Profit from the Prophet

A prognosticator makes his wall and ceiling industry predictions for the 1990s

Editor’s Note

This article by Industry Consultant Ray Lynch features a number of dedicated and/or controversial commentaries. The reader is cautioned that the ideas and projections offered here are those of the author alone and publication does not necessarily represent or suggest the approval or advocacy of such ideas by the publisher or AWCI.

Defense spending will be cut in half by 1993, causing a glut of semi-skilled and high-tech employables. Definitely an employer’s market. Look at your company now for areas where greater sophistication mean improved profits.

Expect demands for longer-term warranties on products and workmanship. One- and two-year accountability periods for contractors will be extended to five years by 1995, creating a whole new insurance requirement. Product performance liability insurance will catch up with policies already in place for European counterparts.

The impact of EIFS will continue but new composite boards will play an increasingly important role as new materials come on line.

Banks will begin offering a full range of business insurance as early as 1991, with Delaware getting the ball rolling. Why? Bank dollars are already at risk without the premium revenue. Banks are regulated, have similar reserve requirements, support systems in place, and ready access to customer base. It is also a great way to expand coveted real estate holdings.

The legal pendulum is about to change direction. Lawyers have historically entered the political arena as a form of advertising, but it just doesn’t pay anymore. They can now use conventional means of advertising without tying up their time in low-paying elected and appointed positions. The end result will be a less-than-majority of attorneys in state and federal congresses by 1996—and then it’s our turn! Legislation will be passed restricting frivolous law suits, deep-pocket litigation, suits naming everyone but the family pet, and fees charged by attorneys. Result will be a socialized legal system, based on justice rather than an individual’s ability to pay. Complaints, warranty claims, contract payment disputes, and other litigation, will end up in binding and non-binding arbitration. Solving problems and deficiencies, rather than getting rich at someone else’s expense, will be the objective.

“Buy American” from American-owned firms, will be a stop-gap legislative attempt to save what little is still owned by Americans in America. Expect much higher duties on imports, and tax incentives for...
foreign-owned corporations bringing in American partners. Look for this to begin in 1994 and continue frantically to the end of the decade.

Tooling up the Soviet Union in the first half of the decade, and China in the second half, will have the same effect on the U.S. as our helping modernize Japan and Germany after World War II. We won't be able to compete, but as we begin the 2000s, we'll be ready for a more mature world economy approach.

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**Exterior Coatings Industry**

EIFS sales will be flat through 1993. The cause will not be the economy slowdown, but the trowel trade’s inability to expand with potential coatings sales. The market will begin to take off as a new class of applicator emerges—"The Texture Coatings Mechanic."

Other forms of insulation will replace expanded and extruded polystyrene. Bad press and competing industries (Masonry Institute, etc.) will continue to lobby code agencies and create unsupportable rumors of the potential fire hazards. This railroading approach will gain momentum as insulation manufacturers continue to sit on the sidelines and let the EIFS industry finance and fight this battle by themselves. The potential is a duplicate of the scandalous urea-formaldehyde debacle, that unjustifiably destroyed an industry on innuendo. Look for this to happen as early as 1992, as polisocyanurates and new high-tech materials come on line. Polystyrene manufacturers, from bead to board, will go back to trying to figure out how to sell more coffee cups.

At least one model code agency, preferably BOCA, will bite the dust before 1995. Although really only trade associations, they have historically assumed the role of quasi-judicial government agencies. Restraint of trade, extreme prejudice, discrimination — take your pick — will result in a court settlement that puts them under. The remaining code agencies, even if they do not lose their tax exempt status, will be forced to merge through financial necessity.

Virtually all commercial EIFS projects over 5000 square feet will require third party inspections. The requirements will come not from code agencies or manufacturers, but from AIA, and as early as 1992-93.

The lowest bidder will not be awarded the contract, by the mid 1990s. That goes for the general and subs. The high and the low bid will be thrown out, and the contract awarded to one of the remaining bidders.

**Poor quality control from miners and ongoing rust problems will force manufacturers to use alternatives such as calcium carbonate.**

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Accelerated growth of the EIFS industry will begin in 1993. Improvement of the economy, new products, simplified application, quality of materials and expertise, will be one of the shining stats for U.S. export, as America becomes the premier source for high-tech coatings on a global scale. Applicators need to look at the world market Per Buck Buchanan, Vice President STO Corp., “We'll see more use of colors as a design tool, more exotic finishes, new developments in polymerization. The industry will consolidate to five or six majors and a couple dozen regional manufacturers.”

New finishes will have glossy surfaces, some similar to minor glass (you think the EIFS industry has trouble with the masonry industry!), marble, polished granite, and lots of ceramic-coated aggregates in clear binders.

Reinforcing fabric-fiberglass will be replaced with stronger, lighter, better-performing synthetics that are not affected by portland cement. Looks like polyester will find a new home.

Trim, trim, and more trim.

Sealants will be a bad memory. Why? They do not want to hear about bad applicators, poor-performing sealants, windows and roofs leaking. They like the design potential and flexibility of EIFS, and are going to make sure it is installed correctly, because they are going to continue to use it, and that’s the name of that tune!

Residential applications will be inspected by third party licensed inspectors by 1994-95.

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perform poor-quality work, and the manufacturer’s have been playing the roll of Pontius Pilate for years. The 1990s are demanding accountability.

Virtually every EIFS manufacturer will eliminate silica sand from their formulations. Poor quality control from miners and ongoing rust problems will force manufacturers to use alternates such as calcium carbonate (marble).

Forty percent of new construction will be panelized by 1995, and rising to 60 percent by the end of the century. Modular construction will pick up EIFS in a BIG way, starting any second and continuing well into the next decade. The reason is simple—design flexibility gives them a custom look, raising their image.

Completely new tools, more spraying, and faster application, will help expand the much-needed work force of the 1990s, leaving the hawk and trowel to become a museum piece. Look for the development of the electric trowel, jet-air texture equipment, and maybe even textured exterior wall paper.

Non-freezing dry mixes, elimination of portland cement, neutral-colored textured finishes requiring a color coat, formulations adjusted to climatic conditions, and chemically dried coatings for freezing and rainy applications, will all be on line THIS YEAR!

Where insulation is used, expect mechanical fasteners to be the norm, regardless of what manufacturers say. There will be a resurgence of thicker insulation although the composition is up for grabs. Per Bob Lombardi, Technical Specialist, Senergy, Inc., “Fossil fuel is in limited supply, and the erratic Mid-East controls the only real long-term reserves. Autos, plants, and buildings will have to reduce their dependence on oil. For us, this means more energy-efficient construction and an expanded retrofit market. Thicker insulation with a constant “K” factor, applied to the outside of the building is still the most viable solution.”

I predict the oil industry will come under major attack from every direction. The motivating force behind immediate action is the oil spills. Legislation will drive the cost of oil derivative products through the roof. Oil is already on top of the American top-ten hate list. The oil industry is completely myopic. It wouldn’t surprise me if the EXXON board of directors awarded themselves a humanitarian award for “saving terrified Eskimos from marauding sea otters.”

To sum up, the roaring 90s are upon us, and you ain’t seen nothing yet! 1989 will go down in history as the beginning of global consciousness. Human rights, freedom of choice, and brotherhood, the thing we said in the 1960s are all happening—maybe because 25 years later we influence the laws and control our own destinies, instead of just complaining about them. Changes are coming at a pace governments have never moved before. Get accustomed to it, and pay attention. The action is fast, technology is overwhelming, the results are terrific. These are exciting times, and they are yours for the asking!

**ABOUT THE AUTHOR...**

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Ray has authored previous articles for Construction Dimensions magazine, principally on the subject of exterior insulated systems. This month he offers his insight into the future of the industry covering such subjects as government, construction, economy, EIFS, legal community, foreign investors, product development and banking.

Formerly a marketing executive with Dryvit and Archit-Tect, both EIF manufacturers, Ray’s most recent story for Construction Dimensions reviewed building system damage caused by Hurricane Hugo in South Carolina.