

Diversity, Equity and Inclusion: A Cornerstone for Success

By Todd Teter, PMI Board of Directors President, House of Rohl



Todd Teter

When I began my current leadership role for the Plumbing Manufacturers International (PMI) Board of Directors, I wanted to establish priorities that I would like to accomplish this year to set a solid foundation for the future. Diversity, equity and inclusion (DE&I) was at the top of my list.

All our member companies are at different stages within their DE&I journey. But we are now at the point where DE&I is the same priority for everyone, especially when you consider the benefits better DE&I can bring to all member company associates and to member companies themselves. DE&I initiatives raise the probability of all kinds of positive outcomes – better and more diverse thinking, advanced innovation and more. DE&I is a cornerstone for never-before-seen possibilities and opportunities.

I believe that for PMI to be in a position to align our interests on DE&I, we must first be a mirror image of our member companies. We must reflect and align on similar priorities as our member companies and be reflective of the work that they are doing. One of the first things the PMI board did was develop a statement about our beliefs (see story on page 3) – a powerful statement about how we want to approach our important and needed DE&I initiative.

Developing DE&I throughout the industry will be a journey for all of us. We all need to open our eyes to the differences that are out there, so that we can ultimately leverage the power of diversity, equity and inclusion to make us stronger. We are going to see associates within our member companies and the companies themselves at different points relative to their journey and in the pace of change that they want to move forward.

Those who see the opportunities of opening themselves to better DE&I will form a powerful foundation on which to

accelerate positive outcomes. As we accelerate the pace of change, we have to be ready to be uncomfortable. We must be willing to walk in someone else's shoes with empathy to understand their perspective, to listen, to learn.

Now, diversity, equity and inclusion within corporate America is not a new idea. But as social justice movements across the nation grow and become more powerful, we have opened our eyes and have increased the urgency to act. Events such as **George Floyd's** murder take your breath away and fuel the fire for change. As a result, increasing numbers of companies and associations are embracing the need to find solutions to the challenges that we face. It is no longer acceptable to go to a place where biases are acceptable, or to refuse to open our eyes and ears to the reality of different perspectives.

I'm reading a book right now titled "What If? Short Stories to Spark Diversity Dialogue" by **Steven Robbins**. Our executive team is participating in a book club focused on the topic of diversity, equity and inclusion. There is a chapter about cognitive dissonance – the mental discomfort caused by holding two conflicting beliefs, values or attitudes. When this discomfort occurs, it is mentally easier to simply reject or ignore the information causing the dissonance rather than re-examining and re-evaluating what we believe to be true. We often think it is better to be comfortable with our long-held beliefs, as opposed to wrestling with discomfort and having to adopt new or different information.

That is how we are wired as humans, but we have got to change that, obviously. It is useful to remind ourselves that encounters with different people are essentially encounters with different viewpoints. And they are not right or wrong, they are just different, and we have got to be willing to open ourselves to see situations through a different lens, a different perspective. We have not done that to the degree that I am comfortable with at PMI. That is why I raised DE&I as a board issue for us to tackle. We must embrace the infinite possibilities in front of us!!

The Shape of the Future

By Kerry Stackpole, FASAE, CAE, PMI CEO/Executive Director



Kerry Stackpole

The future is already here, but not evenly distributed. The future is now a hybrid. The future is remote. Whatever the current status of the future, the future needs more housing and more workers.

How much more you ask? Well, that depends who you ask. According to the National Association of Realtors, 5.5 million additional housing units are needed – 2 million single-family homes, 1.1 million units in buildings with two to four units, and 2.4 million units in buildings of at least five units. Freddie Mac says the housing deficit stands at 3.8 million units. John Burns Real Estate Consulting is quoted in the Wall Street Journal as saying the deficit is “fewer than a million homes.” Whichever estimate is closest to the mark, there’s little question new home construction creates jobs while generating billions in direct and indirect economic growth.

Single-family homes are also a testing ground for new forms of ownership. You may have seen the news that the private equity firm Blackstone Group is spending \$6 billion to buy a company that buys and rents single-family homes in 74 markets across the United States. The company, Home Partners of America, offers tenants a chance to rent or buy a home through a lease and right-to-purchase option.

While the rise of private equity acquiring single-family homes is growing, the vast majority of single-family homes being rented belong to individual homeowners. According to recent data, there are about 300,000 single-family homes owned by institutional investors or less than one-half of 1% of single-family rental homes. In 2020, 64,000

single-family built-to-rent homes were completed. It’s expected that less than 5% of all future single-family homes will be built-for-rent construction.

What is clear is the United States needs more new homes. The buyers and renters are out there. With the average age of existing homes at 38 years, the demand for renovation, remodeling, and tear-down of the existing homes is increasing while the growth in new home construction has lagged, rising just 2% in 2018 and 2019. With 2020 and 2021 growth rates of 12% and 14% respectively as exceptions, growth in single-family starts appears to be headed downward at the 1%-2% level moving into next year. According to the National Association of Home Builders, lack of skilled labor, high material costs, and economic concerns are all driving down starts.

Which leads us to the question of workforce development and the growing competition for workers. The Wall Street Journal reports manufacturers are now competing with the service sector for employees. Wage increases have accelerated quickly, especially in the fast-food service sector, with similar gains in landscaping and agricultural work. The report highlights manufacturers in Western Michigan paying \$13-\$15 an hour for production jobs and finding applications are falling short. While manufacturing jobs still deliver a wage and benefit premium over most service sector jobs, the competition for entry level employees remains stiff. The U.S. Department of Labor reports wages jumped 10.4% from February 2020 to May 2021

in the leisure and hospitality sector as restaurants and hotels come back online as the COVID-19 pandemic recedes.

The struggle to find entry-level employees in some parts of the country has created demand for a host of creative incentives including free meals for employees and gift cards for those who appear for interviews. For those offered employment, signing bonuses and retention payments are becoming more common. With growth in hourly rates for low-wage jobs, one likely result is higher prices for consumers and additional inflationary pressures on the economy as it continues record growth in 2021. We’ve all gotten used to inflation rates in the 2%-3% range over the past decade, so recent reports highlighting a 5% increase in the Consumer Price Index certainly merit watching. Looking ahead, the Federal Reserve Bank predicts unemployment rates around 3.5% by the end of 2023, suggesting further upward pressure on wages still to come. With demand growing and the pool of workers shrinking, employers everywhere will face a more competitive labor market in the years to come. That future and all those tomorrows are ours to win.



PMI Outlines Commitment to Critical DE&I Actions

By Judy Wohlt, PMI Communications Team, Valek and Co.

Plumbing Manufacturers International and the plumbing manufacturing community have recognized the continuing challenges that must be addressed around social justice, race and equity issues. To support its members' diversity, equity and inclusion efforts, PMI has set an annual DE&I budget along with plans to create new tools, resources and community engagement activities.

PMI appreciates the high value DE&I efforts bring to the industry. In a recent letter to CEOs of PMI member companies, PMI outlined its commitment to the critical need for DE&I endeavors and the initiatives established by the PMI Board of Directors to support that commitment.

"We celebrate multiple approaches and points of view. We believe they drive innovation. We are creating a culture where difference is valued. We take a holistic approach. We are building our network of people, programs and

tools all designed to help our member companies grow. For all of us, it means creating an environment for dialogue (listening, asking questions and respecting answers), having the courage to stand up and speak out, and most importantly appreciating one another's fresh perspective and contributions," the letter stated.

Creating a path forward

To initiate a path forward, PMI's Board of Directors set the following three pillars of commitment to DE&I: 1) actively recruit and increase plumbing manufacturers' diverse representation in PMI; 2) accelerate engagement to drive change; and 3) invest to bring more value to PMI's member companies.

Board support of the first pillar involved establishing a DE&I subcommittee to provide ideas and advice for creating a more diverse membership, encouraging an inclusive community, and enhancing member benefits for everyone. The

board also allocated an annual DE&I budget for PMI activities and committed to annually reviewing and reporting DE&I efforts.

To accelerate engagement and drive change, the second pillar, PMI will develop a data system to track diversity metrics of PMI members and the plumbing product manufacturers community. PMI plans to set benchmarks and report on progress, too.

Bringing more value to member companies, the third pillar, will include creating a plan to recruit a diverse membership to PMI; form mentoring programs that foster diversity and inclusivity within the plumbing product manufacturers community; and coordinate annual seminars, workshops, or community-engagement activities on DE&I at the PMI Manufacturing Success Conference.

Read PMI's DE&I statement: tinyurl.com/7hxy3jtj.

July Workshop to Focus on DE&I

PMI will host a DE&I workshop customized for its members from 1-2:30 p.m. CT, July 20. Titled "Inclusion and Belonging: Creating an Irresistible Organization," the workshop will teach participants how to foster a sense of inclusion and belonging for employees from different identity groups, work styles, and experiences. ***The workshop is open to the first 40 individuals who register – so register today!***

Workshop highlights will include defining inclusion and belonging – how they differ and why they matter; recognizing the signs of a culture lacking inclusion and belonging; implementing strategies for addressing behaviors that detract from an inclusive culture; and creating a sense of purpose and belonging in the workplace through small, but powerful, daily interactions.

Led by the Center for Automotive Diversity, Inclusion & Advancement, the workshop content was developed from a survey of PMI members' DE&I concerns and needs and from interviews with members.

Survey results showed that most PMI member companies are actively working on DE&I efforts. Many PMI members, such as UL, Kohler Co., Delta Faucet Co., and LIXIL, have well-established DE&I strategies, recognizing the importance of encouraging a culture of inclusion. For example, Delta aims to "bring diversity and inclusion from mere musings to a mindset," according to its website.

How is your company engaging in DE&I? Learn more about this important topic by participating in the July 20 seminar – open to all employees of PMI member companies. Spread the word – PMI is for you!

Register at: tinyurl.com/me8kh4xn



Attend PMI21 for Exciting Speakers, Sun and Surf

By Judy Wohlt, PMI Communications Team, Valek and Co.

After more than a year of online meetings and limited travel, networking and learning among the sun and surf will be a welcome respite for those attending the PMI21 Manufacturing Success Conference in San Diego, Nov. 15-18. An exciting line-up of speakers will light up the PMI21 stage and screen, sharing expertise on topics ranging from culture, diversity and leadership to the future of toilets.

Deborah Shaw, strategist and coach, will deliver the Nov. 16 keynote presentation on culture, diversity, talent engagement, and leadership. Among her many accomplishments, Shaw founded PepsiCo's Transformational Leadership Program when she served as the company's senior vice president, chief global diversity & engagement. She also has advised the United States president, Congress, and the Small Business Administration on women's economic issues as a member of the National Women's Business Council.

Streamed live from the Netherlands, **Chelsea Wald**, author of "Pipe Dreams: The Urgent Global Quest to Transform the Toilet," will share insights on the

past and future of toilet systems. The award-winning science journalist will discuss her book and her travels to various countries, such as Italy, South Africa, Indonesia and Haiti in search of a deeper understanding to make toilets accessible and healthier for all.

Ted Ma, an international speaker, author and leadership consultant, will present the Nov. 17 keynote and serve as the PMI21 emcee. He describes himself as an "elder millennial" and said he believes that attracting, developing and retaining great employees begins with creating a culture of mentorship, according to his website.

Senior forecaster for ITR Economics **Connor Lokar** will share economic insights, highlighting the construction sector.

Explore resort's tropical setting

Sitting on 44 acres of beachfront, Paradise Point Resort (paradisepoint.com) will provide PMI members with a lush, tropical setting as they interact and expand their professional skills. In between

and after sessions, conference goers can explore the resort's outdoor spaces, colorful gardens and lagoons, and enjoy the scenic view of Mission Bay.

With a storied history, Paradise Point Resort was born out of movie producer Jack Skirball's vision to create a permanent fantasy-island setting for vacationers. In the 1960s, he worked with an architect and builder to turn his dream into reality. Artifacts from Skirball's film-making ideas, such as the porpoise fountain, can be found throughout the property.

Renovation and expansion have continued with the addition of two restaurants overlooking Mission Bay, 462 bungalow-style rooms, five lit tennis courts, and five swimming pools. PMI21 participants can take advantage of the onsite luxury salon and spa, state-of-the-art fitness center, 18-hole golf putting course, and 14 bonfire pits.

So much to see and do

Attendees who plan to add a couple of vacation days to their trip can choose from plenty of fun activity options. Guests can enjoy the resort's full-service



PMI21 Manufacturing Success Conference

marina, stocked with sailboats, kayaks, paddleboards, jet skis and speed boats, and daily surf lessons provided by the Paradise Surf Academy. Water sports fanatics can plunge into the area's many ocean activities at the nearby Mission Bay Aquatic Center, too.

For those who like biking, bike rentals are available to explore nearby Pacific Beach, Mission Beach, Ocean Beach, and 14 miles of waterfront bike and walking paths.

Sea World is across the street from the resort and other popular sites are just minutes away, including Old Town – known for its authentic Mexican fare, the world-famous San Diego Zoo, Balboa Park, and the Gaslamp Quarter. Also

nearby are Seaport Village for shopping and dining along the waterfront and Torrey Pines State Natural Reserve in La Jolla, offering some of the most scenic hikes in San Diego within 2,000 acres of coastal state park.

As San Diego is known for its seal and sea lion population, tours are available to visit the best spots for sighting these fun-loving creatures. And boating fans can sail into the sunset with a harbor or dinner cruise.



Be sure to mark your calendars for PMI21 and stay tuned for more exciting details to be shared in PMI publications and on the PMI website (safeplumbing.org/pmi21).



SAN DIEGO



Important U.S. Water Demand Insights Help Change Habits

By Judy Wohlt, PMI Communications Team, Valek and Co.

New, unprecedented insights into water use patterns are helping water utilities plan for the future while helping residents in cities and states with water shortages change their water use habits.

Peter Mayer, a national water expert and principal and founder of Water DM, discussed the critical insights during Plumbing Manufacturers International's May webinar, "2020 Water Demand Trends and COVID Impacts."

Some predictable - and surprising - trends

Comparing various studies, Mayer shared a few expected – and surprising – trends.

He reported that municipal water use across the country has been trending down for the past 15 years – after it peaked in 2005. He also cited Water Research Foundation (WRF) studies from 1999 and 2016 that showed indoor water use in a single-family home dropping 15.4% from 1999 to 2016.

While it's widely known in the industry that toilets use more water than any other plumbing fixture in a home, Mayer said the 2016 WRF study showed that toilet leaks in a few homes were substantial – at 11 gallons per person per day.

"The significant thing about leakage is that a very small number of homes have very high leakage, usually related to the toilet flapper or overflow valve balls," he said. "Which homes are experiencing the leaks shifts around, making it a little more challenging to find those leaks."

Data covering 2019 into 2021 collected with new Flume water meter devices on 7,000 homes in the United States illuminated the impact COVID-19 had on water use. Mayer shared information on the Flume Quarterly Household Water Use

Index (index.flumewater.com), which maps all the devices currently running across the U.S. He noted a spike in indoor water use in the second quarter of 2020 – when COVID-19 caused everyone to stay at home – with continued elevated levels throughout the year. He cited an average of 58.2 gallons used daily per person in third quarter 2020 versus about 50.6 gallons per person in first quarter of 2019 and 2020.

A couple of notable trends involving a home's age and value emerged from the latest data. Mayer said older homes surprisingly are as likely to be as efficient as newer homes because many of those homeowners have updated their kitchens and bathrooms with more water-efficient fixtures. In addition, higher-valued homes correlated with high water use, especially outdoors. "You're more likely to have a pool, a big yard, and an irrigation system," he said.

Mayer explained how the Flume water meter device, which also detects leaks, is providing much broader and deeper data on residential water use in the United States. The device's software uses smartphone applications and utility dashboards so residents and water utilities can quickly access real-time data. Mayer called the device's ability to collect data in five-second intervals as "game changing" in seeing individual water-use events, such as with a home's outdoor irrigation system.

New data helps water utilities plan, residents adjust behavior

Water utilities are using the new data to plan, forecast, make changes, and communicate with customers who may question their water bills.

For example, the San Antonio Water System is using the new device for



conservation programs and to improve customer communications. SAWS created a pilot program and offered residents rebates for the device. The program helped immediately detect several leaks and helped some homeowners realize their older toilets needed to be replaced with more efficient models, like a WaterSense toilet, Mayer reported.

Noting the WaterSense program, he recognized the plumbing manufacturing industry's contributions and its important role in successfully achieving strong water efficiencies. Mayer called on the industry to "think outside of the house" and suggested extending industry expertise into the agricultural sector, where efficient water use poses a challenge.

Looking ahead, Mayer said that better tracking of water use will be even more important as climate change continues to adversely affect water resources. As an example, he mentioned that the combined contents of Lake Powell and Lake Mead, the two largest water reservoirs in the U.S., stand at about 43% of capacity and continue to decline.

More information about Mayer's work can be found on his website (waterdm.com).

Watch it on demand

PMI members can watch the webinar on demand at safeplumbing.org/members/webinars-videos.

PMI Legislative Forum Prepares Members for Advocacy Efforts

By Ray Valek, PMI Communications Team, Valek and Co.

Plumbing Manufacturers International's 2021 Virtual Legislative Forum prepared PMI's members for upcoming advocacy efforts at the federal and state levels, as lawmakers debate infrastructure packages, climate legislation, and government spending within the context of a strong economic recovery. Presenters also discussed federal procurement requirements and anti-counterfeiting legislation.

Strong housing market faces headwinds

The June 23 forum's first presenter, **Robert Dietz**, Ph.D., provided a description of the current strong economy, with an emphasis on the housing sector. The chief economist and senior vice president of economics and housing policy at the National Association of Home Builders, Dietz forecasted a 2021 growth rate of 6.7%, the highest since 1984, due to revived post-pandemic economic activity spurred by governmental stimulus programs.

With the housing market quite hot right now, Dietz said he expects construction to increase, especially as building supplies and the availability of workers return to pre-pandemic levels. Builders will face inflationary costs and continuing shortages of plumbers and other workers while working to fulfill the needs of millennials looking to purchase their first homes, as well as other buyers. Because of the increase of individuals working from home, Dietz said he sees growth in the size of homes, as well as in remodeling activity. He added that millennials are preferring "green homes," with water- and energy-efficient features.

Democrats, Biden administration present climate solutions

Janet M. Anderson was the forum's second speaker, with her presentation focused on federal policy proposals related to climate. The current proposals fall into two categories: first, the Clean Future

Act (HR 1512), a sprawling, 10-chapter, nearly 1,000-page-long bill developed by House Democrats and second, directives by the Biden administration to federal agencies.

The senior technology and policy advisor for Van Ness Feldman, Anderson highlighted aspects of the Clean Future Act, which calls for significant reductions in methane gas emissions, more zero-emission vehicles, improved water- and energy-efficiency, increased industrial decarbonization, less reliance on natural gas and coal, and more. While this bill has virtually no chance to be passed in its present form, she said parts of it may be added to other legislative packages.

The Biden administration has set a National Climate Target of net zero greenhouse gas emissions by 2050, with an intermediate goal of a 50% reduction of 2005 greenhouse gas emissions by 2030, she said. Federal agencies also have been directed to develop action plans addressing climate within their purviews, and President **Joe Biden** has made climate a central driver of foreign policy and national security decisions, having appointed **John Kerry** as the nation's special envoy on this issue, she stated.

A review of federal government's domestic sourcing requirements

Within the past year, both the Trump and Biden administrations have enacted policies to increase the use of domestic products and services purchased by the federal government. **Jon Williams**, partner and chair, and **Anna Sullivan**, associate, of PilieroMazza's Government Contracts Group provided advice to plumbing manufacturers wishing to pursue governmental contracts, including updates on domestic sourcing requirements, recent changes to the Buy American Act (BAA), and more. The two presenters explained tests for determining whether or not a product



is manufactured in the United States and the difference between the BAA and the Trade Agreements Act, which allows for the procurement of products from certain countries other than the U.S.

NAM advocates for bipartisan infrastructure package, even ground on trade

The forum's final speaker made a strong case for a bipartisan infrastructure package rather than one passed through reconciliation. **Keith Smith**, senior vice president of public affairs and mobilization, National Association of Manufacturers (NAM), said 20 senators have joined in discussions about a bipartisan package, which he said could be funded by user fees, reallocation of COVID-19 relief funds, and public/private partnerships rather than increased corporate taxes. He stressed the importance of retaining job growth, which he said increased taxes would threaten, during this time of economic revival.

Smith also said NAM was engaged in efforts to pass anti-counterfeiting legislation strongly supported by PMI and to place American companies on even competitive ground with China. He encouraged manufacturers to activate their workforces in their advocacy efforts, citing a recent Edelman Trust Barometer finding that employees trust their employers more than the government and media.

Watch it on demand

All employees of PMI member companies can log in to PMI's webinars page under PMI Events to access a full recording of the forum and the speakers' PowerPoint presentations: safep plumbing.org/members/webinars-videos

Manufacturers' Need for Talent Inspires Ingenuity

By Judy Wohlt, PMI Communications Team, Valek and Co.



As the COVID-19 pandemic becomes less severe, many manufacturers are reporting strong business results with some semblance of business as usual. However, a growing skilled labor shortage may challenge the manufacturing sector's full recovery, according to a new Workforce Institute at UTK report on "The Resilience of Manufacturing."

To meet those labor demands, many manufacturers, including some plumbing manufacturing companies, are getting creative with their talent searches and skills training. They're doing things like recruiting people with non-traditional experience or who have been out of the workforce for long periods, offering higher wages, and re-training and cross-training current employees. They're also turning to automation and technology to augment workforce limitations.

Before the pandemic, many manufacturers were already understaffed. About 38% said they had trouble finding candidates with the right skills, the report noted. Today, that number has climbed to 54%. Staffing challenges are being exacerbated by younger people not entering the trades – fueled by fewer shop and trades classes being offered in high schools and older workers retiring.

The manufacturing skills gap in the United States could leave millions of jobs open and cost manufacturers a great deal of money. A new study by Deloitte and The Manufacturing Institute estimates that 2.1 million manufacturing jobs could go unfilled by 2030, potentially costing \$1 trillion in 2030 alone.

Cross training working for PMI members

PMI members Delta Faucet Co. and Hansgrohe have taken part in parent company Masco's Talent Exchange Program to promote collaboration and provide professional development opportunities for employees.

Lie Wang, a senior manager of manufacturing techniques and cost management for Hansgrohe-Shanghai, came to the U.S. to work on a six-month manufacturing and automation project for Delta, according to a Delta blog article ([tinyurl.com/w83yjn45](https://www.deltafaucet.com/blog/lie-wang-joining-delta)). Lie had experience at Hansgrohe-Shanghai helping to automate manufacturing processes that had previously been completed manually, which saved money and time. Lie's assignment in the U.S. was to "identify automation opportunities within Delta's manufacturing environment; create business cases for connected equipment, visualization and automation; and help implement capital equipment projects regarding automation," stated the article.

"Talent exchanges are a great tool to help drive employee growth," said **Renee Straber**, vice president, chief human resource manager at Masco, in the article. "We know the more we create opportunities for our people to experience stretch on the job, build diverse supportive networks, and integrate their new experiences the faster our people and our companies will grow. We are doing this in various ways within and across our Masco business during COVID-19, and we plan to continue using these types of talent swaps — or talent sharing — as critical developmental opportunities for employees."

(Read the rest of the article at the PMI@Work blog: [safeplumbing.org/communications/pmiblog](https://www.safeplumbing.org/communications/pmiblog))

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