

# SHOP TALK

1st Quarter 2009 - Schuck & Sons Construction, a proud employee-owned company - [www.schuckaz.com](http://www.schuckaz.com)

## From the President's Desk



Craig Steele  
President, CEO

The economy has been officially declared in a recession since December of 2007. The housing industry has been in a recession for much longer than that. It has been 18 to 20 months since the housing market collapsed. 2008 has played out to be one of the toughest years in memory for construction. 2009 will most likely be no better. The grind that everyone has gone through will continue throughout next year.

The shift to commercial work has proven to be a wise strategy. The most visible job is the Weitz Sagewood project. Its timely start will help us through the next few months and it is our hopes that phase two will begin with no delay between phase one. The estimators are working on several more large projects to secure for us to balance out the lack of single family home starts predicted for next year.

In this tough market where low bid is the theme of the day, it is important that we search for ways to differentiate

ourselves from our competition. That can come in many ways. Quality, production, cooperation, reduced cycle time and safety are a few ways that come to mind. A combination of all of those is ultimately where we want to be. Everyone should be focused on these as well as other means to establish a differential.

Interest rates remain low and housing prices are near affordable levels. Consumer confidence is weak due to the economic uncertainties and job losses. Sales of new homes will likely remained depressed until the foreclosure rate on existing homes is brought under control. The most threatening thing facing the industry in the short term is the commercial sector starting to slow down. If the commercial market dries up before residential construction starts to rebound, we could see the recession lasting into 2010 or 2011.

As we enter a new year, hang tough, work safe and look for cost savings everywhere. The economy will rebound at some point and housing will lead the recovery.

## Lumber Yard News

The year 2008 came to an end. We all knew it had been a very rough ride. But with everyone's help in cutting down on the waste of labor and materials we made it.

Some of the things we did last year to help

1. Keep our inventory down, buy as we need it for the orders
2. Having the truck drivers shut their engine off during loading and unloading, saving on the fuel
3. Shop around for the best prices for hardware, lumber and fuel
4. Manufacture a product out of another, this saves on our cash flow
5. Work with the other departments to see if they could help with any material that might be going to the same area, saving one extra trip

With improved labor efficiency and waste reduction efforts we will remain competitive and profitable.

*Butch Taylor*  
Lumber Yard Manager

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## Board of Directors

### Schuck & Sons Construction Co., Inc.

#### Chairman:

Craig Steele - Schuck & Sons - President

#### Board Members

Tony Carollo - Syntellect Retired

Keith Matheney - Louisiana Pacific Retired

Steve McConnell - Solano Ventures

#### Board Members Emeritus

Jackye Schuck-Powell - Schuck & Sons Retired

Jim Liem - Schuck & Sons Retired

## Dewey News

Lots of neat stuff going on up here in the cool country of Dewey. The start flow is down, as it is everywhere else, there is still work out there to be done and we are taking a very positive approach towards it. We have added a new salesman to the Payson area his name is Phil Allaire. Phil is very motivated and excited to help us grow in that region. Gary has left us to join the Chino Valley police dept, It has been a passion of his to serve as an officer for as long as he can remember, he will be missed. Tiffany Albritton has rejoined us and is a Great addition to the team!

To increase sales we have brainstormed and come up with the "win-win" idea of a consignment program for building materials. We have been sending out letters and been following up with phone calls to different vendors. The response has been positive beyond belief and the store is filling up with cabinets, sinks, tubs, flooring and more! Everyone has been working their butts off to make this happen and it is quite exciting. We will be having a huge sale the first weekend in February and hope to have 500+ through the door and plant a day. Mike Corriere and Dave Leidy have been working diligently on getting all this in Axapta and also seeking out the best deals for our tool display. It is all very exciting and the energy up here is huge!

Sean Young  
Dewey Manager

## News from Catalina

Busy building homes in the new SaddleBrook Ranch area, Robson finally welcomed the first homeowners, a couple from El Paso, Texas. They were the first to move into the new community and are very excited about it. They were quoted as saying, "From the sales people, construction people, and the mortgage company arranging the financing...Robson Communities is such a quality organization." At the present time there are sixteen homes built by Schuck and now there are seven occupied homes.

Another building in the construction phase is the new state-of-the-art Sports, Spa & Aquatics Center framed by David Hobbs, Pedro Magallanes and crew. Preliminary plans include an outdoor pool with lap lanes, tennis & pickleball courts, billiards, fitness, massage, yoga & dance rooms. For those out of state snow birds looking for a playground and a view of the majestic mountains this will be a great home.

Dave Affolter and his crew completed the Opus project in east Tucson with great reviews. This was quite a lengthy project that included numerous hollow metal doors and hardware as well as all the stain grade doors, jams and baseboard in the common areas. Great job done boys!

### Following is an article from the Tucson Daily Star;

*Many experts say foreclosures flooding the market have fueled the plunging values of Tucson homes. Data from the Tucson Association of Realtors shows the median price of a home sold here last year dropped from \$203,500 in January to \$167,900 in December. More foreclosures are expected to hit the market in coming months.*

*"The price point for the foreclosures is so significantly lower because the banks have got to dump the properties. It pulls down the values of other homes," said Rosey Koberlein, chief executive officer of Long Realty.*

*A December report from Moody's Economy.com said the downturn in Tucson's housing market has placed the construction industry in a "free fall" and that Tucson "will experience a more pronounced downturn than the U.S. because of the fallout in the housing market."*

Elissa Craig  
Tucson Office Mgr.



### CERTIFIED TRADE CONTRACTOR

This contractor has been certified as complying with a quality assurance program through periodic reviews by the NAHB Research Center, Inc. This certification is not a representation, warranty, or guarantee of contractor performance. For warranty details, consult the contractor.

**Schuck & Sons Construction**  
100% Employee Owned

### Schuck Hotline

We have set up a hotline for our shareholders (Employees) to use to report any violations of company policies outlined in the employee handbook. The email address is hotline@schuckaz.com. Any email sent to this address will be directly forwarded to one of the board members of Schuck and Sons Construction.

## Time to ROCK 'N' ROLL

Early last August I began my rounds of asking people who wanted to participate in the PF Chang's Rock 'N' Roll Marathon and 1/2 Marathon to be held on January 18th, 2009, with Cindy Luna, Molly Decker and myself. It has been some what of a tradition since 2007 for the three of us to run the 1/2 Marathon (13.1 Miles). Last year (2008) there were five of us total who entered the 1/2 Marathon and this year.....well.....Lets just say many of you showed interest in it but only few would eventually commit to it. Out of the 30-40 people that showed interest it was finally decided (with a bit of persuasion and a partial sponsorship) that 19 of us would inevitably complete the 1/2 Marathon entry form, sign, and write that check. One even took the challenge and entered the full Marathon. (26.2 Miles) So with that....We were entered! It was a bit of a trial to get all of us together to start training together due to the different time schedules. But I believe each of us in our own way trained there way to success with their individual goals in mind. However, close to race day it seemed as the original 19 were dropping like flies for what ever reason or another. I mean come on.....Cardinals to the NFC Championships....Not to mention the SUPER BOWL!!!! Who knew?? But none the less the final 13 continued with their commitment and made it to the start line. AND YES WE ALL FINISHED!!! A few blisters, some sore muscles, but all with a big smile on their face we all came across. With that said, please take a moment to congratulate all that participated. GREAT JOB!!! YOU ROCK!!!!

### 1/2 Marathon Runners

Andrew Cortez, Elise D'Nastico, Greg Foster, Bruce Pennington, John Ducatt, Scott Schuster, Bertha Ceballos, Ernie Gonzales, Natalie Foster, Donovan Gielow, Jay Ramirez, Andrew Cortez JR (IV), Amber Cates-Anderson

### Full Marathon Runners

Jason Needler



Our very own Jason Needler on the far right

Amber Anderson  
Lumber Buyer

## Mission Statement

To be the most honest and ethical trade partner of choice. To provide superior carpentry labor and building components to the residential and commercial construction industry. To foster a work environment that encourages new ideas, new innovations and growth.

## Truss Plant

We are having some success with outside sales. Jeff Mills has been doing a great job. We have been using VMI lumber pricing to keep our inventory low and prices more competitive by using a month by month lumber cost. Jeff has recently picked up three schools in Sedona, the estimating team is working on submittals now. We will be shipping 75'-0" timber trusses to Sedona. We will have to build them in the yard then dis-assemble them in half for delivery. We are currently working on 64 timber trusses for Weitz at Sagewood. (See photo below). Ismael Ramirez is doing a great job of quality control on the timber trusses. The estimators are working hard bidding new projects and constantly re-pricing existing ones. The drivers are staying busy, even though starts are down; many deliveries are in Tucson and Prescott. Ernie Gonzales has been doubling up loads whenever possible to reduce driver time and fuel.

The plant has been on schedule for the last few months. There are currently 21 assemblers, 7 saw-men, 3 delivery drivers and one packager working in the yard.

Greg Foster  
Truss Operations Manager

## Vision Statement

To be established as a national manufacturer and supplier of building components and an employer of choice through our use of leading edge technology, our dedication to superior value-added service and our commitment to creating exceptional shareholder value.

## Customer Care

These days we are wearing many different hats it can be overwhelming at times although we can't forget on the impact of good customer service vs. bad. The People aspect of business is really what it's all about. If we think of customers as individuals our business is our customers, products and services. Putting all the focus on the services or products our company offers, leaves out one part of the component: each individual customer. Hope everyone enjoys this article!

**1. Remember there is no way that the quality of customer service can exceed the quality of the people who provide it.** Think you can get by paying the lowest wage, giving the fewest of benefits, doing the least training for your employees? It will show. Companies don't help customers... people do.

**2. Realize that your people will treat your customer the way they are treated.** Employees take their cue from management. Do you greet your employees enthusiastically each day; are you polite in your dealings with them; do you try to accommodate their requests; do you listen to them when they speak? Consistent rude customer service is a reflection not as much on the employee as on management.

**3. Do you know who your customers are?** If a regular customer came in to your facility, would you recognize them? Could you call them by name? All of us like to feel important; calling someone by name is a simple way to do it and lets them know you value them as customers.

**4. Do your customers know who you are?** If they see you, would they recognize you? Could they call you by name? A visible management is an asset.

**5. For good customer service, go the extra mile.** Include a thank-you note in a customer's package; send a birthday card; clip the article when you see their name or photo in print; write a congratulatory note when they get a promotion. There are all sorts of ways for you to keep in touch with your customers and bring them closer to you.

**6. Are customers greeted when they walk in the door** or at least within 30-40 seconds upon entering? Is it possible they could come in, look around, and go out without ever having their presence acknowledged?

**7. Give customers the benefit of the doubt.** Proving to him why he's wrong and you're right isn't worth losing a customer over. You will never win an argument with a customer, and you should never, ever put a customer in that position.

**8. If a customer makes a request for something special, do everything you can to say yes.** The fact that a customer cared enough to ask is all you need to know in trying to accommodate her. It may be an exception from your customer service policy, but (if it isn't illegal) try to do it. Remember you are just making one exception for one customer, not making new policy. Mr. Marshall Field was right-on in his famous statement: "Give the lady what she wants."

**9. Are your customer service associates properly trained in how to handle a customer complaint or an irate person?** Give them guidelines for what to say and do in every conceivable case. People on the frontline of a situation play the most critical role in your customer's experience. Make sure they know what to do and say to make that customer's experience a positive, pleasant one.

**10. Want to know what your customers think of your company? Ask them!** Compose a "How're We Doing?" card and leave it at the exit or register stand, or include it in their next statement. Keep it short and simple. Ask things like: what it is they like; what they don't like; what they would change; what you could do better; about their latest experience there, etc. To ensure the customer sends it in, have it pre-stamped. And if the customer has given their name and address, be sure to acknowledge receipt of the card.

Remember that the big money isn't as much in winning customers as in retaining customers. Each individual customer's perception of your company will determine how well you do this and that perception will depend on the level of customer service we provide.

*Letty Gonzalez*  
HR – Customer Service

## New Website

Over the past few months the website has been in the redesign stages. With all the changes going on in the company, the website was due for a revision as well. If the site is not up and running by the time you receive the newsletter, keep checking back we are very close. There will be more news and more interactive items like being able to send in questions or share some of your Schuck experiences. There is a section for frequently asked questions, a section on the history of Schuck along with many other new areas.

*Mike Cook*  
IT Specialist

Visit  
[www.schuckaz.com](http://www.schuckaz.com)  
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Schuck & Sons  
News

## The Mystery Castle

Since we are in the business of building houses, I thought I would share with you the story of Phoenix's own "Mystery Castle".

The Castle is at the base of South Mountain. It was built by Boyce Gulley, who after learning that he had tuberculosis, abandoned his wife and 3 year old daughter in 1930 coming to Phoenix for his health.

With his last few dollars, he picked up a mining claim of some 80 acres. He started building a "Castle" for the little girl he'd left behind. In 1930 the claim was located near the site of what was then the town dump. Gulley used salvaged materials, auto parts, junk and other artifacts he found in the Southwest and in Mexico in the building of his home. He even used parts of the car that he traveled to town in! If there was ever a master plan, it was never disclosed.

He lived longer than he expected to, so for 15 years, without any letters or contact with his family, he worked on the Castle. Then he was thrown by a horse into a cactus. He was used to pains and bruises, so he continued working on the castle over the next weeks, not realizing that a cactus needle had gone undiscovered and was causing infection in his body. Boyce Gulley died in 1945, still working on the Castle he was building for his little girl.

Boyce's wife and daughter were contacted in Seattle and told of their inheritance. His daughter, Mary Lou, saw her castle for the first time when she was just 18 years old. She still lives there today and is one of the guides for the tours.

So be sure to go check out this unique house. The Mystery Castle, 800 E. Mineral Road, 602-268-1581, Admission is \$5 for adults and \$2 for children.

*Tammy Rendon*  
IT Specialist