

# LBM JOURNAL<sup>®</sup>

STRATEGIES FOR LUMBER/BUILDING MATERIAL DISTRIBUTION PROS

LBMJOURNAL.COM

NOVEMBER/DECEMBER 2018 \$10 U.S.



## FIRST-NAME BASIS

IN THE HEART OF WINE COUNTRY, CENTRAL VALLEY  
FOCUSES ON COMMUNITY

### IN DEPTH: TECH TOOLS

OPTIONS ARE PLENTIFUL, BUT CHOOSING  
THE RIGHT SOLUTIONS TAKES PLANNING

### REAL ISSUES. REAL ANSWERS.

TRANSITIONING TO NEW ERP/BUSINESS  
SOFTWARE

STEVE PATTERSON, PRESIDENT AND CEO  
OF CENTRAL VALLEY

## INSIDE:

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# FIRST-NAME BASIS

IN THE HEART OF WINE COUNTRY, CENTRAL VALLEY FOCUSES ON COMMUNITY.

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In its stores and in its communities, below the ground and above the ground, Central Valley strives to build on a solid foundation that is deeply rooted in buildings and farms of all types in Northern California. Now in its 63rd year, Central Valley's heritage began with a single lumberyard that expanded to meet the needs of its region, and its people.

BY JAMES ANDERSON

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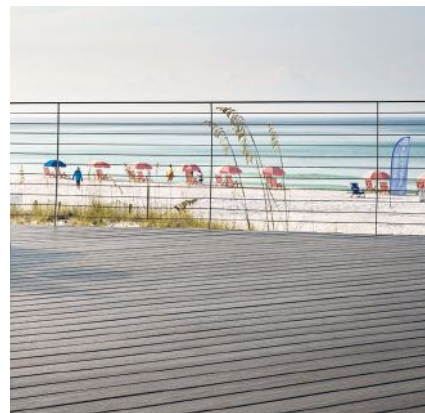
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## EDITOR'S NOTE

# Winding down and ramping up

**BY VIRTUALLY ALL ACCOUNTS**, 2018 has been a solid year for most companies in the construction supply industry. I've talked with many dealers who've been setting revenue records, month after month. For those who haven't set records, I've heard zero complaints about the new construction and remodeling in their markets. Looking at the numbers, it's not hard to see why that's the case. In the years since the Great Recession, we've seen steady, year-over-year increases in total housing starts. Indeed, we've gone from a low of 554,000 starts in 2009 to 1.2 million-plus in 2017, with most economists predicting at least a couple more years of growth before the next, inevitable downturn.

This healthy market is not without its challenges—especially the well-documented labor shortage—it's also ripe with opportunities for companies to optimize their operations. Case in point: Technology. While we've seen steady advances in every category of building materials (the best place to experience the latest/greatest new products is at the International Builders Show, which will be held in Las Vegas from February 19-21), there's been a truly explosive growth in technology tools for LBM distribution pros.

Considering how quickly tech tools evolve, we decided to revisit a software-focused Real Issues survey we conducted in 2016. That survey delivered some surprising answers—like half of those who completed the survey were using software that's over 10 years old, and nearly 20% were using systems that were more than 20 years old. As we learned in our updated survey, there are still a healthy number of LBM dealers relying on older software. The big change: more than four in ten dealers plan to upgrade or transition to new technology in the next three years. Read the whole story on page 40.

Whether or not your company is planning to upgrade soon, I strongly encourage you to check out the InDepth: Technology Tools feature beginning on page 56. Contributor Jonathan Sweet interviewed the leading providers of ERP/business software, as well as specialized technology tools for estimating, fleet management, etc. If it's been a few years since you've explored software offerings, you'll be pleasantly surprised at how far these tools have come.

Much of the content in this—and every—issue of *LBM Journal* aims to give you insights to help you grow your sales, your business, and your brand. But that's not the whole story. We take a lot of pride in devoting several pages of each issue to profiling one of you. This month, I'm thankful to Steve Patterson for letting us share the story of Central Valley, a family-owned success story in the heart of California's wine country. With a laudable commitment to its employees and its community, and the recent acquisition of Foster Lumber, Central Valley is the kind of company that makes the LBM community shine.

Here's wishing you, your family and your company a safe and happy holiday season. Until our next issue in January 2019, we'll keep you updated at [LBMJournal.com](http://LBMJournal.com). ■

Rick@LBMJournal.com





# TRUTH: THERE ARE ONLY TWO WAYS TO GROW A BUSINESS.

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# UPDATES

## PEOPLE

**Derby Building Products Inc.**, manufacturer of the **Tando** and **Novik** brands, has named **John Vukanovich** as Vice President of Marketing.



VUKANOVICH

**Oldcastle APG** has named **Joey Peters** as Senior Brand Manager-Decking, overseeing **MoistureShield**.



PETERS

**Do it Best Corp.** has announced **Jenna Myers** as the new Paint Merchandise Manager.



MYERS

**John K. Smith**, President and CEO of **Pennsylvania Lumbermens Mutual Insurance Company**, will receive the Distinguished Leadership Award from the Insurance Society of Philadelphia in November.



SMITH

**Don Goforth** joins Parksit's Therma Tru Door Shop fabrication team as Manufacturing Manager.



GOFORTH

**Mike Musiak** has been hired as Production Manager.



MUSIAK

**GPS Insight** has promoted **Gary Fitzgerald** to CEO. Former CEO and Founder, **Rob Donat**, will remain with the company as Chairman of the Board. **Wayne Holder**, the company's Controller, moves to the CFO role and **Jason Walker**, VP of Sales, becomes Chief Revenue Officer.



FITZGERALD

**U.S. LBM** has named **John Gorczynski** Vice President of Exterior Products.

## INDUSTRY

MicroPro Wood Treatment Technology from **Koppers Performance Chemicals** has achieved excellent ratings after undergoing two independent third-party assessment processes by product certification body Global GreenTag International.

**Georgia-Pacific's** Clarendon OSB facility will expand with the installation of upgraded equipment, along with the help of a \$4.5 million investment.

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

## MULTIFAMILY DECLINE PUSHES OVERALL HOUSING STARTS DOWN IN SEPTEMBER

Led by a drop in multifamily production, total housing starts fell 5.3% in September to a seasonally adjusted annual rate of 1.2 million units, according to data from the U.S. Department of Housing and Urban Development and the Commerce Department.

The September reading of 1.2 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 edged down 0.9% to 871,000 units. Meanwhile, multifamily starts—which includes apartment buildings and condos—fell 15.2% to 330,000.

Overall permits—which are an indicator of future housing production—registered a 0.6% drop in September, also due to multifamily softening. Multifamily permits decreased 7.6% to a 390,000 unit pace while single-family permits rose 2.9% to an annualized rate of 851,000.

“Housing starts are in line with builder sentiment, which shows that builders are overall confident in the housing market but continue to face supply-side challenges,” said NAHB Chairman Randy Noel. “Though lumber prices have declined recently, builders remain concerned about labor shortages, especially as the number of unfilled construction jobs has reached a post-recession high.”

Permit issuance rose 11.1% in the West and 0.6% in the South. Permits were down 9.8% in the Northeast and 18.9% in the Midwest.

### REGIONALLY, COMBINED SINGLE-FAMILY AND MULTIFAMILY HOUSING STARTS

NORTHEAST ROSE:

▲29%

SOUTHEAST FELL:

▼13.7%

MIDWEST FELL:

▼14%

WEST ROSE:

▲6.6%

## NEW HOME SALES FALL IN SEPTEMBER AS AFFORDABILITY ISSUES CONTINUE

Sales of newly built, single-family homes fell to a seasonally adjusted annual rate of 553,000 units after downwardly revised August, July and June reports, according to newly released data by the U.S. Department of Housing and Urban Development and the U.S. Census Bureau. This is the lowest sales pace since December 2016. However, on a year-to-date basis, sales are up 3.5% from this time in 2017.

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 September reading of 553,000 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 327,000 in September. The median sales price was \$320,000. Meanwhile, the median home price in September 2017 was \$331,500.

### NEW HOME SALES BY REGION

NORTHEAST FELL:

▼40.6%

SOUTHEAST FELL:

▼1.5%

MIDWEST ROSE:

▲6.9%

WEST FELL:

▼12%

On a year-to-date basis, home sales are higher in all regions except the Northeast, which has registered a 16.5% decrease in sales volume.

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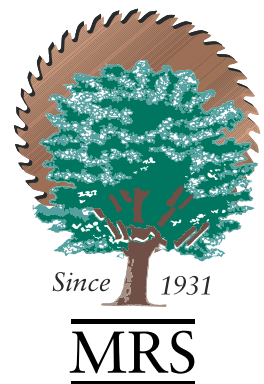


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# UPDATES

## DISTRIBUTION

**Royal Building Products** will be distributed by Midwest Lumber.

**Boise's** Greensboro location and **Weyerhaeuser's** Charlotte facility will distribute **James Hardie** siding, trim, and interior products in North and South Carolina. Boise Auburn will service the Greenville area with ColorPlus and prime material.

**Trex** is expanding its distribution network with the addition of Minnesota-based **Midwest Lumber**.

## ASSOCIATIONS

### The West Coast Lumber & Building Material Association

(WCLBMA) honored three of its members at the recent annual convention of the organization. Honored as "Associate of the Year" was **Glenda DeFrang**, owner and President of Straight Line Transport, a Huntington Beach, Calif. trucking and freight brokerage firm.



DEFRANGE

Selected for the "President's Award" was **Augie Venezia**, President of Fairfax Lumber & Hardware, Fairfax, Calif.



VENEZIA

Honored with the association's infrequent "Lifetime Achievement Award" was WCLBMA Executive Director **Ken Dunham**. Dunham has been Executive Director of the regional lumber and building materials association since 2006.



DUNHAM

Officers and directors of the **West Coast Lumber & Building Material Association** were elected and confirmed at the annual convention of the 102-year-old organization. **Mark Boone** becomes president of the association for 2019-2020. Boone is President and COO of Champion Lumber in Riverside, Calif.



BOONE

Registration is now open for the **Northeastern Retail Lumber Association's** 125th Annual LBM Expo set for February 6-8, 2019 at the Hynes Convention Center in Boston. Register at [expo.nrla.org](http://expo.nrla.org).

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

## LUMBER, OSB, AND GYPSUM PRICES FALL IN SEPTEMBER

The National Association of Home Builders reports that construction goods input prices reversed course in September, increasing 0.2% after declining each of the prior two months. NAHB cites the latest Producer Price Index (PPI) release by the Bureau of Labor Statistics. The index for inputs to residential construction has risen 5.2% in 2018 and is 10.2% higher than it was in January 2017.

Gypsum prices also reversed trend in September, falling 0.1% (seasonally adjusted) after a combined increase of 6.1% over the prior two months. Since the start of the year, the price index for gypsum products has increased 1.0% per month, on average.

From January to September of 2017, prices paid for gypsum products rose 7.2%. The index has increased 8.1% over the same period in 2018.

The September PPI release continued to capture decreases in prices paid for softwood lumber that began in mid-June. However, even after accounting for the most recent price movements, the average price paid for softwood lumber in 2018 remains the highest on record according to Random Lengths data—18.7% above the prior record set in 1997.

The index for prices paid for OSB (and waferboard) decreased for the second consecutive month (-5.2%, not seasonally adjusted). Prices are down 16.4% since July and have declined in five of the past 12 months.

The index for ready-mix concrete (RMC) prices increased 0.4% (seasonally adjusted), reversing a four-month trend of price declines. After an uncharacteristically large monthly increase in March—when the index rose 3.3%—the PPI for RMC has fallen back in line with its long-run trend.

## BUILDER CONFIDENCE RISES IN OCTOBER

Builder confidence in the market for newly-built single-family homes rose one point to 68 in October on the National Association of Home Builders/Wells Fargo Housing Market Index (HMI). Builder confidence levels have held in the high 60s since June.

"Builders are motivated by solid housing demand, fueled by a growing economy and a generational low for unemployment," said NAHB Chairman Randy Noel. "Builders are also relieved that lumber prices have declined for three straight months from elevated levels earlier this summer, but they need to manage supply-side costs to keep home prices affordable."

"Favorable economic conditions and demographic tailwinds should continue to support demand, but housing affordability has become a challenge due to ongoing price and interest rate increases," said NAHB Chief Economist Robert Dietz. "Unless housing affordability stabilizes, the market risks losing additional momentum as we head into 2019."

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 a single point to 75. Meanwhile, the metric charting buyer traffic registered a four-point uptick to 53.

Looking at the three-month moving averages for regional HMI scores, the Northeast rose three points to 57 and the South edged up one point to 71. The West held steady at 74 and the Midwest fell two points to 57.



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# UPDATES

## ACQUISITIONS

**Milwaukee Tool** has acquired **Imperial Blades** business based in Sun Prairie, Wisc.

**Environmental StoneWorks**, a manufacturer and installer of stone veneer, has acquired **VanWell Masonry**, a Snohomish, Wash. company.

**Boise Cascade Company** will acquire **Arling Lumber, Inc.**, headquartered in Cincinnati, Ohio.

**Simpson Strong-Tie** recently acquired the Ready Products (Ready-Hat, Ready-Track, Ready-Arch, and Ready-Angle) and Radius Tools (Radius Track Bender and Radius Trim Bender) from **Radius Track Corporation**.

# 2019 EVENTS

**JAN 15-17** North Dakota Retail Lumbermen's Association Annual Convention, Fargo, ND • [www.NDRLA.com](http://www.NDRLA.com)

**JAN 28-29** Northwestern Lumber Association (NLA) Building Products Expo St. Cloud, MN • [www.nlassn.org](http://www.nlassn.org)

**FEB 6** Wisconsin Lumber Dealers Leadership Conference Wisconsin Dells, WI • [www.nlassn.org](http://www.nlassn.org)

**FEB 6-7** Building Material Suppliers Association (BMSA) Education Exchange & Expo, Hickory, NC • [www.mybmsa.org](http://www.mybmsa.org)

**FEB 18-20** LBM Advantage 4th Annual Meeting & Trade 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 21-24** True Value Spring Reunion Dallas, TX • [www.truevalue.com](http://www.truevalue.com)

**FEB 26** Iowa Lumber Convention Des Moines, IA • [www.nlassn.org](http://www.nlassn.org)

**FEB 27** Independent Dealers Education Association Services (IDEAS) Show 2019 King of Prussia, PA • [www.ideasshow.org](http://www.ideasshow.org)

**MAR 5** Nebraska Lumber Dealers Convention, Omaha, NE • [www.nlassn.org](http://www.nlassn.org)

**MAR 21-23** LMC Annual Meeting San Diego, CA • [www.LMC.net](http://www.LMC.net)

Send information about your company's events to [Rick@LBMJournal.com](mailto:Rick@LBMJournal.com).

## UPDATES: NLBMDA

The National Lumber and Building Material Dealers Association (NLBMDA) elected its new leadership team in October. At its annual meeting, the NLBMDA Board of Directors elected Robert P. Sanford as the new Chair of the association. Sanford is President of Connecticut-based Sanford and Hawley and is replacing Outgoing Chair Rick Lierz, President and CEO of Franklin Building Supply in Boise, Idaho. In addition to Sanford, the other members of the 2018-2019 NLBMDA Executive Committee are:

- Chair-Elect: Russ Kathrein, Alexander Lumber, Bloomington, IL
- First Vice Chair: Jim Bishop, Vesta Lee Lumber, Bonner Springs, KS
- Immediate Past Chair: Rick Lierz, Franklin Building Supply, Boise, ID
- MSC Chair: Clarence Wilkerson, Weyerhaeuser, Federal Way, WA
- FAE Chair: Cody Nuernberg, Northwestern Lumber Association, Dakota, WI
- Treasurer: Scott Engquist, Engquist Lumber, Harcourt, IA

NLBMDA honored **Frank Moore** with its Distinguished Service Award. **John Bates** and **John Smith** received Chairman's Awards from the organization.



MOORE

## UPDATES: CO-OPS & BUYING GROUPS

### DO IT BEST CORP.

Do it Best Corp. announced the promotion of one of its senior leaders while also transitioning another manager into an executive leadership role. Vice President of Merchandising **Steve Markley** will now serve as the company's new Executive Vice President of Operations while **William "Dent" Johnson**, previously a Divisional Merchandise Manager, will advance into the role of Vice President of Merchandising.



MARKLEY



JOHNSON

### Do it Best Corp. holds fall market in Indianapolis

An array of purchasing opportunities and growth oriented programs were featured at the Do it Best Corp. fall market Oct. 12-15 at the Indiana Convention Center in Indianapolis. The fall market is designed to help Do it Best members, including many new and prospective members, explore the value of a co-op partnership.

"We want to make sure that Do it Best members enjoy a distinct advantage with us because it matters in their results—and we believe there's no better place for them to understand the full scope of that advantage than at the market," said Dan Starr, President and CEO of Do it Best Corp.

### LMC

The theme was "Innovation" as LMC held its fourth annual Leadership Summit in Boston Sept. 18-21. The Leadership Summit served as an opportunity for future leadership in the LMC Dealer Network to come together to learn from each other as well as from professionals in other industries. Attendees learned how to use inventive thinking techniques and skills to enable them to think more creatively, innovate, and easily adapt to change, LMC said in a press release. The attendees also headed to MIT where they visited the MIT Museum and participated in a hands-on structural engineering workshop.

### ORGILL

Orgill, Inc. has announced that members of its veteran executive team will have new responsibilities beginning January, 2019.

- Ron Beal, long-time chairman, President and CEO, will drop the President title, but remains the company's Chairman and Chief Executive Officer.
- Boyden Moore will assume the position of Orgill President.
- Brett Hammers will become Orgill's Executive Vice President of worldwide sales and supply chain.
- Eric Divilbiss will become Executive Vice President of finance and administration in addition to his current role as Orgill's CFO.

Decking

PVC Products

Fiber Cement

Railings

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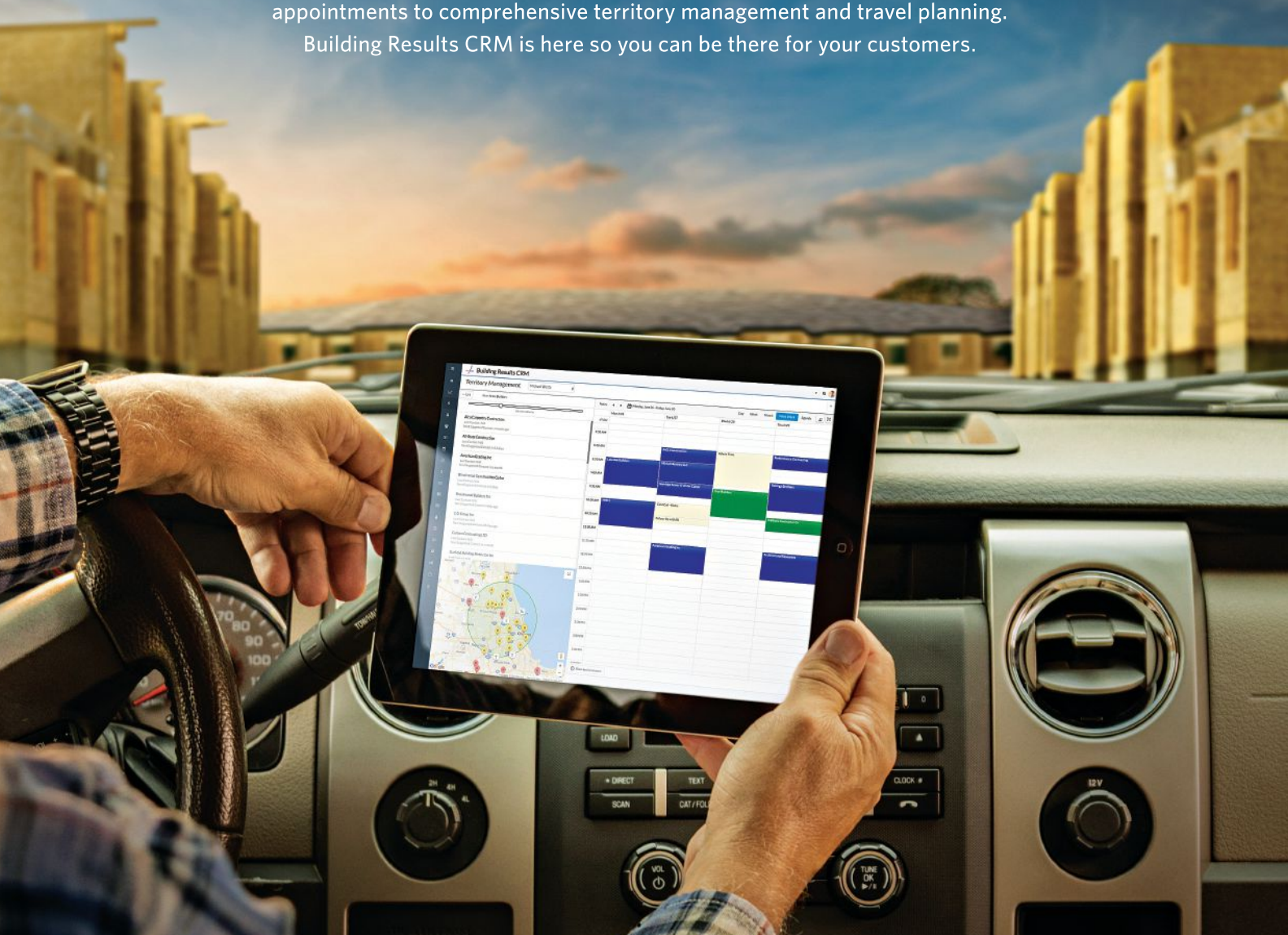


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# *"We believe good CRM is more than information. It's about Building Results."*



**RICK DAVIS**

President, Building Leaders

## **YOUR CRM SHOULD...**

*measure sales opportunities with prospecting data.*

*improve territory management.*

*help managers have better conversations with their teams.*

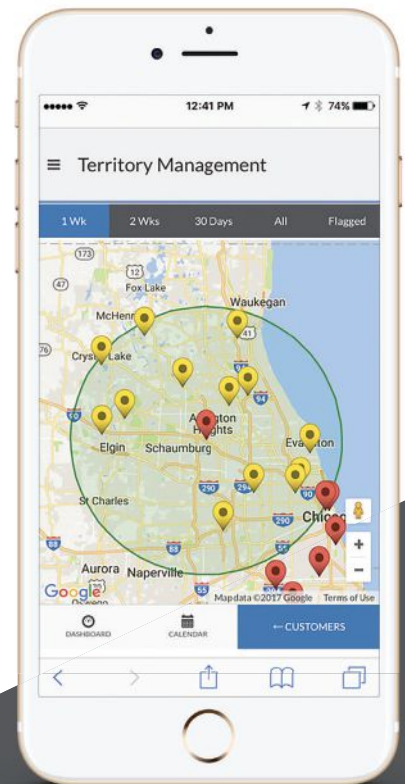
*turn activity into productivity.*

Building Results CRM is designed specifically for the construction products industry. It helps sales reps with every part of their job, from travel routes to talking points.

Developed in partnership with Rick Davis, Building Results CRM converts sales goals into an action plan salespeople embrace.

- Identify vital client growth, lagging sales, and cross-selling opportunities
- Check account details and update opportunities in real-time from your laptop or smartphone
- Deliver predictable sales results with prospect and quote tracking designed for our industry
- Merge existing calendars, emails, and contacts with Outlook integration plus territory mapping and weekly planning features

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TO TURN YOUR SALES DATA INTO  
MEANINGFUL INTELLIGENCE**



**BUILDING RESULTS CRM**

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## SLOWER GROWTH ANTICIPATED IN HOME REMODELING FOR 2019

After several years of solid acceleration, annual growth in national home improvement and repair spending is expected to soften in 2019, according to the Leading Indicator of Remodeling Activity (LIRA) released by the Remodeling Futures Program at the Joint Center for Housing Studies of Harvard University. The LIRA projects that year-over-year increases in residential remodeling expenditures will reach a decade high of 7.7% this year and then start to drift downward to 6.6% through the third quarter of 2019.

“Rising mortgage interest rates and flat home sales activity around much of the country are expected to pinch otherwise very strong growth in homeowner remodeling spending moving forward,” says Chris Herbert, Managing Director of the Joint Center for Housing Studies. “Low for-sale inventories are presenting a headwind because home sales tend to spur investments in remodeling and repair both before a sale and in the years following.”

“Even so, many other remodeling market indicators including home prices, permit activity, and retail sales of building materials continue to strengthen and will support above-average gains in spending next year,” says Abbe Will, Associate Project Director in the Remodeling Futures Program at the Joint Center. “Through the third quarter of 2019, annual expenditures for residential improvements and repairs by homeowners is still expected to grow to over \$350 billion nationally.”

The Leading Indicator of Remodeling Activity (LIRA) provides a short-term outlook of national home improvement and repair spending to owner-occupied homes. The indicator, measured as an annual rate-of-change of its components, is designed to project the annual rate of change in spending for the current quarter and subsequent four quarters, and is intended to help identify future turning points in the business cycle of the home improvement and repair industry. Originally developed in 2007, the LIRA was re-benchmarked in April 2016 to a

broader market measure based on the biennial American Housing Survey.

The LIRA is released by the Remodeling Futures Program at the Joint Center for Housing Studies of Harvard University in the third week after each quarter's closing. The next LIRA release date is January 17, 2019.

The Remodeling Futures Program, initiated by the Joint Center for Housing Studies in 1995, is a comprehensive study of the factors influencing the growth and changing characteristics of housing renovation and repair activity in the United States. The Program seeks to produce a better understanding of the home improve-

ment industry and its relationship to the broader residential construction industry.

The Harvard Joint Center for Housing Studies advances understanding of housing issues and informs policy. Through its research, education, and public outreach programs, the center helps leaders in government, business, and the civic sectors make decisions that effectively address the needs of cities and communities. Through graduate and executive courses, as well as fellowships and internship opportunities, the Joint Center also trains and inspires the next generation of housing leaders.

## TOUGH CALL ANSWERS

ANSWERS TO OUR SEPTEMBER TOUGH CALL:

### THE WOODEN CEILING

A longtime builder customer switched suppliers when the daughter took over the family lumberyard. Here's how readers would handle Bobby in this month's Tough Call survey.



YOUR VOTES ONLINE AT [LBMJOURNAL.COM](http://LBMJOURNAL.COM)

- 11.7%** **SORRY, BUSY.** Tell him your crew is busy delivering on-time and in-full to your regular customers. Encourage him to call his primary supplier for help.
- 41.6%** **STAY THE COURSE.** At some point, Bobby will probably realize that his current supplier can't meet his needs, and he'll give you and your team a shot as his primary supplier.
- 30.1%** **MAKE HIM PAY.** Add a sizable emergency surcharge to his fill-in deliveries that makes his small orders worth your while until he decides to give you and your team a chance.
- 16.6%** **JUST SAY NO.** Ask why you're capable enough to handle his emergencies, but not good enough to serve as his main supplier.

Thanks to everyone who voted on the September Tough Call. See page 88 for this month's Tough Call.

## BY THE YARD

NEWS FROM LUMBERYARDS AROUND THE COUNTRY

### CENTRAL VALLEY TO ACQUIRE FOSTER LUMBER

Central Valley has entered into a definitive agreement to purchase Solano County, Calif.-based building supply company, Foster Lumber, expanding Central Valley's Northern California footprint. Central Valley brings new investment and operational depth to Foster Lumber to further enhance both companies' competitiveness with its current list of prominent regional builders. Foster Lumber will continue to operate as a separate, wholly-owned subsidiary with the current management in place.

### CHICAGO'S LARGEST INDEPENDENT LUMBERYARD CLOSING

Lee Lumber in Chicago is closing after 66 years in business. The largest independent lumberyard in city of Chicago is set to close, Lee Lumber owner Rick Baumgarten has confirmed. After a series of deals to sell the company fell through, the Baumgarten will hold an auction for the business that he owns along with his brother, Randy.

### MEEK'S LUMBER ACQUIRED BY PRIVATE EQUITY FIRMS

Angeles Equity Partners, LLC, and Clearlake Capital Group, L.P., both private investment firms, have acquired Meek's Lumber Company. Financial terms of the transaction were not disclosed. Meek's is one of the largest nationally ranked independent building products distributors in the U.S. Members of the Meek family will remain actively involved in the company.

### OHIO LUMBERYARD CELEBRATES 100TH ANNIVERSARY

A Canfield, Ohio lumberyard is celebrating 100 years in business. Bernard-Daniels Lumber Company was founded in 1918. The company was originally located in Youngstown Ohio. After a fire in 1979, the lumberyard was moved to Canfield.

### 84 LUMBER MOVES UP FORBES LIST

84 Lumber has again been recognized on *Forbes'* annual list of America's Largest Private Companies. The building materials supplier ranks #125 among 229 businesses, up 35 spots from 2017. Under the "Retailing" category, the company ranks #14 among 22 companies.

### KODIAK ACQUIRES FRONTIER BUILDING SUPPLY

Kodiak Building Partners has expanded into Washington with the acquisition of Frontier Building Supply. Frontier, a seven-location chain in western Washington, joins the LBM Division at Kodiak Building Partners under the leadership of Mike and Pat Flood, Co-Presidents of the Building Materials Group.

### RIVERHEAD BUILDING SUPPLY ACQUIRES RHODE ISLAND-BASED UNITED BUILDERS SUPPLY

Riverhead Building Supply, a 14-unit family-owned lumber and building materials dealer with locations in New York and Rhode Island will acquire the assets of United Builders Supply (UBS), a four-unit full-service LBM dealer. The acquisition expands the footprint of Riverhead Building Supply into the Westerly, Richmond, Niantic, and Waterford Conn. markets.

### AMERICAN CONSTRUCTION SOURCE ACQUIRES TWO COLORADO LBM DEALERS

American Construction Source, a portfolio company formed by investment firms Angeles Equity Partners and Clearlake Capital Group, acquired two Colorado LBM dealers. Edwards Building Center and Breckenridge Building Center are the latest acquisitions by the firm. Financial terms of the transactions were not disclosed.

### DREXEL BUILDING SUPPLY TAKES ON TRUSS MANUFACTURING

Drexel Building Supply announced that it will merge truss manufacturer, Truss Systems into the Drexel family. Truss Systems is a manufacturer of floor and roof truss systems in Wisconsin. Drexel Building Supply partners with builders, commercial contractors and homeowners throughout Wisconsin to provide them with building materials including roofing, siding, doors, millwork, trusses, windows, cabinetry, decking and more.

### WHITLEY NAMED VP OF ACCOUNTING AT MCCOY'S

McCoy's Building Supply has appointed Joshua Whitley as Vice President of Accounting and Controller. Whitley had previously served as the company's Controller since August 2017.



WHITLEY

### 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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# 2018 AWARD-WINNING DECKS

Each year, one of the most anticipated events among deck builders, dealers and manufacturers is the North American Deck and Railing Association's (NADRA) recognition of outstanding deck, porch and outdoor projects. This year's NADRA deck awards ceremony, dinner and entertainment was held on October 10 at the National Aquarium in Baltimore, MD. Deck builders and manufacturers from throughout the U.S.

and Canada submitted photos and descriptions of what they hoped would be named award-winning projects by a panel of industry experts. Projects were judged based on use of space, functionality, creativity, use of materials and overall visual appeal. Of the many notable projects, pictured here are an assortment of first-place winners. To learn more about NADRA, visit [www.NADRA.org](http://www.NADRA.org).





**A: FIRST PLACE: MANUFACTURER'S PROJECT**

Feeney, Inc.  
Partner: RiverWorks Design Studio | Muscle Shoals, AL

**B: FIRST PLACE: ALTERNATIVE DECK, OVER \$100K**

Dr. Decks | Tacoma, WA  
Partner: Wolf Home Products

**C: FIRST PLACE: OPEN PORCH**

Deck Remodelers | Sparta, NJ

**D: FIRST PLACE: WOOD DECK, \$50K – \$100K**

Decks by Kiefer | Martinsville, NJ

**E: FIRST PLACE: UNIQUE FEATURE**

Deck Remodelers | Sparta, NJ

**F: FIRST PLACE: WOOD DECK, UP TO \$25K**

Blue Chip Decks | MB, Canada

**G: FIRST PLACE: LIMITLESS CREATION, UP TO \$25K**

SelectDecks | Morgantown, WV

**H: FIRST PLACE: LIMITLESS CREATION, \$25K – \$50K**

Blue Chip Decks | MB, Canada

**I: FIRST PLACE: ALTERNATIVE DECK, \$25K – \$50K**

Dr. Decks | Tacoma, WA  
Partner: AZEK Building Products

**J: FIRST PLACE: ALTERNATIVE DECK, \$50K – \$100K**

Deck Remodelers | Sparta, NJ





## SALES & MARGINS

BILL LEE

# Two key factors that affect your gross margin

**I BELIEVE** it is the job of a building supply business' sales team to sell the operational capacity of the company they represent. When they are successful, the company needs more load pullers, drivers, administrative personnel, and managers. Sales and marketing success is the engine that drives job security for everyone in the organization.

In the majority of building supply businesses in North America, salespeople also have perhaps more influence over the company's gross margin than any of the other members of the business team. Because so many salespeople are assigned some degree of pricing authority, they frequently negotiate with builders who can prove to be highly aggressive buyers. And salespeople almost always price special order sales that represent anywhere from 20% to 40% of total sales.

As much responsibility as salespeople carry on their shoulders, they need to be frequently reminded of costly mistakes they must avoid. When they fail to educate themselves on the principles of negotiating, the results can be costly.

### Leading with price (negative affect)

Price should be the last thing a seller mentions, certainly not the first. Rarely is price the dominant buying criterion for a contractor. The level of and the consistency of a supplier's service level can be and is quite often far more critical to a smooth-running job that comes in at or below budget than the price the contractor pays for material.

It's one thing to respond when contractors ask to see some prices, but from a negotiating and gross margin perspective, it's almost unforgivable to initiate an offer to quote. When someone volunteers an offer to rattle off a handful of prices, it is tantamount to saying "we have the lowest prices in town...here, let me show you...now, go back to your office and compare our prices to the prices you're now paying."

The premature quoting of prices is seen by buyers as an invitation on the part of the person doing the quoting for price haggling to begin. Does premature price quoting occur in your business?

### Quid pro quo (positive affect)

The origin of quid pro quo is from the Latin, meaning quite literally, "something for something." I'll do this for you if you'll do that for me. I'll give you this if you'll give me that.

One could say, "...I'll give you these building materials and you will give me a check." Yes, this would be quid pro quo in the strictest sense of the expression, but from a negotiating point of view, the dealer is called upon to build a war chest of value that the buyer perceives to be so valuable that he or she will do business with the dealer just to have unhindered access to that value.

Here's an example: Back in the day before truck-mounted forklifts became available, all suppliers were pretty much the same; they would dump the contractor's load of material on the jobsite and drive back to the store to get their next load.

When the first dealer in the community invested in a truck-mounted forklift, that dealer was all of a sudden able to have a new quid pro quo to offer customers and prospects: Give your business to me and we will load the material on our truck in the order your framers will use it and then place the material around the jobsite. The benefit to you is that you will be able to eliminate the labor hours of having to remove the bands from the load, sort through the material until you find everything you ordered, determine where it is to be installed, and hand-carry the material to the correct part of the house.

The "benefit" was the added value the dealer with the piggyback delivery equipment had that no one else in the community had invested in.

What added value do you currently offer to your customers that your competitors do not? ■

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.

# The strength of the system



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Connector Nails  
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LCE4 Post Cap (ZMAX®)

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## BUILDING SALES

RICK DAVIS

# Stop whining about sales problems

**GOT A SALES PROBLEM?** Then fix it, fire it or ignore it. At least stop whining.

These are the words I use as my mantra for sales managers and executives. It seems that the consistent theme I hear from managers is that their salespeople are “not motivated, don’t get it, or simply aren’t trying.” They complain that salespeople react senselessly to irrational customer demands or make their own mistakes that cost the company money.

In short, managers feel victimized by poor sales performance. If you feel this way, then opt for one of the three, and only three, options at your disposal. Fix the performer if you can. If you can’t, then you must decide to fire the performer, or ignore the problem.

### Ignore the problem when...

You have a highly profitable producer. This is a case when you should ignore a problem. It sounds strange, but it might be worth investing your management energies elsewhere. The top producers in your company deserve support and should be treated as special cases so long as you believe there exists a causal relationship between performance and results.

The cause can be a factor of growth or profitable maintenance, because let’s face it; often a profitable producer is nothing more than the “last person standing” and the recipient of accounts because other salespeople have left the company. A service-only sales representative is certainly an asset and, even when the performer isn’t a grower of business, still worth retaining...and ignoring.

Profitable salespeople who are resistant to personal coaching and systematic reporting structures are usually worth ignoring when it comes to performance guidance. So long as they are profitable and not creating costly mistakes, just support them.

### Fix the problem when...

You have a young talent to groom or an unprofitable veteran. This is a situation where you can tailor a training schedule

and management routine to build the performance you seek. Underachievers and new hires deserve the guidance necessary to produce profits and, more importantly, gain the sense of security that is so elusive to the profession of selling.

Several clients of mine use reporting structures set up only for salespeople who are not producing desired sales results. This affords them the opportunity to monitor performance and offer the guidance necessary to reach goals. If the salesperson achieves performance objectives, an entire organization can learn together how to create a franchise model of selling.

If the salesperson fails to achieve performance objectives, it’s a different story.

### Fire the problem when...

You have a salesperson who is not achieving desired results and also rejects coaching guidance. Capable sales managers know it is time to take coercive action when this occurs. This means enforcing a reporting structure, scheduling joint ride-alongs, and closely monitoring the correlation between leading performance indicators and sales results.

If you don’t see improvement after a corrective action plan is in place, then it is time to do everyone a favor and part ways. Most organizations discover only after firing an underachiever that customers were frustrated as well as co-workers. Truth be told, the change of working environments is often a favor to the employee as well.

### Own the results

I argue that results are the responsibility of managers. If our salespeople don’t get it, then it’s our fault. This means identifying the strengths and weakness of each individual on your team and catering a game plan for each performer. It’s not fun to deal with sales problems, but the attempt at solutions is better than letting the problems fester.

Get to work on those problems. Fix them, fire them, or ignore them. But, for Pete’s sake, stop whining. ■

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

# Wood is good for deck boards, but are manufactured surfaces better?

**WHEN I FIRST STARTED OUT** as a deck builder in the 1990s, I created a business plan that said my focus was going to be real wood decking. I was never going to deal in composites. Wow, have things changed. Today, the amount of composite decking sales we're making at The Deck Store are exceeding the real wood sales. I think that in our industry today, a lumberyard that hasn't gotten up to speed and is only selling wood, is going to start losing market share.

For the interest of this column, I'll use the term "composites" which in the industry has come to use as a term for all wood-alternative materials including PVC, WPC, cap-stock, and even stone and cement-based products. Also, I'm referring to just deck surface materials. While I did see advancements in non-wood framing from some companies at Deck Expo in Baltimore, I don't see us changing our framing from lumber any time soon.

With some composites, I still have some concerns of quality, including fading and UV breakdown of products, but most manufacturers have addressed these issues and in doing so have convinced me to carry more composite products. We're seeing 25-year warranties on many of them now, and some labor-inclusive warranties, with no fade, no stain warranties on these products.

We still sell and stock one of the finest cedars in the nation, but customers are becoming less interested in it because of the maintenance involved. The cost of real wood used to be a deciding factor, but today real wood has almost doubled in price. And composites, while creeping up in cost haven't doubled in price. They're U.S. made and there aren't tariffs on the product. They've gotten up to speed on the codes and color choices that people want. They can be attached with hidden fasteners, so there's some ease of use there as well. The thermal properties are still something people have a lot of concern with, but one manufacturer has even addressed that issue. I think we've crossed over into a

market where composites are taking over, and they're doing a great job.

I encourage you to do all your research before you pick a composite to feature in your store. You'll want to make sure you can convey to your customers why composites are good for some situations, just as lumber is good for others. People who have historically only worked with wood don't realize that there is not only a major difference between wood and composites, but there's also a difference between composite A and composite B. Your expertise in the category will help set you apart from your competition.

And don't worry about trying to carry all manufacturers' products. I suggest that you partner with one manufacturer. You should show the others in your showroom, but be exclusive to one and you will get the support—including training—from the manufacturer. If you try to feature all the composites, you'll never be really good at selling any one of them, and you won't get as much support from any single manufacturer.

Personally, I like to display a lot of brands, even if I'm most loyal to only one of them. That helps for situations in which a customer calls and asks, "do you have brand X available?" I'm able to tell them that I do, though I know they may not leave with brand X once they learn about the other brands I stock. I can at least get them to come in and then show them the different brands for comparison purposes.

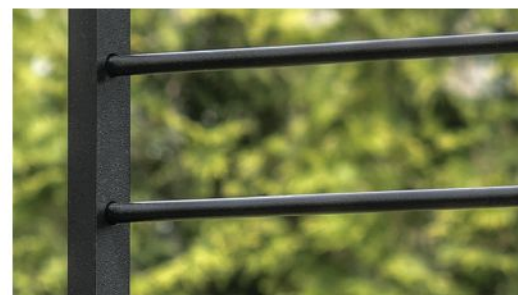
Don't get me wrong, we don't short change any company's products in my store. I make sure that at The Deck Store we say that all products are good, and that some are just better today. Never disparage a brand because you never know when that brand might come out with an innovation that makes them the top product in the category.

Loyalty to a specific manufacturer has other benefits as well. In an upcoming column, I'll discuss how you can leverage your relationship with your exclusive manufacturer to make changes and upgrades to your showroom. ■

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

# How to get over your fear of firing employees

**TO PUT IT BLUNTLY: FIRING PEOPLE SUCKS.** I didn't always think this way. Early in my career, when I worked for a large regional specialty store as a department manager and then as HR manager, part of my job was to terminate people. It was mildly uncomfortable, but they had gotten their warnings—they should have known not to do it again. In my early career, I probably fired a dozen people. I didn't lose a ton of sleep over it and didn't think it was all that challenging.

But later in my career I learned a key difference: Firing someone *for "the man"* is uncomfortable. Firing someone *when you are "the man"* can be excruciating.

I know this from experience too. I witness it every day: Building products executives continually hanging on to underperforming sales reps because they don't want to have difficult conversations, they feel bad about firing someone, or they don't have any confidence they can find anyone better. How much is that complacency and fear costing you? Here are a few strategies to help ease the pain of firing:

- **Stop overselling:** I made this entrepreneurial mistake. I would sell them on me, the company, and the opportunity. I never stopped selling. Don't make this mistake; if you only paint a picture of sunshine and roses but don't cover some of the realities of the role, they won't know what they're getting into and won't be able to determine if it's not a good fit for them before they start wasting your payroll dollars.
- **Stop making excuses:** If you have someone on your team who is wonderful, but just isn't that great at his job, own that you made a mistake in hiring him. I used to come up with a million excuses for why they weren't performing—I hadn't trained them enough, I hadn't given them enough resources, I wasn't good at holding them accountable. Just stop. There's only so much you can do and only so long you can wait for a subpar sales rep to magically get better at their job. Rip off the Band-Aid.
- **Ditch the "savior complex":** The savior complex is what happens when you start to feel responsible for the employee's mortgage, car payment, and daycare bills. "If I didn't get them to succeed in this job, I was the failure." It sounds crazy, but I'd venture to guess that if you have someone who isn't succeeding in your organization, these self-doubts have crossed your mind.
- **Admit when your company is growing faster than your rep:** The person you thought was awesome when you had \$750,000 in sales may not be able to keep the pace when you have \$5,000,000 in sales. Sometimes your company outgrows your people. This is awesome and awful at the same time: You're forced to either try to find a place for them, which usually results in paying someone too much money for the job they're now doing, or you're forced to let them go. Again, rip the Band-Aid off—it hurts when you pull it off, but it is better in the long run.
- **Reframe firing:** Do you find yourself making excuse after excuse for the people at your company who aren't able to close deals? But think about it: Who wants a job they suck at? No one. If they can't admit that this is a bad fit for them, you can't make that decision for them. It's a lot easier to fire someone and feel OK about it when you know in your heart they'd be happier doing something else.
- **Keep the person in mind:** Underperforming or not, this is a person you liked enough to hire and make part of your team. It doesn't have to be adversarial—make sure to be respectful and professional. You'd be surprised how many people I've fired (or talked into quitting) who still invite me out for dinner and drinks.

Firing someone stinks. But the longer you wait, the worse it will be—for your comfort level as much as your bottom line. Be ready to rock 2019 by getting rid of your dead weight and positioning your business for the growth you want next year. ■

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

# Your first loss is your best loss

AS OUR BUSINESS CYCLE is winding down, I like to look back over the year and review what we accomplished and what we could have done better. There often are memorable problems and events that popped up. It might be a customer complaint, a big special-order mistake, or, for this year, how we reacted to a very volatile wood commodity market. One thing I know for certain is, I have never looked back at a problem and said to myself, “Man, I wish I hadn’t resolved that so quickly and decisively. Maybe I should have waited a little longer, and a better solution would have come to me.” I know this for certain because one of a leader’s biggest challenges is taking care of problems quickly. It is human nature to save the biggest, most difficult items for “later.” The problem is that “later” is usually too late, if it happens at all.

At our company, we try to address this head-on by emphasizing our Rule Number One, which states, “Your first loss is your best loss.” This concept started out with our tackling some of our slow-moving or obsolete inventory. We had managers who knew how much the inventory cost, but couldn’t bear to think of selling it below that cost. So instead they sat on it, sometimes for years, with the plan to get rid of it “later.” Then, a funny thing happened. A new guy came in to run the company, and he heard their complaints about how they could not do anything to manage or lower the “corporate charge” assessed for things like accounting and IT. He also saw there wasn’t a whole lot of giddyup in their steps when it came to tackling slow-to-no moving inventory. So, he combined the two problems and started charging the locations for the corporate expenses as a percentage of their overall working capital (which was inventory plus accounts receivable less accounts payables). Overnight, our emphasis was placed on moving the unproductive inventory. We were so successful that we reduced our overall inventory by 25% within the first four months, freeing up *millions* of dollars in unproductive inventory. Our battle cry became, “Your first loss is your best loss”—so much so, we simply shortened it to Rule Number One.

As we continued to stress, “Your first loss is your best loss,” we realized that it was applicable to a great many challenges

we faced. When a customer called up, unhappy about something, we found that a complaint handled quickly often entailed far fewer expectations from the customer than one that methodically worked its way up the chain of command. A special-order mistake that was quickly written off and turned to cash was far cheaper than one that sat around and accumulated monthly working capital charges. Or, as I liked to point out, the manager was paying a monthly charge to have the right to procrastinate when he or she should address some problem inventory.

Rule Number One also worked with our accounts receivables. If we engaged a slow-paying customer as soon as they became past due and found out why they weren’t paying, it often turned out to be something within our control that we could immediately fix. If it wasn’t something that we had done, by engaging the customer sooner rather than later, we were at the front of the line compared to other creditors, plus we could limit our exposure sooner rather than later—another version of “Your first loss is your best loss.”

Rule Number One even plays out with hiring employees. Often, we know if a new hire is not going to work out. Yet, out of a sense of being fair, or because we hate to admit we made a mistake, we let that employee stay in the position far longer than we should have. Admitting early that an employee is not right for a position is obviously best for the company, but it also is usually best for the employee; then they don’t get a false sense of success and are not surprised when you do make a change.

So, the next time you are hesitant to write off some inventory or take a quick settlement of an accounts receivable problem, ask yourself if you will achieve any better result by waiting. If you can’t think of what that better result could be, then make the decision, and move on. Too many unresolved problems will weigh you down and eventually come back and bite you. Liberate yourself by making the decision quickly and decisively. Once it is off your plate, you will be free to go out and do what you do best—run your business. ■

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

# Sell your business now, or wait?

**ARE YOU WAITING** to sell your company for when the economy starts to weaken? That might be a bad idea. Here's why.

**First:** Look how long a down cycle can last. The last one—admittedly a very bad recession—lasted at least four years, and longer by some other accounts. (Some people insist it's *still* affecting deal values by suppressing them, because acquirers have never lost their jitters, fearful of a catastrophic drop in the market). If there is a downturn in 2019, and the dip lasts four years, we won't return to a strong seller's market until 2023 or 2024. That's six years from now. Let's say you're 60 and resist selling now, as you try to milk the last good years out of this current up-cycle. You'd be 66 before a deal gets done. Given that it sometimes takes eight to 12 months to get a deal done, from initial offering to closing, maybe you'd be 67. Willing to wait that long? If not, it might be time to take your chips off the table while you still have a big pile today, knowing that you risk leaving money on the table by selling, maybe, just before the peak.

**Second:** Values change, sometimes dramatically, even at the whiff of a downturn. Let's say you have a company that books \$20 million in top-line revenue, with a 14% EBITDA margin. Your EBITDA is \$2.8 million. Looking at the multiples of EBITDA being paid for companies in our sector today (around 5.5), it's reasonable to assume that your company is worth \$15.4 million. (5.5 X 2,800,000).

Let's say that a bad economic report comes out. Acquirers are, after all, reading the same media reports that we read. (In fact, they are probably reading them even more closely than we are.) With some softening of the economic forecast, the acquirer may hedge his bets a bit by offering 5X instead of 5.5X. This is referred to as a reduction of "half a turn."

Not a big deal right? I mean, how much can that affect values? Actually, it's rather dramatic. Let's do the math.

A company that is booking \$2.8 million in EBITDA, when purchased at a 5X yields a total enterprise value (TEV) of \$14 million, not \$15.4 million. Yes, that one-half a turn reduction drops the price of your company by \$1.4 million.

If that isn't impressive, just imagine if the acquirer drops the multiple of value down one full turn, from 5.5X to 4.5X. In this case, the company that once was valued at \$15.4 million is now valued at \$12.6 million. *Ouch.*

Do you still want to wait out the next recession? The "delta" there between 5.5X and 4.5X is \$2.8 million. That, coincidentally, is the EBITDA for an entire year of operations of the company we are using here for an example.

**Third:** There is a middle path. If you are not sure that you want to sell right now, and want to play the role of the gambler to see how long your streak lasts, why not prepare your company for sale today, put the deal on the street, and see what kind of offers you get. You may not even be aware of it, but a competitor may be lying in wait, with a secret strategic plan in mind, just aching to buy your business. Yet they've been unwilling to indicate that interest to you. If you put your company up for sale, it may surface interest you weren't aware of. If no offers came in, or if offers came in that were lower than you wanted, you could simply take the company off the market for when your performance is better, or the atmosphere changes.

Keep in mind that selling your business takes time. It takes at least two months, sometimes longer, to properly prepare a deal book, and another unpredictable period of time to find a buyer, and then another period of months (at least two, often more) to go through the due diligence and closing processes. Be sure to bake that into how and when you time the offering of your company for sale, whether you sell in today's good market, or a future market we can't predict. ■

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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# A FEW KEYS TO SUCCESSFUL SUCCESSION PLANNING

I served as a moderator at the LBM Strategies Conference 2018 held in Philadelphia in September, and I moderated a panel discussion focusing on a topic that is of the utmost importance for many lumber and building materials business owners: Succession planning.

I had a tremendous panel including Dennis Stine, CEO of Stine Lumber Company; Chris Goebel, Chairman of the Board and CEO of Star Lumber & Supply Company; and Jim Davis, President and CEO of Barrons Lumber. Each of the panelists leads well-respected, successful companies and each provided valuable insight including specifics of the planning they have done.



## AMONG THE TOPICS DISCUSSED:

- Ownership Succession and Management Succession
- Deferred Compensation Arrangements for Key Executives/Employees
- Active/Inactive Owners
- Owners Approaching Five Years from Retirement and What Should be Put in Place
- Life Insurance Issues and Concerns
- Company Valuation
- Buy-Sell Agreements
- Biggest Challenges

## TWO OF THE DISCUSSED TOPICS IN MORE DETAIL:

**Ownership Succession and Management Succession** plans in a macroeconomic context are the engines that keep businesses perpetuating. Most business owners think of succession primarily from an ownership perspective and yet while ownership succession is often the focus, many business owners in general are not actively addressing management succession. Management succession should be something that is proactively done as well.

A business not only needs to keep the existing management team in place, but also in a best-case scenario make sure that the next generation of leaders and managers is

properly groomed and remains with the company. One of the difficulties business owners often face is the question of how a business retains the managers to begin with. Sure, a nice salary and compensation package can be attractive, but it doesn't necessarily create the motivation for talented employees to not look around to see if the grass is greener elsewhere. Non-qualified deferred compensation programs are often utilized as a way to retain and reward key employees by staying with the company until retirement. Essentially, it is a legal promise to the employee that if he or she stays with the organization until retirement, they will receive an additional and very attractive retirement compensation package.

**Active/Inactive Ownership** is often a challenge for parents who own a business when not all members of the next generation is actively participating. Does it make sense to transfer the business to all the children regardless whether or not they participate? Traditionally, for most businesses, the answer has been "no." There are many potential conflicts that may arise with inactive shareholders, however. Dennis Stine and Chris Goebel both provided personal examples of how their companies have allowed non-active owners and how they have made it work.

The intention of this recap, unlike other articles I've written for *LBM Journal* that provide a lot of detailed information on a particular subject matter, is to further drive home the absolute importance of addressing your own business succession planning. If your intention is to successfully transition your company, you *must* proactively address this topic. Proactively addressing the topic means knowing with 100% certainty that the plan you have in place or will be putting in place meets all of your objectives from both a financial and personal perspective.

Additionally, as discussed at the LBM Strategies Conference, it is critical to review and update your planning. My esteemed panelists have proven to be leaders in the LBM industry not only because of the successful companies they run, but because they realize the necessity of proper business succession planning for the long-term viability of their companies and employees, and most importantly, they have acted upon it. ■

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

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# HOW DUNN LUMBER TURNS CUSTOMER EVENTS INTO PODCASTS



BY JAMES ANDERSON

**L**ike many lumber dealers in search of new ways to reach an increasingly tech savvy audience, the marketing team at Dunn Lumber in Seattle knew they needed to try something different. But, like any business breaking into new territory, the directive was to keep costs to a minimum. With the help of a local advertising agency, Dunn Lumber's VP of Sales and Marketing, Jim Coshow II, decided to take a leap into the growing trend of podcasts. Rather than take on the expense of generating new content for the company's podcasts, Coshow's team repurposed its customer appreciation breakfasts and dinners into live podcast events.

In doing so, something new comes from something old. "We started these breakfasts about 30 years ago," Coshow said. That's before some of his podcast listeners were born.

Getting into podcasting might not be top-of-mind for most lumber dealers. Coshow admits, it's "definitely out there on

the edge. Most people in our industry, if they have a marketing budget, it wouldn't be on the top five of their list of things to do."

But the podcast has received a lot of traction for Dunn Lumber. Coshow says there is room for improvement as far as analytics are concerned, but in his mind, the goal wasn't to get as many downloads as quickly as possible.

The podcasts are also helping to increase the knowledge base of Dunn Lumber employees, Coshow says. Like most dealers, turnover in recent years has been higher. Faced with staff with less tenure than years past, Dunn Lumber uses the podcasts to help try to augment longer-term institutional knowledge.

"My main goal, a bigger goal, is to be a resource for our own employees going forward. I've been in the business 40-plus years. It's almost terrifying how many things there are to know and how much it's changing. We take it seriously trying to get things right."

Some of the topics, whether it's building science, or a materials discussion (such as a recent podcast featuring Paul Mackie of the Western Red Cedar Lumber Association, and Gary Katz of the Katz Roadshow) become essential resources to have on hand. Dunn Lumber also shares those recordings with builder customers and it helps them increase their learning.

### LEARNING CURVE AND INVESTMENT

While the content side of the podcasts was already taken care of by event speakers, Coshow says he has also changed up his speaker selection process just a bit to make sure the presenter has a voice and topic that is podcast-ready. He says that now he has a fairly good idea of how well a speaker will translate to a podcast audience, but sometimes there are still the instances of "we're taking a chance and recording it, hoping it will make a good podcast."

The biggest learning curve in taking on the podcast has been hiring the right people to do the recordings, Coshow says. The customer appreciation breakfasts don't take place in a studio environment. With anywhere from 40-90 attendees each time, there are plenty of background noises to contend with. The key has been hiring professionals to handle the recording and the editing process. Staff also takes pictures during the event and writers craft a written intro for the company's website. Any reference materials provided by the speakers are also uploaded to the company's blog that houses its podcasts and are available for download.

When the podcast is uploaded and the content including photos and editorial is created to support it, Dunn Lumber lets its website visitors know via Facebook that a new podcast is available. The announcement is also made on the company's blog, Dunn Solutions, and in customer emails.

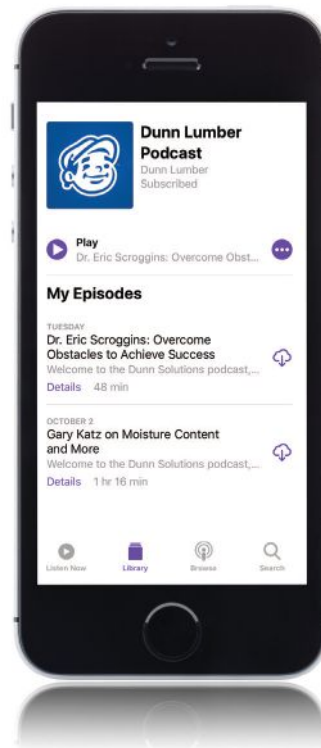
While it all sounds like a lot of work, Coshow says he is mainly the intermediary between his team and his marketing agency that helps produce the podcasts.

"I just bring them in to record it. They edit it, and we go back and forth on the content intro on the blog site," he says.

### LISTEN TO DUNN LUMBER'S PODCAST

Visit [solutions.dunnlumber.com](http://solutions.dunnlumber.com)  
Podcasts are available on the company's blog, Dunn Solutions.

Download via Apple Podcasts or any podcast app and search Dunn Lumber.



### FOCUS ON BEST PRACTICES

Whether for blog posts or podcasts, Dunn Lumber creates content for DIY customers more so than trade professionals.

"I understand our marketing folks might not be thinking that way, but to me when it comes to installing a door or a weather-resistant barrier on the home, there's usually one best practice. We've had some internal conversation on those, and we've decided to focus on best practices. The platforms they're served up in might be different."

When Dunn Lumber shares a blog post on its website, some topics garner more conversations than others. "Some commenters will weight in and say, 'I've been doing it this way for 20 years,'" Coshow says. "We're trying to help raise the bar and teach people how to avoid challenges."

### GETTING STARTED

For other dealers looking to get into the podcast arena, Coshow suggests making sure you are aware of the investment of time and resources it will take. While the investment may seem more significant up front, it can pay off as the podcasts and other blog content surrounding it live on at Dunn Lumber's website in perpetuity.

"At the end of the day, I'm guessing we're doing it in a professional looking and sounding environment," he says. "There are probably more DIY ways to do that."

His biggest recommendation is to be extra selective in your speaker choices, he says. Steer away from any topic that is just a sales rep talking about his product. If that's the case, it has to be something really specialized or new, or something you can solve for customers, such as mistakes with the installation of a product.

"You want to plan and make sure that the content is relevant to whatever your intended audience is," Coshow says. "You're putting this in front of your best customers and your future customers." ■

REAL ISSUES. REAL ANSWERS.

# UPGRADE



Knowledge is power. That's especially true in the wildly competitive LBM distribution market, where accurate, up-to-date insights into sales, margins, deliveries, inventory positions and more can make a significant impact on a company's bottom line. While today's technology solutions for our business are more robust than ever before, transitioning to an updated platform is a big decision, and a big investment. That's why this month's Real Issue is:

## TRANSITIONING TO NEW ERP/BUSINESS SOFTWARE

BY RICK SCHUMACHER

**WE FIRST ADDRESSED THIS TOPIC TWO YEARS AGO.** Given the velocity of technological change, we decided to revisit it for this issue. The results of that 2016 survey included some unexpected information. For example, we learned that half of the respondents were using software platforms that were more than 10 years old. And nearly 20%—18.6% to be exact—were using software that was more than 20 years old. Considering how fast technology advances, and how far it has come in the past decade, this was surprising.

As we do each month, we sent an email survey to readers who've opted in to receive our email communications. A big thank you to the nearly 200 readers who participated in this month's survey. If you'd like to participate in future surveys, just drop me a note at [Rick@LBMJournal.com](mailto:Rick@LBMJournal.com) and we'll add you to our opt-in email list.

### QUESTION 1

First, we wanted to learn how long readers have been using their current software solution. As you'll see in **GRAPH 1**, the number of readers relying on software that's more than 20 years old has dropped significantly to 9.1%, as opposed to 18.6% just two years ago. That result reinforces the fact that 23% of readers have upgraded their business software within the past three years.

It's notable that 12.3% of respondents replied that their companies don't use ERP/business software. The most common reasons for not using ERP/business software are the investment, concern about the time and effort to implement the system, as well as possible disruptions to their day-to-day business operations. The companies who supply ERP software argue that the savings from more efficient operations and reduction in errors typically covers the cost of the new system quickly. (For more on the features and benefits of the latest software solutions, check out the InDepth: Tech Tools on page 56 of this issue.)

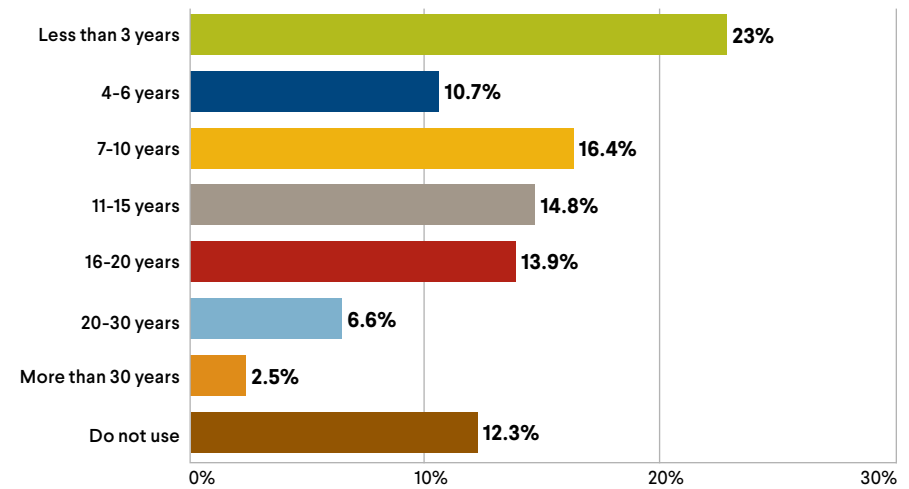
### QUESTION 2

Next, we wanted to learn how soon companies plan to upgrade their business software. As **GRAPH 2** shows, nearly half of respondents (44.9%) plan to upgrade or transition their ERP/business software within the next three years. The fact that nearly a quarter of respondents (24.3%) plan to upgrade in ten years or more shows that a healthy percentage of readers are not driven to own the latest/greatest technology tools. Also notable is the fact that just 5.6% of respondents selected "N/A—we don't use business/ERP software." Since that number is less than half of the 12.3% from the previous question, it's likely that a number of companies who don't currently use ERP software are planning to take the plunge.

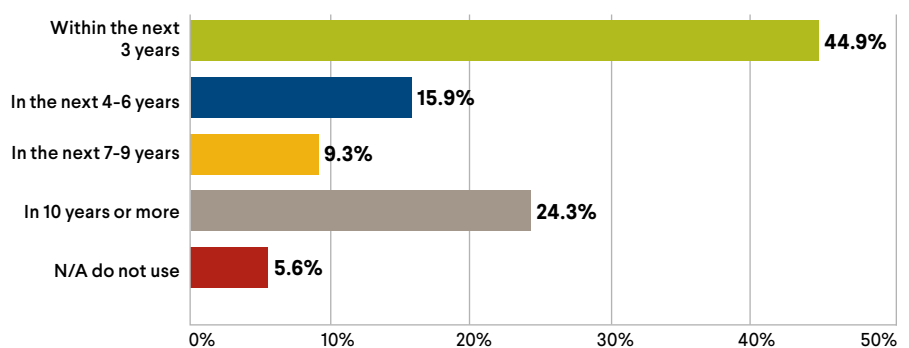
### QUESTION 3

Lastly, we wanted to know the reasons that companies choose to update when they do, especially given the pace of technological improvements. As **GRAPH 3** shows, the number one reason for not upgrading more

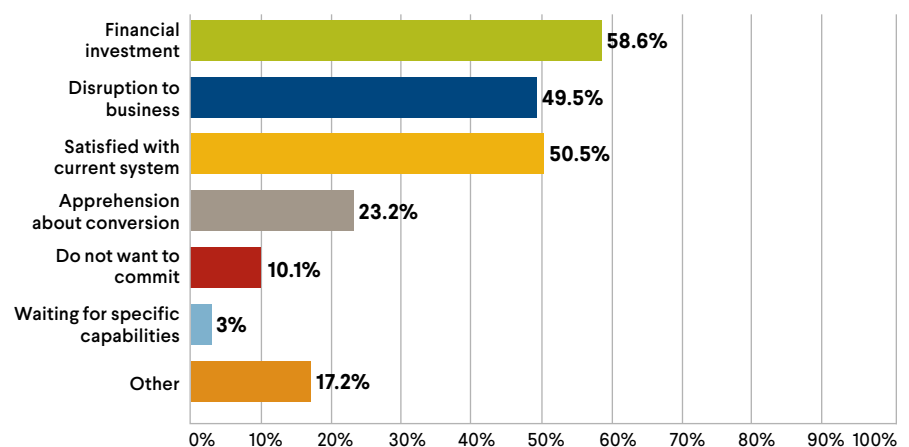
**GRAPH 1:** Approximately how long has your company been using its current ERP/business software?



**GRAPH 2:** When do you foresee your company upgrading/transitioning your ERP/business software system?



**GRAPH 3:** Given the rapid improvements in technology, why doesn't your company upgrade its ERP/business software more frequently?



frequently is the financial investment (58.6%). Satisfaction with current system and disruption to business came in a close second and third, respectively (50.5% and 49.5%). Of the 17.2% who checked "Other (please specify)," >

here are some representative answers. As you'll see, there are a number of reasons dealers hold out on ERP upgrades.

"Just switched."

"It's a terrible distraction to change."

"Complacency."

"We only change when our current software/hardware is totally obsolete."

"We upgraded four years ago, and our current system updates frequently to stay at the cutting edge."

"There is a substantial labor cost and loss of productivity when taking time to buy the latest/greatest."

"We upgraded in 2017. Our 'go live' day was March 20, 2017. A day that will live in infamy!"

"We are converting at end of year."

"Older generation not ready to move forward."

"Available systems not specific enough for our business. We would have to heavily modify any available system."

#### QUESTION 4

**A fellow LBM dealer is transitioning to a new ERP/business software system. What tips and insights would you offer to help ensure A) a smooth transition from an older system to the new one, and B) satisfaction with the final result? Also, if you've gone through a conversion recently, what would you do differently next time?**

"Get started early and do a top-down approach to make sure everyone is on board."

"A) Invest plenty of time in Research, Planning and Training. B) see A)"

"Clean up existing database. The information in your new system will only be as good as the information you transfer from your existing system. As they say, 'garbage in, garbage out.'"

"From our experience, nothing you do will make for a smooth transition, but getting buy-in from the opinion leaders throughout the company will help build the enthusiasm needed to carry you through the nightmare without risk of employees suffering from post-traumatic stress disorder. Satisfaction will come in time, and there is a direct correlation between the attitude of employees and the sense of satisfaction with the final result."

"Don't assume that all the features you use today will be in your new system. Test all your business processes to make sure there are as few 'gotcha's' as possible."

"The key to success is more training for people who will be using the system. Also, more involvement of accounting staff during the transition."

"Ask me in six months, upgrading now."

"Training is the key. Have at least one employee per store, per dept. trained and proficient on the new system."

"It's important to know how effectively your database can be migrated to the new system. It'd be helpful to talk with any others who have migrated from your current platform to the new one. Are there any hands-on user conferences or 'boot camps' that you could attend prior to making a decision? It's always good to have a chance to 'walk in the shoes' before you buy them."

"Practice makes perfect. I suggest that users practice on the new system four times more than suggested. Allow twice as much time for implementation. Time spent upfront will pay dividends once the system is live."

"My advice to a dealer transitioning would be to look at the prospective software company's implementation and training process. The more comprehensive the process, the better the implementation will be. Make sure your people are thoroughly trained ahead of 'go live.'"

"Prepare for a lot of planning, prep work, and training. You want to make the transition as pain-free as possible for all your associates, and to insure there is no negative impact to your customers. We are really satisfied with how things have worked so far with our new system. We still learn new things every week, and continue to tweak the software to get the most out of it."

"I would say the one thing we would do differently would be to do more training. You can never have enough practice and training. Our users who embraced the software from the beginning and put time into training had a very smooth transition."

"Train everyone at the same time."

"We upgraded two years ago. The system we chose really doesn't do much to help anymore. It should have been my full-time job to implement."

"Always choose a system that's comfortable for you and your team."

"We changed systems in 2011. Here's my advice based on our experience.  
1) Sign up early in the year to change the following year. If you sign up late, you get what's left for trainers; if you sign up early, you will get better trainers.  
2) Spend lots and lots of time convincing your employees that the new system is the correct decision, you don't want them fighting the new system.  
3) Lastly, you'll find out what all of your bad habits have been. All of your info—vendors, item codes, payables details, etc.—all have to be accurate to work with the new system. If they're not, you could end up spending a lot of time correcting item codes and adding vendors after you go live."

"Our satisfaction with the final result has been great. Just the credit card program alone saved us around \$30,000 in fees the first year. Currently, after being on the system for seven years, we are still getting into new things that continue to help. No matter what a new system offers, realize that you aren't going to be able to take advantage of everything at once, some things are going to take years."



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REAL ISSUES. REAL ANSWERS.

“We went through a conversion five years ago. I can’t stress enough the importance of doing your homework, and preparing like there’s no tomorrow. We transitioned in about a six-month period, and that was way too fast. Take your time, and make sure everything is in order the way you want it to be *before* you go live. We have spent a lot of time fixing things that would have been much easier modified beforehand.”

“Three things for your staff to do before installation day: Train. Practice. Practice more.”

“Don’t take the salesperson’s word for anything. Talk to others who have converted recently to set expectations and learn about potential problems. They’re going to be your most valuable resource. Next best are the help and installation staff from the software company.”

“Before pulling the trigger, make sure you have good availability to tech support. And make sure the new software handles data the way that you want.”

“We went through a transition 16 months ago. We were extremely prepared with lots of upfront training, but there were still issues. I strongly suggest that the dealer meet with existing customers of that software company and compile a list of unexpected issues that they’ve encountered in order to better prepare for the transition.”

“In my opinion, no provider is competent. Have your own expert employee capable of managing your system with little or no help from the software company.”

“Ensure the system provider offers support, and that a healthy amount of support is included in the purchase.”

“Patience, Patience, Patience. Think of it this way: One the day you go live, your entire company are essentially new hires. What was intuitive is no longer, everyone has to think about what they are doing. In six months, you’ll wonder how you managed prior to the new software.”

“Training is crucial. Also, consider streamlining your workflows during the selection and implementation process.”

“Choose your technology partner carefully. Be sure the culture is a good fit. Then, once you’ve chosen your system, test, repeat.”

“Make sure you understand from the company the background of the trainer so you don’t get someone training your people who doesn’t understand what you do. It’s critical that they understand your business.”

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



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## Introduction

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

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

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

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

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

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

### 1. Revenue is king

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

### 2. Short on strategy

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

### 3. Limited insight into results

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



## **4. Time is money**

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

## **5. You want more**

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

## **6. Sense of urgency**

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

## **7. Competitive landscape**

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

## **8. The future**

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

## **9. Value for money**

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

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

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

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



## Selecting the right software solution provider

Look for a solution provider who can:

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

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

---

### About Epicor

Epicor Software Corporation drives business growth. We provide flexible, industry-specific software designed to fit the precise needs of our manufacturing, distribution, retail, and service industry customers. More than 45 years of experience with our customers' unique business processes and operational requirements are built into every solution—in the cloud or on premises. With this deep understanding of your industry, Epicor solutions dramatically improve performance and profitability while easing complexity so you can focus on growth. For more information, connect with Epicor or visit [www.epicor.com](http://www.epicor.com).



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"A) Pick a better or less busy time of the year to make the switch. B) Train all users ahead of time and have support on-site or ready for the first few days or first week of conversion to manage mission-critical functions. Clean up or prepare your database before importing all your inventory, parts, vendors and customers into the new one, or you'll have lots of out-of-date information that can clutter your new ERP. And make sure old system or back up is available for reference."

"Make sure you test the conversion files. Don't assume that your information came over correctly."

"I suggest that you change your processes instead of changing the computer system. Once you change the computer system, you won't be able to upgrade each year. You will be stuck with your current system and it will just get more out-of-date each year."

"Time of year is crucial, you don't want to be busy when this is going on. You need to get your existing ERP completely cleaned up six months before you begin this process, and you need ample training on real situations for every department...A/R, A/P, outside sales reps, inside sales reps, accounting, management, etc. Because an ERP change will fundamentally alter the way you do every transaction in your business."

"Get training from the software company and make sure everyone in your company gets trained on it properly. Sometimes it is best to have classroom-type training, because some employees will ask questions while others might be afraid to ask the same question."

"Talk to plenty of dealers before you move forward, and be sure you choose a company that has great customer relationships and support."

"Make sure you have a motivated point-person spearheading the project, and make sure that person has the full backing and support of management and owners."

"Training, training, training! We went from a green screen 25-year old system to a state-of-the-art windows-based platform. Our staff experienced some angst with the change. We invested in a day-long training session for everyone with our implementer. Then, we gave out assignments for completion in the training environment. We did this over the winter, which in the Midwest, is a slower time."

"Realize the learning curve is steep and that the training is probably going to be inadequate. Additional needed training always comes at a cost, and you are at the mercy of the software company as they can turn your system off at anytime." ➤

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REAL ISSUES. REAL ANSWERS.

“Be prepared for costly changes to their ‘out of the box’ solution, in order for it to truly meet your needs. Ask lots of questions. Don’t assume anything. Get your people involved early and often.”

“Find a ‘friendly competitor’ and go visit their business, and interview everyone who interacts with this system. Get demos of systems you’re considering, and ask lots of questions.”

“Don’t let the new system dictate your business processes. If you have a process/system that works already, then make sure the software can accommodate you, not the other way around. Also, be prepared to add staff to make the change. They will be needed before, during, and after to minimize business disruption. You would set yourself up for failure to expect that current staff can do their regular jobs and transition software at the same time.”

“Testing is the most important thing you can do. Make sure all your business processes can be handled correctly before final installation and ‘go live.’”

“Go slow. There should be built in overtime for admin, and a lot of simulated work to be done in a simulated environment before going live if you hope for any degree of smoothness. Go with a larger software provider that can have technicians on-site. Trying to phone in questions at this critical juncture is not very effective.”

“Don’t believe everything the ERP salesperson says. Instead, go visit two or three users to make sure the system you are considering can do everything you need it to do.” ■

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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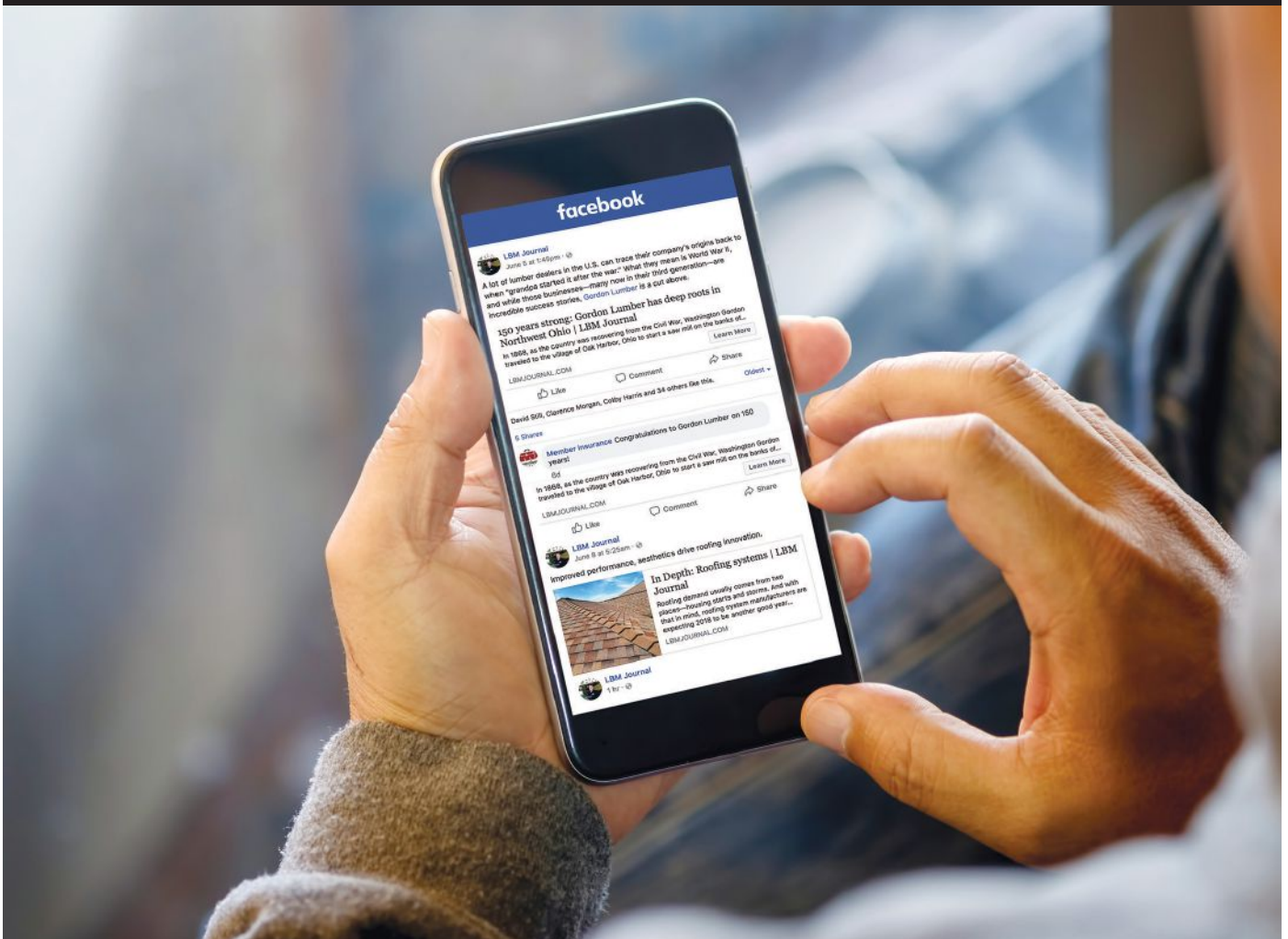
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SERIOUS ABOUT GROWING YOUR BUSINESS? WE ARE.

# LBM JOURNAL®

BY JAMES ANDERSON

# FIRST-NAME BASIS

IN THE HEART OF WINE COUNTRY, CENTRAL VALLEY FOCUSES ON COMMUNITY.

**I**n its stores and in its communities, below the ground and above the ground, Central Valley strives to build on a solid foundation that is deeply rooted in buildings and farms of all types in Northern California.

Now in its 63rd year, Central Valley's heritage began with a single lumberyard that expanded to meet the needs of its region, and its people. Today, it reflects the requirements of the region's builders, farmers, and vineyards.

Located in the heart of Napa Valley, Central Valley first took root after World War II, and was purchased by the grandparents of Steve Patterson, the current President and CEO. >

In the heart of Wine Country, "you're either dealing with builders or a winery," says Steve Patterson, President and CEO of Central Valley. "There's a little product overlap, but a very different business cycle. One may lead while the other lags." But both are subject to weather cycles and the need to rebuild following the ravages of wildfires.

PHOTO BY ALICIA MILLER

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# CENTRAL VALLEY

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Surviving and thriving over several generations, Central Valley gained its original name as Central Valley Builders Supply because it was based in St. Helena, Calif., in the center of Napa Valley.

The growth of the business was a family affair that benefited from the solid leadership of Patterson's entrepreneurial grandfather, and then his father. His mother also served as President and CEO between 1992 and 2004 and continues to play an active role on the Board of Directors today.

"They started out with three employees, one truck, and one forklift. Like a lot of businesses then, they put a lot of blood, sweat and tears into it," Steve Patterson says of his family.

Since those early days, Central Valley has expanded to six locations. Four of them—St. Helena, Napa, American Canyon, and Woodland—are full-line lumberyards. The 13-acre American Canyon location also serves as a distribution center and production yard, and a gateway to the greater San Francisco Bay Area. This year, the company's growth expanded to include the addition of a 35,000 square foot pre-fabricated wall manufacturing facility based in Yolo County. The wall plant was designed to support and expedite the building and redevelopment of the area following dramatic and devastating fires in Sonoma and Napa Counties.

In the heart of Wine Country, "you're either dealing with builders or a winery," Patterson says. "There's a little product overlap, but a very different business cycle. One may lead while the other lags." But both are subject to weather cycles and the need to rebuild following the ravages of wildfires. While Central Valley works with two very diverse customer bases in the builders and farmers it serves, the customer segments behave in similar fashion, so the company has learned from each industry how to help serve the other. Central Valley has uniquely positioned itself at that intersection as "we have people who can speak the language and walk the talk in both," Patterson says.

Supplying over 1,300 vineyards, growers, and landscapers, Patterson says, "We sell basically everything above and below ground for the vineyards. Everything from trellises, T-posts, cross arms, and PVC for drip irrigation systems."

The agricultural side of Central Valley's business at all the facilities makes up about 15% of the company's overall revenue.

Coupled with business expertise that serves the region, Central Valley has also maintained a philosophy of remaining integrated into the communities where it does business. One of the principles of this approach is that Central Valley locations are customer-focused, multicultural, and diverse,



LEFT: Steve Patterson and his mother Kathleen who served as President and CEO between 1992 and 2004 and continues to play an active role on the Board of Directors today.  
PHOTO BY CHRISTINE TOMLINSON

BELOW LEFT: Central Valley's Healdsburg facility in Sonoma County caters to vineyard managers. CENTER: Central Valley's American Canyon is one of two production yards. RIGHT: Central Valley's St. Helena store also includes a 25,000 sq. ft. Garden Center.  
PHOTOS BY ALICIA MILLER





Solidifying its presence in Napa County, Central Valley has expanded to six locations across three Counties since 1995. Four facilities—St. Helena, Napa, American Canyon, and Woodland—are full-line lumberyards. The company also owns a prefab manufacturing facility in Yolo, CA. PHOTOS BY ALICIA MILLER

with employees who are diligent about learning and understanding local needs. This approach starts with the initial expectation that business representatives know their customers by name. This philosophy is also integrated into Central Valley’s product selection and hiring practices, with merchandise tailored to specific markets, and services provided in several languages.

### WALL PLANT

Serving both Sonoma and Napa counties, which were hard hit by wildfires, Patterson says he has been personally motivated to get people back into homes. Patterson went directly to customers to help design a solution. With an ongoing push for construction and rebuilding, and a need to have ready-made materials that would decrease the need for added labor—which was already in short supply—Central Valley launched a manufactured wall plant in 2018.

“We looked for ways to increase our customers’ productivity at the jobsite and found that there were some things we could do internally,” Patterson said. “I found we could shorten the timelines for our customers by providing pre-constructed walls. That way, they could be more efficient in their use of time and build more homes with virtually the same number of people.” This is an area of the business that continues to grow, with heightened demand and a continued innovative approach that is exploring ways to further expand productivity through technology.

### GROWTH AHEAD

Central Valley continues to provide a solid business model that engages and supports its employees and provides a positive work environment. The company continues to expand

and has more than tripled since the end of the Great Recession through organic growth. Now with its announcement that it has entered into a definitive agreement to purchase the 100-year old Solano County-based building supply company Foster Lumber, Central Valley is now growing through acquisition. With California-wide labor shortages, Central Valley is active in its intent to be the employer of choice for its 280 employees. While temporary employees fill out seasonal fluctuation, the continued growth of the customer base has supported the company’s role in building jobs in the area.

The company has been growing its economic impact in the area, and has bolstered revenues as well, finishing out 2017 with \$117 million in revenue and a forecast of \$140 million in 2018. ➤

### GET TO KNOW CENTRAL VALLEY

FOUNDED:	1955
OWNERSHIP:	FAMILY-OWNED
LOCATIONS:	SIX
EMPLOYEES:	280
SALES SOFTWARE:	EPICOR BISTRACK
CO-OP/BUYING GROUP:	LMC
TOP THREE VENDORS:	BOISE CASCADE BOSCH TOOLS SIMPSON STRONG-TIE

It's a healthy growth, Patterson admits, which he attributes to two things: First, the expansion of the customer base with an increase in building jobs. Second, revenue growth fueled in part by materials inflation.

"Everybody has had price increases. The key is that we also do pay attention to our units. We see how much we 'really grow' and we always compare our growth to how much we're growing in terms of units shipped."

Patterson says his company works with an outside firm to help forecast revenues, and he does see some headwinds going into 2019—namely, interest rates, inflation, and housing affordability. The key to Central Valley's continued growth, he says, is the company's ability to focus on the reality of the builder customers in an area of both increasing home prices and the rebuilding needs in a region affected by fires.

### FOCUS ON FIRST NAMES

While many business owners intuitively know that customers appreciate being greeted by their first name, Central Valley closely monitors the data in order to continue to improve customer service. In the midst of its rebranding, Central Valley invited customers to provide input, and quickly learned that those who reacted most positively did so because they enjoyed a first-name basis relationship.

**"WITH THE AGING DEMOGRAPHICS IN OUR INDUSTRY, THERE IS GOING TO BE TREMENDOUS OPPORTUNITY TO GET INTO THIS INDUSTRY AND CREATE A VERY GOOD LIVING. OUR CHALLENGE IS MARKETING AND COMMUNICATING EFFECTIVELY TO MILLENNIALS AND THOSE BEHIND THEM. THIS IS AN INDUSTRY IN WHICH YOU CAN BE YOUR OWN BOSS. IT IS AN EXCITING TIME TO BE IN THE INDUSTRY."**

— STEVE PATTERSON

"We strive to do best by our customers. We love sharing what we know. We believe in doing the best that we can in terms of how we respond to customer concerns," Patterson explains.

The company's personal connection with customers is also being instilled in the next generation of Central Valley team members. Customer service, job satisfaction, and the opportunity to make a difference in the community while also making a good living, is important to the team.

"With the aging demographics in our industry, there is going to be tremendous opportunity to get into this industry and create a very good living. Our challenge is marketing and communicating effectively to millennials and those behind them. This is an industry in which you can be your own boss. It is an exciting time to be in the industry."

Actively participating in the communities it serves is very important to Central Valley. To codify this, it joined the Pledge 1% initiative. Today, Central Valley donates 2% of its profits to help build strong families and affordable housing. The company offers paid volunteer time—an opportunity to take time off, get paid for it, and volunteer in their community with an organization aligned with its philanthropic focus. Through the program, staff at Central Valley have helped with Habitat for Humanity builds, and many more programs.

"Sometimes it's responding to a crisis in the community," Patterson says. "In response to the fires, we donated store profits for select days, and worked with one of our vendors to supply food and clothing to fire victims.

"These are the people who patronize our stores and work at our facilities. Affordable housing in our communities is difficult. In our area especially for the average person. We do what we can to help that," he says.

"The acquisition of Foster Lumber is a strategic step toward accomplishing Central Valley's overall growth goal. Like Central Valley, Foster Lumber has a rich history. It has been in business for 98 years and is family-run. This opportunity allows us to serve our customers better together and make sure the legacy of Foster Lumber remains in good hands." ■



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## CUSTOMER SUCCESS STORY **HICKORY HOME & GARDEN**

# Spruce® Software Helps Keep Garden Center Growing and Secure after a Cyber Attack

**A**fter using Spruce business management software from ECI Software Solutions for more than 10 years, folks at Hickory Home and Garden Center in Hickory, North Carolina, have a pretty good idea of the benefits ECI's software system offers LBM operations.

The company's office manager, who boasts an accounting career that began in the early 1980s, describes Spruce as the easiest program she's ever used to handle the financial side of a business.

### SPRUCE SOFTWARE FOR HOME CENTERS HAS BEEN THE CATALYST TO DOUBLING SALES AND EXPANSION INTO NEW PRODUCT CATEGORIES

Aaron Poland, another veteran with over 20 years at the company, says Spruce is a key reason why Hickory Home and Garden has more than doubled sales in the past five years while only adding three more full-time employees—going from 15 to 18.

It's also why, he says, the company has been able to expand successfully into new product categories. Sales of power tools have risen from \$800–\$1,200 per year five years ago to close to \$150,000 per year today. Fertilizer and grass seed sales have risen from about \$8,000–\$9,000 per year three years ago to \$90,000 per year today.

Growth on that scale without careful management of the basics can often cause serious cash flow and/or profitability problems. But that has never been a concern at Hickory Home and Garden thanks to Spruce, says Poland.

### AS THE BUSINESS GREW MORE COMPLEX, SPRUCE SOFTWARE MADE GROWTH MANAGEMENT SIMPLE

"We have a very diverse mix of products and services and we are able to run just about all of it with Spruce," he reports. "Spruce makes it easy for us to track inventory, make sure our pricing is where it needs to be, and deliver superior customer service, whether it's to our retail walk-in trade, general contractors, or specialty landscapers in our market. Spruce takes what could be a very complicated business and makes it simple for us."

### A VICIOUS RANSOMWARE ATTACK MADE THE THREAT OF CYBERCRIME A PAINFUL REALITY

If all of that wasn't enough, adds Poland, Spruce software has given him and the rest of the Hickory Home and Garden Center team something that in many ways is even more valuable: a far greater sense of security against the growing threat of cybercrime.

Poland still has vivid memories of what happened at the company on September 29, 2017. "It was the day before the end of our fiscal year and we were getting ready to close out the books," he recalls. The only problem: when Poland and the rest of the team came in to open for business that day, they found themselves victims of a vicious ransomware attack.

"None of our computers would come up and the main server was showing an 'Unable to find the C Drive' message," reports Poland. Not only were all the files on the server encrypted but the attack had also encrypted everything on the external hard drive the company used as a backup.

"We were able to get email, though, and that's how the attackers told us how we could pay for the decryption code that would give us our files back," he reports.

## UNLIKE MANY CYBERCRIME STORIES, THIS ONE ENDED HAPPILY

Fortunately, in addition to the external hard drive backup, the company also did a daily backup to a flash drive. Without the data on that drive, this story would have ended very differently.

"We had been thinking about moving to the cloud-based version of Spruce for a while before all this happened, but the ransomware attack made it clear the time for just thinking was over," Poland explains.

The average time to convert from the on-premise version of Spruce to the cloud-based version is two weeks. Urgent cases, for example those involving ransomware, however, are prioritized to help these customers get their businesses back online quickly.

"I called Spruce, told them the situation and they couldn't have been more responsive," he says. The ransomware attack came on a Friday and by the

following Monday, Hickory Home and Garden was up on the cloud and back live again with Spruce, with all of their data loaded and accessible.

## SPRUCE'S PEOPLE WERE JUST AS INVALUABLE AS THE SOFTWARE

"Spruce really came through for us when we needed them," says Poland. "They provided a dedicated support person who set up each computer remotely and made sure everything worked properly. They even made it possible to add our company logo to our receipts and charge tickets when they print out."

## THE MOVE TO CLOUD-BASED SPRUCE PROVIDED CONFIDENCE AND CONVENIENCE

"Before we moved to the cloud, I would always have to go in early or stay late to do software updates and other maintenance. But now that's a thing of the past," Poland happily reports. "Not only do we have more time to spend on what's important for the business, but now we can be confident that we're protected against ransomware attacks, spyware, viruses, and all the other online threats out there."



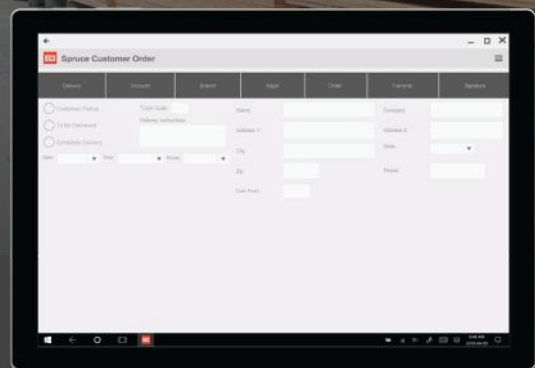
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## SEE WHY SPRUCE IS THE SOFTWARE THAT LBM DEALERS TRUST.

*"We wanted an industry-specific, lumber-based software program and when we started looking at what was out there, it became clear very quickly that Spruce was the logical choice."*

—Melody Drnach, Liberty Cedar





## IN DEPTH

# TECH TOOLS

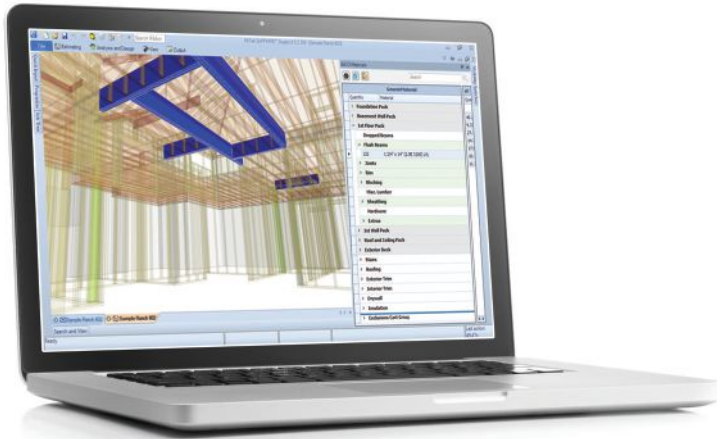
INNOVATION AND OPTIONS ARE PLENTIFUL,  
BUT CHOOSING THE RIGHT SOLUTIONS  
TAKES PLANNING.

BY JONATHAN SWEET

**WHETHER IT'S AN ERP SYSTEM OR ESTIMATING SOFTWARE**, a new point-of-sale solution or GPS tracking technology, there are plenty of options out there for dealers looking to improve their business through new technology.

At the same time, that wealth of options can be overwhelming. Choosing any new software is an important decision.

Having involvement from managers and other supervisors will not only help determine areas that need to be improved, but will help ensure employees are on board with the changes, says Jason Parchomchuk, Product Manager for BisTrack at Epicor.



“You need that strong leadership to get the employees to buy in,” he says. “If you have that, it’s going to make the job a lot easier.”

Doing your homework up front can help make that transition go much smoother, and avoid problems in the process. “First, they should find a system that fits their business, its needs and users,” says Jeff Rogers, Marketing Director for Paladin Data Corporation. “Moving your business to any digital platform is a big commitment, so merchants need to make sure the system they choose solves their needs now and in the future.”

### KNOW WHAT YOU WANT

One of the most important steps when looking at making a change in software is being sure you know what you want out of the solution.

“Involve all of the managers of key areas of your operation—sales, millwork shop, logistics, accounting,” says Pat Gannon, Vice President of Sales for Ponderosa Software. “Use this group of in-house experts to identify bottle-

necks and areas for improvement. This includes areas where you know you’re not as cost-effective as possible or that can be improved through access to better information or even automation.”

Those key managers can help a company identify specific areas for improvement. Ranking those features and deciding how important they are can help make decisions down the road.

“Write that down, and then have an order of importance ... so, I need to know what my specific requirements are, prioritize and rank them in such a way that you can figure out, how do I point and score these things,” says Felix Vasquez, CEO of Hyphen Solutions.

It’s also key to know about the technical capabilities of a potential partner. How often is the software updated? Can the company deliver on what they promise?

“Software should be a tool that allows you to do more with less,” says Neil Faulkner, Software Sales Specialist with MiTek’s Sapphire Supply. “But it also should be a tool that has a vision to grow into the future. ... If you’re bring-

ing on a software platform, you want to ask those companies, ‘What are your plans for the future? Where do you see this going?’ MiTek updates their software about every three months. We’re constantly evolving it. And we evolve because our customers are asking for us to make changes and updates and modifications, and we respond to that.”

Before investing in a new system, consider the track record of the provider, says Seljx Sales Manager Lloyd Sherwood.

“Look at how long the software has been around and what new products they have introduced over the past couple years,” Sherwood says. “This will give them a good understanding of the company and if they are innovative. Customer testimonials and referrals are always helpful [and] they give you an understanding of other dealers’ experiences.”

Holden Melia, Executive Vice President of Sales and Marketing for DMSi, agrees, noting it’s important to know about the company’s support and track record with other dealers. ➤



ABOVE: Using Building Information Modeling, MiTek’s Sapphire Supply is able to create more accurate estimates, improving efficiency and reducing waste.

LEFT: Epicor BisTrack helps dealers track and leverage their data to gain insights to increase sales, deliver exceptional customer service and increase profitability.

OPPOSITE PAGE: GPS Insight’s fleet management technology helps improve efficiency by ensuring trucks receive preventative maintenance on schedule, tracking fuel efficiency and examining the utilization of delivery trucks.

“When you’re changing ERP systems, check the longevity and financial strength of any potential partner,” Melia says. “They should be competent, understand the market, and have a viable plan for the future. This isn’t a short-term decision. You should be confident in the long-term future of whoever you choose.”

Don’t just take a yes/no answer from a provider—ask to see how the features you want are going to work for your company, Melia says.

“I find that most ERP providers basically say yes to ‘Do you have this feature, do you have that feature,’ but until you really dive in to see how it handles your requested functionality, you won’t find the differences,” he says. “Make sure you’re exploring the depths of that system to see exactly how it will work for you.”

Choosing an industry-specific solution will also help ensure a successful

transition, says Cary Anderson, Vice President of Research and Development at Kerridge Commercial Systems.

“To me, that’s the most important part,” he says. “It’s historically been a very bad idea to use a generic software package to try and do building material stuff. And then the next thing would be is it fast enough and scalable enough for the size of their business.”

With any new platform, there’s going to be a learning curve, so dealers should look for a company that offers training and a good transition plan.

“Training is the most important part of the purchase,” Anderson says. “The software is important, but the training part is often the most neglected and most under-funded. A lot of people don’t understand, when they’re signing a contract for a system, how much they need to really pay for the entire training process. You don’t want to skimp on that piece.”

**GROWTH AND INNOVATION**

The best companies are always improving their offerings and looking to separate their technology tools from the competition. Epicor BisTrack is an ERP system built specifically for the building materials industry, with features designed to improve customer service, leverage data and simplify operations.

“It’s a whole suite of manufacturing, multi-branch customer retention management (CRM), web store, online portal, everything built into one package,” says Jason Parchomchuk, Product Manager for BisTrack at Epicor.

BisTrack also includes cloud-based mobile apps as well, allowing users to give customers quotes on the jobsite, make changes on the fly and track deliveries wherever they are. The company recently released mobile apps for iOS devices, joining the existing Android offerings.

“Everything you can do in the system you can also do while you’re on the jobsite,” Parchomchuk says.

ECi’s Spruce software is a cloud-based, end-to-end management software for LBM dealers. It can help dealers with point of sale solutions, accounting, delivery and more.

What sets Spruce apart from other software is the company’s depth of knowledge in the lumber and building materials industry, says John Maiuri, President of the LBM and Hardlines Group at ECi.

“For over 30 years, the various people and applications that we manage have been solely focused on the LBM and hardware space,” he says. “It’s the core of our business. Really, by and large, the only business that we do. And that truly does distinguish us.”

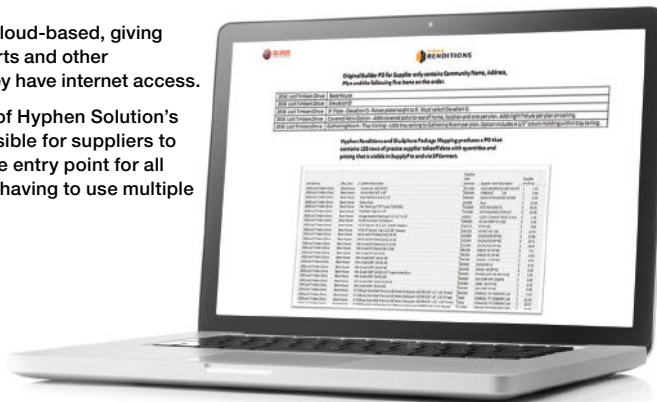
ECi has worked hard to find experienced LBM professionals to help guide the product’s development.

“There’s a massive amount of consolidation occurring every year,” Maiuri says. “And through that consolidation, it puts a fair amount of people into the marketplace looking for work. And we’re quite fortunate ... to be able to attract many of those folks as our business has expanded. We have a stable of industry experts, if you will, within our employ.”



ABOVE: ECi’s Spruce is cloud-based, giving users access to key reports and other information anywhere they have internet access.

RIGHT: Renditions, part of Hyphen Solution’s SupplyPro, makes it possible for suppliers to use SupplyPro as a single entry point for all their builders, instead of having to use multiple different portals.



**“It makes everyone’s job easier and saves time by making the technology work for you, so you can focus on running a profitable business.”**

-AAustin Express

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Kerridge separates its K8 software from other solutions, Anderson says, with its n-tier architecture. In layman's terms, that means it's "blazingly fast."

"That's the first thing people always notice about our software, it's so much faster than the others," Anderson says. "It's fast, scalable. That's the biggest difference, because most of our competitors use what they call a fat client, so it's a much slower type of architecture. They have to use a lot of other hardware to get around it."

New to K8 is a mobile configurator that will allow users to access the system's tools on the go.

"The big difference in customers, now, is they're looking for more mobile applications, and they're looking for a lot more capabilities on the web," Anderson says.

DMSi's Agility ERP software is used by more than 400 companies in the building materials industry, according to the company.

"The core focus of Agility has always been and will always continue to be inventory control and order management," Melia says. "That's where we have advantages with enhanced business logic and automation over some competitors. DMSi provides efficiencies and streamlining through order entry, order management, and inventory control to name a few. With Agility, the focus is on pushing information toward the end user, so decisions can be made without having to dig in to figure out what needs done for day-to-day tasks."

DMSi has recently added a mobile CRM application that allows salespeople to manage their day-to-day notes

and tasks on the go. A new loyalty program for Agility also is designed to help drive repeat business for dealers.

"Mobile apps provide our customers with real competitive advantages, especially when it comes to order fulfillment," says Melia. "Outside sales reps generate price quotes and new orders on the spot. Production teams 'complete' items the minute they come off the line. Drivers collect a signature, confirm the delivery, and the order is instantly invoiced. Mobile apps mean things happen in real-time, so our customers get products to their customers sooner."

As employees and customers continue to embrace mobile technology, more technology companies are offering mobile solutions to meet everyday business needs.

Main Street Companies created Mobile Visual Pro to help salespeople create takeoffs and estimates while working with contractors in the field.

"It is an application, like an app that is downloaded from the app store, but it's not just an app because it has a back-end software, an admin software component that ties into a dealer's point of sale system," says Owner/Partner Steve Linn. "And so once that admin software is established on their system, then it's able to export all of their products and SKUs from their POS system into this admin software and from there we work with the customer to configure it the way they want to be able to see it on their mobile device and it's uploaded to all of their outside salespeople that are connected with their mobile devices."

The difference between Mobile Visual Pro and other solutions is that instead of it being a live application that's working through a server back into the dealer's system, it's an upload process where all the products and information are uploaded through the server and into the mobile device so that data is always residing on the mobile device. The information is regularly updated when the salesperson connects to the server.

"And because of that, they're able to do their work without any kind of interruption from cell service or lack of cell service," Linn says.



**RIGHT:** New to Kerridge's K8 software is a mobile configurator designed to allow users access to the system's tools on the go.

**BELOW:** DMSi's Agility mobile app allows salespeople to manage their day, collect notes and take care of tasks on the go.



Mobile Visual Pro is a mobile software solution for on-site take-off and estimating. Designed for the field, it operates on an iPhone or iPad and provides point-of-sale integration with virtually any system.



Mobile Visual Pro also increases accuracy by moving salespeople away from the traditional scratch pad and notes that they then would have to decipher and enter into the system when they returned to the office. Main Street originally developed the software for use at its own millwork business before expanding it to make it available for any dealer.

"The platform that we built is also great for any product that a building supply company would like to put into this," Linn says. "It's a great tool for somebody that's selling more visual type products. That could be hardware, could be lighting, it could be different things like that. ... With MVP if you have your pricing in there, it's building a beautiful graphic estimate and they don't have to send it into the office or tie up people in the office to put it all in the computer. And so, MVP takes it down to maybe a couple of hours vs. three or four days."

MiTek's Sapphire Supply is a solution for whole house designs and lumber estimates that works off of Building Information Modeling (BIM).

"So we model a frame-accurate building," Faulkner says. "When you do it that way, you're actually counting the materials, or using the shape of the building to very accurately count the materials, what builders call a Bill of Materials, or BOM. I like to say we're not really doing an estimate, we're actually doing a take-off. And I differentiate the two by saying we're taking off the material as you need it, we're not just guessing at the material."

This makes orders more accurate and improves efficiency across the board, while reducing waste.

"If you change the pitch of your roof, the plywood count would change, but so would your shingle count, so could your bracing," Faulkner says. "The quote will adjust as the shape of the building changes. You don't have to do any type of reloading of information. The items you're quoting will adjust for that."

Hyphen Solutions offers SupplyPro, which makes it easier for dealers to communicate and manage orders from large builders. SkuSphere, part of the SupplyPro tools, works as a sort of "universal translator" to make it

easy to move orders from builders to suppliers without creating confusing mistakes. Renditions, another part of the SupplyPro family, makes it possible for suppliers to use SupplyPro as a single entry point for all their builders, instead of having to use multiple different portals.

"We're now about 30% of the U.S. market for new home starts," Vasquez says. "So, if you want a ton of volume with a simple easy process, that gives you disruptive notifications, so that you can react to changes in real time as they're happening, we're the only software player in town concentrating on this industry that's doing that."

SaberisConnect offers another solution for dealers to improve their efficiency by integrating vendor order systems to their POS or ERP system. The program originally launched as a desktop solution in 2001, but is now cloud-based, offering integration to dealers for \$99 a month per location. The company continues to integrate with more vendor systems as dealers ask for them.

"The dealer calls the vendor and asks for integration," says President Doug Syme. "That's how important it is to them now ... and as a result we've had quite a few come on board in the last six months." ➤

**"SOFTWARE SHOULD BE A TOOL THAT ALLOWS YOU TO DO MORE WITH LESS. BUT IT ALSO SHOULD BE A TOOL THAT HAS A VISION TO GROW INTO THE FUTURE. IF YOU'RE BRINGING ON A SOFTWARE PLATFORM, YOU WANT TO ASK THOSE COMPANIES, 'WHERE DO YOU SEE THIS GOING?'"**

— NEIL FAULKNER, MITEK



RenoWare is designed as an easy to learn app that automates and integrates the Installed Sales process from start to finish. It can be a single user, local network or cloud based database.

This fall, Saberis is implementing what it calls “stealth integration,” designed to make the process easier and save even more time. The feature will be introduced with some vendors this year.

“The big advantage to it is users don’t have to export data from a quote program, upload it to the Saberis server and process it,” Syme says. “They will just go into the quote program ... click the button, then go to their ERP system, and the order will be there. It all happens behind the scenes.”

The goal of SaberisConnect is very simple: to make the process more efficient for dealers, saving even more time in the process. “With the user in mind, SaberisConnect makes a complex process easy and user-friendly. Especially with stealth integration, the process is simple, and very little training is needed.” Syme says. “The

other advantage of our system is that no matter who the vendor is, the process is the same. ... I believe that the best selling feature is the elimination of double entry and the time and errors that are associated with it.”

Not every dealer has installed sales, but for those who do, RenoWare Technologies is trying to make managing that part of the business easier.

“Number one, it gives them one central database that all of their salespeople, or admin staff have to put their estimates together,” says CEO Murray Cutler. “Then we handle all of the contract and documentation that is required for an installed sales business. For management, it gives one spot that they can go to and look at notes, and details on all customers, all jobs.”

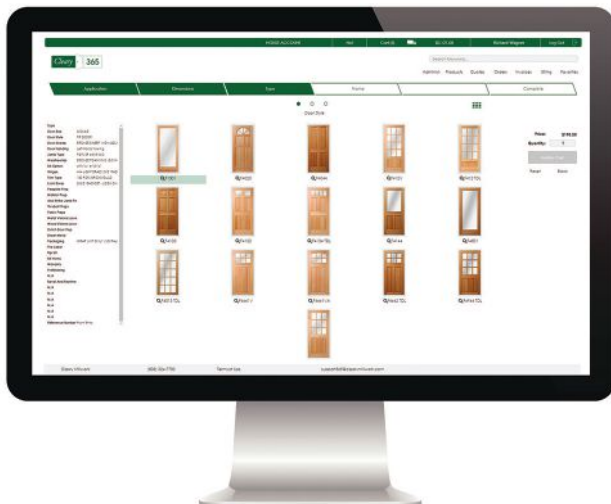
While many POS systems have modules that can be used for installed sales, Cutler says RenoWare is superi-

or because it is designed for installed sales only and offers more reports and details.

“The point of sale systems typically report on sales or the gross margin or that type of thing but in ours we have over 30 different reports that are customized specifically for installed sales—things like close ratio for sales staff, so you know what the efficiency of each salesperson is,” he says. “Automation of the process and all the details that has to happen in installed sales and the integration of the different estimating programs and point of sales systems is one of the biggest strong points.”

Many companies have no idea there is an installed sales solution out there and are making do with something that isn’t a great fit, Cutler says.

“They’re missing a lot of the tools and they don’t know necessarily what they are missing ... they just plug along with it and that’s why we’re trying to get the word out that there is a better solution,” Cutler says. “This was designed and built from scratch. We’re not resellers; the other partner in the business is a programmer and so this comes from the experience of working with hundreds of stores over the last 20 years to develop what the dealers really need in a full end-to-end solution.” ➤



Cleary 365 from Computer Associates, Inc., the first commercial implementation of Ponderosa Software’s web-based Sales Portal technology, lets customers create millwork quotes and place orders 24/7 from any mobile device.

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**“LOOK AT HOW LONG THE SOFTWARE HAS BEEN AROUND AND WHAT NEW PRODUCTS THEY HAVE INTRODUCED OVER THE PAST COUPLE YEARS. CUSTOMER TESTIMONIALS AND REFERRALS ARE ALWAYS HELPFUL [AND] THEY GIVE YOU AN UNDERSTANDING OF OTHER DEALERS’ EXPERIENCES.”**

— LLOYD SHERWOOD, SELJAX

Computer Associates’ Ponderosa Building Materials software is a full suite of applications based on 40 years of experience working with building material and millwork clients.

“We are widely regarded by our customers as the best in the industry because of our ability to support customized processes in complex environment and to drive more profits from custom millwork, installed sales, special orders, remanufacturing and other products and services,” Gannon says. “Second, Ponderosa’s Millwork Product Configurator and built-in Configure, Price and Quote (CPQ) tool is industry leading and lets our customers respond to RFQs faster, with more accuracy and a better understanding of profit margins, thereby giving them an edge over the competition.”

Ponderosa and Cleary Millwork recently announced Cleary 365, a configurable, online ordering system that provides 24/7 access to inventory, pricing, quotes ordering and credit information. Ponderosa Software has also introduced its Electronic Signature Capture feature that sends orders to drivers’ smartphones or tablets and allows them to capture signatures, add photos and make notes related to deliveries, installed sales and service work.

Paladin Data Corporation has developed a digital retail platform, with the goal of automating time-consuming tasks, so retailers can focus on their customers. Paladin was designed and built for the hardware and LBM industries.

“Our software and point of sale platform streamlines operations and simplifies all phases of business with hundreds of features and valuable integrations,” Rogers says. “We also enable retailers to connect with customers through rewards programs and digital marketing outreach.”

Paladin is regularly introducing new proprietary features and third-party integrations with software providers, Rogers says, including Mobile<sup>2</sup>, which facilitates the use of mobile devices in lumberyards or by delivery drivers; Charity Roundup, which allows end-users the option to round up their purchase amount to the next dollar and donate the difference to charity and Rich Rewards, Paladin’s royalty-free customer loyalty program.

GPS Insight offers a different—but no less important—technology tool with its fleet management system.

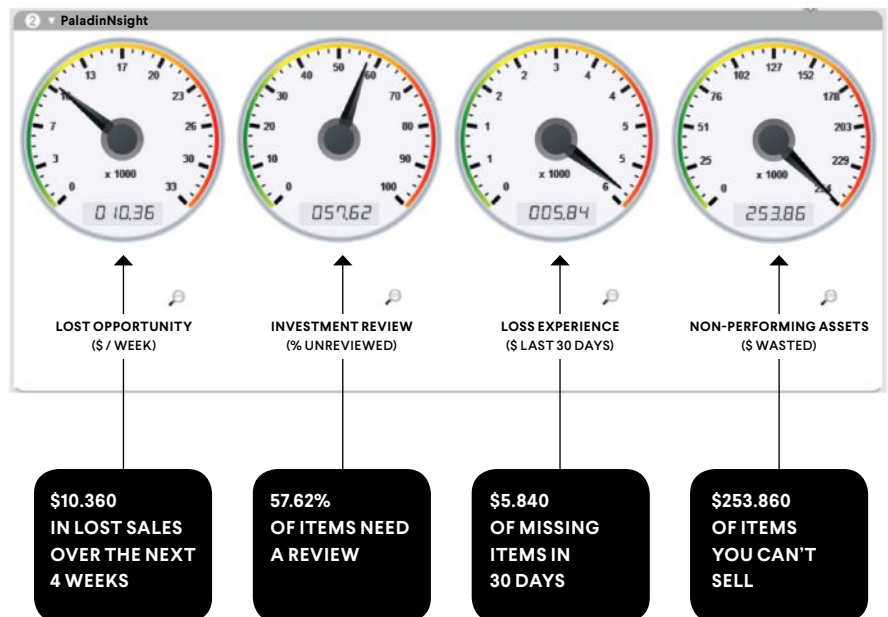
“It’s a top priority for lumber dealers to ensure their fleet operations run as effectively as possible to keep up with deliveries and provide the best customer service to their customers,” says

Jenny Shiner, Marketing Communications Manager. “For a fleet operation, increasing efficiency relates to ensuring trucks receive preventative maintenance on schedule, working as efficiently as possible to deliver the best customer experience, ensuring fuel efficiency, and examining the utilization of delivery trucks.”

A fleet management system can improve communication, safety, efficiency and accountability, Shiner says. The GPS Insight system also integrates with many other programs.

“We recognize most lumber dealers use more than just one type of software to manage their entire fleet and business operations,” Shiner says. “It can be difficult to navigate several different platforms and ensure the data is being put to use in the best way. To make the process of managing all this data simpler for our customers, we work with many other technology providers in the industry, such as Epicor BisTrack, to integrate our solutions. This allows businesses to access all their fleet and business information from one interface.” ➤

The Paladin point-of-sale system is designed to be easy to learn, easy to operate, with useful tools that don’t require a large upfront investment. Shown below is how PaladinNIGHT tells you about your business.



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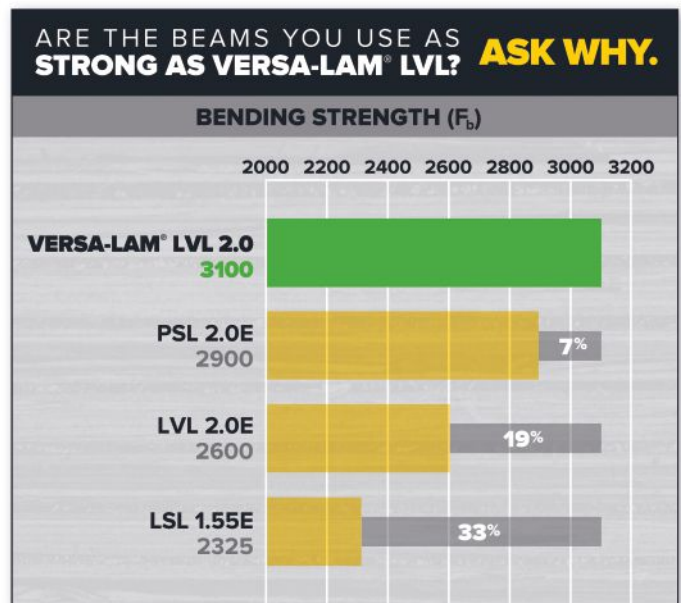


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Seljax sales, estimating, and 3-D design tools are designed to increase speed, accuracy, and presentation of estimates. Platform options include 3D House, 3D Deck, 3D Stud Frame, and 3D Post Frame.

### OVERCOMING OBJECTIONS

One roadblock to successfully implementing a software solution can be the reluctance of employees to embrace new technology. Providers say that one of the best ways to overcome this is to point to the ways the new software can make their jobs easier.

“The most common concern employees have about fleet management solutions is that the technology is overly intrusive,” Shiner says. “Big Brother’ is a term used far too often when describing it, which simply isn’t true. Using fleet management data to coach drivers will increase safety, improve productivity, enhance customer service, and ultimately increase revenue. By explaining to employees that the technology will be used to drive organizational growth, not as a tool for punishment or invasion of privacy, they are far more likely to be on board with the initiative.”

Employees can be concerned about what new tools means for their future.

“New technology is scary for many employees as they think technology will put them out of work eventually,” says Sherwood. “When doing a demo of Seljax we explain that Seljax will save them time estimating and will give them time to use their skills elsewhere in the company, like teaching junior sales staff what they know about products and practices with in the industries. This empowers the estimator as most want to pass on what they know.”

Often, there is a reluctance to accept change, Linn says.

“A lot of companies have been doing things the same way for so long and the guys in the field are used to just writing things up themselves the same way they always do,” he says. “And so we get pushback sometimes on that just because they’re afraid of it.

When we have the opportunity to actually demonstrate it and go out in the field with them, and show them how it works, you know, once they see it and once they just try it, they really get on board with it.”

Companies often worry about a disruptive conversion process.

“They’re taking attention away from their business to focus on converting over,” Parchomchuk says “It’s one that we really deal with by saying you can stay with an old piece of software or you can grow your business. A little bit of pain to do the conversion will allow your business to grow considerably further.”

Finding time to train employees and implement a new software system can be difficult, Maiuri says.

“That’s probably the thing that we compete against most when we’re talking to people,” he says. “It’s not competition from other systems as much as it’s competing for people’s time to devote to going through the process ...One of the fundamental foundations of our applications are that they be easier to use and simpler to ramp and train on. So, fundamentally, software is different today than it was years back, where those older green screen software platforms were menu intensive, as an example. Our newest application today has only two levels of menus to go through before you’re within a particular work area in the software, all designed, certainly, to speed up the process and remove the complexity from both a learning curve standpoint, and a use standpoint.” ■

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.

Boise Cascade:  
[www.bc.com](http://www.bc.com)

Cadsoft:  
[www.cadsoft.com](http://www.cadsoft.com)

DMSi:  
[www.dmsi.com](http://www.dmsi.com)

ECi Software Solutions:  
[www.ecisolutions.com](http://www.ecisolutions.com)

Epicor:  
[www.epicor.com](http://www.epicor.com)

Expertek:  
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GPS Insight:  
[www.gpsinsight.com](http://www.gpsinsight.com)

HypHEN Solutions:  
[www.hypHENsolutions.com](http://www.hypHENsolutions.com)

Kerridge Commercial Systems:  
[www.kerridgecsna.com](http://www.kerridgecsna.com)

LP:  
[www.lpcorp.com](http://www.lpcorp.com)

MiTek SAPPiRE Supply:  
[www.mitek-us.com/software/SAPPiRE-Supply/](http://www.mitek-us.com/software/SAPPiRE-Supply/)

Mobile Visual Pro:  
[www.mvPEStimator.com](http://www.mvPEStimator.com)

Paladin Data Corp:  
[www.paladinpointofsale.com](http://www.paladinpointofsale.com)

Ponderosa Building Materials Software (Computer Associates Inc.):  
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PreBuiltML:  
[www.prebuiltml.com](http://www.prebuiltml.com)

RenoWare Technologies Inc.:  
[www.renoware.ca](http://www.renoware.ca)

ResiCAD:  
[www.resicad.com](http://www.resicad.com)

SaberisConnect:  
[www.saberis.com](http://www.saberis.com)

Seljax:  
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Simpson Strong-Tie:  
[www.strong-tie.com](http://www.strong-tie.com)

Weyerhaeuser:  
[www.woodbywy.com](http://www.woodbywy.com)

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# PRODUCT PICKS

## 2018 DECK EXPO AND REMODELING SHOW EDITION

Featured are some of our staff's top choices from the 2018 Deck Expo and Remodeling Show, held October 9-11 in Baltimore.



### DuraLife Nantucket deck railing system

DuraLife has introduced a new line of deck railing product called Nantucket. The new railing is designed to complement the company's composite decking line. Made of a powdered-coated aluminum, the new Nantucket railing system was developed to pair with more contemporary and high-end architecturally designed homes. It is available in a matte black, matte bronze, and matte white finish. Nantucket has been tested to withstand salt spray, up to 10,000 hours. Screws are not required to attach the balusters (3/4") to the rails (36" and 42" heights). Instead, a patented locking strip secures the balusters and rails together. Nantucket also offers an optional drink rail deck board adapter so that the top of the rail can be matched precisely to any DuraLife deck boards. The Nantucket system is available in 6' and 8' rail kits and a 6' stair rail kit. The new railing features extruded posts with a matching pyramid-style post cap and collar and a flat top rail design. [www.duralifedecking.com](http://www.duralifedecking.com)

### New colors from Armadillo

Armadillo has introduced new colors and streaking patterns for its 2019 Lifestyle deck line. Colors named Smoke (shown), Sunset, Walnut, Bronco, and Foothills will be included in the line, which the company says has the same durability, color richness, and cost as the current Lifestyle offering. The difference is that 2019's deck boards feature an enhanced streaking pattern designed to create a more modern and trendsetting look. The new designs have been developed for homeowners who are increasingly looking to bring inside trends outside, the company says.

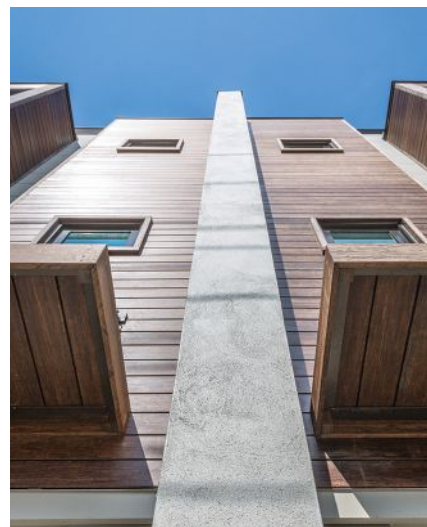
[www.armadillodeck.com](http://www.armadillodeck.com)



### Fused Bamboo Rainclad siding from dassoXTR

Made from fused bamboo, dassoXTR Exterior Rainclad Siding features a unique sheathing system with FasTrak that is designed to offer an attractive rain screen and cladding siding solution. The company says the product reduces waste, and speeds up installation by 50%. The product is now offered in both Classic and Epic styles. Both styles are available in 1"x6" and 1"x7" profiles available in 6' lengths. The product is hung on clips which are mounted on-panel or to studs or batten. Available with a 30-year limited warranty.

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



### Spax multi-purpose construction screws

Multi-purpose construction screws from Spax feature the company's exclusive HCR-X coating, in both flat head and wafer head. The coating is designed for use in treated lumber and exterior, coastal environments. No pre-drilling is required with the exception of masonry and concrete. Spax multi-purpose construction screws are developed for use in a wide range of materials including wood, masonry, concrete, plastic and sheet metal. Spax's patented thread serrations are said to allow for quicker and easier fastening. [www.spax.us](http://www.spax.us)



### Carved Block from Versetta Stone

Boral has expanded its Versetta Stone lineup with Carved Block, a profile designed to be reminiscent of split-face stone. Versetta Stone mortarless stone veneer panels are engineered to add traits of authentic stone masonry without the added skill and time required for installation. A larger stone format, Carved Block is designed for modern home styles and light-commercial applications. Carved Block stones range from 16" to 20" wide by 8" tall, oriented across a 36"x 8" panel. The profile comes in two colors: Midnight (shown) is a dark gray hue with almond tones; Sea Salt is a blend of beige and khaki. Versetta Stone panels are said to install easily with nails or screws and feature an integrated moisture management system. They do not require additional footings for support. The stone veneer carries a Class A fire-resistance rating and passes freeze/thaw testing. [www.versettastone.com](http://www.versettastone.com)



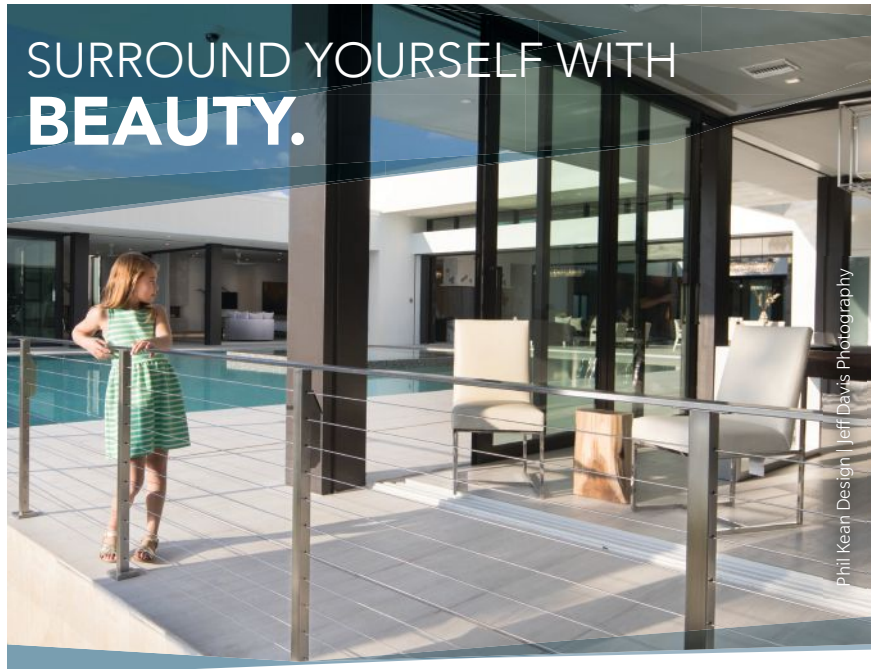
### Azek Porch line colors

AZEK Building Products recently added several new colors to its classic porch collection. AZEK's porch boards, designed to be high-performance, are manufactured with a tongue and groove design, which is said to allow for a clean, fastener-free surface. The AZEK Porch collection includes nine colors, with four new offerings: Coastline (shown), Weathered Teak, Mahogany, and Dark Hickory. AZEK Porch is manufactured from the same durable, low-maintenance materials as AZEK Deck, the company says, including its premium capping material using Alloy Armour Technology. AZEK's Porch collection is covered by a Limited Lifetime Warranty in residential applications. [www.azek.com](http://www.azek.com)



### RoofLoc Scrail System by Fasco

The RoofLoc Scrail system was developed by the Beck Fastener Group to install metal roofing quickly and efficiently. The company says the system is designed to be two times faster than collated screws, and eight times faster than bulk screws. The RoofLoc Scrail system was specially developed for metal to wood joints. The Scrail fastener is pneumatically driven with the Fasco metal roofing tool, and can be unscrewed completely for repair work. To meet different standards in corrosion resistance of the coating, RoofLoc Scrail is manufactured in stainless steel and standard steel with Beck FasCoat. [www.fascoamerica.com](http://www.fascoamerica.com)



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Rainier cable rail system with flat stainless steel top rail

## PRODUCT PICKS

### Turbo Clip universal hidden deck clip

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%. Each Turbo Clip stick includes 16 universal hidden deck clips, plus one at the end of each stick, a feature designed to ensure there are no wasted deck clips.

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



### Wild Hog Freedom Fill

The Freedom Fill by Wild Hog Products is an aluminum infill kit that allows the builder to match Wild Hog Railing with the Trex Transcend railing system. Once installed with Trex Transcend's top and bottom rail, the slots in Freedom Fill will hold Wild Hog railings in place between the Trex rails. Installers attach Freedom Fill inside top and bottom rails, cut Hog Track into two sections and attach to each post, trim Wild Hog to fit, and slide into slots.

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



### Inteplast Décor Deck and Porch boards

Inteplast's Décor Deck and Porch boards are designed to provide outdoor spaces with the look of real wood without the maintenance that comes with traditional lumber. Both Décor Deck and Porch have a solid PVC core with an additional proprietary top coat added to provide resistance to fading, moisture, and insects. The company's Real Feel embossing technology was developed to create a deeper and more dramatic grain finish on top of the variegated printed wood grain. Décor Porch colors match those of the Décor Deck and are available in the traditional 3-1/8" tongue and groove style.

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



### Screw Products

Screw Products now offers the Winbag, an inflatable, reusable shim system. Winbag is a hand-operable inflatable air cushion made of fiber-reinforced material developed to save time on the jobsite. The product is used in the installation of windows, positioning heavy doors and leveling furniture, kitchen cabinets, and household appliances. Designed to provide maximum pressure of up to 300 lbs., Winbag can also be used in conjunction with shims and wedges in a variety of applications. The product can be used for joints from 3/32" to 2".

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



### Tando Signature Stain Graphite color

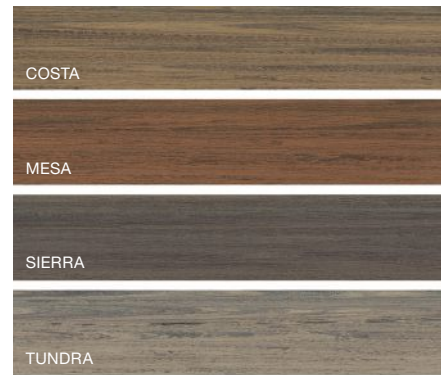
Signature Stain created by Tando has added a new color, Graphite, to its product line. Manufactured by Derby Building Products Inc., Graphite expands the stained shake line beyond current wood-like browns to an earthy, deep gray. Graphite joins Signature Stain's original colors of Fawn, Bark, and Acorn. Signature Stain's Graphite is designed to offer the authenticity of stained wood without the maintenance or upkeep. Tando's Signature Stain is designed for fast, easy one-person installation.

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



### Deckorators' Voyage composite decking

Voyage, the new composite decking from Deckorators, features the company's patented Eovations technology, designed to deliver what is said to be the industry's best strength-to-weight ratio. Eovations also absorbs virtually no moisture, which virtually eliminates thermal expansion or contraction. Deckorators says Voyage decking provides 34% or greater surface traction than other leading brands of composite decking. Vertical grain variegation is featured to give Voyage a trend-forward appearance. Voyage comes in four colors: Costa (golden brown), Mesa (red brown), Sierra (dark gray), and Tundra (gray). Voyage will be available for 2019 in 12', 16' and 20' solid and slotted-edge profiles, as well as 12' fascia. It is backed by a 25-year structural, 25-year stain-and-fade, and 25-year removal-and-replacement limited warranty that covers water and ground contact. [www.deckorators.com](http://www.deckorators.com)



### Superior Plastics aluminum handrail

Superior Plastic Products and Key-Link Fencing and Railing are launching their improved aluminum handrail in 2019. The round rail runs alongside standard railing and is necessary on stairs to meet building code or Americans with Disabilities Act (ADA) requirements. Superior and Key-Link's new aluminum rail works with both vinyl and aluminum railing. In addition, it meets IBC requirements on 6' sections and IRC requirements on 8' sections. Superior and Key-Link ADA aluminum handrail is compatible with most railing systems and can be installed with no painting or welding. Matching elbows, brackets, and returns are also available. [www.superiorplasticproducts.com](http://www.superiorplasticproducts.com)



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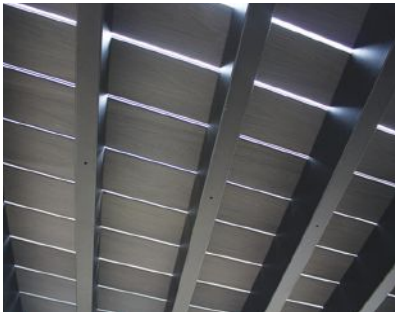
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## PRODUCT PICKS



### Evolution Steel Deck Framing from Fortress

With the recent launch of the Evolution Stair Solution, the Evolution Steel Deck Framing system from Fortress Building Products offers a complete, all-steel alternative to traditional wood deck framing. The company describes the Evolution light-gauge steel framing as uniform and straight, so the components are easy to square and won't twist, warp, rot, crack or burn. An interlocking joist and ledger system is engineered to build sturdy, safe decks with less labor. [www.fortressbp.com](http://www.fortressbp.com)

### Stinger CS150B Cap Stapler

The newly updated 18-gauge CS150B Cap Stapler from Stinger has the ability to shoot 200 caps and 200 staples before reloading in sizes ranging from 5/8" to 1-1/2". The product was specifically designed to easily secure underlayment, roofing felt, foamboard and housewrap. The CS150B is designed to be light and easy to maneuver, and the ergonomic design is said to help to reduce arm fatigue. The redesigned clear basket feeds caps in seconds, and the large capacity for caps and staples means fewer stops to reload. The tool weighs 4.2 lbs and fires five cap staples per second.

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



### Insta-Rail Tube from Dolle

Insta-Rail Tube is a stainless steel vertical infill kit for existing or new deck projects. Insta-Rail kits come in both 36" and 42" versions and cover up to a 72" width. Kit width can be cut to fit based on project needs. Spacing between vertical tubes is 3-1/4", and tubes are 3/8" diameter. All components are made from stainless steel. Designed to be fast and easily installed with basic tools, each Insta-Rail kit includes mounting channels, studs, anchors and tubes.

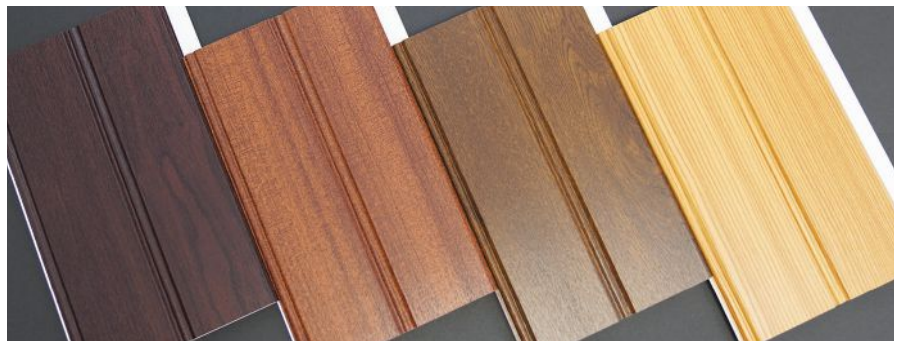
[www.dolleusa.com](http://www.dolleusa.com)



### New Portrait Siding colors from Wolf Home Products

Wolf Home Products has introduced new Riverstone (shown) and Hemlock colors to expand design options for its Portrait High-Density Cellular Siding line. Wolf Portrait Siding's PureGrain technology is designed to provide an authentic look of real wood while offering superior strength and performance. The siding line also offers EnduraDry, a high-density cellular structure said to make it moisture-

resistant even in the wettest climates. Wolf Portrait Siding is also the only siding available with proprietary ColorWatch100 technology, the company says, which provides protection against fading. Wolf Portrait Siding is available in two collections – Silhouette (Lap 7") and Vignette (Double 4"). The new colors of Riverstone and Hemlock are added to the existing offerings of Oyster White, Morning Mist, Vintage Taupe, Sandstone, Chestnut, and Graphite. [www.wolfhomeproducts.com](http://www.wolfhomeproducts.com)



### Versatex Canvas Series

The Versatex Canvas Series is designed to combine the look of wood with the durability of PVC, allowing builders to bring contrast to porch ceilings, feature walls, and more without the initial or on-going staining requirements. Versatex recently expanded the Canvas Series to include now four profiles in four colors, and plans on rolling out an additional color in January 2019. The current Canvas Series line includes WP4 and Stealth Beadboard along with a 4" Crown and Bed Mould in Walnut, Black Cherry, Macore, and Amber finishes. [www.versatex.com](http://www.versatex.com)

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## PRODUCT PICKS

### CertainTeed RoofRunner customization tool

CertainTeed has released a new tool for contractors that turns each roofing project into an advertisement for their business. CertainTeed's RoofRunner underlayment can now be customized by allowing companies to have their logo printed directly onto the face of the underlayment sheet. Customized RoofRunner prominently displays a roofing company's logo on a 24" x 42" print area that repeats throughout the length of the sheet, offering 1,000 square feet of advertising space per roll. RoofRunner is a lightweight, polymer-based synthetic underlayment designed for use on roof decks as a water-resistant layer beneath asphalt shingles. [www.certainteed.com](http://www.certainteed.com)



### StoneFit Wall System by Glen-Gery

StoneFit is a stone cladding product that uses patented interlocking panels. StoneFit is available in two colors: Glacier Frost Tightstack (shown), and Maple Ridge Tightstack. StoneFit coupled with DryFit technology form what the company describes as the industry's first complete stone drainage wall system. StoneFit features include: DryFit technology, a tongue and groove system which interlocks each stone piece together without the use of mortar; a utility piece designed to ensure pattern variability, ease of installation and reduce waste, single corner units that interlock with flat units; and custom engineered starter angle that incorporates both the weep screed and flashing details and interlocks with the stone panels. Each StoneFit panel has four metal attachment brackets, which along with the drainage mat and starter angle provide a complete water management system. [www.glengery.com](http://www.glengery.com)



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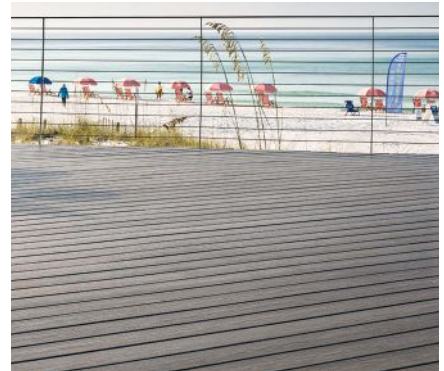
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## PRODUCT PICKS

### Vision decking from MoistureShield

Vision decking features an advanced manufacturing method developed to create a modern, variegated appearance with trend-forward color options. The designs are said to resemble interior hardwoods. MoistureShield's Vision decking comes in five colors: Smokey Gray (shown), Spanish Leather, Sandstone, Cathedral Stone, and Mochaccino. The Mochaccino and Cathedral Stone colors are also available with the option of MoistureShield's CoolDeck technology, which reduces heat absorption by up to 36% versus traditional capped composite boards. The deck boards are available in 12', 16', and 20' lengths with fascia boards in 12' lengths. The decking comes in non-grooved square shouldered boards and grooved profiles for hidden fasteners, and is protected by a lifetime structural warranty, as well as a limited lifetime fade and stain warranty. [www.moistureshield.com](http://www.moistureshield.com)



### MAX USA SuperRoofers

The CN445R3 SuperRoofers is a pro-grade tool, designed for fastening asphalt and fiberglass shingles, fastening lath wire to plywood, the installation of siding, and assembling wooden boxes. The CN445R3 is equipped with a swivel plug designed to alleviate the tangling of the air hose and also features a trigger lock to prevent accidental firing of the tool. The nailer is outfitted with a tar-resistant nose designed to resist tar four times longer than conventional tools. A full round-head driver blade provides better holding power, and a magnet holds the last nail in place to prevent jamming. A patented maintenance-free end cap filter is designed to prevent foreign substances from entering the tool. [www.maxusacorp.com](http://www.maxusacorp.com)



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



**Atlantis Rail's Nautilus Railing System**

Atlantis Rail has teamed the Nautilus System up with its new Nova II aluminum post kits to create the Nova Nautilus System, which utilizes predrilled aluminum posts with a 2" stainless steel top and optional bottom rail. It features multiple color options of black, white or bronze. The rails are structural strength stainless steel designed to be configured with a top rail only, or a bottom rail can be added. Cable spacing at 2-3/4" allows the posts to be spaced up to 6' apart when using a cable stabilizer in the middle, a process designed to reduce the cost and expedite installation. A proprietary sidemount fitting with an insulating gasket is used to mount the rails to the post, and HandiSwage components hide the cable connections inside the post. [www.atlantisrail.com](http://www.atlantisrail.com)





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## PRODUCT PICKS

### Endeck PVC decking

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BY BLAKE NELSON

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Under the RRP Rule, contractors performing renovation, repair and painting projects that disturb lead-based coatings (including lead paint, shellac or varnish) in “child-occupied facilities” built before 1978 must be certified and must follow specific work practices to prevent lead contamination.

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## FOUR BASIC MATH SKILLS HELPFUL WHEN NAVIGATING THE LEAD PAINT LAWS:

- 1 The U.S. government defines lead-based paint as any “paint or surface coating that contains lead equal to or exceeding one milligram per square centimeter (1.0 mg/cm<sup>2</sup>) or 0.5% by weight.”
- 2 “Child-occupied facility” means “a building, or portion of a building, constructed prior to 1978, visited regularly by the same child, under 6 years of age, on at least two different days within any week (Sunday through Saturday period), provided that each day’s visit lasts at least 3 hours and the combined weekly visits last at least 6 hours, and the combined annual visits last at least 60 hours.”
- 3 Contractors could be affected if more than six square feet of lead-painted areas are disturbed.
- 4 Properties built within the following time frames have the corresponding percentage chance of containing lead paint:
  - Built before 1940: 87%
  - Built between 1940 and 1960: 69%
  - Built between 1960 and 1978: 24%
  - Built after 1978: Unlikely to contain lead-based paint.

Even though only 24% of houses built between 1960 and 1978 likely contain lead paint, the RRP Rule must be strictly followed for all properties that qualify as child-occupied facilities. Also note that while the RRP Rule originally allowed a property owner to waive compliance by opting-out and stating that the property was not a child-occupied facility, the EPA quickly abolished that option because of the high potential for dishonesty. If you are still using a lead paint disclosure form containing a section allowing the customer to opt out, your form is outdated.

Residential contractors also need their calculators to add up the increased costs for training and education, establishing dust containment methods (such as sealing off doorways and HVAC ducts with plastic), properly disposing of materials, and testing for “dust clearance” at the end of the project. A number of national trade associations outraged by these additional costs have opposed the RRP Rule and have even sued the EPA (without success).

The importance of contractors understanding and complying with the RRP Rule cannot be understated.

## THE EPA AGGRESSIVELY ENFORCES THE RRP RULE. FOR EXAMPLE:

- In June 2018, Magnolia Homes, the company featured on the HGTV show *Fixer Upper* starring Chip and Joanna Gaines, reached a settlement with the EPA for alleged lead paint violations. As part of the settlement Magnolia Homes will pay a \$40,000 fine and spend another \$160,000 to abate lead-based paint. Magnolia Homes was also required to create and post a video on its website about lead paint safety: [magnolia.com/lead-paint-safety](http://magnolia.com/lead-paint-safety).

- A Kansas contractor who worked on a *vacant* apartment building built in 1922 incurred total civil penalties and costs of over \$27,000. I question how a vacant property qualified as a “child-occupied facility” but I assume the EPA asserted that children would “regularly visit” there in the future.
- A contractor working for the Alaska Department of Administration on the state governor’s house was fined \$32,130 for failure to have the proper EPA certification and for failure to hire EPA certified subcontractors. One would think the State of Alaska might have verified whether it was hiring an EPA-certified contractor to work on the governor’s house.

Keep in mind that common sense is not the yardstick for measuring if the RRP Rule applies. I once represented a contractor remodeling a house built in 1968. He threw carpet that had been installed in 2003 in the construction dumpster and was tagged by a building inspector for failing to properly dispose of it. The inspector said the 2003 carpet had been sitting in a 1968 house where lead paint flakes still could have contaminated the carpet.

## CONTRACTORS WORKING ON “CHILD-OCCUPIED BUILDINGS” BUILT BEFORE 1978 SHOULD DO THE FOLLOWING:

- **Attend an EPA lead renovation class:** Become certified in lead-safe work practices.
- **Apply for certification:** The EPA’s website contains forms and instructions at: [epa.gov/lead/getcertified](http://epa.gov/lead/getcertified).
- **Provide customer with “Renovate Right” pamphlet:** For pre-1978 properties, give customers a copy of the EPA “Renovate Right” pamphlet. The pamphlet can be downloaded from the EPA’s website.
- **Obtain a receipt showing the customer received the pamphlet:** EPA regulations required you to keep a copy of the receipt for your records.
- **Perform the lead-safe test:** Test flooring finishes, baseboards, and shoe moldings. The EPA’s website has information on acceptable lead-testing kits.
- **If lead is present:** *Before starting any work*, tell the customer about the presence of the lead paint, the required procedures, and the related costs. Note that you *may* choose not to perform the renovation or repair work.
- **Contact your insurance agent:** Determine if you need additional liability insurance to cover lead paint renovation and repair work.
- **Keep your calculator handy:** Calculate your additional overhead for compliance, or else you later might be adding up your fines and penalties. ■

Virtually all relevant information about lead paint certification and abatement can be found on the EPA’s website: [epa.gov/lead](http://epa.gov/lead).

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# LBM industry priorities tied to fate of farm bill

BY BEN GANN

**YOU COULD BE FORGIVEN** for not immediately seeing the connection between farm policy legislation and several public policy priorities supported by the lumber and building material industry. But the nature of legislative procedure is such that very few bills each year are approved by Congress and signed into law by the President. Consequently, federal forest management reforms, promotion of tall wood building construction, and ensuring fairness in federal buying of forest products are all tied to the fate of the farm bill.

Every five years Congress attempts to approve legislation that directs the nation's agriculture and food policy. It is known as the farm bill for short. Congress had been trying to renew the program prior to its expiration on September 30. However, that did not happen and lawmakers are attempting to push the bill over the finish line before the end of the year.

Lead negotiators are hoping that expiration of agriculture and nutrition programs will motivate lawmakers to approve a final agreement. The Agriculture Improvement Act (H.R. 2) was passed by the House of Representatives in a largely party line vote in June. That was followed by strong bipartisan support for the bill in the Senate.

That means if a final agreement is approved and signed into law, it will be done in the lame-duck session of Congress following the midterm elections. These sessions are always unpredictable as lawmakers can feel very motivated or unmotivated to approve legislation.

Record wildfires last year in the U.S. have brought attention to the need for reforms to the federal forest management system. Provisions included in the House-version of the farm bill allow for expedited salvage operations for dead and dying trees in areas burned by wildfire. It also requires reforestation of at least 75% of the burned area.

In addition, both the House and Senate bills extend Good Neighbor Authority by allowing the U.S. Forest Service to enter into agreements with county governments. Currently, only state governments can enter into agreements to perform forest management services on National Forest System lands.

Both the House and Senate versions include provisions from the Timber Innovation Act by promoting the construction of tall wood buildings. It would accelerate the research and development of cross-laminated timber and other engineered wood for use in construction projects as

well as provide grants for such projects. The grant funds must be matched by an equal amount of non-federal funds.

Advances in technology, safety, and engineering, combined with the use of new timber products, have made wood a more attractive option for construction of new buildings between seven and 14 stories tall. The flexibility of wood makes it a good building material for earthquake safety or high wind requirements, and is an environmentally responsible option as it has a lower carbon footprint than other building materials.

While NLBMDA supports the safe construction of taller wood buildings, it is strongly opposed by the steel and concrete industries. Over 21 tall wood buildings (defined as seven stories or taller) have been constructed around the world in the last five years. A seven-story wood-framed building was built in Minneapolis in 2016, and an eight-floor building was finished earlier this year in Portland.

The Senate bill also includes language that requires federal agencies to accept more methods of sustainably harvested forest products. Currently, the Department of Energy (DOE) only accepts lumber certified by the Forest Stewardship Council as suitable for federal purchasing.

Lumber certified by the Sustainable Forestry Initiative (SFI) and the American Tree Farm System (ATFS) should also be considered sustainable and suitable for federal purchase by DOE, as other federal agencies already accept SFI and ATFS certified products.

The House and Senate have appointed members to a conference committee to reconcile differences between the two versions of the legislation. There are four primary negotiators seeking to reach an agreement for a final vote in the House and Senate. They are Reps. Michael Conaway (R-TX) and Collin Peterson (D-MN), and Sens. Pat Roberts (R-KS) and Debbie Stabenow (D-MI).

NLBMDA supports provisions in the farm bill that include federal forest management reforms, efforts to advance tall wood building construction, and recognition of all wood certification systems that support sustainably managed forests.

Dealers can help push the farm bill across the finish line, and along with it LBM industry priorities, by visiting the NLBMDA Legislative Action Center at [www.dealer.org](http://www.dealer.org) and asking their representative and senators to support final passage. ■

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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# THE CASE OF THE NON-EFFECTIVE EMPLOYEE

A LONG-TIME EMPLOYEE'S PERFORMANCE DECLINES AS THE YEARS GO ON. WHAT WOULD YOU DO?

**W**hen you took over as general manager of your company three years ago, you remember all-too-well what your mentor, the former GM, told you: "Managing the business is easy," she said. "It's managing people that's tough." You're not sure you agree with her first statement, because you know first-hand that running a lumberyard is anything but easy, but you understand her second point. It's true, some people can be a real challenge to manage. But from your experience, as long as people are respected, appreciated, and compensated fairly, then the rest takes care of itself.

Then there's Joe.

Now in his 20th year with the company, Joe was onboard when you started. In fact, he's one of the people who helped show you the ropes and get you acclimated to the company's way of doing business and rules (both written and unwritten). He was a good guy—hard worker, well-liked and respected by his coworkers. A motivated and positive young man, Joe had a bright future with the company. Before introducing you to Joe, you remember the then-manager telling you, "this guy's going places. Who knows, you may be working for him one day."

That's not exactly how it worked out. Twenty years later, Joe is in the same role he was back then, and he reports directly to you. On the surface, he does the right things. But peer just beneath the surface and you see someone going through the motions. In a nutshell, Joe is unmotivated, unproductive and frankly, not an effective or valued member of your team.

Over the years, as your career has progressed, it's as if Joe peaked and is now on the decline...or, at best, is coasting until he can retire. But as someone in his mid-forties, retirement is decades away.

You've tried sitting down and talking with him, to learn what you and the

company can do to get him re-engaged. You've tried working with him to set performance goals, with healthy rewards at the end. You've addressed his work in annual reviews, asking if he's interested in learning any new skills, taking on fresh responsibilities, or working in a different part of the company. Nothing works. You've sought insights by talking with his coworkers, but they have nothing to say. As one colleague said, "He's just kinda there."

Meanwhile, Joe's healthy compensation and benefits package grows slightly each year as his performance moves in the opposite direction. If he weren't a long-term member of your team, you'd likely let him go. But he's not a bad guy, he's a family man with a wife and a son, and he's one of the people

who helped you when you first joined the company.

There are two others on your team who work hard, have great positive energy, and you'd love to help them reach their full potential with your company. Unfortunately, resources are limited, and there's only so much payroll to go around. The easy answer, to let Joe go, isn't as easy as it looks. What would you do?



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- 1 STICK WITH JOE.** Even if Joe hasn't turned out to be the superstar he first appeared to be, he's loyal, he comes to work every day, and he knows your company. Keep working with him.
- 2 SAY "BYE JOE."** As the company GM, your job is to do what's best for the company. It's clear that Joe isn't helping your company grow. You owe it to the owners and to Joe's coworkers to cut him loose.
- 3 ULTIMATUM.** You've tried everything else, it's time to tell Joe that considering his declining performance, he needs to help you justify keeping him onboard, otherwise you'll have to let him go.
- 4 DIG DEEP.** Something happened to knock Joe off track. As the company leader, it's your job to do everything in your power to find out what, then to help find a solution. He'll appreciate it, and you'll be glad you did.

**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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