A Message from the Executive Director

When it Comes to Compliance … One Thing Leads to Another

The U.S. Department of Education is seeking to impose a record fine of nearly $2.4 million on Penn State University for Clery Act violations in the highly publicized Sandusky case. Passed by Congress in 1990, the Clery Act requires colleges and universities participating in federal financial aid programs to track and disclose information about crime on or near campus. The Department of Education is required by law to conduct periodic reviews of an institution’s compliance with the Clery Act.

In my Partner Alliance for Safer Schools (PASS) role, I’ve become familiar with campus safety compliance issues. As I read the findings, I discovered an interesting twist that may trickle down to our members completing work in schools. What it boils down to is this: A Department of Education investigation of any potential violation can trigger a complete inspection of the safety and security procedures at that school or campus. These reviews may be initiated when a complaint is received, a media event raises concerns, a school’s independent audit identifies areas of noncompliance, or for many other reasons.

Penn State University, like many colleges and public high schools, is located in a designated safe and drug-free school zone, which makes federal funding for certain programs available. The Department of Education investigators — while on campus reviewing the scandal — turned their attention to compliance regulations under the funding provisions. They immediately added 11 additional violations, including:

- Failure to properly train staff
- Inadequate security reporting methods
- Lack of systems for reporting situations on campus
- Non-compliant reporting methods

Why is this important to other schools? How can a systems integrator be a trusted advisor on this? We have an obligation to not only manufacture, design, sell, and install, and service communications, security, and life safety systems for schools, but also help colleges and public and private schools understand guidelines and best practices for the use of that system.

Taking this one step further, many schools use federal, state, or local tax dollars to afford the purchase of these systems, and/or they agree to certain designations that allow grant money to fund practices and procedures as part of their value-added relationships.

By knowing the obligations of the codes, regulations, and laws, we can ensure that our clients have the tools they need in place to comply. How we define compliance is changing. In my PASS Guidelines role, I’ve been reviewing compliance plans to find ways to help clients ensure they’re meeting their compliance obligations.

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We can do our part by:

- Learning the applicable codes
- Using the PASS guidelines
- Conducting risk assessments
- Becoming educated on requirements of designated zones
- Knowing the Clery Act
- Using system analytics to generate reports that add to compliance

It’s a lot to know, but integrators can add greater value each time they learn something new that supports the technology they provide and the clients they serve.

Chuck Wilson
NSCA Executive Director
An Update on the Fair Labor Standards Act

The final Fair Labor Standards Act (FLSA) overtime rule was set to take effect on Dec. 1, 2016. As you know, a federal judge in Texas put the brakes on the new federal overtime rule from the Department of Labor (DOL), which would have doubled the FLSA’s salary threshold for exemption from overtime pay, and would have automatically adjusted the threshold every three years beginning in 2020.

The court’s decision was welcome news for many NSCA members that struggled with the rule’s impacts on budgets, workplace flexibility, and employee morale. NSCA had joined more than 273,000 others who sent letters to try and defeat the unfair rule.

Our primary argument was that it had no adjustments for regional cost-of-living factors. Keep in mind:

• The court could still allow the rule to go into effect after hearing the full case. The incoming Trump administration has more time to make changes, including ending the rulemaking permanently or issuing a new rule with a more reasonable salary threshold, as NSCA and its members have advocated. We believe this overtime ruling may be stopped altogether, given the new administration’s position on the subject.

• If you have already implemented the rule, consider leaving your decisions in place. We empathize with you and other employers that had prepared for the Dec. 1 deadline. Each workplace is unique, and employers must consider which approach causes the least disruption for their workplaces. For example, if you have not already reclassified employees, you may want to postpone your decision and monitor policy developments closely. On the other hand, if you raised otherwise exempt employees’ salaries to meet the proposed threshold, you may want to keep those in place. Good communication is the key.

• Most importantly (and not really part of the overtime ruling), be sure to evaluate your exempt/non-exempt employee status. We’re concerned about the following positions that have been reported by many to have caused unfavorable audit results: inside sales, programmers, designers, estimators, and non-exempt employee status.

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BUILDING CONNECTIONS | 5
Today’s integration firms have so many factors influencing their performance. It’s easy to ignore breakthrough ideas or new business processes because of your blind spots, which keep you from viewing your situation realistically—and can detail your business.

Remember the Last Major Initiative That Died in Your Organization?

Chris McChesney

When the last major initiative in your organization died, how did it go? Down with a loud crash? Slowly and quietly suffocated by other competing priorities? What happened? The “whirlwind” of urgent activity required to keep things running day-to-day likely devoured all the time and energy you needed to invest in executing your strategy for tomorrow. Learn a simple, repeatable, and proven formula for executing on your most important strategic priorities in the midst of the whirlwind.

The Science Behind Creating True “Loyalty”

James Kane

What makes someone truly loyal? There’s an entirely new understanding of what it means to be loyal. Once you understand it, you’ll also understand what it means to be loyal. Once you understand it, you’ll also understand how to build loyal customers. James Kane points to several examples that demonstrate how trust is not a personal choice, but instead created.

Making Connections That Move People

Mark Scharenbroich

It’s all about connecting people. When the last major initiative in your organization died, how did it go? Down with a loud crash? Slowly and quietly suffocated by other competing priorities? What happened? The “whirlwind” of urgent activity required to keep things running day-to-day likely devoured all the time and energy you needed to invest in executing your strategy for tomorrow. Learn a simple, repeatable, and proven formula for executing on your most important strategic priorities in the midst of the whirlwind.

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Career Customization in Systems Integration

Cathy Benko

It’s easy to get frustrated when key employees leave your company for new opportunities once they’ve been trained. In this session, we explore a proactive approach to customizing career pathways for our employees so we can stop losing people to competitors. This approach is based upon extensive research. This session kicks off a day of in-depth discovery and concepts you can put into use back at the office will be shared.

Innovation: Trends, Technology, and Taking the Lead

Scott Klososky

Learn how to leverage technology to drive top-line revenues and lower bottom-line costs. You’ll hear about new trends you may already be aware of, and then explore new trends on the horizon. Practical technology tools and concepts you can put into use back at the office will be shared.

Economic Outlook 2017: Connecting the Dots

Chris Kuehl

This always-popular session will explain how the government, businesses, and consumers all play a role in sustainable economic recovery. The session will conclude with a summary of key U.S. indicators, including inflation, job creation, housing, and GDP. After this session, you’ll have a much better handle on how the economy is impacting your integration business.

Breakout sessions include:

- KPIs and Workflows for Maximum Efficiency and Productivity
- Not All RMR is Created Equal
- To Sell or Not to Sell? Strategies for Developing Loyal Customers
- A Plan for Selling Services vs. Products
- The Investors’ Workshop (Part 1) — The CEO’s Guide to Talent Management
- The Investors’ Workshop (Part 2) — The CEO’s Guide to Client Experience
NSCA’s Excellence in Business Awards recognize integrators that address challenges head-on by implementing tactics and strategies to improve business performance. Integrators can apply in one of six categories:

- Business Performance
- Strategic Transformation
- Employee Engagement
- Differentiating Strategies
- Talent Development
- Business Performance

Additional considerations are made during judging in regard to how the product impacts user experience (scalability, versatility, deployment cost, ease of use, ROI, ADA compliance, energy efficiency, etc.).

Entries are being accepted through Jan. 20, 2017. Winners are selected by NSCA, Commercial Integrator, and a panel of integrators, winning products will be announced at NSCA’s 19th annual Business & Leadership Conference.

To enter, visit nscaawards.ehpub.com. For NSCA members, the first product entry is $299 (subsequent entries are $199 each). For non-members, the first product entry is $499 (subsequent entries are $399 each). Please enter “NSCA” as the coupon code to receive the member discount.

All entrants will receive recognition in NSCA and Commercial Integrator’s Excellence in Product Innovation Award winners press releases, which will be posted online and distributed to dozens of media professionals. Winners will also receive:

- Standalone recognition in NSCA’s quarterly newsletter
- Feature recognition on NSCA.org
- Feature recognition in NSCA’s newsletter
- Social media recognition
- Feature recognition on an NSCA blog
- Feature article in Commercial Integrator magazine

NSCA and industry publications.

NSCA members will receive reduced entry fees. Non-members receive reduced entry fees.

Entries are being accepted through Jan. 20, 2017. Winners will be announced on Feb. 3, 2017. The Excellence in Business Awards will be presented at NSCA’s Business & Leadership Conference, March 2-4, 2017, in Chandler, AZ.

Digital signage capabilities have expanded tremendously since the technology’s inception. Early on, digital signage involved installing a monitor with a “player” feeding it content. The present — and future — is dominated by the move to an intensely personalized digital experience for individual consumers, thanks to data collection, eye-movement tracking, and facial recognition.

If you can provide experiences with digital signage solutions, you’ll be doing more than just adding a screen to a store or an office — you’ll be driving business outcomes like improved brand and revenue, and even employee engagement.

Here’s what a customized user experience might look like in the not-too-distant future:

1. You go into a clothing store.
2. A camera captures an image of your face.
3. Within seconds, your image is transmitted to a data center and checked against customer records.
4. Your purchase history and previous engagements with in-store advertising are processed.
5. Sophisticated algorithms crunch numbers to reveal what people in your demographic are likely to buy this time of year.
6. A digital screen springs to life in the back of the store, displaying an ad for an item similar to something you purchased there in the past.
7. Did you look at the ad? If so, for how long? Eye-tracking technology determines your engagement with the ad and stores the data.
8. If you decide to buy the item in the ad, then that information is stored and used to help create the next interaction with you (or a customer like you).

The retailer possesses the necessary data to sell you something it knows you want. You enjoy an enhanced shopping experience because you don’t have to waste time hunting down the products that fit your needs and desires. Instead, the retailer serves them up for you.

Humans crave personalized experiences, even if it’s just a digital display in a store. People may even engage with the ad if they feel they have control over it, opening up a whole new world of marketing possibilities. Hyper-personalized advertising seems to be a win-win for consumers and increasingly creative advertisers.
In 2008, Wayne Automatic Fire Sprinklers had revenues exceeding $85 million, with more than $14 million tied up in average accounts receivable. At our current run rate, our company's 2016 revenues will exceed $92 million, but we will only have $12.5 million tied up in average accounts receivable. What caused our collection effort to become so much more effective?

The answer is simple to explain, but harder to accomplish. Between 2008 and 2016, we learned three important concepts about collections:

1. Affable people collect more money than analytical people
2. Build bridges rather than twist arms
3. Use information as your ally

Learning from Collection Mistakes

In the journey to improve our collections, we made several mistakes. The biggest mistake was demanding that people who hate to collect money do collections. Prior to 2009, we asked our remote branch administrative assistants to make collection calls along with completing other duties: scheduling work, billing customers, entering payroll, and all other administration duties.

Collection calls were always the last chore on their list, and our past-due accounts receivable balances demonstrated their lack of enthusiasm for collection calls. They were always the last chore on their list, and our past-due accounts receivable balances demonstrated their lack of enthusiasm for collection calls. The sooner we could identify and rectify invoicing errors, the sooner we got our money.

Our best collector’s first priority is to determine whether our customer has the paperwork they need to pay us. Need a schedule of value? Got it. Want inspection papers or test reports? On the way. Need to speak to our superintendent? Let me conference you in. Do you have an issue about that change order? Let me get your salesman on the line. Our system also allows us to immediately generate emails containing duplicate invoices while we are on the phone with customers.

Not everyone is cut out to talk on the phone. Not everyone enjoys solving customers’ endless demands for additional paperwork. Where do you find people of this ilk? We looked at the backgrounds and temperaments of our most successful collectors to identify what makes them outstanding.

Our best collectors had little or no previous background in collections. They didn’t have, however, past experience in customer service, whether they were part of a customer-service department or had customer-service responsibilities in prior roles.

Change Takes Time

Was the transition to a more user-friendly collection team easy? No. We went through three collection supervisors before we found our first customer-friendly supervisor. Several of the collection staff members decided that other jobs were more appealing to them. From 2008 through early 2016, there were numerous turnovers on the collections team.

Each turn of the crank, however, yielded results. Since 2009, each year’s average DSO has declined from the prior year. We have reduced our average DSO from a high of 71 days in 2009 down to approximately 49 days in the current year. Our DSO has become progressively better as our revenues have grown from $40 million in 2010 to a projected $52 million this year.

What did we learn? Systems and process are part of the answer. We modeled what worked and taught it to our team. We have more data, automatic alerts, and great diagnostics. That is part of the story.

The biggest success ingredient, however, is people.

Currently, we have a collection staff made up of one supervisor and three collectors. Everyone on the team has accountability for a specific department’s DSO goals. No member of this exceptional team had any prior collection experience before joining the team, but they all had some form of customer service in prior jobs. All team members had to learn the lien laws. They have no fear of staying on the phone for hours on end. All team members have enough analytical ability to learn our tracking and documenting system.

Most importantly, all members of our team firmly believe that their job is to facilitate our customers’ ability to pay us. They approach their job as a puzzle to be solved. What barrier can they remove so that the customer is willing and able to pay us? That’s their mission each day, and they live it.

Eric Morris is CFO at Wayne Automatic Fire Sprinklers in Orlando.
BUSINESS WITHOUT BLIND SPOTS

- The 4 Disciplines of Execution by Chris McChesney
- The Science Behind Creating True “Loyalty” by James Kane
- Making Connections that Move People by Mark Scharenbroich
- Career Customization in Systems Integration by Cathy Benko
- Trends, Innovation, and Taking the Lead by Scott Klososky
- Economic Outlook and Industry Forecast 2017 by Chris Kuehl
- Cracking the Talent Code by Dan Coyle

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