**NIA Members Speak**

### Why Does Selle Insulation Co. Belong to NIA?

**David Dzina**

President/Owner

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**NIA Member Since: February 1994**

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**Company Profile**

Selle Insulation Company is a full-line distributor of insulation products and related construction materials, specializing in the lamination of fiberglass insulation for metal buildings. Selle Insulation Company, along with its sister company PBI Supply, make up the largest regional insulation fabricator/distributor in the United States. The companies have six warehouses and distribute material throughout the United States and Mexico.

**Benefits to Belonging**

Selle Insulation Company takes pride in its long history of product quality, customer service, integrity in business dealings, long-term business relationships with customers and vendors, and strong industry leadership in the market. To be this type of company requires being part of organizations such as the National Insulation Association (NIA). We feel we are part of a group at NIA that cares about being a good steward of the resources with which we have been entrusted. NIA provides tools and opportunities that assist us in being a leader in the insulation industry within our markets and would not otherwise be available to a company of our size.

**NIA Value**

NIA offers Selle Insulation the ability to be a part of an organization that promotes energy conservation, industry training for our employees, contacts within the insulation fabrication/distribution industry across the country, and the ability to establish long-term vendor relationships within the industry.

**Best Idea To Help My Business**

We are able to actively be a part of committees that promote growth and excellence in the insulation industry. The Metal Building Laminator Committee developed a third-party certification of our laminated fiberglass insulation called the NIA Certified Faced Insulation Standard. This certification standard is completely voluntary for laminators but is a way for us to show the market how serious we are about offering our customers the highest quality insulation available in the market today for their metal buildings. If it were not for NIA, the Certified Faced Insulation Standard would not have been realized.

**Summary**

Our company motto is “Our Standard is Excellence.” Those four words mean a lot to our employees, and part of showing that the standard for Selle Insulation Company is excellence is being a part of an association that is about excellence. NIA has proven it is about providing opportunities for its members to improve and reach the goal of excellence. Selle Insulation is a better company because of our membership in NIA.

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**Sureties Focus on Subs’ Ability to Manage Economic Changes**

**By Marc Ramsey**

As subcontractors face challenges like increased competition from a surge of residential contractors entering the nonresidential sector, tighter credit terms, and inflation, surety executives are focusing on subcontractors’ ability to keep their companies lean and healthy.

Last fall, members of the Surety and Fidelity Association of America (SFAA) advised subcontractors to be more selective about the jobs they took to avoid stretching themselves too thin in a robust construction economy. Today, these same surety executives advise subcontractors to be selective and avoid taking the “wrong” or “bad” jobs that carry too much risk or compromise their profit margins.

Last fall, surety executives were concerned about work force shortages and whether contractors had the resources to complete all of the work available. Today, they warn contractors and subcontractors to hold on to their top talent—they will need that talent when the nonresidential sector slows and rebounds.

Last fall, surety executives warned of contractor default due to overextension caused by too much work. Today, they see economic trends pointing to an increase in contractor and subcontractor defaults, especially for firms that have not adjusted to the economic cycle. While most subcontractors began the year with solid backlogs, and new surety capacity continues to enter the industry, some subcontractors may become overextended with backlog gross margins insufficient to sustain their operations through the economic slowdown and present credit crunch, coupled with high fuel and rising material costs.

**STAY LEAN AND FINANCIALLY HEALTHY**

Against the backdrop of economic trends and changes, sureties will look to maintain underwriting discipline, sound risk management practices, and continue to generate adequate returns. Some analysts expect the nonresidential market to slow in 2009, with nominal growth returning in 2010-11. The surety industry has generated strong underwriting results over the last 3 years, and most surety executives expect this trend to continue well into 2009. To survive and excel, subcontractors should:

- Maintain margin discipline, remain flexible from a cost structure perspective, and adjust practices.
- Do what you do best. Stay lean by reducing fixed costs and overhead. Liquidate assets if necessary. Selling equipment and buildings at a loss may outweigh losses resulting from maintaining fixed costs and overhead in the long run.
- Be concerned about your ability to pass on material and labor costs, while refraining from lowering contract bid prices as a result of lack of work.
- Protect your top talent. They will always manage projects no matter what market conditions are, and you will need them when the market improves.
- Look for ways to improve project work flow and bottom-line results. Pay attention to materials needs and work smarter to anticipate price increases. Secure resources and lock in prices where possible.
- Bid the job, not the competition. Bid the job on your terms, not your competitors’.
- Reduce overhead and conserve cash to give you the flexibility to bid projects that support your operation.
- Watch out for onerous bond forms and contract provisions. Read the warranty provisions to make sure you are not responsible if the manufacturer goes out of business.
- Be judicious with use of credit. If you are accustomed to living off borrowed money, you may have a hard time surviving as credit terms tighten.
- Maintain constant, open communications with your surety agent and underwriter. The “big picture” economic outlook for the construction industry depends on factors like the resiliency of the credit markets and the outcome of the upcoming election. Whatever changes are taking place in your individual market, focus on the factors most under your control.

**QUALIFYING A SURETY**

Tap the knowledge of agents who are members of the National Association of Surety Bond Producers (NASBP) and take advantage of resources such as the following to verify the legitimacy of sureties and validate a surety bond:


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