

Editor's Message



Are YOU Prepared for Disaster? Part 2 by Scott Arquilla

"...any potential event, no matter how seemingly remote, must be analyzed and evaluated for risk to ensure your company is best prepared if and when a disaster strikes."

The last article I wrote outlined what my company, Best Homes Inc., had been through after a catastrophic fire destroyed our plant and office on March 14, 2003. In this article, I'll touch on how we handled our customers and their needs, the progress made getting ourselves back up and running (sort of), frustrations with new building general contractors, and my suggestion that our readers should plan for that unexpected disaster, even though the perceived risk of occurrence might seem to be quite low.

By the time the fire was extinguished, our technical staff, plant manager, and management had met to discuss future plans. Despite the emotional drain of just seeing our business disappear before our eyes, our sales staff formulated an approach to contact every active customer with a pending order via phone to assure them that, while the fire destroyed our plant, we were still in business and would do whatever it took to ship their order on time. We followed up with a letter to all customers informing them of the fire with the emphasis that we were still in business and that we had already made arrangements with local manufacturers to have their orders built.

In the Chicago market, trusses are delivered via crane trucks to the top plate. Since the fire, our trucks have delivered every order to our customers, either by picking up the order at another manufacturer's facility or from our own facility, so our customers still see familiar faces on the jobsite. If a job needs to be field measured, our personnel are performing those tasks. Our truss technicians are doing the truss design and cutting. There have been a few conflicts with those supplying us trusses, as we are used to designing, cutting, building or stacking a job a certain way that happens to be different from their method. We have worked through those issues and there have been minimal jobsite problems. At times, we have had those supplying us trusses bid jobs so we have the ability to make an adequate margin. We have attempted to maximize the margin on every delivery and this method has helped to solve that issue on one-time, exceedingly difficult jobs that cross our estimators' desks from time to time.

For the most part, I would say our customers have not seen any difference in service from our company. We have gone out of our way to remind them of the need for planning and placing orders (place an order when the foundation is dug) and the importance of having as much notice as possible. They realize our normal five to six days for production after a field measure has grown.

Our staff is now producing roof trusses on two truss tables under a lumber shed. We have twenty men back producing about 50 to 60 percent of our needs. The maximum truss length we can produce is about 40 feet. My plant manager and maintenance man deserve all the credit in the world for their efforts in transforming their ideas into an actual working operation. Is it perfect? Not by any means, but at least customers driving by can see that we are working, operations have not ceased, and there are trusses in our yard.

Is every customer satisfied in dealing with a truss supplier who is in the state we are? No. I am sure we are losing business because some feel they can deal directly with our competition. It is an extremely difficult sell to convince customers that it is best to deal with us directly. Sales are being affected, but it is difficult to estimate the total impact this fire will have on our company. This is an issue for our sales staff to contend with as well as the business interruption consultants we have engaged to handle the claim against our neighbor who caused the fire.

We have heard from the insurance adjuster for our neighbor's carrier, St. Paul Insurance Co., but at the onset of the conversation, he denied any responsibility. However, at the same time they have requested a bit of financial information. We have promised a complete claim with all financial and budgetary back-up by the end of June.

We have received six bids from capable general contractors to rebuild our facility. I provided them a small drawing of the proposed layout with door locations and an office sketch. I also gave each a full page listing of what we wanted included on the bid. To date, after more than six weeks of working with them, we have received three complete bids. One gave us a bid to place a steel building on our site; no foundation work, lag bolts, electricity or plumbing was included in their bid as requested. A couple of others have given us pricing in bits and pieces; first, the building and then the necessary add-ons. I have compared it to our company giving a customer a price for garage roof trusses in two stages; first for the lumber and then later for the labor to assemble, the necessary plates and delivery. It has been frustrating in that most want to be the low bidder, but they don't realize we might not want the lowest bidder. In fact we'd just prefer to get an accurate and complete bid in a timely manner.

In another article in the September/October issue, I will outline some basic steps necessary to properly obtain property insurance coverage. I have learned the vast majority of this since our fire and I hope my article will help all SBC readers to understand the crucial steps to obtain proper insurance coverage. Much of what I have had to do over the past three months is learn many details about things that I had limited knowledge of before the fire struck. Little of that new knowledge will be used with great regularity after we are rebuilt and back in normal operation. (Some would say what I have learned will look good on my résumé.) The point of these past two articles has been to inform our readers about how quickly a single event can change you and your company for some time into the future. We all should be aware that any potential event, no matter how seemingly remote, must be analyzed and evaluated for risk to ensure your company is best prepared if and when a disaster strikes.

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