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5 Supply-Chain Takeaways From the Pandemic

Stop to consider how COVID-19 forever changed your business

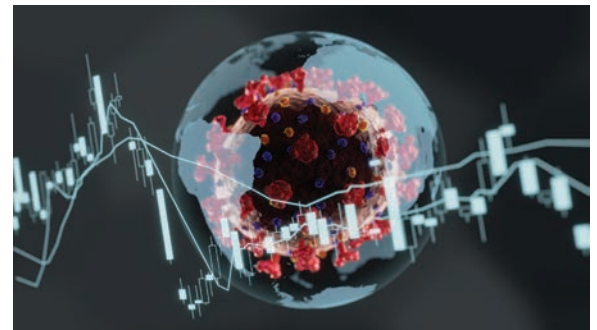
By Tony Callahan

You may be tempted to put your head down and think things will get back to normal soon, but I wouldn't recommend it. I doubt things will ever be the same. Sure, the bustling housing cycle will cool at some point, but we should all resist going back to business as usual. Rather, we should learn from our experience and adapt to the future.

I think every functional area within home building—from land and community development to accounting and human resources, as well as the supply chain—should identify the lessons learned from the pandemic and to what extent those lessons have changed their way of doing business. Here are my top five for the supply chain.

1. Know the limits of Lean

First, let me say I am a big proponent of the Lean approach. I highly recommend it to drive out non-value-added activities.



In This Issue ...

**OHBA - More Housing
Needed & Another
Election in the Books**

Financial Forecast Details

**5 Unforgettable Lessons
(Marketing article)**

**Sedgwick Safety Articles &
Deadline Information**

**OHBA Fall Election Meeting
Details - Nov. 16 & More**

(Cover Story - Continued on page 2)



Ken Cleveland	1,079*
John Sumodi	326
Andy Leach	142.5
Bob Knight	97
Mark Zollinger	42
Mike Hudak	41
Doug Leohr	33.5
Russ Sturgess	29
Dave LeHotan	7.5
Ed Belair	7
Rex Gasser	3.5
Charlie Ash	3
Chris Chatterelli	2
Ray DiYanni	1.5
Sean Smith	1
Paul Spenthoff	1
Jeff Stuart	1
Ryan Suppes	1

Above list has been updated via the most current NAHB Spike Club Roster Report

*Current Life Spike status

And I hope organizations take a closer look at the excess inventory category as well.

But a Lean approach to excess inventory at the distributor level was never meant to equal no inventory. During the last year, I've seen stock-out situations in most home building material categories. I don't know about you, but when I think of a distributor, I expect them to carry some inventory. Most stock very little these days, in large part because they rely too much on regular shipments from manufacturers.

I worked in that segment early in my career and I know the pressure distributors are under to increase inventory turnover. That said, it's time for distributors to reevaluate how much safety stock they carry and how much safety lead-time they factor into their material requirements planning software. Home builders can help by reducing the number of SKUs they use.

2. Avoid sole-sourcing supply disruptions

I'm willing to give some the benefit of the doubt, but can any home builder honestly say they have not been let down by a trusted trade during the last year? I can't.

I doubt I'm the only one who received a call explaining how much a trade's business has increased or how they can't find labor or get materials and thus won't be able to meet their commitments.

Specific to materials shortages, installing trades will naturally blame the distributor (who blames it on the manufacturer), but remember, your contract is turnkey.

That means you're paying that trade to manage the supply chain on your behalf and to make sure they have the materials needed to perform their scope of work on the commitment date. By not honoring that commitment, they've disrupted your schedule.

(Cover Story - Continued on page 8)

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From the MCHBA Office ...

Members and Friends:

My wish is for all our members to enjoy a wonderful Thanksgiving. It's a great time to prepare and eat delicious family recipes, spend quality time with those we love and just get away from a lot of the negatives in our world today.

Food for thought ...

We are planning our Financial Forecast for Wednesday, January 19 - see more information on page 7. Don't forget to register (email me at susanb@medinacountyhba.com) and be sure to join us - it will be a great opportunity to see your fellow members.

Some time in mid-March, I will provide a date soon, we will have another Topgolf member and friend outing. Keep that in mind and plan on attending.

Our Spring Parade of Homes is earlier this year and I hope you can all plan to enter at least one home in this event. We always have a lot of interest in the Parade and we're hoping 2022 will be a stellar year for all of you.

If I can be of any assistance, don't hesitate to contact me. You are the lifeblood of our organization.

Susan Bloch

Table of Contents

	Page(s)
Cover: <i>5 Supply-Chain Takeaways From the Pandemic</i>	Cover, 2, 8
Spike Club Update	2
2022 Save The Dates	3
ED Letter / Board of Directors/Trustees	4
Member News	6
OHBA: More Housing Needed.....	6
Financial Forecast 2022	7
Sedgwick: Safety Starts at the Top	9
OHBA Column: Another Election in the Books.....	10
5 Unforgettable Lessons (Marketing article).....	10, 12, 13
Sedgwick: Ohio Safety Council 2021-22 Mega Meeting.....	11
Workers' Comp Group Enrollment Deadline Approaching	12
Sedgwick: Written & Communicated Safe Work Practices	14
Spring Parade of Homes - Dates Set - Plan to Participate	15
OHBA Fall Meeting / Election of Officers / Form.....	16, 17

2022 Save The Dates

January 19, 2022

Financial Forecast - See page 7 for more information on this NOT TO BE MISSED forecast for 2022!

February 8-10, 2022

NAHB International Builder Show - Orlando, FL
this year - register now!

March, 2022

Topgolf Member Event -
Date TBD - Details to come!

From the Executive Director

Members and Friends:

As we swing into the holidays, it's a good time to remember all those that have helped make our businesses successful and have an attitude of gratitude towards those people (including your family who supports your work or business, your peers, and the opportunities that have presented themselves). It's always good to reflect on the positives in our lives, especially during these more difficult times. Most of us have a lot to be thankful for and we need to focus on that..

Be sure to mark your calendar for our Financial Forecast which will be held Wednesday, January 19, 2022 at Williams on the Lake. Due to COVID in 2021, we were not able to hold our usual meeting, but 2022 we are back to having that meeting in person. It's the perfect time to network, ask questions of our experts, and be 'in the know' for our industry next year.

Please also consider planning to enter a home or two in our Spring Parade. There is plenty of time to plan so we are expecting to have a wealth of entries, something our consumers are really looking forward to touring.

March will bring us another member fun day outing at Topgolf - more information to follow on this event so watch for it.

As always, we appreciate and value your membership.

Respectfully:

Dave LeHotan
Volunteer Executive Director



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LOTS & ACREAGE BRECKSVILLE

8310 Settlers Passage: This private 32-acres w/all utilities available at the street. Wooded entrance w/approx. 650' frontage, currently Zoned R-60 Single Family. Bring your own builder. **\$899,000. Matt Stouffer 330-814-4616, Gary Stouffer 330-805-6900.**

HINCKLEY

The Trails at Redwood Falls: Located where old Skyland Golf Course was. Conservation development has 97 parcels, walking trails, club house & 5 lakes. City water & sewer. **Robin Pickett 330-322-3181.**

KENT

5036 SR 43: Approx. 43 acres on SR 43. Zoned G-C General Commercial. Subject to new survey per Portage Co. Sewer/Water/Gas/Electric/Cable (Buyer's responsibility to verify accessibility, capacity, etc. on all utilities). **\$895,000. Gary Stouffer 330-805-6900, Tara Kleckner 330-289-1315.**

MEDINA

Blue Heron: Just 1 lot left. Walking paths, pool and tennis courts. City water and sewer. **Maryanne Phillips 330-714-3393, Robin Pickett 330-322-3181.**

MONTVILLE TWP.

NEW Windfall Estates: Highland Schools' newest fully improved residential development, Windfall Estates. Gorgeous wooded setting with walk out basement & cul-de-sac lots. Prices from the mid **\$400,000s. Robin Pickett 330.322.3181.**

NORTH CANTON

8215 Arlington Ave NW: Approx 74 acres in Jackson Township w/approx. 2,467' of frontage (on Arlington Avenue) and 1,377' deep on the North Side. Approx 1,000 ft. of frontage on Strausser Street. Large house on property built in 1861 offering more than 5,500 sq.ft. of living space, 5 bedrooms. Connected to the house is an office building with six separate office spaces and half bathroom. Four car detached

garage and storage outbuilding on property. **\$1,975,000. Gary Stouffer 330-805-6900, Sarah Halsey 330-268-0102.**

NORTON

3516 & 3536 Little Blvd: Here's your chance to build the home of your dreams at the end of a cul-de-sac on approx. 4.85 acres (3516 Little Blvd - **\$89,000**) of heavily wooded land or approx. 4.55 acres (3536 Little Blvd - **\$110,000**). Privacy and serenity abound! Close to local shopping and easy access to highways I-71, Rts 224 and 21. Combining these two would give you approx. 9.4 acres for a total of **\$199,000. Gary Stouffer 330-805-6900, Gina Luisi 330-814-4747.**

RICHFIELD Revere Schools

4107 Brecksville Rd: Approx 30.4 acres on Brecksville Rd. Beauty, privacy and space to roam, this property is the perfect place to call home. Soak in the peace of nature around you as you walk through your wooded lot, exploring its winding creek and ravines. Perfect for horses and ATVs alike. The rolling topography further in provides high ground for the possibility of a full walk out basement. Minutes from Rt. 77 and less than 30 minutes to downtown Cleveland. **\$388,500. Gary Stouffer 330-805-6900 & Sharon Holderbaum 330-349-2599.**

3526 Brecksville Rd: This commercial property is approx. 7.84 acres with frontage measuring approx. 238' and is close to I-77 and 271. Public water, public sewer and gas available at the street. The property rises slightly upward from the street then levels out. The front 4 acres (approx.) is mostly cleared w/the remaining acreage beautifully wooded and a peaceful stream/ravine running north/south through the property. This parcel is zoned Office/Laboratory which comes with a variety of uses. These uses include, but are not limited to, the following: Office Space, Research Laboratories, Licensed Child/Adult Day Care, Nursing Home, Assisted Living

Facility, Churches, Library, Museum, Art Gallery, School/College, etc. **\$449,000. Gary Stouffer 330.805.6900 & Sharon Holderbaum 330.349.2599.**

SHARON TWP. Highland Schools

7022 State Rd: Approx. 6.5 acres total on State Rd. in Sharon Township. Zoned R-1. Beautiful, wooded area with rock ledges along northern border. Moving south the property rises to the crest of a hill with ideal homesite and expansive views. Approx. 2.10 acres available for **\$115,000** and the remaining approx. 4.4 acres for **\$145,000**. Simply beautiful! **Gina Luisi 330-814-4747 & Gary Stouffer 330-805-6900.**

S/L 5 Jumpers Knoll Dr: Beautiful (approx.) 2-acre lot in The Signature of Sharon. Corner lot for different house positioning. Homes in the area are exquisite with a variety of styles and builders. Magnificent entrance to the development. **\$127,500. Gary Stouffer 330.805.6900 & Gina Luisi 330.814.4747.**

STREETSBORO

8291 SR 14: Gorgeous land on corner of OH14 and Diagonal Rd. This land has several spots to build your dream home. 2 large ponds and tucked back into the woods for privacy. Over 2,400' frontage, possibility of building multiple homes or doing a lot split to create multiple parcels. There is a 2-acre parcel w/frontage on Diagonal Rd. **\$555,750. Gary Stouffer 330-805-6900, Matt Stouffer 330-814-4616.**

V/L SR 43: Approx. 43.5 acres w/approx. 682ft frontage on State Rt 43 & approx 1600 ft frontage on Kennedy Rd, zoned Rural Residential. **\$499,000 OR 33.5 acres for \$399,000 OR 13 acres for \$105,000. Gary Stouffer 330-805-6900, Sharon Holderbaum 330-349-2599.**

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Member News

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*Our Membership Application
is available online or call/email
me and we'll send out a member
package.*

***Let's Work Together and Grow
our Association this year and
into 2022!***



EXECUTIVE VICE
PRESIDENT'S COLUMN
By Vincent J. Squillace, CAE
Executive Vice President

More Housing Needed

We're hearing this more and more recently. While it took rapidly escalating prices to bring that fact home, at least it has woken some up. According to most sources, the cause of the problem is the lack of supply. In elementary economics, when demand outstrips supply, prices increase. What is unfortunate though is that affordability has taken a big hit.

Whatever the term used, 'workforce' or 'affordable' housing, prices are out of reach for many. The outlook appears to continue on this path. It is encouraging that many state legislators now realize more housing is needed. We now need to prop up local government officials to face the facts, as well. It will take some hard work to reverse the trend.

I rarely get enthused about development issues when I read the New York Times. However, they are all over the situation in California where the state is bulldozing over local zoning regulations to encourage increasing the housing stock. That state is home to exorbitant impact fees, restrictions on energy sources and tough building codes. Perhaps past actions contributed to the current crisis (doh). We'll see. One section of the recent story is quizzical though:

"To mitigate the affordable housing crisis, California is allowing homeowners to build multiple dwellings on a single-family lot. Some embrace the move, others reject it, BUT ALL AGREE ON ONE THREAT: DEVELOPERS."

My guess is California HBA's resisted most of the craziness in the past which led to the shortage. A key issue here for me is we need to listen more to developers and builders as to ways to increase our housing stock. I recall when government officials in California were celebrating all their forward thinking. Look where it got them.

We continue to draw attention to housing needs in Ohio. Fortunately, other statewide groups are starting to join in. Naturally, there are those who continue to oppose reasonable development actions. In any event, we know our mission here with builders and developers in the lead. ■

Support Your Association

Remember, whenever possible, always try to do business with and patronize our Parade Sponsors, your Fellow Members and support your Medina County HBA & local community!

FINANCIAL FORECAST 2022

How do we
prosper?

How do we
compete?

What is the financial
outlook for 2022
and beyond?

What can we
expect?



Wednesday,
January 19, 2022
Noon to 1:30 pm

@

Williams on the Lake

Carl Room, Lakeside South (Main Hall Bldg. B)
787 Lafayette Rd. | Medina, Ohio 44256
Email: susanb@medinacountyhba.com

Expert Forecast Speakers:

Bob Giacomo, Westfield Bank

Jim Owen, Fifth Third Bank

REGISTRATION:

Builders FREE (RSVP required)

Members – \$25 | Non-Members – \$30
(includes lunch provided by Williams on the Lake)

Lunch: "Soup and Sandwich" - includes Deli Wrap;
Tomato Bisque; fresh tossed salad, assorted cookies
and brownies, coffee, water & soft drinks.

There is a boatload of economic uncertainty these days, especially when looking to the future and how best to take advantage of next year's building climate. As a member of the Medina County HBA, we make it easy for you. We are fortunate to have some of the finest financial and construction brains available to clue us in on what to expect in 2022 and beyond. It can positively impact the financial success of your business to learn what to expect, how that relates to the local construction industry, and how you can capitalize on that information to help your business thrive.

Remember, *failing to plan is planning to fail* so plan for your success by attending the 2022 Financial Forecast. It's truly a valuable membership benefit! Register today and be sure to bring your questions for the experts as well!

- **Registration required.** RSVP / register **no later than January 10th, 2022.**
- Register by email: susanb@medinacountyhba.com
- **Builders MUST RSVP to attend FREE.**
- **No shows will be charged.**

To prevent further delays, you roll up your sleeves, call some people you know, and help the installing trade find the material. That took all afternoon, so it cost you time you could have spent working on something else. Then you get a change order request because the new material cost more than the material initially specified that didn't show up. That just cost you your budget.

The lesson: Put all of your eggs in one trade's basket and some eggs are sure to get broken. While I believe there is value in single sourcing manufacturers, I highly recommend that you avoid it with your installing trades. If you have someone that does a great job for you, then give them up to 80% of your business and another trade the rest.

3. Collaborate on the supply chain

One fundamental change you'll likely have to make is knowing where your installing trades buy their materials and what materials they use, and to make sure they have overlapping sources of supply and pre-approved alternatives to specified materials anywhere you don't have a national agreement. Ask the installing trade to involve you the moment they see any sign of a supply disruption.

4. Stock your supply chain team

I continue to be impressed with some supply-chain professionals who find ways to get back-ordered materials in time to keep the closing date. When they identify or hear of a supply shortage, they immediately reach out to their network. They

don't delay contacting the manufacturer to see if they can expedite a shipment.

If they are told no, they reach out to other distributors to find inventory, then reach out to other installers to

see if they have any surplus. If not, they pivot and consider alternative products. The point is, they don't give up easily, or at all. If all you get from your purchasing person is hands thrown up in frustration, then you need a different purchasing person—someone who's a go-getter and a dog on a bone.

When you think about it, as home builders, we buy everything but don't build anything. We manage the process. You need the best people you can find to serve in your purchasing department. Not only to manage your costs, but also to ensure you have the materials and labor needed to keep construction going and to meet the commitments made to your homeowners.

5. Address the skilled labor shortage

As an industry, we've been talking about a skilled labor shortage for at least the 20 years I've been in the industry, and probably longer. We simply must figure out a way to get more people into the skilled trades.

Part of the solution is simply paying people a decent wage. I think we've made great strides in this area over the last year, but it hasn't inspired a wave of new (and younger) people to join the industry. Rather, trades tend to compete for one another's employees, meaning the same people are getting paid more without making up for those aging out or otherwise leaving.

The public perception and realities of the construction trades are barriers to recruiting talent. I've talked with many skilled tradesmen who don't want their children to follow in their footsteps. It's natural for a parent to want a better life for their kids, but when, as a culture, did we turn our backs on trade schools to focus almost solely on college? And to what end? I'll bet you know at least one college graduate carrying huge student loan debt and a job where they're underemployed. I do.

I worked hard to put myself through undergraduate and graduate school, but I don't know if I would have taken the same path if I were to do it all over again. I enjoy working with my hands and I know enough tradesmen who started a business and are now multi-millionaires. I also got a great deal of satisfaction when I remodeled a rental or built a room addition.

As an industry, let's encourage the next generation to follow their passions, expose them to the skilled trades, and share the opportunities in choosing that career path.

We need to be sensitive to the new realities that have emerged from the pandemic. We certainly know that e-commerce has grown in importance, that employees expect more flexible work schedules, and that some of the ways we've "always" done things won't work as well as they once did. Let's have home building emerge from this crisis a better industry.

Tony has worked in the building industry for over 2 decades and is an expert in purchasing and supply chain management. This article was reprint from ProBuilder.



Safety starts at the top

Successful organizations establish safety as a core value of their operations. Senior leadership, including the top executive on site, must be role models to all employees for creating a safe work environment. Active leadership includes, at a minimum:

- Authorizing the necessary resources for accident prevention.
- Discussing safety processes and improvements regularly during staff or employee meetings.
- Ensuring that all members of management are held accountable for accident prevention activities and processes.
- Annually assessing the success of the safety process by utilizing perception surveys, personal interviews, and behavior sampling strategies.
- Encouraging employees to take an active part in maintaining a safe workplace.

Implementation

Senior leadership must assume the leadership role in establishing the importance of safety in all operations. By taking the lead, leadership can effectively use its safety process to contribute to the bottom line and better service to customers by reducing losses due to accidents. The full support and active commitment of senior management is vitally important because it encourages supervisors at all levels to make the safety process a success through accountability. This requires measuring actual performance against pre-established objectives and goals through the organization's performance appraisal system.

There are many ways senior leadership can participate to show active leadership in safety processes:

- Issue a written Safety Policy, affirming safety as a core value to the organization.
- Establish both annual and long-term safety goals.
- Establish safety responsibilities and a system of accountability for all levels.
- Regularly include safety topics in meetings.
- Regularly review progress of the safety process with department heads, supervisors, and employees.
- Accompany supervisors or safety team members during their periodic safety inspections.
- Review copies of all completed accident investigation reports.
- Openly discuss safety with employees during periodic tours.
- Participate, as a student, in employee safety training programs, such as first-aid training.
- Participate in meetings with loss control consultants.

Another Election in the Books

EXECUTIVE VICE
PRESIDENT'S COLUMN
By Vincent J. Squillace, CAE
Executive Vice President

The results are in and the mid-term (mostly municipal races) are now history. Here, we had two congressional elections to replace incumbents who resigned. The results were predictable with no change in the party of the winners. Shontel Brown in Cleveland and Mike Carey in Columbus. The stage is almost set for next year's legislative races but the districts are not known. The constitution was changed which prescribes the process to determine those districts. The plan approved by a select commission is now before the Ohio Supreme Court as has been challenged as not in compliance with the law.

As for congressional districts, similar rules apply. The legislature is in the

process of adopting a map which, in all likelihood, will be a map good for four years. And to no surprise, that map will be challenged as well. Due to population shifts, Ohio is allowed one less seat (15) than the past 10 years. As of this writing, no one is certain just how the court will rule.

In mid-month we will hold our annual board meeting where the activities of the association will be discussed in detail. Our list of regulatory, legislative and activities in the courts is lengthy. With primary elections for all statewide executive offices and two Supreme Court seats are up for grabs next May; we expect a number of contested primaries.

Candidates and parties are already in the preparation stages to run for various offices. However, it's hard to determine legislative races as all the districts will not be known until the Ohio Supreme Court rules. It's an understatement that most are anxiously awaiting their ruling.

We will also elect our officers for the coming year. We have a soloed slate of candidates to fill the positions most critical to the successful performance of the association. As you can see, there is a lot at stake for the industry currently and in the year to come. The association will perform best given the support of its members. Hopefully, you can attend our meeting on November 16th at the Hilton Easton and join in our efforts.



5 Unforgettable Lessons

Oakley Home builders
learned a lot from the
Great Recession.
Let's make sure current
and future generations
learn those lessons, too.

By
Kevin Oakley

For those who experienced it, the Great Recession feels like it wasn't that long ago. In fact, it lasted roughly from December 2007 through June 2009, and during that time unemployment reached 25%, home values declined by a national average of nearly 10%, and revenue for the top 200 home building companies dropped 63% by 2010.

The pressure of those years cements them in our minds. It was a time of necessary reinvention and resourcefulness. Not everyone survived. Yet, to others, the recession is just a faint memory; something they heard about on the news or in school.

While teaching a course to some marketing leaders recently, I mentioned the Great Recession and one attendee asked what it was. It rapidly became clear that this wasn't sarcasm, and a quick survey of the class revealed they had worked an average of 4.5 years in home building (since about 2016), and so had not experienced any part of that recession personally.

It was then that I vowed to make sure the lessons of the Great Recession are passed on. This article is the first step.

Lesson 1: Advertising Can't Solve It All

When times get tough, leadership looks to advertising to solve problems of low traffic and sales, or even consumer confidence and affordability, with the unfortunate belief that the biggest and widest net will eventually catch all of the fish required.

But homebuyers aren't fish, and marketers often fail to explain which problems they can actually fix. In fact, advertising really only addresses three distinct needs—but only if your price/product/ place mix hits a minimum standard of value for the consumer.

(5 Unforgettable Lessons – Continued on page 12)

Ohio Safety Council

2021 – 2022 Mega Meeting

All Ohio employers are invited to attend two online statewide meetings hosted by the Ohio Bureau of Workers' Compensation (BWC) to supplement the Ohio Safety Council Program year. There is no fee to attend.

BWC is offering two sessions – one in October and another next April. The webinars will include opening remarks from BWC Administrator Stephanie McCloud and will be moderated by BWC Ohio Safety Council Program Manager Michelle Francisco.

Wednesday, October 6, 2021

Leading from Your Heart!

David Sarkus, MS, CSP is Chief Servant Leader and Founder of David Sarkus International, a leading health and safety management consulting and training firm.

You want to achieve zero-incident culture for safety—who doesn't? But what does it really take to get to that point? For starters, it takes great leadership, coaching, and engagement. This inspiring keynote, which parallels servant leadership principles, is infused with humor, and will reveal seven contemporary and empirically based principles that will move your people from superficial compliance to deeper and more durable forms of personal commitment to safety.

Wednesday, April 13, 2022

Now What? How to Lead by Bringing Your Human to Work

Erica Keswin is a two-time Wall Street Journal bestselling author, internationally sought-after speaker, and workplace strategist.

We've all been through a lot, but managers at every level are dealing with unprecedented levels of stress and pressures. Erica will provide tools to help leaders find their way through this difficult time. Learn more about how successful companies navigate turbulent times, prepare to bring your human to work, be confident that you can manage the chaos and be ready to rock the hybrid revolution!

If you have any questions, contact our Sedgwick program manager, Bob Nicoll at 330-418-1824.

Enrollment deadline approaching soon

The deadline to enroll in the Sedgwick workers' compensation group rating program is just around the corner!

Enrollment paperwork was sent to you for our traditional group rating and/or group retrospective rating programs. The deadline to enroll in these programs is quickly approaching. Don't miss out on your opportunity for significant premium savings!

- Group Rating - Sedgwick must receive your enrollment by November 17, 2021
- Group Retrospective Rating - Sedgwick must receive your enrollment by January 26, 2022.

Sedgwick is proud to deliver workers' compensation claims management and cost containment strategies to nearly 65,000 hard-working Ohio employers and have our endorsement.

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*(5 Unforgettable Lessons –
Continued from page 10)*

The first (and best) thing advertising does is attract attention so customers can instantly assess the value of the offering. If the perceived value is high enough, advertising can additionally inspire further action. Or, ads can simply educate. That's it.

Still, when the Great Recession hit, many companies advertised themselves out of business believing they could "ad-buy" their way to profitability. When traffic dried up from the single, full-page ad in the Sunday paper, at \$8k to \$15k per week, they ran two full-page ads, certain that would drive traffic to the models. The lesson: If you increase

(Continued on next page)

Professional Tools for our Members

The HBA has the professional business tools you need for home sales. The MCHBA Home Construction & Limited Warranty Agreement packages are available at the office for only \$35 each. Or if you have your own contract and you just need the Warranty, the warranty

and folder are available for just \$25. We encourage you to use these tools for your protection, peace of mind and they make a great resource tool for your customers to keep all their pertinent home buying paperwork together. Call the HBA office and order your professional tools today.



spending and don't see results in a few weeks, understand that marketing isn't just advertising, and roll up your sleeves to help solve the actual problems.

Lesson 2: Rapid Competitive Analysis Is Key

When your value proposition isn't strong enough to achieve the desired results, conducting a competitive analysis is critical— not only of your new-home competitors, but also of your local market as a whole. How many homes are selling at each price point? What features do these homes have in common? Can you offer or design a new home at a similar price that offers something unique that customers want?

When housing took off in mid-2020, home builders struggled with price discovery and perceived value of their homes. Many ultimately decided to use a bidding process so the market could inform true value. That's a nice problem to have ... and an easy one to fix.

But such "price discovery" on the way down is far harder. There's always someone willing to pay you less—eventually there is a point where no one is willing to pay you more. You must analyze the data points from other builders, as well as resales, to determine value and where the market is headed faster than your competition to effectively outmaneuver them.

Lesson 3: Improve the Starting Price Point

Starting price point is one of the most powerful tools in the perceived-value war. It's like a cheat code that can quickly affect results. I understand it's not easy to reduce the starting prices of your homes, but it must be done.

The most painful way is simply to cut the profit on your existing offerings, but two better ways to adjust starting price are to reduce included features (allowing buyers to add back in what they truly want) and to invent new floor plans with smaller square footage and unique layouts.

The goal is to attract consumer interest by using a "low" base house price on the smallest home in your community lineup and then hope that many ultimately select a larger floor plan that results in better profit margins. If they never click to your site or visit your community to begin with, nothing else can happen. The starting price point secures that initial interest.

Lesson 4: Repricing Beats Incentives

If anything I share here will be considered controversial, this is likely it: Offering large price incentives instead of reduced starting prices in your advertising is a dramatically less effective tactic to boost results.

Here's why: During the recession, some builders offered free cars, pools, and "hundreds of thousands of dollars off" in an attempt to improve their value proposition. But to consumers (and other builders), these were signs of desperation, not value creation. Many who tried this method actually expedited their own demise.

In mid-2008, the home builder I worked for started down the incentive path, offering an average of \$80,000 off retail pricing on an average sales price under \$500,000. The sales team, unsure how to value the homes they were selling, would often—out of a sense of guilt—subconsciously negotiate with their own builder, even beyond what consumers would push for. As a leadership team, we searched for a better way.

After 60 days of intense competitive analysis of the entire market, all of our floor plans and options were repriced to what we called "market-based pricing." This improved our starting price points without creating a bait-and-switch scenario on our pre-priced options (custom options still remained higher). It also instilled confidence in the sales team that our value was unbeatable.

The customer response was loud and clear: We grew every year by an average of 20% from 2008 to 2012, without offering incentives. Ultimately, we reached 26%

market share of all new-construction permits in the counties where we did business, even though we were a "luxury" builder.

Lesson 5: Appointments Trump Traffic

"Get as many traffic units as you can to the sales teams in the model" was the rallying cry during the recession. Weekly traffic reports were abysmal, with many communities receiving an average of zero to two units of traffic per week. After our exercise of pricing to the market, the number of traffic units improved, but not as dramatically as one might expect.

What did improve markedly was the number of appointments held by the sales team. Appointments can be prescheduled or held on the spot with walk-in traffic. They are meaningful conversations around pricing and options that last at least 15 minutes—dramatically different from a model presentation with an unregistered prospect.

While traffic counts improved from zero to three per week or from two to eight per week, appointment counts rose from zero to three a week or more (often every traffic unit was an appointment scheduled by our online sales team). Most important, a pattern emerged: The number of traffic units didn't really matter at all, as appointments were converting up to 50%. In fact, it wasn't uncommon to see a traffic report with one traffic unit, one appointment, and one sale.

Sales managers stopped asking salespeople "How was your traffic?" and started to focus on how many appointments salespeople had and how they planned to continue the progress toward a sale.

It's often said (and it's true) that great markets make bad habits. But even good habits need to be reconsidered when markets get incredibly rough.

Kevin Oakley is a managing partner at a company focused on online sales and marketing for home builders and developers. Article reprinted from ProBuilder publication. ■

Written and communicated safe work practices – it's not just common sense

Through the years I have heard employers express the sentiment that their employee was injured because they were not using common sense. Even when someone says they can do the job or have had prior experience that may not be true. Common sense does not necessarily help your employee understand the true requirements of a job task.

Guidance for employees in the form of written safe work practices is important for a clear understanding of job requirements and responsibilities. The objective is to communicate safe work practices so that employees have a clear understanding of how to safely accomplish their job requirements. Both general and job-specific safe work practices must be identified, documented, and made available. Have all employees sign a statement to indicate they have read, understood, and will follow all safe work practices.

Examples of general safe work practice knowledge expected of most employees include:

- Good housekeeping
- Personal protective equipment
- First aid procedures
- Ergonomic principles
- Hazard recognition and abatement
- Emergency Action Plan

Job-specific safe work practices apply to operations and tasks that involve recognized hazards and risks associated with those specific tasks. Job-specific safe work practices must be posted or made readily available in the work area. Examples of job-specific safe work practices include:

- Respiratory protection
- Lockout/tagout procedures
- Confined space entry
- Hazard communication
- Powered industrial truck operation
- Bloodborne pathogens, if applicable
- Personal protective equipment (PPE)
- Machine/equipment operation
- Material handling procedures

Implementation

After the general safety orientation, the supervisor provides new employees with job-specific safety training. Employees should not be allowed to start a job until they have received instructions on how to perform the job properly and safely.



ATTENTION BUILDER MEMBERS

EVENT DATES:
**Saturday, April 30, 2022
thru
Sunday, May 15, 2022**

*Scattered Site Event
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REGISTRATION FORM
THE ANNUAL MEETING OF THE BOARD OF TRUSTEES &
ELECTION OF 2022 OFFICERS
HILTON EASTON – COLUMBUS
3900 Chagrin Dr.
Columbus, OH 43219
(614) 414-5000

TUESDAY, NOVEMBER 16, 2021

- ☐ 8:00 – 10:00 a.m. LONG RANGE PLANNING BREAKFAST MEETING
(Open to Committee Members Only.)
- ☐ 10:00 – 11:30 a.m. EXECUTIVE COMMITTEE MEETING
(Open to Executive Committee members and OHBA Past Presidents only.)
- ☐ 11:30 – 1:00 p.m. EXECUTIVE OFFICERS LUNCH MEETING (Open to Local EO's only.)
- ☐ 1:00 – 2:00 p.m. MEMBERSHIP & BUILD-PAC MEETING
- ☐ 2:00 – 4:00 p.m. GOVERNMENT AFFAIRS/BLDG. CODES & DEVELOPERS
- ☐ 4:00 – 5:30 p.m. BOARD OF TRUSTEES MEETING – **ELECTION OF 2022 OFFICERS**
- ☐ 5:30 – 6:30 p.m. COCKTAIL RECEPTION
- ☐ 6:30 – 8:30 p.m. BANQUET DINNER – **AWARDS & VIDEO PRESENTATION**

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FALL



The Annual Meeting of the Board of Trustees & Election of 2022 Officers

November 16, 2021
Hilton Easton – Columbus
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(614) 414-5000

Calling all members - this is the meeting no one wants to miss! You will obtain updated information on issues affecting the industry, attend committee meetings and exchange viewpoints.

Recognition awards and our top awards, “**Garson McDaniel**” and the **Executive Committee Member of the Year** will be given and OHBA video presentation highlighting OHBA and our officers.



All meetings are listed on the sign-up sheet. **Room cut-off date is October 16th. Use this link to reserve a sleeping room-**
https://www.hilton.com/en/hi/groups/personalized/C/CMHCHHF-HBA-20211115/index.jhtml?WT.mc_id=POG

Group Name is Ohio Home Builders Association and code is HBA or call the Hilton direct to reserve your room at (800) 445-8667. Request Ohio Home Builders room block. Room rate is \$199 plus tax per night.



Contact OHBA with any questions at (800) 282-3403 ext. 1.

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