

To our PF Team:

There are many things happening in the world around us and we are adapting as best we can. We will keep you informed. This week, I anticipate we will receive notices from suppliers that cannot deliver as planned (schedules or quantities). We will research the schedule impact and develop customer action plans. We do have over almost 2 months of inventory of stock products on the ground – a good position. Special orders will be the challenge – please talk directly with suppliers and our purchasing staff before committing to customer orders.

COVID 19 Events Over The Weekend & And Impact On PF Operations for Week of 3/23/20

News on Friday over the weekend will impact our operations this week:

- California, New York, New Jersey, Connecticut, Delaware, Oregon and Illinois have variations of “stay-at-home” orders in place. Ohio and Louisiana have stay-at-home orders at end of day Monday. The definition of “essential businesses” likely to follow Homeland Security guidelines, but states have some latitude on defining “essential”.
- Pennsylvania and Kentucky have closed non-essential businesses. Lumber yards are open, but some suppliers are not. For example, we learned that Cabinetworks (Kraftmaid, Medallion, Merillat, etc.) has some plants in Pennsylvania that were closed.
- Missouri has stay-at-home orders for largest cities St. Louis and Kansas City. Other cities and counties (New Orleans, San Miguel County in Colorado, Athens-Clark County in Georgia, Blaine County in Idaho, etc.) have issued stay-at-home orders. More will likely come soon.
- Michigan has not issued a stay-at-home order yet. The reason Governor Whitmer has not issued the order is because “non-essential businesses” would have to close.
- There appears to be debate across the country on whether hardware stores, lumber yards and trades are “essential”.

What does this mean? My best guess:

1. Our supply chain is affected and we will be slowed down. Manufacturers, distributors and trucking companies we use are located in many of the states with stay-at-home orders. Anything we can ship and invoice before that happens will help us manage cash flow.
2. We need to support each other and fill-in if we have some unplanned staff absences. So far have been able to fill-in with cross trained staff or support from other locations.
3. We should not place purchase orders for special orders unless we can confirm the supplier can deliver (a BIG if, given which states are shut down) and we get a deposit from our customer. Customers will not be happy but it is the reality. We cannot guarantee supply or shipping schedules due to variables beyond our control.
4. We'll need to review all open customer orders and outstanding purchase orders to determine which deliveries are at risk because of stay-at-home orders nation-wide. There are about \$1.4 million of open purchase orders.

We will be working with our sales, purchasing and operations staff to stay on top of the supply chain issues affecting our customers. Let me know if you need me directly involved in any customer or supplier communications.

Kirk