The “CODBS: Results Are in” Webinar on July 14 laid out the harsh reality of trends to watch and emphasized an even greater need for architectural woodworkers to know their numbers! Webinar leader Sebastien DesMarais said, “Don’t guess at what your numbers should be; use relevant, current, and industry-specific data to evaluate where your strengths and weaknesses lie.” Now, more than ever, AWI Manufacturing Members need to dive deep into their financial data, analyze trends, and take action for a better bottom line!

The 133 participants in the 2020 AWI Cost of Doing Business Survey (CODBS) and 124 attendees of the Results Webinar illustrate that members are becoming savvier about taking action to improve their profitability. Twenty-five percent of the webinar attendees were either first-time survey participants or first-time webinar participants this year!

What do the CODBS Survey results reveal? (cont. on page 6)
Regional Seminars to Adapt To COVID-19 Conditions

Like all of us, AWI must adapt to state and local government mandates regarding potential spikes of COVID-19 infections. We will adapt to a new “normal” as needed for the safety of our seminar presenters and attendees.

AWI’s tried and tested core seminars will be launched again, however, possibly on different dates and in altered formats. Faculty for these highly-rated education sessions are experts with various types of experience in the architectural woodwork industry. The interactive seminar will stimulate thoughts about best practices and alternative processes that could help your business become more efficient and profitable. Involve your specialists—whether seasoned or novice woodworkers. All can learn and take back new ideas and perspectives.

Regardless of the learning outcomes, AWI guarantees the takeaways will be worth the investment. Seminars held in different regions of the country typically attract a different mix of attendees, thereby bringing new ideas and perspectives to the discussion table.

2020 REGIONAL AWI SEMINARS (Dates TBD)

Advanced Estimating  
Host: West Texas Chapter

Contracts  
Host: Great Lakes Chapter

Project Management  
Host: New Jersey Chapter

Financial Management  
Host: Carolinas Chapter

Sign up early when registration opens. The seminars are purposely kept small to allow for interaction among attendees as well as with the presenters. Watch for emails from AWI and for news in upcoming edition of e-briefs, AWI’s twice monthly online newsletter. Details will be posted in the “Events” section of www.awinet.org.

LEARNING FORUMS

Involve your specialists—whether seasoned or novice woodworkers. All can learn and take back new ideas and perspectives.

ONLINE FORUMS & WEBINARS

- What do you want to know about architectural woodwork?
- How can you find AWI member companies whose specialties match your need for a project partner?
- Who can help clarify the myriad questions you may have about loans relating to the COVID-19 crisis?
- How can you learn how to use the Cost of Doing Business Survey Report to elevate your business efficiencies and profitability?
- How can you learn about the incoming workforce and manage the dynamics?
- How can you continue networking during the COVID crisis?

AWI’s online Forums about COVID-19, Family Gatherings on Fridays, specialized webinars and other platforms provide answers to your questions, and much more.

Connect, learn and share with guest speakers, panelists, and other specialists at no charge and included in the cost of your AWI membership.

When you receive AWI’s emails announcing the forums, simply register to participate in the program.
The Power of the Portal
Sample Search Results: Base Cabinet

LEARNING PORTAL

Make AWI’s powerful Digital Learning Portal (DLP), www.awinet.org, your “go to” resource for education resources, AWI Standards, AWI member woodwork specializations, AWI publications and other resources, as well as shared industry and technical information from AWI Communities.

For example, enter the Members Area of the website by signing in with your user login at the top right corner of the home page. Then use the powerful SEARCH feature in the middle of the screen for entry to a wealth of information.

Enter “Base Cabinet” in the SEARCH window. The search reveals 204 results (everything) comprised of AWI Community discussions, Standards, Education, General and Glossary. The results include:

• Base, Wall, and Tall Cabinets
• Cabinet Connectors, Panel Connectors
• Cabinet Load Rating
• Takeoff Software Options
• Toekicks, Bases, Sleepers, Levelers
• Structural
• And much more!

You can narrow your search by selecting “Content Type” on the left of the screen.

Get the facts from the DLP and make it your “go to” resource for a wealth of information never before available—or possible—from AWI.

AWI Digital Portal Quickstart Guide

Make sure you’re signed in
The AWI Digital Portal remembers your bookmarks and knows your member status, so your complete, personalized experience is just a sign-in away.

Enter a search term to get started
The sitewide smart search feature provides fully-integrated access to community posts, education materials, standards, and more from one search.

Filter by content type
Expand the filters in the left navigation pane to narrow your search results to just the type of content you’re looking for. Then, simply click to access the content.
AWI Elevates Convention to Virtual Experience (cont. from page 1)

SPEAKER LINEUP
AWI has engaged an impressive lineup of speakers and specialists to share ideas for facing the uncertain future and a “new normal”. Prepare yourself!

Paul Akers, Opening Speaker
Paul Akers is the founder and president of FastCap, a product development company specializing in woodworking tools and hardware for the professional builder. FastCap was started in Paul’s garage in 1997 when he simply “fixed what bugged him” and developed his first product: the Fastcap Cover Cap. From humble beginnings, and no MBA, FastCap has thousands of distributors worldwide in over 40 countries. Paul’s intense curiosity on how things could be improved paved the way for him to become a prolific innovator.

Travis Mills, Perseverance Speaker
Retired United States Army Staff Sergeant Travis Mills of the 82nd Airborne is a recalibrated warrior, motivational speaker, actor, author and an advocate for veterans and amputees. Travis’s New York Times bestselling memoir, Tough as They Come, is currently available on sale in bookstores everywhere. Despite losing portions of both arms and legs from an IED while on active duty in Afghanistan, Travis continues to overcome life’s challenges, breaking physical barriers and defying odds. Travis lives by his motto: “Never give up. Never quit.”

In September 2013, Travis and his wife Kelsey founded the Travis Mills Foundation, a nonprofit organization formed to benefit and assist post 9/11 veterans who have been injured in active duty or as a result of their service to our nation. The Travis Mills Group LLC was started shortly thereafter, where Travis consults with and speaks to companies and organizations nationwide inspiring all to overcome life’s challenges and adversity.

2020 AWI Annual Sponsors
AWI thanks the 2020 annual sponsors for their additional support throughout the year, which helps to fund the association’s programs, publications and other services for members. AWI Manufacturing Members are encouraged to connect with these suppliers anytime at www.awinet.org whenever a need arises for their services. Contact AWI if you would like to join this elite group of sponsors.
Mark Potter,  
*Motivational Speaker*

Coach Potter inspires and challenges audiences with his real story of victory over severe depression. Mark shares stories of victory and ways to help employees, business owners, and executives reach their greatest potential, offering insights on leadership, accountability, integrity, and teamwork. He shares practical ideas to help everyone *train their brain and be able to practice mental health and wellness strategies* that can be implemented immediately. Mark will give you material for maximum brain training.

A 30-year head coaching veteran, Mark will take you where most people won’t go. He will make you think about your next move and help you mentally prepare for what happens next!

Connor Lokar,  
*Closing Keynoter*

Connor is a Program Economist at ITR Economics™, providing economic consulting services for businesses, trade associations, and Fortune 500 companies across a spectrum of industries. His economic insight and forecasting experience play a key role in ITR Economics’ 94.7% forecast accuracy. Connor specializes in the Construction Industry as well as his work on ITR’s monthly publication, the *ITR Trends Report.*

He will turn attention to what the leading indicators are saying about the economy for late 2020. The clouds are darkening with respect to the US consumer and residential construction markets, whose business cycle changes are reshaping the future. And, there are policy actions that will have an impact on our future—and others that won’t. Tariffs, global uncertainty, the stock market, B-to-B activity, and interest rates all have a part to play in the outlook and Connor will give you a clear understanding of how the economic environment will impact your business and bottom line.

**NETWORKING**

AWI is scheduling a variety of networking opportunities throughout the event. Our virtual platform allows for both one-on-one conversations and group chats. You will be able to speak to the exhibitors and sponsors at any time during the convention. Reach out to old friends and make new ones!

**SCHEDULE OF SESSIONS (All times listed are ET)**

**Wed., Sept. 30 (2:00 – 7:00 pm)**
- Chapter Officer Council Meeting
- Product Fair — featuring One-on-One meetings, imaginative Lounge area and round tables with Sponsors and Vendors
- Software Showcase

**Thurs., Oct. 1 (1:30 pm – 10:00 pm)**
- Showroom Showcase
- Opening Speaker — Paul Akers, Lean Principles
- Lean Panel and Shop Tour
- Travis Mills, Perseverance Speaker
- Team Building
- Hospitality — Just like the real thing; network with new and prior attendees and sponsors

**Fri., Oct 2 (10:00 am – 4:00 pm)**
- AWI State of the Association and Awards
- Mark Potter, Motivational Speaker
- Technology Display
- Spouse/Guest Speaker — Nanette Potter
- Leadership Transition
- Closing Keynote — Connor Lokar, ITR Economics
Downward Dip
Highlights of the 2019 financial data analyzed in last month’s webinar conducted by AWI President-Elect and Financial Management Team Chair Sebastien DesMarais revealed many negative trends not only among average firms but also high-profit firms.

However, nestled within the results is a particularly positive trend.
The CODBS Business Sentiment Index (BSI) exhibited a three-year decline overall; however, the Labor Quality Sentiment spiked by 150%. “With less volume of work, participants are seeing higher quality labor,” Sebastien surmised commenting on the BSI data. Current sentiment expressed by CODBS participants is 53%, down from 65% last year. (A score over 50% indicates an improving environment.) According to Sebastien’s trend data from 2009 through 2020, there is a three-year sentiment decline, which somewhat patterns the 2008-2009 recession BSI.

Design/Build Economy
Sebastien positioned the CODBS results within the framework of construction industry trends to better understand their impact on the architectural woodwork industry. Starting with US Bureau of Census data, he noted that even prior to the COVID-19 crisis, both public and private construction began dipping. “Follow a weblink provided in the webinar to dive deeper into the breakdown of the sectors (e.g., residential vs. non-residential, office, hotels, etc.).”

The CFMA Confindex of the Construction Financial Management Association revealed that financing of projects began a slowdown in 2019. The Confindex declined from 120 during 2020’s initial quarter to 87 by the second, a decline exceeding 27%. Seventy-seven (77%) percent of contractors experienced some form of project interruption recently, whether due to state/local distancing directives, lack of key inputs as global supply chains buckled, or because an illness forced a job site to be temporarily shuttered.

While many Confindex respondents indicate that financing for operations remained intact, financing for projects has become problematic, particularly large projects. “That is a red flag for woodworkers hired for large projects which will have to be closely monitored because it will affect our business in two to four years,” Sebastien said.

“During periods of economic stress, financial conditions tighten, and that’s what’s occurring now.” Matters will not have fully improved a year from now, at least according to current expectations. While 28% of respondents to the Confindex expect margins will be significantly (27%) or slightly (1%) better a year from now, 43% expect margins to be worse, with 13% expecting them to be significantly worse. (Source: www.cfma.org)

The Architectural Billings Index (ABI) has been down, but it is seeing slight improvement lately. “Produced by the American Institute of Architects, the ABI is a really good indicator for us, which we will continue to watch as billings and design contracts hopefully continue to rise.”

What lies ahead? Sebastien shared what many economists are projecting: a prolonged one-to-two-year recession.

I RECOMMEND THAT CODBS PARTICIPANTS COMPARE AND CLOSELY EVALUATE THEIR FINANCIALS BY SIZE OF COMPANY.
CODBS Highlights

“Even in 2019 during a strong construction economy, median sales and months of backlog declined, and profitability of our industry mirrored that dip,” he said. “I recommend that CODBS participants compare and closely evaluate their financials by size of company. Regional comparisons using the map in the back of the results book will also give you a picture of how you are doing within your geographic area and vs. other regions.”

High-profit firms saw a decline of 34.5% in Median Operating Profit. Sebastien pointed to a bigger gap in Direct Labor Costs between high-profit and average firms. Taking a close look at the CODBS Balance Sheet of Average vs. High Profit firms, “There was a surprising decrease in assets and an increase in liabilities in 2019 due to increased notes payable, lines of credit and other factors.”

Within the Compensation & Benefits Benchmarking section of the CODBS Report, AWI invested in a new feature for participants. “The Compensation Quartiles allow survey participants to see a range of junior vs. senior positions in the online portal’s Table View – Table 1: Median Total Compensation Quartiles as exhibited below.”

This entire section of the report is a useful resource for comparing salaries, benefits, and other compensation with industry averages as well as high-profit firms.

Action Plan

So, you may say, “It’s just a bunch of numbers.” They are much more. Sebastien reminds members of the important “Marc-isms” to keep in mind.

- Numbers are useless without a comparison.
- One number does not make a trend.
- Numbers are the only way to determine if you’re winning or losing.
- Knowledge without action is useless.

Source: Marc Sanderson, Wilkie-Sanderson

Sebastien and Mark emphasize the need for creating a STRATEGY – “an integrated set of activities that positions a firm with an industry for superior returns.”

Road to Profitability

“Look at your business’s position to ensure uniqueness within our industry and your integrated set of activities to create your superior returns,” Sebastien recommends.
Identify markets and activities that allow you to:

1. Increase price/margin
2. Increase sales
3. Decrease direct costs (material and labor)
4. Decrease indirect costs (overhead and SG&A)

“I suggest going back two to four years to see your company’s trend line, and then sitting down with your management team to devise an action plan for improving your profit variables by just 1%. For instance, in a down economy, find ways to decrease direct and indirect costs. Look at your budget at the beginning of your fiscal year, and review it monthly or quarterly. Focus on making small incremental improvements to increase your bottom line, and keep the process rolling,” Sebastien recommends.

I suggest going back two to four years to see your company’s trend line, and then devise an action plan for improving your profit variables by just 1%.

Financial Management Seminars
Stay tuned for announcements from AWI about the Education Outreach Seminars, including Financial Management. They are in the process of evolving to adapt to the reality of the COVID-19 environment. Make plans to participate to improve your bottom line in what promises to be very challenging times ahead.

Sebastien DesMarais is the president of Hollywood Woodwork, Inc., an employee-owned architectural millwork company based in Hollywood, FL since 1968. He joined the firm in 2010 as CFO and in 2015 became the company’s 4th president. As the Chair of AWI’s Financial Management Team, Sebastien has lectured extensively at AWI conventions, conferences and Financial Management Seminars. In 2015, he was elected to AWI’s Board of Directors and in 2016 became an Officer of AWI. Sebastien is currently serving as AWI President-Elect.