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Buildings Material Holdings Corporation Q1 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions). And your first question comes from the line of Keith Hughes with Suntrust. Please proceed.

Keith Hughes

In the plan for SelectBuild, the 120 million sales that you are looking to close down, how long will that take to accomplish and what kind of cash expenditures will be required to accomplish that?

Bill Smartt

I think that the program should be accomplished over the next six months, hopefully in the next three months. We are trying to work around our covenants restrictions that we have with our banks. We would like to do it sooner rather than later but we have to finesse the shutdown of this operation so that we don't tip on the covenants, Keith.

Keith Hughes

Okay. The other business you are talking about integrating 430 million of sales, what all is involved in integration, is it the back office that you talked about earlier or is there more than that?

Rob Mellor

No, it's not the back-office. The back-office is -- there are really two major projects underway, one is a operational restructuring the businesses and the other is a back office restructuring of the businesses. The back office restructuring has been going on for several months now. We expect to have that completed in September of this year. The operational restructuring began an earnest when Stan was appointed Chief Operating Officer and is comprised several activities. One is the flattening of the organization structure. Two is the consolidation of a number of their operating units into some of the operating entities of BMC West and three is the winding down and shutting down of entities that we think are no longer going to generate near term cash flows for us. In fact I might let Stan elaborate a little bit on what his plan is on the operational side because my belief that that's the most important that we have going on in the company right now.

Stanley Wilson

I think, the biggest thing in all of this is to really develop a strategy with both business trends to work in unity. And by doing that we will create a lot of cost savings from an administration standpoint, the

back office is part of it. That's in a way kind of a no-brainer, get some things more centralized, more controlled and some things like that. We are going to also be regrinding some of the operations in the SelectBuild side particularly on the distribution side and take advantage of some of the facilities that we have got and better utilize those generated additional income and sales but at the same time be able to grow to our major customers throughout the country and offer them a unified sales programs, whether it be some pricing things, some service things, but really tie ourselves together as a single strategy and develop business plans to support that strategy in each one of our markets.

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