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FROM LEFT: CLAY AND GRANT LEAVITT, FOURTH-GENERATION FAMILY CO-OWNERS OF MARCUS LUMBER



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CONTENTS

MAY 2018 VOL. 16 | NO. 5



MARCUS LUMBER
BUILDING DREAMS IN THE FIELDS OF IOWA

40

There is a certain movie quote that once recited, will remind anyone who has seen the film of exactly where the story is set. “If you build it, they will come.” The Kevin Costner classic, “Field of Dreams,” is set near Dyersville, Iowa, some four hours away from Marcus, Iowa, where the Leavitt family operates their own dream in a small town among the cornfields of the Hawkeye state.
BY JAMES ANDERSON

SUCCESSION PLANNING INSIGHTS: PART 1
Improper succession planning can be damaging to companies and the familes that run them. Here's how to make sure you're on the right track.
BY TERRANCE RESNICK

46

THE BUZZ 8
The latest updates on housing production and people on the move. Plus, industry news briefs, updates from lumberyards across the country, event calendar, responses from our March Tough Call survey, and more.

REAL ISSUES. REAL ANSWERS. 48
Contractor discounts
BY RICK SCHUMACHER

IN DEPTH: WINDOWS & DOORS 60
Simplicity in styles and an emphasis on technology-driven sales tools put the power for increased sales in the hands of distributors.
BY MICHAEL BERGER



PRODUCT PICKS 72
Featuring: Belco Forest Products, Boise Cascade, Ply Gem, TAMKO, ZIP System, MI Windows, and more.



4 **EDITOR'S NOTE**
The law of attraction
BY RICK SCHUMACHER

6 **COMMENTARY**
From lumberman (or kid) to lawyer
BY BLAKE NELSON

17 **5 QUESTIONS WITH...**
Doug Asano, VP of Sales & Marketing for Huber Engineered Woods

20 **SALES & MARGINS**
Five steps to managing material returns
BY BILL LEE

22 **SELLING THE DECK PROJECT**
Lighting and stairs training for deck contractors
BY BOB HEIDENREICH

24 **RECRUITING & HIRING**
Beyond strengths and weaknesses
An introduction to interview questions.
BY RIKKA BRANDON

26 **NEXT GENERATION**
LinkedIn: Cleaning up your first impression
BY ISAAC OSWALT

28 **MERGERS & ACQUISITIONS**
Maintaining (and increasing) gross profit margins
BY JOHN WAGNER

32 **SELLING TO REMODELERS**
Q & A with Bob Gallese, President of Acclaim Renovations & Design

34 **INDUSTRY SPOTLIGHT**
Key demographic trends: Overall household formations and mix of starts: PART III
BY LYNN O. MICHAELIS

82 **NLBMDA**
NLBMDA holds annual Spring Meeting and Legislative Conference
BY BEN GANN

TOUGH CALL 88
Dealing with a Micro Non-Manager
Claiming to be taking care of his clients, a salesperson is micromanaging his colleagues. What would you do?

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NADRA North American Deck and Railing Association | NARI National Association of the Remodeling Industry | BPA Worldwide

The law of attraction

In the 28 years that I've been immersed in this great industry, we've gone through booms, busts, and everything in between. Regardless of where we're at in the cycle, we face challenges. Some, like those from 2009-2012—"Where are we going to get the revenues to pay our people and our vendors?"—were literally life-or-death for businesses. Others, like those dealers are facing today—"We can't hire enough people to handle all of our business!"—may not rise to the level of life or death, but are serious problems nonetheless.

Having connected with many hundreds of industry pros over the years, those who practice the law of attraction—whether consciously or not—inevitably find their problems melt far sooner than their more pessimistic counterparts. The law of attraction is the tendency to attract whatever we are focusing on—whether it's positive or negative. If you focus on negatives and "what bad things might happen," that's what you will get. If you focus on positive thoughts and goals to achieve, you will find a way to achieve them.

As the founder of a publication that launched on a shoestring back in 2003, I'm a big believer in the law of attraction, along with its siblings, karma, the power of positive thinking, and just treating people well. I'm constantly amazed by the power of these very simple concepts. It'll come as no surprise that the companies featured in our pages embrace most, if not all, of those traits.

A picture-perfect example of such a company is represented on this month's cover, and in the profile of Marcus Lumber by Senior Editor James Anderson (p. 40). This family-owned, one-location company in Marcus, Iowa (pop. 1,117), effectively shows what a small-town lumberyard can accomplish. The company's can- and will-do attitude is evident in everything they do—especially the attention to detail in their recently remodeled and expanded showroom. "We're a wow factor now with our new showroom," fourth-generation family member Grant Leavitt tells *LBM Journal*. "People are travelling from bigger towns and cities to see us, and we're giving them something to see that's impressive."

As cool as this is, Marcus Lumber is not an isolated example. We've had the pleasure of featuring lumberyards of all sizes from cities, towns and rural areas all over the U.S., on our covers and in the magazine. When you talk to them, the common denominator is an absence of gloom and doom, and an abundance of believing in their companies' potential. They believe that they'll succeed...then they do what's necessary to make that happen.

If you're looking for inspiration and want to see what other dealers have done to harness the law of attraction to make good things happen, we have a full, free archive of past dealer profiles and other articles available online at LBMJournal.com. Even better, if you want to experience the magic of connecting with other can-do dealers in person, register today for the LBM Strategies Conference 2018. Be sure to register by May 31 to take advantage of early bird pricing. Learn more at LBMStrategies.com. ■





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From lumberman (or kid) to lawyer

BY BLAKE NELSON

I recently read with interest the *LBM Journal* feature on Davis-Hawn Lumber entitled "From lawyer to lumberman." My story is the opposite. I grew up in the lumber business, and now have a practice in construction law.

My father, Al Nelson, purchased a lumberyard in Litchfield, Minnesota in 1956 and renamed it Ideal Lumber (as in "What do I do? I deal lumber."). My lumberyard experiences evolved from stacking wood for delivery during the summer after seventh grade, to earning my Class B commercial driver's license and delivering materials during high school. To this day, I am very good at using my mirrors. I worked at the yard every summer until graduating from college. With age came more "skilled" labor. I still recall cutting my hands and almost flying off the roof of a chicken barn one windy day when helping to install a corrugated steel roof.

In high school I knew I wanted to be a lawyer, and Ideal Lumber put me through college. Once I graduated from law school, it seemed the most natural thing in the world to pursue a career in construction law.

One of the most common issues that I've encountered when working with lumberyards in my construction law practice is the failure to require customers to sign a comprehensive sale agreement or credit application. I recommend that customers be required to sign a master agreement that covers future purchases, and that purchase orders, sales tickets and invoices contain a statement that all sales are subject to the master agreement or credit application on file. If a customer fails to pay in the future a good customer agreement can greatly increase the chances of collecting payment. The first question I usually ask a client (after "how much are you owed?") is, "do you have a signed agreement, and what does it say?"

Here are the top five clauses I recommend that a credit application contain:

1. PAYMENT TERMS: Clearly state when payments are due and when are accounts considered overdue. I also recommend the right to accelerate the customer's duty to pay in full if you are forced to store products for more than a certain period of time after they are ordered. For example, if payment is due 30 days after delivery but the contractor asks you to hold off delivering the materials, at some point the clock should start ticking regardless of when the materials are delivered. Also capture banking and other asset information on the credit application so you have that information if future collection action is needed.

2. COLLECTION COSTS AND FINANCE CHARGES: The customer should be liable for all collection costs, including employee time and expense and all attorneys' fees and other costs that you incur in collecting the amounts due or in protecting your rights, whether or not legal proceedings are actually commenced. The customer should also be required to pay interest or finance charges on overdue balances at the highest rate allowed under state law.

3. DISCLAIMER AND LIMITATION ON WARRANTIES: Always include your specific warranties, or exclusions from warranties, and disclaim all other warranties. This should include a statement that the buyer will rely exclusively on the warranty of the product manufacturers, and that the buyer's sole remedies are the manufacturers' warranties. Also provide that your maximum liability under any circumstance is either replacing the product or refunding the purchase price, and you will never be liable for any additional actual, consequential or incidental damages. I recommend also stating these warranties and disclaimers on your website.

4. INDEMNIFICATION: State that you have no liability for what the customer does with the products after pick-up or delivery, and that the customer will indemnify and defend you and hold you harmless against any damages, claims, suits or other issues resulting from or related to the customer's use of the products. For example, if a contractor's customer makes claims or starts a suit alleging defective work or products and includes you as a party, you could force the contractor to indemnify you and pay for your attorneys' fees and other costs.

5. PERSONAL GUARANTY: I can't count how many times a client has been unable to collect an account because the contractor who ordered the materials went out of business or otherwise had no assets. Requiring one or more owners of the customer to sign a personal guaranty when the relationship starts can allow you to pursue the guarantors personally if the business does not make payment.

This list is not exhaustive and a good customer agreement will often contain other provisions, including some that might be unique to your business or geographic area. A solid agreement up front can eliminate many headaches down the road and greatly improve your prospects of collecting payment and recovering your costs in doing so. ■



Blake Nelson is an attorney with Hellmuth & Johnson in Minneapolis and concentrates his practice on advising and representing clients in the construction industry. He can be reached at bnelson@hjlawfirm.com.



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UPDATES

PEOPLE

Andersen Corporation has appointed **Annie Zipfel** as Senior Vice President and Chief Marketing Officer.


ZIPFEL

Cullen Barbato has joined home improvement retailer **E.C. Barton & Company** as Vice President of Marketing, Real Estate and IT.


BARBATO

PrimeSource Building Products has appointed **Tom Koos** as its President and CEO.


KOOS

Do it Best Corp. has announced the retirement of Vice President of Information Technology **Mike Altendorf**.


ALTENDORF

LBM Advantage has hired **Dan Ohmer** as its newest Member Sales Manager.

84 Lumber has named **Mike Kamouyerou**, Co-Manager of 84 Lumber's store in Greenville, S.C. store as its Rookie of the Year for 2017.


KAMOUYEROU

INDUSTRY

Allura has re-opened its 438,000-square-foot plant in Terre Haute, Indiana. The facility employs 60 full-time workers. It previously closed in 2014.

APA-The Engineered Wood Association has released its *2018 Structural Panel & Engineered Wood Yearbook*. The yearbook includes an analysis of the U.S., Canadian, and global economies, focusing on factors that impact demand for engineered wood products across several market segments as a basis for forecasting expected production of engineered wood products. The yearbook can be purchased for $275 at www.apawood.org.

True Value Company and **ACON Investments** have finalized a strategic partnership to accelerate the transformation of True Value Company and create what the company describes as "the only branded national hardware wholesaler without a membership requirement."

DISTRIBUTION

Dealers Choice will distribute **TAMKO**'s Envision composite decking in the Atlanta area.

Wholesale distributor **Parksite** has added **Versetta Stone** mortarless stone veneer to its North Brunswick, N.J., location, offering coverage throughout New Jersey, up into the Hudson Valley and Long Island in New York, and into Eastern Pennsylvania.

Weyerhaeuser Distribution will stock the full line of **Owens Corning** FOAMULAR XPS at its distribution centers in Denver, Salt Lake City, Albany, Ore., Boise, Idaho, and Tacoma, Wash.

MERGERS & ACQUISITIONS

Guardian Building Products has been acquired by Los Angeles-based private investment firm **Pacific Avenue Capital Partners, LLC.**

Simpson Strong-Tie has acquired **LotSpec**, a suite of software applications for construction document and option management solutions.

L&W Supply Corporation, has acquired the assets of **Ace Supply Inc.** in Montgomery, Alabama.

Kodiak Building Partners has acquired substantially all the operating assets of **Specialty Appliance, LLC.**

Send updates about your organization to James@LBMJournal.com

FEBRUARY NEW HOME SALES FLAT

Sales of newly built, single-family homes remained virtually unchanged, inching down 0.6% in February to a seasonally adjusted annual rate of 618,000 units after upward revisions to the January, December and November reports, according to newly released data by the U.S. Department of Housing and Urban Development and the U.S. Census Bureau.

"New home sales are at a steady level, which is consistent with our measures of solid builder confidence in the housing market," said NAHB Chairman Randy Noel. "As housing demand grows, builders need to manage increasing costs for labor, lots and building materials to keep their homes competitively priced."

THE INVENTORY OF NEW HOME SALES FOR SALE WAS 305,000 IN FEBRUARY, WHICH IS A 5.9-MONTH SUPPLY AT THE CURRENT SALES PACE. THE MEDIAN SALES PRICE OF NEW HOUSES SOLD WAS $326,800.

"The recent upward revisions to the sales numbers reflect our forecast for a gradual strengthening of the single-family housing sector in 2018," said NAHB Chief Economist Robert Dietz. "Demographic tailwinds point to higher demand for single-family homes in the months ahead. Combined with solid job market data, we expect more consumers to enter the housing market this year."

REGIONALLY IN FEBRUARY: NEW HOME SALES STATISTICS

NORTHEAST ROSE:
19.4%

SOUTH INCREASED:
9%

MIDWEST DROPPED:
3.7%

WEST DECREASED:
17.6%

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LP LEGACY

TESTED EXTREME:

The toughest test for the toughest sub-floor.






Mother Nature is in her element in the rainforest. So is LP Legacy® sub-flooring. A panel that can survive more than 50 extreme mountain bike landings while getting pounded by heavy rains is the definition of high performance.

Stiffest in Class

Our leading proprietary design values are qualified by APA Product Report® PR-N127. The resin used to make our LP Legacy engineered sub-floor bonds wood strands at the molecular level for premium performance, and the high density makes it ideal for hardwood floors, tile applications and homes that may be exposed to the elements during typical construction delays.

Made With Gorilla Glue Technology®

Gorilla Tough™ Panels

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REMODELING NEWS

REMODELING CONFIDENCE REMAINS STRONG DESPITE THREE-POINT SLIP

The NAHB Remodeling Market Index (RMI) posted a reading of 57 in the first quarter of 2018, down three points from the previous quarter and back to the same level as the third quarter of 2017. The RMI has been above 50—indicating that more remodelers report market activity is higher compared to the prior quarter than report it is lower—since the second quarter of 2013. The overall RMI averages ratings of current remodeling activity with indicators of future remodeling activity.

"An RMI reading over 50 shows that consumers still remain engaged in home improvement," said NAHB Remodelers Chair Joanne Theunissen, CGP, CGR, a remodeler from Mt. Pleasant, Mich. "However, higher prices for labor and materials like lumber continue to cause delays in project starts and higher overall project costs."

Current market conditions decreased two points from the fourth quarter of 2017 to 58. Among its three major components, major additions and alterations waned four points to 56, minor additions and alterations increased one point to 60, and the home maintenance and repair component fell four points to 57.

The future market indicators index dipped four points from the previous quarter to 55. Calls for bids increased one point to 57, amount of work committed for the next three months decreased four points to 54, the backlog of remodeling jobs dropped nine points to 57 and appointments for proposals fell three points to 54.

"Strong price appreciation, inventory shortages of homes for-sale and home owners' desire for updated amenities maintain the remodeling industry on solid footing," said NAHB Chief Economist Robert Dietz. "This quarter's dip may be related to unusually cold weather in many parts of the country, but the forecast is for the remodeling market to grow in 2018."

REMODELING EXPECTED TO REMAIN STRONG AND STEADY INTO 2019

The Joint Center for Housing Studies of Harvard University reports positive signs of strong home remodeling through next year.

According to the report, the robust pace of spending on home renovations and repairs is expected to stay strong over the coming quarters, according to the Leading Indicator of Remodeling Activity (LIRA) released by the Remodeling Futures Program at the Joint Center for Housing Studies of Harvard University.

The LIRA projects that annual growth in homeowner remodeling expenditure will remain above 7% throughout the year and into the first quarter of 2019.

"Strengthening employment conditions and rising home values are encouraging homeowners to make greater investments in their homes," says Chris Herbert, Managing Director of the Joint Center for Housing Studies. "Upward trends in retail sales of building materials and the growing number of remodeling permits indicate that homeowners are doing more—and larger—improvement projects."

"While the overall outlook is positive, one area of concern is the slowing growth in sales of existing homes, since sales traditionally trigger significant renovation spending by both sellers and buyers," says Abbe Will, Associate Project Director in the Remodeling Futures Program at the Joint Center. "Even with this headwind, annual spending on residential improvements and repairs by homeowners is set to exceed $340 billion by early next year."

MARCH HOUSING STARTS RISE 1.9% ON MULTIFAMILY SURGE

The National Association of Home Builders reports that gains in multifamily production pushed overall housing starts up 1.9% in March to a seasonally adjusted annual rate of 1.32 million units, according to newly released data from HUD and the Commerce Department.

Multifamily production rose 14.4% to a seasonally adjusted annual rate of 452,000 units—its highest reading since December of 2016. Meanwhile, single-family starts fell 3.7% to 867,000 units.

"The modest decline in single-family starts in March is still in line with our solid builder confidence readings and is largely attributable to lingering winter weather that is causing production delays in certain areas of the country," said NAHB Chief Economist Robert Dietz. "With ongoing job creation, wage increases and rising household formations, we can expect continued, gradual strengthening of the housing market in the coming months."

Multifamily strengthening pushed overall permit issuance up 2.5% in March to a seasonally adjusted annual rate of 1.35 million units. Multifamily permits jumped 19% to 514,000 while single-family permits fell 5.5% to 840,000.

Permit issuance rose 9.0% in the Midwest, 3.0% in the West and 2.1% in the South. Permits declined 5.5% in the Northeast.

REGIONALLY IN MARCH: COMBINED SINGLE- AND MULTIFAMILY HOUSING PRODUCTION STATISTICS

NORTHEAST TICKED UP:
0.8%

SOUTH INCHED DOWN:
0.6%

MIDWEST INCREASED:
22.4%

WEST DROPPED:
1.5%

2018 EVENTS

JUN 1-3 Construction Suppliers Association (CSA) Summer Fling, Monkey Island, OK
www.gocsa.com

JUN 14-15 East Coast Builders Conference, Nashville, TN
www.ecbcshow.com

JUL 26-29 Building Material Suppliers Association (BMSA) Summer Conference
Virginia Beach, VA
www.mybmsa.org

AUG 22 LMC Hardware Express
Las Vegas, NV • www.lmc.net

AUG 22-24 Florida Building Material Association (FBMA) Convention and Gulf Atlantic Building Products Expo
Orlando, FL • www.fbma.org

AUG 23-25 Orgill Fall Dealer Market
Las Vegas, NV
www.orgill.com

SEP 19-21 LBM Strategies Conference 2018, Philadelphia, PA
www.LBMStrategies.com

SEP 28-30 True Value Fall Reunion
Denver, CO
www.truevaluecompany.com

OCT 3-5 Mountain States Lumber & Building Material Dealers Association (MSLBMDA) and Mid-America Lumbermen's Association (MLA) Fall Leadership Conference
Broomfield, CO
www.mslbmda.org or www.themla.com

OCT 12-15 Do it Best Fall Market
Indianapolis, IN
www.doitbestcorp.com

OCT 16-19 NLBMDA Pro Dealer Summit
Chicago, IL • www.dealer.org

OCT 23-24 LMC Forest Products & Building Materials Expo
Philadelphia, PA
www.lmc.net

OCT 23-25 West Coast Lumber & Building Material Association (WCLBMA) Annual Convention, Carlsbad, CA
www.lumberassociation.org

NEWS FROM NLBMDA

NLBMDA OPPOSES STEEL TARIFFS

The National Lumber and Building Material Dealers Association (NLBMDA) has voiced its opposition to the recently enacted tariffs on imported steel by the Trump Administration. NLBMDA opposes tariffs on steel imports as it increases construction costs, decreases housing affordability, and can cause an unnecessary trade war that harms consumers.

The U.S. Department of Commerce has imposed a 25% tariff on steel imported to the United States effective March 23. Steel imports from Argentina, Australia, Brazil, Canada, the European Union, Mexico, and South Korea are exempt from the tariffs. Approximately one-third of steel imports are still subject to the tariffs.

"NLBMDA opposes tariffs on steel imports," said NLBMDA Chair Rick Lierz, President and CEO of Franklin Building Supply in Boise, Idaho. "Increasing the cost of building materials simply hurts builders and ultimately consumers."

Tariffs on steel imports present the latest challenge for the building and construction sector. Duties between 10% and 24% are currently in effect for Canadian softwood lumber and a lack of skilled workers has made it harder to finish some construction projects.

NLBMDA ANNOUNCES SUPPORT OF TEMPORARY GUEST WORKER PROGRAM

NLBMDA has announced its support of a robust temporary guest worker program to recruit legal, foreign-born individuals when there is a shortage of domestic workers to fill available positions. As negotiations continue on comprehensive immigration reform, Congress should consider reforms that would help revitalize the economy and residential construction.

Labor shortages are a challenge to the continued growth of the housing industry. Foreign-born individuals comprise 30% of all workers in construction trades, and in some specialties, are nearly half of all workers. A robust temporary guest worker program is needed to recruit legal immigrants for specialties where there is a clear shortage of domestic workers to meet existing demand.

A comprehensive immigration solution is needed that protects the nation's borders; includes a market-based visa program to fill workforce gaps in residential construction; and provides a workable employment verification system that includes appropriate protections for small businesses.

"NLBMDA supports a temporary guest worker program as part of a comprehensive immigration plan," said NLBMDA Chair Rick Lierz. "A healthy home building industry needs legal immigrants to help meet the demand for skilled labor."

NOV 5-7 ECi Connect Conference 2018
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www.ECiSolutions.com

NOV 6-8 Western Building Material Association (WBMA) Annual Convention, Marysville, WA
www.wbma.org

NOV 7-9 NAWLA Trader's Market
Chicago, IL
www.NAWLA.org

NOV 12-14 Epicor LBM User Conference 2018, Las Vegas, NV
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MILLENNIALS LEADING GROWTH OF NEW HOME BUYERS

As the housing industry celebrated New Homes Month in April, the National Association of Home Builders said that recent data from the U.S. Census Bureau confirms that millennials are increasingly entering the housing market as first-time home buyers.

The homeownership rate of millennials—now at 36%—registered the largest gains among all age groups in 2017. As the nation's largest demographic group, more than 70 million millennials are poised to dominate the home buying market in the months and years ahead.

"Millennials are recognizing the benefits of homeownership and are eager to buy their first homes," said NAHB Chairman Randy Noel. "And contrary to conventional wisdom, this generation is in the market for single-family homes in the suburbs as they look ahead to raising their families."

AS THE NATION'S LARGEST DEMOGRAPHIC GROUP, MORE THAN 70 MILLION MILLENNIALS ARE POISED TO DOMINATE THE HOME BUYING MARKET IN THE MONTHS AND YEARS AHEAD.

Home builders recognize the changing demographics and the increasing demand for entry-level homes. Yet rising construction costs and limited lot availability create significant challenges to building smaller, single-family detached homes that are both affordable to first-time buyers and cost-effective for builders.

With millennials willing to compromise on space, townhouses are offering a more affordable option for younger buyers ready to purchase their first homes. After experiencing a drop during the Great Recession, the share of new townhome construction has been rising since 2009. According to NAHB analysis of Census data, townhome construction in 2017 was up seven percent from 2016.

Millennials also are looking for homes with three bedrooms and two bathrooms, outdoor space, flexible areas that can be used for a variety of purposes and more luxurious finishes, like quartz countertops.

Ongoing economic growth and rising wages are expected to continue boosting housing demand throughout 2018. NAHB analysis of the Census Bureau's Housing Vacancy Survey shows that the number of home owner households increased by 1.5 million in 2017, while the number of renter households declined by 76,000.

TOUGH CALL ANSWERS

ANSWERS TO OUR MARCH TOUGH CALL:

THE VELOCITY OF CHANGE

You know technology will move your company forward. But is it too much, too soon?



YOUR VOTES ONLINE AT LBMJOURNAL.COM

20.59% **KEEP PUSHING.** They're called "growing pains" for a reason. You know that the more you leverage technology, the more successful you'll be. Stay strong, and stay the course.

38.24% **TAKE A BREATH.** As much as you want to keep pushing forward, it may be time to let your team and your customers digest the changes made to this point, before introducing any more.

29.41% **GET BUY-IN.** Bob is right. Take time to solicit feedback from employees and customers about any future changes you're considering. Then, move forward only when you've got buy-in.

11.76% **PRIORITIZE.** It's clear that you need to find a balance between change and status quo. Work with your customers and employees to define that balance, then map a plan for the future.

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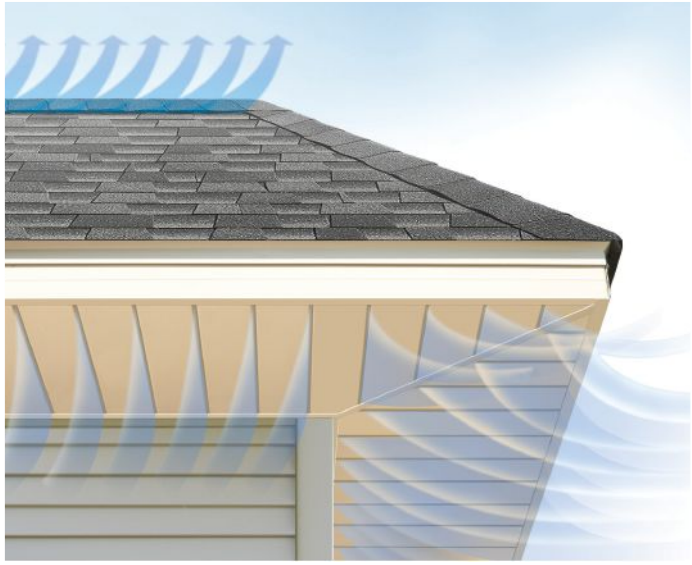


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BY THE YARD

NEWS FROM LUMBERYARDS AROUND THE COUNTRY

SON OF WISCONSIN BUILDER OPENS LUMBERYARD

An Ellsworth, Wisconsin man is opening a lumberyard in the location where his father operated as a builder. Blake Brenner told the *River Falls Journal* that his experience working construction in his father's business as well as his experience at Chippewa Valley Technical College has prepared him well for opening a lumberyard of his own. Brenner told the *Journal* that while he had often thought of opening his own business, a lumberyard wasn't his first plan. The idea actually came from his father, Barry Brenner. "He was tired of traveling just to get lumber," he said.



RYAN PROMOTED TO RETAIL STORE MANAGER AT RIDGEFIELD SUPPLY

Linda Ryan was recently promoted to retail store manager at Ridgefield Supply Company. Ryan, a 15-year Ridgefield resident, earned a degree in construction management from the University of Denver. She comes from a construction industry family and has previously run her own electrical contracting business. Ryan is working with the Executive Team at Ridgefield Supply Company to develop programs and activities to empower and educate women about the construction business, allowing them to be comfortable making decisions with projects and asking questions.



FRIEDMAN'S HOME IMPROVEMENT VP RETIRING AFTER 42 YEARS WITH COMPANY

Tony Corsberg, VP of Merchandising at Friedman's Home Improvement, has announced he will retire at the end of June. Corsberg has been with the Petaluma, Calif.-based retailer for more than 42 years, working his way up through the company, from part time stocker during high school, moving into sales, then to buying and marketing, and eventually leading the Merchandising Team as VP of Merchandising.

CONNECTICUT LUMBER DEALERS HOST LEGISLATIVE RECEPTION

On Wednesday, April 18, the Lumber Dealers Association of Connecticut (LDAC) hosted more than 75 legislators and their staff during the association's legislative reception at the Connecticut State House. At the event, legislators had the opportunity to meet with LDAC members to discuss the issues affecting independent lumber and building material dealers, manufacturers, wholesalers, distributors, and other associated businesses in the state of Connecticut.

"LDAC represents many family-owned and multi-generational businesses that support their communities and drive the state's economy," explained Bruce McCrary, LDAC President. "As small, independently-owned building material dealers and associated businesses, such as manufacturers, wholesalers, and distributors, the industry prides itself on offering good jobs, great benefits, such as health insurance, paid time off, and retirement savings programs, and career pathways for residents with various skill sets and talents."

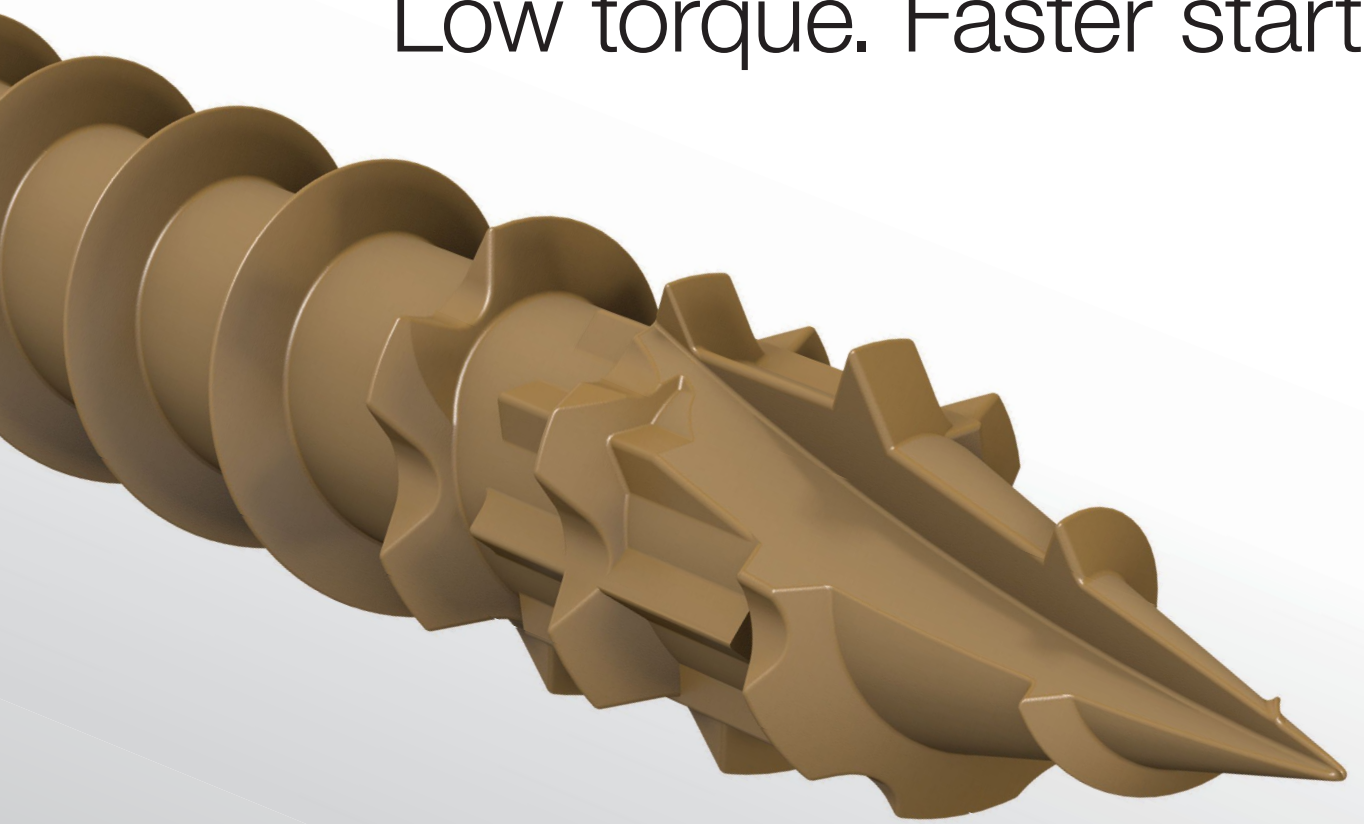
ARSON BLAMED FOR INDIANA LUMBERYARD FIRE

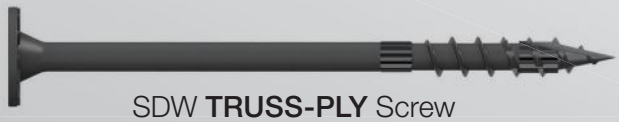
A Sullivan, Ind. lumberyard is being called a total loss after a recent fire. Investigators say the fire at Graber Sullivan Building Supply was started on purpose, WTHI TV reports. Investigators told the TV station that the fire started around 2 a.m. on Saturday, March 31. A $5,000 reward is offered for information leading to the arrest of those responsible for the fire.

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FIVE QUESTIONS WITH...

DOUG ASANO / HUBER ENGINEERED WOODS

1

Q: With new construction and residential remodeling red hot in many markets, what do you see as the biggest opportunity for LBM dealers?

A: With increasing labor shortages affecting builders, remodelers and subcontractors, the focus is on products, services and support that save time and, ultimately, improve labor efficiency. Builders are also facing an increasingly complex set of building codes and regulations that are changing quickly, creating frustration. LBM dealers are critical to helping builders on all of these fronts. LBM dealers that provide seamless jobsite delivery and service will minimize headaches and save precious time for builders; LBM dealers that provide education on the latest code changes and standards and supply the broadest and deepest selection of the products that help meet these codes will enable builders to deliver a quality product and experience to the homeowner. LBM dealers who are viewed as "partners" in these areas and not just "suppliers" will create the strongest loyalty with builders and, ultimately, gain share and margin opportunities.

2

Q: What do you see as the biggest challenge?

A: The leading LBM dealers adopt new technologies to improve operations and delivery efficiency, make their sites safer, and create better working environments to retain employees. Progressive LBM dealers offer more installed and offsite manufacturing services that enable builders to outsource common assemblies and components and focus their time on the critical, high value-added portions of the home. LBM dealers are using social media and digital advertising to reach builders, homeowners, architects and engineers and promote the products, services and local-market knowledge that only a LBM dealer can provide. LBM dealers who drive these types of changes will not only survive, but win; those who cling to a rigid and outdated business model will struggle.

3

Q: Building science has truly changed the way that today's homes are built. Will advances in building science continue to revolutionize residential construction?

A: There is a confluence of two major trends: government and regulatory agencies are steadily raising the bar for the minimally acceptable building practices and energy efficiency standards through code, and homeowners are becoming more aware of and demanding the best construction methods, products and home-performance standards. These trends will gain more momentum as we look to build more efficient, resilient and durable homes.

4

Q: What tips do you have for dealers whose builder customers may be reluctant to try something new that could save them time and money?

A: For most builders, "new" means "risky" and they are reluctant to introduce risk into their business. When a new product enters the market, it has usually been through an extensive maturation process already. Our teams in R&D and Innovation at Huber Engineered Woods, for example, have a rigorous process to identify market needs, develop a superior solution and deliver it to the market with the necessary education, information and field support. For dealer sales representatives and builders alike, we encourage our customers to call their local rep, attend "Prove it Tour" events—our traveling product demonstration experience—and reach out to our live Technical Hotline to make sure they get the answers they need to understand how a product benefits them.

5

Q: With products like ZIP System®, Huber has built a reputation as an innovator. Moving forward, what should dealers watch for from Huber?

A: All Huber Engineered Woods products are developed in response to builder needs. The evolution of how we manage air, water and heat on the exterior is an ongoing conversation. Our involvement with code governing bodies and non-profit advocacy groups for resiliency and energy efficiency points to a continued need to focus on how we promote best practices in this area. In a time when the shortage of skilled labor permeates our industry, tools that help tradesmen and women do their jobs effectively and efficiently are an answer to today's biggest struggle. Our new ZIP System tape roller leaves a permanent "Z" impression on our ZIP System tape to let crews, managers and inspectors know the pressure-activated tape has been properly rolled. Our new long-reach AdvanTech® subfloor adhesive applicator has been third-party tested to show it can apply 40% faster than traditional adhesive application methods. We have a few more ideas in our product development pipeline, so stay tuned. ■

Doug Asano is the VP of Sales & Marketing of Huber Engineered Woods LLC and is a member of the company's senior leadership team. He has been with Huber for 15 years, is responsible for a team of over 100 sales and marketing professionals, and has helped lead the organization to significant growth in people, market share, geographic expansion and revenue.



IMPROVING DRIVER SAFETY: HOW LUMBER BUSINESSES PUT DRIVERS IN SAFE HANDS WITH TELEMATICS

Telematics is often regarded as a technology used to gather current vehicle and equipment locations, but the benefits go far beyond just location updates for lumber businesses. Telematics provides the tools required to help businesses tackle their most significant business challenges, like improving driver safety fleetwide.

Crashes on the job have far-reaching financial and psychological effects on employees, their coworkers and families, and their employers. To help reduce risk for their mobile workforces, lumber businesses are turning to telematics to enhance their safety protocols by using the information to improve driver policies, monitor driver behavior, and maintain safer vehicles.



Telematics systems are used to improve driver behavior by monitoring metrics such as drive time, unauthorized usage, idle time, hard braking, rapid acceleration, and speeding.

BEST PRACTICES TO WRITING DRIVER POLICIES WITH TELEMATICS DATA

Written safety policies are the foundation of a safety program. After all, how will drivers know what's expected if it's never presented to them?

Before holding employees accountable with telematics data, it's important to lay some groundwork as to how, when, and why the information will be used. It's highly recommended to put regulations in place around the use of telematics so employees are aware from the beginning.

When introducing new driver policies that incorporate telematics, fleet managers can follow these best practices to obtain the best results:

Transparency: Clearly present the use of telematics data to measure performance and monitor compliance. When the time comes to hold employees accountable, there could be backlash about tracking their vehicles without their knowledge.

Defines Consequences: To ensure policies are effective, there should be clear consequences defined when policies are not followed. Penalties might range from strikes that lead to loss of driving privileges to termination. Whatever they may be, drivers should be made aware before ever operating a company vehicle.

Embrace Safety Companywide: Creating a culture of safety is key to the broader acceptance of the policy. Safety policies should be embraced at every level of the organization, from executives, managers, and supervisors to every driver in the company.

Once safety protocols are defined, fleet managers can start using telematics to monitor and correct unsafe driving when it happens to proactively improve driver safety.

STOP UNSAFE DRIVING WHEN IT'S HAPPENING

Telematics systems are used to improve driver behavior by monitoring metrics such as drive time, unauthorized usage, idle time, hard braking, rapid acceleration, and speeding. Speeding is one of the leading causes of accidents on our roadways. Telematics enables fleet managers to monitor the speed of each of the vehicles, in real-time, and to determine if any are traveling at unlawful speeds.

To correct unsafe driver behavior, it's recommended to provide ongoing performance feedback with the data gathered from the telematics system.

MAINTAIN SAFER VEHICLES

According to the National Highway Traffic Safety Administration (NHTSA), 43% of critical pre-crash events that cause vehicle accidents are attributed to tire failure.

Staying on top of preventative services, like tire rotations, is one of the easiest ways to prevent accidents with telematics. The software's maintenance module will automatically track runtime and odometer readings, then send reminders when services like tire rotations and balancing, oil changes, emissions testing, or any other types of services are due to be completed. It is recommended to send maintenance alerts to management and drivers to ensure vehicles and equipment receive necessary services as soon as possible.

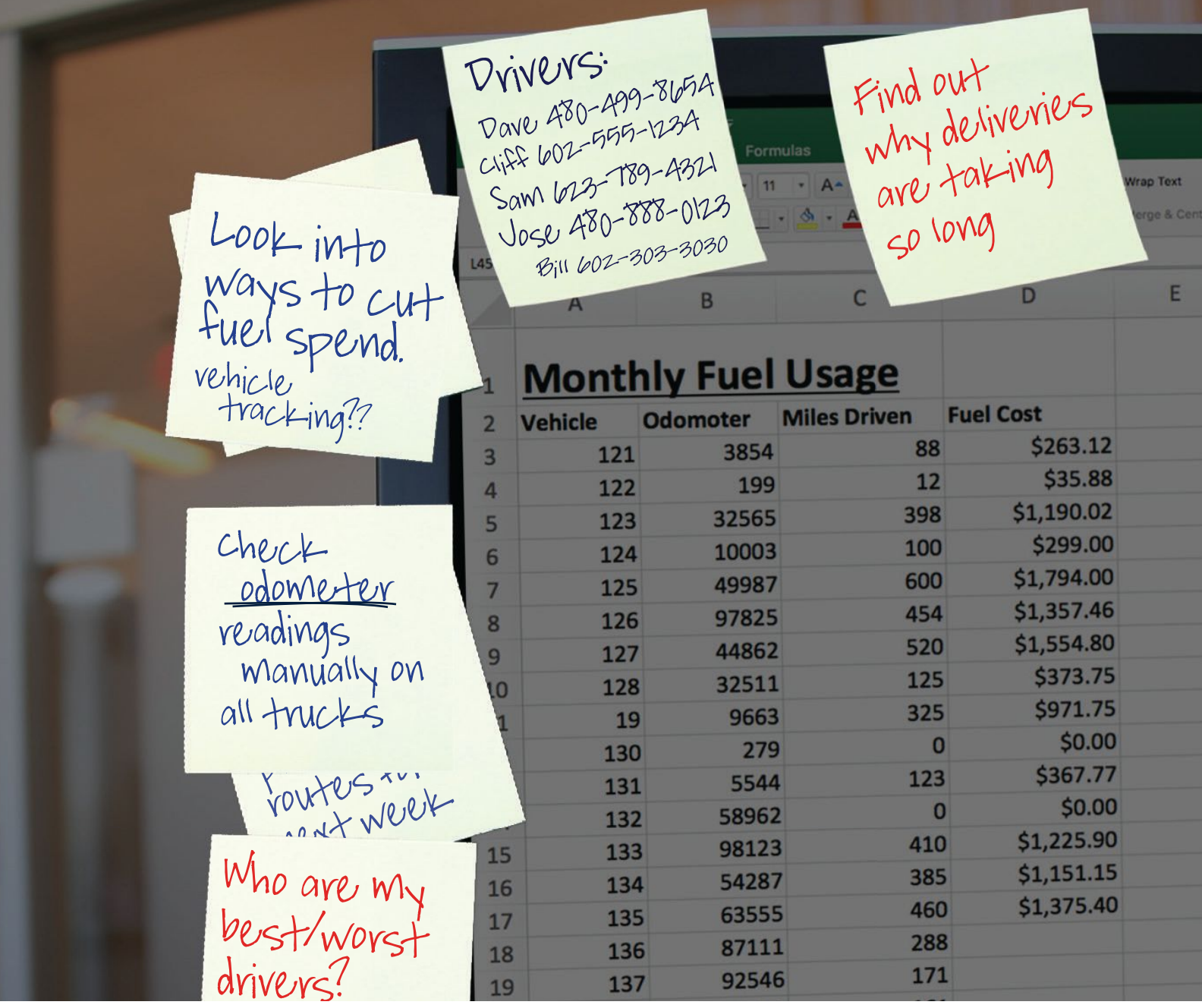
Although automated maintenance reminders are effective, a service may still slip through the cracks here and there. To proactively monitor overdue services, management should get in the habit of viewing scheduled maintenance reports. These reports should be available on-demand or can be automated by email on a daily/weekly/monthly basis. Any outstanding services will be flagged in red on the report so managers can take action and get them completed right away.

At the end of the day, when considering the objectives of a telematics implementation, no reasoning is quite as important as increasing safety for employees and the general public on the roadways. Using telematics as part of a fleetwide safety initiative will drive the program miles forward while providing lumber businesses with several other impactful benefits.



Telematics enables fleet managers to monitor the speed of each of the vehicles, in real-time, and to determine if any are traveling at unlawful speeds.

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BILL LEE

Five steps to managing material returns

MANY BUILDING SUPPLY BUSINESSES I visit have a sacred burial ground someplace on the yard or in a warehouse resulting in tens of thousands of gross profit dollars being lost. This grave yard is where they stack returned materials.

The first corrective step in not losing profits to returns is to develop a system with which to manage the returns and to measure them. The most efficient dealers I work with hold returns to as low as 2.5% of sales, but it's not unusual to find businesses that allow returned merchandise to reach more than 5% of sales.

A return in and of itself is not so bad; returns are simply a cost of doing business in our industry. But when returns get out of control they eat into the bottom line.

Regardless of whether you enforce a restocking charge, all dealers need a firm return procedure that both delivery drivers and receiving personnel respect and follow. How many times, as an example, has one of your drivers unloaded returned material to a spot that was convenient for him, but no where near the designated return area? Then to make matters worse, he forgot to tell a receiver where he unloaded the material and which job it was picked up from.

Every building supply business needs someone on its team who is talented at designing systems and procedures. As a business grows, the more important well-designed systems and procedures become. But systems are not an end in and of themselves. Without someone to enforce them, they usually fail.

An effective material return procedure

STEP 1

Drivers are responsible for keeping a supply of customer return forms in their trucks at all times. When a customer asks a driver to pick up material for credit, the driver will fill out a three-part merchandise return form. One copy will be left with the customer, one copy will be given to the yard foreman and one copy stays in the book.

If the customer were to call into the office and request that material be picked up for credit, the salesperson taking the call will fill out the customer return form and give it to the yard foreman to execute.

STEP 2

After picking up the material from the jobsite, drivers will return the material to a designated spot in the vicinity of where it was originally picked up.

STEP 3

The yard foreman is responsible for determining if the returned material is resalable and note his decision on his copy of the form. He will make a photocopy of his copy of the form and forward the photocopy to the designated buyer. The buyer will receive the material back into inventory within a maximum of four working hours.

STEP 4

The yard foreman is responsible for getting any resalable material placed back into inventory. He will label any material that cannot be resold with a special class code and have the material placed in a designated area for damaged merchandise. The merchandise return form number is also written on this label.

STEP 5

The buyer will write off unsellable material by invoicing it to a special customer account for Damaged and Obsolete Goods (DOG) at zero sell price. This procedure not only writes off the DOG material, it also provides an audit trail. The buyer will also handwrite a price on the class code label. If the material is sold, sales personnel will use the special class code and the handwritten price. Since the material has already been "written off," the price it's sold for becomes 100% gross profit.

The buyer's assistant is responsible for researching the item's history and for writing the reason for the return on his copy of the merchandise return form.

While this system is effective, and it does work, it is not the only system you might choose. What's critical, however, is that someone in your company designs a workable system and makes sure the system management approves is enforced. ■

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

Lighting and stairs training for deck contractors

LAST YEAR AROUND THIS TIME, I wrote about how The Deck Store hosts a Contractor College each spring before the deck season. It's an opportunity for us to spend a Saturday morning together with our deck builder customers and regroup after a long winter. It's also an educational session that helps to make sure that we're all prepared and on the same page before things get really busy. As this year's deck season is finally ramping up, I want to share a couple of items that we are focusing on training for our deck builders at this year's Contractor College.

This year, we're going to spend more time on the details that go into projects that require lighting and stairs. For lighting, customers want riser lights and post lights. Here in Minnesota, deck builders who install a lot of such low-voltage products are required to be licensed. However, most deck builders are not. Many manufacturers are aware of this and have done a good job making their products as plug-and-play as possible to get around those licensing requirements. Yet even with easy-to-use products, there is still the danger of installing something incorrectly and risking malfunction. As a retailer, it is my responsibility to make sure that my contractor customers know as much as they can about the products they install.

As a licensed electrician myself, I like to make sure that the installers know the proper way to put lighting projects together. At our annual Contractor College, we'll have a discussion as well as demonstrations about DC loop circuits.

We'll also spend time explaining how to calculate the proper size of transformer needed for each project. In the past we used AC power supplies. Today, the LED lights that are used need to be supplied with DC power. The advantage of LED lights, of course, is that they have very low power consumption. With them, we're able to use low wattage DC power supplies. We also are sure to teach our deck builders how to service the lighting systems we sell.

Stairs are another topic that we will be sure to cover this year. We work closely with our contractors to be sure that they understand all of the codes and rules for stairs. Most deck builders know that composites are different than real wood, and that various composite brands are different from each other, but you'll want to make sure they understand how that affects the building codes. Some composites require that you build your stair stringers 9" on center. Others require 12" separation.

A deck builder will need to know which composite decking he is using in the project before he knows how to build the stair stringers. I often use the analogy that you can't pack for vacation unless you know where you're going. Many times people come in and say that they've already built their frame and now they want to know what kind of decking to use. I have to tell them that they needed to have built their stairs and frames to certain specifications in order to install a certain decking properly. At this point, we're left to find decking that is suitable for the frame they've built, and that limits the options the customer has to choose from.

> "WE, AS RETAILERS, CAN HELP EDUCATE OUR INSTALLERS AND HOMEOWNER CUSTOMERS SO THAT THEY NOT ONLY UNDERSTAND OUR PRODUCTS, BUT ALSO KNOW HOW TO USE THE PRODUCTS ACCORDINGLY."

We're also going to spend time coaching contractors to make these decisions up front and how to explain to customers that we have better products. I'm sure to talk about the benefit of our Kiln Dried After Treating (KDAT) materials, as well as the quality composite brands that we carry.

The biggest reasons for failure in a deck project are not the materials themselves, of course, but improper installation. We know in our industry that it is a challenge sometimes to get people to follow instructions. We, as retailers, can help educate our installers and homeowner customers so that they not only understand our products, but also know how to use the products accordingly.

In our Contractor College environment, it is nice to have 10 to 15 skilled carpenters in our store who don't regularly spend time together. We find that they often collaborate as a group and even though they are competitors out in the field, here they are open to sharing techniques in an educational setting. ■

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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RIKKA BRANDON

Beyond strengths and weaknesses

An introduction to interview questions.

SUCCESSFUL HIRING MANAGERS have mastered the art of determining candidates' "hot points" and using that information to both determine if they are the right fit for the company and to position the job to make it appealing to them. And that starts with knowing the right interview questions to ask. My three favorite questions are surprisingly simple, but you will learn a tremendous amount.

QUESTION 1

What are you looking for in the next step of your career?
The components of a candidate's answer will give you the language and answers you need to position your opportunity. Or the answer will tell you (very quickly) that this candidate isn't the right one. I like to use this question when I'm pretty sure a candidate is overqualified, and I want them to realize this isn't the job they want.

QUESTION 2

Why did you leave XYZ?
It might be a basic interviewing technique, but you can learn a lot about a person and their internal motivations by walking through their career history. You'll find that some only talk about the company and the associated drama. Others will be irritated that you're making them talk about something they did in 1985. Others will display a negative attitude about 75% of their past jobs. Each response tells me something about the candidate and gives me insight into their motivations.

QUESTION 3

My third and favorite question is also the most powerful: **the follow-up question.**

Beyond these go-tos, I like to break down questions into three categories: **functional, behavioral,** and **situational.** Functional questions reveal a candidate's specific skills and traits, and will help you really determine if they can do what you need them to do. Behavioral and situational questions delve deeper into how they have handled and will handle common situations specific to their positions.

Functional interview questions

Functional interview questions are a simple way to determine if a candidate can do the job you are hiring for; they are focused on what the individual has done in the past. As such, they're ideal for the first interview, which can be conducted by phone.

As a headhunter, my job is to find someone who can hit the ground running. The best indicator of future performance is past performance—so that is my initial focus.

During the first interview, I provide a job overview with responsibilities, and also go over "deal breakers." So, if you need them to have SAP experience, that is a deal-breaker question. If you know that they need to work three out of four Saturdays a month, that's a deal-breaker question because a lot of candidates will pull themselves out of consideration.

The best phone interview questions address the question: "Can they do the job?" They should be functional in nature.

On their base level, functional questions only require a yes or a no answer; however, savvy interviewers know that valuable information can be gained by using follow-up questions to get a clear understanding of the candidate's level of knowledge and experience. Below are three sets of functional questions to ask:

General

- Have you ever had profit and loss responsibility for a $3 million budget?
- Have you ever done retail or inside sales?
- Have you used QuickBooks?

Management

- Have you ever managed a team of people?
- Have you ever had to provide corrective action or disciplinary action to an employee?
- Have you ever had to fire someone?

Sales and marketing

- Have you ever developed a marketing plan?
- Have you ever sold "this"?
- Have you ever sold to "this type of customer"?
- Have you ever sold through "this channel"?

I recommend using functional questions in your first interview, and conducting that interview via phone, even if they're local. That way, when you get to the face-to-face interviews, you know you're dealing with people who can handle the basics of the job, and you can focus your efforts on behavioral- and situational-based questions. ■

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 building products talent.



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NEXT GENERATION

ISAAC OSWALT

LinkedIn: Cleaning up your first impression

OVER THE PAST SIX MONTHS, our team at 21 Handshake has conducted a number of experiments on LinkedIn. If you're unfamiliar with LinkedIn, think of it as Facebook for work (in most cases). And if you are familiar, I promise LinkedIn is not just a platform for recruiter outreach or "a place where my employees look for new jobs." If utilized correctly, it can be a platform where you can positively position your business and be a thought leader in your industry.

People are doing homework on you before you meet them, and it's likely that the first place they are going is LinkedIn. You might as well give them the current syllabus by creating/updating your LinkedIn profile.

The mindset of a LinkedIn user is more professional and work-based than other social platforms, and because of that, LinkedIn has rolled out a few updates and tweaks to tools in their platform. For this article, I want to outline a few things we've learned that can help your success with LinkedIn.

Areas to make sure are updated

Profile picture: Yes, people want to see you. Unless your sales strategy incorporates showing up to a meeting with a bag over your head, you need to show off that one-of-a-kind mug in advance to your meeting. Get a current picture of yourself and make it authentic. In other words, the photographers who contort your body 16 ways like you remember from elementary school pictures are not necessary. Rather, find someone in your office who understands the smartphone and how to take a decent shot of you being you.

Profile background: The standard LinkedIn constellation of stars banner is pretty snazzy but it tells me nothing about you. This banner can change from time to time depending on the type of influence you're trying to make. For example, I had a picture of an amazing golf course in Michigan taken by a drone. My goal with this image was to communicate to the viewer a few pieces of information.

First, I play golf and that's a good thing to share in my industry because it's easy to be categorized as a techie who sits behind a computer everyday. Not understanding "real" face-to-face business.

Second, while reading my name and job title, a user will deduct I own a marketing company and my hope is they realize the background image is an aerial shot taken with one of the High Five drones (my drone operating company). You'll also find out what my top five strengths are. This tells you a lot about how I operate, things I value, and gives you a good idea how to approach me.

In review, my goal with the image is to show you who I am and how I operate while dripping in a little service nudge toward what our company is capable of. I challenge you to play around with this picture and allow it to show (not tell) information you'd like people to know about you.

Profile biography

Don't think of your bio as your resume bullet points. That's what the "Experience" part of the profile is for. Don't just put what you do but why you do it. Who are you and what do you mean to the people you service? What do people say about you? What fuels your drive? Here is a snippet from my personal LinkedIn bio that I think is effective in this regard:

> *"If there is one thing I want you to take away from this it's that: building connections drives everything I do. As founder and owner of 21 Handshake, a digital marketing agency, I believe we are building a successful business by doing what comes naturally to me. I describe myself as a Millennial who comes from a Baby Boomer-driven business, and I know that these perceptions and abilities were strengthened right after college when I joined a relationship-driven company. I always believed even then that there was a better way to communicate a brand's message. And, as instructive and successful as my time was working at such a large company, I always knew I'd eventually own my own business."*

If you keep these three things in your LinkedIn profile updated, I guarantee it will help foster better professional relationships and improve your digital first impression. ■

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.

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Maintaining (and increasing) gross profit margins

IT'S HARD TO UNDERSCORE enough the importance of maintaining consistency with your Gross Profit Margins (GPMs) over a period of years. In every deal we are involved in, the acquirer looks at the consistency of GPMs as an indicator of the health of the business. And well they should. GPM consistency shows, among other things, that you have disciplined cost controls and are adding value to the products and services you provide to your customers.

To look at this from the acquirer's perspective, consider this example. If three years ago you had a GPM of 30%, and then it dropped to 27% the following year, and ticked back up to 28% in the current year, that would be perceived not exactly as erratic, but as a variance you should have taken more steps to control.

For ease of math, let's say you have a multi-location business that is booking $100 million in total "topline" revenue. If your GPM is 30%, then $30 million is your gross profit. Let's also say that you lost control of some of your cost of goods expenses. For example, you put a pay increase in place to keep key employees, or you had to lower the price of certain items to be competitive. Any time you have an expenditure that affects GPMs, and every product purchase expenditure does, you have to generate higher margin sales and/or adjust your Cost of Goods Sold (COGS), to maintain or improve your GPMs.

Don't feel defensive if your GPMs go down, when you desire to have them go up. It's easy to lose sight of GPMs if you are not monitoring them constantly, and it's easy to have expenses creep up on you.

But from an acquirer's perspective, slippage in GPMs is viewed as you essentially leaving money on the table. Here's why. If you have a 30% GPM on $100 million in sales, you're booking $30 million gross margin with your existing company infrastructure (product mix, staff, pricing systems, inventory, etc.). If you slip to 27%, then your gross profit drops to $27 million. That's $3 million less than the previous year, yet you were delivering essentially the same service with the same staff. An acquirer will look at that $3 million as money that you could have realized with more aggressive cost or pricing management.

Let's say your GPMs go up from 27% to 28%, yet were at 30% two years ago. From an acquirer's point of view, that 1% increase (year-over-year, from 27% to 28%) will not be viewed as a raging success, even though you increased gross profit by $1 million; instead, the acquirer will likely ask why you can't get back to and maintain the 30% gross margin you had two years earlier.

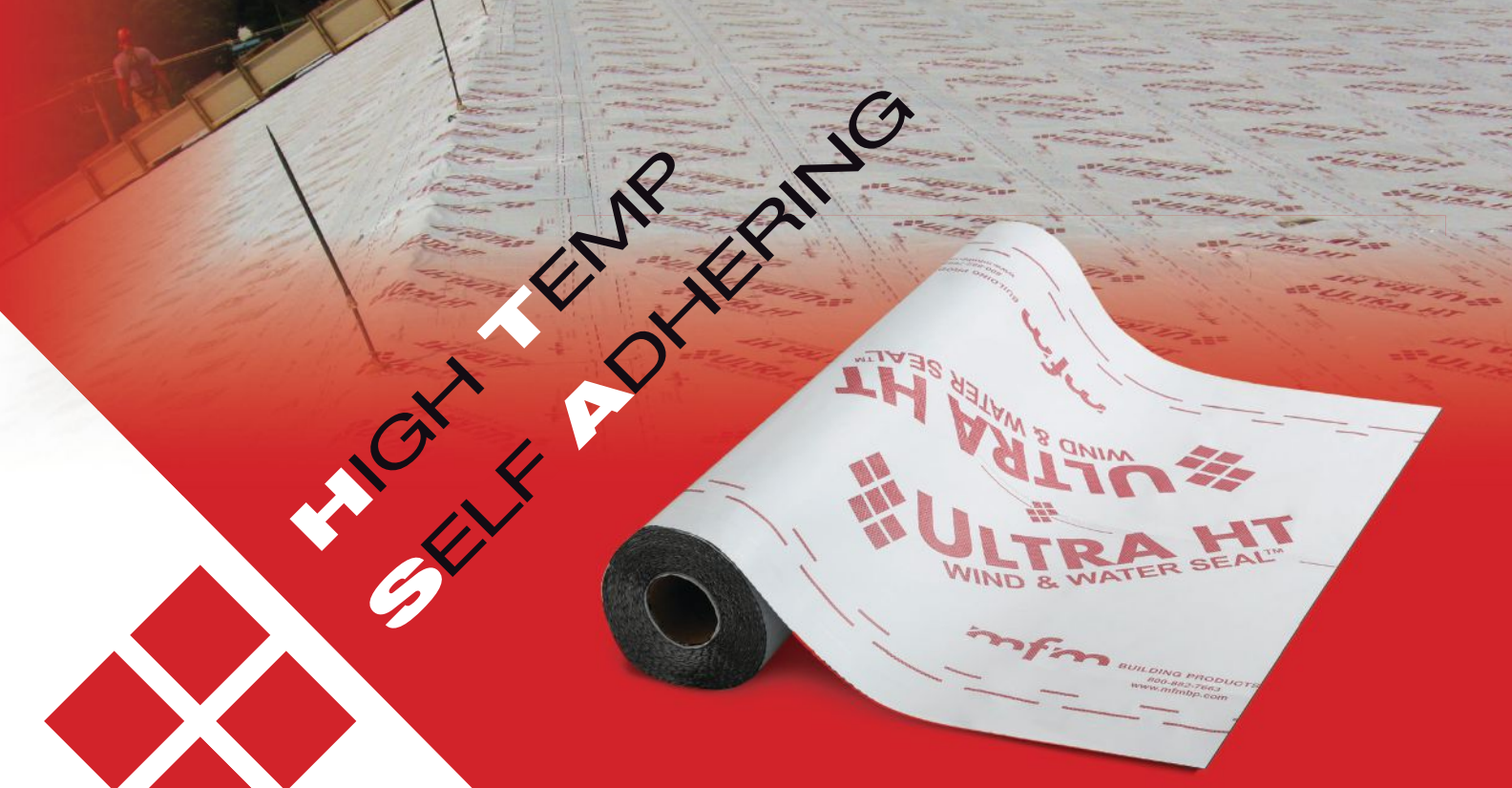
Now, let's say that you have a three-year track record of increasing GPMs each year for the past three or four years. Now that's progress!

If your business climbs from 27%, to 28% to 29% to 30%, you are obviously controlling your COGS, and improving the selling margin of your product mix. You may have added higher-margin products to your mix instead of selling commodity lumber, and maybe you took on more single-family customers, as opposed to multi-family, because single-family is higher margin. In this scenario, for a $100 million operation, your gross profit climbed from $27 million to $30 million, as you were able to wring out purchasing inefficiencies, increased direct labor productivity, took advantage of prepay discounts, and optimized your product/customer mix, yet still deliver the quality products and services to your customer base.

Now here's the example that really put a cherry on top. Let's say that the GPMs for your business climb from 27%, to 28% to 29% to 30%, and your revenue is climbing as well, say, from $100 million to $108 million over this period of time. Acquirers will swoon over a company that shows year-over-year sales growth and improved GPMs. It shows you're growth-focused and disciplined over costs of goods and pricing; and that you've optimized the blend of customers with a bias toward higher-margin sales. That's a business that will get the highest value in any economy. ■

LBM COLUMNS IN BOOK FORM: I've gathered my *LBM Journal* columns (and other writing as well) in my latest book: "M&A Basics for People in a Hurry: Key Deal Elements and Common Practices of Mergers and Acquisitions". It's on Kindle for 99¢, and on Amazon as a printed book for $7.77.

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, or visit, www.1stwestma.com.

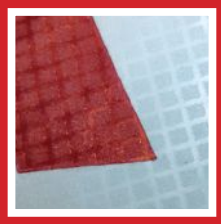


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CEDAR: STILL ON-TREND AFTER ALL THESE YEARS

Since in the 1950s, cedar has remained one of the most popular materials for decking, siding and outdoor structures like pergolas, arbors and fences, and it continues to flourish in the marketplace. It is a naturally durable, stable, rot, decay and insect resistant wood product and is sourced from certified sustainably managed forests. Alternative materials claim its products look like real cedar only confirms its popularity. In short, there is no substitute — in aesthetic or maintenance — for authentic cedar.

VALUE PROPOSITION


A

The 2018 Cost vs. Value report by *Remodeling* magazine reports that exterior work done on a home generated higher returns than interior renovations. This bodes well for dealers stocking and selling exterior building products, like cedar. Homeowners desire products that increase the home's value and boost curb appeal while also enjoying the beauty of the product.


B

Today, cedar is used primarily for decking and siding said Paul Mackie, spokesperson for the Western Red Cedar Association. In the Cost vs. Value report, wood decking recouped a value of nearly 83% versus a composite deck recouped value of 64%. Cedar decking is also cool underfoot compared to composites as they tend to retain the heat making it uncomfortable for homeowners.

TREND: KNOTTY IS IN


C

There's a significant trend for knotty cedar used for exterior siding, soffits and trim as well as interior paneling. "Architects and consumers are recognizing the value proposition for using this type of cedar in projects," notes Mackie.

This trend offers great gross margins for dealers while still providing great value to consumers. Showing customers the real cost of alternative materials versus real cedar and the choice most often is the latter. There are more aesthetic choices with knotty cedar as well — from elegant to rustic — and there are a variety of finishes to make any project unique.

TREND: GREAT OUTDOORS


D

"We see a large volume of cedar produced into timbers for outdoor structures," said Mackie. In some regions, dealers display an arbor or other outdoor structure on a main road access and are seeing walk-in consumers come in and ask questions and then refer their builder or contractor to the dealer.

"Many of the homeowners in our region understand the value of cedar versus alternative products," said Cody Dick, dealer sales representative, Weyerhaeuser Dallas Distribution. "It's an appearance product and it will save a homeowner money over time with its low-maintenance."

TREND: BRINGING THE OUTDOORS INSIDE


E

As the trend for indoor and outdoor synergy continues, cedar is a great addition to interior spaces. It adds warmth and texture and another revenue stream for dealers to consider for both residential and commercial applications.

VERSATILITY AND OPTIONS


F

Cedar is a versatile product and is available in a range of patterns and grades from vertical to horizontal and in a variety of sizes and lengths. Cedar is available in even lengths between 8-foot and 20-foot. "We like to spend time with our customers and ask them what they're doing with the job to help sell lengths that make more sense and add value," said Dick. "For example, consider carrying varying lengths to not only add value but add to the bottom line depending on the project."

Whether you are stocking clear or knotty grade cedar there's no need for your customers to make compromises for the "real thing." Cedar requires the same level of maintenance as alternative products while at the same time a sustainable and biodegradable product that radiates natural beauty.

Weyerhaeuser Distribution proudly supports the Western Red Cedar Lumber Association. For more information and resources, visit realcedar.com. To find the closest Weyerhaeuser distribution facility, please visit Weyerhaeuser.com/distribution.

Photographs: A. courtesy Ha² Architectural Design, photo by JVL Photography / B. courtesy Western Red Cedar Lumber Association
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SELLING TO REMODELERS

Q&A

BOB GALLESE

PRESIDENT, ACCLAIM RENOVATIONS & DESIGN



Based in Mentor, Ohio, Acclaim Renovations & Design specializes in luxury kitchens, bathrooms and room additions. Acclaim Renovations & Design also manages the whole design and remodel process, from beginning to end. This process starts with the initial estimate and follows through with the concept design, product selections, renovation process, and a final walk-through for full closure of the project.

COMPANY STATISTICS

LAST YEAR'S SALES
$1.5 million

YEARS IN BUSINESS
18

EMPLOYEES
11

SPECIALTY
Kitchens and bathrooms

Q: What are the top three things you look for from a LBM supplier?
A: The top three things I look for in LBM dealers are product quality, quick response to rectify bad materials, and price.

Q: Describe your best lumber building materials vendor and why they are the best.
A: Commonwealth Lumber in Willoughby, Ohio, because the rep, Larry, is a wealth of knowledge especially when it comes to structural requirements. Larry visits job sites when asked, quotes jobs quickly, and he reacts quickly to any problems.

Q: When was the last time you changed vendors and why?
A: We changed one a few months ago, because every job that a particular vendor did was a nail-biter. Would they show up? Have all the materials? Get the job done in a workmanlike manner? Then to top it all off they were horrible with communicating with our clients and us.

Q: When and why would you accept a meeting from a new supplier/vendor?
A: If a supplier begins to trend the wrong way, we begin to look around. We realize that everyone has a bad day, but we can't have a bad day three days a week. Also, if I notice the prices slowly creeping up without reason except that they think we are not paying attention. I am very loyal to my vendors, as they are to me. Most vendors appreciate loyalty. Some, albeit few, worry too much about profit when they should focus on true customer service. The profits will come if all else is in place.

Q: What do you wish LBM suppliers understood about your business?
A: I'm pretty sure that most understand the construction business. One thing I need them to truly take to heart is that every time they send out bad materials or delay delivery, that client is not going to be happy. As the contractor, we bear the brunt of the anger while the vendor goes on their merry way. Making the client angry/disappointed for any reason creates a tough working relationship all the way around.

Q: What products (if any) do you buy installed?
A: Counter tops, shower glass enclosures, and some shower wall material.

Q: What is the number one problem that keeps you up at night?
A: Not being able to get estimates done quicker so we can continue closing a potential new project. Other than that I don't worry much because I have an outstanding group of people who take as much pride in their work as I do in mine.

Q: What do you see as your biggest opportunity?
A: Room additions. We don't do many because of the time required to prepare the estimate. If I were able to hire an estimator/salesman with a deep background in additions, my business would practically double overnight. ■

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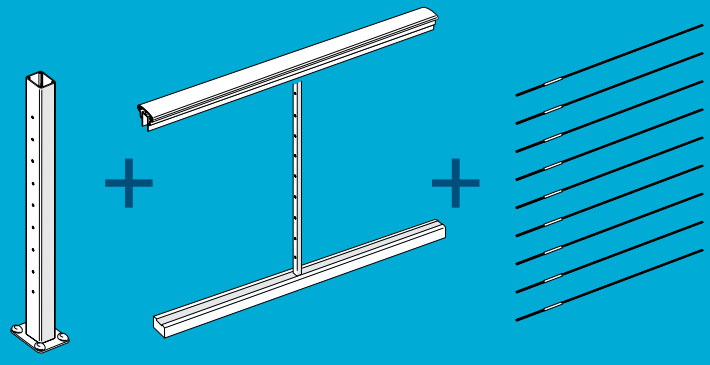


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Key demographic trends: Overall household formations and mix of starts

BY LYNN O. MICHAELIS

This is the final segment of the Spotlight series on demographics and implications for housing starts. The purpose of this Spotlight is to shift the focus to the forecast for overall household formation for the next ten years. In addition, it will address the implications of demographic trends for the possible mix of housing starts (single-family vs. multi-family units). Although the level of housing starts is interesting, the really important issue for wood products is the single-family share of those starts. In 2005, housing starts were above 2 million units, but as seen in **GRAPH 1**, single-family share hit 83%. That put single-family starts at a record 1.7 million units. After the bubble burst, not only did the level of starts fall, but the single-family share plummeted, dropping below 65% in 2015. The massive decline in single-family starts led to a 22 billion board feet decline in lumber demand—roughly 70% of the overall decline from peak to trough.

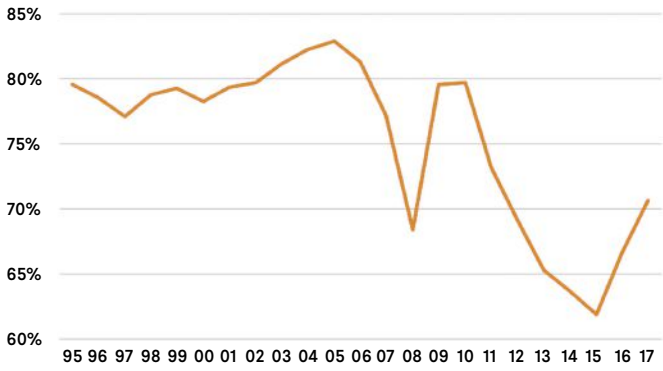
In the previous Spotlights, we focused primarily on the younger adult population—ages 25-44. This population wave will have a profound influence on the demand for housing over the next decade. This is a period when people typically get married, have children and buy their first home. As suggested in Parts I and II, there are reasons to believe that the annual household formations (HHF) for this age group might fall far below what had been expected a few years ago.

In Spotlight Part I, the focus was on the significant decline in labor force participation rates (LFPR) of younger adults. The biggest change has been in the LFPR for young men. That decline could be permanent and, if so, would lower HHF for young adults over the next ten years. The decline could also contribute to a decline in the marriage rate among young households.

In Spotlight Part II, a plausible range of HHF for young adults was proposed. (Unfortunately, we had to walk readers through the painful part of household formation forecasts—estimating population and the propensity to form households by age group.)

Two things could lower the forecast for HHF. First the headship rate (the ratio of the population to households—which is a proxy for the propensity to form households) had declined between 2006 and 2016. The declining LFPR suggest that the decline could continue even though the job market has improved. Second, a significant cut in immigration would reduce the growth of the young adult population in the Census Bureau's Reference forecast—which was released in 2014.

GRAPH 1 SINGLE-FAMILY SHARE OF STARTS: CRUCIAL TO WOOD PRODUCTS DEMAND



OVERALL HOUSEHOLD FORMATIONS: DOMINANCE OF THE OVER 65 POPULATION GROUP

As we discussed in Spotlight I, there are two population waves. We have spent a great deal of time on the wave of younger adults. The Baby Boom wave (adults born between 1947 and 1962) is the other major surge. They are now leaving the 55-64 age group and moving en masse into the over 65 category. The front end of the age group became 65 in 2012.

The dramatic growth in the HHF for the older age group is due to several factors:

- First, the over 65 population wave is already in the country. The growth does not depend on immigration. The primary uncertainty is the assumed mortality rate. This population group is forecast (by Census) to grow about 1.9-2.0 million per year over the next decade. This compares to a population growth of only 0.4 million per year for the 25-44 age group.
- Second, the headship rate for the older age groups has been more stable over the last ten years. The headship rate moves above 0.5 for the over 55 age groups, primarily because of divorce or death of a spouse. A headship rate of 0.5 means there is one household for every two adults. When a spouse dies, and the survivor remains alone, then the headship goes up.

The combination of the population surge plus the rising headship rate is why HHF for this age group will be near one million per year over the next ten years. The really striking shift is share of total households that will be over age 65. In the housing boom period of 2001-2005, only 14% of HHF were over age 65. The share moved higher in 2006-2010 in

part due to the decline in HHF for younger adults. The over 65 age group currently accounts for about 70% of HHF. After 2020, this age group will account for about 90% of net households in the Base Case.

But share will be even higher if the HHF for younger adults falls into a lower range. Total HHF would be much lower—1 million per year or lower. If so, trend housing starts would only be 1.3 million per year or possibly lower. Even more dramatic is the share of the over 65 group. The over 65 group could account for more than 100% of household growth after 2020. The industry currently is focused on the needs of the millennials. That will change after 2020.

DEMOGRAPHICS AND THE MIX OF HOUSING STARTS

So, this brings us back to what the mix of housing starts will be over the next ten years. The purpose of housing starts is fairly simple. First, they expand the inventory of housing to accommodate the growth in households. Second, they build units that might not be available if the household needs have changed. Third, they replace units that are removed or destroyed. Finally, starts also shift the inventory to a region that is growing and needs more housing inventory.

The type of housing a household will want to occupy depends on both economic and lifestyle issues. For instance, younger adults tend to rent an apartment for economic or lifestyle reasons. They don't need a down-payment and are able to move more easily if they change jobs. When children enter the picture after marriage, owning a single-family unit is preferable.

The rise and fall of the ownership rate is closely tied to the rise and fall of the single-family share. The ownership rate rose on a consistent path from the mid-1990's level of 64%, peaking in 2005-2006 at 69%. Although a rise of 5% may not seem that big, you have to remember that with an occupied housing stock over 110 million units, a 1% rise in the ownership rate means you have to add over 1.1 million single-family starts to just accommodate the shift in ownership. (Most owned units are single-family units, not condos.)

The aging of the population, extremely easy lending standards, public policy goals and expectations of higher home prices fueled the dramatic rise in the ownership rate and the single-family housing starts boom.

The causes of the boom and bust in the ownership rate has been addressed a number of times before and will not be dealt with here. Instead, the focus is on what might happen next. To do this, let's dissect the ownership rate surge and bust by age group. The ownership rate for the young adults peaked in 2005 and then the correction hit these groups particularly hard. The foreclosure of loans they could not afford, followed by the tougher lending standards, pushed the ownership rate for the 25-44 age group down by 10% from 2005-2016.

There are several important takeaways when considering ownership by age group that are crucial to the outlook:

First, ownership rates rise with age. There is a big rise in the ownership rate as adults age. The biggest jumps happen between age 25 and age 45. Thus, despite the decline in the ownership rate, the movement of the younger adults into the 25-34 group in the current period and then into the 35-44 group after 2020 will help boost the average ownership rate over the next decade.

Second, the ownership rate for the over 65 age group is near 80% and has been relatively stable. The growth in the age group will help boost the overall ownership rate as well. This is partially offset by the decline in HHF for the 55-64 group after 2020. In the early retirement period, people prefer to stay in their current home. After a spouse dies however, the survivor eventually moves to a smaller house, a condo or an apartment (the ownership rate for unmarried people is below 70%, but still high). When this group approaches 75 (after 2025) the focus begins to shift to housing units that are easier to maintain, do not have stairs or includes some medical and living assistance.

Third, the aging population will also affect where housing units are built. Many older adults prefer warmer climates. The aging group likes to spend at least part of the year in Palm Springs or Florida.

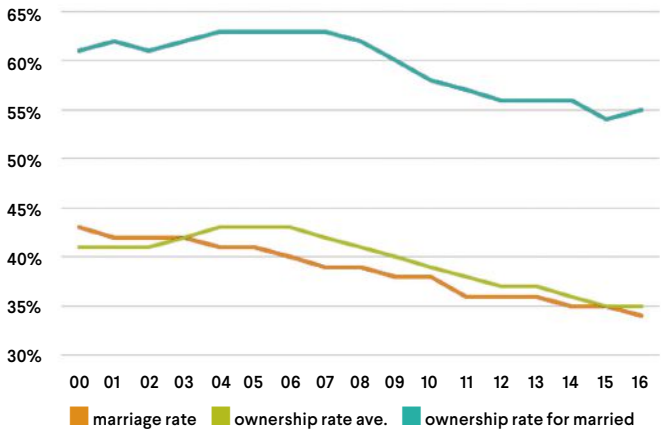
Thus, the base case demographic trends favor a rebound in the ownership rate and the single-family share over the next five years. This is consistent with the current base case outlook for FEA housing starts.

Three factors that could dampen how big the upward trend will be:

1. The actual annual HHF of the younger age groups could be significantly lower.
2. The declining share of married households for younger adults has contributed to the decline in ownership rates. This is shown in **GRAPH 2** for the under 35 age adults. You should note that the ownership rate for a married couple is near 55%, while the overall ownership rate is only 35%.
3. The share of married households declined from 44% in 2000 to about 35% in 2016. This is one reason why the ownership rate fell by 10% and could still be falling. ›

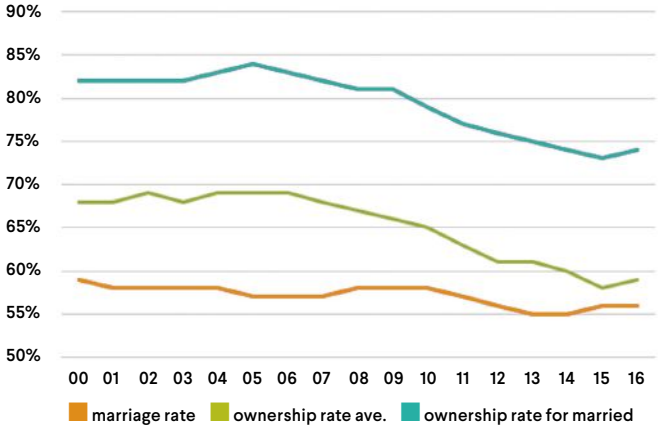
GRAPH 2 DECLINE IN MARRIAGE AND OWNERSHIP RATE DECLINE

KEY TRENDS FOR UNDER 35 AGE GROUP



GRAPH 3 MARRIAGE RATE DECLINE NOT THE MAJOR ISSUE

KEY TRENDS FOR 35-44 AGE GROUP



The marriage and ownership trends for the 35-44 age group is a bit more encouraging. As seen in **GRAPH 3**, the marriage rate for this group fell only 4%. The ownership rate for married households is also much higher at 75%, while the average for the entire group is below 60%. Good news here: The ownership rate for the 35-44 group appears to have hit bottom.

Finally, the ownership and housing start outlook depends on interest rates. The current outlook for interest rates assumes that higher rates will not do too much harm until later in 2019. However, there are storm clouds on the horizon given the Fed's likely actions combined with the expected surge in the Federal budget deficit over the next three years.

Bottom line: Housing demand was hit hard by the demographic events of the 2006-2014 period. The sharp decline in both HHF and ownership rates for younger households played a key role in the extremely large decline in housing demand and in the share that were single-family units. Those trends for this key group are now much more favorable. HHF are moving back to the 1.2-1.3 million level which is consistent with housing starts at the 1.4-1.6 million range. The ownership rate has bottomed and will continue to improve. Finally, the recent improvement in the single-family share should continue for another few years, but probably will not exceed 80% again. ■

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



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> *"Technology brought us to a whole new place where we can be much more productive and much more profitable."*

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BY JAMES ANDERSON

MARCUS LUMBER: BUILDING DREAMS IN THE FIELDS OF IOWA

There is a certain movie quote that once recited, will remind anyone who has seen the film of exactly where the story is set. "If you build it, they will come."

The Kevin Costner classic, "Field of Dreams," is set near Dyersville, Iowa, some four hours away from Marcus, Iowa, where the Leavitt family operates their own dream in a small town among the cornfields of the Hawkeye state.

For 98 years, the Leavitts have served the town of Marcus, in Cherokee County, and its surrounding area. The third-generation owner brothers Bob and Jim Leavitt, and cousin Tom Leavitt and the fourth-generation brothers Grant and Clay Leavitt now make up the 100% family ownership group. The company was founded in 1880 as the Thomas Patton Lumber Company, and then purchased by Roger T. Leavitt in 1920.

In a town of 1,100 people, located in a county with a declining population, the Leavitts have their own "If you build it, they will come" story, and it's paying off by drawing in customers from farther away than Marcus Lumber has ever seen.

EXPANSION

In the fall of 2017, the home improvement center hosted a grand opening event to celebrate its completely remodeled and expanded facility. The expansion created an additional 7,500 square feet in the retail showroom and added 6,000 square feet of storage space in the lumberyard. Today, Marcus Lumber's facility spans 25,000 square feet and features a completely new kitchen and bath center including more than a dozen exhibits, 50 bathroom vanity displays, as well as several full-size walk-in showers. Many of the more than 60 Delta faucet exhibits are fully functional to demonstrate spray options and pressures. The space also features a completely operational kitchen used for cooking demonstrations, and for baking cookies and pastries for customers and staff.

The expansion plan itself was partly born of necessity. In 2004, a fire caused the company to move to a new store it built in 2005. As an ownership group then welcoming the fourth generation into the company, the decision was made to add on to the store.

"We saw the merit of displaying new products," says Grant Leavitt, who along with his brother, Clay, make up the latest generation of Leavitts at Marcus Lumber. "We wanted new products to be a constant driver of getting people to see us." ❯



Marcus Lumber will celebrate 100 years of ownership within the Leavitt family in 2020. Pictured (left to right) are third- and fourth-generation owners Clay, Bob, Grant, Jim and Tom Leavitt.


housewares
bird seed
SAVE BIG
SHOP

The desire to be one of the best stores in the nation drove the Do it Best member-owned Marcus Lumber to swing for a home run when it was time to expand in 2017. The company worked with Do it Best on the plans for the store.

"We're a wow factor now with our new showroom," Grant says. "People are traveling from bigger towns and cities to see us, and we're giving them something to see that's impressive."

While the expansion focused on the showroom, its effect has been felt throughout every department of the store.

"You do the showroom, and you still get increased traffic for nuts and bolts type things," says Clay. Today, Marcus Lumber is drawing from a 60-mile radius to its store. Before the redesign and expansion, the grasp was a 45-mile radius. Customers who used to drive five miles to Sioux City to shop at big box stores are now driving 50 miles to Marcus Lumber. The goal was to increase the company's footprint, says Tom Leavitt. In the process, the company has improved efficiencies throughout the organization.

"WE'RE A WOW FACTOR NOW WITH OUR NEW SHOWROOM. PEOPLE ARE TRAVELING FROM BIGGER TOWNS AND CITIES TO SEE US, AND WE'RE GIVING THEM SOMETHING TO SEE THAT'S IMPRESSIVE."

– GRANT LEAVITT

"We did a lot of work in our yard to make it more efficient before we worked on the store. We built two new sheds for special orders. We looked around and knew we needed to be faster, and now it's part of our process."

With the expansion and process improvements in place, the Leavitts anticipate strong growth at Marcus Lumber, both among the 75% of its customer base who are professional contractors, and the increasing amount of walk-in retail customers.

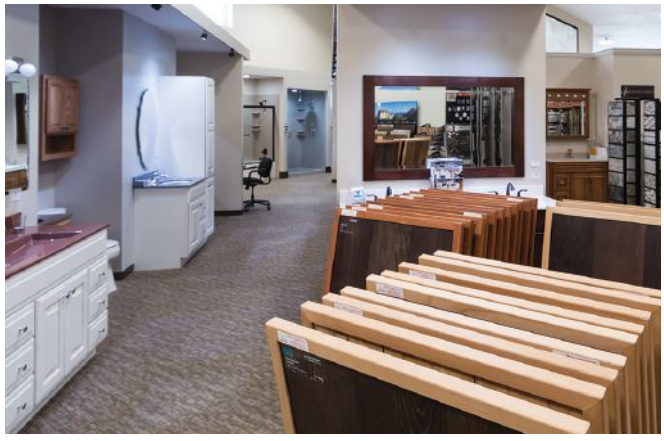
"The changes at the store focus on the end user," says Grant, "but that brings in contractors too."

Already the store has seen kitchen and bath sales up 25%, as well as millwork and windows up 13%. The flooring and composite decking categories are also up double digits. Invoice counts are up slightly and the new store has only been open since Nov. 15, 2017.

DRIVING GROWTH

A major part of Marcus Lumber's success has been the introduction of new product categories. Since Clay's and Grant's great grandfather first bought the lumberyard in 1920, the company has focused on providing quality and varied products to its customers. Most recently, Marcus Lumber and its 35 employees have adapted to product offerings that have been innovative and first-to-market in the area. The innovative products include Onyx showers, ZIP System panels, Versetta Stone, LP Smartside, and more.









"Those are things that we were ahead of the curve on," says Grant. "Once we get into something we go head first. We take a stocking position and we improve our showroom to display the products."

While product trends change (for a time in the 1950s, the company sold corn dryers in five states), the team at Marcus Lumber has kept up with the trends over the years. With lengthy staff tenure, one of the company's core values is its ability to adapt to change.

A number of Marcus Lumber staff, including management and owners, has experience working in the trades. Both Clay and Grant spent time working for other companies before joining the family business. Each of the company's sales team members has field construction experience, and there is an interior designer on staff in the showroom.

For more than 70 years, the company has had its own plumbing and heating department that offers installs. There are now five full-time HVAC service technicians. Marcus Lumber staff also installs furnaces, showers, and air conditioners.

"It's important to know the trades," Grant says. "It helps us understand the customers from their standpoint."

As such, the company utilizes 11 delivery vehicles of varying sizes and functions. Nearly 90% of sales are delivered goods. On average, the company serves 50 delivery stops per day. Marcus Lumber has continually adapted to changes in technology as well. The employees who once wrote out paper tickets now operate a sales system that is completely electronic. The showroom features video boards announcing product information and promotions.



The redesigned and remodeled Marcus Lumber features more than a dozen exhibits, 50 bathroom vanity displays, as well as several full-size walk-in showers. Many of the more than 60 Delta faucet exhibits are fully functional to demonstrate spray options and pressures. The company also added warehouse space and increased storage and delivery capabilities to handle the 50 deliveries it averages each day.

GET TO KNOW MARCUS LUMBER

FOUNDED	1920
OWNERSHIP	FAMILY
LOCATIONS	ONE
EMPLOYEES	35
CO-OP	DO IT BEST
SOFTWARE PLATFORM	SPRUCE
TOP THREE VENDORS	ANDERSEN WINDOWS BERTCH CABINETS ONYX SHOWERS

The company's fourth generation of leaders is heavily involved in social media, and uses it as a recruiting tool to reach an entirely new generation of employee. The company has active Twitter, Facebook, Instagram, Pinterest, Houzz, and LinkedIn profiles.

"We've recruited people through Facebook," Grant says. "We found a truck driver that way. Facebook was a lowkey way to start a conversation. Now he's here and we hope to keep him a long time."

Grant says the company is always in recruitment mode. When they meet someone in the community, or continually witness or hear positive things about someone, they proactively approach that person. They let them know they'd be a good fit and ask if they have interest in a meeting.

"People are impressed when you call them and say you've heard positive things about them. They're intrigued. They may not be hearing that where they are currently working," he said.

Grant and Clay are leaving their own marks on the company. They've introduced a business book club to the sales staff in which staff members read and discuss a book. They're also introducing business and sales podcasts and they've appeared on a recent episode of Bradley Hartmann's Behind Your Back podcast.

While the fourth generation helps the company focus on the latest technologies and business processes in smalltown Iowa, the Leavitts say their focus is ultimately on sustainable growth. In the company's 98-year history, there has never been a layoff or reduction of hours at Marcus Lumber, and the ownership team intends to keep it that way.

The succession plan from third to fourth generation has been in the works for a while, Clay says. As a family business, it was clear when Clay and Grant came back after school and work at other companies that they would soon buy into the business.

"The succession plan, in a broad sense, has been going on since we came down here and used to pretend to drive trucks at night when my dad worked here," Clay says. ■



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THERMA-TRU® DOORS

BY TERRANCE RESNICK

PART I

SUCCESSION PLANNING INSIGHTS

The topic of privately held/family business succession may appear to be rather mundane, but improper succession planning can literally cause the loss of a company and place family members in situations in which they never speak to one another again. It's that serious.

Statistically, only 1/3 of all family businesses will survive from the first to second generation, and less than 15% will survive from the second to third generation. I'm not referring only to companies that are struggling to stay afloat. This sobering statistic includes many, many, businesses that at one time were hugely successful. Think it can't happen to you? None of the individuals involved with those businesses expected it to happen to them either. The fact is, improper business succession planning is a leading cause of ultimate business failure.

My client base of proven business owners and entrepreneurs stretches across the U.S., and although they are involved in different industries, they share many similar attributes, including understanding the importance of business succession planning. More critical than understanding the importance is that they actually took action and implemented a business succession plan that protects the company owners, their families, the employees, and business.

EXAMPLE 1

INADVERTENTLY DISINHERITING YOUR CHILDREN FROM BUSINESS OWNERSHIP

Yes, it happens—more often than business owners realize. Worse yet, this trap snares many business owners who have actually taken the time to implement succession planning. There are many ways in which a business owner can inadvertently disinherit his or her own child. Think it can't happen to you? Think again.

A common situation is a business that has two or more owners that happen to have their children actively working in the business with the intent of continuing the business well into the future. The problem arises when a succession plan doesn't get updated.

Many years ago, siblings, Larry, Harry and Mary started a single lumberyard, as equal owners. The single lumberyard grew to five locations, and the business was thriving. The siblings had the good foresight of establishing a funded buy-sell agreement that would make certain if one of the owners departed the business for any reason that there would be mechanisms in place for the exiting owner's business interest to be bought, and the remaining owners would own the company 50/50. There were many components of the plan. However, the overriding objective was for the company to buy back the stock of any owner who departed the company for any reason.

Sounds fairly straightforward, right? It *was* straightforward when the plan was implemented. However, as time went by Larry, Harry and Mary each had a son come into the business with the *intention* that their own sons would acquire their own parent's shares. Again, a very common intention for many business owners. So, what's the problem? Harry unexpectedly passed away and the dream of having his son own his shares passed away as well. Remember, each of the owners' business interest was structured to be bought by the company at their passing. In this particular situation, Harry's shares at his passing were purchased by the company. Harry's son's business ownership future—over and done.

EXAMPLE 2

UNINTENDED OWNERS—FORCED SALE OF THE COMPANY

Bill and Will, two lifelong friends, started a lumber supply company together. Bill's strengths were on the entrepreneurial side and Will brought blue collar talents to the team. They determined that company ownership would be held 55% by Bill and 45% by Will.

Although Bill and Will remained the closest of friends and business associates, neither was particularly close with the other's wife, as neither wife was actively involved in the business. Furthermore in the 25 years that Bill and Will owned the company, there weren't more than a few times per year that the spouses stopped by the business. One day that all changed. Bill was in a fatal accident and because there wasn't properly structured succession planning, Bill's wife was now the owner of his 55% interest.

Bill's wife and Will, now co-owners, talked and Will assured her that he would be able to keep the company profitable as it always had been. Even though Bill's wife wanted to believe in Will, she was not comfortable putting her financial future in the hands of someone she couldn't know for certain could keep the business successful without Bill's input. Bill's wife decided to immediately sell...during a down economy and for a sales price much less than what the company would have garnered during a more normal economic time.

Clearly, well-thought out succession plans (whether the objective is to keep the company in the family, or to prepare it for sale) can have an enormous impact on a company's future. We'll address this topic in parts II and III in the next two issues of *LBM Journal*, as well as at the LBM Strategies Conference, Sept. 19-21 in Philadelphia. ■

Terrance K. Resnick is a partner in Resnick Associates, a nationally recognized business succession, estate planning and life insurance advisory and implementation firm with offices in Harrisburg, Penn., and Kansas City. Terry works with many lumber related co-ops and their individual business owner members across the U.S. You can reach Terry at terry@resnickassoc.com or 717.652.2929





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REAL ISSUES. REAL ANSWERS.



Offering purchase discounts to pro customers is an accepted, long-standing strategy that many lumberyards use to encourage loyalty from pro customers. But given the competitive and complex nature of today's LBM business, how beneficial are they, really? More importantly, are they worth the hit to the bottom line? That's the essence of this month's Real Issues question, from a dealer who's considering pulling the plug on their contractor discount program.

CONTRACTOR DISCOUNTS

BY RICK SCHUMACHER

THIS MONTH'S QUESTION came from a pro-dealer in the Midwest who wrote: "We're rethinking our policy of offering contractor discounts. Our company has offered contractor discounts for many years. It has been a tool to build loyalty, and it has worked well. However, it has become problematic on some jobs, and it is also time-consuming to manage returns with discounts.

"Eliminating the discount would be the easier move and would force our contracting customers to put the margin on their labor, where it belongs. Before making a decision, I'd love to learn what others have done—especially those with experience changing or ending a contractor discount program."

Thank you to the more than 200 readers who took time to share their thoughts on this survey. Notably, many of the answers were very detailed, which shows how relevant this question is for members of our industry. As we do each month, we emailed this survey to subscribers who've opted in to receive our email communications. If you'd like to be added to that list, please let me know at Rick@LBMJournal.com.

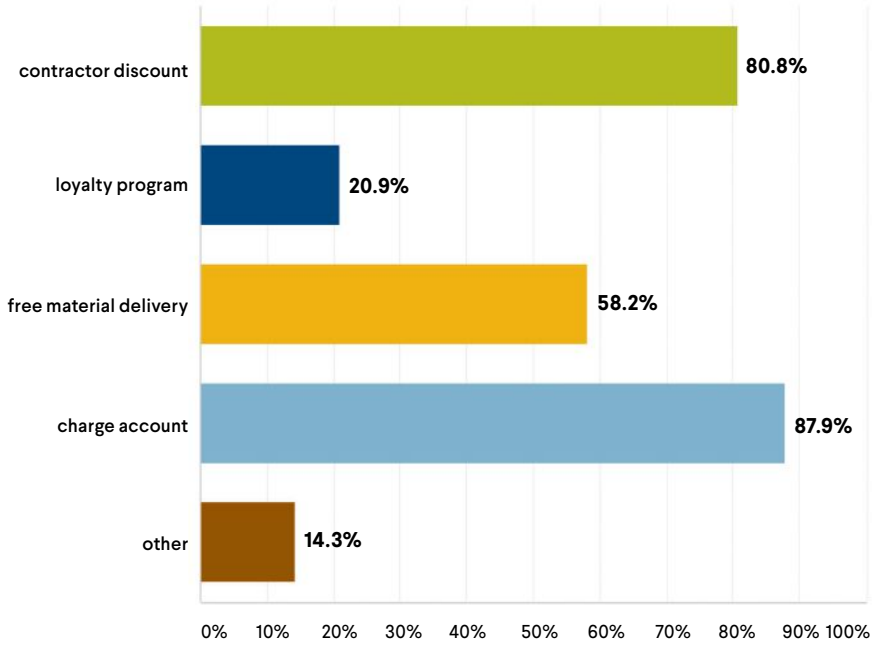
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QUESTION 1

Which of the following does your company offer to build loyalty with its pro-customers?

First, we wanted to gauge what readers do in order to build relationships with their clients.

As the chart shows, contractor discounts are very common among respondents, with more than four of five dealers (80.8%) checking that box. Discounts are second only to charge accounts, which nearly nine of ten (87.9%) of respondents' companies offer. A distant third, free material delivery, is provided by 58.2%, and about one in five (20.9%) offer some kind of loyalty program. Of the 14.3% who checked "Other," representative answers included:



"We offer 10% off on all cash/carry lumber."

"Rebates."

"Free CAD drawings and free estimating."

"Volume discounts."

"No restock charge for stocked material."

"We just discontinued the contractor discount, lowered the prices on thousands of items to a 'guaranteed low price' structure and are working on implementing a loyalty program."

QUESTION 2

"We're rethinking our policy of offering contractor discounts. Our company has offered contractor discounts for many years. It has been a tool to build loyalty, and it has worked well. However, it has become problematic on some jobs, and it is also time-consuming to manage returns with discounts. Eliminating the discount would be the easier move and would force our contracting customers to put the margin on their labor, where it belongs. Before making a decision, I'd love to learn what others have done—especially those with experience changing or ending a contractor discount program."

Below are fellow industry professionals respones to this question.

"Still offering contractor discounts. I believe they give us the flexibility to get and keep contractors. We will be interested in the results of this survey."

"Our contractor discount program is not without those same problems, but we regard those problems as a lesser of two evils. We can eliminate the program and potentially eliminate loyal customers, or deal with the pitfalls such a program inherently has. It's just the cost of doing business."

"Look at it from another perspective: you aren't really giving contractors discounts, you are charging everyone else more so it looks like the pros are getting a discount."

"It has been many years since we offered discounts. We have always worked to build a relationship based on our company being of value to the customer rather than having the lowest, most discounted price. You are right, discounts can be problematic, serving sometimes as points of contention that 'clutter up' the relationship."

"We did away with our 2% cash discount 10 years ago when everyone else was adding a fuel surcharge. Met with little resistance. Over the course of time, this small change has added much to the bottom line."

"Hard to stop once it's in place. Would suggest a rebate/fee back to the lumberyard if certain conditions were not met but agreed to. For example, if the account is not current, an additional 1% would be added to the outstanding balance monthly, if in the rebate/loyalty program. That way the lumberyard is rewarded as well as the contractor who pays his bill on time."

"We still use the contractor discounts across our store. We also will match a competitors' price as well. If you are going to do away with the discount you will have to be competitive with your prices."

›

"Our company is fairly large, top 20 in the nation, and we do offer contractor discounts and loyalty rebates. In our market, to get rid of discounts would mean effectively raising all prices across the board. Getting rid of rebates for our largest customers would likely be suicide. I do not know how much volume you are dealing with, but in our situation, we must look at the big picture and focus on overall gross profit dollars and thus a net/net return. After the discounts and the rebates, are we A) making enough of a return for the family and the board, and B) making enough money to continue to grow and provide for our employees.

"If credits specifically plague your operation, I suggest delineating your process, making sure your customers understand what products are returnable and for how much, and that they understand restock fees and vendor return deadlines. If credits are eroding too much of your bottom line, try to restore some GP dollars with a firm understanding/partnership from your customer base on how it must work. Honesty can be painful and scary but will pay dividends in the long run."

"We have a single-tier pricing schedule and have toyed around with tier pricing. Currently, our sales reps have the discretion to adjust the GM% based on many variables. Obviously, the lower the GM%, the less they make. It is a delicate balancing act that factors in many other outside variables (competition, volume, size of job, relationship level, etc.)."

"We changed our discount to 2% 20 years ago and offer a yearly discount of 0.5% to 2% based on volume."

"The customer discount is a necessary tool to build a solid base and strengthen the bond of trust between the supplier and their customers. That being said, once the relationship has been built, the discount should cease via the supplier, and be put into the labor margin on the contractor side as stated. If the supplier is the only side working to retain a relationship with its customer base, then it is not a relationship, but a one-sided business arrangement, and a bad one at that."

"It depends what the questioner means by 'discount.' Approximately 50% of our sales result from a bid of a material list in advance of making the sale, and these products are lower than the list price. Virtually all the products on these bids are lumber, panel, engineered lumber, building materials and builders hardware. If this is 'discounting,' it is vital to our success. If, on the other hand, a sale results when a pro buys products from our store of products that were not on a bid, the pricing is at the discretion of the salesperson. Our practice in this form of 'discounting' needs constant vigilance. But since all our sales people are paid on gross margin dollars, they, at least, have skin in the game."

"You simply can't treat a $100,000 customer like a $100 customer."

"If you are the leader in your market, you may have a chance to get away from discounts (or lower them), but just like we look at cash discounts as profit opportunities, so do builders. I would be very careful, and most likely *not* get away from a cash discount. However, I would strongly recommend lowering it if at all possible."

"All of these discounts, loyalty programs, rebates, etc. are one pain in the a_____."

"The discount does not build loyalty for all but a small percentage of customers, in our view."

"In our area, several competitors offer a 5% discount. If you are going to convince contractors to do business with you, many will not change without a discount. If we open a new store is in an area where no one is doing discounts, we do not offer them either."

"Our contractor pricing levels are based on purchasing volume, reviewed annually and adjusted accordingly. I don't see us ever moving away from having lower pricing for contractors than for homeowners/consumers, so I'm not in a position to fully answer the question. Our point-of-sale system makes the pricing easy to track for returns, so again, no issues there."

"It's a double-edged sword. If you get rid of the contractor discount you are saying you don't value volume business. Contractors are finicky creatures and appreciate getting 'contractor' pricing. The trick is to find a sweet spot where your margin is healthy enough to offer a contractor discount without making your pricing too high for anyone but the contractors. Repeat business is our lifeblood and 'contractor' discounts incentivize having them repeat their business with our company."

"Our point-of-sale program makes it easy to handle returns and discounts. The way our discount program works helps too, as not just any contractor receives discounts. There is a level of spending and credit that has to be built to become eligible. I think we benefit more from the loyalty we gain with contractor discounts than we are inconvenienced by their returns. There is also incentive, of course, for new contractors to do business with us with our discount program."

"Eliminate the discounts."

"What we were finding was to maintain margins we had to inflate the shelf pricing to offset the contractor discounts. This was driving business away from the store for the customers that did not receive the discount or for the contractors that took our shelf price for face value, (not figuring their true net cost correctly). The other issue was flow. Our contractors were going into our contract sales department to negotiate a better price or for us to match our competitor's price, thus taking much longer to complete their purchase and to get in and out of the store in a timely manner.

"Approximately three months ago, we discontinued the contractor discount structure, implemented a 'guaranteed low price' structure, truly lowering thousands of prices across the entire yard and store to match or beat our competitors' pricing. We definitely had to soothe the long-term discount customers, but they are still with us. The end result is traffic is increasing, the average sale amount is increasing, and we are up *three* points in margin!" ›

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"I cannot imagine trying to eliminate the contractor 'discount' we offer. Fortunately our computer system keeps track of individual contractor pricing so returns are priced exactly as sold and not a problem. We also use the computer system to tailor pricing for each type of customer and so we do not offer a blanket discount."

"It would be very hard to end such a program. There is always somebody out there who will continue to offer that discount."

"We use a sliding scale starting at $500 purchase at one time. The discount gets larger the more a customer purchases. Large established accounts are set at their monthly purchase totals. All set discount accounts are looked at quarterly and lowered if volume determines that a discount level has changed."

"We have not gone ahead with ending contractor discount programs. However, if you're thinking about doing so, I would spend time thinking about what your competition will gain by this move. Short-term consequences are your customers will contact your competition and possibly switch if they offer the discounts and deliver on service. It gives your current loyal customers an excuse to consider your competition more seriously. Changing or getting creative with your discount program would be more advantageous, in my opinion."

"We have gone to job-by-job pricing."

"It has been our experience that most contractors/builders are more interested in a product's 'real cost' than a discount program. One cannot offer their best prices, and have it combined with a discount program. It just does not work."

"We changed our discount from 2% to 1% within the last year and had virtually no fallout. The reason for the discount is to improve cash flow, which it does. Our Days Sales Outstanding is well below industry bench marks. We use the discount as a selling tool."

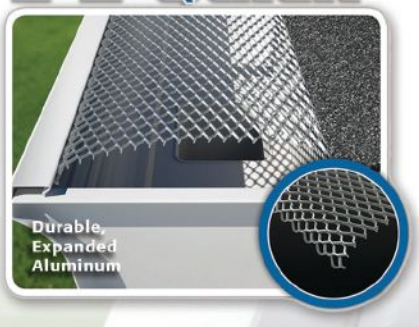
"We did that forever, ended it during the downturn and it has never been an issue since. Pull the band-aid off, leave the existing accounts grandfathered in and go on from today."

"I completely understand where you're coming from. Nowadays, loyalty is far scarcer than it used to be. It's kind of a catch-22. I feel like either way, you'll look back and think maybe you should have done it the other way."

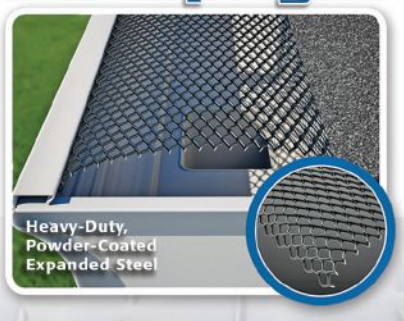
"Continue the program with contractors who buy the most and whose business is most important." ›



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"Rather than stated discounts, we have a formal tiered pricing program, with different mark-ups for different types of accounts: 1) Large repeat builders, 2) Repeat custom home builders, 3) Small builders/contractors, 4) Homeowner builders, 5) Retail, 6) Installed retail. Since we don't show discounts as a line item on the invoice, it is easy to change our pricing for the various types of customers. If we judge we need to improve our margins, we typically change our markup standard when we receive price increases from our suppliers."

"Contractor discounts are not a problem to manage if you have the right system in place. I would never take away the contractor discount program we have had in place for the last 31 years. It builds loyalty with your customer. If you need to make more money, just raise your prices."

"Being in the heart of the Midwest, our contractors are very used to being 'spoiled' with free deliveries and returns, discounts, and as close to price-matching as we can afford. Since we are always in the middle of constant battles for our contractor's complete business, I never feel like I can end the discount program. Our program does require payment with check or cash to receive the discount, and of course be current on their account."

"Everything boils down to net dollars. If you offer a discount for loyalty, you have that built into your pricing. Telling a customer that they will get a lower price and not the loyalty discount will help them with their bottom line profits. If you are servicing your customers and giving them the best value for their dollar, they should always want to do business with you regardless of some rebate that they ultimately pay for."

"Sore subject! Super slim margins don't really allow discounts, every point given is a point of margin. Years past it was okay, but not now. Some are 'grandfathered' in and continue with discount. Some just take a discount unearned. We only give a discount to new customers who ask *and* who maintain a certain volume. Most customers don't complain."

"I agree 100%. We have only a handful of builders on a discount program."

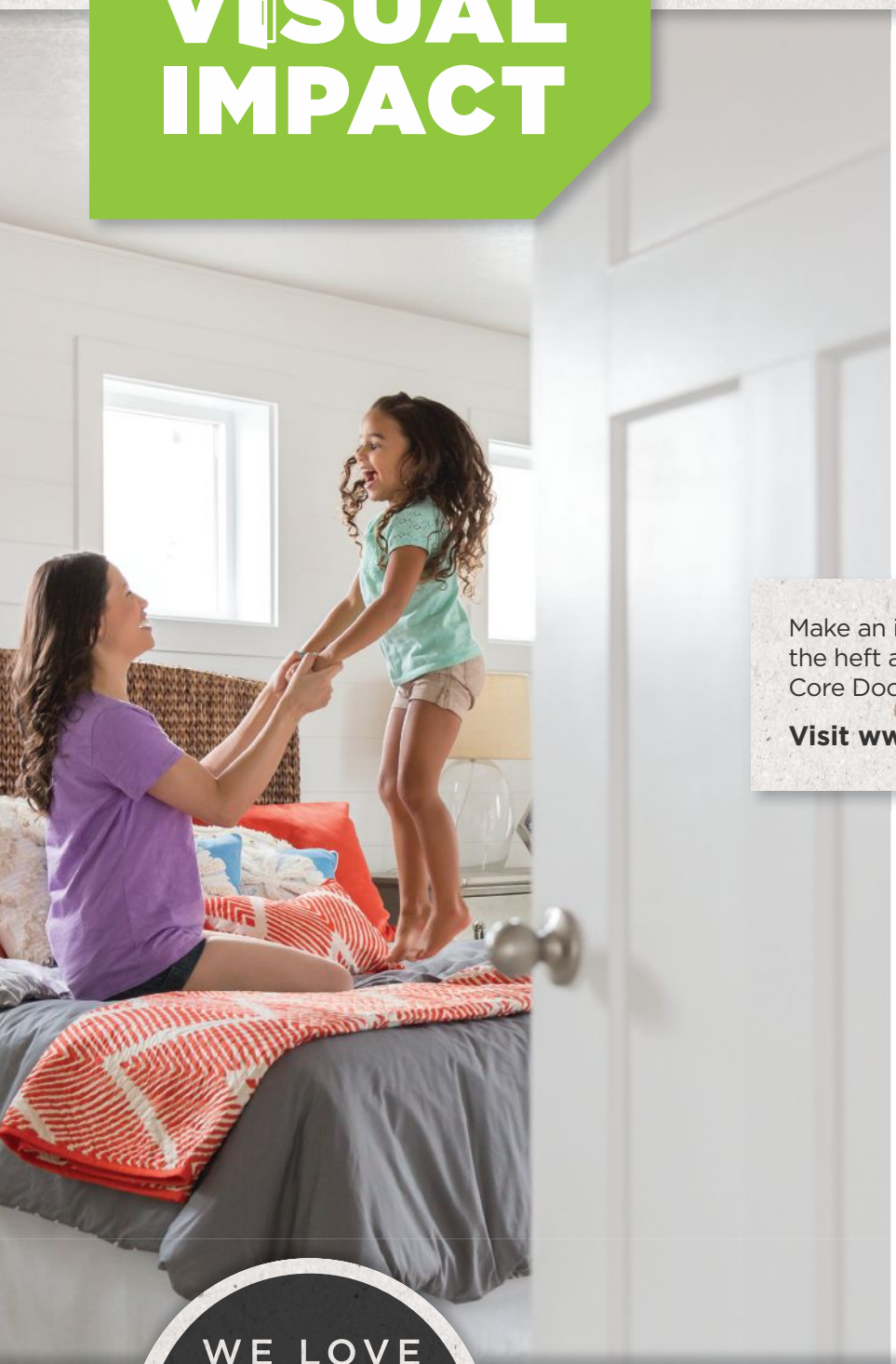
"A contractor discount is not the problem. What if the contractor pays with a credit card? Then you've given away two discounts instead of one."

"I would love to end the cash discount practice, but we believe that our competitors would not eliminate their discounts and we would lose business to them." ›



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"Ten years ago, we changed our on-time payment discount from 2% to 1% with very few complaints. Since then we have not offered that discount on any new account. As to everyday discounts, we have eliminated the contractor discount on most in-store items. Our explanation to contractors is that Joe Homeowner isn't going to buy the products we sell in the size and quantity we offer. Therefore, our pricing is the contractor price. We have always priced lumber and commodities based on the size and scope of the project. Returns are not a problem, pricing is locked in per job and sub account."

"Eliminate the discount. You may have to make a few exceptions for a few high volume, good pay, loyal accounts. But for the most part, discounts do little to build loyalty or encourage prompt payment. Consider, instead, a customer loyalty program specifically targeted to customers you want to reward."

"We've never offered a contractor/customer discount program. We offer our contractors charge accounts and free delivery. We focus on service, not necessarily the bottom dollar. That is becoming increasingly difficult when bidding against chain stores and box stores, but I stand firm by our place in the market. We also work to build relationships with our contractors and provide referrals to customers looking for labor on projects. This helps create contractor loyalty because we give the recommendations for work and they get the materials for the job from us. It has worked well for our third generation, family-owned business celebrating our 61st year in business."

"During the recession from 2007 to 2012, we watched all the lumberyards close that sold at full retail with no contractor discounts. Obviously there were also other issues that contributed to their closing as well. But when their customers came to us they were shocked that we were giving contractor discounts and felt like they had been taken advantage of for many years. Our base pricing is contractor price with further discounts based on volume."

"Our point of sale software handles some of these issues better, returns aren't a problem because they are matched up with the invoice they were sold on by our POS. The majority of our contractors don't get a discount, but they do get better pricing, which is based on the volume that they purchase. We do have a few contractors who just insist that they get a discount. Our POS allows us to do this for these individuals, by adding a percentage to the retail price on everything they buy (a price level is set up in our system for this). Their invoices show a higher price and their statements have a discount. It's nice that our POS allows us to do this, with these individuals it was either give them a discount or they were going to take their business elsewhere. Giving them a discount allows us to keep their business. We feel that being flexible and keeping the customer is what's most important."

"I would advise this company to seek input from their customers and accommodate their individual needs. Some contractors rely on that discount as a means to help absorb cost overruns while other contractors see it as one more step of paperwork. That was the approach we took and for the most part has worked well. Communication is the key as every contractor runs their business differently. Be open with your contractors and let them know you are there to help them be successful and are willing to adapt to their needs. After all, if the contractors fail financially, they won't be around to purchase products from us."

"Lasting loyalty is earned, not bought."

"We are phasing out contractor discounts because I can offer the same prices to the walk-in clients and get paid the same day. Contractors want terms, so we have to wait 27.9 days to get paid, as that is our average days to collect. Plus, this really makes my pricing look competitive with the box stores by offering the contractor discount to everyone and I get paid for the product earlier, so it is a positive trade off to my bottom line by not having to wait for my money."

"For many years we offered a 10% prompt pay discount to our contractors with accounts, and those that paid cash received it off invoice. We were essentially inflating the price to make us market-competitive after the discount. As a result, our pricing looked very high to anyone we quoted a price to who did not receive or was not aware of the discount. We chose to terminate the discount and took many of our products to a net price, while still offering 1% pre-pay discount. We did take a basket of commodity items and assigned tiered pricing that was more aggressive based on volume. Larger builders receive negotiated pricing for a period of time. A couple of big ticket categories, such as cabinets and windows, still have a bigger spread between consumer and contractor. There was minimal push-back from our customers, just a few who were fairly vocal, all of whom were remodelers. The end-result to our margin was not significant either way since we got more aggressive on some commodities. I do think it helped us grow market share."

"We work primarily with contractors. Our sales department has the ability to give special pricing across the board. It is their job to capture as much margin as they can (they get commission based on this). Our team goal is to have as many items as possible go out at list price. The sales team will identify the important items for the contractor to discount. They have the ability to price things specifically for a job, a certain time frame, or for the entire account."

"When a program such as this is eliminated it is an excellent opportunity for customers to shop around. The initial shock often makes customers feel betrayed. If you are sure you are the most price-competitive option for your customers without the discount, then it might not matter, but if your competitor is offering a similar discount after you discontinue yours, you will have lost a customer. It is better to phase out a program like this slowly by not offering it to new customers but keeping loyal customers loyal by continuing the program with them."

"We have also discussed this issue many times. Our yard is in a small town and we have had to keep the discount program to keep contractors shopping here. There are some things we don't offer a discount on because we don't have enough margin to work with. I feel if the contractors are staying loyal to us then we should be giving them a discount. It helps their business and ours. But it does involve extra work on our part."

"I would love to end our contractor discounts and charge for deliveries, but the only way to do this and make it stick is if all competitors followed suit."

"Instead of a discount we try to offer a year-end volume rebate. A percentage on total gross sales."

"We have been moving to a lower discount percentage, and net pricing for new business."

"Continue to give the biggest and 'best' companies the discount. Best are those that always pay on time. We are always challenged with 'your prices are good, but Lowes will give me a 5% contractor discount.' We just try to fall in line with a 1%-5% discount by category and also offer a year-end rebate of 1%-2.5%, depending on sales volume/profitability. We have solid margins and thought about just increasing the discount and ending the year-end rebate, since a lot of contractors are not the greatest with cash-flow through the year." ■

Hundreds of readers share their insights for this every-issue feature. Have a Real Issue? Contact me at Rick@LBMJournal.com.

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WHY WE CAN'T IGNORE THE AFFORDABLE HOUSING CRISIS

A Q&A WITH GARY E. ROBINETTE



Gary E. Robinette is chairman and CEO of Ply Gem Building Products, a leading North American manufacturer of exterior building products based in Cary, N.C., and a 39 year veteran of the building industry. He is an active member on the Xavier University Board of Trustees and the Policy Advisory Board of the Joint Center for Housing Studies at Harvard University. In 2016, Gary and the Ply Gem team created the Home for Good project, a corporate social responsibility initiative developed to create awareness of the need for more affordable housing.

Q: Affordable housing has become a nationwide crisis. How big is the problem?

A: It's a significant problem. According to the U.S. Department of Housing and Urban Development, millions of Americans across the country cannot afford their homes or rental units. About 12 million homeowner or renter households spend more than half of their annual income on housing, meaning they have very limited funds for other basic needs like food and clothing. Even in our own backyard in Wake County, North Carolina, there is an urgent need for over 50,000 low income housing units, and that number is expected to triple by 2035 if something drastic isn't done.

Part of the problem is that the inventory of starter homes is tight. Builders — struggling with high land prices, labor shortages and tight local regulations — have been forced to build more homes at the higher end of the market to cover increased costs. Affordable housing is almost completely out of reach for typical first-time buyers, which concerns me as an industry leader and is why Ply Gem is at the forefront of solving this national crisis with the Home for Good project.

Q: What motivated Ply Gem to launch the Home for Good project and what impact has it had so far?

A: We believe companies have an obligation to support the communities and people they rely on every day to grow their business. Through the Home for Good project, we've taken our 75 years of experience and dedication to creating quality products that make beautiful homes and turned it into our mission. This project has allowed Ply Gem to take the products we make, the building community relationships we have, and our national footprint to help build homes and peace of mind with families who are working hard to achieve the dream of homeownership. Since 2016, we've donated more than $1.8 million in products to Habitat for Humanity, helped to build more than 450 homes in over 70 communities and worked diligently to raise awareness of the need for more affordable housing.

Q: What else can be done?

A: Businesses need to accelerate their pace of innovation to find ways to make building more affordable. Ply Gem is doing so by investing in advanced material solutions to drive down the cost of housing materials. One example is Ply Gem's extensive portfolio of vinyl siding, which is designed for easy installation — meaning less labor — decreasing the amount of time and money it takes to complete a home. However, we need the support of our customers and home-building community at large to adequately leverage the advantages of our product solutions. I encourage distributors, lumberyards, builders and contractors to join Ply Gem in addressing the affordable housing crisis by participating in the Home for Good project community builds and helping us spread the word. Participants can find a build location in their area by visiting www.HomeForGoodproject.com. We also encourage our customers to contact their Ply Gem sales representative to discuss a customized Home for Good project program specific to their community.

Q: Provide our readers with a glimpse of what The Home for Good project is setting out to accomplish this year.

A: In 2018, we are expanding this effort to more directly impact local communities. We are continuing our partnership with national campaign ambassador, Grammy award winner, Darius Rucker, and have also partnered with country music artists Brett Young and Lauren Alaina as regional ambassadors to draw more attention to our mission. Our ambassadors share our concern for the affordable housing crisis and are able to connect homeowners and building professionals through country music. Overall, I am optimistic we can help solve the affordable housing crisis as an industry and I anticipate many successful builds in the months ahead.

For information on the complete product portfolio from Ply Gem, visit plygem.com



"I'm honored to support the work Ply Gem is doing through the Home for Good project and see families experience the pride and joy of homeownership."

– Darius Rucker

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IN DEPTH

WINDOWS & DOORS

SIMPLICITY IN STYLES AND AN EMPHASIS ON TECHNOLOGY-DRIVEN SALES TOOLS PUT THE POWER FOR INCREASED SALES IN THE HANDS OF DISTRIBUTORS.

ONCE UPON A TIME, a major player in the real estate world said that windows and doors didn't matter, that consumers simply expect them in a home but don't think much about them. Now, few products in the building industry have emerged to have more impact on homeowners and builders alike making personal statements with a structure. And the doors and windows industry as a whole continues to provide prevailing and emerging trends in design.

BY MICHAEL BERGER

Gone are the days of gaudiness, of the overly ornate. Instead, simplicity rules, and an appreciation for timeless design seems to be steadying the pendulum swing that at times over the past few decades has swung to the extreme.

As well, a steadiness prevails in the projected growth of the window and door market. According to the *Windows and Doors Market Forecast* by The Freedonia Group, the fenestration industry as a whole is poised for consistent growth, with an expected annual growth rate of 4.8% through 2021, a growth that doesn't even factor in the devastating impact of last year's natural disasters. Even before California was ravaged by wildfires in December, 2017 looked to be one of the worst years on record in regards to property damage.

According to the news source *The Hill* which cited Moody's investor services, Hurricane Maria caused $40 billion worth of destruction, Irma brought about $56.5 billion, and Harvey another $73 billion. Calculate in the aforementioned wildfires (which California Insurance Commissioner Dave Jones estimates caused $11.8 billion), and you have an industry that is positioned for long-term growth and robust short-term rebuilding.

George Castro, Sales Director for Neuma Doors, sees strong growth on the horizon. "The rate of growth depends on the market segment," he explains. "New construction growth could be in the single digits; however, we could see an excess of 14% growth in the multi-family and remodeling segments. Due to impact of Harvey in the State of Texas, those numbers may be even greater for the next two to three years."

"If the first two months of 2018 are a bellwether for the rest of the year, our industry is going to be all smiles," says Darek Szyszko, Business Manager for Glenview Doors. "In particular, we have noticed a drastic uptick in single-family and mid- to high-end custom work. We are very bullish on 2018, and the recent stock market highs and resurgence of new construction has been a great boon for our industry. We are projecting and have planned for a double-digit year-to-year increase for 2018."



OPPOSITE PAGE: Therma-Tru released in March of this year its Expressions products, including the Classic-Craft American Style Collection Shaker-Style Doors shown here. According to the manufacturer, these premium Shaker-style entry doors and sidelites incorporate solid-panel styles and entries with full-lite "EnLiten" flush-glazed glass to create a simple, yet sophisticated look.

LEFT: Available in over 80 configurations, Marvin's Wood Ultimate Bi-Fold Door can be ordered in sizes up to 55' wide and 10' tall, making it adaptable to a wide variety of applications and design styles.

BELOW: Debuted at this year's NAHB International Builders' Show, Ply Gem's MaxView aluminum three-panel multi-slide door system covers 18' in width and 10' in height, and features a minimalist frame design intended to maximize the glass viewing area, with vertical sight lines of just 19mm (3/4") wide.



Mark Montgomery, Vice President of Marketing at Ply Gem Windows, shares Castro's and Szyszko's optimism. "We've seen steady growth of windows and doors in the U.S. and Canada, especially in the new construction market," he says. "We anticipate this will continue over the next few years as consumer confidence and demand for housing remains high. The remodeling market is also a strong growth area for Ply Gem, and while we've seen the demand for multifamily units slow down, it still remains at a healthy level."

ORNATE, NO. SIMPLICITY, YES.

Remodelers, contractors, builders and architects are seeking differentiating ways to incorporate doors and windows into their work, and if there's a buzzword in the category this year, it's "prefinished." With a color palette that's trending toward darker hues, builders are looking for products that enable fast installations and deliver on low maintenance. According to Glass-Craft Doors, more than 50% of its wood doors, 80% of its fiberglass composite doors, and 100% of its steel doors are ordered with a factory finish. ›

And consumers aren't limited to finishes that are determined by the factory. As Phil Wengerd, Vice President of Market Strategies for ProVia explains, "More homeowners are taking advantage of the opportunity to choose custom colors for their windows. For example, ProVia's painted window program offers nearly unlimited options. Customers can choose from 16 standard paint colors, or they can go to a Sherwin-Williams paint store and make a color selection, or they can provide a paint sample for ProVia to match."

If there's a trend that's fading, it's the demand for the elaborate. Instead of doors or windows with beveled glass and ornate design, homeowners and builders alike are opting for simpler designs, clean lines, and large unobstructed expanses of glass. "In doorglass, we are seeing more customers with preferences for minimalist design," says Scot Harder, Vice President of Sales and Marketing for ODL's Pro Channel. In response to this trend, ODL is focusing on designs that incorporate fewer bevels, and instead using metals, glass and printing as featured design elements.

"The ultra-elaborate leaded/beveled glass door is dropping quickly in demand," says John Plummer, founder and President of GlassCraft Door Company. "Instead, it's being replaced by much simpler design offerings such as divided lite or mid-century modern doors." Wes Ley, Product Manager of entry and storm doors for ProVia, agrees with Plummer. "In terms of style, Craftsman and Modern doors are both popular right now," he says, adding that homeowners are gravitating toward tones of grays and blues.





ABOVE: ProVia's decorative glass options can be outfitted in both its door and window lines, thus allowing homeowners to match designs from window to door. According to ProVia, each option allows homeowners to customize the look and feel of their windows, while adding some privacy and beauty to select rooms.

RIGHT: Thermo-Tech Premium Windows and Doors offers energy-saving glass performance packages to fit a variety of needs. Each are thoroughly tested for thermal performance to the most widely recognized national standards.

Kris Hanson is Senior Manager of Product Management at Marvin Windows and Doors, and he also sees homeowners gravitating toward larger, simpler designs but with a softer feel. "We believe this trend will continue, as homeowners' desire to bring in more natural light will only increase," he explains. "In addition to bigger sizes, we're noticing the popular geometric styles of contemporary and modern design are softening with more round top windows and doors being used, and an increasing appreciation for the warmth and character of wood materials."

And because of the aforementioned storms of the past year, there's an increased interest in fenestration products that are capable of withstanding extreme environments and harsh conditions. According to Ply Gem, builders and remodelers are seeking windows and doors that have high impact ratings, combined with easy operation for the homeowner.

This isn't to say that everything is trending toward post-modernism, as there will always be a demand for window and door styles that are timeless. "We have noticed a huge increase in what I call the transitional segment," explains Glenview's Szyszko. "The grandeur and elegance of classically styled doors with a modern twist will always be popular, designs that still fit in the 'traditional' mold but with less raised moldings along with a general trend toward a darker color pallet."

CRAFTSMANSHIP TRUMPS PRICE

Homeowners and builders alike continue to look for energy efficiency, high performance ratings, and overall craftsmanship. "Our research tells us that homeowners select [a product] based on appearance and price," says ODL's Scot Harder, "however, the key benefit to both the contractor and the homeowner comes with how the product performs once it's installed. If the glass leaks or fogs up, it doesn't matter if style or price point was selected as a key buying feature—the homeowner will be unhappy and the contractor will be responsible for fixing the problems until the glass is functioning properly." ›



Marcus Mullett and Jeremiah Miller hand-apply rich colors that turn a fiberglass door into a true-to-life woodgrain work of art.

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Sound transmission characteristics are another growing consideration in residential construction, and builders are seeking out products that carry a higher Sound Transmission Class (STC) rating. "Improved sound control is especially important in urban and suburban homes and buildings near infrastructure such as airports or highways," explains Ply Gem's Mark Montgomery. "Our STC glass packages can be configured with STC ratings of up to 35, which reduces outside noise by approximately 40% when compared to single-hung window units with no protection."

While it's common sense that purchasers (both builder and homeowner) look for efficiency and performance, it's often the less obvious, the ephemeral, that steers a builder toward one product and away from another, and dealers need to stand ready to deliver such products. As Marvin's Kris Hanson explains, "Outside of the common benefits contractors and homeowners should look for in a window or door, they should look for a manufacturer that they can rely on to help navigate options to save them time. In the case of Marvin, we act as a trusted partner and a source of expert resources, whether that's offering tips to properly install our windows, explaining how to navigate the latest home design trends or offering tips to builders about providing solid counsel to homeowners to help them see their vision come to life."

Flexibility and understanding on the part of the distributor that there isn't any single product choice solution is key. At times, purchases will be driven by rapid availability and on-the-spot delivery. Other times, stock won't cut it, and distributors need to be able to provide custom options that reflect individuality. "What drives the purchasing decision will vary from client to client," says Glenview's Szyszko. "Sometimes you need something yesterday, while other times you want something built specifically for you and your family that's named after your first born. Being able to provide both at affordable pricing gives everyone a choice."

Of course, warranties will also continue to be a large part of the purchasing decision. Homeowners demand products that will have guaranteed performance, and builders insist on products that give them piece of mind. To meet these desires, distributors need to be well versed in warranty coverage and offer products that are backed by strong coverage.

According to David Perkins, Vice President of North American Residential Marketing for Masonite, "Warranties continue to play the role of providing peace-of-mind to customers. Providing a strong warranty and standing behind it if something does go wrong can be an important factor for customers. It shows a level of quality in the products and services manufacturers produce."

"The best type of warranty is one that a company will stand behind," says Marvin's Hanson. "Any manufacturer can put something on a piece of paper, but it's important for customers and contractors to know they have a trusted partner they can rely on to follow through."

Glenview's Szyszko echoes Hanson's comments. "There are too many players in our industry that write 10-plus-page warranties that through legal mumbo jumbo create a 'warranted' product that can quickly become unwarranted at the discretion of the manufacturer. Creating a 'get out of jail free card' puts the builder or distributor in an unpleasant situation. You either take care of your client at your cost or pass the buck to a manufacturer who can point to line 12 on page six and say, 'You should have done this—no warranty.' We are big fans of simply written warranties that don't have multiple outs for the company who provided you the product." ›



RIGHT: According to the manufacturer, GlassCraft's ThermaPlus steel composite exterior doors cost up to 40% less than other premium steel doors, offer thermal break, arch top double design options, standard lock sets, multipoint lock options and are trimmable in the field.

BELOW RIGHT: As part of its Home Designer Collection of decorative glass windows, Hy-Lite's new operable awning window comes in two sizes: an oblong 52" x 16" window available in its Mission and Prairie styles, and a 29" square awning window that's available as part of its Mission, Prairie and Baroque styles.

BELOW: Alside's 1900 New Construction Vinyl Window Collection is said to achieve class-leading PG/DP ratings while providing comfort and reduced energy costs. Available in 10 colors and various sizes and configurations, the 1900 Series features a polyurethane coating technology with heat-reflective pigments.







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WHEN IT COMES TO SALES, ONE SIZE DOES NOT FIT ALL

Manufacturers agree that there's a place for the big box store where product choice is mostly driven by price, but it can be a slippery slope if price becomes the driving factor to a dealer. Instead, by stressing true value—product longevity and performance—over base price, along with customization options, contractors and dealers can steer the purchasing discussion away from "lowest price" determination of worth, which in the end can be nothing more than a race to the bottom.

"Dealers are increasingly interested in how to differentiate themselves from the big box stores," says Doug Cook, Sales and Marketing Manager for Thermo-Tech. "They are trending toward a less price-oriented model for this reason. They are providing more services that are ideally supported on a local level such as print take-offs, timed delivery on needed products at various stages of the construction process, and showrooms better suited for selection of products which can be utilized by the contractor's clients."

As Glenview Doors' Szyszko explains, "Since most of our distribution partners offer more than just windows and doors what happens in your clients' minds? Let's say you are 10% more on the volume option; the client automatically asks themselves if you're then going to be 10% higher on the truss, lumber, or other material that he or she is purchasing? I call this testing your relationship—if it's good, they let you know, and you eat the difference. What if they don't? You have now created a situation where they are actively looking at other options. At best you make a little less on the door or window; at worst you have given your client a reason to look elsewhere."

Instead, manufacturers stress a focus on value, customization, service and reputation. "Now more than ever, homeowners are exposed to design inspiration at every turn," says Marvin's Hanson, "and they look for home solutions that will give their space a unique look to match their personal style. Builders and contractors should guide their clients as they begin looking at an existing space in a new way by helping them select products and make design choices that reflect their personalities and lifestyles."

GlassCraft's Plummer agrees that customization can be key to sales success. "Our dealer's customers, be they a home-builder or a home-owner, can customize the door to make it unique and a perfect match for their home," he says. "Finish color, wrought iron grilles, decorative iron straps, door nails or clavos, glass textures, prehang options, hardware, door width and height are the primary customization options that are in demand."

It's not enough, though, to simply push features and benefits. Explaining those product benefits is critical to sales success. As Neuma Doors' Castro explains, "Our doors are unique because they are designed and tested as a complete system, not a component product; therefore, every feature in our design offers very important benefits. Features such as our dual astragal systems, sill designs, composite jambs and door panels with fiberglass skin and full composite edging all work together to provide superior weather protection."

A critical tool in that explanation process comes in the form of helping the purchaser see for themselves what the door or window will look like. For example, Masonite offers an online style quiz that makes door selection an easier process for the homeowner. "Today it's simply not enough to walk in the door with printed catalogs to show," cautions ProVia's Wengerd. "To really stand out you need samples, and some kind of online or iPad configuration tool." ›





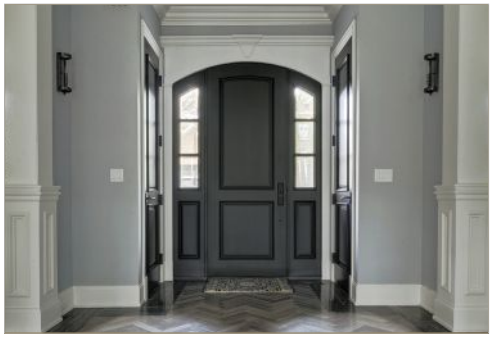
ABOVE: In the last year Glenview has added a double rabbited pivot door line that features door slabs measuring 3-1/2" thick and is fully warranted. The door sandwich design includes stiles and rails made from solid European wood and thermal insulation board (Styrodur C and layers of aluminum sheets and plywood in various wood veneers including Mahogany wood).

RIGHT: According to the manufacturer, Neuma Doors' four-panel gliding door with three quarter lite panel option has become an increasingly popular choice for homeowners looking to maximize the visual appeal of the patio door entrance, according to the company. The three quarter lite option is said to add architectural detail while allowing for a visually open space with a large glass viewing area.

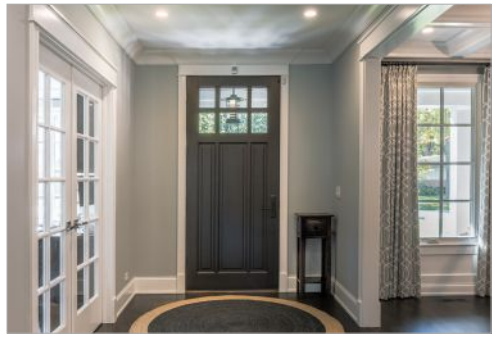
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ABOVE: Masonite recently introduced three new decorative glass styles—Double-Water, Cruz and Focus—to complement 2018 design trends. Double-Water is a water-like textured glass designed to mirror ocean waves. Cruz glass is a smoother design that Masonite says blend nicely with concrete, metal and industrial components often used in urban styles, and Focus glass (shown) mixes frosted and clear glass for a unique look designed to pair with today's "modern farmhouse" trend.

Marvin's Hanson echoes Wengerd's comments. "Being able to see and experience the product in person is more important than ever," he says, "which is why physical showrooms are a great tool for builders and contractors. With all of the information available online, sometimes the best answer is to bring the customer to a showroom or design center where they can touch and feel the windows they're considering, bringing them off the computer screen and into a physical environment."

REAL AND VIRTUAL EDUCATION DRIVE DEALER SUCCESS

If there's a single sentiment that manufacturers share, it's that an educated dealer is a successful dealer, someone who stays up-to-date on the latest codes, trends, performance requirements, and even misconceptions. By taking advantage of the various and numerous education resources offered by manufacturers, dealers ensure they stay at the forefront of the industry. "Our dealers are on the front line of sales and marketing to end-use customers," says Ply Gem's Montgomery. "They serve as a crucial partner to both us and the trade professionals who choose Ply Gem. To communicate the value our product delivers to both the contractor and the end-use consumer, dealers need to not only cite code and trends, but be able to apply that knowledge."

To empower their dealers to better communicate value and performance, Ply Gem offers numerous education and training certifications, and it encourages dealers and distributors to utilize these programs to help trade professionals mitigate callbacks and end-user customer complaints down the line.

Similarly, Marvin makes sure that as many people as possible take advantage of its education programs. "Every year, Marvin brings thousands of customers and dealers up to our headquarters in Warroad, Minnesota, to educate them on the latest products, installation best practices and sales training," says Hanson. "In addition, we have dedicated teams of experts to help with everything from ensuring dealers have the latest displays for their showrooms to troubleshooting techniques." ›



ABOVE: ODL recently launched its Dialogue line of layered glass for homeowners that are looking for something different than traditional doorglass. According to ODL, Dialogue's layers of printed glass (such as the Brainstorm pattern shown here) create a unique interactive experience that hasn't been previously seen in doorglass. At the same time, it provides privacy and beautiful light patterns.

SEVEN DESIGN TRENDS FOR 2018

1. **DARK TONES:** Black is in, whether it's black-on-black or combined with white trim to create a more subtle look.
2. **SIMPLICITY:** Rather than ornate, consumers are seeking squared-off edges and crisp lines that reflect a more simplified, refined design style.
3. **SQUARES ARE COOL:** Rectilinear is in, and while arches will always have a place, they may appear dated for some of today's more popular home styles.
4. **BIG GLASS:** Offering increased natural light and unprecedented outdoor views, large panes of glass that were once only found on luxury homes are now becoming more common.
5. **PASS-THROUGHS:** Outdoor living is now the norm, and while not every home can accommodate a large sliding door, most can handle a pass-through to the exterior.
6. **ENERGY EFFICIENCY:** Rather than just a nice-if-you-get-it feature, energy efficiency is now de rigueur. ENERGY STAR certification is an expectation for most consumers.
7. **HIGH-END WOODS:** Species of wood such as white oak and mahogany are emerging as consumers look for options for high-end homes.

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ProVia's iPad app allows a salesperson to show different window options, styles and colors to the builder or homeowner, thus enabling them to easily visualize their choices.

Knowledge, however, is only half the equation; the other half rests with on-site literature, displays, and cutting-edge technology that allow builders and homeowners alike to virtually experience a product. "To aid distributors and dealers in selling our doorglass products, we provide them with a full range of educational literature, displays and e-tools," explains ODL's Harder. "In everything we do, our primary focus is on how our products solve problems and improve the lives of homeowners. We want our dealers to be fully educated so they feel confident selling our products, and in turn, our customers feel confident buying them."

Similarly, Masonite offers a variety of training and selling tools to its dealers via its MConnect online portal, while ProVia utilizes technology to help with customers' purchase decisions. Its iPad app allows dealers to show customers how door choices would look on their homes by importing a picture of the actual home and then putting different door styles and colors in place so the customer can easily visualize the installed product.

Therma-Tru is also taking advantage of technology to help simplify the purchasing decision process. "Builders and contractors can take advantage of several tools, like the DoorWays App that allows you to visualize a door on the actual home prior to purchase," says Mark Ayers, Vice President of Marketing for Therma-Tru Doors. "The Design Your Door tool on Therma-Tru's new website walks you through all the options available on a door, or the Architectural Home Styles Guide recommends door styles based on the architectural style of the home. These tools streamline the process for builders and contractors by making it easier for homeowners to convey and identify what they are looking for in a front entryway."

For Glenview's Szyszko, technology puts the branding power into the hands of the distributor so that the customer focuses more on them and less on the door brand itself. "I'm a big believer in our distribution partners and created a tool that allows you to fully customize almost anything in our lineup," he explains. "This distributor-only back-end sales tool allows our distribution partners to create co-branded literature, signage, and catalogs from their phone or computer. By creating this simple portal that lets you send custom co-branded literature, everything you hand out leads right back to you—it's not a Glenview Door, it's a Glenview Door presented by our distribution partner with their logo, phone number, and website. Everything leads back to you and your sales team."

All this technology is a boon to the dealer/distributor, but of course it's no crystal ball into the future. While no one can predict what style trends might emerge over the next few years, one thing remains clear: it's the savvy, well-educated dealer who will succeed. By offering a product lineup that appeals to today's design sensibilities, by being as educated on those products as possible, and by knowing how to distill that education down to the builder and homeowner, dealers can plot their own successful future—no prognostication required. ■

Michael Berger is the former Managing Editor for HANDY Magazine and has been writing about home improvement and construction for the past 16 years.

INTERNET INFORMATION

Companies highlighted participated in this article.

Alside:
www.alside.com

AMSCO Windows:
www.amscowindows.com

Andersen:
www.andersenwindows.com

Energi Fenestration Solutions:
www.energifenestration.com

GlassCraft.:
www.glasscraft.com

Glenview Doors:
www.glenviewdoors.com

Hayfield Window and Door Co.:
www.hayfieldwindows.com

HMI Windows:
www.hmiwindows.com

Hurd:
www.Hurd.com

Hy-Lite:
www.hy-lite.com

JELD-WEN:
www.jeld-wen.com

Kolbe:
www.kolbe-kolbe.com

Lincoln Windows:
www.LincolnWindows.com

Loewen:
www.loewen.com

Marvin Windows:
www.marvin.com

Masonite:
www.masonite.com

Milgard:
www.milgard.com

Minnkota Windows:
www.minnkotawindows.com

Neuma Doors:
www.neumadoors.com

Nicolette Doors:
www.nicolettedoors.com

ODL:
www.odl.com

Ply Gem:
www.plygem.com

Pollard Windows:
www.pollardwindows.com

ProVia:
www.provia.com

Royal Building Products:
www.royalbuildingproducts.com

Simpson:
www.simpsondoor.com

Therma-Tru:
www.thermatru.com

Thermo-Tech:
www.ttwindows.com

Weather Shield:
www.weathershield.com

Windsor:
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STAFF REPORT

PRODUCT PICKS

EACH MONTH, HUNDREDS OF PRODUCTS HIT THE MARKET. HERE'S OUR PICK OF THE ONES TO WATCH.

Ply Gem Performance Collection Siding

Ply Gem has released its first line of vinyl siding, soffit and accessory products sold under the Ply Gem brand name. The new collection is designed to meet demand for durable, low-maintenance and sustainable cladding options with a product that coordinates with other exterior accessories and cladding materials such as stone. With seven distinct product lines ranging from traditional clapboard profiles to the authentic look of cedar shingles, the Ply Gem collection is said to fit every architectural style. The collection includes: Cedar Dimensions™, Dimensions™, Progressions®, Transformations™, Colonial Beaded, and Board & Batten. All Performance Collection Siding products are covered by a limited lifetime warranty. **www.plygem.com**



Boise Cascade AJS 24 FMJ I-joist



Boise Cascade has increased production of its AJS 24 FMJ, a single-step, ready-to-install I-joist for unfinished residential basements. The I-joist is designed without a specific top and bottom orientation, to assure correct framing. Web holes for plumbing runs can be cut in the same manner as for non-protected joists. Lighter than equivalent 2x10 and 2x12 floor systems and non-corrosive to fasteners, the AJS 24 FMJ I-joists are engineered to offer a wider nailing surface, along with longer and stronger spans that are said to improve floor performance. The joists feature a foil-faced insulation board, which the company says is critical to passing the ASTM E110 fire test. **www.bc.com**

Quik Drive® PRODW drywall system



Simpson Strong-Tie has introduced a new, lightweight, auto-feed screw driving system for drywall applications. The extension of its Quik Drive line, PRODW drywall system features a lighter-weight tool body said to enhance durability and ergonomics. The system includes a collated-screw feed mechanism designed to provide consistent and efficient screw delivery, a self-locking depth adjustment for accurate drive and depth and a fully rotatable driver adapter for hard-to-get areas. Curved, collated strips are designed to hold screws away from the tool's nose to prevent scratching or marring the surface of materials. Quik Drive auto-feed screw driving systems are designed for one-handed operation. Backed by a lifetime limited warranty. **www.strongtie.com/prodw**

TAMKO® waterproofing system



Balcony and breezeway products from TAMKO are designed to protect against water penetration underneath concrete installations. TAMKO's lines are designed for use in combination and include TWP-1 Quick Dry Primer and TWP-2 Water-based Primer (for prepping OSB prior to installing waterproofing membranes); TW-60 Sheet Waterproofing Membrane (for above-grade applications over OSB in detail areas); and TWM-1 Mastic (for finishing the edge of seams, overlaps, patches and terminations of properly sealed TAMKO waterproofing membranes). The system is designed to save contractors time by eliminating the need for corner metal flashings. **www.tamkowaterproofing.com**

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Tie-Master and Lag-Master fasteners from Grabber



Grabber has released Tie-Master and Lag-Master, two new code-compliant structural framing fasteners designed to be used for nearly all wood-to-wood framing projects. Tie-Master and Lag-Master are both said to provide an all-purpose solution for deck ledgers, stair stringers, LVL beams, cabinet installations, roof trusses, girders, and more. Customers can choose the appropriate fastener length. Tie-Master and Lag-Master both feature a type-17 point which is designed to eliminate the need for pre-drilling. Both Tie-Master and Lag-Master meet ICC-ES 3531 requirements for strength, shear, and pull-out values. Tie-Master is recommended for joining wood to wood when a smooth finish is desired. When attaching structural plates, hinge plates, or when decorative metal pieces are used, Lag-Master is recommended. **www.grabberman.com**

Updated MiTek® USP Catalog app



An updated version of the MiTek USP Catalog app is available on Apple, Android, and Windows mobile devices. The update includes improved navigation and graphics to search MiTek's connector product line. The no-cost MiTek USP Catalog app features new product and application illustrations, installation instructions, and updated fastening schedules, as well as load ratings and reference conversions. The app offers navigation to search the entire MiTek USP product catalog, as well as cross reference specification and product look-ups. Engineered wood products and plated truss connectors are also included in the app. Users can email MiTek product pages directly from the app. **www.uspconnectors.com**

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XT Plank from Belco Forest Products

Belco Forest Products has introduced the XT Plank, its latest ArmorCoat XT preservative treated wood product. The XT Plank is offered as a natural board, kiln dried and conditioned to approximately 12% MC. The new plank is available as a 1x6 WP-4 V4E v-groove profile that is a reversible SPF board with two smooth-sided faces, and as a 2x6 DF WC-200 V2E decking plank, graded on the groove side. The XT Plank is said to be suitable for soffits, porch and patio ceilings, walls, covered floor decks and interior cladding. The 1x6 comes in 16' lengths, unfinished, primed or stained. The 2x6 comes in lengths from 10' to 20' feet and ships unfinished, primed or stained as well. **www.belcofp.com**



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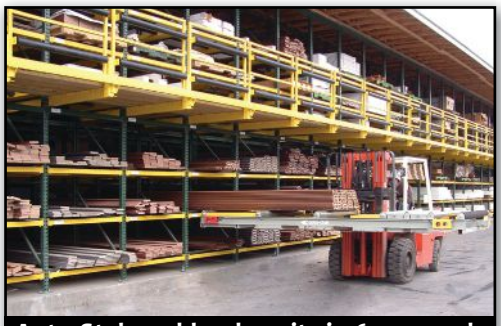
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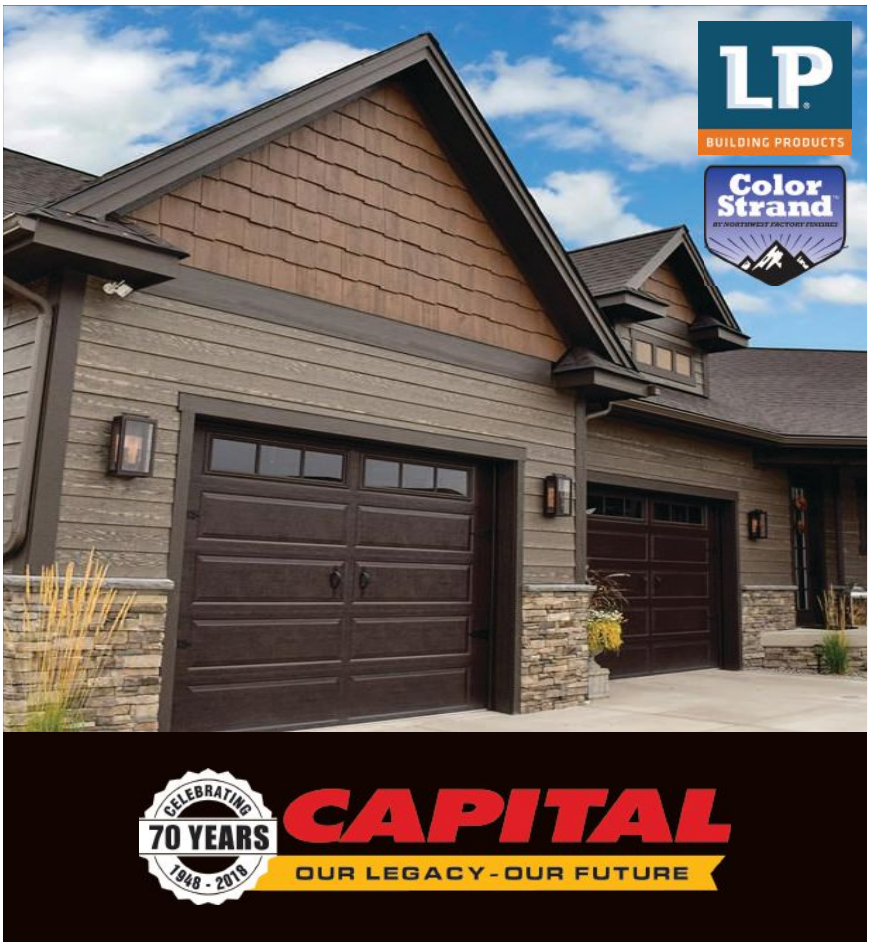




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Barn Door Hardware from Mockett

Barn Door Hardware is designed as a space-saving tool and can easily be applied to any interior door, including glass. The product is said to turn a shared space into a partitioned sectional with an easy-gliding sliding door for privacy. Users can also substitute traditional hinged door hardware for barn door hardware, to open up extra space otherwise reserved for a swinging door radius. Brackets, rail, back-to-back door handles, and all mounting hardware included. Door not included. **www.mockett.com**



New Operable Decorative Glass Windows from Hy-Lite®

Hy-Lite has introduced an operable awning window to its Home Designer Collection of decorative glass windows. The windows come in an opening size of 52" x 16" and are available in the Mission and Prairie styles. A square 29" x 29" awning window is also available in the Mission, Prairie and Baroque styles. The new windows are available with white, tan and driftwood vinyl frames. Each window features coordinating screens, latches, fold-down handles and anti-corrosion hardware. **www.hy-lite.com**



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– John Shivok,
A.D. Moyer Lumber, Bethlehem, PA

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– Kevin Hale,
Musselman Lumber, New Holland, PA

"Mid-State Lumber's professional services include a knowledgeable inside and outside sales staff, excellent product training and support, and a well-managed inventory."

– Mark Kazmierczak,
Curtis Lumber, Ballston Spa, NY

"I like the fact that Mid-State Lumber has more than one delivery day to our location and because of that, it makes it very easy to order from them. No order is ever too small for them!"

– Michelle Buscaino,
New Castle Building Products, Paramus, NJ

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New Safe-Way garage door color

Safe-Way Door has introduced the color grey to two of its top selling door lines. The Safe-Way Choice Series of door is constructed of 25-gauge steel in a 2" thick panel. The Choice Series is available in both insulated and non-insulated models. The Deluxe Series of Safe-Way Door features both flush or raised panels and embossing in the steel designed to give the appearance of wood. Deluxe Series doors are also available as both insulated and non-insulated doors and are available with a variety of window and color options. **www.safewaydoor.com**

MI Windows Brickmould aesthetic



MI Windows now offers a Brickmould aesthetic option to double-hung, awning, and casement products. MI Brickmould is designed to provide a decorative look around the exterior of the window frame while combining the appearance of classic wooden trim with the easier care and lower maintenance of a vinyl window. The new MI Brickmould option is applied to the window frame after welding, framing the head and jambs, and a sill nose finishes off the sill. Featuring a pre-punched mounting fin, windows with the Brickmould exterior are designed to be easy and efficient to install. **www.miwindows.com**

Deckorators Fastendry



The Deckorators Fastendry system is designed to help deck builders create dry zones while also providing labor and cost savings. Fastendry combines weatherproofing and deck board fastening capability, enabling builders to add under-deck living space or storage, while saving up to 50% on installation time and 25% on installation cost, the company says. Fastendry fits in the slotted edges of Deckorators composite decking, forming a water-tight seal that prevents rain, melting snow and debris from passing through the spaces between boards. The polymer insert has a rigid base plate that fastens decking to joists with a nail gun, resulting in a fastener-free look without the use of hidden fasteners. Available in black 12', 16' and 20' lengths, and covered by a 25-year limited warranty on manufacturing defects. **www.deckorators.com**

New CertainTeed® siding colors



CertainTeed has introduced four new shades in its siding products: Castle Stone, Espresso (shown), Midnight Blue, and Slate. The colors are available options in many vinyl siding profiles, including Monogram®, Restoration Classic™, Board & Batten and Northwoods®. The new color profiles are available in the Restoration Classic select cedar Double 4" clapboard and Double 4-1/2" dutchlap profiles. Monogram features the new colors in three profiles: Double 4" clapboard in standard and extended lengths (16', 20' and 25'), Double 5" clapboard and Double 5" dutchlap. The new colors are also available in the Board & Batten Single 7" profile and Northwoods Single 7" Straight Edge Perfection Shingles. A full line of complementary Vinyl Carpentry® accessories is also available in the new colors. Each color is backed by PermaColor™ Lifetime Fade Protection. **www.certainteed.com/colortools**

Trex® Protect™ joist and beam tape

The new protective tape from Trex is a self-adhesive butyl tape designed to protect wooden joists and beams from moisture that can lead to rot and the loosening of deck screws and fasteners. Trex Protect is used to shield the tops of joists, rim joists, ledger boards and beams from moisture that can lead to the development of rot and wood decay. It also acts as a barrier between wood and galvanized metal commonly used in construction hardware such as joist hangers. Additionally, Trex Protect is said to seal deck fasteners and help deck screws hold longer and stronger by preventing moisture penetration and defending against splitting. Available in two widths: 1-5/8" for joists and 3-1/8" for beams. Trex Protect works on horizontal and vertical surfaces and is applied as a "cap" (vs. wrapping), which the company says allows the wood to breathe. **www.trexprotect.com**



Authintic Brick by Meridian™Brick

The new Authintic Brick product is designed for interior or exterior use, from new construction to renovation. The 100% fired clay brick is made like real brick, but includes just the face. The product is designed to maximize floor space at just 5/8" off the wall, which is 3" less than traditional brick. Authintic Brick also weighs 70% less than traditional brick. The product is manufactured from natural materials and features colors and profiles that are said to be easily matched with existing façade or cladding materials. Authintic Brick is marketed to be used anywhere from exterior to interior applications such as ceilings, accent walls, fireplace surrounds, and more. **www.meridianbrick.com**





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Atlantis Rail NOVA Nautilus System

The NOVA Nautilus System from Atlantis Rail utilizes predrilled aluminum posts with a 2" stainless steel top and optional bottom rail. The rails are structural strength stainless steel so it can be configured with a top rail only or a bottom rail can be added. Cable spacing at 2-3/4" allows the posts to be spaced up to 6' apart when using a cable stabilizer in the middle, which the manufacturer says further reduces the cost and expedites installation. Available in color options of black, white or bronze. A proprietary sidemount fitting with an insulating gasket is used to mount the rails to the post, which is designed to eliminate concern about potential issues in combining dissimilar metals. HandiSwage™ components hide the cable connections inside the post and the swage tool and cover nut sets provide an easy install and a finish look. **www.atlantisrail.com**



Milwaukee 18V Random Orbit Sander

The new M18™ Random Orbit Sander is capable of reaching 12,000 OPM max. The 7,000 – 12,000 electronic variable speed control is said to provide the versatility to optimize speed for material removal and finish work. The dust canister provides a durable dust containment solution, while the integrated filter is designed for efficient dust filtration. For added utility, the M18 Random Orbit Sander comes equipped with a universal hose adapter to connect to the most commonly available vacuum hose sizes. Includes M18 Random Orbit Sander, (2) Sheets 80 Grit Sandpaper, Universal Hose Adapter, (1) M18 REDLITHIUM™ 3.0ah Battery, M18/M12™ Multi Voltage Charger, and Contractor Bag. Also available as bare tool. **www.milwaukeetool.com**





NLBMDA
NATIONAL LUMBER AND BUILDING MATERIAL DEALERS ASSOCIATION

NLBMDA holds annual Spring Meeting and Legislative Conference

NLBMDA held its annual Spring Meeting and Legislative Conference in Washington, D.C., from March 19 to March 21. NLBMDA members attended association committee meetings, listened to public policy experts, and caught up with other lumber and building material industry professionals on the first day of the meeting. On the second day, attendees heard from elected officials, met with their lawmakers on issues of importance to the LBM industry, and attended a congressional reception.

After a morning of NLBMDA committee meetings on March 19, a lunch was held with featured speaker Chris Stirewalt, Political Editor for Fox News Channel. In this role, he helps coordinate political coverage across the network, provides political analysis for Fox News shows, and is part of the Fox News Decision Desk team on election nights. Stirewalt provided insight on the current political climate and what that could mean for the midterm congressional elections this November.



Following the lunch, attendees heard from two well-respected public policy experts. Chad Moutray, Chief Economist at the National Association of Manufacturers, provided an economic outlook and discussed the ongoing challenges employers face in finding workers with the right skills. Then attendees heard from Dr. Joseph Johnson, Executive Director of Federal Regulatory Process Review & Analysis Environment, Technology & Regulatory Affairs Division for the U.S. Chamber of Commerce. Dr. Johnson focused on regulatory reform, identified changes that lawmakers are considering, and explored the possible impact on the industry.

Monday afternoon concluded with the NLBMDA Board of Directors meeting. Then, an early-evening reception, which included a silent auction, was held. Proceeds from the silent auction support the political activities of the association.

Early the next morning on March 20, at the Washington Briefing Breakfast, Sen. Joni Ernst (R-Iowa) and Rep. David Young (R-Iowa) addressed attendees. Sen. Ernst spoke first on a range of issues including the tax cuts passed last year. "The passage of the Tax Cuts and Jobs Act was a monumental moment for our nation," Ernst said, noting that nearly 4 million Americans received some form of bonus from their employers.

Rep. Young followed Sen. Ernst and focused on the need for regulatory reform. "We think the federal government is regulating us to death," Young said. "The government likes to do one size fits all. But New York is not like Iowa and not like Idaho."

Following the breakfast, NLBMDA members were briefed on four issues they planned to discuss with lawmakers: renewal of the U.S.-Canada Softwood Lumber Agreement, Innocent Sellers Fairness Act (H.R. 1118), reform of the Environmental Protection Agency (EPA) Lead: Renovation, Repair, and Painting (RRP) rule, and workforce development.

Dealers met with their lawmakers regarding the need for a new Softwood Lumber Agreement (SLA) between the U.S. and Canada. Duties ranging between 10% and 24% have been placed on Canadian imports. NLBMDA opposes the duties and supports both sides coming together to reach a new agreement that brings stability to prices and product supply.

NLBMDA continues to fight for legal reform with the Innocent Sellers Fairness Act, which would reduce the instances in which retailers would be subject to product liability lawsuits. EPA is in the process of reviewing the RRP rule. NLBMDA has met with EPA staff regarding the need for reform and is working with Congress to introduce legislation updating the rule.

Workforce development has grown in importance for dealers. Programs are needed to give individuals the skills required to access employment and advancement opportunities. Moreover, NLBMDA supports a robust temporary guest worker program to recruit legal foreign-born workers when there is a shortage of domestic workers.

After meeting with lawmakers, an evening reception was held in the Foyer of the Rayburn House Office Building. Several lawmakers stopped by the reception including Rep. Ted Yoho (R-Florida).

NLBMDA thanks all its members who helped make the event a success and advance issues of importance to 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.

A: Rep. David Young (R-Iowa) addresses Legislative Conference attendees at the Briefing Breakfast.

B: Victor Fresca, President of the West Coast Lumber & Building Material Association, and Area Vice President of Southern California & Arizona at Dixieline Lumber Company, meets with Legislative Director Art Motta, of the office of Rep. Eric Swalwell (D-CA).

C: Iowa members of NLBMDA met with Sen. Joni Ernst (R-Iowa).







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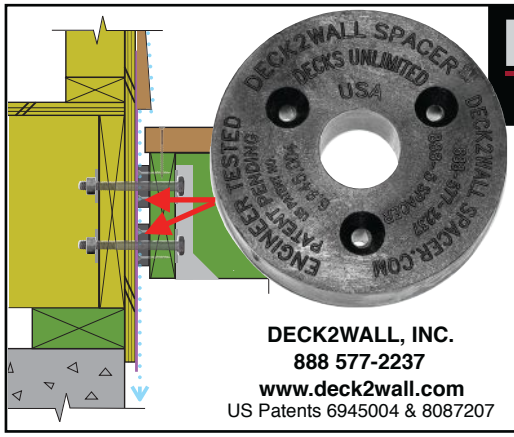
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Dealing with a Micro Non-Manager

Claiming to be taking care of his clients, a salesperson is micromanaging his colleagues. What would you do?

You'll never forget your introduction to the lumber business. It was 1990, you'd just earned a B.S. in Business Administration from the nearby state university, and had the opportunity to join a management training program at a regional lumber company. You saw this as a chance to put down roots in a stable, solid industry. Later that year, not one but two big box stores broke ground in the heart of your market area. The national business press proclaimed the death of the independent lumberyard, which had you second-guessing your career choice. After sharing your trepidation with the company owner, she said, "I understand what you're saying, but there's more to this business than meets the eye. Let's see how it plays out."

Within five years, one of those two big box stores was gone. As it turned out, your builder customers had a strong preference for the service that you and your more traditional competitors offered. Nearly 30 years later, your company's position in the market is stronger than ever. Personalized service is the reason, and it's also at the center of your current challenge du jour.

Greg joined the company about 10 years before you, and he's spent his 40 years establishing, nurturing, and reinforcing relationships with his builder and remodeler customers. He's not your company's top performing rep, but his revenues are consistent and his margins are acceptable. His customers are fiercely loyal...but the rest of your staff is at their wit's end.

Like any good salesperson, Greg is a strong advocate for his clients within your company. Unfortunately, he often takes it too far. He insists on approving invoices for accuracy before they're mailed. When the yard guys build a framing package, Greg's there to supervise, and to make sure each piece of lumber is straight and true. Naturally, this micromanaging from someone who's not their manager, is not going over well with your team. As a group, they demanded that you talk to Greg and insist that he do his job, and let them do theirs.

"Greg, I appreciate that you want the best for your customers. However, your co-workers are very frustrated—and feel like you're not trusting them to do their jobs. We're a team, and it's important that we each focus on our piece, and trust our teammates. Can I count on you to make this right with them?"

"It's not that I don't trust 'em," he insists, "it's just that I've worked so hard to get my clients to trust us, that I just want to make sure everything's right. If my coworkers are so confident that they're doing their best for my clients, they should be fine with me checking their work. Plus, each time I go looking, I find something wrong. So you should be thanking me...not asking me to stop."

While it's great that Greg advocates for his clients, it's not okay when it angers his coworkers. Effective salespeople are tough to find, but it's no walk in the park to find qualified candidates for the other positions, either. What would you do?



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Cast your vote online at www.LBMJournal.com

1. **SUPPORT GREG.** If it's true that Greg's finding errors with his co-workers' work, then he's right. You should thank him, and search out the source of the errors.
2. **TURN THE TABLES.** Allow Greg's coworkers to double-check his work, and point out errors (regardless how insignificant), just to show Greg how irritating that is.
3. **DRILL DOWN.** You need to learn more before taking any action. Have a sit down meeting with Greg and one of Greg's accusers. Talk it out, and get to the bottom of it.
4. **DO NOTHING.** Greg is Greg. This is what he does. Sure, it's irritating, but he's an effective salesperson with fiercely loyal clients. It could be worse.

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

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