BUILDING CONNECTIONS

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FALL 2017

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A Message from the Executive Director

Is the Economic Recovery Bounce Over?

Here in our Cedar Rapids office, we frequently get questions from members about market conditions and trends. We've been reporting on industry conditions for over 20 years, so we can typically come up with some pretty good answers. The one thing we know for sure when it comes to market conditions and trends is this: New construction is the best indicator of the future business climate for our industry. Constructing and renovating commercial buildings leads to new systems sales.

As a result, over the years, NSCA has successfully predicted patterns of slowdown, recovery, and market and geographic changes. How? We focus on lead and lag indicators. We analyze projects in discussion, budget, and design phases as lead indicators, comparing that information with what we know about how our work lags various timeframes.

In our *Electronic Systems Outlook Summer 2017* report, numbers look solid for integrators. Overall, you can expect a very healthy marketplace and business climate.

Our forecast total for 2017 construction-put-in-place calls for an increase of 6%. With GDP most recently reporting 2.1% growth in the fourth quarter of 2016, construction growth of 6% looks solid. Although this is a drop from 2013 through 2015, it seems to indicate that the recovery bounce is over and more normal growth is in store for the next few years.

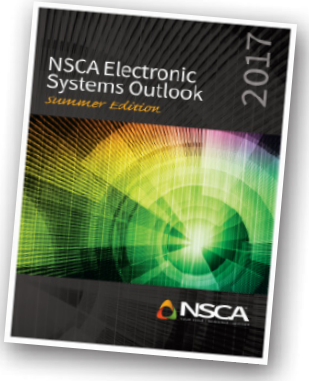
Other interesting notes:

- The lodging peak has been reached; slower growth (6%) is in store until vacancy rates improve
- Office construction will slow to 9% growth
- Commercial construction will lead the year at 10% growth, but will slow in later years

Didn't get a copy of the *Electronic Systems Outlook Summer 2017* report? Download one here.

Chuck R. Wilson

Chuck Wilson
NSCA Executive Director



Upcoming Events

Sept. 28-29
CONFERENCE
Pivot to Profit
Rosemont, IL

Oct. 17
WEBINAR
Building Advisory Boards to Accelerate Success
Presented by: Paul Cronin

Nov. 21
WEBINAR
Differentiating Your Services through Financing
Presented by: GreatAmerica

Dec. 21
WEBINAR
How Integrators Benefit from Tax Credits
Presented by: alliantgroup

Feb. 28-March 2, 2018
CONFERENCE
Business & Leadership Conference
Irving, TX

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Become an Effective INDUSTRY AMBASSADOR

By Gina Sansivero

*There's been a lot of recent talk about engaging students in discovering potential career opportunities in our industry. NSCA's **IGNITE!** program, which provides integration firms with valuable tools to guide these conversations, is a great help. But how can you land the opportunity to talk to students about our industry in the first place?*

ignite
sparking interest in technology

*As an IGNITE! ambassador, here are my recommendations for bringing the **IGNITE! presentation** to your own public school district:*

- Visit the high school's website. The school likely lists contact information for teachers and administrators (it's considered public information).
- Search for a contact who deals with career development, workplace readiness, occupational strategies, or business. If all else fails, reach out to the guidance department.
- Forward the career materials provided by NSCA (get them **here**) to the relevant contact. Also consider adding some personal information about yourself, your role in the industry, other roles available in the industry, and relevance to students.

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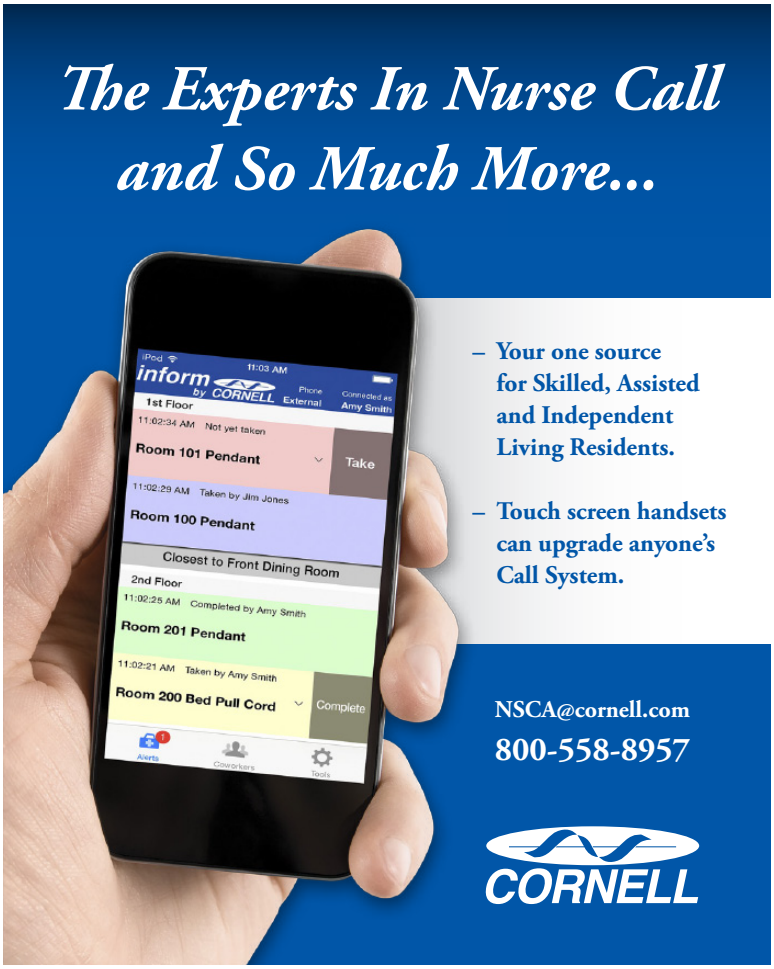


What happens after you're in the door? Good news! The NSCA IGNITE! committee created a **great presentation** we can all use. If you want to doctor it up, add pictures, audio clips, and videos — stay away from adding text. Bring props, if relevant.

As you go through the presentation:

- Ask the students questions about each picture. Have they ever thought about the team who works behind the scenes to create the "magic"? Are these types of experiences memorable (and why)? Their answers will help you gauge their understanding and reset their expectations. Be prepared to be frustrated. They won't understand what you do — even after you explain it — no matter how intuitive you think it is.
- Don't focus on AV. The people within our industry are the only ones who use "AV" anymore. Focus on the technology and skills needed to create the magic that others experience.
- Ask students what is most exciting and interesting to them. Describe technology that touches on their interests.
- Make sure to discuss the need for diversity. Only through diversity does a company and industry form the stability to weather inevitable storms: economic ebbs and flows, technological disruption, and regulatory reform.

Evaluating How You Did

The presentation may be over, but your job is just beginning. Create a post-presentation survey and ask students to complete it. Many of the students I speak with indicate that they are most surprised by the lack of diversity in our industry.

I also ask each student to fill out the post-presentation survey and hand it back to me. Why?

- I want to know if I piqued their interest — even the interest of just one student. If I did, I don't want to ignore their interest. I want to support and feed that interest.
- I want to help them find the next step to take: more schooling, scholarships, internships, or a continuation of the discussion.
- I want to know how they perceive our industry. What words did they use? What words didn't they use? We need to fill our funnel with incoming talent and innovators. I want to know how to better market and relate to this generation of potential techies.

*Gina Sansivero serves as director of business development and education at **FSR Inc.** To reach Gina, email **gsansivero@fsrinc.com**, find her on LinkedIn, or chat on Twitter @GinaSans.*

4 QUESTIONS to Take Customer Relationships to THE NEXT LEVEL

By Lori Berry

We all have vendors we work with — but, if we're lucky enough, we also have partners. The difference: Partners truly care about a forming a mutually rewarding relationship while vendors can be focused on pursuing the sale and closing the deal.

How can you ensure that your customers view you as a partner? It sounds simple, but you have to ask the right questions — and listen to the answers — to take customer relationships to the next level.

HTG — an international consulting, coaching, and peer group organization — recently introduced its Four Helpful Lists process that can help you form long-lasting customer relationships. Ask your customers these four things, and listen carefully to what they have to say:

1. What is Right?

Asking customers what is going right with their business or your relationship is a great way to help them get comfortable and in a rhythm of providing feedback. Ask them to throw out as many things that are "right" as possible. Is communication going well? Are projects running smoothly?

2. What is Wrong?

Ask customers about the things that aren't working — either in their business or in the relationship, or things that pose risks to the business. Are questions going unanswered? What could use improvement?

3. What is Missing?

Encourage your customer to think about things they're missing that they need from you: resources, training, processes, rules, data, reports, etc.

4. What is Confused?

Ask this question to uncover what processes, systems, or training you provide that isn't clear to the customer. What needs to be clarified or re-explained?

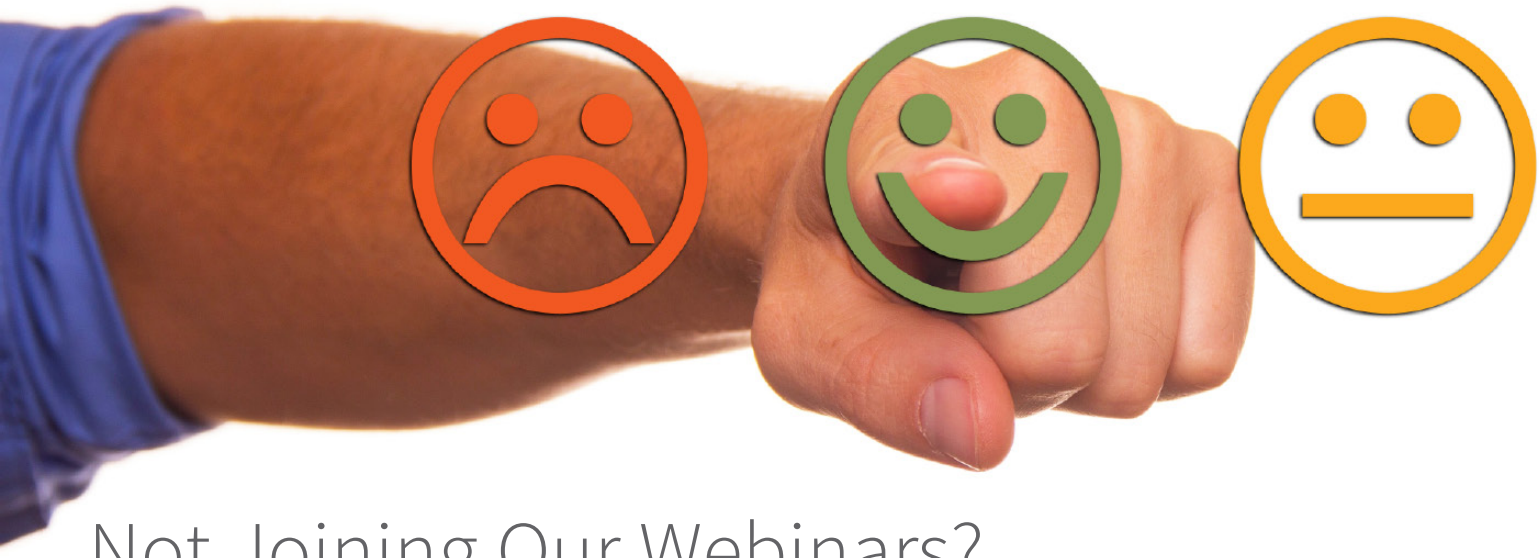
This process requires at least an hour of undivided attention from all parties. Set aside the last 10 to 15 minutes of the session to identify two or three core issues identified from all lists. Usually, large or all-encompassing issues become common threads during the discussion.

As you implement this process, here are a few other tips to help things go right:

- Invite as many stakeholders as possible — the more perspectives, the better.
- What one person mentions as a "right" could be a "wrong" to someone else. Put the comments in their respective columns, even if they're contradictory.
- Ask that laptops and phones be put away so that all attention is focused on the task at hand.
- Give people the opportunity to think. Silence is okay! Sometimes the best comments come after someone wrestles with whether or not they should speak up.
- This isn't a problem-solving session. The goal is to gather as much perspective as possible without proposing solutions.
- Ask at least two people on your team to be present: one to facilitate the discussion, and one to record the discussion and place items into appropriate lists.

The key to making this exercise a success is taking all of the perspectives shared, plus the core issues that were identified, and agreeing on an action plan. Keep your customers engaged through the process, and don't drop the ball on follow-up. Let them know about your progress and changes.

Lori K. Berry is the director of strategic technology for GreatAmerica's communications and data group. ***GreatAmerica*** *is an NSCA Business Accelerator.*



Not Joining Our Webinars?

HERE'S WHAT YOU'VE MISSED . . .

Every month, we host a free webinar for NSCA members. Topics range from implementing monthly payments to getting employees back to work after injury, but they all have one goal in mind: to help integrators be better at their jobs.

In case you've missed our last few webinars, we've summarized important points you'll want to know. Starting now, make sure you're signed up every month to tune in! The webinars are also recorded and archived, so you can watch the ones you've missed whenever you have time.

Protecting Your Organization (and Your Clients) From a Data Breach

The statistics about data breaches continue to be staggering — and they're only getting worse. Did you know that:

- 17% of senior execs don't know if their organization has suffered a data breach in the last 12 months?
- 59% of data breaches in the last year were caused by employee negligence?
- It takes one year to restore a company's reputation after a data breach?
- The average cost of each compromised record in a data breach is $217?

Visit **www.nsca.org/webinars** and click on

"What Every Integrator Needs to Know"

to learn more about our webinars — and don't miss our October webinar with Cronin Corp.'s Paul Cronin. He'll walk you through the ins and outs of creating a client-based advisory board.

These tips will help you avoid the common mistakes that lead to data breaches:

1. Train your people. Make sure that everyone in your organization knows why cybersecurity is important — and what a data breach could do to business. Train employees on what to look for in social engineering attacks, how to establish strong passwords, and how to report anything that looks like a potential attack.
2. Develop appropriate policies. Follow ISO 17799 international standards for information security management practices. They detail recommended methods for reporting information security events and weaknesses; managing information security incidents, improvements, responsibilities, and procedures; lessons learned; and collecting evidence in a data breach.
3. Invest in insurance. There is technology insurance available that can protect you — and your clients — in the event of a data breach. The cybersecurity framework analysis typically used by technology insurance underwriters involves:
   - The insured's understanding of exposure
   - The safeguards put in place to protect against a data breach
   - The company's ability to detect a data breach
   - Appropriate response plans in place to react to a data breach
   - The ability to restore services and data after a breach

To learn more about data breach causes, HIPAA regulatory guidance, information risk management, and data breach response plans, view the **May 2017 webinar** presented by OneBeacon Technology Insurance: *More than Just Cyber Liability*.

The Importance of Employee Onboarding — and How to Get Started

You're working hard to recruit and hire qualified employees as your company grows. But finding the right people is only half the battle. If you don't onboard them properly, your great new employees won't stay.

It's important to view onboarding as a continuation of the recruitment process. A strategic, standardized, consistent onboarding process can provide your company with higher rates of employee engagement, performance, and retention. And it works for all company sizes, big or small.

There are four critical components that onboarding should cover. The Society for Human Resource Management says that only **20% of companies** onboard their new employees at the most strategic level, covering these components:

1. *Compliance:* Rules and regulations
2. *Clarification.* Roles and responsibilities
3. *Culture:* Organization personality and values
4. *Connection:* Relationships with existing staff, supervisors, and mentors

The first day sets the tone for the first year of a new job — and half of new employees leave their jobs within the first year. Make sure your new employees get started on the right foot by following 11 onboarding best practices, which are covered in the **June 2017 webinar** presented by Insperity: *11 Best Practices to Turn New Hires into Long-Lasting Employees*.

Making Performance Reviews a Little Less Painful

Performance reviews can be stressful for everyone involved. They take a lot of time to prepare, they may cause some disagreements, and they can catch employees off-guard if they don't know how managers view their performance.

Getting direct reports to take a more active role in managing their own performance throughout the year can make review time less painful — and even helpful.

When approached in this way, performance becomes a shared responsibility — the direct report is just as responsible for performance as his or her leader. Both parties should be tracking performance (the direct report tracking his or her own, and the manager documenting the direct report's performance as well). Direct reports and their leaders should make notes about goals and expectations, accomplishments, and potential roadblocks. This will help guide conversations throughout the year.

Following a simple process, shared in the **July 2017 webinar**, presented by Insperity: *Setting Goals and Reviewing Results*, can help the discussion go smoothly, and allow both parties the opportunity to share their thoughts and opinions.

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4 Benefits of XaaS to Share with Clients

If any of your small or medium-sized enterprise (SME) clients are still buying software on a disk, it's time for you to have a talk with them.

By Dan Newman

As a matter of fact, if *any-sized* business hasn't yet adapted to the as-a-service (XaaS) model of software, platform, and infrastructure delivery, they're missing out on a huge opportunity to make business tremendously more agile while improving cost and competitiveness.

Remember the days of annual software upgrades, or the frustration of sharing a file with a colleague who hadn't upgraded to your version of Adobe InDesign or Microsoft Word? What about running out of space on your network, losing all the data on your hard drive, or being forced to drive to work on a snowy Sunday morning because you don't have access to your files remotely?

Today's "everything-as-a-service" market is changing all of that, and it's making companies more competitive. Your customers want everyday/everywhere access to the files, images, music, movies, and information that matter most to them. This access will save them time and money as well.

SMEs are in the ideal position to take advantage of everything XaaS has to offer — and it's your job to explain that to them. Research shows that they're adapting faster than global business giants, which struggle to adapt and "undo" decades of bureaucratic growth. **One study** shows that seven out of 10 companies with revenue over $10 billion don't expect their core competencies to be delivered by XaaS for five years.

Given the pace of IoT and AI, can you imagine what else these businesses will be missing out on by delaying their ride on the XaaS train for half a decade? Smaller, more agile organizations have the chance to jump ahead.

Here are four points you can share with your customers about how XaaS can help them:

1. It's Consumption-Based

In today's market — which changes by the second — XaaS eliminates the need to stress over forecasting and long-term contract commitments. Instead, XaaS grows along with you. With XaaS, you only pay for what you actually need and use. That's very important, especially for seasonal businesses or companies with peak operating times, and for SMEs that are optimistic about growth — but don't want to pay for it ahead of time.

2. It's Easy

Remember what WYSIWYG did for HTML design? That's what XaaS does for pretty much everything. With XaaS, you don't have to be an expert in the tech you want. You just need to be able to articulate your needs and find the service that will fulfill them. Your clients' employees can enjoy the technology without managing the maintenance of it.

3. It Allows Mobility

Contingent workers are a huge part of today's digital workforce. Not only will your employees love you for making their work and software accessible via cloud, but you could also save money in office space. Employees can now login from anywhere in the world and use the same services they'd have right within your office. You don't even have to manage the software or their personal computers to ensure access. This makes your contingent workforce a scalable cloud all its own — available when you need them, no matter where they happen to be.

4. It Saves Your Team Time and Money

Who actually *enjoys* upgrading and maintaining mounds of technology? (I suppose integrators do!) With XaaS, supporting, upgrading, de-bugging, and improving systems are all responsibilities of the service provider—not of your own team. This will free up your tech force to undertake more meaningful (and profitable) projects while saving you the burden of purchasing technology that will be outdated as soon as you have it

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*Dan Newman is the cofounder of V3*Broadsuite.*

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An NSCA Membership Perk: Member Advisory Council

NSCA's Member Advisory Council offers a combined total of more than 125 years of systems integration industry experience. The professionals that make up this team understand our industry, your company, and the challenges of running a successful integration firm in today's business environment. Turn challenges into opportunities, and gain a solid foundation for the future of your integration firm. Our councilmembers help NSCA members face challenges head-on.

Many members already use their services, and are improving sales, growth, profits, and leads as a result.

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SURPRISING NEW PROFIT KILLERS

As we speak to members and answer their questions, we tend to notice patterns. Recently, NSCA has been talking to integrators about "profit killers" — things that help us lose money. Do you fall prey to any of these?

***No. 1:** Failure to read the front end of the spec*

Pay attention to what's required in Division 0 (instructions to bidders) and Division 1 (general and site conditions). It seems as if more risk is being pushed down to specialty contractors like integrators; new clauses and provisions are emerging. One example: the use of subcontractors, and under what conditions this is acceptable. It's important to address this issue before you put your number out there.

***No. 2:** Not understanding implications of "related" sections*

Make sure you investigate these prior to submitting a proposal. For example, understand the timing of the project and when you can coordinate with other trades to make sure device locations are free of conflict, and conduits and pathways are placed according to appropriate distances and timeframes. Don't assume anything; read everything.

***No. 3:** Change orders impacting the original contract*

We've recently seen changes to the scope of work, or modifications to the bill of material, that come back to cost you money. An example is the delay in final approval and payment as a result of submitting a change order for additional equipment or labor. Integrators need to cover expenses for delays in payment, as well as time spent with site visits, meetings, processing, finance costs, etc. If the change order causes a delay in final signoff and substantial completion, be careful about how you proceed. Set clear terms and conditions in advance.

***No. 4:** Managing a shifting project schedule*

The companies that "schedule" best seem to be the ones that make a decent profit on new construction projects. It may seem out of your control, but there are integrators that have figured out how to manage client indecision, compressed schedules, and delays far better than others. There are things you can do to be far more efficient in a project's early phases to keep profits from slipping away.

***No. 5:** Overtime*

Having good project managers — who have authority to approve overtime — is a starting point to managing this profit killer. Letting installers and technicians decide when to work overtime without approval is a bad idea.

***No. 6:** Selection criteria used to bid*

If you're busy during a particular period, don't submit a low-margin proposal for a project that has to be done in that timeframe. Don't oversell your capacity, knowledge, or skill sets that take you beyond your area of expertise.

***No. 7:** The solution you provided can do too much*

You get the system 95% finished, and training begins. Soon, you discover that programming and DSP configurations are left to a frontline tech and programmer to define with the client (user). The clocking is ticking. Before long, eight hours of commissioning and programming have turned into 40. The tech and programmer have completed a masterpiece, and you've lost 32 hours. Turn over only what was promised or specified.

***No. 8:** Complex projects*

Projects with complexity often cause companies to underestimate labor — even if they're using tools, such as NSCA's **Labor Installation Standard**. This is due to lack of training and/or experience for frontline people, resulting in systems designers and other unplanned resources having to get involved.

If you can stay away from these profit killers, you'll be well on your way to improving your bottom line.

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