

CONNECTION



Lafayette Marble & Granite: Carrying forth a legacy

ALSO IN THIS ISSUE:

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- Should you increase prices?
- What opening the books accomplishes

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Cover: Lafayette Marble & Granite LLC is one of the oldest marble shops in Louisiana. Melony Domingue (shown on cover, left), general manager for marble operations, and company owner Chris Smith (shown on cover, right) often meet with customers in the room that shows off the wide variety of cast polymer and other surface products available today. Story on page 4.

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PRESIDENT'S LETTER

Our members are our strength



MANY OF US WERE RETURNING HOME AFTER ATTENDING A SUCCESSFUL 2021 POLYCON AS THIS ISSUE OF CAST POLYMER CONNECTION WENT TO PRESS. At that conference, we shared stories about the pandemic and what each of us faced. We come back to our homes and businesses about to enter the fourth quarter of what I can only describe as a “very interesting year”—

Interesting in that we are seeing a situation in 2021 we have never gone through before in quite the same manner. Most of us are experiencing a huge surge in demand since the beginning of this year. At the same time, we are suffering staff shortages that are unparalleled, supply scarcity in all areas of the country and in all aspects of our businesses, and distribution and materials cost price increases that are affecting our decisions every day.

To me, that just proves the point that this association is vital to our future. The information we got at that conference, as well as what ICPA has provided throughout the last few years via podcast, videos, zoom-ins and this magazine is more important than ever. It also proves the point that we have a membership base willing to give their time and knowledge to raising up the level of knowledge and the image of the cast polymer industry. We could not have gotten through any of what we've experienced nor could we have created such good tools for dealing with it, if our members had been unwilling to share information and expertise.

The article in this issue written by the “price whisperer” (Per Sjöfors) is a good example of what I mean by vital information. I found the episode of Cast Polymer Radio (episode 89) that featured this gentleman to be particularly helpful because one of the realities we all face today is how to increase

our prices while keeping our customers happy. Sjöfors has been studying pricing issues for many years and in this magazine article, he shares with us the largest mistakes that the companies he's studied make. He explains why companies think the way they do and then goes on to talk about a better pricing strategy.

The issue also has a feature by two gentlemen who have written a book about another vital issue: how to teach our plant managers to deal both with the people above them and the people below them. The magazine profiles Lafayette Marble & Granite, which has a traditional background but has a leader (Chris Smith) who bought the company about five years ago and who addresses his thoughts on our modern challenges and how Lafayette has responded. Lisa Ryan, who has talked to us at a former POLYCON, addresses another aspect of doing business today: whether to open our books to our employees to share what affects our bottom line.

Finally, I'd just like to add a personal note of thanks to our members. Without your willingness to share what you know and without the hard work that goes into creating content and sharing with others, we would not have the amazing industry we have. ■

WE COULD NOT HAVE GOTTEN THROUGH ANY OF WHAT WE'VE EXPERIENCED NOR COULD WE HAVE CREATED SUCH GOOD TOOLS FOR DEALING WITH IT, IF OUR MEMBERS HAD BEEN UNWILLING TO SHARE INFORMATION AND EXPERTISE.

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Lafayette Marble & Granite:

Carrying forth a legacy

BY GENILEE SWOPE
PARENTE

WHEN CHRIS SMITH TOOK OWNERSHIP OF LAFAYETTE MARBLE & GRANITE LLC, LAFAYETTE, LA (LMG) IN 2016, HE WAS FULFILLING A LIFETIME DREAM of running his own business, but also taking on a major challenge. Smith was going from sales and management to owner of the company.

“Being an owner is a completely different weight because suddenly, when you walk through those doors, the decisions you make affect the lives of many others. My vision for the company is to elevate all our people, processes and service. It’s a critical task,” Smith says. “But I would never give it up,” he adds.

The company itself is almost 50 years old and Smith called on the company as a sales representative four years before company founder Kerman Dupuis hired him to join the staff in 2005.

“Mr. Kerman was always a huge supporter and I remember sitting down with him early on after he hired me and telling him I would one day own my own business. I didn’t know at the time that it would be his legacy that I would be building upon,” he says.

Ricky Johnson prepares a cast polymer piece.



The company roots

LMG began life like many traditional cultured marble shops. In his late teen years, Dupuis worked for another marble company, then decided to start a business. He opened the doors of his own shop in 1973.

“His first shop was here in Lafayette in an old one-bedroom house that didn’t even have a working bathroom,” Smith recalls. He was mostly making trophy bases to start, then he branched out to walls, tubs and countertops.

“The company didn’t have a delivery truck. They used an older model, convertible car for delivering all those tops and tubs and other pieces,” Smith says.

LMG, which is one of the oldest marble shops in Louisiana, steadily took on more work and grew with the community around it and the industry. About 20 years ago, the company branched out from cultured marble to include hard-surface quartz work and granite.

Smith’s move to the company resulted from both opportunity and Katrina. He cut his working teeth in the New Orleans area working construction with his dad, attended Louisiana State University in nearby Baton Rouge, then returned to New Orleans and got into tile installation and finally sales. Dupuis’s offer and the community of Lafayette brought him to LMG. The company is housed in a 47,000-square-foot plant on a 4.5-acre site outside the city.

“From the beginning, Mr. Kerman treated me like a son,” he explains. “He took me under his wing while I began learning other aspects of the business such as the strengths of the product and how a good business is run,” Smith explains.

Smith eventually took over as general manager of the company. For a short time, the two men worked closely together in making major decisions, including moving into the current facility from three other locations and buying some newer equipment such as a digital templating machine, upgraded software, water and saw jets, and CNC machines.

“He was always a sounding board for advice and he put his trust and confidence in not only me, but the other staff members as well,” Smith says.

Dupuis passed away in 2019 and Smith says he hopes to carry the type of support he got from his mentor to the current LMG family.



LMG's major strength is the chemistry of its own working team, pictured here outside the facility.

"I want to continue Mr. Kerman's legacy for at least the next 25 years and hopefully beyond," Smith says.

He's made it his mission in life to carry that heritage into the next step by putting his stamp on the business.

Company culture

Smith feels that LMG's strongest asset is its team chemistry.

"The way we run this place is God and family come first," Smith says. Smith's wife Candy is an integral part of the business and many of the employees have family members on the staff.

The team's longevity and loyalty is a solid base upon which the day-to-day operations and the reputation of the company rests, Smith says.

"I've been here 16 years yet I'm kind of the rookie around here," he jokes. "We have a seasoned crew that is dripping with experience."

Hall Clark, the company's foreman, began working at LMG at age 16 and has accumulated 37 years with the company. Melony Domingue, the general manager on the marble side, has worked for the company for more than 27 years. Jimmy Hebert, who has 37 years overall in the cultured marble business, has 23 years with LMG. Another long-time veteran Bobby Viator recently passed away after more than 27 years with the company.

"This longevity and experience is the heart and soul of what we do and how we accomplish it," Smith says.

Most of the business, which is largely residential but includes some commercial, comes from word-of-mouth rec-

ommendation and reputation. Clientele is largely local—retailers, designers, builders—who live within 100 miles of Lafayette and walk through the door knowing the company or someone who has done business with the company.

"We do some minor advertising and we have a strong media partner and work with them through radio ads. But we don't have a ton of people who come in and say 'we heard your radio spot.' More often it's 'my cousin has a friend who said you're the best and you can get a project done on time,'" Smith says.

The majority of customers come from along the I-10 corridor of Louisiana, though the company has done business in Texas and Mississippi. In recent years, the company picked up a lot of work from Lake Charles, LA, and other locales where hurricanes and flooding have hit the area and left damage.

"I hate to see that kind of situation for anyone, but it keeps those of us in the business of rebuilding busy with steady work," Smith says.

A sizable commercial project for the company right now is a government contract to provide units for 800 barracks at Fort Polk, LA.

On the residential side, the business benefits from the large percentage of oil field workers in the area as well as the growing draw of people to Lafayette, which has been named by the Wall Street Journal's Market Watch, as well as a Harvard research study as "The Happiest City in America." The title comes because of the city's rich cultural heritage, many events and music festivals and good food as well as



LMG's facility is in northern Lafayette.

the laid-back lifestyle and professional opportunities.

"We've got a large influx of people coming to this place and adding to our strong sense of community," Smith says. "That community has been supporting LMG from the beginning of this journey so we consider it a backbone of our company," Smith said.

The COVID-19 effect

LMG experienced what many manufacturing companies did during the pandemic.

"Initially, we lost a lot of our team, but most of them came back to us eager and ready to work, and we're probably better off losing some of those that chose to stay away," Smith says. Only two of the team's staff (which ranges between 32 and 36 people at any point) tested positive and that situation didn't come from the work environment.

Like many companies, the months immediately following March of 2020 were scary for the employees and threatening to all businesses in the area. However, "not long after the official stay-at-home orders were put in place, we started getting more and more calls from people that were spending a lot of time in their houses and realizing they didn't like their bathrooms or their kitchens," he says. "They were staring at their walls for long periods of time, and wanted to change what they were seeing," he said.

The company then went through a period of hyper activity that had the entire staff hopping and wearing many hats, working long hours and trying to ensure customers stayed happy.

Overall, Smith says he feels the pandemic strengthened the chemistry of the team by bonding them together in their effort to overcome obstacles, Smith says.

"We're very proud that we were able to stay the course and keep everybody safe. Once we were back to work, we had multiple meetings, put safe practices in place and did all we could to calm everyone down including our customers and staff. We learned to give out facts and stay rational," he adds.

Today's products and challenges

Smith says the company's biggest sellers right now are quartz and quartzite on the hard surface side and panels on the cultured marble side.

"The flat panel cultured marble is a staple for us because there aren't many companies in our area that offer a similar product," Smith said.



Foreman Hal "Shoo" Clark checks the status of projects.

Another type of panel is growing in popularity: the cultured marble panels that mimic tile. Lafayette now offers ten varieties of that product. Smith explains why such panels are sought after.

“People coming in that are looking to do or redo showers often do battle with themselves on the issue of cultured marble versus tile,” he explains. “They want the low-maintenance of cultured marble but the beauty of the tile look. These panels give them both while being both easy to install and waterproof.”

Like all panel work, they are also easy to push to target markets. “Whenever someone is considering tile versus cultured marble, we point out that with a tile shower, you may buy \$500 worth of tile, but you have to pay somebody a lot of money to put it in—several thousand dollars. When you have a panel, the material may cost more initially, but the labor is much less and you end up with a product that costs about the same but is worth a lot more because it will not suffer leakage problems. It keeps its beauty much longer despite the fact it takes much less time to get it installed and it’s easier to maintain.”

These types of realities are part of what Smith sees as a main challenge of the cultured marble industry today: education of the public.

The clientele that comes in today seeking cultured marble is mostly the middle-aged to older crowd, Smith says.

“Most young people don’t understand the product. They may have visited someone’s house, seen the tile and love the look or they often have a contractor or a friend who suggests tile or something else. They do not understand the non-maintenance aspect of cultured marble. They also may be dealing with their first house and haven’t had to deal with cleaning issues or the pitfalls of leakage while older people have dealt with water issues or they want simpler maintenance,” he explains.

Many people also don’t understand what a full range of choices they have today in colors and finishes.

“Our job as someone who offers these products is to spread the word about the benefits of each product,” he says.

Giving back and building up the team

Smith says that because the community is so vital and has been so supportive of the business, LMG considers it crucial to give back to that community.

The company participates in and supports many local causes such as Home for the Holidays, St. Jude’s Dream Home and programs for vets. For example, the company donates a cultured marble shower each year for whoever

is chosen by Disabled American Veterans as a candidate to receive a remodel. The company also offers a 10% discount across the board to active military, veterans and first responders.

“We believe strongly that if people are out there putting their lives on the line for us, the least we can do is give back what we can,” Smith says.

“A main belief we have is that everyone on the team is absolutely vital and necessary whether his or her job is management or final installation or picking up trash—titles do not matter.”

He also feels that, as far as the internal team at Lafayette, a key to success is finding good ways to shore up the team chemistry and include family in the picture.

One of the first things Smith did when he came on board was to come up with tools to bolster that team, including creating more benefits packages and vacation options. He and Candy have studied the teachings of Dave Ramsey and other consultants so they believe engagement of staff is key to success.

“A main belief we have is that everyone on the team is absolutely vital and necessary whether his or her job is management or final installation or picking up trash—titles do not matter. We always say: we win together but we also lose together. If a customer comes in unhappy, no fingers get pointed at an individual. We work on the solution together,” he says.



Kenneth Dupuis, brother of the company’s founder, cleans and preps a trim mold.

The company's management meets weekly and the crews working on projects meet daily to go over what needs to be done and how a project is progressing. Once a month, Lafayette also has a general company-wide meeting where they celebrate their successes both within the company and in their personal lives.

"If anybody needs prayers, we give them. If someone got a new truck, house or baby or graduated from a class or school, we recognize that. We give gift cards for birthdays, go over team anniversaries and give out prizes for accomplishments," Smith says.

Twice a year—Christmas and the spring, they also hold company parties. At Christmas, the kids are an important part of the celebration with Santa and Mrs. Clause in attendance and gifts given. In June, the company has a family fun day with competitive games. Both events give team members a chance to show off what they do at Lafayette Marble &

Troy Boyer works on a poured piece.



Granite.

"I can't speak more highly of my team members and the hard work they do, and I'm not just talking about the long-timers we have here. I'm also talking about the younger generation. Those people today who speak ill of young people don't realize what they have to offer. Some are really good workers and they've been a huge asset to our business," he says.

Smith feels that when the team is happy, customers are happy, a formula that is how Lafayette has found its success.

"If we keep doing what we do, offering customers good value, offering them quality service and products, we have a bright future. We are not here to be the cheapest. We are here to be the longest in business and the best." ■

GENILEE SWOPE PARENTE is executive editor of **Cast Polymer Connection**. She welcomes ideas on companies to profile. Send them to gsparente@verizon.net.

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SWIMMING LESSONS:

Daily leadership on the plant floor

BY BRIAN GEARY
AND CARL SORRELL

WHEN SOMEONE IS FRESH OUT OF COLLEGE STARTING A NEW JOB OR IS BEING PROMOTED WITHIN THE

RANKS OF THE COMPANY, THEY OFTEN EXPERIENCE THE FEELING OF BEING THROWN INTO DEEP WATER WITHOUT A LIFE PRESERVER. It really can be sink or swim, and often, moving forward involves both.

Those of us with seasoned experience in the industrial world have already been through many problems and difficulties and come through them stronger. It's how we learn. But how do we pass on those lessons to our plant employees? How do we teach them how to deal with both the pressures from on high and from managing other employees?

Many years ago, we used to rely on hands-on training to teach skills needed for a particular job. But those days have been taken over by a wide new range of issues from new pressures on the job that arise from management imperatives and expectations to learning ever-more complicated pieces of machinery.

Here are a few of the ideas we've put together in dealing with the pressures of everyday plant floor operations:

Building the right culture

Managers that do not have a grasp on the culture of their factory or cannot teach that culture to others face great peril.

By definition, culture means:

- The quality in a person or society that arises from a concern for what is regarded as excellence
- Development of improvement of the mind through training or education

Notice the keywords in this definition: excellence and improvement. Developing a unique culture for the plant that sets high expectations for performance, quality, engagement, compassion and respect should be any leader's ultimate goal. For the two of us, the understanding of the importance

of plant culture has become the true foundation of what we try to tell others.

One conversation that we find ourselves increasingly having with clients and others involves respect that needs to be given to each member of the plant family. We often say that the operator cleaning out the dust bins has just as vital a role as the president of the company. If this operator

does not complete the task at hand in a timely, accurate and safe manner, the entire plant

will suffer. The only difference between the president and that operator is that more people get to be operators than can be presidents. We believe good leaders know how to show respect

to all on their team: they learn their names, they are present on the plant floor daily at multiple times and they realize they must earn the respect of their operators. Those in the upper brackets of leadership must teach their management teams that respect is the cornerstone of successful daily operations.

So how do we know when to reward our employees and when to correct someone who makes a mistake, and how do we teach those judgment calls to our managers? The answer to that question is that it takes time and experience as well as learning to ask those that already have been through these challenges. Most of all, it takes paying attention. Leaders need to be engaged, focused and driven instead of simply being casual members of the plant management team. Executives and managers need to be reminded they did not sign up to be nonactive, informal team members. They signed up to lead. That means they are fully committed to the overall good of the plant.

Good leaders recognize not only their own plant's culture but the culture of the areas that surround where the facility is located. This will serve them well at all levels within their plants as well as the local community and will bolster the corporation's image within that community. It also favorably represents the company as a whole when its



leaders recognize and embrace culture. In the advice we give to companies, we repeatedly refer to these key terms that are needed for the right culture: respect, engagement, disclosure, integrity, compassion, humility and genuineness.

Learning to encourage engagement

The term “engagement” is tossed around in most business advice books today. We all know that it is increasingly difficult today with the competition for skilled workers to keep our own employees on board and happy. The key to that is ensuring they are engaged in what they do.

There are many definitions for the term engagement but the one that best serves here is: the act of involvement and commitment. A few key behavioral steps we suggest for supporting daily engagement of workers and teams are:

- Pay attention to the details. That means walking the sequences of the plant frequently to ascertain what’s working and where there might be issues.
- Commit to commanding excellence. Note we say “commanding,” not “demanding.” The difference is important. Those who command do so both for themselves and for others. Those who demand only expect it from others. A leader’s engagement will determine whether he or she can command excellence from others or only demand it.
- Stay involved with special projects. To be engaged and ensure others are engaged requires involvement not just with daily routines, but with special projects. For leaders, that means not just what’s under their purview, but other events vital to the company.
- Demonstrate personal and professional improvement, which is an ongoing process. We often say: If you think you are finished with learning, then you are just finished... period.
- Come up with ways to initiate problem solving (conflict resolution) instead of just problem finding.
- Listen to the supervisory process owners and process equipment operators. That doesn’t mean just looking like you’re paying attention. It means hearing what’s being said.
- When meetings are required, see if there is a way to conduct them on the floor and keep the meetings short. This shows employees their time is valuable.
- Be a student of the process. Know the equipment, the output rates, downtime issues, operator training needs and quality resolutions.

Developing an atmosphere of trust and integrity

Creating the right culture requires full disclosure. This is a hard concept for certain industries. For example, in the computer security field, this would involve disclosing all the details of a security problem that are known factors. In that field, full disclosure is a philosophy of management completely opposed to the idea of security through obscurity.

It requires instead exposing vulnerabilities openly so that quicker fixes are found and better security prevails.

“Setting the bar high and asking the hard questions is much more readily accepted by everyone in the operation when the plant culture promotes full disclosure...”

In the world of factories, problems and solutions become more evident when the plant culture endorses full disclosure compared to sweeping everything under the rug. But do our leaders also encourage their teams to openly provide all the information needed about a concern or problem instead of just handling it?

Setting the bar high and asking the hard questions is much more readily accepted by everyone in the operation when the plant culture promotes full disclosure without fear of reprimand. This starts at the factory with the plant manager.

That manager’s duty is to instill in each team member that accountability includes never covering up or masking problems that impact the company or individual customers. Refusing to acknowledge weaknesses, putting band-aids on real issues and accepting mediocrity unquestionably delays forward progress. The ultimate goal of full disclosure is to ensure that the team understands the need to fully address core issues impacting the bottom line and the quality provided to the customer.

Embedding full disclosure within the plant culture strongly promotes daily engagement, which in turn requires excellent communication between shifts, sequences, supervisors, maintenance and operators. This is a “do not pass the buck” mentality that accepts responsibility for the problems at hand.

Swimming both upstream and downstream

As far as those of us who have served at many different levels of industry are concerned, the most challenging job in the factory is probably plant management. Many managers probably go home at night wondering why the heck they agreed to take on the responsibility. Between explaining to those above them who question their decisions and understanding those below them who question why they



are asked to do certain things, managers must swim with the sharks more often than they sleep in their own beds.

Managing downstream is easy to understand. Those with titles such as manager or supervisor are in charge of a sequence within the factory or for the plant. In the typical organizational chart, they have people underneath them that should be listening to their guidance. Managing upstream is a bit harder to grasp, but people are born doing this. They use it when they're kids. For example, most of us have been in a toy store and seen a child plead and cry until their parents, out of exhaustion, buy the toy their little darling wanted. This is an example of an early ability to manage upstream. Hopefully, in the manufacturing world, that won't require throwing tantrums, though it might require listening to a few. There are certainly overgrown children in any business both upstream and downstream. It is worth noting here that, while there are countless places to find information on managing downstream (leadership guidance), fewer sources of information exist for learning to deal in the opposite direction.

Managing upstream requires managing expectations. Managers can't direct their bosses, but they can interact with them in a way in which the bosses learn to react predictably. In other words, underlings can guide their bosses to see things the way they do. Some might see this as manipulation, but we question why that's wrong. If guidance leads to forward progress, reduction of effort and continuous improvement, then manipulation in the name of effectiveness is a very good thing. The vision of the promised land is usually enough to convince others to make the journey. Managers can be at the head of the pack.

As arbitrators between corporate needs and peoples' needs, managers must negotiate a path that will lead every party to what is in the best interest of the enterprise. It is a tough place to be and only the willing can occupy the space.

Upstream folks and downstream folks want the same thing: they want managers to be honest, competent and fair. The difference in dealing with the two groups is more a matter of technique than substance. Understanding that each group requires a different manner of communication is the key to swimming with any sharks and not getting eaten.

The final product? Making a difference

A manufacturing plant team is similar to an orchestra. Every musician is an artist in his or her own right. It's only when they get together to play their instruments as a group that problems can develop without sufficient guidance. Plant leadership is charged with being expert problem solvers, the ultimate conductor, so that the music continues to flow as it should.

One definitive way for a manufacturing "conductor" to help those seeking to raise themselves up is through mentoring. Mentoring is all about the ability to give in a way that encourages, develops, corrects, and guides. This requires focusing on the person and not just the work that needs to be done. Egos must take a backseat as leaders and managers realize the fragileness of someone under their wing.

One method often used to determine what effort to impart is the 80/20 rule: good leaders spend 80% of their time developing the top 20% around them. This takes into account that some people are not ready to be mentored and others simply do not want to be. Investing in those who give the greatest efforts results in the best return on investment. Leaders and managers should not take on people who simply want to be closer to them or seek to get in good with the boss. Effective mentoring is finding the balance between praising and raising. That means learning to be firm, but trusting those being mentored.

Regardless of a leader's title in the plant, he or she will play many roles at various times and stages during their careers. Whether they're supervisor, manager, coach counselor or mentor, employees have to believe in them as individuals before they believe in their ability to lead.

Creating a culture that encourages genuine belief in leaders requires laying a firm foundation. The cornerstone of this foundation is mutual respect for each member of the plant despite their position or rank. ■

BRYAN GEARY and **CARL SORRELL** are the founders of IntoCeramics, which advises manufacturing companies on how to repurpose mineral mining and process waste into ceramic materials. Because of their extensive experience in manufacturing, the two wrote: "On the Plant Floor, a Practical Guide to Daily Leadership in the Manufacturing Industry." This article is adapted from content in that book. For information, go to www.intoceramics.com. The two were also featured on Episode 86 of Cast Polymer Radio: www.castpolymer.com.

Is it time to change pricing strategy?

BY PER SJOFORS

PRICING HAS NEVER BEEN MORE IMPORTANT TO CAST POLYMER MANUFACTURERS AND THEIR SUPPLIERS because of the difficulties brought about by supply shortages and distribution disruption. Those difficulties make anything that has to do with cost especially vital, including how products are priced. Because of this, many cast polymer companies today are rethinking their strategies and facing the reality they may need to raise prices in response to the situation.

This doesn't necessarily have to be a negative situation for companies that open their eyes to the true value of their products.

I have lost count of how many companies I've come across in my many years studying business issues that continue to make mistakes with pricing strategy. Successful companies, on the other hand, will look to what's been wrong in the past to learn what they can do right in the future.

This article outlines what my years of experience with pricing strategy have shown me are the three main mistakes that are made—mistakes that lead to business performance levels well below par, resulting in lower profit margins and sales volume than they could achieve if they learned to price based on customers' willingness to pay.

Making these three mistakes is avoidable for companies that realize what they've been doing.

Mistake #1: Using guesswork as a pricing strategy

While it may be a slight exaggeration that some businesses use guesswork as part of pricing strategy, some essence of truth exists in the statement that guessing is a main mistake. Although most people involved in pricing in their companies have some intuitive sense of what price they think they need to set, guessing is too often part of that picture. For example, some professionals compare prices of products or services similar to their own offered by market competitors. Others take into consideration the value the pricing strategist himself or herself places on the company's products and services as well as what purchasing experience that strategist has had in the past. If these variables are all considered, the practice of "guessing" to set prices, is at best, an informed guess. But guessing is not the best way forward regarding developing a strategy.

Many companies attach different names to their informed guessing practices including:

- Companies will state they use what is called the "market price." There is a problem with this approach. If the prices of the items sold are not published on commodity exchanges, then it is virtually impossible to find a true market price. Another approach companies using "market price" in their strategy take is to send out their sales personnel to try and negotiate the very best deal possible with customers. However, this approach very rarely pays dividends for the simple



reason that people who work in sales will try to make a sale at the lowest price possible, which is going to leave lots of potential money on the table.

- Some companies state they are confident they absolutely “know what their customers are willing to pay” for their products and services. But this confidence is misplaced because the company or sales personnel responsible for setting the product and service prices are using a gut feeling and sometimes just a whim. If challenged, these people rarely welcome any constructive discussion on their decision-making prowess or how they came to the price they determined. This is because 1) they think they are in the “know,” through experience or 2) they are sales personnel that have approached their customers to gather data to set prices. But herein lies an additional problem. Customers are highly unlikely to tell you the whole truth about how much they are willing to pay for products or services. They will always give a lower figure because they want to get the best deal available the next time they purchase. Understandably, customers are looking out for Number 1—themselves—not the sales figures or profit margin of the company from which they’re buying.
- Some companies state boldly that they use both “gut feeling as well as market knowledge” to dictate pricing strategies. There is at least one thing going for that type of bold statement—it is an honest one. The company that recognizes their strategy is based on imprecise methods is often open to other ways to help them set their product and services prices to a more optimum level, which becomes a win-win situation both for the company and its customers.

Who’s doing the guessing?

I see three categories of companies that use guesswork as part of their pricing strategy.

- In the first category are companies whose guesswork is so off the mark they hardly make any sales, which in turn cannot generate any real profit. Companies who fall into this category often fail—they go out of business because they cannot compete in the market with the prices they set.
- Companies in the second category are those that set their prices at a level not “right enough,” yet they manage to stay in business. Still, the prices they set are actually “wrong enough” that the success of their business will be an uphill struggle. Factors

that attribute to this spinning of the wheels include companies setting their prices too high so their sales volume is impacted (those that hardly make any sales) and those that go in the opposite direction, setting prices too low, which in turn, reduces margins. One factor affecting those that go with rock-bottom prices is that potential customers view those companies as conveying the message that what they offer may be substandard quality.

- Companies in the third category are those companies whose guesswork in setting their prices is nearly right but not quite there. These companies may do fairly well in the market probably matching their competition. But that may not be sufficient over the long haul. Companies like these are still leaving money on the table, in some cases, a lot of money. They also are not tapping into the full potential regarding sales volume.

There are a few reasons why companies use guesswork to set their prices. For instance, an individual or an entire team for that matter may truly believe that the guesses they make or gut feelings, hunches and assumptions are correct. They may also just know no better methods. However, it is essential today that companies realize the importance of setting the right price for products and services they offer to their customer base.

Mistake #2: Using cost as a foundation of pricing strategy

One reality in pricing is that cost is not an easy factor to define. Although hard costs are easier to identify, true costs are much more complicated. With hard costs, we look at the reality that a specific product consists of components that cost A and take B time for manufacturing and require C personnel to complete the process. These are the ABCs of hard costs. This may seem like a simple equation, but there is more to the picture. To obtain a more accurate picture of the full cost of a product, there are also soft costs such as overhead. These types of costs are much more difficult to pinpoint. For example: How can a sufficient budget be allocated for marketing and sales expenses for a specific product? How does a pricing strategist factor in cost capital, delivery services, management overhead, rent or other expenses to that budget allocation for marketing and sales? The simple answer is that it’s not so simple to be accurate. At best, companies make a judgment call, which is another way of saying they make informed guesses, which is not the best basis for decisions.

After many years in the pricing world, it amazes me how

many companies use cost-based pricing only despite the negative attributes attached to such pricing. Why do they do this? One reason is that corporate management pushes for it, which is relatively easy to understand. CFOs, controllers and other managers have instant access to data regarding cost, margin and price, which they use for both tactical and strategic decision-making purposes. Adopting cost-based pricing also is an easier method for explaining to personnel in the company why prices are where they are.

But with cost-based pricing, if the cost goes down, so does the profit in dollars. For example, if the cost of a device is \$100 and a company decides to use the formula of simply doubling that price tag to \$200, a dollar margin of \$100 is created with a sale. If the costs of making the product could be reduced to \$90, however, the price (by doubling) would be \$180, but the dollar margin would be \$90, which is \$10 lower than before the price was reduced. That's not much incentive for decreasing costs and many companies don't consider this factor when lowering prices.

Cost-based pricing is imprecise, and it can lead to performance at a below-par level.

Mistake #3: Pricing to the competition

When setting prices, companies cannot ever ignore the prices of their competitors' products or services. At the same time, taking this factor into consideration should never be the sole basis for pricing. Mirroring competitors' pricing carries several constraints:

- First, knowing and tracking the exact prices the competition sets for products or services is extremely difficult unless they are in an industry where prices are featured on commodity exchanges. Markets are usually too broad for accurate measurement. Also, even if a company knows prices set by their main competitors, it is close to impossible to attain regular data on what special deals, discounts and other incentives the competition offers to customers. Of course, products sold online often have prices for all to see, which helps competing companies gauge overall competitor prices. However, these prices do not remain static, they can change constantly when factors are taken into consideration such as the purchasing and browsing history as well as the geographical location of the customers. Online prices for some products can change numerous times each day or week as the competition sees how various price points affect what's happening.
- Some companies intentionally do not publish pricing, which makes finding prices or price lists just about

impossible. Also, when companies manage to get hold of competitors' price lists to use as base points, this pricing information is rarely accurate and often incomplete. For example, those getting the pricing may be using an outdated price list from last year or a price list for a specific vertical market that has been negotiated by that unique market. Also, the practice of trying to obtain detailed pricing information by talking with customers that are under a joint agreement rarely provides good data. Even if those joint customers are willing to disclose competitors' prices, nothing is stopping them from lowering the figures. They do this for good reason: they are looking for the next best deal. Lowering your price to match what joint customers say are competing prices usually results in the overall lowering of the price.

- Finally, basing pricing on competition creates one of the most severe mistakes of all. If a company manages to obtain detailed and dependable pricing information on its competition, then decides to match their competitor's prices, this move will ensure the company just entered the unwanted "death spiral" of commoditization, which is a large mistake for any industry that touts quality. By lowering to match competition, the company relegates all that is unique about its products or services. All of this uniqueness adds a specific value for customers for which they are willing to pay higher prices.

By commoditizing, the low prices become a main driver for sales, which lowers margins and may start a price war, and we all know there are no winners in a price war. Even customers do not benefit from a war when companies go bust, when customer support becomes lackluster or when the scope or resources to develop new and improved products or services disappears.

Companies that price their products or services according to their customers' willingness to pay rather than more traditional methods of pricing experience a higher volume of sales and a healthy profit margin.

The better way

So far we have examined some of the most common mistakes companies make when it comes to pricing. But that begs the question: what can companies do to stop leaving money on the table?

The right way to price is always to gain a better understanding of the buyer. No matter whether that buyer is a business-to-business client or a consumer, the decision

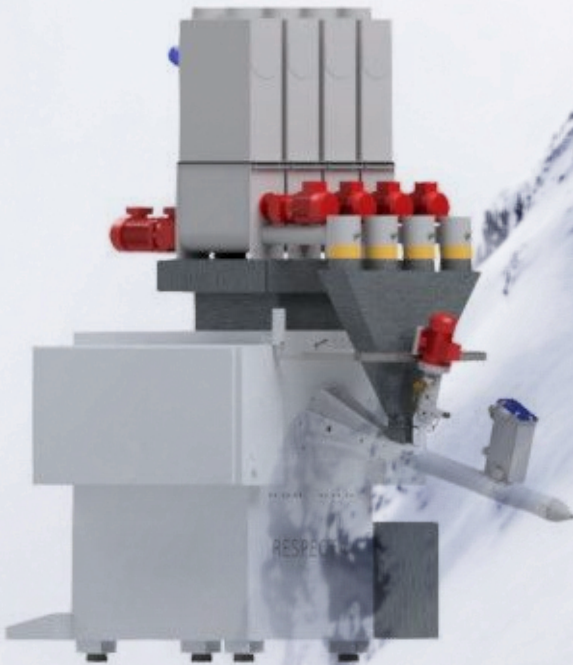
STORY CONTINUES ON PAGE 26

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THINKING OF TOMORROW

Open your books to increase employee engagement

BY LISA RYAN

Because of today's top challenge of finding and keeping the best talent, companies are constantly seeking ways to build employee trust and engagement levels. One tool increasingly considered is incorporating an open book leadership strategy.

What it is and how it works

Open book leadership is the sharing of business financial information with employees. This does not mean sharing employee salaries and other information that might be sensitive or cause internal problems. Rather, it means sharing most of the other numbers on the profit and loss and balance sheets.

One of the main reasons to consider this approach is that too many employees believe the company they work for and its leadership team are making gazillions of dollars each year. They see orders come through for tens of thousands of dollars, and they think all that cash has to be going into the pockets of the company's owners. Traditionally, employees have only heard about company finances when times were tough, cutbacks needed to happen and other unfavorable developments needed justification. By sharing the "real story" of the company's financial situation in good times and in bad, that business closes the gap that exists between leadership and the workforce.

While many leaders feel sharing the organization's financial picture, especially in difficult times, may scare employees off, experts are seeing the opposite effect. Open book management gives employees an ownership mindset. It eliminates many misperceptions and encourages employees to take a more active role in increasing corporate productivity and profits. Think about this: employees know their job better than the boss does. Why not give them opportunities to spot small fixes that can add up to big money over the long term?



How it's done

Two main ingredients are necessary for a successful open book program: leadership transparency and financial literacy education. Leaders must be willing to let their employees glimpse the organization's inner workings, but the employees also need to understand the numbers they are seeing.

Financial literacy means that employees understand how an organization earns money and turns a profit. Such knowledge helps them visualize how their job ties into the company's mission and profits. Employees don't need a base of knowledge equal to an accounting position, nor do they need to understand every aspect of a balance sheet or account ledger. However, they need basic knowledge of the numbers that most closely impact job functions or specific departments. When employees start to see the direct correlation between what they do daily and the company's bottom line, engagement levels of those employees rise and so do profits.

Offering financial literacy support to employees builds trust. But it also eliminates a prevalent fear for many people—that they cannot understand business numbers. Employers who teach financial education must give employees the information they need in a way that makes sense to them. They provide employees the tools and resources for making the best decisions for different departments, the company overall and for their personal financial lives as well.

Employee buy-in

One of the most important aspects of open-book management is getting staff on board with the idea. After all, employers are asking their employees to become proficient

in understanding finances. By focusing on a few key performance indicators (KPIs), the bosses can inspire their teams to improve those baseline KPI numbers because they see that the company will reward staff for doing so. To get maximum buy-in, companies might want to consider adding an incentive such as a profit-sharing program on a quarterly or yearly basis.

Another excellent way to promote financial literacy is through gamification initiatives. Such initiatives might query employees on how much they think the company is spending on insurance, gas for company vehicles, vacation pay, maintenance and equipment repair. Management can then hold a contest to see which department meets or exceeds target KPIs and can use scorecards, electronic charts and whiteboards to track daily progress and show employees the realities of what happens to the bottom line.

More and more today, experts are finding that when company leaders treat their people like owners, the employees can grasp the challenges ahead while arming them with specific data that can help with solutions.



The benefits

Open-book leadership gives employees a stake in the outcome of what happens. Three of the main benefits of open-book leadership are:

Employees feel you trust them. Financial transparency builds mutual respect. Empowered, informed employees can make recommendations that can fix real problems. When employees feel they have a say in the company's direction, they are more likely to work harder and smarter.

Open books bridge the gap. Companies that teach their employees how hard it is to profit in business have staff that are likely to be more willing to help cut expenses or come up with ideas to make additional profit. Such practices also reduce the risk that employees will leave to start a competing business. When employees see razor-thin margins, they may think twice about going out on their own.

Financial literacy teaches people real-world finances. A transparent, open-book management system gives team members the ability to understand how to manage their personal finances better so they can lead more secure and fulfilling lives. It is a well-accepted belief that one of the worse stressors for people today is financial condition. By giving them weapons that can take some of the stress off the table, employees can better concentrate on the job at hand.

A positive way of thinking

Giving people insider information formerly reserved for company owners empowers everyone in the company to take responsibility for their jobs. When employees understand the big picture, they gain a sense of pride and ownership. They can see how their individual work and their personal decisions can make a difference to their "family"—the company.

On the other hand, when there is a financial disconnect, employees may feel undervalued, untrusted, and unmotivated to stay.

By opening the books, companies not only boost employees' knowledge of finances, they also give their staff more confidence in understanding how the numbers work and what they can do to make a positive impact on what happens.

LISA RYAN is the founder and chief appreciation strategist of Grategy. She works with industrial companies to find the best way to keep talented staff engaged in what they do. She can be reached at www.lisaryanspeaks.com ■

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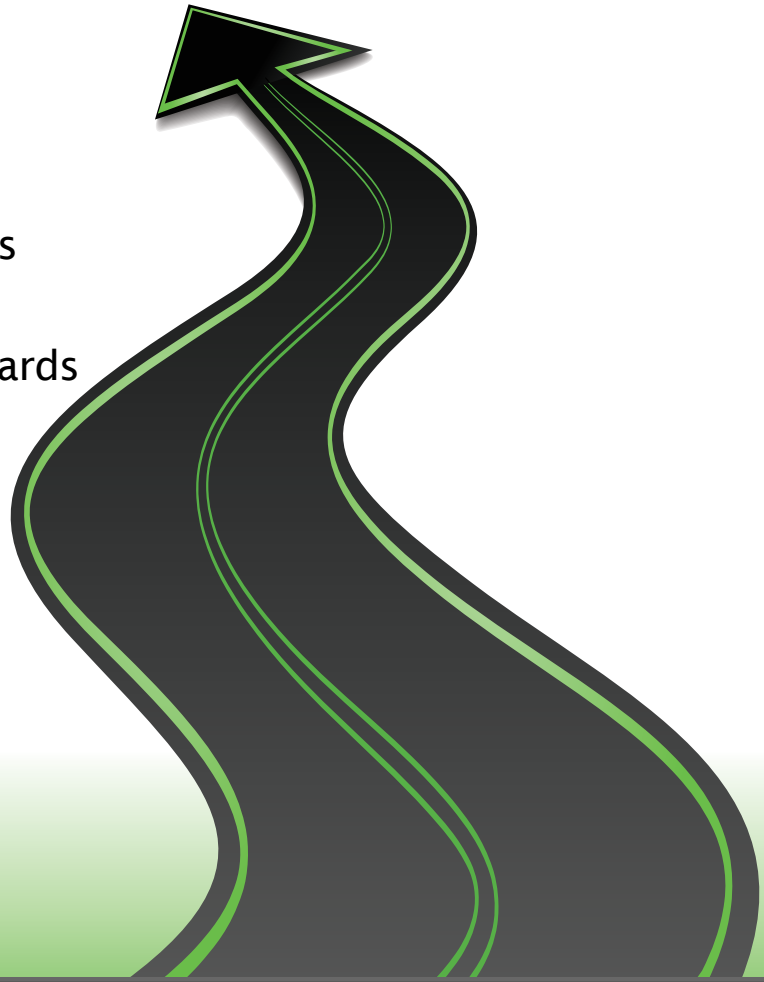
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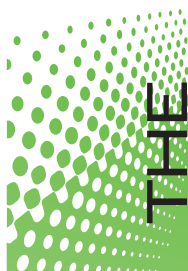
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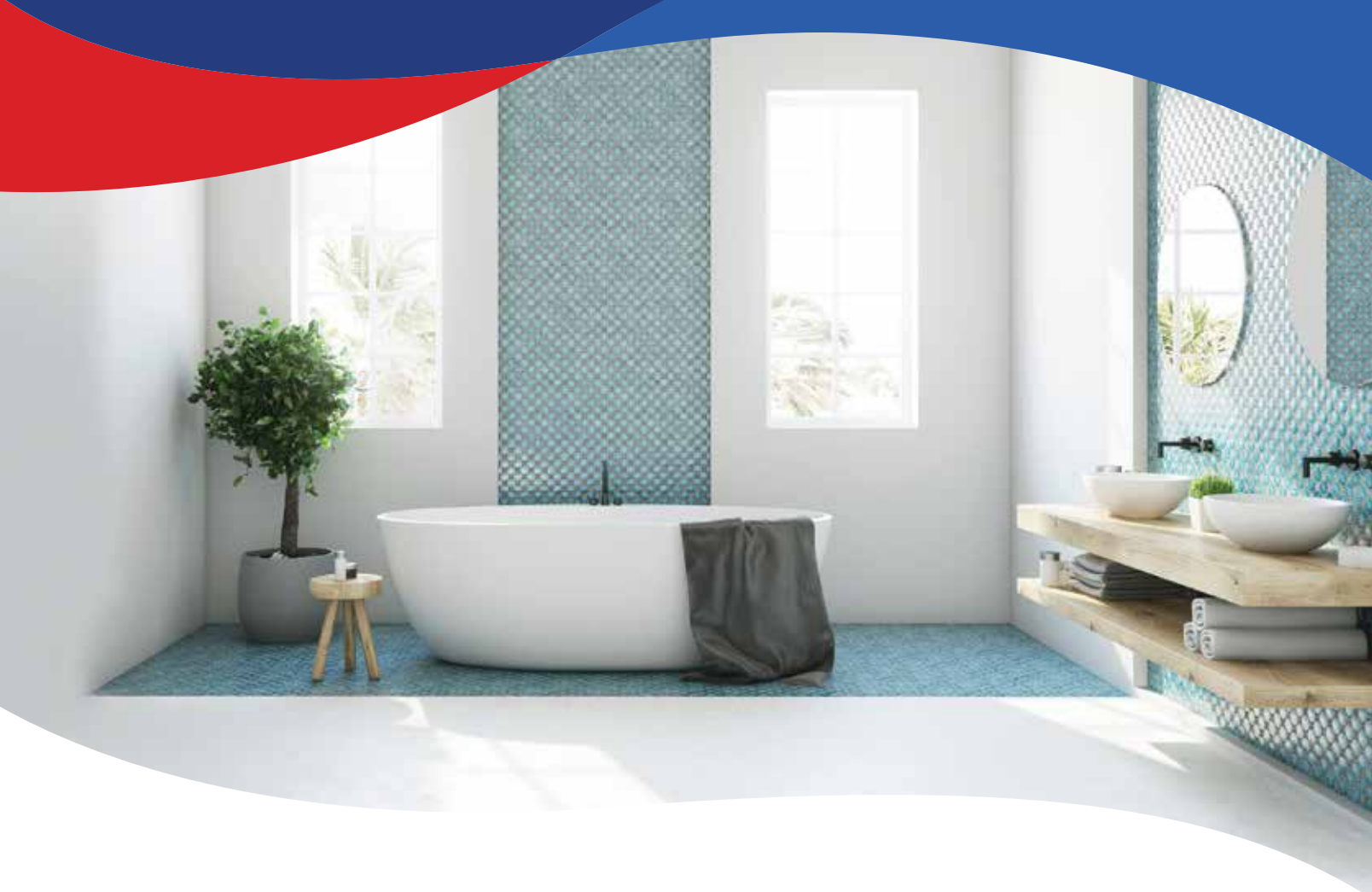
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ICPA board changes

The board of directors recently saw two changes to its rolls including:

Kelly DeBusk, owner of Composites Compliance, is the newest board member. She will serve two years.

DeBusk has owned her own business for 20 years. She grew up in a family-owned composites business where she gained the manufacturing skills essential for making her regulatory consulting business to the industry a success.

“We are pleased to have Kelly DeBusk on the board,” said ICPA President **ReBecca Erdmann**. “She has been a supporter of ICPA for several years, sharing with us her knowledge of regulatory issues. She also has several licenses and certifications that make her a valued asset to the team.”

DeBusk has been very active within the association and has helped to maintain the regulatory resources on the ICPA website, served as a member of the ICPA safety committee and was instrumental in developing the ICPA's Safe Plant Program. She also sits on the regulatory steering committee for American Composites Manufacturing Association and is a Board member of the Southwest Virginia Alliance for Manufacturing.

Paul Henderson, Polynt Composites USA, has left his board position after years of service. The ICPA board and members expressed appreciation to Henderson for the technical support he has given to the association and the industry. He will continue to serve on the ICPA Technical Committee.

Congratulations given to award winners at POLYCON



Although POLYCON 2020 had to be canceled, the 2020 award recipients were announced and honored at POLYCON 2021 along with this year's recipients. Past ICPA president **Luke Haas**, Elite Marble Company, LLC, presented his president's award to **Kelly DeBusk**, owner of Composites Compliance. Also, the Royce Newsom Pioneer award was presented by Royce's friend **Todd Werstler**, Tower Industries, Ltd. to **Larry Branam**, the RJ Marshall Company.

For 2021, ICPA President **ReBecca Erdmann** presented her president's award to **Luke Haas**, owner of Elite Marble and past president of ICPA.

Also, **Richard Higgins**, now retired from HK Research, was honored for his years of service and presented the Royce Newsom Pioneer award by Werstler.

Grout Free website is for consumers and commercial audience

The website supported by ICPA members that tells the story of the many benefits of cast polymer products is designed to appeal both to a general consumer audience and to contractors.



The site—www.livegroutfree.com—explains the types of products that can be made from the material and why those products make for easier living.

For example, for general consumers, the site explains how easy it is to clean, how it compares to tile and other materials such as acrylic, fiberglass and natural stone and how wide the selection of colors, patterns and designs is. For contractors, the site also explains how easy it is to work with cast polymer, how cost-effective its use can be and how long the product can last.

Two important parts of the site are an inspiration gallery of photographs that showcases beautiful and practical projects and a Frequently Asked Questions section that can be sent to consumers and contractors wanting details on the products and industry. The site also links to the ICPA map of members for people looking in specific locales for manufacturers and distributors.

ICPA Executive Director Jennifer Towner is always on the lookout for good articles and photographs to expand the site. Contact her at jennifer@theicpa.com.

Cast Polymer Radio tackles hottest industry issues

Cast Polymer Radio has become the go-to source for keeping up with the latest trends in the industry. At press time, the podcast had more than 32,000 unique downloads for the show.

One example is the current hot-button issue of how to deal with labor shortages, rising costs and distribution challenges, topics addressed by Dirk DeVuyst, International Marble Industries, in Episode 93.



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Other recent programs include:

- Radical customer centricity and how it relates to generating higher value for a company by a company growth expert
- Using Pinterest to generate consistency in social media traffic by a Pinterest marketing expert
- Email marketing and using artificial intelligence (AI) for writing copy by a freelance copywriter
- How AI can boost search engine success by an AI expert
- Attracting top-quality workers by a staffing firm
- How to bring awareness back to the skilled trades by a leader in a workforce development initiative
- Why emotional quotient (EQ) and mental toughness are so important in business today by a former U.S. Marine and mental toughness expert.

New ICPA members

ICPA welcomes these new members to its ranks:

- Canyon Kitchen & Bath, St George, UT
<https://utahbath.com/>
- Daze Marble, Pineville, LA
<https://dazemarblegranite.com/>
- Easton Industries, Myrtle Beach, SC
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- SAFAS Corporation, Clifton, NJ
<http://www.safascorp.com/>
- Akpa Chemicals US, Inc., Fairfax, SC
<http://www.akpachemicalus.com/>

Past issues of magazine posted on site

One of the benefits of belonging to an association is the availability of access to a knowledge base that just keeps growing. Past and present issues of **Cast Polymer Connection** are part of that base. The magazine's issues are available back to 2017 on the ICPA website. That means access to such important issues and topics as:

- Design trends and how they are changing in both residential and commercial building and remodeling
- Business trends such as lean practices, time management advice, emergency planning, showroom selling and staffing challenges
- Government and regulatory updates such as what's happening with COVID, the latest from the Occupational Health and Safety Administration and styrene developments

- Technical issues such as temperature and measurement challenges
- Operational topics such as creating workplace policies, dealing with difficult clients and how to keep employees secure in the workplace

Also, one of the most popular features for readers are the profiles of cast polymer companies featured in most issues. These stories tell the history and current challenges and successes of each profiled company.

To see what's available, go to www.theicpa.com and look for "Cast Polymer Connection Back Issues."

OTHER
NEWS
OF NOTE

Reports find renovations and remodeling changing

Spending on home renovations grew by 15% in the last year and one of the main areas for spending is kitchens, according to the 2021 Houzz & Home renovation report.

The increase last year reversed the trend from 2019 when the Houzz study saw a decrease in spending (median spend in 2018 was \$15,000. In 2019, it was \$13,000 but it climbed back up to \$15,000 in 2020). What's more, spending amounts increased to \$85,000 for higher-budget projects from \$80,000 in 2018 and 2019. Also, people spent more than they initially planned. For 2021, 56% of homeowners said they had plans to renovate, which is the highest percentage since 2017.

Other trends reported include:

- Renovation on outside projects increased by six percent in 2020.
- Kitchen renovation tops the list of interior upgrades at 27% of homeowners. The median amount spent is \$12,000. Bathrooms are next at 25% with median spending at \$3,200.
- While median spending on kitchens has been flat for the past three years, investment on major remodels of large kitchens jumped 14% to \$40,000 in 2020 compared with \$35,000 in 2019.
- Generation Xers are no longer a distant second to baby boomers as far as who is renovating. Boomers were still tops at a median spend of \$15,000, but Gen X came in at \$14,000.

A second study by Harvard Joint Center for Housing Studies agreed with some of those trends and said that the picture for remodeling and renovations looks good, but several long-term trends in the industry were disrupted by what has happened recently. For example, Harvard found that:

- Climate-related disasters are affecting home

improvement expenditures, especially in the south. A new high of \$26 billion was spent in 2019 on disaster repairs, which is double the historical share of that aspect of the industry.

- A positive short-term effect for the industry is that many homeowners who deferred projects because of the pandemic intend to go forward with those projects in the new few years.
- Consumer tastes in what they want are changing. For example, many owners are more interested today in adding or improving outdoor living spaces because they spend more time in the home. Also, with restaurants closed or limited during 2020, many households began to consider kitchen renovations, and heightened health concerns motivated owners to invest in HVAC upgrades, antimicrobial materials and water purification products.
- Do-it-yourself projects gained new popularity during the year because of the hesitancy in having contractors in the home and remodeling activity shifted to lower cost metro areas where larger shares of younger households could afford to own homes.

Commercial spending climbing faster than expected

Although the commercial construction industry will continue to experience COVID-19 effects for the next two to three years, the industry is “climbing out of the initial trough faster than expected,” according to the 2021 Autodesk Construction Outlook. The report analyzes bidding trends in the industry and combines them with external economic data.

According to the report, total bidding activity was up 15% in November 2020 and 36% in January 2021 compared to a three-month pre-pandemic average. That January volume is an all-time high, according to the report.

The rebound looks like this:

- New starts in 2021 are forecast to increase 6%, with a 4% increase in nonresidential projects and a 10% increase in non-building infrastructure projects.
- By October 2021, nonresidential building spending is projected to decrease 15% from February 2020, with projected drops of two to three percentage points each quarter.
- 2022’s total commercial construction starting backlog is projected to decrease 5%, while growth is expected in the commercial, healthcare and transportation sectors.

Pricing, CONTINUED FROM PAGE 16

to buy involves a complex range of influencers that combined is called the decision landscape. It includes variables such as how product features affect the buyer’s willingness to buy and pay, what effect marketing from various sellers vying for business has, what features competitive products have, what experience the buyer has in dealing with the various vendors and recommendations made to the buyer from other parties. It also includes delivery time, warranties and services provided by the seller and its competitors as well as price.

This is why I say correct pricing is complex. But it is the company that understands the decision landscape better than its competition that becomes a market leader.

To gain pricing power, companies need to do conduct detailed market research. This research needs to be anonymous (which means companies cannot do this under their own name) and it needs to focus on understanding the decision landscape and how it affects willingness to pay.

Data from market research companies can focus on the customer profile that can lead to the highest revenue. They also will know what marketing will be most effective and what prices will lead to the highest sales and revenue.

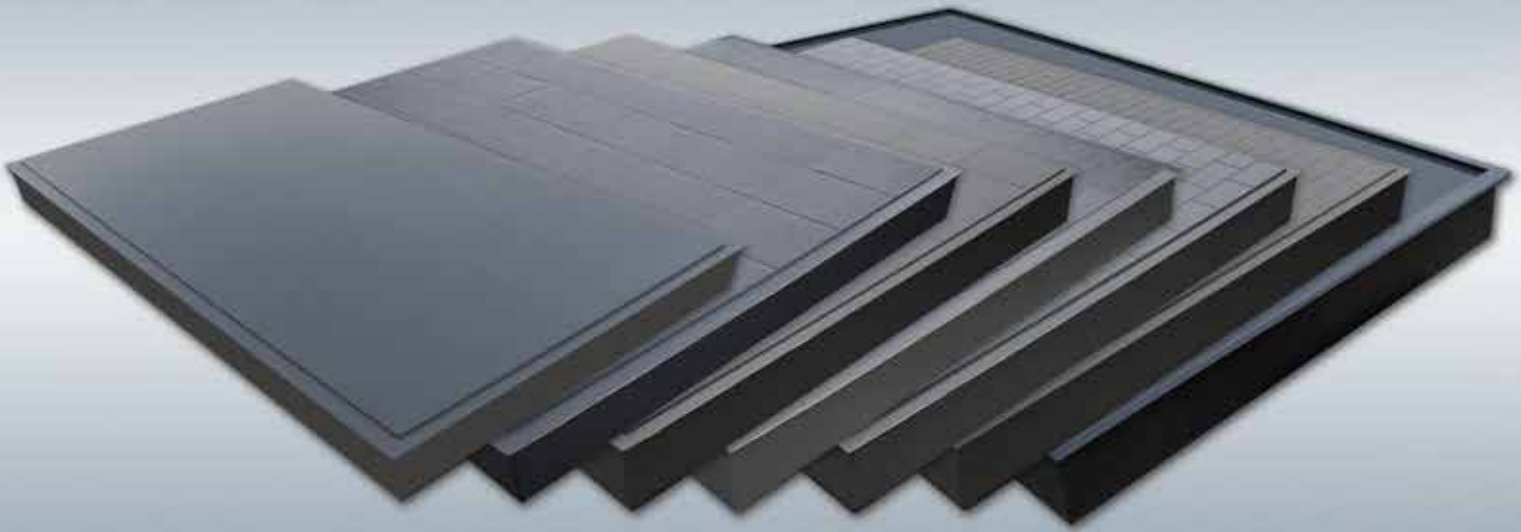
This is not a simple undertaking, but taking it typically yields a doubling of sales growth and 25–40% higher margins. ■

PER SJOFORS is called the “price whisperer” because of years of experience studying and implementing cost strategies. Sjofors is an entrepreneur who has run many companies in the U.S. and Europe where he began conducting pricing experiments and developing specific strategies. Sjofors was a recent speaker on Cast Polymer Radio. He has offered a free booklet called “7 Easy Steps to Successfully Increase Prices” to listeners of the podcast. Go to www.Castpolymer.com and scroll to Episode 89. Cast Polymer Connection will run an article offering more on the specifics of what Sjofors suggests for better pricing in a future issue.

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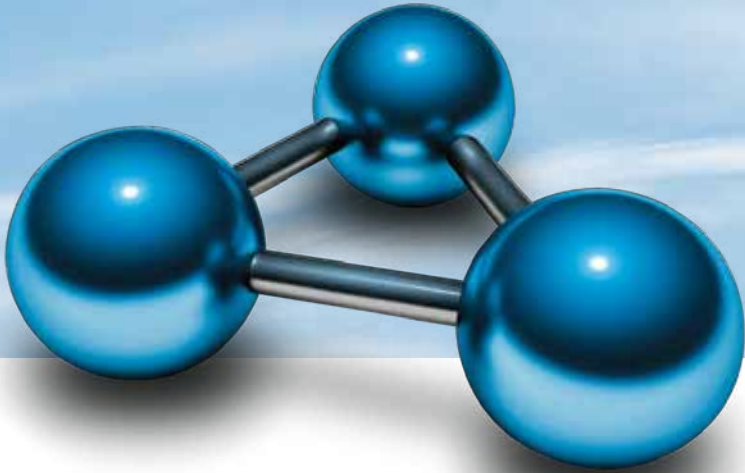
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