

LBM JOURNAL[®]

STRATEGIES FOR LUMBER/BUILDING MATERIAL DISTRIBUTION PROS

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MAY 2019 \$10 U.S.

ADDITION BY SUBTRACTION

HOW LUMBER MART DECREASED
ITS FOOTPRINT, AND INCREASED
REVENUE

IN DEPTH: WINDOWS & DOORS

STRONG REMODELING MARKET POINTS
TO GROWTH

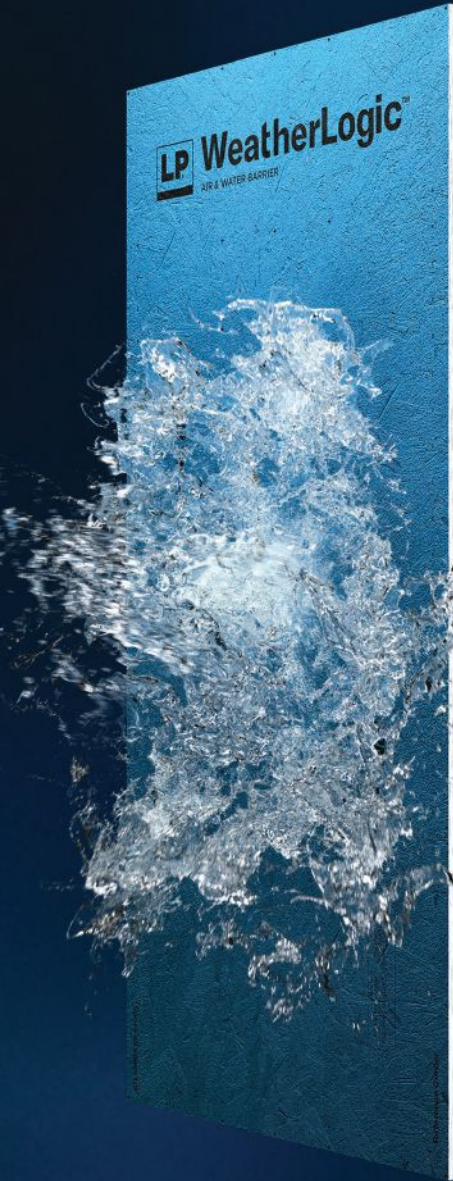
REAL ISSUES. REAL ANSWERS.

PRICE PERCEPTION VS. REALITY

TRENT PEABODY, PRESIDENT OF LUMBER MART



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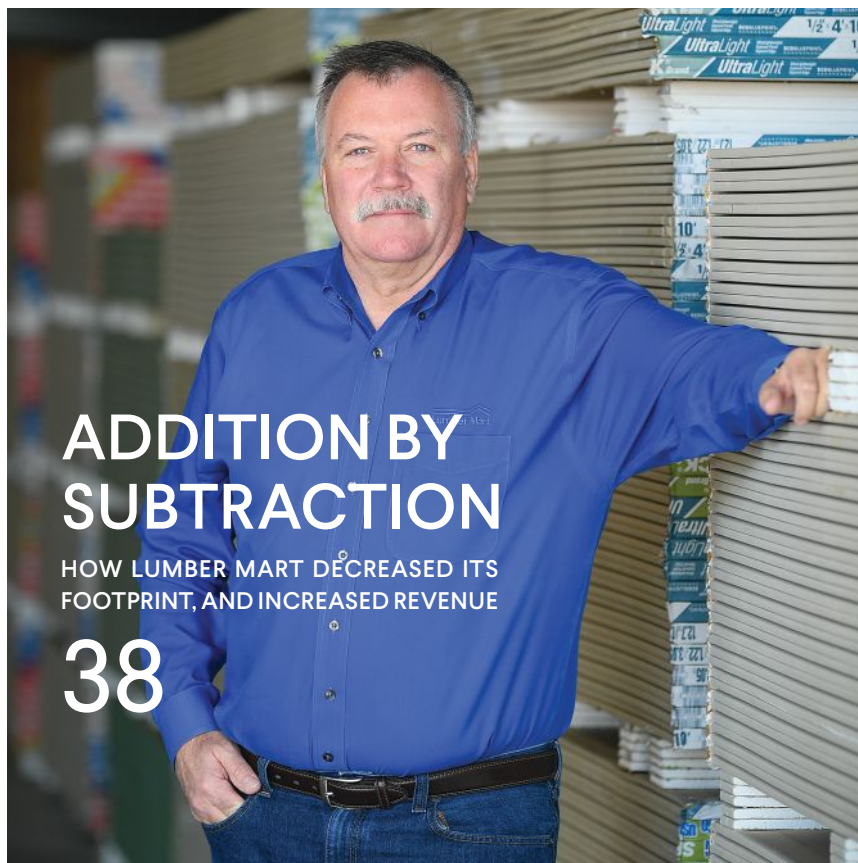
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There is no shortage of business advice on how to boost your company's profits and strengthen the bottom line. Seldom among that advice, however, is it suggested that a company downsize its space and decrease the number of SKUs it carries. But that's what Trent Peabody and his father, Bob, did with Lumber Mart in the Grand Forks/East Grand Forks market (one store in North Dakota, the other across the Red River in Minnesota), and it resulted in a boost in revenue driven by a 7% increase in margins.

BY JAMES ANDERSON

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THE CHALLENGE OF MOVING FORWARD

As a young, motivated college grad, you're frustrated that the LBM dealer you went to work for has no interest in change. What would you do?

FIRST CHOICE. BEST CHOICE. BEST OF BOTH WORLDS

Some think of Do it Best as the industry leader in hardware distribution and retailing expertise. Others know Do it Best as the co-op that serves the largest and most successful lumber dealers in the country. The fact is, both are correct. Do it Best is the only co-op that serves as a single-source provider while leading the industry in both hardware and LBM.

Why do we work so hard to maintain relationships, deliver proven programs and support members with dedicated expertise on both sides of the industry? Because we want to give all members a simpler, streamlined ordering process, backed by strategic purchasing power and sophisticated business strategies. As a result, we offer incredible opportunities for growth, regardless of the types of customers our members serve. It's an approach that has proven to be just as successful for single-location retailers as it is for large, multi-location businesses. From LBM to Hardware, Do it Best is focused on being the first and best choice in everything we do.

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Vice President of Sales & Business Development

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EDITOR'S NOTE

Customer first

AT A PUBLISHING CONFERENCE last week, the keynote speaker talked about their “customer first” strategy. I appreciated what she had to say, because she related how her company is growing by focusing on what their customers want, as opposed to what they want as a company. Her talk reminded me of the time a decade or more ago, when a large media company announced a “digital first” strategy. This was seen as a bold move by an aggressive company and was applauded by the publishing industry as very forward-thinking. Plus, if it worked, it was a financially savvy move. After all, the cost of printing and mailing a magazine are among the biggest expenses for a media company.

The strategy failed. Partly because it was premature (even today, 70% of *LBM Journal* readers prefer print, while 30% prefer digital). In my opinion, the primary reason it failed is that it was all about what the company wanted—and ignored the customer. Blinded by the potential savings, the company moved forward...and suffered as a result. I’m a big believer in change, but only when it makes sense for us as well as our readers and advertisers.

There’s a great story about change in this issue. I first learned about it in January when I had the opportunity to moderate a panel of LBM dealers at the Northwestern Building Products Expo in St. Cloud, Minn. One of the panelists, Trent Peabody of Lumber Mart in the Grand Forks/East Grand Forks markets, shared how a significant downsize has been a positive change for the company as well as its builder customers. Trent (that’s him on the cover) graciously agreed to let us share his story in our pages. If you think that getting bigger is the only way to grow your company, I urge you to read “Addition by Subtraction” on page 38 by Senior Editor James Anderson.

Though it’s not as apparent, the “customer first” mindset also comes into play in this month’s Real Issues. Real Answers. feature. A very sharp Iowa dealer posed the question about price perception—specifically, customers’ misconception about the pricing at their local lumberyard vs. the big box competition. More than 200 readers weighed in with many astute and insightful answers on how to fight the battle (and win) to earn and retain business. Not surprisingly, much of what separates traditional LBM dealers from the big boxes are the valuable services that your customers want (like take-offs, on-time deliveries, house accounts)—but may not be convenient for the large corporations to offer. Most LBM companies got their start decades ago because their communities needed material. Many of those (especially the 150-plus members of the LBM Century Club) are still thriving today because they deliver quality products and needed services at a fair price. It’s called value, and it’s at the heart of a customer-first strategy.

One lesson I learn over and over, from both the publishing and LBM industries, is how much I benefit from connecting with other pros. If you value learning fresh, practical approaches to real world business challenges from other smart, successful dealers, I encourage you to consider attending the LBM Strategies Conference 2019. Just like this magazine, the conference is all about you. ■

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ABOUT THE ACCOMODATIONS

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SEPT. 18 WELCOME NIGHT COCKTAIL RECEPTION

SEPT. 19 BUILDING A PURPOSE- AND VALUES-DRIVEN COMPANY

MIKE DYKSTRA, PRESIDENT & CEO, ZEELAND LUMBER

Want to attract and retain top people—especially high-performing young pros—while contributing to your community and positioning your company for a strong future? Learn from an LBM leader who's doing just that. Mike Dykstra will kick off LBM Strategies 2019 by sharing Zeeland Lumber's purpose and values—the company's foundational principles—that have helped guide his leadership team through the challenges of growth and change, all while striving to make a positive difference in society.

HOW TO MAKE YOUR COMPANY A "BEST PLACE TO WORK"

JON VAUGHAN, PRESIDENT, BRAND-VAUGHAN LUMBER

What would you do if you learned that employees were less than enthusiastic about working for your company? When this happened to Jon Vaughan after an employee engagement survey, he and his team took the results to heart. Learn how they approached the problem, and the actionable tactics the company took to improve morale. You'll learn what worked and what didn't on the path to Brand-Vaughan Lumber's re-energized workforce voting the company a "Best Place to Work."

BUILDING THE LABOR FORCE, ONE HOUSE AT A TIME

TY SHANKS, MANAGER, WESTERN BUILDING CENTER

Determined to do something about the labor shortage in his market, Ty Shanks brought together local building pros and the local high school shop class to build a house from the ground up, offer it for sale, then repeat the process. This ground-breaking program has captured the imagination of students (who can earn apprenticeship certificates and full-time employment) and the local home builders association (which can tap an active pipeline of enthusiastic young workers). Ty will share tips on doing this in your market.

PERFORMANCE METRICS FOR SALESPeople...THAT WORK

RICK DAVIS, PRESIDENT, BUILDING LEADERS, INC.

In this thought-provoking presentation, renowned sales trainer and consultant Rick Davis will share the difference between leading and lagging indicators, with evidence that proves correlations between the two. You'll leave this powerful session with a fresh understanding and appreciation for performance metrics for salespeople, along with practical tips for using both Key Performance Indicators (KPIs) and Key Results Indicators (KRIs) as generate positive, lasting change in your company.

PANEL DISCUSSION: WOMEN IN LBM: THE WHY, THE WHAT AND THE HOW

DENA CORDOVA-JACK, EXECUTIVE VP, MOUNTAIN STATES LUMBER & BUILDING MATERIAL DEALERS ASSOCIATION

KITTY DECAREAUX, VP CABINET DIVISION, KODIAK BUILDING PARTNERS

TINA CARFARO-BREEN, GENERAL SALES MANAGER, MANUFACTURERS RESERVE SUPPLY

JULIE KORTH, CFO, DREXEL BUILDING SUPPLY

Hear from a panel of top performing LBM pros—who happen to be women—about what attracted them to our industry, their experiences as a female LBM pro, and insights on what it'll take to attract more like them. You'll leave this session with

the business case for women in your workforce (the "why"), a nuanced understanding of sexism in our industry (the "what"), plus some practical tactics you can put to work immediately in your company to attract and retain more women (the "how").

DRIVING TRAFFIC AND SALES FROM BEYOND YOUR MARKET

GRANT LEAVITT, OWNER, MARCUS LUMBER COMPANY

How does an independent lumberyard in a rural Iowa town effectively draw customers—and drive sales—from well beyond its market area? Learn the innovative, cost-effective strategies that make this store a destination for homeowners and builders alike. Plus, learn the practical tactics that this entrepreneurial LBM pro is using to build a healthy company culture and attract new people to join his team.

PANEL DISCUSSION: GROSS MARGIN STRATEGIES THAT BUILD YOUR BOTTOM LINE

MODERATOR:

BILL LEE, LEE RESOURCES, INC.

LANNY MOORE, JR., SUNCOAST CONTRACTOR'S SUPPLY

JIM SOBECK, CEO, NEW SOUTH CONSTRUCTION SUPPLY

Are you leaving margin on the table? Most dealers are, and many are shocked at what a difference two more points of gross margin can mean to their company's financial health. Bill Lee, author of "Gross Margin: 26 Factors Affecting Your Bottom Line." Bill will moderate a hand-picked panel of owners who have proven that a high gross margin business can successfully compete for volume while earning an enviable bottom line.

COCKTAIL RECEPTION & LBM CENTURY CLUB RECOGNITION

SEPT. 20 THE FUTURE OF LBM TRAINING & TEAM BUILDING

BRADLEY HARTMANN, PRESIDENT, RED ANGLE, INC.

The LBM industry is facing a pair of interrelated generational challenges. First, the Boomer Brain Drain negatively impacts us all when we fail to capture the vast wisdom from the talented Baby Boomers who retire every month. Second, the newest generation to enter our industry, often described as the YouTube Generation, expects that learning content should be available on-demand and easy to find, learn practical and tactical tips to bridge this generational gap.

M&A UPDATE: INSIDER SECRETS FOR SUCCESSFUL DEALS IN TODAY'S VOLATILE ECONOMY

JOHN WAGNER, MANAGING DIRECTOR, 1STWEST MERGERS & ACQUISITIONS

TED RIEPLE, MANAGING PARTNER, 1STWEST MERGERS & ACQUISITIONS

Top housing economists predict an economic slowdown within the next few years, and this session will review how that might impact company valuations in today's red-hot consolidation market. Often, a "fine line" separates a successful deal from one that falls flat, or a skyhigh valuation that thrills sellers vs. a price that's totally unacceptable. So, learn from the experts how to navigate the top deal-makers... and deal-breakers, all backed up with real-world examples.

MORE SESSIONS, PRESENTERS AND PANELISTS TO BE ANNOUNCED AT LBMSTRATEGIES.COM.

*PROGRAM SUBJECT TO CHANGE.



UPDATES

PEOPLE

Do it Best has announced the addition of **Kyle Walters** as its newest regional sales and business development manager.



WALTERS

Palram Americas, a manufacturer of polycarbonate and PVC sheets, has announced the promotion of **Matt Graupen** to regional sales manager.



GRAUPEN

Grabber Construction Products has appointed **Robert Waterhouse** as the company's new president.



WATERHOUSE

Roseburg has named **Gary Hayes** business manager of the company's softwood plywood and lumber businesses.



HAYES

US LBM Holdings, LLC has announced that **Tim Liester** has been named executive vice president of operations & sales for the company.



LIESTER

Jackie Schneider has joined **Marvin Companies** as vice president of marketing.



SCHNEIDER

American Construction Source has named **Randi Moran** chief human resources officer.



MORAN

Hyphen Solutions has appointed **John Ballard** as Hyphen's division president of supply chain solutions.



BALLARD

Chelsea Building Products, manufacturer of Everlast Advanced Composite Siding, has announced the addition of **Craig Matter**, regional sales manager for Everlast.

Mid-State Lumber has named **Gina Langel** the company's new marketing manager. **Jennifer Eannucci** is Mid-States's new purchasing agent.

BUILDER CONFIDENCE EDGES HIGHER IN APRIL

Builder confidence in the market for newly-built single-family homes rose one point to 63 in April, according to the latest National Association of Home Builders/Wells Fargo Housing Market Index (HMI). Sentiment levels have held in the low 60s for the past three months.

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

The HMI index gauging current sales conditions increased one point to 69, and the component measuring traffic of prospective buyers rose three points to 47. The measure charting sales expectations in the next six months fell one point to 71.

Looking at the three-month moving averages for regional HMI scores, the Northeast posted a three-point gain to 51, the Midwest increased two points to 53, and the South was up one point to 67. The West remained unchanged at 69.



TEN MORE LUMBERYARDS INDUCTED INTO THE LBM CENTURY CLUB

LBM Journal has announced that 10 new members have been inducted into the LBM Century Club. The Century Club honors lumberyards and building materials dealers that have been serving their communities for a 100 years or more. Recent inductees include:

Bloedorn Lumber Company, Torrington, WY	est. 1919
Cofer Brothers Inc., Tucker, GA	est. 1919
Deering Lumber Inc., Biddeford, ME	est. 1866
Gallihier & Huguely, Washington, DC	est. 1912
Hines Supply, Buffalo Grove, IL	est. 1892
Jonesville Lumber, Jonesville, MI	est. 1919
Meek's Lumber Company, Springfield, MO	est. 1919
Miles Building Supply Co., Pocomoke City, MD	est. 1907
Neuens Fredonia Lumber, Fredonia, WI	est. 1907
Williams Lumber Co. of NC, Inc., Rocky Mount, NC	est. 1912

The LBM Century Club, sponsored by Epicor, was created to honor and celebrate LBM dealers who have been in business, serving their communities, for 100 years or more. There are currently 151 Century Club member companies. If you know of a company that fits the description, nominate them today, and help them get the recognition they deserve. Membership is free.

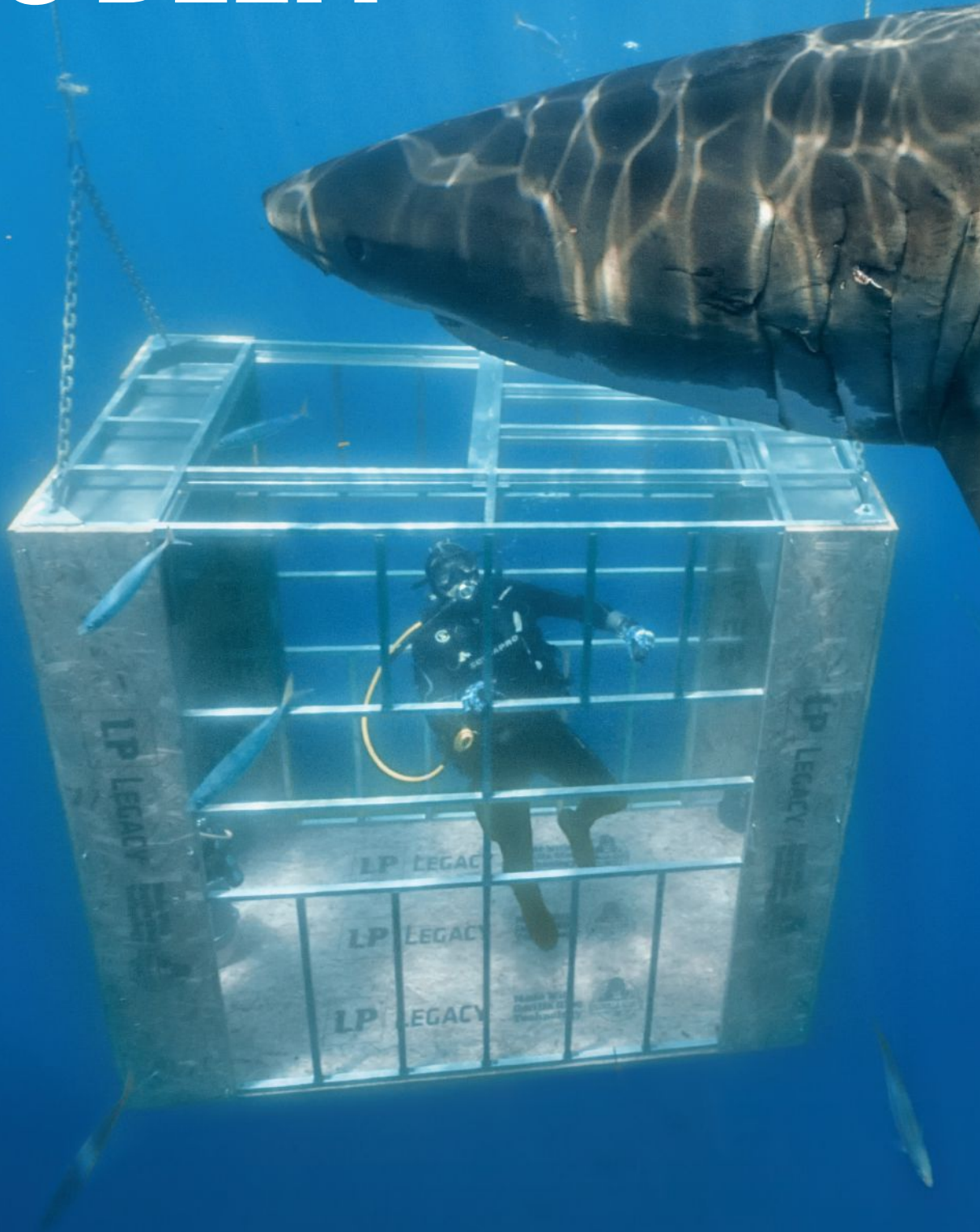
New inductees into the Century Club receive a certificate of membership for their business, a window cling for their front door, an official press release to send to local media, and complementary admission to the LBM Strategies Conference.

Send news and updates about your organization to James@LBMJournal.com



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NLBMDA SUPPORTS LEGISLATION TO ACCELERATE BONUS DEPRECIATION FOR RETAIL STORES

The National Lumber and Building Material Dealers Association (NLBMDA) praised action taken by Reps. Jimmy Panetta (D-CA) and Jackie Walorski (R-IN) to introduce the Restoring Investments in Improvements Act (H.R. 1869, S. 803), which would fix a drafting error in the Tax Cuts and Jobs Act, and make interior improvements to retail stores eligible for accelerated bonus depreciation.

Congress intended for remodeling and other store improvements to be eligible for accelerated bonus depreciation and a 15-year recovery period. Investments in qualified assets are eligible under the new tax law for 100% bonus depreciation through 2022.

However, a technical error in the tax reform law mistakenly excludes many interior improvements to retail businesses and restaurants from accelerated bonus depreciation and requires them to be written off over 39 years. This means affected businesses are only able to write off 2.5% in the first year and then depreciate the remainder over the next 38 years.

The legislation corrects the drafting error allowing interior improvements to retail stores and restaurants to be eligible for accelerated bonus depreciation and a 15-year recovery period. An identical bill was introduced in the Senate by Sens. Pat Toomey (R-PA) and Doug Jones (D-AL) in March.

"NLBMDA is pleased to see momentum building in Congress to address the unfair tax treatment of interior improvements that is discouraging business investment," said Jonathan Paine, NLBMDA president & CEO. "Congressional action is needed to unlock the full benefits of tax reform for lumber dealers."

BELOW-AVERAGE REMODELING GROWTH EXPECTED BY 2020

Annual gains in improvement and repair spending on the owner-occupied housing stock are projected to continue decelerating through early next year, according to the Leading Indicator of Remodeling Activity (LIRA) released by the Remodeling Futures Program at the Joint Center for Housing Studies of Harvard University. The LIRA forecasts that year-over-year growth in homeowner remodeling expenditure will slow from about 7% today to 2.6% by the first quarter of 2020.

"Cooling house price gains, home sales activity, and remodeling permitting are lowering our expectations for home improvement and repair spending this year and next," says Chris Herbert, managing director of the Joint Center for Housing Studies. "Yet, more favorable mortgage rates could still give a boost to home sales and refinancing this spring and summer, which could help buoy remodeling activity."

"Home improvement and repair spending has been in an extended period of above trend growth for several years, due to weak homebuilding, aging homes, and other factors," says Abbe Will, associate project director in the Remodeling Futures Program at the Center. "However, growth in remodeling is expected to fall below the market's historical average of 5% for the first time since 2013."

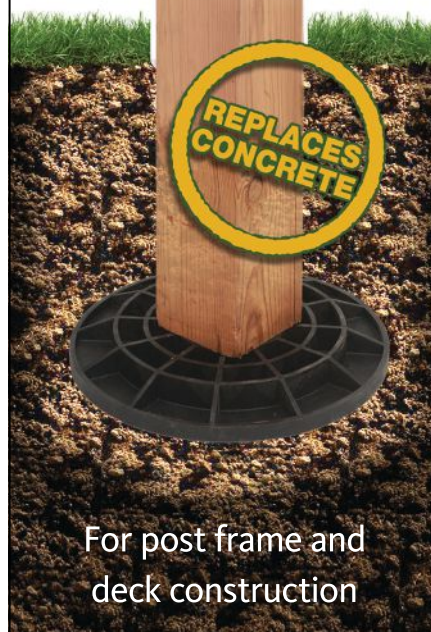
The Leading Indicator of Remodeling Activity (LIRA) provides a short-term outlook of national home improvement and repair spending to owner-occupied homes. The indicator, measured as an annual rate-of-change of its components, is designed to project the annual rate of change in spending for the current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



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UPDATES

INDUSTRY

Ply Gem Industries, which recently merged with **NCI Building Systems, Inc.**, announced that it will officially operate as **Cornerstone Building Brands**.

MoistureShield's CoolDeck technology won Innovation of the Year at the 7th AQMAT Recognition Gala, held on March 9 in Montreal. CoolDeck, available as an option in two of MoistureShield's composite decking product lines, was voted the most innovative product on the market this year by gala attendees.

Georgia-Pacific Wood Products has donated \$10,000 in materials to the St. Jude Dream Home Giveaway in Charlotte, N.C.

Deckorators recently held its second-annual Deckorators Pro Summit, an all-inclusive trip for top point-earning members of the Deckorators Certified Pro program.

Simpson Strong-Tie has launched the **High-Performance Solutions for High-Wind Forces** online resource center to provide contractors, inspectors, specifiers and homeowners with customized resources for safeguarding the structural integrity of homes and buildings during hurricanes, tornadoes, and other high-wind events.

Officials from the Arizona Division of Occupational Safety and Health named **MI Windows** as one of its three winners of the Leadership Award. ADOSH annually bestows this honor on VPP Star sites that go above and beyond in maintaining workplace safety.

Huttig Building Products has expanded its Central Florida warehouse facility more than 200,000 square feet, doubling capacity to 448,630 square feet.

YellaWood brand pressure treated pine launched a new national advertising campaign featuring mischievous animated beavers. With this new campaign, the company says it is reinforcing its position in the market, while also providing support to its dealer networks across the country.

The Financial Strength Rating of **Pennsylvania Lumbermens Mutual Insurance Company (PLM)** was affirmed as A- (Excellent) with a Stable Outlook by A.M. Best Rating Services, Inc., the insurance credit rating source.

Simpson Strong-Tie has renewed its partnership with **Habitat for Humanity International** for the 13th consecutive year.

ProVia has received the 2019 ENERGY STAR Partner of the Year Sustained Excellence Award.

National Nail's CAMO Drive earned first place in the New Products Showcase at LMC's 84th Annual Meeting in San Diego.

DISTRIBUTION

Capital Lumber Company's Healdsburg and Sacramento branches in California have entered into an agreement to distribute **LP's** SolidStart engineered wood products.

Weyerhaeuser Distribution's Charlotte, N.C. facility will now offer a collection of interior and exterior building products by **Woodtone**.

BlueLinx will be distributing products from **James Hardie** in the Oklahoma, Missouri, and Arkansas markets.

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

EVENTS

MAY 17-20 Do it Best Spring Market Indianapolis, IN • www.doitbestcorp.com

JUL 25-28 Building Material Suppliers Association (BMSA) Summer Management Conference Myrtle Beach, SC www.mybmsa.org

AUG 21-23 Florida Building Material Association (FBMA) Annual Convention and Gulf Atlantic Building Products Expo Orlando, FL • www.fbma.org

AUG 22-24 Orgill Fall Market Chicago, IL www.orgill.com

SEP 11-13 Construction Suppliers Association (CSA) Annual Conference & Expo, New Orleans, LA • www.gocsa.com

SEP 18-20 LBM Strategies Conference Austin, TX • www.lbmstrategies.com

OCT 3-6 True Value Fall Reunion Chicago, IL • www.truevalue.com

OCT 18-21 Do it Best Fall Market Indianapolis, IN • www.doitbestcorp.com

NOV 7-8 Mid America Lumbermens Association (MLA) Annual Fall Conference Kansas City, MO • www.themla.com

NOV 20-22 LMC Expo, Philadelphia, PA www.lmc.net

Send information about your company's events to Rick@LBMJournal.com.

PRICES OF CONSTRUCTION INPUTS RISE DESPITE DECLINES IN LUMBER, GYPSUM

Prices paid for goods used in residential construction increased 1.5% in March (not seasonally adjusted) according to the latest Producer Price Index (PPI) released by the Bureau of Labor Statistics. Prices have risen more quickly thus far in 2019 than they did during the same period in 2018 and are at their highest level since last October. The average January-to-March increase since 2000 is 1.1%, though the recent trend is inauspicious—prices rose 0.0%, 0.7%, 1.9%, and 2.3% over the first three months of 2016, 2017, 2018, and 2019, respectively.

Consistent with weekly data published by Random Lengths, the PPI report shows that the pace of softwood lumber price increases has recently attenuated. After climbing 2.3% in February, prices paid for softwood lumber rose a modest 0.5% in March.

Over the past year, the PPI for softwood lumber has declined 13.3%. Although the PPI does not include prices paid for imports, Canadian lumber imports indirectly affect the price of domestic softwood lumber (as we have seen with the 20% duties currently levied on Canadian softwood lumber).

STRONGER, ANY WAY YOU SLICE IT.

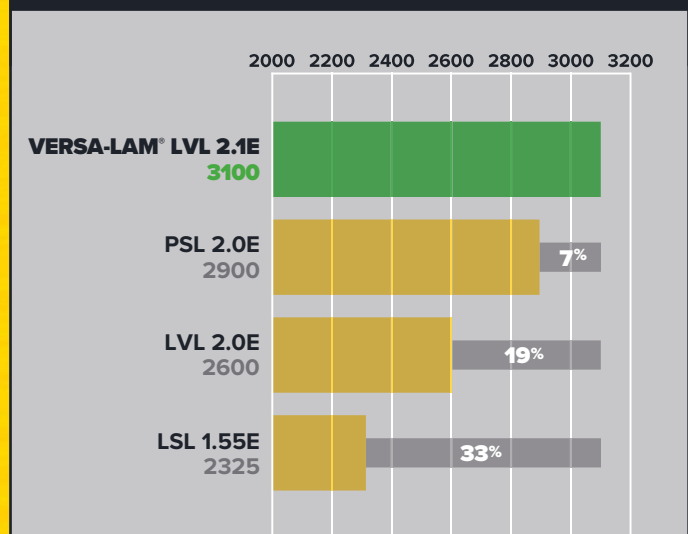
~~1.7E~~ 1.8E
~~2.0E~~ 2.1E
~~2.2E~~ 2.3E



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UPDATES

ASSOCIATIONS & BUYING GROUPS

LMC dealers gathered in San Diego this year for the group's annual meeting. Each year, LMC dealers from across the country come together for the buying and networking opportunity. This year had an added level of excitement, LMC said, as dealers and exhibitors spoke of the \$4.8 billion in purchases that LMC achieved in 2018.

The Lumbermen's Association of Texas (LAT) has announced its 2018 Dealer of Year and 2018 Associate of the Year winners.

Clay Epstein, vice president at Dr. Ike's, has been selected by the LAT membership as its 2018 Dealer of the Year.

Herman Sanchez, business development representative at Pennsylvania Lumbermens Mutual Insurance Company has been selected by the LAT membership as its 2018 Associate of the Year.



EPSTEIN



SANCHEZ

The **Midwest Building Suppliers Association (MBSA)** has released a video designed to attract younger people entering the job market to the lumber/building materials industry. MBSA members have all expressed concern that not enough younger people, especially the ones who opt to not go to college, know about the opportunities in our industry, the MBSA said upon release of the video. The video can be viewed, and the link can be shared, at www.theMBSA.org.

Members of the **Southern Cypress Manufacturers Association** elected officers for 2019 at the association's Annual Meeting. **Tripp Josey**, of Josey Lumber Company in Scotland Neck, N.C., was elected SCMA president.

Zack Rickman, Atlanta Hardwood Corporation (AHC), in Mableton, Ga., was elected SCMA vice president.

ACQUISITIONS

Oldcastle APG has acquired **Allied Concrete Products**. Since 1945, Allied has distributed hardscapes under the **Eagle Bay** brand.

US LBM has acquired **BM Windows** of Las Vegas, and **Bailey Lumber & Supply**, a distributor with six locations in Mississippi.

TOUGH CALL ANSWERS

ANSWERS TO OUR MARCH TOUGH CALL:

THE CASE OF THE POOR PROJECT MANAGER

A large, high-margin customer expects you to come to the rescue with immediate deliveries because of his poor planning. What would you do? Here's how readers would handle this Tough Call survey.



YOUR VOTES ONLINE AT LBMJOURNAL.COM

- 6%** **ACCEPT IT.** Though Bob's completely avoidable emergencies create havoc with your staff, it is what it is. It's time to accept that this is how Bob does business, and just move forward.
- 50.4%** **HELP HIM.** These emergencies hurt him and his crews as much as they hurt you and yours. Why not offer to help with his project planning, to help avoid these avoidable emergencies?
- 9.4%** **MAKE IT STOP.** In this tough labor market, you can't afford to lose good people over a customer. Tell Bob that his emergencies have to stop, and the other yards that want his business wouldn't put up with it either.
- 34.2%** **MONEY TALKS.** Sit down with Bob and help him understand that these emergencies cost you both money, and show him how much he could save by getting his act together.

READER'S RESPONSES

In my opinion, 2 and 4 are the same. "Help him" is even in the wording of the sentence of number 4. Let's just be honest with Bob and let him know he is not the only squirrel trying to get a nut. If he keeps the same act up, he's going to be looking for something to eat. I know we are not the only tree out there, but we are helping him bear fruit where others would just take advantage of him and he has to realize that.

— Mark D. Woody, Sales Manager, Spencer Home Center, Lexington, VA.

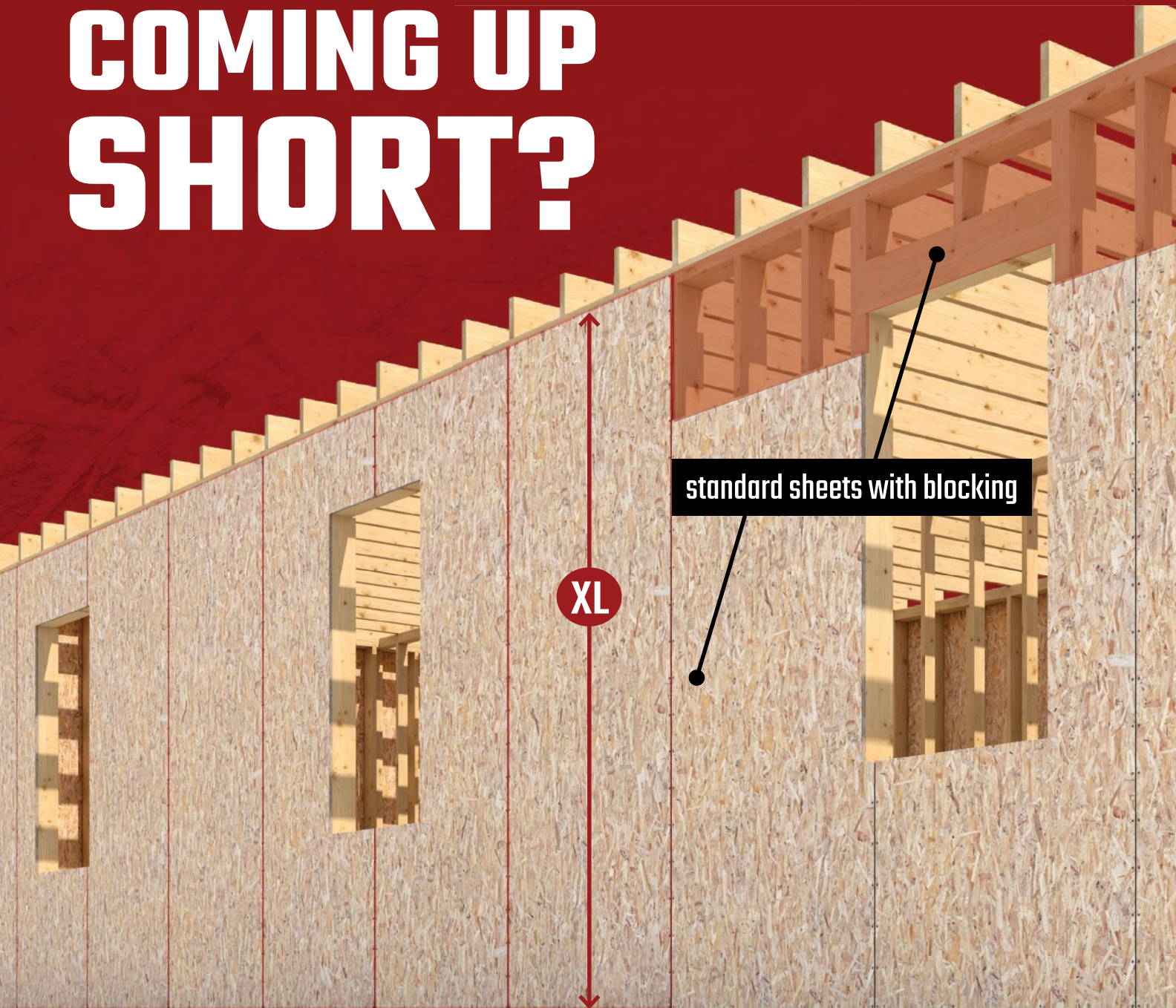
We have our own Bob—poor planning, emergencies on a daily basis, foreman picking up needed products on a daily basis, and yet a great guy that we helped get started. He was struggling to get 4-5 projects done at the same time. It wasn't his fault! I changed the salesman that was handling his account to a more direct and organized outside salesman in my company.

We catalogued his various projects, found most were similar, and now do packages. We no longer depend on Bob to schedule and project the amount of material he needs for his current jobs. That is my salesman's job. Now, Bob currently has 10 homes under construction and pays twice a month. He is projecting 35-40 houses this year. My yard foreman is much happier, cash flow is improved, and Bob doesn't look for another supplier. Become Bob's partner— isn't that what we are supposed to do?

— Joe Martin, Zentz Lumber, Billings, MT.

THANKS TO EVERYONE WHO VOTED ON THE MARCH SURVEY. SEE PAGE 64 FOR THIS MONTH'S TOUGH CALL.

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BY THE YARD

NEWS FROM LUMBERYARDS AROUND THE COUNTRY

Franklin Building Supply among Best Places to Work in Idaho

Franklin Building Supply, with locations in Idaho and Northern Nevada, has been identified as one of the Best Places to Work in Idaho in the category of Macro Employers, companies with a staff of more than 250. The employee-owned lumberyard company is among the top 10 in its category.

Professional Builders Supply hires new multifamily division president

Carolinas-based Professional Builders Supply recently hired John Merritt as president of its multifamily division. Prior to joining PBS, Merritt was the managing director of CBC Capital, where he led Capitol Broadcasting Company's investment in Professional Builders Supply in 2017. Merritt has served on the board of PBS since 2017 and worked closely with the Professional Builders Supply management team before joining the company in 2019. Merritt is responsible for all multifamily activities across PBS's markets.



Bliffert Lumber & Hardware opens Germantown, Wis. location

Bliffert Lumber & Hardware, a family-owned and operated company that has been in business in the Milwaukee area since the late 1800s, opened a new location in Germantown, Wis., after purchasing the former Neu's Supply Line Inc. lumberyard. A member of the LBM Century Club, Bliffert Lumber & Hardware operates eight locations in Southeastern Wisconsin and employs more than 165 people.

Sunroc Building Materials acquires Sierra Truss

Sunroc Building Materials, a construction and building materials company serving Utah and Idaho, has closed on the asset acquisition of Willard, Utah-based truss manufacturer, Sierra Truss. Sunroc says the acquisition bolsters the company's truss production capacity in Northern Utah. Sierra Truss specializes in the design and manufacture of truss and roof systems to serve builders of multifamily homes, single family homes, and commercial buildings.

Mid-Cape Home Centers acquires fellow century-old Mass. lumberyard

Massachusetts-based Mid-Cape Home Centers has acquired Wood Lumber Company, of Falmouth, Mass., a move the company describes as "Intertwined, anchoring their multi-generational roots even deeper into Cape Cod and the surrounding communities." As members of the LBM Century Club, both businesses have served their communities for more than 100 years.

Professional Builders Supply expands

Professional Builders Supply has announced its latest expansion into the Greenville-Spartanburg market. The expansion represents the fifth market the company serves in addition to Raleigh-Durham, Charlotte, Wilmington, and Charleston and its ninth location. Charlie Coggins, a former graduate of the company's Management Training Program, will serve as the market president.

McCoy's names two new store managers

McCoy's Building Supply has announced two new store managers: Matthew Gonzalez is the new store manager of the Del Rio location, and David Mogle will lead the Searcy store.

84 Lumber names Manager and Rookie of the Year

84 Lumber announced its 2018 Rookie and Manager of the Year winners at the company's awards banquet in March. The 2018 Manager of the Year is Chuck Frerichs, Chandler, Ariz. Nick Luchonok, co-manager, Oakland, N.J., was named 2018 Rookie of the Year.

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.

Your Partner for Western Species

We own 440,000 acres of sustainably managed redwood and Douglas-fir timberlands in Northern California and operate two sawmills. In addition, our waterborne wood preserving operation is the largest in the Western U.S. We operate four wood preserving plants located in Coos Bay and White City, Oregon, Loveland, Colorado, and Washougal, Washington. Three distribution centers located in Fontana and Woodland, California, and Ferndale, Washington enable us to package and ship customer orders quickly and efficiently.

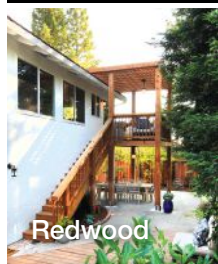
We invite you to learn more about our product lines, operations, and inspirational projects built with our wood. Please visit MendoCo.com.



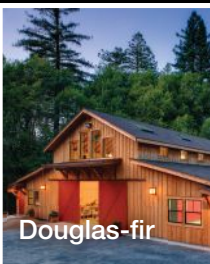
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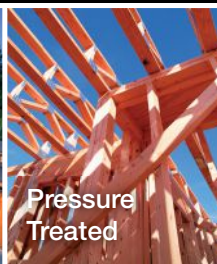
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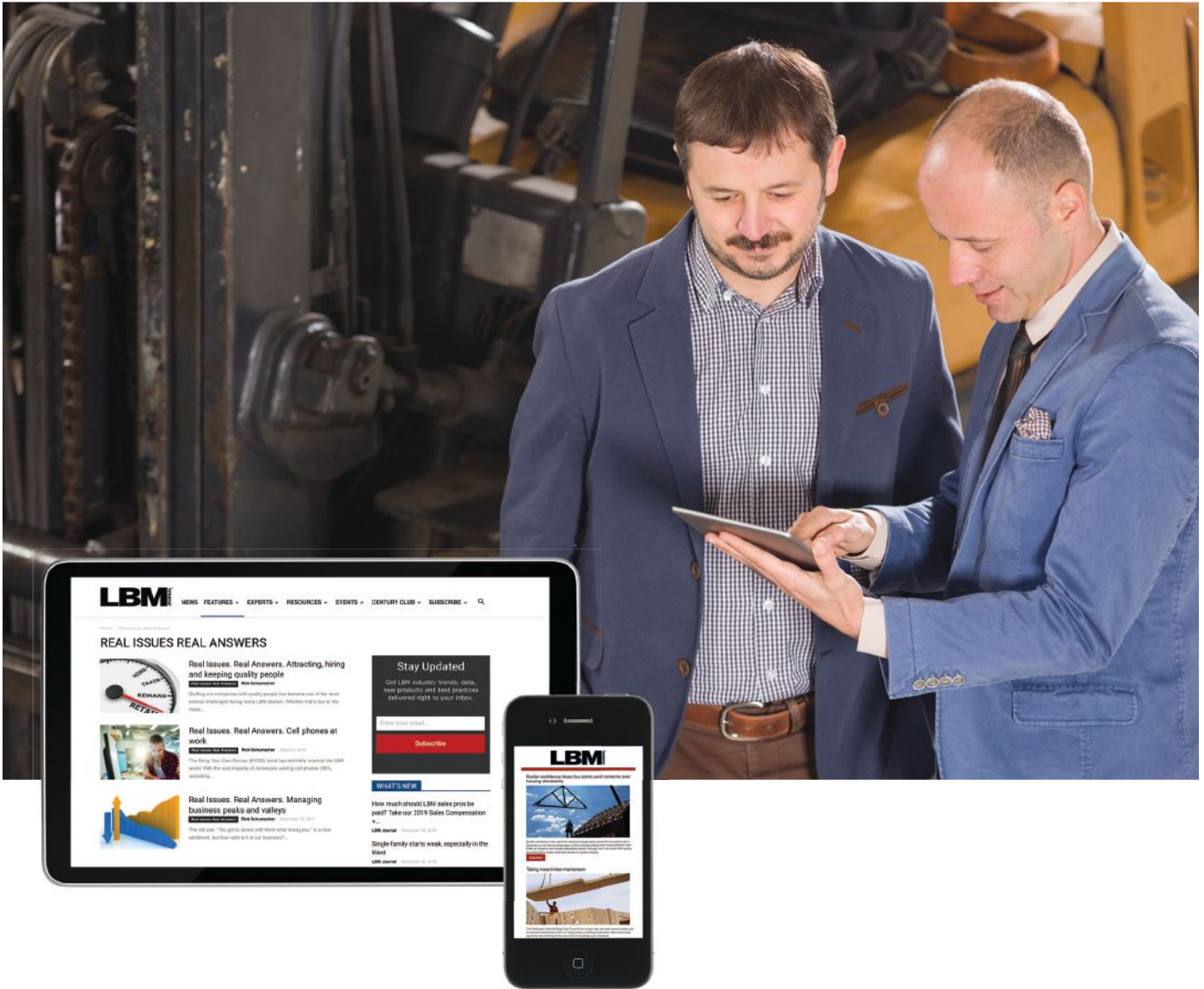
Redwood



Douglas-fir



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5 QUESTIONS

WITH **STEPHEN HICKS**, PENNSYLVANIA LUMBERMENS
MUTUAL INSURANCE COMPANY

1

Q: Is it really “time’s up” for companies in the LBM industry?

A: Yes, Time’s Up. You have probably heard about it on the news, but the Time’s Up and #MeToo movements have highlighted inequality and sexual harassment across all industries and states. Legislatures are responding by drafting changes to both statutes and requirements for employers. This evolving landscape can be difficult to keep up with, but the old, “I didn’t know I couldn’t do that,” defense is not going to hold up in court. It is very important for all LBM dealers to understand and comply with federal and state policies on record keeping and training requirements.

2

Q: Does insurance cover LBM dealers if employees allege discrimination and harassment in the workplace?

A: This is an important question that every business should ask their risk manager or insurance broker. The typical General Liability policy does not provide coverage for non-tangible injuries like discrimination, sexual harassment, wrongful termination, or other employment-related practices. A separate coverage, called Employment Practices Liability Insurance (EPLI), is necessary to protect against these things.

Customers, clients, and vendors can also allege discrimination and sexual harassment. It is worth reviewing to see if your Employment Practices Liability policy includes allegations from third parties. Public accommodation laws have been broadening the scope of legitimate charges coming from third parties and not all policies include this coverage.

3

Q: You mention wrongful termination. Is that covered by Employment Practices Liability as well?

A: Yes. It’s no secret that it is difficult to find good labor in the lumber and building materials industries right now. When it is difficult to attract and retain good, qualified help, we sometimes witness a lowering of hiring standards. Unfortunately, that decision can become very costly in a number of ways. And as employers work through unfortunate situations and “poor fits,” it is imperative that employers heed the rules of employment law, keep good records, and follow policies in an effort to avoid wrongful termination allegations. Wrongful termination is one of the more common claims that we see under Employment Practices Liability in the building materials niche.

4

Q: How does a small LBM dealer keep up with the number of discrimination and employment laws?

A: It can be tough. Many small and mid-sized businesses lack the human resources department or legal counsel necessary to minimize Employment Practices Liability risks. Luckily, some Employment Practice Liability programs extend beyond providing insurance coverage and also provide support services. Along with experienced defense attorneys and claims specialists, some programs provide things like a legal advice line for employment related questions. Others have websites providing sample policies, HR info, training support, and employment practices news. These type of resources can be crucial to the ability of small businesses to mitigate risk and respond to allegations.

5

Q: The LBM industry is a group of good people. Is Employment Practices Liability something they should really be concerned with?

A: The 2019 numbers from the Equal Employment Opportunity Commission (EEOC) will be released soon. In 2018, the number of lawsuits filed by the EEOC challenging sexual harassment increased more than 50%. Employment Practices Liability charges are often time-consuming and expensive to resolve. There are a number of things a business can do to mitigate the risk of this time and expense, not to mention the reputational risk. Insurance should only be a small piece of the puzzle. But in a world of constantly changing statutes and requirements, the thing business owners need to keep in mind is that anyone can allege anything. Once there is an allegation, it must be defended. It doesn’t matter if the charge is legitimate, false, intentional, unintentional, or even groundless... 100% of charges require defending. ■

Stephen Hicks holds the Chartered Property Casualty Underwriter designation and applies his skills and experience as an Underwriting Manager for Pennsylvania Lumbermens Mutual Insurance Company, the nation’s oldest mutual insurance company dedicated to the lumber and building materials industries.



7 STRATEGIES TO STRENGTHEN SIDING, POST AND TRIM SALES WITH WOODTONE PRODUCTS

To make the sale—whether to builders or advanced DIYers—requires more than just additional SKUs. The wide array of materials, components, and accessories available in today's siding, post and panel market requires that you have sharp selling skills and the ability to navigate broadening inventories and constant price pressures.

Here are some strategies to help your yard stand out with Woodtone products available from select Weyerhaeuser Distribution facilities:

1. CREATE AN INSPIRING DISPLAY. Sample boards can help buyers select a color, but nothing beats seeing the product in application and on site to draw them in and keep them motivated. Dealers with siding, interior panel and outdoor displays, like ceiling patterns, pergolas and gazebos tend to sell more, and the price of materials can be recouped quickly. Weyerhaeuser Distribution can assist dealers with materials and labor.

2. DIVERSIFY YOUR OFFERINGS. Don't just bring in the most popular SKU or two you think might sell. Successful dealers nationwide have created more sales by carrying a varying array of siding, post and decorative panel design options, and offering a complete solution.

In select markets, Weyerhaeuser Distribution offers Woodtone's RusticSeries sidings in addition to their other offerings of posts and ceiling panels. RusticSeries sidings are available in lap, shakes and panels with colors and accessories to match.

Woodtone's posts are structurally certified and are offered in smooth and resawn. Its tongue-and-groove and end-matched v-groove decorative wood ceiling panel products bring the warmth of wood indoors.

3. UNDERSTAND YOUR PRODUCTS. The growth of the siding and post market and its options has exploded but real wood and the look of real wood products is on the rise. Customers are also mixing their materials. Help customers wade through the offerings by developing a deep understanding of the Woodtone product lines available in your market as well as the installation best practices and long-term maintenance strategies.

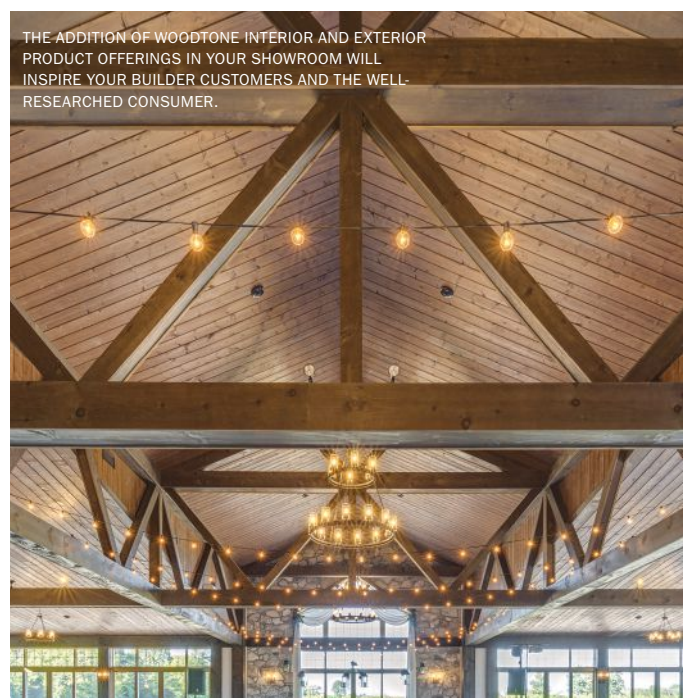
4. DON'T NEGLECT THE DETAILS. Make sure you also carry the coordinating accessories like trim, caulking, touch up kits, fasteners and connectors recommended by Woodtone.

5. COMMUNICATE THE VALUE. Part of the sale is quantifying to the buyer what the true cost will be and what the advantages are of up-selling the project to Woodtone products. For example, Woodtone products may offer a higher resale value, curb appeal, durability and warranty while offering the look of real wood homeowners crave.

Woodtone Rustic Series siding products with a distinctive two-tone finish, on James Hardie fiber cement, carry a 20-year limited coating warranty in addition to the 15-year caulking warranty by OSI and the 30-year substrate warranty by James Hardie.

6. KEEP AN EYE ON COMPETITORS. Take note of what your competitors stock, and be prepared to explain how your offerings are different and deliver more ROI. The same goes for pricing. You need to know how your siding and post products are priced in relation to competing products so you aren't blindsided by a competitor's lowball.

7. ONGOING PROMOTION IS KEY. In-use imagery will enhance your website, signage, sales brochures, newsletter and social media posts to showcase the beauty of Woodtone products.



Reach out to your local Weyerhaeuser Distribution sales representative, or go to www.weyerhaeuser.com/distribution for more information on the specialty building products available in your market.



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ALWAYS BUILDING

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A different way to increase productivity

NEVER BEFORE HAVE BUSINESS PEOPLE wasted more time than they do today. And all that wasted productivity will continue next week, next month and next year until workers make a major commitment to focus on the real keys to success.

Depending on your job, there are certain actions you can take that will create positive results. Odds are you know what these things are, it's just that you allow one of the productivity hogs to take over, and before you know it, an hour or two are lost, never to be found again. Lost time is lost forever!

One mistake many managers and salespeople make is focusing too much on outcomes and too little on the behaviors that create outcomes. When we focus exclusively on results, we often allow the nuts and bolts of what we do every day to become a bit rusty. As an example, virtually all professional golfers spend more time on the nuts and bolts; that is, hitting balls on the practice range, than they do playing in tournaments.

Sales, operating expenses as a percentage of sales, accounts receivable collection days, new business, etc. are the result of behaviors many of us don't carefully monitor. While achieving the objectives you forecast is usually how success is measured, perhaps the disciplined performance of daily—often mundane—tasks are the real key.

A high level of inventory accuracy is achieved when multiple operations personnel become disciplined at maintaining their focus on seemingly insignificant factors. Receiving against the company's purchase order versus the vendor's shipping papers is a great example. Receiving the correct quantity of the wrong material promotes inaccuracy, not accuracy. What should be measured is how closely the delivered merchandise compares to the products listed on the purchase order.

Likewise, when salespeople focus on what customers don't purchase from them instead of exclusively what they

do purchase, the company's share of their customers' total purchases is far more likely to increase. While increasing sales by any means is what everyone is striving for, growing the company's share of its current customer total purchases is the easiest and most reliable way to grow sales.

My good friend and business consultant, Minneapolis-based Mark LeBlanc, taught me something several years ago that has meant a great deal to my success. It's the importance of focusing on high-value activities and the discipline to minimize low-value activities. Note that I said high-value activities, not high-value results.

Picking up the telephone and calling a prospect is a high-value activity. Impulsively checking Facebook is not. The more high-value activities you can string together is an important key to developing momentum. A high-value activity for drivers might be keeping score when they return from a delivery, by recording the amount of time it takes them to get back on the road with another load. How did this month compare to last month is a good measurement for several positions. Work on month-over-month. De-emphasize year-to-date. Keep your time frames small enough so that even small improvements are significant.

Create a routine so that when you arrive at work you are prepared to hit the ground running. Have your list of high-value activities for that day prepared and ready to execute. If you can include three-to-five high-value activities in a day filled with solving problems and putting out fires, you've had a terrific day.

Don't allow yourself to gravitate to the "easy things." Work on the hard things. If you are a salesperson, what do you want to sell more of? Now, focus your high-value activities around that objective.

Your time is extremely valuable, so treat it with great respect. Conserve it and use it in such a way that you will earn the greatest return on it.

Resist shooting from the hip. ■

Bill Lee works with owners and managers who are looking for ways to put more money on the bottom line. For more information, you can contact Bill at 864.303.8366 or email him at LeeResourcesInc@gmail.com.



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The law of pricing

YOU WILL NEVER KNOW the joy, power, and satisfaction of holding your price and winning a sale until you've held your price and lost one. This sentence is one I have repeated more than a few hundred times at seminars and during private coaching sessions with salespeople. It's not a theory; it's a law!

Many salespeople go through entire careers feeling victimized by the casual negotiations of buyers. What do I mean by "casual negotiations?" I mean to say that buyers are accustomed to testing the waters because we practically ask them to.

We've engaged in a scripted conversation as common as "How are you? Fine, and you?" or "Can I help you? No thanks, just looking." The buyer asks if the salesperson can do a little better and the common response is, "Let me see what I can do." I call it the "hero's response" because the salesperson wants to prove his or her capabilities to the buyer. They want to earn the buyer's loyalty by being the hero who gets buyers exactly what they want.

Several tacit problems are created when the buyer gets that single point. The buyer wonders why the best price wasn't given up front, thus damaging the credibility of the salesperson. A new precedent is set, and the price is never really a price, but instead a starting point. Another very large problem is that the single point is not 1% of the sale; it's 15-33% of the profit!

The biggest problem? Buyers wonder if they should have gotten two points; the reduced price actually leaves them in an uncomfortable position rather than relieving them. That's right! The only way your buyers know if they got your best price is when you tell them. Modern theories on behavioral economics, by Nobel Prize winners Richard Thaler in his book "Misbehaving," and Daniel Kahneman in his book "Thinking Fast and Slow," teach us that humans are not robotically rational buyers. In fact, they have determined quite the opposite and one role of selling is to put the buyers' minds at ease.

I would take their theses a step further by asserting that salespeople are even less rational. The intense desire for a sale tinged with the slightest resistance from a buyer causes deep angst. As a veteran salesperson, I can assure you that this angst never goes away. The only thing we can do is try to recognize and control it. This means avoiding the persistent urge to lower our prices at the first sign of resistance.

Nobel Prizes are not likely in my future, but at least I can give you some suggestions on coping with the ubiquitous request for a lower price.

1. Tell the buyer you're giving them the best price up front. That's right! Let buyers know before you have even done the takeoff that they will receive your best price. It's a pre-emptive move and one that should inspire confidence.
2. Eliminate the word "bid" from your sales vocabulary. Stop bidding and quoting and start proposing. This means recognizing your offer is much greater than a price to compare against other vendors. You are delivering an offer.
3. Sell profit, not price. A lot of factors go into profitability decisions. On time deliveries in full (OTIF) reduce operational costs. Selling more competently raises margins for builders and reduces interest expenses with lenders. A solid subcontracting referral helps your client run more efficiently. A homeowner lead you generate enables you the luxury of holding your price because of the profitable sale you provide a client. It's not the price motive that inspires astute buyers; it's the profit motive.

These tactical tips should help you overcome the urge to lower your price. In the end, it's a shift in mindset that helps a salesperson raise profit margins. *You will never know the joy, power and satisfaction of holding your price and winning a sale until you lose one.* The only way to get your asking price is to ask and hold firm. It's a law of selling. Take a risk and see what happens; it's a rite of passage in the profession of selling. ■



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

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7/16" panel thickness



Rebate is good for \$5.00 per panel
on up to 150 panels of 7/16"
ZIP System® sheathing

SAVE UP TO
\$750



\$5 PER PANEL
REBATE

1/2" and 5/8" panel thicknesses



Rebate is good for \$5.00 per panel on
up to 150 panels of 1/2" or 5/8"
ZIP System® sheathing

SAVE UP TO
\$750



\$5 PER PANEL
REBATE

R-3, R-6, R-9, and R-12 panels



Rebate is good for \$5.00 per panel on
up to 150 panels of any ZIP System®
R-sheathing panel

SAVE UP TO
\$750



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INCENTIVE**

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PANEL
**UP TO \$450
PER BUILDER**

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- No limit to the number of qualifying first time builders

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ZIP SYSTEM® PANEL REBATE FOR FIRST TIME USERS AND RETAIL SALESPERSON INCENTIVE

January 1 - December 31, 2019

BUILDERS CAN RECEIVE A REBATE ON ANY PRODUCTS LISTED BELOW THAT HAVE NOT BEEN PREVIOUSLY PURCHASED

\$5 PER PANEL ON UP TO 150 PANELS OF 7/16" ZIP SYSTEM® SHEATHING

7/16" Panel Count: # _____

Application: ☐ ROOF ☐ WALL ☐ BOTH ☐ N/A

☐ OTHER (Please Specify): _____

AND

\$5 PER PANEL ON UP TO 150 PANELS OF 1/2" OR 5/8" ZIP SYSTEM® SHEATHING

1/2" Panel Count: # _____

Application: ☐ ROOF ☐ WALL ☐ BOTH ☐ N/A

☐ OTHER (Please Specify): _____

AND

5/8" Panel Count: # _____

Application: ☐ ROOF ☐ WALL ☐ BOTH ☐ N/A

☐ OTHER (Please Specify): _____

\$5 PER PANEL ON UP TO 150 PANELS OF ANY ZIP SYSTEM® R-SHEATHING

R-3 Panel Count: # _____

R-6 Panel Count: # _____

R-9 Panel Count: # _____

R-12 Panel Count: # _____

Builder / Remodeler Registration Form: (must be completed in full for eligibility)

Builder/Remodeler Contact Name: _____

Company: _____ State Contractor's License or Federal Tax ID #: _____

Address: _____

City: _____ State: _____ Zip Code: _____

Phone: _____ Email: _____

☐ Send me email updates on product news and special offers

☐ Contact me for a testimonial

Salesperson Registration Form: (must be completed in full for eligibility)

Salesperson Name: _____

Lumberyard Name: _____ Salesperson #/Initials: _____

Address: _____

City: _____ State: _____ Zip Code: _____

Phone: _____ Email: _____

☐ Send me email updates on product news and special offers

The Huber Engineered Woods LLC ("Huber") ZIP System® Panel Rebate for First Time Users and Retail Salesperson Incentive is only available to professional building companies that have not purchased Qualifying Products (defined below) prior to January 1, 2019 ("Qualifying Building Company") and retail salespeople who are permitted to participate by their employers. **REBATES CANNOT BE ISSUED TO INDIVIDUALS or HOMEOWNERS.**

ZIP System® Panel Rebate for Builder: Qualifying Building Company can receive rebates based on the following products ("Qualifying Products") not purchased prior to January 1, 2019 and per the quantity limits listed below.

- >> \$5 per panel rebate on up to 150 panels of 7/16" ZIP System® sheathing
- >> \$5 per panel rebate on up to 150 panels of 1/2" or 5/8" ZIP System® sheathing products
- >> \$5 per panel rebate on up to 150 panels of any ZIP System® R-sheathing products (R-3, R-6, R-9, and/or R-12 thicknesses)

Retail Salesperson Incentive: All retail salespeople are eligible for the incentive unless his/her employer prohibits participation. Retail salespeople can receive \$1.00 per panel on up to 450 panels of Qualifying Products sold to a Qualifying Building Company. There is no limit on the number of Qualifying Building Companies for which a salesperson can submit.

Participation and Payment Details: Qualifying Building Company must buy Qualifying Products for the first time between January 1, 2019 and December 31, 2019 and submit the completed registration form above along with invoice(s) showing Qualifying Products purchased. After submitting the initial registration form, Qualifying Building Company and/or retail salesperson should continue to submit additional invoices of Qualifying Products purchased through December 31, 2019 up to the maximum dollar limit allowed on rebate. All invoices must clearly indicate Qualifying Building Company name, name of Qualifying Product purchased, date of purchase, and total price paid for each Qualifying Product. All registration forms and/or subsequent invoice submittals must be postmarked or faxed within 30 days of the purchase date listed on the invoice and received within 45 days of purchase date listed on the invoice to be eligible for rebate/incentive. Purchase must be made by Qualifying Building Company to be eligible for rebate payment. **PURCHASES MADE BY HOMEOWNERS ON BEHALF OF THEIR BUILDER CANNOT BE ACCEPTED.**

Please choose from the following submittal options:

- >> Mailing Address: 2019 AdvanTech and ZIP System First Time User Rebate, PO Box 1919, Memphis, TN 38101
- >> Fax Number: 901-348-9666
- >> Online Submittal: www.acbpromotions.com/huberrebate (**Note: must be able to scan invoices and upload documents to submit online**)

Payments to the Qualifying Building Company and/or retail salesperson will be issued within approximately 60 days after receipt of completed registration form and valid invoices.

Additional Rules and Regulations: Rebate and/or incentive is not available outside the United States. Eligibility for the rebate and/or incentive may be independently verified at Huber's sole discretion. Rebate and/or incentive cannot be combined with any other promotion. The maximum rebate per Qualifying Building Company is \$2,250. Retail salesperson maximum incentive is \$450 per Qualifying Building Company, with no limit on the number of Qualifying Building Companies for which an incentive can be earned. Huber is not responsible for lost, misdirected, mutilated or postage due mail. All rebate checks will be issued to the building company rather than to the employee-purchaser. Huber is not responsible for failure of retail/lumberyard salesperson to properly submit rebate materials. All rebate information is processed by a third party fulfillment company.



The surprising cost of under-performing managers

HIRING IS HARD. Dealing with under-performing employees is exhausting. Firing is stressful.

So, you're often tempted to take the easy path. This might mean giving up on finding anyone better and just hiring the best who applied. Or blaming yourself or a lack of resources for an employee who fails to deliver. Or postponing termination in the hopes that the employee will improve, or out of fear you won't find someone who can do better.

But keeping a poor performer on staff, the so-called easy path, can do more harm than good. Here's what a poor manager can cost you:

Staff morale: Morale is a huge factor in business success. Happy employees typically work harder, are more innovative, and achieve better results. Unhappy employees stagnate, self-destruct, and usually leave. Fixing a morale issue is infinitely harder than preventing it in the first place.

Staff attendance: Employees who aren't engaged and happy tend to take more days off work. It might be because they truly need a mental health day, or they could be off interviewing with your competition. Absenteeism costs you in missed opportunities, sick wages, and possibly temporary staffing costs. As a side effect, absenteeism leads to even more poor employee morale because other employees have to pick up the slack.

Customer experience: Indirectly, bad managers affect customer service by the decisions they make, perhaps by not keeping promises or making frequent changes. They could tie employees' hands regarding decisions or cause them to treat customers poorly. Customers can smell bad management, so don't assume your issues are under wraps.

Growth and innovation: Employees want to grow and learn and have career opportunities. At companies with poor management, employees stop striving for those things; if every day is a struggle just to stay at work, they don't care about expanding their skills. And when employees stop trying, they stop innovating as well.

BUSINESS EFFICIENCY

A good manager makes employees rise up and perform to the best of their abilities. Employees will have pride and will care about their work and the work environment. They will probably take better care of tools and equipment, keep their area clean, and have a better eye for safety.

Poor management causes reduced profits and increased costs. It's imperative you don't let a bad manager continue unchecked until your business and employees are in ruins.

So what can you do to avoid bad managers? Here are some strategies.

1. Mentor within. Promoting from within is always easier, and when done right can be tremendously effective. But it requires care and feeding. When employees show potential for a long career path at your company, particularly for management, get them started on a development plan that will develop them into a GM. When the time comes to promote, identify the knowledge required and build the expectation of mastery of those skills into time-based performance expectations.
2. Don't hire someone who has had difficulty saying no to demanding employees or has a team that tends to be able to talk them into anything
3. Know the risks of hiring someone from outside the industry with no idea about your world—it leads to bad feelings and may drive longtime employees into leaving.
4. Don't abdicate your responsibilities. You need to train and develop your GM to truly set them up to succeed.
5. Don't quash every idea your manager has. You hired them to bring in fresh ideas; explain why you have concerns, but recognize and implement good ideas.

Hiring and keeping poor managers can drive away good employees and even good customers, directly impacting your bottom line. Take the time to recruit and appoint leaders who understand the industry, who are open-minded, are detail-oriented, and have great communication. Sometimes those skills can be found inside your company; other times you'll need to extend your reach a lot further. Either way, commit to hiring only the best leaders. ■

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. To learn more tips for crushing networking events, download the free course at www.buildinggurus.com/network.



Build customer loyalty through in-store classes

AS BUILDING MATERIAL RETAILERS, we spend a good part of our winter and early spring making sure our employees are up to speed on the latest products. But as much as we focus on the product attributes, the truth is a lot of dealers in our industry do not have employees who can offer customers specific advice on installing a deck.

Still, it's important that we educate our customers even when we don't have the staff on hand who know the ins and outs of deck building. Our salespeople know our products, they've been trained to sell them, but do they know how they're installed? This is a great opportunity to involve some of your contractor customers in an installation class.

I've written in this column before about how we've offered some classes for our contractor customers that were put on by manufacturer reps. The classes I'm referring to today, however, are more geared toward your DIY customers, yet your contractors are still involved—they'll be the ones teaching the class.

You probably know some deck builders who are specialists in certain areas. Consider having them come in and teach a class on behalf of your store. I suggest inviting three or four contractors to teach classes. This will help strengthen the bond between you and these valuable customers, as well as build relationships between your employees, the deck builders, and the DIY customers who will take the classes.

Maybe Contractor A is really good at design. So, have him give a presentation about deck design. Contractor B has done some of the most elaborate stairs that you have seen, so you'll have him teach a session on stairs. Another may be very skilled with railings and you'll have them teach the railing session. Getting them together and having them teach a part of the class, (or one class in the series if you'd rather) will also be valuable to them, as they'll no doubt be installing the decks for some of the DIY customers who discover they're in a bit over their heads.

If the class is promoted well enough—local newspaper, radio, social media, etc.—you'll have a lot of customers and folks who are thinking about building decks in your store. That's the common denominator—they're all in your store.

I recommend having customers register at your store prior to the event (or on your company's website) so that you can collect names, addresses, email addresses, etc. from potential customers. This will help build your marketing database.

You might want to consider staggering the timing of your deck building classes. Many of the materials we sell are seasonal. Even though the entire decking industry is seasonal, there are micro-seasons inside of that. Right now, we're still designing a lot of decks. We haven't generated a ton of sales yet, but some.

We know more will come based on the number of designs we've done. So, deck design could be a class in itself. The next class could be on framing. Concerns on risers and footings could make up the third class. Keep in mind that the attendees of the class may not retain the information long enough for it to be useful in their project. If you try to teach them how to install railing and they haven't even put their footings in yet, then they're going to forget a lot of what they've been told.

For one of the last classes, you'll want to offer information on stair stringers. It's one of the most in-demand topics that we teach customers at The Deck Store. Fortunately for us, it comes at the end of a project and as long as we've helped the customer along the way, we'll keep that loyalty throughout the build. We always tell people that as long as they're buying their lumber from us, once they get the footings in, if they bring us a few basic dimensions, we'll draw your stair stringers for you.

Much of this information will vary from market-to-market. Only you know best what kind of information your customers need most, but I really recommend in-store classes as a great way to build customer loyalty and to grow your reputation as the decking expert in your community.

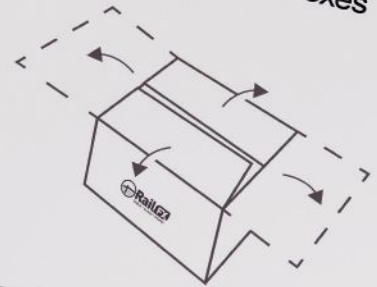
Remember to follow up after the class with a review sheet. It is important to seek feedback and to continue the relationship with customers. You can ask them to review the builders who taught the classes, and use that information to make it better next time around. ■



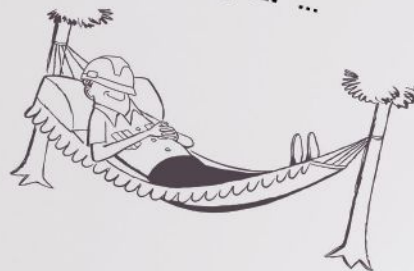
Bob Heidenreich, owner of The Deck Store, in Apple Valley, Minn., has been selling decking and home improvement projects for 30 years. Follow Bob on Twitter: @TheDeckStore.

Assembly Instructions

Step 1: Open Boxes



Step 2: ...



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DURING THE BUILDING BOOM, I ran a region of a company that sold tens of millions of dollars to a national builder. One day, I was called in with my sales manager and informed that the builder had determined that all lumber companies were “cheating” them to the tune of \$1,800 per house package. They also inferred that their CEO thought this was a criminal action they might need to refer to the authorities. However, they were going to give us the opportunity to make it right. Because we had supplied 225 house packs that year, if we wrote them a check for \$405,000, all would be forgiven. If we did not, we would lose all of their business.

I replied that while there was savings that both parties could achieve if we worked together, we were not cheating anybody on our lumber packages. They then asked if I would make a financial counter offer to keep their business. My reply to them was, “No.” I further explained that if I gave them a single penny, I would be admitting to something that we were not doing, nor was it happening elsewhere. I told them they would have to do what they thought was best, but I hoped they would realize that we were a very good partner and would want to do more business with us. A couple of my competitors who did very little business with the builder paid the “fine,” thinking it would get them more business. We lost a couple developments for about two weeks, but ultimately got them back, along with about twice as much business as we had before. In the end, the builder respected us more for saying no to what I confirmed later was a completely fabricated issue than they did the suppliers that fell for it and paid the money.

When we deal with customers, employees, and even loved ones, we often struggle to tell them no, when in fact it is the best reply (just ask any parent of a two-year-old). It’s partly due to a desire to avoid confrontation. With salespeople, it runs counter to their desire to please the customer. As leaders, we often want to soften the blow. Some people have a need to be liked, so they struggle to say no. It can be one of the first traps people fall into when they take leadership positions, especially when they are leading the same people they used to work with. Having your people like you, while it may feel nice, will not make you an effective

leader. Having the respect of your people, even if they don’t really like you, is what makes a leader effective.

I encourage you to learn to say no. Note that there are different ways to effectively say no. You can say it outright and then wait for a reply; this is the first-one-to-speak-loses strategy. Or, you can say, “No, I can’t do that, but I can do this.” The important thing is to start with a definitive answer of “No”, then build from there. The funny thing about giving your people a definitive no is that when you say, “Yes”, it makes the answer feel all the sweeter. Saying no can also move the process along much faster.

On a recent Saturday, I went out to a house build where the customer was having some window problems. The house was at framing stage, and the window installer had racked some of the windows when he installed them. The technician from the window company had showed it to the customer when he came out to inspect the problem. However, in an effort to make the customer feel good, he pointed out several windows that had weather stripping improperly installed, and he offered to come back and fix them at no charge. The customer turned this around, claiming all of the windows were defective.

By the time I got involved, he was demanding new windows, or he was going to tear them out, leave them at one of our yards, and not pay the bill. While visiting him, I explained that the windows all were very fixable and that the manufacturer would stand by them. I told him that if he ripped out the windows, he would lose any leverage he had with the manufacturer. I also explained that if he did not pay for the windows, because we did everything we were hired to do, we would take any and all recourse to do what we needed to do to get paid. When I left, the customer was adamant that he was taking out the windows and not paying for them. I still stood my ground. By the following Friday, the customer was asking when the technician could come out.

The customer may not have liked us at that point, but he had moved beyond the point where he felt he could disrespect us and was now looking for other solutions. All because of the power of “No.” ■



Russ Kathrein is the president and CEO of Aurora, Ill.-based Alexander Lumber, which operates 20 locations throughout Illinois, Wisconsin and Iowa.

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Lonza

Selecting an operative timeframe for valuation

TRADITIONAL PERFORMANCE INDICATORS such as EBITDA, OPEX, and COGs are all used in valuing lumber and building material businesses, whether they are lumberyards, retail operations, distributors, or manufacturers. That said, the most common method valuing companies is the tried-and-true “multiple of EBITDA” basis. That multiple is calculated as Total Enterprise Value (the purchase price) divided by EBITDA.

The multiple of EBITDA valuation method is so tried-and-true because EBITDA is widely viewed as a proxy for cash flow, and this method is preferred over, say, basing a company’s value on a multiple of top-line revenue or discounted cash flow. Yet, even when applying the multiple of EBITDA method, a company’s value depends on the operative time frame that an acquirer will agree to when examining financial statements to determine the EBITDA on which the multiple is applied. Let’s take an example: If the operation for sale is in a high-growth phase and located in a great market with strong future prospects, that company could be valued using future revenues, or at least expect some consideration for them. This is especially likely if the company has predictable, recurring income, long-time stable customers, and a strong brand.

By comparison, a company that is showing flat growth or slow growth would probably have its value based on historical financial performance. For slow-growth/flat-growth companies, acquirers like to look back three years. Some buy-side analysts will average the EBITDA across a span of time, and apply a multiple to that average number.

Now, here’s a third scenario: If the company for sale is having a relatively good year, taking advantage of strong building or demand in their service regions, it can be argued (typically by your investment banker) that the acquirer look just at TTM (trailing twelve months) to determine the EBITDA used to determine value. If the TTM EBITDA (wow, we are throwing around the acronyms now!) is showing a growth trajectory, and your performance convinces the acquirer that this growth will continue, it’s fair to ask for a slight premium on the multiple to reflect your

good prospects. A slight premium could be moving from, say, 6X EBITDA to a 6.5X EBITDA.

That 0.5X “premium” can add up to be real dollars, either in the pocket of the seller...or out of the pocket of the acquirer. So, expect some (shall we say, high-functioning) conversations, when the seller and acquirer meet to determine exactly what the multiple is. Let’s do the math to determine the implications. For ease of calculation, let’s say your company has a \$2 million EBITDA over the trailing twelve months. A 6X on that EBITDA would value your company at \$12 million. But if you successfully argue that there should be a slight bump of 0.5X in the valuation calculation, citing your growth trajectory, that \$12 million purchase price turns into \$13 million ($6.5 \times \$2 \text{ million} = \$13 \text{ million}$), a million-dollar incremental bonus.

Okay, now let’s say that you cite your TTM performance, and argue for a slight premium on the multiple of EBITDA paid for your company. (There’s never any harm in asking, but have your investment banker build the case, based on empirical evidence and financial statements. Don’t just say it’s a gut call!) Your potential acquirer might look over your request and offer an earnout, saying: “Tell you what: I agree with you that your company could be worth 6.5X, but I’d like to hedge my risk. I’ll pay you 6X on your TTM EBITDA today, and then I’ll pay you 6.5X on the incremental positive EBITDA over the next twelve months. If your company performs as you say it will, then you will end up with a higher purchase price. If you don’t grow as fast as you project, then you have to settle for the 6X we paid at closing.”

This is a perfect example of how the earnout serves as a risk allocation vehicle that stakes, at least in part, the total enterprise value paid for your company to your future growth, while also fairly rewarding your proven historical performance.

Note that some earnouts go for more than one year. Sometimes they go as long as three years. But longer duration earnouts mean that you share risk with the acquirer, since there is no way to guarantee what will happen to the economy over an extended period of time. ■



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.

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REAL ISSUES. REAL ANSWERS.



Price may not be the *biggest* factor in a building products sale, but it is always a factor. The challenge in our business is that apples-to-apples comparisons seldom are. Most LBM dealers have the cost of valuable services (like deliveries and take-offs) built into their prices. Not to mention the fact that many LBM dealers are staffed by experienced pros armed with decades of knowledge. Still, even if your prices actually are lower, price-focused advertising featuring hard-to-beat loss leaders can be very persuasive. That's why this month's Real Issue is:

PRICE PERCEPTION VS. REALITY

THIS MONTH'S TIMELESS QUESTION comes from an Iowa dealer who wrote, "We struggle with the perception among end-customers that our products and services are more expensive than box store options. With big-box store pricing available online, I know that we are typically very competitive, especially when you take into account their delivery fees and other services we provide at no-charge. But as we know, perception is reality. What marketing strategies are other dealers using to overcome this challenge?"

It's a great question, with a number of potential answers, making it a perfect fit for our Real Issues survey. As always, we sent the very brief (just two questions!) survey to the subscribers who've opted in to receive our email communications. A big thank you to the more than 200 readers who took time to weigh in. If you'd like to join the conversation, please drop me a note with your email address at Rick@LBMJournal.com, and we'd be delighted to get you involved.

EDITOR'S NOTE: *LBM Journal's* Real Issues. Real Answers. feature got its start at the suggestion of an astute reader back in 2011, and it continues to be one of our most popular articles. You may notice the byline has changed from me to *LBM Journal* Readers. The reason is simple: readers suggest the question, and readers provide the answers. It is because of you, our active, engaged, insightful readers, that this feature continues to entertain and instruct. A sincere thank you for making this happen. —Rick Schumacher

THE QUESTION

How would you advise this dealer: "We struggle with the perception among end-customers that our products and services are more expensive than box store options. With big-box store pricing available online, I know that we are typically very competitive, especially when you take into account their delivery fees and other services we provide at no-charge. But as we know, perception is reality. What marketing strategies are other dealers using to overcome this challenge?"

READERS' RESPONSES

"You have to compete head-on with a multi-pronged approach. First, get in the game. E-commerce is not just for the boxes. Put your prices out there. You have little choice. Your audience expects it. Second, develop a pricing strategy that reflects your competitiveness. The Home Depot approach of 'islands of losses in seas of profits' applies to you as well. Third, set a marketing plan in motion that explains to your audience that you can and will compete with the boxes. Share examples. Fourth, differentiate."

"Our organization faces this battle too. We started documenting the negative experiences shared by customers after going to the boxes. Our sales staff then uses this information to enlighten the customers as to what they may be facing as to service and quality of their merchandise."

"Do competitive shops to verify your prices are in line. Provide a superior shopping experience to the competition."

"Embrace it and encourage it. Customers who only value price will not allow you to make a living. And you already stated you are price-competitive. Find customers who understand that and exceed their expectations."

"We don't market ourselves against the big box stores. We continually push our service as something people find value in."

"You need to show all of the services you are providing to the consumer that the big boxes may have itemized, like delivery charges. You can also offer a lower price point for the trade or consumer who provides you with all of the proper information needed to quote a job vs. technical services such as blueprint takeoffs, job site visits, product recommendations, showroom visits, etc to determine what is required. Be sure not to give the consumer your intellectual property unless you have a deposit."

"We talk about box store 'loss leaders' strategy. Then add in all that we provide that the boxes don't. Additionally, we talk about the time it takes to do business at a box versus time at our yard."

"We spend hours educating our employees on how to ask the right questions and explain the difference in what we can offer compared to the box stores. A large percentage of our pricing inquiries come via phone calls and it's very important to make sure whoever is taking that call doesn't just volunteer pricing without asking about product application and delivery details."

"We always tell customers we'll match Lowe's pricing, but they probably don't want that. We'd have to raise our prices to match them."

"Ask customer to really compare, not just one or two items."

"Everything. Word of mouth, targeted advertising, especially on Facebook and other social media, and of course, free estimates (although we remain very careful with line-item pricing)."

"Show them your pricing on a range of items, not just sale items from the box."

"In the LBM industry, sometimes we do a very poor job of telling our story. When we do, at times we say something generic like, we offer better service, or a better value. From a customer's perspective, what do those words really mean? Not much. The old saying, 'if your price is too high, then your story is to short,' partially applies here. The message also needs to be meaningful from the customer's point of view, bringing value to their individual situation. Specifically, what do I save when doing business with you, be it time, dollars, reduced risk, or something else. Or will doing business with you help me to grow my business or address my pain points. Tell that story, and your true value will be known."

"Talk about quality differences, services that you provide, boom truck availability, work with contractors' customers in making product selections, in-house credit rather than dealing with a third-party for credit, we have a professional staff to help with take-offs and estimates, plus they are very knowledgeable on local code issues."

"We pull up Home Depot's website and show the customer their pricing and offer to let them match their price, as we keep our contractor prices below Home Depot pricing."

"Not everything is apples for apples, especially on windows and doors. I always start there, because the quality is not always the same at the big box stores. Then I also talk to my customers about the value we offer before and after the sale. At the end of the day, the service and delivery expertise we provide normally outweighs the cost of a cheaper product."

"We do not sell contractors who are focused on price, price, price. Find guys who are willing to pay a fair price, and value what you have to offer. That can be easier said than done, though." ➤

"Emphasize the fact that you're local, as well as the services that you offer for no extra charge."

"Invoice to invoice comparison. First, get the end customer to cut all the pricing on an invoice, and try to compare line-for-line descriptions, looking for upcharges, hidden extras, various add-on fees. Compare what an independent dealer offers to the service capabilities of a big box. Let's face it, the big box staff has many more struggles in the steps and procedures they must follow. Those struggles are time-consuming to the end customers; those struggles affect bottom lines. The same goes true for materials and everything that is needed to complete a job on time.

"It almost come down to ordering a 'typical' or 'standard' project from the Big Box for the least amount of error opportunities. Meanwhile, the independent seems to excel at the more complex projects. Might this have something to do with the experience (in the industry) of the staff at both types of dealers? I know as a distributor rep, I can go into the Big Box weekly and train a new employee. At most independents, I am able to build on my training with the staff, who tend to be experienced and have longer employment terms. There is dollar value to all of that. However, some end consumers just don't want to come out of their mindset...all the proper sales techniques aren't going to alter the minds of someone who buys strictly on price."

"Focus on value over price. Delivery is value. House Account is value, being able to deliver product with a fork truck is value, having deep inventory is value, competitive pricing is the market entry fee, providing value is what is worth the additional cost. Price. Quality. Speed. Pick two. No one can deliver all three. If the competition is saying they will do all three, they won't be in business long and you'll be there."

"That's actually a good thing, as it allows you to approach only those customers you want to have relationships with rather than being tied up with customers chasing the cheapest price."

"Price encompasses more than just the product. From the quality I see at their stores, do they buy just #2 spruce, or do they buy #2 premium grade? Do they have salespeople who go to jobsites, do they measure for door units, do they have expertise and experienced outside sale people? Do they give material options to save contractor money?"

"Promote value over price. Work to make sure that your core customers realize that difference and advertise to make sure the customers' perception of reality reflects your competitive pricing as well as overall better quality and the value of your services."

"My advice is always, build relationships with your customer, we simply cannot just do transactions. Trust, integrity and service almost always win over pricing."

"I ask and inform the customer. Did you purchase it? If no, why not? Most time you will find it is not the product they really wanted or that the construction was not the same. I have also found that it is not available, and they will have to wait for it to come in. The big box stores do this a lot. Just yesterday they had an offer. Buy this and get this free. The only thing they had in stock was the free one. This happens a lot."

"Inform the customer what all your price includes: delivery, no hassle return service, quality material, service and accurate estimates."

"We tell the truth about why they our sometimes higher prices are actually a bargain: service, friendly faces, local support, fast delivery, great follow-thru, easy special orders, etc."

"We mention the value of the products and services they receive when buying from a dealer like us as opposed to the typical minimal service and inferior products from a big-box store."

"We tell our customers that our prices are the lowest in the industry. That's true. They might be skeptical at first but once they become customers, they realize that we are indeed ahead of the pack."

"1. Stop. 2. Fighting a multi-billion-dollar company's pricing image with your marketing budget is just not possible. Customers assume and will continue to assume you are higher priced. Customer will also assume and will continue to assume you offer higher service and better products. 3. Customers don't buy on price, they buy on value."

"We never found selling against 'Big Box' stores to be an issue simply because we're the experts. Here's what we tell customers: 'We've been plying our trade for more than 50 years. We have a dozen books of our previous projects, with the names of our past clients. Feel free to contact them and ask them how we did. We know what we're doing. We know what your needs are. We've helped other folks just like you with, literally, hundreds of projects just like yours. We've guided our customers through hugely successful outcomes. 'This is what I'm sure you want.' Who can answer 'no' to those statements? In a big box store, the salesperson who comes over to greet you in the millwork department, was a patio furniture 'expert' just a few seconds before you walked in. When you leave the store, he, or she will become an 'expert' in the electrical, or plumbing department. The approach that I've outlined is tried and true. We know how well it works. There's no comparison. If you needed open heart surgery, would you go to a dentist? Don't be afraid to ask your prospect that question."

"We always try to provide the best price possible. However, if you will bring me their printed quote, I will meet or beat their price."

"We encourage price comparison and offer to go up on our price to meet the competition. This startles consumers, and often locks in their loyalty. We also pamper our customers with attention they rarely receive elsewhere."

"Work one-on-one with customers to learn if they want to pay per delivery and pickup, or stay at a current no-charge program. Answers for homeowners won't be the same as for the contractor, and one size does not fit all."

"We take the following approach. Once a week, we conduct a competitive price shop with the big boxes on the most price-sensitive items in our market. We will always be close if not match those prices. We price shop other less sensitive items anywhere between every other week or up to every six weeks. In our advertising, we will display these prices in a table that shows ours and the boxes prices. We may be the same price, higher or lower. We always publish what we find when we shop. We always display the date of the price shop. Our customers appreciate us doing the shopping for them. Sometimes they will still price shop and want us to match, but because we are an independent, they will accept this explanation. We say we always want to be competitive; however, we can't always match every price. How about this price, it is the best we can do? We have found that in the first place, our customers want to buy from us, or they wouldn't come into our store. As a result, 95% of the time, they will accept what we offer. What we have learned is that they appreciate our effort to listen to them and respond the best we can. We are still in business after 110 years."

"I market our products as 'the best available'. Since I do not sell the same grade of lumber as the big box store, I don't have to compete on price."

"Stop competing on price, you'll never win that battle!"

"Post big box prices and your price on 10 to 15 random items in the store and advertise them."

"Hopefully your industry knowledge is much greater than that of the ever-changing employees at the big box store. You must sell yourself and the service that you provide and will continue to offer."

"We use our OSRs and professional estimators to sell the value to builders and homeowner builders. Our floor sales staff always ask the person in the store or on the phone, 'what are you building?' This gives us the chance to sell our services and expertise."

"We have chosen to attempt to build an online community of our own, Facebook, Instagram, Twitter, plus a small local TV budget. As a smaller independent, we are unable to financially match the boxes' media budgets. We find we have to fight the price image one job and one customer at a time. Even customers who know better, many times let the low-price advertising sway their purchase decisions away and are uncomfortable asking for a better (or, actually any) price. A price match policy helps but does not guarantee your customer will ask when he thinks you may be out of line."

"We explain to those customers that our quality and knowledge far outweigh price and try and show them the difference in product. We are also very competitive with boxes on price if not less expensive in most cases."

"We go to great lengths to sell our value proposition overall to our customers... service, educational opportunities, knowledgeable salespeople, fair pricing, etc."

"We pull up their website and show them their prices compared to ours."

"With the added expertise we can supply, there are fewer trips back for missing or forgotten items. As an over-simplified example: We know you need a nut with a bolt, and we know to remind you if you only ask for the bolt. Many times, the boxes only know you are asking for the bolt and that is all you get. Consumers also need to beware of 'box only' products that are made to a cheaper spec than the products we stock from the same manufacturer. I could go on and on."

"Stand behind the product you sell. Always return a customer phone call. Know about the product you sell, how it is used and whether it applies to your customer needs. Knowledge is power. Giving advice and showing your expertise on product allows the customer to trust what you say and come back. If you are more pricey, they know they are going to be taken care of."

"Are big box stores really your competition?"

"Big Box stores are all about the price and never quality of the product. They even fight with one another. They will ask a big-name manufacturer to make concessions for them to compete with the other box stores like changing gear ratios, RPMs, etc. for a special cheaper price. This is where the buying groups come in. We belong to LBM Advantage. A great and upcoming group of people that look out for you first. Keep your staff well-trained, up-to-date on the newest and greatest, and offer only the best. Don't be stingy with giving away samples and charging for delivery. There is no more free delivery anymore. Make sure that if a customer comes in call them by name."

"Marketing with comparison shopping. Using the same product and showing the everyday price is one method that shows some success. This is easier while the customer is in the store. If a customer makes a comment about the pricing, you can show your price vs theirs and if yours is cheaper, then great. If you are a little higher then explaining the hidden cost such as time and gas can usually make that light bulb click. The other examples we successfully use are niche products and high margin items. The niche items are ones you purchase on closeouts, on sale, or at trade shows at a discount and make those products cheaper than even big box stores. These few items can speak volumes for your store. The high margin items are the same idea but different application. Take time to go through your store and find items that have high margins that customers also know the relative pricing. For example, our screws and nails have a huge markup, and all of our customers know how much 1lb and 5lb boxes of screws are at big box stores. By keeping all of these items slightly cheaper than the big box store across the board, we became known as a store that can compete with anyone. The question becomes would you rather make a 35% margin on \$1,000,000 in sales or 40% margin on \$750,000 in sales, and where is your store's break-even point?" ➤

"Other dealers sometimes live in constant fear of losing a job to a competitor, big box, or other entity. They get involved in bidding wars, dropping their price regardless of whether or not the job is cost-effective for them, or fits their company's business model, or culture. Businesses had to lose a project to someone, or anyone else. They haven't learned a basic fact of doing business; *you can't sell everyone*. Some potential clients may have unrealistic demands, period. Still others need to have the detail, or scope of the work explained in depth. This is done in order to justify the selling price. If the time is taken to 'close' the prospect, by addressing all of the prospective client's questions and concerns, the salesperson will almost always walk away with the signed contract.

"In our 21st Century business climate, often salespeople are long on wishful thinking and short on patience. As in every other aspect of American life, too many salespeople look for instant gratification without being willing to invest the time to justify their selling price. There are no lost sales, there are only 'un-closed leads.' The sales department hasn't done their job properly if there is any doubt left in the prospects' mind with regard to perceived value, or where they should spend their hard earned dollars. With more than 50-years experience in our business, we often do things the 'old fashioned way,' with presentations of finished jobs and satisfied customers. There is no doubt that our longevity in business makes for an easier sell. But that should not deter companies that haven't been around as long as others.

"Train your people—and that includes every member of your organization—to do their due diligence in telling your company's story, and mission. We constantly project our image. We are 'the specialist' when it comes to what we do. Using the example that, 'if they needed open heart surgery, they wouldn't go to a dentist,' we emphasize the fact that, for the project that they're proposing to have done, they couldn't find themselves in better hands. This philosophy keeps our close ratio very high."

"We shop the big boxes frequently and create a price comparison guide for our sales people. It shows our price and their price on about 50 items. So, when a customer confronts us on an item, we show it to them. The most important value of this is to make our people more confident and secondarily lets the customers know that we're serious about our pricing."

"Overcoming price objections, even when they are not justified, is tricky business. This is when your salespeople show their skill, and that they are not just an order-taker. When you quote a price, always follow up. Ask for the order. When the customer responds, deal with any objections directly. Point out your values and remind the customer of what else you are giving them. Then ask for the order again. When a customer asks for just a price, ask when they need it. Give them the delivery you can provide and ask for the order. Don't just make the conversation about price. If you have to be the cheapest on every order, every line item, you will not be very successful. Differentiate your company in as many ways as possible. The art is to not have the lowest price and still get the order."

"I explain that the low-price competitors will break-even or sometimes sell commodity products at a loss because they rely on/steer you towards 'add-on' sale items at a huge mark-up to make up the loss on commodities."

"Our builders know our prices are competitive and our service levels kill the boxes. Retail consumers need more info such as tagging items in the store, 'Lower Than Lowe's,' or 'Beat The Depot.' The fact is that box store margins are up. Stockholders need to see good profits. We can be competitive through strategic pricing on our products. Shop your competition. Make sure your blind items are priced as high as the boxes. You can afford to sell power tools at cost or lower if your other margins are higher to make up for it. How much will you lose in the big scheme of things if you sell a drill at \$10 below cost to make an impression. It is all about the perception."

"We continually compare prices via internet. We are located in a rural area of N.C. which gives us a little advantage. We can be slightly higher and justify it by the time and gas it takes to get to a big box store. From our location, that is an hour either way you travel. We post on our Facebook page sales we are having, for example, we are currently running a paint sale. When special buys are presented to us, we take advantage of them and also post that with the sale price. This usually is comparable to or less than the big box stores. We also try to have the 'hard to find' products that our customers are looking for. Word-of-mouth goes a long way in this small community.

"Customer service is a biggie! We go out of our way to find the product our customer is looking for. Again, word of mouth. We are very diversified. We not only carry building supplies, we carry crab pot supplies, landscaping supplies, and have a hardware store. We promote this on five local radio stations. Our local station has been very instrumental in making that happen. Keeping our name out there so they don't forget about us is the main goal in the radio spots. Having a key phrase helps. Ours is, 'Your local source for building and crabbing supplies.' That is at the end of every radio spot. As we are a small business, that takes up pretty much all of our advertising budget. We have seen several new customers because they heard our radio spot, saw it on Facebook, or a friend told them about us. It's working."

"We have aggressively looked at *all* aspects of our pricing structure to maximize profit while consistently keeping our core products extremely competitive, even with the box stores. (Think your milk, bread, and butter-type items). The struggle is definitely real as this is a slow process to break the stigma of having very high-quality material at very high prices. We are re-merchandising our entire store and are planning a largely publicized re-grand opening with other events through the summer. Since we are mostly pro-based, most of our steps forward so far have come through word of mouth among the contractors. They may be in competition, but they definitely talk to each other."

"Keep doing the 'little' extra things. Something as simple as taking a moment to visit goes a long way to thank the customer and welcome them back."

"We find that the majority of consumers have questions about what they need to complete a project. From our experience, the thing that big box stores don't have is a high level of experienced, knowledgeable staff and in-person customer service. Our success has always come from being the experts and delivering that expertise through a high-level of customer service. The free delivery and other free services are bonuses."

"Product expertise is typically more dependable and at a higher level at the dealer, as compared to the big-box store, insuring a better opportunity to have the right mix of products for the specific purpose."

"The most tried and true strategy for smaller companies to differentiate is to seek alternative products and learn the differences. Remain in the same categories, but don't fall into the trap, 'We have to have *that* brand.' If the consumer walks in and recognizes three products that are in the local box store, the perception is that all the products are essentially the same. Choose products that are different and have a story to tell. Consumers still want to deal with their neighbors and keep their money local, but when you look the same it becomes a price game, and we know who wins that one. Remember, the best-selling feature that a product can boast, is that it's 'not available at the box stores.'"

"It's not possible to satisfy all customers. The 'Iron Triangle' speaks to this. Time, Cost, Quality. Pick two, you can't have all three. Promote the aspects of your business that are strong for you."

"The biggest issue is customer service. When a customer calls with any issue, it's taken care of. They get answers in a timely manner and the customer's concerns are answered by a professional. The big box stores have clerks who often aren't knowledgeable, and they have a high turnover of help, so it can be tougher to get follow up."

"Ben Franklin said it best: 'The bitterness of poor quality remains long after the sweetness of low price is forgotten.'"

"Service is the key to success. Your people will need to make the difference, low pricing isn't always the most important factor when determining where people buy their products." ■

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MANNING
BUILDING PRODUCTS

ADDITION BY SUBTRACTION

HOW LUMBER MART DECREASED ITS FOOTPRINT, AND INCREASED REVENUE.

There is no shortage of business advice on how to boost your company's profits and strengthen the bottom line. Seldom among that advice, however, is it suggested that a company downsize its space and decrease the number of SKUs it carries.

But that's what Trent Peabody and his father, Bob, did with Lumber Mart in the Grand Forks/East Grand Forks market (one store in North Dakota, the other across the Red River in Minnesota), and it resulted in a boost in revenue driven by a 7% increase in margins.

It started with an offer from a grocery store in 2015. When a new chain wanted to move to the area, the Peabodys were offered a good sum for the land on which its Grand Forks location operated. But the family-owners of Lumber Mart turned them down. Then they turned them down three more times. Finally, on the fifth visit by the grocery chain, the offer was too good to pass up, Trent says.

THE DOWNSIZE

So, in the spring of 2015, Lumber Mart sold four of its six acres in Grand Forks and rebuilt a new store on the backside of the lot on which it previously operated.

"We repaved, poured new concrete, the old office was gutted, rewired, roofed, sided, and we added new windows, new heating and cooling, and LED lighting," Trent says. They added cabinet and window displays, as well as pertinent hardware. They rebuilt their sales office and reconfig-

ured a drive-through warehouse. Then they added a second warehouse, all on a much smaller footprint. On a third of the land, the company went from a 22,000 square foot location to an 8,400 square foot store and, as a result, increased its pro-builder customer base from 60% to 80% of the store's overall sales. That's where the revenue boost came in. It turns out a lot of the inventory the store carried before the downsize wasn't clearing the margins the company had hoped. But a focus on higher-margin, builder-specific items jumpstarted profits.

"We did a four-year analysis of our inventory to determine what was selling and what wasn't," Trent says. "A perfect example is what do you do with a phone jack or a coaxial cable jack? We had inventory of those items, but we didn't make much on them, or sell many. We had to assess what was moving and what was going to sell. When you're in the hardware business, a lot of the times you think you need to carry a few of everything."

But that wasn't the case, Trent says. By moving away from a full-line hardware store and embracing the pro builder, Lumber Mart was able to further distinguish itself from the big box stores just down the road.

Still, the process of addition by subtraction didn't happen overnight. Initially, with the changes to the Grand Forks location, retail sales were down across the board, Trent says. He admits that they also lost some of the professional-builder customer business at first. ➤





The Lumber Mart team spans three generations of the Peabody family: Bob Peabody (front left) is CEO; his son Trent (front right) is President; Trent's sons Nathan (back left) and Brandon (back right) work in sales and drafting/design, respectively. In addition, Trent's daughter, Laurel, handles the company's website and social media presence as part of her responsibilities at a Minneapolis-based digital marketing firm.

"There was a learning curve for our customer base and a learning curve for our contractors when we made the change," he says. "At first, they questioned the levels of inventory we carried, but those sales have grown. This year, we're seeing an increase in those pro-builder numbers at a rate of 5-10%."

STAFFING

Along with the improvement in inventory efficiencies and revenue came another area in which the company learned it could operate smarter. The move also allowed Lumber Mart to tackle the staffing shortage that has plagued the industry in recent years. As a hardware retailer, the company employed a number of part-time and specialty staff members. As the company grew leaner and operated smarter, the Grand Forks location was able to be supported with eight full-time employees, down from 26. The store's part-time staff is now four of an original eight.

"WHETHER IT'S A SMALL CONTRACTOR OR A LARGE COMMERCIAL ACCOUNT, THE SAME VALUES APPLY. WE'RE FOCUSED ON WHAT WE CAN DO TO IMPROVE AND BE MORE SUCCESSFUL SO WE CAN PASS THAT ON TO OUR CUSTOMERS AND HELP THEM BE SUCCESSFUL."

— TRENT PEABODY



"Currently, we're a staff of 12 on a pretty consistent basis," Trent says. Across the river at the East Grand Forks location, staffing was maintained at 15 full-time members, along with another seven in the company's truss operation.

HISTORY

Lumber Mart was first established in 1949 in East Grand Forks, Minn., as Tomlinson Brothers Saw Mills. Trent's father, Bob, started working with the company in 1956. Later, a longtime manager of the firm bought into the company with another partner, and they ran it as Tomlinson Brothers Lumber Company. Bob Peabody bought into the company at that time and held a 3% stock ownership when the operation was sold and became Erickson Lumber Mart. The company expanded into commercial property builds and management (apartments, restaurants, hotels, bars, etc.); as the business over-diversified, the partners split up and Bob Peabody took sole ownership in 1982, maintaining just the lumberyard.

Around that time, Trent was finishing college and, looking to get into the business field, helping his father at the lumberyard. From there, Trent says, "We've worked our tails off to get where we are today."

About 24 years ago, the family purchased the Grand Forks, N.D. location from a bankruptcy court. It had been the flagship location of a regional lumberyard chain and Trent says the family purchased it "as more of a defensive move" to prevent others from coming into the market. After some additional analysis, they made the decision to open it as a second location.

A strategic decision to embrace and expand its pro customer base has enabled Lumber Mart to increase margin and sales. Pro-focused features include a reconfigured drive-through lumberyard and in-house truss operation.





Even with its increased focus on pro customers, Lumber Mart offers a number of products that appeal to DIY customers as well, including power tools, paint, and doors and windows.



THREE GENERATIONS

At 80 years old, Bob is still involved in the business. He comes into the office every day, Trent says. “He gets to pick and choose which battles he’d like to get involved in, and maybe a few that he’d rather not. We’re very thankful and appreciative that he’s here. He’s a good sounding board for me, and all of his knowledge just can’t be replaced.”

Trent says he’s fortunate to now have his children starting to get involved in the business. His oldest son, Brandon, is one of the company’s draftsmen who also works in design and estimates. His daughter, Laurel, who works for a Minneapolis digital marketing firm, handles the company’s website and social media presence. And his youngest son, Nathan, is finishing an education in drafting, design, and business. He’s currently working at the company as a truck driver and will be moving into sales.

Trent wants his children to become involved in the business as long as they want to, but he says their roles will be earned just like anyone else’s would be.

“They’re employees and they’re learning,” he says. “This is the same way I did. They all start by pushing a lawnmower through the ditch in front of the store, and they work their way up to helping with deliveries and eventually on to sales.”

One of the most important requests he made of his sons, was to have them get their CDL licenses. “I’ve often stated I won’t ask employees something that I’m not willing to do. We all stock Sheetrock or load a roof with shingles.”

LOOKING FORWARD

There are no immediate plans for expansion on the horizon for Lumber Mart, but that doesn’t mean acquisitions aren’t discussed. Having been through the change the company has with the Grand Forks location, the Peabodys are acutely

aware of what makes a business a success and when the right opportunity presents itself, they will be ready.

“We make sure we’re investing in the right people to do business with,” Trent says. “That’s how it is now—we work with the right contractors and vendors. Their success is our success.”

As his father transitions out of the business and his children take on larger roles, Trent says the same business philosophy will always apply at Lumber Mart. That includes a focus on the basic fundamentals of the business and a commitment to builders.

“Whether it’s a small contractor or a large commercial account, the same values apply,” Trent says. “We’re focused on what we can do to improve and be more successful so we can pass that on to our customers and help them be successful.” ■

GET TO KNOW LUMBER MART

FOUNDED:	1949
OWNERSHIP:	FAMILY-OWNED
LOCATIONS:	TWO
EMPLOYEES:	34
SOFTWARE PLATFORM:	IPTOR
PURCHASING GROUP/CO-OP:	DO IT BEST
TOP THREE BRANDS:	GAF SHINGLES MARVIN WINDOWS USG



IN DEPTH

WINDOWS & DOORS

STRONG REMODELING MARKET POINTS TO GROWTH.

Even with growth in new construction projected to slow this year, the remodeling and renovation market looks to remain strong. The Leading Indicator of Remodeling Activity from the Joint Center for Housing Studies of Harvard University projects annual growth of 5.1% in spending on owner-occupied homes in the U.S. by the end of 2019. That's off the 7%-plus rate of the last couple years, but still in line with historic averages.

With windows and doors among the easiest ways to improve a home, manufacturers in those segments are

optimistic about 2019 and beyond. With homeowners poised to invest in their homes, and realize energy savings from new windows and doors, there's plenty of opportunity in both categories.

"We're very upbeat about what this year's going to look like," says Phil Wengerd, ProVia's vice president of market strategies. "I would say what we're hearing back from our customers is very good optimism for what 2019's going to look like. If this is any indication, we've had the strongest start ever [to the year], so we're excited about that." >



BY JONATHAN SWEET

SHOWN: Glenview Doors' new Pivot line offers a warranted pivot entry system that is 3.5" thick using the company's Euro Technology layered construction process. Solid slabs can be built up to 48" wide with heights above 10'.

WINDOWS

Window manufacturers are continuing to improve performance and energy efficiency as they look to meet increased demands from builders and homeowners.

Thermo-Tech introduced its Northern Elevations product line in late 2018. The triple-pane window has a 4-9/16" frame, with 1/2" Argon-filled air spaces between panes—the optimal for sound control and insulation, says Doug Cook, Thermo-Tech sales & marketing manager.

The windows are available in a full line of styles including double-hung, single-hung, awning, casement and more. Other features include a warm-edge spacer system to enhance durability and energy efficiency, and fusion-welded corners that contribute to strength and durability.

Thermo-Tech developed the window with the goal of exceeding future Energy Star standards, Cook says.

"For the last four years, we really designed this product to make sure that whatever Energy Star does, we're there," he says. "When we were looking at different frames and thicknesses, we just decided that the 4-9/16" frame, with the extra weight on the glass and everything from a three-pane glass, was the way to go."

The advantage of Thermo-Tech windows is that the company focuses on the value of the entire window package, Cook says.

"Some companies focus on one thing, like thermal performance," he says. "But thermal performance doesn't have really much to do with the structural part of the window, which is more what reflects better air infiltration re-

sistance, better water infiltration resistance, and overall strength."

Ply Gem has identified several key design and performance trends: dark window exteriors, large windows and patio doors, sound abatement STC glass options and impact-rated window and door solutions.

Another important trend in the window segment is ease of installation. Ply Gem recently conducted a national survey of builders and remodelers that found availability of labor is their No. 1 business concern.

"With that in mind, we innovate our product lines to ensure faster, easier and more accurate installation," says V.P. of Marketing, Mark Montgomery. "Further, the demand for improved design, function and performance constantly challenges our product innovation team to work on new product features, such as advanced dark color offerings and technological additions like automation, which are available on many of our window and door product lines. We pride ourselves on being able to offer a variety of thermal, acoustic, and impact-rated glass packages also."

Ply Gem recently introduced large format patio doors, addressing the demand for large glass walls featuring high tech integration, weather resiliency and energy efficiency. The MaxView Patio Door is available in sizes up to 18' wide by 10' tall and is available with an automated operating system that can be controlled by a remote control or with a smartphone app.

The Ply Gem EuroSeries Sliding Patio Door and 4712 Builder Series aluminum windows both offer passive impact protection. Both products are compliant with Miami-Dade County High Velocity Hurricane Zone hurricane codes, protecting homeowners from weather elements while still offering a large viewing area.

"Having added Atrium Windows, American Craftsman and Silver Line to the Ply Gem Windows family of brands, we are now able to synergize the best of each product line and manufacture a variety of best-in-class windows and patio doors for the unique needs of each region, customer preference, and price range," Montgomery says. ➤



ABOVE: The Ply Gem 4712 Builder Series single-hung windows are designed for high-wind zones and are compliant with Miami-Dade County hurricane codes. The series is manufactured out of virtually maintenance-free extruded aluminum with a long-lasting electrostatically applied finish.

RIGHT: Thermo-Tech's new Northern Elevations windows are triple-pane window, with a 4-9/16" frame, with 1/2" Argon-filled air spaces between panes for sound control and insulation. The windows are available in a full line of styles.



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Jeld-Wen is aiming to make installation easier for contractors with its latest window introductions. The company's new Sitaline Pocket and Sash Pack windows fill a gap in Jeld-Wen's repair and remodel market, while providing easier install and a clean aesthetic, says Sayanti Basu, the company's director of wood windows.

"The value proposition that the Sitaline Pocket has ... it's extremely unique because we literally have made work easy for the builders and the remodeling market," Basu says. "They don't need to be worried about catering to tolerances; it's a very clean-cut installation. There are easy connections which do not require a very high level of expertise and several years of experience to look out for errors. And we constantly keep on building toward that model." The new windows are also constructed of Jeld-Wen's proprietary AuraLast-treated pine wood, with the wood treated all the way to the core.

Later this year, Jeld-Wen will be launching the Sitaline panoramic gliding patio door, which will be available as large as 7'x10' panels.

"That supports the trend that's going on in the building and construction

world which is bigger and better, so more daylight openings," Basu says. "And the proprietary hardware that we are using makes the operation really smooth for a panel of that size. It's got a flush handle set, which gives a very contemporary look. And also, from a perspective of a performance rating, the way the door mechanism and operation are set up will help us reach higher ratings. So, homeowners can be worry-free, not only when it comes to the installation part, but also just from the general performance of the door."

ProVia has significantly expanded its offerings of decorative glass for its windows, with 12 lines now available from the company.

"Now, as a homeowner, you can actually have your door and your window complement each other with decorative glass," Wengerd says.

Each panel is custom-made to the size of the window, so the company doesn't expect homeowners to opt for decorative glass throughout the home.

"However, what we're finding is that there's definitely an interest in homeowners using decorative glass as an accent to only certain portions of

the window, and they might only put that in certain rooms of their home," Wengerd says. "It remains to be seen how much traction that actually gets but it certainly is a really neat addition to what's available on the market in terms of windows."

ProVia also added color options to its internal blind system, with four new colors beyond the previous white: silver, champagne, cream, and tan.

DOORS

Doors are often dismissed as a commodity, but manufacturers are working to show how the right door can significantly enhance the look of a home.

"We've been inspired by the idea that doors have the power to completely transform a space and believe it or not, doors provide, throughout the home, on average, around 800 square feet of visual impact," says David Perkins, Masonite vice president of marketing. "The amount of space that doors occupy in the home and the fact that anybody would not pay an incredible amount of attention to making sure that space is properly designed to complement the design of the rest of the home, they're missing out."

The company's new Livingston Interior Molded Door is designed with that trend in mind. "It has subtle, yet distinct craftsmanship, in the details of the profile and it provides a versatile alternative to your traditional six-panel interior doors or traditional two-panel interior doors," Perkins says. "It's the next generation of trying to open people's eyes to the fact that interior molded doors can really add a lot of style and beauty to the design of the home and can be a defining element in the home."

Another important trend Masonite is seeing is the desire to protect privacy, but also let more light into the home. New this year is Masonite's Cross Reed Glass, a decorative glass for front doors that fits into the genre of textured glass or of decorative glass.

"Light comes in, but yet you still can't see through it, and it has nice clean contemporary and continuous linear pattern to it, so we think this is going to be a home-run as well," Perkins says.

Jeld-Wen's Sitaline panoramic gliding glass door will be available with up to 7' by 10' panels and patent-pending hardware for a smooth operation.



The Livingston Interior Molded Door from Masonite is designed to provide an alternative to traditional interior doors, while adding to the design of the home.



GlassCraft's Buffalo Forge Steel ThermaPlus entry door features a French Grey Estate exterior and Black Estate finish interior, new Carmel Nickel Multipoint locks, rain glass insulated glass with other available textures and patented thermal break assembly.



Contractors are also looking for products that they can install more quickly and easily, a need Masonite is trying to meet with the new Snap Fit Frame. The snap-in-place frame is easy to install and provides a clean look with no screw plugs, Perkins says.

Masonite also introduced a new impact mini-blind at this year's International Builders' Show, designed to meet hurricane zone and wind-borne debris code requirements in coastal areas. The company's other new launch is its Wrought Iron Frame for glass cut outs.

The frame is "perfect for Mediterranean and Southwestern-style homes that are looking for that rustic look and subtle detailing," Perkins says. "It features fastener heads that have been finished to more precisely match the finish of the frame and it provides a nice rustic look."

GlassCraft Door Company is seeing consumers move toward simpler designs with less moulding and fewer decorative aspects. Homeowners are looking for a more contemporary, clean look, says GlassCraft President John Plummer. "It's all about modern right now, both modern and simple lines," Plummer says. "We have a whole new line of finish colors for our fiberglass, wood and steel doors."

Designs are trending to grays and blacks and away from browns, Plummer adds. "Almost every door we make is pre-sold by our dealers and therefore, we make 200 to 300 customer one-of-a-kind doors every day," he says. "Other door companies simply don't offer a lot of the features that we offer, such as built-in multi-point hardware or Dutch doors or an arched top double door."

Homeowners are demanding products that can be customized to meet the needs of their lifestyle and bring their own personal style to life, says Kyle Rhine, Therma-Tru public relations and advertising specialist. Therma-Tru has identified three trends for 2019 that guide its product introductions:

Humble Roots: "Casual and comfortable with a clean edge, this trend is grounded in easy living and embodies comfort through a reconnection with the environment," Rhine says. "Think

natural textures, dimensional patterns and fresh, uplifting hues."

Confident Focus: "Modern design with a soft, livable touch, this trend embodies unexpected details and experimental design in exciting new ways. An eclectic blend of mixed materials, bold elements and soft touches to create a strikingly distinct, yet livable space."

Timeless Twist: "A fresh, playful twist on traditional, this trend strikes the perfect balance between old and new, yesterday's charms revived by today's pep. Classic motifs go light and airy, and color palettes go bright and lively, bringing an understated sense of sophistication to the home."

Among the products Therma-Tru has introduced are new styles for its Classic-Craft American Style Collection Shaker-Style Doors. The portfolio has been expanded to offer broad appeal and complement more architectural styles, Rhine says. ➤

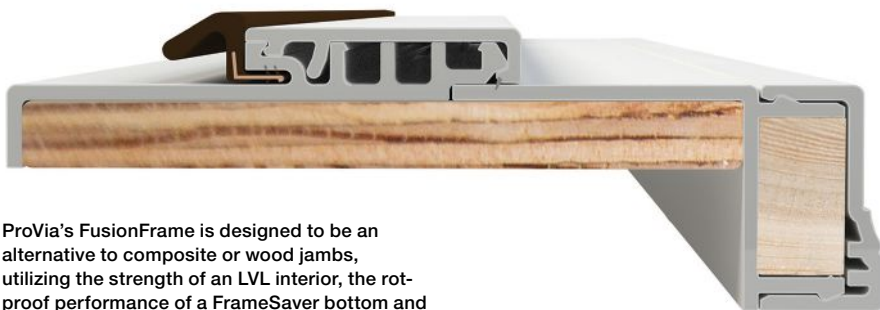
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ProVia's FusionFrame is designed to be an alternative to composite or wood jambs, utilizing the strength of an LVL interior, the rot-proof performance of a FrameSaver bottom and the durability of a composite frame exterior.

Therma-Tru also has new Satin Etch Privacy and Textured Glass for Classic-Craft Premium Entryways.

"With a pure, simple design aesthetic, Satin Etch glass welcomes natural light into the home while maintaining a high level of privacy and complements market trends toward simplistic design elements throughout the home," Rhine says. "This fine-textured pearlescent glass makes a style statement when paired with Classic-Craft premium entryways and is ideal for a wide range of home styles with a modern or contemporary twist, including

Therma-Tru says its door surrounds add an element of style to complete door systems and help tie the entryway in with the rest of the home's architectural details, creating a cohesive look with enhanced curb appeal. They come primed and can be painted or stained to complement a home's architectural details.



Mid-Century Modern, Simple Barn, High Fashion Farmhouse and more."

New Therma-Tru door surrounds help tie the entryway in with the rest of the home's architectural details, creating a cohesive look with enhanced curb appeal, Rhine says, and are available in an assortment chosen to complement virtually any door style.

Homeowners are looking for simplistic design elements throughout the home and EnLiten Flush-Glazed Internal Blinds for Smooth-Star Doors are designed to meet that trend. The blinds are available for doors throughout the home and feature a cordless design for a clean and simple aesthetic that is both child- and pet-friendly.

Therma-Tru has also introduced new simulated divided lite bars for its Fiber-Classic, Smooth-Star, Profiles and Traditions doors and sidelites.

"They feature a durable composite material that is engineered to be used in any climate [and] our new SDLs can be used with or without a storm door and painted or stained any color, all while maintaining Therma-Tru's limited warranty," Rhine says.

Glenview Doors is seeing more interest in transitional and modern styles. That's a change from recent years when high-end homeowners were looking for Gothic arches, raised mouldings and wrought iron, says Business Manager Darek Szyzsko.

"Anything with clean sightlines, curb cuts, metal inlays, a lot more very specific modern aesthetics," Szyzsko says. "We're noticing a lot more glass usage. Just simple glass, wide open looks as opposed to two years ago where we would have done the same large glass panels, but it would have

had a large raised moulding or maybe a decorative element in the glass itself."

Glenview Doors uses a layered construction process, called Euro Technology, that gives the company the ability to offer a thicker, warranted, prefinished solid wood entry system without an overhang requirement.

"Not only are the doors twice as thick as compared to a standard wood entry, they arrive pre-finished, pre-hung, and include all components needed for installation," Szyzsko says. "We have chosen to build and design in a way that removes many of the common pain points associated with traditional wood door construction—most common being warping, swelling, and cracking. Having this line available in our ready-to-ship program also helps, as most clients can receive their pre-hung, pre-finished, ready-to-install entry system within 10 business days."

With more demand from contractors for pre-finished products, ProVia has introduced its new FusionFrame, an alternative to composite or wood jambs, in partnership with Endura.

"Pre-finishing is such an important component in what we do for providing an entry system, this allows us to take a two-part frame system where you can actually remove a cover that goes onto the frame, do the installation of the door and then reattach this cover," Wengerd says. "So, you end up with no exposed fasteners."

FusionFrame is available as a textured or smooth frame and can be painted or stained in custom colors to match the door, shutters, or other exterior features.

"What took us down that path is we've been looking for a good product to be able to apply a stain finish to and there have been other products available on the market through other manufacturers but we have had difficulty having those products stand up to the wear and tear of heat and cold in the field," Wengerd says. "We're really happy about where we're headed with this product because it seems to be a very stable product and it's also giving us the ability to help pre-finish it."

In the door segment, Jeld-Wen is focusing on its fiberglass offerings. ➤

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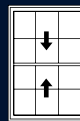
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WINDOW STYLES AVAILABLE



Double Hung



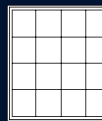
Single Hung



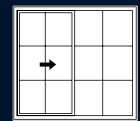
Casement



Fixed Casement



Picture

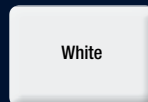


Slider



Awning

FRAME COLOR OPTIONS



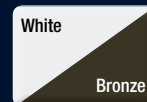
White

Interior/Exterior



Sandlewood

Interior/Exterior



White

Bronze

Interior/Exterior

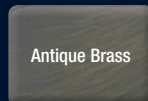


Sandlewood

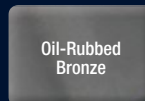
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The company will be rolling out a new glass program later this year and introduced several new colors at IBS.

"Decorative glass as a category has really changed a lot," Jacobs says. "You look at what we were doing not many years ago, you had that antique, brassy look. That's not what we mean by decorative glass anymore."

ADDRESSING INSTALLATION

With the labor shortage in the construction industry, installation errors have become an increasing concern. Many callbacks or warranty issues derive from improper installation. Manufacturers are trying to address that issue not only with products that are easier to install, but also by helping dealers and contractors better train their personnel.

Recently, Therma-Tru partnered with OSI Brand construction sealants to launch its new Certified Door System Installer Training Program.

"It's designed to educate on the best practices for sealing and installing Therma-Tru door systems," Rhine says. "The convenient, online-based program is free-of-charge and can be accessed from anywhere. Upon successful completion of the program, participants receive a certificate and credential card, proving their status as a Therma-Tru Certified Door System Installer."

ProVia also has an installer certification program that it makes available to its customers. The training program is offered at ProVia's Ohio facility, where the company has created a controlled lab environment with several different applications. Thanks to the

success of that effort, ProVia is also expanding its training team to take the program to customer locations.

"That makes it a bit more challenging and the type of training we're able to do is a bit more limited because we can't obviously take everything with us, but that has really helped us to help our customers minimize those errors in installation," Wengerd says. "In addition to that, we've expanded quite substantially our library of installation videos and are continuing to do so at a rapid pace so that through our customer service team, we're able to quickly point people in the direction of finding a visual of how to correct a problem or how to properly install a product from the beginning."

Making installation as easy as possible has been a focus for Glenview Doors, offering the entire door package as a single, ready-to-go piece, including in-house lockset installation.

"As long as you have a level, you have a helper and you have the basic idea of how to install a door, you should be able to do this," Szyzsko says. "All of the prep has already been done by our team, so we know that all they need to do is properly mount, level, shim, seal and then hang the actual slabs."

Many manufacturers also offer online training and videos to help make sure their products are installed correctly. The most important step a dealer can take, they say, is to encourage their customers, especially non-professionals, to get the help they need.

"Obviously we've got training documentation on the correct way to install product, but I think that one of the key things here is entry doors, and this goes for windows too, it's not the easiest installation," Jeld-Wen's Jacobs says. "It's definitely a product that requires some professional knowledge to install, so really pushing consumers to get a pre-hung product that's a little bit easier to install and then pushing them to experts in the industry to help install is probably the right thing to do." ■

Jonathan Sweet is a Minneapolis-based writer and editor who has covered the construction industry for both consumer and trade publications for more than 20 years.

INTERNET INFORMATION

Companies highlighted participated in this article.

Alside:
www.alside.com

AMSCO Windows:
www.amscowindows.com

Andersen:
www.andersenwindows.com

Energi Fenestration Solutions:
www.energifenestration.com

GlassCraft Door Co.:
www.glasscraft.com

Glenview Doors:
www.glenviewdoors.com

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

HMI Windows:
www.hmiwindows.com

Hurd:
www.Hurd.com

Hy-Lite:
www.hy-lite.com

Jeld-Wen:
www.jeld-wen.com

Kolbe:
www.kolbe-kolbe.com

Lincoln Windows:
www.LincolnWindows.com

Loewen:
www.loewen.com

Marvin Windows:
www.marvin.com

Masonite:
www.masonite.com

Milgard:
www.milgard.com

Minnkota Windows:
www.minnkotawindows.com

Neuma Doors:
www.neumadoors.com

Nicolette Doors:
www.nicolettedoors.com

ODL:
www.odl.com

Ply Gem:
www.plygem.com

Pollard Windows:
www.pollardwindows.com

ProVia:
www.provia.com

Simpson:
www.simpsondoor.com

Therma-Tru:
www.thermatru.com

Thermo-Tech:
www.ttwindows.com

Weather Shield:
www.weathershield.com

Windsor:
www.windsorwindows.com

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

Boise Cascade improves VERSA-LAM LVL

Boise Cascade is increasing its VERSA-LAM LVL Modulus of Elasticity (MOE) grades in 2019 in order to simplify the process of designing wood structures. VERSA-LAM laminated veneer lumber (LVL) beams and headers are designed to eliminate twisting, shrinking and splitting, and deliver flatter, quieter floors and structures. Sized to match Boise's BCI and AJS Joists and other elements of the SIMPLE FRAMING SYSTEM, VERSA-LAM is said to offer quick assembly and is precision cut into more than 18 standard sizes. Because they have no camber and strength is consistent throughout, VERSA-LAM LVL products have no top or bottom side. www.bc.com/apples



Multi-Panel Gliding Patio Door from Boral

Boral Windows has introduced a gliding patio door system with customizable two-, three-, and four-panel configurations up to 8' high and totaling up to 16' wide. The flexibility and large sizes are said to be ideal for creating seamless indoor-outdoor connections and increasing ventilation and daylight infiltration. The saddle-style patio doors glide on a reinforced vinyl rail and heavy-duty, adjustable stainless-steel rollers. They feature a mechanical frame and welded sash, dual-seal weather-stripping, reinforced vinyl hollows, and an internal weep system. The patio door is currently available in Oklahoma, Arkansas, Texas, Louisiana, Mississippi, Alabama, Georgia, the Florida Panhandle, Tennessee, and North and South Carolina. www.boralamerica.com/windows



GREAT STUFF SMART DISPENSER from DowDuPont

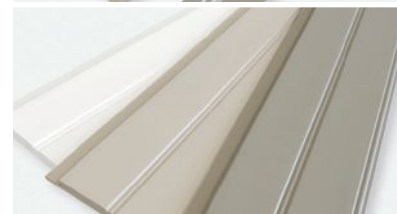
Performance Building Solutions, a business of DowDuPont Specialty Products Division, has introduced a patent-pending GREAT STUFF SMART DISPENSER, designed as a solution to make air sealing easier, more precise and with less product waste. The SMART DISPENSER is reusable for up to 30 days, and said to provide no drip. This new technology and design of the dispenser is said to give contractors and DIYers alike the flexibility to move from project to project easier, with the option to come back to their air sealing job at a later time. www.dow-dupont.com



New PVC trimboard accessories from Palram

Palram has launched a new family of PVC trimboard accessory products for its Color2Core (C2C) product lineup. The C2C line (home to a full offering of matching dimensional foam PVC trimboard) now includes PostWrap column wraps and corners, plus two extruded decorative mouldings—Bead Board with Nail Flange and Brick Mould. The new accessories are available in three C2C colors—white, Sand and Clay—in multiple widths and lengths. Palight PostWraps are available for 4", 6" and 8" posts in 8'6" and 10' lengths, and either smooth or woodgrain finish. Palight Trimboard Corners come with EverClean Protective Film. Corners are available in 4", 6", and 8" widths and 20' lengths, with either a square or a rabbeted edge, and a smooth or woodgrain finish. The new 6" Bead Board with Nail Flange gives contractors new options for no-paint solutions for porch ceilings and wainscoting.

go.palram.com/palight-trimboard



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- Rough Sawn Posts: 4" x 4" - 8' & 10'



PRODUCT PICKS

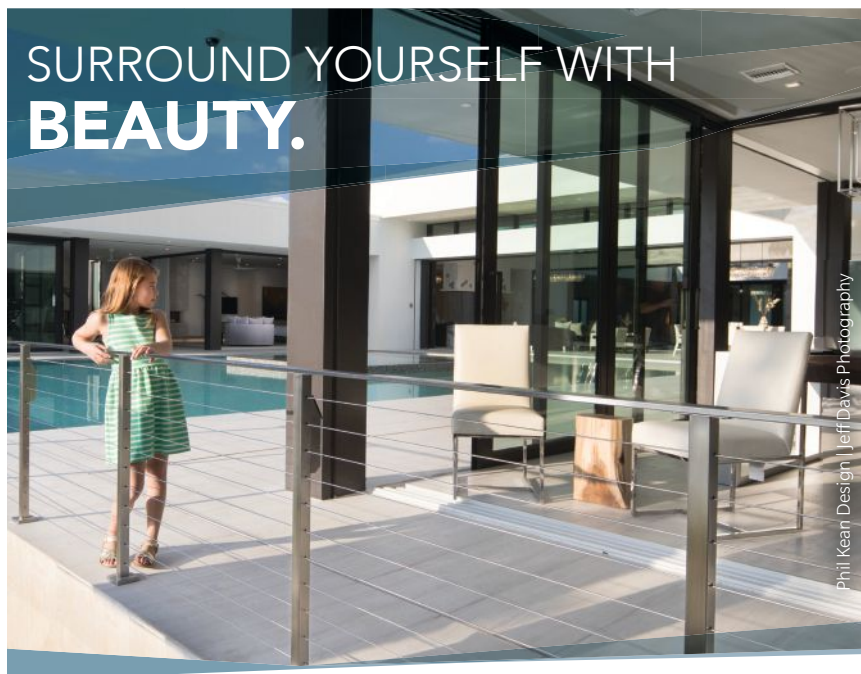
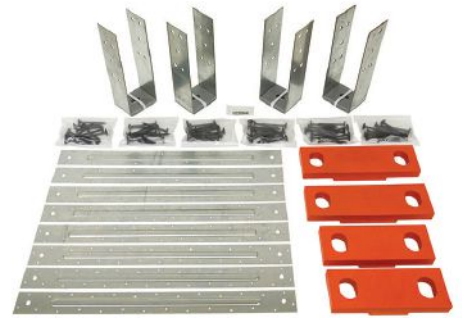
TandoShake Cape Cod Perfection

TandoShake Cape Cod Perfection siding, manufactured by Derby Building Products, features a profile designed with crisp, square edges, resistance to extreme weather, and is available in five colors said to provide the look of painted wood. TandoShake's Cape Cod Perfection was developed to hold up beyond traditional wood shakes in any kind of weather and can be used for ground contact and roofline applications. Derby Building Products says Cape Cod Perfection has the beauty of painted wood but without the hassles and upkeep. Cape Cod Perfection features a 5" exposure, and a variety of solid colors including Classic White, Ashwood Gray, Slate Gray, Wheat, and Mariner Blue. www.tandobp.com



Simpson Strong-Tie's Site-Built Wood Framing System

Simpson Strong-Tie has launched Strong-Wall site-built portal frame system (PFS) to provide designers, engineers, and builders in prescriptive markets with a way to meet code-defined wood wall-bracing requirements when building narrow wall widths. Engineered to be simple and quick to install, the PFS is designed to provide builders with a cost-effective alternative to IRC braced-wall solutions. Available in single-wall and double-wall portal frame kits, the PFS includes holdown assemblies, standoff and adjustable post bases, truss-ply screws, connector screws, a 6-lobe T40 driver bit, and complete installation instructions. Contractors add lumber and assemble. Features and benefits include: Allowance for narrow wall widths and design flexibility. www.strongtie.com/pfs



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Rainier cable rail system with flat stainless steel top rail

PURewall by Hunter Panels

Hunter Panels, in partnership with Covestro, has introduced its first integrated residential wall construction advancement—PURewall—designed to be a smart solution for the skilled labor shortage. The panelized wall assembly aims to reduce jobsite labor, shorten build time and cut homeowner energy costs all while ensuring a high-quality system. PURewall is pre-assembled with 2x4 studs, up to 24" on center, in a controlled panelization facility, and is offered as a complete solution. Plus, the system's continuous insulation and taped joints are designed to allow it to function as a weather-resistant barrier, which the company says can eliminate the need for house wrap.

www.hunterpanels.com/purewall



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PRODUCT PICKS

DaVinci Roofscapes introduces DaVinci Select Shake Roofing

DaVinci Roofscapes has added a fourth shake profile to its roofing product offering: DaVinci Select Shake. Designed with the authentic look of real cedar shake taken from natural wood profiles, the multi-width DaVinci Select Shake tiles are available in 8" to 10" widths, each DaVinci Select Shake tile is 22" long and has a 5/8" thickness. The 10" wide pieces have a simulated keyway to give the appearance of 4" and 6" width shakes placed together. The unique tile design of DaVinci Select Shake is said to allow for faster installation than previous DaVinci single- and multi-width products. The new DaVinci Select Shake product line comes in eight color blends, including Autumn, Chesapeake, Mountain, Tahoe and Weathered Gray. The additional three color blends come from the Nature Crafted Collection and include Aged Cedar, Black Oak and Mossy Cedar. www.davinciroofscapes.com



Haas Door Commercial Aluminum Garage Door Series

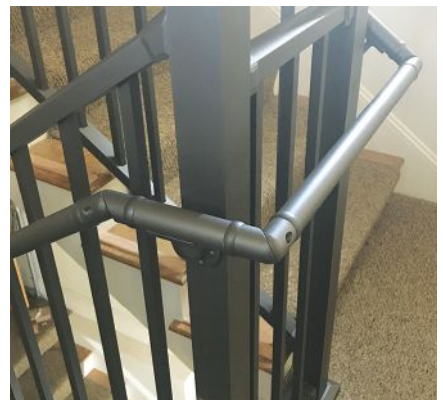
Haas Door has expanded its Commercial Aluminum (CA) garage doors series by offering two new models: CA-315, and CA-320. The designer garage doors are available with all glass or insulated panels, with various types and thicknesses of glazing. Haas Door CA garage doors come with 28 specialty glass options, four anodized color options, 10 painted finish options, and 14 woodgrain color options. The garage doors can also be ordered with a custom-matched color or powder coating. The CA-315 line can be ordered in anodized colors of Clear, Dark Bronze, and black, plus in a Polar White painted color, as well as nine additional painted colors. www.haasdoor.com



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Westbury handrails from DSI

DSI, Inc.'s Westbury ADA (American with Disabilities Act) compliant aluminum handrails are designed for use in residential and commercial projects and are offered in a variety of lengths and with accessories that allow for customized handrails. These railing products are compatible with new or existing railing systems. Available in standard or custom colors, Westbury ADA railings are powder coated to provide low maintenance and long-term durability. The components are designed to be lightweight and engineered for easy installation. www.diggerspecialties.com



New CertainTeed shake and shingle siding colors

CertainTeed's Cedar Impressions and Northwoods profiles are now available in new solid color selections. Cedar Impressions Individual 5" Sawmill Shingles and mitered corners are available in Colonial White, Natural Clay, Savannah Wicker, Seagrass and Sterling Gray. These are in addition to the Ageless Cedar color blends, which were developed to capture the appearance of natural Eastern White Cedar and Western Red Cedar at various stages, providing a comprehensive selection of unique, random color patterns. Accessories for Cedar Impressions Single 7" Straight Edge Perfection Shingles are now available in a new solid color to best complement the Ageless Cedar, Cedar Blend color. The new Cedar Blend solid color accessories include: outside corner, inside corner, j-channel, under-sill trim, cornice mold and bay window corner. The shingles are also offered in Driftwood, Natural and Rustic blends. The newest profile in the Northwoods' line, Single 7" Straight Edge Perfection Shingle, now also offers three lighter shades in Colonial White, Sandstone Beige, and Desert Tan. These new solid colors join the line's 17 other colors, including Autumn Red, Espresso, Midnight Blue, Seagrass and more. www.certainteed.com/colortools



Smart Vent Sealing Kit

Smart Vents are used for a home with a crawlspace or any enclosed area that desires natural air ventilation and flood protection. The vent door is latched closed until it comes in contact with flood water. Entering flood water lifts the patented internal floats which unlatch and allow the door to rotate open. This allows the flood water to automatically enter and exit through the frame opening, relieving the pressure from the foundation walls. Certified flood debris clearance is demonstrated with a 3" diameter opening when the flood door is activated. A bimetal coil automatically opens and closes the ventilation louvers as temperature changes. No electricity is required. The louvers will be fully closed at 35°F and fully open at 75°F. In the event of a flood the internal floats lift to release the flood door to rotate open and relieve the hydrostatic pressure regardless of the louvers' position, open or closed. Dual Function Smart Vent models are certified to provide both flood protection and natural air ventilation. www.smartvent.com



LEVEL5 drywall finishing tools available through Grabber

By partnering with LEVEL5, Grabber, known for fasteners, now has a hand in finishing products. The tools are available in sets as well as SKUs for product categories such as trowels, putty and taping knives, skimming blades, and specialty tools and accessories including knives, mixers, pans and more. Designed for professionals, most LEVEL5 drywall finishing tools are available in various sizes. www.grabberpro.com



DEWALT jobsite speaker

DEWALT's new 12V/20V MAX Jobsite Bluetooth Speaker connects via Bluetooth to wirelessly stream music up to 100' away. The speaker is compatible with 12V MAX and 20V MAX batteries (sold separately) and comes equipped with a standard detachable power cord to operate off of a 120V wall outlet. It can also be used with a FLEXVOLT Battery. The handle doubles as a mobile phone stand designed to hold the user's device and displays the screen. An additional storage tray is available under the handle. The speaker includes both a USB charging port and auxiliary jack which provide mobile phone charging and alternate connection options. www.dewalt.com



NLBMDA 2019 SPRING MEETING AND LEGISLATIVE CONFERENCE RECAP

NLBMDA'S Spring Meeting and Legislative Conference kicked off Monday, April 1. This annual event focuses on bringing lumber dealer executives and industry service providers from across the United States to Washington, D.C. to advocate on critical issues impacting the industry and to serve as the voice of the industry on Capitol Hill.

Day one started with a Lumber Dealers Political Action Committee (LuDPAC) luncheon featuring Jake Sherman, senior writer for Politico. Sherman shared his exclusive insights into President Trump's first two years in the White House and provided candid responses to questions from attendees.

Following the luncheon, attendees had a chance to sit in on a discussion with Marc Freedman, vice president of employment policy, from the U.S. Chamber of Commerce, who discussed labor and employment issues, along with some of the key players in Washington. Up next was Ken Monahan, director for international economic affairs, from the National Association of Manufacturers, who discussed trade and tariff issues, including the U.S.-Mexico-Canada Agreement (USMCA).

Tuesday began with the Washington Briefing Breakfast featuring Jerry Howard, CEO of the National Association of Home Builders (NAHB) and Rep. John Curtis (R-UT).



Howard discussed housing affordability issues and how that could factor into the 2020 elections and how NAHB is devoting significant resources to this. He also discussed burdensome regulations and how worker shortages are factoring into housing issues.

Rep. Curtis, elected in 2017, discussed his observations as a business owner and new member of Congress with the group. Curtis touched on the positives he has witnessed in Congress and how there is still bipartisanship despite the perceptions in the news.

Following the breakfast briefing, attendees had the opportunity to learn how to effectively communicate NLBMDA positions on key issues to members of Congress during the NLBMDA Issues Briefing session. This session was led by NLBMDA's President & CEO Jonathan Paine, and the North-eastern Retail Lumber Association's Director of Legislative and Regulatory Affairs Kirk Ives.

Conference attendees then went to Capitol Hill and met with lawmakers regarding the Qualified Improvement Property Fix, the Health Insurance Tax Relief Act, strengthening the Low Income Housing Tax Credit, and renewal of the U.S.-Canada Softwood Lumber Agreement. In total, NLBMDA members visited more than 160 offices. The conference was capped off with a reception on Capitol Hill.

Thank you to all attendees, leadership, staff and especially sponsors for making the conference a success. NLBMDA looks forward to building on the legislative momentum established by its members in the months to come. ■

A: NLBMDA members and their families met with Sen. Mike Braun (R-IN).

B: Jerry Howard, CEO of the National Association of Home Builders (NAHB) spoke at the annual Washington Briefing Breakfast as part of NLBMDA's Spring Meeting and Legislative Conference.

C: Members of the Mountain States Lumber and Building Material Dealers Association met with Rep. John Curtis (R-Utah).

D: NLBMDA members pose for a photo during the group's Spring Meeting and Legislative Conference.



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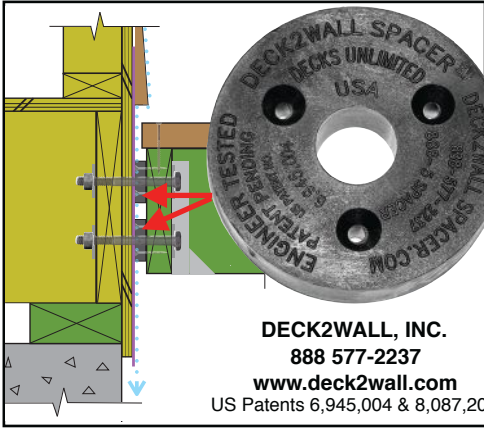
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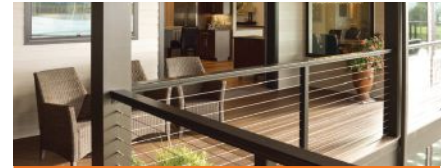


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THE CHALLENGE OF MOVING FORWARD

AS A YOUNG, MOTIVATED COLLEGE GRAD, YOU'RE FRUSTRATED THAT THE LBM DEALER YOU WENT TO WORK FOR HAS NO INTEREST IN CHANGE. WHAT WOULD YOU DO?

From everything you read and hear, you're the kind of person that LBM dealers across the U.S. are desperate to hire. As a recent college grad with a degree in business, a good grade point average, and a solid work ethic, you had several employment options with good companies. After meeting with countless potential employers and having lots of informative discussions, one company stood out: Forward Lumber Company. You didn't know much about the lumber business prior to meeting them at a job fair, but the more you learned, the more you were impressed with the opportunity.

In particular, you were drawn to the fact that the company had been around for nearly 80 years, and many of the employees were "lifers." The more questions you asked, and the more company personnel you talked with, the more convinced you became. Then, when you learned about the earning potential as an outside salesperson, you were sold. You shook hands with the owner, and began what you believed could be a long, happy, lucrative career with Forward Lumber Company.

Since you were new to the construction supply industry, you had a lot to learn. Essentially, you were a sponge for the first 18 months or so, happily learning about the differences between products and brands, understanding how builders place orders and how deliveries are staged and delivered, and how the company managed its inventory and back-office operations. It didn't take long to realize that there was much more to the lumber business than met the eye.

As one of the youngest members of the company, fresh from college with a solid grasp of how businesses can use technology tools to boost sales, profits, and to operate more efficiently, you were excited about the very clear opportunity to contribute to your employer's success. Understanding how disruptive change can be, and respectful of how far the company had come with no help from you, you suggested small incremental changes that you believed could have a big impact on the company's bottom-line. The answers you got were consistent and disappointing. "Our sales reps don't need a computer to tell them who our customers are or how much they spend," the owner told you one day, when you mentioned a very basic CRM. When you suggested a way to eliminate duplicate order-entry (to save time and reduce mistakes), the owner said, "the way we do it is fine." When you offered to establish a basic social media presence by setting up a Facebook page for the company on your own time, the owner shot that down too: "I appreciate the offer, but I don't see how social media could help our company."

When Forward Lumber hired you, you thought that a big reason they wanted you was to help them modernize their operation. As time goes on, it's becoming clear to you that they're not interested in change—at all. While you love the idea of working for a solid company that provides a valuable service to your community, you're frustrated not being allowed to help Forward Lumber move forward. A couple of college friends are encouraging you to apply at their companies, where smart people are needed, and where they say your desire to contribute will be appreciated. What would you do?



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- 1 MOVE ON.** You gave it a shot, and frankly, you're tired of being told "no." If they're not open to changing and improving the way they do business, then why did they hire you?
- 2 EXPLORE.** Request a few minutes to sit down with the owner and let him know your frustrations. There may be a very good reason that all of your suggestions are met with a "no."
- 3 GET BUY-IN.** Talk with some of your colleagues who are enthusiastic supporters of some of your ideas, share your dilemma, and ask for them to back you up.
- 4 ONE MORE TRY.** Getting input from co-workers, define one small change that has no downside, and would save the company both time and money. Present it, and if you get a no, it's time to go.

SOMETHING ELSE?

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