMER is a certified public accountant in Woodstock, GA, whose clients include ICPA. He can be reached at rick@palmer-cpa.com.



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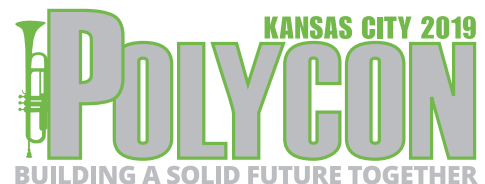
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ICPA refreshing CCT program

ICPA is working with the American Composites Manufacturing Association to update and modernize the Certified Composites Technician Program for cast polymer (CCT-CP).

The overall CCT program was created many years ago in response to the composites industry's desire for uniform training in technical skills. The program focuses on the fundamental technologies involved in producing products and is designed to elevate the standards in the industry by enhancing the performance and knowledge of individuals who make those products. The CP designation specifically addresses what goes into making cast polymer products.

Candidates for the certification receive materials they use to study specific technical issues such as what major developments have occurred in the industry, how long a product lasts and why, what critical steps make up the gelcoat process, how to work with resins, what goes into filler materials, what roles conditions such as temperature and environment play during the manufacturing process, what ingredients go into the process that give it the durability or finished effects, what challenges there are in each step and much more.

A team of industry volunteers from ICPA is now working with the American Composites Manufacturers Association (ACMA) to update the CCT-CP program. The team is ramping up the study guide, updating recertification procedures, and developing training support and testing materials.

A more complete list of the topics covered by the program, a preview of the original study guide, and an opportunity to enroll in the program can be found on the ACMA education hub at www.acmaeducationhub.org/products/1017/cct-cast-polymer. Those who may be interested in beginning the process of studying may want to wait, however, to use the revised version, which will be in place in early 2019.

Potential candidates for certification can study on their

own or companies can schedule a certified CCT instructor for classes onsite.

ICPA is providing a three-hour CCT program course at POLYGON 2019 Kansas City this spring for its members (see story at right).

The benefits of certification

For cast polymer manufacturers, the program offers these benefits:

Credibility with customers: Having staff that have been through the program builds credibility with customers, showing them that their products have been made by people with a high level of technical knowledge on how to make the best quality cast polymer. CCT certification is both a reputation builder and a marketing tool.

A safer workplace: Keeping employees safe is a high priority for any company in the business of making cast polymer products. One of the best ways to assure a safer working environment is to have staff trained on the dangers and challenges of the processes and how to protect against those dangers.

A way to keep the best employees: A significant challenge to industry today is finding a way to build and maintain technical skills. By offering certification to employees, a cast polymer manufacturer shows them that the company believes its employees are worth the investment. Certification has been shown to increase employee morale.

Higher productivity: To get full value out of today's workforce requires having staff that knows the technical aspects and best processes and practices for making a quality product.

Raising the image of the industry: A significant benefit of a program like CCT-CP for ICPA and its members is that it shows the dedication of the companies that make cast polymer and raises the overall reputation of the industry and ICPA.

For employees who become certified, the program offers:

Opportunity: Employees who want to rise above their current station need a means to do so. CCT certification offers them a way to learn the technical aspects of what they do and why they do it.

Higher level of learning: The knowledge gained through the CCT-CP certification process is different from what an individual learns on the job. When a promotion or new opportunity comes up, that individual has proof of their expertise. The CCT-CP certification shows the individual has a level of expertise that places them above other job candidates.

POLYCON 2019 to feature motivation and certification



Look to this year's POLYCON 2019 Kansas City for inspiration in the form of keynote speaker Lisa Ryan and a new offering: the opportunity to send employees pursuing the updated CCT-CP (see previous story).



Lisa Ryan

The conference is April 10-12 at the Sheraton Overland Park Hotel Convention Center.

Ryan is a motivational speaker who incorporates the most recent research, trends and best practices in building a positive workplace. She's the founder of Grategy, a consulting company designed to help man-

ufacturers and other employers reach out to the talented individuals they need to bring on board and keep happy in the current tough competition for skills. Ryan's specialties include: strengthening workplace culture, improving employee engagement and initiating gratitude strategies (which she calls "Grategies") for personal and professional transformation.

Ryan has written ten books including the most recent, "Manufacturing Engagement: 98 Proven Strategies to Attract and Retain Your Industry's Top Talent," is an award-winning speaker that has been featured at more than 100 national and international conferences, and has appeared in several films with other experts including Jack Canfield ("Chicken Soup for the Soul"). She is host of the show "Elevate Your Management Levels: What You Need to Know" on the Elite Expert Network and creator of a video series on company culture.

With an estimated five million manufacturing jobs going unfilled by 2020, Ryan's words may just be critical in learning the right steps to ensure staff loyalty and satisfaction so that cast polymer manufacturers can fight back against the shortages.

POLYCON is also offering companies an opportunity during the conference for another way to engage their staff: a CCT instructor will provide the certification training course concurrently with the conference. The class will be given at no extra cost for member companies who register their employees for the conference.

New members for ICPA

ICPA welcomed several new members since the summer including: Carstin Brands in Arthur, IL; Layfayette Marble in Layfayette, LA; Marlin Marble in Lake Placid, FL; Royal Baths in Houston; Superior Oil in Indianapolis; and The Bath Collection dba Maxrodon Marble in Vero Beach, FL

OTHER NEWS OF NOTE

Manufacturing is a bright spot in economy

Manufacturers' attitudes may be the best they've been in 20 years, according to results from the latest Manufacturers' Outlook Survey from the National Association of Manufacturers (NAM).

The survey found that almost 93% of respondents said they were positive about their own company's outlook, continuing a trend of optimism that began in 2017. In June of this year, that percentage hit more than 95%, which is the highest it's been since the survey was introduced in 1997. NAM also said that this optimism is on track to remain at those all-time highs through the end of this year.

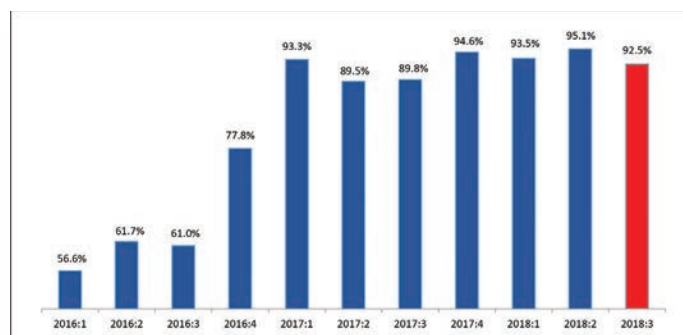
The trend towards upbeat attitudes began at the end of 2016 and has continued since then.

NAM says the data "continue to show strength in the sector, especially in terms of job growth," with more than 58% of manufacturers saying they expect to hire more workers over the next year and wage growth on track to rise at the fastest pace since 2001.

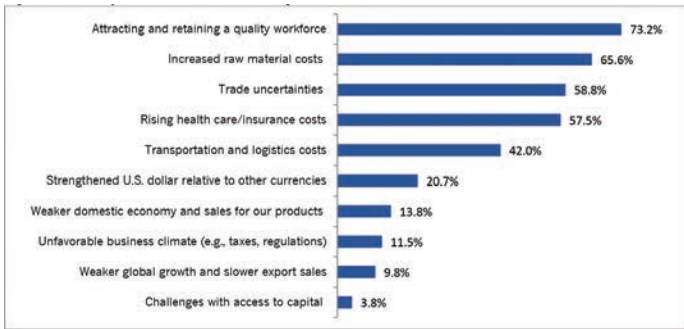
NAM issued a word of warning, however. It said the robust job situation is exacerbating industry's pre-existing skills gap, which the organization said is "evolving into a full-blown workforce crisis."

More than 73% of respondents said the inability to attract and retain workers was the top concern for their companies and almost half (45.4%) said this crisis is the number one threat facing their businesses.

Figure 1: Manufacturing Business Outlook by Quarter, 2016-2018



Note: Percentage of respondents who characterized the current business outlook as somewhat or very positive.



Note: Respondents were able to check more than one response; therefore, responses exceed 100 percent.

Figure 2: Primary Current Business Challenges, Third Quarter 2018

Other results

Some other results of significance include:

- Sales growth expectations were the second highest in the survey’s history with respondents expecting growth of about 5% over the next year (down from 5.7% last year). Also, more than 82% of manufacturers indicated they anticipate high sales over the coming year and roughly a fifth see revenue gains of more than 10%.
- About 80% of respondents predicted production to expand in the coming year, with about 53% expecting that growth to be 5% or more.
- More than 58% of respondents expect more hiring over the next year while only about 6% said employment will fall. The fastest growth is among medium-size companies.
- Respondents anticipate wage growth for employees (excluding benefits) to grow by 2.7% over the next year, the same pace as this year and last year. This is the fastest pace in more than 17 years.
- Manufacturers expect capital investments to rise by 3.4% over the next year. About 57% of them said they anticipate higher capital spending in the next year with almost a fifth saying the investments will be robust.
- Respondents expect to see raw material prices rise 4.8% over the next year and about 47% said that price growth will be 5% or more.

The other major concerns (beyond skills and labor shortages), in order of significance include: raw materials costs, trade uncertainties, rising health care costs, and transportation and logistics costs. Dropping way down in priority was the concern of an “unfavorable business environment.” Respondents listed that concern as a top one just two years ago.

Parents not encouraging manufacturing as a job

There’s a disconnect between what parents want their children to know about in school and how they view manufacturing as a means to get there, according to results of a survey taken for this year’s Manufacturing Day by Kronos Incorporated.

According to the survey, 58% of parents want their child to be knowledgeable about science, technology, engineering and math (STEM) subjects and 42% believe those courses of study are career-promising, but only 20% associate STEM education with manufacturing.

The Harris Poll surveyed 1,004 U.S. parents that had kids under 18 for the survey. Results revealed a general lack of knowledge about industry careers. About 40% of respondents said they do not have any experience at all with the manufacturing industry and 76% admitted they weren’t aware that manufacturing is facing a workforce shortage.

Respondents changed their mind once they were presented with some facts about the surging growth of industry, its strong economic outlook and the wide availability of high-paying jobs. More than two-thirds (67%) then said they would encourage their children to learn more about career opportunities in manufacturing and almost a half (47%) indicated they might even have considered a career there themselves if they were currently starting over.

Other tidbits on parental attitudes were that 45% of parents associate long hours and overtime with industrial work and about 30% associate unfavorable working conditions; also, only 20% of parents associate desirable pay with a manufacturing career (which compares to the reality that plant workers make about 13% more than other workers). ■

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