MEMBER CONNECTION

A QUARTERLY NEWSLETTER FOR MBI MEMBERS

Winter 2009 | Volume 2, Number

President's Corner

I recently had the opportunity of attending the MBI Leadership Conference in San Antonio, Texas in which MBI welcomed over 40 delegates from all across the US and Canada. Participants included active committee members, current and past board members, 6 past presidents, and 5 outstanding achievement winners with a combined 500 years of industry experience!

Participants discussed MBI's four core service areas—membership development, government affairs, events & education, and marketing & communications. We evaluated how MBI rated compared to a research project and book called "7 Measures of Success: What Remarkable Associations Do That Others Don't" by the American Society of Association Executives. This book provided a benchmark for MBI to use to send a survey to its 1,700+ member contacts in our database.

Once all the information was gathered, evaluated and discussed. Various goals were developed for each of the MBI Core Services:

Government Affairs: To protect members' rights to compete on a level playing field

Communications: To promote positive awareness of the industry Events & Education: To improve the efficiency and effectiveness of the industry's workforce

Member Development: To serve and strengthen membership

MBI continues to diversify and align itself in an ongoing effort to become more cost effective and value-oriented. One goal is to develop and improve upon the most innovative means of serving the Association's members and eliminate focus on services that are of little perceived value.

As leaders of companies in the modular industry, we should strive to take advantage of every opportunity to learn and benefit from the best practices and knowledge of our peers. That is why I am urging my fellow MBI members to attend and actively participate in the MBI training and networking opportunities. We understand how the economy will impact you and will be offering more training at more locations this year than in any other year in our history.

An enormous thank you goes out to the entire membership who helped make key decisions for the upcoming year and help us maintain our place as the voice for the modular industry.

We appreciate your support and look forward to working with you.

Marty Mullaney CEO Satellite Shelters, Inc.

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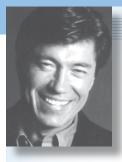
THE CUSTOMER SHOUTS BACK

By Ross Shafer

It has only taken our culture 50 years to destroy customer service. For years, customers have been trying to tell us how to stop this decaying problem, but we haven't been listening. Now, they are shouting back; refusing to spend money with the people and companies who mistreat them.

You know the kind of mistreatment I'm talking about. When you leave your job, you become the customer. And, you've probably left a recent purchase thinking, "Why doesn't anyone say 'Thank You' anymore?" "Why are people so rude to me?" "Why would a clerk talk on the phone with friends when I'm standing there trying to spend money with them!?" And the perennial "Don't they know they wouldn't have a job if it wasn't for customers like me?"

Even though we spend some 60 billion dollars a year training and re-training employees, customer service is at an all time low. If we are spending so much money on training, shouldn't service be stellar? Aren't managers supposed to be more enlightened? A lot of people look to our company for those answers. Every year, I speak to over 100 corporations on customer service. I am hired by the managers who craft their "customer mission statements" and I talk to the front line folks who are in charge of executing the "mission." These organizations agree that service is their weakest component. But when I talk to the managers, I find that they are trying to put a band-aid on the wrong things. They're instructing employees to smile and to repeat the customer's name; thinking those behaviors build customer loyalty. They don't. Those "remedies" are only a topical ointment for a systemic disease that is now poised to cripple our global economy. If you suspect I'm sensationalizing the impact of bad customer service to sell books, consider this: the American Customer Satisfaction Index is a highly respected and exhaustive survey conducted by the University of Michigan; School of Business. They cover all retail, service, and manufacturing categories. Using a 100 point scale, they identify customer service trends as well as the specific culprits who cause the Index to go up or down. A low ACSI rating has become significant enough to affect stock prices. A lower capital value can affect your IRA, your company's future, your impending bonus, and even your next month's paycheck. (continued on page 6)



Ross Shafer is a six-time Emmy Award-winning writer and television host whose books include "Nobody Moved Your Cheese!: How to Ignore

the Experts and Trust Your Gut" and "The Customer Shouts Back!: 10 Things You Need To Do To Earn Their Lifetime Loyalty," the result of 11 years of customer response research.

Because he speaks regularly, Shafer often finds himself "on the bill" with bestselling authors and speakers. He has concluded that many of these so-called success experts are modern day snake oil salesmen, intent on selling temporary enthusiasm rather than providing usable, bulletproof principles. A fierce proponent of taking responsibility for what happens in your own life, Shafer will offer a commonsense alternative at our 2009 World of Modular.

THE ELECTION IS OVER.

By Paul A. Miller

The 2008 Presidential election is over and we can look back on a campaign season that was historic for so many reasons. As a country we elected our first African American President and for the first time we had a woman running for the top job in the country.

Also for the first time, a Presidential candidate raised over \$750 million in campaign contributions, over three times the amount President Bush raised back in 2000.

What wasn't a first was the way the election focused its attention and resources

Now its time to keep those campaign promises.

on one key constituent in the waning weeks of the campaign: small businesses, symbolized by a new national icon, Joe the Plumber.

The campaign generated plenty of prosmall business rhetoric. But now, as our President-Elect prepares to move into his new role as President, it's time for him to go beyond all the campaign rhetoric and begin living up to his campaign promise of supporting small businesses.

Forget all the talk about cutting taxes for small businesses or providing access to affordable healthcare for small businesses. Certainly those are both critical to helping small businesses.

But if the new Administration cuts taxes it won't be just for small businesses. And if it and Congress move to provide access to healthcare it won't be just for small businesses, either.

What small business needs most today are policy initiatives that are aimed specifically at their particular needs and concerns.

(continued on page 5)

MBI CALL FOR SPEAKERS

Neil F. Wells

February 20th, 1940 to December 13th, 2008

A resident of Le Grand, CA, Neil passed away December 13th, 2008 after a long illness. He was 68 years old.

Neil was born in Greenridge, KY (where most of his family lived) and was raised in Henderson, KY. Then he moved to California in 1969, looking for a new start. He eventually found it when he started his own business in 1975, building portable commercial office buildings. His company was Office Space, Inc. He helped change the mobile manufacturing industry on the West Coast by the many changes he implemented to create a superior quality building. He decided to install wood siding on all buildings in place of the standard aluminum exterior. At about the same time, he decided to install a drop ceiling in all the buildings. The first few that shipped ended up with the new ceiling lying on the floor upon arrival to the dealers yard, but he would not give up on this idea, and kept improving the ceiling installation until they all arrived

In Remembrance

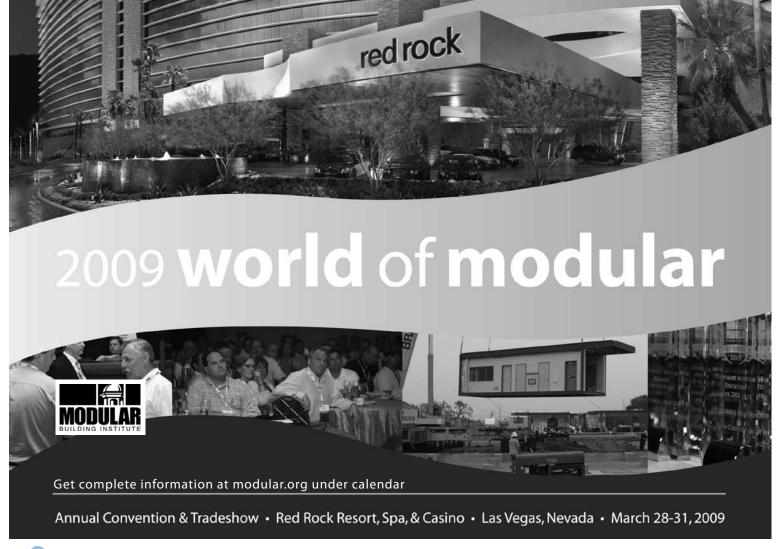
on site in perfect condition. His company installed a new exterior door, manufactured exclusively by Active Supply, for two years to get all the wrinkles out before the door was released to become a standard exterior door on our products today. He designed an exterior window out of wood, manufactured by his employees to go along with the wood siding. Later he met with a window manufacturer to get a window design into the commercial industry. Again, he installed the window for a lengthy period of time, relaying all information to the window company about any problems. Not many people know where the window sizes 46" or 30" wide come from. He wanted them to fit between studs so that a dealer could cut in a new window between two studs. Not many people remember this today. He also found a low profile roof mount A/C and started installing them to change the look of his buildings. Years later, he started installing a standing seam roof standard on all buildings; before this all we really had was a rolled metal roof. Neil wasn't afraid of trial and error for a new product; he kept working until he could figure out a way to close up double wide and complex buildings; we had our share of leaks until we finally got it right. He sold his business in 1985 and became a farmer in La Grande. Neil never looked back.

MBI is seeking proposals from subject matter experts for upcoming training events on topics related to the commercial modular industry. It is MBI's policy to seek volunteer presenters from within our membership when possible. If you or someone from your company would like to make a presentation to the industry at one of our events, email the following information to steven@modular.org:

- :: Name, title, and company
- :: Topic(s) and why relevant
- :: Prior speaking experience
- :: Geographic area you are willing to travel

Presentations should be 1 to 11/2 hours in length which should include time for guestions and answers. Presentations should not be "commercials" or product promotions, but rather address a common industry issue or opportunity.

Example topics include: set-up/installation; transportation, code compliance, site considerations, roofing, HVAC/mechanical; customer service; access to capital/bonding/risk management; accessibility, project management; or other topics impacting our industry. You may also consider presenting a case study on a recent project.



HISTORIC RESEARCH PROJECT UNDERWAY

The MBIEF Board of Trustees recently approved funding of a research project to "Compare Environmental Impacts of On-Site versus Off-Site Construction." While many believe that off site construction is inherently more environmentally friendly, there is no research to validate this hypothesis in North America.

Under a proposal submitted by John Quale, assistant professor of architecture at the University of Virginia, research will be conducted to test hypotheses about the relative environmental impact of on-site and off-site construction techniques. The primary hypothesis for phase one is that the construction phase embodied energy and embodied water for a modular building will be lower than a comparable building constructed on-site. The research team will investigate the energy and water impacts for all aspects of the construction phase of the test buildings, including transportation for laborers and materials; energy used for lighting, heating, equipment and tools; and transportation of the modules to their permanent site.

In addition to the primary hypothesis, the research team will formulate several others about potential differences in environmental impact for on-site and off-site construction. The team will use the interviews and data collection aspects of phase one process to clarify and refine these hypotheses, and establish methodologies for later phases.

Possible test buildings include: hotels; attached or detached dwelling units in a housing development; and mixed-use (residential, commercial and retail) complexes. The research is anticipated to begin in the Spring of 2009.

The MBIEF Trustees feel that the results of this research will finally prove to skeptics that modular construction is in fact more environmentally friendly and will serve as a catalyst for future articles and research.

Project team:

- :: John Quale, Assistant Professor of Architecture and ecoMOD Project Director University of Virginia, School of Architecture
- :: Dr. Julie B. Zimmerman, Assistant Professor | Yale University, Department of Chemical Engineering, Environmental Engineering Program and the School of Forestry and Environment
- :: Dr. P. Paxton Marshall, Professor of Electrical and Computer Engineering and ecoMOD Engineering Director | University of Virginia, School of Engineering and Applied Science
- :: Greg Sloditskie, Principal | MBS Consulting, Inc., New York, NY and West Milton, PA

About the Modular Building Institute Educational Foundation:

Mission & History. The MBI Educational Foundation is the only organization established specifically to provide research and educational opportunities in the commercial modular construction industry. The Foundation began in 2001 with the generous US\$100,000 gift of Barry & Mary Gossett. Mr. Gossett is an industry veteran, member of the MBI Hall of Fame, recipient of the MBI Outstanding Achievement Award, and esteemed friend to many.

How to Contribute. We invite you to make a tax-deductible contribution to the MBI Educational Foundation, Inc., a 501(c)3 charitable nonprofit organization, to help endow our scholarships. The gift of knowledge is one of the most important and lasting gifts one can bestow. Your contribution will make a difference for students and our industry for generations. Make a contribution online or by calling 888-811-3288 toll-free.

(The Election is Over continued from page 3)

If this President is serious about "Change We Can Believe In" and wants to set himself apart from other Presidents, one immediate step he can take to show his support for small businesses by elevating the head of the Small Business Administration (SBA) to a Cabinet-level post.

If the small business community is to have any chance of gaining the clout it needs in Washington it needs an agency that has the money, resources, and power to make things happen.

In Congress, Rep. Nydia Velaquez put her money where her mouth was when she took over the House Small Business Committee. She was able to get her leadership to approve new authority for the Committee and make it relevant again.

Elevating the SBA Administrator post to Cabinet level is not a new concept. Former President Bill Clinton included his SBA Administrator in Cabinet level meetings. That was a good start, but our new President has to go farther and officially elevate this post to Cabinet level. Until this happens the SBA will continue to struggle.

Since 2000 the SBA has had its budget cut by 26%. Our leaders all talk about how important small businesses are to the economy, but none of them has really done anything to show their support for this group.

It's not the small business community who is seeking billions of dollars in bailout money. It's not small businesses who are defrauding the tax-payer. And, it's not the small business community who is going bankrupt.

It is however small businesses who are finding ways to stay profitable and keep their employees working during this difficult time and they need our government's support!

(continued on the next page)

(The Election is Over continued from page 5)

Every politician cozies up to small businesses when they need their votes, but when push comes to shove, they have done next to nothing to help them.

Now is the time to change all that. Mr. President-Elect, small businesses put their faith in you. It's our hope you will put your faith in them and support them in becoming a key partner in your new Administration.

We urge you to elevate the SBA Administrator to a Cabinet level post. We also urge you to appoint someone to this post who truly understands the needs of small businesses. This position can no longer be treated as a third-tier prize for a campaign supporter. It needs real small business leadership from a small business owner, not a bureaucrat or fat cat.

Now is the time to back up the campaign pledge with real action. We are counting on you!



Paul Miller is a founding partner in Miller/Wenhold Capitol Strategies, LLC, providers of direct and grassroots lobbying, legislative and regulatory tracking, advocacy planning and implementation and related services for MBI.

(Customer Shout Back continued from page 3)

Let me translate: Bad customer service can put the world in serious financial peril! Bad service leads to lower spending. Lower spending means lower profits. Lower profits mean companies will spend less on the customer satisfaction component. The hopeful news in their research is that better customer service can actually reverse this deadly downward spiral.

If what we as managers and trainers have been doing hasn't worked, then what's the solution? In 1998, we got close. Back then, one of our most successful human resource training films was called The Customer Talks Back. It was successful because we didn't write it. We simply took a camera out on the streets and inside shopping malls. Then, we let people tell us what they liked and disliked about customer service. Their answers were candid and pure. Their memories were sharp and their emotions (from the experience) were vivid and unforgiving.

Customers told us they wanted five things.

- A Smile
- Eye Contact
- Respect for their Money and Time
- Just Enough Attention
- Well Informed Sales Staff

But even though we had faithfully recorded the customer's exact complaint, we had not fully captured the customer's emotions triggered by their dissatisfaction. So, in order to be relevant and fresh, we knew we needed to either do hidden camera work (which we didn't do) or "drill down" in an anonymous way-adopt a fly-on-the-customer's-wall approach to discover what customers were really thinking and feeling.

In a new round of research, we carefully examined 1,000 customer complaints. This time we paid close attention to the complaints that spoke to the customer's feelings of desperation, hopelessness, frustration, and anxiety. And man, did they shout back!

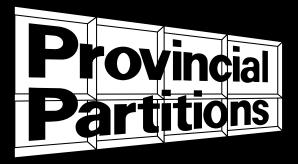
To the core question of "value," customers said they felt "cheated" and "lied to" when the experience didn't live up to the promise made by the advertising. Conversely, they felt "loved" when they found a company that made them feel wanted and delivered on its promises. This was to be the starting point for the solution.

It is impossible to create customer loyalty when the customer leaves you feeling rejected, unimportant, and/or disliked. If you love your customers, they will love you back and you won't have to compete on price alone. Competing on price alone is a battle you can't win. You will never beat WalMart on price and you can't beat countries like China on cost. The only competitive advantage left to you is to whip your competition at customer relations.

Instead of training people to smile, let's teach them how to think with their hearts. Let's teach managers and employees to become customer "psychologists." Teach them to read people. Attune them to listen to the feelings behind the customer's words. Encourage employees to create customer loyalty through a true emotional connection.

The customer is shouting back. If you learn to really listen to them—and respond with humanity—they will reward you with a lifetime of loyalty.

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