Please enjoy this free preview issue of ICAA’s Insulation Contractors Report!

Our bi-monthly magazine contains concise, understandable, and actionable information, and is mailed and emailed six times a year to all ICAA members.
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Wheels Up!
I always enjoy a few days working away from the office… when the wheels of the plane leave the ground and I can focus on the opportunities and challenges that are facing my business. **SEE PAGE 3**

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Wheels Up!

Terry Burnham, ICAA President
Email: terry.burnham@insulate.org

For many of us, one of the perks of our job is to be able to travel to different parts of the country for business-related activities. I always enjoy a few days working away from the office, where I’m not involved with the day-to-day business. I’m always amazed at how good it is for me when I spend time at work away from the office. Something magical happens when I feel the wheels of the plane leave the ground and I can focus on the opportunities and challenges that are facing my business. The expression that I “couldn’t see the forest for the trees” comes to my mind as a way to describe what happens to many of us in our typical workdays. And now an opportunity comes again to feel the magic.

The 2021 ICAA Convention and Trade Show will be held September 23–25 at the stunning 600-acre JW Marriott San Antonio Hill Country Resort and Spa, only 20 miles from the hustle and bustle of downtown. In my opinion, this is the nicest resort that has ever hosted an ICAA Convention. The JW Marriott resort boasts two 18-hole PGA-certified golf courses (ICAA is planning a golf outing on Wednesday 9/22), walking trails, a sprawling aquatic park, and the largest spa in Texas. In fact, you may want to consider bringing your entire family and spending a little extra time.

This annual industry event is your one-stop shop to learn, network, and discover the latest insulation industry products and services from the best in the business. Every year, ICAA builds an educational program based on attendee feedback and timely industry trends, including sessions that run the gamut from business operations to building science. The star of the show, however, is the accompanying Trade Show which features a lineup of the insulation industry’s leading suppliers and manufacturers as well as other complementary businesses. You’ll be able to rekindle your relationships with your fellow insulation colleagues.

Every year, ICAA builds an educational program based on attendee feedback and timely industry trends, including sessions that run the gamut from business operations to building science.

For 2021, ICAA is working on a carefully organized educational program and schedule that takes into account social distancing and health and safety protocols. ICAA encourages all industry vendors and exhibitors to shine up their booths and set up shop on the ICAA Trade Show floor.

In my previous letters, I promised ideas that make sense (cents) to your business. At ICAA 2021, I am absolutely sure that you will be able to secure better-than-normal deals on an array of products and services. In fact, at the last ICAA Convention and Trade Show, my company was searching for a new blow machine. We purchased one for a substantial discount that was only available at the ICAA Convention and Trade Show.

The theme of this year’s ICAA Convention and Trade Show is “Back in the Saddle.” Personally, I am so ready for this Convention to happen. Both my wife and I have received our vaccinations which gives us the feeling of receiving a Get Out of Jail Free Card. This Convention at the incredible JW Marriott in San Antonio will be the insulation industry’s celebration of coming back together after a rough year. I look forward to seeing you in September at our ICAA Convention and Trade Show in San Antonio!

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ICAA WEBINAR: You Have Insurance – But Are You Covered?
TUESDAY, JUNE 8, 2021, 1:00 PM EASTERN

Presented by ICAA’s insurance partner, Federated Insurance

Business insurance (CGL) policies can be complex and confusing. Join us for a discussion that focuses on the top coverages and exclusions that insulation contractors care about. This conversation will give you a better understanding of how to take more control of your company’s insurance needs and risk management.

We’ll also discuss Additional Insured endorsements and the difference in coverage impact between an ongoing operations Additional Insured endorsement and a completed operations Additional Insured endorsement.


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Every three years, the International Code Council (ICC) goes through the process of updating the building codes outlined in the International Energy Conservation Code (IECC). The IECC is the model energy code in the U.S., and updates to the 2021 edition were just finalized by the ICC. Changes to the codes come from ICC staff, industry groups, government, and the general public. The 2021 IECC contains a large number of changes that impact building energy use.

The 2021 Residential IECC calls for increased R-values in attic, slab, and continuous insulation for walls. It also includes new options in the prescriptive tables for insulation on wood-framed walls and basement walls. Increases were also made to performance requirements for windows in most climate zones. The table below highlights the insulation R-value changes, and the cells outlined in yellow indicate a change from the 2018 code to the 2021 code.

New to the 2021 IECC is a section for “Additional Efficiency” measures. Beyond the typical “mandatory” and “prescriptive” or “performance” requirements, builders will also have to achieve an additional 5% energy savings. This can be done through the “performance” methods (energy modeling or ERI scores), or by selecting one of five options from a new section in the code. The options include:

- Enhanced envelope insulation
- More efficient HVAC equipment
- More efficient hot water system
- More efficient ducts
- Improved [reduced] air leakage.

The 2021 IECC also has updated the climate zones used to determine where energy conservation measures in homes are required. Climate zones (CZ) are defined at the county level and are based mostly on winter and summer temperatures. This update to the climate zones is based on measured weather data over the past 50 years and resulted in about 10% of the counties in the U.S. changing the CZ they are in. In most cases, the shift is to a lower CZ, reflecting a general warming of the climate in those areas.

While the 2021 code has been released, it typically takes states and other jurisdictions one to five years to adopt the latest codes. As a result, we will start seeing these changes more frequently within the next five years. Additionally, adoption of the IECC is decided at the state level. You can visit www.insulate.org/state-energy-code-requirements/ to determine which version of the IECC your state is currently using. Notably, there were a significant number of changes to the 2021 IECC. For a more thorough review of the entire spectrum of changes to the 2021 IECC, you can view this webinar by Pacific Northwest National Laboratory www.energycodes.gov/resource-center/training-courses/what%E2%80%99s-new-residential-provisions-2021-iecc.

For 2021 IECC changes to the Commercial section, please visit www.jm.com/en/blog/2021/march/updates-to-the-2021-commercial-iecc-.

To learn more about these changes and read the full article, please visit: www.jm.com/en/blog/2021/march/insulation-updates-to-the-2021-residential-iecc/.

<table>
<thead>
<tr>
<th>Climate Zone</th>
<th>Ceilings</th>
<th>Wood Frame Walls</th>
<th>Basement Walls</th>
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<tr>
<td>1</td>
<td>30</td>
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<td>13</td>
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<td>49</td>
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<td>3</td>
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<tr>
<td>4</td>
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<td>60</td>
<td>20 or 13+5</td>
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</tr>
<tr>
<td>8</td>
<td>49</td>
<td>60</td>
<td>20+5 or 13+10</td>
</tr>
</tbody>
</table>
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ICAA WEBINAR: Prevailing Wage Jobs: Step-by-Step Guidance

Members can view this webinar by visiting: www.insulate.org/prevailingwagestepbystep

The federal Davis-Bacon Act requires that contracts for building construction financed in part by the government include provisions requiring contractors to pay wages as determined by the U.S. Department of Labor. These are called “prevailing wages”.

As the government gears up for increased funding of “green” and infrastructure projects, our industry will be a beneficiary of these projects. There will be greater opportunities for insulation contractors to bid on projects to insulate and air seal buildings under “prevailing wage” government contracts.

ICAA produced a webinar for its members who wish to or who perform work on prevailing wage projects. The objective of this webinar is to provide simple, non-technical guidance to help insulation contractors better understand and fulfill their obligations under the Davis-Bacon Act, from the initial bidding phase to the contracted work phase and the paperwork retainage phase.

The webinar starts by walking through the earliest involvement with the project. Then it focuses on the Department of Labor’s Wage Determination document, typically provided by the General Contractor. The Wage Determination and Classification is used to construct the bid, as the insulation contractor is responsible for classifying each worker properly.

During the webinar, we discuss:

- Which employees must be classified as “prevailing wage” workers.
- The proper worker classification on the Wage Determination, which is based on the actual work being performed by that worker.
- How to classify foremen, management personnel, and owners who work on the project.
- The use of 1099 workers/independent contractors.
- The use of apprentice, trainee, and helper labor to lower your bid price.
- Common challenges using the Wage Determination. One example is when the Wage Determination does not include a classification that covers your specific work in the project. A “Conformance Request” can be filed.

In the webinar, we also go through:

- The “Site of Work Rule”, which represents a clear bidding advantage for insulation contractors since prevailing wages are to be paid at the worksite only – not at the warehouse loading/unloading, and not during travel to/from the worksite!
- A Sample Payroll Form and the incorporation of the fringe benefit requirement into the payroll equation. We discuss the fringe benefit offset and show examples of how this can be used in the payroll calculation.
- The computation of overtime for regular employees and for employees who perform two different types of work at the project.
- Recordkeeping and reporting requirements of the prevailing wage project, such as weekly certified payrolls. Employees must be paid no later than 7 calendar days from the end of the payroll period. We go through sample payrolls to show you common and problematic entries and discuss the payment of overtime based on the applicable prevailing wage for nonexempt employees.
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ICAA's new educational training program, ICAA Gateway®, is the training method of the future for SPF helpers. Say goodbye to the 100-page packets and PowerPoints of the past. Training has been transformed! ICAA Gateway® allows insulation contractors to seamlessly incorporate this 3-part online program into their training agenda. Great for new employees and refresher class!

ICAA Spray Foam Task Force Chair Brian Cote’ said, “training is critical” for those involved in the spray foam job. ICAA Gateway® provides safety training for SPF helpers and is not tied to any specific SPF product. Here are some features of ICAA Gateway®:

◆ **Online access.** Online training so your helpers don’t have to lose production time.

◆ **Spanish language version.** Entire content available in Spanish, including the short exams at the end of each of the 3 modules.

◆ **Cost effective.** Will not break the bank! Other industry programs cost upwards of $200 for each trainee. ICAA Gateway® is priced at a nominal $29 for members and $25 each if four or more are booked. Also, each member gets two free codes to access the training, testing, and certification. Contact icaa@insulate.org to request your free access codes.

For more information and to watch a short trailer about ICAA Gateway®, visit www.insulate.org/gateway.

“I THINK THIS IS GREAT FOR GUYS GETTING INTO THE BUSINESS. IT DOESN’T TAKE A LOT OF TIME AND IT HAS SOME GOOD INFORMATION IN IT. I THINK THIS WOULD BE A GREAT TOOL FOR COMPANIES TO USE WHEN HIRING NEW EMPLOYEES AND COULD BE USED IN STARTUP TRAINING.”

- BRIAN TERPSTRA, NU-SEAL FOAM TECHNICIAN, NU-WOOL CO., INC.

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ICAA President Terry Burnham called me recently asking if I would share some insights from my 40+ years of experience helping insulation contractors understand how they can increase the value of their individual businesses. After being involved in over 70 acquisitions through the years and representing both buyer and seller, I learned at the end of all those negotiations the value of the business is determined by its overall profitability, as well as the quality of the decisions made by the business owners each day for the benefit of their employees and customer. I am going to share my experiences on how to improve overall profitability, which has a direct impact on the value of your insulation business. As we all know, the two key factors in profitability are revenues and costs. We are going to focus on revenues and our focus on costs will be provided in a future edition of this newsletter.

For years I’ve said that owning a business is like playing monopoly and continuously asking the question: where do I put my limited resources.

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Spotlight: Increasing The Value Of Your Business
continued from page 12

to make the most money? All of us have limited resources, particularly in today’s operating environment with limited materials, increased labor costs, and the amount of capital required to purchase foam trucks and related equipment. For business owners, this begs you to ask where you are investing these limited resources and if the investments being made today are truly increasing the value of your company.

When working with an insulation contracting business, my first question to the owner is “Who is your best customer and why?” The answer is usually “XYZ Construction because they are my largest customer.” But after going through the following exercise, that answer almost always changes.

First rule of thumb is this: less than 20% of your customers generate 80+% of your business. Acknowledging this, the owner first lists the customers who make up 80% of their business. We then create two columns, one is labeled “Profitability” and the other is labeled “Payments.” Then each customer is rated based on a scale starting with 1 (no/low profits) to 10 (high/highest profits), and 1 (no/slow pay) and 10 (exceptional/prompt pay). We then add the two numbers together and customers rated at “15” or above become the “highly valued” customers, customers rated 8 to 15 are the “good” customers, and customers rated 8 or below are the “marginal” customers. After reviewing historical sales based on these three categories, the owner quickly determines that most of its business, their limited resources, and most of their management time is spent with the marginal customers.

The hardest and most important thing you can do to improve your overall profitability is provide exceptional service to the highly valued customer, good service to the good customers, and acceptable service to the marginal customers. It is important for each and every person in your organization to know who the valued customers are and make sure your limited resources are laser focused on them. My long-term experience applying the above strategy usually results in a company losing a few marginal customers. But the benefits are not all bad – your profits go up, and your cashflow improves.

<table>
<thead>
<tr>
<th>Customers</th>
<th>Profitability</th>
<th>Payments</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>ABC Contracting</td>
<td>8</td>
<td>8</td>
<td>16</td>
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<tr>
<td>Arnie’s Home Builders</td>
<td>5</td>
<td>10</td>
<td>15</td>
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<tr>
<td>Manor Home Builders</td>
<td>9</td>
<td>6</td>
<td>15</td>
</tr>
<tr>
<td>Nuance General Contractors</td>
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<td>8</td>
<td>14</td>
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<tr>
<td>Penultimate LLC</td>
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<td>10</td>
<td>13</td>
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<tr>
<td>Dunn-Right Homes</td>
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<td>9</td>
<td>11</td>
</tr>
<tr>
<td>OBX Homes</td>
<td>7</td>
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<td>Tri-State Homes</td>
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<td>10</td>
</tr>
<tr>
<td>EverRight Contractors</td>
<td>6</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td>XYZ Construction</td>
<td>3</td>
<td>3</td>
<td>6</td>
</tr>
</tbody>
</table>

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Tax Credit Promotional Images – for ICAA Members Only!

The federal government has extended the federal 25C tax credit program to December 31, 2021. Section 25C Tax Credit for Qualified Energy Efficiency Improvements offers a 10% tax credit up to $500 for homeowners for qualified energy-efficiency upgrades such as building insulation.

Let your customers know they can earn the 25C Tax Credit with insulation upgrades in their principal residences through the end of 2021! Download our promotional images for your website or flyers and other materials. You can also send the images to your local printshop for printing as stickers and postcards – or even truck decals!

All images are available in both vertical and horizontal versions.

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JOIN US FOR ICAA 2021 and Get Back in the Saddle!

The ICAA Convention & Trade Show will be back and better than ever in 2021! This annual industry hotspot event is your one-stop shop to learn, network, and discover the latest products and services from the best in the business.

Every year, ICAA builds an educational program based on attendee feedback and timely industry trends, including sessions that run the gamut from business operations to building science. The star of the show, however, is the accompanying Trade Show, which features a lineup of the industry’s leading suppliers and manufacturers.

For 2021, ICAA is working on a carefully edited educational program and a schedule that takes into account social distancing and other safety measures, and we are encouraging all previous vendors and exhibitors to shine up their booths and set up shop on our trade show floor.

Check the ICAA Convention webpage (www.insulate.org/convention) frequently for updates & details as they are released. See you in San Antonio September 23–25!

Interested in becoming a sponsor or exhibitor? Let us know! icaa@insulate.org

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