



## 2019 Wholesale Sales Manager Survey Results - Comments

Random Lengths issue of April 19, 2019

**In what way do you expect the late 2018 tumble in lumber prices to impact your net income in 2019 and that of your co-workers?**

### Eastern Canada

Dramatically since commodities is core to our business.

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It will have no impact unless the company decides to abandon a market.

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We believe that our sales dollars will be hurt by roughly 2-3% due to the sliding prices of lumber. Last year, we had record highs on material, which help show up in increased sales dollars. However, we have already seen an increase in pricing due to the curtailments announced from the western mills in Canada. Not sure if it will push the lumber back to the 800-850 levels that we saw last year, but we do see a potential decline due to the overall price.

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### Midwest

Our sales volume will probably be flat; our margin will probably be flat.

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Lower realizations hurt everyone in the industry....always trickles throughout the system....lower sales prices means lower net returns, means lower paychecks...

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Should not have a significant impact.

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Minimal impact.

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Low if any merit increases and less medical benefits.

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Less.

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If you purchased low, then your margins will rise.

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Pretty minimal; we are mostly back-to-back.

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Negative 25% (We will not repeat the highs of 2018. The average cost structure will adjust down by approximately 25% from the 2018 averages).

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We had a very low inventory at the time, so we did not take as large of a hit as we might have.

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Very little.

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I do think my bonus will be affected. Profitability is lower than budgeted.

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## 2019 Wholesale Sales Manager Survey Results - Comments

Continued for: In what way do you expect the late 2018 tumble in lumber prices to impact your net income in 2019 and that of your co-workers?

I believe that we are recovering and the pain of 2018 is behind us. I plan on a more normal cyclical 2019.

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Negative impacts across the board.

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Flat growth.

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Improve my income.

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Very little. Lower sale prices will be offset with more volume moved as we continue to grab market share.

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12% less compensation from 2017.

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Not sure how it will affect 2019, compensation is based on current year not prior.

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Make it go up; the tumble is a norm for the 2nd half of the year. The tumble was more because greater increase in the first 6 months.

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It will probable reduce our annual income as most customers will be more inclined to buy conservatively this year as prices climb and not over buy like last year.

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I don't.

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Less margins on higher priced material will probably reduce bonus structure.

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I anticipate a scaled back year, more tentative or cautious buying somewhere around 10% decline.

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## Northeast

Nothing, it will bounce back.

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## South

If we can maintain or gain margin, then it will be close to the same or better.

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I don't expect it to impact my income very much.

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Will not affect.

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Our compensation will be the same as 2018 because of a buy out of our company, so no change.

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To decrease willingness to take longer term positions and therefore possibly make less or lose.

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It shouldn't affect us at all as we are all on salary.

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Soften sales some, but pending orders remain healthy. Margin should remain steady compared to last year.

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I don't think it will be affected in 2019.

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Some maybe by 7 or 8%.

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The reduction in prices has caused a decrease in margin.

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Reduced incentives.

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Last year was exceptional, even with the late year slow down. It will be difficult to match, but this year should be ok, even with a slower start.

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Very little. GP\$ and bottom line profit are the driving factors.

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I don't.

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Marginally.

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Affected 2018. Should have little impact on 2019.

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No effect.

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Little.

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## West

We thrive in in a flat to down market.

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No impact.

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The lower prices help to motivate buyers to increase their intake of lumber.

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It's gonna be huge! We're short sellers.

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Overall we will probably make less in incentive pay, but the fact that we made so much the first half of last year will probably equalize our quarters this year and probably not dramatically impact 2019 overall.

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The 2018 lumber crash already impacted my 2018 pay by about \$10,000 and I expect this year to be similar.

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It won't affect us.

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Reduce income by 30%.

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Pretty significantly. The amount of money lost in the last quarter of 2018 made a huge impact on overall company profit.

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Lower numbers, lower GM.

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What comes down goes back up, trend is your friend.

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I think that we will have a large bull market for the beginning of the year.

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Lower margins.

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Not as profitable in 2019.

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Continued for: In what way do you expect the late 2018 tumble in lumber prices to impact your net income in 2019 and that of your co-workers?

There will be less pressure on the rough green market, so it should be better!

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It won't impact my income. We are mainly trading Cedar, Spruce, Pine, and RWD and mostly patterns and trim that we produce here. These products have not been affected much by the soft market in DF and panel products.

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Lower profitability from a record year.

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Expect lower gross margins for entire year impacting sales bonuses.

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Our business could be off as much as 30% in 2019.

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The bonus we get in March of 2019 is based on 2018 sales, which overall were very good so I do not expect much impact to income in 2019.

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Not much.

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Lower it a bit.

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The drop kept our long term projects on track. Would not of stopped current projects, but if it had not come down, the project pro formas would be hurt.

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Moderate, was able to to stay ahead of most items except OSB.

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Will not impact my income. Coworkers on commission plans could see a decrease in net income.

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I believe 2019 will be a difficult year. The marketplace is over produced. We are projecting a decrease in sales of approximately 15%. Margins will be very competitive.

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Bonus about 50% less.

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It lowered earnings and therefore company profitability. All bonuses went down as a result.

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None.

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No effect.

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Not sure if there is a direct cause and effect. Housing prices in the Denver metro area have risen significantly over the last eight years pushing many out of the market or having to move to more rural areas where the prices are significantly low.

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Not at all.

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Not so much. My company is a specialty lumber wholesaler and the price of high end saw logs did not go down, just less on the market so prices are still up.

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## Western Canada

It won't. We are past that.

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## 2019 Wholesale Sales Manager Survey Results - Comments

Continued for: In what way do you expect the late 2018 tumble in lumber prices to impact your net income in 2019 and that of your co-workers?

No impact.

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Little to no impact.

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No impact.

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Negatively.

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Reduced income.

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Possible small impact.

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Will affect the amount of my bonus.

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Reduce net by half.

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I do not see it impacting my 2019 compensation at all. We were able to come through the tumble fairly well.

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## 2019 Wholesale Sales Manager Survey Results - Comments

Continued for: How significantly do you anticipate trade partner disagreements including tariffs to affect your compensation this year?

### How significantly do you anticipate trade partner disagreements including tariffs to affect your compensation this year?

#### Eastern Canada

Duties and import taxes affect prices and end consumers more than my compensation.

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Don't really see this being any different than last year.

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#### Midwest

It all matters.

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Not much really.

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Should not have a significant impact.

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Very little.

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Uncertain.

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I don't for see any larger bonuses or raises.

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Pretty minimal, we are mostly back-to-back.

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No changes in 2019.

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Zero.

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Very little.

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None.

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No impact on my compensation. It will cost the end consumer more money in the end.

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Somewhat.

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Little.

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Insignificant.

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Little to none. Just another hiccup to work around.

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None.

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Minimal.

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Help by 5 to 10%.

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No much at all.

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Not very.

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## 2019 Wholesale Sales Manager Survey Results - Comments

Continued for: How significantly do you anticipate trade partner disagreements including tariffs to affect your compensation this year?

Not much at all.

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I think this year we will see an increase in disagreements by a significant amount.

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Zero.

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### Northeast

Not at all.

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I don't.

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### South

It will not affect us, as we have communicated and the industry has followed suit.

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I don't expect it to impact my income very much.

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Will not affect.

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None for this year.

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None.

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Should not affect my compensation.

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It depends on what if anything changes.

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Minimal impact.

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I think these will dissolve.

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Somewhat significant.

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Hopefully, they will be insignificant.

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Not significant unless interest rates rise dramatically based on economic turmoil.

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I do not know.

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None.

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Very little.

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Very little.

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No effect.

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Little.

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### West

## 2019 Wholesale Sales Manager Survey Results - Comments

Continued for: How significantly do you anticipate trade partner disagreements including tariffs to affect your compensation this year?

100% of my sales are in Mexico. Who knows with this U.S. president and the new Mexican president. They are both nuts!

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No Impact.

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Not significantly.

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Not at all.

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None to minimal.

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Not at all.

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Minimal.

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It won't effect us.

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No impact.

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Hopefully, this will not affect my upcoming compensation.

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Not much.

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It won't.

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20% reduction.

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If solved a decrease. If not solved flat; If more tariffis an increase.

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Not much, my business is mainly stateside.

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The general sense of instability in trade policy greatly complicates forecasting, even in a qualitative sense. Washington is worse than a bad informercial right now...always a "but wait, there's more!" around every corner.

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None. We tend to get the same margin regardless of market conditions. Our inventory turns fast, so we generally stay on market with our lumber products.

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No affect.

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As it effects various parts of our industry from lumber exports and low grade use, that alone will have a major impact on that part of the business for our industry. Think in terms of pallets and components. With that slowing down, think in term of those that traditionally use something as simple as a pallet for export. The effects are going to slow our economy by over 20% mid-year because it represent less export. Hold on.

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We sell hemlock, true fir, pine, and spruce to a company that exports to China. The current trade disagreements have reduced prices 25%, which will reduce overall compensation in 2019 and 2020.

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Not much.

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## 2019 Wholesale Sales Manager Survey Results - Comments

Continued for: How significantly do you anticipate trade partner disagreements including tariffs to affect your compensation this year?

Depends on how crazy our leaders will be.

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It is going to make future projects more difficult to get started.

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Moderate, will pass on most price increases to consumer.

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Will not impact my income.

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It certainly won't help. In the specialty markets, where we trade, the tariffs continues to invite competition from non-wood alternatives.

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Not much.

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Not at all.

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The market is the ultimate equalizer in the end. Announcements cause an immediate ripple primarily because of fear, but the market adjusts to forces and pricing follows.

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No affect.

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Anything that adds costs into building a home has the potential to slow the market, depending on how far we go with the tarrifs it could have a significant impact.

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Minimally.

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Not at all.

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Multi faceted. We work on a margin of materials cost plus a percentage of profit. Any increase in costs will increase the net profit. However, if customers place fewer orders, then our profits will be negatively impacted.

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## Western Canada

I don't feel it will.

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No impact.

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Significantly. Extremely punitive on value-added lumber companies eroding margins and profitability; hence profit share.

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A little.

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Unlikely to impact.

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Very significant.

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No impact.

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None.

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Dispute between China and US will be a definite headwind in 2019.

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