

# LBM JOURNAL<sup>®</sup>

STRATEGIES FOR LUMBER/BUILDING MATERIAL DISTRIBUTION PROS

LBMJOURNAL.COM

APRIL 2018 \$10 U.S.

## THE DECK ISSUE

THE LATEST PRODUCTS AND TRENDS  
IN DECKING, RAILING, ACCESSORIES  
AND DECK FASTENERS

NADRA UPDATES

DECKED OUT

SEQUOIA OUT BACK GROWS THROUGH  
OUTDOOR LIVING

John Keller, owner of Sequoia Out Back



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operations@LBMJournal.com

Vol. 16 No. 4 LBM Journal® (ISSN #1930-5516)

Published monthly with the exception of combined  
November/December by Custom Built Publishing LLC,  
10880 175th Court West, Ste. 240, Lakeville, MN 55044  
952.892.7793.

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to qualified dealers and distributors of building materials.  
Publisher reserves the right to determine qualification.  
Non-qualified annual subscription rates: US, \$48;  
Canada, \$60 (U.S.); Airmail to all other countries, \$120  
(U.S.). Single copy price: \$15 + S&H. Periodicals postage  
paid at Lakeville, MN and additional mailing offices.

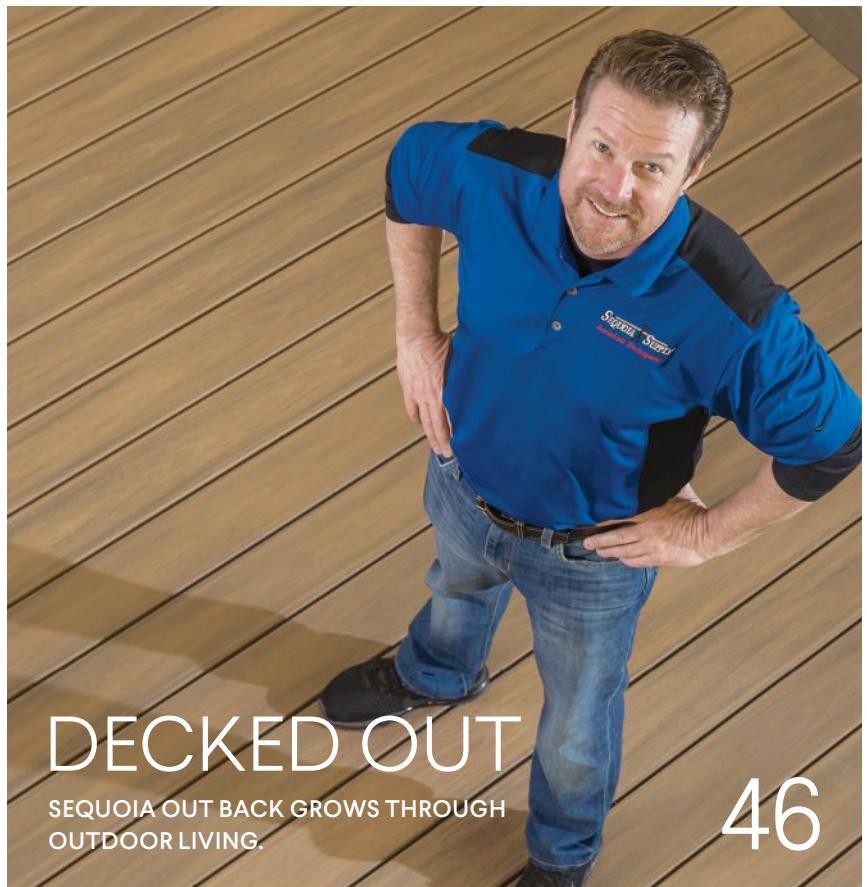
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## DECKED OUT

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It's not uncommon for a builder to get into the retail side of the LBM industry. It's a natural fit for a person already geared toward the trades and looking for a career that may be less physically taxing. For John Keller, owner of Sequoia Out Back, the shift from building decks to selling deck supplies came more out of a need for the right product and pricing.

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## EDITOR'S NOTE

# Play your game

With a son who's an avid hockey player and all-around sports kid, our household gravitates toward sports movies. Without a doubt, our favorite sports movie is "Miracle"—the true story of Coach Herb Brooks leading the underdog 1980 U.S. Olympic hockey team to gold over the seemingly unstoppable Russian team. Near the end of the movie, with the U.S. team working desperately to run out the clock and maintain their lead, Coach Brooks yells to his players: "Play your game! Play your game!"

Coach Brooks' message is just as applicable in life and our business as it is in sports. Provided we have the right team in place, with the right tools, and a plan—including an objective, strategies and tactics—we know what we need to do. It's far too easy to get distracted by the competition, or by forces outside our control. The secret to success, in my view, is to assemble a well-oiled team, make sure they have the tools they need to do their best work, and that everyone knows their job, then get to work.

Whether it's a hockey team or a business, mid-course corrections are inevitable. We may suffer an unexpected setback—like losing a player, or dealing with plain bad luck. But teams and companies who come out on top are those that focus on their goals, and who play their game.

Spring, and the unofficial start to the 2018 building season, has officially begun. For a growing number of LBM dealers, decking and outdoor living are a big part of their game plan. That's why our April issue is devoted largely to this market (estimated at \$7.1 billion back in 2016 by the Freedonia Group). Not only is it an enormous market, it continues to evolve faster than any other building material category. There are product choices at every budget, and the material options are greater than ever before. If your company doesn't currently sell decking, I strongly encourage you to read the articles in this issue about decking products, fasteners, railing and accessories, and consider whether you may be missing an opportunity. And don't miss this month's profile on John Keller and Sequoia Out Back ("Decked Out", p.46), to read a true success story about a deck-builder turned lumber dealer.

If decking isn't part of your game plan, there's still plenty in this issue for you. This month's Real Issues. Real Answers. feature (p.50) focuses on the age-old struggle between margins and market share. Read selected verbatim answers from the nearly 200 dealers who took time to respond and share whether margins are key, or if their company will concede margin to gain market share.

There's lots more in this month's *LBM Journal*—which, coincidentally, is the second biggest issue since we launched back in 2003.

Lastly, if your company's game plan includes out-performing your competition, and learning best practices from leading minds in our industry, then I encourage you to mark your calendar for the LBM Strategies Conference 2018, Sept. 19-21 in Philadelphia. Registration is open, and early bird rates are available for LBM dealers and wholesale distributors. Learn more at [LBMStrategies.com](http://LBMStrategies.com). ■

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## NADRA update

BY MATTHEW C. BREYER, CGR  
PRESIDENT, NORTH AMERICAN  
DECK & RAILING ASSOCIATION

As we are at the cusp of traditional “deck building season” for much of our country, we at the North American Deck & Railing Association (NADRA), have been talking to builders nationwide who are seeing the culmination of seasonal business growth mixing with the overall stronger economy, for a busier spring building season for many of them. Our conversations with retailers, distributors, and manufacturers also appears to support these “on the ground” sentiments. This is exciting news for all of us—as increased consumer confidence and residential remodeling spending not only is the lifeblood of our industry, but on a more human level suggests that families are finally pursuing their dream of that perfect backyard, or replacing that deck they’ve been worried about with a structure that is safe and secure.

NADRA has partnered with the American Society of Home Inspectors (ASHI) over the last few years to develop inspector-specific training to help their members perform proper residential deck inspections. Deck inspections are forecasted to be a growing need, as there are millions of aging decks throughout the U.S. that should be examined to ensure occupant safety. This relationship has been a success for both organizations. We’ve received positive feedback not only on the educational content, but also increased business opportunities for their inspectors, and referral relationships with our builders as well. Many of the trained inspectors going on to become NADRA members.

In this same avenue, NADRA is working with several other national and international nonprofits to develop similar programs. Each strategic relationship is developed with the expressed intent of expanding access to industry-specific training, and impacting those connected marketplaces to promote better materials, better communication, and better building practices.

In January, several NADRA directors visited with many of our manufacturer members presenting at the International Builders’ Show in Florida. This gave us the opportunity to have in-depth conversations about upcoming product releases with our manufacturers, as well as give them an opportunity to interact and provide program and

membership feedback. This was followed by an ASHI event also in Florida, and regional events with members in New Jersey in February, and Georgia in March. This fall we look forward to the DeckExpo/Remodeling Show as it returns again to Baltimore for October 9-11.

Perhaps the biggest news is the official introduction of the NADRA Consumer Product Awareness Campaign (CPAC) program. This is an initiative we were tasked with several years back; to develop a set of industry standards for reviewing materials, starting with the decking surfaces. Programs like this have done well in other related building material industries, and generally allow for the membership of that industry to have some say in policing themselves, and have a say in how to properly measure performance for the materials in their industry.

This also allows each manufacturer to better promote the benefits of each specific product line to the general public, reducing the likelihood of improper purchases with misplaced expectations. We believe this will translate into lower up-front purchase hesitation and increased sales, with higher consumer satisfaction and lower warranty and litigation concerns over time—all while establishing quality standards for any new or imported (i.e., untested) products which could otherwise jeopardize the industry.

With May officially designated as Deck Safety Month™, all of us here at NADRA encourage you and your customers to Check Your Deck™. To learn more, visit [NADRA.org](http://NADRA.org) ([nadra.org/NADRA\\_DSM\\_Checklist.pdf](http://nadra.org/NADRA_DSM_Checklist.pdf) to download the Deck Safety Checklist) or visit our Facebook page at [facebook.com/NADRARocks/](https://facebook.com/NADRARocks/) for more tips. Additionally, many municipalities have updated their code reference documents and may have moved to following a newer version of the IRC/IBC.

Now is a great time to leverage Deck Safety Month to reach out to your local municipal inspectors and independent agencies, and to ensure clear lines of communication and proactive agreement on specific deck solutions, connections, and best practices.

As always, we welcome your feedback, so reach out if we can ever be of assistance. ■



In addition to serving as President of NADRA, Matthew serves as President of Breyer Construction & Landscape, LLC, in Reading, Pa., which designs and builds custom composite decks and patios using 3D design software.



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# UPDATES

## PEOPLE

**Roseburg Forest Products** has named **Ashlee Cribb** Vice President of Structural Products. **Mark Avery** has been promoted to Senior Vice President of Industrial Products and National Accounts.



CRIBB

**ECi Software Solutions** has appointed **Leslie Bodnar** Chief Marketing Officer.



AVERY

**Harvey Building Products** has hired **Nick Longman** to the newly-created position of President and Chief Operating Officer.



LONGMAN

**McCoy's Building Supply** has announced the promotion of **Jessica Walshak** to Marketing Manager.



WALSHAK

**JELD-WEN** has announced a leadership transition with Chairman of the Board, **Kirk S. Hachigian**, assuming the duties of CEO on an interim basis.

**Masonite** has announced the appointment of **Bob Paxton** as Senior Vice President, Human Resources.

## DISTRIBUTION

**DSI** has announced that **Mid-Atlantic Millwork Sales** will sell the DSI Columns product line.

**Weyerhaeuser Distribution** now stocks **Fiberon** decking and railing products at its distribution centers in Houston and Phoenix.

**L.J. Smith Stair Systems** has announced a distribution agreement to service customers in Eastern Washington, Northern Idaho and Western Montana through a distribution partnership with **Alliance Door Products** in Spokane, Washington.

**Manufacturers Reserve Supply**, a wholesale building materials distributor servicing New Jersey, New York, Pennsylvania, Delaware and Connecticut, is now distributing the full line of **James Hardie** products.

Send updates about your organization to [James@LBMJournal.com](mailto:James@LBMJournal.com)

## BUILDER CONFIDENCE REMAINS STRONG IN MARCH

Builder confidence in the market for newly-built single-family homes edged down one point to a level of 70 in March from a downwardly revised February reading on the National Association of Home Builders/Wells Fargo Housing Market Index (HMI), but remains in strong territory.

“A strong labor market, rising incomes and a growing economy are boosting demand for homeownership even as interest rates rise,” said NAHB Chief Economist Robert Dietz. “With these economic fundamentals in place, the single-family sector should continue to make gains at a gradual pace in the months ahead.”

Derived from a monthly survey that NAHB has been conducting for 30 years, the NAHB/Wells Fargo Housing Market Index gauges builder perceptions of current single-family home sales and sales expectations for the next six months as “good,” “fair” or “poor.” The survey also asks builders to rate traffic of prospective buyers as “high to very high,” “average” or “low to very low.” Scores for each component are then used to calculate a seasonally adjusted index where any number over 50 indicates that more builders view conditions as good than poor.

The HMI component gauging current sales conditions held steady at 77, the chart measuring sales expectations in the next six months dropped two points to 78, and the index gauging buyer traffic fell three points to 51.

### THREE-MONTH MOVING AVERAGES FOR REGIONAL HMI SCORES

NORTHEAST ROSE ONE POINT TO:

57

SOUTH DECREASED ONE POINT TO:

73

WEST FELL TWO POINTS TO:

79

MIDWEST DROPPED FOUR POINTS TO:

68

## SINGLE-FAMILY PERMITS POST SOLID GAINS IN 2017

Preliminary data show that the total number of single-family permits issued in 2017 reached 817,319, a 9.6% increase over the 2016 total of 745,525, the NAHB reports.

Between December 2016 and December 2017, 45 states and the District of Columbia saw growth in single-family permits issued. Twenty states recorded an increase above the nationwide average of 9.6%, but five states had a decline in growth. Hawaii had the highest growth rate during this time at 23.6% while single-family permits in North Dakota declined by 9.8%. It's important to note that the year-to-date figures are based on a sample of permitting offices. The annual data, which will be released later in the year, will reflect information from all offices.

In terms of total number of single-family permits, Texas led the nation with 114,094 permits issued year-to-date in December 2017 and Florida was second with 83,911 permits. Meanwhile, the District of Columbia posted the lowest permit total at 352. The 10 states issuing the highest number of single-family permits combined accounted for 58% of the total permits issued in the nation.



IN TERMS OF TOTAL NUMBER OF SINGLE-FAMILY PERMITS, TEXAS LED THE NATION WITH 114,094 PERMITS ISSUED YEAR-TO-DATE IN DECEMBER 2017

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# UPDATES

## INDUSTRY

**Georgia-Pacific** recently announced it will build a new softwood lumber production facility in Warren County, Georgia, on property adjacent to its existing lumber mill there. Construction of the \$135 million, 340,000-square foot, technologically advanced plant is scheduled to begin this summer.

**MFM Building Products**, manufacturer of **Peel & Seal**, is celebrating its 30th anniversary in the marketplace.

**PrimeSource Building Products** has consolidated its testing and quality assurance programs into its Innovation and Testing Center located on the PrimeSource Los Angeles Distribution Center campus.

**BlueTarp Financial and Prosperity Computer Solutions** have announced an integration partnership that gives BlueTarp customers a full integration to Prosperity Computer System's ProsperityERP platform.

**Hardwoods Specialty Products** has relocated its distribution operations to a larger facility in Phoenix.

**Simpson Strong-Tie** has announced a new software collaboration between **CG Visions**, a Simpson Strong-Tie company, and **Hyphen Solutions**, a cloud-based construction management software company, to offer integrated information exchange between Hyphen's BuildPro, SupplyPro and BRIX solutions and CG Visions' cloud-based Pipeline platform for project estimation and management.

## IN MEMORIAM

**Joe Orgill III**, of Orgill, Inc. passed away on March 13. Orgill played a prominent role in the growth of the distribution company he served for more than 60 years.

**Jim Stenerson**, of Stenerson Lumber, has died at age 87. He served the Moorhead, Minn.-based family business for 73 years, starting when he was just 14.

Send updates about your organization to [James@LBMJournal.com](mailto:James@LBMJournal.com)

## BLUETARP BUILDING SUPPLY INDEX REACHES RECORD HIGH

BlueTarp Financial, a credit management company for B2B suppliers, has released its Q4 2017 Building Supply Index. The Q4 2017 index value rose to 130.52 from 122.23 in Q4 2016, its highest value on record since tracking began in 2008.

To interpret the index, values below 100 reflect recessionary or recovering performance. Values above 100 reflect healthy economic activity.

Consumer confidence continues to be the main driver for the elevated index level, showing another 4.5% increase over the previous quarter.

The index reflects seasonal dips in construction spend and building permits but they continue to show growth over the same period last year.

As a supplement to the Building Supply Index, BlueTarp conducts a quarterly survey of its contractors to gauge sentiment on the current and future state of the economy. This quarter, we saw contractor sentiment rise by 14%. They are encouraged by bi-partisan collaboration, pro-business decisions and strong customer spending.

"The index has reached its highest value over the last 10 years. There is no denying times are good right now," said Scott Simpson, president and CEO of BlueTarp. "Contractors expect this to continue or be further bolstered by the tax legislation. I remain concerned delinquencies quietly continue to inch upward."

The report represents trends from 120,000 pro customers and more than 2,000 building material suppliers across the United States. It also incorporates macro-economic drivers including building permits, construction spend and consumer confidence as reported monthly by the Census Bureau and The Conference Board.

**CONSUMER CONFIDENCE CONTINUES TO BE THE MAIN DRIVER FOR THE ELEVATED INDEX LEVEL, SHOWING ANOTHER 4.5% INCREASE OVER THE PREVIOUS QUARTER.**

## MULTIFAMILY DROP PUSHES TOTAL HOUSING STARTS DOWN 7%

A decline in multifamily starts pushed overall housing production down 7% in February to a seasonally adjusted annual rate of 1.24 million units, according to newly released data from the U.S. Department of Housing and Urban Development and the Commerce Department.

Multifamily production fell 26.1% to a seasonally adjusted annual rate of 334,000 units after an exceptionally high January report. Meanwhile, single-family starts posted a 2.9% gain to 902,000 units.

"The uptick in single-family production is consistent with our builder confidence readings, which have been in the 70s for four consecutive months," said NAHB Chairman Randy Noel. "However, builders must manage rising construction costs to keep home prices competitive."

"Some multifamily pullback is expected after an unusually strong January reading. Multifamily starts should continue to level off throughout the year," said NAHB Chief Economist Robert Dietz. "Meanwhile, the growth in single-family production is in line with our 2018 forecast for gradual, modest strengthening in this sector of the housing market."

Regionally in February, combined single- and multifamily housing production increased 7.6% in the Midwest. Starts fell 3.5% in the Northeast, 7.3% in the South and 12.9% in the West.

Multifamily weakness pushed overall permit issuance down 5.7% in February to a seasonally adjusted annual rate of 1.3 million units. Multifamily permits fell 14.8% to 426,000 while single-family permits were essentially unchanged, edging down 0.6% to 872,000. Permit issuance rose 12.7% in the Northeast and 3.4% in the Midwest. Permits declined 3.4% in the West and 12.4% in the South.

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## UPDATES

### MERGERS & ACQUISITIONS

**JELD-WEN** has agreed to acquire **ABS**. ABS supports distributors, dealers, and home centers with a broad product range of doors, frames, and hardware for both the residential and commercial markets. JELD-WEN also completed the acquisition of **A&L**, an Australian manufacturer of residential aluminum windows and patio doors.

**BlueLinx**, a distributor of building and industrial products in the U.S., has announced that it will acquire **Cedar Creek**, a building products wholesale distributor, for a purchase price of \$413 million.

**L&W Supply Corporation**, a distributor of building materials and specialty products, has acquired the assets of **Wright Brothers Supply**.

**Roseburg Forest Products** will purchase **Pembroke's** medium density fiberboard (MDF) and molding production facilities located in northeastern Ontario, Canada.

**Boise Cascade** will acquire **Lumberman's Wholesale Distributors**, a distributor of engineered wood products, commodity lumber items, and specialty building materials in Nashville.

**Harvey Building Products** has acquired **Thermo-Tech Windows and Doors** of Sauk Rapids, Minn.

**BMC Stock Holdings, Inc.** will acquire the business of **W.E. Shone Co.**, a supplier of building materials in Delaware.

### CO-OPS & BUYING GROUPS

Under the theme, "Game On! What's Your Next Move?", **LBM Advantage** Executive Vice President, **Paul Dean**, brought members up-to-date on the co-op's aggressive business and promotional activities. A key message at this year's LBM Advantage Annual Meeting & Trade Show in Florida in February focused on the fact that membership in LBM Advantage gives its members "National Buying Power," a key for independent companies battling much larger regional or national competitors.

Independent home improvement retailers from around the world gathered for the **Orgill** Spring Dealer Market at the Orange County Convention Center in Orlando, Fla.

in February. The event featured vendors from across the industry, special buys and Market-only specials, networking opportunities, and more. The Spring Dealer Market covered approximately one million square feet of space for thousands of vendors attending the event to show off their latest and greatest selection of products.

**True Value Company** and **ACON Investments**, a diversified international private equity investment firm, have entered into a definitive agreement to accelerate True Value's long-term strategy to better support independent retailers. Under the terms of the agreement, ACON will make a strategic investment in the new True Value operating company. ACON's investment will result in current True Value retailers having 70% of their invested capital, 100% of their promissory notes and the 2017 Patronage Dividend repaid following close. This represents approximately \$229 million in returns and

credits to current True Value retailers, who will also retain a 30% holding in the new True Value Company.

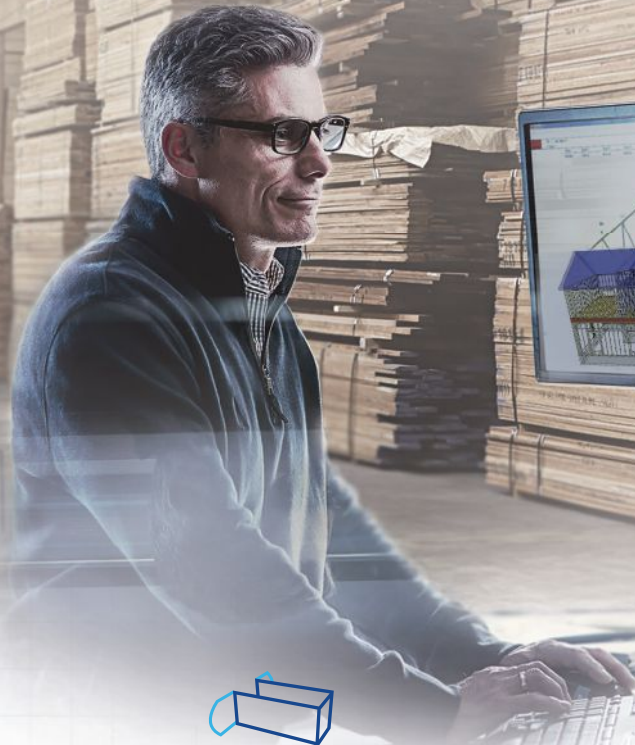
When **John Somerville**, President and CEO of **LMC**, spoke to dealers gathered for the group's Annual Meeting in Tampa on March 21, he shared a message of continued growth. In 2017, LMC purchases exceeded \$4 billion. Of those purchases, 79% were made by attending dealers of the LMC Annual. The group's annual meeting drew attendees from 68% of its member base, some from as far as Alaska and the Bahamas. While looking ahead to future success, Somerville also recognized LMC member dealers that are celebrating milestone anniversaries this year. The oldest of which, **Hancock Lumber** and **Richo Structures** are celebrating 170 years.

Send updates about your organization to [James@LBMJournal.com](mailto:James@LBMJournal.com)

## 2018 EVENTS

- MAY 18-21** Do it Best Spring Market, Indianapolis, IN • [www.doitbestcorp.com](http://www.doitbestcorp.com)
- JUN 1-3** Construction Suppliers Association (CSA) Summer Fling Monkey Island, OK • [www.gocsa.com](http://www.gocsa.com)
- JUL 26-29** Building Material Suppliers Association (BMSA) Summer Conference Virginia Beach, VA • [www.mybmsa.org](http://www.mybmsa.org)
- AUG 22** LMC Hardware Express, Las Vegas, NV • [www.lmc.net](http://www.lmc.net)
- AUG 22-24** Florida Building Material Association (FBMA) Convention and Gulf Atlantic Building Products Expo, Orlando, FL • [www.fbma.org](http://www.fbma.org)
- SEP 19-21** LBM Strategies Conference 2018, Philadelphia, PA • [www.LBMStrategies.com](http://www.LBMStrategies.com)
- SEP 28-30** True Value Fall Reunion, Denver, CO • [www.truevaluecompany.com](http://www.truevaluecompany.com)
- OCT 12-15** Do it Best Fall Market, Indianapolis, IN • [www.doitbestcorp.com](http://www.doitbestcorp.com)
- OCT 16-19** NLBMDA Pro Dealer Summit, Chicago, IL • [www.dealer.org](http://www.dealer.org)
- OCT 23-24** LMC Forest Products & Building Materials Expo, Philadelphia, PA [www.lmc.net](http://www.lmc.net)
- OCT 23-25** West Coast Lumber & Building Material Association (WCLBMA) Annual Convention, Carlsbad, CA • [www.lumberassociation.org](http://www.lumberassociation.org)
- NOV 5-7** ECi Connect Conference 2018, New Orleans, LA • [www.ECISolutions.com](http://www.ECISolutions.com)
- NOV 6-8** Western Building Material Association (WBMA) Annual Convention Marysville, WA • [www.wbma.org](http://www.wbma.org)
- NOV 12-14** Epicor LBM User Conference 2018, Las Vegas, NV • [www.epicor.com](http://www.epicor.com)

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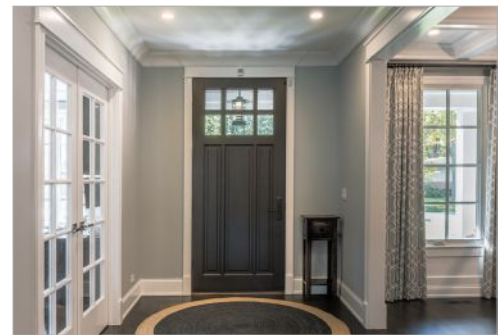
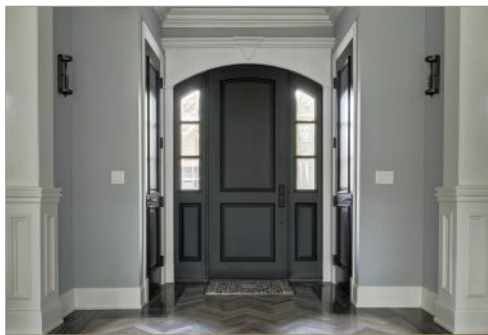
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## HOUSING AND ECONOMIC SENTIMENT ON DIVERGENT PATHS IN EARLY 2018

New consumer findings from the National Association of Realtors surprisingly show that while a growing share of households in the first three months of the year feel more confident about the economy and their financial situation, those positive feelings are not translating to positive views that now is a good time to buy a home.

That's according to NAR's first quarter Housing Opportunities and Market Experience (HOME) survey, which also found that homeowners are increasingly positive about selling, and non-homeowners have anxieties about saving for a down payment and qualifying for a mortgage.

Heading into the busy spring buying season, optimism that now is a good time to buy a home is at its lowest share in the past two years (68%; 72% last quarter). Among renters, feelings about buying are further diminished (55%; 60% last quarter). Conversely, those most optimistic about buying are homeowners, older respondents and those living in the more affordable Midwest and South regions.

### OPTIMISM THAT NOW IS A GOOD TIME TO BUY A HOME IS AT ITS LOWEST SHARE IN THE PAST TWO YEARS.

NAR Chief Economist Lawrence Yun says extremely challenging market conditions to start the year are chipping away at homebuyer optimism. "The critical shortage of listings in most markets continues to spark a hike in home prices that is not easy for many buyers—and especially first-time buyers—to overcome," he said. "Adding more fuel to the affordability fire is the fact that mortgage rates have shot up to a four-year high in just a few months. Many house hunters are telling Realtors that they are dispirited by the stiff competition for the short number of listings they can afford."

## TOUGH CALL ANSWERS

### ANSWERS TO OUR FEBRUARY TOUGH CALL:

## THE HIGH COST OF SPECIAL ORDER MISTAKES

Saving money by limiting special orders errors may mean losing customers.

### Your votes online at LBMJournal.com

- 4.55%** **STAY STRONG.** Prepayment in full on special orders is how they do it in other industries, and it only makes sense. If your sales take a temporary hit for this, so be it. They'll be back.
- 42.42%** **BEND A BIT.** Instead of requiring full prepayment from existing customers with a good track record, charge a deposit. That way you're sharing the risk. They should accept that.
- 21.21%** **MEASURE.** Your salespeople are paid on the products they sell, so it's their job to make sure they fit. Train them on proper measuring techniques, give them the tools, make them take some ownership.
- 31.82%** **WORK IT OUT.** Sit down with your customers, explain that you can't afford the cost of custom-order mistakes. Ask them to work with you to come up a solution that works for everyone.

### Reader's Response

In the increased fast pace of our industry, we see more and more special orders and thus an opportunity for more mistakes. We have experienced the same "he said/ we said" problem. So we now have the customer sign off on the order before placing with the vendor. Most vendors require orders to be signed off on before they manufacture a special order product, so why not have customers sign they are in agreement with the order before placing it with the vendor. If something is ordered incorrectly, you have their signature showing they approved the order. It only takes a few extra minutes to get the confirmation back from the customer and in the long run both the company and your customer are better served.

— David H Troxell, Locust Lumber Company / Southern Pines, NC

This is a problem that we all face on a daily basis. We have found that making the customer sign-off on windows or doors puts the ball in their court if there is a mistake. Usually, if there is a mistake and the customer has signed off previously to placing the order, the customer will not complain about having to pay for the correction. We will then re-order the correct product and give the customer a discount and make little or no margin or we will bring the wrong product back to the store and try and sell it for the builder to offset their losses.

— Wes Hager, Manager, Blackland Building Supply / Ennis, Texas

Expecting the salesperson to take ownership and provide value to the customer is key, but tying the customer to the measurements/sale is something that is necessary. The sales person should do the initial leg work if that is what the customer wants. Ask the contractor if there is a convenient time they could sit together and make sure the details are correct. An extra 15 minutes can save everyone involved a lot of money and time. Have the contractor sign the order and each party involved gets a copy. While deposits and full payments on special orders are great, established customers view it more as a trust issue than a financial one. By the same token, in order to establish that trust, we are well within our rights as suppliers to ask a new customer for a deposit. If they balk at paying a percentage of the price of the order, they may be hard to get the entire amount from when the order arrives, whether it's correct or not.

— Brad Hutzenbiler, Bazooka Lumber & Livestock LLC / Lovell, WY

## NEW HOME SALES DROP 7.8% IN JANUARY

Sales of newly built, single-family homes fell 7.8% in January to a seasonally adjusted annual rate of 593,000 units after an upwardly revised December reading, according to newly released data by the U.S. Department of Housing and Urban Development and the U.S. Census Bureau.

“New home sales have taken a pause this month, but our builders are reporting confidence in the overall market and future sales conditions,” said NAHB Chairman Randy Noel. “With strong consumer demand for housing, we expect the sales numbers to move forward in the months ahead.”

The inventory of new home sales for sale was 301,000 in January, which is a 6.1-month supply at the current sales pace. The median sales price of new houses sold was \$323,000.

Regionally, new home sales rose 15.4% in the Midwest and 1.0% in the West. Sales decreased 14.2% in the South and 33.3% in the Northeast.

## PENDING HOME SALES DOWN 4.7% IN JANUARY

After seeing a modest three-month rise in activity, pending home sales cooled considerably in January to their lowest level in over three years, according to the National Association of Realtors. All major regions experienced monthly and annual declines in contract signings last month.

The Pending Home Sales Index, a forward-looking indicator based on contract signings, fell 4.7% to 104.6 in January from a downwardly revised 109.8 in December 2017. After last month’s retreat, the index is now 3.8% below a year ago and at its lowest level since October 2014 (104.1).

The number of available listings at the end of January was at an all-time low for the month and a startling 9.5% below a year ago. In addition to new home construction making progress closer to its historical annual average of 1.5 million starts, Lawrence Yun, NAR Chief Economist believes that two other factors must start occurring to alleviate the excruciatingly low

## ON 21st ANNIVERSARY, ARROWHEAD BUILDING SUPPLY REBRANDS AND EXPANDS

Arrowhead Building Supply is celebrating its 21st anniversary with a new website and branding. Arrowhead Marketing Manager, Ryan Ramshaw, designed a more modern arrowhead logo for the company. Additionally, the company tagline was changed from “Building supplies for building dreams,” to “Building supplies for building SUCCESS.” The new branding also sets the tone for the company’s revamped website, which is designed to make it easier to understand and engage with all the products, services and information including mobile optimization. With a new website and branding completed, Arrowhead also erected a new 78,000 square-foot facility which will contain the warehouse, corporate office and a 7,000 square-foot showroom.

## McCOY’S NAMES TWO NEW LOCATION MANAGERS

McCoy’s Building Supply has announced the appointment of two new location managers. Johnny Sellers is Store Manager of its Laurel, Miss., location, and Brent Harman is Store Manager at the Greenville, Miss., store. Sellers is a native of Purvis, Miss., who joined McCoy’s Management Development Program in early 2016. Before coming to McCoy’s, Sellers owned Sellers Chevrolet, Inc. in Purvis and served 35 years with the U.S. Army and the Mississippi National Guard. Harman started his career with McCoy’s four years ago as a part-time yard crew member in Duncan, Okla., and joined the company’s Management Development Program.

## BUSY BEAVER OPENS GROVE CITY, PENN. LOCATION

Pittsburgh-based Busy Beaver has opened its new, 50,000 square-foot location in Grove City, Penn. The Grove City store is the first of five new Busy Beaver locations planned for opening in 2018. The new home improvement center brings approximately 20 new full-time and 10 to 15 part-time jobs to the region. It features an expanded seasonal department, an indoor lumberyard, a farm and ranch department, and a designated contractor service center.

**DEALERS, GOT NEWS?** Send info on your company’s new location, anniversary, expansion, local recognition, honors and awards, new hires, promotions, or other news to [James@LBMJournal.com](mailto:James@LBMJournal.com).

supply levels that are slowing sales: institutional investors beginning to unload their portfolio of single-family properties back onto the market, and more hesitant homeowners deciding to sell.

“As new multi-family supply catches up with demand and slows rents, some large investors may begin putting their holdings of affordable single-family homes up for sale, which would be great news, particularly for first-time buyers,” said Yun. “Furthermore, sellers last year typically stayed in their home for 10

years before selling (an all-time high) although higher mortgage rates will likely discourage some homeowners from wanting a new home with a higher rate, there are possibly many pent-up sellers who may look to finally trade-up or move down this year.”

In 2018, Yun forecasts for existing-home sales to be around 5.50 million—roughly unchanged from 2017 (5.51 million). The national median existing-home price this year is expected to increase around 2.7%. In 2017, existing sales increased 1.1%. Prices rose 5.8%.

# BY THE YARD

NEWS FROM LUMBERYARDS AROUND THE COUNTRY

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# FIVE QUESTIONS WITH...

MIKE SIMS, LP BUILDING PRODUCTS

1

**Q: With a continuing strong new construction and remodeling industry in most markets, what do you see as the biggest challenge facing LBM dealers?**

**A:** With the continuing recovery from the depths of the housing crash, the tight market for skilled labor seems to be the biggest issue across the housing industry, including at the LBM dealer level. Many tradespeople and skilled laborers were severely displaced and consequently left the industry for good. There is also some evidence that the millennial generation does not desire nor is prepared to enter into these skilled labor type roles. The labor situation has effectively capped the industry capacity at all levels.

2

**Q: The flipside of that question—what do you see as the biggest opportunity?**

**A:** The biggest opportunity is that, as a result of the housing crisis, we have a considerable shortage of housing based on underlying demand. This opportunity is due in part to industry constraints and a growing trend among millennials to delay family formation. This should significantly extend the runway of the current housing recovery. Opportunities and challenges tend to go hand in hand, so meeting housing demands presents a need for housing that balances velocity with quality, profitability with affordability, and efficiency with a limited skilled workforce.

3

**Q: A shortage of skilled labor continues to be a serious problem for homebuilders. What, if anything, can dealers, distributors and manufacturers do to help?**

**A:** The entire supply chain must innovate for more efficiency in the development of products and services that take cost, complexity and inefficacy out of the equation. Our industry must become more productive and place a greater emphasis on process improvement going forward to compensate for the tighter labor supply. Manufacturers and LBMs must become easier to work with and more nimble in servicing the market. Information technology can play a big role in this.

4

**Q: How do you see technological advances like materials estimating and structural frame design impacting the residential construction supply industry?**

**A:** It goes back to the improvement in products and services that go beyond the traditional features and benefits of products and basic service needs. Our industry must look at more end-to-end solutions to get there. Though relatively still in its infancy, panelization and structural building

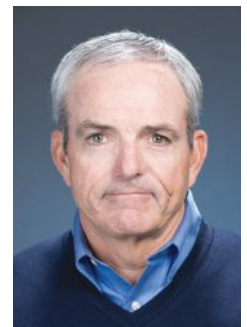
components are examples of how various sectors are impacting the construction supply industry. We've seen how this can work outside the U.S., but domestically this is still in the early development phase. This will require the use of new technology that creates better collaboration across different aspects of the supply chain in order to deliver a real competitive advantage to the parties involved. In addition to how this systematically changes the way the industry thinks, we ultimately need to design better, and execute against those designs better, with new technology and automation.

5

**Q: LP has built a reputation for developing innovative trim, siding and engineered lumber products. What should dealers watch for from LP, in 2018 and beyond?**

**A:** LP Building Products has transitioned from the survival mindset of 2009-12 to become much more focused on innovation and system investment in all that we do. We have challenged ourselves to be a leader in the industry by providing solutions that our customers value, versus reacting. This would include the investments that we are making in people, technology, product development and overall systems improvement in how we interact with the marketplace. We are adding many more field resources and more technical people to assist our customers, and we are testing innovative new products that exceed today's standards to help builders and their channel partners build better, smarter and faster with solutions that are durable and dependable. Today's audiences—whether they are architects, engineers, dealers, builders, homeowners and anyone else in between—are looking for more than a product that meets a basic need. Rather, they are looking for products that deliver value, and LP is strongly committed to continue delivering the building solutions that bring the industry value through high performance. ■

Mike Sims is Senior Vice President, Sales, Marketing and Strategy for LP Building Products. Sims has worked in building products in various sales and marketing capacities since 1984. In his current role, he is responsible for driving innovation and value through LP's retail sales, corporate marketing, EWP and Growth and Innovation efforts. Previously, he was Vice President of OSB Sales and Marketing for LP. Sims holds a B.A. from Western State Colorado University.



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## SALES & MARGINS

BILL LEE

# Where does the buck stop in your organization?

**ALTHOUGH HE DID NOT COIN THE STATEMENT**, President Harry S. Truman from the state of Missouri is given credit for popularizing the phrase “The Buck Stops Here.” A friend had made it into a sign to rest on the president’s office desk. The saying “the buck stops here” derives from the slang expression “passing the buck” which means passing the responsibility on to someone else.

President Truman wanted to remind anyone visiting his office that it was his philosophy to accept accountability for how our nation was governed and not to pass the blame down the line.

On the opposite side of the sign, by the way, on the side facing the president, were the words: “I’m from Missouri.”

The buck also stops with the CEO of a corporation. CEOs must continuously remind themselves of this fact. Regardless of who did what to whom, the CEOs of the business world must look themselves in the mirror and be willing to accept accountability for the success or the failure of the companies they manage to achieve agreed-upon measurable goals and objectives.

Passing the buck is highly contagious. When CEOs makes it a practice to pass blame to others in the organization, they have—perhaps unknowingly—given permission to every manager and supervisor in the company to do likewise.

We all know what passing the buck sounds like. Here are a few examples:

“We can’t find good people because the only people who are not already working are those who don’t want to work.”

Even though their wage scales are not a great deal more favorable than their competitors, Chick-fil-A is consistently able to recruit and hire customer service personnel who are, from the standpoint of image, enthusiasm and efficiency, a cut above the job classifications of competitors.

“The reason our gross margins are so low is because our competitors use low-ball pricing as a marketing tool.”

My book, “Gross Margin: 26 Factors Affecting Your Bottom Line”, identifies 26 different factors that influence gross margin; price is only one of them.

What action plan have you initiated thus far in 2018 that will better prepare your customer contact personnel to deal

with customers who are not pleased with the price you have authorized your salespeople to quote?

There are five key areas of a building supply business that I believe must be managed with measurable performance goals agreed upon between the CEO and the company’s middle managers who are accountable in sales and operations:

1. Sales
2. Gross margin
3. Operating expenses
4. Inventory
5. Accounts receivable

### ALL CEOs WANT:

---

1. Higher sales
2. Higher gross margins
3. Lower operating expenses
4. Higher inventory turnover
5. Lower A/R average collection days

While I agree with President Truman that the buck should stop at the CEO’s desk, wise CEOs will make sure accountability for achieving measurable organizational goals also lies with a manager of the CEO’s choosing.

Achieving sales goals almost invariably lies with the sales manager or whoever is managing the sales force.

Controlling gross margin typically lies with the sales manager and purchasing.

Controlling operating expenses almost always lies with department heads and middle managers.

Accountability for achieving inventory turnover goals typically lies with purchasing and operations managers.

Achieving accounts receivable collection day goals almost always lies with the credit manager.

When measurable accountability is pinpointed to specific managers in addition to the CEO—and a portion of the managers’ compensation is tied to these achieving these results—companies have the highest odds of putting optimal dollars on the bottom line. ■

Bill Lee works with owners and managers who are looking for ways to put more money on the bottom line. For more information, you can contact Bill at 864.303.8366 or email him at LeeResourcesInc@gmail.com.

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## SELLING THE DECK PROJECT

BOB HEIDENREICH

# Have contracts in place when selling installed decks

**IF YOU'RE A RETAILER** who is thinking of going into the installed sales side of decks, there are really two ways you can do it. You can hire your own employees to build the decks, or you can work with subcontractors. I've found that a lot of lumber dealers are working with subcontractors to offer installed deck sales.

You probably already have a good base of customers who could become subcontractors. You likely already know which of your customers would do the best job. If you can team up with them and feed them leads and let them act as your subcontractor, it's a win-win situation. They don't have to go do sales calls, and you've got the customer already in your showroom.

You'll want to keep a few things in mind, however.

Contracts are necessary because your insurance requirements are going to change. You may need to be licensed by your state or local municipality. For example, here in Minnesota, we need to carry a license and we need to show that we have proper worker's compensation and liability insurance packages.

You'll also want to make sure that you have two specific types of contracts. One set of contracts is for the homeowner purchasing the deck, and the second set is for the subcontracted deck builder. Good, detailed contracts protect the interests of everyone involved.

### Homeowner contracts

As an installed sales company, we have a contract that we sign with every homeowner. The contract addresses basic things such as the name and address of where the deck will be installed. It also includes the types and quantities of material involved. Very specifically, we document exactly what is going to be installed. We don't just say we're installing a treated wood frame. The contract should spell out specifics such as "SYP #1 KDAT frame with Brand A hangers, built to code" for example.

We also make sure to address how and when we get paid, and what happens if we don't get paid. Here in Minnesota, we're required to inform them of the state's lien law. We break our payments out into four 25% increments, due at time of signing, first day of work, last day of work, and two weeks after work is done. Delaying the last payment gives us time to have the inspections done and to address any last-minute issues. It also takes a little pressure off the consumer and lets them know that we're with them long-term, that we'll make sure it's done to their liking before collecting our last payment.

We're also specific about our performance standards. For example, if you're installing composites, you know that the product is designed to expand and contract. It's a good thing to say in the contract that you warrant your decking against expansion and contraction, but only more than a half inch. Anything less than that is normal product performance and not warrantied.

You may also want to warranty against cracks or splits greater than 3/8". A product may crack or split, but rarely more than 3/8", so you don't want to be responsible for cracks or splits less than that.

### Subcontractor contracts

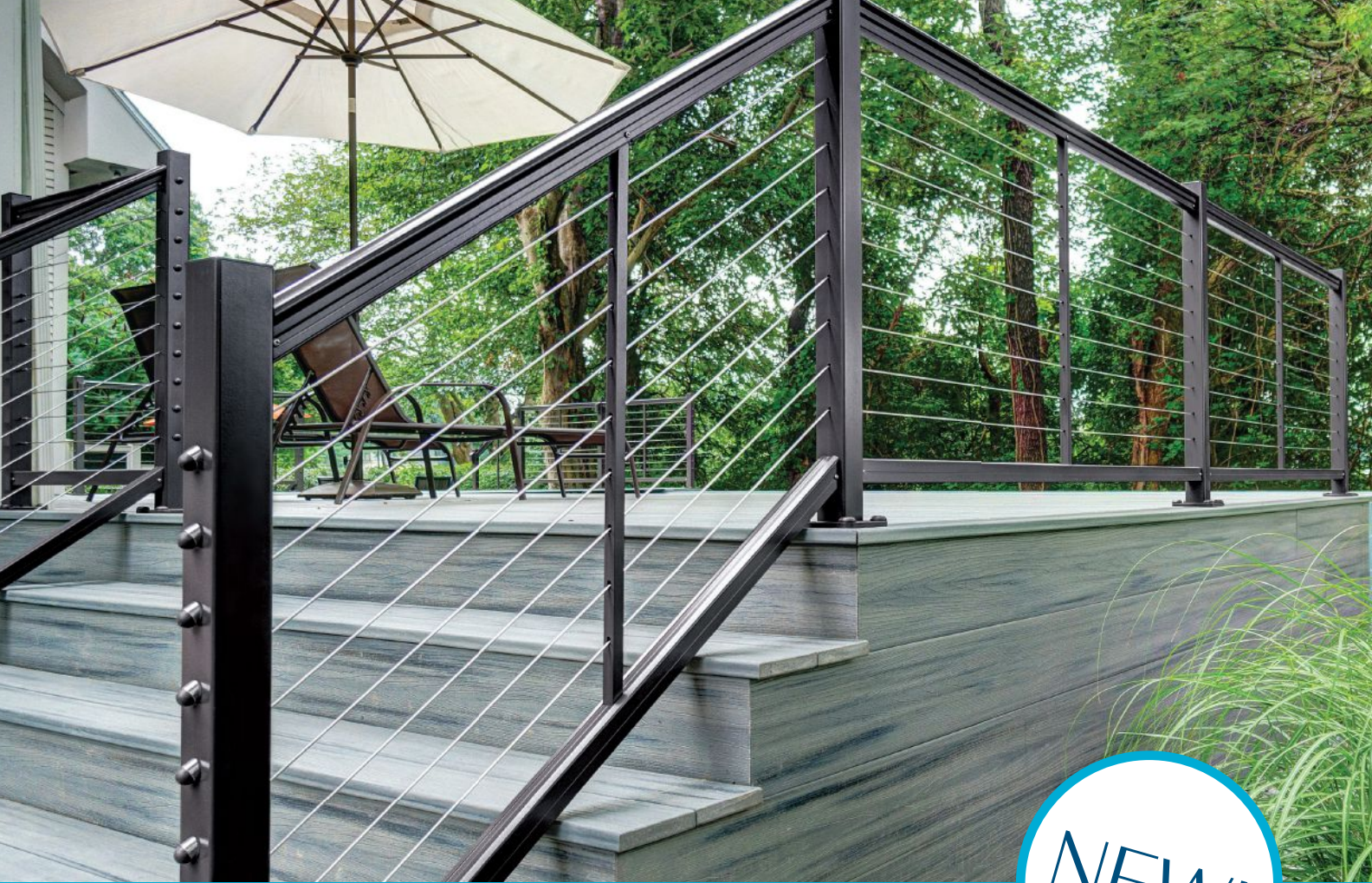
We do two types of contracts with our subcontractors. The first is an annual contract that says a subcontractor has to work in a certain fashion and is responsible for certain bills. We work with the state department of revenue to make sure the contracts are compliant. The contract also says that a subcontractor has to carry worker's compensation insurance. It says they're required to clean up after a job and that they're providing the warranty on installations. It's a blanket contract that we review each year.

Every time we give a subcontractor a specific job, we add an addendum to the blanket contract that goes into detail about the project. The job contract spells out which design is used and which products are installed. It will include all responsibilities for the specific job. The job contract also states that the subcontractor is not allowed to purchase products from another dealer, with the exception of small items from a retailer closer to the jobsite if it saves time and money. The job contract will address the payment amount and schedule specific to each job. We make sure that we have the subcontractor sign off on the job contract for each specific project.

If you put a lot of thought into an installed sales program, I think you'll be pleasantly surprised at the results. Your sales will increase and the knowledge of your staff will grow because they are working in detail with the homeowners and deck builders.

As with any contract, there are a number of things to consider, and of course, this is just an overview of how I do things at The Deck Store. You'll want to consult a local construction attorney to make sure you're covering your bases on your contracts. ■

Bob Heidenreich, owner of The Deck Store, in Apple Valley, Minn., has been selling decking and home improvement projects for 30 years. Follow Bob on Twitter: @TheDeckStore.

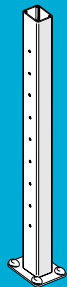


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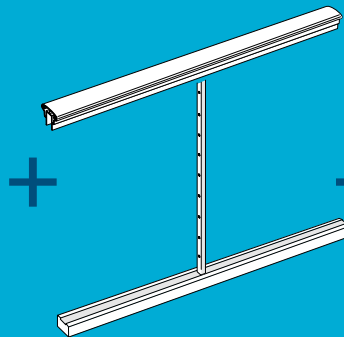
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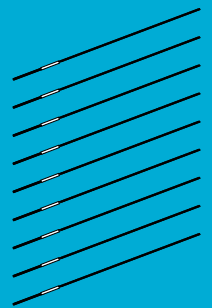
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- Low initial investment and strong margins
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## RECRUITING & HIRING

RIKKA BRANDON

# Five steps to hire better (and to stop wasting time)

**LET'S FACE IT:** for most hiring managers, interviewing feels more like luck than a skill. It's easy to get fooled by a smooth talker or get so caught up in selling your organization and opportunity that you forget to dig deep into the candidate's experience. Here are five steps to making the interview process fool-proof and productive.

### STEP 1: Share the deal-breakers

Is there anything less-than-ideal about the position you're hiring for? Such as working weekends or being located in a questionable neighborhood? If so, be sure to cover these things before committing to an interview. Similarly, what are your deal-breakers? Do you require that your hire have a college degree, for example? A car? A specific certification?

You've likely included that information in your meticulously crafted job description, but it doesn't hurt to remind candidates in your initial emails and get them to confirm they're still interested. By focusing on people who aren't going to pull themselves out, you will save yourself a huge amount of time and frustration.

### STEP 2: Conduct a phone interview

Even if the applicant is local, conduct their first interview via phone. It will save you so much time and can give you insight into their general demeanor and how they come across on the phone (particularly important if they'll be working in a sales or public-facing role).

During a phone interview, ask them "functional" questions, which focus on what the individual has done in the past and quickly establish knowledge level and experience. Examples: Have you ever managed a team? Have you used QuickBooks? Have you ever developed a marketing plan?

In other words, this interview is a simple way to determine if a job applicant can do the job you are hiring for—thereby saving you an in-person meeting only to find out they lack the skill sets required for that position.

### STEP 3: Conduct a face-to-face interview

When you meet candidates in person, you get a better idea of their personality and how they present themselves. If you

work remotely or aren't ready to fly your candidate in for an interview, a video interview can substitute.

When you're chatting face-to-face, use "behavioral" interview questions. These questions will help you understand how your candidate will deal with challenges, their communication style, their ability to work as a team, and their work ethic.

Examples: Tell me about a time you went above and beyond for a customer. Give me an example of a time a co-worker frustrated you and how you handled it. Describe a situation when you had to resolve conflict in the workplace.

### STEP 4: Use selection tools

Once you've narrowed it down to your final candidates, leverage pre-employment assessments, such as a personality profile like the DiSC or an intelligence test like the Wonderlic. While some view interview personality tests as a waste of time, the right personality assessment can give you in-depth knowledge about a potential employee and will also tell you where your potential hire's strengths and interests lie.

Next, see your candidate in action using a pre-hire project, which will test his or her skill in real time, with real colleagues and challenges. This could be a quick design mock-up, a ride-along, a day-in-the-life experience, or any number of tasks that are specific to the position.

### STEP 5: Extend the offer

This is (usually) the fun part! As you're moving your candidate through the interview process, make sure you're talking about compensation as you go. Also make sure that your candidates know about drug tests, and forms they may need to sign: non-competes, non-disclosure agreements, etc.

When all your documents are ready and you've prepared a compensation and benefits package that you know they'll fall all over themselves to sign, it's time to make the offer!

Getting to this point doesn't have to be awkward. Break the process down, be up front from beginning to end, and use multiple methods to get to know the candidates. You'll gain the confidence to enjoy the process more and to leverage it to hire the best candidates for each position. ■

Rikka Brandon is the founder and Chief Executive Recruiter of Building Gurus, a boutique executive search and consulting firm that works exclusively with building product manufacturers and distributors to find, hire, and retain top executive-level talent. She is also the best-selling author of "Hire Power: Everything Entrepreneurs Need To Know To Hire Awesome People."

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## NEXT GENERATION

ISAAC OSWALT

# Five tips for social media success

**A WHILE BACK** I spoke in front of some LBM industry peers at Zeeland Lumber's 2018 Summit. I was asked to do what I do best and talk about social media. If you know how complex the social media marketing world has become, you understand how challenging this was. So instead, I stuck to the basics and focused on answering the five most common questions that I felt would benefit the audience. Here are five of the most common questions that I am often asked.

### 1. How should I handle a negative review?

Don't be afraid of public negativity. In fact, use it to your advantage. When someone leaves a bad review on your page, first respond publicly by commenting on their review for others to see your responsiveness and superior customer service. Second, be apologetic. Something like this: "Hey Mark, we're sorry to hear about your poor experience with us." Third, offer a form of atonement. "We'd like to send someone back out to fix the situation, free of charge. Message us privately to schedule a time."

By publicly handling negative feedback with positivity and commitment to resolution, you build trust with those who haven't even interacted with you yet.

### 2. What are the best types of posts for my business?

Generally speaking you want your content on social media to do two things; be entertaining and educational. You can do this by sharing exciting news that is going on in your community, sharing you and your team's personality through fun short videos, and you can teach your customers some basic information about what you do. One of my favorite companies doing this right now is RR Buildings. Show Kyle some love and follow him on Instagram @RRBuildings and learn from his content.

### 3. What if I don't have time to do all of this?

Social media should not be optional for your company if you want to excel in this business. If it means putting together a strategy that only takes you 30 minutes a day, do it. It will

be worth it in the end. There is no excuse for not marketing yourself to the next generation if you want to keep up. Some companies I have worked with go as far as hiring an intern. It's a great idea to have a part-time person whose sole job it is to capture content and market you online if you want to go full force into the digital space.

### 4. How do you come off humble as opposed to narcissistic?

This is one of my favorite questions. So many people don't post as much or as often on social media because they feel weird talking about themselves. They fear that they will come off as obnoxious or narcissistic. Our resolution? Make your customers the heroes. By taking the focus off of your company and brand and turning it onto your customers, you will win every time. Here's an example: show off the work your builder clients have done, tag the clients, thank them for their business and highlight what they do.

**"SO MANY PEOPLE DON'T POST AS MUCH OR AS OFTEN ON SOCIAL MEDIA BECAUSE THEY FEEL WEIRD TALKING ABOUT THEMSELVES. THEY FEAR THAT THEY WILL COME OFF AS OBNOXIOUS OR NARCISSISTIC. OUR RESOLUTION? MAKE YOUR CUSTOMERS THE HEROES."**

### 5. Best time of day to post?

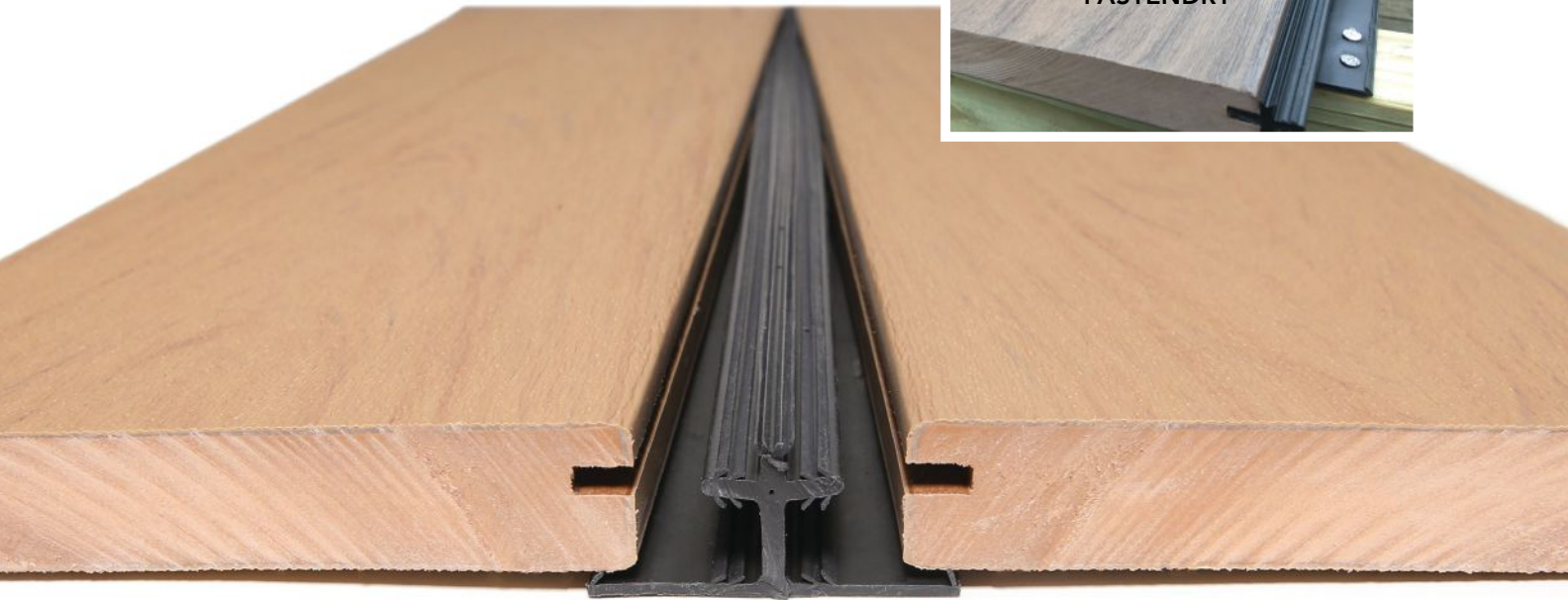
This question does not have a distinct answer. The truth is you'll have to try a bunch of different times and go back into your analytics to see when the majority of your audience is online. In fact this is true for quite a bit of online marketing. Data will always give you the answers but first you need to just do it. ■

To see the complete video of my talk at Zeeland Lumber, visit [www.21handshake.com/lbm-journal](http://www.21handshake.com/lbm-journal)

Isaac Oswalt is an entrepreneur, investor, author, speaker and marketer. He owns 21 Handshake, a sales and marketing agency in Ada, Mich., working across multiple industries to help businesses succeed. Reach him at 517.899.0123 or [Isaac@21handshake.com](mailto:Isaac@21handshake.com).

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## MERGERS & ACQUISITIONS

JOHN WAGNER

# Are you discounting too much at the top?

**IF YOU TAKE YOUR COMPANY TO MARKET**, there are clearly delineated phases to your engagement with a serious suitor. After you have whittled down your offers to the acquirer who seems right for you, and the acquirer can demonstrate that they can finance the deal, the acquirer you have selected will submit a Letter of Intent (LOI). You will both sign the LOI. That starts the due diligence process, which can go on for upwards of 12 to 14 weeks, or even longer.

During the due diligence process, one of the informational items that you will be required to surrender is your customer concentration. You will be asked to show at least your top-ten customers, by name, with their sales figures. Often, an acquirer will want a longer list, perhaps asking for your top-30 customers.

We've covered this customer concentration topic in another column, but as a rule of thumb, keep this figure in mind: No one customer should represent more than 10% of your business. The reason is obvious. An overly concentrated customer list at the top puts you at risk for lack of revenue diversification.

In addition to seeing your customer concentration, a shrewd acquirer will also ask to see the Gross Profit Margins (GPMs) for each of your top customers. The reason for this is simple: The acquirer wants to make sure you are not discounting these customers so heavily that you are not consistently profiting from your sales to them.

We all know the dynamic of discounting your largest-volume customers. They hammer you down on price, reasoning that you'll make up the margin on the high volume of sales to them. Fair enough. No big buyer would be worth his salt if he didn't ask for a volume discount. But it does cost you a fixed amount of money to service these accounts. And there are allocated costs to associate with every customer for personnel, marketing, and other Selling, General & Administrative Expenses (SGA) costs. So, as margins get smaller with high-volume customers, you eventually risk shorting yourself below your all-in costs with too much discounting. An acquirer will want to know that.

You may be surprised during the due diligence process to have an analyst come back and say the acquirer isn't going to fully recognize the revenue from certain customers,

because, in a fully weighted analysis, you are selling to them at or near a loss. That can drive down your valuation, sometimes dramatically.

What looks good to an acquirer? They would like to see that you maintained discipline by keeping GPMs for your top-volume customers at or near the GPMs for the customers further down the list of volume sales. Consistent GPMs across customer types shows you didn't capitulate when negotiating prices, and it reflects well on your company.

Before you go to market, engage in the exercise of comparing GPMs for your largest and smallest customer and see where you stand. Do what you can to instill consistency before going to market.

On the subject of customer lists and the due diligence process, note another potential hazard. Once you share your top customer list with a potential acquirer, that acquirer will be extremely weary if you lose a big customer during the due diligence process. In fact, if you suffer customer attrition among your high-volume customers, the acquirer will very likely request repricing the deal. It's only fair.

**“BEFORE YOU GO TO MARKET, ENGAGE IN THE EXERCISE OF COMPARING GPMs FOR YOUR LARGEST AND SMALLEST CUSTOMER AND SEE WHERE YOU STAND. DO WHAT YOU CAN TO INSTILL CONSISTENCY BEFORE GOING TO MARKET.”**

The purchase price the acquirer set forth in the LOI was based on that fact that you will hit your revenue projections, and if you lose a customer, and miss your numbers because of that loss, the acquirer will look at your company value differently. The tough part is that they get to renegotiate the purchase price. As I have pointed out in another column, this repricing never moves up in purchase price, should you exceed your numbers; it moves only down if you miss them.

**BOTTOM LINE:** Work with your broker to do a GPM analysis early-on, and be prepared to defend your numbers with a good explanation if your GPMs are ever challenged. ■

John Wagner is a managing director at 1st West Mergers and Acquisitions, which offers a specialty practice in the LBM sector. To learn more, contact John at: [j.wagner@1stwestma.com](mailto:j.wagner@1stwestma.com), or visit, [www.1stwestma.com](http://www.1stwestma.com).

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## INNOVATIONS BEYOND PRODUCTS

A Q&A WITH LEE CLARK-SELLERS, INNOVATION OFFICER,  
PLY GEM BUILDING PRODUCTS

**Lee Clark-Sellers is the innovation officer at Ply Gem, North America's leading manufacturer of building products. She has more than 20 years' experience in research and development and is the leader of Foundation Labs, a Ply Gem entity focused on identifying trends, rapid prototyping and incubation of new ideas.**



**Q: Please tell our readers about the Ply Gem approach to innovation and product development.**

**A:** Ply Gem has been a leading exterior building products manufacturer for 75 years. Our commitment to design and innovation led to the 2012 formation of Foundation Labs and subsequently the creation of the Ply Gem Insight Center — a facility solely dedicated to new product innovation — located strategically in the heart of Raleigh-Durham's Research Triangle. The mandate is not just to create, but to do so in a sustainable manner, while evaluating the entire life cycle of each product, from how it's made and sold to shipped and installed. For example, Foundation Labs produced Ply Gem engineered slate and cedar roofing products, which are made with nearly 100% recycled resins and are extremely durable and weather resistant. These products are currently being installed in several projects nationwide, including a housing development in Naples, Florida, that is recovering from the terrible hurricane season.

**Q: How does Ply Gem work with distributors to develop products?**

**A:** We regularly solicit feedback from our distributor customers to develop solutions intended to make their job easier, improve profit margins and enhance relationships with their professional builder and contractor customers. This includes going beyond product development to issues related to packaging and delivery. For example,

one packaging solution inspired by distributor insight is our newly expanded Ply Gem cellular PVC trim portfolio, which comes shipped in a laminated film that peels off once the trim is in place so the pieces stay protected and clean. Another example is our weather bag, a polypropylene cover that slides over a wood product crate to protect siding cartons from water and debris while in transit. The productivity of the weather bag allowed trucks to be loaded 30 percent faster, as tarping was no longer required.

**Q: How is Ply Gem addressing the individual needs of dealers and their customers?**

**A:** Distributor and builder needs can be very different at times. For example, we understand that dealers prefer products that can be easily stored and protected during construction; while builders are concerned about worksite waste. Because we recognize builders don't want to see their jobsite dumpsters filled with tons of packaging materials, we choose materials that are thin, yet strong. Through an incentivized program, we also encourage builders to return pallets to Ply Gem for recycling or re-use.

Ease of transportation and installation are equally important concerns and have been addressed creatively by our window brands. For example, the Inovo Patio Door, a popular option from the Ply Gem Simonton brand, is shipped

fully-assembled with reinforced carry handles and can be installed by a professional contractor directly from the box into an opening. We take pride in products and processes such as these that help make Ply Gem a true partner to our dealer and lumberyard customers.

**Q: Can you share with our readers a new innovation you're working on now?**

**A:** At Ply Gem, we focus our research and development efforts on materials that truly add value to a home and building process. We believe every product we produce should deliver long-term improvements to how people live and work.

For example, we are currently researching a smart pod mobile distribution unit in Canada that will monitor inventory in real-time. The product boasts a technology that keeps track of its location, making it easier for dealers to maintain inventory count and improve stocking efficiencies. Additionally, we have recently completed our first-annual Innovation Challenge, inviting all Ply Gem associates to bring forward solutions that address the needs of builders and distributors. We can't give all our secrets away, but we can tell you the first-place prize went to a team that is developing a prototype of a solution that can make Ply Gem products more accessible and secure at the jobsite.

**For information on the complete product portfolio from Ply Gem, visit [plygem.com](http://plygem.com)**



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At Ply Gem, we've spent the last 75 years making the quality building products that trusted professionals across the country use to build the homes that families love.

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*in*  
**PRODUCTS TO HELP COMPLETE**

**450** *in* **70**  
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**- Darius Rucker**



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# Q&A

CHRISTOPHER McNALLY

PRESIDENT, HIVEX BASEMENT FINISHING CO.



HIVEX Basements is a finishing specialist serving the Spotsylvania, Stafford, Prince William County, and surrounding areas in Virginia. The company was named on Angie's List Super Service Award Winner five years in a row, a Guildmaster award recipient, a Qualified Remodeler Top 500 Contractor, and received the Best of Houzz Customer Service Award. HIVEX Basements is Class A licensed, fully insured, and holds an A+ rating with the Better Business Bureau.

## COMPANY STATISTICS

HIVEX BASEMENT FINISHING CO.  
Fredericksburg, Virginia

LAST YEAR'S SALES  
\$4 million

YEARS IN BUSINESS  
13

EMPLOYEES  
41

SPECIALTY  
Basement finishing

WEBSITE  
[www.hivexbasements.com](http://www.hivexbasements.com)

**Q: What are the top three things you look for from a LBM supplier?**

**A:** First: Great customer service. I look for a sales rep who is available and highly responsive. Second: Pricing. The cost of materials must be competitive. Third: Turnaround time. When we place an order, we need to know that the materials will be delivered on time.

**Q: Describe your best lumber and building materials vendor and why they are the best.**

**A:** Builders First Source because they meet the criteria above. We have a long-standing relationship with our rep, Frank. They are quick, reliable and consistent. They always go the extra mile to keep their customers satisfied and have a "do what it takes" mentality.

**Q: When was the last time you changed vendors and why?**

**A:** We had to stop using a former vendor because of communication issues between the delivery driver and sales rep. The vendor wasn't able to come through on delivery promises that they had made.

**Q: When and why would you accept a meeting from a new supplier/vendor?**

**A:** Generally, I am fairly open to meeting with new suppliers/vendors. Even though we remain loyal to our top suppliers, we are always looking for opportunities for great products at great prices.

**Q: What do you wish LBM suppliers understood about your business?**

**A:** I wish they were more aware of the fast pace in which we operate. We rely on their products to arrive on time as scheduled so that we can be as efficient as possible. We work in basements, so it is not new construction. The material delivery can have an impact on our clients' daily lives. We schedule material delivery very carefully and when a supplier fails to meet that scheduled delivery, our homeowners can be inconvenienced. Delayed delivery can also quickly affect our job profitability. We need all materials delivered to order and on time so that we can maintain efficiency and keep our clients satisfied.

**Q: What products (if any) do you buy installed?**

**A:** None.

**Q: What is the number one problem that keeps you up at night?**

**A:** Keeping our crews busy and efficient. We employ our own crews rather than using subcontractors. This is a very positive thing as it allows us to deliver consistent quality service, but it also means that I am managing a lot of schedules. Making sure our crews have the materials they need on site in advance is of the utmost importance to me so that they can stay busy and keep our job timelines moving along smoothly...which results in happy customers.

**Q: What do you see as your biggest opportunity?**

**A:** We are experiencing a high demand for our services. This is an opportunity to deliver the very best basement finishing service in our area and to maintain our great reputation. ■



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# ARE YOUR KPIs REALLY MANAGING PERFORMANCE?

CONSIDER THIS FRESH, PRACTICAL APPROACH TO EVALUATING AND BOOSTING YOUR SALES TEAM'S RESULTS.

Imagine a head football coach sending his offensive squad onto the field without a playbook and expecting them to outscore the opposition. Chances for success in this scenario are very low and, yet, this is exactly what we expect every day in the LBM Industry. You can't produce sales by measuring only the results as they appear in a rear view mirror.

For this reason, I am introducing a new business term—KRIs—to supplement the measurement of Key Performance Indicators (KPIs). If you're like most sales organizations, your KPI measurement evaluates comparisons of year-to-date sales volume, month over previous year, gross margin, and product mix. These are valid measurements...with one problem. They are measurements after the fact and should be called Key Results Indicators (KRIs).

KPIs should be measurements of performance under the control of the performer. Consider the desire for weight loss many pursue in their lives. Nobody expects to lose weight merely by stepping on the scale with hopes that the pounds will melt away. Instead, the truly committed performer measures the important KPIs of diet and exercise as a means to the KRI of weight loss.

Statistical analysis with dozens of LBM dealers and hundreds of salespeople have helped me establish a clear path towards sales predictability using prospecting KPIs to produce KRIs. Salespeople and organizations who embrace the right KPIs achieve their desired results and outperform the competition and market trends. Sales leadership means more than rising and sinking with the economic tides; it means rising above them.

Here are three KPIs for LBM dealers that produce the desired KRIs:

1

## FACTOR IN ATTRITION TO CALCULATE YOUR "ACTUAL SALES GROWTH OBJECTIVE"

The first mistake of goal setting is to only calculate "nominal" sales growth. A typical LBM Dealer loses 10-15% of its business per year due to attrition. This rate is relative to market trends for housing starts and commodity fluctuations. In other words, \$600 wholesale lumber prices and rising housing starts will cure a lot of mistakes. The correct measurement is attrition *relative to market trends*.

These data are already available in your computer accounting system. You only need to observe trends over the last three years to determine what your attrition was in 2016 and 2017. Armed with that information, you are prepared to establish an actual sales goal objective.

For example, a salesperson who sold \$4 million in 2017 at a company with a 15% increase goal would need to reach \$4.6 million this year. On the surface that seems like a \$600,000 increase. After factoring in expected attrition of 10%, the salesperson would need to replace \$400,000 and add an additional \$600,000 to reach the actual \$1 million needed to achieve the overall sales goal.

2

## PROSPECT BASED ON PREDICTABLE CLOSING RATIOS

This is where the KPI game starts to become challenging because closing ratios for prospecting are not what they seem. Many sales leaders measure the effectiveness of salespeople by calculating closing ratios from quote logs. This provides inaccurate evaluation when the quotes of prospects and customers are lumped together.

In the previous section, we've already established that your closing ratios with your existing customers should be as high as 90%. Thus a salesperson who closes 80% of his quotes is not necessarily more effective than another who closes only 40%. It's possible the first salesperson has done zero prospecting while the second might be prospecting and quoting very aggressively. The only way to produce an effective measurement is to segregate your closing ratio of sales to existing customers from new prospect opportunities.



The other problem faced when launching a proper campaign of KPI measurement is the predictability of actual closing ratios. Ask a salesperson what her expected closing ratios will be and she may likely promise to close a majority of her target customers. To this, I say she would be in violation of the intergalactic laws of mathematical truth.

Consider that the attrition rate of your company might range between 10 and 15%. You would discover this is true for almost all your competitors in the marketplace. This proves that the rate at which salespeople are able to win business from their competitors must, by definition, be close to the rate of attrition in the marketplace. In other words, closing ratios are not a factor of skill, but are instead a market indicator.

Years of study have proven the difference between sales excellence and mediocrity, when it comes to closing ratios, is only a few percentage points. Just like the difference between the Hall of Fame and mediocrity in baseball is 5%, so the truth is that closing ratios in sales are relatively close.

The good news is that, unlike baseball and all sports where success is in the percentages, in sales the hungry performer can out-prospect the competition. Armed with the knowledge of a fixed closing ratio, the hungry salesperson can prospect to the necessary level for predictable results. Therefore, the salesperson who wants to increase sales by \$1 million will need to prospect between \$6.5 million and \$10 million, the former a calculation of a 15% closing ratio and the latter at 10%.

This is the moment of truth for salespeople and managers. Instead of telling a salesperson what the sales goal is and waiting for the performer to create the right plan, a credible manager helps salespeople write a “contract” to themselves. The recognition of a large prospecting goal creates predictable anxiety for sure, but better to enter the game with the clear plan instead of a blind hope.

The KPI of annual prospecting should then be broken down into manageable bites—e.g. \$600,000 per month in prospecting. At this point, the manager and salesperson are now working hand-in-hand, like an offensive coach and a quarterback on the field.

3

### CREATE A VALUATION FORMULA FOR PROSPECTING ACTIVITY—I.E. SUSPECT VERSUS LEAD

Armed with the right Key Performance Goal—e.g. Prospecting KPI—the salesperson can now build a tracking mechanism to fill the pipeline with meaningful leads. This is where the process is simple, but not easy. There are three factors that affect the definition of any lead—*Dialogue Status*, *Opportunity Valuation*, and *Product Definition*.

The “*Dialogue Status*” is the temperature of the lead. It is tempting for a salesperson to identify a target and conclude it is “lead-based” upon the drive by of a job site or, worse, an invitation to bid. A lead is legitimate until the customer or prospect has overtly expressed an interest in a conversation about a product you sell. Any experienced salesperson will

tell you that an invitation to bid could easily come from a buyer merely seeking your price to keep one of your competitors honest.

The only way to determine if you legitimately have a prospect is to have a conversation in which the prospect sits down with you and conducts a meaningful dialogue about your products and services. A target who has not expressed overt interest in a dialogue is merely a “suspect.” A sales opportunity cannot be considered a “lead” until a quality dialogue is established.

A cross-selling opportunity with one of your existing customers should be considered a “lead.” The products you sell to your existing customers should close in the 90% range as noted earlier. Cross-selling opportunities should be treated as new prospecting leads with the expectation they will likely close at better ratios than leads to cold prospects, but not nearly as high as existing business.

“*Opportunity Valuation*” is the amount you will enter into your pipeline. The values of your leads should fall into two categories—Relationship or Project. In our industry, commercial leads should be treated as one-time projects sales and the valuation of such leads is easy to calculate—i.e. the one-time value of the project sale. The value of relationship leads should be calculated in annual potential.

For example, a builder who expresses interest in potentially buying windows from you for 12 houses per year should be valued as an annual lead for all the houses, not merely a one-time quote on an upcoming project. Your sales goals are annualized and therefore your prospecting opportunities should be too.

Each lead should come with a clear “*Product Definition*.” LBM dealers are fond of branding their organizations as “One Stop Shops.” It’s a fine way to beg for business, but not a credible expectation of your customers. Your buyers don’t care how many stops you make on their truck. Builders and contractors think about product specialists for each category they buy. Your sales measurement should isolate the quality of dialogue by every product category. Even if you are trying to sell two or more products to the same customer, they should be considered separate leads. In this way, your KPIs will be more accurate predictors of future KRI success.

Be warned that the numbers are simple, but the process is difficult. Actual closing percentages and attrition rates will vary and market fluctuations will affect the process. Adopt these ideas and you will gain more than short term results. You will institute a process that gives you a competitive edge for a lifetime. ■



Rick Davis is the President of Building Leaders, the leading supplier of sales training to the construction products industry. For more information, he can be reached at 773.769.4409 or [rickdavis@buildingleaders.com](mailto:rickdavis@buildingleaders.com)

## LUMBER PRICES ARE GOING UP; IS YOUR INVENTORY ADEQUATELY INSURED?

Softwood lumber prices in the United States are reaching record highs, having jumped nearly 20% over the past year. The high price for lumber is the result of a combination of factors including a current lumber shortage, an increase in home construction, tariffs from the U.S. Department of Commerce and the ongoing trade dispute with Canada.

Last year, wildfires ravaged forests, and hurricanes temporarily shut down a few mills in the South. This, coupled with the trade dispute between the U.S. and Canada, which supplies one-third of U.S. lumber, caused a shortage in lumber and prices to increase. Further, *CNBC* reported that construction spending rose to a record \$1.3 trillion in November up 2.4% year-over-year. Spending increased in areas including commercial and residential, while the industry added 210,000 jobs, signaling a “construction boom” for 2018. Rising demand for lumber to fuel this construction, has impacted its availability and increased its value.

Business owners, including building and material dealers, are feeling this pinch as they purchase any wood-related products from raw lumber materials to finished cabinetry or molding. What they might not be considering is that with the higher price of these materials, the value of their inventories increases as well.

Taking that thought a step further, higher inventory value could create problems for dealers and distributors in terms of their insurance coverage. If wood products in inventory were to be damaged or destroyed while waiting to be purchased, they may no longer be adequately covered by the business's insurance. That's because coverage is based on the value of the goods, and if that value changes, the insurance policy's limit may need to, as well.

Although the potential sales challenges created by rising prices may seem all-consuming to business owners, it's critical that they stay on top of their coverage limits with their insurers. An insurance agent and insurer who specialize in the wood industry can be an invaluable business partner as building material dealers grapple with rising prices.

### INSURANCE COVERAGE LIMITS

In its most basic form, the insurance coverage limit is the maximum amount of money an insurance company will pay out for a potential loss. This is often fairly straightforward, but with an always-changing retail and wholesale inventory, a limit can quickly become insufficient. If a fire were to spark in a lumberyard that just received a new shipment of high-priced

wood goods and the insurer didn't know the new, increased value of those goods, that lumberyard owner might not receive the claims payment he would need to not only rebuild, but replace his inventory.

A building material dealer or distributor likely has property coverage that will cover his or her building, lost business income and extra expense, a business interruption, or theft, among other things. This property coverage also protects the building material dealer's inventory or stock. To ensure the right protection, it's critical that the insurer is regularly updated on the business' inventory status. A good insurer will keep up with their policyholders and monitor inventory adjustments through a stock report.

At Pennsylvania Lumbermens Mutual Insurance Company, we provide a convenient stock reporting form for policyholders monthly so we can stay apprised of any changes to the inventory value. In that document, policyholders are asked to list furniture, fixtures, machinery, equipment, and improvements, as well as their values. We know how important this is—we're the oldest and largest mutual insurance company dedicated to wood products and the building material industry.

Looking ahead it looks like lumber prices will continue to rise. Recent shortages in rail cars may force lumber prices up further. Plus, with so much uncertainty regarding how the trade dispute will be resolved, it's important for business owners to continue to plan on a continual increase in lumber prices for the foreseeable future. With prices on the upswing, now is a good time for building material dealers and distributors to meet with their agents or brokers to review their policies.

Regardless of whom a building material dealer or distributor works with for their insurance needs, keeping that insurer up to date on the value of their product is critical. While periodically checking your policy to make sure that the value of your property is fully covered may seem obvious, overlooking something like the changing value of inventory can carry serious consequences.

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# Key demographic trends and their effect on the wood products industry

## FOCUS ON HOUSEHOLD FORMATIONS FOR 25-44 AGE GROUP

BY LYNN O. MICHAELIS

Last month, we began a series of Spotlights to address some significant demographic trends. In Part I, we examined the reasons behind declining labor force participation rates (LFPR), especially for younger men under the age of 25. We also focused on the composition of labor force and reasons the LFPR may not recover much. Until the detailed analysis done by the Brookings Report was released, many economists had believed the LFPR decline was mostly temporary and would rebound as the job market improved. For a variety of reasons, it now looks as if the LFPR will remain lower for this cohort as it ages.

In this Spotlight, I will focus on how the declining trend in LFPR appears to be related to the decline in the propensity of younger adults to form households. That decline, plus a reduction in the potential population growth for the 25-44 age group due to a potential cut in legal immigration, could deal a double-whammy to household formations (HHF) for the 25-44 age group.

First, just to refresh your memory, a Base Case outlook for HHF is shown in **TABLE 1** using the 2014 Census Population forecast. Prior to the Great Recession, HHF growth was expected to average 1.2-1.4 million per year over the next 15 years. This combined with the need to build housing units to replace demolished units, plus the demand for second homes, supported the view that “trend” housing starts would be near or above 1.5 million per year.

But the recession has forced us to relook at some of the key assumptions. HHF fell far below the “trend” rate over the last 10 years. Even so, the rebound in employment was expected to stabilize the propensity to form households. Thus, HHF growth was expected to rebound in 2016-25.

A closer examination of Table 1 reveals the two age groups will fuel the rebound in HHF growth because of the two population waves. The first and the one that gets a lot of press attention has been the “Baby Boom.” The babies born from 1947 to 1960 are now driving the surge in the over 65 population. The next population wave will be in the 25-44 age group. Historically this is when younger adults get married, have children and buy houses. As a result, growth in this group is very important, not only to the level of housing demand, but the type of units demanded. The growth in these two age groups is partially offset by the decline in the HHF for the 45-64 group. This decline is due to the drop in the birthrate after the baby boom. HHF for the under 25 age group is near zero because of the group’s very low headship rates (below .15) and very little net population growth.

**TABLE 1 HOUSEHOLD FORMATIONS: BASE CASE FOR 2016-2025**

	MILLIONS/YEAR				
	2001-2005	2006-2010	2011-2015	2016-2020	2021-2025
<b>TOTAL</b>	<b>1.38</b>	<b>0.68</b>	<b>0.94</b>	<b>1.32</b>	<b>1.17</b>
UNDER 24	0.13	-0.10	0.00	-0.02	0.00
25-44	-0.13	-0.38	0.00	0.39	0.33
45-64	1.19	0.78	0.10	0.00	-0.27
OVER 65	-0.13	-0.38	0.84	0.95	1.11

**QUICK REMINDER:** The forecast for household formations (HHF) for each age group is based on the population growth for that group multiplied by the propensity for the age group to form a household (headship rate). The headship rate history is derived by dividing the number of households by the population in each group. A headship rate of 0.5 means there is one household for every two adults.

Our Base Case has assumed that the headship rates would stabilize near 2015 levels. Since the headship rates for older aged groups have not declined much, the starting assumption still seems reasonable. But as we discuss below, that forecast might be too optimistic for the 25-44 age groups.

### PLAUSIBLE HHF SCENARIO FOR THE 25-44 AGE GROUP

The headship rate for the 25-34 age group was assumed to stabilize near 0.43, while the headship rate for the 35-44 age group would stabilize near 0.49. Given a population growth of about 9 million adults for the 25-44 age group over the 10-year period, HHF would be expected to increase in the 350,000-400,000/year rate over the next decade. This group would account for about a third of net household growth.

Assuming the headship rate would stabilize or even rebound with the improving job market seemed reasonable. But, as discussed in Part I, the large decline in the LFPR for the under 25 age groups is to likely to drive the LFPR for the over age group lower based on how a starting point for a cohort tends to persist as it ages. Thus, despite an improving economy, the LFPR could still decline further for the 25-44 age groups.

So, let's look at the two key assumptions underlying the Base Case Outlook. First, let's focus on the headship rate assumption. Then we will return to the population growth assumption given the likely reduction in immigration.

The headship rate for these two age groups fell dramatically between 2005 and 2016 as seen in **GRAPHS 1** and **2**. The headship rate for these age groups was either rising or stable in the 2000-2006 period. The dramatic decline in the headship rates after 2006 for these age groups was a primary reason that net household formations fell in the 2006-15 period.

If the headship rates for these age groups had held steady at the 2006 level, then household formation for 2006-16 would have averaged about 270,000 per year higher than what actually happened. For instance, the annual HHF growth in the 2011-15 would have been 1.2 million per year if the headship rate had been stable.

In light of what has been happening with the LFPR, it now seems likely that the headship rates might keep declining. We are not about to launch a major research project into the complex social issues that could be involved in what drives HHF by age group. Nor are we going to model the relationship between LFPR and the headship rate. However, there is a high correlation. The LFPR for the 20-24 age group fell about 5% from 2006-15. The headship rates were also falling for the 25-34 age group as well. Common sense suggests that if you are not working, it is unlikely you will form a household. In fact, you might continue to live with your parents as shown in **GRAPH 3**.

Based on the Brookings Study, we also know that the decline in LFPR is associated with disability levels and dependence on pain killers. So once these younger adults are out of the labor force and find ways to survive without working, many of them may never re-enter the labor force again.

Even so, we have to factor in that some of the decline could be temporary. Many of the jobs being created need more skills than some of the young adults have. That is why some are going back to college or staying in school longer with the hope of finding a better job later.

**MANY OF THE JOBS BEING CREATED NEED MORE SKILLS THAN SOME OF THE YOUNG ADULTS HAVE. THAT IS WHY SOME ARE GOING BACK TO COLLEGE OR STAYING IN SCHOOL LONGER WITH THE HOPE OF FINDING A BETTER JOB LATER.**

*So, what we are suggesting for planning purposes is a plausible scenario where the headship rate declines further along with the declining LFPR. Assuming the headship rate falls about 0.02 over the next ten years, then HHF for this age group would now be closer to 200,000 per year. This would be about half the growth in the Base Case.*

A modest decline in the headship rate (as shown in **GRAPH 4**) will dramatically reduce the expected HHF rates. *So rather than a getting back to the 1.2-1.3 million per year rate, HHF would be more like 1.0-1.15 million per year, or about 10% lower.* ➤

**GRAPH 1 HEADSHIP RATE FOR THE 25-34 AGE GROUP STILL DECLINING**



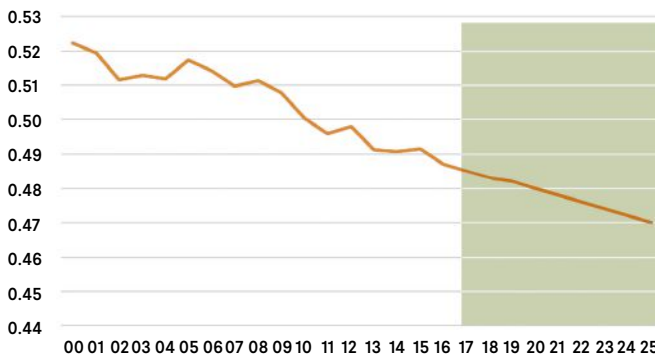
**GRAPH 2 HEADSHIP RATE FOR THE 35-44 AGE GROUP STILL DECLINING**



**GRAPH 3 SHARE OF 25-34 YEAR OLDS LIVING AT HOME SURGED AFTER 2006**



**GRAPH 4 HEADSHIP RATE FOR 35-44 AGE GROUP WILL CONTINUE TO DECLINE**



## INDUSTRY SPOTLIGHT

**ABOUT HALF OF IMMIGRANTS FALL INTO THE 25-44 AGE GROUP. SO, IF IMMIGRATION WERE TO BE CUT BY 50% THEN INSTEAD OF THE FORECAST POPULATION GROWTH OF ABOUT 9 MILLION OVER THE NEXT DECADE FOR THIS AGE GROUP, IT WOULD BE ONLY 4 MILLION.**

Now, let's address the other key assumption: population growth. The population growth for the 25-44 age group is particularly sensitive to the immigration assumptions. In the 2014 Census population forecast, immigration was expected to average about 1.1 million per year, or about 5.3 million in the five-year period. About half of immigrants fall into the 25-44 age group. So, if immigration were to be cut by 50% by the Republicans, then instead of the forecast population growth of about 9 million over the next decade for this age group, it would be only 4 million.

By including a 50% cut in immigration levels over the next decade, it is possible that HHH growth for this key demographic group would fall to below 100,000 per year. If so, overall HHH could fall below 1 million/year.

In the next Spotlight (Part III), we will look at the implications of this lower growth in young households on the level and type of housing units demanded over the next 10-15 years. We will also look at the marriage rate for this demographic group and the relationship to ownership rates.

**BOTTOM LINE:** We remain optimistic that the improving job market will boost the ability of the 25-44 age group to form households over the next 10 years. Our intent will be to follow this demographic group closely and revise our Base Case outlook accordingly. This low plausible scenario is meant to help companies that need to consider some alternative scenarios in their strategic planning. The low plausible scenario is not the worst case, since deportation of illegal immigrants and another recession could lead to an even lower HHH rate. The case merely makes it very plausible that housing starts could average less than 1.5 million over the next decade as a result of factors driving for the 25-44 age group. ■

A partner with Forest Economic Advisors (FEA), Lynn O. Michaelis has nearly 40 years of experience in the forest products industry. This article was excerpted with permission from FEA's "Spotlight." To learn more, visit [www.getfea.com](http://www.getfea.com)



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BY JAMES ANDERSON

# DECKED OUT

SEQUOIA OUT BACK GROWS THROUGH OUTDOOR LIVING.

It's not uncommon for a builder to get into the retail side of the LBM industry. It's a natural fit for a person already geared toward the trades and looking for a career that may be less physically taxing. For John Keller, owner of Sequoia Out Back, the shift from building decks to selling deck supplies came more out of a need for the right product and pricing.

As the preeminent deck builder in his area, Keller reached a point at which he needed to purchase lumber from wholesalers. To do so, he formed a company to resell the product to himself as a builder. Word soon spread to other deck builders and homeowners that Keller knew good lumber when he saw it, and was able to source it for a good price. Within five years, the lumber company became bigger than the construction company.

Keller has since given up deck design and building for full time building supply sales, and for years now has referred homeowners to his contractor customers, who make up about 70% of the business from his main store in Hatfield, Penn., as well as a smaller satellite showroom in Warrington, Penn., about a half hour from Sequoia's headquarters. "We want our products out to the users, but we don't want to compete with our customers," Keller says. "We advertise on behalf of them essentially by getting our customers to them."

## EARLY TO COMPOSITES, OUTDOOR LIVING

Keller's early entry into the composites market helped build a solid foundation to his decking sales success. Early on in his retail career he sold primarily cedar and treated decking, but Keller was quick to recognize the versatility and value of composite products. By the time consumer awareness of composites caught up, Keller had already established himself as a product expert.


"We were one of the go-to places for composites early on," he says. "Not a lot of the lumberyards in our area had it at that point. Everything was still changing."

Now in his 22nd year of retail sales, Keller has built upon the decking foundation by integrating outdoor living items into his product mix. In 2008, the company went big into the outdoor living market. Today, Sequoia Out Back is not only known for decks, but for deck furniture, grills and accessory items, fire pits, and outdoor kitchens as well.

## DECK DISPLAYS

Sequoia Out Back's main location features four levels of decks throughout a facility on a 10-acre property that includes a 30,000 square-foot warehouse. Each floor in the store is done with decking and railing and the entire store is designed to give customers the experience of walking on decking products that are readily available for sale. ➤



A man with a beard and short brown hair, wearing a blue polo shirt with black accents and blue jeans, is sitting on wooden stairs. He is smiling and looking towards the camera. The background shows an outdoor living area with a wooden table and chairs. The text is overlaid on the left side of the image.

“REALLY, WE’RE MELDING  
TWO INDUSTRIES INTO  
ONE STORE. IT’S THE  
OUTDOOR LIVING  
INDUSTRY WITH THE  
BUILDING MATERIAL  
INDUSTRY. THE BUILDING  
MATERIAL END OF IT  
IS BIGGER, BUT THE  
OUTDOOR LIVING  
BRINGS PEOPLE IN.”

– JOHN KELLER

In a sense, the whole store is a display. “Everything looks like a deck or a patio,” Keller says.

Atop the decking on the floors sits all of the casual and outdoor living products that are also available for sale. Most everything throughout the store, from decks, rails, columns, and trim to accessories is sold through the showroom, including the tongue-and-groove ceiling.

Another satellite showroom in nearby Warrington features many of the same products, and Keller hopes to build it out to be a smaller version of the main Hatfield store.

## GROWTH ON DECK

While serving primarily a 70% contractor customer base, Keller says that doesn’t mean his store mostly sees contractors coming through the door. Primarily, homeowners are sent there by their contractors so they can experience the decking and outdoor products hands-on. Other times, homeowners come in the store specifically to get ideas and ask for connections to local deck builders.

“Our facility really helps everyone pick out products,” Keller says. “Homeowners come in and pick out the product and the contractors come in and purchase it.”

With 25 employees during the seasonably high summer months, Keller says he’s continuing to grow his decking business and is looking forward to expanding his satellite location in Warrington. Business passed pre-Great Recession levels in 2013, and Keller says the company has been growing

a steady 10% to 15% year-over-year since. Even during the worst parts of the recession, Sequoia Out Back was able to maintain a flat level of sales.

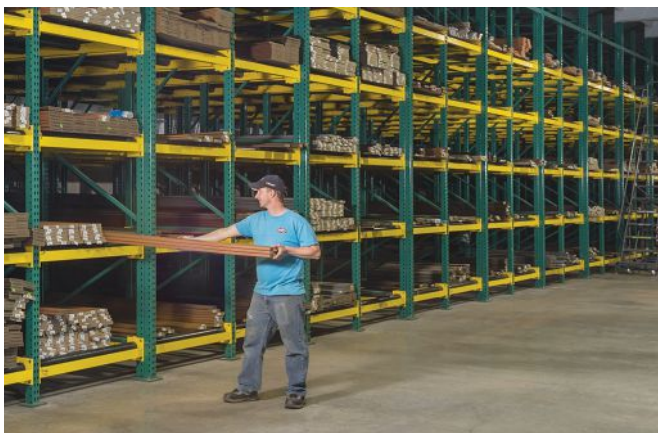
“I think those numbers probably hold true to most lumberyards in our area,” Keller says. “All the roofing and siding places as well, they have a deck board they sell. In most cases, we stock the majority of that line and we have it in stock and it’s fresh. Everything we have is in stock and stored indoors.”

Keller is the sole owner of the business, and says he sees the company’s success continuing long into the future. As long as he can manage labor needs and make good calls on inventory, he’ll continue to focus on what has made Sequoia Out Back a success.

“The amount of money people are spending in their back yards is now more than it’s ever been,” he says. With that trend expected to continue, Keller is focused on featuring various outdoor furniture displays from low-mid, and up to high-cost.

“Really, we’re melding two industries into one store. It’s the outdoor living industry with the building material industry. The building material end of it is bigger, but the outdoor living brings people in.” ■

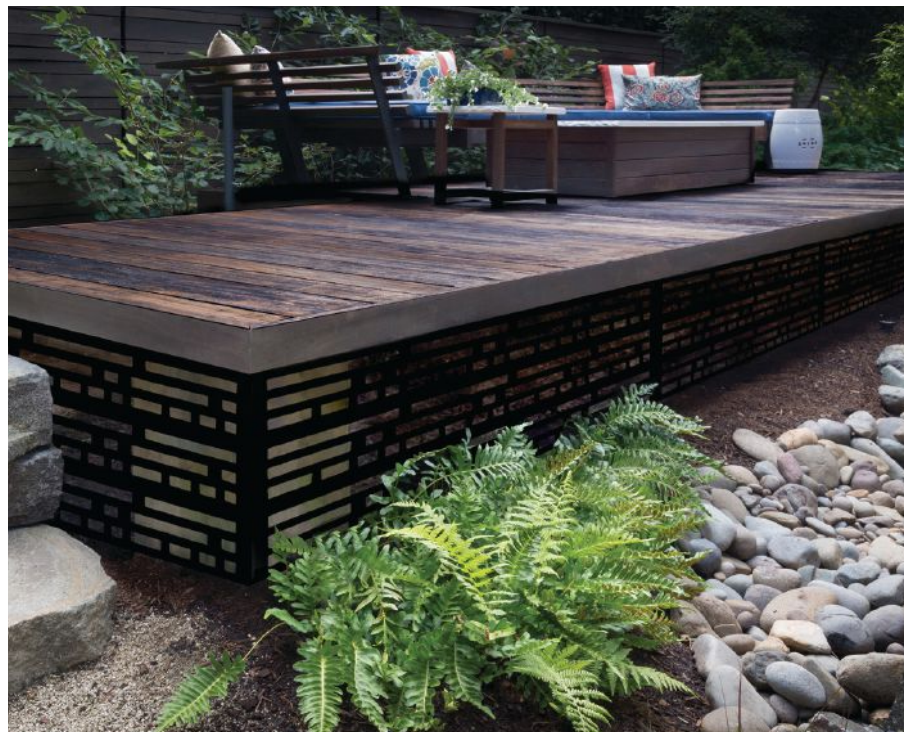
Sequoia Out Back’s main location features four levels of decks throughout a facility on a 10-acre property that includes a 30,000 square-foot warehouse.



## GET TO KNOW SEQUOIA OUT BACK:

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SOFTWARE PLATFORM	SPRUCE
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REAL ISSUES. REAL ANSWERS.

Today's strong housing and remodeling markets are a golden opportunity for all companies in the residential construction business. When a company decides to grow its business, key strategic decisions must be made. For some companies, success is measured by gains in market share. Others focus on growing, or at least maintaining, margins. For others, it's a balancing act. This month's Real Issues survey takes a closer look at this strategic question.

# MARGINS VS. MARKET SHARE

BY RICK SCHUMACHER

**THIS MONTH'S QUESTION** was suggested by a reader who opted for anonymity: "Why is it that market share seems to be a bigger motivator than profits during this industry up-cycle? Distributors, manufacturers and contractors all seem to be unwilling to bring prices up to levels that are fair for their businesses and that ensure the long-term survival of themselves within the industry." The tug-of-war between margins and market share is as old as business itself, which makes it an ideal Real Issues survey topic.

As we do each month, we sent a brief email survey to those subscribers who've opted-in to receive our email communications. A big thank you to the nearly 200 readers who took a couple of minutes to share their insights. (According to Survey Monkey, which we use for all of our surveys, readers spend an average of just two minutes completing our Real Issues surveys.) If you're not receiving our emails and would like to, just drop me a note at [Rick@LBMJournal.com](mailto:Rick@LBMJournal.com), and I'll make sure we get you added.

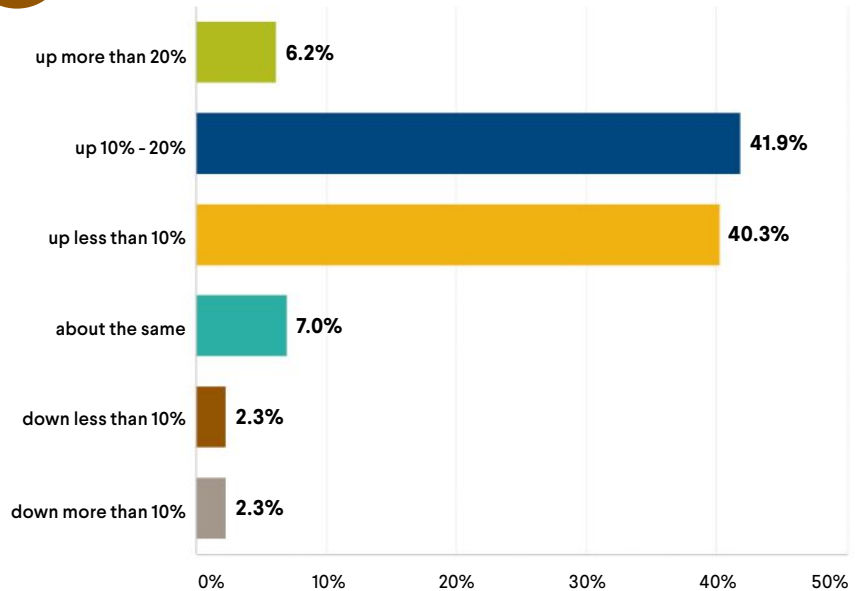
## QUESTION 1

**Approximately how much does your company believe its revenues will increase/decrease in 2018 over 2017?**

First, we wanted to get a feel for how respondents believe 2018 will play out for their companies.

As **GRAPH 1** shows, respondents are overwhelmingly bullish on their companies' prospects for 2018, with 88.4% anticipating a bigger topline than in 2017. Notably, the majority of those (48.1%) anticipate 2018 sales to top 2017 by at least 10%. Even better, 6.2% look forward to a 20% overall sales increase. Just 7.0% of respondents believe this year will be about the same as last, and a small minority—just 4.6%—anticipate a sales decrease. This optimistic outlook aligns with the forecasts from NAHB and other industry watchers.

GRAPH 1



## QUESTION 2

**When your company looks to strengthen its business, does it focus more on growing/maintaining margins or gaining market share?**

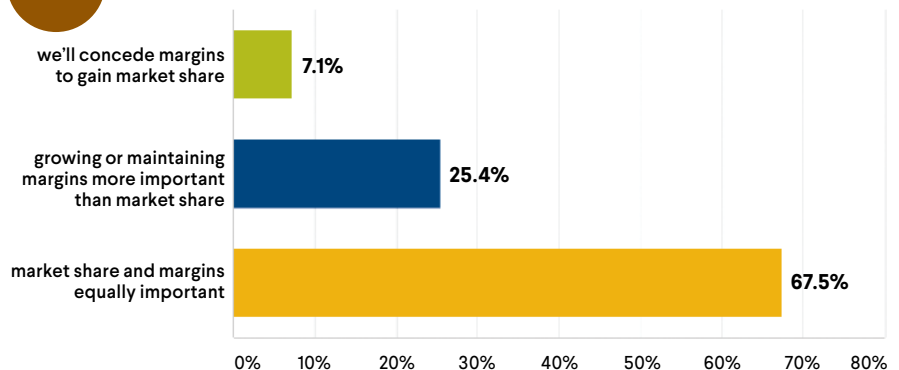
Next, we wanted to get a feel for respondent companies' priorities. Specifically, whether they focus more on margins, market share, or equally on both.

As **GRAPH 2** shows, for most respondents, the question of margins vs. market share isn't an either/or question. Indeed, more than two-thirds of respondents state that "Market share and margins are equally important." Of the balance, 25.4% said "Growing or maintaining margins is more important than market share," and just 7.1% said, "We'll concede margins to gain market share." Below are a sample of comments that readers added:

"Last year we specifically conceded margins to gain market share. This year we are increasing margins. We are enjoying significant gains in market share in certain segments directly related to efforts in 2017. Should be a great year."

"It seems that we alternate yearly focus; concede margins to gain some market share, then focus on gaining margin."

GRAPH 2



"There are plenty of great customers who understand value. That's who we focus on. We let the competition grab those customers who only 'understand' price. Hence, we leave new construction and storm-chasers for the competition."

"Credit worthiness is more important than either!"

"As a manufacturer, our approach can be summed up as 'we don't wake up this early not to make money, and neither should you.' Currently we are entering the Northeast and have conceded our margins to guarantee a consistent

profitable margin to our distribution partners. We are still profitable and able to grow but at a slightly lower margin as compared to our established markets. We do this not by lowering our pricing but by offering more to the people that choose to come on board in this new market; by heavily discounting our first set of displays, offering no charge signage, posters, and other literature we guarantee the new guys have the tools needed to be successful without asking for an upfront commitment. Long-term, this is handled as a marketing credit based on sales, but to gain market share we concede a portion of our margin today to grow our dealer base." ➤

### QUESTION 3

**As competition continues to intensify in response to the growing remodeling and new construction market, how can a company grow its market share and still maintain acceptable margins?**

“Be smarter and quicker. Pick the projects that best utilize your resources.”

“We have focused on increasing market share within the homeowner/ DIY market, keeping the lower velocity items at higher margins, and competing with lower margins on the faster turning items. By offering a wider variety of products, the complete line of products to finish the job right, and having customer service as a focal point, our one-time customers become repeat customers. We do limited advertising to grow market share and every bit of advertising has research completed beforehand to make sure every dollar is maximized, as well as post advertising breakdowns to see who the advertising affected positively. Within the contractor field we focus on meeting the building needs with lumber and common building materials but avoid the specialty needs such as doors and windows that control valuable space with limited margins. If specialty items are needed, we order and have ready within 2-3 days.”

“Through high quality new hires.”

“Sell deeper to your current customer base who are already used to that margin in return for the value. Find similar customers. Avoid the ‘home runs’—big projects or players usually lead to depressed margins for everyone, and we all use the excuse, ‘but it keeps the trucks rolling.’ It’s too easy to justify the volume at an unacceptable margin because we think it’s going to reduce our overhead. It doesn’t!”

“By providing the very best service, providing value, really walking the walk when it comes to customer service. Operationally, we must truly be customer-focused in order to earn the higher margins.”

“Offer unique products and services that your competitor’s don’t, that way you avoid price wars and can earn a fair margin.”

“Work harder on the ‘Value Equation:’  
Quality x Service x Price Importance  
x Improved Sales Process x Customer Perception.”

“One of the biggest things I stress to our distribution partners is the importance of differentiation. Whether it’s warranty, service, or product, you want to get away from the commodity race to the bottom. Too many manufacturers hand out distribution like candy with widely varying pricing structures. This creates a situation where you have multiple distributors in one area all competing. This is great if you’re either the giant dealer with the best pricing deal or the tiny specialty distributor working out of a van who can use the product as a way to sell an installation. The vast majority in the middle are left facing a tough choice. You either sell at a price you can’t sustain and worry about having to service the sale, or you lose the project to the one-off guy working out of a van. Our pricing model sets a lower bound limit on pricing—meaning the giant guys have the same pricing structure as the mid-sized companies. By not saturating your market with multiple dealers, we also try to create a situation where you compete on your ability to service and reputation in the local market. This allows high quality companies that take care of their clients to be on the same footing as their competitors. Instead of fueling a race to the bottom, we try to create a situation where at a minimum everyone makes a standard margin but can upsell their particular advantages directly to the end user. That way, you grow your market share on service and ability to provide what your client is asking for. Yeah, in some cases you may lose a volume order solely on price but too often the company that wins the race to the bottom won’t be able to sustain its ability to service the client and eventually loses more than just a one-off order. We look for people that are in it for the long haul and try to create a sales program that matches that approach.”

“A company can’t grow its market share while maintaining acceptable margins without access to large amounts of capital. This hurts independent LBM dealers, unless they are willing to risk more and more.”

“Very hard to do both.”

“First: Better purchasing strategies. Second: Strong quality control at every stage of manufacturing (ie: quote, design, cut, build, delivery). Third: Pre-qualify new sales opportunities.”

“By being the best at what they do consistently and treating customers, employees, vendors and all others with respect.”

“It’s not easy, but it can be done. First, it’s critical to have great people surrounding you. Second, make sure the job is done right and the customer is happy. Third, work hard to generate positive word-of-mouth. Fourth, if you’ve done 1-3, you’re on your way to higher margins.”

“I’ve been trying to figure this out.”

“By offering exceptional service and value-added features that competitors don’t normally offer.”

“Building strong relationships with your key customers. Gaining their trust and confidence in you and your business.”

“Genuine relationships and superior service levels usually win out over the long haul. Salespeople who can deliver nothing more than price are generally not a long-term solution.”

“We make it easy for the customer to do business with us. We do the simple things well, like returning phone calls, getting back to them with pricing, finishing estimates when we say we will. Our employees are friendly and go out of their way to help customers. We say ‘thank you’ often. It is amazing how many businesses have a ‘thank me’ attitude. These practices may not increase market share today, but tomorrow, next month, and next year those customers will remember us.”

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“Partnering with the right type of customers who understand the relationship of price, service and education for the trades. Also, it’s important to confirm that we’re selling higher margin products as well as the commodity products. We preach margin to our team, and incentive compensation is based on margin dollars sold.”

“Good relationships with both buyers and sellers.

“Excellent customer service and quality products. People appreciate being taken care of and they know ‘cheaper’ and ‘knock-off’ products when they see them. They’ll pay a little more for quality and knowledgeable service.”

“In today’s market, everyone is basically buying from same vendors at same cost, so the one thing to set yourself apart from competition is service and knowledge of products. With that being said, you should be able to also increase your margins based on your service.”

“You must have the resources to reach customers throughout the whole company. Not just sales, pricing or service, but all three.”

“Through effective negotiations with suppliers and improved efficiencies.”

“By growing sales and margins, and carefully monitoring overhead expenses.”

“Our company stands behind its customer service and strongly believes that by continuing to be the leader in this category, we can increase both margins and market share. Too many times, you hear from the field that we got a better price but the delays in service is killing us. So I believe the answer lies in both fair price and service/delivery times that customers can count on.”

“By having value added services that the competition does not have. i.e. providing installation, servicing product, having technical resources and increased product knowledge.”

*Lee Burk is holding Mystic Ledgestone over a wall of Terra Cut stone in Frost—one of the four new gray-shaded stone lines we've added for 2018.*



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“The same old story, pay attention to your existing customer base and provide added services. Many of your existing customers will grow in size in today’s strong market. When you are doing everything correctly and come to realize you now can add to your customer base while maintaining your current levels of service, zero in on a select few prospective clients with 100% conviction. Believe me, when this happens new customers will come to you.”

“This is a very difficult balancing act that comes down to a company’s ability to present its value proposition to potential new customers that will allow them to maintain/grow margins while growing their market share.”

“Our main objective in any new customer encounter is to emphasize our 60-plus years of service. We know we have a great product and it is priced higher than most of our competitors’ products. Therefore, we advise our customers that they are not just buying a product but also our experience, guarantee and reputation.”

“Setting standards for the sales team. We continually talk about quality, speed, and price. Since we cannot do all three without some trade-offs, which one is the trade? If the job’s worth doing, do it right and do what you say, the rest will take care of itself.”

“I think it is difficult, as many things are at play. It’s tough enough to just keep up with the work of updating pricing constantly and, in running markets, this can quickly screw up margins.”

“A continued emphasis on offering the highest value in the marketplace is paramount. Prompt response to customer needs. When offering materials, stop acting as if everything is the commodity. Instead, add your service, quality and experience to the recipe, and give your customers the finished product that tops any of your competitors. Customers will willingly pay more for trustworthy, fast, accurate, knowledgeable, quality, friendly service.”

“You need to make sure your staff knows what customer profile to go after (‘low-margin/slow-pay need not apply’). Company leadership has to clearly communicate customer type and desired results.”

“We need to find ways to continue to add value to our customers, whether that is installed sales, design services or something else, we are going to have to work hard to separate ourselves from the competition.”

“Hiring the right people. Small market locations face a growing shortage of motivated, qualified individuals who want to be part of a business development plan. Due to the higher cost of living and relatively low wages paid in small markets or destination locations, hiring the right person for the job seems to be the hardest hurdle to make. You are only as good as your weakest link. In outside sales (which is what grows market share) you can’t afford to have a rookie leading the charge.”

“We grow our market share by out-servicing our competition, carrying a better grade of wood, and offering consistent pricing and discounts to the customer. We obtain and maintain acceptable margins through consistent pricing, leveraged purchasing and capitalizing on all payment discounts.” ➤

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## How to Know When You've Outgrown Your Current Software Solution





## Introduction

If you've started to think your lumber and building materials (LBM) supply business could be getting more from your software solution, then this document may provide some food for thought.

This is especially relevant in today's challenging business environment with growing pressure to increase sales and reduce costs. There has never been a better time to reassess your current software provider. The innovations in technology over the last few years alone provide some very compelling reasons to take a look at the market. It is no longer sufficient to own a solution that is "good enough." To gain real competitive advantage, the most successful companies are capitalizing on integrated online trading, business intelligence, and using technology to run their businesses much more efficiently.

The stakes have never been higher. Choosing the optimal solution versus a good enough option will make all the difference in the world in terms of revenue and return on investment.

Jan Carlzon, former CEO of Scandinavian Airlines Systems, recognized the power of incremental improvements when he said, "You cannot improve one thing by 1000%, but you can improve 1000 little things by 1%."

The parallels with your business and your software solution are quite clear. To have a truly positive impact on your whole business, you need a solution that will comprehensively improve your operation in every respect.

Software system upgrades are not decisions that people take lightly. To help you navigate the waters, here are ten indicators that you have outgrown your current solution and are ready to move on to a more advanced option.

### 1. Revenue is king

In your role, it is key that you look for ways to protect and grow revenue. You recognize that not only does your software solution impact the efficiency of your business, but it also holds the key to the data to give you those valuable insights into where you could improve. If you feel that you could be doing more, then you probably could.

### 2. Short on strategy

You want to drive revenue generation in your business, but lack the resources and information to build strategic programs based on best practice. You would like a solution that does not limit your strategic thinking and provides the fuel to help you grow.

### 3. Limited insight into results

You know that the information you need is there, but you lack the visibility and insight to tap into the opportunities it represents. Getting hold of the simplest information is a challenge, and you cannot afford to wait for reports on your own business data.



## **4. Time is money**

You spend a lot of time and money performing what should be routine tasks, generating reports, and performing operational responsibilities. You feel your whole business could be more efficient with better software tools and accompanying process improvement.

## **5. You want more**

You have been using a software solution to run your business for some time, and while you're not particularly unhappy with the service, you know you could be doing more.

## **6. Sense of urgency**

You know that you should be doing something right now. Your competition never stands still. You know they are taking advantage of every opportunity they can. You don't just need to keep up, you need to get ahead. Your business may need the tools to respond faster or simply the ability to develop new sales channels.

## **7. Competitive landscape**

The landscape is becoming more competitive by the day. You have to cover every angle. The national competitors are getting stronger. Online trading adds to your competition as other LBM suppliers spread their reach, and there's mounting pressure on margins and costs.

## **8. The future**

No one holds the key to what the future will hold. The only certainty is uncertainty. However, those companies who are most adaptive to changing conditions and new opportunities stand the best chance of success.

## **9. Value for money**

Have you ever thought whether your current solution gives you the best value for money? Does it just do a job or does it drive your business forward? If you've had any thoughts that you could get more return on your investment, maybe it's time to see what else is in the market.

## **10. New routes to market**

While traditional specialty-supplier values such as expertise and customer service are as important as ever, technology has delivered ways to make your customer's experience even better. With expectations growing and new routes developing, there are ways to capitalize on these new opportunities. Online trading is just one aspect of new ways to reach your customers. If you feel you can be reaching more customers you may be ready for a change.

If any of these sound like you, then you may have outgrown your current solution.

## Selecting the right software solution provider

Look for a solution provider who can:

1. Focus on revenue
2. Deliver real insight into your data
3. Provide the latest technology tools—built on a robust, scalable platform
4. Demonstrate a return on investment—and real impact on margins
5. Demonstrate a vision for the future with a track record to back it up
6. Make your operational processes more efficient
7. Present a solution to complement your strategic goals
8. Demonstrate a broad and deep knowledge of your industry
9. Measurably improve your business
10. Give you a genuine competitive edge

Consider your current supplier. How do they stack up against the points raised here? If you're not satisfied by the answers, it's time to see what else is available.

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“By adding or offering value added items or services, concentrating on quality and not quantity or price. If you are going to offer the same item at a lower price as your competition, you probably won’t gain a customer, and you’re not adding to the bottom line. Know your market and what your customers use. If you can find an item that will work as well or better and you can demonstrate the value, then you typically will maintain or increase margin, and possibly gain a customer.”

“Offer superior customer service to everyone. That includes the contractor spending \$250k a year as well as the customer walking in needing an extension cord.”

“Deliver the best value proposition which is all about having the right people and developing the assortment of products and services that your target customer base needs.”

“Very difficult question. Our approach is that by giving the customer excellent customer service and prompt lead times, coupled with accurate tallies and accurate billing, we will forge loyalty. Fast problem resolution should cement the relationship further.”

“Be picky about who you sell. We look for fast growing companies with strong management and who pay their bills well. There aren’t a lot of those, but if you can sell most of them you will get lots of profitable growth. We hunt with a rifle with a sniper scope, not a shotgun.”

“We are small, by design. Growing our market share has no appeal to us if our margins must suffer. We are extremely selective when choosing projects. If we can’t deliver it on time, make a profitable return, or if it stretches our capabilities to the max, we’ll pass on the job.”

“As gross margins are impacted by cost of goods sold, it is important to take purchase discounts whenever possible, keep a sharp eye on inventory and mitigate shrinkage, and of course increase consumption by selling more.”

“Value-added sales; being a resource and having a vested interest in the success of your clients; expanding product mix.”

“By being really good at what you do, having a top-notch sales force, and taking advantage of mergers and acquisitions in your market.”

“I believe that relationships above all are the key to growing market share, whether on existing or new customers. Great relationships combined with excellent customer service, on-time deliveries, broad product lines, and experienced sales team maintain margins.”



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“Purchase timing is important. You make money when you buy. Maintaining relationships with old accounts allows you to go after new business with lower margins and work to grow those margins.”

“It will be very hard in these market conditions. I think the best way to increase your market share is to be involved in the community and with any builder groups in your area.”

“It all comes down to people. Since the competition and us all pull from the same pool, we have to offer higher wages and better benefits. That investment in better people helps us deliver better service. The result is more market share and the ability to charge more. Plus, offering the right product selection, and selling existing customers a higher margin mix, gets you both market share and margin.”

“Capitalize on referrals, prove the value that you bring without lowering margins.”

“We believe our level of customer service and the quality of our materials is superior to those of our competitors, which will enable us to grow our market share without conceding lower margins.”

“Be better than the competition. Offer more of what the customer wants, whether you’re selling roofing, siding, windows, doors, paint, flooring, lighting, etc. What kind of shape is your ‘showroom’ in? Do you look professional? What does the entry to your store look like? Do you have a decent cup of coffee? These details make the difference.” ■

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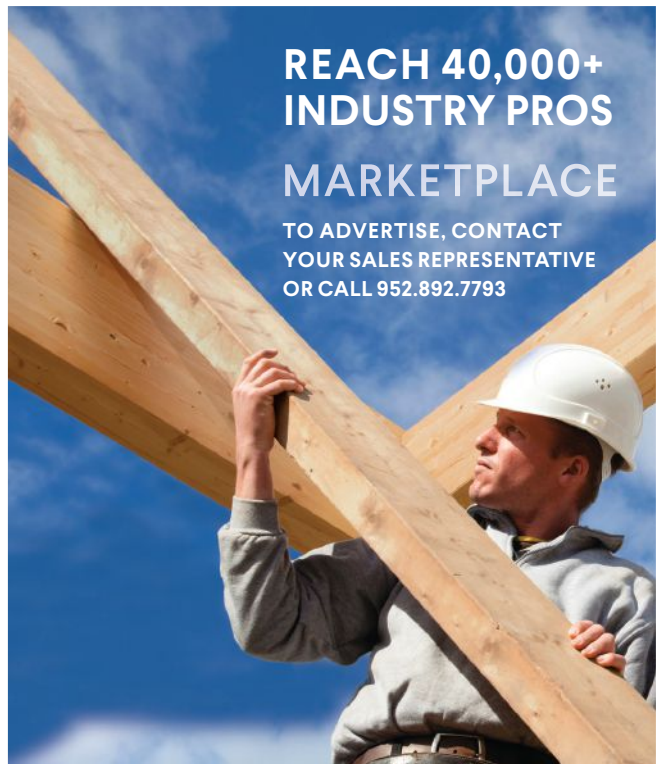


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BY MICHAEL BERGER

IN DEPTH

# DECKS

OUTDOOR LIVING CONTINUES TO DRIVE GROWTH IN DECKING PRODUCTS.



Zuri Premium Decking from Royal Building Products comes in five colors—chestnut, walnut, pecan, Brazilia, and Weathered Gray—and two board profiles, and it's backed by a 25-year color fastness warranty.

Decks are the darling of home improvement. Thanks to a strong housing market, a growing economy, and interest rates that remain low, the decking industry is poised to experience continued growth, and homeowners are poised to take advantage by incorporating more and more deck projects into their building and remodeling plans. According to the 2017 U.S. Houzz Landscape Trends Study, the share of outdoor projects motivated by a recent home purchase increased to 33% in 2017 over last year's rate of 25%, and 20% of homeowners surveyed indicated that they plan a deck remodel for the coming year.

A major driving factor in this growth is the continued homeowner interest in outdoor living. Homeowners and contractors are increasingly working together to create personalized, unique structures that are reflections of the

outdoor living needs of their families, creating immersive, form-meets-function environments.

"While decks have been a common sight in most backyards for decades, they are now taking on new meaning," explains Juliana Rumbaugh, Marketing Communications Manager for Lonza Wood Protection.

"Homeowners are embracing outdoor living and entertaining by building elaborate decks that include fireplaces, televisions and full kitchens. Building decks and outdoor structures continues to be a top remodeling project that allows for the extension of living space. Decks are built or expanded upon with the intention of extending the living space to outdoors. Families and friends gather on the deck to visit, enjoy meals together and even watch sporting events." >

## RESIDENTIAL CONSTRUCTION DRIVES GROWTH

Following patterns seen in the past few years, growth in the decking segment remains strong and is predicted to stay that way. According to IBISWorld's U.S. Market Research Report on Deck and Patio Construction published this past November, over the last five years the decking industry experienced 5.4% overall growth as a whole, fueled by improving credit conditions, rising income levels and an increase in total demand for residential housing.

In the Freedonia Group's recent Wood and Competitive Decking report, demand will reach 3.55 billion linear feet by 2020, worth an estimated \$7.1 billion, with growth anticipated for both wood and non-wood decking products. The report goes on to predict

that the non-wood share will continue to rise by 4.5% annually and will reach 17.9% by 2020, with wood decking forecasted to increase 1.3% annually through that same time period.

Brent Gwatney, Senior Vice President of Sales for MoistureShield Composite Decking, has high hopes for the coming year. "We're very optimistic for the 2018 decking season," he says. "We've had strong sales ever since coming off the Great Recession, and this year has many positive indicators. Builder confidence is strong, and the NAHB forecasts 4.6% growth in single-family housing starts for the year. Remodeling activity also is strong, and with the growing popularity of outdoor living, many people are looking to expand or replace their existing decks, or build a new deck."

**RIGHT:** According to MoistureShield, its new Vision™ deck and trim boards create a modern variegated appearance unlike any other decking product, and the manufacturer anticipates that its new patterning technology developed for Vision decking will eventually enable homeowners, builders or designers to customize the surface of their deck boards.

**BELOW:** DuraLife now offers color-matched decking board end caps for its Siesta, MVP, and Starter decking profiles. According to DuraLife, these end caps enhance the appearance of the deck perimeter and provide a more cost-effective solution for deck builders than the traditional "picture framing" installation method.



Manufacturers seem to agree that the single biggest growth segment in the coming year will be in residential single-family homes, both in new construction and in remodeling. "As the economy continues to strengthen, we see remodeling projects picking up," says Juliana Rumbaugh, marketing communications manager for Lonza. "We expect an increase of about 4.5% in deck projects in residential, single-family homes which continues to grow faster than the other categories."

Perhaps even more than the new residential construction market, the remodeling segment appears poised for strong growth. "In 2018, we anticipate all deck projects to grow," says Mike Descoteaux, Marketing Manager for DuraLife Decking and Railing, "however, remodeling projects are especially popular as homeowners continue to gravitate from traditional decking products toward low-maintenance alternatives."

Chris Camfferman, Director of Category Marketing for Deckorators, sees strong remodeling growth over the next twelve months. "We expect the decking and railing market to grow approximately 5% this year. Both new construction and remodeling will drive projects. Deck remodeling continues to be strong as homeowners see investment in the outdoor space adding real value to their homes." Patrick Barnds, Senior Vice President for AZEK Building Products, agrees. "Single-family residential remodeling is where we expect to see most of that growth being concentrated, which is the single biggest segment of the market these days."

This is not to say that commercial projects are flat; in fact, some manufacturers see the commercial segment as having the potential to deliver significant gains. As Jessica Hewitt, Director of Marketing for Humboldt Redwood, explains, "For businesses in the entertainment, hospitality, leisure, and sports industries, beautiful outdoors spaces with decks, shade structures, seating, and other amenities enhance the customer experience. Businesses invest in these outdoor spaces to bring in new business and keep current customers coming back." ➤



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### OUTDOOR LIVING DRIVES DESIGN

If decks were once seen as mere wood replacements for concrete patios, those days are long gone. Rather than being a simple, flat plane for gathering or lounging, decks are more and more becoming true outdoor living spaces, utilizing multiple levels and integrated ancillary structures to define space and function. For example, the 2017 U.S. Houzz Landscape Trends Study highlights the popularity of such ancillary structures. In the study, 20% of homeowners report working on a deck project, while 26% of homeowners report they have completed, are currently working on, or are planning a shade structure such as an arbor, gazebo, pergola, or trellis project.

“We expect to see the number of deck projects grow this year,” says James Riley, Chief Marketing Officer for YellaWood, “but we also expect to see outdoor living expand as more and more Millennials buy homes. With this new segment of homebuyers comes a whole

new set of expectations for homes. Millennials are making the most of their homes by expanding their livable space. And one of the ways to do that is by creating outdoor living. So, whether that’s adding a deck, or building a pergola, or creating a playground oasis with swing sets and sandboxes for their kids, homeowners are creating new ways to get back outside while staying within the comforts of their own home.”

Hewitt, at Humboldt Redwood, sees this redefinition of the deck as good for business. “We see deck projects that are more functional and refined regardless of size,” she says. “With real estate values at record highs in many areas of the country, and little available inventory for those looking to buy or move up, the next best thing is remodeling. With so many design and inspiration resources available, home- and business owners are largely only limited by their budget and available space.”

“An overarching trend for both dense and open regions is

dividing decks into functional areas,” says MoistureShield’s Gwatney. “People want their outdoor living experience to emulate the quality design of their home’s interior, so they like decks with defined spaces for cooking, eating, socializing and relaxing. Popular options for defining these areas include multi-level decks, sunken portions for sitting, dividing spaces with trellises or built-in seating, and varying the color or alignment of deck boards between areas.”

DuraLife’s Descoteaux concurs with Gwatney in that consumers are looking for decks that create more defined functional areas. “Homeowners extending their living space to the outdoors has been an ongoing trend for a number of years,” he explains. “As they do that, some consumers are creating more elaborate, high-end decks. For high-end deck projects, we see more elaborate kitchen installations, fire pits, hot tubs and more multi-level decks as consumers remodel their outdoor spaces.” ➤



Shade structures continue to be one of the most popular trends in outdoor living. This redwood pergola was added to the tasting room at Jeriko Estate Resort & Winery in Hopland, California to enhance visitor enjoyment of the property. Photo provided by Humboldt Redwood



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**COLOR AND PATTERN ADD PERSONALIZATION**

To create the definition of space that homeowners now crave, builders are turning to creative use of color to better define that space, framing areas to section off deck sections based on how they are to be used, visually creating one section for, say, cooking, one for lounging, and another for dining. “Accent colors around the edge of a deck is not new,” says AZEK’s Barnds, “but we are seeing homeowners get very creative by alternating distinctly different colors board to board. Patterns are also becoming more popular as people seek to define different spaces within a larger deck.”

Deckorators’ Camfferman concurs. “The number of colors available for composite decking continues to rise,” he adds, “and new options are being used to create beautiful two-tone designs. Picture-framing and breaker boards with complementary colors—for

instance, dark and lighter browns—add style and dimension to deck designs.”

Color itself is being used to express individuality and create a sense of personalization. “Colors and stains continue to be a way of expressing yourself outdoors,” says Lonza’s Rumbaugh. “As design and decorating trends change, new paint or stain colors are an easy and inexpensive way to update your wood deck to match the latest trend.”

Similar to last year’s color trends, grays and rich browns dominate the color palette, with an emphasis on the gray palette dominating on the East Coast and the browns (especially tropical hues) holding sway on the West Coast. “As they’ve been for several years, earth tones and browns continue to be popular for decking,” explains MoistureShield’s Gwatney. “Such colors tend to match what people have on other parts of their home’s exterior, and tie in well with landscaping. At the same time, we’re seeing growing demand for

composites that emulate exotic hardwoods, by using more sophisticated embossing and color variegation.”

Camfferman adds, “Muted browns and grays will remain reliable colors for composite deck surfaces, but homeowners are interested in more color, tone and texture variations to fit their personal taste. Fortunately, they have more options than ever before.” David Elenbaum, Vice President of Sales and Marketing for Green Bay Decking, agrees. “All colors seem to be hitting on all cylinders,” he says, “but darker colors in some markets are increasing more than lighter colors.”

Color, however, is not enough. In the case of manufactured decking, homeowners want textures and color variations that more closely mimic those of natural wood. “Deck boards that resemble distressed hardwood flooring continue to be on-trend as homeowners take an interior design approach to the exterior of their home,” explains Deckorators’ Camfferman. “Heavy streaking or variegation is also very prevalent. Composite deck boards with this look provide the color variation found in natural wood—such as tropical hardwoods—with the low-maintenance benefits of wood-alternative material.”

DuraLife’s Descoteaux echoes Camfferman’s insights. “More and more consumers want decking that has the appearance of wood,” he says. “As individuals seek to remodel their outdoor spaces to more closely resemble their interior living space, we anticipate this trend in decking color to continue.”

Still, there is such a thing as too much of a good thing, especially if it makes the purchasing decision too confusing. “We try to keep our selection process simple,” says Steve Booz, Vice President of New Product Development and Product Management for Royal Building products. “Zuri Premium Decking is available in five colors and two spacing choices. Our dealers know that if you give homeowners too many choices, particularly color choices, the odds of closing that deal diminish significantly. Fewer choices means fewer decisions to make, which means more jobs are booked faster.” ➤



ABOVE: AZEK recently launched three new colors for its Vintage Collection®: Coastline™ (shown here), English Walnut™, and Weathered Teak™. The Vintage Collection is designed to offer a realistic, wood-like appearance that incorporates realistic grain textures. It is backed by a 30-year limited fade and stain and a limited lifetime warranty, and it meets criteria for a Class A on the flame spread index.

RIGHT: Deckorators recently introduced Ciderhouse, a new color addition to its Heritage family of decking. Ciderhouse joins Riverhouse (dark brown) and Smokehouse (gray), all of which are designed to deliver a natural appearance and texture with the ultra-low maintenance performance of wood-plastic composite.



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**AESTHETICS, VALUE, AND DURABILITY DRIVE PURCHASE DECISIONS**

When manufactured decking first hit the market, low-maintenance was the key driving factor. And while low-maintenance remains important in the decision-making process, visual aesthetics, overall value, and product durability are emerging as the key factors in product choice, especially to homeowners. “Visuals is all about the style and design options and how those can help a contractor, builder, designer or homeowner to bring his or her ideas to life or realize their vision for what they want their outdoor living space to look like once the project is complete,” explains AZEK’s Barnds. “Value is about showing the customer a true ‘cost of ownership’ comparison between products. And, finally, performance is about durability, low-maintenance and longevity. It’s about the deck

looking as good in 10, 20 or 30 years as it did when it was new.”

“Homeowners want to be happy with the way their deck looks,” says Deckorators’ Camfferman, and he echoes Barnds’ comments. “Decks are something the average person does once or twice in his or her lifetime, so they want to select something that works well for their home and lifestyle. Customers also want to ensure the decking they choose has a strong track record of performance. And they’re looking for the best value, which includes appearance, performance and price. End users are making a major purchase, so they want something that is going to last and give them years of enjoyment.”

All of this is not to say that low-maintenance has diminished in consumer importance; in fact, the opposite is true, as low-maintenance plays into perceived overall value. As AZEK’s Barnds explains, “In the end, when it comes

to selecting between decking material categories, more and more consumers are expressing a real preference for low-maintenance options. While we see no real reduction in homeowners’ desire to tackle home improvement projects overall, they seem to draw a clear line between doing something new to the house vs. having to maintain or re-do something over and over.”

When it comes to wood decking, aesthetics, value, and durability are just as important factors as they are to the manufactured category. “Consumers and contractors are looking for a product that is aesthetically pleasing, long-lasting and affordable,” says Lonza’s Rumbaugh. “Recent research commissioned by Lonza shows that consumers purchase treated wood over alternative materials because of its durability, lower price and because it has been pressure treated to withstand the elements.” >

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YellaWood's Riley agrees that the price point of natural wood continues to make it an attractive option for homeowners. "Consumers are looking for a variety of options," he says. "And while many [homeowners] like the idea of a composite deck, the price point for that type of material can be out of the budget. So instead, a pressure treated pine deck creates a durable and budget-friendly option (plus it has the natural beauty of wood)."

One other factor that some manufacturers cite as an influencer on the purchase decision is that of product origin and environmental sustainability. As Humboldt Redwood's Jessica Hewitt explains, "Redwood is a very unique product, and the fact that it is 100% American made from raw material to finished lumber is something we see as very important to customers. It's natural wood from forestlands found right here in the U.S., supporting thousands of workers earning family wages and benefits. It features a low carbon footprint and most redwood lumber and timbers is Forest Stewardship Council certified."

### WARRANTIES REMAIN VITAL

To no surprise, consumers remain very aware of warranties and their importance, and it's important for dealer partners and contractors to be able to effectively sell those warranty benefits. "Our research has shown that customers do respond to warranties when it comes time to make a purchase decision," says AZEK's Barnds. "The [warranty's] time period is one consideration and some people do correlate the length of the warranty with the quality of the product. But it seems that specifically calling out structural integrity (which would cover rot, decay, pests, etc.) and fading are the two most important factors today."

Barnds goes on to say, "With that said, it's not just the length of the warranty and what it covers. It's also about knowing that the company that made the product is actually going to stand behind it and be around in case something does go wrong. No-name brands and imported products are minefields for consumers when it comes to major

investments like a deck. Having a solid company with a history of standing behind the products they make is as important as any warranty."

DuraLife's Descoteaux echoes Barnds' insights. "Consumers expect manufacturers to create quality products and what better way to demonstrate that commitment than with a comprehensive guarantee. At the end of the day, consumers want a beautiful deck that is strong and durable that requires little maintenance so they can spend their time enjoying it."

### EDUCATION IS KEY FOR CONTRACTORS AND CONSUMERS

In order to capitalize on these trends and to best meet both contractors' and homeowners' needs when it comes to product purchase and long-term satisfaction, dealer education driven by the manufacturers is vital. "We recognize

and value the importance of developing strong relationships with dealers," explains YellaWood's Riley, "and will continue to evolve our offerings to meet their needs. As part of this, we create materials that build interest in more projects, ultimately propelling contractors and consumers through dealers' doors." To that end, YellaWood offers in-store deck design displays project plan books for both contractors and consumers.

Similarly, Lonza works with its dealers and provides assets like point-of-purchase literature, signage, and other creative materials that promote and educate contractors and consumers about the benefits of its wood products. "We are able to support our customers and their dealers in every aspect of their market," says Lonza's Rumbaugh, "from training in-store associates, to advertising, to outside sales efforts." ➤



LEFT: This past year, Lonza introduced new selling tools and educational pieces to assist retailers and contractors with selecting the right treated wood material for their outdoor project as well as maintenance tips for the homeowner.

BELOW: Green Bay Decking recently launched its new Optima line of deck boards. According to the manufacturer, Optima decking is made from a blend of rice hulls and virgin density polyethylene, rendering it naturally resistant to the effects of mold and mildew. Optima is available in four wood-grain colors and comes with a limited lifetime warranty.





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“We want to reach decision makers as they are researching and/or specifying products well before they actually visit a retail location,” says Humboldt Redwood’s Hewitt, and to that end the manufacturer is focusing on a few key areas including social media and other educational resources. “To help build pull-through demand, we have educational materials available including design values, span tables, two American Institute of Architects approved continuing education courses, as well as a profile on the free architect-focused website, ARCAT.com.”

Education is even more of a focus when it comes to manufactured decking products, and being able to get samples into the hands of both builders and homeowners is key to being able to sell product aesthetics and value. “Through our free sample program, we capture both homeowner and contractor leads and send them to our dealers so they can help match contractors to consumers looking for our products,” explains DuraLife’s Descoteaux. “We provide point-of-sale displays at our retail partner locations that showcase our different products and outline their features and benefits, and we participate in co-op marketing initiatives to support individual retailer promotional efforts.”

“Being able to see and touch composite decking is an important part of the product selection process,” says MoistureShield’s Gwatney, “so we provide our dealers with displays that enable homeowners and contractors to experience our decking firsthand. This allows them to see the variegated patterning and other details that make our boards exceptionally beautiful.”

**PREDICTING THE FUTURE**

Based on nothing else than manufacturers’ predicted growth numbers, both the immediate and long-term forecast for decking appears positive. There is more, however, than manufacturers’ viewpoints that suggests continued strong growth in the decking segment.

More and more Millennials are now buying houses. According to Zillow Group data, people aged 18 to 34 have become the largest group of home-



One of MoistureShield’s new offerings is what it calls CoolDeck technology. Available for select product lines including its Vision and Infuse decking, MoistureShield’s CoolDeck technology is claimed to optimize heat reflection so deck boards absorb up to 35% less heat than conventional capped composites in similar colors.

buyers in the U.S. Compare that to a few years ago in 2012 when the Pew Research Center reported that, based on U.S. Census Bureau data, 36% of the nation’s young adults ages 18 to 31 were living in their parents’ home.

And let’s not forget the previously mentioned trend of outdoor living, a trend that is especially positioned to provide growth opportunity for decking. In the aforementioned Houzz study on landscape trends, 69% of homeowners surveyed said they used their backyards for relaxing, and 48% indicated that they undertook major outdoor projects to increase their ability to utilize their backyards as a relaxing space. Decks came in as the third most completed project, and of those projects, 73% were completed by contractors/builders.

When taken together, these factors point to 2018 as a strong year. It will be up to dealers and contractors, however, to stay as informed and educated as possible on material choices and benefits so that they can best take advantage of the coming market growth. ■

Michael Berger is the former Managing Editor for HANDY Magazine and has been writing about home improvement and construction for the past sixteen years.

**INTERNET INFORMATION**

**Companies highlighted participated in this article.**

Armadillo Decking:  
www.armadillodeck.com

**AZEK:**  
www.azek.com

CertainTeed:  
www.CertainTeed.com

Cox Wood Preserving:  
www.CoxWood.com

**Deckorators:**  
www.deckorators.com

**DuraLife:**  
www.duralifedecking.com

Enduris:  
www.enduris.com

Fiberon:  
www.fiberondecking.com

Fortress Deck:  
www.fortressdeck.com

**Green Bay Decking:**  
www.greenbaydecking.com

**Humboldt Redwood Co.:**  
www.getredwood.com

Kleer Lumber:  
www.kleerlumber.com

Koppers:  
www.Koppers.com

**Lonza:**  
www.lonzawoodprotection.com

**MoistureShield:**  
www.moistureshield.com

New Tech Wood:  
www.newtechwood.com

ProWood:  
www.ProWoodLumber.com

**Royal Building Products:**  
www.royalbuildingproducts.com

TAMKO:  
www.TAMKO.com

Thermory:  
www.thermoryusa.com

Tiger Deck:  
www.tigerdeck.com

TimberTech:  
www.timbertech.com

Trex:  
www.trex.com

TruGrain Decking:  
www.tru-grain.com

Viance:  
www.treatedwood.com

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BY JONATHAN SWEET



IN DEPTH EXTRA

# DECK FASTENERS

AS CONSUMERS EMBRACE OUTDOOR LIVING SPACES, DECK FASTENERS PRESENT A BIG OPPORTUNITY FOR DEALERS.

**AFTER A STRONG 2017**, the remodeling market is forecast to continue growing in 2018 and beyond—and that should mean big opportunities for the decking market as consumers look to improve their homes.

Homeowner spending on improvements and repairs will reach nearly \$340 billion in 2018, an increase of 7.5% from 2017, according to the Leading Indicator of Remodeling Activity from the Remodeling Futures Program at the Joint Center for Housing Studies of Harvard University. That would be the highest annual growth rate since before the Great Recession.

And those in the decking fastener category think that should mean solid growth for their segment as well.

The decking market continues to evolve, with homeowners looking to make the outdoors like “another room in the house,” says Mike McFarland, PrimeSource Building Products’ Director-Specialty Fasteners.

Marty Ruch, Vice President of Retail Sales and Merchandising for MiTek Builder Products, agreed, noting that consumers are spending more of their time, effort and budget on the category.

“There is a big focus on outdoor living spaces,” Ruch said. “Home-owners are getting more creative and spending more money to enjoy their back yards.”

### COMPLEXITY, DESIGN DRIVE OPPORTUNITY

That creativity means fastener manufacturers are managing more design options and materials than ever before.

“CAMO Deck Fastening recognizes that decks are extensions of the owner’s home, creating multi-functional spaces,” explains Greg Palmer, Marketing Director for National Nail Corp. “Contractors are using everything from pressure-treated to Ipe and composites to PVC.”

Those varieties present a challenge for dealers, but also an opportunity to provide solutions contractors and homeowners need to achieve their desired look.

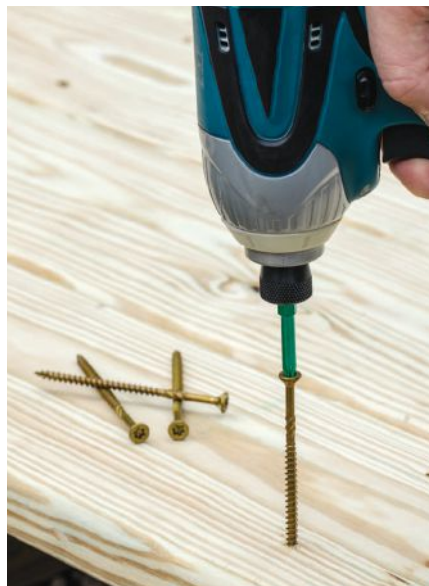
CAMO has a fastening solution “for every board and deck design” and “every material,” Palmer says. “And we are so confident in our fasteners performance that our warranty introduced in 2017 covers not just the fasteners, but the board itself when used following the manufacturer’s installation instructions.”

A major pain point for contractors is splitting deck boards. GRK has addressed that with its R4 Decking Screw and its CEE Thread, an enlarged knurl above the thread and below the smooth shank of the screw.

“A smooth shank on a screw often will create friction and that’s what leads to splitting,” says Marketing Manager Craig Christensen. “That CEE Thread enlarges that hole right before a smooth shank goes in, minimizing that friction. And then you get a nice finish drive and you don’t get any splits.

In decking when you get a split, essentially then you’re pulling out the entire board. You know, stopping what you’re doing, removing screws, removing the board. And that’s quite an obstacle for a contractor.”

With the investment that homeowners are making in their decks, choosing the right fastener is increasingly important, says Jim Miller, President and CEO of Screw Products Inc.



The company currently offers several solutions for both wood and composite decks, including stainless steel and coated carbon steel screws, available in 23 colors. At the same time, he notes that the company is always looking to improve on its products by listening to its customers.

“You learn more about your products by listening to your customers than you’ll ever learn on your own,” he says. >

OPPOSITE PAGE: Grip-Rite PrimeGuard Max fasteners, distributed by PrimeSource Building Products, are designed specifically for demanding exterior applications for use when maximum corrosion resistance is desired. They carry a lifetime guarantee.

LEFT: The GRK R4 Decking Screw features the CEE Thread, an enlarged knurl above the thread that helps prevent splitting.

BELOW: The CAMO Edge Deck Fastening System works on any treated lumber, hardwood, cedar, composite or PVC deck board. CAMO deck screws and a CAMO Marksman tool combine to deliver a fastener-free deck surface.



Miller highly recommends using a stainless-steel fastener in pressure-treated lumber, as well as for woods with high tannic acid content such as cedar and redwood.

The company's Hidden Deck Clip System, composed of marine grade aluminum with stainless steel screws, is also a popular solution. Miller says there are a lot of composite decking companies providing their own clips with stainless steel screws. He says he thinks "that the face screwing should also be stainless steel based on the new treated lumber that everybody is stocking."

The importance of the right fastener can't be overlooked, he says.

"If they're selling them a composite deck, that's a 25-year warranty deck," Miller says "Then the least expensive part of that deck is the fasteners. The fasteners should exceed 25 years. If that deck is warrantied for 25, then the fasteners should exceed 25."

Kim Pohl, Marketing Director for Maze Nails, echoes the importance of choosing a fastener that matches the quality of the building materials.

"Many of the popular decking and siding products now offer 50-year and lifetime warranties, so how those products are fastened makes all the difference to the contractor and homeowner," Pohl says. Maze is the exclusive manufacturer of double hot-

dipped galvanized nails marketed under the tradename Stormguard.

"Building product manufacturers and building codes are specifying and recommending hot-dipped galvanized nails versus electro-galvanized nails," Pohl says. "Hot-dipped fasteners are preferred because of the long-term rust resistance they provide with the thick coating of zinc on the nails."

Pohl also notes that Maze Nails are made at the company's Peru, Illinois, facility.

"Builders and remodelers can be assured that when they use Maze, they are getting top quality nails all proudly made in the U.S.," Pohl says. "Maze is one of the last remaining mills still making nails here in our country."



TOP: Maze Nails' hot-dipped galvanized nails offer long-term rust resistance with a thick coating of zinc versus electro-galvanized nails.

RIGHT: The DeckWise Ipe Clip is molded of a malleable plastic polymer resin coating which is designed to avoid wood staining that can be caused by all-metal hidden deck fasteners and is tested to be up to three times stronger than other hidden fasteners.

BELOW: Simpson Strong-Tie has redesigned the EB-TY Hidden Deck-Fastening System by integrating a Type 300 series stainless-steel reinforcing plate that adds stiffness to hold boards in place securely, yet maintains flexibility when seasonal contraction and expansion occur.



## NOTHING TO HIDE

Hidden fastening systems continue to grow in popularity for decks of all material types.

Those systems offer a clean look without visible fasteners that many homeowners are coming to prefer, says Roderick Kabel, Marketing Director for DeckWise. "Our goal is, and always has been, to provide deck building products that contractors need for long-lasting success," Kabel says. "We feel that providing quality hidden deck fasteners and tools that make installations more efficient is the right path."

The DeckWise Ipe Clip is molded of a malleable plastic polymer resin coating which is designed to avoid wood staining that can be caused by all-metal hidden deck fasteners. The rigid stainless-steel insert holds decking to joists and is three times stronger than other edge-mount deck fasteners, according to the company.

"DeckWise is best known for its Ipe Clip hidden deck fastener designed specifically for hardwood decks and other tools all made in our Florida facility," Kabel says. "Many decking products available today are made outside of the U.S. We believe the quality control we have over our products make them not only different, but a wise choice (pun intended). All of our products have been carefully researched and tested before brought to market to ensure maximum effectiveness." ▶



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Simpson Strong-Tie has been selling the EB-TY hidden deck fasteners since 2008 and acquired the EB-TY company in 2016. Since then, Simpson has improved its EB-TY line with EB-TY Premium. The system integrates a Type 300 series stainless steel reinforcing plate to provide additional holding power.

“Our goal was to develop a hidden deck fastener specifically for premium wood decking that addresses some of the issues that can occur when using hidden deck fasteners with premium hardwoods,” says Mike Wright, a Sales Manager for the fastener product group. “So we developed the new EB-TY Premium system which features a metal insert in the EB-TY biscuit. The metal insert not only helps to prevent the screw from driving through the biscuit, but it also strengthens the clip to help the deck board stay in place which can be an issue with hardwood decking as it moves with environmental cycles.”

When combined with the EB-GUIDE predrilling tool, the new system makes installation easier.

“Many hidden deck fastener manufacturers recommend predrilling screw holes to properly secure deck boards to the joist,” Wright says. “The EB-GUIDE is a simple, easy-to-use tool that comes with the EB-TY Premium System. It serves as a pre-drilling guide for the screw, ensuring installation at the correct angle.”

**GROWTH CREATES INNOVATION**

With the growing deck market, fastener manufacturers are investing heavily in developing new solutions.

SPAX USA recently launched its new SPAX Exterior/Deck screw in HCR-X plating, which offers new corrosion-protection technology recognized at ICC for level-four ground contact, says Vice President of Building Products Phill Moore.



The new SPAX USA exterior/deck screws feature HCR-X coating, which is code recognized for use in pressure-treated lumber and has been tested for use in coastal building condition 4.

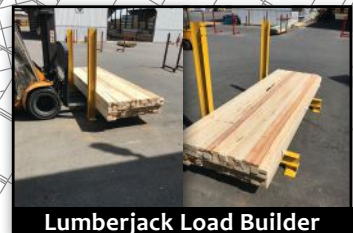
“It provides superior corrosion protection resistance over other carbon steel painted deck screws or hot-dipped screws,” he says.

Contractors are moving away from typical nails and hardware as the industry looks for systems that offer reliability and quality, a need that Moore says SPAX can meet with its multiple patented features and long history of innovation. ➤

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“Including the HCR-X product line we have also launched the T-star plus double-thread lock in a 304 stainless for deck flooring applications and trim applications,” he says. “We are also providing solutions for longer length SPAX Powerlags for structural framing of decks using treated lumber [such as] ledgerboard, post attachments, carrier beams and rim boards.”

Grabber Construction Products will be introducing several new products this year designed to make it easier to find the right fastener.

“Tie-Master and Lag-Master are heavy-duty, code-compliant structural wood screws engineered for framing jobs,” says Marketing Manager Bevan Wulfenstein. “The type-17 point eliminates pre-drilling and makes for fast installations with reduced torque. Tie-Master’s flat head design with countersink nibs provides a clean, flush finish. Lag-Master’s hex-washerhead is designed for applications where greater torque is required and it provides

a larger bearing area for greater holding power.”

Both Lag-Master and Tie-Master are single-design fasteners for all structural framing projects, decks, underdeck connections and more.

“The Tie and Lag-Master framing fasteners are designed to be easy to understand,” Wulfenstein says. “Often people will go to a hardware store and will spend quite a bit of time just looking for the fastener they need for their specific application. This is particularly true with structural framing screws. Tie and Lag-Master are code-compliant fasteners that will work in almost any framing application from roof trusses to laminated beams joist and ledger connections and more. We have just made it easier to find the right fastener for the job.”

In 2017, Grabber also introduced its XGT deck and fence screws, star drive screws available in both a flat head and trim head configurations with the company’s exclusive QuickGrab point

design. “The XGT screws start immediately and drive faster than most other available deck screws,” Wulfenstein says. “These fasteners also feature a hardened wire and our Draw-Tite shank design which draws wood members together rather than forcing them apart as the fasteners drive in.”

Huttig Building Products has expanded its Huttig-Grip program to include Huttig-Guard fasteners available in carbon steel and stainless steel.

The carbon steel is available in three series: The Pro Series, with a 15-year warranty; the Premium Series with a 50-year warranty; and the Platinum Series with a lifetime warranty. “We are very excited about [the Platinum Series] because few people in the industry even have this category in their product lineup,” says Brad Strosahl, Vice President for National Accounts and Global Sourcing. “This is a lifetime warranty product that has got some patented threads on it and some really extra nice features as well.”



ABOVE LEFT: The XGT deck and fence star drive screws from Grabber Construction Products are available in both flat and trim head configurations and feature the company’s exclusive QuickGrab design.

ABOVE MIDDLE: The MiTek Pro Series includes MiTek Bugle Head (shown), MiTek Washer Head and MiTek Hex Head structural wood screws designed for use in a variety of wood-to-wood and wood-to-metal applications.

ABOVE RIGHT: Screw Products has fasteners available in 23 color options for wood and composite decks, available in stainless steel and coated carbon steel screws.

LEFT: Huttig-Guard™ is marketed as the only brand of outdoor screws that you need to offer for every deck, every market, every price point—smartly designed to make merchandising and selling easy.



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Some of those features include a double counter-sinking head and knurled shank to reduce drag.

“One of the things that we have done, unlike really everyone else in the market, is any screw that is a wood to wood application, we went with star drive, flat head with nibs, serrated thread shank, and a type 17, self-auger point,” Strosahl says. “But most of our competition uses...bugle head, Phillips drive screws and regular sharp point. The star drive is the most positive drive in the market today. The flat head with nibs, that head design is designed for wood, whereas others are using the bugle head that’s designed for drywall.”

The Huttig-Guard stainless steel screw program also carries a lifetime warranty and is available in both 305 stainless and 316 stainless.

In the fall of 2017, MiTek rolled out its ProSeries Fasteners for a variety of applications, including decking.

“Professional contractors look to MiTek/USP as the leader in structural products and technical support,” Ruch said. “The ProSeries builds on our trusted and code compliant WS series structural wood screws by providing washer head, bugle head and hex head fasteners available in different finishes and lengths from 1-1/2” to 10”. The cut point feature offers fast start and reduces torque during installation.”

As an added benefit, screw lengths are stamped on the head of all MiTek ProSeries structural wood screws, making it easy to identify after installation. The MiTek Washer Head structural wood screws and the MiTek Bugle Head structural wood screws also both utilize a T30 Torx drive to maximize bit engagement and reduce “cam-out.”

MiTek’s line of Gold Coat extended-life structural connectors and fasteners helps to reduce corrosion with a multi-layer protection system. All

Gold Coat products feature a standard zinc layer over a steel substrate. A patented organic polymer barrier layer is then applied over the zinc. The non-reactive, organic polymer layer—the Gold Coat—provides a barrier to the ion exchange and electrochemical reactions that cause corrosion, the company says.

#### EASE OF INSTALLATION

In an effort to make deck installation easier, National Nail has introduced a new stand-up fastening tool for its CAMO Deck Fastening brand.

The new tool “quickly and efficiently delivers proprietary deck screws utilizing edge fastening on an angle for a fastener-free surface, or top down using traditional-style collated deck, composite and subfloor screws,” Palmer says. “Used with any drill, the stand-up option is less strenuous on the installer’s back and knees.”



RailLok® Rail Section Connection

DeckLok® Lateral Anchor System



## RailLok® Rail Section Connection

RailLok is used to connect railing sections to the rail post. Attach the brackets to the rail post using included mounting screws and then slip pre-assembled railing sections into the brackets and screw them in place. The RailLok brackets provide a strong, reliable railing to post connection. RailLok is available in 316 Stainless Steel and in white or black powder coat finish.

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The company says its unique system makes it easier for contractors to deliver the creative solutions that homeowners want today.

"At National Nail, we are continuously innovating the CAMO Deck Fastening System to give deck builders the opportunity to build faster, safer, and more beautiful decks with surfaces that match their high-end design vision," Palmer says. "We have developed our guides and systems to be completely intuitive and easy to use, including color-matched face screws, unique edge fastening or hidden systems. It's all about options and serving as a one-stop resource for contractors no matter what their fastener preference is."

For Simpson Strong-Tie, its Quik Drive auto-feed system has allowed it to expand its reach in the decking market by making installation simpler and offering contractors a value beyond commodity fasteners.

"That's really the biggest benefit of Quik Drive, in that it saves time while being relatively easy to master," Wright says. "Whereas someone would be down on their hands and knees installing deck screws, that's a lot of wear and tear on the body. The Quik Drive system offers not only labor savings but safety and ergonomics over the long haul. And there are even cordless options now that really make it more versatile."

The Simpson Strong-Tie Deck-Drive DSV Wood screw and DCU Composite screw are both available collated for use with the Quik Drive system.

The DSV Wood decking screw features a variable thread design which reduces torque, making it the easiest screw to install into wood decking, Wright says. It's available in tan, red and gray, and in lengths ranging from 1-1/4" to 4".

The DCU Composite screw can be used in both composites and PVC decking products. It is available in 11 colors and a length of 2-3/4".

Another way to make contractors'—and dealers'—lives easier is to make

sure the right products are widely available. Specialty fasteners are a fast-growing, high profit margin segment for PrimeSource's dealers, McFarland says.

"Providing the correct fastener for a project has become profitable and necessary for our dealers to meet their contractors demands," he says. "In order to serve this concept, we have set up several 'Mother Ship' locations across the USA to provide expedited delivery of these new fasteners. Our 'Mother Ship' distribution centers carry over 2,000 different fastener options which allows our dealer base to meet the needs of contractors in a timely manner."

Carrying and promoting a wide variety of products can also help dealers grow sales and profits.

"Make sure your sales staff is knowledgeable about the entire line of products offered by a manufacturer, so they can provide a complete, long-term solution instead of just a single product sale," Kabel says. "Understand the true value of a product line, not just how much you can mark them up. Dealers should think down the road about each deck installation they contribute to. Could they sell deck maintenance products to restore a weathered deck for a customer later on? What new product has been recently added to the dealer's list that a three-year-old deck could benefit from now?"

A mix of offerings across multiple price points is important to maximizing deck fastener sales, says GRK's Christensen.

"There's definitely...a large percentage of guys who still want performance, and sort of a premium fastener and are willing to pay for that," he says. "So I think a dealer that can offer not just the value brands but the premium brands is probably going to attract more pros. We still find that one of the No. 1 complaints out of pros is...availability. They really want and need the convenience, availability of the products at their local dealers." ■

Jonathan Sweet is a Minneapolis-based writer and editor who has covered the construction industry for both consumer and trade publications for more than 15 years.

## INTERNET INFORMATION

Companies highlighted participated in this article.

**DeckWise:**  
[www.deckwise.com](http://www.deckwise.com)

**EB-TY Hidden Deck Fasteners:**  
[www.ebty.com](http://www.ebty.com)

Faspac:  
[www.fastapscrews.com](http://www.fastapscrews.com)

FastenMaster:  
[www.fastenmaster.com](http://www.fastenmaster.com)

**Grabber Construction Products:**  
[www.grabberman.com](http://www.grabberman.com)

**GRK Fasteners:**  
[www.grkfasteners.com](http://www.grkfasteners.com)

**Huttig Building Products:**  
[www.huttig.com](http://www.huttig.com)

Intercorp:  
[www.intercorpusa.com](http://www.intercorpusa.com)

Invisi-Fast:  
[www.invisifast.com](http://www.invisifast.com)

Ipe Clip:  
[www.ipeclip.com](http://www.ipeclip.com)

Jaaco Corp.:  
[www.jaaco.com](http://www.jaaco.com) or  
[www.pinsforprofit.com](http://www.pinsforprofit.com)

LumberLoc:  
[www.lumberloc.com](http://www.lumberloc.com)

**Maze Nails:**  
[www.mazenails.com](http://www.mazenails.com)

Midwest Fastener:  
[www.fastenerconnection.com](http://www.fastenerconnection.com)

**MiTek: Builder Products:**  
[www.mitek-us.com](http://www.mitek-us.com)

**National Nail:**  
[www.nationalnail.com](http://www.nationalnail.com)

Outlaw Fasteners:  
[www.outlawfasteners.com](http://www.outlawfasteners.com)

**PrimeSource Building Products:**  
[www.primesourcecbp.com](http://www.primesourcecbp.com)

**Screw Products:**  
[www.screw-products.com](http://www.screw-products.com)

**Simpson Strong-Tie:**  
[www.strongtie.com](http://www.strongtie.com)

**SPAX USA:**  
[www.spax.us](http://www.spax.us)

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[www.bostitch.com](http://www.bostitch.com)

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[www.starbornindustries.com](http://www.starbornindustries.com)

Tiger Deck:  
[www.tigerdeck.com](http://www.tigerdeck.com)

Titan Metal Werks:  
[www.splitstop.com](http://www.splitstop.com)



IN DEPTH EXTRA

# DECK RAILINGS & ACCESSORIES

AS OUTDOOR LIVING BOOMS, DECK RAILINGS AND OTHER ACCESSORIES ARE GETTING THEIR DUE.

**ASK ANY DESIGN EXPERT**, review nearly any trend study, tour any show house, or walk through nearly any builder model, and there's no denying it: Outdoor living is on trend, and it's showing no signs of slowing down.

Homeowners are increasingly seeking to maximize their outdoor space; for move-up homes, custom homes, and a significant portion of remodeling projects, buyers are looking to create spaces that emulate the luxuries of indoors: multiple-level decks with functional "rooms," decked-out alfresco kitchens, seamless connections, and even sound systems and technology.

STAFF REPORT

“The days of the little 10x12 deck on the back [are ending],” says Rick Kapres, Vice President of Sales and Marketing for Versatex, which hosts an educational road show with decking veteran Bobby Parks. “You still see that with track builders, but we see people moving into the backyard, and when they do it almost becomes like the kitchen or the bath with the effort that they put in. They’re choosing products that look beautiful and are going to last.”

That same trend means they’re paying closer attention to—and are more willing to shell out for—accessories that go beyond the basic. Railings and even pergolas, lighting, and trim, are becoming a key part of the design and product selection process as much as the deck boards themselves.

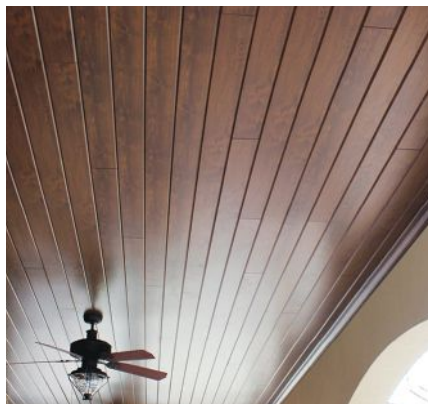
“Recent studies have shown that people are opting for bigger, better yards over bigger homes,” says Shellie Sellards, Vice President of Marketing for Fiberon. “And just as homeowners are designing custom decks with dedicated spaces for cooking, dining, and entertaining, they also want to create a custom look with the materials themselves. Railing is ideal for that.”

### GROWING IMPORTANCE

“Railings can almost be an afterthought. That’s unfortunate because rails are one of the most visible parts of the project,” says Kevin Harris, Director of Sales & Marketing for AGS Stainless. “It’s an opportunity to do something very special. It’s like jewelry almost on the house.”

“Railing adds curb appeal and can signal the quality of a deck or porch from a distance,” adds Jenna Herron, Railing Product Manager for AZEK Building Products. “Whether it’s the crowning feature of the deck or a subtle, minimalist design to frame a beautiful view, people want a design to complement or reflect personal style.”

Customizing railings plays directly into recent trends in which homebuyers are not afraid to make something their own—not because they want to keep up with the neighbors, but because they want their spaces to speak to and cater to their family’s unique lifestyle.



**ABOVE:** Walpole Outdoors Pergola Kits come in natural cedar, solid cellular PVC, or hollow vinyl. They are available with straight or arched tops, and can be ordered with a shading system.

**MIDDLE:** Versatex’s Canvas Series products’ add contrast to porch ceilings and interior trim projects. The Canvas Series is designed to deliver the rich look of hardwood along with maintenance-free convenience.

**LEFT:** Impression Rail Express from AZEK meets market demand for the high performance and low maintenance of aluminum railing, the company says. Each baluster locks into place at the top and bottom, creating a rattle-free, full-contact connection; the railing panel drops between the posts and secures with hidden brackets.

**OPPOSITE PAGE:** Deckorators’ ALX Contemporary heavy-gauge aluminum railing in brushed titanium features an anodized finish for the appearance of stainless steel while resisting scratches and corrosion. Two profiles are available: a rectangle top rail with Deckorators Estate balusters and round top rail with Classic balusters.

“People are taking a lot of the architecture and details you normally see in their home out to the decks and patios. Especially things in eye view,” says Lou Maglio, President of Walpole Outdoors. “They want to personalize that railing if they can.”

The trend is so popular that manufacturers are selling beyond the traditional single-family suburban home. Walpole, for example, is selling pergolas for rooftop decks. Assisted living

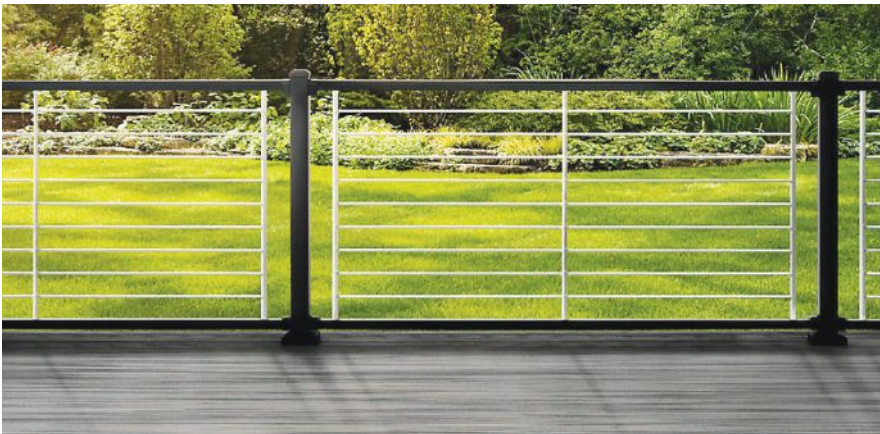
facilities also are ripe for outdoor treatments, Maglio says, as they look to create amenities that feel like residents’ former homes.

No matter the location, just like much of the exterior, maintenance is a sticking point. “They’re looking for all the accessories like pergolas and railings to be low- to no-maintenance,” Maglio says. “But they still want the options and designs that they’re getting in the regular-maintenance products.” ➤

“The trend toward low-maintenance materials is growing quickly in all segments in outdoor living categories, which extends to railing,” says Herron. “Railing also has a safety element. People recognize that they want their railing to look as good as their deck from year to year and they want materials that will hold up to the elements and remain safe for friends and family.”

**CABLE RAIL**

When it comes to style, the biggest trend in deck railings right now, beyond just their popularity in general, is cable. It’s



ABOVE: Signature Rod Rail from Trex is an alternative to cable railing while achieving a similar, sleek look. It requires no special installation tools or tightening.

RIGHT: Feeney’s new DesignRail aluminum railing kits with CableRail infill are available as retail packaged kits, making it easier for dealers, contractors, and DIY homeowners.

BELOW: Fiberon’s Symmetry composite railing features a soft satin finish for an elegant look that is also durable. It features a classic sculpted rail and hidden hardware. Three colors and two baluster options are available.



seemingly everywhere, and being offered by nearly everyone.

“Contractors and their clients are realizing how much design flexibility railings give you,” confirms Chris Camfferman, Category Marketing Director for Deckorators.

One reason for the appeal is simply the aesthetics—it has an industrial or contemporary vibe appealing to design tastes that are increasingly shifting toward cleaner, sleeker looks.

“The combination of people looking more favorably at modern design and people trying to minimize obstructions to their view is what’s really driving the growth of cable,” says Harris.

Indeed, cable rails enhance sightlines, offering less-obstructed views of water, woods, or simply the kids playing in the yard.

“More than anything, it gives you that modern feel. It’s clean, it’s sleek,” says Adam Zambanini, Vice President of Marketing for Trex. Even Trex, a leader in composite products, has seen and responded to the trend. The company now offers “Signature Rod Rail,” an aluminum system with horizontal rods that mimic the look of cable but with faster assembly, Zambanini says.

**CONTEMPORARY VIBE**

That style shift from traditional to transitional and even modern looks is influencing not only an uptick in cable but also in contemporary styles overall.

Deckorators’ Camfferman sees it in the continued popularity of aluminum railings. “The sleek, clean, sophisticated profile of aluminum is very appealing to more and more homeowners,” he says.

“Aluminum is what people are into right now,” concurs Hess. “...Vinyl is pretty traditional at this point. Aluminum has the same benefits in that it is low-maintenance and will last a long time. But it also brings a fresh, open feeling, the industrial look, the modern look, the clean look—that’s what people are going after right now.”

Fiberon’s Symmetry and Horizon railings can be specified with round, black aluminum balusters for a clean look that appears to recede from view. ▶



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The effect also can be achieved with glass balusters, which naturally deliver a clean, sleek appearance and immediately lend a high-end feel. “Glass railing systems continue to trend up as they become more accessible and customizable,” Camfferman asserts. “They give you a very sleek and sophisticated look with unobstructed views—perfect for decks overlooking water or mountains.”

Deckorators recently introduced SLX Invisirail, which combines glass panels with minimal stainless steel posts to eliminate most sight-line obstructions. The company’s new ALX Contemporary aluminum railing features a brushed titanium finish for resistance to scratches and corrosion and the appearance of stainless steel.

Like cable rail, glass is ideal for deck spaces with views.

And don’t count out composites. “Composites offer homeowners easy maintenance, multiple color options,

and plenty of customization opportunities,” Sellards says. “In the case of Fiberon composite railing, it’s easy to install, as well. Plus, since we have different rail profiles, you can easily get that clean modern look people seek with cable or aluminum. It’s the best of both worlds.”

Similar to trends in the home’s façade, blending of products and textures—such as composites, metals, and glass—is becoming popular as a way to customize and personalize their outdoor living areas.

“One of my favorite looks is the stainless posts with cable infill and a wood top rail. That’s one of our mainstays,” Harris says. “It’s a great look because the wood really complements the stainless. It also softens the look. Just as more and more people are looking favorably on modern design, a nice way to soften that modern look of metal is with a wood top rail.”



FortressCable H-Series from Fortress Railing, is said to be the first panelized horizontal cable in the industry. Each ornamental iron panel includes pre-installed horizontal cable in marine-grade 316 stainless steel. H-Series panels are designed to install with a bracket system said to simplify installation on both level and stair applications.

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## ADDRESSING LABOR WOES

Outdoor projects are certainly not immune to the labor crunch, and it's impacting what builders can and will install.

"More contractors are seeking products that help them build faster and create capacity," says Camfferman. "Builders are making room in their portfolios for products that are easy to work with and save installation time."

In response, manufacturers are increasingly offering preassembled railing systems or kits with pre-cut parts and panels and/or pre-installed connectors. Fiberon's railing kits, for example, eliminate the need to calculate the correct number of balusters or worry about selecting the wrong cap or skirt; they also reduce the amount of SKUs and inventory a dealer needs to manage.

"People are really fighting to keep the people that they have...and they're trying to find a way to get new people on staff," says Harris. "One of the main advantages of integrating built-off-site architectural products into your project is that you need less qualified labor to install products...they're delivered to the jobsite ready to be installed."

AGS offers custom stainless steel rails that would typically require a metal fabricator if crafted on site. The rails are built off site especially for each project and show up ready to install with just a few screws.

The company also recently introduced a dual-post connecting system for its Rainier custom prefab stainless steel railing systems; by positively connecting two posts together at the end of each run, the company says, the reinforcement system reduces deflection from the tensioned cables, allowing for higher tension to increase safety and reduce sagging of the cable.

Ultra-tec has started a new program called Ultra-Flex, which simplifies the process of buying cable railing. Dealers can easily sell it because it breaks the process down based on installation needs, says Robert Noose, Western Region Sales Manager. All the dealer needs to know is where and how the cable will be used, the types of posts, and height.

Key-Link cable railing comes with pre-installed fittings, says Melanie Hess, the company's Content Writer and Event Coordinator, so contractors need only run the cable through the posts and then tighten.

Camfferman says Deckorators is offering more preassembled rails than it ever has, with materials arriving to the jobsite with the top rail, bottom rail, and balusters installed together. "All of this is with an eye toward helping installers finish quicker and minimize the frustrations they have on the job," Camfferman says. ➤



BELOW: AGS Stainless' now offers a dual-post connecting system for the Rainier line of custom-made, prefabricated stainless steel railing systems. By positively connecting two posts together at the end of each run, this new reinforcement system reduces deflection from the tensioned cables.



TOP LEFT: Ultra-tec's Ultra-Flex program, described as an a la carte menu of the company's fittings, can be installed into a variety of posts, with fixed fittings for level runs and hinged fittings for stair runs. With all parts ordered separately, the buyer has full flexibility to customize the project to his specific needs.

MIDDLE: Key-Link's vertical cable infill railing system offers a contemporary look and nearly unobstructed views. The vertical cable infill comes pre-installed, saving time on the jobsite.

LEFT: WiseRail cable railing kits from DeckWise are easy to install and can be used for straight runs, diagonal runs, pitches, and stairs. The stainless steel cable railing offers a sleek, modern look and an unobstructed view; hardware is concealed inside wood end posts.

The UltraLox Interlocking Machine allows lumberyards to assemble UltraLox panelized aluminum railings in-house. Railings are made to size and then delivered to the site. “Essentially it opened up something they weren’t able to do before,” Mike McAllister, Marketing Consultant for UltraLox, says about a lumber dealer that recently added the system to its offerings. “They took railings from an afterthought to a forethought, and it’s become a sizable profit center for them. They’re the manufacturer, so the margins and lead times are really good.”

Because they are made to size, the system is especially ideal for multi-family projects, McAllister adds, where it can dramatically speed multi-week railing replacement projects.

**BEYOND THE RAIL**

The growing appeal to make the deck and outdoor living space one’s own means not neglecting other extras, including lighting, pergolas, under-deck areas, and more. And this means

growing opportunities for dealers to sell larger packages and more upgrades.

“Lighting is a key category,” Zambanini notes. “Consumers see the need to have those lights that define the outdoor space and create views and ambience, and it differentiates your home from your neighbor’s home.”

“More and more customers are seeing lighting in outdoor living; they’re seeing images on Houzz and other sites,” adds Harris. “It’s a stunning look, so they’re asking for it. And so contractors are asking us about it. We think outdoor accent lighting is really going to grow over the next few years. Lighting is just another part of creating a comfortable outdoor living space.”

Pergolas add a decorative touch and can be used as shading to keep the deck cooler, says Maglio, whose company sells pergolas in both custom styles and kits. Walpole also offers kits for building outdoor showers. Trex Lattice-Works, made with high-performance PVC in nine designs, can be used to enclose the bottom of the deck, create

privacy screens, and other applications. The company also is increasing its furniture options, which are made with Polywood, a durable plastic lumber. New to the line are seven vibrant colors, such as sunset red and lime.

“We try to create that outdoor living experience for consumers, and we’re seeing contractors selling more and more of our accessories,” Zambanini says.

The underdeck area is a key focus point—what once may have been wasted space can now be transformed into additional living or storage area thanks to systems that install under the deck to keep the area dry or looking nice. Deckorators’ Fastendry system, for example, combines weatherproofing and deck board fasteners into one solution, making quick work of creating an underdeck space for living or storage. Versatex last year introduced Canvas, for creating a ceiling for porches or decks with roofs.

And accessories are only going to get more important and more extravagant as homeowners increasingly seek to bring the indoor conveniences outside. Think sound systems and other technologies and comforts like heaters or misters.

**SELLING STRATEGIES**

Savvy dealers are recognizing the opportunities with deck accessories. But the number of SKUs and offerings and options can be overwhelming. “Dealers can address this by focusing on what styles and materials are popular in their market and by selecting an offering that can address several styles with a single platform,” Herron advises. “If they are also able to find a signature railing option that a competitive dealer doesn’t stock, whether it is a specific color, infill option, or top rail shape, a dealer can use this to differentiate themselves.

In addition, instead of offering every customer everything under the sun, salespeople should get to know customers’ needs and wants. If lumberyards are tied down with inventory, Camfferman cautions, they may feel the need to push product on customers, and customers can sense that. ➤



ABOVE: The UltraLox Interlocking Machine allows lumberyards to assemble UltraLox panelized aluminum railings in-house, providing for more aggressive lead times, higher margins, and more flexible inventory.

RIGHT: Insta-Rail slim-lined tube kits from Dolle offer a modern look and improved views with clear sight lines. Two kit sizes are available.



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"[Be] as flexible as possible and [be] in tune with trends," he advises. "[Ask] the customer how they're going to use their deck and then curate products to meet the needs of their home, lifestyle, and décor."

For example, what are the primary uses for the deck? Do they want multiple points of entry? Multiple levels? Do they have kids? Pets?

"Asking questions about how the deck and rail will be used is a good place to start so you're not just throwing a bunch of options at customers," Camfferman notes.

And good displays are crucial—not only showing samples, but, if there is space, partial decks, complete with railings and other accessories, that allow customers to look, touch, and experience the products.

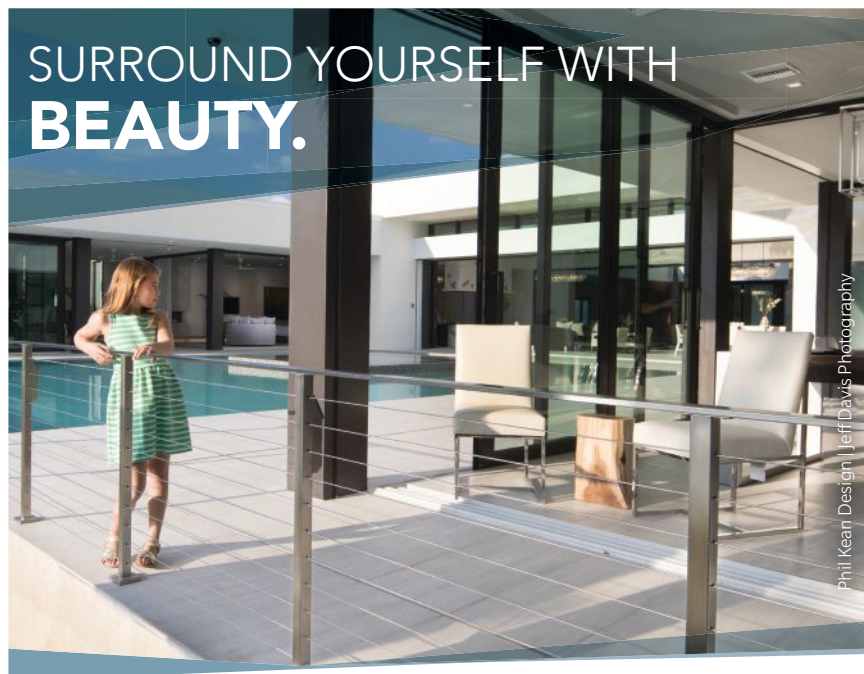
"You have to make sure you have the right displays and merchandising in place," Zambanini says. "Have an area

to display with signage to explain the features and benefits. That's a big deal over time. Have adequate merchandising, so you can help funnel contractors into a particular segment they're trying to sell."

"If there is space for a model deck and railing, that would be most effective," notes Herron. "This allows dealers to use the live display to discuss the features and benefits of products and to showcase options."

Railings have potentially thousands of design possibilities. Anything the dealer can do to simplify the process and inspire customers, the better.

After all, homeowners typically are only going to build a deck once or twice in their life, Camfferman notes. "If a dealer can be a resource and help make the process as easy as possible, it goes a long way. You can get that word-of-mouth referral that is so cherished in this industry." ■



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Rainier cable rail system with flat stainless steel top rail

## INTERNET INFORMATION

Companies highlighted participated in this article.

**AGS Stainless:**  
[www.agsstainless.com](http://www.agsstainless.com)

Atlantis Rail:  
[www.atlantisrail.com](http://www.atlantisrail.com)

Aurora Deck Lighting:  
[www.auroradecklighting.com](http://www.auroradecklighting.com)

**AZEK:**  
[www.azek.com](http://www.azek.com)

BW Creative Railings:  
[www.bwcreativerailings.com](http://www.bwcreativerailings.com)

CertainTeed:  
[www.CertainTeed.com](http://www.CertainTeed.com)

Color Guard Railing Systems:  
[www.colorguardrailing.com](http://www.colorguardrailing.com)

**Deckorators:**  
[www.deckorators.com](http://www.deckorators.com)

Digger Specialties:  
[www.diggerspecialties.com](http://www.diggerspecialties.com)

**Dolle USA:**  
[www.dolleusa.com](http://www.dolleusa.com)

Fairway Architectural Railing Solutions:  
[www.fairwayrailing.com](http://www.fairwayrailing.com)

**Feeney Inc.:**  
[www.feeneyinc.com](http://www.feeneyinc.com)

**Fiberon:**  
[www.fiberondecking.com](http://www.fiberondecking.com)

**Fortress Railing:**  
[www.fortressrailing.com](http://www.fortressrailing.com)

i-lighting:  
[www.ilightingled.com](http://www.ilightingled.com)

**Key-Link Fencing & Railing:**  
[www.keylinkonline.com](http://www.keylinkonline.com)

Kleer:  
[www.kleerlumber.com](http://www.kleerlumber.com)

MoistureShield:  
[www.moistureshield.com](http://www.moistureshield.com)

Regal Ideas:  
[www.regalideas.com](http://www.regalideas.com)

**The Cable Connection (Ultra-Tec):**  
[www.thecableconnection.com](http://www.thecableconnection.com)

**Trex:**  
[www.trex.com](http://www.trex.com)

**UltraLox:**  
[www.ultralox.com](http://www.ultralox.com)

**Versatex:**  
[www.versatex.com](http://www.versatex.com)

**Walpole Outdoors:**  
[www.walpolewoodworkers.com](http://www.walpolewoodworkers.com)

Wolf Home Products:  
[www.wolfhomeproducts.com](http://www.wolfhomeproducts.com)

Woodway/LWO Corporation:  
[www.woodwayproducts.com](http://www.woodwayproducts.com)

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# PRODUCT PICKS

## SPECIAL DECKING EDITION

Few categories of building products, if any, have evolved as much and as fast as decking, railing and accessories. At *LBM Journal*, we recognized the explosive growth of the outdoor living category early on, and each April, we provide a snapshot of the state of the industry for the upcoming outdoor living season.

While the reality of space constraints prevents us from spotlighting every product from every company at some point in this issue, those included in this article, along with those featured in this issue's three In Depth features, serve as a solid primer of products available. Indeed, this issue features one of our biggest-ever selections of decking products and accessories.

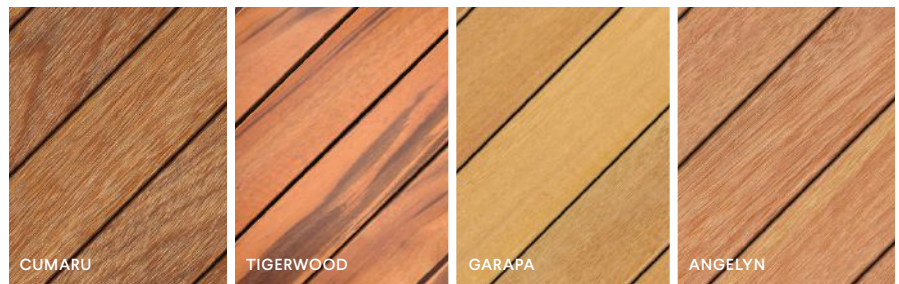
From a dealer's standpoint, the vast array of product options means that you can likely avoid the inevitable price wars that bubble up when multiple dealers in your market all carry the exact same products and brands.

The products are listed in no particular order. Enjoy!

— The Editors

### DuraLife Step-Clip™

The Step-Clip system from DuraLife is designed to be easy and fast to install. With no spacing, extra measuring, or grabbing for fasteners, along with less time bending up and down, Step-Clip is said to reduce decking installation time by up to 50%. Decking can be laid out in advance to ensure that the variegated hardwoods appearance is pleasing to the homeowner. Contractors can special-cut and install boards after all other decking is installed. No need to hold up the crew for special cuts to fit around posts, etc. With no joist protection tape, a strip protects the top of the joist from water damage, rot and decay. No special tools are required for installation. Step-Clip strips are sold with or without 1-1/4" hot dip galvanized ring shank coil roofing nails. [www.duralifedecking.com](http://www.duralifedecking.com)



### WalkGreen™ tropical hardwood decking

WalkGreen is a tropical hardwood decking, said to be 100% pure and Forest Stewardship Council certified. The decking is available in four lines: Cumaru, Tigerwood, Garapa, and Angelyn. The decking is designed to be durable and low maintenance. WalkGreen decking is kiln dried to approximately 15% moisture content to stabilize wood from undue twisting and cupping. All WalkGreen decking is end-sealed to prevent or minimize end-splitting. The product is said to be truly green and comes with a 25-year warranty against rot and decay.

[www.walkgreenproducts.com](http://www.walkgreenproducts.com)

### Placid Point Lighting System

Placid Point Lighting System is a low-profile accent lighting system comprised of die-cast and powder-coated sealed component post caps that fit 2-1/2", 3-1/4", and 4" posts. The Placid Point Lighting System is designed for use on posts, stairs and decks. The low-voltage lights have been developed to be energy efficient, and come with a 10-year warranty. Available in accent lights, post cap lights, post cap downlights, and unlighted post caps. Accessories include wire extensions, wire kits, splitters, remote dimmer, power supply and photoelectric timer kits. [www.placidpointlighting.com](http://www.placidpointlighting.com)



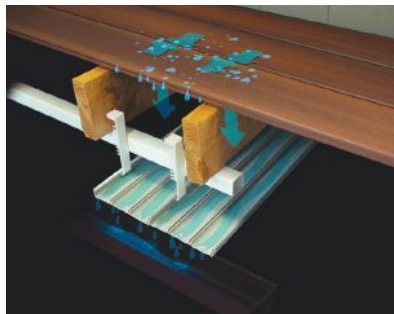
### 10" KLEERWrap column wraps

Kleer Lumber has introduced a 10" post wrap to its line of porch and column wraps. The post wraps, also available in 4", 6", or 8" options, encase existing treated posts and are designed to create a more finished look without the long-term maintenance required for wood. KLEERWrap post wraps are designed to be installed by just one person. Each wrap comes with three sides preassembled, and the installer "snaps" the fourth side into place and fastens. KLEERWrap post wraps are made with expanded cellular PVC. The 10" post wrap fits 8" nominal posts. Backed by a limited lifetime warranty against splintering, rotting, delamination, and swelling. [www.kleerlumber.com](http://www.kleerlumber.com)



### UnderShield® Water Diversion System from CertainTeed

CertainTeed's UnderShield Water Diversion System for decking applications is a vinyl ceiling system engineered to turn unsightly deck undersides into dry, aesthetically pleasing areas for entertaining or storage. Designed to be easy to install on new or existing decks, the company says that the system will maintain unobstructed air flow when properly installed. Panels can run parallel or perpendicular to the home, and the clip creates the desired pitch. UnderShield features 6" by 16' vinyl panels and a concealed clip and grid system to divert precipitation to the edge of the deck. The panels are available in two styles, chamfer or beaded, and three color choices: Colonial White, Sterling Gray and Savannah Wicker. The system also includes stainless steel hardware to provide further security and performance. [www.certainteed.com](http://www.certainteed.com)



### Fortress Evolution Steel Deck Framing

Evolution Steel Deck Framing from Fortress is an interlocking joist and ledger system that was developed by deck builders. Standard Evolution framing was built to support longer spans, reducing the number of footings and columns builders need to have in place. The powder-coated finish is said to provide increased corrosion resistance as well as a more finished look. Evolution components are designed to serve the same shape and function as wood. Rectangle joist profiles are available in 12', 14', 16', 18', and 20' lengths and can be cut to size. The steel framing system supports composite, PVC, lpe, or any wood deck board. 25-year limited warranty available. [www.fortressframing.com](http://www.fortressframing.com)



### Fairway Architectural Railing Solutions S100 Steel Railing

Fairway's S100 Steel Railing product is available in 6' and 8' widths in 28", 34", and 40" heights. Designed for quick and easy installation, the rail is made of fully-assembled, welded channels. The railing is available in Black Sand and Antique Bronze colors. Available in level and stair applications. Stair is adjustable up to 42 degrees. [www.fairwayrailing.com](http://www.fairwayrailing.com)



### TAMKO Envision Collection line

TAMKO Building Products includes Inspiration™ and Expression™ as part of its Envision Collection of capped composite decking. TAMKO uses an exclusive compression molding process for Inspiration that is designed to feature traits similar to natural wood and is available in three color options: Barnwood Plank, Tangled Twine, and Weathered Wicker. The Expression line was developed for composite lumber customers looking for a single-color product and features solid colors in four tones: Harbor Grey, Caribou Brown, Canyon Ridge, and Woodland Bark. [www.tamko.com](http://www.tamko.com)



## PRODUCT PICKS

### FUSIONLoc from AZEK Building Products

FUSIONLoc is a collated hidden fastening system engineered for strength and speed. Two types of installation methods, one using a pneumatic tool and another using a guide and a drill, are both exclusive to AZEK and TimberTech lines. Said to resist expansion and contraction, uplift, and joist racking, FUSIONLoc is collated for speed, containing five clips per strip, to reduce installation time. FUSIONLoc installs with a stainless steel clip and screw, which is fully removable for contractors to remove a board, even in the middle of the deck. [www.azek.com](http://www.azek.com)



### Wolf Home Products Distinction Railing

Distinction Railing from Wolf Home Products is made of a composite material designed to have the look of real painted wood. The railing's aluminum reinforced top and rails are assembled with a unique OptiLock™ technology that the company says allows one bracket to do the work of four: Straight, stair, 45 degrees, and 22-1/2 degrees. Available in white all-in-one kits for quick and easy installation. Designed to pair seamlessly with Wolf's new outdoor lighting products. Made in the U.S. with a limited lifetime warranty. [www.wolfhomeproducts.com](http://www.wolfhomeproducts.com)



### Ecolife™ stabilized weather-resistant wood from Viance™

Ecolife is described as “an advanced wood protection system, utilizing a fully integrated wood preservative system with built-in stabilizer for maximum weathering protection and enhanced performance.” The company says that its advanced non-metallic wood preservative system gives the wood built-in water repellency for up to three years, and reduces cracking, checking and splitting by up to 50%. Ecolife is AWPA standardized and building-code approved for above-ground applications like decks, fencing and similar projects. Unlike some other treated wood products, Viance says that Ecolife can be used in direct contact with aluminum building products, even in constantly wet conditions. [www.treatedwood.com](http://www.treatedwood.com)



### VertiCable® from Digger Specialties

Aiming to provide architectural style with a virtually unobstructed view, VertiCable from Digger Specialties features vertical cables and balusters in sections that are factory assembled, tensioned, and shipped on pallets for quick installation. VertiCable 1/8" vertical 316 stainless steel cables are accompanied by 5/8" round balusters. Level sections are offered in 36" and 42" heights and include 4', 5', 6', 7' and 8' lengths (7' and 8' in 36" only). Stair sections are available in 4', 5' and 6' lengths. VertiCable is available in 12 standard AAMA 2604 compliant powder coated colors. AAMA 2605 and custom colors also available. [www.diggerspecialties.com](http://www.diggerspecialties.com)



### Merbau decking from Woodstock Timbers

Australia's Woodstock Timbers recently introduced Merbau decking to the U.S. market. Merbau is a sustainably harvested timber with natural high density. Described as fire- and termite-resistant, the company says Merbau can last 40 years or more depending on maintenance and location. The Faux Painted Lifestyle Designer Decking is available in four colors: Red Mist, Grey Ghost, Wild Oates, and Natural Antique. The product also is available in three finishes: Wire Brush, Rough Sawn, and Reclaimed Lumber. The Lifestyle Designer Decking is pre-finished and manufactured in lengths in multiples of 16" with square cut ends. Woodstock Timbers says Merbau is the most used decking timber in Australia, where extremes in temperature and weather conditions are similar to conditions across the U.S. [www.woodstocktimbers.com](http://www.woodstocktimbers.com)





# It's a SNAP!

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**Cutting deck installation time in half is a snap with Step-Clip™!**

The Step-Clip™ system is easy and fast to install, so you can double your deck installations — and double your money. Our clips install easily with a roofing nail gun or hammer. This means less kneeling or bending up and down for you, not to mention no need for spacing or grabbing for fasteners.

Decking installation is a snap — with the Step-Clip system!

Patent Pending

[duralifedecking.com](http://duralifedecking.com)



**Do it once. Do it right. Do it DuraLife.**

## PRODUCT PICKS



### DeckLok bracket system from Screw Products

The new DeckLok bracket system was engineered to address the three most critical connections on a deck: railing systems, ledger boards, and stair stringers. For rail posts, DeckLok is designed to create a bolted connection, oriented in shear, between the rail post and the deck floor joist. For ledger boards, DeckLok anchors the deck's ledger board to the floor joists of the house. Each set of brackets is designed to provide up to 4,000 lbs. of resistance to deck pullout. The DeckLok reinforces the connection between stair stringers and the deck frame to reduce the possibility of the stairs shifting away from the deck. [www.screw-products.com](http://www.screw-products.com)



### FLOOD® Pro Series stain from PPG Architectural Coatings

The new FLOOD Pro Series line is said to incorporate the latest advances from PPG's global wood care technology. The products range from transparent to opaque, as well as prep products and a new re-surfacer. The line utilizes an extensive color platform, which includes a collection of 40 semi-transparent and more than 120 opaque hues. [www.flood.com](http://www.flood.com)

### Tru-Scapes Tru-Post® LED light

The Tru-Post LED light accessory is designed to be featured on a fence gate, around a pool or along the railing of a deck. The lights are said to require a low voltage transformer for installation. The LED light design is a heavy gauge, fully powder coated aluminum fixture with a weathertight rubber gasket glass jar enclosure to protect the bulb and socket area as well as provide 360° of light output. Included is a 6' line wire. Designed to fit: Standard 2" x 2" aluminum fence or railing posts (available in black only); Standard 2.5" x 2.5" aluminum fence or railing posts (available in black only); Standard 4" x 4" vinyl fence or railing posts (available in white only); Standard 4.5" x 4.5" Trex Transcend railing post (available in black, brown, and white). Light source is a 2.5W G4 LED bulb. [www.tru-post.com](http://www.tru-post.com)



### Ply Gem Stone

Tapping into the growing demand for stone, Ply Gem Stone is available in three different profiles suitable for interior or exterior uses ranging from decorative accents to full-house facades. Cobblestone is designed to mirror the classic look of rough dressed stone. The chiseled face, rectangular shapes and irregular sizes recall an old-world look and feel. Modeled for a Civil Row fence-row, Shadow Ledge stone is designed to be tightly fitted together in a dry-stack style. The craggy texture and earth tones aim to create an organic, rustic appearance suitable for interior and exterior walls, fireplaces, columns and retaining walls. True Stack (shown) features individual, stacked stones molded into panels of varying lengths. The result is a tight-fitting, dry-stacked style with a rugged texture. [www.plygem.com](http://www.plygem.com)



### UnderDeck The Original® by FehrMark, Inc.

A patented outdoor ceiling system made in the USA, UnderDeck is engineered to provide dry living space below elevated decks. It captures and diverts the water and dirt that falls between deck boards away from the space below. UnderDeck creates useful outdoor living space to barbeque, or for other uses. UnderDeck's curved, dimensional design hides imperfections in joist heights, unlike the flat surfaces common in other systems. According to the manufacturer, UnderDeck's durable panels are easy to install and can be easily removed to add ceiling lights or fans. [www.underdeck.com](http://www.underdeck.com)



# Regal ideas



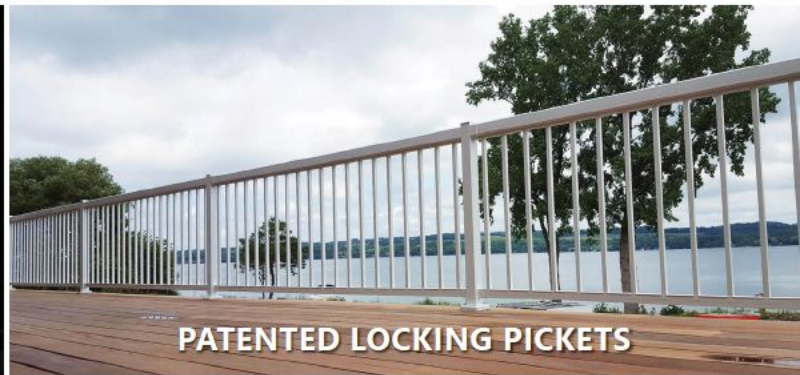
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## PRODUCT PICKS

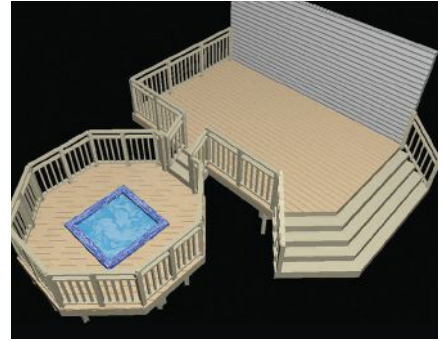
### Deck and railing sleeves from Nu-Wood™

Nu-Wood's lineup of composite deck and railing sleeves features faux brick, cobblestone and stucco products. Inspired by natural materials, the sleeves and caps can be installed around existing column posts to upgrade the look of the posts. Designed to slip over a 6 x 6" or 4 x 4" post, the Nu-Wood brand faux sleeves are engineered to be durable and maintenance-free, and to enhance the look and value of new construction or remodeling projects. Suitable for both residential and commercial applications, the deck sleeves are impact-resistant and molded from a resilient closed-cell structural polyurethane. The columns can be stacked vertically to wrap around posts of any height. Two different cap styles, Flagstone and Pyramid, are also available. [www.nu-wood.com](http://www.nu-wood.com)



### 3D Deck Design Software from Seljax

3D Deck Design Software from Seljax is designed to allow you to let your customer choose the size, shape and color of their new deck—and to let them see their exact deck before it's built. With 3D Deck, not only can your customers see a complete 3D rendering of their envisioned deck, but you can also provide a complete estimate. The software is designed to provide an accurate estimate of attached, free-standing and ground-level decks. 3D Deck is made to enable you to take customers for a virtual walk around the deck, zoom in close for a detailed perspective, zoom out to view the entire view, go underneath, or fly overtop. If the customer doesn't like something, the software is designed to allow fast, easy changes. [www.seljax.com](http://www.seljax.com)



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**TIMBER TRUSS**

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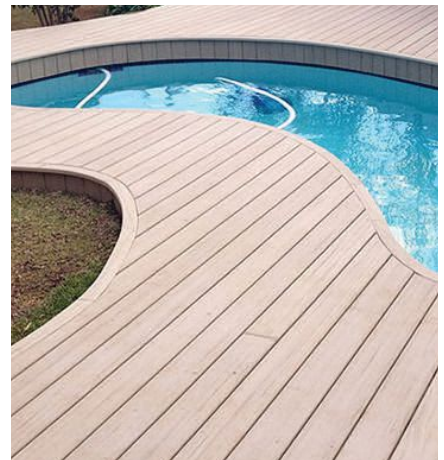
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### LMC re-launches the ModernView® brand

LMC re-launched its ModernView family of brands, an exclusive program for LMC dealers that was developed to allow them to compete with national brands in vinyl windows, composite decking, and kitchen cabinets. The brand re-launch includes ModernView windows, designer cabinetry, as well as composite decking developed for above ground, in ground and underwater installation. [www.modernviewbrands.com](http://www.modernviewbrands.com)



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## PRODUCT PICKS



### DeckWrap™ PowerBond™ from MFM Building Products

MFM Building Products has introduced DeckWrap PowerBond, a self-adhering waterproofing membrane designed to protect the surface of wood with a patented PowerBond adhesive system. The membrane is said to bond to wood or metal surfaces at temperatures as low as 25°F and is designed to be self-sealing around nails, screws, punctures and other fasteners. DeckWrap PowerBond is suitable for use with treated, untreated and synthetic woods and stops corrosion of metal components that come in contact with ACQ-treated lumber. It is available in pre-packaged rolls of 3" and 6" by 75' length, and 12" width by 25' length. [www.mfmbp.com](http://www.mfmbp.com)



### TandoStone cladding

TandoStone from Derby Building Products gives contractors the ability to clad areas around and under decks with a product that mimics the natural look of stone but according to the manufacturer installs in a fraction of the time. As well, it's claimed to be impervious to moisture and comes with a UV coating to prevent sun and weather degradation. [www.tandobp.com](http://www.tandobp.com)

### MicroPro® treated lumber from Koppers Performance Chemicals

MicroPro pressure treated wood is treated with micronized copper preservatives, which are engineered to help protect against termite damage and fungal decay, and to offer improved corrosion performance. MicroPro treated wood products are US building code compliant.

The Koppers MicroPro technology is the first treated wood process to be certified under Scientific Certification Systems Environmentally Preferable Product (EPP) program, based on Life-Cycle Assessment. MicroPro treated wood products are also available in popular colors, similar to redwood and cedar with the new MicroShades® color pigment system. MicroShades is said to be the only pigmented colorant system that can be used as an "in-solution" system specifically developed for wood treated with the MicroPro preservative. Water repellent additives are also available.

[www.koppersperformancechemicals.com](http://www.koppersperformancechemicals.com)



### Outdoor Lighting from Wolf Home Products

Wolf Outdoor Lighting's line of deck and rail accent products that are available now in all of Wolf's building products service areas. Wolf Outdoor Lighting is designed to add beauty and ambiance with a "plug-and-play" assembly. This assembly, plus a single low-voltage power supply, enables

homeowners to create a variety of configurations without the need for wire cutting, electricians, or permits. With LEDs rated for 50,000 hours, dusk-to-dawn light sensors, and remote dimmer switches, Wolf Outdoor Lighting is designed to be energy efficient. Wolf Outdoor Lighting products are compatible with all Wolf Rail and Westbury Rail products and include stair and side lights, under-rail lights, strip lights, post cap lights, as well as all wiring harnesses and connections.

[www.wolfhomeproducts.com](http://www.wolfhomeproducts.com)



### Armadillo Lifestyle line of composite decking boards

Armadillo Lifestyle offers a fluted underside that is said to eliminate unnecessary mass and create a deck board that is 20% lighter than comparable composite deck boards making it easier to handle and transport. Armadillo Lifestyle is available in seven colors: Campfire, Canyon Gray, Painted Desert, Rustic Red, Tumbleweed, Vintage Slate, and White Sand. Boards come in solid or grooved profiles and are available in three lengths: 12', 16', and 20'. Matching fascia and riser boards are also available. Armadillo deck boards are fully wrapped with a cap-stock coating and are designed to be fade- and stain-resistant. Armadillo deck boards are made of post-consumer recycled plastic or HDPE materials, and are backed by a limited lifetime warranty. [www.armadillodeck.com](http://www.armadillodeck.com)





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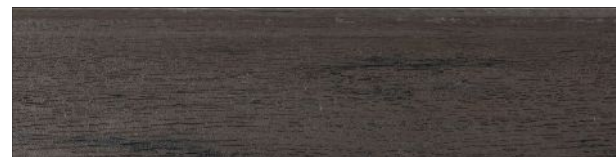
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AZEK® Building Products provides true colors with six new on-trend color options for their premium decking lines.

Visit [www.huttig.com](http://www.huttig.com) to learn more.



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### ProWood Dura Color® decking

Described as “the latest advancement in treated lumber,” ProWood Dura Color is treated with an EPA-registered waterborne wood preservative system. Instead of using a topical finish or stain, Dura Color is color-infused, so pigment is driven deep into the wood fibers during the pressure-treating process. The company states, “When comparing color retention, Dura Color outlasts cedar and redwood, hands down.”

Recognized by SCS Global Services as an Environmentally Preferred Product, ProWood Dura Color decking is compatible with aluminum fasteners. Building code approved for use in decking and above-ground applications, Dura Color is backed by a two-year color assurance (no fade) limited warranty, and a limited lifetime warranty against termite attack and rot. [www.prowoodlumber.com](http://www.prowoodlumber.com)



### Harmony PVC Porch Flooring from KOMA®

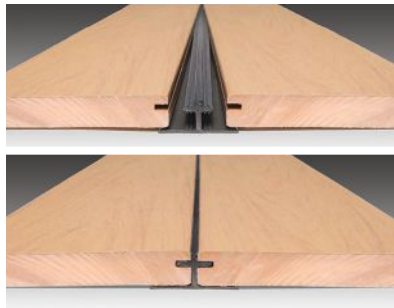
Designed to mimic the look of natural wood, Harmony PVC Porch Flooring from KOMA Building Products comes pre-sanded and ready to install in either gray or cedar. The company's unique Celuka extrusion process is designed to resist rotting, splitting, or swelling. It's also reversible (smooth or wood grain) and paintable.

[www.komabuildingproducts.com](http://www.komabuildingproducts.com)



### Deckorators® Fastendry system

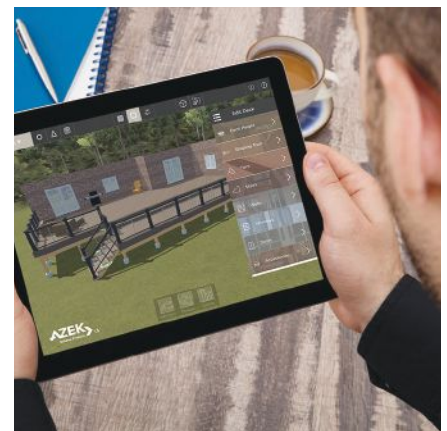
Deckorators has introduced a system that combines weatherproofing and deck board fastening capability in one solution and is said to enable contractors to add under-deck living space or storage in a faster, easier and more cost-effective way. Fastendry fits in the slotted edges of Deckorators composite decking, forming a watertight seal designed to prevent rain, melting snow and debris from passing through the spaces between boards. The polymer insert also features nail flanges that allow for efficient deck board fastening during system installation. Deckorators Fastendry is designed to complement Deckorators Vault, Heritage, Vista, Classic and Frontier slotted-edge deck boards. It will be available for the 2018 decking season in black 12', 16' and 20' lengths. Deckorators Fastendry is covered by a 25-year limited warranty on manufacturing defects. [www.deckorators.com/fastendry](http://www.deckorators.com/fastendry)



### AZEK 3D Deck Designer tool

AZEK's Deck Designer tool was engineered to help dealers, contractors and homeowners visualize deck designs. Deck Designer allows users to create, revise and save as many interactive deck designs as they want before making a final purchase decision. Users can choose from hundreds of different options and personalize their deck, visualize the product in a variety of 3D environments, and receive a list of required tools and construction tips as well as a components and materials list and an installation checklist. Users can access the design tool on a web browser as well as a downloadable app.

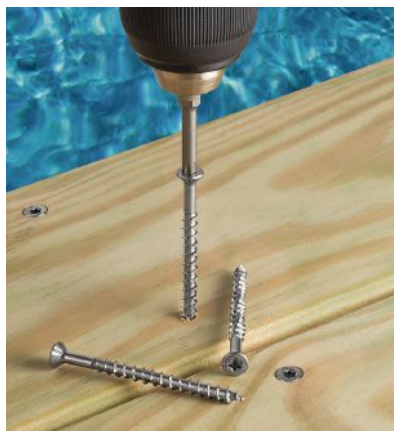
[www.azek.com](http://www.azek.com)



### Simpson Strong-Tie® Deck-Drive™ DWP screws in new sizes

Simpson Strong-Tie's Deck-Drive DWP wood screws are now available in new sizes. The stainless steel fasteners are designed for use in decks, docks, boardwalks, and high-exposure environments that require corrosion resistance and higher loads. Now in larger sizes, the screws are also recommended for structural connections. Deck-Drive DWP wood screws have met ICC-ES acceptance criteria AC233 for shear, pull-through, and withdrawal resistance in various wood species in a range of thicknesses. The load-rated screws are available in flat-head sizes #10, #12, and #14, and in lengths from 2" to 6" in Types 316 and 306 stainless steel.

[www.strongtie.com](http://www.strongtie.com)



## PRODUCT PICKS



### Lincoln Railing System from Color Guard

Engineered for a sturdy, rattle-free installation, the Lincoln Railing System from Color Guard offers a contemporary design with a textured finish to complement outdoor living spaces. Manufactured from aluminum and available in black, white and bronze, the straight railings are available in 36" and 42" heights, and lengths of 4', 5', 6', 7', 8' and 10'; stair railings measure 36". Homeowners can customize their deck with a 108" tall, 4'x4' post or other over-the-post accessories. [www.colorguardrailing.com](http://www.colorguardrailing.com)

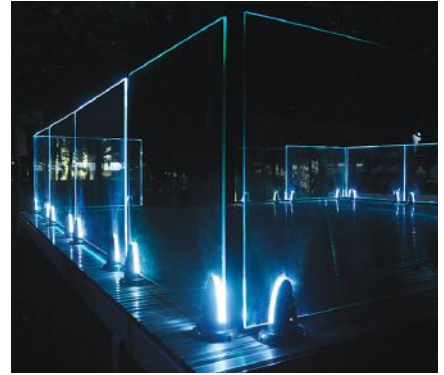
### CableRail Tensioning Tool from Feeney

Feeney's CableRail Tensioning Tool aims to make CableRail installations faster and easier. The tool's reported 6x-increased power pulls the cable taut and reduces the need for additional tensioning at the threaded terminal end, which according to the company saves installation time and leaves more thread for any future adjustments. A built-in tension indicator simplifies tool operation and is designed to ensure consistent tension is applied to the cable. [www.feeneyinc.com](http://www.feeneyinc.com)



### CrystalRail from Regal Ideas

Regal Ideas' CrystalRail is marketed as the only frameless glass railing system on the market. Designed to be DIY friendly, the system is constructed with 10mm tempered glass panels with no posts and no top or bottom rails. CrystalRails' egg-shaped Design PODS hold the glass panels in place, distributing the force and weight throughout the system. The PODS include an internal horizontal and vertical level axis to allow for alignment with the next panel. Each POD also includes internal low voltage LED lighting. The tempered glass panels are 98% free of iron to allow LED light to travel through each panel, giving the illusion of a lit perimeter around each panel. [www.regalideas.com](http://www.regalideas.com)



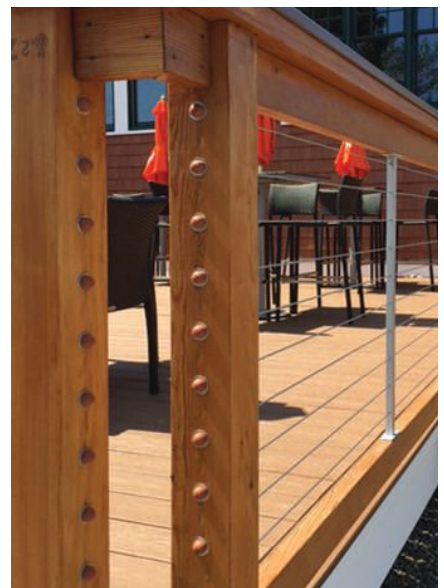
### Accoya Acetylated wood decking

Designed to perform in all weather conditions in both commercial and residential decking applications, Accoya is suggested for areas where durability and low maintenance are important considerations. Accoya wood is manufactured using Accsys Technologies' proprietary acetylation process to create a nontoxic wood product that boasts a 50-year above-ground and 25-year below-ground warranty. Accoya wood is engineered to stay flat and is said to not warp, split, swell or be affected by fungi, water uptake or rot. Said to reduce swelling and shrinkage more than 75%, Accoya wood materials are sourced from FSC-certified forests. [www.accoya.com](http://www.accoya.com)



### Pre-Drilled Posts from Woodway

Woodway's Pre-Drilled Posts are designed to cut time and labor needed to install stainless steel cable on any deck job. Woodway's posts are said to work with virtually all brands of cable rail to improve precision in installation. Available in Doug Fir, Western Red Cedar and Mahogany, each post's 1/4" holes are drilled plumb and square 3" on center. Woodway's Pre-Drilled Posts are designed to be installed under sleeves, can be clad with wood, composite, PVC or vinyl, or to use as stand-alone posts. Woodway offers self-merchandising cartons for immediate stock. [www.woodwayproducts.com](http://www.woodwayproducts.com)



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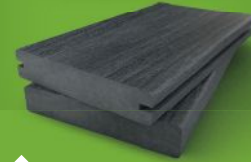
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# White House infrastructure proposal faces uncertain path

BY BEN GANN

**THE WHITE HOUSE** released an infrastructure proposal in February that would leverage \$200 billion in federal funds to spur \$1.5 trillion in investments for roads, bridges, water systems, and other assets. The plan also streamlines the federal permitting process and expands workforce training and education. It is a top legislative priority of the Trump Administration ahead of the midterm elections this fall.

As outlined, the plan is funded and financed by creating and expanding five key programs: project sponsor incentives, rural infrastructure, establishing a federal capital revolving fund, expansion of existing financing programs, and more transformative projects.

There is agreement that America's infrastructure needs repair. The American Society of Civil Engineers in its 2017 Infrastructure Report Card gave the nation a grade of D+ and estimates that an additional \$2 trillion in investment is needed over the next 10 years.

The White House proposal envisions a greater role for public-private partnerships in financing infrastructure projects. Australia has had success in the last 10 years with such a model, leading some to conclude a similar model could work in the U.S.

Political observers have noted that infrastructure is a bipartisan issue that should be able to attract support from Republicans and Democrats. However, there is not widespread agreement among lawmakers as to how to pay for infrastructure projects. For example, the 18.4 cents-per-gallon federal tax on gasoline and 24.4 cents-per-gallon federal tax on diesel fuel used to finance road improvement projects has not been increased since 1993.

According to the Tax Policy Center, if tax rates had been indexed for inflation since 1993, the current tax on gasoline would be about 31 cents-per-gallon and the tax on diesel fuel would be about 42 cents-per-gallon.

Raising the federal fuels tax is politically unpopular even though the funds are used to repair the nation's roads. Following the release of the White House infrastructure plan, President Trump discussed raising the gas tax by 25 cents-per-gallon to maintain and strengthen America's interstate highway system. Were such a plan to come to fruition, it would be phased in over a five-year period by increasing the tax five cents each year.

The gas tax is an imperfect but still effective mechanism for funding road construction. Although the users of the

surface transportation system pay for its upkeep, the tax was created before the advent of plug-in hybrids and more fuel-efficient vehicles.

Since 2008, federal fuels tax revenue is no longer sufficient on its own to meet the nation's surface transportation needs. The Tax Policy Center reports that \$143 billion of general revenues has been transferred since 2008 to the highway trust fund, including \$70 billion in 2016.

Business groups such as the U.S. Chamber of Commerce support increasing the gas tax, arguing that the infrastructure investment is needed for continue economic growth. However, conservative groups such as Americans for Prosperity oppose any tax increase, including one that funds infrastructure improvements.

Beyond project funding, President Trump seeks to restructure the federal environmental review and permitting for major infrastructure projects by reducing the process to two years, amending statutory provisions to eliminate redundancies and inefficiencies in environmental laws, and focusing on environmental outcomes rather than processes.

This would give primary authority to agencies such as the Army Corps of Engineers to make jurisdictional determinations under the Clean Water Act (CWA) and remove the Environmental Protection Agency's (EPA) authority to veto CWA Section 404 permits. Residential construction would benefit as home builders rely on such permits when performing work that affects wetlands and streams.

Workforce training and development is included in the plan as well. It addresses the construction industry labor shortage by increasing funding for the Carl D. Perkins Career and Technical Education program, thereby ensuring more students have access to high-quality technical education to develop the skills required in today's economy. In addition, Pell Grant eligibility is expanded to students of high quality, short-term programs that lead to a credential or certification in an in-demand field.

NLBMDA supports increased infrastructure funding to reduce congestion on the nation's roads. Deteriorating infrastructure is a growing concern for the lumber and building material industry, which needs a strong transportation network to receive inventory and make customer deliveries in a timely manner. NLBMDA is monitoring the debate on Capitol Hill and stands ready to protect the interests of the LBM industry. ■

Ben Gann is Vice President of Legislative and Political Affairs for NLBMDA in Washington, D.C. For more information, visit [www.dealer.org](http://www.dealer.org).

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## Something's gotta give

Your top rep is working far too much and is spread too thin, but his clients are threatening to leave if they're assigned a different rep. What would you do?

**L**ike many LBM dealers in early 2018, your company is enjoying robust sales. If NAHB economists and other industry watchers are correct, these good times should continue for at least the next couple of years. As it happens, that positive news will also create some challenges—or, in your case, ramp up the urgency on an existing situation.

Here's the story: Phil has been with the company as long as you have, and during most of that time, he's been among your top performing outside sales reps. He knows your company, and its products and services, as well or better than anyone. More importantly, he's built solid, long-standing relationships with top builders and remodelers in your market.

The problem is that there is only one Phil, and the growing market is stretching him very thin. He was busy before, but now he's regularly working extra long days, just to keep up with his existing clients. For short bursts, working from early morning to night is fine. But it's not healthy or sustainable. At some point, something's gotta give. Phil insists that he's fine, and he's going to do what's necessary to make sure his clients aren't penalized with errors or sub-standard service just because they're buying more.

While you love his spirit and work-ethic, it's your job as the general manager to make sure Phil's enthusiasm doesn't lead to burnout for him, or problems for your company.

Meanwhile, you've got a young sales rep who has proven very capable. During her four years with your company, Sally has excelled at virtually everything she's taken on. She works well with clients and with the rest of your team and has earned the respect and loyalty of her relatively small number of clients. One strong reason for Sally's success is that she's taken every

opportunity to learn from Phil. And Phil has been a willing mentor, sharing his hard-earned knowledge and coaching her through tough situations.

With Sally fully trained and capable, you were hoping to transfer some of Phil's business to her. Phil isn't happy about it, but he understands and is willing to cooperate. His clients, on the other hand, are not.

Here's one typical response. "We've worked with Phil for more than 20

years," said Jim from Fillmore Homes. "He's the only rep I've ever worked with who I can count on. If you're going to hand my account to a younger rep who I'm going to have to educate on how we work, I may as well shop my business to your competition."

You don't want to risk losing any of Phil's existing accounts, but you know that Phil is overworked...and it'll only get worse as business continues to increase. What would you do?



Cast your vote online at [www.LBMJournal.com](http://www.LBMJournal.com)

- TALK IT THROUGH.** Schedule meetings between you, Phil and Sally and the accounts you'd like to transition, and see if you can convince them that this makes sense for them.
- IF IT AIN'T BROKE...** Since Phil says he's fine, and his clients obviously are unwilling to let him go, then just leave it be. Otherwise you're creating a problem where none exists.
- BREAK IT.** It's not broke now, but the writing's on the wall, and it'd be irresponsible to wait until there's a crisis before you begin transitioning some of Phil's account's to Sally.
- BABY STEPS.** Instead of abruptly switching accounts from Phil to Sally, have her start assisting him on some accounts, so she has the chance to begin earning those clients' trust.

**SOMETHING ELSE?** If you'd take a different plan of attack, email your suggested solution to [Rick@LBMJournal.com](mailto:Rick@LBMJournal.com). If we publish your reply, we'll send you a LBM JOURNAL mug.

See how your judgment compares with others in the industry at [LBMJournal.com](http://LBMJournal.com). Final results will appear in The Buzz section of the June 2018 issue.

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through installation. TruEDGE resists dust and dirt,  
with a smooth finish that's easier to clean than  
wood trim or PVC boards with no sealed edge.

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