

ProSales

Commuter Survey -- Complete Results, June 2008

June 3, 2008

During May 2008, PROSALES hosted an online survey of LBM dealers and distributors regarding how fuel costs had affected their businesses. A total of 153 people responded to the survey by answering questions posted via the *SurveyMonkey.com* Web site. Questions were answered by anywhere between 48 and 152 respondents.

In reviewing the results, I have some hesitation about the answers given to the questions on respondents' commutes, gas expenditures and miles driven by employees. For instance, some folks might have misread the questions reference to one-way travel and put in round-trip distances. If anything, the averages probably are a bit on the high side. Thus, when analyzing the results, the averages and the results broken down into five-mile or \$5 increments should be considered together.

Likewise, because only 48 out of 153 respondents answered question 11 (regarding actions they've taken as a result of the fuel price hikes), the first column of percentages—which show answers as a percent of the question's respondents—probably is less important than the second column of percentages, which show responses as a percent of all participants. In addition, I'm omitting breakdowns by regional, company or employment type out of concerns that there aren't enough responses to produce a reasonably reliable set of numbers.

Finally, as usual, the written comments provide good insights into respondents' thoughts on the situation and aren't subject to any statistical bugs.

Here is a summary of the results. Please contact PROSALES editor Craig Webb with questions or comments, as well as with ideas for future surveys.

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1. What Is Your Firm's Primary Business? (152 answered question)

	% of Respondents
Building Material Dealer/Lumberyard	69.7%
Molding/Millwork Specialty Dealer/Distributor	6.6%
Short Line Specialty Dealer/Distributor	5.8%
Building Material Wholesaler	10.5%
Other	7.2%

2. Type of Ownership (150)

We're an independent establishment	78.0%
We're part of a chain	22.0%

3. What Is Your Job Title? (151)

Chairman, President, Owner/Partner, EVP, other corporate exec (except finance).	38.4%
General manager/store manager	23.8%
Department manager	11.9%
Inside sales representative	6.6%
Outside sales representative	11.3%
Any other title.	7.9%

4. In Which Region of the U.S. Do You Live? (151)

New England (ME, NH, VT, MA, RI, CT)	11.9%
Mid-Atlantic (NY, NJ, PA, DE, MD, WV, DC)	18.5%
Mid-South (VA, NC, SC, TN, KY)	13.2%
Deep South (GA, FL, AL, MS)	9.3%
Mideast (OH, IN, MI, IL, IA, WI, MN)	22.5%
Southwest (LA, AR, TX, OK)	10.6%
Plains States (ND, SD, KS, NE, MO)	2.0%
Mountain West (CO, WY, UT, NM, AZ)	2.6%
Far Southwest (CA, NV)	4.0%
Northwest/Pacific (MT, ID, OR, WA, AK, HI)	5.3%

5. What Is the Annual Sales Volume of Your Organization? (149)

\$1 to \$999,999	3.4%
\$1 million to \$9,999,999	28.9%
\$10 million to \$24,999,999	24.8%
\$25 million to \$99,999,999	22.1%
Over \$100 million	20.8%

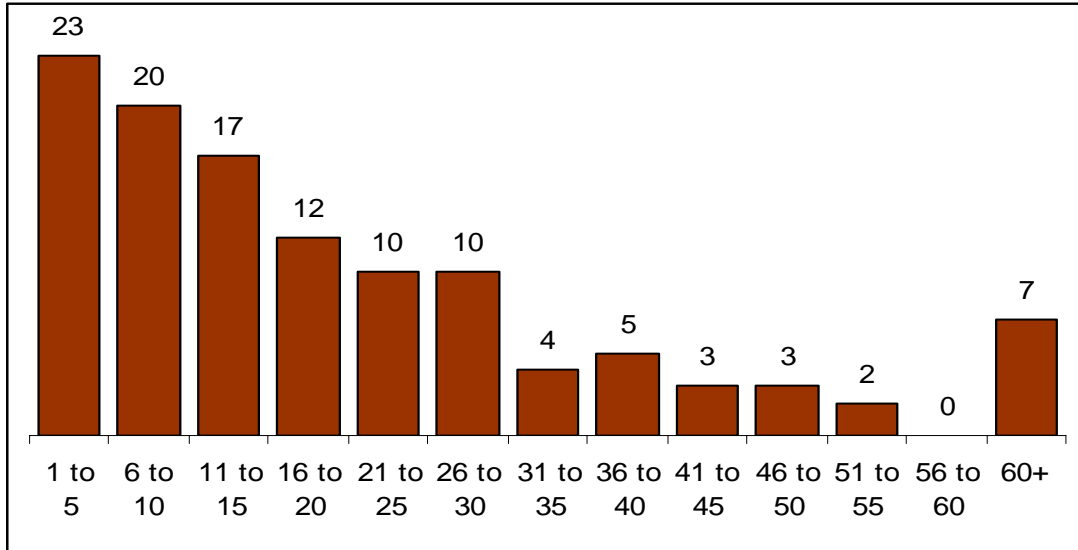
6. What Percentage of Your Company's Sales Come From Building Professionals? (150 answered question)

0% to 24%	6.0%
25% to 49%	4.7%
50% to 74%	18.7%
75% or Higher	70.7%

7. How Many Miles Do YOU Travel To Work Each Day? (117 responded)

Average daily drive to work 22.96 miles
 Fewest miles 1 (4 responses)
 Most miles 200 (1 response)

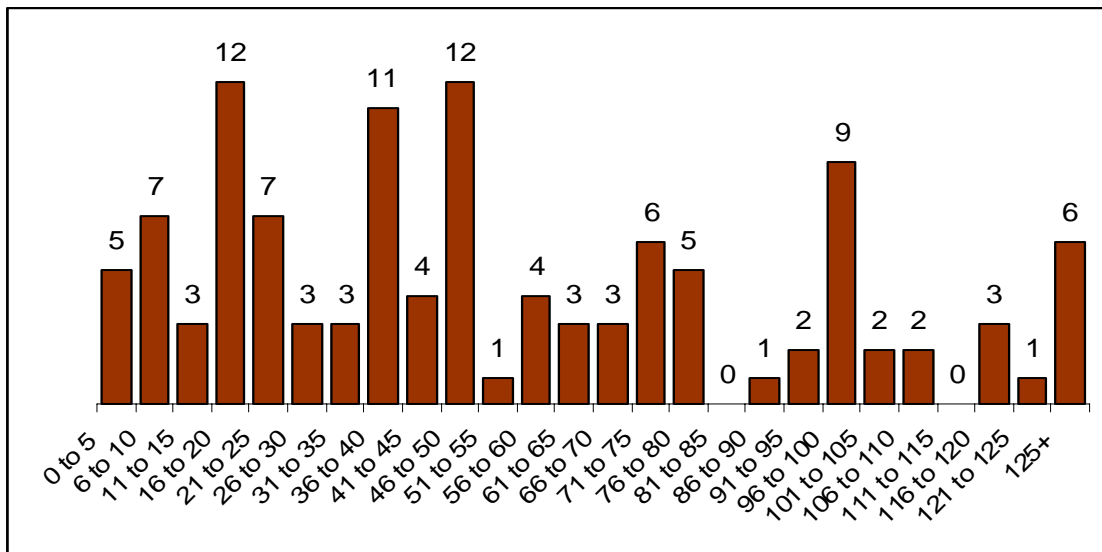
Most frequent responses, broken into 5-mile increments



8. How Much Do You Estimate Spending Per Week on the Gasoline You Use To Get To/From Work? (115 responded)

Average expenditure \$59.02
 Lowest expenditure \$0 (1 response)
 Highest expenditure \$350 (1)
 Average excluding the highest response \$59.02

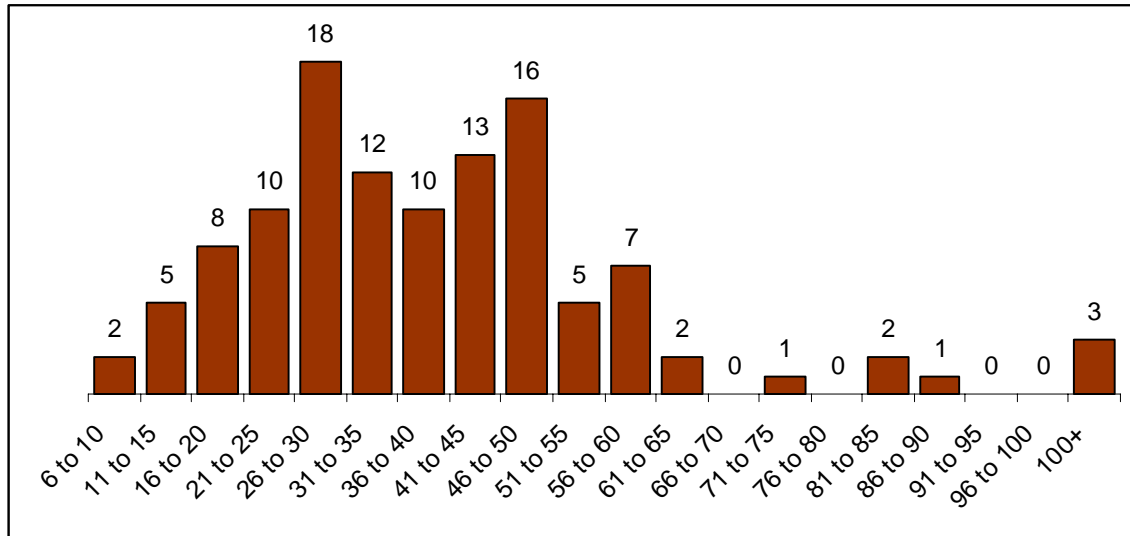
Responses broken into \$5 increments



9. What’s the Furthest Distance That Any of Your Employees Travel To Get to Work? (115)

Top commuter’s average distance 41.5 miles
 Fewest miles 6 (1 responses)
 Most miles 150 (1 response)

Responses broken into 5-mile increments



11. Please Indicate Whether, as a Result of the Increase in Fuel Prices, You Have Done Any of the Following. (48 answered question)

	% answering question	% of all 153 respondents
Restricted How Far Employees Can Drive and/or How Often They Can Use Company Vehicles	33.3%	10.3%
Gave Employees Cost-of-Living Increases To Help Offset Increased Commuting Costs	25.0%	7.7%
Gave Employees a Fuel Allowance or Fuel Card	22.9%	7.1%
Considered Giving or Actually Gave Some Employees the Ability To Work From Home	31.3%	9.7%
Considered Putting or Actually Put Some Employees on Flextime	29.2%	9.0%

Responses by people who chose “Took Some Other Action”:

- Capped mileage reimbursement for outside sales to 18,000 miles/year.
- Give 10 gallons per week to each employees from company pump.
- Gave a little extra at our gas pump to certain employees
- Provided hourly employees \$15/week fuel help
- Limited outside sales time traveling to specific job locations only, no windshield time
- Increased reimbursement for mileage in 2006.
- Offered to arrange schedules to allow for car pooling
- Trying to change their behavior—e.g., how fast they drive

- Reduced work week to four days
- Offer to pay half of a mass transit pass to employees who use public transportation.
- Bought more fuel-efficient-smaller company vehicles for personal travel
- Work drivers on four 1- hour days
- We have several employees that work four days a week at either 40 or 32 hour work weeks.
- Raised reimbursement to 40 cents per mile.

12. Please Add Any Comments That Can Help Us Understand Your Views Regarding How Rising Fuel Costs Are Affecting Your and/or Your Employees' Commute to Work and Their On-Duty Driving, and Thus Their Ability To Do Their Job.

A Total of 44 Respondents Gave Comments

- Fuel is a huge issue. We have tried to do more on the phone and limit trips as much as possible. The extra fuel costs takes food off of everyone's table
- Will implement requiring employees with company vehicles to commute with their own vehicles.
- [We] have to combine more deliveries, thus making customers wait longer for product or plan better.
- With the increasing fuel cost as well as the increased maintenance costs associated with a high mileage commute, it makes one pause to consider taking a lesser-paying job closer to home and still being money ahead. When trying to recruit, it is difficult with the added fuel costs to lure prospects from other areas when you are in a small labor market.
- Maximum \$100 per week gas for Outside Sales Reps. Some folks may not be able to afford to work here any longer.
- Some have bought more fuel-efficient vehicles.
- It is a constant concern that is hanging over everyone's head. It has become a distraction at times.
- I have begun riding the [local commuter] train to work.
- A four-day, 10 hour work week would help
- Fuel costs are affecting everyone. Salaries used to be the No. 1 expense. Now it is fuel for the company. [Providing] 10 gallons a week helps morale.
- As far as their commute to work, there is not much I can do but give them a little bump in pay. As far as our deliveries [are concerned], we have gone up accordingly.
- Most traded in or bought smaller cars to be more efficient
- I only have a few that It really impacts
- We have not taken action yet and have not lost employees for these reasons yet, but it may be a reality for us soon. The cost of fuel is forcing us to reevaluate our business model, which includes both our travel related costs and our employee's personnel costs.
- Limiting trips to jobs and combining trips in the same general area.
- Fuel prices are a significant problem. It is running 1-1/2% of sales. It would be nice to compare that number with other dealers

- Limits our sales time out of the facility, Thus we are, without doubt, missing some opportunities, but chasing customers is not an option at these costs.
- Everyone is being more careful in planning their trips to jobs or to work. Some employees are considering relocating closer to work.
- For the people that have to drive a longer distance it is certainly hurting. No raises or bonuses in the last 12 months hurt us bad. They have to readjust their budget because of it. It also makes us think twice about going somewhere after work or on the weekends. It's just costing too much these days!
- As an outside salesman, I drive more than I should. But I need to do my job. Fuel cost limits the frequency of my visits.
- We provide 35 company vehicles our fuel expense for pickups and cars is approximately \$10,000 per month.
- Employees tell me they could take a job near home at \$4 per hour less and take home more money due to cost of fuel
- All employees [are] complaining about the cost. All [are] looking for a cost of living raise.
- The company has not raised the mileage reimbursement for 2008. Still using last year's \$0.485 number.
- They are spending more time calling customers instead of face-to-face visits.
- Subsidizing employees gas cost does not solve the problem. In fact, it makes it worse in that there is no incentive for the employee to seek out fuel-efficient alternatives.
- I leave my pickup at work two days a week and use public transportation. And increase the occurrence as the habit becomes stronger.
- We have also considered offering incentives to employees who car pool i.e., scheduling, mileage allowance etc.
- We need the employees and they are worth whatever it takes to keep them.
- I feel production (Truss Plants, Millwork, Manufacturing) needs to go to a four-day work week.
- I have sold my larger truck and purchased a car
- It will eventually, in light of \$4-plus gasoline and the downturn in the market, force us to cut back on driving until the situation changes.
- It makes it tough, as all of our competitors add stop & fuel surcharges. It's getting expensive for the home builder if the material he's ordered have this amortized cost added to the product costs.
- My schedule is flexible so have considered working longer fewer days.
- For employees who can work at home 1-3 days a week, using email and voice mail to do their jobs, this is a great alternative to requiring an unnecessary commute. All employers should consider this. It helps the employees and helps the planet.
- Personally, I am reducing my driving as much as possible. At work we are reviewing our delivery fees and holding loads to combine loads and send delivery trucks out with a full load.
- Employers in this industry have long been accustomed to living by the mantra, "If I can't SEE you working, you're not working." That's going to have to change if we're going to continue to attract top talent.
- It's interfering with productivity as that's all they talk about!

- We have also invested in new equipment in our break room to increase use. to save gas and money on going out for lunch.
- It has not affected us too much but some employees are walking to work that live one to two miles away, some even take there [bicycles] to save on gas, but some would do it anyway for exercise
- OSR's must keep a monthly mileage log of personal and company mileage which we monitor. Dispatch and delivery combining as many loads together as possible per truck; Salespeople stop by dispatch each day before going on road to see if they can take anything in their pickup (better mileage than tri-axle or moffett). Teamwork and communication are so key during these times.
- We are not driving into the office each day. Instead, we work from home. Or, we drive from home directly to our customers' sites.

Questions? Comments? Contact Craig Webb, PROSALES editor, at cwebb@hanleywood.com or at 202-736-3307