



Professional Construction Estimators Association

Orlando, FL



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August 2022



PRESIDENT'S LETTER



Chris Joyce

Tharp Plumbing
Systems, Inc.

PCEA Orlando
Chapter 22
President

It's hard to believe its already August. Where is this year going?

Our July speaker Lake County Commissioner Sean Parks gave a great presentation on the status of Lake County and upcoming construction projects in the area. What would you like to see as a presentation? Have any ideas? If so, reach out to Rob Allen with your thoughts.

We had a great Social at Gatlin Hall Brewing, thanks to all who came out. Look out for more social events coming soon (maybe another brewery??)

We had a bowling event scheduled for August 11th at Boardwalk Bowl on East Colonial, but due to some conflicting events with other groups, I have moved this event to September 6th, so please sign up and come have a fun time with your peers.

Next month is our *Steak on the Lake* Event, and you know you don't want to miss that one! This year we are trying something new.... We are holding the event on a FRIDAY, so those who like to enjoy themselves can recover on Saturday without work. Please sign up now so we can get an accurate headcount for the food.

Thanks for being a part of PCEA Orlando Chapter 22.

www.pcea-orlando.org

UPCOMING EVENTS

to register visit our website
www.pcea-orlando.org

- **Mechanical & Plumbing Estimating 101**
9 Aug 2022 – 4:30 PM
Ferguson Enterprises
10355 S Orange Ave Orlando, FL
- **August Membership Meeting, GC Panel Discussion**
23 Aug 2022 – 5:30 PM
Citrus Club, 255 S Orange Ave #1800, Orlando, FL
- **PCEA Bowling Night**
6 Sep 2022 – 6:00 PM
Boardwalk Bowl
10749 E Colonial Drive, Orlando FL 32817
- **Steak on the Lake**
16 Sep 2022 – 4:00 PM
Orange County Sportsmans Club
- **PCEA 21st Annual Randy Welch Memorial Scholarship Golf Tournament**
20 Oct 2022 – 7:00 AM
Redtail Golf Club
26026 Member Lane, Sorrento, FL 32776

ATTENDEES MUST REGISTER IN ADVANCE FOR ALL EVENTS



TUESDAY, SEPTEMBER 6th • 6 to 8 PM
Boardwalk Bowl
10749 E Colonial Drive, 32817
\$40 per person INCLUDES
2 hrs. bowling • shoe rental
food and non-alcoholic beverages



AUG 9th | 4:30 PM

10355 South Orange Ave
Orlando, Florida
32824

\$20 Per Attendee

MECHANICAL & PLUMBING ESTIMATING 101



Chris Joyce, CPCE

Director of
Preconstruction

Tharp Plumbing
Systems, Inc.



John Gallico

Vice President of
Preconstruction

Nash Plumbing and
Mechanical, LLC



James Lynch

Area Sales Manager
Commercial / Mechanical

Ferguson Enterprises

August Membership Meeting GC PANEL DISCUSSION 23 Aug 2022 – 5:30 PM



STEAK ON THE LAKE



FRIDAY SEPTEMBER 16TH 4-7PM
ORANGE COUNTY SPORTSMANS

21st ANNUAL
RANDY WELCH
MEMORIAL
GOLF TOURNAMENT

(Benefiting the PCEA
Scholarship Fund)



REDTAIL GOLF CLUB
26026 Member Lane
Sorrento, FL 32776

OCTOBER 20th 2022

SUPPLY CHAIN STRATEGIES FOR MEETING CUSTOMER NEEDS IN A VOLATILE MARKET

The construction industry is experiencing an unprecedented level of market volatility across several supply chain categories, including copper, resin, logistics, vehicles, steel and more. This volatility rears its ugly head in many ways: manufacturers issuing force majeure letters on supply commitments, long lead times for manufactured goods, more frequent price increases and product availability warnings.

At the onset of the pandemic in March 2020, there was a tremendous amount of fear that the unprecedented global health crisis would indefinitely halt construction projects everywhere. As a result, manufacturers scaled back production not only to keep workers safe and minimize outbreaks among staff but also in anticipation of a slowdown in demand. We now know, of course, that projects were not shuttered for an extended period of time, as most resumed within a few weeks or a couple months at most. Unfortunately, that meant that demand would remain high as construction projects moved forward, while factories sat idle.

While much of the unpredictability in pricing and product availability can be tied to COVID-19, other factors such as rising global demand (especially in developing countries), a decades-long reduction in domestic manufacturing and policy changes are also contributing. As we continue to face product shortages and supply chain disruptions for the foreseeable future, what steps can construction companies take to put themselves in the best possible position to meet customer needs while minimizing impacts on profitability?

Although no company can be completely insulated from changing market conditions, we believe our approach to supply chain management has helped us stay ahead of market challenges. Here are a few strategies to consider for your firm:

Structure the Organization for Maximum Collaboration

McKinstry is organized both at a supply chain team level and at a company-wide level to ensure maximum collaboration. Over the past two years, we have thoughtfully restructured our supply chain team by combining manufacturing / detailing, purchasing, supply chain operations and fleet functions. This has allowed us to offer a more complete suite of services to support our customers without adding overhead costs. This approach also gives more visibility to upstream dependencies (such as design, detailing, submittals and fabrication strategy) to better understand what will need to be procured for any given project. While not a one-size-fits-all solution for every firm out there, collaborating across business units – including field leadership – is critical to identifying and realizing the most impactful strategic supply chain goals.

Consider a Consolidated Approach to Purchasing

Another way to protect against volatile market conditions is to take a consolidated, multi-project commodity buy-out Request for Qualifications to market earlier than usual. This not only allows you to secure the best prices and commitments of service but also sets up supplier partners for success by ensuring they have what is needed when it is needed for the prices you have agreed to pay. Similarly, you might also consider employing a Request for Proposals process when awarding equipment rental, tools and consumables, and other temporary services agreements.

In addition, consider inviting suppliers to participate in and inform project-level supply chain strategies. This results in a high level of commitment and accountability, while also offering visibility into any critical supply chain issues and market trends. If volume allows, you might also be able to negotiate commitments at the manufacturer level. This will ensure distributors and manufacturers are working together to secure preferential pricing and product availability,

Continued on back page

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THANK YOU FOR ATTENDING OUR JULY SOCIAL AT GATLIN HALL BREWING



SUPPLY CHAIN STRATEGIES FOR MEETING CUSTOMER NEEDS IN A VOLATILE MARKET – Continued from page 3

and it also helps eliminate confusion and finger pointing should problems arise. Perhaps most importantly, however, ensuring successful management of buyout strategies should reduce the load on your high-value field staff.

Revisit the Project Planning Process

Early in the project planning process, consider putting all projects of significant size and scope through a thorough supply chain planning process that includes field leadership, project management and supply chain. This planning process is designed to understand what must be procured and in what sequence. It is during this process that you can also identify potential supply chain risks, such as unique or long lead time items, site laydown constraints, compressed scheduled, and so on.

You can then take estimating data to market long before the project mobilizes, so supplier / manufacturer partners can price the products and alert you to any high-risk categories. It is during this phase that you will identify the key partnerships for a project or grouping of projects and award packages. Because this is often the longest phase of the process while you negotiate prices, product availability commitments and service expectations, it is critical that this phase is initiated as early as possible.

Finally, as the project nears mobilization, you will want to issue purchase orders and assign specific purchasing personnel (purchasing agents and buyers) to the project. These team members work closely with the project team on scheduling look ahead, product release and delivery, and order tracking. As the project progresses, hold scheduled check-ins with the project team and suppliers to ensure product availability, quality and pricing expectations are being met.

Strengthen Relationships with Automakers for Fleet Purchases

Fleet is another area of the business to explore for saving on overhead and vehicle costs while protecting against supply chain disruptions. For example, consider ordering factory direct to increase your leverage with auto manufacturers and others while also getting ahead of ordering allo-

cations in place due to microchip and seat foam shortages. In strengthening partnerships with automakers by ordering direct, you may also be able to secure better rebates as well. In addition, depending on the size of your fleet, it may also be worth looking into upfitting through a national supplier directly at the factory, which could result in savings of thousands of dollars per vehicle while also reducing delivery lead time.

Market Outlook: Buckle up for a Bumpy Ride

Based on feedback from our suppliers, we should expect to see copper prices continue to increase as sustainability and infrastructure projects related to power transmission move forward. Meanwhile, domestic steel is expected to stabilize by the end of the year as steel producers build back to full production levels and market demand begins to push back on price increases. Oil and gas, too, may recover in parallel causing a cooling of demand in other sectors and leaving prices high. Resin production should stabilize as production returns to full capacity by the end of the year.

When considering the full picture, market volatility is likely to continue into next year. Additionally, with climate change and increasing demand in developing countries, it is possible disruptions and pricing increases may be more frequent year after year. To survive these challenges, we need to build more resiliency into our supply chain and find efficiencies that allow us to deliver value to our customers. We must build upon the lessons learned and find new and innovative ways to drive waste out of construction processes.

Unfortunately, I think we should expect to operate under the current supply chain struggles for at least another year or two. The global economic conditions exacerbating these issues are complex and will take time to resolve. Until then, construction firms should remain focused on building strong partnerships (including OEM direct purchasing), leveraging buying power and strengthening internal collaboration to facilitate earlier commitments as part of a holistic strategy to stay ahead of current supply chain challenges.