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January 2006

HOUSE PASSES IMMIGRATION BILL INDUSTRY-LED AMENDMENT ALSO APPROVED

The U.S. House of Representatives passed an immigration bill on December 16, 2005 that will increase enforcement and secure the nation's borders. Unfortunately, according to PHCC's analysis, the business community will bear the brunt of the enforcement as an untested and unproven system (covered under Title VII of the legislation) will be used for verification purposes. Businesses that make paperwork errors will be subject to a \$25,000 fine and possibly criminal violations. "While PHCC supports increased enforcement and border security, it does not support making the business community the de facto immigration police, and we voiced those concerns to members of Congress," said PHCC Vice President of Government Relations Lake Coulson.

During its efforts to defeat the onerous business-related provisions, PHCC and other construction advocacy groups turned to Rep. Lynn Westmoreland (R-GA), with whom PHCC and its Georgia chapter PMA, shares an excellent working relationship. Westmoreland first attempted to offer an amendment that would have deleted the entire Title VII from the legislation. His amendment was not allowed by the leadership and oversight committees, so he offered an alternative that "capped" the fines. The amendment removed liability from contractors that hire other subcontractors that unknowingly employ illegal immigrants.

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GEORGIA GENERAL ASSEMBLY CONVENES



By Robert Sumner, Executive Director

The Second Session of the 2005-2006 term of the Georgia legislature will convene on the second Monday of January as provided by the Constitution of the State of Georgia. A form of representative government has existed in Georgia since January 1751.

Its modern embodiment, the Georgia General Assembly, is one of the largest state legislatures in the nation. The general assembly has operated continuously since 1777, when Georgia became one of the thirteen original states and revoked its status as a colony of Great Britain.

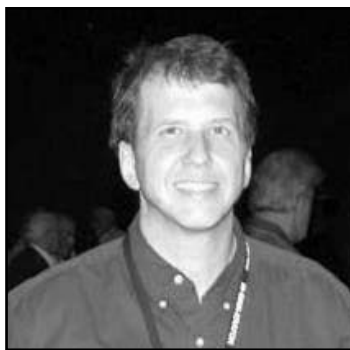
2006 is an election year. The Governor is running for re-election; the Lieutenant Governor and the Secretary of State are running to take his job; and every member of the general assembly is running for reelection or some other office. Will any business get done? *continued on page 3*

NORTHWEST PLUMBING CELEBRATES 50 YEARS

Northwest Plumbing celebrated 50 years in business last month. We don't have the exact statistic at hand, but we know that the percentage of business that survive 50 years is a very small number. PMA is proud to recognize the accomplishments of Jimmy Mahaffey, his brothers in the business, son Tony Mahaffey, Jimmy's father, the late Junior Mahaffey who founded the company with one truck in January, 1956, and all the dedicated employees of Northwest Plumbing. Northwest will have plumbed over 14,000 new homes in 2005.

We are told that the celebration party took over all of the U.S. Play facility in Kennesaw, with over 700 employees and family members in attendance. Congratulations to Northwest Plumbing and all the Mahaffeyes!

PRESIDENT'S REPORT



"Yes, contracting is a tough business sometimes, but I think what we fail to realize is that the construction industry is changing and evolving just like everything else in our world and whether we like it or not, we have to change and adapt to it."

2005-2006 President Chip Greene

I have been around the plumbing and HVAC industry my whole life. As a kid, it was a treat to "hang out" around the shop at my Dad's business and work there during high school and college until he sold it in 1982. Since college, I have worked full time in the industry for 21 years, 15 owning my own business. I enjoy construction and being able to provide a "product" that is an integral part of any building. The more complex the project the better; the faster the project gets built, the more challenging (provided you know the schedule upfront going in!). However, in discussions with many veteran contractors and people who have worked in the industry for many years, many of them say things such as, "you can't make the money you used to in this business"; "this business used to be fun but not anymore"; "the quality of drawings we have to work are dismal compared to the way they used to be". Somehow, when I hear this, I cannot seem to chime in and concur with these statements. Yes, contracting is a tough business sometimes, but I think what we fail to realize is that the construction industry is changing and evolving just like everything else in our world and whether we like it or not, we have to change and adapt to it.

In my opinion, it is actually easier to manage a construction project today than 10 years ago. For example:

- Microsoft Windows has revolutionized computer programs and made them very user friendly and easier than ever to learn.
- Need to create a form to keep track of something? Create an excel spreadsheet for it. It will even add up the numbers for you, re-adding them every time you make a change.
- We have project management programs to assist with all the documentation that goes along with a job; transmittals, change order forms, correspondence, etc. for projects are all available with a few keystrokes on the computer.
- Communication. To me, this is perhaps where we have had the greatest advances. Many times, you hear the statement, "if it isn't in writing it didn't happen". This is very true, however, the great thing about technology today is that documentation and correspondence with

vendors and customers is easier than ever. For example, you have a conversation with an engineer; follow-up with a fax sent straight from your project management software program confirming the discussion. Need to check on the status of an order? E-mail a note to your wholesaler or manufacturer's rep requesting they let you know. You can go do something else while they are checking on your order. If they need to contact their source such as a factory, they can forward the e-mail request and then send it back to you with the answer "straight from the horse's mouth". A general contractor tells you to proceed with extra work; send him an e-mail as soon as you hang up confirming he told you to do it.

- Check the drawings. Could it be that we as contractors have learned that a little pre-job planning might be good for all parties concerned? What if we bring our foreman into the office for a day or two and go over the job with him, give him an insight into how we approached the estimate, let him pick our brains a little bit, and perhaps spend some time reviewing the drawings without the pressure of looking at them just enough to accomplish the day's work. Construction management is a college degree now. What if a project manager spends some time reviewing the drawings, checking on details, such as if a piece of equipment will fit through the door; is there a chase for carrier; will the 6" storm riser fit in a 3 5/8" wall?

Long story short, schedules to build projects are shorter; architects and engineers get less time to produce drawings and get paid less for doing them; and owners have higher expectations about the "finished product". We as contractors have to work smarter and use the "tools" available to enable us to overcome the obstacles presented to us by the demands of our world today. However, none of this should make building a job any less fun! You are the expert at what you do; use that knowledge to your advantage.

Chip

NEW MEMBERS

On behalf of the members, directors, and officers of the Plumbing & Mechanical Association, we would like to publicly welcome as new members:

**Pre-Paid Legal Services
Keith Holloway
Zebulon**

**C & A Johnson Plumbing Service
Chris Johnson
Sugar Hill**

For more information on membership please contact the PMA office or contact PMA First Vice President, Ted Zurn at 770-451-6765.

IMPORTANT DATES

Jan 26	Board of Directors Meeting Atlanta
Feb 1-3	Construction Contractors Alliance Houston, TX
Feb 23-26	QSC Power Meeting XXIV St. Petersburg, FL
Mar 1	Business Essentials Finance Seminar Atlanta
Mar 15*	PHCC Legislative Conference Washington, D.C.
Mar 16-18*	PHCC Leadership Conference Washington, D.C.
Mar 18	Bass Fishing Tournament West Point, GA
April 4	Designated Risk Management Seminar, Atlanta
June 8-11	114th PMA Annual Meeting Ponte Vedra Beach, FL
July 16-20	Georgia State Inspectors Association Conference, Jekyll Island, GA
Sept 26-30	PHCC Convention and ISH North America Trade Show, Chicago

* Please note these are revised dates.

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The Westmoreland amendment passed with 247-170; the vote on the full legislation was 239-182.

It sets caps on the monetary penalties set forth in Title VII of the bill for hiring or employing unauthorized aliens of \$7,500 for first time offenses, \$15,000 for second offenses, and \$40,000 for all subsequent offenses and provides an exemption from penalty for initial good faith violations.

*Rep. Lynn Westmoreland
pictured at right.*



GEORGIA GENERAL ASSEMBLY CONVENES

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Here is the prediction. There will be a lot of heat and light - well, heat, anyway - on the front-page-of-the-newspaper issues, but little action.

It is too politically risky to make major changes to the tax structure or educational system right before an election.

Even so, legislators are involved with a lot of business that doesn't get the attention of newspaper reporters. In the age of big government, government is a partner in each of our businesses whether we like it or not. While no significant plumbing-specific legislation is expected to receive the attention of legislators, other interest groups may propose legislation that, intentionally or unintentionally, may impact our industry. In the meantime, PMA will continue its work with legislative and administrative leaders to influence the state water conservation plan that will be completed in 2007.

Your Association will be there all the while that legislators are at the Capitol - your dues dollars at work. As the old wag said years ago, "No man's life, liberty, or property is safe while the legislators are under the gold dome."

If you have any questions or comments regarding legislation, contact Danny Richardson, PMA Legislative Committee Chairman, at danny@richardsonplumbing.com or contact me at the PMA office, rsumner@plumbingpros.com.



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BUSINESS ESSENTIALS FINANCE SEMINAR

PMA's Business Management Training Council announces the kick off of the Business Essentials Seminar Series. This curriculum is aimed at company owners and key managers who are interested in acquiring more knowledge on how to successfully run a profitable contracting business. The first of four seminars will cover the nuts and bolts of Finances.

Mike Maynard, Business Management Coach for the Quality Service Contractors, an enhanced service group of the National PHCC and a 20-year contracting veteran will conduct the Finance Seminar.

Business Essentials Finance Seminar
Wednesday, March 1st, 2006
7:30 AM to 4:30 PM
Apex Supply
3300 Breckinridge Blvd., Suite 100
Duluth, Georgia

Topics included in this one-day seminar:

- How to use your financial statement as a tool to run your company.
- How to measure your company against a standard model for the industry.
- How to price a job using the information on a Profit and Loss statement to assure a profitable quote.
- The time value of money.
- The true costs of accounts receivables and taking vendor discounts.
- Improving cash flow and increasing the productivity inside your company.

The cost of the seminar for PHCC Members is \$295 per person and \$395 per person for non-PHCC Members. Fees include training materials, beverage breaks and lunch.

Pre-Registration for the seminar is required. Registration Forms will be mailed to members and are also available on-line at:
www.Plumbingpros.com.

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ONLINE APPRENTICESHIP PROGRAM

The Plumbing & Mechanical Association is co-sponsoring with PHCC of Alabama an on-line internet based Apprentice training program.

Developed by Alabama this apprentice training is the first training program for the plumbing-heating-cooling industry available to participants via the Internet.

The on-line 4-year program has been certified by US Department of Labor, Veterans Administration, and is Accredited with the PHCC National Association. Anyone is eligible to participate, but they must be sponsored by a PMA PHCC-National Association member.

Today, the cost of training an apprentice in the plumbing and HVAC industry is over \$1,500.00 per person. The total yearly cost per apprentice utilizing the APHCC of Alabama Apprentice Program is \$500 plus workbooks.

For additional information or an application visit:
www.alphccapprentice.org

If your company is currently hiring apprentices please contact the PMA Office.

CONTINUING EDUCATION CLASSES

Topic: "Advanced Sewer and Drain Cleaning"
Learn how to use specialty nozzles with your water jetting equipment and cameras effectively

When: Saturday, January 14, 2006
Time: 8:00 AM - 12:00 PM
Location: Zurn Plumbing Service
3724 N. Peachtree Road
Chamblee, GA 30341

Instructor: Dave Runyan
Cost: \$85 Per Person or \$65 for PMA Members

Topic: "Covering Your Assets"
What employees and managers need to know about labor law

When: Thursday, January 26, 2006
Time: 4:00 PM - 8:00 PM
Location: Lowe Plumbing Supply
3900 Lake Street
Macon, GA 31204

Instructor: Jonathan Martin
Cost: \$85 Per Person or \$65 for PMA Members

Pre-Registration Recommended
Class size limited!

Register Online at www.Plumbingpros.com

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WAKE UP CALL FOR THE NEW BUSINESS OWNER

By John Zink, Director of Education and Programs
PHCC-National Association Educational Foundation

Industry research shows that many new contracting businesses can trace their beginnings back to a slow down in business. The p-h-c industry is cyclical in many areas. When the inevitable downturn in business arrives, many companies tighten their belts by cutting labor. Businesses feel the crunch and nobody wants to hire anyone.

The unemployed technician remembers how much his last employer was charging per hour and "knows" he can charge less than that and still be making money hand over fist. So that technician with a pick-up, tools and excellent skills decides that it's about time to start working for himself. Some paperwork is filed and a new contracting business has been born.

But now what? What happens during the next 12 months is critical to the long-term success of the business.

Unfortunately, the failure rate of these new businesses is staggeringly high. Often the root of the problem lies with our technician, now the business owner. He has the skills to install materials quickly and do the job right the first time. His customers love him. He thinks he's making money hand over fist.

But then he gets that phone call that stumps him and has the potential for make or break the new business.

What happens now? The first time a situation comes up that the new owner does not know how to handle, who does he or she have to turn to?

And what about all the other elements of running a successful company?

- Does he know how to build a budget or calculate break-even?
- Does he know how to market his business effectively?
- Does he have skills in monitoring & maintaining cash flow?
- Does he know what to look for when he starts hiring

other people?

- Does he have the skills to manage those employees?
- Does he know how to make sure there is money for the payroll every two weeks?
- Does he know how to fill in and file the business paperwork?
- Does he know where to get the best insurance for the price or even what coverage to ask for?

The simple fact is that most business owners know only what they have learned the hard way. The ones who were very smart or very lucky were able to go it alone, grow their business and make it profitable over the long term.

"The simple fact is that most business owners know only what they have learned the hard way."

Others had the benefit of taking an easier path. They looked for ways to get in contact and build relationships with other successful contractors. They looked for opportunities to network with suppliers and manufacturers reps. They looked for ways to learn about how to manage their business. They found their local, state and national PHCC association.

After joining, they knew that if they ran into something they couldn't handle alone, they could call that person they met at the last meeting for advice. They heard about and attended seminars offered by their local, state or national chapter that taught them the importance of managing the office side of the business. They participated on a committee that produced a new product that helped contractors across the country.

Time and again at PHCC we hear business owners say "I wish I had known all this years ago." As a new business owner, do you choose to wait & see if you can go it alone, or do you choose to belong to an organization now that gives you every opportunity to be successful?

The PHCC Educational Foundation provides business management training for p-h-c contractors and their employees. John Zink can be reached at zink@naphcc.org or (800) 533-7694. You can read more great business tips online at: <http://www.foundation.phccweb.org>

NOMINATE A PLUMBING CONTRACTOR FOR PMA MEMBERSHIP

Membership in the Plumbing and Mechanical Association of Georgia is important to us all. During economic times like these, we need to stick together more than ever! Refer a prospective company today and if they join you will receive a \$25 Bass Pro Shop Gift Certificate. In addition, the person referring the largest number of new contractor members will be able to choose from one of three special outings. (golf, trout fishing or Georgia Aquarium) Your referral will receive the full benefits of belonging to their professional trade association.

For Membership Drive details call the PMA office or go to www.Plumbingpros.com

Review-Organize-Plan



Dave Anthes,
Southeast Regional
Marketing Manager

As a business owner you face unique financial risks that require careful planning. The best way to start organizing your affairs is to review all of these risks and how you are currently covering them.

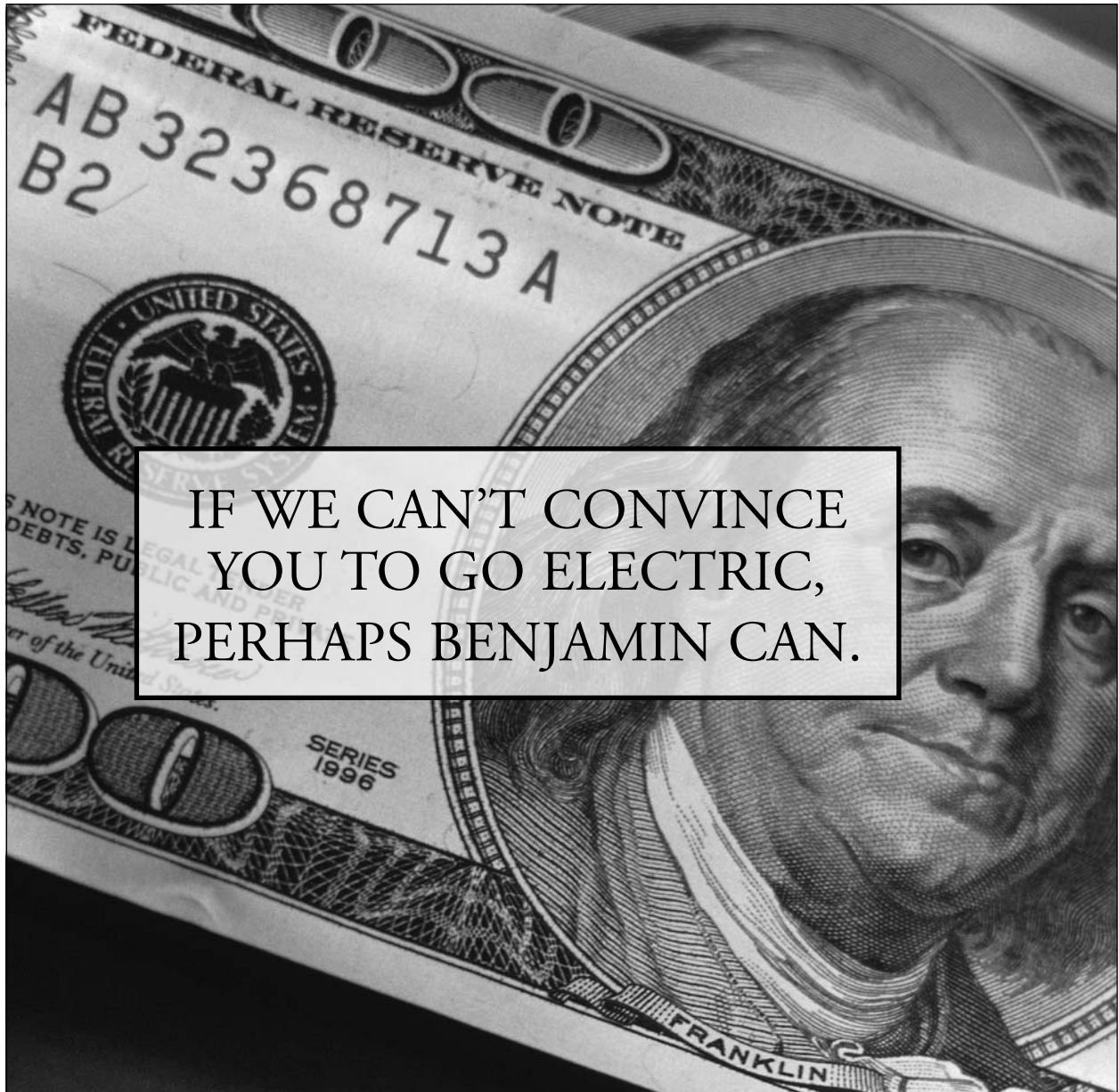
You likely have insurance coverage for property damage, liability, disability, premature death, and other common risks. In addition, there are risks associated with key employee benefit programs, health insurance, estate plans, business debt, and much more. Keeping track of the details for all of your insurance policies and benefits plans can be overwhelming.

Most of us have important documents but, where are they? In a shoe box, a file cabinet, a stack of papers? If you don't know, how will others know where to find them in a crisis?

Federated Insurance Company's services may help.

Recent additions to Federated's *Financial Protection ReviewSM*, one of Federated's Major Client Service Standards, make it easier for you to organize and focus on the financial aspects of your business at least annually. New features include an inventory of all of your benefit programs and personal insurance policies with Federated and lists of important information such as current beneficiaries, cash values, ownership, and premium schedules. Information on your policies with other insurance carriers can also be shown. This service makes it easy to keep your information in one place and know it is right. After reviewing all possible exposures, you receive a summary for your records, which provides quick access to this information in the future. More importantly, it serves as a planning tool that can help you accomplish your financial and estate planning goals.

You probably won't choose to insure all of the risks discussed during the review, but it can help you organize your records and use your insurance dollars wisely to protect your business, your family and your employees if a catastrophic event should occur. ♦



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