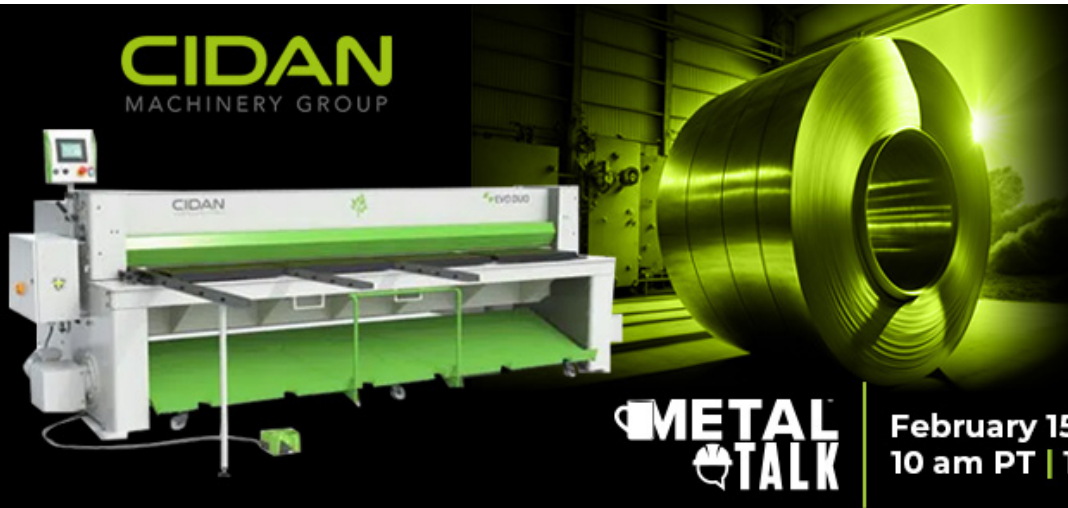


# METAL TALK™



## FORMING THE FUTURE

How to Start a Sheet Metal Shop



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**Heidi J. Ellsworth**  
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**PANELIST**  
**Chandler Barden**  
CIDAN Machinery Group

**Heidi J. Ellsworth:**

Hello, everyone. My name is Heidi Ellsworth, and I'm with MetalCoffeeShop. We are here today for MetalTalk. Thank you so much for being on today. I am so excited about this conversation. We are really looking at how can we bring more people to metal. We want everyone to be involved in that. A big part of that is when we talk about sheet metal shops. We've brought in the experts from CIDAN to talk about that. Before I go into introductions, I do want to remind everybody that this is being recorded and that we will be sharing this on demand within the next 24 hours.

We also are going to open up the chat. Please come into the chat, introduce yourself, tell us where you're from, if you already have a sheet metal shop or not. Just give us some background and some history. We'd love to have questions throughout the entire hour that we're going to have here with MetalTalk. Let's get started. I am very happy to introduce Chandler Barden with CIDAN Machinery as our guest today to talk about how to start a sheet metal shop. Chandler, welcome to the show.

**Chandler Barden:**

Thank you. Thank you. Thanks for having me. Looking forward to talking about how to start a sheet metal shop and trying to pass on a little knowledge that I've developed over the last decade or so working in the industry.

**Heidi J. Ellsworth:**

I know I am actually really looking forward to this. I'm looking forward to learning a lot. Well, before we get started, why don't you go ahead and introduce yourself? Tell us a little bit about your career and also about CIDAN.

**Chandler Barden:**

Sure. As the slide slide says here, I started with CIDAN Machinery in 2012. I started in individual sales, and then I went to sales manager as we grew the company. Back then, we were a much smaller company than we are now. I worked about eight years directly in sales. And then in 2020, I moved over to the president role and helping our team scale the company and grow, make sure we're taking care of our customers, make sure we're developing what the market needs, and moving in the right direction. For those of you who don't know who CIDAN Machinery is, we are a machine manufacturer whose headquarters is in Sweden.

Our North American headquarters is in Peachtree City, Georgia, and we manufacture sheet metal cutting and forming machines primarily for the architectural market. We also are in the industrial precision market, but the bulk of what we do volume wise is definitely the architectural market. That can go into high-end architectural buildings with custom wall panels. That can go into ag buildings and pole barns. It can also go into roofers like we're addressing here. Everybody from a mom and pop's sheet metal roofing shop to large publicly traded corporations. We pride ourselves for the architectural market on being the one-stop partner.

We can completely outfit your shop and almost all of the machinery that is needed and software that is needed for the architectural fabrication industry.

**Heidi J. Ellsworth:**

Wow. Perfect. Perfect. Let's start talking about this. I do want to remind everyone, the chat is open. We also have our Q&A. If you have questions, I'm going to try to address some of those as we go through this hour, instead of holding them all the way until the end. Feel free to ask questions as we go. I love the fact that we're getting some great folks already on messaging us in the chat. I do want to just say,

Chandler, we have Christine Scott on here who said she opened a shop 12 months ago in the DFW area. I'll take any nuggets of wisdom you've got.

We're on. Okay, here we go. First off, let's talk about what is a sheet metal shop. For many of you out there, you're probably going, "Are you kidding? We know what a sheet metal shop is." But maybe everyone doesn't. We wanted to talk a little bit, just lay some foundation. Chandler, what is a sheet metal shop?

**Chandler Barden:**

A sheet metal shop in the context of what we're going to be referring to most of today is going to be an architectural sheet metal shop, a fabrication shop that is cutting and forming architectural parts. That can be cosmetic, as well as waterproofing parts, so edge trim, panels, also like aesthetic architectural panels for cladding on buildings. There is a variety of different types of sheet metal shops within the architectural market. There's companies out there like A. Zahner or MetalTech USA who specialize in just making very high-end architectural parts. Those can go on museums and new buildings at universities, skyscrapers, all different types of buildings.

Today, we're primarily going to talk about starting a shop. Most people are going to go after, hey, I would like to supply the form trim and the form panels for the local roofing market around my area, and more a regional focus there. We're going to talk about the basics of what to focus on when you're looking at equipment, what to focus on when you're looking... I mean, we can get into what to think about when looking at a facility, a location, and then also the financial side, the employee side, all that kind of stuff.

**Heidi J. Ellsworth:**

Really we're talking about all types of metal, right?

**Chandler Barden:**

Yes. Oh yes, yes. Primarily what these type shops are going to be using or forming is going to be mild steel, pre-painted mild steel. Primarily in the roofing market, when you take out the agriculture and the pole barn side, you're going to be looking at Kynar coded material, which Kynar is it's a type of coating, fluoropolymer resin coating, and that's used to protect the actual metal from the elements outside when it's on the exterior of a building. Now, of course, a lot of shops, they do copper. You'll get the copper orders, and the copper is high-end work that has good margin. People want to be able to do that as well.

One of the slide here, we talk about shops in the past. One of the real big selling points or attractions for shops in the past was a relationship. Hey, I know Chandler up the road. He can make all these different types of trim that I need. I know he's my go-to guy for that. That's still around and that's why a lot of people do different types of metal, including that copper, is because they want to be able to supply their customer base with whatever they need. Today's shops, we get into a faster pace of business today. I mean, we all experience that. Everybody expects everything yesterday. The turnaround time is key for a lot of the newer shops today.

They're pushing for ways to improve that, and that can be through software, or that can be through their ease of ordering or the efficiency of their operation. The older shops, as they try to bite off more, they become a little more inefficient. They don't bring in lean manufacturing principles into their shop and their turnaround time gets drawn out, and that pushes away some customers.

**Heidi J. Ellsworth:**

And that's what we're going to go into, the type of equipment that you need, the type of thinking about that. But I love that, and we're hearing this in the chat too, is that you can't overcommit because you got

to make sure you're delivering. Material shortages and deliveries have been off the charts this whole last year. It's something we've all had to fight.

**Chandler Barden:**

Right, right. Yeah, definitely. I mean, all deliveries have been from equipment side or from the fabrication side of just trim, it's been tough. I think that's a great point, but controlling that the best we can, that's the key success. I've been into shops all around the US, and the guys who do the best are the ones who are really nailing down the turnaround time on the trim to their customers. They're communicating that to their customers and giving them a realistic expectation.

**Heidi J. Ellsworth:**

Let's go through this and talk about... I mean, we have some folks on here who are actually looking to start sheet metal shops, some people who already have them, but are trying to grow them. But really when you look at this, Chandler, when do you know when your company is at the right stage to open up a sheet metal shop?

**Chandler Barden:**

Well, I think that largely depends on the work you're currently doing. Well, let me back up real quick. We're getting ready to go to the IRE, the International Roofing Expo. We see a lot of companies who their owners say, "Hey, I have a roofing company. We've gotten into metal about, I don't know, three, four or five years ago, and we're looking to start forming our own metal." One of the avenues of starting a sheet metal shop is starting a DBA, a doing business as, or starting another company under a different name.

What they're trying to do is they're going to sell their roofing company, the metal that they're going to fabricate, and then they're also going to try to attract in other roofers from the area. That's probably the most common way that we see people starting a roofing sheet metal shop. The other way is, hey, somebody's been working in a sheet metal shop for a while and they want to branch off on their own and get things going on their own because they think they can have a competitive advantage in some way. When you look at the size of a sheet metal shop, you really don't need that many employees.

You only need, I would say, about three to five employees when you start. I mean, really on the lower end three. I wouldn't say anymore. I'm a believer of starting lean, learn your margin, what it takes to earn your customers, and then start to fill out your organizational structure from there. But starting lean to me is key.

**Heidi J. Ellsworth:**

That makes a lot of sense. I like what you said earlier too, really knowing that focus. Are you selling to your own roofing company? Are you doing your own? Where do you find those customers? That really does make a difference in how you're starting and how you're taking off.

**Chandler Barden:**

Most successful shops, like I said earlier, a lot of them focus on turnaround time. But a lot of them also within this industry, they're not coming in as an outsider typically. They typically have some type of connection, whether it's a business partner or whether it's them individually, who are going to come in and they know the market. If you're a roofer and you want to take a little bit more of a gamble and go out and start on your own, you've already probably bought material from what is going to be your

competitors. What are your pain points? What are some things that you've experienced by them that you know can capitalize on?

**Heidi J. Ellsworth:**

Yeah, I love that. We had a comment in here on the metrics of the shop, including the workflow and how you set up your shop. It makes such a difference in that turnaround and in the delivery like you were talking about.

**Chandler Barden:**

Completely. It comes down to not only the workflow, but storage. It would be amazing how many shops you go into and you see the improper storage of coil, the improper storage of flat stock. It's not just the material is going to get damaged, it's also the amount of time it takes. You say, hey, we keep tight books and we have, whatever it is, 100 sheets of 4 by 10 screen out there. We know we do. But to find it takes two hours, that's not efficient, or to uncover it takes two hours, it's not efficient. That's where I need clean, organized lean manufacturing process.

**Heidi J. Ellsworth:**

That makes total sense. As you're looking at that, let's just talk about the equipment. In fact, we have a number of people in the chat who are saying that they have bought CIDAN equipment. That's cool. But let's talk about what are some of the required equipment when you're starting your shop? What should people be thinking about?

**Chandler Barden:**

Well, first off, the people who've purchased the CIDAN equipment, thank you. We really appreciate your business. The required equipment is going to be obviously a... Well, not obviously. I don't know how many new people we have on here, but a folder, which is going to be what's forming the material. It used to be companies would buy hand brakes, which are manual brakes. Larger roofers will have manual hand brakes in their shop. The operators are scribing lines on each side, and then clamping the material, and then manually bending it up. A folder, what we're referring to, a folder here is going to be a CNC folder.

It's going to be computerized, and you're going to more draw out the part. The backage is going to move to a set point based on what you drew, and it's going to form the part faster, more efficiently for you. Again, help for that throughput for a quick turnaround. The folder is for forming the edge trim. It's not for forming the panels. The second is the shear. You're going to buy flat stock. Flat stock's going to come in 4 by 10. Flat stock is just flat sheet of metal that you can buy from various suppliers like Drexel or CMG or somebody like that. The sheets are going to come in. You're going to have to put it into a machine, and it's just going to shear it for you.

It's going to cut it to a width. And then that way if you're making a coping, the coping is the correct width for when you put it in the folding machine. The final piece of machinery that would probably be needed, sometimes not, but probably would be needed is a roll former. These are standing seam machine roll formers. These are for the snap-lock profiles or the mechanical lock profiles or exposed fastener profiles. They're usually portable. I recommend portable machines. That can be a unique selling point for you compared to your competition locally, but they're going to be what forms the panels for the roofs.

And then finally, your hand tools. Your hand tools are pretty basic. I think most roofers have your hand tools already set up. But one thing I want to point out here is when you look at your roll formers, you really look at what's popular in your industry. I'm going to bring this back, your hand tools, in just a minute. The roll former needs to be what's popular within your niche of the industry in your region. In

different regions and in different niches of the industry, you're going to see different requirements for the panel profiles that you can buy on say your New Tech machine. New Tech Machinery is a manufacturer of standing seam machines.

They actually are who we partner with to provide standing seam machines. They make really quality machines that are portable, can go on job sites, and they have exchangeable cassettes. Most portable roll formers will have changeable cassettes, because you're going to have say a customer who wants a roll former with one inch mechanical lock, and then you're going to have another one that is going to want snap-lock. Those take two different cassettes. The cassettes allow you to enter in each market at a much more affordable price point. Because you also have to think that, hey, a roll former is going to make the panel on the roof, right?

If I'm going to roll a roof for a local school, it's probably going to be a different profile than if I go to a residential accent roof for this new neighborhood that's popping up down the road.

**Heidi J. Ellsworth:**

I've been hearing so much about the regionality of the profiles and the type of metal that is popular in that area. We're going to get to this I know in just a minute, but knowing your customers and then coming back and applying that or knowing your market and applying that to the type of machinery that you're buying, what's going to make sense, because you don't want to buy or have the wrong things and then find out that you don't have a product that people want.

**Chandler Barden:**

Right, right. I mean, think that goes back to why there's so many. You're thinking about it, the largest expense or some of the largest expenses ongoing to opening a sheet metal shop can be the equipment and then the material. But if you know those two the entry cost to start up a company isn't absurd. It's an investment for sure. But if you know the market because you've been already installing these metal roofs and everything, you can be successful pretty quickly.

**Heidi J. Ellsworth:**

As we're looking at that, we talked about the equipment and everything, but when you're starting a sheet metal shop, as with everything in roofing and construction overall, safety is such a huge consideration. I mean, there's a lot of things that can go wrong in a sheet metal shop if things aren't done properly, the guards and everything. Let's just talk about that and making sure everybody's aware of the safety sides of setting up a sheet metal shop.

**Chandler Barden:**

I mean, just to be open too, I mean, as far as all the equipment that's sold in the US, I believe also meets the OSHA standards of safety. That's going to be a requirement. We periodically are doing different risk assessments on our machines to make sure that we meet all the standards and everything and we're up-to-date. But reviewing those OSHA standards with the employees I think is key. When we install the equipment afterwards, making sure that everybody's aware of the precautions they should be taking. Also, as we say here, the equipment safety training. When we sell pieces of machinery, we come out to install it.

When we come out to install it, we train on it, and we also go through the safe operation of the equipment. We have a set program that we go through to make sure that all the operators that we train are up to the same level of safety training on the piece of equipment. From what I've seen on safety considerations through the years working in CIDAN, accidents usually happen years after the machine is

installed, because you play a game of telephone through the safety training on the equipment. Chandler trains Jim, Jim trains Joe, Joe trains Heidi. The next thing you know, an accident happens.

That's a big risk. I believe all the manufacturers, and I'm not going to just put an attack for CIDAN, all the manufacturers should offer follow up training at a later point in time and safety should be number one on that. I would recommend that if you do find yourself four or five years down the road, hey, look, I have a fresh new blood in here and I want to make sure everybody's safe, bring your OEM in and have them do a course for you guys. You're checking that box of doing your due diligence as an employer to make sure that your team is safe.

**Heidi J. Ellsworth:**

One of the things I'm thinking about, Chandler, as we're talking about this, and it probably should have been a bullet point, but I just am thinking about it is that there is a lot of used equipment out there. I mean, we see it on our classified ads and on MetalCoffeeShop and RoofersCoffeeShop. If someone were to bring an older machinery, that is probably when it becomes very crucial to be asking all the right questions about, does it meet all the OSHA standards? Where did it come from? I mean, talk a little bit about that.

**Chandler Barden:**

When you look at folding machines and shear machines, the machines have been around since the '80s. The safety standards have been pretty well established. I don't think many people are going to buy machines from the '80s at this point. You're usually looking mid-2000s at used equipment, and the safety standards then are pretty well established and relatively the same now. I will say that when you look at a used piece of equipment, to add different modern safety features onto it can be challenging. OSHA has their standard that they require.

Then we can also put on different light scanners or floor scanners, or we can just load the machine out with as much safety gear as you want. At some point in time, there's going to be a cutoff of old used equipment and the compatibility with newer safety equipment. Now, that doesn't mean there's not a solution out there. There definitely can be a solution out there, but just keep that in mind. If you're going to want to add aftermarket safety equipment to it, there could be a compatibility constraint there.

**Heidi J. Ellsworth:**

That's interesting. You mentioned this a little bit earlier, but I think it's good to go back to. With the type of products that we're talking about today on the architectural side, let's talk through roofing, siding, accessories, what are some of the things that new sheet metal shops or current ones that are trying to expand, what kind of products should they really be focusing on?

**Chandler Barden:**

I mean, I want to be able to be specific and give some value added to everybody on here, but I will say it also depends on your market, right? Because as I said before with roofing, we'll start with roofing as the first bullet point, there's a variety of different profiles that are out there. If you go to New Tech's website and go to their profiles, you're going to see all the different ones on there. I mean, even to the point where there's different striations, which are minor ribs on the panels. But the major ribs or the mechanical points at which the panels are connecting together, I mean, you have snap-lock, mechanical lock, exposed fashioners, and then also the rib height.

You have different heights, one inch, inch and a half, two inch. And then you have a variety of different panels that are completely different from each other like standing seam versus a 5V panel. When you're

looking at these different metal roof panels, it's important to say, okay, what's the easiest entry point if you're a startup? What's the easiest entry point for me, and what I'm going to sell the most volume at? Or what am I going to be able to differentiate myself from my competitors with? Maybe you know your competitor doesn't have a certain profile and it's becoming more popular with a builder in your local area.

You can get that profile pretty easy. Now, when you look at the folder and shear component of the machinery, those two machines can support your edge trim, which can go or will go with any of those type of roofing profiles. It's not as critical there to say, hey, this piece of equipment is going to make or break. Generally speaking, I'll say your edge trim and your accessories are where you're going to make a lot of your money. That's where a lot of your gross margin is. It's not always in your panels. Panel machines are much less expensive than the folder and the shear.

Somebody can buy it and roll out their own panels and then eventually buy a folder or shear. Well, your edge trim and your accessories are where you can make some of that higher margin.

**Heidi J. Ellsworth:**

You can start there with your accessories and trims. Start there and then move on?

**Chandler Barden:**

Yes, you can. But again, it depends on the market. I mean, okay, say you have a company who does a lot of flat roofing, a lot of TPO stuff. You guys are going to do a lot of parapet walls and a lot of coping. You're going to make coping all day long. Well, you don't really need a standing seam machine for that. But again, if you open a company as a DBA or another company and you're trying to get other roofers to come to that company for metal, then that's an easy way to... You buy a panel machine and then you start forming panels for that.

**Heidi J. Ellsworth:**

Oh sorry, go ahead.

**Chandler Barden:**

You certainly can start with just the folders here if you'd like.

**Heidi J. Ellsworth:**

You know what? I have so many question, Chandler. You always got to watch out because I'm like, oh, that's so interesting. The one thing I'm hearing a lot about from a lot of different contractors too is the increase in metal siding, and then a lot more you're seeing even on homes with different profiles, maybe some different textures, wood grain. What about on the siding part of it? Is it that different from everything else, and is it somewhere you should start? What are your thoughts on that?

**Chandler Barden:**

Siding can be difficult, because siding you're going to... The machine you see on the left-hand side, this is an automated machine, but you see the panels down there on the pallet at the bottom of the picture. Those can be siding panels. Those are custom corrugated panels for a building. Think about the roll former. We talked about cassettes for the roll former. A roll former is going to make whatever cassette you have in there that profile and that profile only. You change it to cassette B, it's going to make that B profile and that B profile only. With siding, a lot of people want different styles of corrugation.



That machine you see over there is what we call a double folder and it's going to make custom corrugated panels. That's going to be for larger shops, people who are established. I mean, that machine's a much higher level of investment than a typical folder or shear, and that's where you really can expand your business. Now, you see a lot of companies mature through the different stages. I open a sheet metal shop that's just doing standing seam and edge metal. Okay, I've grown that. I have a pretty much full production. I'm going to buy one of these now, a Thalmann double folder, and then we're going to expand into custom wall panels.

That's kind of the progression. They're getting into the higher end architectural side. It can do edge trim all day, but it can also expand what the offering can be from you to your customer.

**Heidi J. Ellsworth:**

Go ahead.

**Chandler Barden:**

New Tech does make some different wall panel machines, like a flush wall panel machine, and that can be used as siding. You see that pretty frequent, especially in these barndominiums and stuff like that that people are getting into. There is some potential there as well for roll formers.

**Heidi J. Ellsworth:**

We had a question here. This is from Christine Scott again. She says, "We have so many calls for our panel. We never thought to stock." What are your thoughts on that?

**Chandler Barden:**

Our panel is a roll form panel. You'll never going to make it on a machine like that to the left. You'll hear our panel or PBR panel. It has a major rib. It's taller than an ag panel. It's fairly common in different parts of the country. Texas is one area that it's fairly common. The R panel, it's going to expand your business. That's the difficult part about buying a panel machine. The margins aren't really high for especially like the ag panel, R panel market, that wide coverage roll form panel. But again, it helps you sell the edge trim. It helps you sell the accessories. Now, if we circle back to the beginning of the conversation, I talked about metal roofing and going after roofers.

I said I'm going to shy away from the metal pole barns and the ag buildings. I talked about the Kynar, the coating on the material. When you go to R panel, typically it's going to be made from a different material type. It's actually going to be made from a thinner material, 28 gauge, something like that. It's going to be made out of a lot of times grade 80 material. It's harder. It's a cost thing. I mean, these metal buildings people want to throw up and they want them cheap. They're keeping their tractor dry when they're not using it. They're keeping their boat dry, whatever it is. There's a lot of different reasons to use the R panel.

But my point is that when you look at expanding into that market, you need to not only look at the equipment cost, but look at the material cost. It could make perfect sense for you. But if you're in the roofing market and you're buying 24 gauge Kynar coated material and you call up your supplier and you say, "Hey, I want to run a R panel," your cost to run that R panel is going to be much higher. If you run that Kynar through it than if you run the cheaper material, the grade 80 everything. You're going to price yourself really outside of your competition because your competitor's going to be offering the cheaper material.

It's different application, it's a lot of the same equipment, and it's a lot of the same general industry umbrella, but it's a different investment point for you as a manufacturer or fabricator.

Heidi J. Ellsworth:

And fabricator. Wow! Well, okay, along that from Jerry, thank you, any advice from making the accessories like gutter and caps and downspout dropouts? He's thinking about a plasma cutter.

Chandler Barden:

That's a great question. When you look at plasma cutters, you're going to be hot. It's going to take a torch and it's going to be burning through that metal. You got to think about the edge of the metal and how you're going to burn your paint. The coater, whoever is your coating your material or supplying your material, might be the same company, is probably going to say, "Nope, that warranty's no good if you burn that with a plasma cutter." A lot of people punch it. Water jet, I see the question there, water jet uses abrasive. It has little bits of sand in there, so it could still damage it. You won't be able to see it with your eye, but microscopically, it'll pull back that paint.

I would defer to them for that. The way to do it, and I know that this won't ruin a warranty and it's the same with ES-1, is punching. You can get a turret punch. Turret is a general term. It has the big turret action, but it's a turret punch and you can use that for notching corners, for punching oblong tolls for ES-1 certification, stuff like that.

Heidi J. Ellsworth:

Great questions, everyone. Keep them coming. This is awesome. We talked a lot about this in little pieces here, but let's talk about the overall. If someone is starting a sheet metal shop or some of the folks that are on here already have one, which I think this is just as important if you're a year into it or two years, is creating a business plan. Chandler, talk a little bit about creating that business plan for a sheet metal shop or for the growth of a sheet metal shop.

Chandler Barden:

My background, I studied finance in college. I love the growth and scale cycles of business. It really gives me energy in everything, and I think that's a huge opportunity for architectural sheet metal shops in the market. You see some roll-ups already in the industry with larger companies, where the big corporations are going and they're buying up the regional roll formers and stuff like that. It's going to continue to happen. I think if you run a well-run business with a good five, 10 year business plan, you really can do well if that's what your end goal is to sell it or, heck, give it to your kid or whatever it is.

But I think a business plan is definitely key to keep you in line and keep you moving in the right direction. The reason I say that is also my experience within the industry. Like I said, eight years, I was traveling around going to a lot of different shops. You see them run very inefficiently, and that is through both the accounting side and how they're doing their price markups over time. We talk about supply chain and inflation and everything. You hear it all over the news. Over the last couple years, I've talked to handfuls of customers about how they're accounting for the increase in pricing, and it's quite amazing sometimes the lack of detail that's in there.

That's your cost of goods sold is that and labor. Making sure you're well put together in your P&L is key. But having a clear plan of action, having your non-negotiable behaviors that you're expecting, clean shop, lean manufacturing, clean books, all that I think is really good there. As far as customers go, I'll go back to what I said earlier, a lot of people are coming from the industry. Just call different customers and see what their lead times are, or sorry, call different fabricators, see what their lead times are, see what links they have. There is a question about downspouts. Well, the length of trim is also going to be a differentiator.

A lot of shops have 10-foot machines. That could be very suitable for a lot of customers out there. You know a bunch of commercial buildings are going up or commercial mix use buildings, warehouses are going up around. Well, they're going to need six or larger box gutters. The longer you make them, the better you are, the less the installer has to do to put those up. If there's a lot of roofers on this call, they're going to know that. There are different regulations which you need to check as well given your area, but doing that due diligence will set you up for success in the long-term.

**Heidi J. Ellsworth:**

I mean, I would think when you look at the goals of the products that you're going to do, the ones that fit your customers, regionalities we've already talked about, and knowing your competition, if there's just huge amounts of fabricators in your area, you may want to look at doing things a little bit different. How can you differentiate yourself? I think that's always so important, and that should all go into a business plan and the marketing plan to help before you ever really step out. But a lot of people are like, okay, they got out their business plan, they know what they want to do, but financing, how do you finance that shop?

**Chandler Barden:**

Can we go back real quick?

**Heidi J. Ellsworth:**

Yeah.

**Chandler Barden:**

I have one more point here.

**Heidi J. Ellsworth:**

Yeah.

**Chandler Barden:**

Another point I want to bring up is we talk about the entry point into this market and people coming from the roofing market. The other way around that is, hey, at one point in time, if you are that person who I'm referring to, at one point in time, you were also the roofer who hadn't installed metal roofs. You did a lot of TPO. You did a lot of asphalt shingle roofs and you said, "Oh, I'm going to try this metal. There's good margins over here." Well, one differentiator from your competition can be being that consultative partner for those new companies. It is a different animal.

The guys who are going to do metal roofs right, they need help in learning how to install the metal roof right, and then also why does a W-valley have open hems on the end rather than closed hems? You can educate them on that and really benefit them and get them going. They're always going to remember that, of course. That consultative partner approach to your customers I think is also key into getting going. Because let's face it, if we take... Well, I should separate out roofing in general. But in the sheet metal side of roofing, it's a lot of old school companies.

It's not a lot of newer, progressive type companies who are coming in. I mean, eventually that has to change. The market share of metal roofing is increasing throughout North America. The money's there. People will figure that out and they'll come on. Well, be there to help them and they're going to remember that and keep buying from you.

**Heidi J. Ellsworth:**

I think that's brilliant. I'm so glad you said let's go back and talk about that, because one of the things we're seeing, and we've had actually a couple MetalTalks and some of our MetalCast podcasts on this, is really talking about the need for training, the need for training for metal roofing. If you are a roofing contractor and you're thinking about opening a sheet metal shop, to put yourself in the position of being that consultant of not only providing the metal fabrication, but also of training, yeah, Chandler, that's a huge differentiator and should be right up there in their marketing materials, because there's a lot of contractors who want to get into metal.

I love it. How do they get into it then? Once they've made all these decisions and found their differentiator, what are some of your tips or advice for financing?

**Chandler Barden:**

I mean, when you look at CIDAN, we're an OEM. We are owned by our factory in Sweden, and we manufacture all the machines in Sweden. We also own Forstner or CIDAN Machinery Austria. And then we also own Thalmann. We aren't big enough where we are a bank though. We don't do in-house financing, but we do partner with people to do financing. We partner with Michelle Sherman at Apex Capital. She's really good. I think this is also a competitive advantage for companies is to find the right financier for equipment or for their capital purchases and even their material and everything.

There's a lot of slimy people out there in financing. There's a lot of people who try to grease the tracks, give kickbacks to other people. CIDAN does none of that. It's a hard stance we have. The key is getting somebody who's going to help the customer. We're not in the business of financing. You're in the business of growing your company, helping your customers. The financing side is a critical aspect to that.

When you look at somebody like Michelle who can go through and she can finance trucks for you, she can finance equipment for you, but she can also say, "Look, I'm not your best route here with this scenario. This is where you need to pull from your LOC, your line of credit. This is where you need to go to your bank or possibly go get another investor to help you with this." Give you that consultant advice there. I will say we get the statement, I'm going to use my line of credit to buy this piece of equipment. I don't try to tell anybody what to do with their finances on their company. Using your line of credit to buy a piece of equipment isn't always the best idea.

With the cycles of business, you never know when you're going to get strung out by contractors or get in a tight situation. Look into financing, whether that's through Michelle, or there's plenty of people out there who can help with that. The big banks even have equipment financing departments. I would recommend talking to them. There is a big tax incentive for buying equipment, Section 179. I'm sure a lot of people on the call know about that because of buying trucks and whatnot. But it's a big bonus depreciation that the government currently allows. Investors, I'm a believer that equity's everything. Try to keep it. But that's also your own business directive and where you are currently with all that.

**Heidi J. Ellsworth:**

Along with what you're talking about there too, I mean, working with your accountant, your tax accountant, kind of bringing... I would also say talk to folks like your OEMs to talk to you. There's just such an opportunity here for the networking, and everyone wants to help people to figure that out. If you get approached by someone who feels a little slimy, I would not hesitate to advise people to reach out to your friends, reach out to the industry.

Chandler Barden:

Oh yeah, yeah. Definitely, definitely. That's another great point is reach out to your friends. One thing I've noticed over the last let's say five years of the industry, and it could be my own maturity through getting involved more in the industry, but I've tried to put more people in contact with people who don't compete. A guy, good customers in Oregon, met with one of my good customers in Columbus, Ohio. They went to each other's facilities and picked the best practices and learned from them. I think that can be so valuable. But yeah, it's kind of a sidebar there.

Heidi J. Ellsworth:

It's so important. I'm just going to say, on our directory on MetalCoffeeShop, under the R -Club, you can see contractors out there who are doing metal. That's the place to network, or with your local association, or through the Metal Construction Association. I think actually that's our next slide. I'm probably getting ahead of myself.

Chandler Barden:

Email me and I can set you up with plenty of people who would help.

Heidi J. Ellsworth:

I mean, Chandler has been networking me with all kinds of folks. Let's talk about that a little bit, industry support. MCA stands for Metal Construction Association. Chandler, you are so active in that. These are the type of associations that can help people who are looking to expand or start.

Chandler Barden:

Yeah, it really can. MCA has benefited me within the industry quite a bit just based on let's say my 360 knowledge of the industry. There's still a whole lot that I don't know, but I at least know what people are referring to when they start talking about some of the codes and standards and some of the debated topics within the metal industry world or metal construction world. MCA provides white papers. They provide different guidelines, different training courses. They help push different codes and standards. They sponsor the research in the different codes and standards to make sure that metal construction is on a good platform when we have different issues come up.

It's great continuous education, and you're going to learn who is who with suppliers, which I think is key. We talk about accessories, supplier wise, the equipment. What I tell our service team is, hey, guys, we got to keep the equipment going. Because if that equipment stops going, the company stops going. We need to make sure we keep the focus for them, especially when they're a mom-and-pop shop. Some other industry support.

For people who are new to metal roofing or people who aren't new and very experienced, but they say, "Hey, I'm trying to grow my business. I don't have the pool of the metal industry within my area. I got to bring on somebody," University of Wisconsin has a metal roofing course taught by Rob Haddock from S-5. It's excellent. We send people every single year now. I've been myself. It's not going to dive into crazy, crazy detail, but they're going to talk about hydrostatic movement of the water up slope on roofs. They're going to talk about expansion. They're going to talk about the history of metal roofs and how we are where we are today.

It's very, very good. There's also a lot of other people out there who are active. I think MetalTalk is great. MetalCoffeeShop is great. They're making a great splash in the industry, and we're super excited to be involved with them. New Tech Machinery has developed a great blog over the years where they have a lot of good information on there. And then I think they do webinars and continuous education, but True

Metal Supply out of Knoxville, Tennessee, they do some good stuff on educating their customers and also posting it online.

Two young guys who branched off on their own and they really have a bright future ahead of them. I'd recommend watching them. True Metal Supply out of Knoxville, Tennessee.

**Heidi J. Ellsworth:**

True Metal Supply, I was just getting ready to write it down myself because I love that stuff. METALCON is such a great show that is in October and that is a place you can go and really get the support, see all the machines. It's really fun and get a lot of information from all the suppliers.

**Chandler Barden:**

You're going to see all different types of companies there in the metal construction industry. You're going to see the ag and pole barn people. If you're wanting to expand in that market, for the person who asked about the R-panel roll former, that's a great place to go to learn all that, to see what it's going to take investment wise and also marketing wise to expand laterally into that market. Real quick on that, METALCON is a great platform if you do start a sheet metal shop to see which kind of lateral market niches you can start to go after.

Sheet metal shop, like we're talking about in roofing, is going to be kind of right in the middle. And then you can go through the high-end architectural wall panel stuff and expand your business that way, or you can go, hey, I'm in a more rural area. I see a lot of opportunity to do pole barns. You can configure a big barn online and you can order it and it shows up at your door. Pretty crazy, but a lot of different areas you can expand into.

**Heidi J. Ellsworth:**

It is. It is so crazy. Thank you, Chandler, because we do have so many directories on MetalCoffeeShop, information. We're having all these multimedia opportunities for learning. We will always connect. We'll get you connected to Chandler. That's how it all comes together is when we all work together. I want to say we had a great comment here from Chris Barn and he said, "We purchased a CIDAN FX 41 CNC folder two years ago and it has been great. It helped us be much more efficient in making our own trims, coping, and fascia and reduce direct costs." And then he finished that up with, "Training and set up was really easy."

**Chandler Barden:**

Thank you, Chris.

**Heidi J. Ellsworth:**

Reaching out to your OEMs, reaching out to CIDAN and really asking those questions, you can see here it makes a difference in your business. It's really what it's all about. Partnerships with your suppliers, because we're almost out of time. I can't believe it. It's been so great

**Chandler Barden:**

I've seen a number of different questions pop through that are really intriguing I'd love to talk more about. Maybe we can circle back with another webinar later.

Heidi J. Ellsworth:

Yes, we can.

Chandler Barden:

Sorry if I didn't get to all your questions yet, but I'll talk on this real quick. Obviously your equipment, we love that. One of our visions is being the one-stop partner. We work hard for that. Part of that is service. I'm investing a ton of money and time into service, because we want to get to the point where we're calling our customers and saying, "Hey, what can we help you with on the service side, whether that's safety training, whether that's more application training, but give us feedback on what you guys need." Our sales staff, we push hard for consult of selling.

As you expand your metal shop, what you're doing today isn't going to work tomorrow, or it's going to work, but it's not going to be the most efficient way, because you're going to have more throughput. That shear no longer is the right way to process your cutting because your volume is so high, it makes more sense to buy coil. That's where going to things like METALCON, participating in the MCA really help out. I brought up Drexel earlier. Drexel is a great company. They're going to help you a lot, but they primarily do a lot of sheets. They do do pup coils for standing seam and everything, but they do a lot of sheets.

Or if you want to get into the R-panel business, you got to develop another relationship with another [inaudible 00:58:36] not their niche for the wide coverage PBR or R-panel roll former coils. I mean, we all know partnerships are key and relationships are key in all this. The other thing I'll say is as your team is learning, what I challenge some of our team to do is, hey, it's your job to build relationships with our suppliers. Because at some point in time, you're going to need help and they're going to have to bail you out or give you advice.

Please try to build those relationships, try to be a good partner to them, so that when you know do say, "Hey, I'm in a pickle here. I dropped the ball, but I need you to bail me out," they're going to come to bat for you and bail you out.

Heidi J. Ellsworth:

That's what this whole industry is about. If you don't have those relationships, you will be just out there on your own island. Building these relationships, whether it was equipment, your sheet metal, coil. And then we're going to talk more on our next MetalTalk about technology. We're going to save that for the next one. But I do know, Chandler, you have such amazing software and technology with your machines. We also are going to have EagleView on talk about their technology and how that's changing the metal industry. Just great. If we did miss any questions, we have the chat.

Chandler and his team will get back to you, but you can always ask more questions. We're going to be doing more of this. We're going to be really talking about it. This has been phenomenal today, Chandler. Such great engagement from our audience. Thank you so much for being here and for sharing all your wisdom.

Chandler Barden:

Yeah, no problem. Thank you. I hope that I've had some value to the attendees. Look forward to coming back and diving into some of those questions, because I saw a few come across that were pretty... I'd like to talk about a little more.

Heidi J. Ellsworth:

We'll be doing more. We'll be doing more. I love it, and I appreciate all of you. Thank you so much for being on today. This will be available within 24 hours on demand. Please share it with all of your friends and family. Let them know what's happening with sheet metal shops. A month from now, we will have EagleView here talking about the technology of metal roofing and siding, walls, you name it, and how that's all coming together with their programs and the Sherwin-Williams Passport Program. We will see you all next time on MetalTalk. Thank you so much and have a great day.