

# The Installer's Crystal Ball

By George Porter

As I write this article the Super Bowl has not yet occurred. It is the Saturday before the Big Game and all the sports channels and networks are full of predictions. After hearing all these "experts" pontificate with absolute conviction, I cannot resist the temptation of making a few predictions myself and I think I will do a lot better than the sportscasters because obviously half of them will be wrong, there will only be one winner.

I would like to focus my predictions, not on the next Super Bowl, but into the next century. It's not far away and the time for planning could well be now. There is also a degree of comfort in knowing that although the sportscasters will be found right or wrong tomorrow, it's going to take eight years for me.

I predict this industry will divide itself into mini economic environments. Those areas of the country and even sections within a state that have prepared and planned will enjoy a thriving business. Those that have not become progressive may well fade away into virtual non-existence.

There will be a polarization of the industry C the very good and the gone with very little middle ground. This is not a lightly thought out or easily arrived at conclusion. For twenty years my world was quite small and confined to the goings on in Delaware, the second smallest state in the union. As far as I was concerned, the whole industry was simply what I had around me in the immediate area. Oh, of course I knew that there were other parts of the country and they were doing all these various things, but the reality was that I had to deal with the problems I had in my own backyard, and no place else in the country was just like Delaware anyway, so what good would it do me to spend my time thinking about someplace else. Our problems here were unique and we simply had to work them out on our own. This attitude is wrong! I am sorry to say the scope of my thinking was somewhat narrow. This perception severely limits our creativity and has caused the reinvention of many wheels.

In the last twenty-five years, those of us that have been in the business have seen many changes, but absolutely the greatest one occurred in June 1976 when the HUD code appeared. There were predictions that it would wipe out the industry and cause the homes to be so expensive no one on the face of the earth could buy them. No factory could possibly live with the volumes of regulation and control they were now faced with. Hundreds and hundreds of small companies simply closed their doors rather than deal with it. It was the most traumatic point in this industry. It was done to us by the federal government. It was the law of the land and there was nothing you could do about it, and it was absolutely the best thing that every happened to the industry. It gave us rules to live by and made us accountable for our actions. It created a somewhat level playing field for all builders of houses, and it gave the consumer protections he never had before. Some of the best years this industry ever had were following the HUD code. In spite of all the bureaucracy and red tape, our industry is currently producing the highest quality houses it has ever made. Basically the same product is available in every part of the nation. That being the case, how could there be such vast differences in the successes of different regions. The only variable factor is that long term activities of the people involved in the industry in that region. Our industry should be able to create its own economy. Everybody needs a place to live and no one can do that more economically than us.

Some of us have been doing a lot better job at planning than others for years and years and the effects are starting to be dramatic. It has been said that American car manufacturers plan ahead to the next model year and Japanese car manufacturers plan ahead one hundred years. I think it's obvious to all of us today how these management styles are working out. If we only plan ahead to the next sale or get through the next selling season, we are not controlling the future of the industry or even our own destiny, we are simply existing like a fish in a little pond. If the pond dries up or becomes polluted we die and there is nothing we can do about it.

The big revolution we had in 1976 called the HUD code changed the industry. I believe we are currently undergoing a quieter, but not gentler, revolution right now. It is called local regulations. These local regulations are regional work environments. They determine the ability to do business in that region or area and the lawmakers are on the move. I travel either by phone or in person all over this country and I have come to know one thing with absolute certainty. By the year 2000, this industry will be thoroughly regulated by every bureaucrat who has the power to do so.

Also in my travels, I know of no region in any part of the country that is currently enjoying prosperity that did not first initiate, in some cases up to ten or more years ago, industry sponsored legislation to regulate itself. Pro-active is the way to go in law making. Adopt a wait and see attitude and you will wait and suffer. Every single one of us knows of legislation that has been passed by legislators whose education on the subject consisted of little more than fifteen minutes of complaining by an irate citizen. These actions may result in rent control, prohibitive zoning, and endless streams of regulation concerning sales and installation, some of which may border on the absurd and kill industry growth in your area. Be pro-active. Sticking your head in the sand is an open invitation to receive a kick in the seat of the pants.

What can happen when you are pro-active? Let's take the Pacific Northwest as one example (there are many others). The industry and government have joined forces to create communities for the elderly, as well as moderate income, and they are beautiful. Manufactured housing is a very viable choice for any customer of housing in the Pacific Northwest. In fact, the industry has created some definite advantages. The regional power company, called the Bonneville Power Company, has instituted a program in conjunction with the industry where extremely energy efficient homes are built in the factory and installed under strict criteria and supervision. Once completed and inspected by the Bonneville Power Company, either the dealer, or the home buyer, or the manufacturer is qualified for an incentive payment of up to \$3,000. This payment is paid directly from the Bonneville Power Association, because it is cheaper to create energy efficient homes than it is to build new power plants and power systems.

Similar programs are currently under study in North Carolina and other parts of the country. There will be people all over the nation reading this article who will say that good things like that could never happen here because . . . and there will be other people in other parts of the country who will not be able to think of a reason in the world why similar great ideas cannot happen where they are. These attitudes will definitely determine the success of the industry in their respective areas.

Someone once said "if you always do what you always did, you'll always get what you always got." To me that means if you are active and progressive, you will survive and prosper. If you adopt a let the other guy do it or a do nothing let's wait and see attitude, you will be on the decline. The status quo is impossible to maintain. You will be regulated, will it be your ideas of

theirs? That's what is going to make the difference in this industry. The good part is there is still time to choose.

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