

# LBM JOURNAL<sup>®</sup>

STRATEGIES FOR LUMBER/BUILDING MATERIAL DISTRIBUTION PROS

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OCTOBER 2018 \$10 U.S.

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POOR**  
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**LUMBER CO.**

2018 LBM STRATEGIES  
CONFERENCE RECAP

## TEAM PLAYERS

IN THE BACKYARD OF PURDUE  
UNIVERSITY, HENRY POOR LUMBER  
LINES UP WITH CUSTOMERS

IN DEPTH: FASTENERS

MANUFACTURERS ARE FOCUSED  
ON IMPROVING EFFICIENCY AND  
REDUCING JOBSITE COSTS

REAL ISSUES. REAL ANSWERS.

ADVERTISING: WHAT WORKS BEST?

JIM ANDREW, CEO OF  
HENRY POOR LUMBER





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## TEAM PLAYERS

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IN THE BACKYARD OF PURDUE UNIVERSITY, HENRY POOR LUMBER LINES UP WITH CUSTOMERS.

LBM dealers who have learned to last in this industry have a way of serving a need in their communities and turning that service into sustained business. That's exactly what Henry Poor Lumber has done in Lafayette, Indiana, for the past century.

BY JAMES ANDERSON

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#### FIGHTING OVER CLIENTS

As your company adds outside salespeople, there's more conflict over customers. What would you do?

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## EDITOR'S NOTE

# Hearing voices

**JUST BACK IN THE OFFICE** after the LBM Strategies Conference 2018, there is so much that I want to share—but I've managed to pare it down to just two thoughts for this page.

Since the beginning of my journey in this industry back in 1990, I've always been taken with the powerful energy created when dealers, distributors and other industry pros are together in the same room. Back in 1990, the word "independent" was a key descriptor for many LBM dealers. Despite the tremendous amount of consolidation that's occurred since then, there's still a fiercely independent individualism that defines our LBM community.

Notice I said *community*. As Rick Davis says, "We build the houses that people live in...work in...play in...and pray in." That's no small thing. The people reading this magazine, and those who attended the LBM Strategies Conference, comprise a special community. You are uniquely positioned to have a tremendous impact on others.

Like all communities, the LBM community is made up of individuals—each of whom has a story, and a voice. That's why 20 of the 25 people who took the stage during the LBM Strategies Conference are dealers and distributors, just like you. Not only do they have a story, each was willing to step outside their comfort zone and get up in front of more than 180 of their peers, to use their voice and tell their story. How they do what they do, the challenges they've faced and the successes they've enjoyed. It was powerful stuff...as evidenced by the standing ovation that closed the conference.

Kevin Hancock delivered the kickoff keynote talk at the beginning of the conference that effectively set the stage for everything that followed. Kevin shared a genuinely inspirational message that was borne from his battle with spasmodic dysphonia, a rare neurological voice disorder. Imagine being a leader of a company with 10 retail locations and two sawmills, and being unable to speak. As a result, he learned the power of listening. Kevin wrote this in a September 2016 commentary for *LBM Journal*: "By 2012, I came to see my voice condition as an opportunity, not a liability. The opportunity was simple yet powerful: what if we could create an organization where everybody served as a leader...where every voice felt trusted, respected, important and heard?" In Hancock Lumber's case, what happened was a strong company that was recently named a Best Place to Work for the fifth year in a row.

This weekend, Kevin sent me a very kind email that said, "I spoke about listening to the employees within a company. You have developed a system for listening to the dealers within the industry...letting the dealers select a topic of interest then assembling discussion around that subject."

In those few words and his distinctive voice, Kevin summed up our mission with the LBM Strategies Conference and *LBM Journal*. The magazine, the conference, the website...it all exists for you and because of you.

Which brings me to the second thought: gratitude. Thank you for being a part of our amazing community, and for letting *LBM Journal* amplify your voice. ■

Rick@LBMJournal.com





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# UPDATES

## PEOPLE

**Fenton Challengren** has been named president of **Therma-Tru Corp.**, part of **Fortune Brands**.



CHALLENGREN

**Emillee Ballard** has been promoted to Human Resources Generalist at **E.C. Barton**.



BALLARD

**Julia Zumbach** has been hired as a recruiter.



ZUMBACH

**Manufacturers Reserve Supply** has named **Brian Boyd** as company President. Culminating a designed eight year succession plan, Brian Boyd succeeds his father, Stephen Boyd, who will take on the role as company Chairman.



BOYD

**Cody Powell** has been named Director of Brokerage in **E.C. Barton & Company's** purchasing department.



POWELL

**Weyerhaeuser** CEO **Doyle R. Simons** has elected to retire, and its board of directors has appointed **Devin W. Stockfish** as President and CEO.



SIMONS

**DaVinci Roofscapes**, a manufacturer of composite slate and shake roofing products, has announced that **Michael Cobb** has been named President and Chief Marketing Officer.

**BMC** has appointed **David E. Flitman** as President and CEO.

**Huttig Building Products** has announced the appointment of **Philip W. Keipp** as Vice President and Chief Financial Officer.

**Superior Plastic Products and Key-Link Fencing & Railing** have announced that **Sean McPeak** will be taking on additional sales territory for both companies in central and western Pennsylvania.

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

## NEW HOME SALES DOWN IN JULY

Sales of newly built, single-family homes inched down 1.7% in July to a seasonally adjusted annual rate of 627,000 units after an upwardly revised June report, according to data by the U.S. Department of Housing and Urban Development and the U.S. Census Bureau. On a year-to-date basis, sales are up 7.2% from this time last year.

“A lack of overall housing inventory is pushing up home prices, which is hurting affordability and causing prospective buyers to delay making a home purchase,” said Randy Noel, chairman of the National Association of Home Builders (NAHB).

“Although this month marks the lowest sales pace since last October, we continue to see solid housing demand due to economic strengthening and positive demographic tailwinds,” said NAHB Senior Economist Danushka Nanayakkara-Skillington. “Builders need to manage rising construction costs to keep their homes competitively priced for the newcomers to the housing market.”

A new home sale occurs when a sales contract is signed or a deposit is accepted. The home can be in any stage of construction: not yet started, under construction or completed. In addition to adjusting for seasonal effects, the July reading of 627,000 units is the number of homes that would sell if this pace continued for the next 12 months.

The inventory of new homes for sale was 309,000 in July, which is a 5.9-month supply at the current sales pace. The median sales price rose to \$328,700.

Regionally, new home sales rose 10.9% in the West and 9.9% in the Midwest. Sales fell 3.3% in the South and 52.3% in the Northeast. Year-to-date, sales in the Northeast are down 14.5% as that region deals with impacts from tax reform and persistent affordability issues.

## CONSTRUCTION JOB OPENINGS RISE IN JULY

The count of unfilled jobs in the construction sector increased in July, reaching yet another post-Great Recession high level, according to the National Association of Home Builders. The rate of open construction sector jobs also matched a prior cyclical high.

Bureau of Labor Statistics Job Openings and Labor Turnover Survey (JOLTS) and NAHB analysis show that the number of open construction sector jobs increased to 273,000 in July. The prior post-recession high count of open, unfilled construction jobs was 267,000 in June. For July 2017, the count was 255,000.

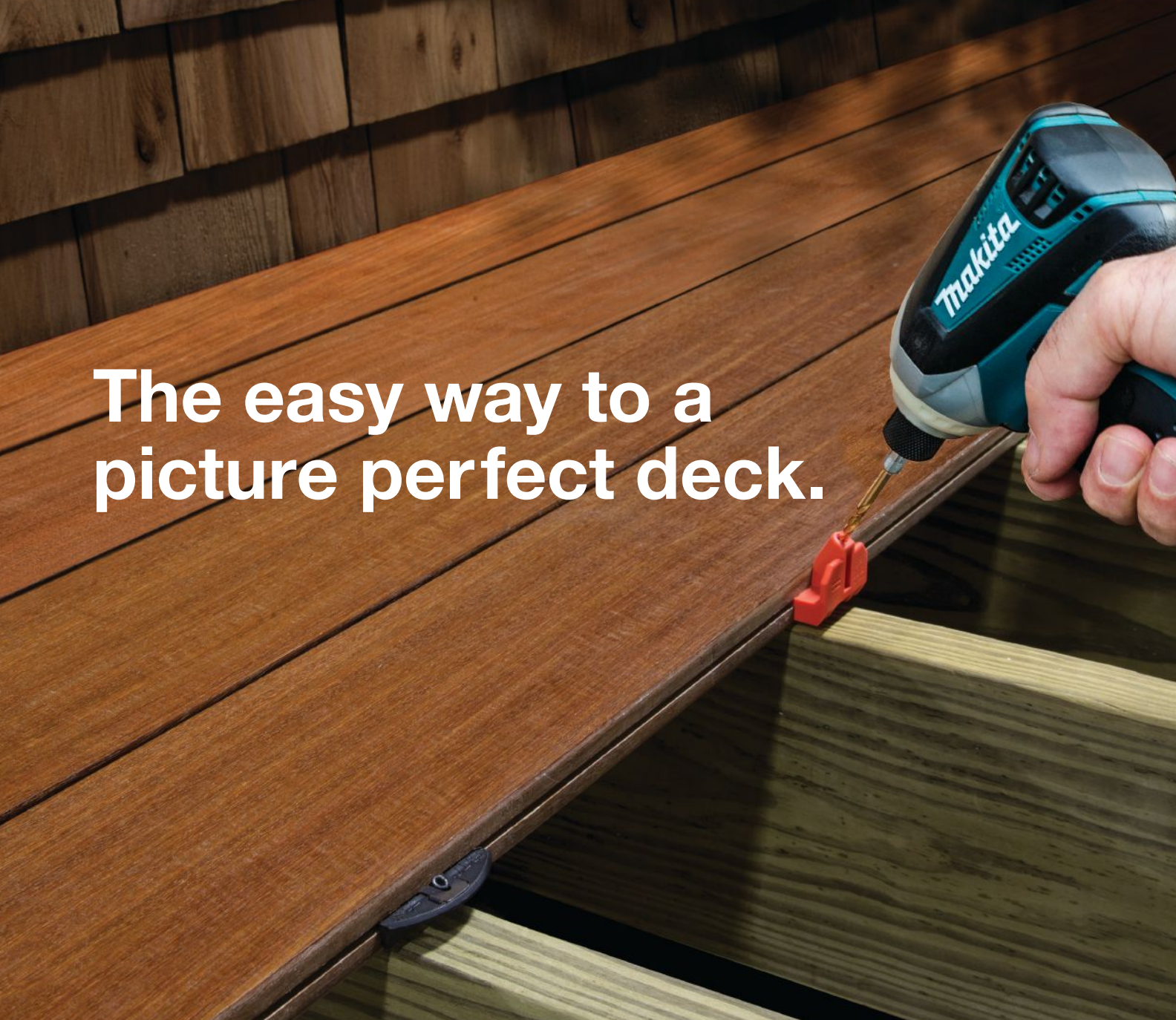
The open position rate (job openings as a percentage of total employment plus current job openings) held at 3.6% in July. The rate was 3.5% last July. On a smoothed, twelve-month moving average basis, the open position rate for the construction sector grew slightly to 3.1%, a post-recession high. The peak (smoothed) rate during the building boom prior to the recession was just below 2.7%. For the current cycle, the sector has been above that rate since November 2016.

The overall trend for open construction jobs has been increasing since the end of the Great Recession. This is consistent with survey data indicating that access to labor remains a top business challenge for builders.

The construction sector hiring rate, as measured on a twelve-month moving average basis, was flat at 5.1%. The twelve-month moving average for layoffs fell to 2.4%. The trend for layoffs has been decreasing.

NAHB expects construction sector net hiring to continue in 2018 as the single-family construction market expands. Anticipated storm repair activity in the mid-Atlantic will also increase demand for residential construction workers, while temporarily reducing demand for new builds due to delays. However, as labor remains a top cited challenge to expansion, builders will increasingly explore options to find ways to build more with less.

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# UPDATES

## INDUSTRY

The “Tested Extreme” campaign created to promote **LP Legacy** has won several awards: most notably two Telly Awards, an honor amongst advertising professionals, as well as a NW Marketing Award.

**MiTek USA** has received the D.R. Horton 2018 Chairman’s Choice Award. The award recognizes trade partner excellence, and MiTek was selected for its work as a national partner of D.R. Horton.

Eleven wood industry associations have formed a coalition aimed primarily at perpetuating the long-term growth of the industry by sustaining an engaged workforce. Since its formative two-day brainstorming meeting in November 2017, the group has chosen to organize under the name **Wood Industry Resource Collaborative (WIRC)**. Pronounced “Work.”

**Andersen Corporation** will sell its hollow core vinyl window and patio door business, including the Silver Line and American Craftsman brands, to **Ply Gem**.

**Fiberon** will be acquired by **Fortune Brands** for \$470 million. Fiberon will join Fortune Brands’ new Doors & Security segment.

## DISTRIBUTION

**Universal Supply**, a distributor of specialty building products throughout New Jersey, Southeastern Pennsylvania, Delaware and Maryland, has opened a new location in Salisbury, Md.

**TAMKO** has announced a new agreement with Minnesota-based retail chain **Fleet Farm** to distribute Envision composite decking.

## CO-OPS & BUYING GROUPS

A record-breaking number of attendees gathered at **Orgill’s** Fall Dealer Market at the Sands Expo and Convention Center in Las Vegas. The market covers nearly one million square feet over two floors and offers opportunities for retailers to meet with vendors, tour concept stores, explore product showcases and learn more about Orgill’s retail programs and services.

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

## HOUSING STARTS RISE IN AUGUST AMID AFFORDABILITY CONCERNS

Total housing starts increased 9.2% in August to a seasonally adjusted annual rate of 1.28 million units, according to data from the U.S. Department of Housing and Urban Development and the Commerce Department.

The August reading of 1.28 million is the number of housing units builders would start if they maintained this pace for the next 12 months. Within this overall number, single-family starts increased 1.9% to 876,000 units. Meanwhile, the multifamily sector—which includes apartment buildings and condos—increased 29.3% to a total of 408,000.

While housing production rose, overall permits—which are an indicator of future housing production—dropped 5.7% to 1.23 million units in August. Single-family permits fell 6.1% to 820,000 units, and multifamily permits dropped 4.9% to 409,000 units.

Regionally, the West led the nation with a 19.1% increase in combined single-family and multifamily housing starts. Unchanged in the Northeast, starts increased 9.1% in the Midwest and 6.5% in the South.

Led by a 19.2% decline in the Northeast, permits decreased in every region. They were down 1.7% in the Midwest, 2.9% in the South and 8.4% in the West.

## BUILDER CONFIDENCE REMAINS FIRM IN SEPTEMBER

Builder confidence in the market for newly-built single-family homes remained unchanged at a solid 67 reading in September on the National Association of Home Builders/Wells Fargo Housing Market Index (HMI).

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

The HMI index measuring current sales conditions rose one point to 74 and the component gauging expectations in the next six months increased two points to 74. Meanwhile, the metric charting buyer traffic held steady at 49.

Looking at the three-month moving averages for regional HMI scores, the Northeast rose one point to 54 and the South remained unchanged at 70. The West edged down a single point to 73 and the Midwest fell three points to 59.

## SHORTAGE OF ROUGH CARPENTERS REACHES RECORD HIGH

The National Association of Home Builders reports on its NAHBNow blog, that single-family builders who responded to a recent NAHB survey listed which workers they are struggling the most to find. Topping the list: shortages of rough carpenters were reported by 90% of builders—the highest-ever portion for any occupation in residential construction in the survey’s history.

NAHB economist Paul Emrath offered possible explanations for the severe shortage of subcontractors: One is that workers who were laid off during the housing downturn and subsequently started their own businesses have since returned to work for larger companies.

Regardless of the reasons, the widespread shortages continue to restrain the pace of construction, further driving up construction costs, which are increasingly being absorbed by the home buyer. However, the shortages are also affecting builders’ bottom lines by causing lost or canceled sales and making some projects unprofitable.

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**MULTIFAMILY BUILDER AND DEVELOPER CONFIDENCE DOWN SLIGHTLY**

Confidence in the multifamily housing market edged down in the second quarter of 2018, according to the Multifamily Production Index (MPI) released by the National Association of Home Builders (NAHB). The MPI dipped two points to 51 compared to the previous quarter.

The MPI measures builder and developer sentiment about current conditions in the apartment and condo market on a scale of 0 to 100. The index and all of its components are scaled so that a number above 50 indicates that more respondents report conditions are improving than report conditions are getting worse.

The MPI is a weighted average of three key elements of the multifamily housing market: construction of low-rent units—apartments that are supported by low-income tax credits or other government subsidy programs; market-rate rental units—apartments that are built to be rented at the price the market will hold; and for-sale units—condominiums. The component measuring low-rent units rose three points to 57, while the component measuring market rate rental units fell six points to 50 and the component measuring for-sale units dropped three points to 46.

The Multifamily Vacancy Index (MVI), which measures the multifamily housing industry’s perception of vacancies, rose three points to 45. The MVI is a weighted average of current occupancy indexes for class A, B, and C multifamily units, and can vary from 0 to 100, where any number over 50 indicates more property managers report more vacant apartments.

Although the MPI increased in the second quarter, a reading of 45 is still seen as a healthy number for the multifamily market.

“Historically, the MPI and MVI have performed well as leading indicators of U.S. Census figures for multifamily starts and vacancy rates, providing information on likely movement in the Census figures one to three quarters in advance.

**TOUGH CALL ANSWERS**

**ANSWERS TO OUR AUGUST TOUGH CALL:**

**THE HASSLE OF THE HAGGLE**

Harry Haggie, of Haggie Homes, insists on negotiating every product he buys from you, and then pushes back when you have to pass along a price increase. Is Harry’s high-volume, low-margin business worth the hassle? Here’s how readers would handle Harry Haggie in this month’s Tough Call survey.



**YOUR VOTES ONLINE AT LBMJOURNAL.COM**

- 2.4%** **SAY “YES”** Harry’s request has gotten you to realize that you don’t know your true cost per takeoff, or the variance in deliveries from builder to builder. Learn the answers, then adjust his prices accordingly.
- 15.3%** **SAY “YES, BUT...”** Use this opportunity to address the real problem—Harry’s tendency to waste your time. Give a small discount in exchange for his promise to stop negotiating everything.
- 28.2%** **SAY “NO.”** Your team is already very patient when it comes to negotiating new purchases. At this point, his demands for price concessions far exceed any other clients.
- 54.1%** **TURN THE TABLE.** Ask Harry what he says to homeowners who insist on negotiating the price of every item and service for their new home, then ask why you should do any differently.

**ONE READER’S RESPONSE**

I think I have all of Harry’s siblings and friends coming to our yard. My suggestion is to not give in to Harry’s demands and let him try a go with the competition. Chances are, once he sees all the extra value you provide, for the price and efficiency it entails, he will come back and realize how lucky he is to have a partnership with you.

— Brad Hutzenbiler, Bazooka Lumber & Livestock LLC

Thanks to everyone who voted on the August Tough Call. See page 96 for this month’s Tough Call.

# DELIVERING THE TOTAL SOLUTION.

From lumber and building materials to hardlines, Do it Best Corp. is committed to helping our members grow and achieve their dreams. Providing a trusted, comprehensive business solution uniquely tailored to the LBM marketplace is just one way we're helping members buy, work and run smarter.

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Lumber and Structural Panel Products*

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## EVENTS

**OCT 23-25** West Coast Lumber & Building Material Association (WCLBMA) Annual Convention, Carlsbad, CA  
[www.lumberassociation.org](http://www.lumberassociation.org)

**OCT 24-26** Industrialized Wood-Based Conference, Boston, MA

**OCT 31- NOV 2** LBM Advantage Fall Conference, Omni Atlanta Hotel at CNN Center, Atlanta, GA

**NOV 5-7** ECi Connect Conference 2018 New Orleans, LA  
[www.ecisolutions.com](http://www.ecisolutions.com)

**NOV 6-8** Western Building Material Association (WBMA) Annual Convention Marysville, WA • [www.wbma.org](http://www.wbma.org)

**NOV 7-9** NAWLA Trader's Market, Chicago, IL • [www.nawla.org](http://www.nawla.org)

**NOV 12-14** Epicor LBM User Conference 2018, Las Vegas, NV  
[www.epicor.com](http://www.epicor.com)

**FEB 18-20** LBM Advantage Meeting & Show Orlando, FL  
[www.lbmadvantage.com](http://www.lbmadvantage.com)

**FEB 19-21** NAHB International Builders Show Las Vegas, NV  
[www.buildersshow.com](http://www.buildersshow.com)

**FEB 27** IDEAS Show 2019, King of Prussia, PA  
[www.ideasshow.org](http://www.ideasshow.org)

### LUMBER, OSB PRICES DOWN; GYPSUM UP

The National Association of Home Builders reports that residential construction goods input prices declined, on average, in August as large monthly increases and decreases offset each other. NAHB research is based on the latest Producer Price Index (PPI) release by the Bureau of Labor Statistics. Although the index for inputs to residential construction fell by 0.5% (not seasonally adjusted), it has increased more than twice as much in 2018 (+4.9%) as it did over the same period in 2017 (+2.0).

Perhaps the most concerning news in the report, NAHB says, was the relatively sharp increase in prices paid for gypsum products. Prices have climbed 6.1% (seasonally adjusted) since a two-month reprieve that saw the gypsum index decline 3.3% between May and July. February to April 2016 was the last two-month period in which gypsum prices rose by 6% or more.

From January to August of 2017, the price index of gypsum products rose 3.9%. The index has more than doubled that pace in 2018, having increased 8.2%, year-to-date. On a positive note, softwood lumber and OSB prices each decreased substantially in August (not seasonally adjusted). Softwood lumber fell 9.6%, its largest monthly decline per the PPI in over seven years (May 2011).

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## MAJOR METRO REMODELING MARKETS PROJECTED TO HEAT UP

Annual growth in home improvement spending is expected to be widespread across the country's largest metropolitan areas in 2018, according to a new model developed by the Remodeling Futures Program at the Joint Center. The model, described in a new research note, produces short-term projections of remodeling activity for 50 major metropolitan areas. The development of the model utilized two decades of home improvement spending in several of the nation's largest metro areas as benchmark data.

The Joint Center projects that improvement spending by homeowners will increase in all 50 metros this year, and increase by at least 5% in 41 of the 50 metros. Moreover, the Joint Center projects that annual spending will grow by 10% or more in 11 of these major metros, led by Kansas City, Charlotte, San Antonio, Dallas, and Sacramento.

These projections mirror the national projections from the Remodeling Futures' quarterly Leading Indicator of Remodeling Activity (LIRA), which predicts that national spending on remodeling will grow by over 7% in 2018. The metro projections suggest that the national increase is likely to be broad-based, rather than being concentrated in any one area of the country.

These new metro-level projections draw on over a year of research into what drives homeowner remodeling activity at the local level, an effort that relied on home improvement data from 1995-2015 in the Detroit, Chicago, Los Angeles, and Philadelphia metro areas. As the research note explains, about two-thirds of the variation in these metros' historical growth rates is closely correlated with such factors as gains in local home prices, home sales activity, housing starts, retail sales of building materials, and remodeling permitting activity. Importantly, changes in these inputs also tend to lead remodeling activity by several quarters. Drawing on these findings, we developed a model to predict spending patterns in any metro for which we had reliable data on these inputs.

## BY THE YARD

NEWS FROM LUMBERYARDS AROUND THE COUNTRY

### GOLDEN STATE LUMBER CFO WINS BUSINESS AWARD

Christine Bean, CFO of Petaluma, Calif.-based Golden State Lumber, has won one of *North Bay Business Journal's* CFO awards. Bean is also an Adjunct Accounting Instructor at Sonoma State University and Santa Rosa Junior College.



BEAN

### SEIFFERT LUMBER COMPANY ADDS WINDOW CENTER

Seiffert Lumber Company of Davenport, Iowa has expanded its window and door business by launching Seiffert Window Center. The new window and door division features dedicated specialists, additional product lines and a dedicated web presence featuring product information and design trends.

### ALASKA DEALER EXPANDS WITH ACQUISITION

Don Abel Building Supplies of Juneau, Alaska has expanded by purchasing another Juneau yard. The Juneau *Empire* reports that Valley Lumber has sold to Don Abel owner, Bruce Abel. Don Abel Building Supplies has operated in Juneau for more than 70 years, and is in its third generation of family ownership.

### HANCOCK LUMBER NAMED BEST PLACE TO WORK FOR FIFTH STRAIGHT YEAR

For the fifth consecutive year, Hancock Lumber has been named a Best Place to Work in Maine. Hancock Lumber's mission is to create a work environment that first and foremost recognizes employees and improves the lives of anyone who works at the organization.

### MAIN STREET LUMBER EXPANDING DOOR OPERATIONS

Main Street Lumber and Millwork of Denison, Texas is growing. Owner Chuck Pool says the lumberyard is in the process of expanding its door fabrication business. The company expects the door fabrication expansion to be finished in early October. The facility will double the size of the current millwork shop.

### 84 LUMBER NAMED AMONG BEST PLACES TO WORK IN PITTSBURGH

84 Lumber has been named a 2018 Top Workplace in the Greater Pittsburgh region by the Pittsburgh *Post-Gazette*. Earlier this year, the organization teamed up with research partner Energage to distribute a third-party survey to regional employees to measure various aspects of workplace culture, including alignment, execution, employee satisfaction and more. 84 Lumber ranked 12th among large companies in this year's awards.

### KODIAK ACQUIRES DIRECT LUMBER AND DOOR

Kodiak Building Partners has acquired Direct Lumber and Door of Denver. Direct Lumber and Door serves contractors and remodelers by offering lumber, trusses, millwork, and hardware. They will soon add a panel plant to the mix.

### U.S. LBM BUYS BLEVINS BUILDING SUPPLY

U.S. LBM has acquired Blevins Building Supply, a building materials distributor with five locations in western North Carolina and one in southern Virginia.

### DEALERS, GOT NEWS?

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

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# FIVE QUESTIONS WITH...

KRISTIE VINCENT,  
CHANNEL MARKETING MANAGER  
THERMA-TRU CORP.

1

**Q: Given today's strong new construction and remodeling markets, what do you see as the biggest opportunity for LBM dealers?**

**A:** Investing in their digital presence is one of the best things LBM dealers can do. So many consumers start their search online for product information and to find stores to visit, so it's critical for LBM dealers to show up in that initial search. It's also important that they learn—and stay educated on—the different strategies used to drive traffic to their websites. Their digital presence is truly an investment in the health and sustainability of their business. LBM dealers should also make sure that when someone visits their showroom they're providing superior service and displaying their products in a shopper-friendly way. The more they can do to provide consumers with a positive experience both online and in their showroom, the greater the chance of converting those consumers into customers.

2

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

**A:** Committing enough time and resources to achieve a robust omnichannel strategy that not only brings in new consumer leads, but also satisfies them through the selection process is going to be a major challenge. This should be a long-term approach that takes ongoing commitment and dedication to be successful—it's becoming increasingly important as younger generations enter the market. They expect to be able to shop for products online, go to a store to see the product, and find the same product details and information in both locations.

3

**Q: With the explosive growth in online shopping, what can traditional LBM dealers do to keep people coming to their showrooms?**

**A:** It's important for LBM dealers to have a strategy for leveraging their digital presence to help drive more leads and business. That way, when someone is researching products online, exploring what's available, and searching for where to buy, the dealer becomes part of the consideration process. Also, when someone visits an LBM dealer's website, they should find a site that's professional, contains relevant product information and is easy to navigate.

4

**Q: Has "green building" run its course, or will it continue to drive product innovations?**

**A:** Green building will continue to be an important factor in product innovations within the building materials industry. If anything, it's turning into something that consumers have come to expect for these kinds of products. They want products designed for durability, to perform efficiently, and to be mindful of the environment. We're also seeing a continued desire by homeowners to have a smarter and more connected home that allows them to have personalized control over functions and features that fit their lifestyle.

5

**Q: How can dealers use technology tools to help builders and homeowners with purchase decisions?**

**A:** Technology is infiltrating every step of the purchase process, and more tools are becoming available to help both trade pros and homeowners select products. At Therma-Tru, we offer resources that dealers can provide to homeowners for their own use, or to use as tools to walk homeowners through door selection. At the inspiration stage, our Architectural Home Styles Guide makes recommendations for door styles that help maintain the architectural integrity of the home by recommending product options based solely on home style. Then, the Design Your Door tool on [thermatru.com](http://thermatru.com) lets homeowners and trade pros alike explore different options to create the custom entry that reflects the homeowner's personal style. Finally, the DoorWays App allows the homeowner to visualize a door on their actual home prior to purchase. ■

Kristie Vincent is a Channel Marketing Manager at Therma-Tru Corp. She and her team develop marketing programs and go-to-market tools to support dealers, builders and fabrication partners. Kristie holds a bachelors degree in marketing from Bowling Green State University, and she has held several marketing communication roles in the consumer packaging and building materials industries.







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# 2018 LBM STRATEGIES CONFERENCE RECAP

The City of Brotherly Love welcomed more than 180 LBM dealers, distributors, manufacturers, and service providers for this year's LBM Strategies Conference. Held September 19-21 at the Hilton Philadelphia at Penn's Landing, with the Delaware River as a backdrop, key industry thought leaders took to the stage to share real-world tactics and strategies on current topics such as leadership, sales, recruiting, mergers & acquisitions, succession planning, lean processes, technology, and more.

Hosted by *LBM Journal*, LBM Strategies Conference 2018 featured actionable tactics and take-aways from 24 LBM industry pros with proven expertise and an established track record. A hallmark of the LBM Strategies Conference, the majority of presenters and panelists are LBM dealers themselves.

The high-level event was made possible through the generous support of more than 30 conference sponsors, including Epicor (Platinum sponsor), MiTek (Gold sponsor) and Boise Cascade Engineered Wood Products (Silver sponsor).

With breakfasts, lunches, cocktail receptions and coffee breaks all part of the package, there was plenty of opportunity for attendees to network with other dealers and leading vendors from across the U.S. The event was also held just blocks from historic Philadelphia landmarks such as the Liberty Bell and Independence Hall.

LBM Century Club members were recognized at a cocktail reception after Thursday's sessions. Sponsored by Epicor, the program honors new inductees each year into the industry's only celebration of lumberyards that have stood the test of time for more than 100 years.

While space constraints prevent us from sharing every nugget of wisdom delivered at LBM Strategies 2018, what follows is a brief recap of the speakers, panelists, and presenters who made LBM Strategies 2018 a resounding success. ➤

For more photos, visit [LBMJournal.com](http://LBMJournal.com) and watch [LBMStrategies.com](http://LBMStrategies.com) for announcements about LBM Strategies 2019.



## LBM STRATEGIES 2018 CONFERENCE





"The content at LBM Strategies Conference was well paced, nothing ran over the allotted time, perspectives were diverse, companies represented were from all sectors (wholesale, retail, large multi-location, smaller operations, etc.). The topics covered were very relevant and applicable."



"I thought the speakers were great, and I loved the overall theme that went throughout the conference. The sessions covered very relevant topics for us at this time."



"The entire event is good. As always, it was well-planned and executed. One of the greatest values is always the opportunity to network with the great list of attendees. I like the quick change of topics to keep the energy level high and flow continuous. You guys cover a lot of ground in a short period of time."

## CONFERENCE RECAP



### PRESENTATIONS AND PANEL DISCUSSIONS

The LBM Strategies Conference agenda is driven directly by reader feedback to the *LBM Journal* monthly Real Issues survey. This year, we identified the key business challenges that readers are wrestling with, and recruited dealers or other industry pros to address those topics. This year's agenda ranged from leadership and recruiting, to sales management, succession planning, lean processes, technology, and more.



#### EMBRACING THE AGE OF SHARED LEADERSHIP

##### KEVIN HANCOCK

President | Hancock Lumber Co.

In nature, power is dispersed by design. There is no single tree in the forest that is the king of all trees. Every aspect of the natural world makes an important contribution to the whole. Humans are a part of nature and, as such, aspire to organize in this way. In this keynote presentation, Kevin Hancock laid out the rationale for creating a corporate culture in which 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, Hancock said. In an employee-centric company the first focus of the company becomes the people who work there. Team members are able to lead and grow when they feel trusted, empowered, and heard.

"I really enjoyed all the presenters. Kevin Hancock's segment was very inspiring. I also thought the segment on recruiting talent was very good. Bradley Hartman did an excellent job as well, and Rick Davis and the panel he had there was very good covering sales."

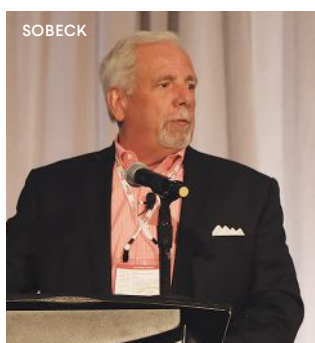
—Bob Lescalleet, Myers Building Product Specialists

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

##### JIM SOBECK

CEO | New South Construction Supply and New South Real Estate Partners

Jim Sobeck, President and CEO of New South Construction Supply, a nine-location building products distributor, shared what his company has done to win numerous awards for its work environment, resulting in very high scores in employee satisfaction surveys and very low employee turnover. Sobeck presented his New South open book management philosophy as well as his company's employee hardship fund and college intern program.

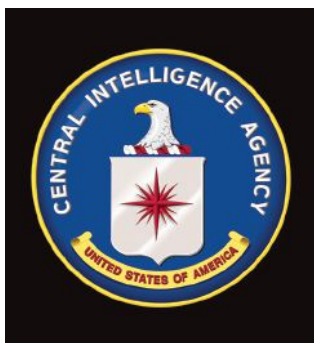


#### THE CIA'S SECRET INFLUENCE ON RECRUITING IN THE LBM INDUSTRY

##### CHRIS COSTELLO

President | Timberline Enterprises, LLC

Chris Costello shared how his family background and familiarity with the CIA's recruiting practices can help solve the LBM industry's recruiting issues. Costello shared his belief that recruiting is done quietly. It exists in the background, he said, and confidentiality is the Holy Grail of recruitment. Costello's company uses what he calls a Select Committee on Recruiting, which includes himself, his chief of sales, and CFO. "Recruitment" is not "hiring," he said. "Recruitment is longball. Hiring is an HR function." >



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## CONFERENCE RECAP



BRANDON / CORDOVA JACK / ELLIS / BOWMAN

presentations and panel discussions continued:

### **PANEL DISCUSSION: RECRUITING ROI: PROVEN TACTICS THAT GET RESULTS**

#### **PANELISTS:**

#### **GARY BOWMAN**

President and CEO | TW Perry

#### **JUSTIN ELLIS**

Co-Founder and CEO | Elco Building Supply

#### **DENA CORDOVA JACK**

Executive Vice President | MSLBMDA

#### **RIKKA BRANDON (MODERATOR)**

Founder and Chief Executive Recruiter | Building Gurus

Finding and hiring good employees is simultaneously one of the most important and most challenging tasks facing LBM executives today. This panel explained how effective hiring can net serious ROI for your company—strong profits depend on strong people. Panelists discussed recruiting millennials, a women's mentorship program, and other strategies.



### **PANEL DISCUSSION:**

### **SUCCESSION PLANNING: TALES FROM THE TRENCHES**

#### **PANELISTS:**

#### **JIM DAVIS**

Owner, President/CEO | Barrons Lumber

#### **CHRIS GOEBEL**

President/CEO | Star Lumber

#### **DENNIS STINE**

CEO | Stine Lumber Company

#### **TERRANCE K. RESNICK (MODERATOR)**

Partner | Resnick Associates



RESNICK / GOEBEL / STINE / DAVIS

Successfully transitioning a LBM business is a lot easier said than done. There are individual and business objectives, tax law considerations, legal documents to obtain, insurance planning to implement, valuations to perform and a host of other topics that must be addressed and addressed properly. This panel discussed topics ranging from when to start planning for succession, to proper insurance during the process, to valuation and company culture tips to ensure a successful transition.

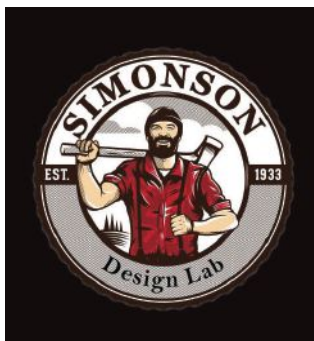


### **BUILDING THE FUTURE: USING 3D PRINTING AND VIRTUAL REALITY TO GROW YOUR BUSINESS**

#### **KIMBERLY SIMONSON**

Executive Vice President | Simonson Design Studio

Imagine the advantage your builders would have if they could allow homeowners and developers to use virtual reality to “walk through” their new home—before construction has even begun. Kimberly Simonson presented the benefits of virtual reality and augmented reality to LBM Dealers, including a bond with builders, how the technology works on bid and material selections, and the process of implementation with little employee cost or overhead.



SIMONSON



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## CONFERENCE RECAP



WAGNER / SWINNEY

presentations and panel discussions continued:

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

#### **STEVE SWINNEY**

Founder and CEO | Kodiak Building Partners

#### **JOHN WAGNER**

Managing Director | 1stWEST Mergers & Acquisitions

Two seasoned experts from opposite sides of the M&A table shared what makes a deal go smoothly and what both buyers and sellers look for in a LBM industry transaction. Presenters looked at how to optimize metrics to get the highest possible value, with such practices as “adjustments to EBITDA.” To complete their look at deal-making, presenters discussed the top reasons deals go sour, and what motivates acquirers, or sellers, to walk away.



HARTMANN

### **THE SKEPTICAL LUMBERMAN'S GUIDE TO MANAGING MILLENNIALS**

#### **BRADLEY HARTMANN**

Author, “Behind Your Back,” and President | Red Angle, Inc.

Millennials. No other topic in the industry is as divisive. As LBM executives struggle to recruit talented millennials to their teams, Bradley Hartmann has emerged as the industry’s top mind on the topic of engaging the next generation. Baby Boomers, Gen Xers, and millennials see the world differently, the meaningful questions are: To what degree? and Why? Hartmann shared how students coming out of college now are provided a rubric for every class. At the workplace, that doesn’t exist, he said, and that is why millennials appear to some to not know what they’re doing. Perhaps they’re just not told well enough what they should do. He also shared insights into supervisor feedback, suggesting that managers of millennials offer short feedback on a weekly basis.

“I was impressed by the people. Not just those that presented, but the attendees as well. I research events like this in advance...the topics for 2018 were timely and relevant so I was all-in for Philadelphia and was not disappointed.”

—Jeremy Baker, r.k. Miles



### **PANEL DISCUSSION: GOING LEAN: LBM LEADERS SHARE THEIR INSIGHTS**

#### **PANELISTS:**

#### **MARK HOPKINS**

COO | Hancock Lumber Company

#### **RICK KYSER**

Operations Manager | Gilcrest/Jewett Lumber Company

#### **DEREK ROCHE**

Site Operations Manager | Weyerhaeuser Distribution

#### **JEFF TWETEN (MODERATOR)**

Managing Member | WorkSafeWorkSmart, LLC.

Panelists shared why, with low unemployment and a high demand for qualified workers, Lean is a word lumber dealers will want to start using. It’s all about the value stream, the production flow from beginning of a product or service to the consumption of the product or service by the end customer.



TWETEN / HOPKINS / ROCHE / KYSER





## CONFERENCE RECAP



presentations and panel discussions continued:

### LECTURE & PANEL DISCUSSION: THE CONCIERGE SALES LEADER

#### RICK DAVIS (PRESENTER & MODERATOR)

Founder and Principal | Building Leaders

#### DOUG CARLSON

VP of Sales and Operations | Drexel Building Products

#### A.J. KONYNENBELT

VP of Sales | Zeeland Lumber

#### RICH CAHILL

Outside Sales Manager | Ring's End, Inc.

#### JARED NEWCOMB

General Manager | Hughes Lumber

The changing dynamics of the LBM industry, construction, communication, and competition have forced a new dynamic in sales performance. In the opinion of sales guru Rick Davis, the modern salesperson manages hundreds of contacts, leverages new technologies, facilitates and delegates duties, and doesn't lead with product, but delivers profits first. Davis's panel of sales dynamos shared what makes their business models successful without sacrificing margin.



"One of the best events I have been to in my 35 years in the industry."

—Chuck Post, Blue Ridge Lumber

# LBM STRATEGIES

## 2018 CONFERENCE



STAY TUNED...

Fueled by positive reviews from attendees and sponsors, planning is underway for LBM Strategies 2019.

Watch these pages and [LBMJournal.com](http://LBMJournal.com) for updates.



### CENTURY CLUB HONOREES

Rick Schumacher of *LBM Journal*, along with representatives of Epicor (which sponsors the program), honored LBM dealers in attendance who comprise the LBM Century Club. LBM Century Club members are lumberyards and building materials suppliers that have been in business for more than 100 years. New inductees included Henry Poor Lumber and Burton Lumber.

### THANK YOU TO THE LBM STRATEGIES CONFERENCE SPONSORS FOR THEIR GENEROUS SUPPORT

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# GAINING A COMPETITIVE EDGE

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MATTINGLY LUMBER & MILLWORK, INC. OF GRANITE CITY, ILLINOIS

**T**he Mattingly family has been in the building materials business in the St. Louis, Mo. area since 1965. Prior to taking over the family lumber yard in 1998, John Mattingly, Jr. had spent the previous four years as a lawyer. He soon realized running a successful lumber yard would draw upon skills developed in his legal career for leveraging effective communications, building relationships and developing processes from the end in mind — much as final arguments play a critical role in the courtroom.

When the use of engineered wood in residential framing started to gain traction in the late 90s, Mattingly Lumber & Millwork, Inc. became one of the area's early adopters. Initially, the lumber yard was cutting all of its I-joint packs with chainsaws — a practice that became unsustainable as business continued to grow.

“We really embraced the I-joint system,” said Mattingly. “When we first got into it, we were just processing job packs from the distributor. However, we were doing everything by hand until three years ago. We were wasting huge amounts of dollars.”

Mattingly needed an efficient way to process the high volume of floor joists and ultimately turned to Boise Cascade® engineered wood products and processing tools for solutions. In January 2016, Mattingly Lumber purchased SawTek® PRO, an Internet-connected automated processing saw, and adopted BC Connect® software to manage projects from design to shipping.

The SawTek PRO includes an automatic materials handling system to stage and feed stock at high speeds, laser printing for easy sorting and utilization of cut joists at the job site, plus



an integrated router to accurately cut holes for plumbing and electrical wires before a pack leaves the yard. Versa-Saw® — the saw's operating system — tracks and manages offcut inventory and actively seeks ways to minimize waste while optimizing raw material use. What's more, the saw's data-logger tracks over 300 data points, analyzing the saw's usage in real time — relaying information about system requirements and maintenance automatically to Boise Cascade for continuous monitoring.

The change to Mattingly's business after SawTek PRO was both impactful and immediate.

“The transition from the chainsaw model and manually pulling floor packs to utilizing SawTek has been a truly seamless process,” said Mattingly. “We can limit the amount of lengths we have to buy. Instead of carrying \$1 million or more in inventory, we can cut that cost down to half... simply because SawTek is maximizing the cuts for us. Our waste factor in I-joists has gone from a seven percent waste factor to just two percent.”

Mattingly commended Boise Cascade for providing not just a saw, but rather an integrated system, which includes Boise Cascade's best practices, training, safety culture and constant online monitoring.

“We have saved money — no question,” Mattingly added. “We're not making mistakes that were once hard to track.”





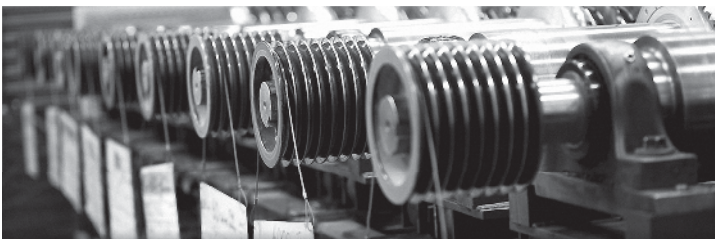
Prior to BC Connect, inventory management was a huge unmet opportunity for Mattingly Lumber. With BC Connect's automatic integration of cut lists, online project tracking and seamless integration with Sapphire™ design software, the whole process became fully integrated, Mattingly explained. "We had stacks of offcuts and costly inventory that was unusable...gray and weathered. Integrating all parts of our business has made inventory management much easier. Our typical floor-build hours have gone from eight to two. I can get jobs out the door every day, reliably and on time."

Mattingly praised Boise Cascade for using technology to bring tight inventory management, preventive maintenance and cross-functional communication into the traditional lumber supply chain.

With Boise Cascade's tools, "we don't have as many variables," said Mattingly. "Technology is catching up with our industry and those who hesitate will have a hard time catching up. If you plan on being in business 15 years from now, embracing change quickly will be critical to business success."

*"Technology is catching up with our industry and those who hesitate will have a hard time catching up. If you plan on being in business 15 years from now, embracing change quickly will be critical to business success."*

— JOHN MATTINGLY, JR.



**NEW IDEAS SHOULD NEVER  
COMPROMISE OLD VALUES.**



## SALES & MARGINS

BILL LEE

# Celebrate “Breakeven Day”

**FOR A MOMENT**, think about the benefits of knowing how much sales volume at what level of gross margin your business needs to breakeven each month. If you are like most building supply business managers, you might have an idea, but you most likely have never sat down and actually calculated it.

In my way of thinking, “Breakeven Day” is a hugely important time each month in the life of a business. It’s important because the earlier you can reach Breakeven Day each month, the more days you have remaining to increase the profit you will earn during that particular month. And the later Breakeven Day arrives, the less money your business will earn. And what if Breakeven Day fails to show up this month? The most likely result would be a month that produces red ink.

So it seems to me that Breakeven Day is a day everyone would want to see arrive earlier rather than later. The question is this: What can both management and non-management personnel do each month to cause Breakeven Day to arrive earlier in the month?

The answer to this question is precisely why Breakeven Day is such an important day for the owner or general manager of any business, but based on the work I do as a consultant to businesses in our industry, I’ve learned that in most businesses the operations personnel, the inside and outside salespeople, the administrative personnel, etc., don’t have a clue when or if the business makes a profit.

Over the years, I have been exposed to several innovative owners and managers who have taken this concept of Breakeven Day and used it—with respect to profitability—to help keep their employees’ eye on the ball.

Like several aspects of business, we all have the human tendency to get motivated about striving to achieve key metrics and benchmarks upon our initial exposure to them, but after a few months or years, we sometimes take our eyes off the ball and take them for granted. Breakeven Day is one way to keep everyone in the business aware of where the business stands with respect to profitability.

Here are some ideas for using this exercise to motivate your employees:

- The objective is to reach Breakeven Day as early as possible each month because the earlier you achieve breakeven, the more days you’ll have left to earn a profit. Until you reach breakeven, all you’re doing is trying to cover your company’s operating expenses. Some owners and managers initiate various types of celebrations when the company achieves a new record for achieving Breakeven Day.
- If your people can improve gross margin over and above the amount you budgeted, you can also achieve Breakeven Day earlier in the month. Pull out your copy of my book, “Gross Margin” and review with your inside and outside salespeople each of the 26 factors that affect gross margin. The book is available at [BillLeeOnline.com](http://BillLeeOnline.com).
- If your people who have spending authority go under budget on operating expenses, recognize them, as well, because doing a diligent job of cost cutting can help the company set a new record for reaching Breakeven Day. ■

**The formula for calculating the company’s breakeven number doesn’t require a CPA or an advanced mathematician, all you need is a calculator to execute the formula below:**

### BREAKEVEN FORMULA:

(Remember your high school algebra class.)

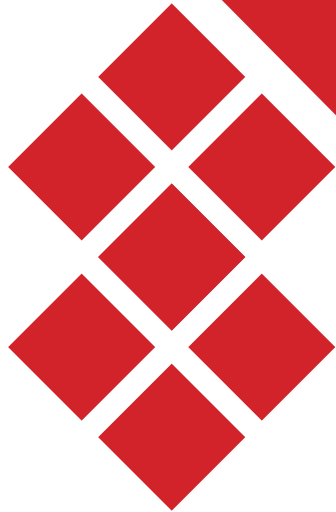
(ASSUME GPM IS 25% AND MONTHLY OPERATING EXPENSES ARE \$680,000)

$$\begin{array}{rcl}
 25 \times & = & \$680,000 \\
 X (\text{Sales}) & = & \frac{\$680,000}{25}
 \end{array}$$

X equals \$680,000 divided by 25, which comes to \$2,720,000 in sales. So, for this sample company, assuming a 25% gross margin, Breakeven Day is the day of the month when the company reaches \$2,720,000 in Sales.

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](mailto:LeeResourcesInc@gmail.com).

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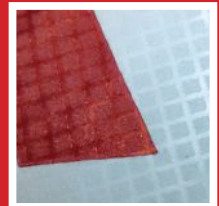
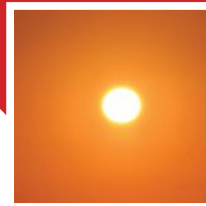
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## BUILDING SALES

RICK DAVIS

# Hunting for sales leads? Try farming instead

**I LIKE CHALLENGING YOU**, our *LBM Journal* reader, with contrarian concepts such as the suggestion to replace the sales funnel with a sales sieve. This month's contrarian concept is to stop hunting and start farming.

The metaphor presents obvious conclusions such as the fact that hunting kills your future food source whereas farming provides a more predictable supply. Hunting is an event-based transaction while farming is a strategic initiative that takes place over time. Both require great skills but, as a metaphor for LBM sales, I choose farming.

Consider the practical differences between quick transactions (hunting) and ongoing relationship development (farming). Most salespeople agree that a quick sale usually raises serious concerns about credit, errors on the quote, or the likelihood that buyers who jump so quickly from one supplier to another will often be disloyal to you.

Most also agree that it can take months, sometimes years, to forge the start of a new relationship. A successful relationship provides ongoing purchases from loyal buyers. Building the relationship means planting new seeds of prospecting; nurturing relationships in the field; and harvesting opportunities when the time is right.

Before I go further, it bears saying that hunting (or foraging) as a metaphor for prospecting is entirely valid. The ideal candidate for success is a fearless pursuer of new business, which I equate to the process of prospecting to plant seeds of opportunity.

**Planting Seeds** is the process of discovering new sales opportunities. Instead of expecting immediate success like the hunter, the farmer realizes the first step to success is understanding the right target for your soil. An ideal client is one who is loyal, pays on time at fair margins, buys multiple products from your portfolio, and offers you the long-term volume you need for business success. If you don't stop to evaluate the type of harvest you seek, you may likely end up with a portfolio of high-maintenance, low margin, disloyal buyers—i.e. weeds.

**Nurturing** the right relationships requires an understanding of your clients' businesses. I like to say that builders don't build for a living; they sell just like you. They manage costs, just like you, to enhance profits. Tap into their challenges and provide solutions as the means to foster relationships before you start randomly bidding your prices to the market. This means more than selling and delivering a product better than your competition. It means helping your customers increase their sales success and operation efficiency, a process that takes time and relationship growth.

**Harvest** when the time is right by slowing the process and delivering your proposal after the right dialogue is established. The proposal is different than a bid. A proposal is an offer to engage in a long-term relationship. A well-crafted proposal identifies challenges your prospects and clients have not only with suppliers, but in their general business practices.

The hunter is a good metaphor for the retail salesman closing deals on cars, mattresses, timeshares, and other consumer goods, although a good farmer in those industries can do well also. It's time to challenge the archetypal image of sales success. You may have noticed that the most successful salespeople are not necessarily hard-core, aggressive closers.

The salesperson that many buyers favor is the calm servant leader. This type of salesperson builds relationships and carefully handles details before and during the time when transactions occur. We are not in a "close the deal" business; long-term success just doesn't happen that way in the construction industry. We are in a "build relationships" business; this means taking the time to plant seeds of opportunity, fertilize, and harvest when the timing is right. Try farming instead of hunting as your sales plan. The transactions might start a little slower, but the margins are better and results last infinitely longer. ■

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](mailto:rickdavis@buildingleaders.com)

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## SELLING THE DECK PROJECT

BOB HEIDENREICH

# How to sell more lighting with your decking

**DECK LIGHTING** is a largely untapped market for many of the lumber dealers I speak with. While most dealers are selling decking of some sort, they aren't yet taking advantage of the high margins available on deck lighting accessories.

The deck lighting category has exploded in the past 10 years. With the advent of DC power and the technology behind some of the new lighting systems, decking retailers are now able to realize higher margins on some relatively low-cost lighting accessories.

Like most anything in our industry, the best way to make money selling a product is to know everything you can about the product and the category. Education is key. If you don't know what you're talking about, customers are going to pick up on that and move on. Like most any product category these days, the internet has made a lot of people think they're experts. But in reality, a good dealer knows far more about the products that they sell than any customer who reads a few product descriptions online.

Even though in most states you need to be an electrician to install lighting, you should still have a basic understanding of the difference between AC and DC power and the opportunities for new lighting options that DC power has brought us. For example, the most frequent complaint you may hear from a homeowner who just purchased lights is that "my lights won't light up." The main reason for this is that they have the polarity reversed. Today's light emitting diodes perform the best using DC power because it stays on constantly. The old AC power went back and forth in both directions. As a result, the lights on AC power actually blinked at a hertz rate of 60, or 60 times per second. Because that light turned off and on 60 times per second, the lights tended to burn out fairly quickly. A DC power supply flows through in one direction and keeps the light constantly illuminated and is going to last a lot longer.

Today's LED lights use 10 times less electricity than older, incandescent bulbs. Today, a typical power supply for a deck project is 30 to 60 watts. At that wattage, we don't encounter near the risk of fire or electrocution we've had in the past.

Here in Minnesota, you still need to be a licensed electrician to install the DC systems, unless they're a plug-and-play system that just plugs in together like Christmas lights.

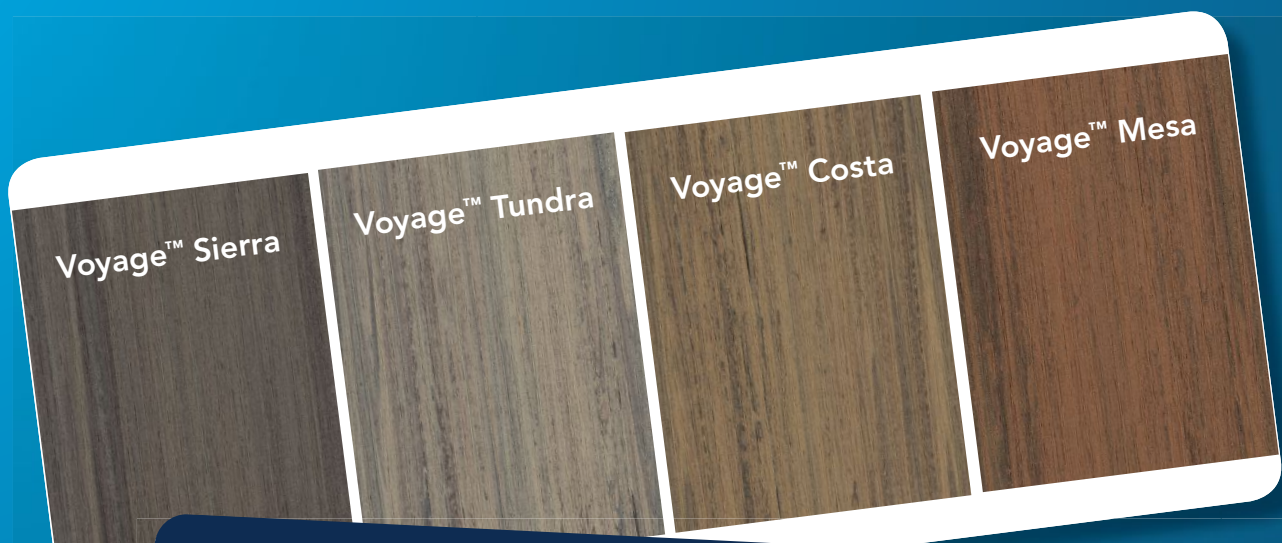
For instance, even manufacturers who sell LED products will teach you that their lights can be swapped out for older incandescent light bulbs. I recommend always having a stock of bulbs on hand. We sell them on our website at [thedeckstoreonline.com](http://thedeckstoreonline.com). It's really an inexpensive way to convert a customer. At the same time as a bulb swap out, they'll also want to update their power supply.

The single most effective way that I've found to sell more lighting for decks is by giving the wiring away. When a customer comes in for a decking project, I suggest throwing in the wire free as long as they agree to feed the wire through their railing. Most of the deck railing systems that we're currently selling are hollow aluminum or a hollow composite, and that's the perfect raceway to run the wiring from post to post.

Wire that's fed through the railing product is going to keep concealed from the weather and from animals. At The Deck Store, we run the wire through the top rail, and leave a 12" tail sticking out of each one. Then we can go back later and add the lighting. If the customer decides not to add the lighting at that time, we can leave the wires in there. The wiring is a really inexpensive upgrade. Once the wire is there, you've got your foot in the door to sell that customer lights in the future. Also, deck lights are a category that is continually being upgraded with new options. Once you've already placed wire for your customers, you'll have a captive audience going forward and they'll typically come back for new types of lighting.

New LED systems have timers, remote controls, and can change colors. These latest light accessories are in high demand and are relatively inexpensive, so you'll get good margins on them. Deck lighting doesn't deserve the typical commodity margin. You won't regret becoming the go-to source for your customers' deck lighting needs because lights are always changing. ■

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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## RECRUITING & HIRING

RIKKA BRANDON

# Setting your new hire up for success

**THE DAY HAS FINALLY ARRIVED.** You placed the perfect ad. Interviewed ideal candidates. Extended an offer to the best prospect. After negotiations, they've accepted your offer. And today is their first day at your company.

There's just one more step in the hiring process: To continue the cycle of success, it's essential to get your new employee off on the right foot from day one.

Onboarding is the process a new employee moves through as they join your company. It starts the minute they walk through the door on their first day and can last until the end of their first year of employment.

Hopefully, the new hire is as excited about their new opportunity as you are about adding them to your team. You want to keep their energy and enthusiasm high. This means being prepared and ready for them.

Depending on the position, here are some ways to make the onboarding experience successful:

- Have a warm meet-and-greet with other team members (even if it's just you) to start the day. Consider a simple breakfast of coffee, juice, fruit salad, and pastries. A 15- to 30-minute event can break the ice.
- Give the new hire a tour of the office. Let them know where the bathroom is, where the office supplies are, and where the coffee pot is, and let them know what others do for lunch, etc.
- If they have a desk, make sure it's clean and stocked with the basic office supplies they need. No one wants to start a new job at a desk full of the last person's crumbs and stray hairs.
- If they will have a computer, make sure it's set up and ready to go, with all of their required software and access to the network and printer. Ensure their email is set up—before they show up.
- Training for a new position can be overwhelming to some. Let them know the specifics of their training. Depending on if it will be software- or people-based, let them know what, when, and how they will be learning to do their job.

- Have ready copies of keys, key cards, badges, and other equipment they'll need to access allowable areas of your facility. In addition, if their job requires business cards, have them printed and ready for them at their desk on their first day; this makes a strong statement.
- Send an email to the team welcoming the new hire, and describe a little bit about their background and experience and why they're a good addition to the company. Include their contact information and other vital stats.

In addition, pre-arrange for one-on-one kickoff meetings with key contacts within the team. For a salesperson, this might include the sales manager; for warehouse or yard workers, it would be their direct supervisor; for customer service or inside sales, it might be the branch manager. These meetings don't have to be heavy on details but should simply help the new employee get to know his or her everyday contacts, who can then provide a preliminary overview of how things run, common procedures, and agreed-on best practices. Some companies even include headshots of key leaders in the company with their name and position in the new hire paperwork so they can start to recognize the company leadership.

Set a calendar reminder to check in with them every week for the first month, then bi-weekly for the next two months to make sure they're feeling confident and to answer any questions they have. Be sure to pay attention and comment on what they do right. It's nerve-racking to be the new kid on the block, and you want to be sure to pair the constructive feedback with praise or else they'll feel like they're failing and decide to leave—just when they're starting to really get the hang of the job.

The first day, along with the following days and weeks, sets an important tone for what it will be like for the employee to work for you and for the company. By taking extra steps to ensure they feel welcome and well-prepared, they'll be more likely to hit the ground running. ■

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

# Get out from behind your desk

**NEARLY ANYONE CAN TELL YOU** that sitting at your desk for long periods of time takes a toll on your physical well-being. You need to get up and move around—it's good for both your mind and your body. What isn't often shared is how important it is as a leader to get out from behind the desk and see firsthand how things are going and what challenges your people are facing.

I've often joked that everything is crystal clear from the perspective of one's desk. All plans look perfect and well-conceived. However, something is bound to break, some unplanned-for event is bound to happen, somebody is going to drop the ball. In the military, it's called the fog of war—the uncertainty that a good leader needs to anticipate and be ready to respond to. Unfortunately, you can rarely offer an effective response if you make all decisions sitting behind your desk and not seeing things for yourself.

During World War II, Gen. George Patton found one of his divisions stopped at the Seine River. Patton went to the commanding general's headquarters where everyone huddled around a map, trying to figure out the best place for the army to cross the river. Various staff members offered opinions on where the river would most likely be shallow enough to cross the river safely and face the least opposition, but no one could agree. Finally, Patton reached in and tapped the map with his riding crop. "This is the best place to cross," he said with complete conviction. Everyone looked at him, astonished, and finally someone asked him how he knew it was the best place. He stepped back and, pointing to his wet pant legs, said, "Because I was just up there and checked it out myself."

A couple years ago, we noticed at our company that a great many price overrides were being done. We pay our salespeople on gross profit dollars, so they had the ability to increase prices or, in turn, decrease prices to meet a competitor's price. Unfortunately, our system had initially been set up somewhat simplistically, so everyone had this ability. It hadn't been a problem in the past, but now we were seeing some margin erosion. Our first instinct was to take away the ability to change prices from almost everyone, but our concern was if we didn't know why pricing was being overridden, how would we know how to "fix" it?

So, I ran an override report for a month's worth of business, sorted it by the people who overrode pricing the most,

and hopped in my car. I spent three days, driving more than 650 miles and visiting 20-plus employees at 12 locations to find out why they were doing what they were doing. Their answers were anything but obvious. One primary reason was that because pricing for a couple specific secondary product lines were not being maintained regularly enough, they had lost confidence in our overall pricing and were now pricing items at what they thought was a more correct price (usually based on a set markup they always used). Another reason was that because they had lost confidence in our pricing, it didn't take much feedback from a customer to get them to lower the price. A more basic reason was that the salesperson did not know how to use our system correctly, so he was cutting and pasting line items from quotes to orders, rather than converting the quote to an order. It required him to enter his own, all-new pricing versus updating the order with system pricing.

Needless to say, my visits were very informative, thanks to our employees' willingness to be honest, but they were also very energizing. While we still had a pricing problem, it wasn't because salespeople had the ability to override prices. It was due to a lack of confidence in the reliability of our pricing; a lack of knowledge of how and why we priced things; and overall, a training issue. So, we implemented a more regular routine of updating pricing, and established multiple methods to get feedback from our salespeople and managers on the effectiveness of our pricing. Once we got people comfortable and more confident in our pricing, employees only changed the price when specific and credible competitive information was presented, rather than just because a customer commented. Lastly, we now conduct ongoing training for all employees, not just new ones, on how to use our system effectively. Many procedures had improved the more years we had under our belt on our ERP system, but rarely were we communicating updates to people who had been originally trained on the system.

If I had made these decision without getting out from behind my desk, I would have treated the symptoms, not the disease. So, don't lead based on what you perceive to be the problem. Get out and talk to your employees and customers. You might get your pants wet, but chances are, you'll find the best way across that river. ■

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

# Don't let something you've said ruin a deal

**DEALS GO SOUTH** and suitors bow out of contention for lots of reasons, typically lack of strategic fit, inadequate cash flow, or because the deal is offered at the wrong time in the business cycle.

Or at least that's what departing suitors will *say* are the reasons for backing away. But it's not uncommon for a suitor to back away because of a cultural or personality mismatch.

**Profanity.** I've worked on dozens of construction sites as a young man, so salty language is nothing new to me. And I'm not naïve. I recognize that people who work together over a long period of time can probably let a profane word slip without unduly offending those around them. But you cannot assume that it's appropriate to speak profanely in front of people you meet in the deal-vetting process. You simply can't predict how they will respond.

I have never seen someone smile or give an encouraging look when someone they've just met speaks profanely. Yet I have heard people, as they walk away from a meeting, say, "I have to say, I'm just not comfortable with that language. Can you imagine if they said that around *our* office?"

Whether you're an altar boy or a sailor, zip it when you're tempted to spout off in meetings with potential acquirers.

**Libations.** Business dinners almost invariably involve a cocktail or a nice bottle of wine, but—especially on the "first date" between a suitor and a seller—a drink or two is probably more than enough to put people at ease, and open up for some bonding conversations. Any excess drinking during meet-and-greets is universally looked upon as a negative in a business deal. Even the perception of excess drinking is a *no no*...Your nightly standard third glass of wine may seem to a suitor as flat-out excess. And if the acquirer's team doesn't order any libations, consider going without one yourself.

Most suitors will likely look upon a seller's excesses around libations, and think, "I'm just not doing a business deal with a person who drinks like that, *especially* when they drink like that around someone they are meeting for

the first time. How much do they drink around friends, if they drink like that around strangers!?"

Save the all-night toasts for when the deal is done, and you're just among old friends.

**Sports.** Unless you can all agree to the unspoken truth that Tom Brady is the best quarterback that has ever played football (because, you must admit, he is), it's best to avoid sports, at first. Sports can be a great bonding experience with strangers, but sense them out first before making blanket pronouncements like the one I just made about the great Tom Brady, the greatest of all time.

**Politics.** If politics get brought up for discussion, avoid it. As a seller, you can't predict politics of the suitor. Don't assume they'll agree with your point of view, liberal or conservative. If you voice strong political opinions, and the suitor disagrees with your politics, they probably won't mention it out of politeness. But as soon as they get in the car to the airport, they may very well dismiss the deal as impossible due to a potential mismatch of values. Even if they happen to agree with you, your political views will have very little bearing on the value of your company. So why risk bringing it up? It's universally safe to keep political discussions out of the mergers and acquisitions process.

**Religion and ethnic identification.** It has surprised me more than once when a seller makes a comment about a religious or ethnic group. Not only will a suitor's antenna go up around potential discrimination lawsuits and other liabilities, but it's just bad form to imply that you focus on cultural differences inspired by religious or ethnic groups. Keep those discussions to yourself.

Is everyone a perfect gentleman or lady? No, and I'm the first to admit to imperfections. But the topics listed above are ones in which you should steer clear of controversy, lest you bring about judgement by someone who might otherwise be willing to write you a nice check. ■

John Wagner is a managing director at 1stWEST Mergers and Acquisitions, which offers a specialty practice in the LBM sector. Contact John at 919.796.9984 or [j.wagner@1stwestma.com](mailto:j.wagner@1stwestma.com). Learn more at [1stwestma.com](http://1stwestma.com).

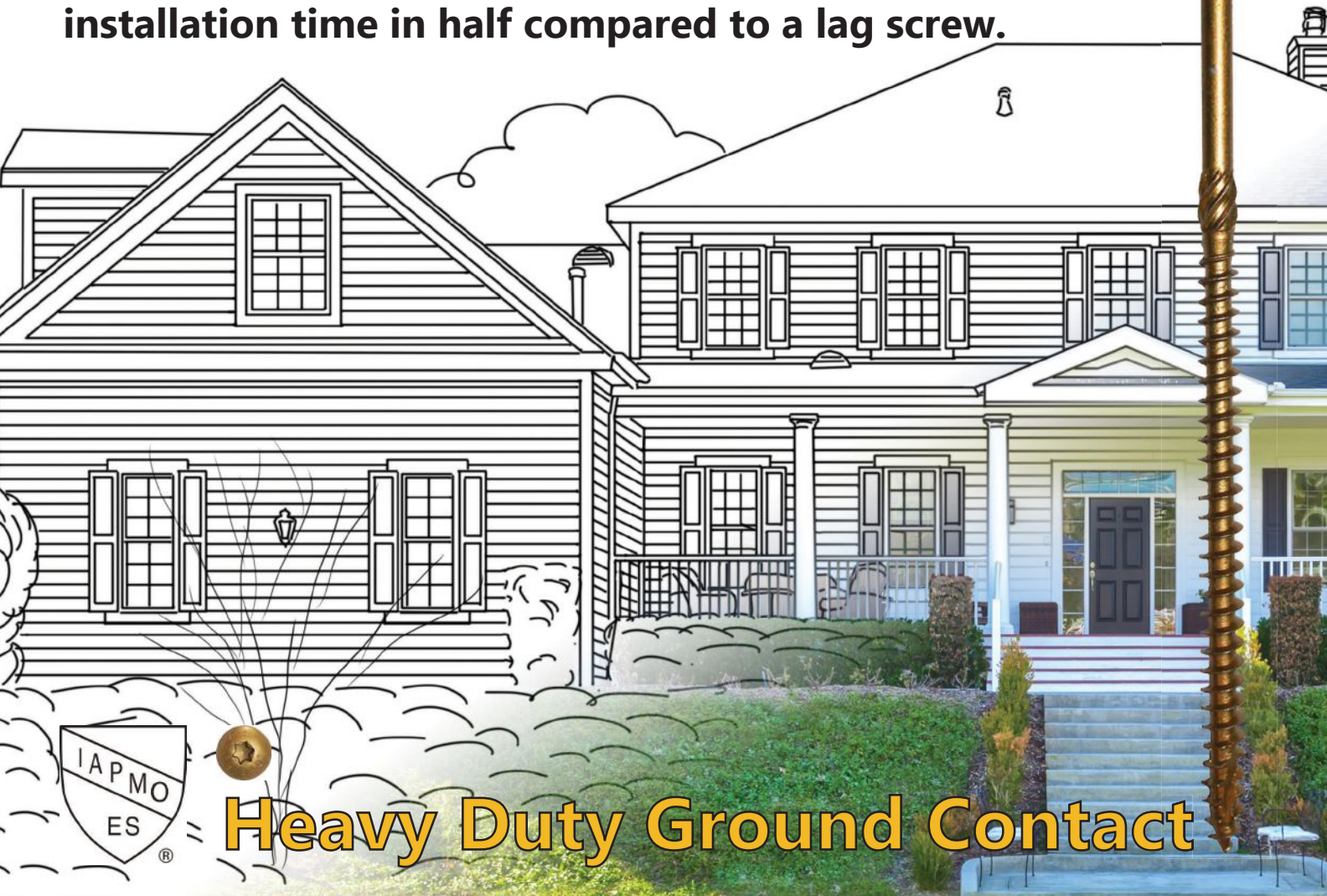


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**Kerridge Commercial Systems (KCS) has a 40-year track record of developing and servicing world-class ERP software systems. KCS has served the construction-related materials industries for 40+ years and fostered relationships with companies of every size. The KCS customer base includes some of the leading wholesalers, retailers, suppliers, dealers and distributors around the world.**

KCS is passionate about positioning our customers to work smarter, make better decisions and ultimately help them grow margins. We deliver access to the most robust onboard business intelligence to give our customers the information needed to gain a real competitive advantage.

Within our company, we have high levels of expertise, not just in the way we develop software but in really knowing the industry. Our team is filled with experts who have worked in the industry for many years and understand the nuances and challenges you face every day.

## Source Effectively

Dealers and distributors have to source products effectively at the right cost to achieve margins, sales, and service along the whole supply chain management system. Whether you are buying directly from North America or overseas manufacturers, procuring from multiple specialized sources, or purchasing stock from distributors, business performance depends on product quality, price differentiation, and availability.

Our systems capture, manage, analyze and deliver the knowledge you need to forecast, order, and manage costs, reduce stock and maximize rebates. Through accessible, real-time communications, it puts total control in your hands. Armed with certainty on purchasing history, current position, and future requirements wholesalers and distributors can build strong relationships with suppliers, on terms that profit all parties. Suppliers can predict and meet demand by the season, the day, or the hour. Retailers can flex their sources to locate or create the precise products their customers need.

## Stock Efficiently

Stocking just in time, reducing handling costs and transporting economically are all important ways to protect margins. Your inventory is paramount, whether you are a wholesaler offering choice through a huge catalog and massive warehouses, a supplier supplying specialized products to a branch network, or a retailer focused on high-turnover outlets.

Our systems deliver information that's key to efficient inventory holding, movement, and replenishment. This real-time data can help you reduce working capital, minimize waste and improve margins across your business. If you can see all the inventory you are holding now, and implement the forecasting solutions you will need accurately, you can serve customers with confidence. Knowing where all of your product is located, and what's coming in and going out, you can source across warehouses without having to back-order or lose business.

## Sell Profitably

Selling through multiple sales channels brings huge opportunities for all dealers and distributors. Retailers diversifying through outlets and online, wholesalers moving into e-commerce solutions, logistics and showrooms, suppliers widening their traditional trade customer base – every business in the sector has the potential to sell more product, to more customers, through more routes to market.

Our systems provide the power and information you need to maximize profit from these opportunities. Efficient processing means you can follow up and convert more quotes and generate sales more quickly. Sales analysis allows your business to measure revenues by product or branch, forecast demand, target incentives, and price competitively. Credit management ensures accurate till and bank reconciliation and control during the day. Integrated accounting provides daily revenue, costs, and margin data. Real-time business intelligence allows executives to view performance across the business and make fast, informed decisions.

## Service Competitively

In a sector where traditional boundaries are breaking down and once clearly defined categories like wholesale, distributor, supplier, retail are now competing for the same customers and markets, it is vital to differentiate your business. To compete for customers and keep them on board, you do not just need quality products at the best prices, but also innovative service and support.

Our systems respond by giving you the knowledge you need to understand and deliver whatever your customers want, wherever and whenever they want it. Whether it is in the showroom, an e-commerce order or negotiating a deal on a smartphone, you have the customer profile, purchasing history, and product data on hand. Greater choice, better communications, and a faster response will help to secure the sale, satisfy the customer, establish a long-term customer relationship strategy and enhance your reputation.

## Investing Locally

KCS has built its reputation by developing strong relationships with customers and listening to their challenges and aspirations. KCS supports and develops our software locally without outsourcing development or product engineering. 90% of our product roadmap is based on direct customer feedback, and we put 240,000+ hours of development into our system each year. Since the beginning of the journey in North America, KCS has increased the support operations for products in North America.

Our mission is simple: to design and deliver high performance, integrated ERP solutions that enable our construction-related materials customers to source effectively, stock efficiently, sell profitably and service competitively.



# Frustrated with your ERP?



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**Kerridge Commercial Systems** have dedicated 40+ years to providing on-premise and cloud based software solutions specifically for dealers and distributors. With 800 global customers, 80,000 users across 8,000 branches it is easy to see why K8 is the fastest growing software solution in the building materials industry.

// K8 has the depth of functionality required to support our growing business.  
K8 was demonstrably the right choice for us. - Jay Lee, CFO, Lezzer Lumber



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**Integrated GL** - capable of multi-company configuration

**Dashboards** - create your own dashboards depending on your needs

**Consultancy & Support** - located in North America



BY BLAKE NELSON

# WHAT DO YOU MEAN HE'S MY EMPLOYEE?

**BUSINESSES** in the construction industry have historically relied heavily upon independent contractors to perform work. While it is sometimes clear that a party is a true subcontractor, such as hiring ABC Plumbing, Inc. or 123 Electric, LLC, it is equally as common to misclassify and pay laborers who are legally employees as independent contractors.

Why do the state and federal governments, employers and workers care about this issue? In a word: money. Businesses without employees do not pay payroll and employment taxes, workers compensation premiums, health insurance premiums, or other benefits. In turn, workers who are not employees are paid the full amount of their compensation without any amounts being deducted for these costs. Many people do not like being told when to pay their taxes or having money

automatically taken from them. Independent contractors can hold their money and pay their taxes quarterly, or (as the IRS fears) not at all.

The following list of questions can be used in reviewing your personnel to determine if they are truly independent contractors or would legally be deemed employees. Every question to which you answer “no” is an indicator that the worker will be deemed your employee and not a true independent contractor:

- 1 Do they maintain a separate business with their own office, equipment, and other facilities?
- 2 Do they have a separate legal entity through which they conduct business (corporation/LLC)?
- 3 Do they have a separate Tax ID Number, other than their social security number?
- 4 Do they have their own liability and workers compensation insurance policies?
- 5 Do they use their own tools, equipment and supplies?
- 6 Do they *not* wear any clothing containing your company’s name or logo?
- 7 Do they *not* drive your vehicles?
- 8 Do they also work for other companies?
- 9 If required, are they licensed or they registered with the state where they do business?
- 10 Do you sign contracts with them for each job and for specific amounts of money, or alternatively have a signed master subcontractor agreement covering all work they will perform?
- 11 Are they *not* paid on an hourly basis, but instead on a commission basis, a per-job basis, per unit basis, or a competitive bid basis?
- 12 Do they control the means of performing their work? For example, do you not tell them how or when to do their work (other than a project schedule with deadlines)?
- 13 Do they incur the main (or any) expenses related to their work?
- 14 Do they have continuing or recurring business liabilities, such as overhead items like rent, loans, etc.?
- 15 Do they have any risk? In other words, can they realize a profit or suffer a loss on the work they perform and does the success of their business depend on not losing money? (If they profit by the same amount no matter how long it takes or the expenses involved in doing the work, then the answer to this question is “No.”).
- 16 Are they liable for failure to complete the work properly? In other words, could you sue them for damages related to delays, to correct poor workmanship, or some other breach of contract?

Failing one element does not mean a worker would automatically be deemed an employee, but failing more than one would likely result in a reclassification. The factors and laws may also vary from state to state.

The subcontractor having (or appearing to have) a separate business is really the key to the entire analysis. If the worker cannot profit or lose, has no recurring business

liabilities or obligations, is told what to do and when to do it, and is paid in a way where he or she has no downside risk, the worker will be deemed an employee. Having a solid subcontractor agreement is a must, and in some cases a “master” agreement can be signed to cover all projects upon which the parties will work with each other. The parties simply specify the scope of work and price for each new project, with the other terms being governed by the signed master agreement on file.

A narrow exemption exists under Internal Revenue Code Section 530 that can sometimes (although rarely) provide a “safe harbor” for construction companies using independent contractors. To pursue the exemption a business would need to meet the following three criteria:

- The business has consistently treated the workers in question as independent contractors for a long period of time.
- The business has always issued 1099 forms to the workers in question.
- The business has a reasonable basis for thinking that the workers were independent contractors (even though legally they really are not).

Usually, the final element may only be proven if one of the following is true:

- The IRS has previously audited the general contractor and determined that the workers were really independent contractors.
- There is a very specific industry custom on the issue that can be proven to have existed for at least 10 years.
- The general contractor has an opinion letter from an attorney or accountant who is proven to have extensive knowledge of the entity’s business practices and issued a specific written opinion that the workers in question truly were independent contractors. However, such an opinion letter is only even potentially effective if it was obtained at the time the business began treating the workers as independent contractors, and is of no use if the letter is obtained after that practice has already been in place.

In 2011, the IRS announced a program intended to assist employers to “voluntarily reclassify” independent contractors to employees. Named the “Fresh Start” program, it is designed to reduce the cost of reclassification and create a specific process for doing so. More information about the IRS “Fresh Start” Program can be found at [www.irs.gov](http://www.irs.gov).

Despite the IRS Fresh Start program being touted as a “safe harbor,” use caution in contacting the IRS to volunteer that your business might have been misclassifying workers.

If you have any concerns after reviewing the information above, discuss the matter with an experienced attorney to develop a plan for addressing any weak spots and increasing the likelihood that all workers being classified and paid as independent contractors will survive scrutiny in an audit. ■

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



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# Implications of the impending high budget deficits

BY LYNN O. MICHAELIS

**T**he primary goal for the Federal Reserve is to maintain a healthy financial system that allows for sustainable trend economic growth with moderate inflation (the goal is 2% or less for the price deflator for consumer expenditures less food and energy). Unfortunately, the Fed no longer has a good operating guide such as growth in the monetary aggregates because they no longer know how to define the money supply for transaction purposes. Instead, the Federal Reserve Operating Committee (FOMC) has to rely on historic relationships between inflation and “sustainable” trend economic growth (which is a tricky concept to nail down). The general belief has been that inflation accelerates with wage pressures after unemployment drops below 4%. The FOMC believes that trend growth for the U.S. economy is currently near 2% given the recent developments in productivity and the expected growth in the labor force.

## IMPLICATIONS OF SUSTAINED HIGHER BUDGET DEFICITS

The focus of this Spotlight is an issue that will become very important to housing starts and wood products markets: the large and sustained budget deficits over the next seven years.

There is no question that the business community is pleased with the lower tax as seen by the surge in small business optimism. Unfortunately, what might feel good in the short run (higher after-tax cash flow) could have some negative long-term consequences. First, the tax cuts are doing exactly what was hoped: they have boosted the quarterly economic growth rate. GDP growth last quarter exceeded 4% for the first time since 2014 and will likely approach that rate in 2018Q3 as well. This is adding fuel to an already hot labor market, where wage rates are now increasing at a 2.7% annual rate and will accelerate if economic growth stays above 3%. Second, the Fed is now likely to boost interest rates two more times this year and at least four times next year. The FOMC could be forced to be even more aggressive next year if inflation and growth are significantly above their targets mentioned above.

The Congressional Budget Office (CBO) is assuming the long-term treasury bond rate will go up only 1% from current levels. There are a variety of factors, including domestic credit demand, domestic savings rate and foreign capital flows for instance. There is a risk that the sustained high borrowing levels by the federal government combined with other Fed actions will put even more upward pressure on long term interest rates. I return to this point again later.

## LARGE BUDGET DEFICITS AS FAR AS THE EYE CAN SEE

The budget deficit forecast that I will be using is generated by the CBO. The CBO puts together the most credible projections of the Federal Government Revenue, Spending and Deficits. Their view was issued in April 2018. The outlook for government revenue, spending and deficits is based on the Administration’s tax cut and budget proposals. This budget forecast requires the CBO to develop forecasts of the economy.

The CBO uses the Census forecasts for population and labor force growth. The CBO’s estimates of economic growth and interest rates are more conservative than the Administration and are closer to the Blue Chip Consensus forecast. Their interest rate forecast (which becomes very important, as will see later) is consistent with the current FOMC forecast. Their outlook assumes that interest rates will peak in 2020 and then decline. They also forecast that inflation will not go much above 2%, despite unemployment falling to 3.3% in 2019.

The CBO forecast of the Federal Budget Deficit is shown in **GRAPH 1**. The deficit surged in 2009 due to the dramatic drop in revenue as a result of the Great Recession. Household income and corporate profits fell sharply. The deficit moved above \$1 trillion in 2008 and hit \$1.5-1.6 trillion in 2009-10. This was a major concern for fiscally conservative members of the Republican party. To everyone’s delight, the deficits fell sharply and bottomed on 2015 at \$400 billion or about 2% of GDP. (The policy folks like to show government numbers as a share of GDP—anything divided by \$17 trillion appears relatively small.)

The combination of the tax cuts, plus a pick up in defense spending will push the budget deficit above \$1 trillion again in 2020 and stay at that level through 2025. Budget deficits will be above 4% of GDP for 6 years. And the situation would likely get much worse if there is a recession. The CBO does note that a recession is a major risk, since this economic recovery is now nine years old—very long by historic standards.

Now, let’s consider how challenging it is going to be to reduce the budget deficit—that is, if someone in Washington D.C. ever thinks it is a problem. To understand the challenge facing future policy makers, the key elements of the U.S. budget are summarized in **TABLE 1**. For simplification, the budget is broken into three major categories: Mandatory, Discretionary and Net Interest.

First, the biggest bucket is **Mandatory** spending. This category currently composes 63% of the budget and is still expected to be 62% in 2025. This is a tough category to cut,

because about 70% is for Social Security, Medicare and Veteran's programs. Cutting these programs is very risky politically. Spending on these categories will rise at the same rate as real GDP because of the aging of the population and rising health care costs. A few categories such as Medicaid and farm support could face modest cuts.

The next Budget category **Discretionary** spending. This is 31% of the 2018 budget. Spending reductions usually focus on this category. The share of Discretionary spending is forecast to decline to 25% of the Budget by 2025. Defense spending is about 50% of the discretionary budget. Under the current proposal, defense spending grows about the same rate as non-defense. Clearly, this will be *the* battleground between Democrats and Republicans over the next seven years.

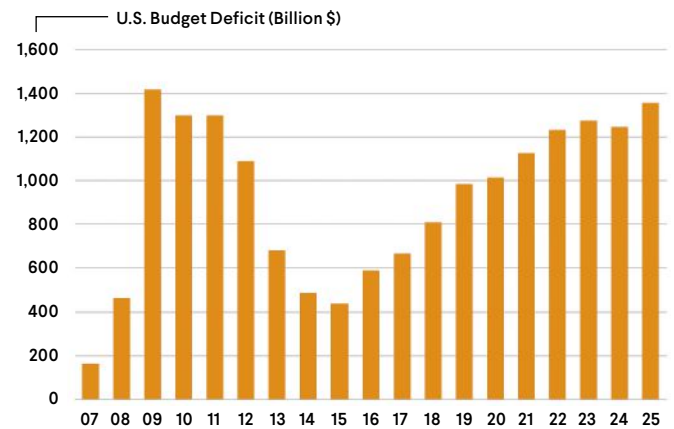
Finally, we come to the last category: **Net Interest** payments. This will be the fastest growing category. Net Interest is expected to grow from \$263 billion to about \$800 billion by 2025. As a share of overall expenditures, Net Interest will rise from 7.5% of the budget this year to 13% of the budget in 2025. Two factors are driving the dramatic growth. First the high budget deficits lead to a dramatic growth in the outstanding debt of the U.S. Government as shown in **GRAPH 2**.

Second, higher interest rates will increase the annual payments. Currently, the weighted average for the interest rate on outstanding U.S. debt instruments is only 2.3% for a debt load of \$14 trillion. CBO estimates the outstanding debt will rise to \$24.5 trillion by 2025. The average weighted interest payment rises modestly to 3.5% by 2025. That is partially due to the average maturity of the outstanding debt, which is about five years. There is a lag to rising rates. But also, the interest rate forecast might prove to be optimistic. For instance, if interest rates move 1% higher than forecast by 2021 and stay higher, this would add \$250 billion to the annual debt servicing by 2025.

## POLICY OPTIONS AND POTENTIAL RISKS

The large deficits and growing debt level will create serious policy challenges in Washington D.C. The outstanding debt load of the Federal Government will approach 100% of GDP by 2025, levels not seen since the end of World War II. As mentioned, there are not easy options to deal with this Beast. The biggest nut that has attracted attention has been Social Security and Medicare for some conservative congressmen. The approach to these programs will be very different for Democrats and Republicans, and could have huge implications for which party rules. ➤

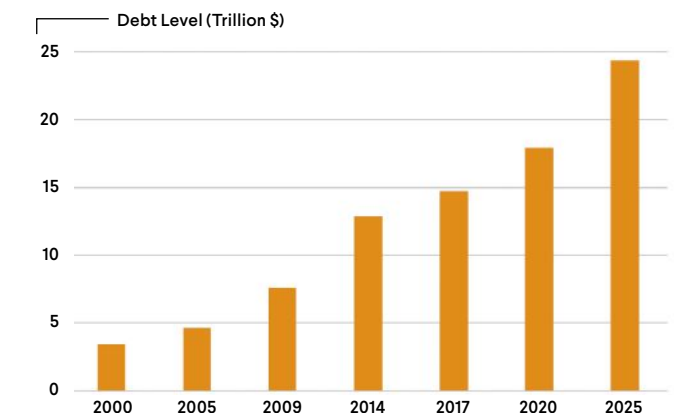
**GRAPH 1 CBO DEFICIT PROJECTION**



**TABLE 1 SUMMARY OF CBO BUDGET FORECAST**

Federal Government Budget (Billion \$)				
	2017	2018	2020	2025
<b>Outlays Total</b>	3,982	4,142	4,685	6,015
<b>Mandatory</b>	2,519	2,546	2,861	3,760
<b>Discretionary</b>	1,200	1,280	1,340	1,481
<b>Net Interest</b>	263	316	485	774
<b>Revenue</b>	3,316	3,338	3,678	4,663
<b>Deficit \$</b>	-665	-804	-1,008	-1,352
<b>Deficit Share of GDP %</b>	3.5	4.0	4.6	5.1

**GRAPH 2 FEDERAL GOVERNMENT DEBT LEVELS**



## INDUSTRY SPOTLIGHT

Raising taxes is another option. The Trump Tax cuts were not supported by Democrats and will be their target if they gain control of the Executive and Legislative majority in 2020.

With the Federal Government set to borrow \$1 trillion per year and the Fed ready to sell off \$400 billion in long-term assets per year to reverse the stimulus of Quantitative Easing after 2008, long-term interest rates could move higher than expected in most forecasts. The CBO forecast for instance could be optimistic on interest rates.

Finally, and potentially the biggest concern: What is the government going to do if the U.S. economy does fall into recession? A recession will cause the deficit to rise even higher. With deficits already high, the government will not be able to pursue aggressive policy such as tax cuts or domestic spending programs to stimulate the economy.

**Bottom Line:** Although the recent tax cut has boosted economic growth and corporate profits, the actions may have a variety of long-term consequences. The large and

growing budget deficit could boost interest rates more than currently forecast. Some economists like to argue that increases in the deficit have not led to significantly higher interest rates.

The current situation is however very different. Usually, the budget deficit rises as the economy sinks into recession leading to a decline in the demand for credit in the private sector for housing and investment. For instance, in 2010-11 when the Federal borrowing surged to \$1.5 trillion per year, private credit demand was declining by about \$400 billion per year. This deficit is rising with an economy near full employment and healthy economic growth.

Financing the U.S. government with debt is particularly bad for industries that are interest rate sensitive. The large and growing deficits are a major problem for the U.S. housing industry and, in turn, wood products and timber businesses. Even with the CBO forecast, mortgage rates will move from 4.5% in 2018 to near 6% by 2020. What if they push above 7%? ■

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



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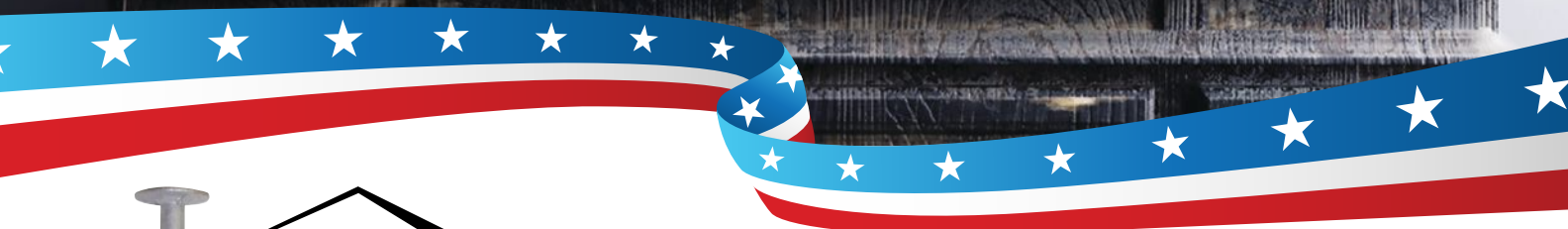


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# NIGHTMARE SCENARIO: DOES YOUR BUSINESS HAVE ENOUGH COVERAGE TO SURVIVE A TRAGIC ACCIDENT?

## NO ONE WANTS TO THINK ABOUT IT. THE AGE-OLD QUESTION: WHAT HAPPENS IF...?

You don't need to leave these worries to your imagination. Unfortunately, serious accidents are a reality of the business. It makes sense for lumber or building material dealers to make sure their businesses are protected from one unthinkable tragic event that could bring down the whole enterprise. It's smart to not only consider the "what ifs," but also to act.

Consider this: A delivery truck driver is sipping his morning coffee while heading to his delivery site in a major metropolitan area. As he removes the lid to cool his coffee, he runs through a red light and collides into a minivan that was crossing the intersection with a mom, dad and four children on their way to school. The thought of such an event is hard to stomach, considering the potential injuries and even fatalities. But for the lumber dealer, who owns the delivery truck, the event could be what we call in the insurance world, "a company killer."

After such an event, the company behind the accident is responsible for compensating the victims. This compensation includes payment for economic losses and pain and suffering. Economic losses typically include past and future medical bills and past and future lost wages or loss of earnings. In other words, if a business's driver collides with a 35-year-old who incurs a traumatic brain injury, the business owner will owe millions of dollars to cover his or her future medical bills and millions more to cover the injured individual's six figure annual salary. At this point, the company owes millions to the individual, and this is before compensation for pain and suffering is added into the mix. In truth, it's not unusual to see a \$10 million claim when considering traumatic injuries like spinal cord and brain injuries, burns or amputations.

So, now that the business owner is considering these unthinkable "what ifs," what does he or she do to protect the business?

This is where liability insurance comes in. Liability protection covers a business in the event that a claim is brought against the business or if employee negligence has caused a loss. And, while a business owner may already have liability coverage in his or her policy, it's almost always not enough when you consider what could happen.

When considering liability limits, we at Pennsylvania Lumbermens Mutual Insurance Company, look at a number of risk factors. As a leader in insuring wood and wood-related products for more than 100 years, we understand the unique risk exposures of lumber and building material dealers, including the following:

**COMMERCIAL AUTO ACCIDENTS** are a leading risk exposure. The type of vehicle can increase the risk, as can how often and where a vehicle is driven.

**CONSTRUCTION DEFECTS** can lead to major claims for lumber and building material dealers, particularly if a dealer wins a contract to supply a major work site, such as a condo complex.

**LOADING AND UNLOADING** also presents risks. For example, improperly loaded materials can fall and injure workers or bystanders.

To protect their businesses from such risks, lumber and building material dealers need to secure a quality insurance policy with adequate coverage limits. A specialty insurer, like PLM, will work with your broker to find a business umbrella policy whether it's \$1 million or \$20 million in liability coverage.

An insurance partner can also recommend loss control or risk prevention tactics to help a business reduce its risk exposure. For example, in the case of commercial auto, business owners can employ telematics to monitor and assist drivers and they can review driver motor vehicle records regularly. Employee training on driving, loading and unloading, as well as inventory stacking and more can also go a long way.

Finally, when considering liability limits, business owners should realize they probably need more coverage than they think they do. As we explained above, \$1 million in coverage can disappear quickly after a tragic event. On the bright side, a higher coverage limit does not cost much more than a lower limit, and the cost per million in coverage goes down with each million purchased.

Again, a specialty insurer who knows the industry, like PLM, can be a valuable resource when it comes to understanding liability limits.

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**For more information, ask your insurance agent or broker about PLM, find a PLM representative at [www.plmins.com](http://www.plmins.com) or call 1-800-752-1895. More details on loss control are also available on our website at [www.plmins.com/loss-control](http://www.plmins.com/loss-control).**

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# ADVERTISING: WHAT WORKS BEST?

BY RICK SCHUMACHER

**THIS MONTH'S QUESTION** was posed by a reader in Florida who wrote, "Our biggest challenge is: What is the biggest bang for the buck these days for our advertising dollar?" As we do each month, we used this question as a starting point for a brief survey distributed to readers who've opted in to receive our emails. A big thank you to the more than 170 readers who took time to share their thoughts. If you don't receive our surveys and would like to, please drop me a note at [Rick@LBMJournal.com](mailto:Rick@LBMJournal.com), and I'll make sure you're added to our list.

### QUESTION 1

First, we wanted to learn how many readers advertise, so we asked, “Do you use advertising as part of your marketing plan?” As **GRAPH 1** shows, 77.1%, or more than three in four respondents’ companies, do use advertising as part of their marketing.

### QUESTION 2

Next, we wanted to learn what advertising vehicles those respondents use, so we asked, “Which of the following types of advertising do you use? Check all that apply.” As **GRAPH 2** shows, social media dominates, being used by 68.6% of respondents. Email was next at 53.5%, then radio at 52.3%. Circulars/sale flyers and newspaper were tied at 41.9%. One notable takeaway is that of the 12 optional answers, only one (door hangers) is used by fewer than 10% of respondents. What’s clear from this is that the majority of the LBM dealers and specialty dealers who responded to this survey rely on multiple advertising vehicles to get their message out.

### QUESTION 3

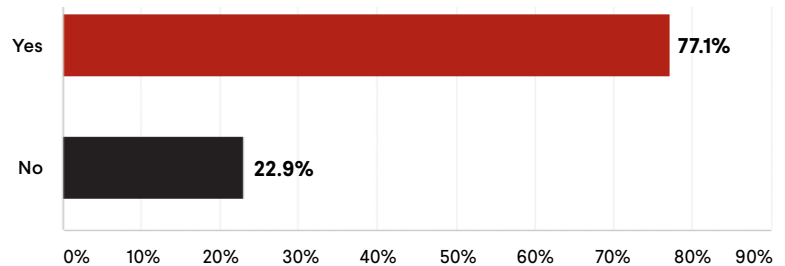
**“We’re a full-line lumberyard serving pros and consumers. We’ve always had a scattershot approach to advertising and are now putting a strategic plan in place. It’d be great to learn which advertising vehicles have proven especially effective for other LBM dealers. Any other tips on making our advertising move the needle would be appreciated.”**

#### READER RESPONSES:

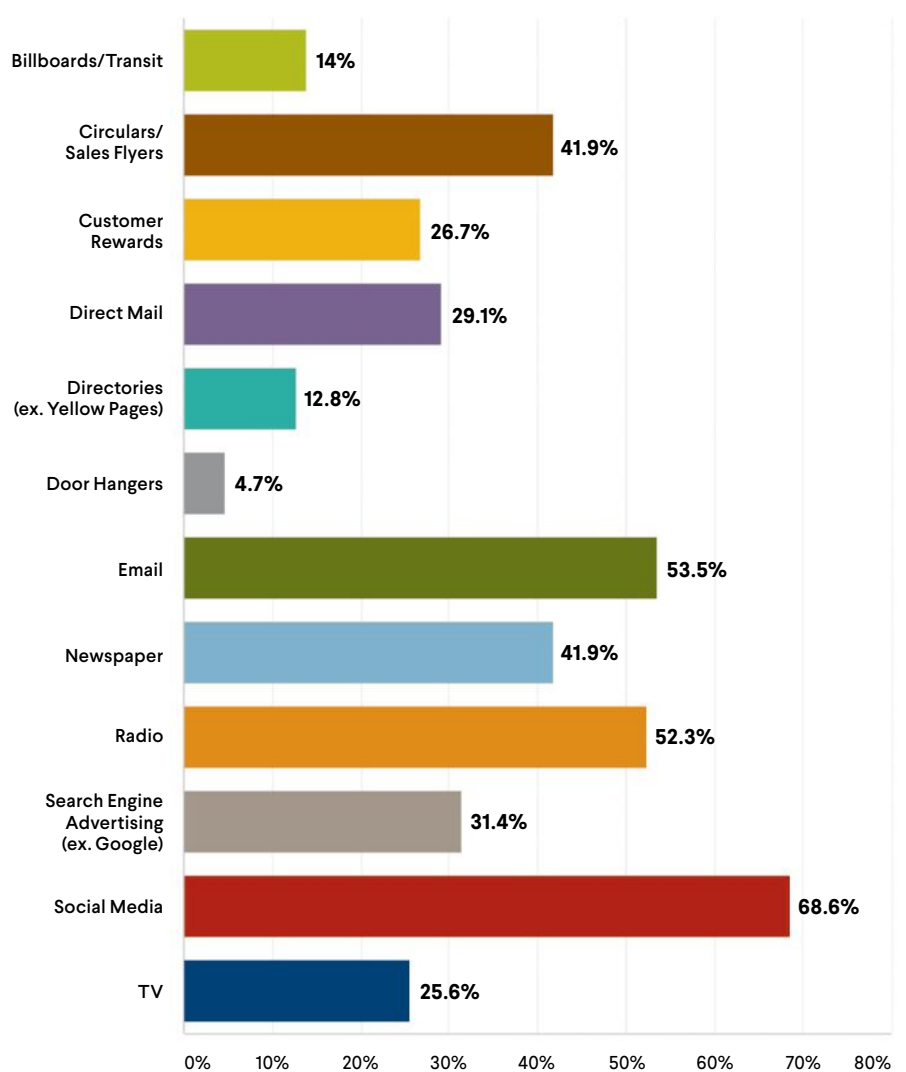
“Paid advertising with social media has been the best new media for us to get involved in. We’ve seen significant traffic increase to both our new website and our Facebook page.”

“Pair up with vendors and get advertising out in the local paper, building magazines, tv spots local channels, and on radio. Develop an email list of your customers so you email specials, events, or new products.”

**GRAPH 1: DO YOU USE ADVERTISING AS PART OF YOUR MARKETING PLAN?**



**GRAPH 2: WHICH OF THE FOLLOWING TYPES OF ADVERTISING DO YOU USE?**



“Use Google and digital-related advertising.”

“Cable streaming ads have begun to work well for our project sales, because we can target the user. Google ads and social media have been effective tools as well.”

“It can be hard to pinpoint where the new customers are coming from. Providing constancy is what works for us, providing not just 3-4 weeks, but campaigns lasting several months.”

“Outside sales is our advertising.”



“Social Media seems to work well for us. But we have to have four full-time marketers on staff.”

“We have found out that you cannot just use one type. We use different types to get the information out.”

“We like radio, specifically talk and sports. For retail we use news talk. For ads directed at contractors, we use sports radio in the afternoons after their day has started.”

“We are primarily a contractor yard. Every contractor and framer that comes in our place wears a hat. We’ve focused on getting all those hats converted to ours this season. We also use social media for more brand-type awareness and some limited print advertising in contractor-focused publications. We also seem to sponsor every youth sports team in our communities. Our name on all those uniform shirts reminds the parents where they should be going to purchase their home improvement projects or for contractor referrals.”

“Which ‘advertising vehicle’ selected is far less important than dropping a scattershot approach in favor of a plan that produces a clear, consistent message.”

“Hire a professional. Don’t try to do this in-house.”

“We struggle with the same scenario. The radio and newspaper seem to have little effect anymore. We are working on being more active with our website and social media.”

**“RADIO IS OUR GO-TO. FOR IT TO BE EFFECTIVE, YOUR AD PROGRAM MUST BE REGULAR AND NOT STOP AND START. MAKE A COMMITMENT FOR AT LEAST SIX-MONTHS TO START, THEN GO FROM THERE.”**

“The key to advertising is knowing your audience. Social media has really given us the most bang for our buck lately, but that is all about the personal connection. We focus on bringing our customer into the family, through posts and advertising. Any advertising needs to use that connection now, or people dismiss it.”

“For our customers with accounts, we send a monthly flyer offering services, products etc. in our statements stapled as the first page. It has taken some time, but we are starting to see success with this approach. We took the time to find which customers have accounting firms pay their invoices and requested they forward on the flyer to the owner/purchaser with mixed results. The addition of one (two-sided at times) piece of paper to your monthly statement is not much more work, and if it generates one additional sale each month, we feel it is worth the added work.”

“Get in touch with an advertising/marketing specialist. Work together to create an advertising campaign tailored to your needs and expectations.”

“Develop separate plans for pros and consumers

“Good outside sales staff is the best marketing. Billboards also work well if it is consistently adjusted and moved to different locations. We also like social media, but a substantial investment to strategy must be used. Lastly, local print can help brand presence if done well with nice looking ads.”

“We’ve found that sending emails to our customers is effective.”

“I’m not the best person to ask about advertising. We haven’t had the need to advertise in more than 25 years. Instead, we have, literally, thousands of written testimonials in a book that we display for our prospects. I highly recommend this approach. The cost of this type of advertising is absolutely zero. Most potential clients are so overwhelmed by what they see, that instantly we’re the company that provides the products and service that they want.”

“As a 100% contractor-oriented company, we don’t do any general advertising, just targeted advertising to our customers and prospects. We use mainly email blasts and social media.”

“Our most effective form of advertising is a 100% price-match guarantee. You may lose a little, but you will gain a lot more in customer reassurance that you will take care of them.”

“Instagram and email blasts.”

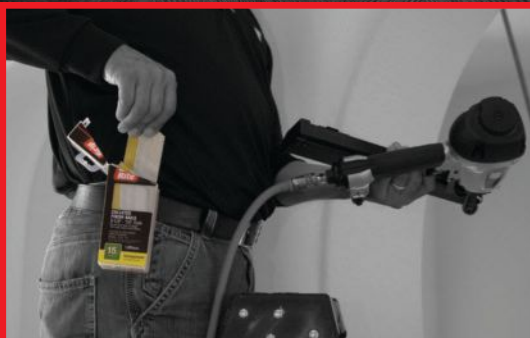
“I would like to know the answer to this also!”

“Stop serving consumers and save your ad money.”

“I suggest the dealer look into participating in local events. Holiday parades, sponsor a local event, etc. Most of these are free or little cost, and they get your name out there.”

“We target our efforts to the trade groups in our areas that have builders... local home builders association, Associated Builders and Contractors (ABC), and such who would be looking for specific products that we would have access to. We sponsor our local chamber of commerce events that also have things that are home improvement related topics to get our name out there in the more public sector. Boy Scouts will have Eagle Projects that we will donate \$50 towards which will get parents into the store.”





# BUILD YOUR BUSINESS RIGHT BUILD WITH



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- All major categories, from Framing to Finish and everything in between
- Guaranteed to fit every major tool brand on the market
- Variety of packaging options, including bulk boxes, tubs, and belt packs
- Custom programs available

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**“EMAIL NEWSLETTERS GO A LONG WAY TO ESTABLISH (OR RE-ESTABLISH) YOUR REPUTATION AS AN UP-TO-DATE SUPPLIER. ALSO IT’S IMPORTANT THAT YOUR WEBSITE BE CURRENT.”**



“I believe well-done TV advertisements, with a project-based focus, seem to work best for us. Informing customers of the value of visiting the yards and design centers and sitting down with one of our knowledgeable specialists. We tend to get a much better closing rate with these customers who take the time to come in and let us help them through the whole process.”

“Every market is different, just about every lumberyard is different, therefore everyone’s advertising is also going to be different. Everyone has to find what works for them. A good website is a must. Social media, radio, and print advertising all work for us as well. In a business where we are constantly looking for new customers, we try to be anywhere that a prospective customer would look online. When they see our brand everywhere, customers develop confidence that we’re an okay place to do business. We have developed ways of tracking most of the advertising that we do. By tracking what advertising we do, we can see what works and what doesn’t. We then put more dollars into what’s working.

“Social media can be used to get a lot of attention at not much cost for the advertising, but there is the cost of the person that does the posts, maintains the different sites, and answers the messages and comments. The questions and comments come seven days a week and all hours of the day and night.”

“When advertising, try to use a coupon that the customer brings filled in. This way you can track which ad is bringing in the business.”

“Over the years, I have found out the most effective advertising is word-of-mouth and happy customers. There are many forms of advertising, but keeping existing customers happy is the best way to spread your business’s name.”

“We spent quite a bit of time and money on our website several years ago, and it has paid off nicely. Photos, content, and researching key words for customer searches were all part of this effort. Once we made this investment, it has continued to pay several years later. We now have someone doing website maintenance and changes as we require them.”

“It has always been difficult to track any return on investment when we’ve implemented different advertising strategies, and with the high cost of radio, newsprint, or TV ads, we are very reluctant to even try any new strategic plans, opting to just react to different offers from the different sources.”

“We have a consistent program with CBS television stations in our markets. I make sure we are placed in the morning show. The evening news hour is another great spot. The TV station films two new spots for us annually. We also have a regular ad program with local newspapers as well as their online presence. We have optimized Google ad words and placement, so that our name comes up first in searches. Make sure your website is mobile-friendly, so customers can click on the number and call. Whatever you do, be consistent.”

“Keep a good website and respond to all inquiries ASAP.”

“In this day and age, there is absolutely no substitute for a powerful, well-crafted website/web presence.”

“We too use a ‘scattershot’ approach, so not sure I can be much help!”

“Facebook has proven effective for us.”

“Believe it or not, full-page newspaper ads still work very well at moving product for us.”

“Radio is our go-to. For it to be effective, your ad program must be regular and not stop and start. Make a commitment for at least six-months, then go from there.”

---

**ADVICE FROM MANUFACTURERS, WHOLESALE DISTRIBUTORS AND SERVICE PROVIDERS:**

“Print advertising is the most effective, but take advantage of any means you can to keep your name out there and draw customers into your store. Use products from your print advertising in social media for advertising. Social media is just that—social. This gives you the opportunity to build your brand in another form of marketing. Look into all social media avenues, Facebook, Twitter, Instagram, and Houzz.”

“1. Start using Instagram. Follow all of your customers. Always be following more. Set a goal to post one Instagram per week. Increase goal to twice per week after one month, and three times per week after two months. Maintain this level of posting.

2. Set up LinkedIn. Follow everyone applicable. Any post on Instagram or Blog should also post to LinkedIn.

3. Set up the Blog page on your website. Set goal to post two Blog entries per month. Maintain this level of posting. Content can be anything... a new product you just brought on, a sweet door and window installation, a customer profile, etc.

4. Utilize paid campaigns for both Instagram and LinkedIn.”



# OVER-ENGINEERED TO LAST

Dricon® Fire Retardant Treated Wood has been repeatedly called “over-engineered” since its launch in 1981, but with more than 35 years of performance excellence, we’re ok with that.

Dricon® has an unmatched record of protection against flame spread, smoke development, rot and decay. We back that up with a 40 year roof-system warranty against heat degradation, and the industry’s only preservative warranty on fire retardant wood.

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**Dricon®**  
FIRE RETARDANT  
TREATED WOOD

LOOK FOR THE ORANGE WOOD  
AND THE ORANGE LOGO



# 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:

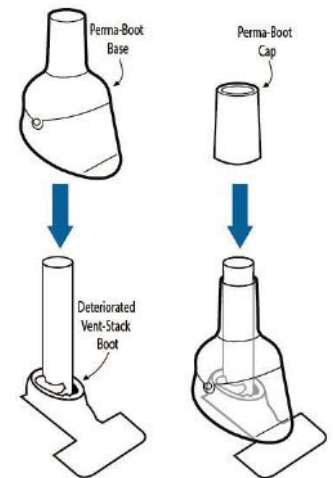
The Perma-Boot is a gasket-less, high performance pipe boot system designed to permanently repair or prevent the most common type of roof leak, the leak around the vent pipes that penetrate the roof.

- 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 !*



**Step 1**  
Slip Perma-Boot® base over the weathered boot. The Perma-Boot® automatically adjusts to roof slope.

**Step 2**  
Slip the cap over the base and the repair is complete.

“Make sure that all advertising works together to build brand and deliver a consistent message.”

“It is all about your ROI (Return on Investment). We used to spend \$8,000 for a tradeshow and talk with 100 people for 10 minutes each. That is an average of \$80/person. Today, we focus more online and make sure we show up when people are searching for information. It is hard to measure all of this but, there are lots of tools in Google analytics and in your website visits that tell if they are getting a return. For publications and events, we focus on special issues that will get the right audience, who want to know more.”

“Well-promoted, in-house educational and promotional events for industry professionals and DIY consumers. Website and social media to drive and keep traffic.”

“1. Define who you are going to focus your marketing efforts on (pro trade builder, remodeler, consumer, design/architect, etc.) and make certain that your marketing vehicles deliver the needed awareness to drive the business.  
2. Make sure that you are aligning your key vendor partners and utilizing their co-op funds to drive business.  
3. Work with your vendors, marketing departments/personnel to confirm that you’re focused on the right tools to drive business in the market segments desired. They typically want to help and will provide needed insight on how to effectively spend marketing dollars.”

“Email newsletters go a long way to establish (or re-establish) your reputation as an up-to-date supplier. Also it’s important that your website be current.”

“Direct mail for pros. Local pubs and radio for consumers.” ■

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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Includes: a polo shirt, cap, mug, and pen.



# Product Variety? Great Margins? Rapid Turns?

## Enough to make you smile!!

Why is this guy smiling? He’s smiling because he’s added one of our Ultimate Fastener Wood Screw displays into his store. The attention getting display acts as a customer magnet. The product variety is making his customers smile. His fastener sales have dramatically increased. His profit margins are making the accounting department smile. Find out what it’s about. You’ll smile too!!



THE  
ULTIMATE  
FASTENERS

**SCREW-PRODUCTS.COM**

**TOLL FREE: 1.877.844.8880**



# TEAM PLAYERS

IN THE BACKYARD OF PURDUE UNIVERSITY, HENRY POOR LUMBER LINES UP WITH CUSTOMERS.

**L**BM dealers who have learned to last in this industry have a way of serving a need in their communities and turning that service into sustained business. That's exactly what Henry Poor Lumber has done in Lafayette, Indiana, for the past century.

Celebrating its 100th anniversary this year, Henry Poor Lumber still operates the one-location lumberyard that has been a backbone of its community for a century, and throughout the years the company has grown right along with Greater Lafayette and the surrounding area. In 1998 the company relocated to its current location in Lafayette to accommodate major road expansion in West Lafayette.

Now with a full service design center and showroom, a freestanding flooring store, a wood packaging operation, and a wall panel facility, Henry Poor continues to discover new ways to serve the needs of its growing customer base.

For seven years, the company has operated Flooring Express, a freestanding flooring store that sells the latest trends and styles in carpet, hardwood, vinyl, and tile flooring. A mile away from the lumberyard, Henry Poor manufactures wood packaging and shipping crates.

Getting into the wood packaging business stemmed from more than just identifying a need within the Henry Poor customer base. It was also born of a need to provide work for team members during the Great Recession.

"During the downturn, business got very slow. We had the team members here, so we entered into the wood packaging business. We make specialty crates, containers and pallets" says Henry Poor President Jay Andrew.

The wood packaging plant caters to large manufacturers that have to ship their products long distances. Henry Poor Lumber is certified for international shipping, and the crates and containers meet those qualifications. Many of the shipping customers have heavy manufacturing plants overseas. Henry Poor builds containers for wiring harnesses, drive trains, tractor trailer parts, and other large, heavy pieces.

"There are a lot of guys who build pallets, but we're a specialized wood packaging manufacturer. If you're looking for a standard pallet, that's not for us. If you want to ship a Lamborghini transmission to Germany, we're your guys," Andrew explains. "It's a good business for us. It's diverse, a different customer base."

## WALL PANELS

With a lumberyard customer base that is 80% pro contractors, Henry Poor has found a way to serve them beyond the products offered at the yard. The company also manufactures wall panels for builders, a facet of their business that steadily picks up as the building industry struggles with an increasing labor shortage.

The panels have become quite popular, Andrew says, though he admits that not all builders have seen the process as the right way to go. It helps, however, that his family's business is located in Lafayette, essentially in the backyard of the growing and expanding Purdue University, where student housing necessitates the use of wall panels to speed the building process. ➤

Henry Poor's expansion into wall-panel manufacturing enables it to both help builders deal with labor shortages and meet the continued growth of nearby Purdue University.



**HENRY  
POOR**  
More Than A  
**LUMBER CO.**



**“THERE ARE A LOT OF GUYS WHO BUILD PALLETS, BUT WE’RE A SPECIALIZED WOOD PACKAGING MANUFACTURER. IF YOU’RE LOOKING FOR A STANDARD PALLET, THAT’S NOT FOR US. IF YOU WANT TO SHIP A LAMBORGHINI TRANSMISSION TO GERMANY, WE’RE YOUR GUYS.”**

— JAY ANDREW

CEO Jim Andrew (center) purchased the business in 1982 and has begun transitioning leadership of the company to his sons Tom (left, Vice President) and Jay (right, President).

“We’re blessed being in a college like Purdue’s backyard. They continue to bring in people from around the world who are studying here, teaching here, setting up shop and living here,” Andrew says.

Because of its proximity to a major university, the area also recently saw the opening of a new GE Aviation plant about two miles from Henry Poor Lumber. The plant does the final assembly for GE’s Next-Generation LEAP jet engine.

“Those are the kinds of encouraging things for the local economy, the careers that people come to study at Purdue for and stay here and start families here. That, in turn, benefits our business.”

### THE TEAM

With the yard and design showroom, flooring store, wood packaging plant and wall manufacturing, one might guess that hundreds of people work for Henry Poor Lumber. In fact, there are 70 team members total, 67 of which are full time. Andrew says he typically starts employees as part time at first, then rolls them into full time team members when they both know it’s the right fit.

He’s been lucky, he says, in finding “great men and women looking for great careers.” Having all hands on deck and the right team members in the right place is important to his team. Andrew says he is fortunate to have found dedicated team members who are passionate about their work. Like most everywhere else in the country, labor is in high demand in Lafayette.

“Since the downturn, everyone had to hit the reset button, which is good for our industry, but it’s challenging because now there’s a labor shortage,” he says.

Henry Poor Lumber continues to expand its footprint and services to meet the changing needs of the community. This includes a separate design center and showroom, a stand-alone flooring store (shown below), a wood packaging operation, and a wall panel facility.



A new program called Build Your Future is opening doors to younger team hires for the Henry Poor companies. As part of the local builder’s association, the program allows for building trades professionals to meet with high school students and even pre-high school, to talk about careers in the building construction industry.

“We’re able to show them the opportunities available, whether that’s in the lumberyard, or as a sales specialist, designer, or fabricator, or out in the field and having their own framing crew or being a fireplace technician,” Andrew says. “It helps us get in front of the future generation. These kids think they want to work for Google, Amazon or Facebook, and construction too often gets overlooked. We’re able to plant that seed early on. We get them engaged in our operations and with our passionate team members. We show them the building construction industry is a great place to establish a career.”

### FAMILY STORY

Those passionate team members are particularly important to Andrew because he’s building upon a 100-year foundation. Jim Andrew, Jay’s father, purchased the business from the family of Frank Taylor, who had bought into the business that was originally founded by Ed Munger and Frank’s father-in-law Henry Poor.

Jim Andrew graduated from Ball State University with a degree in urban planning and worked for the state of Indiana right out of college. But he got sawdust in his veins, as they say, while working part time during college for Henry Poor Lumber. After a career as an urban planner, Jim Andrew returned to the Greater Lafayette area and Henry Poor Lumber to work. In 1982, he purchased the business. Jim Andrew is now CEO and is semi-retired. Jay is President and his brother, Tom, helps lead the company as Vice President.

Jay Andrew worked at the store during summers growing up, and after graduating from Purdue University he worked elsewhere for a number of years. But, like many sons of lumbermen, he couldn’t stray too far from the family business.





“I came to realize that it’s different in the corporate world,” he says. “It was a great learning experience to get out there and see that side of things, and it made me more valuable coming back and getting involved.”

Back at the family business, Andrew says he was able to look at the company “through a different set of eyes.”

Returning to the business, he was able to help the company focus on what it was good at, he says, like kitchens, bathrooms, windows, doors, exterior claddings, trim and so on. As the big box stores moved in around them, the Henry Poor team discontinued paint, electrical and plumbing so they could increase their focus on developing the design center and showroom, “a place where customers can kick the tires and try out the newest trends and styles. When they’re able to see, touch and feel a product, that’s so much more than what they see and experience on the internet,” he says.

## COMPETITION

With the growing population around Lafayette comes a growth in competition. Andrew says he has two Menards, a Home Depot, and a Lowe’s in his area. Yet he doesn’t worry too much about losing market share there.

“Those guys are ok,” he says. “They serve their purpose. What we have over them is flexibility and the years of experience, expertise and dedicated service in our team members. We possess the willingness and desire to get the job done right.”

Andrew says there are also some one-step specialty dealers in the market that keep things competitive. Another independent operates in the area and he says he doesn’t mind competing with them because, “They understand the market and are interested in building relationships. They understand there’s more to it than market share and running sales numbers up.”

Andrew’s focus remains on catering to his growing customers’ needs. “That’s the way we grow with customers. We do some of the things for them [like wall panels], and we

With quality labor in demand, the Andrews say they’re fortunate to have such a passionate, experienced team at Henry Poor. At the same time, the company is always looking to the future when it comes to its team, working closely with a local builders association to promote careers in the construction trades among area students.

don’t hesitate to evaluate and bring in a product line that a customer has a need for. We pride ourselves on getting the right products to the right place, on-time and in-full. We have a great group of men and women who make that happen on a daily basis.”

The custom mill shop allows Henry Poor Lumber to make adjustments to products and in doing so the company has built a reputation as the supplier that can find a way to get things done for its customers. In essence, Andrew says, Henry Poor customers have come to depend on the flexibility and customization in a wide range of services.

“We listen to what our customers want and need and we find the right way to get it done for them,” he says. “We’re a strong team here at Henry Poor Lumber, and we take great pride in being part of their team.” ■

## GET TO KNOW HENRY POOR LUMBER

FOUNDED:	1918
OWNERSHIP:	FAMILY-OWNED
LOCATIONS:	ONE LUMBERYARD WITH A DESIGN SHOWROOM, FLOORING STORE, WOOD PACKAGING PLANT, AND WALL PANEL MANUFACTURING PLANT
EMPLOYEES:	70
CO-OP/BUYING GROUP:	DO IT BEST
TOP THREE VENDORS:	GAF, PLY GEM, WEYERHAEUSER



IN DEPTH

# FASTENERS

MANUFACTURERS ARE FOCUSED ON IMPROVING EFFICIENCY AND REDUCING JOBSITE COSTS.

BY JONATHAN SWEET

A fastener is not just a fastener, even though that's an all-too-common opinion held by many users, both pros and consumers. The reality is that there's a vast difference in quality, finishes and applications for fasteners—a message that many manufacturers want to make sure is out there in the marketplace.

"The biggest misconception about fasteners is this general idea that a nail is a nail and a screw is a screw," says Roger J. Dankel, Simpson Strong-Tie President, North American Sales. "It is critically important to select a fastener material and/or coating that's suitable for the intended application, materials, and environment."

Unfortunately, the perception is that all premium exterior fasteners are more or less the same, says Paul Redwood, Huttig-Grip's Vice President of Pro Sales.

"Various coating technologies provide meaningful variances in corrosion resistance, which translates to different levels of value over time," Redwood says. "In addition to this, various design combinations of the recess, thread and point create meaningful performance enhancements while driving the fasteners."

Differences in fasteners are more than just skin deep, explains Law Winchester, Intercorp National Sales Manager.

“Many users think if a screw looks the same it must be the same,” he says. “Fact is the manufacturing process has several intricate details into the production of fasteners. We have had relationships with some of our factories from the very beginning due to the [quality control] procedures that are in place. We also do quality control inspections annually overseas. When we bring on a new manufacturing partner we visit the facilities to make sure they are capable of maintaining our standards before we put the Strong-Point name on it.”

The perception among both pros and consumers that a fastener is just a fastener couldn't be farther from the truth, says MiTek's Fasteners Product Manager, Brent Kreutzer.

“A fastener is not just a fastener,” he says. “MiTek comes from a tradition of structural engineering, and the ProSeries line has structural values. It's code compliant and highly engineered. Although we also offer fasteners for attaching deck boards, ProSeries is something different. It's tested and designed for applications like attaching ledger boards to rim joists, fastening through multi-ply LVLs, and attaching trusses to top plates.”

There's a lot more that goes into choosing the correct fasteners for a project that might not be considered

by a builder, says Jim Miller, President and CEO of Screw Products, Inc.

“When people are fastening materials together such as wood nowadays versus nailing, it's for the long term. You want the fastener to outlast the life of the project, you never want screw failure,” he says. “Wood, composites and other materials expand and contract, you need a fastener that's going to withstand that movement. You must use a fastener that is designed in such a way that the material can move without the fastener shearing off. So, it's not only the performance of the fasteners you can feel while driving it, there's much more to consider...over time you don't want a failure from a broken or corroded fastener.”

Dankel echoed the importance of finding the right fastener for the job.

“There are many different products that will do similar jobs, but the difference in how well they do that job can have a huge impact on the finished project,” he says. “Labor is one of the biggest costs a contractor has, and the cheapest initial option may not be the best labor-saving choice. Often a small investment on the front end for a premium or innovative solution can lead to lower install costs and bigger money savings in the long run.”

### CONSTANT INNOVATION

Another common misconception about fasteners is that the category doesn't change much from year-to-year, and that the problems of years past will

only continue. In truth, the manufacturers and distributors in the segment are making innovations in quality and ease of use every year.

“I think in general we find that pros sometimes accept pain points of a product and they don't think it's possible for it to be improved on,” says Craig Christiansen, Marketing Manager for GRK Fasteners. “They tend to accept their pain points. And so, until you provide them an option or show them that, they just don't think it's possible to solve those problems.”

After extensive study through field visits, surveys and focus groups with contractors, GRK announced plans to launch improvements to its R4 multi-purpose framing and decking screw in December. ▶

OPPOSITE PAGE: The new Strong-Drive WSV Subfloor screw from Simpson Strong-Tie was designed to reduce driving torque and increase installation speed when fastening subfloor sheathing using the Quik Drive auto-feed screw-driving system.

BELOW: MiTek's new ProSeries offers high-grade structural fasteners for professional builders, remodelers, deck builders, DIYers, and prosumers. MiTek ProSeries includes Washer Head structural wood screws, Bugle Head structural wood screws, and Hex Head structural wood screws. All the MiTek ProSeries fasteners feature a “cut point” that offers a fast start—with no pre-drilling required—that helps reduce installation torque and splitting. ProSeries fasteners are listed under ICC-ES ESR-2761, and comply with the latest IBC/IRC codes.



The new R4 will have three major improvements to the line, all designed to improve productivity and efficiency. The first, the Fast Bite tip, helps the screw immediately engage the wood and avoid spin when starting.

“Today contractors tend to work around that by almost stamping the wood with the screw with their drill driver,” Christiansen says. “If you’re not doing that, what tends to happen is it requires contractors to really sort of apply a lot of pressure or force to engage that wood. If you’re doing precision kind of stuff that could cause problems, the Fast Bite tip immediately engages into the wood with very minimal pressure.”

The second change is an improved fit between the bit and the head of the screw, with its new Precision Fit.

“Today’s screws...there tends to be a little bit of play in those bits and you can get wobble from going to start a screw,” Christiansen says. “And again, that doesn’t start fast, or you have to apply more pressure to get it to start, or your screw will tend to walk on you a little bit.”

The third is an updated thread to improve drawing power of the screws. “We’ve made some improvements so that rather than clamping two boards together toward the end with the head, the screw tends to draw the boards to-

gether as it’s driving, and then you have no gap on the first drive,” Christiansen says. “With our improved thread, we’re now getting the driving power from the beginning.”

Midwest Fastener Corporation is also seeing increased demand for features that improve durability and performance, says Marketing Manager Jason DeVries.

“Our Saberdrive exterior screws now feature a proprietary XL1500 coating for extreme performance,” DeVries says. “The XL1500 coating was developed in direct response to demand for a durable, high-performance coating.”

SPAX has also introduced several new options recently, including its HCR-X corrosion-resistant exterior fasteners in Flat Head and Wafer Head design styles, a new generation of POWERDECK stainless steel deck screws, all with SPAX’s drive system T-Star plus and structural 5/16" Diameter Powerlags in longer lengths.

Those products are all reflecting important trends in the segment, says SPAX President Eric Rohrschneider, including the Industry moving toward T-Star in general, away from Phillips for its higher torque.

More and more screws are also being used in structural applications that are more demanding and require documentation and approval, he added. SPAX offers an extensive line of fasteners, all made in the USA, Rohrschneider says.

“All we manufacture are screws,” says Phill Moore, SPAX Vice President of Building Products. “Our focus since 1823 has been to innovate threaded fasteners to provide the highest performing, easiest-to-install products available to the professional market, saving time and money.”

The company’s patented thread serrations offer several benefits, says SPAX Marketing Director Robert Knecht.

The thread “cuts smoothly through wood and provides lower driving torque, prevents splitting (wood) and quicker installation without pre-drilling,” he explains. “This feature on POWERLAGS provides 40% less driving torque as compared to conventional lag technologies.”



ABOVE: GRK will be introducing improvements to its R4 multipurpose framing and decking screw in December. The new screws will have several changes designed to increase efficiency, including tips that engage more quickly, a better fit between the head and bit, and an improved thread design.

MIDDLE: Engineered specifically for the demanding wood-to-wood structural applications of log homes and timber frame construction, SPAX PowerLags feature patented thread serrations that eliminate pre-drilling and increase installation speed. The proprietary coating provides corrosion resistance and prevents staining wet logs.

RIGHT: Grabber’s Tie-Master is a code-compliant structural framing fastener designed to be used for nearly all wood-to-wood framing projects. Tie-Master is said to provide an all-purpose solution for deck ledgers, stair stringers, LVL beams, cabinet installations, roof trusses, girders, and more. Tie-Master features a type-17 point, which is designed to eliminate the need for pre-drilling. The product meets ICC-ES 3531 requirements for strength, shear, and pull-out values.





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HEX WASHER HEAD POWERLAG



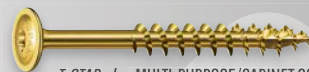
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SPAX Construction Screws and PowerLags are available in project-appropriate packaging, including 1#, 5#, Contractor Pack and Bulk Pail quantities.

U2 Fasteners has introduced more than 40 types and sizes of fasteners in 2018 based on demands from its users for flexible applications and options. One of the company's most popular products has been its gold-coated screws for heavy-duty ground contact.

"Our customers requested a Chromium 6-free coating that could be used on applications that had a strong ACQ rating," says Kurt Hogard, Vice President of Sales & Marketing. "Chromium 6 is listed on California's Proposition 65 of synthetic chemicals that are known to cause cancer or birth defects or other reproductive harm. The IRC and IBC Building Code requirements increased from 0.4pcf to 0.6pcf ACQ and U2 fasteners coating surpassed the criteria."

Simpson Strong-Tie has also rolled out several improvements and additions to its product line recently.

"New building materials continue to drive the development of fasteners," Dankel says. "With advances in sub-floor sheathing to decking products to structural components, innovation

has continued across the fastener category. With skilled labor at a premium, contractors continue to search for and stay loyal to products that provide easy installation and lower installed cost. Industry consolidation has enabled many building material companies to increase product development resources and spend more on R&D, which is a great thing for the end user."

Among those improvements is the company's SawTooth fastener point technology which it has added to the full line of structural wood screws, providing low torque and faster starts to ease stress and fatigue on both the installer and the equipment.

Simpson Strong-Tie has also introduced its Strong-Drive WSV Subfloor screw, designed to reduce driving torque and increase installation speed when using the Quik Drive auto-feed screw driving system.

"The redesigned tip and thread pattern provide easy starts and up to 25% less torque for faster, easier driving," Dankel says. "Less installation torque

also means less wear and tear on tools and tool users. The holding power of WSV screws also reduces the gaps between joist and subfloor that cause floor squeaks."

The company is addressing the decking market with new options as well. "Our new Deck-Drive DCU screw plug solution allows you to install decking without visible screw heads, leaving you with a clean, professional finish," Dankel says. "The deck and trim plugs are made from a range of popular decking and trim materials, so you get exact color and grain matching. They're designed for use with our Deck-Drive DCU Composite screws which can be installed by hand or with the labor-saving Quik Drive auto-feed system. They are also sold à la carte to help dealers mix and match their inventory and reduce issues associated with discontinued colors."

With increased demand for hidden fastening systems, the company has redesigned its EB-TY Premium Hidden Deck-Fastening System to include a stainless-steel reinforcement plate.

"The plate provides additional hold-down and pull-through capacity for the fastener, providing a secure connection when seasonal contraction and expansion occur," Dankel says. "New features like chamfered lead-in edges and our new EB-GUIDE pre-drill accessory make installs easier than ever."

Faster, safer and easier is the mantra of CAMO, a system that fastens deck boards on the edge and into the joist.

"The CAMO Marksman Pro is a system of guides, proprietary screws and drill bits that create a beautiful, fastener-free surface that is 'bare-foot approved' for virtually any type of decking," says Marketing Director Greg Palmer.

The Marksman Pro is designed to create a safer deck that won't rack or come up because it's fastened on both sides of the board. Contractors simply load the proprietary deck screws into the hand-held guides that position them to be driven into the edge of the deck boards and provide automatic gapping. Special driver bits are included with the screws to ensure depth of drive. ▶



ABOVE: U2 Fasteners has added more than 40 types and sizes of fasteners in 2018, with an emphasis on chromium 6-free, gold-coated screws for heavy duty ground contact.

BELOW: The CAMO Marksman Pro's guides position the proprietary screws to be driven into the edge of these composite boards and into the joist.





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CAMO offers several guides including the Marksman Pro, Marksman Pro-X1, MarksmanPro-NB and the no-gap guide, Marksman Edge which range in cost from \$20 to \$50. They work with any decking material—composite, PVC, and most soft and hard wood species with variations to accommodate nominal 6" boards as well as narrow boards.

CAMO also features a variety of spacing choices, including a no-gap option for treated wood decks that can also be used with secondary spacers when wider gaps are desired.

"CAMO's comprehensive warranty not only covers the CAMO screws, but also the deck boards when installed with the CAMO system as an added assurance to the deck board manufacturer's warranty," adds Palmer. If the deck boards are damaged by CAMO fasteners when installed following the manufacturer's installation instructions, CAMO will replace the damaged deck board.

For decks, docks and other outdoor applications, Intercorp has brought out its new 410 Stainless Steel Star Drive "Reamer" Self-Drilling Screws in 2-1/2", 2-3/4" and 3-1/4" lengths, designed for areas where a highly corrosive atmosphere exists.

"The substrate that the deck boards are fastened to must be made from steel when using these new products," Winchester says. "We continue to use our expertise in fastening to provide solutions and quality products to get jobs done. We have a precise, efficient quality control system in place that ensures our fasteners are made to perform at the highest level."

Quality control is increasingly important these days and is a point of emphasis for PrimeSource Building Products.

"Our QC lab in Los Angeles allows us to confirm all fasteners we sell meet our brand promise," says Michael McFarland, Director - Specialty Fasteners. "PrimeGuard Plus and Pro-Twist screws are the primary focus today. The need to confirm the drill speed, holding power, ductility and corrosion-resistance allows us to make sure all screws we supply meet customer expectations."



**FINDING THE RIGHT SOLUTION**

Contractors are looking for fastener solutions that last longer than the building products they connect, many of which now carry 50-year and lifetime warranties, says Maze Nails Marketing Director Kim Pohl.

"Building product manufacturers and building codes are specifying and recommending hot-dipped galvanized nails versus electro-galvanized fasteners because of their superior performance in exterior applications," Pohl says. "The most reliable and preferred way to coat steel nails with zinc is 'hot-dipping.' This provides the nails with long term protection against rust and hot-dipping meets the all-important ASTM A-153 specification. Maze's exclusive method of double hot dipping allows the nails to be dipped twice in hot molten zinc which adds a thick coating to the outer layer of zinc."

One of the biggest pain points for builders these days is trying to keep up with the pressure-treated lumber options on the marketplace and the chemicals used in those products.

TOP: Maze's exclusive method of double hot dipping allows its nails to be dipped twice in hot molten zinc, which adds a thick coating to the outer layer, providing the nails with long-term protection against rust.

MIDDLE: Screw Products helps buyers find the right screws for the job by offering packaging that is clear and easy-to-read.

BELOW: Intercorp's 410 Stainless Steel Star Drive "Reamer" Self-Drilling Screws are available in 2-1/2", 2-3/4" and 3-1/4" lengths. The product was developed in response to the need for the installation of deck boards directly around bodies of water where a highly corrosive atmosphere exists.

"And so, it's just making sure that our exterior coatings will withstand the chemicals they're impregnating the wood with, and they do," Miller says. "But the ultimate answer, in our opinion, is stainless steel. We believe that stainless steel is going to be the market's choice because of the amount of ground contact, pressure-treated lumber in the market and the high chemical concentration used to impregnate the lumber vs. above ground pressure-treated lumber."

Screw Products, Inc., has focused on not only offering a variety of fasteners, but also easy-to-read packaging that makes it simpler for buyers to find what they need, plus distribution facilities on both the East and West Coasts.

"We can service our customers in one to two days pretty much throughout the United States, I would say, with one of the highest-quality fasteners on the market," Miller says.

Most customers want the best value, not just the lowest price, as long as they understand the diverse choices that are possible, Winchester says. ➤



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TurboClip by Avon Plastics is engineered to work with all major brands of composite decking boards. The manufacturer says TurboClip's innovative design can help reduce installation time by up to 60%.

“We encourage dealers and their customers to listen to the options available,” he says. “We provide test reports, specifications, quality assurance documentation or any other support document that assures the buyer when they purchase a Strong-Point product it is going to perform as it was intended. Fasteners are usually a small portion of the overall expense of the materials used on projects so purchasing a known quality product that consistently performs time after time will save on labor and potential problems that could occur from purchasing a product that does not match our quality standards.”

It's incumbent on a dealer's sales staff to make sure they understand the differences between products so they can share that information with buyers.

“Sales staff must always remember the up-sell by making sure customers are considering the right or best

fasteners for their project,” Winchester says. “Knowledge of matching the right coating or material with the other materials is critical to a finished project that will stand the test of time.”

Dealers need to understand what each brand is offering beyond the price tag, Rohrschneider says.

“The real cost is the installed cost,” he says. “Does that screw vendor actually have a report describing the correct installation of a ledger board? If so, do they have the science behind that installation what the actual pattern is required by that screw vendor? Low cost goes out the window if it requires twice as many screws and takes longer to install them all per that screw vendor.”

That doesn't mean there isn't room for a variety of products in a dealership. Some buyers will make a decision based on price, while others will consider different factors. ➤

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— LAW WINCHESTER, INTERCORP

“There are pros who don’t value those things intuitively, and they will just buy the cheapest thing they find on the shelf,” Christiansen says. “There’s definitely a place for those types of brands. And then there is the type of pro that values improved productivity. A job that they’re willing to put their reputation on, that they tend to seek out premium brands that will give them that.”

The challenge for a dealer can be to get contractors to try out those premium brands.

“We find one of the best strategies and things that we’ve supported is putting those products in the hands of a pro for free,” Christiansen says. “We’ve put together a sampling program. So, we have sample packs that consist of five to six screws with certain features and benefits; and we supply those to our sales force. They give them to dealers, and dealers can hand them out. But

it’s really about getting that product in the pros hands to try it the first time.”

Manufacturers that invest in field research and time with end-users will be able to offer the best solutions, says McFarland.

“We strive to supply fasteners that allow the builder to save time by not having fastener performance issues,” he says. “As we learn market needs, our team develops the fasteners required and our suppliers then produce to our specifications. Each fastener we sell has been developed for a specific market. Our sales team helps our customers match our products with their market needs.”

Spending time with customers to understand their project, the materials they will be using and what they want to accomplish can help a salesperson determine the best fasteners. “We have the most success when dealers match our products to the building materials

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they are selling,” Dankel says. “Sometimes a salesperson who is focused only on selling the cement siding, the subfloor material, or the decking on a project can forget about higher margin add-ons. We’re committed to providing training and educational opportunities for our customers to help with these kinds of industry challenges.”

It’s also important to educate the user on the benefits and drawbacks of various options.

“Help them understand that paying a little more for better designed products will save the installer a lot of time and effort when building the project,” Dankel says. “Being able to explain these benefits is crucial to the sale, so our innovative packaging helps dealers communicate product messages with clear application images and supporting load data where appropriate. Our dealers are also able to take advantage of our extensive point-of-purchase support materials and informative literature that help to communicate the features, benefits, and technical support available with our products.”

MiTek’s Kreutzer says the company wants contractors to try its ProSeries line. “If a contractor were to try the ProSeries, they’d access the highest shear strengths in the category. But more than that, the ProSeries line has been engineered to offer a quick-start with no pre-drilling, and a shank design that lowers friction during installation.”

It’s important that the pro users understand the significance of selecting the right fastener for the right projects, he says.

“Any user is going to want assurance that their fastener won’t corrode when in contact with pressure-treated

Huttig-Grip’s new boxes are designed for easy merchandising and stocking. Both the 1-lb. and 5-lb. boxes are the same width, while the height of two 1-lb. boxes equals the height of one 5-lb. box for a symmetrical display.

lumber, and the ProSeries has been engineered and coated to offer just that assurance.”

Confusing or unclear packaging is a common complaint in the fastener aisle. With a wealth of options, it can be tough to find the right solution. Well-designed packaging can also make it easier for dealers to stock and maintain inventory. Huttig-Grip recently introduced new packaging designed to solve both issues.

“Our displays look better than those of our competitors and our unique labels enable the public, contractors and store personnel to identify the fasteners they are looking for with ease and confidence,” Redwood says.

There has been little innovation in packaging despite the obvious problems, so solving that issue can really help dealers’ businesses, Redwood says.

“The width of our 1 lb. and 5 lb. boxes are the same and the height of two 1 lb. boxes is the same as one 5 lb. box,” he adds. “This means that there are always nine identical facings on a 4-foot shelf, regardless of the SKU, resulting in a display that always looks symmetrical, neat and tidy. This also makes merchandising and stocking easier than with other suppliers because you can quickly swap out one SKU for another, regardless of 1 lb. or 5 lb.” ■

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

## INTERNET INFORMATION

**Companies highlighted participated in this article.**

DeckWise:  
[www.Deckwise.com](http://www.Deckwise.com)

Duchesne:  
[www.duchesne.ca/en/](http://www.duchesne.ca/en/)

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

Fastenal:  
[www.fastenal.com](http://www.fastenal.com)

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

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

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

Hillman:  
[www.hillmangroup.com](http://www.hillmangroup.com)

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

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

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

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

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

**MiTek:**  
[www.uspconnectors.com](http://www.uspconnectors.com)

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

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

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

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

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

Stanley-Bostitch:  
[www.bostitch.com](http://www.bostitch.com)

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

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

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

**TurboClip by Avon Plastics:**  
[www.turboclipusa.com](http://www.turboclipusa.com)

**U2 Fasteners:**  
[www.U2fasteners.com](http://www.U2fasteners.com)

# PRODUCT PICKS

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



## MiTek's Hardy Frame CFS Picture Frame

MiTek USA's Hardy Frame brand now offers a range of seven products in a "full spectrum" offering of lateral-load solutions for light-frame, multistory construction. The latest addition to the line is the Hardy Frame CFS Picture Frame. The Hardy Frame CFS Picture Frame is a cold-formed steel solution for multi-family shear wall systems. It is designed to be an effective solution for multi-story applications with large window openings. The product is a self-reacting moment frame that distributes compression on wood members below. Two panels are installed back-to-back and can double capacity. The Hardy Frame CFS Picture Frame is said to be easy to assemble on site, and incorporates the MiTek Z4 continuous tie-down system. [www.mitek-us.com](http://www.mitek-us.com)

## Conceal Column Wraps from Royal Building Products

Royal Building Products has launched Conceal Column Wraps, available in Traditional, Craftsman and Builder styles. The 100% cellular PVC column wraps feature a "clam shell" design with three pre-assembled sides that surround the existing post, designed for a seamless appearance. The fourth side is applied to enclose the entire column. Royal's Column Wraps are said to be resistant to moisture, preventing issues found in traditional wood columns, such as warping, rotting and insect damage. Royal's new column wraps, capitals and bases are available in the three unique styles. They're said to be virtually maintenance-free and easy to install using typical tools. Backed by a limited 25-year warranty. [www.royalbuildingproducts.com](http://www.royalbuildingproducts.com)



## MAX SuperFramer

The SN883RH3 SuperFramer is the latest edition of MAX's 21-degree stick framer. Driven by up to 120PSI of pressure, the SN883RH3 has the power to drive 2"x.113" to 3 1/4"x.148" full round head nails and can be used for framing, sheathing, decking and the installation of subflooring. Weighing in at just 7 lbs., the MAX SuperFramer's features include: dial-adjustable depth control, a trigger lock lever for safety, a maintenance free end cap filter that captures dirt and sand down to 11 microns, a nose magnet that holds the last nail in place to prevent jams, and an aggressive nose for toe nailing. It is shipped with both a sequential fire trigger and a rapid fire trigger. This latest iteration of the MAX SuperFramer also comes equipped with a tangle free swivel plug and a heavy-duty steel rafter hook. [www.maxusacorp.com](http://www.maxusacorp.com)



## ProVia glazed finishes for entry doors

ProVia's glazed finishes (available for Embarq and Signet fiberglass entry doors) are designed to provide a distinctive weathered, rustic look. To create this finish, the stain on each entry door is hand-applied by ProVia's craftsmen, who apply brush-stroke variations in the depth of stain color on the fiberglass. ProVia's glazed finishes are said to work well with Craftsman-style homes, Victorians, European, French-style architectures as well as Cape Cods and Dutch farmhouses. ProVia's glazed finishes are covered by a 10-year finish warranty. [www.provia.com](http://www.provia.com)





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## PRODUCT PICKS



### EverNew vinyl deck collection from CertainTeed

CertainTeed's EverNew vinyl deck collection includes a complete system of porch and deck products and accessories. It also integrates with EverNew vinyl and composite railing's selection of colors and styles. EverNew decking is designed to be easy to install with planks that screw directly to joists to prevent squeaking. The non-porous vinyl surface is said to be simple to maintain, easy to clean, cool to the touch, and resistant to stains and water damage. EverNew decking comes in three UV-protected colors: white, grey, and almond, and three plank lengths: 12', 16' and 20'. Its raised ridge tread is designed to provide a safe, non-slip surface to serve as a surrounding for pools and hot tubs or on docks or boat slips. EverNew vinyl decking is backed by a lifetime limited warranty and exclusive SureStart protection. [www.certainteed.com](http://www.certainteed.com)

### Home automation from Weather Shield

Weather Shield has introduced a new product that automates the opening and closing of some of the company's windows and sliding door models. Now, to close any Weather Shield awning window or multi-slide door all that is needed is the push of a button or an audible command to Amazon Alexa, the company says. In addition to taking commands in real time, automated windows and doors are designed to adjust themselves given specific scenarios such as a fire or CO2 detector trigger. Automated windows and doors can be set to open or close at certain times of the day or if specific conditions are met. Creating pre-set criteria based on timing or thermostat temperatures can help to ensure windows and doors adjust to keep energy use down, while keeping a home comfortable. [www.weathershield.com](http://www.weathershield.com)



### BTH brick tie from Simpson Strong-Tie

Simpson Strong-Tie has introduced the industry's first brick tie that the company says is capable of cost-effectively connecting veneers to light-frame construction across 3" airspaces. Fabricated from 22-gauge galvanized steel, the BTH brick tie is field-adjustable in two places and is designed to be installed with either side facing up, which is said to provide strength and versatility across varied jobsite conditions. Includes embossments for added strength when connecting wood framing and veneer across wider airspaces. Tie ends are embedded in the mortar a minimum of 1-1/2" and connecting to the framing with a single 0.131" x 2-1/2" nail. Dual field-bendable zones allow for adjustment to airspaces within the 2" to 3" range. [www.strongtie.com/bth](http://www.strongtie.com/bth)



### Combi-PPT powered pallet truck from Combilift

Combilift has launched a new high capacity powered pallet truck—the Combi-PPT. The powered pallet truck comes with standard lift capacities of 6,000 lbs. and 12,000 lbs., with higher capacity models from 15,000 lbs. to 35,000 lbs. available. The Combi-PPT enables the operator to stand at the side of the unit rather than at the rear, a feature designed to give operators more visibility of their loads and surroundings. Combi-PPT features include: Power steering, AC motor technology, rear wheel drive, and a patented multi-position tiller arm. Optional extras include: Fork configurations for reels, wider forks, longer forks, closed fork height, and a salve pallet system. [www.combilift.com](http://www.combilift.com)



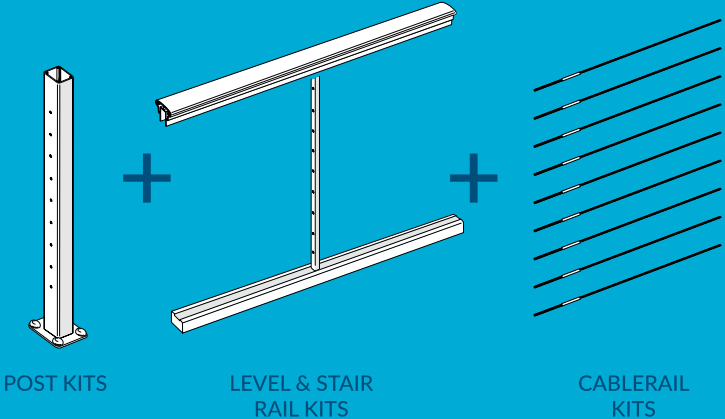


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PRODUCT PICKS

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**Alside vinyl window collections**

Alside has recently launched its 1700 and 1900 (pictured) new construction vinyl window collections. Both series feature solid vinyl construction with fusion-welded corners designed to provide added strength, energy efficiency and weather-tight performance. The windows are available in contemporary exterior colors, a variety of grid profiles and grid patterns, and advanced glass packages. Alside's insulated glass packages combine Low-E glass with a u-channel design warm-edge spacer system to create an effective thermal barrier that meets ENERGY STAR requirements in all four climate zones. Both series are available in Alside's eastern distribution area, and come with a lifetime limited warranty. [www.alside.com](http://www.alside.com)



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**Tintable wood stain from Sherwin Williams' Minwax**

The new Minwax Performance Series tintable wood stain from Minwax can be tinted in a wide variety of colors. In addition to a new 48-color palette announced along with the tintable wood stain, the product is available in custom and stain-matched hues. It is designed to be recoated in two- to six-hours, compared with 18- to 24-hours for conventional stains. The thicker formula has been developed to provide a long-lasting finish and causes less dripping. The new Minwax tintable wood stain is also available in a lower VOC version. [www.s-w.com/minwax-performance](http://www.s-w.com/minwax-performance)



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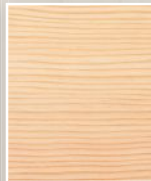
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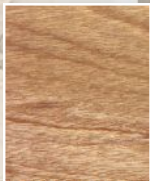
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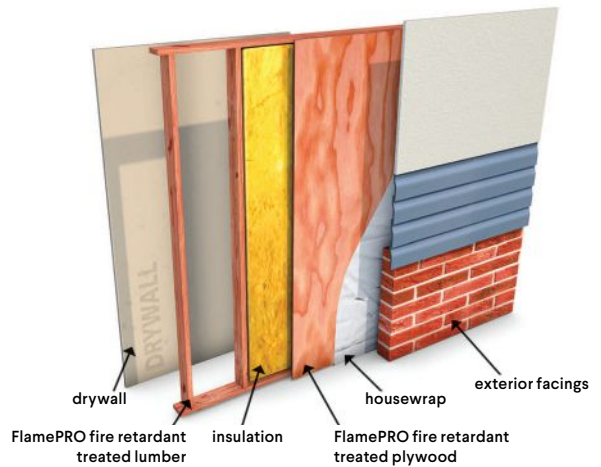
## PRODUCT PICKS



### New masonry drill bits from DEWALT

DEWALT's new SDS Plus 2 Cutter and SDS Max High Impact Carbide 4 Cutter Bits come with a No Break Guarantee. In addition to improved durability and life of the drill bit, both ranges of bits feature a wear-mark indicator, providing the user with a guide for drilling to an ANSI hole diameter specification for mechanical anchors. The No Break Guarantee means that if the masonry drill bit breaks while the wear-mark is still present, DEWALT will replace it free of charge. The SDS Max High Impact Carbide 4 Cutter Drill Bits feature a redesigned full head of carbide built to reduce head breakage and provide 2X longer life. In addition to the redesigned carbide head, these new bits feature DEWALT's Iron Blast Technology, developed to help strengthen the body of the bit to reduce breakage when drilling holes in tough concrete applications. The SDS Plus 2 Cutter Bits feature a tapered core designed to provide maximum durability and a variable helix flute pattern for efficient material removal.

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



### FlamePRO treated wood products from Koppers

FlamePRO flame retardant treated wood products from Koppers Performance Chemicals is an interior Type A High Temperature (HT) fire retardant treated wood (FRTW) formulation, applied through pressure impregnation. FlamePRO lumber and plywood products are pressure-treated with a registered chemical formulation designed to reduce flame-spread and smoke development for enclosed structural applications. FlamePRO is said to meet all major model building code requirements and comply with AWPA UC-1 and UCFA use category systems. The products are developed to deliver exceptional fire performance properties without compromising critical engineering properties such as strength durability, corrosivity and hygroscopicity. FlamePRO fire retardant treated wood products are backed by a 50-year limited warranty. [www.kopperspc.com](http://www.kopperspc.com)

### Turbo Spray System from Rustoleum

Rustoleum's new Turbo Spray System is designed to pair the easy cleanup of an aerosol with the high output of a professional sprayer. The product's super-sized fan tips are designed to spray paint four times wider and four times faster than traditional spray paint. With its 10" wide fan spray, the Turbo Spray System is designed to deliver professional spray equipment results without the mess of pouring, measuring, thinning or cleanup. The oversized 24-ounce can is ideal for large projects such as sheds, patio furniture, retaining walls, entry and garage doors, trailers and more. [www.rustoleum.com](http://www.rustoleum.com)



### Drawer pulls from Mockett

Designed to be elegant, modern, and understated, the new drawer pulls from Mockett are a contemporary take on a classic, traditional square pull design that results in a leaner form with a sleek aerodynamic body. Available in three sizes: 8-1/8", 10-5/8", and 18-3/16" lengths. All have a 1-5/16" projection. The drawer pulls are available in four finishes: Satin Nickel, Matte Chrome, Polished Chrome, and Brown-Black. Comes standard with 1" mounting screws. [www.mockett.com](http://www.mockett.com)

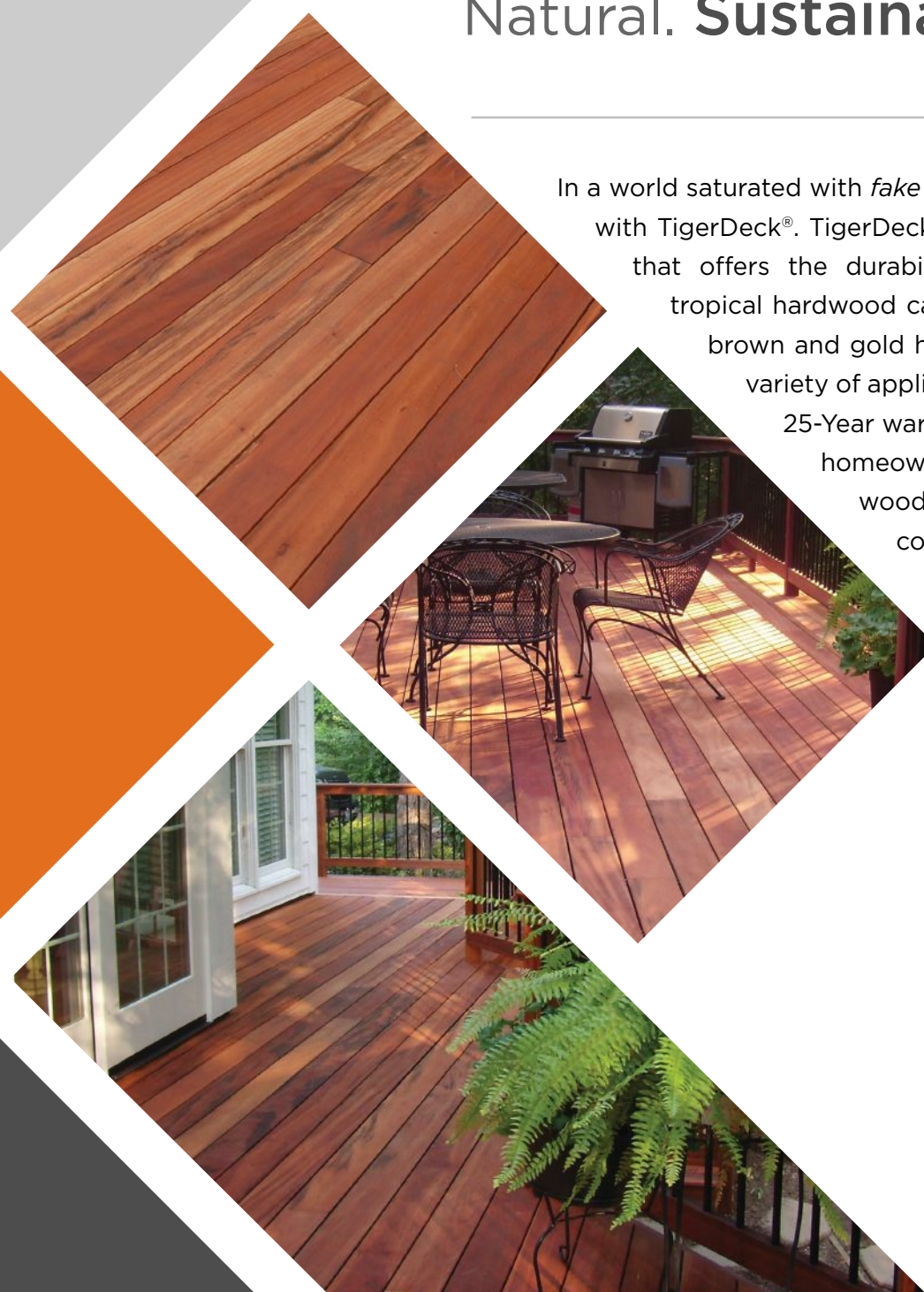




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## PRODUCT PICKS



### Milwaukee Tool's M18 FUEL 3-in-1 Backpack Vacuum

The new M18 FUEL 3-in-1 Backpack Vacuum boasts a POWERSTATE brushless motor and cyclonic design designed to deliver powerful suction and is said to be three times quieter than traditional jobsite vacuums. A removeable harness, integrated hook, and handle allow users to wear, hang, and carry the vacuum anywhere. The vacuum's POWERSTATE brushless motor and cyclonic construction are made to deliver powerful air performance at 55 CFM, 76" of water lift, and 159 air watts to clean up drywall dust, concrete dust, wood/metal shavings and other common jobsite debris. A quick-release removable harness, integrated canister hook, and handle allow users to wear, hang, and carry the product. Powered by an M18 REDLITHIUM HD9.0 battery pack, the vacuum has a run-time of up to 25 minutes on High mode, and more than 40 minutes on Low. Covered by a 5-year tool, 3-year battery warranty. [www.milwaukeetool.com](http://www.milwaukeetool.com)

### New siding visualizer from Wolf Home Products

Wolf Home Products has launched Wolf Portrait Siding Visualizer—an interactive, web-based design tool for homeowners and contractors. The visualizer was developed to help illustrate the exterior options available using Wolf Home Products' new siding product, Wolf Portrait High-Density Cellular Siding.

The mobile-friendly interface shows customers the variety of Wolf Portrait Siding colors and profiles available, as well as compatibility with various roofing, shutter and door paint, and trim color options. In addition, users have the ability to upload a photo of their own home to get a realistic vision of what their actual home may look like with Wolf Portrait Siding.

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



### Mira double hung windows from Ply Gem

Mira Premium Series double hung windows feature a tilt-in sash designed for easy cleaning from the inside, and the sash interlocking is designed to provide superior structural performance. A three-piece jamb-liner allows for different interior and exterior jamb-liner colors. A 6/4 sash construction has been designed for a historically accurate wood window look. Vacuum-treated, solid wood components are said to resist damage from water and fungus. Available in four interior colors: Natural clear wood, white, primed, and black. Exteriors are available in 46 colors. [www.plygem.com](http://www.plygem.com)



### Versatex expands Canvas Series profiles

Versatex has expanded its Canvas Series of maintenance-free, hardwood-toned PVC trimboards. Two new profiles have been designed to match colorfast woodgrain finishes. The 1/2" x 6" tongue-and-groove beadboard and a bed mould was added in textures and colors that replicate the look of black cherry, walnut or tropical macore, as well as an amber tone. Canvas Series components are designed to be easy to work with, stable and weather-resistant. Versatex supplies the Canvas Series beadboard in 18' lengths, and the bed mould in 16' lengths. Both are sold through Versatex distribution and dealer partners. [www.versatex.com](http://www.versatex.com)





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## PRODUCT PICKS

### Bosch outdoor laser measure with viewfinder

Bosch has introduced a new line of BLAZE outdoor connected measurers. The BLAZE Outdoor GLM400C with a viewfinder and the GLM400CL with a camera (pictured). Both outdoor laser measures rely on an adjustable zoom camera with scratch-proof screen to find the laser target at up to 400' in bright conditions, expansive indoor space or against busy backdrops. The color display is designed to be easy to read by illuminating large numbers and providing clear resolution in dark areas. The BLAZE GLM400CL version can take photos and comes with memory for 50 measurements and storage for up to 200 images. A digital bubble level provides a visual reference. Measurement documentation can be transferred to a smartphone or tablet relying on Bluetooth connectivity in conjunction with Bosch's MeasureOn app.

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



### Flat casing exterior accessory from MI Windows

MI Windows and Doors has introduced a new flat casing exterior accessory for use with many of the company's new construction vinyl windows. Designed to provide a more traditional look, the casing is now available with MI's 4300 single-hung, 1556 double-hung, 9770 casement, and 9660 awning products. The colonial-style casing is attached to the frame after being welded. The installation is then completed by fastening the jambs and nail fin on the casing's outer edges. The new flat casing is 3-1/2" wide and designed to picture frame the head and jambs, mimicking the look of traditional colonial wood casing. Its sill nose is designed to blend easily with any traditional exterior. [www.miwindows.com](http://www.miwindows.com)



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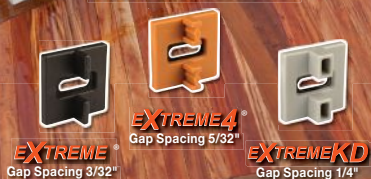
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# NLBMDA expresses concern with latest round of Chinese tariffs

BY BEN GANN

**PRESIDENT DONALD TRUMP** continues to move forward in applying tariffs on Chinese products imported into the United States. The White House announced a 25% tariff on \$50 billion of Chinese products in March. This action was taken by the Administration under Section 301 of the Trade Act of 1974 that gives the office of the U.S. Trade Representative (USTR) the authority to take action against countries it deems are engaging in unfair trade practices.

Following the initial announcement in March, USTR staggered the tariffs with the first round on \$34 billion in imports taking effect in July and second round on \$16 billion in imports taking effect in August. The first round applied to 818 goods and the second round applied to 279 goods. Neither round contained building materials.

The Chinese government responded by applying a 25% tariff on 106 U.S. products such as chemicals and automobiles. A budding trade war between the world's two largest economies is concerning as it could have broad negative effects for the global economy.

President Trump has remained resolute in taking a hard line on trade policy. USTR announced on July 10 that it planned to impose a tariff of 10% on an additional \$200 billion of Chinese imports. Then, on Aug. 1, USTR announced that it was increasing that tariff to 25% on \$200 billion of Chinese imports.

USTR held public hearings for a week in late August regarding the latest round of proposed tariffs. NLBMDA submitted written comments in early September expressing concern with the scope of the latest round of tariffs on Chinese imports.

There are 6,031 products subject to the third round of Chinese tariffs, which covers products across a much wider range of sectors and product categories than the two previous lists, and could result in a broader negative impact. For this reason, NLBMDA expressed concern with the imposition of a third round of tariffs on Chinese goods.

Among the products subject to the third round of tariffs include: building materials such as oriented strand board, wood siding, plywood, and roofing slate. While this is not an exhaustive list, the tariffs apply to a wide range of building products imported from China to the United States.

Imposition of tariffs on Chinese building products would provide an additional headwind for residential construction. NLBMDA expressed concern in its comments that the

latest round of tariffs have a more tenuous connection to the market access and tech-transfer policies of the Chinese government that triggered the USTR's initial Section 301 investigation.

Investments in residential construction have rebounded from the lows following the Great Recession. However, residential fixed investment remains below historic levels. For the second quarter of 2018, residential fixed investment was 3.3% of gross domestic product (GDP). Historically, residential fixed investment has been nearly 5% of GDP.

Prior to the latest round of Chinese tariffs, imposition of duties and tariffs was already affecting the construction and remodeling of homes. In December 2017, antidumping duties (AD) and countervailing duties (CVD) were placed on softwood lumber imported from Canada to the U.S.

And earlier this year, the Trump Administration placed a 25% steel tariff and 10% aluminum tariff on products imported from most countries. Only products imported from Argentina, Australia, Brazil, and South Korea are exempt from the steel and aluminum tariffs.

The latest tariff proposal on Chinese goods, when added to the softwood lumber duties and steel and aluminum tariffs, raises concerns that the Administration's trade policies are undoing the economic success from last year's tax cuts.

NLBMDA recently joined a newly formed coalition called Americans for Free Trade. The multi-industry coalition has combined with Farmers for Free Trade, a coalition backed by the nation's largest agriculture groups, in a multi-million dollar national campaign called Tariffs Hurt the Heartland. The campaign includes a geographically searchable map at [TariffsHurt.com](http://TariffsHurt.com) that allows individuals to find stories of job losses, deferred investments, higher prices, and other negative consequences for farmers and businesses in communities across the country impacted by tariffs.

The election of Donald Trump as president in 2016 was due at least in part to public dissatisfaction with U.S. trade policy. So it is not surprising that the Trump Administration would look to change the paradigm regarding American trade practices.

NLBMDA believes that fair trade policies should be followed, to ensure a reasonably level playing field for domestic and foreign manufacturers, but opposes excessive tariffs and other restrictions that decreases availability of building products and increase costs to consumers. ■

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

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ProWood Lumber	41	616.364.6161	www.prowoodlumber.com
* Rollex Corp.	13	800.251.3300	www.rollex.com
Royal Building Products	IFC	1.855.ROYAL85	www.royalbuildingproducts.com
Screw Products Inc.	63	877.844.8880	www.screw-products.com
Simpson Strong-Tie	7	800.999.5099	www.strongtie.com
SPAX U.S.	71	419.630.2491	www.spax.us or testdrive@spax.us
Starwood Rafters	84	888.525.5878	www.starwoodrafters.com
* Superior Plastic Products	15	800.633.7093	www.superiorplasticproducts.com
Tamlyn	1	800.334.1676	www.tamlyn.com
Therma-Tru	18-19	800.THERMATRU	www.thermatru.com
True Value	3, 5	888.291.7229	www.truevaluecompany.com
TurboClip by Avon Plastics	78	320.243.7318	www.turboclipusa.com
U2 Fasteners	43	855.895.7096	www.u2fasteners.com
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\*Denotes regional distribution.

Note: last-minute changes will affect the accuracy of this listing.

IBC=inside back cover, IFC=inside front cover, OBC=outside back cover,

BB=belly band, INS=insert, PB=polybagged, WP=white paper

# FIGHTING OVER CLIENTS

As your company adds outside salespeople, there's more conflict over customers. What would you do?

**A**s you've learned from running an independent building material company, there are always problems. But there are bad problems (like not enough revenue to squeak out a profit) and good problems (like too much business for your crew to handle). Like many LBM dealers, you've been battling the second problem. In a nutshell, the strong market has had everyone on your team stretched to capacity.

Despite low unemployment, your company's culture and reputation in the market has made it relatively easy for you to attract and hire good people at virtually all positions. You've been especially blessed when it comes to outside salespeople. At last that's what you thought when you made the hires. After all, your existing team of four outside sales reps had more business than they could handle—literally. That's why, when you were choosing between two equally qualified candidates to join your outside sales team, you decided to hire them both.

The positive impact was felt immediately, when your two new reps brought in orders from existing builder customers who weren't getting the service they needed from their regular rep. Unfortunately, these strong positives were offset by some strong negatives. Here are two examples.

**Example 1:** Tina, one of your two new reps, was ecstatic when she made her first sale, a framing and millwork package to Gone Home Builders, a small custom builder focusing on entry level homes. George was their longtime rep, but his sales to bigger customers meant that Gone Home Builders was being ignored. George was fine letting Tina take it over...until she returned with an order that included some healthy margin products. "I got them started with us," George complained. "Just because I've been busy, you let the new rep waltz in and take it away. That's not right."

**Example 2:** When you had four outside sales reps, the territory boundaries were clear. With new subdivisions going up beyond your established market, you thought dividing things up would be easy. You were wrong. "You always told me that when and if that empty land south of town was ever developed, that I'd have first shot at it. Now that the builder is finally pulling permits, you've given it to Jack—and he's only been with the company for six months. I've been here 18 years," Alex complained. "Sure, I'm busy, but fair is fair."

Before making the new hires, you made sure that George, Alex and the other two outside sales reps understood that there'd be some growing pains. They agreed then, but now that its real and actually affecting them, there's some talk of one or two of them leaving for the competition—and taking their book of business with them. What would you do?



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- 1 STAND YOUR GROUND.** All four of your existing reps were spread too thin, with more business than they could handle. Remind them of that, thank them for all they do, then get back to work.
- 2 GIVE A LITTLE.** Sit down with each of the four original reps individually. If they can make a case why an account truly should be theirs, then give them a small over-ride on those commissions.
- 3 ONE TOO MANY?** You know that four reps was too few...but maybe six is one too many. Watch the numbers for a couple of months, and consider letting go the lowest performing new rep.
- 4 REDIRECT.** Consider having one rep focus on a specialized area, like installed sales, light commercial jobs, etc. Take advantage of this opportunity to grow your business.

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

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