ARTICLES

THE STORIES BEHIND OUR COLLABORATION

There are stories behind every community member, program and insight we uncover, and here is where you'll find them. Read on to learn more about how we think, what we're up to and what drives us.

Search News

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Covid-19 Updates from the Industry: Part I

Team Spirit

All hands come together to keep a panel plant humming despite cancellations

Unity Homes designs and manufactures engineered panelized homes at its New Hampshire plant. The company also has its own set crews. "We're operating and producing, but reinventing yourselves nearly daily, rolling with the punches," says company founder Tedd Benson.

He says that Unity began adapting in early March, when it first sensed the looming COVID impact on the industry. "We decided that we would start changing everything," he recalls.

Those changes included sending 60% of the workforce home to work remotely and assembling a virtual prevention task force with representatives of every department. "We meet online every day to update protocols, share news and help people who are working from home," he says.

The company is following all CDC guidelines including social distancing in the plant, on set crews, and for the few remaining office workers. Rubber gloves are available for everyone, and everyone washes their hands 3-5 times per day. The plant is closed for visits and those who have to enter are checked for symptoms. Before coming to work, they have to answer some online health-related questions and have to stay home of the answers indicated any type of health problem.

The company's set crews were working together with local GC's but have stopped that to ensure that the maintain their safety protocol. Set crew members also drive to jobs in separate vehicles and all workers now have their own set of tools that no one else touches.

In the office, the biggest change has been a switch from in-person to online collaboration, with dozens of virtual meetings now happening daily between staff and with customers. "I spend most of my time on Zoom, Skype, GoTo Meeting or Google Hangouts," says Benson.

He his thrilled at how well this has worked. For instance a large multifamily project in Boston was put on hold because of a citywide construction ban, which left a two-week gap in the plant's production schedule. All hands came together to put another project online, with several people working all weekend from their home offices to make sure the production staff didn't have downtime.

He says that experience has made the company's team-oriented culture stronger than ever. "Our production people see how efficient and effective our architects, engineers and project managers can be while working from home, and have gotten new respect for them." He predicts that the company will have more remote workers in the future.

Modular's Moment

Two CEOs sees modular as a solution for housing and healthcare

CEO's of two modular companies made the same prediction when we called them: that the COVID crisis would raise long-term demand for modular construction.

One of these was Daniel McMurtrie of Southfield, Michigan-based Vesta Modular. The company sells and leases modules and also serves as general contractor, overseeing the process from design to completion. Their customers include government agencies and multifamily builders. The company has 3,000 modules in stock and are in the process of quoting out hundreds of healthcare and military healthcare projects.

"I believe the pandemic will be a wake-up call for us to better prepare for the next one, which may be worse" says McMurtrie. "I see FEMA and the Canadian equivalent having a stockpile of flexible, modular units that they can use as medical space or testing space when needed. These units could contain hospital beds or even ICU units, and could be quickly set up in the parking lots of hospitals to isolate potentially infected patients."



(Image courtesy of Horizon North.)

We heard the same prediction from Rod Graham of Horizon North, an Alberta, Canada-based modular manufacturing and installation company with 2200 employees spread over six locations. Their business includes commercial buildings as well as single-family and multifamily homes, with customers in Canada and the U.S.

Looking to the future, Graham thinks the modular industry is in a unique position to help with infrastructure needs and has been talking with the Canadian government about orders. "I believe there will be a wave of demand for rapid response units for quarantining people, including the currently homeless population," he says. Modular manufacturers can have a brand new facility completed in two months if manufacturing from scratch, or in as little as two weeks, if they have local inventory that can be repurposed.

Both companies have also moved to a virtual business model.

Vesta's offices remain open but staffing is light enough that they can maintain a healthy social distance. However many of the company's employees are working remotely, including McMurtrie. As one outcome of the crisis, he believes that more builders and manufacturers open to having an at least partially virtual workforce. "With so many people working from home, many companies will be more open to that in the future," he says.

Horizon has also reduced staffing in its offices to maintain social distancing. "Folks that don't need to be in office are working from home," says Graham. That includes sales, design, estimating and some of the engineering staff.

The transition has been smooth. "We've got some very hardworking individuals who are productive whether they're physically in the office or working remotely," he adds. "When COVID-19 is in the past, I wouldn't be surprised if a number of businesses go down the path to more remote work. I'm certainly open to that."

The company has also eliminated in-person customer meetings. "If anything, customers are encouraging the use of Skype or Zoom calls. We can email them a PowerPoint presentation and walk through it during the call."

LBM Stress Test

This spreadsheet will help suppliers prep their operations for the downturn

Craig Webb is former editor of ProSales Magazine who now serves as an LBM (Lumber/Building Material) industry consultant. He has spent the last few weeks researching COVID-19's current and likely impact on pro dealers and has written several helpful articles on the subject. Anyone wanting to learn more can read those articles at webb-analytics.com.

Webb reminds us that economists and bankers predict the U.S. economy will plummet in the second quarter and put the U.S. into recession for the year. How bad and that recession will be and how long it will last is anyone's guess but he makes a good case for an economic pause that lasts for months.

To prepare, Webb is advising dealers to stress-test their finances and to that end has made a Stress Tester spreadsheet available on his website. It's also available for download here.

The spreadsheet, first developed by industry consultant Jim Enter, shows what could happen to a company's operating profit if sales decline 20%, 33%, or 50%. The sheet also makes it possible to manipulate payroll, occupancy, and administration expenses to see how changes in those expenses will buoy or sink overall profit.

As an example of how a dealer might respond, Webb cites California's Ganahl Lumber, who got through the Great Recession in part by constantly adjusting expenses according to current revenue. For instance the company decided that personnel costs couldn't be permitted to be above a certain percentage of revenue figure. When that happened, they cut staff.

The article also advises tighter control of cash flow and more stringent credit requirements. And it offers advice for maintaining worker safety in the yard.

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Housing Innovation Alliance:
2212 Liberty Ave. Pittsburgh, PA 15222
412-330-1153
Email us