



Who cares about kitchen
cabinet manufacturers?
WE DO!



COVID-19 - What's your new business normal?

In-depth survey of the Canadian kitchen cabinet industry

April 23, 2020 survey

Industry data



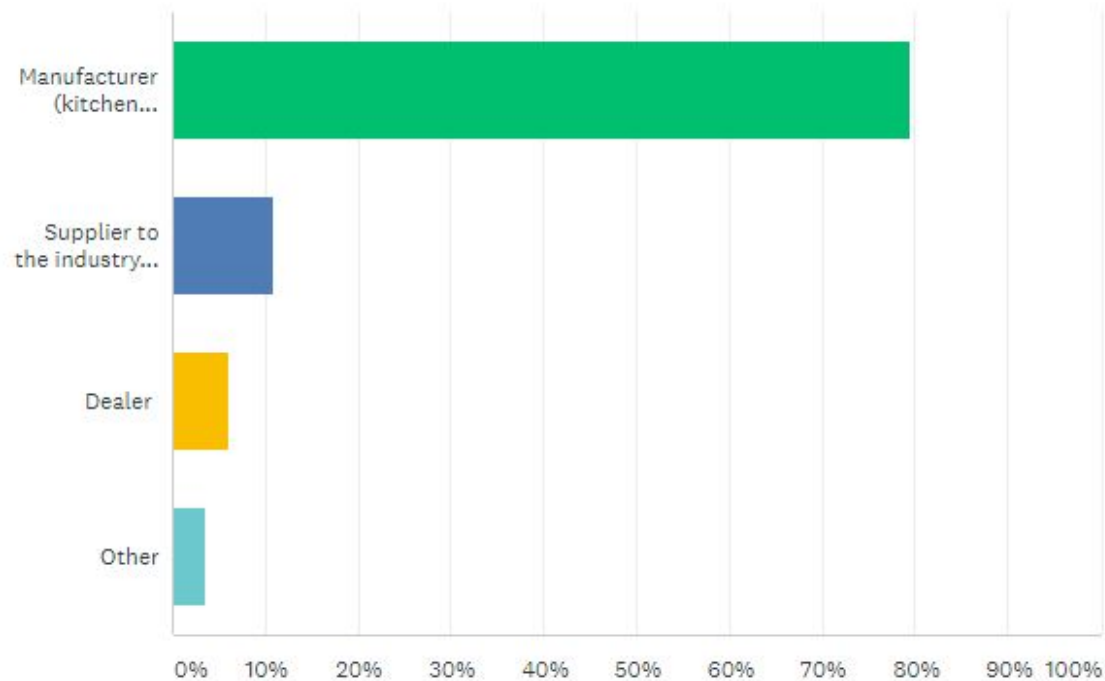
- The kitchen cabinet industry generates an estimated \$1.5 billion in annual sales and employs more than 25,000 Canadians in an estimated 4,000 SMEs (small to medium sized enterprises) with the largest of companies employing more than 1,500 employees and the smallest to just 1 employee.
- Kitchen cabinet manufacturers are proud to be part of Canada's economy driving 52% of the GDP in the business sector!
- Approximately 70% of companies employ less than 50 employees.
- This survey is an indication of what's happening in our industry at this time based on responses we get.

A month in...

- Unprecedented change at a rate we have not seen before.
- Pressures are taking a toll throughout industry
- No easy answers or solutions, but everyone is impacted and by sharing thoughts and opinions we hope it may help you navigate through the challenges
- Sign up for our roundtable discussion April 28 at 1pm (EDT). [Click here](#) to register.
- Watch for industry roundtables hosted by CKCA with guest presenters including CFIB – more dates announced soon!

Who responded to survey?

Answered: 83 Skipped: 0



What province?

ANSWER CHOICES	RESPONSES
▼ BC	21.69% 18
▼ AB	9.64% 8
▼ SK	1.20% 1
▼ MB	2.41% 2
▼ ON	55.42% 46
▼ QC	3.61% 3
▼ NB	3.61% 3
▼ NS	1.20% 1
▼ NLFD	0.00% 0
▼ PEI	1.20% 1
TOTAL	83

What's Happening?

Your business open or closed?

Open	84%
Closed	6%

Comments:

- Closed for walk-in customers by appointment only.
- Showroom closed, working/meeting clients virtually.
- Open by appointment, managing incoming customers one family at a time.
- Showroom operating under very strict one-at-a-time rules, manufacturing running.
- Working at reduced capacity, about 80%.
- Closed to retail clients, open to contractors by email.
- Working from home and working/open.
- Showroom closed, sales reps off the road.
- Only to accept calls, no appointments or installs.
- Showroom closed, but open for quotes.

As of April 16, what is the status of your business?

We have not yet had to lay off any staff	39%
We have laid off less than 50% of our staff	39%
We have laid off more than 50% of our staff	12%
We have laid off all staff	10%

Comments:

- Only laid off staff who didn't want to work
- We have laid off some people in management and sales – production still needed
- Using wage subsidy program.
- We asked all sales, marketing and admin staff to use accumulated sick leave and vacation days to bridge a time from March 25 until April 11th. We have started a new work week as of Monday April 13th working 30 hours per week from home. Our warehouse has worked 30 hours per week since March 25
- We laid off 2 office staff who volunteered.

If you have NOT laid off any staff or have laid off some staff, how much longer before you will be forced to lay off more staff?

A week	3%
Within a month	30%
Within 3 months	32%
More than 6 months	9%

Comments:

- No plans to do any layoffs.
- We are trying to hire right now, but cannot find people to work.
- Do not know.
- We will not lay off staff but will continue to pare work capacities.
- Not at all, too much work, business as usual.
- We have workshare and are planning no lay offs.
- I don't plan on laying anyone off.
- We laid off 20% staff today.
- Whatever it takes to shut down, so that the country can get back to normal, by Dec 2020, its ok with me.

As of April 16, has your company applied for Federal Government 75% wage subsidy?

Yes	23%
No	68%
N/A	8%

Have you lost staff because they were concerned about safety and chose to go for CERB instead?

Yes	45%
No	55%

What % of your staff who chose CERB have left?

Up to 10%	23%
Up to 25%	26%
Up to 50%	11%
Up to 75%	0%
More than 75%	11%

If you have a reduced work force how are you managing production?

- Ongoing. Layoffs due to reduced production needs.
 - Making remaining staff work longer hours.
 - One kitchen at a time.
 - Working myself in office.
 - Cross trained personal shift around.
 - We are having trouble getting supply and do not have enough people in production to fill needed orders.
 - Re-training other department team members to fill-in the missing roles.
 - Doing it myself!
-
- Reduced need in our products, so reduction in staff seems to balance reduction in demand.
 - Overtime and/or delayed delivery.
 - Virtually zero production, only doing front office and admin duties.
 - Working harder, hired some outside contractors for installations.
 - Challenging, jobs are backing up, subbing out work.
 - Managing the best we can with the people we have, no other option.
 - Prioritize all jobs and materials, only do what is absolutely necessary for the job, not making anything ahead.
 - No change, the industry is slowing down.

If you have a reduced work force how are you managing production (Cont'd)

- We had some mandatory quarantines at first when volumes were still high, our production fell behind. Our volumes are lower now, which supports a reduced work force.
- Customers understand the situation and are accepting delays, we are being as transparent as possible, could manage loss of work force, but do not want to over work our current staff.
- Reduced demand for completion has created a level progression so far.
- Pushing back production schedule.

- We have enough people for the available work, if we get busier we will recall the people we laid off.
- Output at 50%, it is causing delays but most people understand the current situation.
- Covid has forced us to take a good look at our internal operations and we let some people go that we should've let go for a very long time (we just never had the heart to do it). Everyone seems to pull together and work harder with the same amount of time.
- We have highly automated shop, so the staff we have are able to manage.
- Many new safety procedures and practices in place, no more deliveries (hire a third party), no non-staff allowed to enter building, pushing dates back as some of our suppliers are not open thus enabling us to complete jobs.
- Our reduced team saw a very quiet March, but is already experiencing increase in demand. With Quebec expanding essential construction, we are expecting further support requests.

Some companies had an excellent 1st quarter and looking to hire. If you are one of those, how are you managing to hire during this difficult time?

- We are not hiring at this point, we have maybe two months of work left, unless restrictions lifted, we will be closing.
- We are having a hard time finding people willing to work in production. They want to stay home and collect \$2K per month over risk of working in the plant.
- Not hiring, want to limit people entering our facility.
- Using word of mouth.
- Same as before, phone and skype interviews and eventually interviewing in person.
- Hiring one person in the shop, proceed as normal.
- Very hard to organize zoom interviews or even have people apply
- I have continued with my plans to hire and provided we continue to meet sales goals, we will continue as planned.
- N/A Q1 was minimal growth for us.
- We had plans for a second shift, which has been shelved until much, much later.
- We are no longer looking to hire.
- There still do not appear to be enough/the correct applicants. Several departments have been on overtime since summer 2019.
- We are still conducting interviews every week, this is the best time to find talented people. They are still having very high wage expectations though.

What other measures have you implemented to adapt to this Covid-19 situation?

- We are not hiring at this point, we have maybe two months of work left, unless restrictions lifted, we will be closing.
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What other measures have you implemented to adapt to this Covid-19 situation? (Cont'd)

- Closed showroom to walk-in customers. Appointment only.
- All employees on the factory floor are wearing masks. No entry into the plant by outsiders. All supervisors talk to their team on a daily basis before they start to work.
- Managing job sites so there is no more than 1 tradesperson there at a time. Designers working from home. Team zoom meetings.
- Morning meeting to discuss all Covid questions staff might have.
- Strict rules of straight home and back to work next day.

- Posted signage. • All team leaders have been reinforcing it in their meetings. • created a Employee Strategy and distributed it to all Employees. • Staggered breaks. • Laid off 1/3 of staff for social distancing. • 6' lines by punch clocks. • Cleaning routine. • Delivery no longer enter the building. • Showroom shut down. • Lunchroom shut down. • 6' lines by fridges/ microwaves and desks. • Move punch clocks more than 6' apart. • As many as possible (Dealer Service, Engineering, Marketing, Book-keeping) are working from home.
- Emailing Job to quote customers and install projects, and their contractors, our social distance procedure, so they know before we arrive.

What other measures have you implemented to adapt to this Covid-19 situation? (Cont'd)

- Staggered lunch breaks to reduce the number of employees in the lunchroom at any one time. Cloth masks available to all employees. Cleaning all high touch surfaces multiple times per day through out plant and office.
- Re-useable face masks for every team member. Limited access to factory floor. Limited access to offices.
- Rotating coffee breaks to be held outside lunchroom is closed Staff to bring their own coffee we are not longer providing access to communal coffee machine or water dispensers.
- We have closed our showrooms 100% to outside visitors. We restrict freight drivers from entering our warehouse and have set a station for them to sign paperwork.
- Supplier: Only warehouse staff are working in the back. All other employees work remotely.
- All exterior doors are locked and people are only allowed in if necessary and after they sanitize their hands.
- No public access. only installing in vacant buildings.
- Gloves and masks for all staff. Temperature readings twice per day.
- No customer during work time and no more than 2 workers in the place if we can manage work in a 2 meters distance minimum and not working on the same thing . No more than 2 persons per day in the place.

What other measures have you implemented to adapt to this Covid-19 situation? (Cont'd)

- Showroom open by appointment only, installers wear masks and gloves, customers not allowed in the same room as installers, customers requested to clean and sanitize doorknobs and surfaces prior to our visit.
- Split into 2 shifts, eliminated all paperwork and transitioned morning meetings to Zoom meetings on iPads, all orders are getting sprayed with disinfectant and left out for 10 minutes before brought in, no eating in staff room, forehead thermometer.
- We wear N95 masks when working in close quarters.
- Third party delivery services; drop-off and pick up stations, quarantine materials for 5 days upon arrival, screening clients, installers and staff daily.
- Sign in and out in production and office to record and identify less than 50 in the area. Have taken extra chairs outside of the lunchroom (instructed employees to have lunch outside or in their cars). Strict cleaning protocols that are reviewed by safety committee. No showroom access unless appointment and only in after hours. Phone screening all homeowner appointments 24 hours ahead and ask health related questions. Service Techs are required to take COVID-19 questionnaire to homeowners for their signature if they fail to complete, we will not complete the work.

What other measures have you implemented to adapt to this Covid-19 situation? (Cont'd)

- Closed common areas like lunchroom, all breaks taken in car or at workstation, respirators have been purchased for all staff and are used when in close proximity (within 6ft).
- Locked doors. No sharing of tools.
- There still do not appear to be enough/the correct applicants. Several departments have been on overtime since summer 2019.
- We are still conducting interviews every week, this is the best time to find talented people. They are still having very high wage expectations though.
- Floor markings to ensure distancing in warehouse, new PPE (masks), social distancing t-shirts.
- Limited access and safe distance of 3 meters minimum.
- No public access to factory, no delivery staff permitted to enter, closed our canteen, staggered lunches and breaks, 2 employees on full time sanitation/disinfecting.

What supply chain challenges are you experiencing?

- Yes, most suppliers are up and operating but product coming out of China and Europe has been difficult to get and some product from the Us as well.
- Some cabinet companies, windows, some countertops.
- Yes only from my Quebec suppliers.
- Not yet. We stocked up when it first began.
- Laminate countertops and dovetails.
- PEP's, countertops and doors.
- Cabinet components , aluminum doors.

- Yes, we require product and raw materials from Quebec and cannot get what is needed. Supply just started to come in Apr 20 but more is needed.
- Door suppliers are facing low staff numbers and it is effecting our supplies.
- Not too much effect yet.
- Some custom inserts from Italy not available.
- The challenges tend to be with freight carriers and normal cartage times. The cartage times fluctuate so it is difficult to tell a customer that their usual 3 days lead time is still applicable.

What supply chain challenges are you experiencing? (Cont'd)

- Lumber, doors, P.Lam countertops, delivery challenges with other product.
 - Doors are taking longer as are sheet goods.
 - Quebec shut down is limiting our supplies, however we hoarded our most common supplies in January, so we should be "just" fine.
 - Wood carving, plywood had to be re-sourced.
 - Some shipping delays, access to samples etc.
-
- Melamine suppliers are from Quebec so they were shut...along with veneer board supplier. they are now coming back online but reduced staff
 - Not yet but we will with transportation, some cabinet manufacturer and supply.
 - Minor things are taking longer than expected (accessories/pullouts) but still within a reasonable time frame. No major disruptions to required supplies like lumber, etc.
 - Yes, some of our hardware suppliers in the US are closed. We can substitute with other products.

What supply chain challenges are you experiencing? (Cont'd)

- All of the above. We began pre-ordering and stockpiling materials several weeks ago and are trying to stay well ahead of our needs
- Delays with hardware. Certain suppliers backed up in warehouse (and due to CN blockade). Mattress supplier on reduced hours so turnaround time takes longer (we make wall beds as well as kitchens).
- Challenge getting masks for all workers and coveralls for finishing staff.
- Supply from Italy and Spain delayed.
- Not a concern at this moment, until we open again!
- Supply chain have also increased their lead-times - deliveries that we would get the next day are now coming in two to three business days - that affect the sequencing of project milestones - so basically the seamless functioning of the project is a big challenge.
- We planned a bit more ahead seeing this coming and we are doing ok, but for some of our projects the door suppliers are shut down and this is providing us with challenges.

What supply chain challenges are you experiencing? (Cont'd)

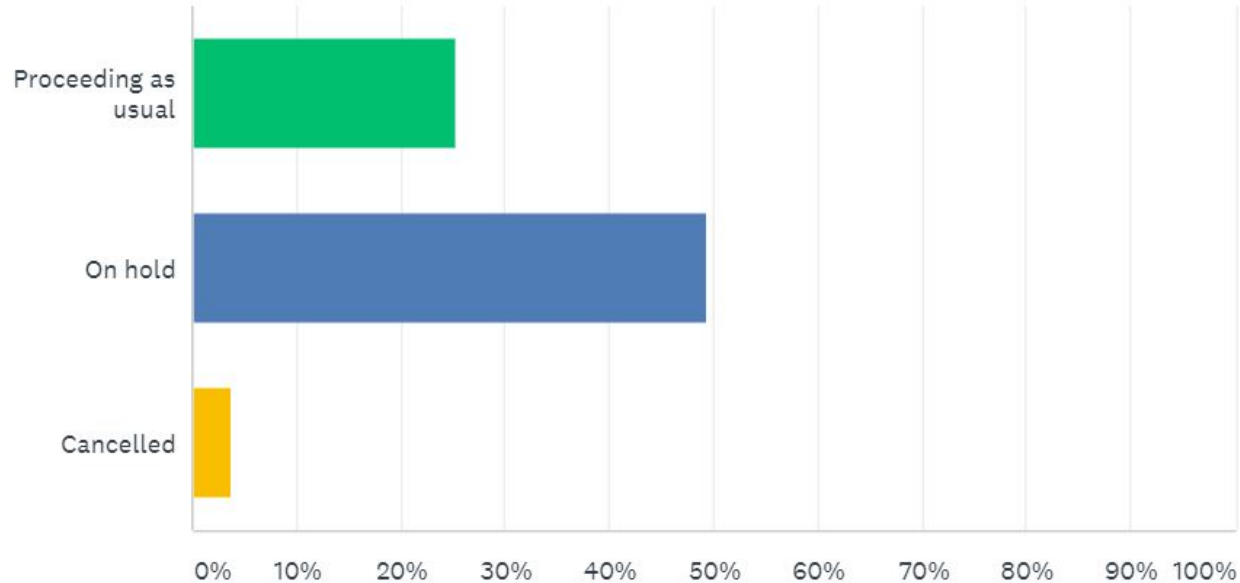
- Everywhere!
- Some hardware is taking a couple of extra days to arrive.
- Countertop suppliers were closed and are now re-opening but at less capacity.
- Materials that originate from Quebec are on hold...
- Most suppliers are still open but experiencing some slowdowns

- Mostly melamine, long lead time on some sheet stock.
- I find that many companies are using this time to give and excuse poor customer service.
- Everyone seems short-staffed so most problems are from are delayed shipments.
- Yes. Our suppliers are facing work force shortages and that is significantly effecting our production.
- Door suppliers are slower, lumber, hardware

Future Trends

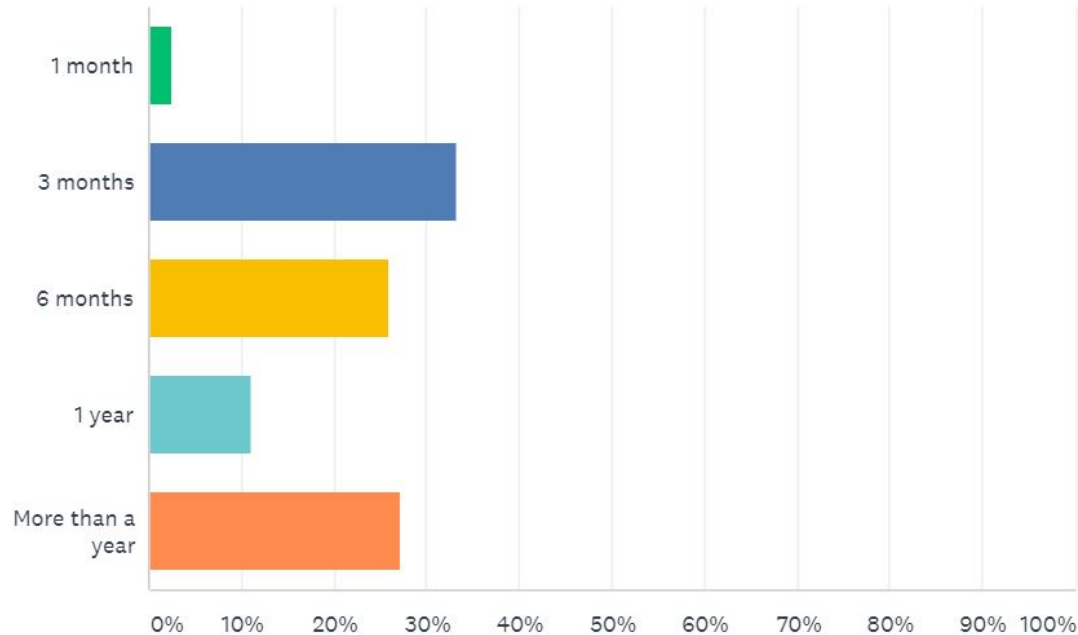
Have awarded projects, that were scheduled for install 4 months or more from now, been cancelled or put on hold?

Answered: 79 Skipped: 4



With the uncertainty of how long Covid-19 will continue, how long do you think your business can remain financially viable with all the current restrictions you are managing?

Answered: 81 Skipped: 2



When we do return to a more normal pace, what are some of the things you've learned (so far) from this situation that will be part of your new normal moving forward, regardless of Covid-19?

- Value our people.
- Definitely strict measures on personal hygiene and sanitation.
- Working remotely more (designers) Keeping website fresh, implement an online sales portal
- Mandatory daily cleaning and looking for suppliers closer to me.
- Increase efficiencies / lean.
- Improve cross training.
- Social distancing will be the new normal for the future. Particularly during cold and flu season. Regardless they should be maintained at all times.

- We hope to never see anything like this again... it is not possible to be properly prepared to deal with situations like this without total support for Government etc.
- Diversify our customer base. Maybe even look into producing PPEs, including masks. Not happy with what we, as a nation, have had to do to get supplies for our frontline workers.
- Don't become financially over extended.

When we do return to a more normal pace, what are some of the things you've learned (so far) from this situation that will be part of your new normal moving forward, regardless of Covid-19? (Cont'd)

- A lot more of our business can be run via emails texts facetime calls.
- You need to be cashflow positive and have money left in the business for times like this.
- Set some emergency protocols including communications. Will we really want to work from home?
- The value of certain employees, which suppliers care for their customers, that it's ok to be picky on which jobs we take on & which ones we turn down.
- We will become leaner. Reduced staff with better organizational systems. We are also looking to diversify into other streams of the woodworking industry.

- More emphasis on employees whom have the common cold/flu will be encouraged to stay home. This crisis has shown how a virus can affect other staff, compounding higher productivity issues.
- Cumulative numbers are not a good measure and young people totally overreact and panic for no reason.
- Continue to not be too aggressive in leveraging assets for growth.
- Have a war chest of cash available and take nothing for granted.
- Work from home (where possible), maintain a clean, efficient shop

When we do return to a more normal pace, what are some of the things you've learned (so far) from this situation that will be part of your new normal moving forward, regardless of Covid-19? (Cont'd)

- A lot more of our business can be run via emails texts facetime calls.
- More electronic record keeping throughout business.
- Some people are not as important as they thought they were...more working from home for different departments, move more to Lean manufacturing.
- Save, Save, Save (\$\$)

- Working from home is pretty productive and we will continue to do so partially.
- It is hard to say because we are in a design turnkey project business and we are responsible for measurement and we have so many products that we cannot give fair estimates if we can not see and feel if there are some problems with floor level, wall to remove or create, plumbing, or ceiling support if needed .
- Push sales even harder.
- Diversify our client base. Plan for the worst, hope for the best.
- Importance of cash flow in business. The impact of company alignment on business success. How to handle stress.

When we do return to a more normal pace, what are some of the things you've learned (so far) from this situation that will be part of your new normal moving forward, regardless of Covid-19? (Cont'd)

- Have a proper work-from-home setup and use technology to successfully sell our services and products.
- There is nothing about this that has changed how we work other than needing more space and not dealing with clients.
- JIT has never proved useful to us, this experience has confirmed the validity of that observation. Also, installs go smoother for everyone when there aren't other trades tripping over each other.
- We can function with less staff.
- Being more efficient with shipping where we organize and send paperwork to shipper in the shop rather than having drivers come up to the office first.
- Hand sanitizing stations will be implemented.
- Key flexible employees is truly the 70/30 rule.
- Ability to use zoom video for prospect and client calls which reduces wasted travel time. Ability to utilize LinkedIn more effectively to approach prospects.

When we do return to a more normal pace, what are some of the things you've learned (so far) from this situation that will be part of your new normal moving forward, regardless of Covid-19? (Cont'd)

- The remote/connected workspace is here to stay. Why travel so far for a meeting/conference? Also we've had to ask for money upfront (before delivery of cabinets) which we haven't done before. It helps so much with the cash flow that we will keep doing this
- We will manage cash flow better and purchase less volume.
- It think it make myself stronger, using more technology and learning how to adapt, WE have a great opportunity here to build a stronger & better company from this outbreak!
- Try to implement more remote and paperless practices in our sales process.
- The new normal would be to be prepared for the unprepared.
- Too soon to know.
- Crisis Management Plan - who will be involved and how it will be rolled out, review stages. Continue to maintain cleaning protocols, sign-in requirements by any external visitors, appointments for any show room visits, providing production daily protective equipment like masks and gloves. Homeowner screening and asking any health-related questions until the COVID-19 completely dies down.

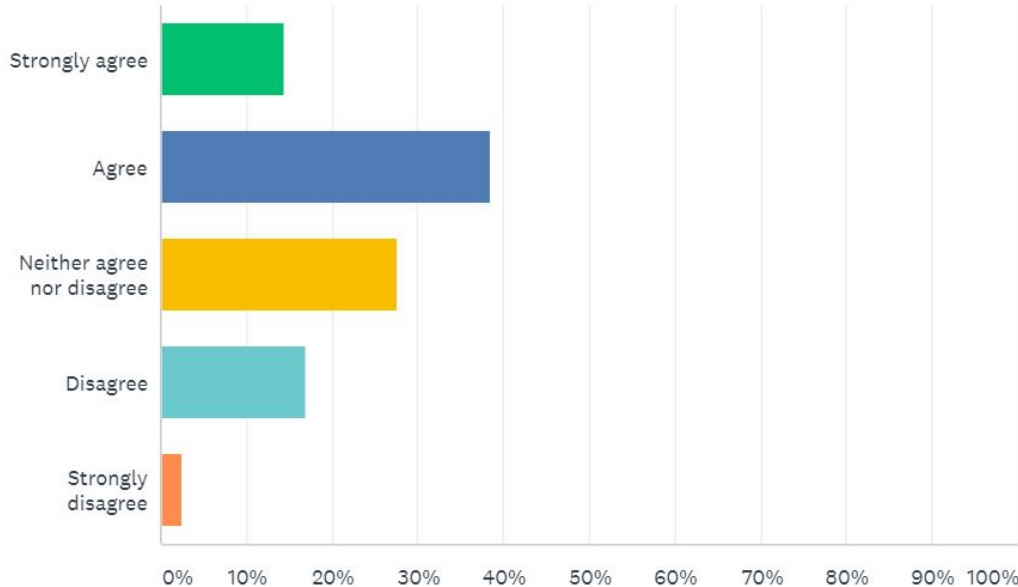
When we do return to a more normal pace, what are some of the things you've learned (so far) from this situation that will be part of your new normal moving forward, regardless of Covid-19? (Cont'd)

- We need to learn how to work online with customers better - more computer ability really needed
- Being able to manufacture more in-house as an option is important; less reliance on partner manufacturers (i.e door & drawer suppliers).
- We are expecting our client's sales process to change and for remote work to become more common. We intend to be continuing to offer support to designers and engineers working from home offices.
- Need for cash flow reserves.
- Need to change out some people.
- Communication with both employee and customer is critical. Even if it is just a top of mind call or email.

Do you agree or disagree:

"People are cooking at home every day right now and dealing with their kitchen. When this is all over, there may be a boom for the kitchen cabinet industry with people realizing they want a new or somewhat upgraded kitchen".

Answered: 83 Skipped: 0



Do you agree or disagree:

"People are cooking at home every day right now and dealing with their kitchen. When this is all over, there may be a boom for the kitchen cabinet industry with people realizing they want a new or somewhat upgraded kitchen".

Comments:

- While this comment may be true finances will impact who can take advantage.
- Have had several clients call us saying they are tired of their dark wood kitchens that were so popular 10 years ago so as long as financially capable several of these clients do want to proceed with kitchen renovations.
- They will be afraid of a weak economy, they will have a low cash flow so I think kitchen renovation will not be priority.
- At the retail level, household finances will be paramount, particularly for those homeowners whom deferred their mortgages but then again very low interest rates see others take advantage of it and get a HELOC to renovate.
- It will be interesting to see if people want full reno or just reface. and if they choose lower quality materials that fit a smaller budget.

Do you agree or disagree:

"People are cooking at home every day right now and dealing with their kitchen. When this is all over, there may be a boom for the kitchen cabinet industry with people realizing they want a new or somewhat upgraded kitchen". (Cont'd)

Comments:

- Could also be a building boom as the divorce rate might increase and now they need 2 households.
- We had a few calls with people sitting at home and thinking about this.
- We're preparing for the flood of new leads
- Hopefully! We are actually doing a lot of quotes right now.
- CKCA and other associations etc. should come together and actually advertise on TV or Social Media to get new kitchens... Push the people now while they are staring at their kitchen constantly to consider an upgrade.
- We believe the higher end segment of the market will rebound quickly in comparison to the more cost-effective market will take a bigger hit as lower income households will be more stretched financially.
- To add to this, a lot of small businesses in this industry are going to close their doors so there will be more work for fewer businesses.

Reminder

CKCA has partnered with CFIB to bring you updates and help you manage your business through this crisis. CKCA membership **INCLUDES** membership with CFIB.

CFIB's programs and services are comprehensive so we encourage you to check out the excellent work they are doing to lobby for small business.

CKCA is also here to support the industry by bringing the industry together.

We will continue to monitor what is happening nationally and provide updates from reliable resources as well as looking at what financial aid programs are available.

We will also continue to host national roundtable discussions so this industry can talk because it is important to stay connected during this very challenging time.

CKCA can be reached at: 613-493-5858 or info@ckca.ca or





Professionalism – Quality - Innovation