

From Pete's Desk

Lumber futures are down. A lot. Under \$1,000 per MBF. But other prices continue to go up. A lot. Steel, drywall, plumbing, HVAC, and even concrete and masonry, which had lagged. Yesterday I was told that Hardie siding would not even quote for the next two weeks. And when they resume quoting, prices will be up 20%. It is a crazy world. But lumber futures are down a lot, and since they led the crazy increases, I am hoping they will lead the decreases. Homebuilding, which has been at near-record levels, seems to be somewhat sensitive to price increases finally and is backing off, which will help. Our clients need the help. Despite the uncertainty, many are forging ahead. We started one project recently and have three more expected to start in the next 30 days in the Toledo office. And in Florida, they have multiple projects clients are moving forward with. Our preconstruction departments are working hard to control costs as best they can, looking at alternate products and systems and locking in prices as they are able to.

There continue to be headwinds for our clients and us. Though demand for senior living is increasing with the reduced new supply, labor continues to be difficult and more expensive, and assurance of rental price increases seem speculative at this time. But many of our sophisticated clients have and are continuing to move forward with construction drawings, indicating their confidence in this market. And it's hoped that as government entities reduce the disincentives to work, material shortages and price increases will abate, as lumber has.

Last week we completed our quarterly planning session. The focus was on how to get people to act like owners, which all are. A survey of the planning group of about 15 people was done in advance. And the results were impressive. This group has thought deeply about this subject, understands it, and are motivated to succeed together. Jim Bado, a nationally known expert in the human side of ESOPs, led a discussion with the group on the subject and the group finished the day with a quarterly plan to put this into action and drive an ownership mentality and behavior in the group and throughout the organization. It will be exciting to see the positive impact this will have on our Associate Partners and our clients.

Summer is here, which means it's time to start thinking about, oddly, winter in the Midwest. Though it's ninety degrees, we are less than three months away from Labor Day, when it starts cooling off. And less than 5 months away from November, when things get much more challenging. With four new starts in the north, it's time to work quickly while we can and prepare to get any temperature-sensitive work scheduled for when it won't be affected by winter.

Please join me in congratulating the Pennrose Eastern Woods team of Drew Rahrig, Landon Kessler, Tyler Stout, and Dylan Lewis for completing this project on time and to the owners satisfaction, in welcoming new associate Chase Watson, Project Coordinator in Toledo, and in congratulating this month's core values winner, Chris Vasel, who Andrew Best nominated.

By Pete Douglas

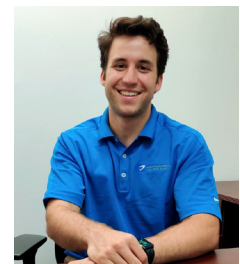
Living the Core Values

I would like to nominate Chris Vasel for a core value award for "Growth of our Associates and Business through learning, teamwork, and leadership." Chris has demonstrated this by having Andrew Sokol to attend the subcontractor meetings at Maumee Point and touring the jobsite after the meetings with him. Jobsite visits and meetings are busy enough without this additional training. Chris has taken time out of his day to help show and discuss work being done on site with Andrew. Construction knowledge is on Andrew Sokol's development plan and seeing the Maumee Point project in person has helped him develop as an estimator. Andrew has been able to see items in person that he does not get exposed to in the office.

By Andrew Barger



Amanda Keener
Toledo



Blake Bustamante
Orlando

Notes from Orlando

It is hard to believe that we are halfway through 2021, but we are! As I reflect on the first half of this year, I am pleased to report that we are generally tracking to our 2021 business plan for Florida in terms of bottom line results. It has been a challenging year thus far in many ways, but our great Associates have faced those challenges head-on and not backed down. The second half of the year is shaping up to be just as challenging, but I know that our Associates are committed to success and to helping our Clients succeed. This makes me feel good about our ability to face what is ahead of us.

We are nearly dried-in on the first building at the Sagefield project in Jacksonville. By the end of the month, the structure of the second building will be nearly complete and the 1st lift of asphalt will be down on half of the site. These are all critical milestones as we head into the rainy season. This same client has an even larger multi-family project for us to build next year, a testament to the good job that TDC project team is doing for them. In Maitland, the fancy finishes are being installed and the team has started our punch process in the units. Harrison Inman and Blake Bustamante (co-op) are helping the supers in the field with the punch process, a fine example of teamwork. Thanks to all of our field staff for the hard work, especially in the miserable Summer heat.

On the "Get Work" side of the business, the preconstruction department is busy cranking out budgets and updating schedules to help push our next job starts along. We are blessed to have many project opportunities for the 3rd and 4th Quarters which is exciting to think about.

By Jeremy Bartolovitch



Happy Work Anniversary!!

Jesse Arms - 1 Year
Don Diedrick - 4 Years
Landon Kessler - 7 Years
Laureen Josselyn-Clancy - 14 Years
David Kelbley - 27 Years

Happy Birthday!!

Bruce Douglas - July 1
Kevin Nusbaum - July 1
Ken Threm - July 1
Jonathan Geiger - July 3
Gayle Ashbridge - July 10
Andrew Barger - July 16
Kim Heath - July 28
Matt Upton - July 28

Core Purpose

To contribute to the success of our Clients and Associates

Core Values

- Great client relationships with high customer loyalty
- Integrity and professionalism in all we do
- Keeping our commitments through proactive attention to detail and execution
- Growth of our Associates and Business through learning, teamwork, and leadership

Our Brand Promise

Today, more than years ago, people buy goods and services based on the recognition of a company's brand equity. Brand equity deals with customer perceptions of how they benefit from receiving the goods and services delivered to them. Think about some of your past purchases, where you had choices of what actually to purchase. Some of the choices were from companies you know were considered best-of-class products, and others were not as well known to you.

I would also guess that if the choices were comparable, the best-of-class product costs more than the offerings from the lesser-known companies. I also suspect that your decision-making process started with wanting to purchase the best-of-class option. I think that is simply human nature. Whether you actually purchased the best-of-class item is somewhat dependent on many things, like the priority that item has to you. What it does demonstrates how brand equity help sells goods and services.

By increasing our brand equity through how we deliver our construction services, we will outsell our competitors in the marketplace. With increasing our returns, our ESOP stock value will, in turn, be directly improved, and we all share in that benefit. So please remember we are all brand ambassadors for The Douglas Company whenever we interface with people, whether owners, architects, subcontractors, or lenders. All of our actions will either add or subtract from our brand equity.

By Dave Bockbrader



Chase Watson
Toledo
Project Coordinator