

# BUILDING CONNECTIONS

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## Business & Leadership CONFERENCE

FEBRUARY 26-28, 2020 • IRVING, TEXAS

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A Message from the Executive Director

# Integrators and PoE: How Things *Almost* Changed



When NSCA mapped out plans for 2019, we didn't put licensure at the top of our list. But we found ourselves immersed in legislative and licensure battles in 35+ states. They came on suddenly through well-organized efforts.

We work hard to ensure that systems integrators have the authority and appropriate licensure and training to implement systems in accordance with prevailing laws in each jurisdiction. We do our best to educate the channel on what those laws are and how to comply in each situation.

This year, NSCA developed a legislative agenda that was unanimously approved at the Spring Voters Meeting, held in conjunction with the 2019 Business & Leadership Conference. The document contains a series of resolutions that ratify our stance on issues ranging from low-voltage licensure to school safety and cybersecurity. The list of concerns grows even longer due to the inherent complexity of systems integration and the emerging technologies that support it, such as Power over Ethernet (PoE) and Internet of Things (IoT).

Did you know that some of the legislation proposed in 2019 could have drastically changed the type of work integrators are able to perform?

To quote a recent **Commercial Integrator** article: "Legislation almost made pulling PoE cable impossible without an electrician's license — until Cisco and NSCA stepped in." We were able to fight this legislation so there was either no effect at all — or an actual *gain* in the benefit to integrators — in terms of pulling PoE cable.

If you haven't heard this story yet, I urge you to read it — so you understand what *almost* happened to our industry this year. Check it out at [www.commercialintegrator.com/business\\_resources/pulling-poe-cable-legislation-law-cisco-nsca-av/](http://www.commercialintegrator.com/business_resources/pulling-poe-cable-legislation-law-cisco-nsca-av/).

*Chuck R. Wilson*

Chuck Wilson  
NSCA Executive Director

# UPCOMING EVENTS

**Dec. 17 WEBINAR**

*Cybersecurity: Hear it From Your Peers!*

Presented by: Defendify

**Dec. 17 WEBINAR**

*An Up-Close Look at Recent PoE Legislation*

Presented by: Belden & NSCA

**Jan. 22 WEBINAR**

*10th Annual Integration Business Outlook*

Presented by: Commercial Integrator & NSCA

**Feb. 18 WEBINAR**

*Using the ESO Winter 2019 Report to Benchmark Sales Numbers*

Presented by: FMI & NSCA

**Feb. 26 EVENT**

*NSCA Education Foundation Industry Charity Golf Outing*

Irving, TX

**Feb. 26-28 CONFERENCE**

*Business & Leadership Conference*

Irving, TX

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# Business & Leadership CONFERENCE

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NSCA's 22nd annual Business & Leadership Conference (BLC) will show you how to manage never-ending workloads, find and keep the right people, and improve processes for better productivity, excellence, and innovation. Here's a quick look at the highlights!

## KEYNOTES

### Economic Outlook 2020

This high-level economic overview analyzes long-term trends, current conditions, and the economic outlook for 2020 and beyond. Chris Kuehl explains how the government, businesses, and consumers impact a sustainable economy.

### The Future of Work: How Will Humans Fit In?

Find out how top organizations are preparing for the future of work. Are robots and smart machines posed to do the work humans do? What does this mean for integrators? Geoff Colvin answers as he discusses the research that went into his bestseller: *Humans Are Underrated: What High Achievers Know that Brilliant Machines Never Will*.

### What to Do When There's Too Much to Do

Today's integration firm leaders and employees struggle with time management and work-life balance. Laura Stack shares a proven, six-step process that teaches you how to focus on high-value vs. low-value activities and get home earlier!

### Innovation: Helping Your People Bring Great Ideas to Life

Most people are good at solving problems — but bad at deciding which problems to solve. Are we asking the right questions about innovation and technology problem-solving? Do you have the right people asking the right questions of key clients? Get answers from Thomas Wedell-Wedellsborg.

### Build a Culture of Good

Operate your business with the soul of a non-profit: Leverage your daily work to discover your life calling by making the world better and meeting the needs of others — while making a profit. Ryan McCarty teaches you how to create a culture of good and drive your business toward greater success.

### Outrageous Empowerment: Giving Employees Their Brains Back

The secret to winning in business is to reinvent the rules and constantly go back to the drawing board on processes and tasks. Ron Lovett gives dead-simple tools and tricks you can use right away as you question every business process.



Chris Kuehl



Laura Stack



Geoff Colvin



Ryan McCarty



Mike Staver



Ron Lovett

Thomas Wedell-Wedellsborg

# REGISTER NOW!

## NSCA EDUCATION FOUNDATION INDUSTRY CHARITY GOLF OUTING • FEB. 26, 2020



NSCA EDUCATION FOUNDATION

Join the NSCA Education Foundation for its annual Industry Charity Golf Outing to kick off the conference at the TPC Four Seasons Las Colinas. Your participation helps the NSCA Education Foundation raise money to advance programs like Ignite and PASS K-12.

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## SESSIONS

### Analytics, Information, Knowledge, and Intelligence: Make Better and Faster Decisions

Thomas Wedell-Wedellsborg and NSCA leadership discuss and debate AI, machine learning, IoT, big data, and other emerging technologies. Are they useful? Confusing? Enabling? Disruptive? Where do we fit?

### Avoid Growing Your Business into the Ground

It's no secret that integrators are becoming larger and creating more locations. Chris Younger explores this shift and shares what types of changes occur as company ownership is altered. The typical NSCA member has transitioned to a corporate entity — understand what this truly means.

### 4 Things that Suck Productivity — and How to Fight Back

You know how to make lists and cross things off. You want to be productive. But everyone and everything are ruining your plans! Join Laura Stack and NSCA leadership to learn how to be more productive and find time to enjoy life beyond work.

### Driving Accountability Using EOS (Entrepreneurial Operating System®), Part 1

So much of what we do can be improved through clear, consistent processes. Explore the importance of people and process as you uncover how to achieve consistent, high-quality results. Ken Ritterspach teaches you how to fix repeated mistakes, identify constraints, and build capacity.

### Empowerment Strategies to Build Your Executive Team

You believe you have a great culture, the finest employees, and loyal clients. But do you? Explore Ron Lovett's ways to build a strong leadership team, identify new leaders, and establish diversity in thinking. Walk away knowing how to identify the next group of leaders and empower staff to execute at the highest level.

### Digital Marketing: A Model for Creating Predictable, Reliable Revenue Streams

Some of the industry's best and brightest minds share tips and techniques that are proven to show positive results. If you want to get started with digital marketing, you can't miss this.

### Winning is No Accident

Great things don't happen by accident. They're a direct result of fundamental principles. Mike Staver shares the equation to create the highest likelihood of success and four key principles to pace yourself.

### Driving Accountability Using EOS (Entrepreneurial Operating System®), Part 2

Knowing what to do is one thing. Being 100% committed to improvement is something different. Ken Ritterspach discusses cultures of discipline and accountability — and why they must be in place before you can achieve consistent, significant growth and improvement.

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We Want to Recognize You!



#### Excellence in Business Awards

Systems integrators are encouraged to apply for NSCA's 2020 Excellence in Business Awards. There is no entry fee; submissions will be accepted through Jan. 17, 2020. Winners receive recognition at NSCA's 22nd annual Business & Leadership Conference on Feb. 26-28, 2020, in Irving, TX, as well as recognition in NSCA and industry publications.

Companies with solid business sense and creative tactics continually beat their competitors to the finish line — whether it's through successful strategies in fiscal responsibility, marketing, training, or strategic advancement. NSCA's Excellence in Business Awards recognize integrators that address challenges head-on by implementing tactics and strategies to improve business performance in six categories:

- **Business Performance** (establishing methods for accurate job costing, new ways to trim operating expenses, etc.)
- **Employee Engagement** (corporate culture exercises, increasing job satisfaction, etc.)
- **Differentiating Strategies** (implementing new sales strategies, growth strategies, etc.)
- **Strategic Transformation** (entering new markets, increasing RMR, etc.)
- **Customer Experience** (increasing customer satisfaction scores or repeat business, etc.)
- **Talent Development** (cross-training, onboarding, recruiting, career development, etc.)

Submit your application at [www.nasca.org/awards](http://www.nasca.org/awards).

Winners will be announced by Feb. 2, 2020, and recognized at NSCA's Business & Leadership Conference.

#### Excellence in Product Innovation Awards

Attention manufacturers! Entries are being accepted for the sixth annual Excellence in Product Innovation Awards. This recognition honors products that have a profound impact on systems integrators.

Any manufacturer that produces low-voltage products for installation by integrators in the commercial space is eligible. Industry manufacturers may nominate their own products.

One winner will be named in each of the following categories, along with one overall Grand Prize Winner:

- Trailblazing Innovation
- Technology Platform
- Retrofit-/Installer-Friendly
- New Revenue Potential
- Recurring Revenue Potential
- Ease of Customization



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. 10, 2020. Winners are selected by NSCA, *Commercial Integrator*, and a panel of integrators; winning products will be announced at NSCA's 22nd annual Business & Leadership Conference.

To enter, visit <https://epiawards.secure-platform.com/a>. 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). Enter "nscarules" as the coupon code to receive the member discount.

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

- Standalone recognition in NSCA's quarterly publication
- Feature recognition on [www.nasca.org](http://www.nasca.org)
- Feature recognition in NSCA's e-newsletter
- Social media recognition
- Feature recognition in an NSCA blog
- Feature article in *Commercial Integrator*
- Recognition and participation in a webinar

# Download Our BIGGEST-EVER Compensation & Benefits Report

*With record unemployment levels and adjacent industries competing for the same people you are, many integrators are offering higher wages and additional benefits and perks, which drives up the cost of doing business.*

The 2019 *Compensation & Benefits Report* — based on data gathered from nearly 600 systems integrators across North America — is now available for free download. It's the largest, most comprehensive research project done in the industry to date on this subject.

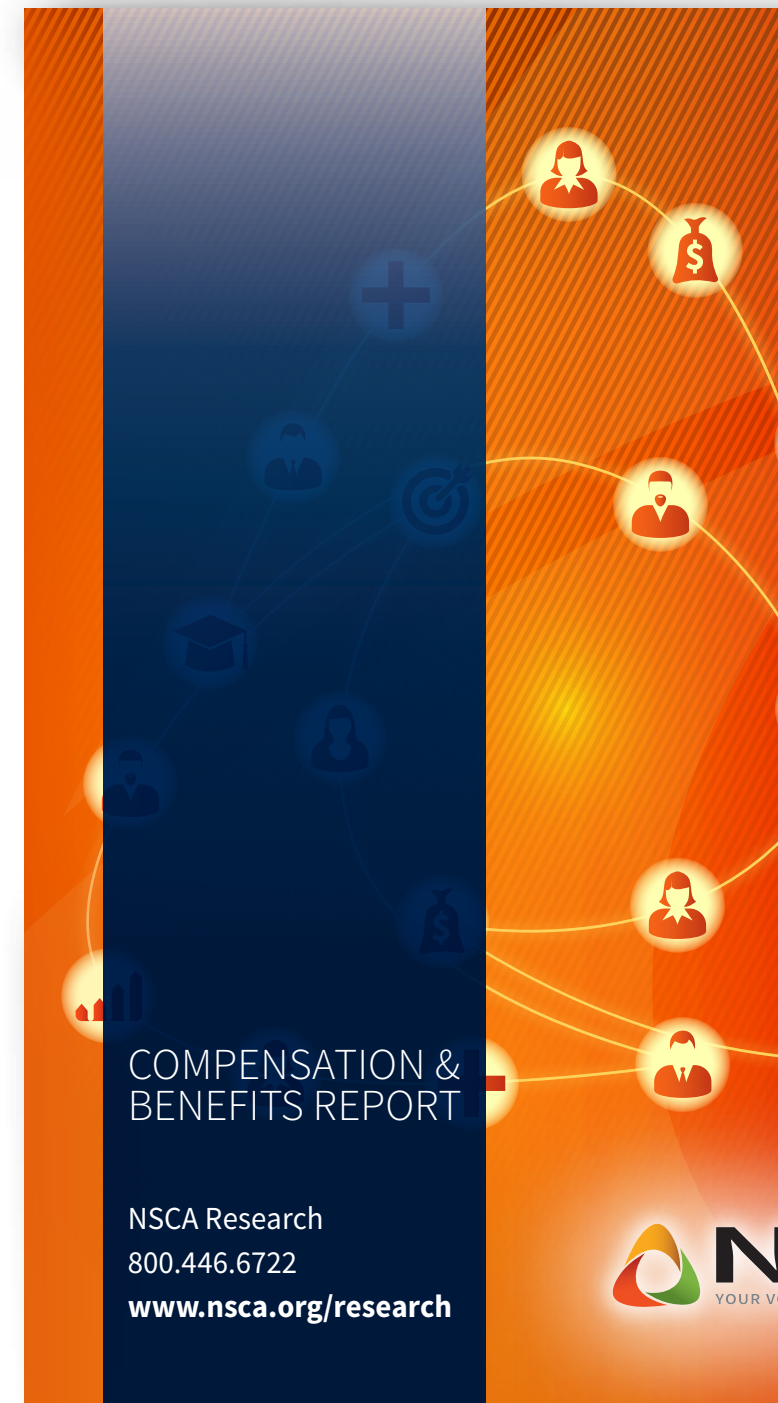
In its sixth iteration, the report tracks and benchmarks compensation and benefits data for a variety of key positions within the industry, including technical, non-technical, and C-suite roles. Systems integration firms of all sizes participated in a survey that collected information on company background, staffing levels, employee benefits, compensation, travel reimbursement, and salary increases. This survey data was used to develop the 2019 *Compensation & Benefits Report*.

#### The 2019 Compensation & Benefits Report covers:

- Staff levels (number of full-time and part-time employees)
- Benefits offered (and associated costs), including health insurance, dental insurance, life insurance, vision plans, disability, retirement, and bonuses
- Compensation for 47 positions, ranging from the C-suite to HR, accounting, installation, design, purchasing, marketing, project management, and more
- Ancillary compensation (bonuses) for sales, administrative, and project management professionals
- Raises for different staff categories
- Business travel reimbursement (mileage, cell phones, expense accounts, per diems, etc.)

One overarching trend we identified: companies are offering more benefits. The percentage of companies offering a specific benefit to full-time staff has increased in eight of the nine benefits we examined in the survey. The only benefit that has *decreased* in prevalence, however, is health insurance in small companies.

The 2019 *Compensation & Benefits Report* provides you with a valuable tool that allows your organization to compare business performance in relationship to an important asset: your people. All NSCA members have access to the report at no cost. For more information, or to download the report, visit [www.nasca.org/research](http://www.nasca.org/research).





Are you oblivious to monthly cash activity? Do you ask for monthly income statements and examine every morsel of revenue and expense information without reviewing monthly cash-flow information? If this sounds familiar ... you might be a cash-blind owner.

Next, try answering these three questions:

- 1. Do you know your company's **days sales outstanding (DSO)**?
- 2. Do you watch your company's **sources and uses (S&U)** of cash?
- 3. Do you know your monthly overhead **cash burn rate**?

If you don't know the answers, you're likely a cash-blind owner.

DSO

In most construction companies, the largest asset is accounts receivable (AR). DSO is a simple measure of how long it takes to collect cash on an account after invoicing.

Average AR Balance

Average Daily Sales

=

DSO

(Days Sales Outstanding)

Your average AR balance is the opening AR balance plus the closing AR balance divided by two. The average daily sales is dollars invoiced during the period divided by the number of days in the period.

		EXAMPLE 1	EXAMPLE 2	EXAMPLE 3
A	BEGINNING AR BALANCE	350,000	350,000	350,000
B	ENDING AR BALANCE	450,000	650,000	250,000
C	AVERAGE AR BALANCE	400,000	500,000	300,000
D	MONTHLY BILLINGS	300,000	300,000	300,000
E	AVERAGE DAILY BILLING (D/30)	10,000	10,000	10,000
F	DSO = (C/E)	40	50	30

When your average daily sales is \$10,000 per day:

- By lowering your DSO by 10 days, you *release* \$100,000 into your operation
- If you let your DSO grow by 10 days, you *drain* \$100,000 out of your operation

Sources and Uses of Cash

When a business starts out, most entrepreneurs know the company's cash balances because they handled the checkbook. The owner's cash awareness tends to erode as the company grows.

Growing companies establish trade credit and bank lines of credit. These borrowed funds allow you to disburse more than what's collected from customers in a month. This type of borrowing is not visible on the income statement; many owners seldom review their balance sheet activity.

Who knows if your company is running monthly cash deficits and what's causing these cash inequities? A basic tool — called a "Statement of Sources and Uses of Cash" — can provide this crucial information. It's merely a separate column on an existing comparative balance sheet.

Almost any ERP system will allow you to add this column to an existing system-generated balance sheet without complex programming.

EXHIBIT 1	LAST MONTH	CURRENT MONTH	SOURCES & (USES) OF CASH
ASSETS:			
CASH	100,000	30,000	***
ACCOUNTS RECEIVABLE	450,000	550,000	(100,000)
INVENTORY	165,000	160,000	5,000
NET FIXED ASSETS	350,000	360,000	(10,000)
TOTAL ASSETS	1,065,000	1,100,000	
LIABILITIES & EQUITY:			
ACCOUNTS PAYABLE	200,000	250,000	50,000
ACCRUED LIABILITIES	165,000	165,000	0
LONG-TERM DEBT	500,000	425,000	(75,000)
EQUITY	100,000	100,000	0
CURRENT YEAR EARNINGS	100,000	160,000	60,000
TOTAL LIABILITIES & EQUITIES	1,065,000	1,100,000	
Net Cash Inflow (Outflow)			(70,000)
*** delta values are not shown for the cash line item			

Column 1 is the prior month's balance sheet values. Column 2 is the current month's balance sheet values. Column 3 is the difference between Column 1 and Column 2. The difference column represents cash sources and cash uses when formatted correctly.

If assets grew from last month to this month, that is a **use** of cash. If assets decreased from last month to this month, that is a **source** of cash. The opposite calculation applies for liabilities and equity. Values in Column 3 are un-bracketed for sources of cash and bracketed for uses of cash. The calculation is just that easy.

This new column tells you what's happening to your cash. You can quickly identify whether AR is sucking up \$100,000 or if AP is providing \$50,000. You can easily see that your monthly \$75,000 debt payment is draining cash and know that current-month profits only contribute \$60,000 to offset other demands.

Cash Burn Rate

After you pay your suppliers and disburse field payroll, do you have leftover cash to cover the back-office sales and administration costs?

Overhead cash burn rate describes the rate at which a company spends "in cash" to pay overhead expenses each month. In this case, "overhead" is sales, general, and administrative expenses that aren't directly associated with revenue. Normally, these expenses are paid in cash and are a fixed amount each month.

CASH BURN RATE EXAMPLE	AVERAGE MONTH	AVERAGE MONTH	GOOD MONTH	BAD MONTH
REVENUES	12,000,000	1,000,000	1,300,000	700,000
GROSS MARGIN PERCENT	30%	30%	30%	30%
GROSS MARGIN DOLLARS	3,600,000	300,000	390,000	210,000
SELLING, GEN, & ADMIN CASH EXPENSES	3,000,000	250,000	250,000	250,000
CASH ADDS OR DRAINS	600,000	50,000	140,000	(40,000)

Now that you understand these three concepts, the next time your banker asks you how business is doing, you can confidently reply: "DSO is holding solid at 55 days. Last month, we had a positive cash flow of \$100,000. And we shouldn't have any trouble cracking our monthly cash overhead nut of \$225,000 for the next six months."

This may not have the same sizzle as saying "profits are astronomical," but it demonstrates your knowledge of financial health beyond the replies of most business leaders.

Eric Morris is CFO at Wayne Automatic Fire Sprinklers, Inc.



# Gain Insight into NSCA's New Committees

*NSCA sat down with Board of Directors President Josh Shanahan, president and CEO at Sport View Technologies (SVT), who implemented something new for NSCA this year: a series of committees focused on specific topics. Learn more about what these committees do — and what it means for our members.*

**Q:** What inspired this idea?

**A:** Past NSCA presidents were making good traction. I have a lot of respect for them. I reached out to them and asked, "What do you think would make my term the most effective?" They placed emphasis on committees and how we need to create and better leverage them. I think our current board is one of the most powerful in NSCA history. We need to leverage that mindshare along with the knowledge of some of our premier members.

**Q:** Explain the purpose of each committee.

**A:** Each NSCA committee has goals measured on a monthly basis and is made up of several industry members who are interested in specific areas and have skillsets that complement them. They volunteer their time and add value when and where they can. These committees are an example

of how NSCA tracks everything happening in each corner of the industry so we can be the first to alert members to changes. Each committee's contributions change based upon what's happening in the industry:

- **Codes and Compliance Committee:** raises awareness and action on key legislative and regulatory issues
- **Emerging Technologies Committee:** tracks enabling and disruptive technology and educates on the business impact
- **Events Committee:** provides insight on curriculum for events like the **Business & Leadership Conference** and **Pivot to Profit**
- **Executive Committee:** ensures the effectiveness, performance, and practices of our executive director and staff
- **Finance Committee:** provides timely, relevant, and accurate reporting of financial information to NSCA management and helps make decisions about future association investments
- **Leadership Development Council:** provides guidance and mentoring to the board of directors on governance issues and develops long-range strategies for talent management and leadership
- **Marketing/PR Committee:** supports the growth and success of NSCA through awareness initiatives and weighs in on how NSCA presents itself through marketing materials and the media
- **Membership Committee:** constantly examines ways NSCA can offer more value to members and help them make maximum use of the tools already available
- **Next-Gen Committee:** focuses on making the industry relevant to up-and-coming leaders and young talent
- **Web Presence and Tools Committee:** supports NSCA staff by providing input and direction on website content, web tools, and new technology to consider

**Q:** Who can be involved?

**A:** We're always looking for people who are interested in these topics and can provide insight. If you want to get involved, visit NSCA's **Committees & Councils** page and contact the appropriate chair. Our committee participants are also people who will be strongly considered for board positions in the future. Joining us is an opportunity to preview what that experience is like. ▲



# Developing a New Project Management Team

For a long time, Santa Rosa, CA-based PCD's management team served as the company's project managers. This approach worked well for a while; as work picked up, however, project management needs grew as well.

As a result, PCD needed to develop its project management team from the ground up — and wanted to give the people in these new roles enough knowledge to be effective. "Training is what you have to do to stay ahead of the pack," says Bill Graham, director of operations at PCD. "But most people don't want to make that investment."

The company believes in investing in training at all levels to help employees excel. For example, one of PCD's installation technicians dreamed of taking his career to the next level. Knowing that he could easily leave for a higher-level position, PCD decided to invest in the employee's future and help him reach his goals. Thanks to education and training, the employee is now a senior technician. Seeing the results of other professional development initiatives was proof enough: It was time for PCD to invest in project management training, too.

After learning about Nadim Sawaya of **Enterprise Performance Consulting** through NSCA's Member Advisory Council, PCD invited him to speak not only to future project managers, but also to the sales, engineering, and operations teams. This approach put everyone on the same page in terms of what to expect from project managers.

During the two-day session, Sawaya walked through topics like setting project milestones, containing costs, managing labor, and understanding a project's full scope of work.

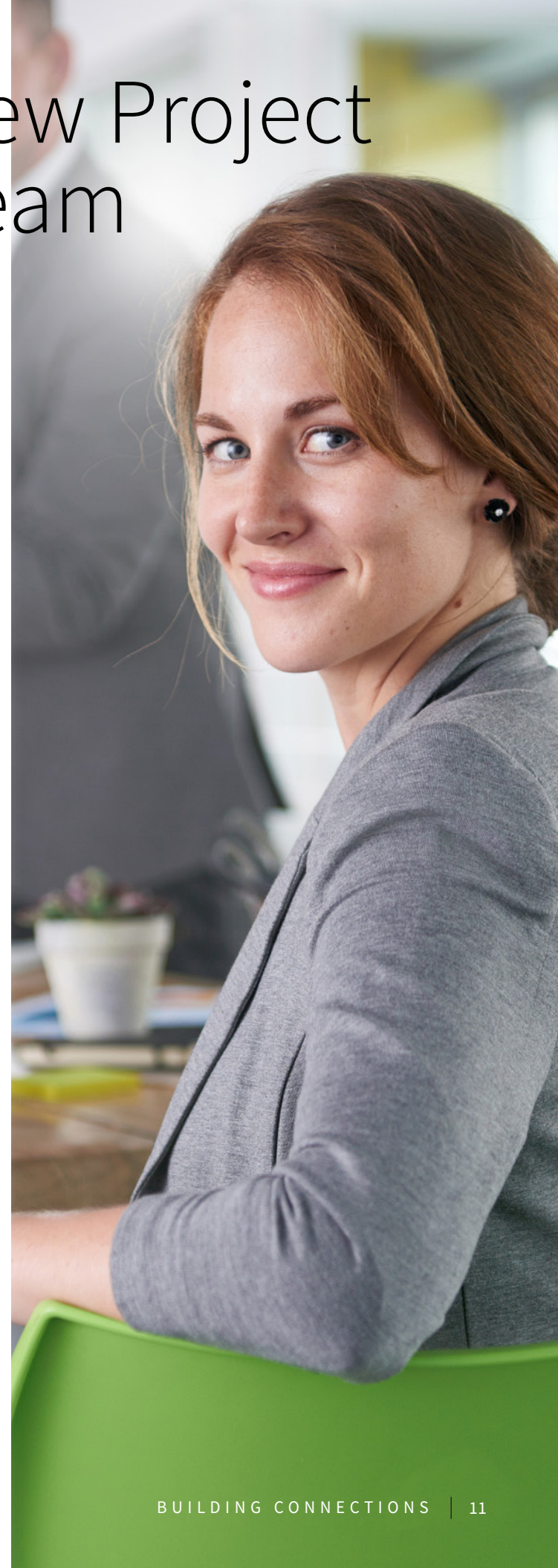
"Our employees were really interested in what was happening in the room," says Graham. "One eye-opening moment was when we learned about the financial impacts of our actions and Nadim shared this with us: 'If you lose \$1,000 (slip) on one project, you have to generate \$35,000 for free to make up this loss.' Everyone understands how and why every decision they make is very important."

PCD now has a team of three well-educated project managers with specific KPIs to follow. The company has also developed ways to address concerns about managing fieldwork to keep labor costs in check.

"Our goal is to make PCD a better workplace for everyone, including the guys in the field," says Graham. "This project management training helped us with that. It taught our project managers how to give clear direction in the field for maximum productivity and efficiency. If we do it properly, our guys are going to take care of business. When they become more productive, it's going to go to the bottom line."

NSCA has helped PCD maintain its focus on professional development and training in other areas of its business as well: After the success of Sawaya's project management training, the company is also investing in sales training through NSCA Member Advisory Councilmember **Corporate Sales Coaches**, as well as financing through Business Accelerator **GreatAmerica**.

"Working with NSCA has been a real plus for us," says Graham. "They've introduced us to so many people who have helped us run our business better." ▲





# Creating **Loyal** Clients, **Passionate** Employees, and **Profitable** Business



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