

The Best Is Yet To Come: 2018 Looking Strong

This year's State of the Industry analysis is one of the best years to date and many believe that 2018 will be one of the strongest years yet with the future looking even brighter.

By Sharon Gloriosio

Will 2018 be the best year yet for metal roofing? That's what some respondents said when interviewed for our annual state of the industry survey. The survey was answered by U.S. roofers, roofing contractors, suppliers, associations and manufacturers and asked what their outlook for 2018 is and what they estimate business to project, including how they did in 2017.

Metal Roofing Magazine's staff sent out the annual informal survey that asked metal roofing businesses their projections for 2018 as well as how their companies performed in 2017, compared to their last five years.

2018 Could Be Boom Year For Industry

According to the American Society of Civil Engineers (ASCE), the U.S. construction industry added 20,000 jobs in December for a total of 210,000 positions in 2017, a 35 percent increase from 2016, according to the U.S. Labor Department. Economic conditions, record-breaking construction spending and a business-friendly regulatory environment are likely to make 2018 a boom year for the industry.

Additionally, according to the Associated General Contractors (AGC) of America, 75 percent of construction firms plan to expand their payrolls in 2018, as contractors are optimistic economic conditions will remain strong as tax rates and regulatory burdens fall.

In general, metal roofing has increased



Frank Farmer, president of American Metal Roofs, says that they install with employees. Because of this model, they have always grown their installation crews.

significantly both residentially and commercially over the past year throughout 2017.

2018 Contract Volume Expected To Grow

When asked compared to 2017, "how do you expect your firm's contract volume to change in 2018," an overwhelming 64 percent of respondents said that they expected their contract volume to "moderately" increase in 2018, where an additional 10 percent said that they expected their contract volume to "significantly" increase in 2018.

Approximately 25 percent of the respondents said that they expect their contract volume will "stay about the same."

Absolutely 0 percent of the respondents said that they expect to see contract volume to decrease whatsoever in 2018—

great news for the metal roofing industry.

A Metal Roofers' Job Market

Many metal roofing companies and manufacturers plan to be hiring in 2018. Almost 60 percent of survey participants reported that they will be hiring additional staff in 2018. Another 40-plus percent said that they plan to keep the same level of personnel in 2018, and 0 percent stated that they estimate they will be possibly downsizing in 2018.

This is great news for the metal roofer and manufacturers, however, competition may be tough to find the better and most qualified workers (see sidebar "Metal Roofer Shortage," page 27).

Projects Planned For The Year

According to the survey, more than 15 percent of companies stated that their

Concerns For 2018?

A Big One Industry-Wide: Metal Roofer Shortage

According to the president of American Metal Roofs Frank Farmer, in Flint, Michigan, although metal roofing has increased both residentially and commercially over the past year, most companies are having a hard time finding qualified people to install metal roofing.

Todd Miller, president of Isaiah Industries, in Piqua, Ohio, agrees and said that there is a great deal of concern over keeping up with installations. For 2018, Miller said that he is most concerned about the installer shortage.

"Marketing and selling will never be 'easy' for any product but they are much easier at this point than finding installers," Miller said. "Most of our customers will sell as much product as they can install this coming year—installation is the bottleneck."

"Fact is, metal roofs require more time to install than many other roofs. Developing faster installing quality metal roofs with 'speed trims' and the like will be helpful. However, the risk is that contractors, facing a shortage of installers, decide they can sell more roofs and be more productive at growing their businesses with non-metal roofing materials. That is my largest concern. My second greatest concern is that, as an industry, we need to have a common and verifiable message to deliver to the public pertaining to the fire resistance, energy efficiency and solar readiness of metal roofing," Miller said.

According to Travis Lord, metal product manager at The Garland Company, Inc., in Cleveland, Ohio, says that if a qualified metal roofer is limited on skilled labor, you can remedy this problem by making their jobs easier.

"Create products that are simpler to install. Simple installation equates to ease of installation of a system, saving them time and money over the course of a project," Lord said.

Addressing The Worker Shortage

Farmer, at American Metal Roofs, says, "At American Metal Roofs, we install with employees. Because of this model, we have always grown our installation crews. Over the 18 years of installation, we have developed great training programs. Each procedure in the installation process has been documented step by step in training manuals and in video format.

"All of this information has been put into a four-week training program that will be made available to the metal roofing industry in this coming year. The course mainly focuses on metal shingle installation, but does touch on roll formed metal roofs. The course is designed for someone with little or no installation experience. The training is a combination of classroom and practical experience working on roof models built in our warehouse. The fourth week is on a job site," Farmer said.

Additionally, trainees must show competency for each step of the installation process to pass the course, Farmer said. Trainees are trained using speed trims from Isaiah Industries, owned by Miller, in Piqua, Ohio.

"These trims allow the job to be completed in 25 percent to 30 percent less time with better quality. Better efficiencies mean more jobs installed with the same amount of people," Farmer said.



American Metal Roofs has a four-week training program that is designed for someone with little or no installation experience. The training is a combination of classroom and practical experience working on roof models.

Miller, with Isaiah Industries, says that there are many good training programs available, but he does not think that training is the problem.

"Especially with all of the rebuilding from hurricanes and fires snapping up so many skilled workers, we need to make efforts to raise the wages and credibility and recognition of skilled installers. This, of course, also means that those marketing metal roofing need to get better at selling the value of metal roofing, so that they can command a higher price in order to afford qualified and skilled labor for installation," Miller said.

Joe Mellott, vice president of IMETCO, in Norcross, Georgia, says that to help with the metal roofer shortage, IMETCO continues to train contractors and installers everyday.

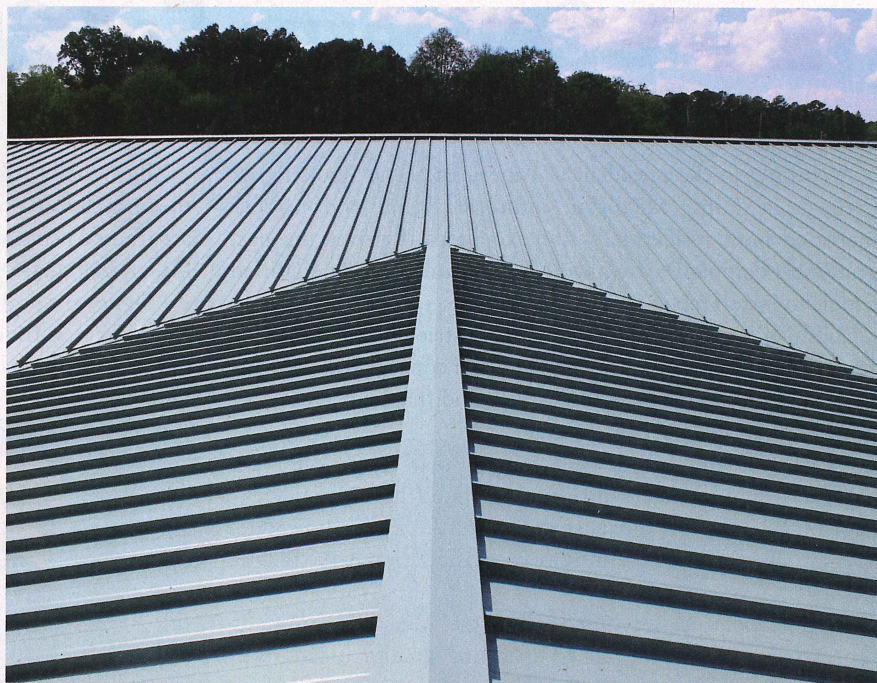
"Whether it's through site visits, installation start-up programs, direct in-house education or by providing time-sensitive communication directly to the installer, we always find a way to assure proper installation of our material. We also select qualified and capable installers to partner with over the cheapest guy on the block," Mellott said.

pipeline is filled; they have contracts that will keep them busy throughout 2018. Additionally, 38 percent of those surveyed said that they are currently working on a project and expect to stay busy all year. And, 22 percent said they are going project to project, but are optimistic. Zero percent of respondents said that they don't have any contracts.

What does this mean for consumers? If you are planning on re-roofing or getting a new metal roof on your home or business, do your research now and get on a metal roofers' pipeline as soon as possible.

Optimistic About Overall Construction Activity

When asked how they feel about the construction activity in their local state for the coming year, more than 55 percent of respondents said that they were "cautiously optimistic" and 28 percent



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COVER STORY



Miller with Isaiah Industries said that the construction activity nationwide for 2018 looks positive.

reported that they were "very optimistic" in regards to 2018.

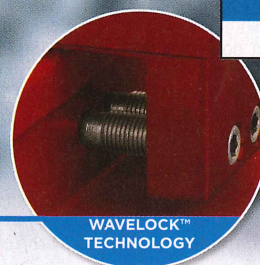
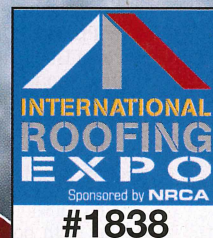
Absolutely no respondents answered that they were pessimistic about the local construction activity of the upcoming year and 0 people also reported that they were even "somewhat pessimistic" about the upcoming year.

Miller with Isaiah Industries said that the construction activity nationwide for 2018 looks positive.

"With the hurricane and fire areas, and a generally strong economy, this will be a great year for retrofit and new construction," Miller said.

Where Will The Growth Be?

Interestingly, this year the majority of respondents estimated that they will see the most growth in their company's contract volume in 2018 in residential housing (65 percent). Last year it was predicted that commercial buildings would



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see the most growth. In this year's survey, this was followed closely by respondents reporting that commercial buildings will see the biggest numbers in growth. Next came agricultural buildings, followed closely by both industrial buildings and institutional buildings (both at 20 percent).

Another expected growth category that was a write-in for 2018, included health care buildings.

Another interesting fact that was reported was that 75 percent of respondents said that they do not expect to see any declines in their company's contract volume in 2018. About 10 percent of respondents said that they expected to see a decline in industrial building contract volume.

As far as geological areas, Miller with Isaiah Industries, said that the roofing industry is driven by weather. "So, anyplace where bad weather abounds, you see folks turning to metal," Miller said. "However, the real key is contractors who know how to market and then get in front of consumers and sell the benefits and value of metal roofing. Good marketing and sales of metal roofing has no geographic boundaries," he said.

Lord, with Garland, says that they see

metal being extremely popular in the eastern United States, particularly in the northeast. "We also have a large push for metal along the southern coast, throughout Texas and California. We do not see this changing in the upcoming year," he said.


Factors Impacting Current Business

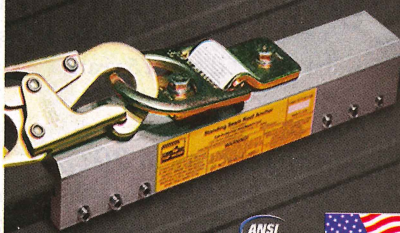
When asked how much is each of the following factors currently impacting your business, the answers were as follows (from having the most impact to having no impact at all):


1. Availability of capable workers, fuel cost, material costs and worker's compensation costs;
2. Cost of metal, labor costs/compensation and predatory pricing by other firms;
3. Building code compliance/permits, employee retention, estimating costs, extending equipment life, product delivery, soft economy, weather and work site safety;
4. Employee training, manufacturing location of materials and OSHA regulations; and
5. Medical benefits and sale/marketing issues.



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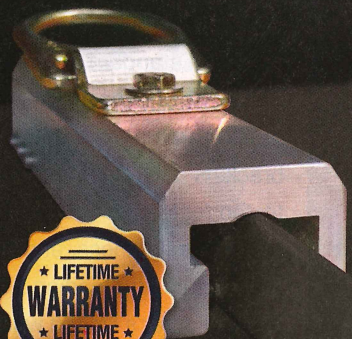
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While 2017 wasn't over yet at the time of this survey, based on the respondent's estimates of where they will finish, 2017 finished very positive for most respondents regarding their GROSS sales. 2017 was, for roughly 40 percent of the respondents, their best year of the past five years and 35 percent reported that 2017 was at least an "average" year, with 15 percent stating that it was "better than most." Zero percent reported that it was their worst year of the past 5 years.

Top Factors To Influence Success in 2018

Top impact factors that will have on the respondent firm's success in 2018 were as follows, in order:

1. Federal budget deficit;
2. Cost of funds (interest rates for loans), and affordable Care Act (aka Obama Care);

3. Employment and Federal Reserve monetary policy;

4. Government regulations and economy/gross domestic product (GDP); and
5. Fuel prices.

Miller with Isaiah Industries makes an interesting point saying that social media also plays a role with success factors.

"Social media is something that is ever-changing so, anyone using it is always 'chasing' things a bit but, no doubt about it, social media is a great way to get in front of contractors and property owners cost effectively. The ability to manage and automate marketing to interested consumers is also big for us," Miller said.

Lord with Garland said that their team approach is what has helped them be successful in recent years and they will continue this in 2018. "Our national team of technical representatives is a major factor in the company's success each and every

year. Our representatives know our systems down to the very minor details and provide unmatched service to contractors, designers and customers. When the right team is working as a unit to accomplish a similar goal, success is inevitable," Lord said.

Other Future Concerns Addressed

Farmer said that he doesn't have many other concerns except for "staying ahead of everyone in marketing."

"Marketing is changing rapidly. The mainstays of marketing such as print, radio and television are less effective. The Internet is now responsible for over one-half of our sales," he said.

Furthermore, Farmer said that the way their customers are reaching us on the Internet continues to evolve.

"First it was through their personal computers. Then we saw a large segment develop using their smart phones. Now we are seeing a new wave of communication being created. Homeowners using their Internet talking devices, such as Google Home or Amazon Echo will ask for company recommendations. These companies will be offering recommendations from a list of prescreened companies. These leads will come at a cost similar to buying leads from the Internet," Farmer said.

Lord, with The Garland Company, says that his biggest concern going into 2018 is the "rising cost of raw materials, especially now with the spike in steel that was experienced in 2017," he said. "But proper planning and forecasting can go a long way to help reduce the effects of higher raw material costs," Lord said.

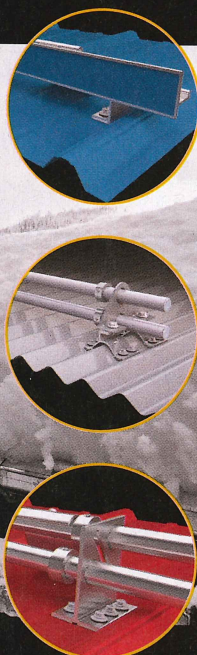
Miller adds: "I think that, as an industry, we need to protect ourselves by really emphasizing the quality of raw materials and coatings. When property owners purchase sub-prime products, they must be aware of that fact and aware of the risks. Metal panel manufacturers hold the sole responsibility for carrying this critical torch, for the ongoing success of our industry," he said.


"I do think that, between increases

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in raw material costs and labor costs, we need to improve our ability to sell the value of what we offer. Metal roofing is unmatched in terms of durability, protection and other benefits for most structures. Property owners need to

fully understand those benefits and it's our responsibility to carry that message," Miller said.

Mellott with IMETCO says that he is most concerned about the continued intentional commoditization of the trade

including all facets of roofing. "Cheap does not equal value. Initial cost does not equal long-term financial performance," he said.

"While there is always (in any industry) downward pressure for products and services, we have been able to maintain our market price by providing exceptional design services, coupled with custom engineering and detailing, while providing A+ quality to our customer. Someone will likely always be able to provide a 'cheaper' solution; our goal is to provide best value," Mellott said.

Looking Ahead

For 2018, Miller, with Isaiah Industries, says that there are huge opportunities abound.

"The economy is strong and consumer interest is high. Metal has also proven itself to be a good product for hurricane and fire areas. Much of the restoration and rebuilding in those areas is going to be with metal roofing."

One of the things that Farmer, with American Metal Roofs, is most excited about going into 2018 is the ability to continue to grow with a solid installer base while most others will struggle.

Some of the biggest factors for American Metal Roof's success over the past year, according to Farmer, has been "The ability to generate quality leads, a well-trained sales force and high-quality installers," he said.

"The future is bright for metal roofing. As the industry grows, finding good craftsmen will be an ongoing concern. Training centers for metal roofing installers such as the one we have is necessary to meet the shortage," Farmer said.

"The industry needs to come together and standardize the trims and flashings so that an installer who is trained in one product will have the ability to install multiple products. This is not the case today. Trims vary widely from manufacture to manufacture. Standardized trims and installation methods would go a long way towards solving the labor shortage," Farmer said. **MR**

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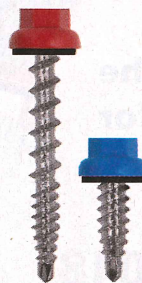
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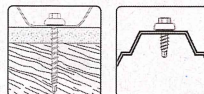
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