

# MEMBER CONNECTION

A QUARTERLY NEWSLETTER FOR MBI MEMBERS

Winter 2011

## 2010 YEAR IN REVIEW

By most accounts, 2010 was a challenging year for the industry. In fact many industry veterans claimed 2010 was the worst year they have ever experienced.

However, there were many bright spots for the industry as a whole. Early in the year, MBI was able to work with the U.S. Corps of Engineers (USACE) to get anti-modular language removed from RFP templates allowing our industry to bid on health facility projects. A core group of industry volunteers, consisting primarily of representatives of Ramtech Building Systems, Warrior Group and Williams Scotsman, made several visits to representatives on Capitol Hill to promote the industry. Those visits created the opportunity for Linc Moss of Ramtech to testify before the House Veterans Affairs Committee.



MBI President Joseph C. Lopardo

During the same week, MBI Past President Marty Mullaney testified before the Joint Committee on Indian Affairs about the ability of the industry to meet the construction and space needs of the Bureau of Indian Affairs.

MBI events were a highlight for the industry, with over 400 attending the 2010 World of Modular Convention. This event is widely recognized as the premier event for our industry, with 96% of participants ranking the show as "excellent" or "good." The Government and Military Construction Conference as well as MBI University again offered great topics as well as the opportunity to network with peers.

MBI successfully leveraged its relationship with several trade and green publications and was able to get numerous articles placed to highlight the industry, including a cover story for *Construction Canada Magazine*. The industry's social and web presence grew significantly in 2010, with over 82,600 absolute unique visitors to modular.org. Seventy-six percent of these were "new visitors" indicating that MBI's marketing efforts are reaching new audiences. Additionally, MBI's Facebook page has grown to 180 fans, while its LinkedIn site now claims 800 members.

Financially speaking, MBI was able to break even despite facing some large unbudgeted issues such as the International Green Construction Code (IGCC). MBI, with the support of dozens of industry volunteers, was able to draft and submit over 30 comments to help shape and improve the proposed new code. Work on the IGCC will continue in 2011, with a public hearing set for May in Dallas and the final action hearing in November in Phoenix.

With locations in Sacramento, CA and Washington, D.C., as well as the national headquarters, MBI is well positioned to continue to represent the interests of the modular industry in 2011. Thank you for your continued support!

Sincerely,

*Joseph C. Lopardo*

MBI President

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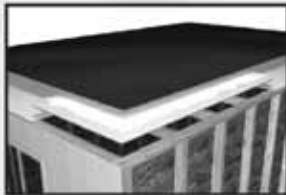
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## MBI Expands D.C. Advocacy Efforts

In an effort to continue our advocacy efforts in Washington D.C. MBI recently opened a satellite office in Fairfax, Virginia. Despite the troubling economic times, it has never been more important to be involved in the political process as it is today. MBI will continue to utilize the services of Miller/Wenhold Capital Strategies to represent our industry's interests. In addition to general education and outreach on procurement issues, MBI is working with other business groups and coalitions on repeal of the 1099 requirement, as well as working to defeat anti business measures such as "Cap and Trade" and "Card Check" legislation. Additionally, MBI still serves members from its Sacramento satellite office. For more information about recent issues, visit MBI's discussion forum at [www.modular.org](http://www.modular.org).



(Left to right) Gail Warrior of Warrior Group, Mike Michaud (D-ME), Chairman of the Veterans Affairs Subcommittee on Health, and Linc Moss of Ramtech Building Systems at the Congressional hearing on the Veterans Health Administration's contracting and procurement practices.

## Debt Commission Report Released

Recently, the President's Debt Commission released its "Draft Report" that looked for the Federal Government to find cost savings. Under their proposal, the Commission would save \$200 billion by 2015. Visit [www.modular.org/marketing/documents/DebtReport.pdf](http://www.modular.org/marketing/documents/DebtReport.pdf) to view a copy of the report which includes ideas, one of which is to cut the USACE budget by an additional 20%. The plan would be to terminate low priority construction projects and focus on higher priority construction projects with a better ROI. One of the Commission's other suggestions is to reduce facilities maintenance to accompany the 2005 BRAC, an 18% decrease by 2015. Another item of interest to our industry is number 21 on the list – eliminating the Hollings Manufacturing Extension Program. MBI has recently utilized the services of this program to offer two free programs to our members and think the program is beneficial to our manufacturing members. Of course, this is just a draft proposal and in a heated political climate, nothing is certain.

## GSA Raises Bar on Green Building Requirements



The Medical Education Training Complex at Fort Sam Houston in San Antonio, TX is a LEED certified project that meets the Army's stringent requirements for sustainability and low air infiltration, resulting in better indoor air quality and exceptional energy efficiency. Totalling over one million sq. ft., it is the largest modular project in North America and one of the biggest in the world. Photo courtesy Warrior Group.

The General Services Administration, the U.S.'s largest landlord, recently announced that it has increased its green building standards, requiring LEED Gold certification for all new federal construction and major renovations. GSA previously required LEED Silver for all federal facilities; the new requirement applies to all projects that are currently in design as well as all future projects. For newly constructed properties that GSA leases, the agency has maintained a LEED Silver requirement for new construction projects over 10,000 sq. ft. (1,000 m<sup>2</sup>). "This new requirement is just one of the many ways we're greening the federal real estate inventory to help deliver on President Obama's commitment to increase sustainability and energy efficiency across government," said Robert Peck, GSA's commissioner of public buildings. More information is available at [www.gsa.gov/portal/content/104462](http://www.gsa.gov/portal/content/104462).

## A Prescription for 2011

New at this year's World of Modular in Las Vegas, MBI is partnering with FMI—a world renowned leader in construction management—to provide corporate strategy training for modular building professionals. This workshop is designed for CEOs, presidents, VPs, branch managers, division managers, and sales professionals and is completely customizable. Participants can choose from six topics over three days including assessing strategy, construction forecasts, corporate strengths and weaknesses, corporate drive, evaluating customers and competitors, strategy development, and execution. Here's a message from Mike Kanaby of FMI about some of the topics he'll be speaking on during the session:



At FMI, we believe that the recession for the construction industry is beginning to recede. While construction is a local business to some extent, and various markets and geographies can counter-trend, the aggregate picture shows put-in-place

construction turning up approximately 4% in 2011. So, while the worst is probably behind us, the market is going to remain very challenging and this will be a very slow recovery. Our forecast is that the construction industry's overall health will not approximate what it was before the downturn until 2014.

While the malaise in the markets has been very real, we believe that this is the right time for top management to be taking the long view to leading the business. With the passing of time (and the resulting aging), I have become convinced that simple ideas are often the most important. The implementation of them, of course, introduces complexity and challenge. That said, here is a straightforward prescription for consideration as you move your business into 2011:

- **Business Strategy** – Getting your firm into the right markets at the right time over the next few years is perhaps your most important job. It is easy, and sometimes natural, for CEOs in this

industry to get lost in operations. However, isn't that what the chief operations officer is for? There is no more important job than positioning the firm for success in the future. After all, it will get here fast.

- **Leadership** – Being able to keep people up, keep them galvanized and help them understand that there will be a future beyond this down cycle is a full-time job for you as a leader. All of us have people on our payrolls right now who have never seen a recession before, much less one of this magnitude. They are watching their leaders carefully to assess whether this will be the kind of place they want to stay for the long term. It takes strong leadership to communicate the direction of the firm, keep people engaged and make sure that the company does wind up in the right place at the right time.

- **Markets** – Doing sufficient research to look at what markets are likely to come back the fastest and how the firm might position accordingly. Our industry has developed a paradigm of market strategy creation around the consensus of executives sitting in a conference room. While executive consensus is important, if it's created in the absence of real market information, it will not get the job done.

- **Capital** – Protecting the firm's balance sheet and capital base and making sure that the firm does not get into problematic situations born of desperation is important. As the market recovers, there will still be a significant amount of "panic reaction" going on in the marketplace. Choosing not to participate in this is the best way to live to fight another day.

- **Process Improvement** – A relentless approach to gaining competitive edges through process refinements in the organization is critical right now. You have no doubt heard the old saying, "Never waste a good crisis." This is the right time for retooling and driving beneficial changes throughout the firm.

I know these things are easy to say and harder to do, but everything starts with the right idea.

## World of Modular Exhibitors

MBI's World of Modular will bring together hundreds of attendees. As the premier event for the commercial modular construction industry, it provides the best networking, education and exhibits. Companies will be showcasing their latest products, services and technologies. These are the companies so far that will be exhibiting at the 2011 World of Modular March 13-14.

### 360MobileOffice

**ABC Supply Company Inc.**

**ACCESS ONE, a div. of HCP**

**American Bedding Mfg., Inc.**

**Art's-Way Scientific, Inc.**

**Bard Manufacturing Co.**

**Barnett/Hardware Express**

**Best Rite**

**Firestone Building Products**

**Friedrich Air Conditioning Co.**

**Guardian Building Products**

**K-Bags, Inc.**

**Nudo Products, Inc.**

**LP Building Products**

**Marsh Industries, Inc.**

**Minute Man Products, Inc.**

**Modular Elevator Manufacturing**

**Mtech Consult Ltd.**

**Mule-Hide Products Co., Inc.**

**National Coil Company (Eubanks)**

**Nichiha USA**

**NTA, Inc.**



**Okaply Industries Ltd.**

**Parkland Plastics, Inc.**

**PTI Group Inc.**

**REDD Team by Sapa**

**Skyline Building Systems Inc.**

**Talius**

**TransLift**

**Tri-Arc**

**WESCO Distribution, Inc.**

## Strongest Lineup EVER for World of Modular

MBI's World of Modular is THE place to hear from quality expert speakers on the issues and trends in commercial modular construction. Join keynote speaker Chris Anderson, editor of *Wired* magazine; Harvey Bernstein, vice president at McGraw-Hill; Mike Kanaby, FMI corporate strategist and 14 other speakers for three days of education, training, insight, and analysis.

Keynotes and breakout sessions include topics like "Modular Construction Business Models & Technology," "How to Grow Your Modular Business," "Increasing Your Access to Capital," "New Green Standards from the International Code Council," "Problem Solving & Mistake Proofing," "Prefabrication in the United Kingdom," "Understanding New Lease Accounting Standards," and more.

To view a complete list of speakers, topics, and schedule visit:  
[www.modular.org/htmlPage.aspx?name=2011\\_world\\_of\\_modular\\_speakers](http://www.modular.org/htmlPage.aspx?name=2011_world_of_modular_speakers).

## 2011 Awards of Distinction Judges

The Awards of Distinction contest recognizes the best in commercial modular construction. Entries are judged by an impartial panel on architectural excellence, technical innovation, cost effectiveness/energy efficiency, and calendar days to complete. Winners are announced at a special banquet at World of Modular. This year's reputable lineup of judges for the contest includes:



### Robert Cassidy

Editor-in-Chief  
 Building Design + Construction Magazine

### Jim Jones, PhD

Professor  
 School of Architecture & Design  
 Virginia Tech

### Mohamed Al-Hussein, PhD, PE

Associate Professor  
 Department of Civil & Environmental  
 Engineering Hole School of Construction  
 University of Alberta

### Robert Kobet, AIA, LEED

Faculty  
 CEO/President  
 The Kobet Collaborative

### Lorenz Schoff, PE

President  
 Energy Efficient Solutions

### David Corson

Publisher/Editor  
 Commercial Construction  
 Magazine

# INDUSTRY STATISTICS

## FMI Survey Shows Modular as Growth Opportunity For Industry

FMI Corporation, the largest provider of management consulting, investment banking and research to the engineering and construction industry, reported in its fourth quarter 2010 Nonresidential Construction Index (NRCI) that modular construction is considered a growth opportunity for the industry.

The NRCI report indicates that in light of the long recession, more contractors are thinking lean and looking for ways to build for less. FMI asked about one trend that could help make the construction business leaner and more efficient, the growth of prefabrication and modular construction. Although the trend for greater use of off-site construction has been growing slowly for years, the recession and new technologies are set to increase the use of manufacturing processes and environments for construction.

Only 11% of the panelists surveyed expected growth for the next three years to be less than 1%, or less than expected GDP growth. Thirty-seven percent expect growth to be between 1% and 5%, but 49% expect growth to exceed 5%. Panelists expect this area to grow faster than the market in general due the growing use of BIM, owners wanting projects faster and for lower cost, safety, quality and the shortage of skilled labor once markets return to more normal growth.

The NRCI is a quarterly report by FMI which is a sampling of construction industry executives voluntarily serving as panelists for surveys about industry trends. The responses are based on their experience and opinions, and the analysis is based on FMI's interpretation of the aggregate results.

## Major Firm Execs Believe Commercial Construction Market is Stabilizing

According to the *Engineering News-Record's* Construction Industry Confidence Index (CICI) for the fourth quarter of 2010, major contractors, design firms and subcontractors are feeling less pessimistic about the construction market than they did three months ago.

The recent CICI spiked to 43 on a scale of 100 from 32 in the third quarter. An index of 50 would mean a stable market. The 756 executives of large construction and design firms responding to the survey believe that the market is moving out of free fall and may soon be stable.

The CICI measures executives' sentiment about the current market and projections for where it will be in the next three to six months and over a 12- to 18-month period.

This quarter, 46% of respondents say the market is still in decline, down from 63% in last quarter's survey. The growth of the health care market was rated at 66 on the CICI scale, up 3 points from last quarter and the growth of the higher education market was rated at 55, also up 3 points. Commercial office work remained the poorest rated, at 29, up from 24 in the third quarter. Other markets gaining, but still perceived negative, were the retail sector (37, up 9); distribution & warehouse (37, up 8); entertainment, parks and cultural (39, up 11); and hotels & hospitality (39, up 11). A few private building sectors, however, demonstrate stronger standings. The biggest gain was in multi-unit residential, at a near neutral 49, up 15 points. Industrial and manufacturing also performed strongly with a rise from 45 to 50, indicating a stable market.

Read the full report here: [http://www.dodge.construction.com/Analytics/marketdynamics/2010/dec\\_feature.asp](http://www.dodge.construction.com/Analytics/marketdynamics/2010/dec_feature.asp)

## Total Construction to Rise 5.1% in 2011

Research from the Reed Construction Data team says that spending for U.S. nonresidential building projects plunged nearly 23% in 2010, even as construction spending for heavy/engineering and residential projects dropped less than 2%. Nonresidential's decline pushed total 2010 construction spending down 10%. The fourth consecutive annual decline brought the level of total construction spending to 30% below the pre-recession peak. Construction spending will be rising through 2011 and for several years beyond. The construction recovery comes an unusually long 18 months after recovery began in the overall economy and will be relatively slow.

Total U.S. construction spending will increase 5.1% in 2011. The gain from the end of 2010 to the end of 2011 will be 10%. The biggest annual gain in 2011 will be 10% for new residential construction, far above the 2-3% gains in all other construction sectors.

Read the full report here: <http://www.bdcnetwork.com/article/total-construction-rise-51-2011>

### **Anderson Anderson Architecture and Triumph Modular Corporation Earn Awards for Design Excellence for Modular Building**

Anderson Anderson Architecture and Triumph Modular Corporation announced that their classroom system at Harvard University recently won an Honorable Mention at the 2010 Boston Society of Architects Honor Awards for Design Excellence and an Energy + Sustainability Merit Award from the American Institute of Architects San Francisco Chapter.

Anderson Anderson Architecture of San Francisco designed the innovative 5,700 square-foot facility that Littleton, Massachusetts-based Triumph Modular built and installed in just six weeks on the campus of Harvard University. For 18 months, this modular school building will first house the Harvard Yard Child Care Center, and then the Oxford Street Daycare Cooperative, while their respective permanent locations are being renovated.

The building features a variety of green, sustainable features to achieve the highest-quality, healthy environment for children. A focused design and construction plan for maximum energy efficiency includes solar tube skylights to maximize natural light use, sustainable "Green Guard" insulation, high-grade sealants, and a white rubber roof that reflects solar heat. Coordinated sensors and electronic control of the lighting system turns lights off when there is no activity in the room. Other features of the Child Care Center include exterior



sun shades that shield the interior of the facility from the sun and reduce the need for air conditioning, recycled materials for the interior walls and carpet tiles, and a state-of-the-art HVAC system that regulates and brings in air from the outside as needed.

### **Geary Pacific Supply Celebrates 50th Anniversary**

Geary Pacific Supply, a heating and air conditioning distributor located in the West is pleased to announce its 50th Anniversary on February 10, 2011.

The company was founded in 1961 by Pat Geary and his uncle, Les Sherden in Fullerton, California. In 1989 they began using the Trade style Geary Pacific Supply. They consolidated and relocated several locations over the years, and now operate their headquarters in Orange, CA and have 15 branch operations located in 5 states here in the West. They distribute Bard Manufacturing, Goodman Manufacturing, Modular Metal Fabricators and a host of other high quality product lines to complete a full line supply house product offering.

Geary Pacific is a family owned business with the 2nd generation firmly in place to continue Pat's dream, which is also the company mission statement: To be the best provider of high quality residential and light commercial HVAC products and services.

If you are interested in advertising in *Member Connection*, contact Erin Whitt at 888-811-3288 x152 or [erin@modular.org](mailto:erin@modular.org).

## WELCOME NEW MEMBERS!

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Lakewood, Colorado

**EDIMoviles**  
Manufacturer/Direct  
Bosques de las Lomas, México D.F.  
[www.edimoviles.com](http://www.edimoviles.com)

**Friedrich Air Conditioning Co.**  
Supplier of Materials  
San Antonio, Texas  
[www.friedrich.com](http://www.friedrich.com)

**Globe Modular Limited**  
Dealer  
Langley, BC, Canada  
[www.globemodular.com](http://www.globemodular.com)

**Grant Capital Management, Inc.**  
Financial Institution  
Columbia, Maryland  
[www.grantcapitalmgmt.com](http://www.grantcapitalmgmt.com)

**K-Bags Inc.**  
Supplier of Materials  
Colleyville, Texas  
[www.kbagsinc.com](http://www.kbagsinc.com)

**MooreCo Inc. dba Best-Rite**  
Supplier of Materials  
Temple, Texas  
[www.moorecoinc.com](http://www.moorecoinc.com)

**Nichiha USA**  
Supplier of Materials  
Norcross, Georgia  
[www.nichiha.com](http://www.nichiha.com)

**Nudo Products Inc.**  
Supplier of Materials  
Springfield, Illinois  
[www.nudo.com](http://www.nudo.com)

**Pointblank Installations Inc.**  
Supplier of Services  
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**Southern Logistics International LLC**  
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