

LBM JOURNAL[®]

STRATEGIES FOR LUMBER/BUILDING MATERIAL DISTRIBUTION PROS

LBMJOURNAL.COM

JANUARY 2019 \$10 U.S.

**IN DEPTH:
INSULATION & HOUSEWRAP**

**REAL ISSUES. REAL ANSWERS.
TACKLING CREDIT CARD FEES**

2019 DEALERS OF THE YEAR

**SUNROC BUILDING MATERIALS:
SALES OVER \$50 MILLION**

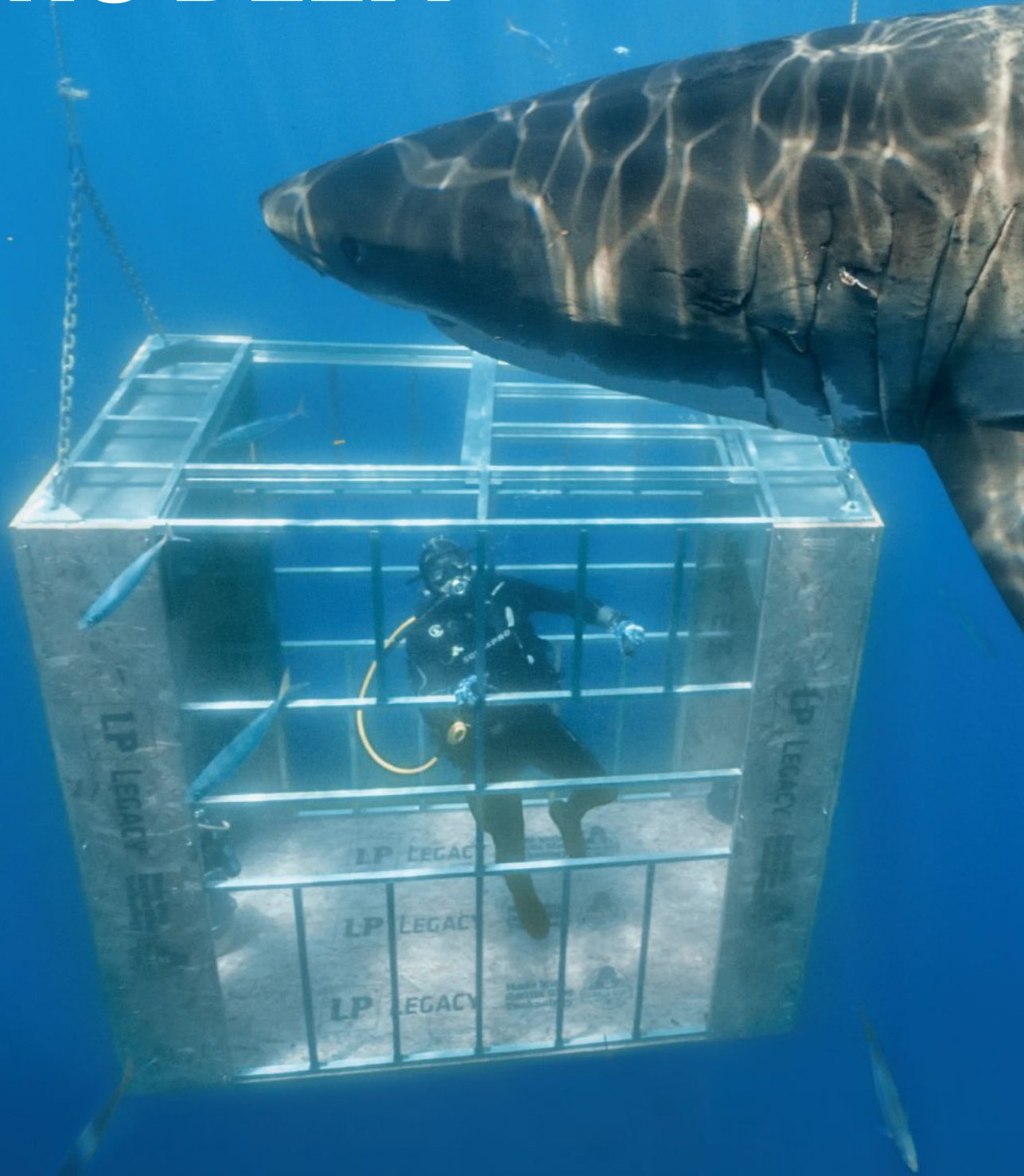
**HOWE LUMBER:
SALES OF \$10-\$50 MILLION**

**TAYLOR'S DO IT BEST BUILDING SUPPLY:
SALES UNDER \$10 MILLION**

GREG TEMPLEMAN, PRESIDENT OF SUNROC BUILDING MATERIALS



OUR TOUGHNESS RUNS DEEP.





Isla Guadalupe, Mexico



23



2,500

Lbs. of Muscle



28 Hrs.

of Salt Water Immersion

We've gone to great depths to test the unflinching strength of LP Legacy® sub-flooring. We're so sure of LP Legacy's stiffness and moisture resistance, we've backed it with an exclusive Covered Until It's Covered™ no-sand warranty.*

**Catch the unveiling of our Tested Extreme:
Ocean videos online and at IBS on February 19.
Learn more at testedextreme.com.**

LP Legacy®
PREMIUM SUB-FLOORING



MADE WITH
GORILLA GLUE
TECHNOLOGY



GREG TEMPLEMAN, PRESIDENT OF SUNROC BUILDING MATERIALS. LBM JOURNAL'S 2019 DEALER OF THE YEAR IN THE SALES OVER \$50 MILLION CATEGORY.

2019 DEALERS OF THE YEAR

LBM Journal's Dealer of the Year awards recognize three LBM companies of different sizes that epitomize the entrepreneurial spirit. By our definition, a Dealer of the Year describes a company in which leadership excels at identifying underserved—or emerging—markets, satisfying customers, and constantly working to grow and improve business. Our 2019 winners—Sunroc Building Materials, Howe Lumber, and Taylor's Do it Best Building Supply—represent vastly different operations. The common thread in these companies is their fierce commitment to finding ever better ways to serve their customers and their communities.

BY JAMES ANDERSON

5 QUESTIONS WITH...

Cary Anderson, vice president of R&D North America for Kerridge Commercial Systems.

14

THE BUZZ **6**
The latest updates on housing production and people on the move. Plus, industry news briefs, updates from lumberyards across the country, event calendar, responses from our October Tough Call survey, and more.

REAL ISSUES. REAL ANSWERS. **28**
Tackling credit card fees
BY RICK SCHUMACHER

IN DEPTH:
INSULATION & HOUSEWRAP **44**
With a housing market that remains strong despite rising interest rates, insulation and housewrap continue to vie for space among distributors' inventories.
BY MIKE BERGER



PRODUCT PICKS **54**
Featuring: Roseburg, Decorators, Tyvek, MI Windows and Doors, Simpson Strong-Tie, DAP, and more.



4 EDITOR'S NOTE
Introducing LBM Journal's Dealers of the Year
BY RICK SCHUMACHER

17 SALES & MARGINS
Inventory shrinkage is like having a hole in your pocket
BY BILL LEE

18 BUILDING SALES
Don't forget to think inside the box
BY RICK DAVIS

20 SELLING THE DECK PROJECT
Why I'm skipping local home shows
BY BOB HEIDENREICH

22 RECRUITING & HIRING
Eight places to look for hourly workers
BY RIKKA BRANDON

24 LEADERSHIP
Technology:
Poor planning in = garbage out
BY RUSS KATHREIN

26 MERGERS & ACQUISITIONS
The amazing value of credits to EBITDA
BY JOHN WAGNER

60 NLBMDA
2019 ushers in a return to divided government
BY BEN GANN

TOUGH CALL **64**
WHEN DIFFERENT ISN'T BETTER
The new manager's new ways are creating conflict, and hurting your store's performance. What would you do?

FIRST CHOICE. BEST CHOICE. TAKING YOU TO THE TOP.

Entrepreneurial success can come in different ways. For some independent dealers, it's about having a clear understanding of what sets you apart from the competition. For others, it's about seizing an opportunity—no matter where it comes from. This year's LBM Journal Dealer of the Year honorees are both inspiring examples of what hard work, ingenuity and the right co-op partner can accomplish together.



GREG TEMPLEMAN | *Sunroc Building Materials*

For Greg Templeman of Sunroc Building Materials, success for his growing company can be described in just three words: progressive, dynamic and flexible. Progressive modernization and automation of Sunroc's building component manufacturing process gives customers a unique product/service combination and expedited build times. Sunroc's dynamic, blended pricing structure allows builder customers to transfer cost of materials risk from one project to another and positions Sunroc as a true partner. And a flexible customer loyalty program offers customers multiple reward and redemption options and incentivizes them to keep their accounts current.



KEN AND KIM FISH | *Taylor's Do it Best® Building Supply*

Ken and Kim Fish rely on a strong connection to their community built over the course of two generations and more than 50 years of family ownership. When they recognized that homes built by their regular contractor customers were filling with potential DIY retail consumers, they expanded their product mix. While maintaining a strong focus on pro customers, Taylor's Do it Best Building Supply added appliances, housewares, outdoor power, a garden center and an outdoor living section. Most recently, when Hurricane Michael swept through Apalachicola Bay, Ken and Kim and their store team pitched in to help rebuild the community by donating time, resources and materials.

First CHOICE.
Best CHOICE.™



Do it Best Corp.

independentsdoitbest.com

Our congratulations to these deserving winners. Each shows how hard work and the right partner can help make you the first and best choice for your customers—no matter what your path to success.

Call us today at 888-DO IT BEST (364-8237).

Editor & Publisher Rick Schumacher
Rick@LBMJournal.com

Creative Director Richard Hart
Design@LBMJournal.com

Senior Editor James Anderson
James@LBMJournal.com

Contributing Sales Editor Rick Davis

Contributors Mike Berger, Rikka Brandon,
Bob Heidenreich, Russ Kathrein, Bill Lee,
John Wagner

Controller Nancy Frazer
Nancy@LBMJournal.com

Director of Operations Michelle Fischer
Operations@LBMJournal.com

Administrative Coordinator Tina Saucke
Tina@LBMJournal.com

Circulation Director Vicki Blomquist
Vicki@LBMJournal.com

Production Director Cathy Branch

ADVERTISING SALES

NORTHEAST & SOUTHEAST

Jodie Cook Redwood
Jodie@LBMJournal.com
Ph: 800.324.3492 Fax: 952.892.7816

CENTRAL & WEST

Michele Randazzo
Michele@LBMJournal.com
Ph: 904.310.9540 Fax: 952.892.7816

SUBSCRIPTION CHANGES

For subscriptions or address changes call
847.763.9580, e-mail LBMJournal@omeda.com
or visit www.LBMJournal.com/subscribe

BACK ISSUES & EXTRA COPIES

operations@LBMJournal.com

Vol. 17 No. 1 LBM Journal® (ISSN #1930-5516)

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

Copyright 2019 by Custom Built Publishing LLC. Opinions
expressed are those of the authors or persons quoted.
Reproduction in whole or in part is prohibited without
written authorization. LBM Journal is sent free-of-charge
to qualified dealers and distributors of building materials.
Publisher reserves the right to determine qualification.
Non-qualified annual subscription rates: US, \$48;
Canada, \$60 (U.S.); Airmail to all other countries, \$120
(U.S.). Single copy price: \$15 + S&H. Periodicals postage
paid at Lakeville, MN and additional mailing offices.

U.S. POSTMASTER:

Send address changes to:

LBM Journal
10880 175th Court West, Ste. 240 Lakeville, MN 55044
Publications Mail Agreement No. 40742016 Return
Undeliverable Canadian Addresses to:
Express Messenger Int'l, P.O. Box 25058,
London BRC, Ontario, Canada N6C 6A8



Leading
Suppliers Council



EDITOR'S NOTE

Introducing LBM Journal's Dealers of the Year

BACK IN 2005, we launched our Entrepreneur of the Year program. Al Bavy of Kimal Lumber in Florida was our inaugural winner, and Al let us share his story in our January, 2005 issue. Every January since then, we've recognized LBM dealers whose entrepreneurial spirit delivers for their employees and their customers and drives their companies forward. This past year, we learned that accounting firm Ernst & Young owns the trademark on "Entrepreneur of the Year." That's why we've updated the name of our recognition program to "LBM Journal's Dealers of the Year." While the name has changed, the spirit hasn't.

Our goal is to recognize successful, innovative, entrepreneurial companies of all sizes throughout the U.S. As you'll discover after reading their stories (beginning on page 34), this year's winners richly deserve the recognition.

- Featured on the cover, Sunroc Building Materials (winner of the \$50 million-plus category), which serves customers with building materials, including trusses and wall panels, in Idaho, Wyoming, Utah and Nevada, has created a highly-effective rewards program and pricing strategy designed to serve customers of all sizes.
- Howe Lumber Company, East Brookfield, Mass., (winner of the \$10-\$50 million category) is harnessing innovative solutions to long-term issues. Lean initiatives are saving money by optimizing workflows, and 300 solar panels on one of its buildings generate 100% of the company's electricity.
- From its location on Florida's panhandle, in the only county in the state with just one stoplight, Taylor's Do it Best Building Supply plays a critical role in its community. In fact, it even earned a visit from Governor Rick Scott for its community service after Hurricane Michael devastated the region in October 2018.

Another article that you won't want to miss is the Real Issues. Real Answers. feature on credit card fees (page 28). As more and more customers use credit cards for purchases and to pay their balances, the 2%-3% fees charged by most credit card processors are taking an ever-larger bite out of LBM dealers, bottom lines. This issue clearly touched a nerve, as more than 300 readers took the time to weigh in with their insights and experiences.

Rounding out this issue are rock-solid columns by Rick Davis, Bill Lee, John Wagner and Bob Heidenreich, plus a roundup of new products and services in our Product Picks pages.

Also, to answer demand from readers for more up-to-date news, our once-every-Tuesday LBM Alert recently became the LBM Journal Daily e-newsletter. If you're not already getting it, you can subscribe for free at LBMJournal.com. We've got more things in the works for 2019 to help you build your sales, your business and your brand. So stay tuned....

Rick@LBMJournal.com



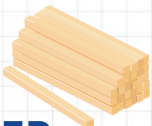
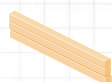
BREAKTHROUGHS IN BUILDING™

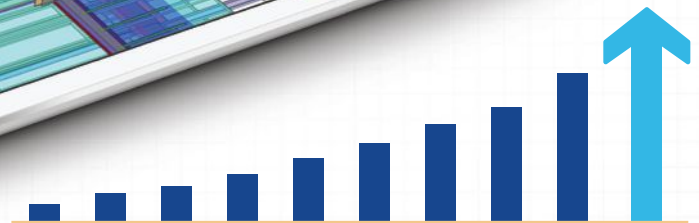
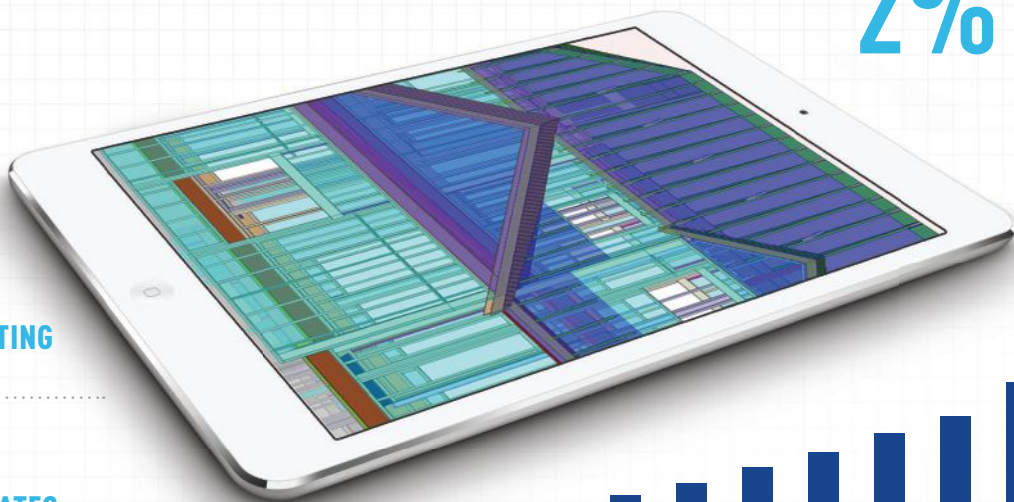
MCCABE LUMBER REDUCED WASTE BY 50% USING SAPPHIRE™ SUPPLY

REDUCE
50%
OF SALES'
TIME SPENT ON
ESTIMATING

REDUCE
WASTE BY **1/2**

VERIFIABLE BOM AND A
3D MODEL OF THE HOME
CAN BE GENERATED WITH EXACTING PRECISION.

GO FROM
8% 
WASTED
MATERIALS
DOWN TO
2% 



WIN BUSINESS AND BIG CUSTOMERS WITH A
DIFFERENTIATED, ACCURATE ESTIMATE

~~RETURNS. MISSING MATERIALS. RUSHED ESTIMATES.
OVERAGE AND UNUSED MATERIALS DEGRADING ON SITE.~~

MiTek®
SAPPHIRE™ SUPPLY

1-800-328-5934
MiTek-US.com/Software

COPYRIGHT © 2018 MITEK INDUSTRIES, INC. ALL RIGHTS RESERVED

UPDATES

PEOPLE

Roseburg Forest Products has named **Dawn Garcia** as director of marketing.



GARCIA

Roseburg Forest Products has announced that **Anurag Gupta** has joined the company's Board of Directors.



TER MOLEN

Do it Best has named veteran team member **Mike Ter Molen** as its new director of LBM operations.



WILSON

Do it Best has announced the promotion of **Lauren Wilson** to merchandise manager.

Do it Best has named **Nicole Green** and **Michael McCoy** to new merchandise manager positions.



GREEN

The Board of Directors of **Columbia Forest Products** has appointed **Greg Pray** as president & chief executive officer.



MCCOY

Viance has announced the addition of two new hires: **Jonathan Whitehead** and **Jacob Comer**.



SKYMER

Amber Skymer has been named senior product manager at **Derby Building Products**.

AERT, a division of **Oldcastle APG**, has announced the addition of **Todd Braun** as the company's vice president-sales.

Scott Cady has been promoted general manager of **Weekes Forest Products'** Comstock Park, Mich. distribution center.

Superior Plastic Products and affiliated companies have announced the promotion of **Ezekiel Harnish** to vice president of information systems.

MERGERS & ACQUISITIONS

Installed Building Products has acquired **Carolina Glass & Mirror, Inc.** and **Hamilton Benchmark Inc.**

U.S. LBM has acquired Maine's **Deering Lumber**. With this acquisition, U.S. LBM now has five locations throughout Maine.

Harvey Building Products has acquired **Northeast Building Products Corporation** (NBP) based in Philadelphia.

PRICE OF CONSTRUCTION MATERIALS DECLINES IN NOVEMBER

Construction materials prices fell 1.8% in November, according to Associated Builders and Contractors' analysis of U.S. Bureau of Labor Statistics data. Despite the monthly decline, materials prices are still 5.3% higher than they were on a year-over-year basis.

Nonresidential construction input prices fell 1.7% for the month and are up 5.8% compared to the same time last year. Prices declined in five of 11 subcategories, with crude petroleum (down 29.5%) and unprocessed energy materials (down 11.5%) experiencing the largest decreases. Only natural gas recorded a substantial increase in price: up 15% from October.

"In general, contractors should find today's report to be packed with positive data," said ABC chief economist Anirban Basu. "Earlier in 2018, materials prices were racing skyward due to a combination of strong domestic demand, a synchronized global economic recovery, pervasive increases in asset prices, and tariffs imposed on steel, softwood lumber and other inputs.

"Yet circumstances have changed materially," said Basu. "The global economy has weakened in intervening months, which implies that demand for key productive inputs is no longer expanding rapidly. Rather than consistently rising, various asset prices have exhibited more volatility. Given growing economic and financial uncertainty around the world, more investors have crowded into U.S. dollar-denominated assets as safe havens, pushing the value of the greenback higher, which also can suppress materials price increases. Moreover, the quantity of domestic production of certain key inputs appears to have risen in the context of higher prices earlier this year, including oil, softwood lumber and steel.

"The impact of expanding domestic production can be observed in the data," said Basu. "For instance, steel mill product prices are up nearly 19.8% compared to a year ago but rose just 0.5% in November. Softwood lumber prices, which increased sharply earlier this year, are now down nearly 11% compared to last year and fell 3% in November. With the global economy expected to continue to weaken and the dollar expected to remain strong, contractors should expect only moderate increases in materials prices during the early months of 2019, though further declines in input prices are certainly possible."

CUSTOM HOME BUILDING SHARE DROPS

The National Association of Home Builders is reporting that though more custom homes were built in 2017 than the previous year, the share of custom homes overall has decreased.

According to data from the Census Bureau's Survey of Construction (SOC), the custom home share declined to 20% of all single-family homes started in 2017—lowest since mid-2000. Contractor-built or owner-built houses—that together make up the custom home market—are built one at a time for owner occupancy on owner's land with either the owner or a builder acting as the general contractor. The alternative is spec homes built on builder's land with the intention of selling the house and land in one transaction. While the percent share of custom homes declined from 21% in 2016 to 20% in 2017, the number of custom homes built increased from 161,900 units in 2016 to 171,900 in 2017.

When analyzed by the nine census divisions, the highest custom home share was in the New England and East North Central Divisions where 40% of new homes started were custom built. In the South Atlantic and Mountain Divisions, on the other hand, the share was only 14%. In the Mid-Atlantic Division, 33% of new homes started were contractor-built or owner-built houses, followed by the East South Central Division at 31%, and the Pacific Division at 16%. In the West North Central and West South Central Divisions, 22% and 18% of new homes started where custom homes, respectively.



IT'S NOT A TREND. IT'S A REVOLUTION.

Visit ZIPRevolution.com to learn how easy it is to make the switch.

ZIPsystemTM
SHEATHING & TAPE

© 2018 Huber Engineered Woods LLC. ZIP System, the accompanying ZIP System logo and design are trademarks of Huber Engineered Woods LLC. Huber Engineered Woods' ZIP System® products are covered by various patents. Please see ZIPSystem.com/Patents for details. HUB 16509 03/17

UPDATES

MERGERS & ACQUISITIONS

Mans Lumber and Millwork of Canton, Mich., specialists in lumber, millwork, decking, kitchens and baths, acquired **Washtenaw Door & Trim**.

Glen-Gery Corporation has been acquired by **Brickworks Limited**.

SRS Distribution has acquired New Jersey's **Bill Wahl Supply**.

Thermory and **Ha Serv** have announced a planned merger of their business operations, thus becoming the world's leading and largest producer of thermally-modified wood.

Novo Building Products, a supplier of moulding, stair parts, doors and specialty millwork has acquired **L.J. Smith, Inc.**

INDUSTRY

True Value will now serve **Carter Lumber**. Based in Kent, Ohio, Carter Lumber has 146 locations.

True Value is the newest member of the **National Lumber and Building Material Dealers Association's** Manufacturers and Services Council.

Epicor honored LBM customers at its annual user conference. **Hampton Lumber Sales** won in the Technology Innovator category; **The Deck Superstore** won in the category of Rapid Time to Value; **Star Building Materials Calgary** took home the Business Transformation Award.

Boise Cascade's Building Materials Distribution was recently honored with three Regional Distributor of the Year Awards from **Trex Company**.

The Texas Workforce Commission recognized **Corrigan OSB, LLC** as the 2018 Small Business of the Year for Deep East Texas.

The U.S. LBM Foundation, a nonprofit organization founded by specialty building materials distributor **U.S. LBM**, recently raised more than \$200,000 for multiple charities through its third annual golf tournament, which was held at TPC Sugarloaf outside of Atlanta.

National Nail has partnered with the **GAF Roofing Academy's** "Hire A Hero" program to provide technical instruction to U.S. military veterans.

SHARE OF MODULAR AND OTHER NON-SITE BUILT HOUSING EXPECTED TO RISE

The National Association of Home Builders reports that the total market share of non-site built single-family homes was 3.3% of single-family completions in 2017, according to Census Bureau Survey of Construction data and NAHB analysis. This share is expected to rise in 2018 and in the years ahead, due to the ongoing labor shortage in the residential construction sector and the need to lift labor productivity amid declining housing affordability.

For 2017, there were 26,000 total single-family units built using modular (12,000) and panelized/pre-cut (14,000) construction methods, out of a total of 795,000 total single-family homes completed. While the market share is small, there exists potential for expansion. Moreover, this 3.3% market share for 2017 represents a decline from years prior to the Great Recession. In 1997 and 1998, 7% of single-family completions were modular (4%) or panelized (3%). This marked the largest share for the 1992-2017 period.

SLIGHT GROWTH FOR CUSTOM HOME BUILDING

The National Association of Home Builders' analysis of Census Data from the Quarterly Starts and Completions by Purpose and Design survey indicates custom home building posted a small gain on a year-over-year basis.

There were 54,000 total custom starts for the third quarter of 2018. This was a slight improvement over the third quarter of 2017 (51,000). Over the last four quarters, ending with the third quarter of 2018, custom housing starts totaled 175,000. This was a 1.2% gain over the prior four quarters. Note that this definition of custom home building does not include homes intended for sale, so the analysis uses a narrow definition of the sector.

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

HOUSING AFFORDABILITY DRAGS ON BUILDER CONFIDENCE

Growing affordability concerns resulted in builder confidence in the market for newly-built single-family homes falling eight points to 60 in November on the NAHB/Wells Fargo Housing Market Index (HMI). Despite the sharp drop, builder sentiment still remains in positive territory.

"Builders report that they continue to see signs of consumer demand for new homes but that customers are taking a pause due to concerns over rising interest rates and home prices," said NAHB Chairman Randy Noel.

"For the past several years, shortages of labor and lots along with rising regulatory costs have led to a slow recovery in single-family construction," said NAHB Chief Economist Robert Dietz.

Derived from a monthly survey, 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.

All of the major HMI indices posted declines. The index measuring current sales conditions fell seven points to 67, the component gauging expectations in the next six months dropped 10 points to 65 and the metric charting buyer traffic registered an eight-point drop to 45.

Looking at the three-month moving averages for regional HMI scores, the Northeast rose two points to 58. The Midwest edged one point lower to 57, the South declined two points to 68 and the West dropped three points to 71.

NAVIGATOR

Steel Siding



A New Direction in Steel Siding From Rollex



Not just siding—a powerful statement of beauty.

We've combined high tech steel and our ultra-durable proprietary SMP coating for the best siding experience. Our latest coating, a silicone polyester, has been enhanced to outperform other coatings for resistance to chalk, fade, corrosion and moisture. Navigator will stand up to damaging UV lights, weather and humidity but can be easily cleaned with just water.

Powerful Curb Appeal.

Keep homes looking new for decades with Navigator's virtually maintenance-free panel that never needs re-painting. Navigator's low gloss seamless coil and boxed siding is available in 16 on-trend colors to work beautifully on any home type.

UPDATES

DISTRIBUTION

Eastern Engineered Wood Products has opened a new distribution center in Emporia, Va.

Weyerhaeuser Distribution is adding **Fiberon** decking to its California distribution centers as well as Salt Lake City, Boise, Denver, and Dallas.

UFPI is distributing **Allura** in the Southwest.

Send updates about your organization to James@LBMJournal.com

EVENTS

JAN 28-29 Northwestern Lumber Association (NLA) Building Products Expo, St. Cloud, MN • www.nlassn.org

FEB 6 Wisconsin Lumber Dealers Leadership Conference, Wisconsin Dells, WI www.nlassn.org

FEB 6-7 Building Material Suppliers Association (BMSA) Education Exchange & Expo, Hickory, NC • www.mybmsa.org

FEB 6-8 Northeastern Retail Lumber Association (NRLA) LBM Expo, Boston, MA www.nrla.org

FEB 18-20 LBM Advantage 4th Annual Meeting & Trade Show, Orlando, FL www.lbmadvantage.com

FEB 19-21 NAHB International Builders Show, Las Vegas, NV • www.buildersshow.com

FEB 21-24 True Value Spring Reunion, Dallas, TX • www.truevalue.com

FEB 26 Iowa Lumber Convention, Des Moines, IA • www.nlassn.org

FEB 27 Independent Dealers Education Association Services (IDEAS) Show 2019, King of Prussia, PA • www.ideasshow.org

FEB 28-MAR 1 Midwest Building Suppliers Association (MBSA) Annual Meeting & Member Summit, Detroit, MI. • www.thembasa.org

NLBMDA SUPPORTS U.S.-MEXICO-CANADA AGREEMENT

The National Lumber and Building Material Dealers Association (NLBMDA) released a statement of support on the signing of the United States-Mexico-Canada Agreement (USMCA) in Buenos Aires, Argentina, at the G20 Summit. USMCA is a trilateral trade deal with Mexico and Canada that will replace the North American Free Trade Agreement (NAFTA) if the legislatures of the three countries ratify it.

USMCA maintains NAFTA's dispute resolution mechanism allowing for a binational arbitration process regarding countervailing duties (CVD) and anti-dumping duties (AD). These panels have been used in the past as part of the softwood lumber dispute between the U.S. and Canada. In addition, aluminum tariffs of 10% and steel tariffs of 25% remain in effect for imports from Canada and Mexico despite the new agreement.

All three countries must still ratify the trade agreement for it to take effect, which means both the House of Representatives and Senate will have to approve USMCA this year.



TOUGH CALL ANSWERS

ANSWERS TO OUR OCTOBER TOUGH CALL:

FIGHTING OVER CLIENTS

As your company adds outside salespeople, there's more conflict over customers. Here's how readers would handle this month's Tough Call survey.

YOUR VOTES ONLINE AT LBMJOURNAL.COM

4.6% STAND YOUR GROUND. All four of your existing reps were spread too thin, with more business than they could handle. Remind them of that, thank them for all they do, then get back to work.

8.5% GIVE A LITTLE. Sit down with each of the four original reps individually. If they can make a case why an account truly should be theirs, then give them a small over-ride on those commissions.

19.9% ONE TOO MANY? You know that four reps was too few...but maybe six is one too many. Watch the numbers for a couple of months, and consider letting go the lowest performing new rep.

67% REDIRECT. Consider having one rep focus on a specialized area, like installed sales, light commercial jobs, etc. Take advantage of this opportunity to grow your business.



QuikStik™

Raising the bar on overhead fastening.



Introducing the new Quik Stik rafter and truss fastening system.

We're taking overhead fastening to a new level. With the Quik Stik system, your customers can stand and drive truss screws quickly, safely and efficiently without ladders, line compressors or power nailers.

It's designed specifically for use with our code-listed Strong-Drive® SDWC Truss screw. To learn more, visit go.strongtie.com/quikstik or call us at (800) 999-5099.

SIMPSON
Strong-Tie

NEW CONSTRUCTION STARTS TO HOLD STEADY IN 2019

Dodge Data & Analytics has released its 2019 Dodge Construction Outlook, and the report predicts that total U.S. construction starts for 2019 will be \$808 billion, staying essentially even with the \$807 billion estimated for 2018.

“Over the past three years, the expansion for the U.S. construction industry has shown deceleration in its rate of growth, a pattern that typically takes place as an expansion matures,” stated Robert A. Murray, chief economist for Dodge Data & Analytics. “After advancing 11% to 14% each year from 2012 through 2015, total construction starts climbed 7% in both 2016 and 2017, and a 3% increase is estimated for 2018. There are, of course, mounting headwinds affecting construction, namely rising interest rates and higher material costs, but for now these have been balanced by the stronger growth for the U.S. economy, some easing of bank lending standards, still healthy market fundamentals for commercial real estate, and greater state financing for school construction and enhanced federal funding for public works.”

“An important question going into 2019 is whether deceleration is followed by a period of high level stability or a period of decline. For 2019, it’s expected that growth for the U.S. economy won’t be quite as strong as what’s taking place in 2018, as the benefits of tax cuts begin to wane. Short-term interest rates will rise, as the Federal Reserve continues to move monetary policy towards a more neutral stance. Long-term interest rates will also rise, reflecting higher inflationary expectations by the financial markets. At the same time, any erosion in market fundamentals for commercial real estate will stay modest. In addition, the greater funding from state and local bond measures passed in recent years will still be present, and it’s likely that federal spending for construction programs will increase once all the federal appropriations bills for fiscal 2019 are finalized. In this environment, it’s forecast that growth for construction starts will decelerate further, but not yet make the transition to the point where

the overall volume of activity declines. For 2019, total construction starts are forecast to hold basically steady at \$808 billion. By major sector in dollar terms, residential building will be down 2%, nonresidential building will match its 2018 amount, and nonbuilding construction will increase 3%.”

The pattern of construction starts by more specific segments:

Single family housing will be unchanged in dollar terms, alongside a modest 3% drop in housing starts to 815,000 (Dodge basis). There will be a slight decline in homebuyer demand as the result of higher mortgage rates, diminished affordability, and reduced tax advantages for home ownership as the result of tax reform.

Multifamily housing will slide 6% in dollars and 8% in units to 465,000 (Dodge basis). Market fundamentals such as occupancies and rent growth had shown modest erosion prior to 2018, which then paused this year due to the stronger U.S. economy. However, that erosion in market fundamentals is expected to resume in 2019.

Commercial building will retreat 3%, following 2% gains in 2017 and 2018, as well as the substantial percentage increases that took place earlier. While 2018 market fundamentals for offices and warehouses are healthy, next year vacancy rates are expected to rise as the economy slows. Hotel construction will ease back, and store construction will experience further weakness.

BY THE YARD

NEWS FROM LUMBERYARDS AROUND THE COUNTRY

In Memoriam: Paul B. “Bud” Howe Jr., longtime Peoria, Ill., lumber dealer, passed away on Thursday, November 29, 2018, in Aurora, Ill. Howe was vice president and director of Carver Lumber Company in Peoria from 1954-1985. He was president and chairman of the National Lumber and Building Materials Dealers Association from 1983-1984.



McCoy’s Building Supply and **Atrium Windows and Doors** recently donated \$29,710 to Habitat for Humanity Texas.

Meek’s Lumber has consolidated six Missouri locations, a move that was “a data driven business decision after careful analysis and consultation with the Meek family,” the company said in a statement released to *LBM Journal*. Meek’s was acquired by two private equity firms two months prior.

Portfolio company **American Construction Source**, operated by Angeles Equity Partners, LLC, and Clearlake Capital Group, L.P., has announced the acquisition of **Arrow Building Center** headquartered in Stillwater, Minn. Financial terms of the transaction were not disclosed.

Homewood Holdings, LLC, a portfolio company of private equity investment firm, **Building Industry Partners**, has announced the acquisition of select assets of **Building Supply and Lumber Co., Inc.** of Sacramento, Calif.

Central Valley has acquired Solano County-based building supply company, **Foster Lumber**, expanding Central Valley’s Northern California footprint. Foster Lumber will continue to operate as a separate, wholly-owned subsidiary with the current management in place.

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.

WEATHER THE WEATHER

whatever the weather



RAILING · FENCING · CABLE RAILING · ACCESSORIES · LED POST LIGHTING

With an aluminum fence from Key-Link, you don't need to worry, whatever the weather. These fences are powder-coated with AAMA 2604 standard coatings for a beautiful look, season after season.

Order pre-assembled or unassembled sections, depending on your labor and budget needs.

LEARN MORE: KEYLINKONLINE.COM



FIVE QUESTIONS WITH...

CARY ANDERSON / KERRIDGE SYSTEMS

1

Q: With new construction, residential remodeling and light commercial building still solid in most markets, what do you see as the clearest opportunity for LBM dealers?

A: Many dealers are starting to provide labor in different forms. Some are increasing their installed sales business all the way from garage doors to framing homes. Providing labor opens up a completely new opportunity for dealers and they need their ERP software to be able to help them track the projects. Often dealers set up another company to provide labor due to management and insurance purposes. Other areas of opportunity are truss plants and door shops. Dealers are finding it important to hire specialists in these manufacturing areas to grow their businesses. Wall panels are also gaining in popularity again.

2

Q: The flipside of that question: What do you see as the biggest challenge?

A: Labor, Labor, Labor. It is very difficult to find, both for the dealer and for builders. For installed sales, this actually is an opportunity for dealers to offer a stable supply of labor once they find it. While price is important, a trusted fixed bid process is many times preferred.

3

Q: Many LBM companies still use computer systems that are more than a decade old—or older. What would you say to dealers who do not upgrade because their existing systems still work fine?

A: There is no question that changing ERP systems can be stressful and disruptive. This can be mitigated by selecting the right software and technology partner. When the dealer evaluates a new ERP system it will become evident where the new areas of efficiency will be. The dealer typically starts out with a few known areas and then discovers several more in the evaluation process. These areas of improvement are different for every dealer. All dealers

should evaluate new software after being on the same system for 10 years, even if they decide not to change. That way they can make an informed business decision to stay or to move.

4

Q: Given the rapid advancements in technology, what new features and capabilities should LBM Journal readers watch for in the coming years?

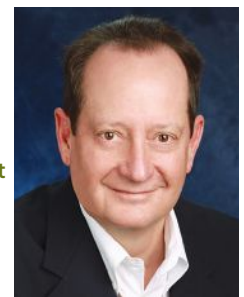
- A:**
- Advanced N-Tier ERP software solutions
 - Advanced PDF readers for accounts payable and accounts receivable
 - Advanced mobile apps for customers and sales people
 - Advanced logistics for improving the dispatch and delivery process
 - Advanced customer portals
 - Advanced e-commerce solutions both B to B and B to C

5

Q: Today's ERP systems go far beyond POS technology. How do you suggest that LBM dealers view the role of their ERP system in their overall operation?

A: They need to view the role of their ERP system as a competitive weapon. Too often, the ERP system is regarded as an unavoidable reality to run the basics of their business and is not seen as the opportunity that it is. Typically, once a new ERP system is up and running, many dealers do not go to the next level to improve operational efficiency. The owner should walk into the office of his IT manager and look for a list on the wall of ongoing software/hardware initiatives that the company has planned to improve his company. If there is no list, that should be a red flag. Another huge mistake most dealers make is not budgeting for training from their ERP provider every year. When they are preparing the annual budget, dealers should allow for three days per year of consulting and training. Once the dealer sees the ERP system as a competitive weapon, this becomes very easy to add to the budget. ■

As vice president of R&D North America for Kerridge Commercial Systems, Cary Anderson is responsible for development of Kerridge ERP platforms in North America. Earlier in his career, Anderson pioneered the first integrations of business intelligence, document management, and dispatch and delivery systems into several LBM-centric ERP platforms.



The new shade of shiplap starts here.



Ready-to-install, prepainted nickel gap shiplap
at ufpEDGE.com/timeless.

UFP
EDGE™

Designed To Be Seen

© 2018 Universal Forest Products, Inc. All rights reserved.
UFP-Edge is a trademark of Universal Forest Products, Inc.

9850lbn 12/18



Serving the Mid-Atlantic and New England Markets

“ A CONTRACTOR ON A BIG PROJECT
CALLS IN A LARGE ORDER FOR
HARDIEPLANK® LAP SIDING.
AND HE NEEDS IT YESTERDAY.

**FORTUNATELY, I'M IN A
MID-STATE OF MIND.”**

Mid-State Lumber has the premium products you need,
when you need them. With regularly scheduled delivery days, our
quick turnaround is designed with customer satisfaction in mind.
Wholesale distribution • 800.942.7776 • www.midstatelumber.com





SALES & MARGINS

BILL LEE

Inventory shrinkage is like having a hole in your pocket

THE RULE OF THUMB that I use for the amount of annual inventory attrition a business can live with is 1/2 of 1% of sales. A \$20 million full line building supply business with the lion's share of sales going to professional contractors, will likely carry an inventory somewhere in the neighborhood of \$1.7 million in value. If the business achieves my benchmark, it will have controlled inventory shrinkage to around \$85,000.

While holding inventory shrinkage to 1/2 of 1% of sales is an acceptable job, we're still looking at a loss of \$85,000, which is not an insignificant amount of cash most managers would much rather see on the bottom line.

Let's explore a couple of ways managers might improve the amount of cash they lose each year to shrinkage:

Inventory shrinkage is caused by two primary factors: the first is because some degree of shrinkage is a byproduct of the way we do business in the building supply industry, i.e., substituting an 18' board for a 16' board because you are out of stock on 16s, and charging the customer the price of a 16' board rather than the 18' board that was loaded on his truck. Computers don't know what we fail to tell them.

The other factor is sloppy inventory-handling procedures. One of the first abuses that comes to mind is the way returned merchandise is often handled:

A sales rep asks a driver to pick up some leftover material the builder wants credit for. The driver spends a couple of hours rounding up the merchandise and loading it on his truck. When he returns to the yard, he is told he is late for making a delivery that has been promised before the end of the day, so he hurriedly dumps the returned merchandise on an uncluttered spot in the yard, quickly hands the list of material he picked up to an inside salesperson to issue a credit to the builder and then dashes over to pick up his delivery and drop it before the end of the day.

The returned material sits in the yard for over a week before the yard foreman, not taking time to determine the

source of the returned material, asks a forklift driver to restock the resalable material and take the remainder to the "bone pile."

In this scenario nothing was done "by the book." Virtually every inventory control procedure was violated. When it comes to inventory control, this company must assign a qualified person to document some well-thought-out systems and procedures and diligently follow them or else they are headed into a collision with disaster.

Key ingredients in a sound credit return policy

- No pick up is to be made without an authorization from the yard foreman.
- The driver is not to make any credit commitments to the contractor.
- Returned material is to be placed in a designated area of the yard.
- The driver returns the authorization form to the yard foreman along with a list of the material that was picked up and brought back to the yard.
- Only the yard foreman is allowed to make a decision as to whether the returned material is resalable.
- Only the yard foreman is authorized to issue a credit.
- The material is returned to inventory or taken to the bone pile ASAP.

Ideas to recoup losses from D.O.G. merchandise

- On slow days, assign someone to go through the material in the bone pile and make recommendations as to whether any of the products are sellable.
- Perhaps cut some of the lumber into stakes.
- Assign someone to price and date each item in the bone pile.
- Quarterly, assign a responsible person to pick up all D.O.G. items that are more than 90 days old and transport to the dump. ■

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.



BUILDING SALES

RICK DAVIS

Don't forget to think inside the box

IN RECENT ARTICLES, I've offered contrarian concepts such as prospecting with a sieve instead of a funnel; or planting seeds instead of hunting. This month's contrarian sales concept is to "think inside the box." It's so easy to boast about being an outside the box thinker that everyone forgot about all the great tools inside the box.

Outside-the-box thinkers pride themselves on innovation and creativity and there is, of course, nothing wrong with those traits. High level performers are able to bring a personal style and innovation to the foundational skills of selling, but everyone should first master the great ideas inside the box.

A star football player doesn't ignore the basics of blocking and tackling. An engineer doesn't try to reinvent the shape of the wheel. High powered salespeople don't ignore the skills that made them successful early in their careers.

Unfortunately many salespeople never master the basics. Circumstances create sales results that mask the need for rudimentary skills development. Consider the salesperson who inherits accounts from departing salespeople within an organization or the salesperson whose growth merely mirrors a rise in economic trends. These are salespeople who can succeed without fundamental sales skills...until it is too late.

Success starts with a cold call. It is true that experienced sales veterans are able to network and gain new business by referrals. It is even truer that the foundation of business-to-business selling skills starts with a cold call. A salesperson who has never mastered the skill of selling from scratch to a prospect with an initial cold call has not mastered the most essential skill in the box.

Count contacts. Thirty years ago, successful salespeople kept a stack of business cards wrapped in a rubber band conveniently located on the console of their trucks. Today this basic idea inside the box is as valuable as ever. The tool

has changed—i.e. an electronic database has (hopefully) replaced the rubber band, but the concept remains. Meet more people; count your contacts; the law of averages will help you grow your business. It's a formula inside the box that works.

Let people share their story. Outside-the-box thinkers assert that they creatively think outside the box to learn about their prospects and customers. They use the internet, referral dialogues, and jobsite visits to understand client needs *before* meeting them. You can't sell to a prospect only with research.

Inside-the-box thinkers recognize that the buyer's favorite subject is the buyer! The best way to understand people is by listening and asking questions *while* you're meeting them. People don't care how much you know until they know how much you care. Letting people share their story is the best and oldest inside-the-box idea of them all.

Promise and deliver...the things you can do easily. Outside-the-box thinkers are creative people who put out fires and believe they should resourcefully cater to the demands of high maintenance customers. Inside-the-box thinkers prevent fires and make promises within the confines of their company's operational capability. I've never been a fan of the "under-promise and over-deliver" concept. Just promise and deliver what you can. Your clients will be thrilled. The best way to remain profitable is the old school way—i.e. sell what you can deliver in the normal course of business.

Before you think outside the box, make sure you're not ignoring the essential tools *in* the box. The tried and true ways are still the best. Blocking and tackling properly might be boring, but is still the key to winning championships. Salespeople who master and exploit the boring ideas inside the box ultimately produce the most exciting results. ■

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

YOUR SOFTWARE SOULMATE



We do.

Call it unconditional, all-encompassing, you name it. As a software developer committed solely to the lumber and building materials industry, DMSi has every corner of your operation covered. From production and procurement to integrated accounting. We make sure no corners are cut and no detail is left out. And that's a promise we'll hold true.

..... visit **DMSi**.com





SELLING THE DECK PROJECT

BOB HEIDENREICH

Why I'm skipping local home shows this year

IN THE PAST I've talked about how our team at The Deck Store has invested a lot of time and energy into making creative displays for the local trade shows. In our area, a big one is the Minneapolis Home and Garden Show, though we've done a number of other shows as well throughout the years. Last year, we started stepping away from these shows a bit. This year, we're pulling out completely. That is a 180° shift from what I've done in the past, and a lot of people are asking me why, especially considering that in the past I've always been a big proponent of these shows.

I'm not referring to national shows, which I think are really, really important shows. I'm speaking of the local, community shows.

As I've said before: What we're doing now doesn't mean that's what we'll be doing five years from now. This is a good example of that philosophy. Internet marketing has really taken over how we attract our customers. We have our local showroom that we invest in regularly and keep updated with the latest products and building techniques. So rather than invest in another display for a show, we are instead putting our money into online marketing that will bring people into our store. Our showroom is where our product is strongest and that's where we want to engage our customers. Why spend the time and expense in building a display that we'll only use for a few days? We've decided to take that same amount of money and effort and instead put it into our showroom and work on attracting people there.

In the past, we've had manufacturers share in the budget of preparing a display for the local home shows. We've talked to them about it and instead have conveyed to them the importance of them investing in our showroom as a year-round display that will draw people in far more than just the short times the home shows take place.

We were up to about \$15,000 to \$20,000 budgets for a weekend show, so we will now use those resources to build some pretty awesome displays in our own store showroom. We're doing a major renovation of our showroom this year, and we've assessed the value of our floor space and are

rebuilding accordingly. We're getting rid of products we don't sell much of and replacing them with the latest technologies from manufacturers we sell more often.

We're also working with our manufacturers to make sure we have the latest products and colors offered. In some cases, we've agreed to keep a product covered up, or to not display it quite yet because the product won't be officially unveiled until later. As we build out our new showroom displays, we're noticing that customers are showing an interest in what we're building. Since many of our customers are professional builders and contractors, there's nothing to get them talking and enthused more than seeing us build our own displays in our own store.

As I mentioned, we're using our new investment in online marketing to draw customers to our store. We've gotten pretty sophisticated about it recently. We're now able to use Google Ad Words to connect with homeowners and contractors who are searching for information about the home show and instead, the google ads direct them to our showroom and our online store.

We're using some of this budget for Facebook and Twitter advertising as well. We're also going to do Google retargeting ads. Beyond just online ads, we're heavily focused on email marketing. We use our email lists to funnel people into our store. Once we get them into our store, we're more likely to get them to buy. Once they're here in the store, we're no longer making that first sales call in their home. They've already experienced a lot of what we're about via our online presence and they're in the store on purpose because we've enticed them through smart social media and email marketing.

The people visiting our store now are truly interested in the products and services we offer. They're not someone who had a couple beers at the home show and decided they want to talk about decks only to find they don't even live in your area. These are qualified leads who have already taken the time to voluntarily interact with us online. These consumers, we've learned, are more valuable to us than the local home show crowd. ■

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.



BUILD YOUR BUSINESS RIGHT BUILD WITH



Stock Grip-Rite®, the most complete line of fasteners in North America.

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

Grip Rite WE BUILD AMERICA™

800-676-7777 • www.grip-rite.com • www.primesourcebp.com

©2018 PrimeSource Building Products, Inc All Rights Reserved.
Visit www.Grip-Rite.com for details, warranty information and limitations.



RECRUITING & HIRING

RIKKA BRANDON

Eight places to look for hourly workers

AS I MODERATED a panel at the LBM Strategies Conference last September, I noticed a common theme among dealers in the audience: Finding yard workers and other hourly staffers is becoming a giant pain in the butt.

Just like builders and remodelers, the labor crunch is hitting lumberyards hard. Along with the tight market caused by the housing recovery, the pipeline of workers is simply drying up as fewer young people enter the industry, or aren't aware of it at all, and older workers retire out.

Hiring hourly workers requires different tactics and salesmanship than recruiting for sales or leadership positions—the job requirements, benefits, and long-term career paths are unique, and, therefore, so is the talent pool. Here are eight places to search to widen your pool of candidates for hourly positions:

1. Craigslist: Craigslist continues to have a good response rate for hourly workers; don't discount its power! Just be sure you use the space wisely: Don't just tell readers what you want from them; promote why they should want to work for you.

2. A local staffing agency: Create a relationship with your local talent/staffing firms and leverage their services. Sure, there's a markup, but they cover recruiting costs, unemployment, workers' comp, and taxes, as well as performance improvement and termination if needed. If it's an agency with a strong light-industrial client base, they will have already done a lot of marketing and advertising in the area and have a healthy database of people interested in hourly and/or manual work. Added bonus: If a temp staffer turns out to be a perfect fit for your company, you usually can hire them for a buyout—just make sure the agency you're working with has the option to hire without exorbitant additional fees.

3. Indeed: This job listing site has more traffic than Monster and others. You can also sponsor an ad using pay-per-click, which means you can control the budget and stop when you get enough traffic.

4. Social media: Post open positions to your business and personal Facebook pages, and encourage friends and followers to share the post. Pay the small fee to boost the

post to ensure more eyeballs; even as little as \$30 can make a difference. You could also use testimonials from happy employees to create an employer branding campaign and include that you're now hiring.

5. Word of mouth: Do your employees enjoy working for you? Have they found a career at your company? Encourage them to tell their friends and acquaintances about open positions. Consider offering a financial or non-financial reward to employees whose recruits are eventually hired.

6. Always be recruiting: Head-hunting isn't just for the C-suite. If you're out shopping and see someone running a forklift, stocking shelves, or helping customers with a great attitude, reach out to them and give them your card. People don't often get recruited at that level, so they will likely be surprised and flattered.

7. Connect with tech schools: Form relationships with teachers at trade schools and high-school vo-tech programs, as well as high school guidance counselors. Let them know the skills you're looking for and encourage them to promote careers in the lumber industry. Present to classes about what a career in LBM looks like, making note of the opportunities, the pride, and the good benefits.

8. Think outside the box: Expand your recruitment pool to groups that are often overlooked, such as immigrants, individuals recently released from prison, individuals with disabilities, and stay-at-home parents. In many cases, these individuals not only have the necessary skills but also hard-working attitudes and appreciation for being given the opportunity.

We all know that the lumber supply industry offers a great career opportunity for those willing to work hard. We just have to do a better job of shouting that from the rooftops in the right places. When leveraging any of these tools, be sure to demonstrate the potential of your company and the industry as a whole to potential team members.

Stay tuned next month, when we'll explore how to establish a long-term talent funnel. ■

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.

“All things being equal, the simplest solution tends to be the best one.” – William of Occam

**PEEL
& SEAL®**
SELF-STICK ROLL ROOFING



We couldn't agree more.

Peel & Seal® is the best and simplest solution for low-slope roof and flashing repairs. Just peel off the release liner, press into place, and roll smooth to seal the leak. That's all it takes. Leave exposed for years of worry-free protection.

mfm
BUILDING PRODUCTS CORP.

Learn more at www.mfmbp.com or by calling 800-882-7663.





LEADERSHIP

RUSS KATHREIN

Technology: Poor planning in = garbage out

WITH THE START OF THE NEW YEAR, many of us are trying to figure out how to make our businesses better and more efficient. For some, implementing a new ERP system may come into play. Having faced the terrifying process of implementing a new ERP system four times in my career, I was recently asked by a friendly competitor to share my advice.

1. If it is not working now, a new system will not fix it. Don't delay tackling problems because you plan on getting a new ERP system and expect it to take care of things. ERP systems are based on logic. If the logic in your current procedures is broken, no system will be able to fix it. You need to solve the problem before any system gets installed.

2. Operations must own the planning and implementation. This may be a problem associated with medium- and large-sized companies with sizeable IT departments. The temptation is to think of ERP implementation as an IT project, when in reality it is one of the most important operations projects your company will ever undertake.

3. Walk before you run, or "keep it simple, stupid." There will be the temptation to get very granular as you set up your customer types and product categories. At my company, we initially set up 27 different types of customer codes because we thought it would be helpful to know all the different types of customers we had. The practical reality is that our people primarily choose four to five customer types when setting up accounts; 27 options was just confusing.

4. When in doubt, go with how the ERP system tells you to do things. Every ERP implementation, except my first time, ended up being extremely painful. Why? Because our operators insisted that they needed custom programming to make the system work for them. Usually, it meant they wanted it to look more like their old system. When it came time for upgrades or programming changes, these customizations were the source of nightmares, costing us millions of dollars. Why was my first implementation less painful? Our company was small, and we did not have the money for customizations. We changed all of our procedures to match how the ERP system was designed. It was the best decision we could have made.

5. Concentrate on the customer experience, rather than the cool reports management will receive. It's no secret that ProBuild spent more than \$300 million to custom-design its own ERP system, ProEdge, based on the Oracle platform. It took more than seven years to create a horrible product that ultimately caused the demise of the company. One of its biggest flaws: It took something like 10 screen changes to ring up a customer who wanted to buy a 20-cent screw. The whole system was designed from the top down. While it was thought it would give us a competitive edge, it never was designed from the customer's viewpoint.

6. You can't conduct enough advance training. People will complain, and your best salespeople will tell you that they do not have time to go to training. Do not allow them to skip training. In fact, double or triple the amount you train before rollout. It is the one time you have to pull people aside and focus on the new ERP while it is new to everyone. Train, train some more, then train again.

7. Don't disband the implementation team once you have rolled out the new system. Implementation is just the beginning. If you take all of your highly trained people and release them back to their old jobs, your ERP system will be coasting from that point forward. To make sure your company gets the most value from its technology investment, keep some people on the job or at least part of a team that continues to monitor, tweak, and expand your use of your ERP system.

8. The implementation is only the beginning. People implementing the ERP system we have used for six years ask me, "When does the pain stop?" Realistically, things get better during the second year, but you will be constantly challenged to use the system more and do a better job of it. When I came to Alexander Lumber, I was thrilled to see we already had implemented one of the industry's best ERP systems. However, I noticed we hadn't done much with it since the rollout. I called it our Lamborghini that we only took out of the garage on Sunday and drove 25 mph. I am happy to report we are now driving it every day and working on getting it up to at least 55 mph. Sammy Hagar might not be able to drive 55, but we are pretty sure we can. ■

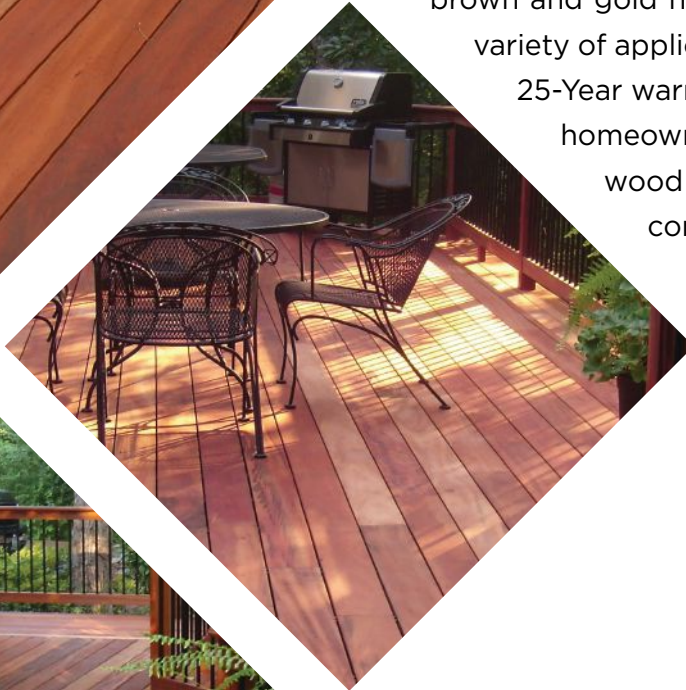
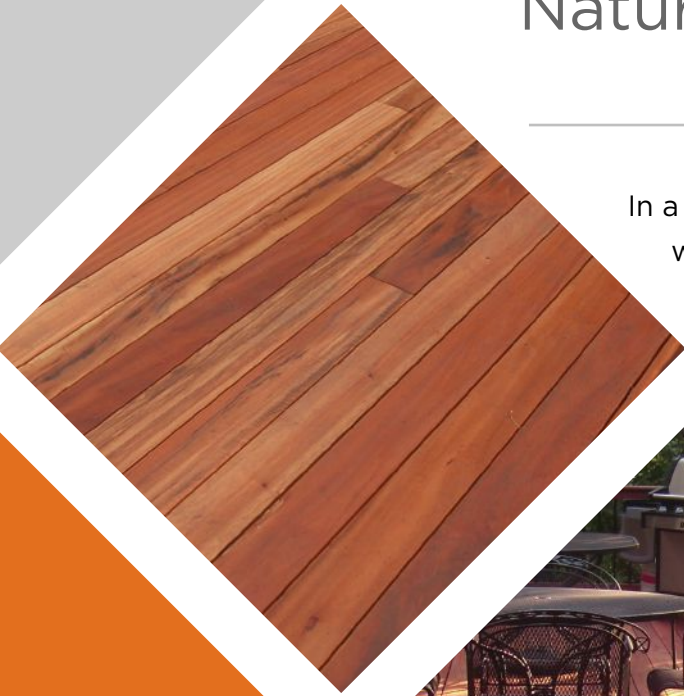
Russ Kathrein is the President and CEO of Aurora, Ill.-based Alexander Lumber, which operates 22 locations throughout Illinois, Wisconsin and Iowa.



Tiger Deck®

Natural. Sustainable. Smart.

In a world saturated with *fake* and *imitation*, try something real with TigerDeck®. TigerDeck is a natural Tigerwood product that offers the durability and beauty that only real tropical hardwood can. Rich in a combination of red, brown and gold hues, TigerDeck can be used in a variety of applications. Backed by an impressive 25-Year warranty, architects, contractors and homeowners alike agree that TigerDeck is wood you can rely on. Build with confidence. Build with beauty. Build with TigerDeck.



Distributed by:

**BIEWER
LUMBER™**

800.482.5717
biewerlumber.com



MERGERS & ACQUISITIONS

JOHN WAGNER

The amazing value of credits to EBITDA

TWO YEARS AGO, this column covered the concept of adjustments to EBITDA, and how valuable they can be when boosting the overall value of your company in the event of an acquisition. EBITDA is an acronym for Earnings Before Interest, Depreciation and Amortization. It is a commonly used GAAP financial measure. (GAAP stands for Generally Accepted Accounting Principles.) EBITDA is so frequently cited because it is viewed as a proxy for operating cash flow.

What are credits to EBITDA? Let's say that you lay out cash for non-recurring expenses in the fiscal year before you sell your company, or in the trailing twelve months' financial performance before you take your company to market. If those expenses are not capitalized, then they are probably* eligible to be added to a figure called adjusted EBITDA. Put another way, any one-time outlay of cash you made for non-recurring expenses could have been added to your earnings, so you should get a credit for them at the time of sale. (Note that adjusted EBITDA is a non-GAAP financial measure.)

Just above, I said one-time expenses can *probably* be added to EBITDA, and I added an asterisk. That asterisk is there to indicate that not all the amounts you (advised by your investment banker) claim as credits to EBITDA are guaranteed to be accepted by the acquirer. Indeed, some of the most "interesting" conversations to be had with a potential acquirer are over the acceptability of credits to EBITDA. Candidly, there is a fair amount of horse trading that goes on in this acceptance/denial process. That's because some credits to EBITDA are in gray areas of acceptability, such as the monetary value of points gotten through credit card programs which will accrue to the acquirer, or what expenses are truly company expenses versus personal expenses run through the company's books. Cash paid (and not capitalized) for a new roof? That's a slam-dunk...But lease payments made for your part-time-worker/son-in-law's pickup truck...not so much.

What effects can credits to EBITDA have on your value? They are truly meaningful. That's because every dollar added to EBITDA has a multiplier effect on your value. For example, using a valuation multiple of 5x EBITDA, a company booking \$4,000,000 in EBITDA would sell for \$20,000,000. But let's say you found just \$300,000 to credit to your adjusted EBITDA. That would boost the EBITDA to \$4,300,000, and it would boost the business value to \$21.5 million, instead

of \$20 million, a \$1.5 million lift. So, it's worth taking a long hard look at possible credits.

A word of caution when searching for credits to EBITDA. Smaller amounts (sometimes referred to as "ash and trash") should not be added as EBITDA credits, because it looks as though you are nickeling and diming the acquirer. Adjustments to EBITDA of less than \$1,000 would be looked at askance by an acquirer. Think more of \$5,000 as the low end of the threshold for inclusion.

Work with your M&A advisor to determine adjustment to EBITDA, but here are some examples:

1. Owner salaries and bonuses: if the going rate in your area to replace you is \$200,000 per year, and you're drawing \$300,000 per year, that \$100,000 differential is arguably eligible as an adjustment to EBITDA.

2. Personal owner expenses: Family members on the payroll who will depart under new ownership and don't have to be replaced, are common EBITDA credits. The same with club memberships, or things like family's cell phone plans that the acquirer won't pay for under new ownership. Those may be credits too.

3. Non-recurring professional fees: Legal fees or a settlement of a lawsuit that are one-time events; consulting fees that are one-time expenses...these are valid credits to EBITDA.

4. Infrastructure, equipment, software, IT investments: If these are expensed, and not capitalized, these are valid credits to EBITDA. (In the case of, say, software development that is a one-time expense, if it is being amortized, then it would not qualify as an adjustment to EBITDA.)

The old cliché "don't leave money on the table" couldn't be more true here. For every dollar in unclaimed EBITDA expense, you are losing 5x, 6x, sometimes 7x of that amount off the final purchase price of your company, depending on the multiple paid for your company. You just need to prevail in the discussion of whether the credits are acceptable or not, and for that, your investment banker is a good source of advice. ■

John Wagner is a managing director at 1stWEST Mergers and Acquisitions, which offers a specialty practice in the LBM sector. Contact John at j.wagner@1stwestma.com. Learn more at 1stwestma.com.

Unsure About the Future of Your ERP Provider?



At **Kerridge Commercial Systems** we understand this uncertainty can be unsettling and a distraction to your business, ultimately becoming a barrier to growth.

That's why we have been dedicated for 40+ years to providing on-premise and cloud-based software solutions specifically for the construction-related materials industry. This stability and focus have supported our customers to become many of the leading global distributors.

Your business. Your way.



KCS Key Benefits:

Scalability - from 5 to 10,000+ users

Oracle Database - single database to manage entire system

Integrated GL - capable of multi-company configuration

Dashboards - create your own dashboards depending on your needs

Consultancy & Support - located in North America

REAL ISSUES. REAL ANSWERS.



Accepting credit cards for payment is great for cash flow. But in a business known for razor-thin margins, the 2% or 3% fees charged by credit card companies can consume a sizable chunk of an LBM company's bottom line. This month's Real Issue reveals how readers handle this expensive reality.

CREDIT CARD FEES

BY RICK SCHUMACHER

THIS MONTH'S TOPIC came from two readers whose questions were combined to form this month's primary survey question: "What should we do with a customer who pays with a credit/debit card that costs us approximately 3% in fees, versus a customer who pays with cash? The number of transactions and dollars paid by credit card have increased exponentially over the last few years due to rewards programs which, in turn, have eroded our profits significantly. When will it be acceptable to charge credit card fees back to the customer?"

Note: current laws vary from state to state, regarding a company's ability to charge fees for accepting credit cards. Before putting any fees in place, be sure your policies are in line with the laws of the states in which you operate.

As always, we built a very brief survey around that question, and sent it to subscribers who've opted in to receive our email communications. Clearly, this question touched a nerve, as more than 300 readers responded. A big thank you to all who took time to participate. If you'd like to participate in future surveys, please contact me at Rick@LBMJournal.com and I'll make sure you're added to our list.

QUESTION 1

First, we wanted to gauge the percentage of readers whose companies accept credit cards. As you'll see in **Graph 1**, just 8.5% of respondents' companies don't accept credit cards, leaving more than 90% who do. Of those, a strong majority (81.6%) accept credit cards with no purchase limit, while the remaining 9.8% accept credit cards up to a certain dollar amount. Comments included:

"We discourage A/R payments with credit cards, but on occasion will allow it on a case-by-case basis."

"We accept credit cards only as a last resort collection tool for overdue account balances, nothing else."

"We accept at point-of-sale, but NOT on house accounts."

"We have a \$10 minimum charge per card."

"Yes, but only on orders which exceed 12% margin."

QUESTION 2

Next, for those who do accept credit cards, we wanted to learn how many companies charge a fee. As you'll see in **Graph 2**, 82% of respondents whose companies accept credit cards don't charge a fee. Of those who do, a 3% fee is most common (14.2% of respondents), followed by 3.5% of respondents whose companies charge a 2% fee, and 0.3% of respondents report charging a 1% fee. Comments to this question included:

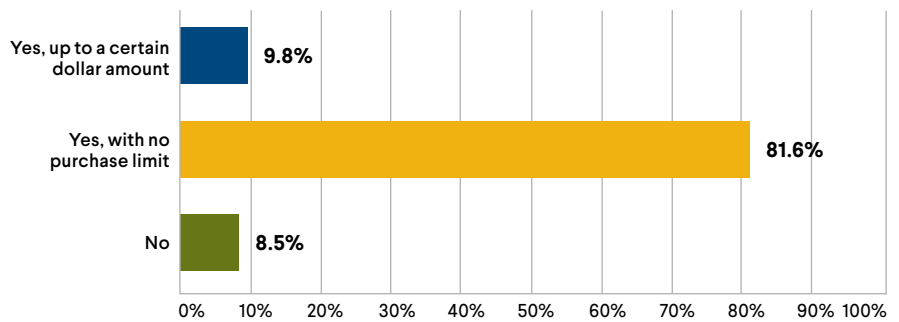
"It's a 'Service Charge.'"

"Colorado law will not allow us to charge a fee."

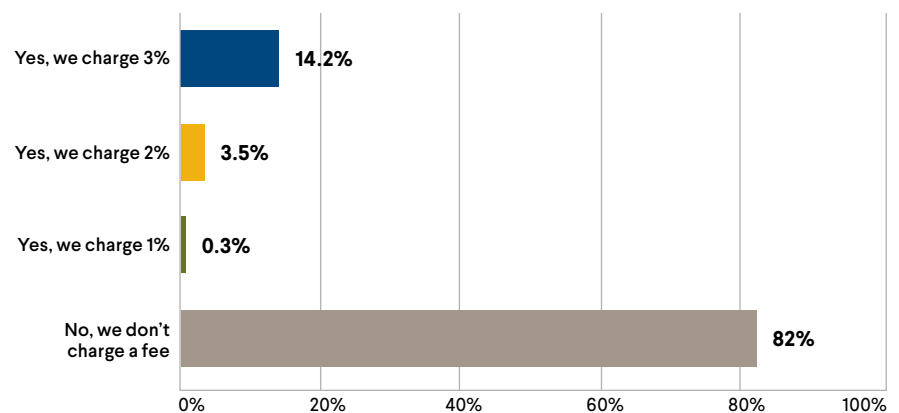
"We charge 3% for over-the-phone orders."

"We tried a fee several years ago and a local competitor sent all our customers a letter saying they would gladly accept a credit card to pay on an account with no fee. We immediately pulled back the fee."

GRAPH 1: Does your company accept credit cards for payment?



GRAPH 2: Does your company charge a fee for accepting credit cards? If yes, how much?



"I believe it is against all Visa and Mastercard rules to do such. We do offer a cash discount to some."

QUESTION 3

What advice or insights would you have for this dealer: "What should we do with a customer who pays with a credit/debit card that costs us approximately 3% in fees, versus a customer who pays with cash? The number of transactions and dollars paid by credit card have increased exponentially over the last few years due to rewards programs which, in turn, have eroded our profits significantly. When will it be acceptable to charge credit card fees back to the customer?"

"We struggled with doing this. It is a real issue. Most of our customers have accepted the fact that it is a cost of doing business."

"Hopefully you are tracking margin on this account and getting more."

"Never. What did bad checks cost? What do carrying costs on accounts cost? We get paid in full on credit card sales. If your margins are so tight that you can't stomach the cost of credit, you need to raise your prices and increase your margins."

"I think we have reached that point. We have been kicking around the idea of charging credit card customers by which type of card they use. Rewards cards will be charged more than debit cards, etc."

"Check state law first, not permissible everywhere. Company preference based upon customer base, competition, etc. Research pros/cons. Must have very visible public posting if you choose to."

“I think we need to realize this isn’t going to change. True cash customers have become the exception, not the norm. One answer is integrating price increases to offset the fees we incur from the credit card companies. With that, it’s smart to offer some sort of ‘cash’ discount to those regular customers who normally pay with cash or check.”

“I don’t think customers in our industry will ever accept this type of fee. Would you? You must try to recapture these costs through smart pricing strategies.”

“We give discount (fees) back to customers who pay cash. We get our money in a couple days and don’t have to wait until the 10th. Credit cards provide good cash flow, and house accounts cost a lot more than 3%.”

“You cannot do that per credit card rules/regulations. You could offer a 1% discount for cash/check though. Build it in to your business is my suggestion and take payment anyway they will pay.”

“Using credit cards is a huge expense. We figure it costs more than 5% to accept them. Invoices over \$10,000 gets expensive. All the bank fees are next to impossible to figure out. Just give me a check! The cost of machines and fees never stops. I only have it for the convenience of customers.”

“Just figure it into your overhead. I know of one restaurant that gives cash back if no credit is used.”

“We are considering adding a fee for those customers who choose to pay on account balances with a credit card, but not those using it at time of purchase.”

“Raise basic prices and give a discount for cash.”

“We recently changed our merchant for better rates. Our accounts receivables are often paid with credit cards as well, and as long as our competitors continue to accept cards, I expect we will as well—no new concept here. Customers receive perks as well as a monthly statement from their credit card—fast and efficient. Rather than penalize those transactions, we push 2% 10th prompt pay discounts for customers paying with cash or check. We end up allowing 2% across more transactions and more time. Not the best practice, but more people in general are pulling out plastic and it is a trend that has continued to grow over the past ten-plus years. Consider that the more credit card dollars you transact, the better the rates you can get.”

“You can charge for CC transactions as long as the charge is not more than 4%, disclosed before the transaction, and shown as a separate line item.”

“My understanding is that when you agree to process credit cards you are entering an ‘agreement’ with said service provider that you will not penalize those who use the card by charging extra or by giving discounts to those who pay cash. I could be wrong.”

“What about the legal issues? I worry that if we were to charge a fee, that there are certain rules that would have to be followed that I am not aware of.”

“We counter with a quick pay discount or rebate program that is less than the fee. We’re restricted in most of our states from adding a credit card fee to an invoice. I also think we have been marginally successful at raising margins on customers that pay with credit cards.”

“We don’t offer payment terms on customer accounts when paying with credit cards.”

“While I was initially opposed to tacking on the fees, once the dollar amount our company was paying was made available to me, I was astounded. We have customers putting thousands of dollars on their credit cards, and we are left holding the tab, so to speak. Now when a customer wants to use their credit card for a transaction, we make very clear that we charge a 2.88% fee for credit card use. That gives them the option of either using the card to gain their points or paying by check. Clear communication up front is the key, and in almost every case has not been a barrier to doing business.”

“I don’t do this yet, but we should give a discount for cash. Because of box stores, and the low margins they have on many of their products, we cannot increase margins as we need to. It would only be fair to us, but not sure how the customer would take it.”

“A former employer would not take cards for payment except on larger accounts (spending \$50,000-plus annually) which requested it. By accepting the cards, the customer was not given the early pay discount of 2%. We also would not take cards over the phone nor keep cards on file. Cards had to be in-hand to use, and this decision made a difference in our credit card cost and did not really affect our sales—a practice that the owner I work for now will not accept due to a belief that they will lose customers.”

“If the customer is at the counter and pays with a credit card, no fee. Over the phone or internet, 3%. The fees are a lot less when the card is present for purchase.”

“We have posted signs that we have a built in 3% discount on all cash sales, and any credit card sales do not qualify. So the 3% is added onto the credit card as a service fee. We warn people with large purchases before we run the card, and often they will pull out a checkbook instead.”

"I think we all need to spell out how we will accept payment on any quotes up front. We attempted to take credit cards for cash sales only for a long time. We have modified that to pay for accounts in person. There are a lot of questions about not honoring the credit card as a form of payment if you take them."

"You should not charge a fee to walk-in customers. If it is a bid job, you should raise the price accordingly or tell the customer a 3% fee will be added if they use a credit card."

"I would consider charging fees if they pay an account that is past due."

"I did not think it was legal to have the customer pay a fee for a credit card transaction."

"Going to be hard until everyone in the industry charges a credit card fee."

"It will be acceptable to charge a fee when most suppliers charge a fee. My advice is to build the fee into the customer's pricing when you know the customer regularly pays with a credit card."

"With new computers, I think it will be possible to customize prices, so that you can price a customer's business based on his payment method. I have customers who insist on paying by credit card and getting the lowest price. We have had to part ways with some of them."

"Not sure. If the competition will not, we cannot."

"Probably best just to put an upper limit on the amount they can charge. We've found it's worth having them use the card just to keep from having to extend them credit."

"I don't think there is a clear-cut answer (or you wouldn't be sending this survey). Depending on the relationship I would offer them a house charge account with 1% or 2%/10 dating. Or start to raise the margins on their purchases."

"We are very aware of all our large volume customers who pay their accounts with a credit card. We have specific discount structures based on payment method as well as their overall credit-worthiness."

"That seems to be the big question. What can we charge because the credit cards processing is an added expense. Seems like it should be acceptable now similar to how we've handled things like this in the past with the spikes in fuel costs."

"Split the fee, increase prices by 1.5% and charge a service fee of 1.5%." >

**CRANE
WORKS**



HOUSTON
KANSAS CITY
DENVER
SAN DIEGO
BAKERSFIELD
NYC/NJ
ORLANDO
DALLAS FT WORTH
CALGARY

1-866-447-9496

Crane-Works.com/LBM

LIFT YOUR EXPECTATIONS

Drywall loaders from CraneWorks give you pinpoint control without breaking the bank. Easily handle your toughest projects, placing materials up to 78' away or through 8th story windows.

Affordable financing options

FASSI

PALFINGER



KINSHOFER

GORMAGH

PALFINGER CRAYLER

TMT



Pricing starting at
\$3,998 /mo.

For well-qualified buyers, freight and accessories extra. Offer applies only to select in-stock units. Chassis may vary. Contact CraneWorks for details.

“I am concerned about every cost we have, but after a few years of fighting an uphill (unclimbable) battle against the increasing use of plastic, I raised my base markup across the board to cover the cost. In the end we have to have enough markup to cover costs and still show a profit even though it is almost always too thin.”

“You can’t add a fee. You have to figure it into your mark up.”

“Unfortunately, this is a cost of doing business. We eliminated our own rewards program. Customers can’t pay by credit card and take an early pay discount on their accounts. With a credit card, we ask 1/2 with the order and final payment the day before delivery.”

“I would explain the circumstances to the customer. It seems obvious that the credit card company is not giving them anything for free, as retailers are the ones paying for it, but some people are oblivious to this fact. If they insist on a reward, and you determine that it’s justified and viable, tell them you will offer a direct rebate or gift of their choosing at a set amount. Then your company can be the hero ‘giving them’ this wonderful ‘free’ benefit.”

“Our cash sales have credit card fees built-in. On our in-house charge accounts, we quote prices paid by cash or check only, and we inform the customer so they know we do not accept credit card payments unless they are willing to pay the fee.”

“We are making deals with our largest credit card customers to give rebates equal to less than half of the merchant fees if they switch to paying by cash or check. It still costs us money, but a much better deal all the way around.”

“The majority of our customers using credit cards are walk-in transactional customers, who pay a higher price level. For A/R customers that insist on using CCs to pay their account, we revoke their 1% cash discount and do not reward them with our loyalty program, which is worth .6%.”

“Only when other competitors and Big Box stores do.”

“When they pay 100% in advance for product that takes 3-4 weeks to arrive, we don’t charge a fee, otherwise it’s 3%.”

“Allow no payment discounts for credit card payments. Federally Regulated debit cards (those from larger banks) should only cost .05%. Has the amount of business with this customer increased exponentially or just the payment by credit card? Many factors to consider, are they a ‘high maintenance’ customer? Are you better off without the business? Also, make sure you are getting the best pricing from your credit card processor, which generally is not a bank—they charge too much, we saved over .5% switching from our bank.”

“We don’t charge a fee on over-the-counter sales, but we do on phone orders.”

“Other than charging a fee, the best solution is to sell additional product categories with better margins.”

“Our estimates and invoices clearly state that there is a 3% charge for credit card payments. When asked, we explain that is what the bank charges us. Many will write a check instead.”

“I started an auto pay plan, here’s how it works. At the end of the month, prior to issuing statements, I give customers a 2% early payment discount (on material charges only, does not include sales tax) and charge their credit card for the net amount after discount. We used to give an early payment discount if paid by the tenth. This brought the money in a lot quicker resulting in us paying our vendors in a more timely manner to take advantage of our vendor discounts.”

“We have adjusted our discount percentages to accommodate credit card and Blue Tarp fees.”

“Never, as long as others are not. This has been gradually growing for years as credit card companies make using cards more rewarding for consumers. While we hate it, it is a fact of life. Raise prices on blind items to compensate or analyze your highest selling items by quantity and raise a few cents each. There is no store that doesn’t have some room to play on prices. Just bite the bullet and do it. Easy to calculate covering the cost of fees; just time-consuming.”

“Have a discussion with the customer, specifically stating/showing them the incurred costs of allowing them to pay their account via credit card. Ask them to pay the 3%, or ask them if you can include the 3% into their pricing.”

“We offer a “paid in cash/check reward discount” of 3-5% for those customers not using a credit card. We assume everyone is going to use a credit card, and when that is not the case, we would like to reward the customer accordingly. So needless to say, the 3% CC fees are already built in to the pricing to start with.”

“We have only a small handful that use credit cards for their monthly purchases. Thank goodness!”

“The customer is using the card for an additional 30 days or more of cash flow. In addition, they are getting cash back, points, or air miles with the card. Maybe try offering 1.5% in extra cash discount for paying by ACH or cash. In essence, split the difference and cut out the credit card company.”

“Announce a 1% charge for credit card use. More than likely the credit card rewards program will still benefit the customer, and you will cut your cost by a third.”

“Put a dollar limit to where you won’t charge a fee, or have the CC be present to lower the fee that is incurred. Tell them you prefer ACH payments and help set those up.”

“We try, at all times, not to take credit cards, but there are times to close a sale on accounts that do not have an established account with us, or times to close out a bad receivable, that we will take a credit card. Additionally, we have seen the use of credit cards more frequently on specific product lines (i.e.-cabinet sales, composite deck sales, etc.) due to the fact that we are dealing with a homeowner, rather than a professional builder.”

“We are looking for a similar answer in our own operation. One solution we are contemplating is raising prices 2%-plus and offering a cash discount at time of sale and offering accounts who pay by check 2% net 10th.”

“Credit card fees are no different from free delivery, extending additional terms of sale, running an incentive travel promotion, etc. They all are competitive factors and they all cost the dealer money. Every dealer must make a decision about these kinds of costs that will probably never go away and decide if the customer who insists on paying by credit card is still profitable, or if the credit card charge throws the customer into the ‘red.’”

“Handling, recording and depositing cash is not cost-free. For example, there are bank fees for handing cash deposits and employee time or armored car fees to get it to the bank. So maybe that ends up being equal to 1% or more.”

“We are struggling with this as well, and it is becoming a big issue. We do not offer the prompt pay discount to customers that pay with their CC.”

“A discount of 1.5% for paying actual cash seems appropriate.”

“We charge 2-3% to a customer who wants to use a credit card to pay the balance on his store charge account. We do not charge a fee for payments by credit card at the time of purchase.”

“Our commercial bank’s merchant services and fees program cost us less than 1% on credit card transactions on a monthly basis. so, we are very happy with our program. I would suggest that they review their merchant service program with their provider/bank. In some cases such as ours, our commercial bank takes ownership of the Merchant Services program whereas some other banks farm it out to third party providers. As for charging credit card fees to the customer, that is a tricky area. For small transactions where you are most likely making higher margins, I would leave it alone. For large orders, especially if they are trade accounts, make your sales policy clear that on large orders that are project driven and quoted specifically on the nature of that said project, if a credit card is the payment of choice than a credit card surcharge may be applied. State what that surcharge is (Visa, MC and Discover may carry a lower surcharge than AMEX) and the reason behind it. Once it is made clear, then your customers will have a better understanding.”

“You need to look at the overall profitability of the customer. CC fees are one element, also gross margin on product, rebates, unique service requirements, commissions paid, etc. If all else is equal, I would encourage the CC customer to pay by cash and consider splitting the difference.”

“We make sure that our sales margins adequately support the CC fees on an on-going basis. Beware of charge backs. The credit card company often blindly supports the purchaser without investigation. Check your CC operating agreement and state law regarding adding a sales surcharge—this could be big trouble.”

“We have started offering a 1.25% rebate for our larger customers paying their account with a check. We had not offered any rebate or fee for CC users. I figure I am still saving money at the end of the day as I no longer have the 2-3% CC fee.”

“Give the customer who pays cash 3% back at the till. If a customer wants to pay for their deck in cash vs. credit card, they may leave with a smile as they accept cash back.”

“We have a charge price that is set at 2.0408% higher than a cash-n-carry customer. That we use for all charge and credit card companies. We view it as the cash customer gets a discount.”

“Suppliers and vendors are increasingly charging us a percentage if we want to pay our bill with a credit card, so I think it is getting more common in our industry to do this. On our end, we charge 3% on anything over \$1,500 to cover some of the costs.”

“Include the 3% cost of the credit card in your cost of material, and then put your profit on top of that when quoting a price to the customer.”

“We also accept credit card payments for AR payments. We do not charge a fee but we also do not allow the prompt payment discount.” ■

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

THE READER WHO SUGGESTS THE “REAL ISSUES” TOPIC RECEIVES AN LBM JOURNAL PRIZE PACK.
Includes: a polo shirt, cap, mug, and pen.

LBM JOURNAL DEALERS OF THE YEAR 2019

LBM JOURNAL'S DEALER OF THE YEAR AWARDS recognize three LBM companies of different sizes that epitomize the entrepreneurial spirit. By our definition, a Dealer of the Year describes a company in which leadership excels at identifying underserved—or emerging—markets, satisfying customers, and constantly working to grow and improve business. Our 2019 winners—Sunroc Building Materials, Howe Lumber, and Taylor's Do it Best Building Supply—represent vastly different operations. The common thread in these companies is their fierce commitment to finding ever better ways to serve their customers and their communities.



SUNROC BUILDING MATERIALS

SERVICE BUILDS SUCCESS AT SUNROC

CUSTOMER SERVICE at Sunroc Building Materials extends far beyond the friendly greeting customers have experienced walking through their doors since the Utah-based company was founded in 1937. It is a major building block and one of several key areas of focus that form the foundation for the company's long-term success and has led to the company being named an *LBM Journal Dealer of the Year* for 2019 in the sales over \$50 million category.

"For us, quality and service are the market entry fee," Sunroc president Greg Templeman says. "Yes, the level of quality and service has to be competitive, but we differentiate through unique programs and memorable interactions that build customer relationships and drive loyalty."

Even at a company that generated more than \$215 million in revenue last year, a friendly greeting as a customer enters the store is essential to this service-centered business. With service as the foundation, the first floor is quality products. Sunroc, with its 375 team members, excels selling materials across multiple product categories, including building components in 12 locations throughout Utah and Idaho.

BUILDING COMPONENTS

Sunroc's headquarters location in Lindon, Utah, which manufactures trusses, added wall panels in 2016. As the only independent building materials dealer in Utah doing so, Templeman says Sunroc is "blazing a trail that is frequently bumpy and steep."

"It's a tough space," says Templeman, who joined Sunroc as a vice president in 2015. "The primary challenge is field

labor. We have achieved significant efficiencies and cost reductions in the manufacturing process, but if the framer does not see the value in wall panels in the form of a lower per square foot cost, it's hard to make it work financially.

"We can't continue to build homes the same way we did 100 years ago. We're trying to be more progressive and lead the movement into building components in our market. We are encouraged to see well-funded new companies such as Kattera and Entekra with much larger footprints move the market in this direction."

In bringing on new builder customers, Templeman says that they stress the benefits of building components, including improved and tracked quality control, a predictable and controlled manufacturing setting free from weather-related delays, and an accelerated build time which allow for a quicker deployment of capital to the next development.

"Building components are a great start to solving the housing affordability crisis," he says.

PRICING PROFILES

With service as the foundation and quality materials as the first floor, an innovative pricing strategy is a solid second floor. Sunroc's objectively unique pricing model ensures all customers receive a price reflective of their importance, scale and behavior.

Every customer at Sunroc is assigned a pricing profile that informs every quote they receive. This allows Sunroc to quote customers across fair and objective factors, removing the emotion so commonly associated with pricing. ➤



"FOR US, QUALITY AND SERVICE ARE THE MARKET ENTRY FEE. YES, THE LEVEL OF QUALITY AND SERVICE HAS TO BE COMPETITIVE, BUT WE DIFFERENTIATE THROUGH UNIQUE PROGRAMS AND MEMORABLE INTERACTIONS THAT BUILD CUSTOMER RELATIONSHIPS AND DRIVE LOYALTY."

— GREG TEMPLEMAN



Sunroc appeals to both pro and DIY customers with modern, sizable showrooms across each of its 12 locations. In addition, the company offers free home improvement classes at its Springville location, with plans to add them elsewhere in 2019.

The profiles are comprised of a rating across four categories that consider a number of factors including volume, product mix and customer behavior.

Sunroc keeps a pricing profile for every one of its customers, Templeman says. “A customer’s profile is not fixed, we make adjustments to reflect the customer’s ever-changing characteristics. It’s generally the responsibility of our sales reps or location managers to adjust a profile.

“We’re not afraid to let a customer know what their profile is. In fact, we encourage full pricing transparency,” Templeman says. “If they ask ‘how can I get a better price’ we tell them. Pricing profiles require our sales reps and managers to think more objectively and actively manage price—skills critical in a recently highly volatile lumber market. Do I adjust and/or audit pricing profiles? Absolutely. Periodic audits are key to making sure the power of profiles is realized.”

GET TO KNOW SUNROC BUILDING MATERIALS

FOUNDED:	1937
OWNERSHIP:	WHOLLY OWNED SUBSIDIARY OF THE CLYDE COMPANIES, A PRIVATELY-HELD COMPANY
LOCATIONS:	12
EMPLOYEES:	375
SALES SOFTWARE:	EPICOR BISTRACK
CO-OP/BUYING GROUP:	DO IT BEST
TOP THREE VENDORS:	INTERFOR, NORBORD, ROSEBURG

CUSTOMER REWARDS PROGRAM

The final floor in Sunroc’s success is the company’s loyalty program. While loyalty programs in and of themselves aren’t unique, the program Sunroc has developed goes well beyond what is considered industry standard and has allowed the company to develop truly loyal customers.

For customers, the program is straightforward, easy to understand, and flexible in its reward redemptions and options. For Sunroc, its structure incentivizes customers to pay invoices on time and enables the company to build long-term relationships with customers.

“We recognize how important relationships are in our business,” Templeman says. “Our rewards program helps them see our complete value proposition, as well as how much we value them.”

“The Sunroc rewards program is supported by logic tied to payment timeliness,” Templeman says, but essentially it comes down to a points system. For every dollar a customer spends at Sunroc, they get one rewards point. If a customer does not pay an invoice within terms, they don’t get the points associated with the value of that invoice. If they are really late paying they can lose points. It’s a great way to encourage payment within terms and for those who do, the reward is substantial.

“We’ll take them on a trip. A full five-star experience,” Templeman says. “Our goal is for them to never open their wallet unless it’s for a personal expense. We provide a VISA gift card to cover incidentals such as luggage fees and meals on the way there, and once they arrive, everything is on Sunroc.”

But these aren’t trips to the local minor league baseball game or even a hunting weekend with a sales rep. Sunroc’s biggest draw to its rewards program are the trips, which take

place a few times a year, with destinations including Tahiti, Hawaii, Ireland, Thailand, Puerto Vallarta, and more. The company has three trips to Tahiti already planned for 2019. Templeman says the customers appreciate the opportunity to get away and to mingle with other builders in their market where they share common experiences and learn from each other.

“We encourage the customers’ spouses to come and they almost always do. Would you pass on a free trip to Tahiti? And we have found that both are very appreciative of the trip because it’s sometimes a trip they would not have taken otherwise,” Templeman says.

While the customers take advantage of the trip options, the program is also a way for Sunroc to manage customer satisfaction as well as incentivize on-time payments.

“We both see the value in it,” Templeman says. Customers can also redeem points for a private, family trip with the travel agency that Sunroc uses to arrange the trips or just redeem points for a gift card.

A significant portion of Sunroc’s marketing budget is used for the trips. Budget that some companies may put toward print advertising and digital marketing instead builds loyalty and tops off a service-based customer experience.

“That signature trip is a way for us to send some of our sales reps and managers to help them build better relationships with our customers and ensure our customers have a five-star experience,” Templeman says.

All 375 of Sunroc’s team members are keenly aware of how these three core competencies—building components, pricing profiles, and an innovative rewards program—build on the company’s history of success and continue to feed into a uniquely service-driven experience.



HOWE LUMBER

CONSOLIDATION KEEPS HOWE LUMBER FOCUSED ON THE FUTURE

SCOTT AND KATE NORRIE know a thing or two about the concept of addition by subtraction. When the Central Massachusetts building supply dealer consolidated locations in 2016, the company solidified its standing as an LBM supplier focused on the future. The company’s continued efforts toward Lean business operations and energy efficiency has earned Howe Lumber *LBM Journal’s* Dealer of the Year award for companies with revenues of \$10 million to \$50 million annually.

Started by Kate Norrie’s father and grandfather in 1965, Howe Lumber is now in its third-generation in the Howe family. Neither Scott nor Kate Norrie had any idea they’d one day be operating the business, however. The two were living in Colorado when Scott Norrie had applied to medical

school. When the couple decided to take a summer off and travel back home while they waited on word of Scott’s admittance, they took part time jobs at the family lumberyard, and they’ve never looked back.

“I lived next door to it all my life,” Kate says. “We had a house that adjoined the property. I grew up right there and started working part time in high school.”

That work continued periodically through college and when she brought Scott home to work as well, they decided to stay.

“I never did get into medical school and in hindsight, I’m glad that I didn’t,” Scott says. “I was disappointed at the time, but now I’m thankful. It was a summer job for both of us, and now it has been 20 years.” >



Howe Lumber's single location is located in East Brookfield, Mass. The company is committed to efficiencies in business operation, including 100% solar power.

PHOTOS BY:
SERENA BURROUGHS PHOTOGRAPHY

EXPANSION AND CONSOLIDATION

The story of Howe Lumber's expansion and consolidation has a foot on each side of the Great Recession that stunted the U.S. economy starting in 2008. With one location in East Brookfield, Mass. during a strong market in the years leading up to the recession, the business opened a second Howe Lumber location in 2004, less than two miles away from the store in which Kate grew up. The new store featured a delivery yard and a kitchen and bath showroom.

"Our plans were, in a few years, to move our retail store down there too," Kate says.

Once the recession hit, it became clear that the expense of moving would need to wait and instead, it was most feasible to keep both locations running as-is.

In 2016, once the market allowed for the company to focus on building changes, the Norries closed up the original location and moved everything to the new store.

"It was supposed to be a five year or less plan to have two locations," Scott says, "But then 2007 came and we really got hit hard."

Central Massachusetts, where Howe Lumber is located, is about a half hour from Worcester, Mass., in a very rural market. An area that Scott says, "got hit really, really hard during the slowdown."

BACK IN ONE PLACE

With inventory all under one location, the Norries were able to honor the company's history while shaping its future. The new location features the original sign from the first location, and lumber salvaged from a dismantled shed is now used as trim in the new location. Old stamped tin ceiling tiles were salvaged and now line the ceiling in the office Kate and Scott share.



"When we opened, a painter—now in his 70s—noticed that he had painted those some 30 years ago," Scott says.

Honoring the company's history also means upholding the focus on community and service that was engrained through Kate's grandfather and then her father. With a company of 44 employees serving a customer mix of about 65% pro and 35% retail, Howe Lumber is the majority supplier for building materials in its area, and that's a designation the Norries don't take lightly.

Kate's father, Steve, passed away five years ago. "He was a real inspiration for a lot of folks here," Scott says.

Scott says Kate is now the leader that employees turn to for advice and support.

"We're a family business," Kate says. "That's just who we are." Kate adds that both Norries are conscious to maintain a degree of flexibility that only a true family company can offer. "We have our own family, our own children, and we understand the challenges people face raising families," she says. "We try to accommodate when we can when any issues arise."

The commitment to a family atmosphere is evident in Howe Lumber's employee base, some who have been with the company for 30, 35, even 40 years. The family strength is beyond the Norrie and Howe families too, as several employees' family members have come to work at Howe Lumber.

FUTURE-FOCUSED

For as much as a small-town lumberyard focuses on a community's history, Howe Lumber is equally tuned into the company and the community's future.

Since the end of the Great Recession, Howe Lumber has seen steadily increasing revenue, and the past couple years have seen increases of about 8%, Scott says. "I think that's probably a conservative estimate going forward. It will be



Envision your kitchen



A third-generation owner, Kate Norrie grew up in a house next door to the family business that she now owns and operates with her husband, Scott.

interesting to see the big fluctuations with commodities such as lumber and plywood. We'll see how that works out. The fundamentals are there for organic growth," he says.

The growth for Howe Lumber will come not only in sales, but in product quality, operations, and environmental practices that will help mold the company's future.

A few years ago, Scott introduced a "flight to quality" initiative with his lumber suppliers. In doing so, the company is stocking better grades of lumber. Though initially concerned that such a practice would reduce sales volume on lumber, it actually had the opposite effect.

"No matter what you say about grading rules and how lumber is only graded to one face, nobody wants to hear it," Scott says about lumber quality across the industry. "All lumber is graded visually these days, and there is still a market for quality. We've proven that."

The same commitment to quality shows in the company's kitchen and millwork specialization. Howe Lumber hangs its hat on kitchen design and millwork sales, Scott says. The company employs three full-time kitchen designers and millwork salespeople. The focus in both categories is on consultative sales. >



“Often, especially with kitchen cabinetry sales, price is the only question that customers know to ask in the beginning,” Scott says. “We expand their knowledge base throughout the design process, so they start to think about how they will really use the space, not just which cabinets go where. The real product our designers sell is the ideas, not the cabinets. Cabinetry is how we monetize the process, but in reality what our designers try to do is offer solutions for the long-term.”

Long-term solutions are at the heart of Howe Lumber operations. Recently, the company began a focus on Lean operations initiatives to recognize efficiencies and save the company money by optimizing workflow.

“We were at an LMC annual meeting and attended classes on Lean. We’re just getting started with it, and we started small, but we’re noticing reduced waste. We’re into it now and see the value in it,” Scott says.

The Norries also see the value in developing their own electric power for the company. With 300 solar panels on top of one of the buildings, Howe Lumber is now 100% powered by self-generated electricity.

A USDA grant helped offset the installation costs, and Scott says the lumberyard is now making all of the power it needs. A metered system allows for Howe Lumber to generate more electricity on sunny days that it builds up as credits in the grid to help carry it through the winter. “We’re pretty much electricity neutral,” he says. “We’ve made enough to

cover what we’ve used and put into it.” The decision was an easy one, the Norries added. With the desire to become a sustainable company, and the costs of doing so becoming more affordable, it made sense for them to make the step to solar.

Having been through both an expansion and a consolidation, the Norries say now their plan is to remain at their current single location and focus on gaining efficiencies and refining their operations in East Brookfield. The focus, Scott says, is the company’s Lean journey and its continued effort to reduce waste.

GET TO KNOW HOWE LUMBER

FOUNDED:	1965
OWNERSHIP:	FAMILY-OWNED
LOCATIONS:	ONE
EMPLOYEES:	44
SALES SOFTWARE:	EPICOR EAGLE
CO-OP/BUYING GROUP:	LMC
TOP THREE VENDORS:	ANDERSEN WINDOWS AZEK DECKING KRAFTMAID CABINETS



TAYLOR'S DO IT BEST BUILDING SUPPLY

A COMMITMENT TO COMMUNITY

NORMALLY IT'S A GOOD SIGN when the governor stops in your store to let you know you're doing a great job. For the staff at Taylor's Do it Best Building Supply in Eastpoint, Fla., the honor was one they'd rather have avoided. Gov. Rick Scott's visit followed two days after Hurricane Michael devastated the region in October 10, 2018.

Taylor's Do it Best Building Supply's commitment to the community it served during the disaster—including opening the next day and operating the store via flashlights—has earned the company this year's *LBM Journal* Dealer of the Year award in the revenue category of under \$10 million annually.

FAMILY BUSINESS

Taylor's success story begins long before the company rose to the challenge of Hurricane Michael. In 1966 an uncle of current owner Kim Fish opened what was then a Western Auto and Hardware store in Eastpoint. When that uncle ran for sheriff the next year and won, he needed to take leave from the business, so he sold it to his brother, Aaron Taylor (whom the community calls Mr. Aaron.) and his wife Loretta in 1968. With Mr. Aaron now just shy of 91 years old and “mostly retired” (he still drives 75 miles to the office once a month) the Taylors' daughter Kim and her husband Ken run the business today.



“THE UPTURN IN THE ECONOMY HAS GREATLY HELPED US TO GROW AT A STEADY AND MANAGEABLE RATE. IN ADDITION, WE HAVE HAD THE TWO NATURAL DISASTERS THAT HAVE DEVASTATED OUR COMMUNITY AND WE ARE HELPING PEOPLE TO PUT THEIR LIVES BACK TOGETHER.”

— KEN FISH

In 1984, Mr. Aaron moved the store to a new location and, anticipating a population increase in the 1,500-resident town of Eastpoint, built a 20,000 square foot building on an eight-acre lot. The company grew into it over the years, starting by heating and cooling just an 8,000 square-foot portion.

Over the years, Taylor’s Do it Best Building Supply continued to expand, but never filled the space completely by the time the Great Recession hit in 2007. When it hit, it hit the Florida Panhandle hard.

“We had a heck of a downturn here in Florida,” says Ken. “We went from what was a \$15 million a year company to about \$3 million.”

To help the company retain as much staff as it could, the Fishes and Mr. Aaron each took a 33% pay cut the first year. When the economy didn’t show signs of improvement, they took another 33% cut the next year. On the third year, they went without salaries.

“And now we’re back,” Fish says. “We’re blessed in a region that has a very diverse economy to be doing so well.”

The fact that the store only sustained minor damage, and that the Fishes’ home and the homes of their 21 employees also were not lost to the hurricane really resonated with them.

“We thought that we were going to have some of our team members who were going to lose their homes, but we didn’t. Some of our employees had neighbors lose homes on each side of them. The man up above is looking out for us,” he says. And for that, his company did what it could to help the community, including helping churches at just 10% over cost.

The region’s economy—in Franklin County, Fla., which Ken says is the only county in the state with only one stoplight—has sustained not only Hurricane Michael, but also a massive fire that destroyed 36 homes in Eastpoint, as well as the complete loss of the area’s oyster industry due to red tide, a toxic algae bloom. Alongside the Great Recession, the region was affected by the BP oil spill in 2010.

Through the recovery from each of these setbacks, he says Do it Best Corp., his co-op, and numerous vendors have helped his company serve the community.

“When we got hit with the hurricane, Do it Best had four trucks specially run for us in a period of seven days, plus our regular truck, and we were running this all offline. They would take our orders by cell phone and input them by hand,” Fish says. Vendors donated to funds to help hurricane and fire victims. Taylor’s Do it Best matched the funds. ➤



Taylor's Do it Best Building Supply's 20,000-square-foot building—combined with the company's strategic, aggressive approach to new products and categories—strengthens its position as a “one-stop shop in a one-stoptlight town” and trusted community resource.



“It was amazing how well we were able to help the community,” he says. “It’s nothing more than teamwork, working together with your supplier and your team members here on site.”

STEADY GROWTH

Prior to and even through the damage and hardships the area has sustained, Taylor's Do it Best Building Supply has continued to grow at a sensible rate, Ken says. The company now has its sights set on upgrading storage facilities to stock more inventory.

“The last couple of years we’ve been like a moving picture,” he says. “We’ve expanded, re-roofed, re-insulated, added all LED lights in the showroom, and an LED sign out front. We added the largest U.S. flag in the county now that’s 10'x15', and we’ve added a veterans parking space.”

The company serves a customer base that is fairly evenly split along pro contractor and DIY retail traffic that together propels the lumberyard to \$6 million in annual revenue.

That number is trending upward in a big way, as Ken says he's looking at a 20% year-over-year gain.

He credits his experience as a participant in a Do it Best owners' roundtable that has taught him to maintain a diverse inventory that constantly adapts with technology and market trends.

“We are not afraid to introduce the latest and greatest products provided by our manufacturers,” he says, adding that he leans heavily on manufacturers' representatives to help teach his customers how to correctly utilize the products they offer. Ken and the staff do this through field installation classes as well as a Lunch & Learn program.

“Our biggest opportunity is positive growth through an elevated level of customer service,” he adds. “We try to keep all of our customers happy and satisfied with the service we render. The upturn in the economy has greatly helped us to grow at a steady and manageable rate. In addition, we have had the two natural disasters that have devastated our community and we are helping people to put their lives back together.” ■



KEN AND KIM FISH, OWNERS OF TAYLOR'S DO IT BEST BUILDING SUPPLY

GET TO KNOW TAYLOR'S DO IT BEST BUILDING SUPPLY

FOUNDED:	1968
OWNERSHIP:	FAMILY-OWNED
LOCATIONS:	ONE
EMPLOYEES:	21
SALES SOFTWARE:	EPICOR EAGLE
CO-OP/BUYING GROUP:	DO IT BEST
TOP THREE VENDORS:	JAMES HARDIE, STIHL CHAIN SAWS, YELLAWOOD



You Can Take Us Anywhere!

Maze Nails are designed to fit tools made by Bostitch, Fasco, Hitachi, Makita, Max, Senco and other leading brands.

- ★ Maze Nails are 100% Made in the USA!
- ★ Maze Nails are genuinely Double Hot-Dipped Galvanized - providing a lifetime against rust!
- ★ Maze Nails offers Stainless Steel coils and sticks for marine and seacoast projects.
- ★ Coils and Sticks are packed in handy smaller count "job lot" cartons.



©2018 199853 LKCS • www.lk-cs.com

1.800.435.5949 • www.mazenails.com

Maze Nails are not endorsed by, sponsored by or affiliated with any of these tool manufacturers.



IN DEPTH

INSULATION AND HOUSEWRAP

WITH A HOUSING MARKET THAT REMAINS STRONG DESPITE RISING INTEREST RATES, INSULATION AND HOUSEWRAP CONTINUE TO VIE FOR SPACE AMONG DISTRIBUTORS' INVENTORIES.

WITH BUILDING CODES AND INDUSTRY TRENDS

emphasizing energy efficiency and higher building performance requirements, and with a continued robust building market, one thing you can say with confidence when it comes to insulation and housewrap is that the future looks bright.

In its “Insulation to 2019” report, Freedonia Group reported that U.S. demand for insulation is forecast to rise 7.0% annually through 2019 to \$10.4 billion, and manufacturers echo the report’s optimism. “The housing demand is still strong, despite steadily rising interest rates,” explains Brian Kirn, senior marketing manager for CertainTeed Siding. “Builders and contractors are also more educated on the benefits of a well-designed building envelope, so we should see premium housewrap sales stay steady for new builds, as well as remodeling projects.”

According to its October 2018 report, the U.S. Census Bureau and the U.S. Department of Housing and Urban Development reported that privately-owned housing units authorized by building permits in September were at a seasonally adjusted annual rate of 1,241,000, while actual housing starts were at 1,201,000. In regard to building permits, while this number is 1.0% below the same period last year, it is 2.9% above August’s revised projections,

thus indicating a continuing strong trend in building growth and stability. Likewise, 1,162,000 housing completions were reported, a figure that is 7% above September’s rate the year before.

Sam Sprague, vice president of Huttig, concurs. “Insulation manufacturers are predicting moderate growth for 2019 with higher growth from high performance insulation systems that address the need for more effective insulation and improved air sealing.”

And it’s not merely new housing starts that has the industry feeling confident; remodeling is playing its role as well. “We expect the market for insulation and housewrap to grow in 2019 as the overall construction market will still be strong,” says Ian Daniels, regional sales and technical manager for Tamlyn. “One category especially that we see getting stronger is remodel as the length of home ownership is going up and people are looking to invest in their residences. It’s also a time to improve overall building efficiency both in energy and moisture management.”

ENERGY EFFICIENCY ON THE RISE

When it comes to the trends that are driving product category growth, no one thing is responsible; rather, it is the influence of multiple drivers, including issues such as continued demand for energy efficiency, the con-

“ONE CATEGORY ESPECIALLY THAT WE SEE GETTING STRONGER IN 2019 IS REMODEL AS THE LENGTH OF HOME OWNERSHIP IS GOING UP AND PEOPLE ARE LOOKING TO INVEST IN THEIR RESIDENCES. IT’S ALSO A TIME TO IMPROVE OVERALL BUILDING EFFICIENCY BOTH IN ENERGY AND MOISTURE MANAGEMENT.”

— IAN DANIELS, TAMLYN

tinuing shortage of employees in the trades, and an overall shift across the market towards longer home ownership. “The wind is at our backs,” says Alan Hubbell, residential marketing manager of Performance Building Solutions for DowDuPont. “Organically we see growth. Building codes continue to emphasize energy efficiency, which then is driving the demand for improved thermal performance and tighter building envelopes. ➤

OPPOSITE PAGE: CertainTeed currently offers two types of housewrap: CertaWrap Premium Weather Resistant Barrier and CertaWrap Standard Housewrap. While these two products carry a limited warranty on material, CertaWrap Premium Weather Resistant Barrier carries a lifetime limited warranty as compared to a 10-year limited warranty for CertaWrap Standard.

RIGHT: TamlynWrap Drainable Housewrap is Tamlyn’s newest moisture management product. According to the manufacturer, it effectively eliminates excess moisture and mitigates the damaging effects of mold and rot. As well, its unique design is reported to remove at least 100 times more bulk water from a wall versus standard housewraps.



“These trends, in turn, drive increased use of continuous exterior insulation and weatherization products and installation details that help limit air infiltration.”

It should come as no surprise that energy efficiency, increased product performance and moisture management remain prime product development factors—it’s not as if energy efficiency standards will be rolled back. But the levels of efficiency continue to improve across the product segment, and competition will drive manufacturers to be the first to market with innovative new offerings. “Increased thermal performance and improved moisture management and air tightness are key,” says Ted Winslow, manager of CertainTeed Building Science, Systems and Technical Marketing. “As homes and buildings are being built tighter and tighter for energy efficiency, we have to use smarter products so that we are not trapping moisture in our walls—what we call a ‘moisture sandwich.’ Walls that block air to keep the building efficient, but let moisture escape, are the trend.”

Tamlyn’s Daniels echoes Winslow’s thoughts on moisture management being key. “As a trend, we are seeing the rise of drainable WRB (weather-resistant barrier) products that can be used under a number of different cladding materials,” he says, “making them great for any environment and building style.”

“We’ve seen even more diversity in how builders and architects are using different combinations of structural and sealing products to achieve an air- and water-tight enclosure for their unique project’s design,” says Jason Darling, general manager of ZIP System Products. “For example, some net-zero builders are using ZIP System liquid flash in all roof and wall seam sealing, in addition to areas where it’s commonly used for transitions from foundations or window and door applications.”

NO LABOR? NO PROBLEM!

Still, without the skilled labor to install these products, the best energy efficiency is for naught. According to the U.S. Bureau of Labor Statistics, em-

ployers have been looking to fill an average of close to 225,000 construction jobs each month. And as reported in the latest “Commercial Construction Index” published by USG Corporation and the U.S. Chamber of Commerce, 91% of more than 2,700 contractors, construction managers, builders and trade contractors reported having a difficult or moderately difficult time finding employees for those jobs.

Because of these shortages, it’s more important than ever for products to be faster and easier to install. “We’re learning through our own research and experience that customers fiercely desire simplicity,” says DowDuPont’s Hubbell. “They are looking for easier-to-install products and clear guides to reduce complexity in their working process and manage the risk of incorrect installation.”

Jeff Key, senior marketing manager for Georgia-Pacific, echoes the need for time-saving products. “From a housewrap perspective,” he says, “we’re seeing more interest in integrated products like Georgia-Pacific’s ForceField Air & Water Barrier System that come with an air and water barrier already affixed to the structural panel. Because they eliminate the need for housewrap, they help save up to 37% in time compared to installing housewrap and they require less skilled labor.”

“Focus is still on jobsite efficiency, especially considering stressed labor conditions,” points out ZIP System Products’ Darling. “This is one of the most common reasons we’ve seen teams switch to ZIP System sheathing and sealing solutions across various project types. In multifamily and light commercial projects, for example, having the ability to achieve a quick rough dry-in is a benefit we think will continue to be leveraged in next year’s project starts.”

IT’S ALL ABOUT PERFORMANCE

Since the very first days of our cave-dwelling ancestors, keeping both air and water out of our homes has been vital to our comfort and health. With the advent of modern advancements in insulation and housewrap, that task has become exponentially easier. ➤

RIGHT: Georgia-Pacific recently released its ForceField corner seal, a 4"-wide polypropylene material with a “hinge” that according to the manufacturer makes it easy to install on either inside or outside corners and creates a much more air- and water-resistant corner than standard housewrap or tape.

BELOW: WindowWrap PSX-20 from MFM Building Products is a self-adhering window flashing tape that complies with AAMA 711 standards for a secure seal around window and door openings.



ICC
ES ESR-3670
ESL-1022



Tamlyn Wrap®

www.tamlynwrap.com



1.5 mm non-compressible spacers

This innovative product effectively eliminates excess moisture and mitigates the damaging effects of mold and rot. Its unique, **PATENTED DESIGN REMOVES AT LEAST 100 TIMES MORE BULK WATER FROM A WALL VERSUS STANDARD HOUSEWRAPS**. This is achieved through the gap created by 1.5 mm spacers bonded to a high-performance housewrap that meets the all requirements of drainability.



Feb 19, 2019 – Feb 21, 2019

VISIT US
@ **IBS75**™

The International Builders Show

Las Vegas Convention Center
3150 Paradise Rd., Las Vegas, NV 89109

Booth: **C5749**



"Doing it right since 1971."

Still, there are many factors that drive product choice. As Georgia-Pacific's Jeff Key points out, "For the contractor it's all about building a quality home more quickly and more efficiently. From a consumer perspective, they get the peace of mind that their home is going to meet newer, more stringent codes and help eliminate any callbacks during the construction process."

In regards to insulation, the obvious decision-making factor is how well the product delivers thermal performance. Contractors and homeowners alike want to know that a given insulation product will save energy, but there's more to the story than merely keeping spaces warm in winter and cool in summer. "Insulation, when chosen properly, should do much more than

provide thermal benefits," says Certain-Teed's Ted Winslow. "To achieve complete comfort in either residential or commercial spaces, we feel that the right insulation should control thermal performance, air tightness, moisture management and acoustics."

When it comes to housewrap, the ideal product needs to protect against water damage by reducing air and water infiltration while still allowing vapor permeability—in other words, it needs to keep air and water out yet still give any built-up moisture a means to escape. "When choosing a house wrap," explains DowDuPont's Alan Hubbell, "the user should recognize its primary purpose of preventing air penetration and water infiltration in the wall assembly of a home or other structure. It's essential to ensure it functions

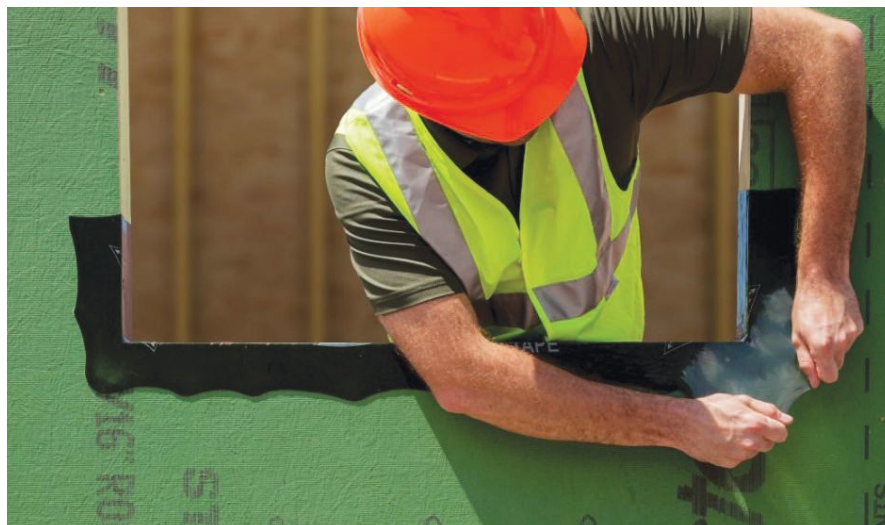
as an air barrier, provides bulk water resistance, offers moderate-high vapor permeability, but it should also be durable enough to withstand job-site challenges during installation."

"Durability is key," adds Tamlyn's Ian Daniels, "so check that the product has good tear strength and will stay intact during construction. In terms of drainable WRB products, one major factor to consider is that you want the matrix providing the drainage plane to be non-compressible so that, in the field, the plane is maintained."

It's equally important to talk to the customers about overall product performance along with ease and speed of installation. "Our product focus is always on solving real-world challenges for both dealers and end users," says ZIP System Products, Darling. "ZIP System building enclosure products are designed to streamline steps on the jobsite, while providing effective air, water and thermal management in the exterior envelope. To this end, we encourage dealers to emphasize how our products eliminate installation steps, thus helping to achieve a quick rough dry-in, so interior work starts sooner."

RIGHT: Huber Engineered Woods new ZIP System tape roller imprints Zs onto installed ZIP System tape for an easy quality-control check that visually verifies the pressure-sensitive tape has been rolled properly.

BELOW: Huber Engineered Woods new ZIP System stretch tape easily stretches to fit sills, curves and corners with a single piece. According to the manufacturer, it's made of a high-performance composite acrylic that conforms to challenging applications and locks out moisture even over mismatched surfaces. And ZIP System stretch tape can be pulled up and reapplied for hassle-free installation.



WARRANTIES BATTLE THE ELEMENTS

If you watch national news, you've no doubt noticed that natural disasters seem to be happening with an alarming frequency, and as such, building codes are evolving to protect both homeowner and home. For example, it wasn't that long ago that weather barriers weren't required in home construction. Today, build codes demand them, and the increased frequency of events such as hurricanes and other severe storms will be driving these products to evolve and building codes to continually adapt.

"Much of what we're seeing has been moisture-related with the prevalence of hurricane damage," says Certain-Teed's Winslow. "Homeowners that are looking to rebuild are concerned about moisture and mold issues that can become prevalent in these coastal towns where damage has occurred. They want to not only dry out what has been damaged, but want to select products that will help protect them in the future."

Soon to be launched, DuPont Tyvek DrainVent Rainscreen is a three-dimensional, honeycomb-textured drainage mat that according to the manufacturer provides advanced protection against moisture damage in exterior wall systems. It is ideal for stucco and stone exteriors, and it is suitable for use with a variety of other materials, including brick, wood siding, fiber cement siding, metal panel systems, cedar shake and shingles.



DowDuPont's Alan Hubbell agrees. "Evolving building codes are driving resilience and efficiency. We encourage developers and builders to design projects above code when possible as it will benefit developers, builders and ultimately, the homeowners. Our products go beyond many of the codes around the country and are designed to prevent damage and help promote recovery after disaster strikes."

"Insulation has undergone some changes with new ASHRAE standards," explains Tamlyn's Daniels, "and we think you will continue to see the codes keep shifting to tighter standards. We have also seen some local amendments push code. For example, Portland, Oregon, now requires rainscreens or accepted drainable WRBs for residential projects."

And it's not limited to coastal areas that are prone to hurricanes. Areas in the Gulf Coast and along "Tornado Alley" have adopted resilient building standards tested and published by the Insurance Institute for Business & Home Safety's Fortified Home program, points out ZIP System Products' Jason Darling. "Within these standards, is a requirement for a roof deck to be sealed at roof seams to mitigate the risk of water intrusion should the roof covering blow off in a high wind event. Since ZIP System sheathing and tape is by nature a sealed roof system, this resilient standard is easily met with our products, so we're seeing our inte-

grated sheathing and tape system used not only in walls but in roofs, especially in these areas."

A product lineup with strong warranties that back up performance claims can increase sales for distributors in these parts of the country. As DowDuPont's Hubbell points out, "Our warranties help drive a systems sale. Customers get an enhanced warranty for using and properly installing a portfolio of products, and that is worth a lot to builders and developers."

Ultimately, warranty coverage goes a long way towards product confidence for your customers, and by emphasizing the strength of those warranties, you'll be ensuring your customers they're buying products that will eliminate callbacks and deliver over the long run. "We have extended warranties for many of our Dow and DuPont solutions," says Hubbell. "Some of our warranties include the Dupont Weatherization Products 10-year limited builder warranty for single-family and low-rise multi-family residential buildings and our 30-year thermal limited warranty for STYROFOAM Brand Insulation."

EDUCATION IS EVERYTHING

In the shifting landscape of changing codes, energy efficiency requirements and manufacturing advancements, it is more important than ever for distributors to stay at the forefront of product education and emerging

trends. "The building and construction industry appears to be ripe for disruption and innovation over the coming years," says DowDuPont's Hubbell, "particularly as it relates to improving construction productivity, new technologies and increased focus on resilience. All products are not created equally, so the more informed the distributor is, the easier it is for them to advise customers on the what products they should use." ➤

"HOMEOWNERS THAT ARE LOOKING TO REBUILD ARE CONCERNED ABOUT MOISTURE AND MOLD ISSUES THAT CAN BECOME PREVALENT IN THESE COASTAL TOWNS WHERE DAMAGE HAS OCCURRED. THEY WANT TO NOT ONLY DRY OUT WHAT HAS BEEN DAMAGED, BUT WANT TO SELECT PRODUCTS THAT WILL HELP PROTECT THEM IN THE FUTURE."

— TED WINSLOW, CERTAINTED

Georgia-Pacific's Jeff Key agrees with Hubbell and stresses the importance of education. "There are so many new products introduced every year, and significant changes in building codes every three years that it can be hard to keep up," he says. "We just encourage our dealers and distributors to keep themselves as educated as possible through continuing education classes, product knowledge training, and self-study through websites, home builder associations, industry publications and other avenues."

Rather than seeing themselves as merely a vendor of various product portfolios, the most successful dealerships will take on the role of being resource centers for their customers

(both contractors and installers as well as consumers and homeowners). "Overall, most distributors do a very good job," says Tamlyn's Ian Daniels, "but some of the best programs we have seen have been very education-based, having your vendors come in and give education programs in tandem with you for select customers, helping to strengthen your brand as the best source of product and information."

"We encourage distributors to educate customers on proper installation techniques," says CertainTeed Siding's Kirn. "We offer detailed installation guideline instructions with illustrations for accurate application, offered not only by our sales team but also downloadable as a PDF from our website."

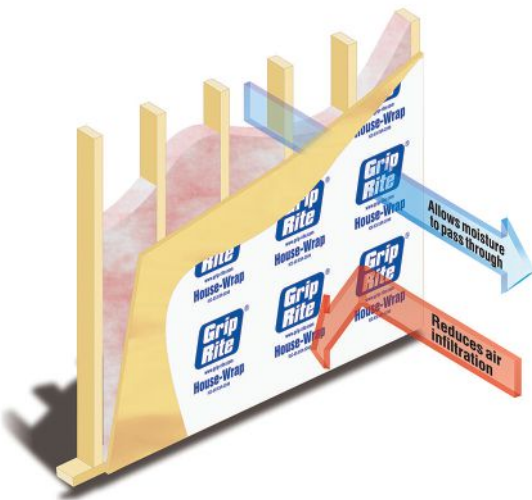
TRAINING EQUALS KNOWLEDGE

The most successful dealers are the ones that embrace the idea of being a true resource center for product training and education—both for the distributor and for the installing contractor. "We find many of our customers have a variety of audiences and a variety of needs," says Georgia-Pacific's Jeff Key, "so we try to tailor our support and customize our programs to those needs as much as possible. Among other things we do product knowledge training on air and water barriers to distributors, dealers, builders and subcontractors. We have an AIA-accredited continuing education courses that we have given to more than 500 architects over the last year. And we do jobsite visits and on-site training where needed. Again, it really just depends on when, where and how our customers need us."

ZIP System Products' Darling echoes Drew's thoughts regarding multi-channel education, stressing that it's important to keep building professionals in sync with industry best practices. "From our live, on-demand technical support team to our YouTube channel chock-full of how-to instruction to our traveling product demonstration experience, the Prove it Tour, we always strive to share the most relevant education," says Darling. "We're always looking for new ways to help solve jobsite issues or headaches for builders."

DowDuPont relies on trained specialists to provide onsite hyper-focused product solutions. For example, its DuPont Tyvek Specialist Network can educate suppliers and builders on issues such as updates to building codes, keeping up with current trends and challenges, and provide on-site product guidance and training. In addition, dealers can reference the Dow Answer Center, which is an online, self-service database of technical information about products to arm themselves with information that will help inform their customers.

For all manufacturers, it's about working with suppliers and builders, instructing them not on just how an individual product functions but on how a group of products can better function as a whole. ▶



ABOVE: Engineered to meet or exceed ICC AC 38 Acceptance Criteria for weather resistive barriers, Grip-Rite weather resistive barriers are made of a high density polyethylene woven substrate designed to resist tearing that results from high wind exposure. All Grip-Rite WRBs are micro-perforated to allow breathing.

ABOVE RIGHT: CertainTeed's CertaSpray open cell spray foam insulation expands to fill every opening that can potentially leak air, resulting in a more energy-efficient living environment. According to the manufacturer, CertaSpray foam reduces the penetration of moisture, outdoor allergens and pollutants while diminishing the sounds from both outside and inside.

RIGHT: Huttig-Grip Builder's Wrap is a tear-resistant woven and coated polypropylene weather resistant barrier that provides air and moisture protection. It is manufactured with great translucency for easier on-stud installation without the need for nailing marks and offers tear strength engineered to withstand the rigors of the jobsite and weather elements.





Coming together. Building together.

You're building more than a home, you're building your reputation. That's why Dow and DuPont have come together as DuPont Performance Building Solutions—so you're covered top to bottom, inside and out on every job. And, the unprecedented portfolio of products from two of the foremost leaders in the building industry provides the freedom, flexibility, and confidence to make every house you build home worthy.

Visit us at IBS Booth C5837

DuPont Performance Building Solutions
Build your way at PerformanceBuildingSolutions.DuPont.com

DUPONT™

“We aid as much as we can in providing our presence at various educational events put on by our dealers,” says Tamlyn’s Daniels. We have a number of merchandising aids and displays that we can provide to locations and at times can work to make them co-branded elements.”

“We encourage dealers to take a systems approach to weatherization and ventilation,” says CertainTeed Siding’s Kirn. “It is vital to understand the impacts that other materials have on a structure. For example, the moisture created inside the home needs to escape through the walls. If a weather barrier is not properly permeable it will trap that moisture in the walls and mold will develop. On the flip side, it is vital to have proper water- and air-resistance to protect in harsher environments.”

“We also offer the Build-It tour,” he explains, “hands-on training events at distribution centers across the country.

A fully equipped trailer along with an expert trainer will come onsite and perform demonstrations for professional attendees.”

Taken as a whole, the immediate future for both insulation and house-wrap is strong. With housing starts continuing to remain robust and with manufacturers constantly looking for ways to improve product performance, it should be no surprise to see sustained growth for both product categories. And while it’s impossible to see into the future as to what new products are still in development, one thing’s for certain—manufacturers will continue to push the envelope when it comes to keeping homes airtight, moisture-free, and comfortably cozy. ■

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

INTERNET INFORMATION

Companies highlighted participated in this article.

CertainTeed:
www.certainteed.com

DAP:
www.dap.com

DowDuPont:
www.dow-dupont.com

Fortifiber:
www.fortifiber.com

Georgia-Pacific:
www.buildgp.com

GreenFiber:
www.greenfiber.com

Huber Engineered Woods:
www.zipsystem.com

Huttig:
www.huttig.com

Insulfoam:
www.insulfoam.com

Johns Manville:
www.jm.com

Kimberly-Clark:
www.kimberly-clarkbuildingmaterials.com

Knauf:
www.knaufinsulation.com

MFM Building Products:
www.mfmbp.com

NCFI Polyurethanes:
www.NCFI.com

Owens Corning:
www.insulation.owenscorning.com

Polyguard Products:
www.polyguardproducts.com

Premier Building Systems:
www.premiersips.com

PrimeSource Building Products, Inc.:
www.primesourcecbp.com

Progressive Foam Technologies:
www.progressivefoam.com

Rhino Headers:
www.rhinoheaders.com

RoyOMartin:
www.royomartin.com

Tamlyn:
www.tamlyn.com

Typar:
www.typar.com

Universal Forest products:
www.ufpi.com

IT'S ABOUT TIME!
GRABBER SuperDrive N7 Series

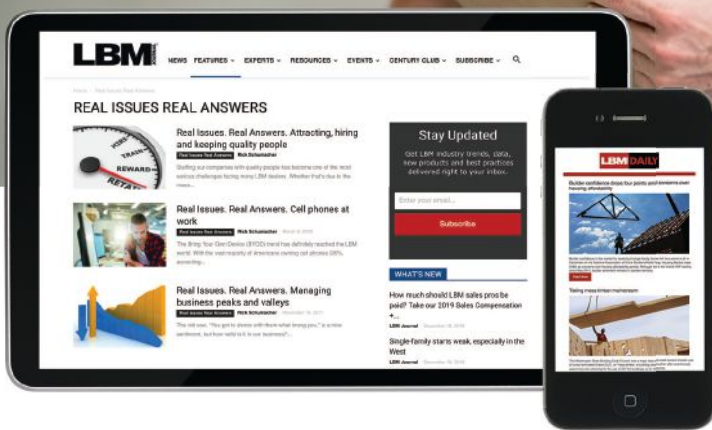
Model: SDN702 - Designed to work with DeWalt cordless tools. PATENTED in DECEMBER 2012

- ▶ Easily attaches to DeWalt, Makita or Grabber drivers
- ▶ Compact and lightweight industrial-strength design
- ▶ Quick adjustment for fastener length from 3/4-in to 2-3/16-in
- ▶ Use with screw diameters from 6 - 10 gauge
- ▶ SureLock™ fine depth control adjustment
- ▶ Rounded nose piece won't damage drywall or sheathing

Scan the QR code to see why SuperDrive N7 is the professional's choice.

GRABBER CONSTRUCTION PRODUCTS
"The Professional's Choice"
www.grabberman.com

CONVERT YOUR FAVORITE DRIVER INTO AN AUTO-FEED FASTENING TOOL! ...IN JUST SECONDS



The new **LBM JOURNAL DAILY** e-newsletter is built for pros in the lumber/building material industry, delivering the latest news and insights on market trends, new products, sales and marketing tips and more into your inbox every business day.

This free daily e-newsletter complements the robust, recently reinvented **LBMJOURNAL.COM** website.

LBM JOURNAL is committed to using the latest technology to deliver information the way you want it: print issues, digital issues, daily e-newsletter, website, webinars, white papers, social media, and the live **LBM STRATEGIES CONFERENCE**.

Subscribe for free at **LBMJOURNAL.COM**, then browse, bookmark, share and interact with the most relevant, credible content and people in the market. Here's to building your sales, your business and your brand.

THANK YOU TO OUR PREMIUM PARTNERS:



PRODUCT PICKS

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



Feeney CableRail Conceal Kit
Feeney's CableRail Conceal Kit is a low profile version of the company's standard CableRail kits and was developed to provide a solution for customers seeking a more streamlined cable railing aesthetic. Fittings are shorter and end caps are thinner, enabling them to be completely concealed inside the post for a sleeker look. Engineered for easy installation, the CableRail Conceal Kit features a specially-designed tension fitting on one end and automatic-locking Feeney Quick-Connect fitting on the other end. The kit is available in pre-fabricated assembly lengths ranging from 5' to 50' (in 5' increments) that can be trimmed to exact length in the field. www.feeneyinc.com

New Roseburg Duramine collection designs

Roseburg has expanded its popular Duramine collection with six new thermally fused laminate (TFL) designs, a selection of fresh neutrals, grey tones and hues introduced to complement a wide variety of applications and design styles. The new designs include: Charcoal Chestnut, Ribbon Walnut, Rogue River Maple, Frosty Chestnut, Navy, and Woodland Grey. With the added flexibility of two-sided or one-sided design options, customers can choose panels that work well for any application, including cabinetry, furniture, closets, casework, and organization systems. Now with Class 1 flame spread certification on the finished panel, Duramine Medite FR is engineered for use in lobbies, elevators, or anywhere a Class 1 fire rating is required. www.roseburg.com



Deckorators lights by Hinkley Lighting

Deckorators, a Universal Forest Products brand, has collaborated with Hinkley Lighting to bring a new line of low-voltage lighting to outdoor living: Deckorators by Hinkley Lighting. Hinkley Lighting has been a manufacturer and distributor of lighting fixtures for more than 95 years. The brand partnership creates a selection of 12-volt LED post cap, step light and deck sconce low-voltage options to coordinate with Deckorators composite decking and railing. All options are designed to offer ease of installation, exceptional illumination, and a five-year LED and manufacturing defects limited warranty. www.deckorators.com/hinkley



SmartControl fuel can system

Scepter has introduced a new fuel can system. Crafted with a unique push spout, the rugged SmartControl containers are designed for fast fills without spills. The spout design of the SmartControl system is engineered to make it easy to fuel equipment like portable generators, snow blowers or snow mobiles. Available in one-, two- and five-gallon sizes, the SmartControl line includes containers for gasoline (shown), diesel and kerosene. Recipient of the "Best in Class" award at the 2018 National Hardware Show, SmartControl containers are constructed of durable and safe high-density polyethylene. The rugged SmartControl containers are Made in America and designed to substantially exceed ASTM and CPSC minimum standards. Each product includes a child safety lock and flame mitigation device for added protection. www.scepter.com

Grabber dump cart

Grabber Construction Products' new dump cart features a 1,000-pound load capacity, and an optional hinged lid. The cart is made from high-density plastic as a single seamless container. The design features a patented reinforced handle integrated into the cart mold, designed to make it less susceptible to cracking or breaking and easy maneuverability and dumping by just one worker. Additional strengthened ribs are designed to provide stronger handling. Upper and lower handles are said to provide easier dumping. The cart is sized to fit through standard doorways and in elevators. Multiple carts stack to save freight costs during transport. The smooth, hard plastic surface is designed to be easy to brush out or hose down for cleaning. Said to be resistant to moisture and pitting, the bin has no rivets or parts that will corrode. www.grabberpro.com



Mirage Porcelain Veneers Ardesie Collection

Oldcastle's Echelon brand has introduced a new color/texture of Mirage Porcelain Veneers called Ardesie, with the look of natural elements. This porcelain veneer collection is available in four colors: Island, Black Reef, African Stone, and Shore. The units are 4" wide by 18" inches long (nominal) and with a thickness ranging from .30" to .60", designed for vertical wall coverings for interior and exterior applications. The product does not require any treatments (sealers) and is said to be unaffected by efflorescence or discoloration.

www.echelonmasonry.com

New color from Safe-Way garage doors

Safe-Way Door, an American company, announced that its Regency and Ambient doors are available in a new Driftwood color in the Madera color palette. Driftwood is the third new color the company introduced in the past year. Safe-Way Door's Ambient Series features an R-Value of 17.68, designed for thermal performance and longevity. The Regency series of garage doors combines the strength of steel and a wood-like design. Sandwiched between steel skins is 2" of expanded polystyrene that give the doors an R-value of 10.25. The Regency door model is used across climate sectors in both the north and the southern regions.



www.safewaydoor.com

RCKW Cold-Formed Steel Connector System

Simpson Strong-Tie has redesigned its RCKW rigid kneewall connector for cold-formed steel construction to provide a versatile, two-anchor option for contractors using 1/2"- or 3/8"-diameter concrete anchors. The redesign is said to result in faster and more efficient installation. When higher loads are required, the RCKW can be combined with the RCKWS stiffener (sold separately) to provide additional capacity for maximizing overturning moment resistance, the company says. Fabricated from heavy-gauge, G90 galvanized steel, the RCKW and RCKWS have three large holes allowing either a one-anchor solution at the edge or center of a slab or a two-anchor solution for applications requiring higher capacities at the center of the slab. The screw holes and anchor holes in the stiffener line up with those in the RCKW clip, designed for ease of installation. www.strongtie.com/rckw



PRODUCT PICKS

Tyvek DrainVent Rainscreen

DuPont's Tyvek DrainVent Rainscreen is designed to provide advanced protection against moisture damage in exterior wall systems. The product is the business' first roll good offering that creates a 6mm (0.25") space for water drainage and air movement for drying behind cladding. DrainVent can be installed behind stucco, stone veneer, brick, wood, fiber cement and metal panel systems, and is engineered to help prolong the life of exterior cladding by creating a gap that helps prevent rot, cracking and peeling problems. The product replaces the intervening layer required with stucco and stone, while the attached heavy-duty filter fabric prevents mortar and stucco infiltration. DrainVent is designed to be easy to cut and install, lay flat and roll tight against corners, helping protect against poor installation and detailing errors. Includes a 10-year limited product warranty, and a 10-year limited product and labor warranty. www.building.dupont.com



Alside vinyl window collection

Alside's 1700 and 1900 New Construction Vinyl Window Collection both are constructed with fusion welded corners designed to provide added strength, energy efficiency and weather-tight performance. The windows are available in contemporary exterior colors, a variety of grid profiles and grid patterns, and advanced glass packages. Alside's insulated glass packages combine Low-E glass with a u-channel design warm-edge spacer system the company says creates an effective thermal barrier that meets ENERGY STAR requirements in all four climate zones. Both series come with a lifetime limited warranty. www.alside.com



MONO

GOTHIC ARCH

LAM-PLY TRUSS

RIDING ARENAS • CATTLE ENCLOSURES • STORAGE • SHOPS

GAMBREL

- Spans up to 72 ft.
- Bird nesting control
- Up to 12 ft. spacing depending on desired load
- No feed alley post obstruction
- Additional ceiling height for more usable space

TIMBER TRUSS

Independence, WI

starwoodrafters.com • 715-985-3117 • 888-525-5878



Hyde Group Molding Puller

Hyde Group has introduced a new tool designed to remove baseboard, trim and other molding materials from walls without damaging those materials. The new Molding Puller is a heavy-duty steel hand tool to remove molding as well as tile, carpet, and other types of flooring materials. The Molding Puller design has a built-in patent pending "wedge" feature on the 90-degree angle designed to be safely driven between the materials. It works by spreading the applied force out along a larger surface area and gradually increasing the angle away from the wall to avoid damage. Features include: wedge for easy extraction; built in nail puller; no-slip handle; hand guard; finish designed to withstand hammering. www.hydestore.com



1stWEST M&A has advised on the sale
of companies with a combined value of
more than \$1 billion.

With a focus on companies with \$10-\$100 million in sales, 1stWEST has a specialty practice serving the readers of *LBM Journal* and the manufacturers and distributors that serve them.

Valuations have never
been higher

Contact us for a
no-cost, no-obligation valuation
consultation

Read our monthly column in
LBM Journal



Contact: John D. Wagner | 919.796.9984 | j.wagner@1stwestma.com | 1stwestma.com

SERVING DISTRIBUTORS, MANUFACTURERS, AND LUMBER DEALERS

PRODUCT PICKS



DAP SMARTBOND subfloor adhesive

DAP and Georgia-Pacific have developed DAP SMARTBOND subfloor construction adhesive. GP now recommends DAP SMARTBOND adhesive for use with its DryMax High-Performance OSB. A high-strength polyurethane foam adhesive, DAP SMARTBOND is said to provide eight times the coverage of cartridge adhesives, allowing users to do more with less. SMARTBOND is up to 25% faster to apply than traditional cartridge construction adhesives, the company says, and will bond to wet, dry, frozen and treated lumber. www.dap.com



USG Durock Quik-Cover

Durock brand Quik-Cover self-leveling underlayment is designed for commercial and institutional rehab and renovation. It features self-drying technology said to be ideal for fast-track projects. The self-drying calcium aluminate product allows for application of most floor coverings in as little as one hour, and the company says it requires minimal subfloor preparation and features compressive strengths exceeding 5,000 psi. Product comes with two-year limited warranty. www.usg.com/fastprep

Haas Door's SelectView garage door window

Haas Door has launched the new SelectView option in which customers can place windows in almost any location they desire in a garage door. SelectView provides options for windows in the bottom section of the garage door as well. This allows for glass to be used in all panels of the garage door, giving the look of an aluminum rail door, but providing two additional options. With SelectView all-glass garage doors, the sections themselves can have a wood grain texture to them. And, the SelectView all-glass door comes insulated with polyurethane, designed to provide added performance. Decorative, specialty glass, and inserts are available through SelectView. www.haasdoor.com



MI Windows and Doors new color options

MI Windows and Doors has expanded the exterior color options for its 1620 single-hung and 1630 single-slider product lines with the addition of bronze and black exterior laminates. Available only with white interiors, each can be also ordered with the company's fin, finless, and flange frame profiles to support both new construction and replacement projects. The bronze and black exterior colors are available in both the impact and non-impact configurations of the 1620 and 1630 windows. In addition to featuring dramatic styling options and handcrafted quality, the 1620 and 1630 windows are designed to meet stringent ENERGY STAR requirements in North-Central, South-Central, and Southern climate zones. Available in two- and three-lite configurations, each can also be purchased with a DP-50 option to enhance coastal-area performances. www.miwindows.com



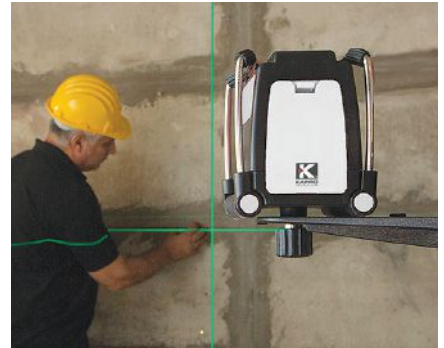
Bosch Wet/Dry Dust Extractor

The Bosch GAS20-17AH Wet/Dry Dust Extractor is an industrial-grade product with a maximum 300 CFM (cubic feet of air per minute) capacity that filters fine dust, coarse dirt and liquids. The GAS20-17AH boasts 17-gallon capacity, and auto filter cleaning with HEPA filter to provide a complete package in helping users move toward OSHA silica dust regulation compliance. Its auto filter-clean system activates every 15 seconds and the HEPA filter is said to capture 99.97% of particles at 0.3 microns and larger. The dust extractor features a 17.5-amp motor to maintain the maximum 300 CFM capacity. The tool is designed for heavy-duty applications, including concrete cutting and surface grinding with larger 7" and 9" grinders and up to 12" cut-off tools. The large capacity Bosch wet/dry extractor has a water-level sensor to help preclude overfilling and a discharge hose for easy drainage. www.boschtools.com



Kapro Laser Level

The 873G Prolaser Vector Green Laser Level from Kapro is comprised of a green beam with a wavelength that is said to be more easily detected by the human eye to see than a red beam. The 873G Prolaser Vector Green Laser Level includes three Laser beams (one horizontal and two vertical beams with 90-degree intersections); a self-leveling range of ± 3 degrees; manual mode for angular layout/tilted marking; visual and audible "out of level" warning; tripod accessibility with 1/4" thread. Kapro's patented adjustable folding legs, for angle mounting, are designed to provide higher stability and make it possible to use the level without the need of a tripod. When folded, combined with its shock-resistant rubber casing, the legs create a protective frame developed to make the product more resistant to damage in the field. www.kapro.com



Milwaukee Tool's new jig saws

Milwaukee Tool has introduced two new jig saws in both D-Handle (shown) and Barrell Grip versions. Each is powered by the M18 Fuel system with brushless motors engineered to deliver higher sustained blade speed than 7-amp corded jig saws. Increased blade speeds are said to aid in minimizing chipping and bucking for cleaner cuts, and decreased overall time and cost. The saws feature a variable speed trigger, said to give users more control through the cut. Equipped with the M18 REDLITHIUM XC5.0 Battery Pack, the saws are designed to cut through up to 105 linear feet of 3/4" laminated particle board per charged battery. The Barrell Grip tool features ambidextrous on/off switches and a 6-speed dial with a specific auto-controlled start mode. www.milwaukeetool.com



You know your LBM
business has big potential

**I know how to find the
executives who can turn
your potential into PROFIT.**

Connect with me when
you're ready to recruit
**\$100K+ LBM Executive +
Sales Leadership Talent.**
My info is to the right.

RIKKA
BRANDON



Chief Executive Recruiter
e: Rikka@BuildingGurus.com
p: 701-361-4239

BuildingGurus.com

buildinggurus

EXECUTIVE SEARCH & CONSULTING
FOR BUILDING PRODUCTS

BY BEN GANN

2019 ushers in a return to divided government

FOLLOWING TWO YEARS in which Republicans controlled both chambers of Congress and the White House, the next two years are expected to be more combative as Democrats have the majority in the House after winning a net of 40 seats in the midterm elections. Republicans maintained a narrow Senate majority and picked up a net of two seats. As President Trump gears up for re-election, expect continued partisanship but there may be some opportunities for Democrats and Republicans to work together.

In the House, Democrats start the year with a 35-seat advantage over Republicans—235 to 200. There are 90 new House members (61 Democrats and 29 Republicans), which is the most since the Republican wave election in 2011. The Trump Administration will face aggressive oversight from House Democrats who feel emboldened after decisively winning last fall.

Going into the midterm elections, Republicans represented 25 seats where Hillary Clinton won in the 2016 presidential election. Democrats effectively targeted these seats and were able to win 22 of them. Republican pollster Patrick Ruffini noted that the 2016 presidential election helped predict the 2018 House elections as the results were almost uniformly 5-6 points better for Democrats than two years earlier.

Republicans maintain their Senate majority and start the year with a 53 to 47 advantage over Democrats. The senate election results continue a partisan trend where fewer and fewer states have split delegations where the two senators are from different political parties. Only nine states will have split delegations in 2019, which ties a record last set in the 84th Congress (1955-1956). There are only eight new Senators (two Democrats and six Republicans) at the start of 2019.

Although the prospect of divided government might be a recipe for gridlock, there are some opportunities where House Democrats may look to work with the White House and Senate Republicans. President Trump continues to express support for a large infrastructure bill; however, a stable source of long-term funding for roads and bridges has been an obstacle to advancing a new agreement. The surface transportation law, which includes funding for roads and bridges, expires in September 2020 and may be a catalyst in renewing the law.

Immigration is another area where there could be compromise between Congress and the White House. The Ad-

ministration has been thwarted by federal judges in ending the Deferred Action for Childhood Arrivals (DACA) program that prevents individuals who came to the U.S. illegally as children from being deported. Democrats looking to resolve uncertainty around the DACA program, as well as for individuals designated under Temporary Protected Status (TPS), may try for a broader immigration agreement that includes a robust guest-worker program to help address needs in the labor market.

Two areas where the White House and Congress will likely reach an agreement are a debt ceiling increase and the U.S. Mexico Canada Agreement (USMCA). In the first quarter of 2019, Congress will have to reach an agreement on increasing the debt ceiling that allows the federal government to increase its borrowing authority and avoid default. A combined agreement on increasing the debt ceiling and overall federal spending levels is the most likely outcome but given President Trump's past threats to shut down the government, expect a contentious negotiation before an agreement is reached.

Congressional approval is needed for USMCA, the successor to the North American Free Trade Agreement (NAFTA). The White House needs supports from congressional Republicans but will have to attract a sufficient number of Democrats in both chambers to have the trade agreement approved. President Trump has been a vocal NAFTA critic and will use his bully pulpit to have Congress approve the USMCA.

As a new congress begins, NLBMDA will continue to highlight the need for a resolution to the softwood lumber dispute between the U.S. and Canada. The government relations team is also monitoring an expected rulemaking from the Department of Labor on overtime pay eligibility. In addition, the Association will continue to fight for legal reform that reduces the likelihood of dealers being a victim of unfounded lawsuits.

NLBMDA encourages its members to meet new members of Congress—as well as returning ones—during the 2019 Spring Meeting and Legislative Conference, April 1-3, 2019, at the Wink Hotel in Washington, D.C. It is a great opportunity to connect with lawmakers and advance the public policy priorities of the lumber and building material industry. More information about the meeting can be found at www.leg-con.org. ■

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

SUPPORT THE COMPANIES THAT SUPPORT NLBMDA

Your National Voice in Washington, D.C.

NLBMDA's Manufacturers and Services Council (MSC) members are leading nationwide and regional companies that supply products and services to lumber and building material dealers and regional chains. MSC members are also buying groups, cooperatives, and other for-profit and non-profit organizations. By supporting NLBMDA's important work on national legislative and regulatory issues, MSC members show their dedication to promoting and enhancing the success of independent dealers and regional chains.



PrimeSource is one of the largest distributors of building materials in the USA offering the market leading Grip-Rite brand of fasteners and other proprietary products from 33 locations across the country servicing all national markets and strategic international areas.

800-676-7777
www.primesourcecbp.com



Our award-winning sales performance software delivers smarter selling to manufacturers, distributors and wholesalers. With complete visibility into the inner workings of your business, you'll have unmissable cross and up-selling opportunities on tap.

610-363-7815
www.sales-i.com



For over 65 years, Seven D Wholesale has provided innovative purchasing programs and unparalleled customer service tailored to the specific needs of our customers.

800-800-6894
www.7dwholesale.com



Simpson Strong-Tie supports NLBMDA members with a full line of field-tested and code-listed structural products, a nationwide sales force and customer technical/field support and training.

800-999-5099
www.strongtie.com



Designed for building products retailers, Stock is a cloud based, mobile sales enablement and CRM software, built by a team of experienced operators and technologists to do one thing exceptionally well—help you sell more.

513-580-7190
www.stocksystems.com



As the leading entry door brand most preferred by builders and remodelers, Therma-Tru offers a complete portfolio of fiberglass and steel entry and patio door systems, including decorative glass and components.

1-800-THERMA-TRU (843-7628)
www.thermatru.com



As the world's largest manufacturer of high-performance wood-alternative decking and railing, Trex offers a full portfolio of beautifully integrated outdoor living products for creating a dream outdoor living space.

1-800-BUY-TREX
www.trex.com



Whether your business is locally owned or in the Fortune 500, it will immediately benefit from discounts and cost reduction programs negotiated by the experts at UPG.

801-784-8744
www.upg.org



Weyerhaeuser

Weyerhaeuser offers leading structural frame materials, software and technical support for residential, multi-family, and light commercial under the Weyerhaeuser and Trus Joist® brand names.

888-453-8358
www.Woodbywy.com



AZEK Building Products manufacture premium, low maintenance exterior building products including AZEK Deck, AZEK Trim, AZEK Porch, AZEK Moulding and AZEK Rail.

877-ASK-AZEK
www.azek.com



Boise Cascade

In-demand products;
Nationwide distribution;
Tools for the business of EWP;
Easy to do business with.

800-232-0788
www.bc.com/ewp



Centennial Woods maintains the world's largest sustainable source of reclaimed wood. Our products include wall planks, shiplap, tongue and groove, bevel lap, and more.

307-742-3672
www.centennialwoods.com



Dealers Choice is the nation's fastest growing direct to dealer distributor of roofing, siding, gypsum, millwork, building insulation and accessories.

866-209-2552
www.DealersChoiceDistribution.com



Do it Best Corp. is proud to be the only co-op that fully supports independent retailers with over 67,000 products across every category.

260-748-5392
www.independentsdoitbest.com



Dow Building Solutions

For 60+ years Dow has offered unsurpassed building science expertise resulting in reduced energy costs and protection against moisture while contributing to the reduction of greenhouse gas emissions.

800-232-2436
www.dowbuildingsolutions.com



ECi Spruce Computer Systems, Inc. innovates business intelligence for the lumber and building materials dealer industries with superior technology and service.

800-777-8231
www.ecisolutions.com/spruce

LBM JOURNAL IS PROUD TO PRESENT



Created to recognize and celebrate lumberyards that have been serving their communities for more than 100 years.

THERE IS NO MEMBERSHIP FEE

A company that's been around for a century has already paid its dues.

MEMBERS RECEIVE AT NO CHARGE

- Recognition in LBM Journal and on LBMJournal.com
- Certificate of membership
- Press release for distribution to local media
- Special Century Club logo for your use
- Century Club member window clings
- Recognition at the annual LBM Strategies Conference

To nominate your company (or another dealer) for membership, and to see a complete list of members including an interactive map, please visit www.LBMJournal.com/century

SPONSORED BY

EPICOR

1st WEST
Mergers & Acquisitions LLC

M&A ADVISORY TO THE LBM COMMUNITY

With a focus on companies with \$10-\$100 million in sales, 1st WEST has a specialty practice serving the readers of *LBM Journal* and the manufacturers and distributors that serve them.

JOHN D. WAGNER
919.796.9984 | j.wagner@1stwestma.com
1stwestma.com

SCHWEISS

DOORS

HYDRAULIC — OR — BIFOLD
ONE-PIECE DOORS STRAP LIFT DOORS

SCHWEISSDOORS.COM **507-426-8273**

THE DOOR LEADER

ADVERTISER INDEX

COMPANY	PAGE	PHONE	WEBSITE
1st West Mergers & Acquisitions LLC	57	866.489.6604	www.1stwestma.com
Biewer Lumber	25	810.329.4789	www.biewerlumber.com
* Boise Engineered Wood Products	16	208.384.6161	www.bc.com/ewp
Boral Building Products	OBC	248.668.6400	www.boralbuildingproducts.com
CraneWorks, Inc.	31	866.447.9496	www.crane-works.com/LBM
DMSi	19	402.330.6620	www.dmsi.com
Do it Best Corp	3	260.748.7175	www.doitbestcorp.com
DuPont Tyvek	51	800.324.3492	www.weatherization.tyvek.com
Grabber Construction Products	52	800.477.8876	www.grabberman.com
Huber Engineered Woods	7	732.549.8600	www.huber.com
Huttig Building Products	IBC	800.325.4466	www.huttig.com
Kerridge Commercial Systems	27	919.379.3800	www.kerridgecsna.com
LBM Century Club	62		www.lbmjournal.com/century
LP Legacy	IFC-1	888.820.0325	www.testedextreme.com
* Manufacturers Reserve Supply	BB, 9	973.373.1881	www.mrslumber.com
Maze Nails	43	800.435.5949	www.mazenails.com
MFM Building Products Corp.	23	800.882.7663	www.mfmbp.com
* Mid-State Lumber	16	800.942.7776	www.midstatelumber.com
MiTek Builder Products	5	800.325.8075	www.mitek-us.com
PrimeSource	21	972.999.8500	www.primesourcecbp.com
* Rollex Corp.	9	800.251.3300	www.rollex.com
* RoyOMartin	9	800.299.5174	www.royomartin.com
Simpson Strong-Tie	11	800.999.5099	www.strongtie.com
Starwood Rafters	56	888.525.5878	www.starwoodrafters.com
* Superior Plastic Products	13	800.633.7093	www.superiorplasticproducts.com
Tamlyn	47	800.334.1676	www.tamlyn.com
* Thermo-Tech Windows	16	877.565.0159	www.ttwindows.com
UFP-Edge	15	616.364.6161	www.ufpedge.com

*Denotes regional distribution.

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

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

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

WHEN DIFFERENT ISN'T BETTER

THE NEW MANAGER'S NEW WAYS ARE CREATING CONFLICT, AND HURTING YOUR STORE'S PERFORMANCE. WHAT WOULD YOU DO?

As the owner of a four-location LBM dealer, you're thoroughly enjoying the healthy housing and remodeling markets. And for you, it's even better than pre-recession. Back in the early 2000s, you operated one yard quite successfully, and kept plenty of liquid assets on hand in case of a downturn or a buying opportunity. Along came the Great Recession. Your reserves were sufficient to help you not only weather the storm just fine, but to acquire other yards in nearby markets at fire sale prices. Now, nearly ten years later, all four locations are chugging along, delivering value to their markets and profits to the bottom line.

You've been very fortunate on the people-side of your business, as well. You treat your people well and compensate them fairly, so when you've had openings, members of your existing team have been happy to help recruit their friends and family members. That's worked great, but for one exception. Here's the story:

When the longtime manager from one of your stores resigned to relocate with his family to another state, you spread the word company-wide that you had an opening for a store manager. There was plenty of interest, but no qualified candidates emerged. You placed some ads, and hit the jackpot, or so you thought. On paper, Jeremy was exactly what you were looking for. He had nearly 10 years of experience managing a lumberyard in another market and had recently relocated to your town. It was a match, all the way down to financial expectations. So, you welcomed him on board.

You were excited about him bringing fresh energy and ideas to your existing team. During the interviews, he shared some concepts that had worked really well at his past employer—saving time, boosting margins, and helping customers. You thought, "once we put those things in place at one yard, we

can take the changes company-wide." You were convinced, it was going to be great.

Six months later, it's not going well. Sales, which were steadily rising, have plateaued. Even worse, morale among the staff is on the decline. The long-time assistant manager, Arnie, sat down with you in your office, and had this to say: "We all love our jobs and love working for you, and we like Jeremy well enough, but the changes he's pushing on us just don't make sense. There's more paperwork, more time required to log on to the computer and document everything we do. That slows us down, takes us away from serving customers, and makes us feel like we're being micro-managed. The way we did it before worked well, sales and margins were up, and people were happy. I'm afraid we're going to start losing people if Jeremy is allowed to continue implementing new processes."

When you talk with Jeremy, he seems oblivious to the staff morale, and assures you that it's a matter of time before his way is the accepted way—and that it'll make a big difference for your company. You're not so sure. What would you do?



Cast your vote online at www.LBMJournal.com

- 1 STAY THE COURSE.** You hired Jeremy for some very good reasons, and six months is not long enough to judge his impact on your company. Tell him to carry on, but that you need to see positive results soon.
- 2 TURN BACK.** The systems and processes that were in place for years worked just fine. Tell Jeremy you appreciate the effort, but that it's not working and he needs to revert to the way it was when he arrived.
- 3 PROMOTE ARNIE.** Arnie has been assistant manager for almost ten years. He's not flashy, but he's solid, he knows your team and customers, and knows what works. He deserves to be promoted to manager.
- 4 ALL-STORE MEETING.** After hours one day, have an all-store meeting to talk about what's going on, to learn if there's another reason that Jeremy's changes aren't working, and to determine a path forward that makes sense for the company.

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

See how your judgment compares with others in the industry at LBMJournal.com. Results will appear in The Buzz section of the March 2019 issue.



Premium Entryways
HUTTIG
DELIVERS

Therma-Tru® fiberglass Classic-Craft® doors offer a traditional wood door look with enhanced weather resistance, solid security, higher R-values and excellent durability.

Visit www.huttig.com to learn more.

HUTTIG[®]
BUILDING PRODUCTS
Constructive Solutions Since 1885

THERMA-TRU[®]
DOORS

YOUR COMPETITIVE EDGE

IS OUR SIDING MORE BEAUTIFUL OR MORE DURABLE? YES.

TruExterior Siding & Trim made from poly-ash is resistant to both moisture and movement related issues. So when you're choosing siding and trim for your customers' homes, you no longer have to choose between performance and aesthetics. To request a sample, visit [TruExterior.com](https://www.TruExterior.com)

TruExterior® Siding & Trim



BORAL