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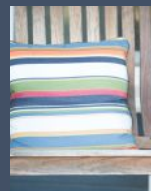
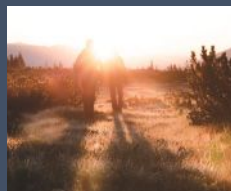
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GORDON LUMBER HAS DEEP ROOTS IN NORTHWEST OHIO

In 1868, as the country was recovering from the Civil War, Washington Gordon traveled to the village of Oak Harbor, Ohio to start a saw mill on the banks of the Portage River. Little did he know, that 150 years later the single mill would grow to a family legacy of six lumberyards, a truss plant, a land management firm, and an installed sales company, all still owned, in the largest part, by the same Gordon family.

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EDITOR'S NOTE

To our stakeholders: Thank you

THE FIRST ISSUE OF *LBM Journal* was published in July 2003. So this issue marks the final issue of our 15th complete year. As an independently-owned company, with no shareholders or board members, that makes you—our readers and advertisers—our stakeholders. And in that spirit, I'm excited to share where *LBM Journal* is at, and where it's going.

The major issue driving publishers today is the question of print vs. digital. A large and growing number of companies have decided that print is dead, and have embraced a "digital first" strategy. At *LBM Journal*, we decided to stick with a "customer-first" strategy, which works like this: We ask you what you want. Then we listen.

For the ask, we use Baxter Research Center, a respected third-party research firm that works with publishers in a wide range of industries, to conduct quarterly readership studies. One question that they ask is whether readers prefer to get their information via print only, digital only, or both print + digital. The latest results, from our April 2018 issue, show 15% of readers wanting digital only; 15% preferring digital + print; and a resounding 70% preferring print only. These results vary greatly from other industries, like technology for example, which strongly prefers digital only.

Obviously, serving a market that prefers a print publication, we've no intention of abandoning print. At the same time, we will continue to expand our website, newsletters, webinars, white papers, live events and other offerings, and to seek out the best ways to deliver the information that you want and need. As your needs continue to evolve, we'll be right there with you.

Which brings me to our latest big news. Effective with this issue, Rick Davis, President of Building Leaders, makes the move from occasional contributor to coming onboard as *LBM Journal's* Contributing Sales Editor. During my 28 years in this industry, I've heard a number of sales trainers/consultants deliver presentations and workshops. In those 28 years, two names have stood out as far and away the best at what they do. Rick Davis is one; Bill Lee is the other. In addition to being exceptionally knowledgeable, both Rick and Bill are true gentlemen. I couldn't be prouder to have both of these industry gurus sharing their insights with you in every issue of *LBM Journal*.

Having launched *LBM Journal* back in 2003, I'm clearly passionate about where we're at today, and where we're going. Thanks to you, our engaged, active readers and supportive advertisers, *LBM Journal* is ramping up to deliver the info you want, when and where you want it. Plus, we're finalizing details for what has become our industry's premier event, the LBM Strategies Conference 2018 (www.lbmstrategies.com). Register today to lock in the lowest pricing.

Thank you for your support. Here's to working together to grow your sales, your business and your brand...for the next 15 years, and beyond. ■

Rick@LBMJournal.com





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SEPT. 19 WELCOME NIGHT COCKTAIL RECEPTION**SEPT. 20 KEYNOTE: EMBRACING THE AGE OF SHARED LEADERSHIP**

Kevin Hancock will lay out the rationale for creating a corporate culture where everybody leads, as well as share a roadmap for how to get there. Culture is what separates organizations, and deepening human engagement can be an organization's top strategic advantage.

KEVIN HANCOCK, PRESIDENT, HANCOCK LUMBER

THE LAW OF ATTRACTION: HOW TO MAKE YOUR COMPANY A "BEST PLACE TO WORK"

Jim Sobeck will share how his company has won numerous awards for its work environment, resulting in very high scores in employee satisfaction surveys and very low employee turnover.

JIM SOBECK, CEO, NEW SOUTH SUPPLY

THE CIA'S SECRET INFLUENCE ON RECRUITING IN THE LBM INDUSTRY

Does your company's recruiting platform run with the effectiveness of an intelligence apparatus? Learn the tradecraft used by intelligence agencies involved in recruiting assets, and how to apply that to your company's recruiting strategy.

CHRIS COSTELLO, PRESIDENT, TIMBERLINE ENTERPRISES

PANEL DISCUSSION: STRONG HIRES = STRONG PROFITS. HOW LBM EXECUTIVES ARE WINNING THE RECRUITMENT GAME

From navigating a shallow talent pool to developing your management team to understanding Millennials, hear how industry leaders are tackling the talent test to build strong teams that are helping their companies grow.

RIKKA BRANDON, CHIEF EXECUTIVE RECRUITER, BUILDING GURUS (MODERATOR)

GARY BOWMAN, PRESIDENT & CEO, T.W. PERRY

JUSTIN ELLIS, CO-FOUNDER & CEO, ELCO BUILDING SUPPLY

PANEL DISCUSSION: SUCCESSION PLANNING: TALES FROM THE TRENCHES

Successfully transitioning a LBM business is easier said than done. Inadequate planning can have devastating consequences. This panel discussion will address the critically important topic of business succession.

TERRANCE RESNICK, PARTNER, RESNICK ASSOCIATES (MODERATOR)

DENNIS STINE, CEO, STINE LUMBER

CHRIS GOEBEL, CEO AND PRESIDENT, STAR LUMBER

BUILDING THE FUTURE: 3D AND VIRTUAL REALITY

Learn how to use these cutting-edge services to help your builders grow their business, while creating separation between you and your competition.

KIMBERLY SIMONSON, EXECUTIVE VP, SIMONSON DESIGN STUDIO

M&A IN THE REAL WORLD: VALUATION STRATEGIES & DEAL KILLERS

This session will examine what performance metrics and KPIs an acquirer will look for when determining the value they'll pay for your company. Plus the top reasons deals fall apart.

JOHN WAGNER, MANAGING DIRECTOR, 1ST WEST M&A

MICHAEL CASSIDY, CHIEF OPERATING OFFICER, KODIAK PARTNERS

COCKTAIL RECEPTION AND LBM CENTURY CLUB RECOGNITION**SEPT. 21 CLOSING DAY KICKOFF/LIVE PODCAST: THE SKEPTICAL LUMBERMAN'S GUIDE TO MANAGING MILLENNIALS**

Working with two universities, Hartmann led an industry-specific study to evaluate how each generation views itself—and other generations. The results and recommendations will entertain and enlighten, enabling your multigenerational team to collaborate more effectively.

BRADLEY HARTMANN, PRESIDENT, RED ANGLE, INC.

PANEL DISCUSSION: GOING LEAN: LBM LEADERS SHARE THEIR INSIGHTS

With low unemployment and a high demand for qualified workers, find out why Lean is the four letter word you will want to start using in your operation. This panel discussion will focus on how to build a Lean Culture of Engagement within your company based on real-life trials and triumphs.

JEFF TWETEN, MANAGING MEMBER, WORKSAFEWORKSMART.COM (MODERATOR)

MARK HOPKINS, CHIEF OPERATING OFFICER, HANCOCK LUMBER

DEREK ROCHE, SITE OPERATION MANAGER, WEYERHAEUSER DISTRIBUTION

RICK KYSER, OPERATIONS MANAGER, GILCREST-JEWETT LUMBER COMPANY

CLOSING PRESENTATION & PANEL DISCUSSION: THE CONCIERGE SALES LEADER

This lecture and panel discussion will illustrate how powerful business models of the most competitive LBM dealers are taking market share without sacrificing margin while creating unbreakable customer loyalty.

RICK DAVIS, CEO, BUILDING LEADERS (MODERATOR)

DOUG CARLSON, VICE PRESIDENT SALES, DREXEL BUILDING SUPPLY

A.J. KONYNENBELT, VICE PRESIDENT SALES, ZEELAND LUMBER

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UPDATES

PEOPLE

The Northeastern Retail Lumber Association (NRLA) announced the hiring of **Philip Jagiela** as Regional Director for the **Eastern Building Material Dealers Association (EBMDA)**.



JAGIELA

Sally Smith has been named to the Board of Directors for **The Marvin Companies**.



SMITH

Chris Hegeman of **Bliffert Lumber & Hardware** has accepted a nomination for the position of Director-District 1 on the **Wisconsin Retail Lumber Association (WRLA)** Board of Directors.



HEGEMAN

The Dallas Division of **Snively Forest Products** announced that **Marshall Owens** has been promoted to the position of Sales Manager.

INDUSTRY

Atlanta-based **U.S. LUMBER** announced that it has signed an agreement to acquire **Midwest Lumber**, located in Stillwater, Minn.

Hardwoods Specialty Products relocated its Elkhart, Indiana distribution operations. The new 135,000-square-foot facility opened April 30.

L&W Supply Corporation, a distributor of building materials and specialty products, announced that it will acquire **NexGen Building Supply**.

Louisiana-Pacific invested \$45 million in **Entekra**, a design, engineering and manufacturing firm that provides off-site framing for both residential and commercial construction.

SRS Distribution has been acquired by Leonard Green and Partners, Los Angeles-based private equity firm. The deal was reported to be worth more than \$3 billion.

Boise Cascade announced an agreement to acquire assets of **Norman Distribution, Inc.**, a distributor of engineered wood products (EWP), commodity lumber items, and specialty building materials based in Medford, Ore.

U.S. LBM acquired **Myrtle Beach Building Supply** in South Carolina.

EXISTING SALES UP 1.1% IN MARCH

Existing-home sales increased 1.1% in March, but remain down 1.2% from a year ago. The first-time buyer share of 30% is also down from 32% a year ago. The National Association of Realtors reported that 50% of homes sold last month were on the market less than a month. The March inventory increased 5.7%, but remains 7.2% below the level a year ago, and has decreased for 34 consecutive months on a year-over-year basis. At the current sales rate, the March unsold inventory represents a 3.6-month supply, down from a 3.8-month supply a year ago. March existing sales reached a seasonally adjusted rate of 5.60 million units, compared to 5.54 million in February. Total existing home sales include single-family homes, townhomes, condominiums and co-ops.

Existing sales increased 6.3% in the Northeast and 5.7% in the Midwest, reversing weather-impacted declines last month. Existing sales declined slightly by 0.4% in the South and 3.1% in the West. Year-over-year sales increased 0.8% in the West and 0.4% in the South, while declining by 1.5% in the Midwest and 9.3% in the Northeast.

Homes stayed on the market for 30 days in March, down from 37 days in February. The March all-cash sales share was 20%, down from 24% last month and 23% a year ago. Individual investors purchased a 15% share in March, unchanged from February, and down from 18% a year ago. The March median sales price of \$250,400 was up 5.8% from a year ago, representing the 73rd consecutive month of year-over-year increases. The March median condominium/co-op price of \$236,100 was up 4.8% from a year ago.

The seasonal spring increase in demand is facing the combination of increasing mortgage rates and a tight inventory. However, the economy continues to add jobs, and new residential construction offers buyers a wider choice in homes. These prospective buyers contribute to builder confidence remaining in solid territory.

EXISTING SALES REGIONALLY IN MARCH:

NORTHEAST INCREASED:

6.3%

SOUTH DECLINED:

0.4%

MIDWEST INCREASED:

5.7%

WEST DECLINED:

3.1%

Combilift opened a new 500,000 square-foot Global Headquarters and manufacturing facility in Ireland. The new plant will allow the forklift manufacturer to double production.

Beacon Roofing Supply acquired **Tri-State Builder's Supply**, a wholesale supplier of roofing, siding, windows, doors and related building products located in Duluth, Minn.

LP Building Products added manufacturing capabilities for its new LP Legacy premium engineered sub-floor to its mill in Hanceville, Ala.

DISTRIBUTION

Coastal Forest Products will distribute **Tando's TandoShake** and **TandoStone** in Northern New England.

CORRECTION: The Leavitt family of Marcus Lumber in Marcus Iowa was labeled incorrectly in our May issue. The correct order is: From left to right, third- and fourth generation owners Clay, Bob, Grant, Jim and Tom Leavitt.





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- 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
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- 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
- NOV 5-7** ECi Connect Conference
2018 New Orleans, LA
www.ECiSolutions.com
- NOV 6-8** Western Building Material Association (WBMA) Annual Convention, Marysville, WA
www.wbma.org

NEW HOME SALES RISE 4% IN MARCH

Sales of newly built, single-family homes rose 4.0% in March to a seasonally adjusted annual rate of 694,000 units after an upwardly revised February report, according to newly released data by the U.S. Department of Housing and Urban Development and the U.S. Census Bureau. This the second highest reading since the Great Recession.

"The March new home sales report is consistent with our solid builder confidence readings over the past several months," said NAHB Chairman Randy Noel. "As consumer confidence grows and more prospective buyers enter the housing market, the sales numbers should continue to make gains."

Regionally, new home sales rose 28.3% in the West and 0.8% in the South. Sales decreased 2.4% in the Midwest and 54.8% in the Northeast.

"We saw sales move forward in the West and the South regions, which is in line with recent evidence of faster growth in population, employment and single-family construction in these areas," said NAHB Senior Economist Michael Neal. "But with nationwide economic growth and favorable demographics, we can expect continued strengthening of the housing market across the country."

The inventory of new home sales for sale was 301,000 in March, which is a 5.2-month supply at the current sales pace. The median sales price of new houses sold was \$337,200.

BUILDER CONFIDENCE CLIMBS IN MAY

Builder confidence in the market for newly-built single-family homes rose two points to a level of 70 in May after a downwardly revised April reading on the National Association of Home Builders/Wells Fargo Housing Market Index (HMI). This is the fourth time the HMI has reached 70 or higher this year.

"The solid May report shows that builders are buoyed by growing consumer demand for single-family homes," said NAHB Chairman Randy Noel. "However, the record-high cost of lumber is hurting builders' bottom lines and making it more difficult to produce competitively priced houses for newcomers to the market."

"Tight housing inventory, employment gains and demographic tailwinds should continue to boost demand for newly-built single-family homes," said NAHB Chief Economist Robert Dietz. "With these fundamentals in place, the housing market should improve at a steady, gradual pace in the months ahead."

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

Looking at the three-month moving averages for regional HMI scores, the West and Northeast held steady at 76 and 55, respectively. Meanwhile, the South and Midwest each edged down one point to respective levels of 72 and 65.

- | | |
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HOUSING PRODUCTION DROPS, BUT REMAINS NEAR POST-RECESSION HIGH

Total housing production fell 3.7% in April to a seasonally adjusted annual rate of 1.29 million units after an upwardly revised March reading of 1.34 million, according to data from the U.S. Department of Housing and Urban Development and the Commerce Department. The March report marked an 11-year high for housing production.

The April reading of 1.29 million units is the number of housing units builders would begin if they kept this pace for the next 12 months.

The drop in overall production can be attributable to a decline in the multifamily sector—which includes apartment buildings and condos—after a big uptick in March. Multifamily starts fell 11.3% in April to a seasonally adjusted annual rate of 393,000 units. Meanwhile, single-family starts remained

essentially flat, inching up 0.1% to 894,000 units after an upwardly revised March reading.

“We expected some pullback this month after such a strong March report, but housing starts remain at very healthy levels in April,” said NAHB Chairman Randy Noel, a custom home builder from LaPlace, La. “With homeownership rates on the rise, demand for single-family homes should continue to spur production in the months ahead.”

hurdles, such as ongoing building material price increases and shortages of land and labor, to meet growing housing demand. Lumber prices continue to rise, with recent increases adding more than \$7,000 to the price of an average single-family home.”

Overall permits—which are a sign of future housing production activity—inched down 1.8% in April to a seasonally adjusted annual rate of 1.35 million units after a post-recession high

REGIONALLY IN APRIL, COMBINED SINGLE- AND MULTIFAMILY HOUSING PRODUCTION INCREASED 6.4% IN THE SOUTH. STARTS FELL 8.1% IN THE NORTHEAST, 12% IN THE WEST AND 16.3% IN THE MIDWEST.

“Single-family starts are up 8.3% for the first four months of the year relative to the start of 2017, which is higher than our forecast and bodes well for the rest of the year,” said NAHB Chief Economist Robert Dietz. “However, builders must manage supply-side

in March. Single-family permits ticked up 0.9% to 859,000 while multifamily permits fell 6.3% to 493,000 after a 20.4% jump in March.

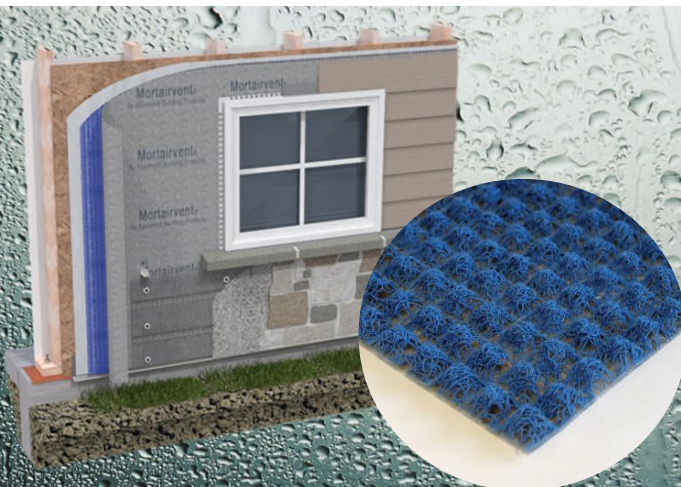
Permits rose 12% in the South. They fell 4.4% in the Midwest, 13.2% in the West and 31.9% in the Northeast.



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BATHROOMS OVERTAKE KITCHENS AS MOST POPULAR REMODELING PROJECT

Bathrooms overtook kitchens as the most popular remodeling project, according to a new survey released by the National Association of Home Builders (NAHB). NAHB released the survey results, which highlight the most common remodeling projects, to kick off National Home Remodeling Month in May.

"Small-scale renovations are slowly becoming just as popular as large-scale projects, as seen with bathroom remodeling becoming more common than kitchens," said 2018 NAHB Remodelers Chair Joanne Theunissen, CPG, CGR. "Home owners are finding cost-effective and shorter timeframe upgrades can also add comfort and value to their homes."

In the survey, remodelers reported the most common projects in 2017:

- 81% bathroom remodeling
- 78% kitchen remodeling
- 49% whole house remodeling
- 37% room additions
- 30% window/door replacements

Additionally, a separate survey by NAHB showed that high-performing, low-emissivity (Low-E) windows are the most common green building product installed by residential remodelers. Programmable thermostats and high-efficiency HVAC systems also ranked highly among the most common green products used. While remodeling is most commonly associated with kitchens and baths, green upgrades can save home owners on utilities, improve air quality and increase the value of their homes.

CUSTOM HOME BUILDING MAKES SMALL GAINS

Early 2018 showed a small gain for custom home building construction starts, according to NAHB's analysis of census data from the Quarterly Starts and Completions by Purpose and Design survey

There were 31,000 total custom starts for the first quarter of the year. Over the last four quarters, there were

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YOUR VOTES ONLINE AT LBMJOURNAL.COM

- 10.14% TALK IT THROUGH.** Schedule meetings between you, Phil and Sally and the accounts you'd like to transition, and see if you can convince them that this makes sense for them.
- 1.45% IF IT AIN'T BROKE...** Since Phil says he's fine, and his clients obviously are unwilling to let him go, then just leave it be. Otherwise you're creating a problem where none exists.
- 5.8% BREAK IT.** It's not broke now, but the writing's on the wall, and it'd be irresponsible to wait until there's a crisis before you begin transitioning some of Phil's account's to Sally.
- 82.61% BABY STEPS.** Instead of abruptly switching accounts from Phil to Sally, have her start assisting him on some accounts, so she has the chance to begin earning those clients' trust.

172,000 custom single-family home starts, an increase of approximately 2% over the prior four quarters. Note that this definition of custom home building does not include homes intended for sale, so the analysis uses a narrow definition of the sector.

As measured on a one-year moving average, the market share of custom home building in terms of total single-family starts is now 20%, down from a cycle high of 31.5% set during the second quarter of 2009.

The onset of the housing crisis and the Great Recession interrupted a 15-year long trend away from homes built on the eventual owner's land. As housing production slowed in 2006

and 2007, the market share of this not-for-sale new housing increased as the number of single-family starts declined. The share increased because the credit crunch made it more difficult for builders to obtain AD&C credit, thus producing relatively greater production declines of for-sale single-family housing.

The market share for custom home building will likely experience ups and downs in the quarters ahead as the overall single-family construction market expands, NAHB explains. Recent declines in market share are due to an acceleration in overall single-family construction, especially in spec home building.



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BUILDER CONFIDENCE IN 55+ HOUSING MARKET DROPS, BUT REMAINS HEALTHY

Builder confidence in the single-family 55+ housing market dropped five points to 66 in the first quarter of 2018, according to the National Association of Home Builders' (NAHB) 55+ Housing Market Index (HMI). The decline came off of an all-time high reading of 71 from the fourth quarter of 2017.

"Builders and developers for the 55+ housing sector continue to report strong demand," said Chuck Ellison, chairman of NAHB's 55+ Housing Industry Council and Vice President-Land of Miller & Smith in McLean, Va. "However, there are many places around the country facing labor and lot shortages, along with increased building materials costs, which are affecting production."

There are separate 55+ HMIs for two segments of the 55+ housing market: single-family homes and multi-family condominiums. Each 55+ HMI measures builder sentiment based on a survey that asks if current sales, prospective buyer traffic and anticipated six-month sales for that market are good, fair or poor (high, average or low for traffic).

When compared to the previous quarter, among the three single-family components of the 55+ HMI, present sales fell nine points to 70, expected sales for the next six months rose seven points to 80 and traffic of prospective buyers stayed even at 51.

Meanwhile, the 55+ multifamily condo HMI increased 10 points to 64, which is the highest reading since the inception of the index in 2008. All three components posted record highs as well: Present sales rose eight points to 67, expected sales for the next six months increased 10 points to 70 and traffic of prospective buyers jumped 15 points to 55.

Three of the four components of the 55+ multifamily rental market went down from the previous quarter: Present production declined three points to 59, expected future production fell four points to 57 and present demand for existing units decreased three points to 68, while future expected demand edged up one point to 68.

BY THE YARD

NEWS FROM LUMBERYARDS AROUND THE COUNTRY

MASSACHUSETTS REP. WHELAN TOURS MID-CAPE HOME CENTER LOCATION

Mid-Cape Home Centers hosted Massachusetts Rep. Timothy Whelan on Friday, May 11, for a meeting and tour of its South Dennis location. Rep. Whelan toured Mid-Cape Home Centers' store, as well as the estimating department, custom millwork shop, and lumberyard. Whelan also met with company leaders including Jack Stevenson, President of Mid-Cape Home Centers, to discuss the needs of small businesses in the area.

DREXEL BUILDING SUPPLY OPENS SEVENTH LOCATION

Drexel Building Supply has opened a Columbus, Wis. location. The 14,000 square foot store that opened May 1 will be the seventh Drexel location in Wisconsin. Other locations include: Berlin, Brookfield, Campbellsport, Kiel, Sheboygan Falls and Wrightstown. The Columbus location includes a lumberyard, a design center for cabinetry, countertops, and home design services.

BOSTON LUMBER COMPANY TO CLOSE AFTER 100 YEARS

A South Boston, Va. lumberyard is closing after a century in business. Boston Lumber Company closed May 12 and will held an auction on May 19. According to an article in the *Gazette-Virginian*, the company started in 1918 as W. S. Nichols Lumber Company, and is the oldest business in Halifax County, Virginia.

CENTRAL VALLEY OPENS PREFABRICATED WALL MANUFACTURING FACILITY

Central Valley Builders Supply has opened a new 35,303-square-foot manufacturing facility in Yolo County to house the firm's new prefabricated wall division. Central Valley's first prefab wall panels were shipped to Coffey Park, to expedite Sonoma's post-fire re-build. Santa Rosa's five-acre Coffey Park neighborhood was one of the hardest hit areas during the Tubbs fire, the most destructive of the 17 separate wild fires that hit Northern California in early October 2017.

HENRY POOR LUMBER CELEBRATES 100 YEARS

Lafayette, Indiana's Henry Poor Lumber Company has reached its 100 year anniversary this year. The company started as Ed Munger Lumber Company in 1918. The name would later be changed to Munger and Poor Lumber Co., and eventually Henry Poor Lumber Co. CEO Jim Andrew joined the company in 1972, and purchased it in 1983. Today, Andrew's team operates Henry Poor Lumber Company as well as Flooring Express. Henry Poor Lumber also includes manufacturing and wood packaging businesses.

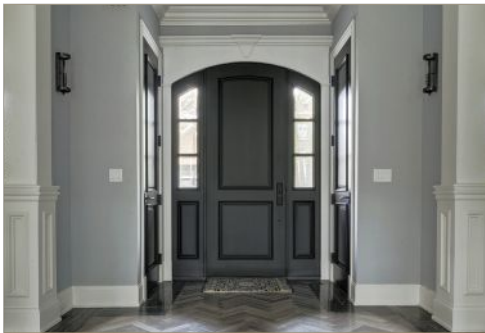
84 LUMBER DONATES \$250,000 TO HABITAT FOR HUMANITY

84 Lumber recently announced a donation of \$250,000, over the next year, to support future improvements for Habitat for Humanity of Greater Pittsburgh. 84 Lumber is also providing oversight of the project, lumber and building materials, will frame each home and lead all bricklaying efforts.

DEALERS, GOT NEWS? Send info on your company's new location, anniversary, expansion, local recognition, honors and awards, new hires, promotions, or other news to James@LBMJournal.com.



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SALES & MARGINS

BILL LEE

Beware of copouts that stifle profits

AVOID DENIAL. Managers who expect to grow and prosper must look at their businesses as objectively as would an outside analyst, so beware of kidding yourselves. The following statements by business owners and managers can be the kiss of death to optimal profitability:

STATEMENT 1

I've seen competition come and go for years. I'm the third generation and I'll survive just like my dad and granddad did. Nothing could be further from the truth. Graveyards are full of businesses whose owners were content with the status quo. Some change is essential. If you want different results, you must commit to doing some things differently than you have done them in the past.

Avoid breathing your own exhaust for too long; schedule visits to successful businesses outside your trade area. Borrow their best ideas and begin implementing them in your business. This is the best way I have found to stay ahead of the competition. No matter how successful you think you are, there are a significant number of owners and managers out there running their businesses more efficiently than you are, so take advantage of this opportunity for new and innovative ideas.

STATEMENT 2

There are no more good people left for me to hire. We have to settle for what our community has to offer. This is simply not true. There are quality people in every community, you just have to set high standards and look for good people until you find them. Make hiring a process, not an event; continually be on the lookout for good people. Don't wait until you have an opening to begin. Good people are like good ideas, they're rarely going to come looking for you. You have to spend enough time to find them.

STATEMENT 3

We have the best service in town. Says who? Service is in the eye of the beholder. I know one business owner who recites the results of his customer satisfaction survey each time he

loses a customer. He refuses to admit that his service may not be so great in the eyes of those customers who have left him to do business with a competing lumberyard in his area.

Good service is relative. Until you begin measuring service and comparing how well your company performs in the current period versus previous periods and comparing each aspect of your service with that of the competition, this service claim will lack credibility with customers and prospects.

Try answering these questions: "What are the odds that an order we receive will be shipped complete with no backorders? What are the odds that your deliveries will be delivered to our jobsites by the time you promise they will be there?" Don't like the answers to those questions? Then it's time to revisit how you view your company's service.

STATEMENT 4

If it ain't broke, don't fix it. This mentality allows businesses to overlook innovative marketing and operational techniques that may be superior to your current way of doing things. There was really nothing wrong with that old bookkeeping machine you replaced years ago with a new computer system. It wasn't broken, but it sure was obsolete. The same could be applied to many areas of a company.

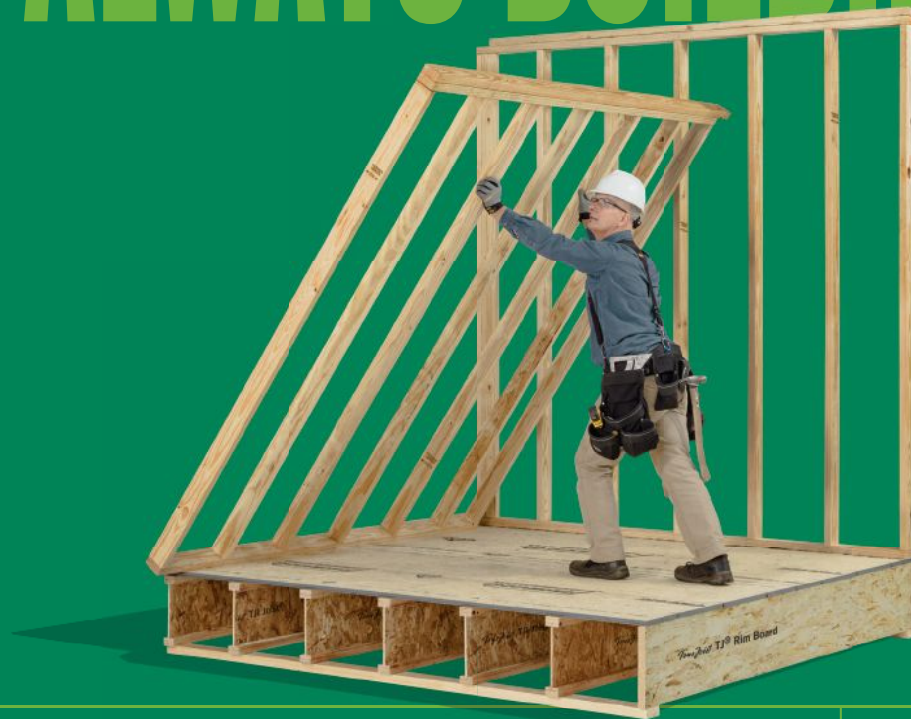
STATEMENT 5

We don't have time for training and we can't afford it. As long as our people have good product knowledge, that's 90% of the battle. No one can deny the value of outstanding product knowledge, but there's a lot more to selling than knowing a lot about the products you sell. Skills like overcoming objections, making the sale while holding your price, taking a loyal customer away from the competition without using price as a weapon, and being so knowledgeable about our industry that customers and prospects alike don't believe they can do without you.

High quality sales training will pay handsome dividends in both sales and gross margin. Make sure your salespeople have the tools to do the job you expect of them. ■

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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BUILDING SALES

RICK DAVIS

From product peddler to sales concierge

PART I

A FUNNY THING HAPPENED on the way to the world of the modern LBM Dealer. The role of the salesperson evolved and, much like the proverbial frog in boiling water who didn't realize the temperature was rising and eventually died, many salespeople have not noticed the shift. In my first three columns as the contributing sales editor for *LBM Journal*, I will explore how the role of the salesperson is evolving from an old school product peddler to look more like a concierge.

You know the concierge. She is the person at the hotel who helps you get what you need. She doesn't cook your meal, drive you to the theater matinee, or escort you to the nearby park to rent bicycles. Instead, she facilitates a conversation between you and qualified service providers. A modern salesperson doesn't need to be the blueprint reader, proposal writer, order taker, delivery person, and service technician. Instead, the modern salesperson should behave like a "sales concierge."

Take Sandra, a star salesperson in the Great Plains of the country. I first met her after she had built a book of business nearly twice the industry average. Not surprisingly, she complained she could do nothing to increase her sales volume. Like so many salespeople, she believed there was no time left in the day to grow new business because she was so busy serving her existing customers.

A single coaching session changed everything. Instead of trying to write every order, she was instructed to record a new answering message on her phone that included the single phrase which changed her career, "...if you are calling to place an order, please feel free to call the branch desk and place it directly."

The results were significant. Her phone rang less as buyers phoned in orders. Her sales started to rise because she had more time for business development conversations and follow up with referral prospects. Her customers later told her they thought she wanted to take orders directly, but were happy to phone them into the branch. She discovered other tasks could be successfully delegated to benefit everyone in the supply chain. A half year later, her monthly sales doubled and she enjoyed three record months of sales in a row.

This case study reveals the power of concierge sales leadership. The best sales leaders recognize several keys to effective team management of customer relationships.

1. SHARE RELATIONSHIP OWNERSHIP. The idea that the salesperson owns the customer relationship passed many years ago. LBM dealers have tried many times to hire salespeople from competitors only to discover that promises to bring large books of business along usually fail. This proves the salesperson doesn't exclusively own the relationship. It must be administered cooperatively. The concierge shares information freely about customers and prospects while delegating tasks to the team because it's the right thing to do for the salesperson and customers alike.

2. SCHEDULE REGULAR HUDDLES. Traditional communication for many LBM salespeople means treating inside salespeople as if they are sitting around twiddling their thumbs while waiting for the phone to ring. The traditional outside LBM salesperson calls in orders, lights emergency fires for others to extinguish, and dumps tasks on inside salespeople with constant ASAP requests. The concierge schedules huddles to discuss the week of work, situations with customers, and the priority of tasks to be completed as a team. This cooperation produces pricing consistency, fewer emergencies, better service levels, higher profitability, and unbreakable customer loyalty.

3. USE PROBLEMS TO FIX THE FUTURE. This is a favorite tactic of mine because it removes the persistent feeling of victimization from the equation. Every fire, emergency and mistake provides an opportunity for review and performance improvement. The concierge uses problems as focal discussion points during huddles to avoid them in the future.

If you own the relationship, you are limited by the amount of work you can do. If you share it with your sales partners, your success is limited only by the number of people you engage and the quality of communication you establish as a team. ■

Rick Davis is President of Building Leaders, the leading supplier of sales training to the construction products industry. Rick can be reached at 773.769.4409 or rickdavis@buildingleaders.com



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SELLING THE DECK PROJECT

BOB HEIDENREICH

Educate customers on the cost of treated lumber

I WANT TO TALK ABOUT SOMETHING that happens at our store all the time, and I bet it happens at yours to. It plays out like this: A customer calls the store and asks, “how much is your treated lumber?”

The answer to that question is always these two words: “It depends.”

The customer on the other end of the line is only concerned with price. But that’s not the most important attribute for determining the price of treated lumber. If we simply said a standard price per foot, we’d be doing the customer a disservice, and ourselves. Basically, quoting a price at that point is the fastest way to guarantee an end to the conversation.

The typical consumer thinks that all treated lumber is the same. The reality is that there are different species of lumber, different chemical treatments that are available for above ground and below ground applications, different tints are added. These things all make a difference. And another important value-added option is Kiln Dried After Treatment (KDAT) lumber.

Here at The Deck Store, we’ve come up with some creative ways to educate customers as soon as that phone call comes in. One of the ways we do this is that we’ve trained our employees to say, “that depends.” That usually gets the customer to ask, “what do you mean it depends?” That is our key to proceed with educating the customer on the different grades and species and options related to treated lumber. This allows us to educate them as much as we can before we give them the price.

Ideally, we want them to come into our store and see first-hand the treated lumber that we have here. This is a challenge sometimes competing with big box stores. There’s one just 1,500 feet from my location. But unless the customer knows that there’s a difference in treated lumber, they’re of course going to want to buy the one that has the lowest cost.

In our market (and this is different than it would be on the West Coast), we primarily use Ponderosa pine and southern yellow pine. The predominant material in this market is

Ponderosa pine. Ponderosa pine, 16" on center, can span 12' 3". Southern yellow pine, on the other hand, can span 16' 1" under the same conditions. So, if I want to have the lowest price product, I would sell Ponderosa pine. If I want to have a deck that costs less, I’d use southern yellow pine. One of the comments we like to make is that even if the materials may cost more at the quote, our deck will cost you less. We take that opportunity to explain how the different spans make a difference.

Always let customers know that they can’t build a great deck with cheap materials. When they ask why the big box stores sell lumber on the cheap, let them know that box stores don’t sell great or even good products cheap, they sell cheap products cheap. When a customer is building a composite deck for example, and build that on a frame constructed with wet, heavy treated lumber, no matter how level you think the deck is, it will not be level the next summer. The first thing people assume is that the decking is defective. But rarely is that true. The problem was that the framing was wet because it wasn’t kiln dried after treatment, and when it finally dried out, the boards shifted and the deck telegraphed. By using KDAT, we avoid any of those call-backs and warranty concerns that customers would have.

“ALWAYS LET CUSTOMERS KNOW THAT THEY CAN’T BUILD A GREAT DECK WITH CHEAP MATERIALS. WHEN THEY ASK WHY THE BIG BOX STORES SELL LUMBER ON THE CHEAP, LET THEM KNOW THAT BOX STORES DON’T SELL GREAT OR EVEN GOOD PRODUCTS CHEAP, THEY SELL CHEAP PRODUCTS CHEAP.”

In short, the species of wood, the drying process, the length of the boards, and the colors we can add to it all make a difference in the cost of treated lumber. In other words, the best answer to how much treated lumber costs is always, “it depends.” ■

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



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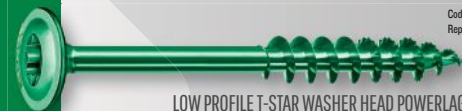
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RECRUITING & HIRING

RIKKA BRANDON

Digging deeper with behavioral and situational interview questions

LAST MONTH WE EXPLORED the early parts of the interview process—the questions for the first (preferably phone) interview that help you understand a candidate's basic skills and knowledge. These functional-style questions help you narrow the field by eliminating those candidates who don't possess the necessary experience for the job or simply aren't the right fit for the company.

Once the candidate pool is narrowed down, it's time to dig deeper, with questions whose answers will illustrate how the potential hire has handled tough situations in the past and how they may handle future challenges.

You do this by asking "behavioral" and "situational" questions. Both are very open-ended and are designed to "short-circuit" memorized answers and force the applicant to think on their feet. The main difference between behavioral and situational interview questions is that behavioral questions are focused on the past and situational questions are focused on the future.

Behavioral questions

Behavioral interview questions give you a glimpse into the job applicant's work ethic, their approach to challenges, and their ability to work as a team.

The key to behavioral questions is that they ask about a specific example or situation. For example:

- Tell me about a time that you went above and beyond.
- Give me an example of a time that a co-worker frustrated you and how you handled it.
- Describe a situation when you had to resolve conflict in the workplace.
- Describe a time you had to convince someone to complete a task your way. Or to do something they didn't want to do.
- Tell me about a time you set a goal and achieved it.
- Tell me about a time you set a goal and didn't achieve it.
- Tell me a specific thing about your favorite leader that really had a positive impact on you.
- Tell me about a time you had to make a difficult decision.

Behavioral questions ask applicants to describe their skills, experience, and approach, all of which can be very helpful in determining their fit for the job.

Situational questions

A situational interview question is one that requires job-seekers to respond to a hypothetical situation they may face on the job. In order for you to get the most value from these questions, you have to really think about the position you are trying to fill and develop specific questions. Here are some examples:

- **Multitasking:** "A customer is walking in, the phone is ringing, and a co-worker needs help making a copy. Walk me through how you'd handle these competing needs for your attention."
- **Sales client relationships:** "Walk me through how you would build a relationship with a prospect. How would you take them from not knowing who we are and move them through to being interested in our product?"
- **Customer relationships and retention:** "How would you handle a client who was angry with you over something that wasn't your fault?"
- **Employee management:** "Let's pretend you have an employee everyone on the team loves. She's just got great energy and is a ton of laughs. Unfortunately, she is also missing her activity goals weekly. She always has a good reason for it, and after you meet with her it seems like she is going to really focus next week and hit them, but she always falls short. How would you handle this "great" employee's poor performance?"
- **Supervising:** "If you were hiring a new employee for [fill in a role they'd be supervising], walk me through how you'd go about setting and communicating activity and performance expectations."

The power of situational interviewing is to impede the candidate's ability to respond with cookie-cutter answers. When done correctly, both behavioral and situational interview questions can give you a sense of a potential hire's personality, work experience, thought process, and communication skills. ■

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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LEADERSHIP

RUSS KATHREIN

Lead the way you would want to be led

IN THE MOVIE, “The American President,” Michael J. Fox’s character implores the President, played by Michael Douglas, to take a public stand and address the American people. He says, “People want leadership...They’re so thirsty for it, they’ll crawl through the desert toward a mirage, and when they discover there’s no water, they’ll drink the sand.” Whereupon Douglas’s character responds, “People don’t drink the sand because they’re thirsty. They drink the sand because they don’t know the difference.” Sadly, this description often holds true for our employees. They want good leadership, but they may not recognize it. Conversely, managers and supervisors want to be good leaders, but they tend to make the same mistakes their own managers made because that is what they know.

Anyone who has ever assumed a new leadership position with greater responsibilities has that initial moment of self-doubt. “How do I do this?” we say to ourselves. “How will I get people to follow me?” My advice to every new manager can be summed up into one simple sentence: “Lead the way you would want to be led.”

There is a reason you were promoted into this new position. You have skills and abilities that set you apart. You demonstrated those abilities, which brought you success. Now that you are a leader, create an environment in which your employees can thrive, much the same way you did. Everyone wants to be encouraged and coached. Too often, however, a new manager immediately becomes a dictator or micro-manager because they think that is what a management job is all about.

Earlier in my career, I was promoted by our company President to run a region that, while busy, was suddenly failing. The OSB market had uncharacteristically made a huge run up in the fall of that year and caught our lumberyards with pricing to their builder customers that was drastically underwater. My first action before I had even stepped foot in the region was to send my new regional commodity buyer a detailed email, telling him that I wanted a full detailing of all of our outstanding OSB contracts, a list of our OSB inventory, a projection of our OSB needs for the rest of the year,

and his account of how we got into this mess. I wrote him that we would sit down together and review this situation as soon as I got into town. I also copied my company President on the email so he knew I was “fully engaged in fixing this problem.”

I soon got a call from my boss, asking that I come into his office. He had read my email and asked me why I had sent it. I told him that I wanted to start fixing this problem, so I had sent the email so that everything would be ready when I got into town. My boss sighed and took off his glasses, which he typically did when he wanted to make a point.

“AS A LEADER, THINK OF WHAT INSPIRED YOU TO BE GOOD AT YOUR JOB, TO WORK A LITTLE LONGER, OR TO TRY A LITTLE HARDER. USE THOSE SAME THINGS TO INSPIRE THE PEOPLE REPORTING TO YOU.”

He said, “Russ, put yourself in this guy’s shoes. You have a new boss and a big problem that you didn’t create, but you now have to be part of solving it. Your new boss sends you this email with guns-a-blazing, demanding answers without taking the time to meet you or even asking your opinion. How motivated are you going to be to help fix this problem, let alone work for this new guy?” His words hit me right between the eyes. I definitely would not want to work for “that guy,” and “that guy” was me. From that moment on, I have always tried to look at my actions and listen to my words from the perspective of those who I was leading.

As a leader, think of what inspired you to be good at your job, to work a little longer, or to try a little harder. Use those same things to inspire the people reporting to you. Make it your mission to set yourself apart from run-of-the-mill managers by getting feedback from those around you. Be self-reflective; make sure you yourself would buy what you are trying to sell. If you spend just a little time doing this, you will find that instead of your people drinking sand, they will follow your lead and drink your Kool-Aid. ■

Russ Kathrein is the President and CEO of Aurora, Ill.-based Alexander Lumber, which operates 22 locations throughout Illinois, Wisconsin and Iowa.

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MERGERS & ACQUISITIONS

JOHN WAGNER

Why do deals fall apart?

ACQUISITIONS DO NOT GET COMPLETED due to concerns originating from two general sources: From the seller's point of view, the business owner can be disenchanted with the terms of the deal or—much more likely—its value. From the acquirer's point of view, they might have buyer's remorse between when the Letter of Intent (LOI) is signed and the deal closes if doubts are raised about the quality of the earnings and whether the sustainability of the earnings are realistic after the close.

Deal value too low

Let's look at the seller first. Most sellers have a firm price in their minds for what they want for their business. They've often worked their whole lives to build up the business, and they want to be compensated for that work before they hand over the keys. Fair enough. (Complicating matters, there is often debt to retire, which eats into the amount the seller can extract in cash.) That said, just as when selling a house that you've remodeled and worked on yourself for years, the seller often has an inflated view of the value of the property which the acquirer may not share. The acquirer is not arriving at their number emotionally. They are using dispassionate comps and mathematical modeling to determine the offer price. The acquirer is not factoring in the times the seller may have worked over the Christmas holiday, or missed the kid's ball games, or didn't take vacations.

This emotional component enters into the acquisition process especially when the seller first sees the opening bids. Some sellers take affront when the amount offered is substantially lower than what they had in mind. But the bid amount is something the seller shouldn't take personally. The acquirer has a natural incentive to bid low (perhaps eventually adjusting upwards if persuaded). Moreover, as mentioned, the acquirer is not just pulling a figure out of thin air. They're using third-party reports to determine their bid value, triangulating off known values paid for similar deals, calculating the value of future earnings, and estimating how likely the company is to grow. They may have boards to answer to, and they are highly unlikely to pay a premium just because they have the money to do so. In fact, generally, the richer the buyer, the less they will pay.

That said, sellers will sometimes just “walk the deal,” and leave what may be an accurate estimate of the company's value on the table. Fair enough. It's their company; they're entitled to do with it as they please.

Terms unacceptable

A second situation arises when the bid amount is acceptable by the seller, but then the acquirer lays out terms that are unacceptable. Generally, this takes the form of earn outs (one-year or multi-year) that require the seller to assume too much of the acquirer's risk. Terms can be too onerous, e.g. revenue goals set at too aggressive levels, or there's loss of control over marketing budgets and hiring. Here too the seller may look over the terms, and simply say there is too much put at risk, and “walk the deal.”

It's about earnings

Among the acquirer's concerns, earnings are paramount. Let's say an acquirer submits a LOI, and the value and terms are acceptable. What the acquirer will watch for between the signing of the LOI and the closing of the deal is whether the earnings hit the targets put forth by the seller, and whether the earnings can be sustained after the close.

In the prospectus, called an Informational Memorandum, or IM, the seller will set revenue and earnings projections that they promise to hit during the due diligence process, which can last months. If there is slippage on those numbers, and forecasts are missed, the acquirer will look very harshly on that, and—depending on the severity of the miss—potentially reprice the deal, inevitably lowering the amount they are willing to pay.

Moreover, during the due diligence process, the acquirer might determine that something is amiss in the company's ability to sustain its earnings. For example, let's say the seller loses key sales people when they hear of the sale of the company, or key customers leave for a competitor. Here too, the acquirer may request a repricing, or even leave the deal entirely. To avoid this situation, make sure the Informational Memorandum is as accurate and realistic as possible, and that you have the team firmly in place that will remain after the closing. ■

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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SUCCESSION PLANNING INSIGHTS

EXPENSIVE (AND COMMON) MISTAKES WITH LIFE INSURANCE.

Almost all successful business owners have acquired what is perceived by too many of them as a rather routine, basic asset—life insurance.

Life insurance is utilized for good reason by wealthy individuals for a number of purposes including, but not limited to, estate tax planning, business succession funding, deferred compensation programs for key executives and estate equalization.

The major concern with life insurance is a *massive* lack of understanding by business owners of how their policies actually function. Most business owners typically know nothing more than the name of the company, how much death benefit they have and how much it costs. Oftentimes, they don't even know this minimal information.

Why is this a serious problem? There are many reasons. The first is that the death benefits that business owners hold on their lives are often the second largest asset in their portfolios only behind the value of their companies. Yet rarely, if ever, do business owners conduct necessary independent and thorough due diligence before acquiring this asset, which is usually in the millions of dollars. Most business owners, frankly, cannot accurately describe how their life insurance contracts function. This lack of understanding can ultimately lead to huge financial mistakes including the loss of entire death benefits and millions of dollars of taxes that could have been legally avoided.

There are hugely successful business owners who are almost dismissive of their life insurance because it is viewed in their minds as something simplistic, which it is not. Life insurance is a complex asset that, if it doesn't perform as intended, can virtually destroy a business succession and estate plan regardless of how good the attorney and CPA were who constructed the planning.

ASSUMPTION NO. 1: LIFE INSURANCE IS ALL THE SAME, RIGHT? WRONG. VERY WRONG.

A life insurance policy is a legal contract between a policy owner and an insurance company that may be intended to last decades. Too many business owners incorrectly think that they are positioned well because they have "XYZ Insurance Company" and they believe it to be a safe company. Yes, the financial safety of an insurance company is critical, but it is only one component of proper due diligence. How many business owners are aware that even if they have a policy with a life insurance company that is among the highest rated that their policy can still blow up with no value and they'll lose every dollar that was contributed even though they diligently paid their premiums year in and year out? Have you read your life insurance contract cover-to-cover? Even if you're among the rare few that actually have read your policy, do you actually understand what you're reading? Many types of

insurance contracts are written in language that consumers, including highly successful and wealthy business owners, don't understand.

Traditional universal life insurance and variable life insurance are among the types of policies that do not have contractually guaranteed premiums, cash values or even death benefits. Too often, these policies are sold to business owners through the use of sales illustrations that include values that look good on paper, but aren't worth any more than the pages on which they're printed. There are a number of assumptions that must take place for these policies to outlive the insured. However, individuals acquiring insurance incorrectly too often consider these assumptions as fact.

ASSUMPTION NO. 2: LIFE INSURANCE PAYOUTS ARE TAX-FREE. THINK AGAIN.

A misconception of many successful business owners is that life insurance payouts are tax free. They should be, but many times the death benefit can become taxable both on an income- and estate-tax level. Are you absolutely positive your life insurance benefits will be tax-free? How do you know, and what are you basing that on?

There are various reasons that cause the eventual taxability of life insurance benefits. Because of space restraints I will only mention one. It is directly tied into the Pension Protection Act of 2006. Specifically, if an entity (corporation, LLC, partnership, etc.) owns life insurance on an employee (even the business owner) and an acknowledgement and consent was not signed prior to issue of the policy, the entire death benefit will become income taxable.

A recent example is a new client of mine. While reviewing various legal documents and insurance contracts, I came across corporate-owned insurance policies that were acquired for business buyout purposes. The total insurance amount was \$125 million. An acknowledgement and consent form wasn't signed by any of the insureds, which means every dollar of the \$125 million will ultimately be taxed. The only options to avoid unnecessarily paying legally avoidable taxes in the tens of millions of dollars is for the clients to scrap the insurance and start new. This problem cannot be corrected any other way. ■

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 LBM-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.

Conversations about employee training raise all kinds of questions: “What if we train them and they leave?” “What if we don’t and they stay?” Richard Branson had the ultimate answer to those questions when he said, “Train people well enough so they can leave. Treat them well enough so they don’t want to.” The fact that these questions and quotes exist at all is because training has always been, and will likely always be, a relevant Real Issue. This month, LBM industry pros from across the U.S. weigh in with insights on training methods and strategies at their companies.

TRAINING PROGRAMS

BY RICK SCHUMACHER

THIS MONTH'S QUESTION came from an LBM pro in the Midwest who wrote: “Our company has grown quite a bit, and we need to implement consistent and comprehensive training to make sure things are done correctly. Suggestions on how to develop and implement training programs for store managers, yard foremen, outside sales, drivers, etc. would be greatly appreciated. Did you do it in-house or with help from consultants, does it include leadership training, etc.?”

As we do each month, we used that as the core of a very brief survey emailed to the subscribers who’ve opted in to receive our email communications. A big thank you to the nearly 200 readers who took time to share their experience on this issue. If you’d like to be added to our list to receive future surveys, drop me a line at Rick@LBMJournal.com, and I’ll make sure you’re added.

QUESTION 1

First, we wanted to get a feel for how many *LBM Journal* readers' companies provide training, so we asked, "Does your company provide training for its employees?" As **graph 1** shows, the vast majority of respondents' companies, just over 90%, do provide some kind of training.

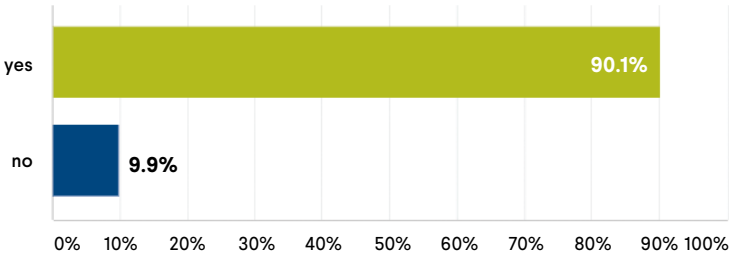
QUESTION 2

Next, we asked this question of the 90.1% who said yes: "Which positions does your company provide training for? Check all that apply." As **graph 2** shows, inside sales led the seven positions identified with 94.1%. Forklift drivers and delivery drivers came in second and third, with 88.9% and 80.0%, respectively. Outside sales came in a strong fourth at 70.4%.

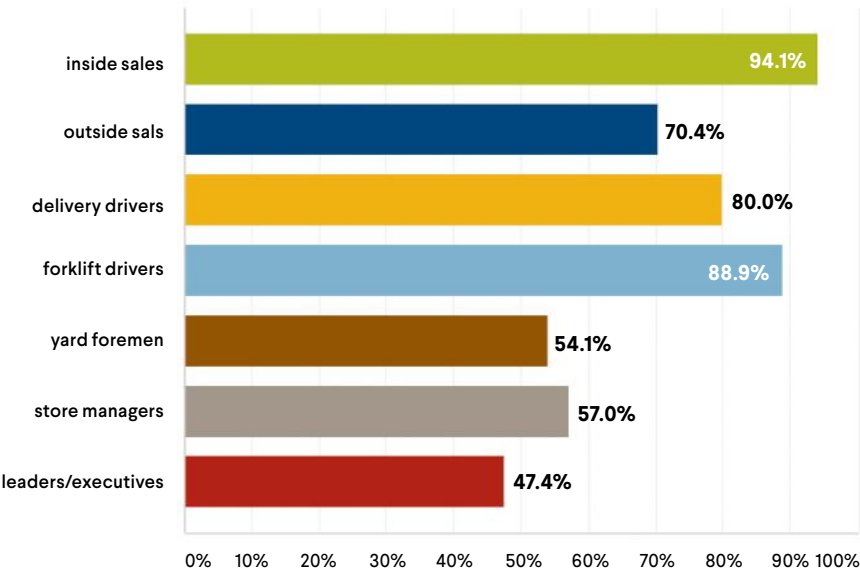
Not surprisingly, the bottom three spots were all taken by people in supervisory and leadership positions, with store managers at 57.0%, yard foremen at 54.1%, and leaders/executives at 47.4%. What was something of a surprise was that nearly 50% of respondents' companies—a very healthy number—provide training for the position on the bottom of the scale. Representative comments to this question included:

- "Every position has a training program."
- "We also train builder customers, building officials and architects."
- "All positions when necessary."

GRAPH 1 DOES YOUR COMPANY PROVIDE TRAINING FOR ITS EMPLOYEES?



GRAPH 2 WHICH POSITIONS DOES YOUR COMPANY PROVIDE TRAINING FOR?



"We try to train in all departments within our company; however it is challenging sometimes to make sure everyone is trained long enough, and that they comprehend everything that have learned."

QUESTION 3

"Our company has grown quite a bit, and we need to implement consistent and comprehensive training to make sure things are done correctly. Suggestions on how to develop and implement training programs for store managers, yard foreman, outside sales, drivers, etc. would be greatly appreciated. Did you do it in-house or with help from consultants, does it include leadership training, etc.?"

A sample of representative comments to this question include:

"We are not training enough. Our office clerks are trained extensively in house. The yard crews get very little training and or supervision. Trying to establish a mentorship type of training. Outside sales folks are sent to Association training programs."

"I need the same advice."

"It's best to have a good human resources person who's willing and knowledgeable enough to know what's needed."

"We do a lot of computer training modules and e-courses, then hands-on validation of the training."

"For us, 20- to 30-minute training sessions work well. We use a variety of resources including in-store department managers who discuss new products and features."

"We use the Northwestern Lumbermen's Association for a lot of our training needs. They provide training seminars on all phases of the business."

"We use a combination of sources to train our associates on company procedures, which have evolved as our company has grown. Many of our processes come from recommendations by our co-op and our industry association, so the training programs come from them as well. Other company procedures which have been created in-house are generally demonstrated one-on-one or in small groups by supervisors or long-term associates, backed up by documentation kept in procedure manuals for the respective departments."

"We do both in-house and product training from vendor reps. Training time suffers greatly in busy times of the year."

"Mostly in-house with our best and most-experienced staff. We did source some training through our payroll HR department."

"We offer on-the-job shadow training for all employees. For additional training we have NLBMDA videos; our insurance company offers trainings; we offer employees to attend our local builders' association trainings; we are open to other outside training opportunities that will allow employees to better themselves."

"Must have a vision of the big picture to begin. You can then start at the top or the bottom (would not recommend starting at the mid-level) and document exactly what each position should know and/or need (this should really be the job description). Next perform a review of the list with the person in that position, identify the needs and train specifically for them. This should apply to each position within the company. Should also include general group training—customer service 101, sales training, leadership training, etc."

"I advise that new hires or people who want to move up work side-by-side with the most senior person in their department. The experience and knowledge possessed by senior people needs to be passed on to the next generation of employee in any position. They are the people who have gotten your company to where it is today, so it is important to leverage their knowledge and expertise. After all, when they are gone, where will you get the same knowledge and expertise? This is applicable to any position."

"Basically, you have two options. One: Develop all the training materials yourself which allows you to customize the training to your exact desires. Two: Use existing programs, either in-house or by a third party. Be advised you have to begin the training at the top and work your way down. Store manager first, then yard foreman, and so on." ➤

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"We currently train in-house, but that leaves a lot to be desired."

"In-house with experienced people mentoring. Learning and performance are increased and skills sharpened to enhance their job and earn additional income. We work in a team atmosphere and share our successes—both personally and financially."

"All training is done in-house; does not include leadership training. How we have chosen to handle training is by having the trainee shadow a seasoned employee. In doing so, the seasoned employee will stress company fundamental procedures. The trainee is placed with several different people."

"Depending on the type of training needed, it is done in-house by fellow employees or reps from the supplier. We work with our associations (LMC, NKBA, and NELA) and take advantage of whatever training they have available."

"Most of these suggestions are efforts from the past. Today's hire has less ambition and drive. You don't train someone to be a manager. It is a rare talent that comes from within. Outside sales becomes less of a need than it used to be. You have to stop thinking 'old school.' Help from consultants is a waste of money. Basically, you're telling them you don't know how to run a business. Ask yourself first, are you in the right occupation? What qualifies you? I've done this for 45 years and I'm always learning something. I shudder at the lack of ability of many contractors today. At some point they didn't apprentice with a competent builder to get experience. I'd look for employees in trade schools. This shows an interest by them. A college grad wants a job, alright. He wants yours."

"We developed our own training for our marketplace and being a contractor yard. We found most of the training through online courses and training advisers. Our insurance company was more than willing to provide safety training information and some hands-on training. Equipment manufacturers also contributed with forklift and driver training."

"In-house training with a mix of vendor reps and manufacturing reps specifically for product knowledge training. Marketing and Human Resources are currently working on a more definitive in-house training plan."

"We are currently launching programs for on-boarding training for new employees and training for existing employees. We recognize that our growing company needs to take an active role with industry education, uniform processes and procedures within our company, and a strong investment in the growth of our people. This is important for us to reduce turnover and continue to develop future employees for our company. We have put our plan together with a lot of internal effort from leadership teams, as well as the use of industry consultants. We have a director of training who is leading this initiative, and our branch managers are tasked with the execution and follow-through."

"We have a new employee partner with a more seasoned employee for a given amount of time. Some of our vendors and distributors also offer training on their specific product with comprehensive information regarding the market in general. We partner with some of our larger vendors and manufacturers to set up classes and training sessions for our staff and contractors."

"I have had a taste of the three extremes for LBM retailers throughout my career. 84 Lumber—one of the industry's best for formal training programs. Lowe's—aside from wiki links for optional training, a program just isn't in place for box stores. And last, a small independent chain in the Do it Best network, informal but experience-based from their ability to retain seasoned staff members. There is something to be learned from each of these."

"Formal programs such as comprehensive blueprint training for sales positions are best for contractor-focused suppliers, however this also makes your staff attractive targets for other employers with lesser training methods to lure your well-trained staff away. Lower-level staff can accomplish your desired results within these parameters, however this involves a lot of 'micro-managing' and overhead support. Seasoned staffing being able to pass along their trade is an informal but invaluable process, however this involves some trial-and-error by learning over the years, and also an ability to retain these life-lesson employees with pay and more importantly a company 'family' culture of appreciation of them as team contributors."

"My earnest suggestion would be to take a highlighted note from these polar opposites in our business. Gauge your current customer base and future goals for increase of base customers, take note of what your local competitors do well and don't do well, then take an overall approach to ensure you have the right mix of training, business model, and ability to retain seasoned staff. Every market varies to an extent, so you will have to decide the right mix for your stores and branding."

"Training is done through the store at time of hiring and training is done when new products or new positions come up. Training is ongoing throughout the store."

"All of our training is done in-house. We have a main store and have all employees train there to make sure they are doing things the same way when working at other branches."

"Company size would have a major determining factor on the training program. A collection of personnel from different facets of the company would also be necessary. Each area would require some overlapping training. Also, there would be specific training for other areas. Following a company mission statement can help by determining the level of training that you will require."

"You need to ask someone else, I've received little to no training. I've only learned/gleaned work skills from other employees or trial and error."

"I see a lot of new hires put in front of a computer for training and then thrown to the lions. I know that employees are one of the biggest expenses, but, they need to shadow an *experienced individual*."



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"In-house training exclusively. We teach them as we would like it done for our operations."

"It is done both in-house and externally, for all employees. Well-trained employees may leave, but a poorly trained employee is not worth having, in most cases."

"Our training is in-house. For those perceived to possess leadership potential, we do provide leadership training."

"In-house training with a leadership component. We use recorded training on the systems and classroom training on leadership issues."

"In-house by the existing experienced employees, and outside through lumbermens' organizations. Leadership training, not so much."

"Definitely hire outside professionals whenever possible."

"Ask the managers of your best-performing yards to submit their sales techniques, bookkeeping management practices, order-tracking methods, and any other tips you can think of. Then, go to the Division Managers and ask them to do the same thing—only on a macromanagement (so to speak) level. Once you have all of that information—it will be a lot to sort through—create a training manual and a best practices/procedure manual. Consider creating an executive committee made up of corporate office personnel, division managers, store managers, yard foremen, and maybe a couple of outstanding sales associates. Appoint one or two people who would be willing to travel so they can both train new employees, and give refresher courses to the established personnel."

"Training is generally a complete waste of money and time, unless there is a 'third-day culture' in place for trainees when they complete the seminar and return to the real-world environment of their job. The term 'third-day culture' comes from the idea that many seminars take people away from their regular job for two days of classroom training. The 'third day' refers to all the days following the class. In order for training to be effective, the culture in the work environment must reinforce the concepts taught in the classroom. Leadership must make the commitment to model, facilitate and practice the concepts all the time and then hold the new training graduates accountable. Absent the leadership doing these things, training is a waste of time and money."

"In terms of developing a program, I suggest consulting with industry peers who have done this successfully. You may also want to reach out to your local lumber dealer association, as they are typically an excellent source of information, either directly or through recommendations. We are fortunate to be able to do most of our training in-house for sales and operational employees. Management/leadership training is most often done outside of the company."

"I believe creating a learning culture and environment within your company is the first essential step. From there, you establish SOP's and job responsibilities for each part of your operation. Train everyone to the SOP's and responsibilities hold employees accountable for doing their job. Second: Product knowledge training can be continuously trained with your various supplier's help (under your sales manager's oversight or after vetting of the training materials). Third: Construction knowledge and training is most easily gained through online training modules that have already been developed. Fourth: Sales training is best with a combination of in-house experts and online training or other courses. And Finally: Any leadership training is only as effective as the company's leadership allows."

A READER SHARES FOUR STEPS FOR TRAINING SUCCESS

STEP 1: Create a cultural training, defining a mission statement and a vision statement. Having a clear understanding of what company leaders expect the customer experience to be.

- This is what we want
- This is what we need to do to get it
- A willingness to make changes as we progress

STEP 2: Procedural training. Make sure we have the tools in place for everyone to succeed, again with the customer experience in mind.

- Take ownership of a situation
- Never use policy as a solution to customer dissatisfaction
- Give people, without reprimand, the authority to satisfy the customer
- Change what doesn't work, in the customer's best interest
- Recognize and reward the behavior you want to see

STEP 3: Each team member needs to understand that they are responsible for their own career. Provide the tools, venue and time for learning. Reward learning.

- Be sure people know that none of us knows everything
- Learning teaches us that we don't know, what we don't know
- Many times we learn that we don't know what we thought we knew

STEP 4: Product education can be, and should be, a relationship-building marketing tool. Have your people invite builder customers, architects and building officials to attend product seminars together with them. Use your vendors to assist. What better way is there to network, build relationships and learn, all at the same time? The educational program, once put into place will determine whether or not professional help is needed. I tend to say yes, get outside help, we are LBM savvy, hire leadership help to guide you along the way.

"We believe the 'best' training is from the principal owners/managers responsible for that business. Each business is different, and you don't want an outsider 'clouding' your employees or trying to 'fancy dance' them with jargon/esoteric 'rarefied air' pronouncements or concepts. But be aware: Manager's minds, through repetition, can go from A to Z in a moment due to their experiences/backgrounds/expertise. When you *train* someone new to a concept, you must teach, in sequence, the specifics in going from A to B, from B to C, etc. Also, give the reasons *why* each step in the process is important; these reasons provide 'mental hooks' to the little 'grasshoppers.'"

"Develop an extensive onboarding/training guide. Keep it current and use it!"

"We created the training ourselves over time."

"We've used an HR consultant to help develop training procedures. Developing and implementing, however, are two different issues. Trying to get long-time staff to take the time to adequately commit to training new staff has been challenging."

"First, identify what your goals are for training (e.g., improved safety awareness, product knowledge, efficiency, interpersonal skills), then select training relevant to the position. All employees should receive annual training on areas of potential legal exposure, such as harassment and substance-abuse awareness and prevention. Effective training can take place via a variety of delivery methods: seminars, webinars, classroom, on-the-job, self-study, and so on. Be sure to have systems in place to track participation and outcomes relative to job performance."

"We use multiple resources: the safety side is coming from our insurance company, our buying group sponsors university education, and our local community colleges are working with us on leadership training and work processes. We have used Rick Davis for several sales training sessions, forklift training is done in-house, millwork training is coming from WMA (world millwork alliance), etc." ■

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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DeckLok® Lateral Anchor System



RailLok® Rail Section Connection

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

DeckLok® Lateral Anchor System

Our patented DeckLok® System provides Code Compliant bolted connections at critical structural locations of your deck. Available in post-manufactured, hot-dip galvanized and 316 stainless steel.

- ICC ESR-2114
- Ledger: Anchors against deck pullout and collapse, 4,000 lbs. per set.
- Rail Post: Increases connections over 500%.
- Stair Stringer: Provides bolted connection for Stair Stringer to deck substructure.



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MAG-LBM-06/2018

150 YEARS STRONG: GORDON LUMBER HAS DEEP ROOTS IN NORTHWEST OHIO

A lot of lumber dealers in the U.S. can trace their company's origins back to when "grandpa started it after the war." What they mean is World War II, and while those businesses—many now in their third generation—are incredible success stories, Gordon Lumber is a cut above.

In 1868, as the country was recovering from the Civil War, Washington Gordon traveled to the village of Oak Harbor, Ohio to start a saw mill on the banks of the Portage River. Little did he know, that 150 years later the single mill would grow to a family legacy of six lumberyards, a truss plant, a land management firm, and an installed sales company, all still owned, in the largest part, by the same Gordon family. The great-granddaughters of Washington Gordon are still on the company's board of directors.

This summer, the Gordon Lumber family will celebrate the company's 150th anniversary with a company party at a Toledo Mudhens game.

COMPANY STRUCTURE

Any company that survives 150 years is sure to have changed with the times. Gordon Lumber is no exception. Most recently, in 2017, the company became Gordon Lumber Holding Company, which wholly owns Gordon Land Holdings, Gordon Components, Gordon Lumber, and Gordon Contract sales. The restructuring has allowed Gordon Lumber to align itself for growth, says company President Erin Leonard.

"Gordon Lumber operates six full-line lumberyards in the towns of Fremont, Bowling Green, Genoa, Huron, Bellevue, and Port Clinton, Ohio," he says. "Gordon Components operates one component plant in Findlay, Ohio. Gordon Contract Sales is our installed sales company that solely handles installs and large contract material sales."

Less than a year after the restructuring, Leonard says he sees Gordon Lumber to be well-positioned for success. He thinks the positioning will help Gordon Lumber reach into bigger markets than it has before.

"We're square between Cleveland and Toledo," he says. "That's our geography. We're prepared now to dance in Toledo and we're looking to get a dance card going in the western Cleveland suburbs."

Gordon Lumber's footholds into metro areas will allow the company to work with some larger builders that aren't found in the less populated areas of Northwest Ohio.

Adding to their prospects in the larger areas is the fact that Gordon Lumber manufactures trusses at its Findlay facility. Through truss production, Gordon Lumber is able to serve as a partner to more builders and even to independent lumberyards that do not offer truss manufacturing. The company currently serves a 150-mile range for trusses shipped.

With a customer base made up of 85% professional builders and remodelers, Leonard says he doesn't consider big box stores his competition as much as he does other, larger chains. ➤



Gordon's experienced leadership team includes (from left to right) Erin Leonard, Jan Cunningham, Rhonda Taylor, Tate Maurer, and Marc Lovins.



"WE'RE SQUARE BETWEEN CLEVELAND AND TOLEDO. WE'RE PREPARED NOW TO DANCE IN TOLEDO AND WE'RE LOOKING TO GET A DANCE CARD GOING IN THE WESTERN CLEVELAND SUBURBS."

— ERIN LEONARD

One Gordon Lumber location where the company has built a considerable focus on retail customers is its Port Clinton yard. Port Clinton is a resort town that Leonard says triples in population on the weekends.

"The running joke is that from 5:00 p.m. on Friday to 2:00 p.m. on Sunday, Port Clinton has the highest per-capita income in Ohio," he says. "The downside of that, of course, is the rest of the week or outside of the summer season it isn't remotely the same."

To reach the most customers in an area like Port Clinton, Leonard has focused that store on serving vacation home owners in the area. The Port Clinton store maintains a large showroom presence and serves a mix of vacation home owners who still do DIY repairs, and those visitors who might need a bit more help.

"The DIY market is certainly dying out," he says. "People don't know how to do as much anymore."

For that growing customer base less inclined to tackle DIY projects, Gordon Lumber has introduced a service providing small installs on items such as storm doors and windows. He says the customers trust them with the keys when they're gone and then they come back and know where to find them at Gordon Lumber if there was a problem.

OPPORTUNITIES

Seasonality certainly affects employment numbers in a town like Port Clinton, Leonard says. In all, the company has about 130 employees at any given time. The component plant in Findlay accounts for a large number of them. Gordon Lumber also has a separate outside sales force that is able to operate out of any one of the company's facilities.

Still, keeping staffed is an issue in Northwest Ohio as it is almost anywhere else in the country. From April into the summer, Leonard says, there's a sharp bell curve in hiring seasonal help.

"It used to be, some 20 years ago, everyone sent their kid to the lumberyard to work for the summer. We don't see that as much anymore." To keep employees moving up through the ranks from yard positions, Gordon Lumber fully pays for CDL licensing for its drivers.

On track for revenues of \$40 million this year, Leonard says that Gordon Lumber has built a solid foundation under what was a couple years of rapid growth after the Great Recession.

"We had increases of 20%, but we found areas of our foundation that were weak, and we made a conscious decision to work on the business to ensure we weren't just putting Band-Aids on systemic problems that led to small profit returns."

As a result, Gordon Lumber realigned its component plant to service out-of-market independent lumberyards that don't have plants of their own. After years of the component plant languishing, Leonard says, it has now become one of the largest growth channels for the company.

Leonard says he sees that trend continuing. "Our biggest opportunity is in providing components to other independent yards outside of our market. In particular, where components are becoming a larger and larger portion of

the customer purchase as site labor is becoming even more scarce and more expensive."

In essence, by selling components and trusses, Gordon Lumber is helping its builder customers—and the builder customers of other independents—solve their largest problem, which is the overall shortage of labor.

"It's driven by the fact that no one is going to trade schools to be a carpenter anymore. When I talk to other guys at lumberyards, we joke that there may not be anyone smart enough to cut wood and put it up pretty soon. We could be selling products that ultimately there's not anyone capable of using or installing it. It used to be that lumberyards occasionally had truss companies. If the labor shortage trend continues, the real future is component facilities with lumberyards underneath them, not the other way around."

COMPANY CULTURE

Perhaps one of the biggest changes Leonard has led Gordon Lumber through is hardly visible to the customer. Leonard has changed the company from an individual store culture to one that now works together for a common goal, while still carrying on the family-business traditions that have made Gordon Lumber successful.

As President, Leonard has been with the company since 2011. Previously, he worked at larger chain independent lumberyards, including one of Gordon Lumber's largest competitors. With a seat on the board, Leonard is not only a boots-on-the-ground President, but he is also strategically involved on the Board of Directors.



"There is such a benefit to me being a board member also, the real asset that running a business like Gordon Lumber has is that it's low to the ground, we can make necessary market environment changes quickly. No red tape. It seems like very little changed for 100 years in this industry, then suddenly in the last 20 years everything changed and it's changing every four years since then. It seems to be speeding up. For instance, we were always a company that prided ourselves on individual store profitability. Even if it was a detriment to the company's overall profitability."

Leonard says that given the company's relatively small geographic footprint, he saw that stores were fighting over some of the same customers until a few years ago when he changed the focus of the company's culture to support the greater company as a whole. "The goal is simple," he says. "We provide the customer with the best possible experience for the least cost available to the company."

Since the change, a customer purchasing a product at one yard may have it delivered from a different yard. Distribution is now optimized to ship from the yard that has the least-costly distribution point for each delivery. "The old way was that everyone looked at the end of the year to see if their own store was profitable. They all competed against each other for customers. Going into the downturn, a lot of companies, like us, figured that out. We need to behave like one large store that happens to be in different locations."

Now, Gordon Lumber has one location that ships shingles, one that does drywall deliveries, and two that are primary shipping distribution centers for lumber.

GET TO KNOW GORDON LUMBER

FOUNDED:	1868
LOCATIONS:	SIX YARDS PLUS COMPONENT PLANT
EMPLOYEES:	130
CO-OP/BUYING GROUPS:	DO IT BEST CORP. AND LBM ADVANTAGE
SOFTWARE PLATFORM:	EPICOR BISTRACK
TOP THREE VENDORS:	ANDERSEN WINDOWS GEORGIA PACIFIC OWENS CORNING

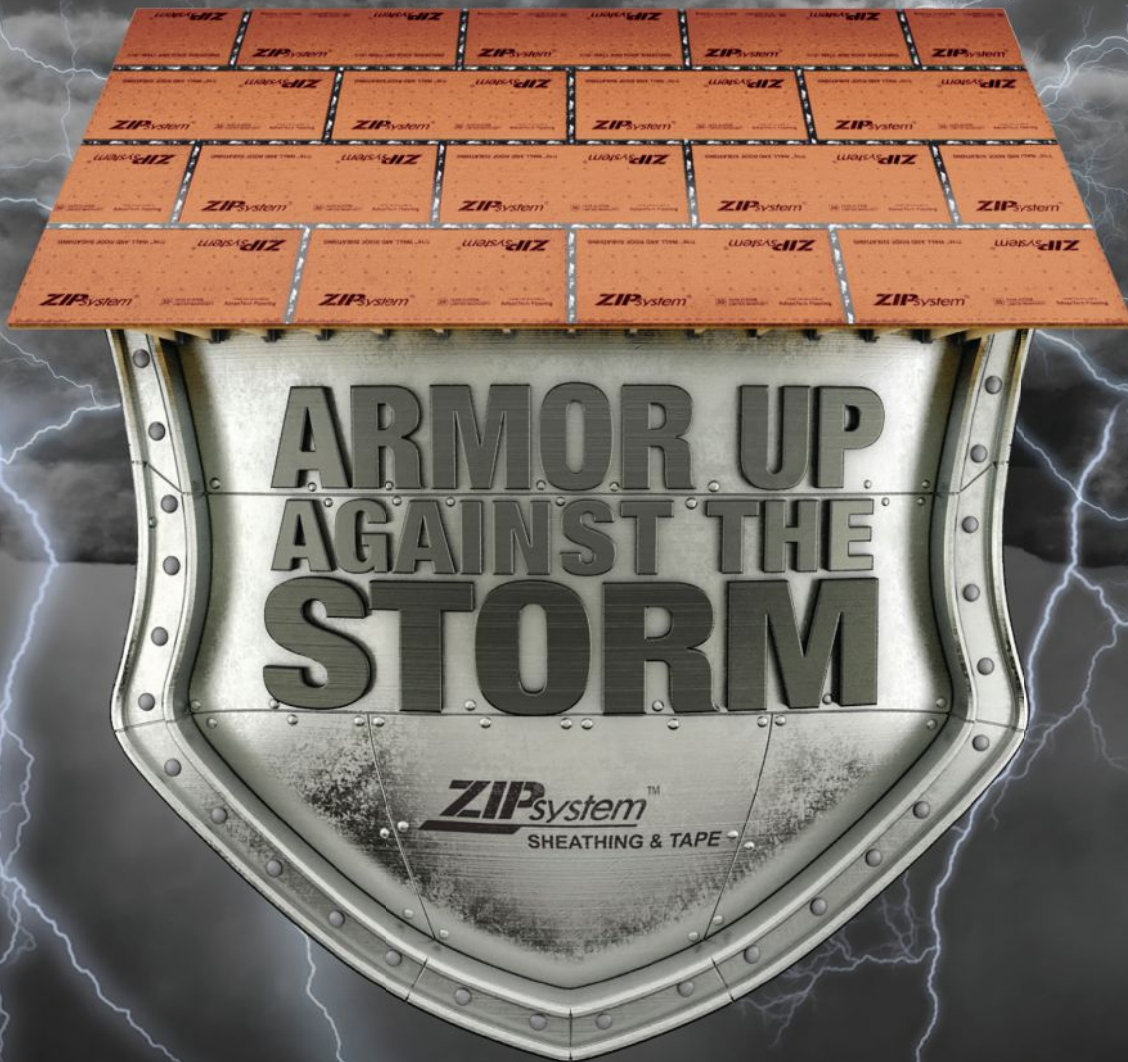
"Now, we're not paying for a lot of redundancy that we just don't need. We're moving extra trucks to hub locations and the smaller yards are on singular trucks. We can also pare down inventory that way."

Gordon Lumber is competing at a level beyond its six stores, Leonard says. With a solid footing in place, the company is able to bring the same products and services to rural markets that were traditionally only offered in urban areas.

"Being a smaller company allows customers to meet the decision makers at Gordon. That still means a lot to the local customer, knowing they are not just an account number at a faraway office. We, like most independents, are tied into the communities we serve on a level the larger chains can't touch," he says. ■



Gordon Lumber has deftly and successfully expanded its product selection across each of its six locations to embrace more retail and DIY customers while maintaining its core focus on pro builders and remodelers. The company expects to generate revenues of \$40 million in 2018.



FORTIFY YOUR ROOF AGAINST THE STORM

When it comes to building in storm-prone areas, a high-performance, sealed roof deck can help protect your home against wind-driven rain. Featuring a built-in water-resistive barrier and taped panel seams, ZIP System® sheathing and tape helps meet resilient building standards by FORTIFIED® Home™, while reducing installation steps and eliminating the need for felt.

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SHEATHING & TAPE



offers a set of design and construction standards that goes above building code requirements to help homes resist damage from natural hazards. Homes are inspected by FORTIFIED Homes professionals and certified, which can enable homeowners to receive insurance benefits. The bronze, silver and gold categories build upon each other, but the main focus of the first level — bronze — is fortifying the roof.

"The roof is the most vulnerable part of the entire house," Price said. "In areas prone to storms, high winds and hurricanes, shingles are likely to blow off. In traditional homes, the last line of defense against water intruding through the roof deck is a weatherproof barrier — usually a thin layer of felt — and that will probably blow off, too. Once it does, water can pour in and ruin drywall, flooring and

almost everything else on each level of your home. If your roof fails to keep the water out, you're going to experience significant and costly damage to the rest of your house.

Next-Generation Roof Decks: Coastal Builder Fortifies Homes Against Storms

When General Contractor John Price moved to Gulfport, Mississippi, and began work with premier residential and commercial developer Sapphire Homes, he noticed significant rainfall was a crucial jobsite variable year-round. According to Price, even outside of the June-to-November hurricane season, rain is an almost-daily reality on build sites in the coastal city, and that can spell trouble for roofs. Price looks to roof deck products that help achieve quick rough dry-in and ensure long-term durability under potential storm threats in his storm-prone coastal area.

"From light showers to tropical storms, oceanfront builds in Gulfport need to stand up to heavy downpours and high winds during and after the build," Price said.

To provide added protection beyond that of traditional oriented strand board (OSB) and felt roof deck assemblies, Sapphire Homes uses ZIP System® roof sheathing and tape to build a more resilient sealed roof deck. Plus, it helps homeowners meet voluntary resilient building standards that can help reduce wind insurance premiums.

"I used to use OSB and felt, but not anymore," Price said. "Instead of using the traditional method of boards and a weatherproof layer, ZIP System® sheathing and tape has the moisture barrier built in. It's a much more advanced product."

ZIP System sheathing and tape is an innovative structural roof and wall system with an integrated water-resistive barrier that streamlines the weatherization process. The system helps Sapphire Homes get projects dried in quicker in the rain-heavy Gulf Coast area.

"It rains about every other day in the coastal areas," Price said. "That's not a problem during a build when you're using ZIP System® products. If you're in the house looking up, you can see there aren't any gaps between the boards. And there's no discoloration that would indicate water intrusion that you often see with alternative roofing products. Even after heavy rains, the roof interior looks good as new, so we're confident it is sealed tightly."

Sapphire Homes strives to distinguish their company in their coastal market as a builder homeowners can trust to have long-term durability as a top priority. Owner Jason Garner explained this had to be a core part of the company's brand because of the area's history of devastating hurricane damage, including destruction from Hurricane Katrina in 2005.

"Though it's been over 10 years since Hurricane Katrina, waterfront areas have been slow to rebuild because of insurance costs," said Garner. "By creating more 'insurable' homes by following voluntary building guidelines created to help engineer storm-resistant homes, we hope to help lead this community back to enjoying the natural amenities of waterfront homeownership."

Sapphire Homes follows FORTIFIED™ Homes guidelines to make each of its projects as strong and weather resistant as possible. The FORTIFIED Homes program was created by the Insurance Institute for Business and Home Safety (IBHS) to help offer disaster protection for homes in areas susceptible to natural disaster. Formulated after over 20 years of research, FORTIFIED Homes

"With ZIP System sheathing and tape, when shingles blow off, you have a built-in layer of protection that's not going anywhere," he added. "Because the weatherproof barrier is fused directly to the panels and acrylic tape seals the seams, your roof and house are much better protected."

ZIP System sheathing and tape comes with a 180-day Exposure Guarantee and is available in 7/16", 1/2" or 5/8" panel thicknesses. With a unique tongue-and-tongue edge profile, panels install easily and are self-spacing. Introduced in 2006 for exterior wall and roof applications, ZIP System sheathing and tape is changing how professionals achieve tight building envelopes.

"We build to a higher standard to meet FORTIFIED guidelines because that's the company we want to be," Price said. "We use ZIP System sheathing and tape because it's a superior product. We want to go above and beyond, and ZIP System products help us do that."



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IN DEPTH

ROOFING SYSTEMS

IMPROVED PERFORMANCE, AESTHETICS DRIVE
ROOFING INNOVATION.

Roofing demand usually comes from two places—housing starts and storms. And with that in mind, roofing system manufacturers are expecting 2018 to be another good year following a strong 2017. The National Association of Home Builders is projecting 2018 housing starts to increase to 1.247 million this year, up from 1.208 million in 2017. Single-family starts are projected to hit 893,000, up from 851,000 last year.

“Single-family and multi-family housing starts are expected to be strong in 2018,” says Rupa Kibbe, Marketing Manager for DuPont’s Tyvek Protec. “Consumers are also expected to spend more on remodeling activity. In conjunction with the recent tax reform and aging housing stock, all indicators point to a strong roofing market in 2018.”

Boral Roofing, which recently acquired the Headwaters brand, also expects to see growth this year.

“With the rebounding housing market, storm damage work and home equity gains, we expect steady growth in both the residential new construction and repair and remodel market segments,” says Marketing Product Manager Rich Thomas. “Labor shortages in many regions of the country will limit the pace of growth in some markets, but pent up demand will remain strong for the near future.”

MFM Building Products echoed that sentiment, noting the impact of last year’s storms.

“Our outlook for 2018 is very positive,” says David Delcoma, Product Marketing Manager. “There is still a lot of storm damage from the fall of 2017 that needs repaired [or] replaced. The cold winter also created a lot of ice damage, which will require roofs to be repaired or replaced. Even the California forest fires will have an effect on the amount of roofs that need addressed.”

STRONG GROWTH WITH INNOVATIVE PRODUCTS

Manufacturers are particularly optimistic about the growth of alternative products that offer homeowners a different look than traditional asphalt shingles.

“We expect to see more growth in residential sales tied to specialty products, such as solar reflectance and impact-resistance, as well as continual

growth for metal—whose popularity continues to soar,” says Alex Pecora, Director of Product Management for CertainTeed Roofing. “For the low-slope sector, while single-ply roofing will continue to hold the largest amount of market share, our belief is that the need for more durable roofing materials will result in a small resurgence for multi-layered asphaltic systems—particularly self-adhering systems in applications where occupant comfort and installer safety are important, due to the low labor cost of installing self-adhered systems.”

Consumers and contractors are becoming more knowledgeable about the benefits of specialty materials, such as metal roofing, leading to more acceptance of the products.

EDCO Products, which produces steel roofing, is seeing growth in its sales and market share, says Chris Doucet, Director of Sales & Marketing.

“The advancement in technology both in terms of look, certainly in terms of quality, is really starting to resonate with consumers and I believe that will only accelerate,” Doucet says. “The data that we have received from the [Metal Roofing Association] supports that notion and we don’t see any reason why we can’t continue to grow and gain market share. With all of the challenges that we have seen, with storms and fires...all the things that steel roofs stand up better to than traditional materials, I can only see the demand for metal products continue to grow.”

Contractors are also recognizing the opportunity for increased profitability from installing steel roofs, with its Class 4 impact rating and fire resistance, says EDCO Product Manager Steve Spaulding.

“I think with the impact rating people are understanding the strength of steel as more and more storms come through and we’re seeing hail damage,” he says. “All our metal roofing comes with a Class 4 impact rating, which is the highest it can be. Fires are becoming a big issue and obviously metal is far more resilient to fires and even just your typical embers that might be floating around, so there’s benefit there.” ➤

OPPOSITE PAGE: Ply Gem’s nature-inspired synthetic slate roof tiles are designed to be lightweight, long lasting, and sustainable, with the look of a natural slate roof.

BELOW LEFT: Boral’s new composite products offer a lightweight alternative to natural slate or wood shake and are available in a variety of colors, including Oceana Blend.

BELOW: Weyerhaeuser’s Radiant Barrier Sheathing reflects the sun’s radiant energy, helps increase energy efficiency, minimizes heat transfer to living spaces, has a textured exterior surface for sure footing and includes a limited 20-year product warranty.



The wave of storm-damaged roofs over the last several years has also helped Ply Gem grow sales of its engineered slate and shake products as it enters several new markets in the Midwest, says Director of Composites Dave DeRogatis.

Cities “in that market, have had some significant hail storms—damage to tens of thousands of homes, and we’re seeing where homeowners are looking for higher-performing alternatives to traditional roofing,” he says. “So, they’re starting to look at those products that perform better. Perhaps, and we’re hearing this, they’re tired of replacing their roofs year after year, from hail.”

Ply Gem also recently received Florida building code approval for its roofing and expects to have Miami-Dade approval later this year. With slate roofs being damaged by the hurricanes in the state, the Ply Gem synthetic slate roof tiles offer an attractive alternative, DeRogatis says.

“We were actually awarded a job that we started in March that was a large villa complex on the west coast of Florida where Hurricane Irma destroyed the natural slate roofing...and we’re in the process of replacing about 60 roofs in that community, and simply because we perform better than natural slate,” he says. “The natural

slate couldn’t hold up to the wind of Hurricane Irma, therefore being brittle, cracking, etc. And our tiles achieve 193 mile-per-hour plus rating, which is the highest wind class, the new class of wind rating in the U.S.”

With more in wildfires, LP Building Products is also seeing increased demand for its Flame Block Fire-Rated OSB sheathing. FlameBlock is a code-compliant alternative to FRT plywood.

“We’re doing quite a bit with education and awareness to let people know that FlameBlock’s not only good for the walls, interior, and exterior, it can also be used for roof applications,” says FlameBlock Product Manager Sarah Caperton. “Codes are becoming more and more stringent every year. They’re wanting to take a safer look at how we can continue to make homes safer, buildings safer, and with that it’s actually beneficial for FlameBlock, because FlameBlock has the ability to help with those one- and two-hour fire walls.”

FlameBlock also makes the job easier for installers as, unlike FRT plywood, there’s no need to add an extra layer of felt paper on top of the roof deck before adding the shingles.

“We’re competing directly with FRT plywood and as they impregnate the panels they have to take a 1/8” deduction, where a 7/16” FlameBlock panel is a true 7/16” panel,” Caperton says.

FlameBlock can also be used with LP’s TechShield radiant barrier on the same roof to provide increased energy efficiency. TechShield is celebrating its 20th anniversary and the product is more popular than ever as homeowners look to save on energy bills, says Kayla Boyce, TechShield Product Manager.

“We are that original No. 1 brand of radiant barriers,” she says. “We definitely have our reputation behind us. Beyond that, what sets us apart from other radiant barrier products is our patented vapor vent technology. We’re the only radiant barrier that makes vapor vent. And really, when you’re building a home quickly I think that’s important, just making sure that the roof deck can dry out as quickly as possible and you can get on your way with closing it all up.” ➤

RIGHT: LP TechShield Radiant Barrier Sheathing improves energy efficiency by blocking up to 97% of the radiant heat in the heat panel from emitting into a home’s attic, but installs like conventional roof sheathing, requiring no additional labor.

BELOW RIGHT: Metal steel roofing from EDCO Products offers aesthetics and performance with Class 4 impact ratings and fire resistance.

BELOW: RoyOMartin’s Eclipse OSB Radiant Barrier panels are a cost-effective and energy-efficient roof sheathing solution. Eclipse panels consist of a highly reflective film laminated to the face of OSB, reflecting radiant heat and thus reducing attic temperatures in the summer by as much as 30 degrees Fahrenheit. RoyOMartin Eclipse Radiant Barrier is RIMA verified and available FSC certified. Panels come in 8’ and 10’ lengths and 7/16”, 15/32”, 1/2” and 19/32” thicknesses.





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AESTHETICS MATTER

Of course, a good roof is about more than performance and energy efficiency. It also must look good.

“While performance is more important than ever, aesthetic tastes have not deviated,” Pecora says. “We’ll continue to see new products introduced that imitate the very popular classic look of traditional materials such as wood shake and slate, but with specialized features that address the big industry pain points. As examples—to combat hail there will be more Class 4 impact resistance-rated products; and to help homeowners reduce energy use there will be a greater number of

roofing products with cool roof colors introduced into the market.”

CertainTeed recently introduced its Arcadia Shake, a heavyweight four-layer asphalt laminate designed to replicate real wood shake. After an introduction on the West Coast, the product has been rolled out to include parts of central North America.

“The Arcadia Shake color palette offers the look of both new and weathered shake roofing, as well as blacks and grays for a more modern and sleek look,” Pecora says. “There are also solar reflecting color options available with high reflectivity and thermal emissivity values. Other benefits offered include

a Class A fire resistance rating and low maintenance upkeep—which makes Arcadia Shake an ideal alternative to real wood shake.”

The company’s Belmont asphalt luxury shingle collection was introduced in early 2017 and is designed to replicate a slate look in six different colors. The collection also includes Belmont IR, a Class 4 impact resistance-rated version.

One of the misconceptions about metal roofing is that it’s not going to be aesthetically pleasing. EDCO has addressed that concern with several new products. Most recently, the company launched its Infiniti Textured Shake, a textured panel that offers a more familiar look for homeowners who are used to seeing a granulated asphalt shingle.

“The difference with our technology is that these are not glued on stones,” Doucet says. “They’re thermally fused paint particles, so we guarantee those particles and the quality for a lifetime to the homeowner. We even offer a 40-year paint warranty.”

Roadhouse is another new product, based on the popular distressed metal look.

“It looks like rusted out metal and... we offer the same 40-year paid warranty and lifetime warranty in terms of quality and any failure of the product,” Spaulding says. “We’re excited about that and it’s one example of how we try to develop products that are on trend with other tastes, other consumer trends we see in other areas of building aspects: interior, exterior, whatever it happens to be. We’re always trying to enhance our products, find the color palette, always trying to keep up with what consumers are doing in other areas of their design.”

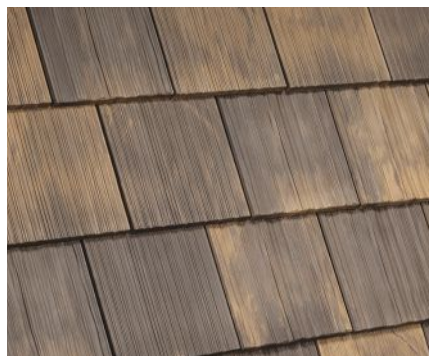
Many homeowners are seeking a more natural look for their roofs, something DaVinci Roofscapes is addressing with its Nature Crafted Collection, introduced at the 2018 International Builders’ Show. Available on DaVinci Multi-Width and Single-Width Shake products, the Nature Crafted Collection features nature-inspired colors including Aged Cedar, Mossy Cedar and Black Oak. ➤



ABOVE: Belmont is the latest addition to CertainTeed’s asphalt luxury shingle collection. Belmont is available in six different colors, and a Class 4 impact-resistance rated version, Belmont IR.

MIDDLE RIGHT: DaVinci Roofscapes’ Nature Crafted Collection is available on Multi-Width and Single-Width Shake products and includes realistic nature-inspired colors including Aged Cedar (pictured), Mossy Cedar and Black Oak.

RIGHT: TAMKO’s new Heritage® Designer Ridge is a high profile ridge product that adds a look of polished sophistication to finish asphalt roofing projects with style. Constructed with SBS modified bitumen technology, two layers of asphalt shingles are laminated together to produce the high-definition appearance of added dimension.



The weakest link in a modern roof:

The vent stack gasket

The Problem:

The plumbing vent pipes that penetrate your roof are typically sealed with an old-fashioned rubber gasket to keep water from entering the home. These rubber gaskets deteriorate when exposed to the sun and high temperatures. Over time they get brittle and crack, losing their ability to protect the home from water intrusion.

While modern roof shingles often offer a lifetime warranty, these rubber gaskets usually deteriorate in as little as 3 to 5 years. As a result, water begins to flow into the home causing damage to ceilings, interior walls and carpet.

Problem Solved:

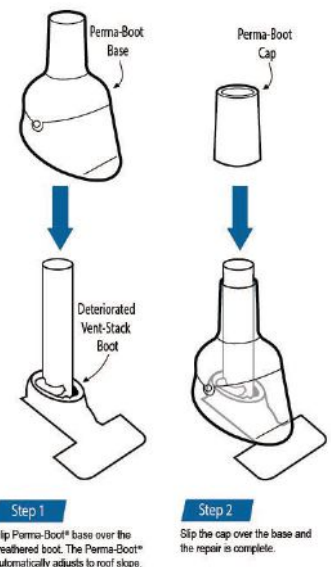
The Perma-Boot is a gasket-less, high performance pipe boot system designed to permanently repair or prevent the most common type of roof leak, the leak around the vent pipes that penetrate the roof.

- Slides over your existing boot - no shingle removal required
- Eliminates existing leaks and prevents new ones from happening
- Single best value in preventive maintenance for your roof
- Ideal for lifetime shingle installations
- Made of highly durable TPO - guaranteed for the life of your shingles



Contact Perma-Boot to learn how to add years of leak-free life to your new or existing vent pipe flashings.

**Also ask us about Perma-Boot for new construction !*



“THE ROOF IS BECOMING AN INCREASINGLY IMPORTANT COMPONENT TO THE OVERALL DESIGN, WITH THE ROOF COLOR SERVING AS THE SECOND OR THIRD COLOR COMPONENT IN THE DESIGN OF THE HOME.”

— RICH THOMAS, BORAL

“Each new color reflects different progressive aging processes found on real shake shingles,” says Michael Cobb, Vice President, Sales and Marketing. “DaVinci’s proprietary process technology enables us to recreate the natural warmth and softness of a patina previously only created by time and exposure to the elements. The

Nature Crafted Collection colors provide homeowners with the ability to gain the specific natural color they desire for roofing tiles without the hassles of dealing with real wood.”

But the DaVinci roofing tiles also deliver performance and quality, Cobb says. “Performance is required of roofing products,” he says. “While steel or even impact-rated asphalt roofing can dent from hail, and natural wood shakes will deteriorate over time, the DaVinci composite roofing tiles are crafted to perform for decades.”

The company’s Bellaforté line allows homeowners to get “the realistic look of slate or shake at a competitive price to high-end asphalt, stone-coated steel and real wood shakes,” Cobb says. “This line gives dealers and contractors a competitive, reasonably-priced, top-quality product that resists hail, impact, decay and fire to offer their customers.”

The roof is becoming a more important visual element on the home as exterior designs are simplified, says Boral’s Thomas.

“From a design standpoint, architects and designers are addressing the sensory overload we experience in today’s world, which is caused by an ever-increasing amount of visual stimulation, by simplifying designs and color palettes,” he says. “Traditional elements like shutters, dormers and ornate trim are being eliminated and color palettes reduced from the traditional three-color palettes to two or even one. As a result, the roof is becoming an increasingly important component to the overall design, with the roof color serving as the second or third color component in the design. As such, we continuously develop new colors and profiles to meet these emerging trends.”

Through its recent acquisition of Headwaters, Boral has added both Stone Coated Steel and Composite Slate and Shake products to its existing portfolio of clay and concrete roof tile. The stone coated steel businesses acquired—Gerard, Metro, SteelRock and AllMet—have been consolidated into a single entity, Boral Steel.

“This consolidation gave us the opportunity to combine the best attributes of these four companies’ products into a single product line now available through our extensive network of roofing distribution partners,” Thomas says. “The new, enhanced Boral Steel product line will feature five distinct profiles in a wide variety of traditional and trending colors.”

A key trend in the roofing industry is a continued shift toward digitization, says Sam Sprague, Vice President of Huttig Xpress.

“An increased use of mobile apps and other virtual platforms are changing the way contractors connect with homeowners and is simplifying the end-to-end sales process by providing opportunities for homeowners to visualize their final project before making a purchasing decision,” he says. “Market demands change the products we sell. Aluminum or galvanized material, roof vents or turbine vents—all vary from market to market.” ➤

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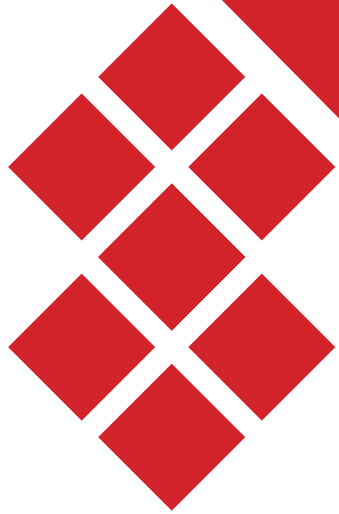
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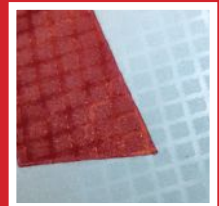
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Huttig offers a variety of roofing products from shingles to vents through its two-step distribution.

"The breadth of our product portfolio has roofing products to meet customer's needs," Sprague adds. "From first-time homeowners to commercial property owners, and they have diverse shingle designs and colors that complement virtually any home style, color palette, and environment."

UNDER THE SURFACE

A roof is only as good as what's under the shingles or tiles. Without the right underlayment, a roof is destined to fail.

"A growing trend in the roofing segment is the increasing popularity of synthetic underlayments with various features and properties," Kibbe says. "This trend is driven by contractor preference for materials that increase job safety and productivity by being light, easy to apply, and safe to walk on—in addition to having excellent water holdout properties."

DuPont introduced Tyvek Protec in 2016 with "industry-leading walkability" and added DuPont Roof Protector synthetic roofing underlayment in 2017 to provide an entry-level transition from felt underlayments to synthetics.



ABOVE: MFM Building Products manufactures seven different types of self-adhered roofing underlayments to protect against ice, water and other issues.

MIDDLE RIGHT: DuPont Tyvek Protec improves jobsite safety and productivity by being light, easy to apply and safe to walk on, in addition to having excellent water holdout properties.

RIGHT: The Perma-Boot is a gasket-less two-piece pipe boot repair system designed to permanently repair the most common type of roof leak—that of around the vent pipe that penetrates the roof itself. Perma-Boot slides over the existing roof vent boot, is guaranteed to be leak-free for the life of the shingles, and according to the manufacturer it prevents leaks and installs in minutes. It is designed to work on all standard roof pitches from 3/12 up to 12/12.



"DuPont Tyvek Protec synthetic underlayment products are superior in terms of industry-leading walkability, grip, and laydown—backed by one of the most trusted brands in the building construction industry," Kibbe says. "Our customers are also supported by our DuPont Building Knowledge Center, a resource for building envelope installation and design best practices and the DuPont Tyvek Specialist Network for onsite support and training."

MFM Building Products manufactures seven different kinds of self-adhered roofing underlayments.

"We offer ice and water protection, high temperature underlayments for under metal roofs, and rolled shingle starter products," Delcoma says. "What MFM offers is a diverse selection of roofing underlayments under one umbrella."

"Combine our roofing underlayments with all of our other waterproofing products, our customers can easily mix pallets or truckload orders with all the products their customers will need. Other products include low-slope roofing membranes, window and door flashing tapes, above and below ground waterproofing membranes and specialized flashing tapes."

CertainTeed introduced RoofRunner, its new lightweight synthetic underlayment last spring.

"It possesses all of the key characteristics of a high-quality underlayment—it is light in color to keep workers cool, features a non-slip walking surface, and possesses high tear-resistance and UV durability," Finneran says.

BEST PRODUCTS FOR THE JOB

With a wealth of material and design options, choosing the right roofing products is no easy task. The dealer can fill an important role in helping contractors make those decisions.

"It is important for dealers to understand the two to three key features and benefits each product offers," Thomas says. "Understanding what the key features and benefits of each product platform are, as well as the company's track record, will provide dealers with the information and confidence they need to help guide customers to the right product for their project." ➤



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Understanding the specific product strengths and weaknesses are critical.

"By taking a consultative approach and being able to compare a customer's needs to the set of features and benefits different products have to offer, dealers can offer true value to their customers by guiding them to the product platforms that best fits their needs," adds Thomas.

LP points to the importance of educating both employees and customers.

"For TechShield, something that we've tried to do over the years is to really educate the builder on how they can speak to the homeowner, and I think we can pull that even back further and it's worth maybe the dealer learning about those points about TechShield and how it will help the homeowner down the line," Boyce says.

"I think that's a good way to do it because it's a product the homeowner can easily understand. It's a product that can save them on their energy bill and I think that's a big thing for homeowners. I think that's an education that can be pulled all the way back to the dealer to sell the builder on."

MFM offers its dealers and distributors educational material to help them be better informed on its product features and benefits.

"Since there are so many brands on the market, this attention to educating our customers is a key benefit," Delcoma says. "We offer our sales force in-house education/training at our headquarters to help them educate their customers more effectively. The more educated the dealers are on our products, the better they can recommend MFM for specific roofing projects. Knowledge is key and we're trying to provide as much on our products as possible."

Having a specially trained brand ambassador who knows the ins-and-outs of each product line can help dealers excel in the category.

"It's critical that [dealers] have somebody on staff that actually believes in and understands the products and be-

lieves in the benefits," EDCO's Spaulding says. "They have that ambassador in the store who can talk about the advantages of steel over other products."

Displays that allow the customer to see and touch the product are important to success.

"Having the product on display is a big deal....When you actually see it and get a chance to touch and feel the product that we make, it can go a long way to making consumers understand that this is not about metal pole barns, and we're not just going to throw some tin on the roof and let it last just a few years until we switch it out," Spaulding says.

Focusing on the value and quality of a product has become increasingly important as customers are less price-sensitive than they were in the past, says Cobb.

"More and more, price is no longer the main barometer for customers," he says. "Most customers want to balance price with performance and aesthetics, that's why dealers need to seek to understand the desires of the owner—how much value does the owner place on lifecycle, performance and authentic aesthetics when choosing a roof. Ask the questions and present as many alternatives that fit the owner's desires."

Demonstrating the value and longevity of a company can be important as well, says Ply Gem's DeRogatis.

"I would say look at Ply Gem as a whole," he says. "Ply Gem manufactures literally every type of building product you need on the exterior of your home with the exception of garage doors and composite decking. So, the dealer can look at it from a holistic standpoint from Ply Gem and say, 'If you're buying Ply Gem windows today on this house, or you're using Ply Gem's manufactured stone on the surfaces, do you know they have a roofing product, too? This is a company that's been in business for 75 years. They're a long-term, they're one of the largest manufacturers in the building products' industry, they're reputable.'" ■

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

INTERNET INFORMATION

Companies highlighted participated in this article.

American Building Components Inc.:
www.abcmetalroofing.com

Atlas Roofing:
www.atlasroofing.com

Benjamin Obdyke:
www.benjaminobdyke.com

Boral Roofing
www.boralamerica.com/roofing

Cedar Shake & Shingle Bureau:
www.cedarbureau.org

CertainTeed:
www.certainteed.com/residential-roofing

DaVinci Roofscapes
www.davinciroofscapes.com

DuPont
www.DuPont.com

EDCO Roofing
www.edcoproducts.com

Enviroshake:
www.enviroshake.com

GAF:
www.gaf.com

Georgia-Pacific:
www.buildgp.com

Huber:
www.zipsystem.com

Huttig Building Products:
www.huttig.com

IKO:
www.iko.com

LP Building Products:
www.lpcorp.com

Metal Sales Manufacturing Corp.:
www.metalsales.us.com

MFM Building Products:
www.mfmbp.com

Owens Corning:
www.owenscorning.com/roofing

Perma-Boot:
www.permaboot.co

Ply Gem:
www.plygem.com

PrimeSource:
www.primesourcecbp.com

RoyOMartin:
www.royomartin.com

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PRODUCT PICKS

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

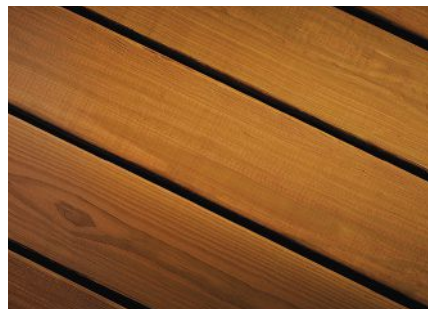
ProVia Willowbrook™ Super Polymer Siding

Willowbrook Super Polymer Siding, a .042" panel features a cedar woodgrain finish, designed to provide a subtler look than traditional heavy woodgrains on the market. Willowbrook is available in six profiles and in 22 colors. Notable features include a half rollover nail guard designed to prevent nails from being nailed too tightly. A post-formed lock is engineered to provide a positive locking system and to increase wind resistance. The full 9/16" panel projection is designed to provide enhanced shadow lines and added panel rigidity, while the drop guard prevents the panel from dropping out of the lock during installation. Backed by a lifetime limited warranty. www.provia.com



Sherwin-Williams Cool Feel colors

Sherwin-Williams has introduced new Cool Feel color technology to its SuperDeck Solid Color Stain. Developed to reduce deck surface temperatures by up to 20° Fahrenheit, SuperDeck Solid Color Stain is available in 20 colors designed to help keep decks cooler to walk on, compared to conventional stains. SuperDeck Solid Color Stain is said to provide durable, opaque protection for new, weathered or previously stained wood and can be applied on most composites. The scuff-resistant stain can be applied to damp surfaces, allowing them to be prepped and stained in one day. www.swsuperdeck.com



MeshGuard screening system

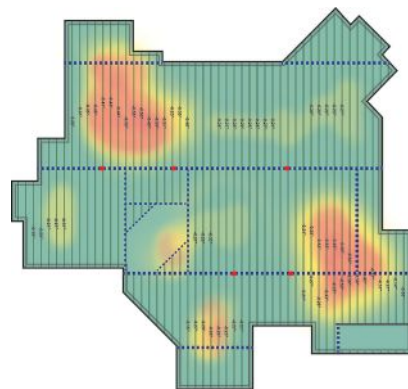
Designed to replace the need for pickets below a hand rail for screen applications, MeshGuard recently passed ICC evaluation service review process and has met or exceeded requirements for porch and deck guardrail infill applications. The International Building Code calls for guards—typically in the form of vertical pickets or balusters—to be placed no further than 4" apart in the infill area below the porch handrail. The new MeshGuard screening system replaces the need for these visually obtrusive barriers for openings up to 6' x 3'.

www.screentight.com



BC FloorValue software from Boise Cascade

Part of Boise Cascade's BC Framer® design software, BC FloorValue is an easy-to-use tool that checks a floor plan for problems, suggests options to correct detected issues, and provides a cost comparison for required upgrades. Designers can evaluate different products for on-center spacing and sheathing thickness options to achieve the optimum price/value relationship. The tool can also be used to evaluate less expensive framing without negatively impacting the floor. In addition, floors throughout the home can be designed with optimal characteristics for each space. BC FloorValue utilizes a visual "Heat Map" (shown) to indicate areas of floor system deflection. www.bc.com



Mastic by Ply Gem SolarDefense Reflective Technology™

Ply Gem has recently enhanced the SolarDefense Reflective Technology used to boost siding performance. Available exclusively on select vinyl siding lines from Mastic by Ply Gem, SolarDefense is said to provide superior protection from harmful UV rays, while increasing curb appeal. The vinyl protection technology utilizes a proprietary formula with three protective layers that shield the darkest vinyl siding colors from the sun with advanced light-reflecting properties and a strong heat-resistant base layer. SolarDefense is backed by a limited lifetime warranty.

www.plygem.com



Framing nailer from MAX USA

The MAX PowerLite High Pressure Coil Framing Nailer from MAX USA shoots 1-3/4" to 3-1/2" wire collated nails and 1-3/4" to 3" plastic collated nails. At only 5.7 lbs., it is approximately 40% lighter than most conventional coil framing tools. The patented maintenance-free end cap filter is designed to prevent foreign substances from entering the tool body. The filter has a self-cleaning feature that automatically ejects foreign substances when the air hose is disconnected. With a load capacity of 300 nails and at less than 13" in height, the nailer is also equipped with a magazine, tangle-free swivel fitting, adjustable belt hook, and depth adjustment dial. Works exclusively with MAX PowerLite air compressors, which are fitted with four air-outlets; two outlets for high pressure tools and two outlets for regular 100 PSI tools. www.maxusacorp.com



Thermory Drift decking

Thermory USA has introduced Drift, a thermally-modified decking and cladding with rustic/weathered grey aesthetic, designed to resemble reclaimed wood. The product uses thermally-modified spruce, pine or ash for consistent quality and stability along with a Class 1 durability (25+ years) for resistance to rot and decay. Drift decking planks come in dimensions of 5/4" x 6" and 1" x 6", in lengths of 6' to 16', and feature both solid and grooved profiles for installation via a proprietary hidden fastening system. Drift cladding comes in dimensions of 1" x 6" and 1" x 8", in lengths of 6' to 16', and is designed for a blind fastener installation. www.thermoryusa.com



Versetta Stone® Carved Block profile

Boral has added a Carved Block, a new profile to its Versetta Stone line of mortarless stone veneer. A larger stone format, Carved Block is designed for modern home styles and light-commercial applications. Carved Block stones range from 16" to 20" wide by 8" tall, oriented across a 36"x 8" panel. The profile comes in two colors: Midnight is a dark gray hue with almond tones; Sea Salt is a blend of beige and khaki. Versetta Stone panels are designed to install easily with nails or screws and feature an integrated moisture management system. They do not require additional footings for support. The stone veneer carries a Class A fire resistance rating and passes freeze/thaw testing.

www.versettastone.com



DuPont FlexWrap™ EZ

DuPont's new FlexWrap EZ is a flexible flashing tape that, according to the manufacturer, creates an air and water tight seal around small shaped penetrations. It will be available in 2-3/4" x 15' roll lengths and ideal for sealing around plumbing pipes, electrical boxes, wires, etc. DuPont FlexWrap EZ is designed to facilitate an energy efficient building by sealing the building at its most vulnerable penetrations.

www.dupont.com



PRODUCT PICKS

LotVue® Sitemap Software update

The new release to ECI Software Solutions' LotVue software for builders and developers is said to provide users with deeper insight into individual lot and community map traffic, locale information and financial stats—all while helping to solve the visual and marketing challenges faced by today's homebuilders and developers. Key updates include Google Maps mapping service overlay, which allows buyers to gain a better perspective of how a community or individual scattered-site lots are situated among local destinations like restaurants, schools and major roadways. The update also includes Lot Click Analytics dashboard, which provides aggregated, community-level click data displayed on a heat map enables greater visibility into next-level data insight into budget breakdowns, current revenue and estimated costs with a single click. www.ecisolutions.com



TAMKO's Heritage® Timberwood

A new color is now available for TAMKO's customers in the Northeastern United States. Timberwood joins the America's Natural Colors® collection as part of TAMKO's Heritage laminated asphalt shingle line and is being produced at the company's Frederick, Maryland manufacturing facility. Timberwood is designed to create a return to nature with what is described as a woodsy brown tone achieved through a blend of soft greys mixed with a varying pallet of rich buff hues. Resembling the beauty of wood in its natural element, Timberwood is crafted with TAMKO's unique color drops and shadowtone process to develop an unmatched visual dimension with deep shadowing. www.tamko.com



CAPITAL

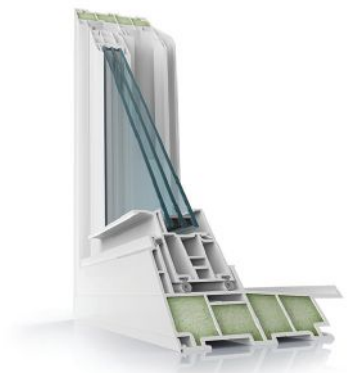
OUR LEGACY - OUR FUTURE

www.capital-lumber.com

MI Krypton-Enhanced Insulated Glass

Designed to improve window energy efficiency, MI Windows and Doors has added krypton gas to several of its products. Said to be a better insulator than the more commonly used argon, krypton-enhanced insulated glass is now available with MI's 1650 double-hung, 1650 fixed, and 1685 double-slider triple-pane windows. Krypton is effective at blocking or decreasing the flow of heat in and out of homes. In window terms, it has a better U-value. With krypton, the U-value on MI's 1650 triple-pane, double-hung window is 0.17, compared to 0.21 with argon.

www.miwindows.com





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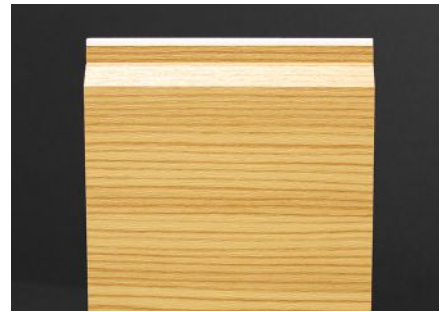
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PRODUCT PICKS

Versatex Woodtone for porch and veranda ceilings

Versatex has introduced a new woodtone, called "Amber" to its Canvas Series of PVC surfaces for porch and veranda ceilings. Like the original Canvas Series, the Amber shade conforms to the standard Versatex WP4 T&G profile, with tactile woodgrain laminate permanently bonded to moisture-resistant, cellular PVC. The Canvas Series is designed for any exterior or interior application where moisture-resistance is an issue. Versatex manufactures the nominal 1" x 6" WP4 profile (actual thickness a full 3/4") in 18' lengths that can span up to 24" on center. The matching 4" crown moulding comes in 16' lengths. The system provides a color-matched touchup kit for use on butt joints or fastener marks. www.versatex.com



Royal® Building Products Elm Grove™ vinyl siding

Royal Building Products has introduced an economy line to its Exterior Portfolio brand. Elm Grove features a new raised woodgrain that is designed to capture the look and texture of real wood without the added maintenance. Other product features include a 0.040" panel thickness, an emboss roll coating technology developed to create a non-glassy look, a partial roll-over nailing said to provide up to 155 mph wind load performance, and a 1/2" profile edge. Elm Grove is available in an array of UV-resistant Smart Styles™ colors. All Royal vinyl siding brands promise long-lasting color retention and fade resistance. Homeowners can choose from three profiles—Double 4", Double 4" Dutchlap and Double 5" Dutchlap—all with a lifetime limited warranty that includes color and hail protection. www.exteriorportfolio.com



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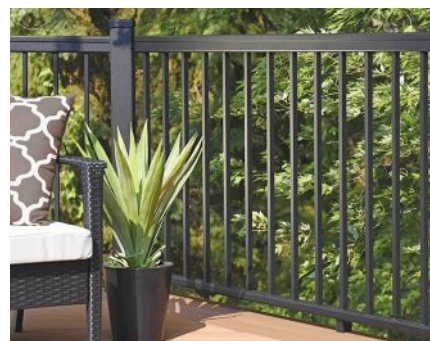
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AZEK Impression Rail™ Express

The new Impression Rail Express from AZEK Building Products is a pre-assembled aluminum railing panel system engineered for installation at the jobsite. With no hammers or special tools required, Impression Rail Express features assembly on both level and stair applications. Impression Rail Express is designed to achieve the look of wrought iron with a powder-coated finish and subtle texture in three colors: White, Black and Dark Bronze. The finishes are developed to resist weather and corrosion over time and are backed by a 25-year warranty. Impression Rail Express features a patented technology to securely lock each baluster in place for a rattle-free, full-contact connection without a weld.

www.azek.com



DEWALT updated batteries and chargers

DEWALT has announced the continued expansion of the FLEXVOLT® system with the dual-voltage 20V/60V MAX FLEXVOLT 12.0Ah Battery. In addition, DEWALT announces the new 4-Port Fast Charger which simultaneously charges four FLEXVOLT 12.0Ah Batteries (sold separately) in 120 minutes. The 20V/60V MAX Battery is optimized for use in new and existing DEWALT tools designed for high-power applications. The 4-Port Fast Charger not only charges the new 20V/60V MAX Battery, but it also offers multi-platform versatility for use with 12V MAX and 20V MAX*DEWALT batteries. The Fast Charger is compatible with the ToughSystem® storage system, and includes through-hole wall mounts, a cord wrap, and transport handles. www.dewalt.com





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What will the federal reserve do if...?

BY LYNN O. MICHAELIS

The purpose of this spotlight is to flag one of the potential spoilers for the housing recovery over the next few years: above-trend economic growth that fuels an escalation in the inflation and interest rates. We seem to have arrived at an inflection point. A few years ago, the Federal Reserve (Fed) was concerned about slow growth and deflation. As a result, Fed policymakers cut interest rates to zero and started purchasing government long-term securities to drive long-term interest rates lower as well. The Fed's concern is now correctly focused on how to avoid excessively high economic growth that might push the inflation rate above the desired target of 2% per year.

The Fed has announced a plan that they believe will achieve that goal. The first part of the plan calls for three or four quarter-point increases in the federal funds rates in 2018 to be followed by a pair of quarter-point increases in 2019. The plan assumes that economic growth will be slowing in 2019 as will be discussed below. The Fed has also announced plans to unwind the massive purchases of long-term assets called Quantitative Easing (QE). After interest rates hit zero, the Fed had to take further action to insure that the financial system was on a solid recovery footing. The Fed has never purchased this amount of long-term assets before. It acquired about \$4 trillion in long term assets that helped build up banking reserves, and lower long-term interest rates were another bonus.

TOO MUCH OF A GOOD THING?

The stimulus efforts worked and the economic recovery was on solid footing in 2017. Economic growth is now likely to be very healthy in 2018-20, but a bit more than what the Fed believes is sustainable without triggering inflation. Even though economic growth looked solid and unemployment was near 4%, the Trump Administration chose to provide additional stimulus. The recent tax legislation cut personal and corporate taxes, and policymakers are still proposing higher expenditures on defense, a border wall, and infrastructure improvements.

WHAT DRIVES THE INFLATION PROCESS?

Economists have studied the root causes of inflation extensively. Generally, they agree that it is a monetary-driven process, where excessive money supply growth fuels the inflation process. There was a short period when the Fed actually tried to set policy goals based on the growth in the money supply. This approach was abandoned by Chairman Greenspan—in part because the internet and computer technology changed how transactions could be made. There is no longer an accepted definition of the money supply for that simple equation. The lack of a trackable money supply makes it more difficult for the Fed to determine when an

inflation problem is brewing—they are flying the economic ship with one important guide missing.

Instead, the FOMC primarily uses interest rates and economic growth as their primary monitors. But they have to be concerned with the excess reserves that were put into the banking system with the QE process. Since this has no historic precedent, it is not clear how much fuel there is for excessive growth in the next few years.

WHAT IS TREND ECONOMIC GROWTH POTENTIAL?

The question is what might be excessively high growth? This is why the assumed trend growth from the FOMC survey is so important. Their view of trend capacity growth of 1.8% appears to be fairly reasonable.

Because we have become primarily a service economy, trend capacity growth is determined by two factors; growth in the labor force growth and the growth in output/man-hour or productivity. Their trend GDP growth of 1.8% is consistent with labor force growth of 0.6% per year and productivity growth of 1.2% per year.

Using the most recent Census forecast of population, 0.6% growth in the labor force seems reasonable. But this was before the Trump administration clamped down on immigration. The cut in immigration will hit the younger age groups particularly hard. There is already a problem with the labor force growth for ages under 25 with an immigration rate of 1.2 million per year. Most immigrants are under age 35. A 50% cut in immigration will reduce labor force growth to 0.3% over the next 5 years and an even bigger problem for young entry workers. A few factors could mitigate this outlook, for instance higher participation rates for younger males or deferred retirement of the Baby Boom group.

The productivity assumption also seems reasonable. Longer term productivity growth has moved between 1-3%. The longer-term average is close to 1.5%, but for the last 7 years productivity growth has been only 0.9%.

Because of the historic average and the large swings over time, there is a room for a lot of disagreement on what the productivity trend will be. The Trump Administration believes their tax cut for corporate profits will boost investment and productivity. That might be true after 2020, but it is unlikely in the next few years. The economy is so large that an increase in investment over a few years has a very small impact on the overall capital stock being used.

THE LABOR FORCE AND GDP GROWTH

The next question that the Fed must address if economic growth does move to or above 3% for the next few years is: How much slack is there in the labor force? Despite the dramatic drop in unemployment over the last 8 years with economic growth of only 2% per year, wages have not moved up

aggressively in the last few years, as many of us had expected to happen. There was plenty of slack, and some discouraged workers have returned to the labor force.

But there are signs the slack is nearly gone. As seen in **graph 1**, unfilled jobs are now extremely high—far above the 2001 and 2007 peaks. The recent Small Business survey has moved finding qualified employees up to their number one problem. Another data series—the number of unemployed individuals plus the adults not in the labor force but would like a job—is now down to 12 million from nearly 22 million in 2010. The lowest this series has been was 10 million in 2001. So, if GDP growth hits 3% or above and unemployment drops to 3.5% or lower, then the long-awaited acceleration of wages should finally get underway.

WILL INTERNATIONAL SUPPLY KEEP U.S. INFLATION UNDER CONTROL?

One thing that helped keep U.S. inflation low over the last few years was the availability of offshore goods at attractive prices. We won't be able to count on that over the next few years. First global growth is quite healthy now. For the first time in over 10 years, most major economies are growing. Second, the Trump Administration is threatening to put tariffs on a range of goods and redo trade agreements. They are

GRAPH 1 NUMBER OF UNFILLED JOBS REFLECTS LABOR SUPPLY ISSUES



beginning to go after a range of Chinese products. The Chinese are starting to retaliate as well. Finally, the U.S. dollar has fallen over the last year, in part because our trade deficit has grown. Some expected the dollar to strengthen after the tax cut, which did not happen. ➤



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“FORCES THAT COULD REVIVE INFLATION ARE LURKING”—BRIEF HISTORY REVIEW

A recent *Wall Street Journal* addressed some of our concerns about a revival of a serious inflation problem. Since inflation has not been a threat in recent years, it is easy to forget just how harmful inflation can be and how quickly inflationary pressures can build.

The history of inflation rates back to 1960s is shown in **graph 2**. The overall consumer price index (CPI) and the Personal Consumption Expenditures (PCE) are shown. The FOMC members survey reflects the PCE. They prefer this index, because it is much less volatile than the overall CPI because this version excludes energy and food prices. For instance, the CPI pushed up to 14% in the 1970's because of oil price surges. As seen, the PCE only hit 10%, but it also did not go negative when oil prices collapsed.

Inflation built momentum in the late 1960's due to aggressive fiscal policy actions (the Vietnam War and funding the Great Society under President Johnson), plus an accommodative Fed. The combination of easy monetary policy and fiscal stimulus pushed economic growth beyond the underlying trend growth and resulted in a surge in inflation. By 1970, inflation had shot up to 6%.

GRAPH 2 HISTORY OF INFLATION: 1960-2018

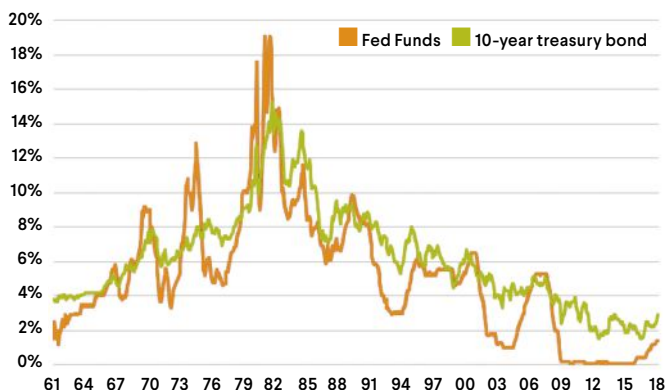


The Boom-Bust cycles in housing starts followed as Fed policies acted to slow growth and inflation after large interest rate hikes. As seen in **graph 3**, they also cut rates aggressively when the economy slipped into recession and housing starts plummeted. As growth rebounded, so did inflation.

Finally the Fed pursued an extremely aggressive policy that caused the serious recession in 1980-82. Mortgage rates shot up to 17.5%, housing starts plummeted as did economic growth. But it worked. Inflation then trended down for the next 30 years.

Second, after the extended easy monetary policy, the financial system is currently awash in liquidity. Third, the Trump Administration has cut taxes and is also boosting spending on defense, a border wall and infrastructure spending. This is a stimulus that was not really necessary with unemployment at 4%. The budget deficits are set to top \$1 trillion over the next few years as part of the effort to make America Great Again.

GRAPH 3 HISTORY OF INTEREST RATES: RECENT SITUATION UNIQUE



Finally and perhaps the most important concern raised in the WSJ article is that inflation acceleration tends to move up exponentially once it gets underway. That certainly was the case in the late 1960s.

ARE WE ABOUT TO EMBARK ON AN INFLATIONARY PERIOD AGAIN?

At this point, it is highly unlikely that policymakers are going to allow a repeat of the 1970's to happen. But there are some scary similarities to what happened in the late 1960s as mentioned above. Unemployment has been low for years. The administration has not started a shooting war, but they have put in place a big fiscal stimulus package and are on the verge of a trade war.

In this scenario, economic growth moves above 3% for the next few years. Assuming labor force growth below 1% and productivity growth near 1.2%, unemployment could even approach 3% in 2019. Inflationary pressures would then heat up. Inflation could approach 4% by the end of 2019, which would be significantly above the Fed's desired goal.

If so, the Fed would revise the number and even the size of interest rate hikes in 2019 in order to slow growth. Given historic lags to monetary policy and inflation, the Fed would also have to keep boosting rates in 2020.

Bottom line: The U.S. economy is currently moving into uncharted waters. The collapse in the global economy in 2008, led to monetary policy actions never taken before by the Fed. Without historic guide posts, it is extremely difficult to forecast the exact path for inflation and interest rates. The recent stimulus package, restrictions in immigration and potential trade restrictions add even more uncertainty to the mix. Higher financing costs are not the only concern, there is the potential for a significant drop in product demand along with falling housing starts in 2020-21 if mortgage rates push above 6%. ■

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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Changing joint employer standard creates confusion for businesses

BY BEN GANN

THE NATIONAL LABOR RELATIONS BOARD (NLRB) standard regarding what constitutes a joint employment relationship between two organizations has changed several times in recent months, creating confusion for businesses.

Joint employer liability has particular relevance for the lumber and building material industry in two respects. First, joint employer liability can apply in instances between contractors and subcontractors. Second, joint employer liability can apply when companies use temporary workers from a staffing agency.

In 2015, the NLRB under President Obama broadened the definition of what constitutes a joint employment relationship. The definition of joint employment was then narrowed to the prior standard in December 2017; however, the standard was broadened again in February 2018 after the Board vacated its decision.

The decision was vacated following a memo issued on Feb. 9 by the NLRB Inspector General stating that Board member William Emanuel should have recused himself from the case involving Hy-Brand Industrial Contractors because of a potential conflict of interest.

In the Hy-Brand case, the Board voted three to two to return to the traditional “joint employer” standard, which requires a business to have a direct and immediate connection to the employees in question to be held jointly liable for labor violations.

Emanuel voted with the majority in the Hy-Brand case returning to the traditional standard for a joint employment relationship. Emanuel, prior to joining the Board, worked at the law firm of Littler Mendelson, which represented Browning-Ferris Industries in the 2015 NLRB case that expanded the definition of joint employer liability to indirect control.

On Feb. 26, in a 3-0 decision, the NLRB unanimously vacated the decision made in December 2017 in the Hy-Brand case that returned to a traditional standard for joint employer liability. On March 9, Hy-Brand Industrial Contractors appealed the decision and asked that the NLRB allow Emanuel to participate in both the Hy-Brand case and its subsequent reversal since he did not represent any of the parties in the Browning-Ferris case. The NLRB has not yet ruled on the appeal.

On April 5, NLRB General Counsel Peter Robb filed a response to the NLRB’s action vacating the decision in the Hy-Brand case. In the filing, Robb disapproved of the Board’s

decision to exclude Emanuel from deliberations in vacating the Hy-Brand case, claiming the Board ignored precedent and may even have broken the law in doing so. Moreover, Robb stated that the Board’s conduct was “not consistent with its obligations under the [National Labor Relations] Act or the Administrative Procedures Act” and denied the parties in the case their due process rights. Robb has asked the NLRB to reconsider its withdrawal of the Hy-Brand decision.

The D.C. Circuit Court of Appeals granted a motion on April 6 by the NLRB to restart its review of *Browning-Ferris v. NLRB* due to the “extraordinary circumstances” surrounding the joint employer issue. The court was close to issuing a ruling when the Board issued its decision in the Hy-Brand case vacating its decision in the *Browning-Ferris* case. The court has suspended further consideration of *Browning-Ferris v. NLRB* until the Board rules again in the Hy-Brand case.

Adding to the flurry of activity, on April 12, John Ring was sworn in as the new NLRB Chairman. Republican members continue to have a 3-2 majority on the five-member board. However, the Board may be limited in making changes to the joint employer standard unless William Emanuel is allowed to vote on cases challenging the *Browning-Ferris* decision.

In Congress, last November the House of Representatives approved the Save Local Business Act (H.R. 3441) in what was largely a party line vote. NLBMDA supports the legislation that would codify the need for “direct control” to be considered a joint employer by the NLRB. The bill awaits Senate action.

NLBMDA opposes the expansion of joint employer liability and is monitoring the evolving standard and its potential impact on lumber dealers. The association is also a member of the Coalition for a Democratic Workplace (CDW) that is working to return to the long-held standard for joint employer liability.

Companies should be aware that the broader standard for joint employer liability remains in place for now and that indirect control, contractually reserved control that has never been exercised, or control that is limited and routine, is sufficient to establish a joint-employer relationship.

Businesses should evaluate their agreements and policies regarding joint employer liability. In some circumstances, companies may want to change them to limit their legal exposure. NLBMDA’s government relations staff stands ready to serve as a resource for the LBM industry on this and other timely workforce issues. ■

Ben Gann is Vice President of Legislative and Political Affairs for NLBMDA in Washington, D.C. For more information, visit www.dealer.org.

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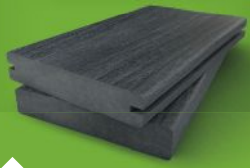
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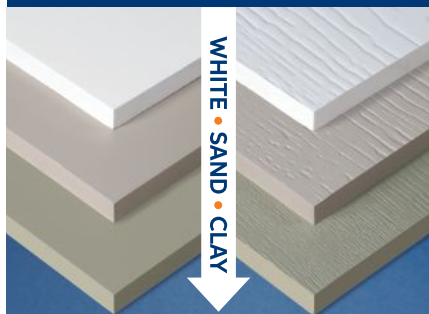
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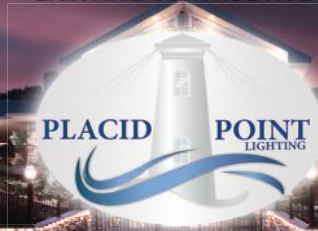


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The 'For Pros Only' distraction

You've created a great event specifically for builders in your market, but a vendor wants a free ride.

After spending 15 years working for an LBM dealer in your hometown, you decided it was time to strike out on your own. So, you packed up your family, moved to a larger market, rolled the dice and launched your own lumberyard. That was just under 20 years ago. During that time, your company has created a solid niche serving custom home builders and remodelers. You've been fortunate to hire a great team of people who are skilled at what they do and take pride in coming up with creative new ways to serve your customers.

One of the concepts that has really caught on is an event called "For Pros Only." This one-day event brings together builders and remodelers, including several high-profile builders and remodelers who you fly in from other markets, for an afternoon of roundtable discussions, presentations on hot-button issues, and individual networking. "I really look forward to these 'Pros Only' events you put on. The other contractor events you do are great, too—the ones with lots of product vendors showing what's new are invaluable for my whole team," a builder customer told you recently. "But learning real-world solutions to tough problems from other successful builders has been a game-changer for my company."

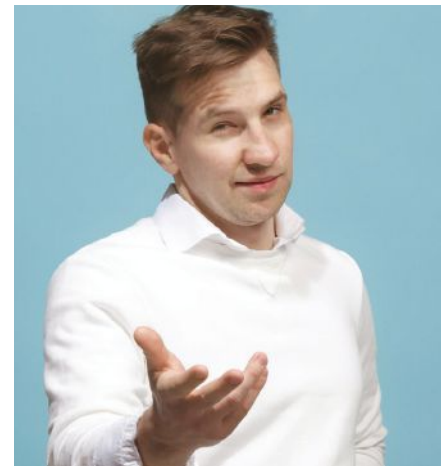
Here's the thing: "For Pros Only" is not cheap. To cover the costs (meeting space, food and beverages, nice dinner with open bar, and airfare/hotel for builder-presenters from other markets), you need vendors to sponsor. But to keep the event focused on builders, you need to limit the number of sponsors. Fewer sponsors means more expense per sponsor. Fortunately, several vendors not only believe in what you're doing, they see the value in being one of very few vendors in attendance.

With the next "For Pros Only" event just a few months away, builders and

remodelers have been registering and reserving their spots. As has one vendor. It's the same vendor who registers as a builder/remodeler every year. When you reach out to explain that registration isn't open to vendors, but he can sponsor if he'd like, he'll have none of it. "This is an industry event, and I'm an influential member of our industry. I've been doing this for more than 40 years, and I deserve to be part of the conversation."

When you explain that vendor attendance at this event is limited in order to keep the focus of the event on builders and remodelers, and again offer the opportunity to sponsor, he doubles down. "I told four of your biggest builder customers that you're trying to charge me thousands of dollars to spend time with them. They didn't think that was right. And I'm just getting started," he said.

You and your team have worked hard to create a positive experience that benefits everyone involved, and the last thing you want is for someone to try to tarnish your event and your company's name in the market. What would you do?



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- 1 **GIVE IN.** It's never good to have someone smearing your company's name. As much as you hate to, the quickest resolution is to just give in and let him attend.
- 2 **FIGHT BACK.** Tell him that if he doesn't stop talking badly about your company, you'll not only stop carrying his product—you'll encourage others to avoid it as well.
- 3 **DO BUSINESS.** You know his approximate revenue per sale. If just two sales resulted from your event, he'd more than break even. Three, and he's way ahead. Share that fact and sign him up.
- 4 **MOVE ON.** You'll never make everyone happy. Keep your focus on making the next "For Pros Only" the best one yet.

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