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NOVEMBER/DECEMBER 2019 \$10 U.S.

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IN DEPTH: TECH TOOLS

CLOUD TECHNOLOGY, FLEXIBILITY DRIVE
SOFTWARE CHANGES

REAL ISSUES. REAL ANSWERS.

THE BOOMER BRAIN DRAIN

2019 REMODELING SHOW AND DECK EXPO PRODUCTS



JACK STEVENSON, PRESIDENT
OF MID-CAPE HOME CENTERS



CUSTOMER SUCCESS STORY

Dick-N-Sons Lumber

Spruce® Takes Productivity and Efficiency to Whole New Levels

If you have any doubts about the importance of a strong technology platform for LBM dealers, just spend a few minutes with Lola VanDeWalle, Vice President of Dick-N-Sons Lumber in Blue Grass, Iowa.

An industry veteran with over 20 years of experience, VanDeWalle views technology as a vital strategic resource for her company. "Our customers want instant access to information and the vendors and business partners we work with only want to do business electronically," she says. "Technology is critical today and it's only going to get even more important as we go forward."

That's why, just over two years ago, Dick-N-Sons made the switch to Spruce LBM software from ECI Software Solutions, the leader in software development for growth-oriented small and mid-size enterprises.

Transitioning from legacy software to an end-to-end solution empowered the business

When VanDeWalle and her team went looking for replacement software, it didn't take long to find it. "What we saw in Spruce was a complete package that offered everything we needed to handle both our retail hardware business and our lumber operation from start to finish," she explains.

"Just about any basic POS system can handle a sale at the register, but our business is so much

more than that," VanDeWalle contends. "With Spruce, we have a single point of contact that can go from estimates to orders, from orders to invoices and dispatch and then on to accounting, all the way through to tax reports at the end of the year. Instead of buying software that does only part of what you need, but then forces you to pay more for additional functionality or programs, Spruce gave us an all-inclusive package that covers all our bases, and offers scalability for the future."

Cloud-based software automates maintenance, backups, upgrades, and security

Spruce's status as a cloud-based system also made a big difference, VanDeWalle explains. "When we switched to Spruce, we no longer had to take care of server maintenance, backups, and security. That freed up valuable time to spend in more productive areas."

Anytime, anywhere access boosts efficiency by allowing executives the freedom to roam

Plus, being in the cloud means the Dick-N-Sons team can now access the program literally from anywhere. "One of our operations managers is a farmer and he can pull Spruce up from his tractor," says VanDeWalle, who herself has logged on from an orphanage in the Dominican Republic while working there as a volunteer.

In just two short years, says VanDeWalle, Spruce LBM software has completely transformed operations at Dick-N-Sons and taken productivity and efficiency to whole new levels. "We are completely automated now," she reports happily. "Our sales team can bid a job and instead of having to re-key everything multiple times, the details all flow seamlessly through the integrated business system."

Dick-N-Sons' truck drivers even carry their own Spruce tablets to record delivery details and take photos that go directly into the proof-of-delivery file. And since the information is completely live, anyone can see real-time order status, expected delivery times and more with just a few mouse clicks.

"So many aspects to the Spruce program have been absolutely wonderful for us," says VanDeWalle. "We have 100% better insight on our inventory and margins thanks to Spruce. It has dramatically improved our receiving and quarterly and year-end reports for our CPA that used to take weeks to prepare now get done in a day."

Intuitive Windows-based software is easy to learn and master

For all its high-tech bells and whistles, Spruce is a remarkably user-friendly program according to VanDeWalle. "Like most businesses, we have a wide range of ages in our team—from youngsters who grew up with technology to long-time employees who had never used computers before and find them quite daunting," she reports. "None of our people had any trouble learning the program when we made the switch. Now, when we bring in new hires, all it takes is maybe a day or two and they're comfortable running the register."

Like what you've read so far?

Continue reading this case study to learn more about how Dick-N-Sons Lumber leverages Spruce software to streamline their growing business.

www2.ecisolutions.com/dick-n-sons-story



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ECI business management software, designed for the lumber and building materials industry, provides real-time visibility into every area of your business giving you smarter data so you can make informed business decisions, provide a seamless experience for your customers, and compete at a higher level.

Learn how **Spruce®** software can help grow your business, save time, and improve the bottom line.

www.ecisolutions.com/spruce | **How business gets done.**



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LBM SALES MASTER CLASS

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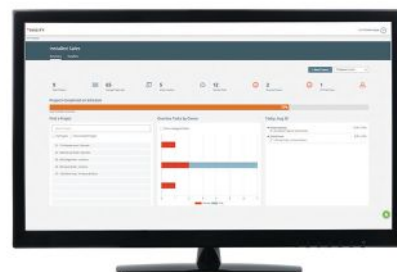
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THE POACHING PROBLEM

A big builder customer has poached two of your top people to work for him. What would you do?

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EDITOR'S NOTE

Playing to win

LAST FRIDAY NIGHT, my 12-year-old son's hockey team had its first scrimmage of the year. Walking toward the ice arena, he noticed some players from the opposing team arriving as well. With his pre-teen bravado turned up all the way, he turned to me and said, "I wonder if they know how bad we're going to crush them." It could very well have gone that way last season, since my son's team lost only one game. The key phrase there being "last season." As it happens, this was *not* the opposing team's first scrimmage of the year, and their practice and preparation showed as they dominated with a 7-2 win.

For players not used to losing, it was a humbling experience. And to lose when you're confident that your team is better can be especially jarring. There's a reason that sports analogies are so common in business—they're two sides of the same coin. It's no fun to lose a game, or a sale, but it's going to happen.

In business, as in sports, the team with the best players doesn't always win. All companies, like all sports teams, have their individual superstars. But without the rest of the team, those stars won't shine. Instead, the team with players who take training seriously, who embrace their role as teammates, who understand the importance of tactics and strategies, and have a coach who challenges and inspires them to be better than the sum of their parts... that's the team that's going to be hard to beat.

This fall, *LBM Journal* presented two events—the LBM Strategies Conference, which was focused on coaches/owners, and the LBM Sales Master Class, created for players/sales pros. The first is an annual event that continues to grow each year, while the second is an inaugural event—the result of a conversation earlier this year with Rick Davis.

Both events received strong reviews from attendees, which was great. But my big takeaway from both was that there are a lot of smart companies with leaders who understand that the world of construction supply is undergoing tremendous change. To survive and thrive into the future will require more than "good service and quality products."

One of the biggest changes is a focus of this issue: technology tools. Today's software solutions are lightyears from what we called state-of-the-art systems even a decade ago. When selected and harnessed correctly, updated technology tools can give companies a decided advantage over the competition. I encourage you to check out the In Depth: Tech Tools feature on page 44.

If you've got a winning team, and the right players in place, you're positioned well. Acknowledging current and emerging challenges and providing the training and tools your team needs to tackle those challenges is the best way to ensure that your team keeps on winning in 2020 and beyond. ■

Rick@LBMJournal.com



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- Save big with our LBM Super Saturday Specials.
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UPDATES

PEOPLE

Diana Newton and **David Sturdivant** have been elected to the **Do it Best Corp.** board of directors.



NEWTON



STURDIVANT

Roy O. Martin III has been elected chairman, chief executive officer, and chief financial officer of **RoyOMartin** companies; **E. Scott Poole** has been elected president and chief operating officer; **Terry Secrest, Jr.** has been elected executive VP of manufacturing and product sales.



MARTIN III



POOLE



SECREST

Tricia Dausat has been promoted to associate sales representative at **RoyOMartin's** Alexandria, La., corporate office. **Ari Bandaranaike** joined the sales team as a customer-service representative.



DAUSAT



BANDARANAIKE

BUILDER CONFIDENCE HIGHEST IN 20 MONTHS

Builder confidence in the market for newly-built single-family homes rose three points to 71 in October, according to the latest NAHB/Wells Fargo Housing Market Index (HMI). Sentiment levels are at their highest point since February 2018.

"The second half of 2019 has seen steady gains in single-family construction, and this is mirrored by the gradual uptick in builder sentiment over the past few months," said NAHB Chief Economist Robert Dietz. "However, builders continue to remain cautious due to ongoing supply side constraints and concerns about a slowing economy."

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

All the HMI indices posted gains in October. The HMI index gauging current sales conditions increased three points to 78, the component measuring sales expectations in the next six months jumped six points to 76 and the measure charting traffic of prospective buyers rose four points to 54.

Looking at the three-month moving averages for regional HMI scores, the Northeast posted a one-point gain to 60, the Midwest was up a single point to 58, the South registered a three-point increase to 73 and the West was also up three points to 78.

MoistureShield has named **Matt Bruce** as vice president of sales. **Molly Werner** has joined the company as senior brand manager.



BRUCE



WERNER

Fortress Building Products has announced an expansion to its senior leadership team, appointing **Toby Bostwick**, vice president, product & brand, and **Dave Smithey**, vice president, operations.



BOSTWICK



SMITHEY

Building Products Inc. has announced that veteran building materials executive **Vince Welch** has joined the company as chief operating officer.



WELCH

ECI Software Solutions has announced that its CEO, **Ron Books**, and president and COO, **Trevor Gruenewald**, have each been honored with regional and international awards. The awards recognize Books and Gruenewald for their leadership skills, community involvement and significant career accomplishments, the company announced.

Murphy Company has appointed **Dan Semsak** as director of EWP business.



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MANUFACTURERS
RESERVE SUPPLY

UPDATES

DISTRIBUTION

Russin Lumber will distribute **Deckorators'** decking and railing products to dealers throughout the Northeast and mid-Atlantic states.

INDUSTRY

Bill Mullet, **ProVia**'s founder and chairman of the board, has received the 2019 Lifetime Achievement Award from the Holmes County Chamber of Commerce. **ProVia** was named 2019 Large Business of the Year.



MULLET

Simpson Strong-Tie has renewed its sponsorship of Habitat for Humanity's yearly Jimmy & Rosalynn Carter Work Project. The Carter Work Project is a week-long build alongside former President Jimmy Carter and former First Lady Rosalynn Carter.

Simpson Strong-Tie received the award for the restoration of the Napa County Courthouse, which was critically damaged by the South Napa earthquake on April 14, 2014.

Oldcastle APG has joined **NAWLA** to help support the growth and expansion of its **MoistureShield** wood composite decking and railing products.

Roseburg Forest Products held a ribbon-cutting ceremony to celebrate the grand opening of its newly constructed Chester, S.C., engineered wood plant.

RoyOMartin has planned \$30 million in capital expenditures during the next 18 months for new projects to further modernize its Oakdale, La.,/OSB and Chopin, La., plywood and solid wood products manufacturing facilities.

US LBM Holdings is celebrating the 10th anniversary of the company's founding by President and CEO **L.T. Gibson**. Founded in 2009 as three operating divisions with 16 locations, today US LBM operates 256 locations in 32 states.

REMODELING CONFIDENCE HOLDS STEADY IN THIRD QUARTER

The National Association of Home Builders' (NAHB) measure of remodeling confidence, the Remodeling Market Index (RMI), posted a reading of 55 in the third quarter of 2019, remaining stable from the previous quarter. The RMI has been consistently above 50—indicating that more remodelers report market activity is higher compared to the prior quarter than report it is lower—since the second quarter of 2013. The overall RMI averages current remodeling activity and future indicators.

Current market conditions fell one point from the previous quarter to 54. Among its three major components, major additions and alterations dropped one point to 52, minor additions and alterations decreased by two points to 53 and the home maintenance and repair component rose one point to 57.

The future market indicators gained two points from the previous quarter to 57. Calls for bids increased by one to 55, amount of work committed for the next three months gained two points to 54, the backlog of remodeling jobs increased one point to 59 and appointments for proposals jumped by five points to 60.

BUILDING MATERIALS YEAR-TO-DATE PRICE GROWTH IS SLOWEST IN YEARS

Prices paid for building materials used in residential construction decreased by 0.3% in September (not seasonally adjusted) according to the latest Producer Price Index (PPI) released by the Bureau of Labor Statistics.

Building materials prices have declined an average of 0.1% per month over the last 12 months, and the price of goods used in residential construction has risen 1.7% in 2019, the slowest year-to-date growth through September since 2015.

The PPI report shows that softwood lumber prices increased 3.8% (not seasonally adjusted) in September—the index's largest percentage increase since prices rose 4.8% in June 2018. Prices have fallen 8.7% over the last 12 months but remain nearly 15% higher than they were in 2016.

The price index for gypsum products increased 0.3% over September after a 0.5% gain in August (seasonally adjusted). Gypsum products prices have declined by 3.9% since the start of 2019 and are down 8.0% over 12 months.

EVENTS

- | | |
|------------------|--|
| JAN 9-12 | Cameron Ashley Building Products 2020 Dealer Show, Orlando, FL
www.cameronashleybp.com/events/2020-dealer-show |
| JAN 14-16 | North Dakota Retail Lumbermen's Association Annual Convention
Fargo, ND • www.ndrla.com |
| JAN 21-23 | NAHB International Builders Show, Las Vegas, NV
www.buildersshow.com |
| JAN 22-23 | Northwestern Building Products Expo-North, St. Cloud, MN
www.nlassn.org |
| FEB 4 | Wisconsin Leadership Conference, Wisconsin Dells, WI
www.nlassn.org |
| FEB 5-6 | BMSA's Annual Learning Exchange and LBM Expo, Hickory, NC |
| FEB 7-10 | Do it Best Spring Market, Indianapolis, IN • www.doitbestcorp.com |
| FEB 24-26 | LBM Advantage Annual Convention, Orlando, FL
www.lbmadvantage.com |
| FEB 27-28 | Northwestern Building Products Expo – South, Council Bluffs, IA
www.nlassn.org |
| MAR 4-6 | LMC Annual Meeting, Nashville, TN • www.lmc.net |



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UPDATES

CO-OPS & BUYING GROUPS

Under the theme of "It all happens here," **Do it Best Corp.** members took in the 2019 fall market held Oct. 18-21 at the Indianapolis Convention Center. Featuring new destinations and events, Do it Best created an atmosphere of opportunities for owners to connect with fellow members, discover innovation, share best practices, challenge conventional thinking and inspire possibilities, the company announced.

ACQUISITIONS

Louisiana-Pacific Corporation has acquired the prefinishing assets at a Granite City, Ill., prefinish facility near St. Louis owned by BlueLinX.

Send updates about your organization to James@LBMJournal.com

TOUGH CALL ANSWERS

ANSWERS TO OUR SEPTEMBER TOUGH CALL SURVEY:

ENFORCING A HANDSHAKE

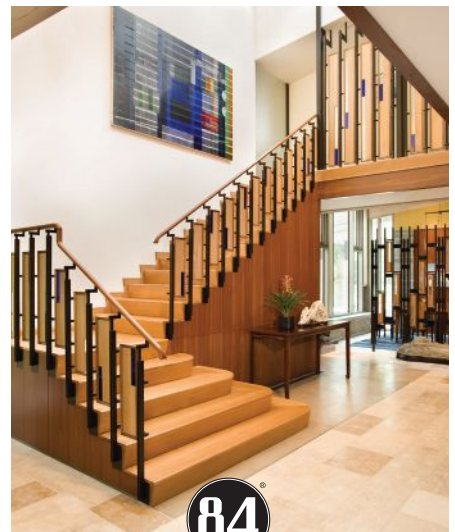
AFTER YEARS OF AN EXCLUSIVE WITH A PRODUCT LINE YOU HELPED BUILD, THE VENDOR IS NOW SELLING IT TO YOUR BIGGEST COMPETITOR. HERE'S HOW READERS WOULD HANDLE THIS TOUGH CALL.

YOUR VOTES ONLINE AT LBMJOURNAL.COM

- 6.1%** **ACCEPT IT.** There's nothing you can do. Without an enforceable contract, the vendor can do as they wish. And they're right, you did enjoy a profitable 15-year exclusive with the product.
- 19.6%** **PUSH BACK.** A deal's a deal—even if it is 15 years old. Plus, if you hadn't agreed to carry the product when you did, they likely would have lost the brand. Insist that they honor your agreement.
- 55.2%** **SHOP AROUND.** If they're not going to honor their agreement with you, then the relationship has run its course. Consider taking meetings with the other wholesalers who've been courting you.
- 19.1%** **SAY GOODBYE.** Losing the exclusive on Unknown Decking is going to hurt you but losing all your business will hurt the supplier more. Cancel all existing orders and move your business to another supplier.



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SINGLE-FAMILY PERMITS GROW IN NORTHEAST

Over the first eight months of 2019, the total number of single-family permits issued year-to-date (YTD) nationwide reached 576,798. On a year-over-year (YoY) basis, this is a 3.7% decline over the August 2018 level of 599,117. Year-to-date ending in August, single-family permits reported declines in three out of the four regions. Northeast was the only region to post a growth of 0.4%.

The South, and West, and the Midwest declined by 1.6%, 6.6%, and 8.8% respectively, compared to the same time period in 2018.

The Northeastern region had the highest growth in multifamily (17.2%) while the West recorded a decline in multifamily permits growth (-0.8%) during the last 12 months as housing affordability concerns reduce production of both single and multifamily residences.

Between August 2018 YTD and August 2019 YTD, 14 states and the District of Columbia saw growth in permits issued while 36 states registered a decline. The District of Columbia recorded the highest growth rate during this time at 59.7% from 77 to 123, while single-family permits in Montana declined by 23.0%, from 1884 in 2018 to 1451 in 2019. The 10 states issuing the highest number of permits combined accounted for 60.8% of the total permits issued.

BY THE YARD

NEWS FROM LUMBERYARDS AROUND THE COUNTRY

Kodiak Building Partners acquires Jenkins Lumber

Kodiak Building Partners has acquired **Jenkins Lumber and Hardware** in Alpine, Wyoming. Jenkins Lumber is a single location pro-dealer that sells an array of lumber and building materials. Dave Jenkins will remain the president of Jenkins Lumber.

Zuern Building Products to add fifth location

Zuern Building Products of Allenton, Wis., plans to open its fifth location, a corporate and distribution center, early next year. The 70,000 square foot expansion will serve as a controlled environment for interior millwork, cabinets, and windows.

Leadership evolution at Hancock Lumber

Paul Wainman will become president of **Hancock Lumber** effective January, 2020. Wainman, who will keep his role as CFO, will be just the eighth person to serve as president since the company's founding in 1848. **Kevin Hancock**, who has been president since 1998, as well as CEO and chair for almost as long, will continue as CEO and chair.



WAINMAN

New managers at McCoy's locations

McCoy's Building Supply recently named new store managers: **Tyler Louis** in Palestine, Texas; and **Julio Lopez** in Carlsbad, N.M.; **Moses Sambrano** in Hobbs, N.M.; and **Mike Wauson** in Corpus Christi, Texas.



LOUIS



LOPEZ



SAMBRANO



WAUSON

New GMs at Higginbotham Brothers

Higginbotham Brothers, a 39-store chain of Texas lumberyards, has appointed new general managers at three of its locations. The new general managers are: **Tony Quinn** in Eastland, Texas; **Keith Johnson** in Stephenville, Texas; and **Aaron Cox** at the Midlothian location.

Tomah Lumber celebrates 90 years

Tomah Lumber in Tomah, Wis. is celebrating 90 years in business. The company was founded in 1929, and is now owned by Eric Hall and Travis Boettcher.

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.

US LBM acquires Forge Lumber

US LBM has acquired **Forge Lumber**, which operates locations in Cincinnati and nearby Kentucky.

Boston Cedar and NILCO now known as U.S. Lumber

Boston Cedar and **NILCO** locations are now known as **U.S. Lumber**. The change went into effect Oct. 1. Boston Cedar and U.S. Lumber announced a merger in the spring of 2016. NILCO was acquired by U.S. Lumber in Sept. 2017.

Townsend Building Supply celebrates 75 years

Townsend Building Supply celebrated 75 years in business this month. The company, with two locations in Florida and five in Alabama, was started in Chipley, Florida, by A.F. Townsend and L.B. Peaden. It has been solely in the Townsend family since 1949.

Gutherie Lumber expands sales team

Gutherie Lumber has announced the latest expansion of its sales team. After bringing on Sales Manager **Paul Aggeler**, and after the retirement of two veteran team members, the company has added account managers **Kevin Boyll**, **Steven Dennison**, **Brandon Gibson**, **Bill Hertel**, and **Spencer Maize**.

Russell Building Supply opens Auburn store

Central Alabama's **Russell Building Supply** has officially opened its newest location in Auburn. The new store offers more than 20,000 square feet of home improvement items along with other services.



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LBM SALES MASTER CLASS | 2019 RECAP

THE FIRST-EVER LBM Sales Master Class was held Oct. 15 in Boston, Mass. Nearly 150 LBM sales pros, managers and owners from throughout the U.S. attended the sold-out event to hear from the industry's top sales experts—Bill Lee, Rick Davis, and Bradley Hartmann—on how to sell more, and sell more profitably.

Rick Davis kicked off the event with 90 minutes of game-changing insights from his new book, *Sales Economics*. Rick showed how salespeople can create predictable results by objectively measuring the effectiveness of sales calls. He also shared his time- and field-tested

views on cold calls, closing sales, and solid steps that salespeople can use to consistently grow their sales.

Sales training legend Bill Lee was next, discussing why selling on price inevitably ends up being a race to the bottom, and why the “quote-and-hope” way of doing business is a losing strategy as well. Bill shared his trademark Six Step Prospecting Process to help sales pros evolve from a price-focused quote factory into a consultative sales leader.

Bradley Hartmann followed with some of the key insights gleaned from spending more than a decade with Pulte Homes,

building and later buying materials and labor as an area purchasing manager. His presentation, which included plenty of audience interaction, included the most common mistakes sellers make, and the most effective tools to stand out from the competition.

The day closed out with audience members taking advantage of the historic opportunity to ask questions of the LBM industry's three premier sales trainers. ■

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5 QUESTIONS

WITH JAMES S. METCALF: CORNERSTONE BUILDING BRANDS

1

Q: With new construction and remodeling still strong in most markets, what do you see as the greatest challenge facing LBM dealers?

A: Companies across the building and construction supply chain, including LBM dealers, are navigating a significant labor shortage. It is becoming increasingly difficult and expensive to attract and retain talent, both for current staffing needs and for the next generation of the workforce.

To help our customers face this challenge, we are focused on making products that are easier to install, which ultimately helps dealers make the most of their limited resources. We've invested in inventory tracking software, just-in-time delivery options and other technologies to help dealers streamline the ordering process. Our training and certification programs enhance our distribution partners' capacity to support their customers by providing information about our product portfolio and best practices for installation. And we partner with the National Association of Manufacturers to participate in programs that aim to expose veterans, students and other talent pools to career opportunities within our facilities and the industry.

2

Q: Looking ahead, what's the biggest opportunity?

A: Technological advancements including automation and digital quoting platforms enable dealers to increase productivity, maximize efficiency, and deploy their limited labor resources against other strategic areas of their businesses. As a leading building products manufacturer, we know products are the primary driver of sales. That said, investments we make in manufacturing process automation benefit our dealer partners by ensuring accuracy and consistency across our product portfolio while reducing manufacturing costs.

3

Q: What advice do you have for dealers as they navigate disruptions like uncertainty with trade and tariffs, and the possibility of an economic slowdown?

A: In times of economic uncertainty, dealers need to understand local market dynamics to ensure supply meets demand in the geographies they serve. Dealers can work closely with their product manufacturers to ensure supply chains remain undisrupted, focusing on supplier redundancy and near-shoring production where applicable. To remain nimble and focused on service, dealers can evaluate the cost structure of both the products and services they offer. This awareness can help them identify differentiators that provide the most value to customers.

4

Q: From your perspective, what are the biggest changes happening in the world of exterior building products?

A: Builders continue to focus on offering affordable housing options to meet market demands. And the exterior building products supply chain continues to aim to reduce the costs of their products and associated services while adding value. Products used across the exterior envelope can contribute to the overall affordability of a house when they are durable, high performance and low maintenance. Long-lasting, affordable options including vinyl windows, PVC trim, and vinyl siding continue to gain popularity because they require little to no maintenance while offering variety across colors and design details. We conduct research to understand the functionality homeowners desire, which include features that maximize energy efficiency, minimize noise and contribute to smart, automated homes.

5

Q: When Ply Gem and NCI Building Systems merged to become Cornerstone Building Brands last November, it created the largest manufacturer of exterior building products in North America. What does that mean for our readers?

A: We formed Cornerstone Building Brands with a greater purpose to positively contribute to communities we serve through our expanded footprint. Understanding that our building products are the cornerstone of these communities, we now have a broader product portfolio that is essential to both residential and commercial markets. We are relentlessly committed to our customers and to creating quality building solutions that enable communities to grow and thrive.

As an integrated company, we're serving our customers and communities across North America as the trusted leader in windows, vinyl siding, insulated metal panels, metal roofing and wall systems and metal accessories. Our ability to serve as a one-stop shop for customers and to provide our expanded product portfolio across the commercial and residential categories adds real value to dealers. ■

James S. Metcalf is chairman of the board and CEO of Cornerstone Building Brands—the newly merged NCI Building Systems and Ply Gem. He also serves on the Board of Directors of Tenneco Inc., the National Association of Manufacturers and the Harvard University Joint Center for Housing Studies.



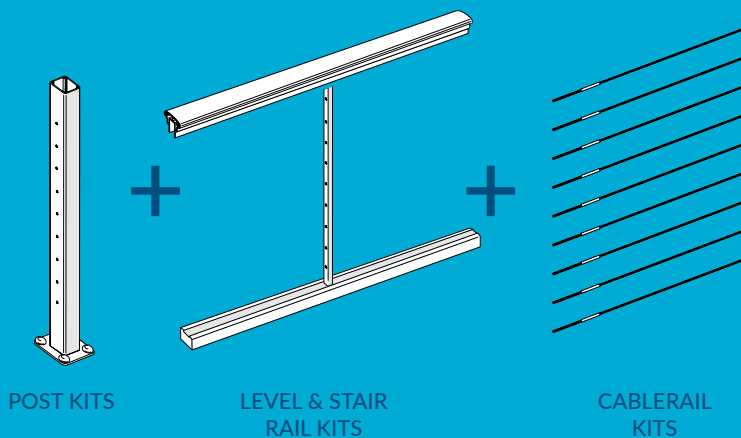


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What are you trying to make happen in your business?

STORE MANAGERS ARE NOT MEASURED by how tired they are when they come home at night. They are measured and rewarded by their ability to give the stockholders an optimal return on their investment. When an organization falls short of its goals, it's not unusual for a consultant to be asked to take a critical look at the business.

When I am invited to conduct a consulting assignment for a client company, the title of this article is one of the very first questions I ask. The first thing I need to know is what priorities the manager sees as most critical.

I believe owners and senior managers will find the following exercise to be eye-opening, so before going to the expense of hiring a consultant, you may wish to ask these kinds of questions of key associates. Keep a copy of both the questions and answers in a safe place so you can easily locate them, pull them out and periodically remind yourself of the specific priorities that management should be focusing on.

As a consultant, it's my job to help my clients solve problems that cause them to practically pull their hair out. The solutions are not always apparent. Like a physician, I begin by looking for the symptoms I can uncover by asking both managers and key associates a series of questions. My experience has been that solutions to most of the challenges managers face lie in the hearts and minds of the key associates, so this is why I begin a consulting assignment with a series of in-depth interviews.

I believe it's important the way the questions I ask are framed. The number one rule is to make the questions open-ended. When I do ask a question that can be answered with a yes or a no, I try to always ask for an example to make sure I am not reading something into the person's answer that's not really there. I ask questions such as:

- What's preventing you from...?
- What's standing between you and ...?
- If it were not for _____, are you telling me you believe you could achieve the desired outcome?
- What are several of the obstacles you are facing in your attempt to achieve your goals?
- How so...?

- How do you believe your job is measured?
- What do you believe you have to accomplish in measurable terms to earn a significantly larger raise than you would normally receive?
- How would you describe the relationship between you and your supervisor? Perhaps you could begin by explaining how he/she manages you.

Since gross margin is an example of a business topic I am asked a lot of questions about, I would design questions about a specific topic that are much more direct:

- Do you know how the company arrives at sell prices?
- Based on your experience here, who all appears to you to have pricing authority?
- What sort of training or coaching have you found to be most effective in improving your ability to overcome pricing objections?
- If you were put in charge of gross margin control, what are the first two or three things you would do differently to more positively influence the company's gross margin?

When interviewing salespeople, you may wish to ask questions along these lines:

- What sales books have you read that have made the biggest difference in your ability to overcome the obstacles salespeople encounter?
- What technique(s) have you found to be most effective at getting a prospect to do business with you?
- Can you think of any valid criticisms that have been made about your selling style?
- Where does price rank among the obstacles you face in selling prospective customers?

I wrote this article because I am so often asked what kinds of questions owners and senior managers should be asking their key associates to uncover opportunities to improve performance. I hope those of you who are seeking more insight into your respective organizations will find these ideas helpful. ■



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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Build a sales talent funnel

IF YOU WANT TO BUILD a quality sales team, you have two routes to choose. One is to hire and hope, and the other is to build a funnel of talent from within. Of the two options, the latter has proven to be more successful.

I discovered this during a meeting when I polled an audience of industry executives. They were first asked to list their top sales producers, and then we discussed how those top sales producers came to the companies. The consensus was that most top sales performers were not hired guns recruited from competitors. Most agreed that hiring a high quality salesperson without industry knowledge is also a tough path to take. The executives concluded that their best salespeople are instead long-time employees who grew from within.

The “hire and hope” approach means taking a chance on an outsider joining your organization and having both the sales skills you seek in a sales performer as well as the internal traits that mesh with your culture. This approach infers high recruiting costs because of the salaries necessary to pay experienced salespeople and time lost for failed experiments. Building talent from within proves to be the more efficient and less costly route.

It takes time to build a successful sales performer, because it's not simply a matter of putting someone behind a counter to ring up orders. The newcomer must learn the nuances of multiple products and brand terminology. They will also need months, possibly even years to understand construction practices, scheduling (i.e. lead-time) challenges, and how various pieces fit together. The performer must become adept at entering orders into your software platform. Also, there are the issues of cultural fit and character.

The ideal sales candidate possesses commitment for personal growth, leadership skills, a teamwork mind-set, and

quality decision-making abilities. Moreover, it's vital that your salespeople share the values of your organization and demonstrate the commitment to supporting internal customers as well as external ones. These traits are difficult to accurately discern during a few brief interviews. Instead of trying to buy a sales force, build one. Here is the process:

1. Hire young people unlike you. If you weren't born into the LBM industry, then you were likely poor when you started ...or so say the many successful people I have polled. Our industry offers a low barrier to entry, but a lengthy path to long-term success. The people in your social circle might not be the right fit, although they might be. Hire young, hungry people eager for long-term success.

2. Plan a career path with them. It's no secret that younger people get bored with tedious routine, and there is no better industry to allow for abundant shifts in task and personal growth. Instead of complaining about young people losing focus, embrace their powerful passion for curiosity and experimentation. Use it as a hiring strength.

3. Fulfill your promise. When the next opportunity for growth in your organization is available, move talent up the chain. Then celebrate it so your entire organization recognizes your commitment to career growth for all members of the team.

Stop taking shortcuts and give up the notion that you will hire a sales team to make up for lack of internal skills development. Successful organizations are about systematic success. Building your sales force from within should be part of that systematic plan. It's the cheaper, more effective, and most sustainable way to go. ■

Rick Davis is the President of Building Leaders. His latest book, *Sales Economics: The Science of Selling*, is now available at www.buildingleaders.com. For more information on hiring Rick to deliver a keynote or provide sales training for your organization, call 773.769.4409.



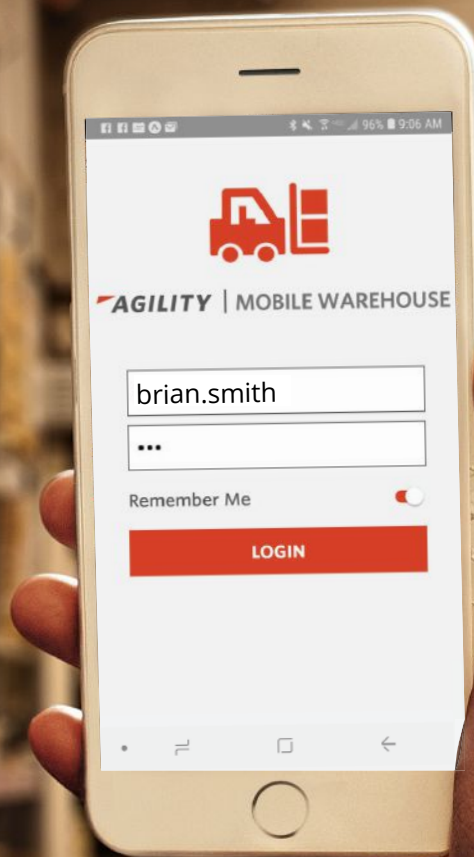
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Beware of credit card disputes when selling online

LAST MONTH we talked about why I choose not to offer store credit to my customers. I mentioned that I prefer that my customers use credit cards to purchase their materials, that way I don't have to extend the risk of store credit and the customer can manage their own rewards program through their credit card company. Usually, there aren't many problems when customers use credit cards. But, in this month's column, I want to talk about what happens when a customer disputes their charges through their credit card company.

Very rarely is a credit card dispute an issue at The Deck Store, but once we got into selling products online, we found that credit card disputes had become more frequent. I think that this is due to the fact that online customers are essentially anonymous. They're not the builders who come into the store and who have developed relationships with me and my staff. They think we're just the people at the other end of the computer, and therefore, they're not as inclined to work with us if they have an issue.

The main reason we see credit card disputes is because of stolen credit cards. Unfortunately, there are a lot of dishonest people in our world. Even though our website has credit card verification precautions that catch a lot of fraud, the criminals sometimes get smarter.

The number two reason we get disputes on credit cards is because of impatience or trust issues. If we by chance make an error on a shipment, we find that online consumers are increasingly less likely to wait the day or two for us to get the correct product to them, and instead they refuse the purchase through their credit card. Those disputes automatically cost us retailers \$25. It doesn't matter who is right or who is wrong, the seller pays \$25 to the credit card company for the dispute fee.

What many consumers don't realize is that we can't just process the transaction once they see that the correct product has arrived. We're not able to do that until the consumer also goes through the dispute process and confirms to the credit card company that the dispute is resolved. In the end, that dispute cost me \$25 and a lot of time. In one case, when the purchase was just for two deck lights, that \$25 was more than my profit on the lights to begin with.

Because we're invisible people on the other end of an online transaction, there is a less willingness to ask questions on the part of the consumer. By operating an online retail outlet, customers don't necessarily know how small we really are. They might think we're as big as Amazon and not realize we're a single-location lumberyard.

Major fraud doesn't happen very frequently, but has happened a couple times. In one instance, a gentleman bought some railing, paid on a credit card, and a couple weeks later bought the same thing but shipped to a different address. Another order followed after that. He then disputed the charges with his credit card, saying he never received anything and that it wasn't even sent to his home address. I later called him and found out what he had done, and began a legal process through his credit card company.

In another case, a woman in New York had ordered decking from us. She then claimed that she didn't like the color and demanded that we send her a different color decking and that we handle the shipping costs. It costs a lot to ship decking from Minnesota to New York, and our website clearly states that we do not handle return shipping in cases like hers. So, the customer just disputed the charge through their credit card. In order to bypass our policy, she told the credit card company that she had received the products damaged. By the time the product did finally arrive back to us, it was damaged because of how the customer shipped it, and even though I had the original email from the customer stating that she didn't like the color, the credit card company still held us liable and withheld payment. I ended up with a waste of time and money and a pile of damaged decking.

If this person had been an in-store customer, we could have shared samples. Had she called, we could have shipped a sample so that she could see the color before making the purchase. Instead, it led to a credit card dispute and unfortunately, those disputes rarely work out in favor of the retailer.

In essence, disputes become expensive when you consider the time involved in working with the credit card companies. Keep in mind that even though your policies may seem to cover fraud situations, unfortunately not everyone on the other end of an online transaction is an honest customer. ■



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

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How to ease the pain of firing an employee

WHEN IT COMES TO “most dreaded things,” firing an employee likely ranks at the top of your list alongside talking to opinionated relatives at holidays and filing your tax returns.

I can’t help you with your family or tax liability, but I can tell you how to make firing someone less painful.

I’m not going to sugarcoat it—firing an employee sucks. But you can make it suck less.

FROM THE BEGINNING

A good first step is to start thinking differently about firing. When you come at it in a different manner, your attitude and approach will follow suit.

Start by putting yourself in the employee’s shoes. Do they have a lot of doubt about their ability to succeed in this role? Do they dread coming to work? Do they feel like they don’t quite fit in?

It’s possible the employee already knows they’re failing, and it isn’t hard to imagine how it is negatively affecting them. You might even feel a bit sorry for them.

Next, remember that firing isn’t something negative you are doing *to* someone but, hopefully, something freeing and positive you are doing *for* someone.

Very few people can recognize they might be better off unemployed than miserable. So, letting someone go may be the kindest thing you can do for them in the long run.

PREPARE

When you’ve decided someone needs to be terminated, the best thing you can do is be prepared. Here are a few things I always think about.

1. Make sure all the necessary documentation is completed.
2. Bring in a second party as an observer.
3. Will they be walked out and by whom?
4. Decide how they’ll get their personal belongings.
5. Schedule either first thing in the morning or toward the end of the day.
6. Find a quiet, out-of-the-way place to have the meeting.
7. Call in security if you feel you need it.
8. Assemble a packet with information on insurance, 401(k), benefits, and severance (if applicable).
9. Gather all keys, badges, and security information.

Being as prepared as possible is one of the best ways to make these conversations go more smoothly.

THE CONVERSATION AND BEYOND

Your ultimate goal is to maintain your composure and to try to make this as easy as possible.

Don’t beat around the bush, but don’t just rip off the Band-Aid. Don’t yell, don’t escalate along with their feelings and emotions, and just stick to the facts.

It can be as simple as, “*We appreciate your efforts, but unfortunately we are terminating your employment as of today. The reason is XYZ.*” Be pleasant but to the point, and let them know exactly why. I wouldn’t go into much more detail unless they ask questions.

Typically, they might feel this is coming and, usually, you’re not firing someone without a preceding series of conversations and corrective actions. So, you should be able to keep this conversation pretty brief.

Obviously, they are going to show emotion. They might get angry, they might cry, or they might just be stunned. Give them a few minutes to compose themselves, and don’t get upset no matter what they do.

Go through the necessary items you have to cover, have them sign anything you need, and then proceed with the rest according to your plan.

IF IT GOES BADLY

If someone is abusive or threatening, don’t match their tone of voice or behavior. Call security or the police and have the person escorted out. If someone reacts very badly, you may need to consider extra security measures for your employees and property. At the very least, inform other employees that the person is no longer allowed on site and to contact security or police if they show up.

Unfortunately, firing an employee is a part of business. It might never be easy, but I have never had the smallest twinge of regret or felt I have made a mistake. I have even had a few people thank me years later because it got them out of a miserable situation and let them move on to better things.

Don’t fear firing an employee, just prepare so it can be less painful. ■



Rikka Brandon is the founder and Chief Executive Recruiter of Building Gurus, a boutique executive search and consulting firm that works exclusively with building product manufacturers and distributors to find, hire, and retain top building products talent.

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The problem with not speaking up is that nobody hears you

HOW OFTEN HAVE YOU seen somebody do something you disagreed with or found offensive, but then you let it go because you did not want to make a fuss? Have you ever been part of a team that made a decision you knew was wrong, but because you felt left out or disenfranchised with the team, you kept your opinion to yourself? How about seeing something wrong in your company or your community, and not saying anything because you feel you are just a single, insignificant voice? This is a very pervasive problem in both our work and our personal lives.

The book, “Crucial Accountability,” discusses 30 years of research on what prompts people to speak up. Researchers privately interviewed people who all agreed that if someone cut in front of them in line, they would confront the person. Yet, when they staged the scenario, not one person spoke up. The research team also went to a university library and talked really loudly next to people studying, and no one spoke up. They upped the ante and sat next to people in a cafeteria, asking them what they were eating. They went so far as to eat food off of other people’s plates, and still no one spoke up. They determined that the biggest problem was that people did not know how to speak up in an effective and constructive manner, instead relying on building up enough emotion until they finally burst, which then created a very ineffective message.

My aha! moment came early in my career when I had taken over my family business. I had a manager who was loud, verbally abusive, and hard to work with. And, to be honest, I was intimidated by him. I was only 24 at the time, and I felt I needed to get some external coaching. I told the coach that the next time this manager pissed me off, I was going to fire him. She listened and then told me, “No, you are not going to wait until you are emotional. You are going to go right back to work today, sit down with this employee, and tell him why it is not working out and that you are letting him go.” The thought of confronting this volatile employee was terrifying, but her words made sense. When I sat down with the employee and explained why his behavior was unacceptable, he nodded and said that I was right. He had been unhappy in the job, and now he was free to pursue something else. He ended up becoming a contractor and buying from

us for many more years. If I had waited until I was emotional to confront the employee, things probably would have gone much differently. I would not have treated him respectfully and would have lost his respect, as well as years of business.

As a leader in your company, you have to teach your people it is important that they speak their minds, and still have a constructive conversation that adds value to the situation, rather than escalate it into a bad one. More importantly, you have to practice these same principles yourself. You are a leader in your company, so if you don’t speak up, no one will. You might kid yourself and think that someone else will also figure out what is wrong and do something about it, but in reality, you are not comfortable with the way you want to say something, so you put it off or dismiss it. That’s not being a leader: That is being an ostrich.

To have a difficult but constructive conversation, the first thing you need to do is take the emotion out of your comments or feedback. Using metrics works because they give us something to refer to other than our opinion. Second, you need to present your message in a respectful and non-threatening way. One of my favorite tactics is to relate a story about myself in a similar situation, even if I have to stretch the truth to fit the circumstances. Lastly, don’t start the conversation with a predetermined outcome in your mind. When you offer feedback in a constructive manner, it might start a whole new dialogue in a direction you never contemplated. Run with it.

I would be remiss if I did not discuss the issue of not enough people speaking up for ourselves as an industry. I personally have chosen to volunteer with the National Lumber & Building Material Dealers Association (NLBMDA), which I will chair in Fall of 2020, because I feel we do not speak up for our industry, both at the state and national level. We have fine organizations that support us at both of these levels, but we need more dealers to participate. Maybe you feel your single voice will not be heard, but when joined by some of the thousands of dealers we have across the country, our voice can be mighty. So, I ask that you get involved. Support your state or regional associations, attend their conferences, and join us in Washington, D.C. next March 23-25 as we take our collective voice to the Hill. ■



Russ Kathrein is the president and CEO of Aurora, Ill.-based Alexander Lumber, which operates 12 locations throughout Illinois, Wisconsin and Iowa.



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Always shop the deal (almost always)

OUR FIRM TOOK A COMPANY to market for acquisition recently, and it sold the first day. “Sold,” in the sense that the buyer identified themselves in a phone call, saying, “We’re the buyer,” before we could get a word in edgewise. “We’re the buyer,” they said again, before we even had a chance to ask who exactly was calling. The excitement was palpable. We were all thrilled. A market-clearing price was set, and the due diligence process started in earnest the next day.

In this case, the acquirer knew the company we took to market for acquisition. They knew the leadership, and they owned a complementary company that made the synergies very valuable to them. In fact, they had been lying in wait, just itching for our client company to come on the market, and when they did, *boom!*, magic happened. They weren’t going to let this one slip away. They didn’t want anyone else to even see the deal, and we turned away other inquiries who were working off the deal teaser.

Is that common? Unfortunately, it’s not. It’s rare.

That said, you never know who your buyer will be, and it’s imperative that—short of accepting a market-clearing price—you take the offering of your company as far and wide as possible.

First of all, what’s a market-clearing price? That’s the price that you, as the owner, know you’d be happy to get for your company in an all-cash-at-close deal. Not a so-called “fantasy valuation,” but a realistic number in the high range of what’s reasonable. The market-clearing price should never make you feel regret, nor have you mumbling later, “Gosh, I wonder if I’d only shopped around, maybe I could have gotten more...”

So, short of a market-clearing offer by an acquirer, you really want your investment banker to take the deal as far and wide as possible. And that means offering the company to people who are clearly unlikely buyers. Push the deal teaser out to strategic buyers; push the deal teaser out to private equity groups and family offices. You never know when a deal will catch someone’s imagination. And keep in mind that as big as we think the world is, our business

community is actually quite small. People talk. “Did you see that company for sale? I bet I know who that is. You know who might be interested in that, my friend, Mr. Mister. I’m going to call him to make sure he’s seen this.” That’s the advantage of making a broad reach.

Additionally, shopping a deal accomplishes two other things, in addition to reaching a network of buyers, or companies that might refer the buyer: It creates *deal buzz*, and you want that out there. Even though the deal teaser doesn’t identify your company by name, people *always* start the guessing game when the teaser starts making the rounds. And deal buzz can really be a motivator, putting a little bit of fear in companies they might start to worry if they risk missing out on something, such as a chance to buy a pesky competitor who’s been driving them crazy.

The second thing the deal buzz does is to create a sense of *deal urgency*, so there is momentum to collect letters of intent, and drive toward accepting an offer, followed by a rapid due diligence process.

A sense of urgency is a key part of mergers and acquisitions, because the last thing you want is a deal without momentum. When an acquirer raises their hand and is selected as the winning bid, you want to parlay their excitement to fuel momentum through due diligence, and drive toward a close. The worst thing is when you land a buyer, they’re excited to get the deal done, and then for whatever reason—legal hiccups, requests for re-pricing, questions of management salary adjustments, environmental audits—the deal stalls between the LOI phase and the closing. That’s when everyone can go crazy, wondering who’s in charge. Candidly, in times like those, it takes real leadership on the investment banker’s part to serve as task master and keep the deal moving along.

Bottom line: Widely shop your deal, create the buzz, and leverage the excitement into momentum to get the deal closed. ■

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



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How to get sales reps to collect

Dear Thea,
I am the credit manager for a three-location material distributor. Our sales reps get paid commission on the sales they make, so you think that it would motivate them to help make sure we get paid. It doesn't. How can I get them engaged and help get our money collected?

— Signed, Baffled in Biloxi

Dear Baffled,
Knowledge. Money can only do so much. But if used properly, knowledge can get you just about everything you want or need. There are about as many quotes about money as there are stars, but perhaps my favorite is, "A fool and his money are soon parted." In other words, why would someone work that hard to obtain a customer and secure the sale (or many sales) only to forgo the pot of gold at the end of their rainbow?

Can we assume your sales team is littered with fools who are independently wealthy and do this sales gig for grins and giggles? Or perhaps they got super-busy chasing other sales? Maybe they possess rudimentary math skills and are not aware they are losing part of their paycheck? Or, do they make so much money on their base salary they don't need the commission income? Or, most likely do they simply have no concept of how to ask for the money? So many choices.

Do they already make a comfortable enough salary that they aren't properly motivated and they are uncomfortable or don't know how to ask for the money? At least that is where my mostly-logical mind goes.

I referred to knowledge, which I lack some of in this question. You never mentioned conversations with them or the president/owner of the business. I am going to take a leap that you have not, and are just a tad passive aggressive in this scenario (apologies if you already had the come-to-Jesus meeting with them). Here's what I recommend:

- Provide your sales team with a report that shows which clients in their sales portfolio are past due.
- Calculate the loss of commissions. Real dollar signs speak much louder than an abstract version of, "hey you're losing commission" comments.

You can do this one of two ways: one-on-one in person, one-on-one by email (copying their boss helps) or in a sales meeting that you get invited to. To be clear when I say invited, invite yourself to be on the agenda.

This sheds light on the subject and gets the conversation moving. You also didn't mention at what point they lose their commissions. 60 days past due, 90 days past the due date, when the account goes to collection? When it is written off? Do they get paid commission if the account is at some point collected or is it lost for good?

Once you put a spotlight on the loss of income, address the elephant in the room. Are you uncomfortable talking to your customer about money? They just might be. They may be great at asking for the sale, but not as great at asking for payment. They may not even know how to start the conversation. A few helpful hints from you, my friend, may leave you baffled no more.

Teach them some of your "go to" moves. Enlist your sales reps who have no issues with asking for the cash. If you have none (and that would be a rarity, in any group there is always one who is the pack leader) then you are going to have to enlist your sales leader. Offer to go with the sales rep to the slow pay/no pay customer and lead by example. Let them see how you work your magic. This will give them a baseline to start from. The best sales reps I know bust their tails for customers but make no mistake, they expect to be paid for their efforts and have no problem addressing it with the customer.

If all else fails, run the numbers. How much money are you taking into bad debt, what is it doing to your DSO and percentage buckets? Then take that to your company president or CFO. Present the data, some "adjustments" might need to be made to the pay structure to increase the motivation of your bunch. Word of advice—park in a spot you normally might not; you will not be popular when this tracks back to you.

Once you have the knowledge of what is lacking, you can grease those wheels, and everyone gets everything (almost) that they want and need. ■



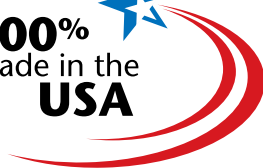
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REAL ISSUES. REAL ANSWERS.

It's a fact that our industry has an aging workforce, and as our most senior team members retire, their experience and institutional knowledge retires with them. While this issue is not unique to our industry, it is expected to hit companies with a high percentage of boomers on their team especially hard. The companies who deal with it effectively will likely have a leg up on the competition. For others, it can be a ticking time bomb. In this feature, readers discuss this issue, and weigh in on strategies for tackling...

THE BOOMER BRAIN DRAIN

BY LBM JOURNAL READERS

THIS MONTH'S REAL ISSUE was suggested by two readers who both offered up different approaches for dealing with a problem that's getting attention across industries. We combined their ideas into a brief, three-question survey, which was sent to their fellow readers who've opted in to receive our email communications. A big thank you to the 260-plus readers who took time to share their views and experiences. If you'd like to participate in future Real Issues surveys, send a note to operations@LBMJournal.com, and we'll make sure to get you added.

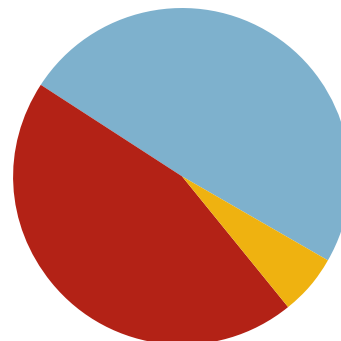
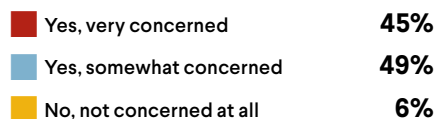
QUESTION 1

First, we wanted to gauge how big of a problem this actually is, so we asked readers to let us know where they and their company stand on this issue.

As the chart shows, it is definitely an issue for the vast majority of respondents. Only 6% aren't concerned at all, while 45% are very concerned, and 49% are somewhat concerned. The reason for the concern, or lack thereof, is clear in the comments.



"With today's aging workforce, are you concerned about your company losing decades of industry experience and institutional knowledge when senior members of your company retire or move on?"



"We have 13 employees and the average age is 65. The knowledge that will be missed when these gentlemen retire will be very hard to replace."

"With a staff that hovers around 60 people, 1/4 of those have been with the company 20+ years—and in the industry even longer. Yes, we're concerned."

"We are doing our best to transfer the knowledge of the older employees to the younger ones. The hurdle is that the older employees typically came up through the trades or at least started at the bottom of the industry learning as they went. Today's employees don't want to spend that kind of time."

"It is a very good thing that the few remaining baby boomers are retiring. Sadly, the experience and industry knowledge that we will be losing will be hugely overshadowed by the cultural advantages the company will gain when they leave. To lead into the future and successfully foster happy, productive employees, we need leaders who value a strong work/life balance, autonomy, flexibility, trust, generous pay and benefits. That is how we will begin to lure young workers into our industry and away from tech. Boomers simply can't comprehend this and, frankly, it's really hurting our industry. They need to retire and soon. It's a great thing."

"Three key members of our staff are 65+. Two others are in their mid-fifties. Finding people to teach and train to take those positions is proving to be a real challenge."

"I am in the middle of taking over the business my boss started with his wife over 30 years ago. I tried very hard to absorb as much as possible before getting to this point, but with me actively trying to learn all there is possible to learn or learn how to source, I still feel like I have only scratched the surface. I rely heavily on the institutional knowledge that is in those aging noggins and feel somewhat comfortable that I've effectively absorbed a lot. But once they are gone, I'll be stuck holding all this information without someone who has a true interest in the industry. The best I can do for now is to put all this info in a book and have any new employee reference to it as a *Whole of the Industry (as-it-pertains-to-us) Guide*."

"Tenured workers leaving companies can have a beneficial effect. Sometimes tenured employees often resist necessary changes to process, methods and technology which can slow the whole company down."

"How could you not be?"

"I've lost over 100 years of experience in the last 24 months."

"We have been following a succession plan for years in order to plan for these retirements. This also provides for cross-functional training so employees are trained and can step into additional roles."

"More so concerned about losing the work ethic of the older generation."

"I'm it, the aging workforce. My company doesn't seem to be too worried about my retirement. The new 'me' generation is buying right now and don't really care with the old ways. So, I'm guessing it will be fine to just go forward."

"We are trying to document as much 'tribal knowledge' as possible before the old-timers leave."

"We have a lot of older employees that are retiring. The experience and knowledge that is going with them is astounding. The younger generations are learning the business but are not nearly as hands-on as the ones that are leaving. The older generation worked in the field and actually did the work, so their knowledge is extensive."

"I'm retiring this year and I am confident that those who we've trained up will do just fine. You have to remember that our LBM customers are aging and retiring as well, and younger employees will relate to their peers' needs as well as our generation has with ours."

"We're extremely fortunate when it comes to this question. We're a small, close knit group who have been together for many years. There's no doubt in my mind that all of us are extremely capable of passing on our duties and responsibilities and philosophies to our subordinates because we've done it before. In our corporate culture, the 'circle of life' will continue without interruption, confusion, or chaos."



QUESTION 2

WHAT WOULD YOU SAY TO THIS DEALER?

"Our company has many employees with 20 or 30-plus years of experience. I'm concerned that as they retire and take their industry knowledge with them, our company will lose an important asset. To allow our most tenured employees the opportunity to recuperate and refresh (and hopefully stay with us longer), we're considering offering a one-month sabbatical—or extended vacation time—after 20 years. We think this perk may help establish our company as a great place to work, and to help recruit more new talent to our industry."

"We're also considering establishing a formal mentorship program to connect our most experienced people with the next-gen team members, in order to keep that institutional knowledge alive at our company. Before moving forward, we'd like to know how other dealers are dealing with this challenge?"

"We will be dealing with this in about three years. It would be great to teach the younger generation all they need to know, but we can't seem to get anyone into this business. I will really struggle in getting replacements when my people leave. Most of them have been here over 20 years."

"Be very careful about who you have mentoring whom and be specific about the information you want passed on. Training a new generation to 'do it like this because that's how we've always done it' is not likely to lead to positive outcomes. The mentoring process needs to be organized and managed closely."

"As an outside salesman, the idea of a sabbatical sounds great, however, who handles the work in the meantime? I am allowed three-weeks vacation, but never take that amount of time because no one else can do my job for me while I'm away."

"Don't get depressed about your older, knowledgeable, workers leaving. Younger workers can relate better with the newer young builders. Find them from high school counselors, trade schools, community colleges."

"We are in the early stages of formally training the next generation by identifying future leaders and working with them in small groups. Your plan sounds much more comprehensive and I like it. It may cause some pain points but ultimately it will help solve the issue."

"I am a 31-year veteran in the LBM business, and have just started recruiting for the retirement of my team. I have employees who plan to retire in 2-3 years, with others in 6-10 years. We have hired three people in certain CSR positions that can move up and in when needed to take over. Yes, training for the future is the way to go! Don't wait till the last minute."

"I don't think a sabbatical after 20 years is enticing to the younger generations. Millennials, and I am on the cusp of that classification, value more balance for their young families now, not time off as they near retirement. They also want continual feedback, which our veteran staff is not great at giving. I think mentorship needs to be a two-way street between generations, we each have things to learn from one another. I think the mentorship component is good, but the environment for learning has to be tailored to the mentee, which sometimes is very hard for someone who isn't a talented mentor. Attraction of talent comes from providing a thriving, challenging, teamwork environment, with plenty of frequent two-way feedback."

"We started a mentorship program and offered Sr. manager/Sr. rep titles for those individuals. The sabbatical is a good suggestion."

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"We offer retiring staff members the option to reduce their hours gradually or remain in some part-time capacity. We currently have one retired inside salesperson set up to work at home doing estimating. It's a win/win. He can work on his own schedule 10 - 15 hours a week completing estimates efficiently without interruption and we retain the skill set and knowledge. On the flip side, we are working to make our facilities and work/life balance programs better fits for the incoming generations."

"We allow our tenured employees to take extended vacations, they choose whether to use vacation or other PTO to fill their paychecks. We also allow them to convert their position to part-time if they wish. We do not have a formal mentorship program, but are considering one. Without a structure, it seems that mentoring doesn't happen to the extent that we'd like it to."

"Our company moved to four weeks vacation after 15 years several years ago and it has been appreciated by our long tenured employees. We have discussed a mentorship program but haven't adopted one."

"I agree that finding ways to extend the older workforce's ability to stay on and mentor is a smart plan. Trying to get these employees to work past retirement to pass along their knowledge, work ethic and experience is the tricky part. Possibly offering part time status during this transition might also be a win for the business and the retiree."

"That is a great idea! Most small lumberyards can't offer the same benefits as the big boxes, so they have to do more things like this to keep or attract younger employees. The older employees have more to offer than they realize."

"I would suggest that they ask their older employees what is most important to them. Maybe they want to work off-site. Maybe they would like to work a modified schedule."

"We have implemented a process called Traction, based on a book written by Gino Wickman. It introduces you to the EOS system. This is where you put the Right People in the Right Seats. It's all about accountability! This is where we are concentrating our efforts to ensure the future of our company along with mentors for those seats. We have found the overall system is very helpful in all aspects, this one particular area is what we believe is going to help us the most. I encourage all to give it a read."

"I feel the sabbatical is a great idea. Give them some extra time, in return you get the knowledge to be passed on to the next generation." ➤

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"The mentorship program is a great idea, I would also contact your local high school and vocational education program advisors about doing a career day to help attract younger workers."

"It's a process. Make sure you get younger employees exposed to the needs of the customer and they will be equipped when the time comes for them to take charge. On-the-job-training on steroids."

"We give a number of our older employees a layoff during the winter, they draw unemployment and get refreshed away from work. We have a number of older employees still working past 65-years of age. We tried a mentoring program for the first time with a new hire earlier this summer. It didn't work perfectly, but the new hire has turned into a good employee, so it wasn't a failure either. We will make some adjustments and keep trying."

"At my company, we are experiencing the very same issue. Many members of our team have 20, 30, and even 40+ years of experience. We are currently using and developing a Mentor/Trainee program to pair up mentors and mentees together. The relationship aspect is incredibly important. A strong mentor/ee relationship is key in developing the mentee into a team member to fit the future needs of our company. Any additional vacation time given to experienced team members is a great idea. I also suggest extended flexibility in their workday as well. Retaining the experienced and ready-to-retire workforce is crucial in development of the new wave of team members."

"How about letting some of them, who are interested, work a part-time position? Not everybody golfs, fishes or hunts and may enjoy staying on at a less demanding pace."

"Proper mentorship will be key, but it isn't the entire answer. Mentorship can also be dangerous, because the things that found great success in the '90s, won't necessarily find success in the 2020s. We don't want to beat the youth out of the up-and-comers. That is what makes them special, and more visionary. Some shortcomings will have to be learned through the hard way."

"I think mentoring is a great way to pass knowledge. You could also see if your local high school or community college would want to team up for internships. Getting the next generation interested in our industry is half the battle."

"Extended vacations get forgotten, but flexible work schedules, self-managed time, and responsible authority keep valuable employees in the work force, and can be effective recruitment strategies as well."

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"Both are great ideas. However, in my case I already get five weeks vacation and never use all of it. So a month sabbatical isn't attractive. What would be attractive is a four-day work week with no loss of pay or benefits. Allow us seniors to delegate duties to the younger folks. They get experience and our time is freed up to mentor and teach."

"Great ideas. I also feel that you should work on putting a client succession program in place. Have the new hires 'shadow' who they will be taking over for at least for six months. This way the new hire can create relationships with the clients they will be working with as well as understand how they like everything done, since every customer is different."

"Mentorships are our main focus. We find that most of the employees who fall into this category are excited to share their knowledge and mentor others."

"Measured formal mentoring programs are important. Everyone wants to succeed and do meaningful work. Establish a firm written education program required by all, top to bottom. The program should be established and maintained with the input and suggestion of the users. Rewards and recognition of achievement need to be publicly acknowledged."

"Consider phased retirements and consulting for senior team members. Retirement sounds great, but many retirees become bored quickly. We've found however, the next generation of managers isn't as interested in the senior level experience or ideas as we thought they would be. That's okay too. I remember my senior managers when I was coming through the ranks. I learned a lot from them, but I also had my own ideas that for the most part, they were respectful of."

"The one-month sabbatical/extended vacation time is an excellent idea. Every company should already have a mentoring program as standard operating procedure. If you don't have one, I suggest that you begin one immediately. It's worked for us for years. Other employees look forward to entering this program. It makes them feel more secure in their current positions. It also gives the very distinct impression that the company believes in promoting from within and that they're being trained to advance to the next level. It deters burn-out and assists greatly with employee retention." ■

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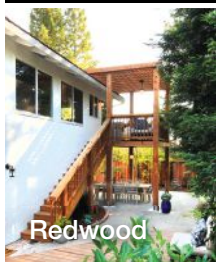
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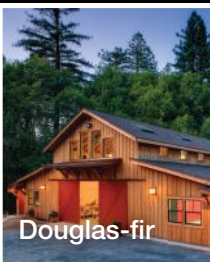
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BY JAMES ANDERSON

A MID-CAPE MILESTONE

CAPE COD COMPANY CELEBRATES 125 YEARS

There's a birthday party on the Cape next year, and it's a big one. Mid-Cape Home Centers is turning 125. Headquartered in South Dennis, Mass.—essentially the center of Cape Cod, hence the name—Mid-Cape was founded in 1895. There have been a number of different locations throughout the years, all focused on Cape Cod and the surrounding region in Southeast Massachusetts. Currently, Mid-Cape operates six locations made up of five full-line lumberyards and a Martha's Vineyard showroom. Its newest location is also one of the oldest in the area. In April 2019, Mid-Cape acquired fellow century-old lumberyard, Wood Lumber Company, of Falmouth, Mass.

“That has been a fantastic fit for us from the standpoint of culture, people, and customers. Their business was so similar to ours, the same software, the same longstanding reputation for high-quality products, it was amazing,” says Mid-Cape President Jack Stevenson.

Mid-Cape stores range from big to small. Its one off-cape location in Middleboro, Mass., is 25 minutes from Cape Cod and serves the South Shore area, and includes recent investments such as new warehouses and racking, new delivery trucks, and a brand-new showroom.

At the other end of the spectrum is the Wellfleet store, which Stevenson describes as “out of a novel.” The small, quaint store is right on the water, and occasionally staff has to move inventory around to protect it from high tide.

SERVING THE CAPE

Together, the stores represent what Stevenson says is a Cape Cod tradition of hard work and quality products.

“It's a reflection of old school craftsmanship,” he says. “People here just expect quality and the tradesmen expect quality because it's expected of them.”

Located on the destination of Cape Cod, much of the clientele Mid-Cape's customers serve are affluent and demand quality. Stevenson says there are 50 to 75-year-old homes sold for a million dollars only to be torn down for rebuilds.

More than 80% of Mid-Cape's customers are professional contractors, an area that Stevenson says has seen growth over the past five years.

Although the customers are primarily professional builders and remodelers, Mid-Cape's showrooms cater to homeowners as well, he adds. Particularly during the summer months, when tourist traffic is increased on the Cape, local homeowners appreciate the design showrooms at Mid-Cape locations. “We love taking care of our summer business. We make it easy to not have to fight the vacation traffic,” Stevenson says.

More than 250 employees serve customers year-round at Mid-Cape's six locations. While one might expect that the yards are particularly busy during tourist season, Stevenson says it's actually quite the opposite. ➤



Grand re-opening ceremony of Mid-Cape Home Centers' Orleans, Mass. location.



"WE ACT ABOVE BOARD WITH EVERYTHING WE'RE DOING. IF WE DO THE RIGHT THING DAY IN AND DAY OUT, WE'LL BE JUST FINE. IT SOUNDS CLICHÉ, BUT IF WE KEEP LISTENING TO OUR CUSTOMERS, WE'LL KEEP GROWING AND EVOLVING. I FULLY BELIEVE THAT."

— JACK STEVENSON

From left: Jeff Plank, owner of Mid-Cape Home Centers; Jack Stevenson, president; Dale Simmons, VP of sales; Pam DiVenuti, architectural products manager.



ABOVE LEFT: Mid-Cape stores range from big to small. Its one off-cape location in Middleboro, Mass., includes recent investments such as new warehouses and racking, new delivery trucks, and a brand-new showroom.

ABOVE/OPPOSITE PAGE: The company's Truck-for-a-Cause program features truck wraps to drive awareness and honor local causes such as an area autism awareness group and a local veterans outreach center.

LEFT: Mid-Cape engages youth through a networking program in the local high schools, as well as trade schools and construction training programs.



"Some of the communities around here don't allow you to start a house after the 4th of July," he says. "Others don't permit building during peak tourist season, so we're unusual in that summer time becomes a bit of a lull."

For Mid-Cape, serving the community goes beyond selling building materials. If you see a Mid-Cape truck hauling supplies, you'll know just how committed they are to the needs of the area. The company's Truck-for-a-Cause program features truck wraps to drive awareness and honor local causes. The first truck was wrapped for an area autism organization. More recently, a truck wrap, along with a company-wide fundraiser, focuses support for a local veterans outreach center. Mid-Cape management surveyed staff when determining which groups to support.

"It's an extremely proud campaign for the organization," Stevenson says. "We've got a high percentage of veterans on our staff and I'm glad we are supporting that. It's truly about the people."

REBIRTH

Mid-Cape had been owned by one family for many years, Stevenson says. But eight years ago, a local businessman by the name of Jeff Plank bought the company, leading to what Stevenson described as a "rebirth."

"He's much more aggressive in his vision for the company and in giving back to local communities and investing back in the business," Stevenson says. "Every year we've got one or two major projects going on to put back into the company."

As a result, Stevenson says, Mid-Cape is performing well while growing and evolving each year.

"It's all about the customer and about the Mid-Cape teammates," he says. "Jeff and I both believe that everything you do to invest in the business today pays dividends in the future. We believe in our plan and we view more long term than short term."

LOOKING AHEAD

As Stevenson forecasts the next five to 10 years for the LBM distribution industry in his part of the country, he thinks first of the longtime team members he has on staff. Replacing their knowledge and experience will be increasingly important in the coming years.

"We don't have a lot of people who are 40-45 years old who are here," he says. And that is reflected in the industry as a whole, as many career-minded LBM pros who left during the Great Recession have not returned to the industry.

"There are some great young people here, and we're doing our best to recruit them. Our HR department does a nice job of networking through our local builders groups." Mid-Cape also engages youth through a networking program in the local high schools, as well as recruits at trade schools and construction training programs.

The company has recently reinvested in its in-house talent development program, leading a focused effort in customizing training to specific departments and teams.

"We've made it more accessible, more frequent, and role-specific than we've done in the past," Stevenson said.



DO THE RIGHT THING

Several years ago, Mid-Cape developed a written core values statement that is now practiced throughout the company. Stevenson says one of the mainstays of that statement is just four words that help guide the company forward: Do the right thing.

“Do the right thing and do it right the first time, means we always strive to treat the customer with respect along the way. The same goes with our employees. We act above board with everything we’re doing. If we do the right thing day in and day out, we’ll be just fine. It sounds cliché, but if we keep listening to our customers, we’ll keep growing and evolving. I fully believe that.” ■

GET TO KNOW MID-CAPE HOME CENTERS

FOUNDED:	1895
OWNERSHIP:	PRIVATE
LOCATIONS:	FIVE LUMBERYARDS, ONE SHOWROOM
SOFTWARE:	ECI SPRUCE
PURCHASING GROUPS/CO-OPS:	LMC
TOP THREE BRANDS:	AZEK MARVIN WINDOWS SBC CEDAR SHINGLES



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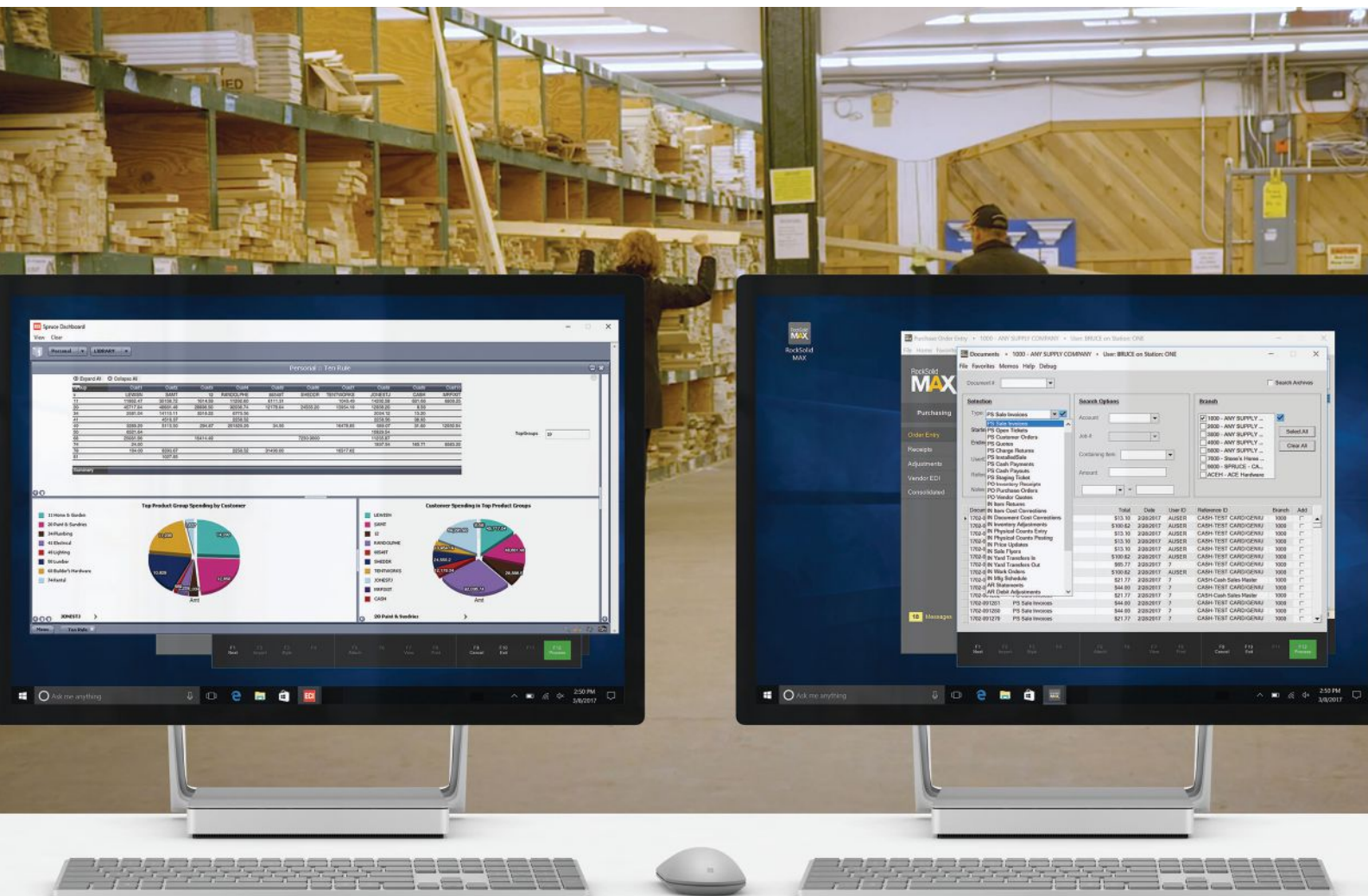
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BY JONATHAN SWEET

TECH TOOLS

CLOUD TECHNOLOGY, FLEXIBILITY DRIVE SOFTWARE CHANGES.

THERE'S NO RIGHT WAY TO RUN AN LBM COMPANY. Every business has different challenges, needs and opportunities. In the same way, there's no right technology solution for every dealer.

It's an exciting time in the industry, with companies rolling out numerous enhancements. Improvements in cloud technology, mobility and functionality mean LBM dealers can do more than ever with their ERP, point of sale systems, design software and other solutions.

MORE FLEXIBILITY, MORE FEATURES

The right ERP system is crucial for an LBM dealer to grow its business. A good ERP has to be able to help dealers run more efficiently, while also understanding how they can get better.

Epicor recently acquired Majure Data, a warehouse management software provider specializing in building materials. Epicor's BisTrack software has integrated with Majure Data for years, but the acquisition offers even more opportunities, says Kevin Hodge, senior director, Products, Lumber & Building Materials.

"We think it's really key for customers to get a better handle on warehouse costs and making sure they understand where everything is and can track everything easily and efficiently," Hodge says. "We just felt like we can do a lot more to amplify this for our customers, existing BisTrack customers and potential BisTrack customers, to bring it in house, make it part of our offering, simplify and improve the integration, make it extremely...easy for our customers to implement."

That integration is an important differentiator in the industry. While other ERPs may have some warehouse management features, BisTrack will now feature the "best in breed" as an in-house offering, Hodge says.

"BisTrack really does all of the different things that a lumber and building materials company has to do from really good manufacturing and distribution to retail and eCommerce," Hodge says. "And we continue to invest across all those different areas, but we cover them in full and you're not dealing with extra pieces of software or third parties."

Advancements in technology allow software providers to make changes more quickly and easily than in years past. That means they can be constantly innovating to meet dealers' needs, says Cindy McCarville, senior account manager & LBM market lead at DMSi.

With over half of DMSi's Agility customers offering installation or some type of service post-sale, the company's new installed sales module was a natural fit.

While many DMSi customers already use Agility to manage installed sales, the new module fully integrates transactional records such as purchase orders with project management tools such as installer scheduling, project phases, task management, and budget visibility, McCarville says.

"We released a beta of our installed sales module and have customers trying it right now," she says. "Customer feedback is very important to our development process. We'll take their feedback on the installed sales module, incorporate it into future development, and then release next year to the rest of our customer base. I'm excited to offer a fully integrated solution to help them manage this part of their business."

DMSi also made several improvements to its accounting module to better manage the increased reliance on electronic payments. But having a successful ERP is about more than just offering a reliable solution.

"You need a partner," McCarville says. "I feel that DMSi software is a true partner that values our customers and we strive to give them things that will make them be set apart from their competition."

To be successful, companies have to be focused on continuous improvement, says Jason Parchomchuk, BisTrack product manager.

Most notable for BisTrack this year are enhancements to delivery tracking and mobile applications. Using the Bis-

Track Delivery app, users can get proof of delivery on any device, anywhere they have Internet access. Drivers can capture not only signatures, but a text name and any additional notes they need, rather than having to write it down and remember it later. The app can also be used to track deliveries throughout their journey and share that information with customers.

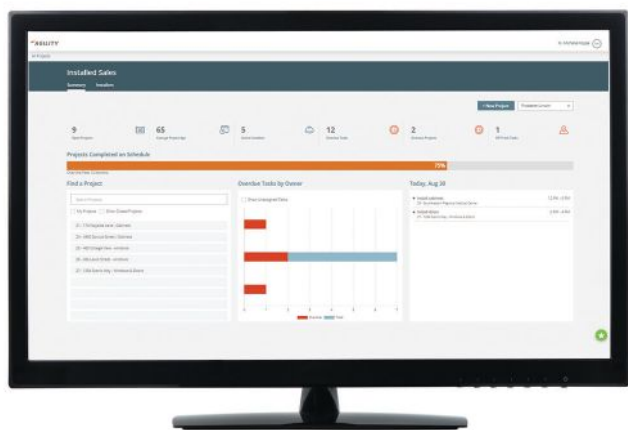
Kerridge Commercial Systems puts more than 200,000 hours of development into its K8 ERP every year, says Greg Grady, vice president of sales, North America.

"One feature that does stick out is a new and totally unique product configurator (doors, windows, cabinets, etc.) that offers showroom personnel and outside sales teams the same robust feature set regardless of whether they are on a laptop in a branch location or out in the field with only mobile device access," Grady says. "Present to your customers the custom and upsell products they want by offering them the option to make selections wherever and whenever they are ready to do business." ➤

OPPOSITE PAGE: ECI's cloud-based software is designed to offer flexibility to easily add features, more effectively control and understand what is in the software and offer support to its dealer customers.

BELOW: Epicor's BisTrack Cloud is engineered to help dealers' business sales on the go with productivity tools to track sales opportunities, respond to customer concerns and close orders more quickly.





DMSi's new installed sales module fully integrates transactional records with project management tools such as installer scheduling, project phases, task management, and budget visibility.

Performance and scalability are also two key benefits of K8, Grady says.

"K8 is ultra-responsive and easy to use at point of sale, and because it leverages the IT world's leading database (Oracle), the system can serve companies with one location and a handful of employees all the way up to multinational giants with multiple brands and 10,000+ users like Saint Gobain," he adds.

The flexibility to quickly add the features that customers need to succeed is an important strength of ECI Software Solutions, says John Maiuri, president of ECI's LBMH Division.

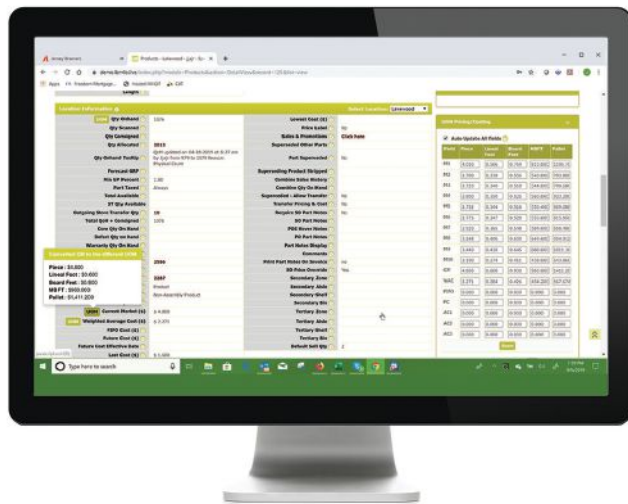
"We listen to our customers, we weigh their requests carefully, and we focus on the areas that we think deliver maximum value to both our existing base and any potential new clients that we might desire to have as customers," he says.

Over the last year, ECI has rolled out the largest release and update in the

history of its core Spruce software, incorporating a number of fundamental improvements.

The company added a substantial loyalty program to allow its customers the opportunity to run a points or rewards program directly within the application, independent of any manufacturer or vendor programs.

"We spent about 14 months adding a unique loyalty program that lets the consumer pay with their points at point of purchase, and our customers can drive business based on a points accumulation concept for key products that they might achieve higher margins on or desire to sell in a specific period of time," Maiuri says. "Many of those customers that might ordinarily only come in for a single purchase, having the opportunity to have their purchases from day one accumulate points and be able to leverage those points after the fact is something that people were significantly interested in."



LBM LiftOff is a cloud-based ERP that offers unlimited data storage, embedded real-time reporting, access from any web-enabled device, and hosting by Amazon Web Services, offering what it describes as "military-grade protection."

ECI also has a growing number of customers that have high-ticket item sales, such as lawn and power equipment or furniture.

"We added a rent-to-own feature in the software that allows them to take that high-ticket sale and turn it into an internal finance relationship where the customer pays them over time allowing them either to take the goods upfront or to take it upon final payment," he says. "That was a request for something that we put in the application that was also part of this big release."

The latest iteration of Agility also includes an enhanced version of the ProLink ecommerce application for those dealers looking to sell online. With its cloud-based delivery model, ECI can introduce improvements and patches much more quickly than it could in the past.

"Through that cloud delivery, we're able to more effectively understand and control what we put in the software, how it delivers to the customer and how easy it is to support it after the fact," Maiuri says. "Given the fact that we now enjoy 65% of our systems deployed within our cloud infrastructure, we far more easily can manage our customer satisfaction and the solution as a whole."

Cloud-based software is where all tech solutions are headed, offering many advantages over legacy systems, says John J. Askin, founder of Yesware Solutions, which produces the cloud-based LBM LiftOff.

"That's the way modern technology is going," he says. "If you look at what everybody's developing in, what kids are coming out of college and working on, what your vendors and customers are going to be doing, it's all going to be cloud computing."

LBM LiftOff was developed by Askin and his father based on their 45 years of experience operating a multi-location LBM dealer. The company offers location-based pricing, with no limits on users. LBM LiftOff also has several other advantages, Askin says, including unlimited data storage, embedded real-time reporting, access from any web-enabled device, and hosting by Amazon Web Services, offering military-grade protection.

"The other thing we have is our pricing flexibility," Askin says. "As I like to tell people, we can make them pricing ninjas. However you want to price, we can price."

Beyond an ERP system, dealers can also benefit from additional services from a technology company, says Thomas Spillane, director of marketing for CAi Software, developer of Ponderosa Software.

"One of the things that really differentiates us from some of the other ERP vendors is we are a full-blown managed service provider," he says. "And we've invested pretty heavily in technology that allows us to remotely manage our customer's servers as well as their desktops."

That means CAi can take care of installing security patches and monitor other potential issues.

"Most of our customers do take us up on the fact that they like the idea of having a single vendor for not only their ERP software, but their IT, the environment, the hardware, the server, the network environment that software is running in," Spillane says. "It's a great single source solution for them."

For example, several Ponderosa clients were recently hit with ransomware attacks—where files are encrypted with the attacker demanding a "ransom" to decrypt them. The company was able to restore the servers and recover files because those dealers were using a backup solution.

"So not only are we monitoring servers and desktops for our customers, but we're also providing these backup...solutions as well," Spillane says. "We want our customers to know that if you are working with us, we have ways to help you avoid significant downtime, and avoid having to pay the ransom."

With the rising demand for mobile solutions, Ontime.Build has introduced its mobile app, which allows contractors and dealers to manage ordering and deliveries in real time. It is available for both iOS and Android devices and works with Epicor.

"Ontime.Build was designed by industry pros with over 10 years of experience," says Oleg Rutman, CEO. "We

plug into the lumberyard POS, help with order accuracy, saving time and money on unnecessary or incomplete orders."

The app was designed to fill a void in the market and there are not any competitors in the industry, Rutman says.

EASIER, MORE ROBUST ESTIMATING

When it comes to estimating software, developers are continuing to make it easier and more intuitive for designers and estimators to get the job done.

"Our whole premise behind our software is automation and integration," says Chantale Pitts, director, Cadsoft. "We're trying to take the whole process and automate it so there's less steps and less chance of anyone making a mistake along the way, that human error factor getting in. Then, when we go out to the point of sale system, it automates getting

them a quote and being able to make that whole process quicker."

The ability of Cadsoft's Envisioneer software to integrate with other programs is its biggest advantage over other takeoff software.

"With Envisioneer, because it's a 3D model, you can do an actual visual takeoff as well," Pitts says. "So you can pop it into 3D, spin it around and look at all the framing that you've done to make sure that you've framed it in the way that you want to, put all of the materials on and say, 'Oh, I forgot baseboard or I forgot they needed crown moulding in this one room or they needed specialized trim.' You can visually see what you have forgotten."

Some users can be intimidated by 3D estimating software, but Seljax has designed its system to be easy enough for anyone to use. More than 2,500 companies and 6,000 estimators use Seljax, according to the company. ➤

RIGHT: Cadsoft's Envisioneer allows dealers to import a PDF and leverage that for a detailed material take-off, offering photo-realistic renderings and VR experiences. Plus, according to the company, plans can be exported to point of sale systems, or energy audit programs such as REScheck, all with a simple automated process.

BELOW RIGHT: CAi's Ponderosa Software offers an integrated Production Scheduler, designed to enable a millwork jobber to more effectively plan for and schedule production orders by accessing real-time production capacity for each department.





ABOVE: Seljax recently moved from a 2D/3D platform to a fully encompassing 3D platform, offering a more intuitive approach.



ABOVE: Paladin Data Corporation enables end-to-end automation including ordering, advertising, in-store marketing, customer management, mobile and delivery, e-commerce and back-office operations.

BELOW: GPS Insight helps customers engage their fleet by delivering innovative solutions and actionable insights. Designed as an all-encompassing fleet software solution, GPS Insight includes vehicle and asset tracking, in-cab cameras, ELD, fuel cards, and much more.



Seljax recently moved from a 2D/3D platform to a fully encompassing 3D platform, offering a more intuitive approach. Seljax Supplier Link allows users to integrate their preferred suppliers' products right into Seljax and properly calculate pricing, says president & CEO Braven Blackwell.

Features are obviously important, but the key to getting the most out of any technology is making sure employees are properly trained.

"Everything, everything always revolves around training," Blackwell says. "So the biggest failure is not training their people. When you train people, they understand. They say 'Wow, this is a lot easier than I thought.'"

FINDING THE RIGHT SOLUTION

It's important, tech companies say, to take your time in finding the right potential partner. An LBM dealer has to know what they need out of a technology solution and they need to research the options.

"I would encourage everyone prior to having any ERP vendor come in, brainstorm why you're going through this process, what issues do you have in your current ERP that you need to solve?" DMSi's McCarville says. "Make a checklist of goals and outcomes that you're looking for in that new system."

Without set goals in mind, no search for new software is going to be effective.

"Before you do anything, write down a list of goals," says Dennis Sullivan, senior account manager for Ponderosa. "What do you want to achieve when you leave software program A, and you go to software company B?"

Make sure your questions to potential vendors are related to those goals, Sullivan adds.

"Can they address that particular problem within your door shop, or out in the yard, or mis-pulling loads?" he says. "Once they start lining up their goals and results, it's much easier for them to line that up with the proper vendor."

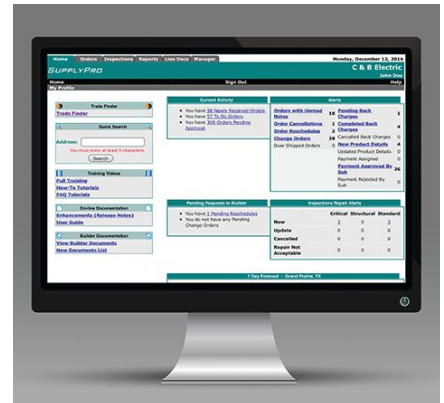
Epicor's Hodge concurs, noting that there is no right answer for every company. "No one can help them really decide those things, but internally, that company and those people need to figure out where they're going, why they're going there, and have a real sense of that when they go into looking at this type of change," he says. "When you go through the difficult process of changing your system, training your people, and possibly changing your culture, having those goals on the wall in your office, perhaps, so that you know why you're going through all this, that's really the No. 1 thing."

Buy-in from the entire team is important if a new implementation is going to be successful.

"The whole team from the top to the bottom needs to understand...there's a reason we're going through this change," Hodge says. "Some of them will be excited about that, some of them will be afraid of it. But if they have some sense that, 'Hey, there's a clear set of goals, there's a clear benefit, I understand why we're doing it,' then they're all going to pull together."

Offering employees training at their own pace is an effective approach, Kerridge's Grady says. "Typically we see successful companies make sure each employee understands expectations, is given the tools to meet those expectations and rewarded with simple recognition as a positive outcome is accomplished," he says. "A realistically planned and phased implementation with incentives tied to training and utilization has most often been successful for our customers."

DMSi's McCarville also recommends designating someone as the point person on the process, and holding regular meetings, so progress can be more easily monitored.



"You want a management team that's engaged, you want to designate a project owner, have a clearly defined project plan, clear ownership of those project steps, and then the most important thing to kind of make sure that project rolls as scheduled is you have a regular standup meeting," McCarville says. "We recommend weekly and that can be very short, but we need that stakeholder team to be aware of how the project's moving."

Be sure to consider the history and customer support a potential partner offers as well, ECI's Maiuri added.

"It's not just the solution, it's not just the delivery model, and it's not just the company," he says. "It's all of those things and having the wherewithal to weight them effectively to ensure that the decision that they make is the right decision for their business." ■

ABOVE LEFT: RenoWare is designed to automate and integrate a dealer's installed sales process from start to finish.

ABOVE: Hyphen Solutions' SupplyPro is custom-built to communicate with the BuildPro network of homebuilders, which includes 19 of the top 25 home builders in North America, collectively responsible for millions of homes.

MANUFACTURER TECH TOOLS

MANUFACTURERS are also embracing technology to improve the way they do business with dealers and dealers, in turn, work with their customers.

Weyerhaeuser's NextPhase Site Solutions is designed to save time and money for dealers by increasing efficiency. It combines Trus Joist products with proprietary software and saw technology to create precise JobPack framing packages for roofs, floors or walls. Materials are modeled in the Javelin 3D BIM software, then Weyerhaeuser's Stellar software optimizes the material for cutting, marking, and bundling of the material so it can be easily identified.

"All of this happens while maximizing inventory usage, and significantly reducing waste for the dealer," says Jeremy Dummer, TJ support manager and NextPhase product manager.

NextPhase can be scaled, allowing dealers to use the aspects of the program that will benefit their business, Dummer says.

"It can be individual pieces with basic labeling and basic cutting, if that's what the dealer's customer desires or it can be precision cut packages, all the way up to fully panelized floor systems, and wall systems," he says. "I think that differs from our competitors in that it's a good/better/best type selection that the dealer can deliver depending upon the needs of their customer."

Weyerhaeuser has spent more than a decade developing and improving NextPhase. Recent improvements include better integration with point-of-sale and ERP systems and the addition of TJ PanelMate for panelized floor systems.

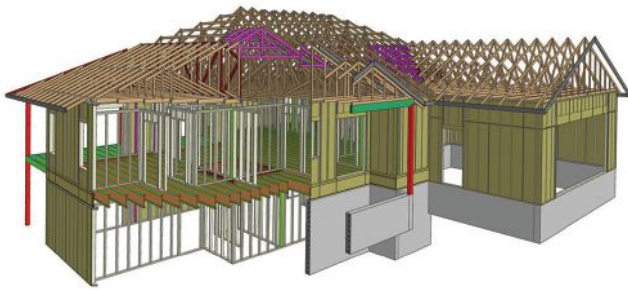
"Our focus with NextPhase is really focused at delivering a solution to the jobsite that speeds it up," Dummer says. "There are positive benefits within that system for dealers themselves, in terms of how they manage their material, their labor, and how that has been pushed along to the jobsite to

allow the builder to manage their material and their labor."

3D modeling can help dealers be more accurate by making sure every aspect of a project is captured, says Neil Faulkner, MiTek SAPPHIRE Supply software sales specialist.

"If you look at a SAPPHIRE Supply model, and you open up a wall, it's the way it should be put together, and we actually make sure our dealers count the materials as they are consumed by the carpenters," Faulkner says. "So, if they are going to cut cripples out of stud material, then we want to make sure we count those cripples out of stud materials. If they're cutting window sills out of plate material, we want to make sure we include the window sills in the plate material that's counted. They can get exceptionally high precision with their quotes for the rough lumber framing."

That process carries through to all aspects of the building from windows to shingles to drip caps. The smart rules in the software determine how materials are going to be used and counted accurately. ➤



MiTek SAPHIRE Supply is a one-stop solution designed to meet the needs of building materials suppliers for whole-house estimating, framing layout and design.

The SAPHIRE Viewer is a stand-alone software platform that allows users to view the model that was created by SAPHIRE. Salespeople can use that to help customers better envision the project. The recent introduction of Texture View is also designed to help them tell the story, with products appearing clearer and more realistic than in the past.

"The lumber dealer can actually explain how the quote was done not just by telling the builder," Faulkner says. "They can show the contractor where materials are being consumed...all

these things can be shown in the model and can then be leveraged by the salesman to defend and promote the quote."

SAPHIRE Supply has a robust set of tools to track all types of materials, but it can also be modified to leave out certain materials, such as drywall, if that's what the dealer desires.

"Also, SAPHIRE Management... allows lumberyards to track their quotes, understand where they are geographically, put them into a queue so they get automatically logged in and can even create a quote number," Faulkner says. "It's a great way for com-

panies to organize their quotes. They're not just placing it into Excel. It's a full-on database that can be analyzed for trends."

Pipeline from Simpson Strong-Tie is a web-based, rules-driven, scalable material management system which utilizes BIM data to directly drive detailed takeoffs.

"Pipeline helps LBM dealers with a range of value-added services to their contractor customers," says Tim Beckman, Simpson Strong-Tie director of customer facing software. "One of the most tangible benefits is that it prevents the need for data re-entry by lumber and building materials staff. We connect with the point-of-sale systems so dealers don't have to re-key information for take-offs and material lists. By minimizing that re-work, dealers can maximize the throughput of their staff. The time savings reported by our LBM customers is significant."

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The latest version of Simpson Strong Tie's Deck Planner Software launched this summer, allowing design in both 2D and 3D modes. Other new features include an in-app tutorial, and additional functionality to make it simple, convenient and task driven.

Pipeline is designed to be scalable, allowing dealers to use the functionality they need.

"We also focus on making job tasks programmatic within the software," Beckman says. "On the estimating side, this enables dealers to broaden their hiring pool. By standardizing many elements of the estimation process, users don't necessarily need to have a deep industry background to succeed and solve problems quickly. Since detailed estimation knowledge isn't necessarily growing within the labor pool these days, Pipeline provides an element of security for when older estimators retire, their tacit knowledge doesn't walk out the door with them."

Simpson Strong-Tie also offers Deck Planner Software, a free web-based program that allows users to design a deck and output a full report.

"The beauty of the Deck Planner Software is the ease of use: we've developed it to be a simple, user-friendly software," says Lydia Poulsen, product manager at Simpson Strong-Tie. "Since it is web-based, you don't need a high-end graphics card or system requirements beyond a 64-bit processor: you can go in, design a deck, get a full report and material list including decking, hardware, and railing."

While many decking manufacturers offer similar planners, Simpson Strong-Tie's offers a full bill of materials, including the hardware.

"Deck Planner Software also includes Trex and Fiberon composites, basic lumber options, and all of the hardware needed to build the deck," Poulsen says.

Boise Cascade has a number of software solutions for dealers that stock its engineered wood products. BC Connect

allows everyone within lumberyards that stock engineered wood to work together in managing the sales funnel, designing, quoting, optimizing job packs and delivering engineered wood. Sawtek automated processing systems are designed to reduce waste and provide efficient cutting of BCI joists.

"Our end-to-end solution is based on building and installing the equipment, developing the operating software, training your sawyers, and maintaining a quick-ship spare parts inventory," says Tim Debilius, division marketing director.

New for SawTek this year is Live Production Scoreboard. The Scoreboard consists of a large monitor mounted above the saw line and provides sawyers with real-time feedback on four key production metrics. A simple green/red color change tells operators if they are ahead or behind their production targets as they run.

In the design and engineering arena, Boise Cascade offers several options. BC Framer is a 3D engineered wood design program that integrates directly with MiTek SAPHIRE truss design software. BC FastPlan offers fast layouts and stick frame roof framing. BC Estimator provides layouts and quick quotes for layouts that do not need ridge-to-foundation load tracking. BC Calc is a single-member sizing program built for engineers, architects and designers.

"Our people get up every day to help our customers become more profitable," Debilius says. "We offer the best technology support of any EWP manufacturer. Whether it is our phone support team, local software trainers, or our dedicated Sawtek installation and support team, we are ready to assist customers and keep them moving." ■

INTERNET INFORMATION

Companies highlighted participated in this article.

Boise Cascade:
www.bc.com/software

Cadsoft:
www.cadsoft.com

DMSi:
www.dmsi.com

ECI Software Solutions:
www.ecisolutions.com

Epicor:
www.epicor.com

Expertek:
www.expertek.com

GPS Insight:
www.gpsinsight.com

Hyphen Solutions:
www.hyphensolutions.com

Kerridge Commercial Systems:
www.kerridgecsna.com

LBM Liftoff (Yesware Solutions):
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www.woodprosoftware.com

WoodWare Systems:
www.woodwaresystems.com

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.

STAFF REPORT

Expanded Deckorators Voyage new color

Deckorators has expanded its line of Voyage composite decking featuring Eovations technology with the addition of a fifth color (Khaya, a true brown) and varied-plank decking. Voyage composite decking features unique textured embossing engineered to provide 34% or greater surface traction than other leading brands of composite decking. Khaya joins four other Voyage color options: Sierra (dark gray), Tundra (gray), Costa (golden brown), and Mesa (red brown). Voyage varied-plank decking is available in all colors and in 3.5", 5.5" and 7.25" widths. Made to allow virtually no water absorption or thermal movement, Voyage is backed by a 25-year structural, 25-year stain-and-fade, and 25-year removal-and-replacement limited warranty that includes coverage for water and ground contact. www.deckorators.com



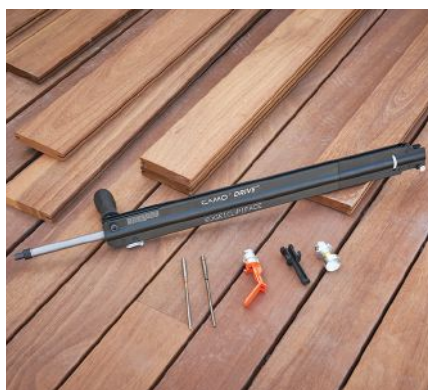
Grabber UltraPro wood screws

UltraPro wood screws by Grabber include Lox Recess, an advanced feature with eight contact points designed to allow more torque than other wood screws without slippage. The QuickGrab point engages and starts immediately into wood, said to make it easier to stabilize the screw and to drive off angle and into tight spots. UltraPro's unique UltraCut threads are designed to clear out wood chips as the screw drives in reducing friction and binding. UltraPro's DrawTite threads feature is engineered to pull wood members together as the screw seats, resulting in a tighter and more accurate connection. The Scavenger II spiral head design self-countersinks, even into hardwoods, leaving a flat flush surface, the company says, and its GrabberGard Gold coating includes a limited lifetime warranty against corrosion.

www.grabberpro.com/ultrapro

CAMO DRIVE

Winner of the Best Outdoor Living Product Award at the 2019 International Builders' Show and recipient of the 2019 Pro Tool Innovation Award, CAMO DRIVE's stand-up DRIVE tool attaches to any drill and can be used to install every kind of deck board. DRIVE comes with three guides for Edge, Clip, and Face fastening and was designed to fasten CAMO's proprietary fasteners exclusively: Collated Edge Deck Screws, EdgeClips, EdgeXClips, Collated Composite Face Deck Screws, and Collated Wood Face Deck Screws. Designed to be a versatile tool, the DRIVE can go from job to job—simply swap out the quick-change guides and included Driver Bits based on the desired fastening method. The product allows deck builders to stay on their feet and install a deck faster, the company says. www.camofasteners.com/drive



Feeney DesignRail Panel Infill

Feeney's DesignRail Panel Infill is said to significantly expand design potential for exterior and interior spaces. Options include stainless steel wire mesh panels, laser cut aluminum panels, and resin panels with embedded materials such as rice grass and leaves (for interiors). Available for 36" and 42" railing heights, the infills can be mixed-and-matched with other DesignRail infill types—including CableRail, glass, vertical cable and pickets—and are compatible with all DesignRail top rail styles and with Feeney Post Accent Lights. The laser cut panels can be powder coated in any DesignRail color or custom color. The infills are developed to fit easily into the pre-engineered DesignRail frame and are surrounded on all sides with a low-profile aluminum channel, which is said to provide a streamlined appearance with minimal transition from panel to frame. For the stainless steel wire mesh panels, components are fully isolated to prevent contact among dissimilar metals. The panels can be customized to meet almost any design specification. www.feeneyinc.com



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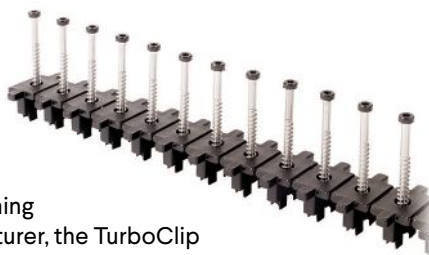
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TurboClip

Designed to be fast and easy to use, the TurboClip operates by simply inserting the TurboClip into the side groove of a decking board, driving the preloaded screw through the TurboClip and into the deck support, then snapping off the remaining TurboClip stick. According to the manufacturer, the TurboClip can cut deck board installation time by up to 60%, saving both valuable hours and money. TurboClip works with all major composite deck boards.

www.turboclipusa.com



RailFX Aluminum Cable Railing System

RailFX has expanded its top rail offering by introducing the RFX250, a square-shaped top rail designed with a narrow width, allowing it to be installed between posts instead of on top of posts. In addition to the new top rail design, RailFX now offers 60' and 70' cable railing kits in the Basic and Professional series. The cable kits are designed to be used on wood or metal frames in either interior or exterior settings. Now available, cable railing installation kits include drill bits, wrenches and more needed to install. www.railfx.net



Woodtone

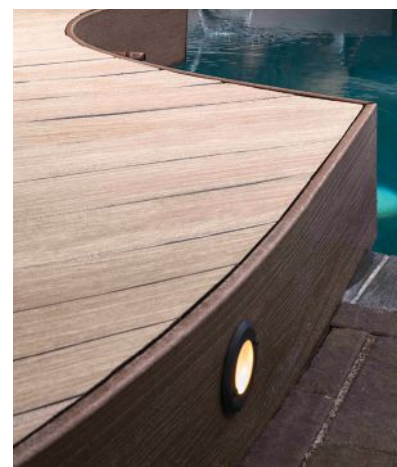
Woodtone's RealCorner is said to allow a user to install 25 corners in 25 minutes. The RealCorner is a one-piece, engineered corner solution designed to save time and money, removing the need to build corners onsite. RealCorner is finger-jointed and edge-glued to mitigate the risk of splits and checks. RealCorner comes in five different profiles, with both interior and exterior corner options for any style project. Woodtone designs, manufactures, and markets finished building products including prefinished siding and trim, engineered corners and posts, and a collection of wall and ceiling paneling. www.woodtone.com



MoistureShield CoolDeck Technology

As MoistureShield, a division of Oldcastle APG, a CRH Company, continues to expand distribution across the nation, its CoolDeck technology is now available as an option in two of its wood composite decking product lines. The award-winning technology is said to minimize deck heat absorption by up to 35% versus traditional capped composite deck boards, for a more comfortable deck. CoolDeck is now available in MoistureShield's Vision capped wood composite decking in Mochaccino and Cathedral Stone colors; and Infuse decking colors of Harbor Gray and Rustic Timber. Made with 95% recycled materials, all MoistureShield decking products feature the proprietary Solid Core Difference that is designed to ensure it performs on the ground, in the ground, or under water.

www.solidcoredifference.com



Screw Products

Screw Products, Inc. has announced the release of its new GEN II line of fasteners. The GEN II fasteners include many new and re-engineered features (some with patents pending) to improve installation speed, handling and holding power as well as aesthetic finish, the company says. Included in this offering is the AXIS Star Drive Structural Wood Screws, EPIC Star Drive Trim Head Screws, PICO Star Drive Finish Head Screws, AURA Star Drive Screws for Cabinetry and More, NOVA Star Drive Structural Lags and YUKON 5/16" Hex Head Structural Lags. The fasteners feature the new ZYTEC+ for general interior use, ZYTEC XT and ZYTEC GX for general exterior use and will soon be available in 304 and 316 stainless steel. Packaging ranges from 1lb, 5lb and bulk containers and the lags are also available boxed in 50 count retail units, UPC tagged for individual sale. www.screw-products.com





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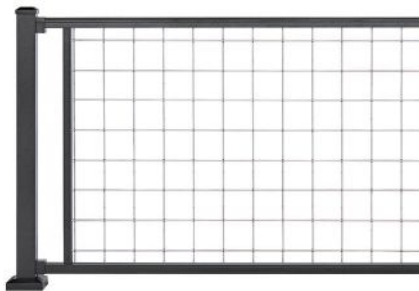
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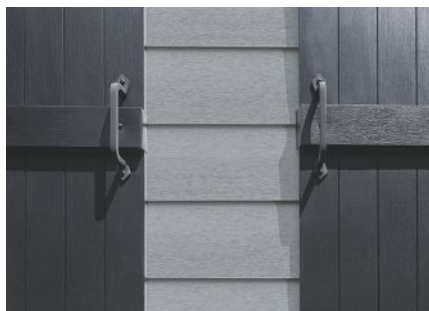
Trex's expanded Premium Railing Line

Trex Company has expanded the premium end of its aluminum railing line with the addition of mesh and glass rail. Inspired by upscale commercial design, these new options combine today's most sought-after looks with durability and low-maintenance, the company says. Designed to be minimalist, sturdy, and modern, Trex Signature railing is made of premium-grade aluminum engineered to provide superior strength and designed to span long lengths for panoramic sightlines. Durable powder coating resists corrosion and allows the material to retain its color. The newest additions feature one-piece rail components that can accommodate either 304 stainless steel Trex mesh infill or 1/4" tempered glass panes. The aluminum used in Signature railing is made from 50% recycled aluminum and is a 100% recyclable, renewable resource. All Signature railing is backed by a 25-year limited warranty. www.trex.com



Royal Building Products Select 7" Smooth

Select Cellular Composite Siding by Royal is now available in Select 7" Smooth: designed for the homeowner looking for a contemporary aesthetic. Select 7" Smooth Siding expands homeowner options with a wide variety of expressive colors, the company says, while projecting distinctive shadow lines and reproducing the detail and curb appeal of cedar siding. Royal's newest profile delivers a 7" wide profile with a distinct shadow line, 70% better insulation than wood, and almost twice the R-value, 15 colors to choose from, and a 25-year colorfast warranty and limited lifetime warranty. www.royalbuildingproducts.com



Maze STORMGUARD nails

Maze Nails are 100% made in Peru, Illinois, of domestic steel. Maze STORMGUARD double hot dipped galvanized nails have a thick coating of zinc designed for maximum corrosion-resistance. All Maze STORMGUARD Nails meet and exceed the all-important ASTM A 153 specification for hot-dip galvanizing, the company says. Maze manufactures double hot-dipped nails for fiber cement siding, cedar and redwood siding, PVC trim products, decking, fencing and nails for post frame building. Maze also manufactures a complete line of stainless steel fasteners for marine and coastal applications. www.mazenails.com



U2 fasteners

Available in a selection of 55 SKUs in 316 marine-grade stainless steel Construction, Universal and Fine screws. Grade 316 is the standard molybdenum-bearing grade of stainless steel. The higher nickel and molybdenum content in this grade is designed to allow the screws to demonstrate better overall corrosion-resistant properties, especially with regard to pitting and crevice corrosion. In addition, Alloy 316 is said to provide elevated temperature tensile, creep, and stress-rupture strengths. U2's Cap screw comes in 305 grade stainless steel.

www.u2fasteners.com

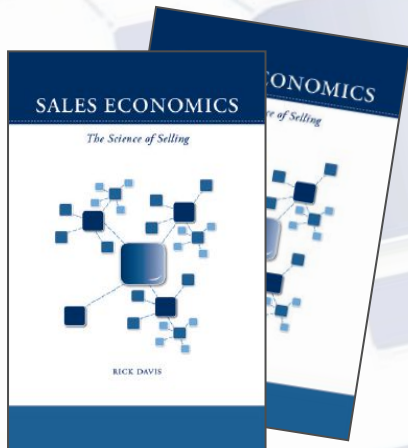


TimberTech

TimberTech now offers wide (7.25") or narrow (3.5") width, in addition to standard (5.5") width boards in its AZEK Vintage Collection. The new width offerings are introduced as a way for customers to follow the wide width flooring trend making its way outdoors, to tap into the coastal vibe with narrow width decking, or by mixing all three widths. Available in all six colors in the TimberTech AZEK Vintage Collection.

www.timbertech.com





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PRODUCTS

Sure Hold's fascia board screw

Sure Drive USA's new composite fascia board screw is designed to install without the need for a countersink bit. The oversized pilot hole allows for the expansion and contraction movement and is engineered to keep fascia board panels straight. The Sure Hold fascia board screw has a self-starting Type-17 auger tip designed to eliminate splitting and starts faster. Made from 410 grade coated stainless steel, the screws are designed to hold up to extreme weather conditions. Mahogany, Earthtone, Graystone, Ipe, and white painted heads are available to match composite fascia boards. The screws are available in a 100-piece resealable clear clam shell package and a free T-20 star drive bit is included. www.suredrive.com



Irion-America's new XP-DELTA caulking gun

Irion-America's new caulking gun featuring innovative design with adjustable thrust ratios, 12:1 or 25:1, and 'drip control' technology. When set to a 12:1 thrust ratio, the gun dispenses standard materials such as acrylic, latex, and silicone caulks with extreme ease, the company says. When switched to a 25:1 thrust ratio, the gun becomes ideal for dispensing thicker adhesives, designed for working in cold weather. The XP-DELTA offers features including a rubber-coated handle and trigger, anti-rust/scratch-proof barrel, rotary carriage/ladder hook, and tough and durable catch plate. The Drip Control Technology can be turned on and off, and when on, the gun is said to be completely drip-free. Compatible with 10oz or 310ml cartridges. www.irion-america.com



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BY KEVIN MCKENNEY

Housing finance reform: What's in the details?

SINCE THE FINANCIAL CRISIS a decade ago, one of the topics regularly on the minds of lawmakers is reforming the national Government Sponsored Enterprises (GSEs). On September 5, the U.S. Department of Treasury, in conjunction with the U.S. Department of Housing and Urban Development, released a plan to reform the housing finance system. The proposal stems from a March 27, 2019 memorandum from President Trump which directed the Secretary of the Treasury and HUD to develop a plan to prevent another financial crisis.

In the Treasury reform plan, the Administration calls on Congress to create an explicit government guarantee for Freddie Mac and Fannie Mae's mortgage-backed securities (MBS) after they exit conservatorship. Treasury says this explicit Government guarantee should be available to the re-chartered GSEs and to any other Federal Housing Finance Agency (FHFA) approved guarantors of MBS collateralized by eligible conventional mortgage loans or eligible multifamily mortgage loans (each GSE and competitor, a "guarantor"). Guarantors would be charged a fee in exchange for the federal guarantee. Treasury recommends that FHFA have additional discretion to set the capital requirements of these guarantors, including the GSEs, in coordination with the Financial Stability Oversight Council (FSOC). Treasury also calls on Congress to replace the GSEs' existing statutory affordable-housing goals with "a more efficient, transparent, and accountable mechanism for delivering tailored support."

In parallel with recapitalizing the GSEs, Treasury says the FHFA should begin the process of ending the GSEs' conservatorships. Treasury recommends the preferred stock purchase agreement (PSPA), which governs the support Treasury provides to the GSEs, be amended to enhance Treasury's ability to mitigate the risk of a draw on the commitment after the conservatorships. Other PSPA amendments should ensure that each GSE continues to be subject to appropriate mission and safety and soundness regulation after the conservatorship, for example, to require each GSE to maintain a nationwide cash window and provide equitable secondary market access to all lenders. Treasury says other amendments should conserve the remaining PSPA commitment by limiting future GSE activities to those that

have a close nexus to the underlying rationale for government support. Treasury also recommends the GSEs continue to support affordable housing for low- and moderate-income, rural, and other similar borrowers.

With respect to HUD reforms, the Administration calls on Congress to enact legislation to restructure the Federal Housing Administration (FHA) as an autonomous government corporation within HUD. It recommends Congress pass funding for a strategic modernization plan to holistically overhaul and integrate FHA's Multifamily IT systems. It also recommends that Congress establish statutory limitations on FHA cash-out refinances, or at least ensure alignment (e.g., maximum allowed loan-to-value ratio levels) with such refinance transaction in the conventional market.

On the administrative side, HUD recommends the FHA maintain an appropriate level of capital reserves and work to ensure that borrowers are creditworthy. It calls on the FHA to improve its risk management capabilities and transform its data analytics and modernize its 40-year old technology. It also recommends that Ginnie Mae work toward eliminating loan churning, a process by which mortgage holders expensively refinance their mortgages.

In testimony before the Senate Banking Committee, Treasury Secretary Steve Mnuchin stated that the way forward is based on four essential elements that have broad bipartisan support. It must maintain access to the 30-year fixed rate mortgage; ensure enough private capital is in place to protect taxpayers; seek to provide the stability and liquidity to withstand future financial crises; and improve transparency and standardization that ensures that community banks and credit unions will have equal access to the benefits of the secondary mortgage market. House Financial Services Committee Chair Maxine Waters (D-CA) and Senate Banking Committee Chairman Mike Crapo (R-ID) have both embraced these principles.

The next steps would be for Congress to take up the legislative elements, while the Administration looks at rulemakings on the regulatory side of things. It's likely that several aspects will be debated, so the committee consideration of this proposal will be interesting to watch. NLBMDA will remain engaged on the issue representing the LBM industry and educate Congress and regulators as needed. ■

Kevin McKenney is director of government affairs for NLBMDA in Washington, D.C. For more information, visit www.dealer.org.

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Total Requested Copy Distribution (Line 15f) + Requested/Paid Electronic Copies (16a). Average: 40,561. Single Issue: 40,497. 16d. Percent Paid and/or Requested Circulation (Both Print & Electronic Copies) (16b divided by 16c x 100). Average: 88.75%. Single Issue: 88.90%. I certify that 50% of all my distributed copies (electronic and print) are legitimate requests or paid copies. 17. Publication of statement of ownership for a requester publication is required and will be printed in the 11/01/2019 issue of this publication. 18. Signature and Title of Editor, Publisher, Business Manager or Owner: Rick Schumacher, Owner/Publisher, 9/27/2019. I certify that all information furnished on this form is true and complete. I understand that anyone who furnishes false or misleading information on this form or who omits material or information requested on the form may be subject to criminal sanctions (including fines and imprisonment) and/or civil sanctions (including civil penalties).

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* Biewer Lumber	53	810.329.4789	www.biewerlumber.com
Boise Engineered Wood Products	11	208.384.6161	www.bc.com/ewp
Boral Building Products	OBC	248.668.6400	www.boralbuildingproducts.com
Cadsoft	50	888.223.7638	www.cadsoft.com
Deckorators	25	800.332.5724	www.deckorators.com
Do it Best	5	260.748.7175	www.doitbestonline.com
DMSi	23	402.330.6620	www.dmsi.com
ECi Spruce	IFC-1	800.777.8231	www.ecispruce.com
Feeney	19	800.888.2418	www.feeneyinc.com
Grabber Construction Products	36	800.477.8876	www.grabberman.com
Huber Engineered Woods	15	732.549.8600	www.huber.com
Humboldt Redwood Company	39	707.764.4253	www.hrcllc.com
Huttig Building Products	IBC, 53*	800.325.4466	www.huttig.com
Kerridge Commercial Systems	6-7	919.379.3800	www.kerridgecsna.com
Krauter Auto-Stak	37	800.992.2824	www.krauterautostak.com
* Key-Link Fencing & Railing	13	800.704.7130	www.keylinkonline.com
* LBM Century Club	16		www.lbmjournal.com/century
* Lumbermen's Association of Texas	INS-9	512.472.1194	www.lat.org
* Manufacturers Reserve Supply	BB, 9	973.373.1881	www.mrslumber.com
MAX USA Corp.	31	800.223.4293	www.maxusacorp.com
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Orgill	27	800.347.2860	www.orgill.com
* Rollex Corp.	9	800.251.3300	www.rollex.com
Simpson Strong-Tie	3	800.999.5099	www.strongtie.com
Starwood Rafters	58	888.525.5878	www.starwoodrafters.com
Tamlyn	29	800.334.1676	www.tamlyn.com
Uline	39	800.295.5510	www.uline.com

*Denotes regional distribution.

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

IBC=inside back cover, IFC=inside front cover, OBC=outside back cover,
BB=belly band, INS=insert, PB=polybagged, WP=white paper

THE POACHING PROBLEM

A BIG BUILDER CUSTOMER HAS POACHED TWO OF YOUR TOP PEOPLE TO WORK FOR HIM. WHAT WOULD YOU DO?

You've heard all about the labor shortage that's plaguing builders as well as their LBM suppliers. Fortunately, your company has managed to dodge that bullet, and you've remained fully staffed with a mix of great people, ranging in age from early 20s to mid 60s. As with most companies that are in the same position as yours, maintaining full employment doesn't just happen.

At your company, you and your management team have made a conscious effort to invest in training, benefits that are better than competitors and, more recently, employee engagement and ensuring a healthy work/life balance. The changes haven't cost much, but they've made your employees happy and loyal, as well as effective unofficial recruiters. All was well until a few weeks ago, when one of your top people asked to speak to you in private.

"This is a hard thing for me to tell you, but I've accepted another position and I need to put in my notice," he said sheepishly. "You've been a great boss, and this has been an incredible company to work for, but one of our biggest builder customers made me an offer that I just can't turn down."

He shared that the builder was Wily Poacher from Poacher Homes, and that the offer was a full 50% more than you were paying. You thanked him for his candor and wished him well, and hoped that this was an isolated incident. Unfortunately, it wasn't.

Just this morning, another top person from your company asked for a private conversation. She, too, had been offered a position by Poacher Homes that was too good to pass up. After losing two key people in a few weeks, it was time to have a serious talk with your old friend, Wily.

"I appreciate your business and all, but I can't have you hiring away all my best people," you explained, managing to keep your anger under control.

"I understand, but I need to do what's best for my growing business. To keep growing, I need the best people I can find—and I'll pay whatever's necessary to get them. The two folks I hired away from you are well-trained, pleasant to work with, and excellent at what they do," Wily replied coolly. "I'm sorry, but business is business."

You've been giving this aggravating situation plenty of thought, but don't know what to do. On the one hand, Poacher Homes is a big customer that buys at healthy margins, and is relatively low-maintenance. Naturally, you want to keep the business, but as you told Wily, you can't have him hiring away all your best people. But you can't possibly match the pay he's offering. What would you do?



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- 1 FIGHT BACK.** You know plenty of other builders looking for good people. Encourage them to consider offering positions to some of Wily's top people, and see how he likes it.
- 2 STAY THE COURSE.** There's more to a job than the size of the paycheck. Once your former team members realize all that they've given up, it's likely that they'll be back.
- 3 FIRE WILY.** Tell Wily that you can't afford to continue to supply him, and explain that his existing will be fulfilled, but new orders won't be honored.
- 4 DOUBLE DOWN.** Since you can't compete with the pay Wily is offering, redouble your efforts on what you can control. Ask your employees how to improve the workplace... then do it.

SOMETHING ELSE?

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

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