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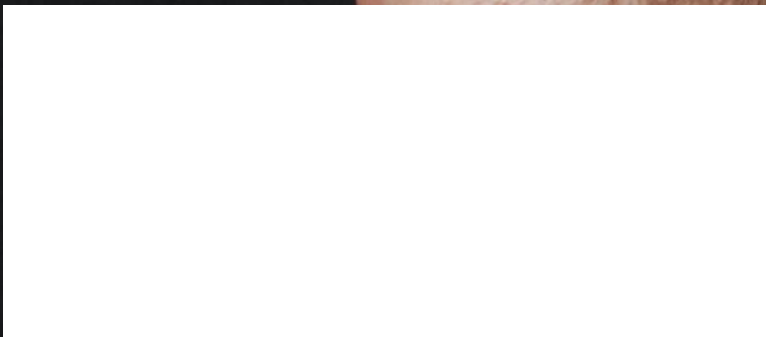
STRATEGIES FOR LUMBER/BUILDING MATERIAL DISTRIBUTION PROS

LBMJOURNAL.COM

MAY 2020 \$10 U.S.

STAYING STRONG

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5 TIPS FOR BUILDING YOUR CEDAR SALES

With more time spent at home and summer on the horizon, homeowners have had time to consider their next outdoor building project, or indoor renovation. But staying relevant and making the sale require more than just their daydreams — it takes a proactive sales strategy from your team. Looking for ways to build your cedar business and stay in front of your customers in a positive way during challenging times?

Here are five ideas for how to drive your sales of Western Red Cedar products.

1. ENGAGE. Have you ever found yourself diving into a YouTube rabbit hole? Instead of viewing the latest dancing cat video, up your cedar building game and educate your customer base with how-to-tutorials available courtesy of the Western Red Cedar



Courtesy Western Red Cedar Lumber Association

Lumber Association's (WRCLA) website, RealCedar.com. You'll find weekend projects as simple as a vertical herb garden planter, toxin-free cedar raised garden beds, or design guides on how to a backyard cabana oasis. After viewing the videos, take advantage of step-by-step instructions available for PDF download and share with your customers.

2. DELIVER VALUE. Sure, calculating cedar siding and deck board material needs and allowances may be an everyday event for you as a dealer, but your weekend-warrior customers (i.e., DIYers) are likely a little out of their comfort zone. Providing a siding or decking calculator on your website, like the WRCLA has in their resource library, can help buyers feel more confident before they step through your doorway. With so much information at their fingertips, most shoppers are pretty savvy — and don't want to come in uninformed — empower them with the tools to do their research ahead of time. If they're "off" on their calculations — that's ok too — guide them in the right direction. There's no harm in educating your customer with the cedar materials you're most familiar with.

3. EDUCATE. Delivering value lends nicely to our next tip, education. Cedar is beautiful, yet like most beautiful things, it can be hard to understand without a proper introduction. From cedar's specific terminology and multiple profile options to its grading and appearance based on foresting, an informed understanding of all the options available in cedar will truly help you sell the value. Sellers across the industry can access WRCLA's free one-hour AIA-certified online course through RealCedar.com and refamiliarize themselves with the benefits and attributes of cedar available in their market.

4. PAINT THE PICTURE. Seeing is believing —and what's better than the sight and smell of real cedar? Comparing cedar boards and timbers side by side helps customers enjoy the breadth and depth of your cedar portfolio, but what about

going the extra step and creating an in-store masterpiece? Like the how-to-tutorials from RealCedar.com, why not build a charming arbor display on an endcap or enhance one of your outdoor entryways?

Nothing compares to standing next to the real deal. Help your customers visualize what their next project could be as they're walking your aisles.



5. BUILD YOUR ONLINE BRAND. With our current state of *social distancing*, there's no better time to improve your social media presence or even establish your social media persona as a cedar aficionado. First, think about what it takes for you to remember a brand or about what it takes for you to share the value of a company with a friend. OK, got it? Next, identify how your sellers currently provide that value — or could potentially improve upon the value of your cedar sales. Great — almost there! Try a small digital campaign using a paid placement option of a social network you're most familiar with. Paid placements using geotargeting are a great way to help you channel new customers to your storefront. But don't forget about showing the love to your existing customer base! Keep them up to date with online snapshots of all the new cedar projects you've added to your repertoire. Heck, you can even share a shot of a four-legged *customer* who's perused your aisles.



Strategy is the key to success, so define your team's cedar sales objectives, brainstorm on which tactics to implement, assign point-people — and then roll-up your sleeves to get started. Don't forget to reach out if you have questions. Your Weyerhaeuser sales reps are here to support you in meeting (and exceeding) your cedar sales goals.

For more information on Weyerhaeuser's cedar portfolio and sales representative support, visit Weyerhaeuser.com/distribution



Weyerhaeuser proudly supports the Western Red Cedar Lumber Association, visit RealCedar.com for added details.





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*Product portfolios may vary by geographic market.



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Editor & Publisher

Rick Schumacher
Rick@LBMJournal.com

Creative Director

Richard Hart
Design@LBMJournal.com

Senior Editor

James Anderson
James@LBMJournal.com

Contributing Sales Editor

Rick Davis

Contributors

Mike Berger, Rikka Brandon, Mark Cofer,
Phil Crone, Thea Dudley, Russ Kathrein,
Bill Lee, Bob Sanford, Shane Soule,
John Wagner

Controller

Nancy Frazer
Nancy@LBMJournal.com

Director of Operations

Michelle Fischer
Operations@LBMJournal.com

Administrative Coordinator

Tina Saucke
Tina@LBMJournal.com

Circulation Director

Vicki Blomquist
Vicki@LBMJournal.com

ADVERTISING SALES

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

CENTRAL & WEST
Michele Randazzo
Michele@LBMJournal.com
Ph: 904.310.9540 Fax: 952.892.7816

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The reality of staying strong

THE LBM JOURNAL team typically operates out of a cozy little office suite on the second floor of a bank building. It's not fancy, but we've got crazy fast Wi-Fi, great computers and technology tools, and everyone has a window. In "rush hour" traffic, it's an eight-minute drive from my home. I haven't worked from that office in six weeks, but I've been thinking more and more about the framed quote that hangs on the wall by my desk:

"Reality isn't the way you wish things to be, or the way they appear to be, but the way they actually are. You either acknowledge reality and use it to your benefit, or it will automatically work against you." – Robert Ringer

As I write this on April 30 (on an old Mac in a spare room above our garage), no one knows how quickly we'll get back to normal—or even exactly what "normal" will look like. Instead of focusing on that, my days are spent working on ways to use the tools at my disposal to deliver the information and insights that you and the rest of the LBM community need to make the most of our current reality, and to position ourselves for the post-coronavirus normal.

Credit expert and *LBM Journal* columnist Thea Dudley reminded me of a quote by Winston Churchill that today is more relevant than ever: *"Never let a good crisis go to waste."* According to an October, 2013 article in the McKinsey Quarterly (mckinsey.com), "Companies that reallocated their resources during tough times enjoyed significantly higher returns." In other words, the smart move during bad times is not to hunker down and wait for it to pass. Instead, companies that use tough times to actively evaluate and refine their operations come out stronger on the other side.

History shows clearly that every economic downturn results in winners and losers. The winners work hard to use the downturn to study their business and their operations—to leverage their strengths and work on their weaknesses. By doing so, they come out stronger and smarter. Later this morning, I'll be hosting a free webinar with operations expert Shane Soule called, "Inefficient Delivery Processes: EXPOSED." Think about using this opportunity to refine your processes to be better and smarter. More than 1,000 LBM pros attended a free LBM webinar two days ago with Rick Davis called, "Selling normally in abnormal times." More than 500 LBM pros have attended each of the free LBM webinars featuring Thea Dudley talking about credit and cashflow.

Are these tough times? Yes. Do we all wish we'd never heard the word coronavirus? Yes. But the reality is we are all living and working through unprecedented times. We're members of an incredible community, and like all communities...staying strong means working together.

Let's do this. ■



Rick@LBMJournal.com

IMPACT OF COVID-19 REVERSES REMODELING FORECAST

Owner expenditures for home remodeling and repairs are expected to decline at least through the first quarter of next year due to fallout from the COVID-19 pandemic, according to the Leading Indicator of Remodeling Activity (LIRA) released by the Remodeling Futures Program at the Joint Center for Housing Studies of Harvard University. Pre-pandemic, the LIRA pointed to a healthy rebound in home remodeling spending with annual growth of 3.9% by the first quarter of 2021, but the latest data incorporating both actual and forecasted impacts of the economic shutdown point to spending declines this year with further worsening into 2021.

“While there is still considerable uncertainty surrounding the near- and longer-term impacts of the pandemic, the best available evidence suggests substantial downturns in key remodeling indicators of new home construction, home sales, and values of existing homes over the coming quarters,” says Chris Herbert, managing director of the Joint Center for Housing Studies. “Homeowners who are concerned about losses of income, home equity, and other forms of wealth are anxious about making large investments in improving their homes in this economic environment.”

With the unprecedented changes to the U.S. economy, the Remodeling Futures Program is providing a downside range for the home remodeling outlook, which incorporates forecasts for several core model inputs—retail sales of building materials, home prices, and GDP. “Quarterly spending for improvements and repairs to the owner-occupied housing stock is projected to turn negative by the third quarter, and annual expenditures are expected to fall to \$322 billion by early next year with potential for even more severe declines to follow,” says Abbe Will, associate project director in the Remodeling Futures Program at the Center.

UPDATES

PEOPLE

Mike Knezevich has been named CIO at **Parksite**.

Dennis Schemm has been named CFO at **Trex**.

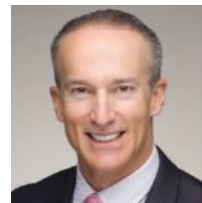
Chad Cutlip has been promoted to the position of regional vice president for the West at **L&W Supply**.

Jay Dickens has been elected CEO of **The Lester Group**. Dickens was promoted following the retirement of **Jim O'Brien**.

John Hartmann has stepped down as **True Value** CEO. Chief Commercial Officer **Chris Kempa** has been promoted to chief executive officer, and the current Chief Financial Officer **Deb O'Connor** will become president and CFO.



KNEZEVICH



SCHEMM



CUTLIP



DICKENS

WHAT BUILDING 1,000 HOMES MEANS TO THE U.S. ECONOMY

A new study from the National Association of Home Builders (NAHB) shows that housing stands poised to lead the economic rebound once social distancing and other mitigation efforts show success in containing the coronavirus pandemic.

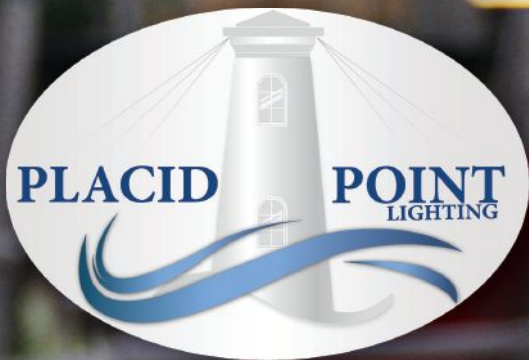
Building 1,000 average single-family homes creates 2,900 full-time jobs and generates \$110.96 million in taxes and fees for all levels of government to support police, firefighters and schools, according to NAHB's National Impact of Home Building and Remodeling report. Similarly, building 1,000 average rental apartments generates 1,250 jobs and \$55.91 million in taxes and revenue for local, state and federal governments. Moreover, \$10 million in remodeling expenditures creates 75 jobs and nearly \$3 million in taxes.

“Before the coronavirus pummeled the U.S. economy, housing was on the rise with January and February new home sales numbers posting their highest reading since the Great Recession,” said NAHB Chairman Dean Mon. “The demand is clearly there, and as this study shows, we expect that housing will play its traditional role of helping to lead the economy out of recession later in 2020 when the pandemic subsides.”

The NAHB model shows that job creation through housing is broad-based. Building new homes and apartments generates jobs in industries that produce lumber, concrete, lighting fixtures, heating equipment, and other products that go into a home remodeling project. Other jobs are generated in the process of transporting, storing and selling these products.

In another sign of the important role that housing plays in the economy, the Department of Homeland Security announced on March 28 that it had designated construction of single-family and multifamily housing as an “Essential Infrastructure Business,” meaning that construction could continue in places under stay-at-home orders. Although this designation is not binding to state and local governments, it does mean that there could be more workers on job sites in the coming weeks.

“Ensuring the health and safety of home builders and contractors is our top priority,” said Mon. “This is why NAHB and construction industry partners have developed a Coronavirus Preparedness and Response Plan for construction job sites. The plan is customizable and covers areas that include manager and worker responsibilities, job site protective measure, cleaning and disinfecting, responding to exposures incidents, and OSHA record-keeping requirements.”



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VIRUS CONCERNS CUT NEW HOME SALES DOWN 15.4% IN MARCH

Newly built, single-family home sales fell 15.4% to a seasonally adjusted annual rate of 627,000 units in March, coming off a downward revision in February, according to the U.S. Department of Housing and Urban Development and the U.S. Census Bureau. The March rate is 9.5% lower than the March 2019 pace.

"Despite the sharp decline in new home sales this month, the first quarter of 2020 was actually 6.7% higher than the same period last year, reflecting a strong pace prior to the virus outbreak," said Dean Mon, chairman of the National Association of Home Builders (NAHB).

"The drop in March sales reflects buyer concerns over the virus, and was primarily concentrated in the hardest hit regions of the Northeast and West," said NAHB Chief Economist Robert Dietz. "The weakening in sales is in line with our builder surveys that showed dramatic declines in buyer traffic and builder confidence in April. We expect further slowing of the pace of new home sales in April, as jobless claims continue to rise, before stabilizing later this year."

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

Inventory rose to a 6.4 months' supply, with 333,000 new single-family homes for sale, 1.2% lower than March 2019. Of that total, 76,000 are completed, ready to occupy. The median sales price was \$321,400. The median price of a new home sale a year earlier was \$310,600.

Regionally, new home sales were down across all four regions: 41.5% lower in the Northeast, 8.1% down in the Midwest, 0.8% down in the South and 38.5% lower in the West.

UPDATES

DISTRIBUTION

East Side Lumberyard Supply will distribute **Avon Plastics** products in Illinois, Indiana, Kentucky, Missouri, and Tennessee.

Cameron Ashley has opened a Topeka, Kansas distribution center. The facility replaces the distribution center in Kansas City.

INDUSTRY

Oldcastle's **Belgard** and **Techniseal** have joined **MoistureShield** in a contractor rewards program. The free program is available to all residential and commercial trade contractors, builders and remodelers.

Therma-Tru is 3D printing face shields for Ohio healthcare workers. The company's 3D printers are traditionally used to produce prototypes, templates and jigs for the latest in Therma-Tru exterior door technology.

True Value is manufacturing hand sanitizer amid the COVID-19 pandemic. The wholesaler, which has one of the largest paint manufacturing facilities in the country and produces several millions of gallons of True Value Easy Care paint annually, is converting part of its space to begin the production of hand sanitizer and cleaning products to help aid in the nationwide shortage.

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

BUILDER CONFIDENCE POSTS HISTORIC DROP

Reflecting the growing effects of the COVID-19 pandemic, builder confidence in the market for newly-built single-family homes plunged 42 points in April to 30, according to the latest National Association of Home Builders/Wells Fargo Housing Market Index (HMI). The decline in April was the largest single monthly change in the history of the index and marks the lowest builder confidence reading since June 2012. It is also the first time that builder confidence has been in negative territory (below 50) since June 2014.

"This unprecedented drop in builder confidence is due exclusively to the coronavirus outbreak across the nation, as unemployment has skyrocketed and gaps in the supply chain have hampered construction activities," said NAHB Chairman Dean Mon. "Meanwhile, there continues to be some confusion over builder eligibility for the Paycheck Protection Program, as some builders have successfully submitted loan applications while others have not been able to. NAHB is working with the White House, Treasury and Congress to get the broadest builder participation possible. Home building remains an essential business throughout most of the nation, and as the pandemic shows signs of easing in the weeks ahead, buyers should return to the marketplace."

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

The HMI index gauging current sales conditions dropped 43 points to 36, the component measuring sales expectations in the next six months fell 39 points to 36 and the gauge charting traffic of prospective buyers also decreased 43 points to 13. Looking at the monthly averages regional HMI scores, the Northeast fell 45 points in April to 19, the Midwest dropped 42 points to 25, the South fell 42 points to 34 and the West dropped 47 points to 32. The HMI survey took place between April 1 and April 13.

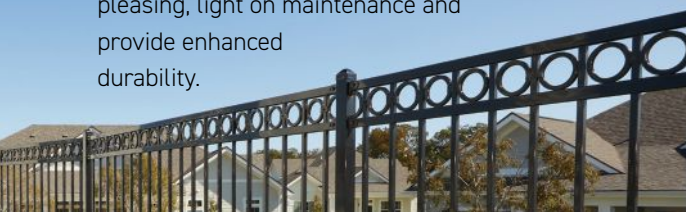
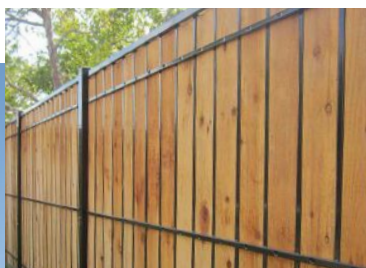
Today's homeowners and builders are creating bold, beautiful outdoor living spaces that defend against the ordinary. They're looking to stand out with uncommonly good products that look and act like an extension of the home, not an afterthought.

Enter Fortress Building Products. To meet and exceed industry needs, Fortress® engineered a complete collection of best-in-class products that can be summarized by one term: Outdurable Living™. Comprised of decking, fencing, railing, framing, lighting and fastener product solutions, this family of built-to-last solutions is easy to install and a breeze to maintain. The products work together in harmony, or can stand alone, to create refined outdoor living spaces where durability meets aesthetics.

Take a closer look at Outdurable Living, the Total Solution for the backyard and beyond. It provides a depth of inventory, but not an over-complicated yard.

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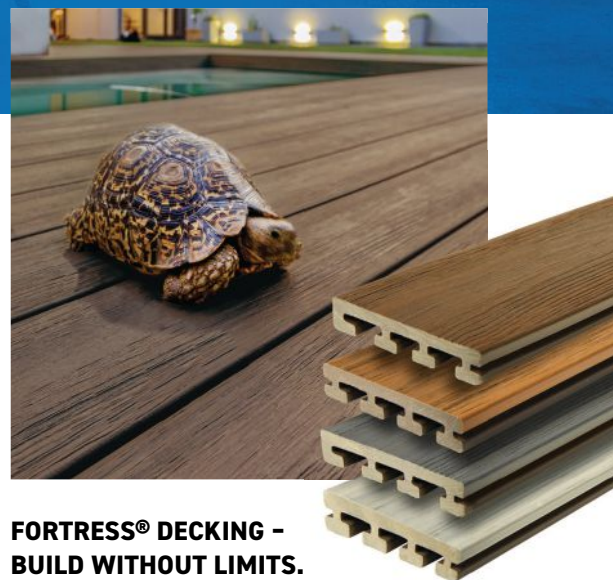
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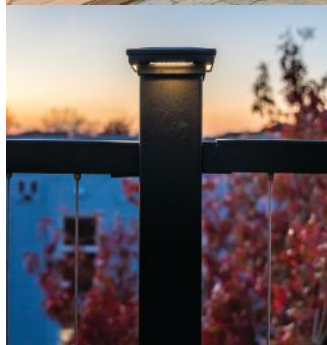


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EXISTING HOME SALES DECLINE IN MARCH

Existing-home sales fell in March following a February that saw significant nationwide gains, according to the National Association of Realtors. Each of the four major regions reported a dip in sales, with the West suffering the largest decrease.

Total existing-home sales, completed transactions that include single-family homes, townhomes, condominiums and co-ops, dropped 8.5% from February to a seasonally-adjusted annual rate of 5.27 million in March. Despite the decline, overall sales increased year-over-year for the ninth straight month, up 0.8% from a year ago (5.23 million in March 2019).



NAR'S MOST RECENT FLASH SURVEY SHOWED THAT 93% OF SELLERS CHANGED BEHAVIOR TO HELP THE HOME-BUYING TRANSACTION MOVE FORWARD WITH SOCIAL DISTANCING AND NECESSARY PRECAUTIONS.

While sales have declined, home prices are still solidly strong. The median existing-home price for all housing types in March was \$280,600, up 8.0% from March 2019 (\$259,700), as prices increased in every region. March's national price increase marks 97 straight months of year-over-year gains.

Total housing inventory at the end of March totaled 1.50 million units, up 2.7% from February, but down 10.2% from one year ago (1.67 million). Unsold inventory sits at a 3.4-month supply at the current sales pace, up from 3.0-months in February and down from the 3.8-month figure recorded in March 2019.

HOUZZ STUDY SHOWS COVID-19'S IMPACT ON HOME RENOVATION MARKET

Houzz Inc. has released its Q2 2020 Houzz Renovation Barometer, which tracks residential renovation market expectations, project backlogs and recent activity among businesses in the construction sector and the architectural and design services sector in the U.S. The Barometer, which was fielded from March 26 to April 8, 2020, provides insights into the impact of COVID-19 on the home renovation market.

"Despite beginning the year confidently, with a long backlog of work and high expectations, firms in the residential construction sector and the architectural and design services sector have experienced a sudden, dramatic shift in the wake of the COVID-19 pandemic," said Marine Sargsyan, Houzz senior economist. "For the first time since launching the Houzz Barometer in 2015, a greater proportion of firms reported quarter-over-quarter decreases than those reporting increases. Faced with unprecedented challenges, residential construction, architecture and design firms are adopting business practices including new safety guidelines, remote collaboration tools, and online consultations, invoicing and payments."

COVID-19's influence on home renovation and design businesses

More than four in five small businesses in the architectural and design services sector and the construction sector have been impacted by the coronavirus pandemic (84% each), while one in seven anticipate a future impact (15% and 13%, respectively). Of those businesses currently impacted by the pandemic, the most common effects include project delays (75% and 78%, respectively), fewer new business inquiries (75%, each) and project cancellations (61% and 63%, respectively).

Architecture and design firms responded to pandemic-related business challenges by offering video consultations and remote collaboration tools, and sourcing more products online (49%, 48%, and 34%, respectively). Construction businesses implemented new safety guidelines, temporarily closed offices or storefronts, and deferred hiring new employees (57%, 34%, and 33%, respectively). More than a quarter of businesses in the architectural and design services sector and the construction sector also adopted online invoicing and payments (30% and 27%, respectively).

While short term indicators report a severe immediate impact on the home improvement market due to the coronavirus pandemic, a neutral to good outlook for 2020 prevails among both the architectural and design services and construction sectors (56% and 66%, respectively).

Q2 2020 construction sector barometer

The Expected Business Activity Indicator related to project inquiries and new committed projects declined significantly to 18 in Q2 (compared to 74 in Q1). Both expectations for project inquiries and new committed projects were 18. The Project Backlog Indicator remained steady at 5.4 weeks in Q2 relative to Q1, which is 1.1 weeks shorter than a year ago.

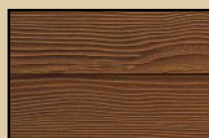
The Recent Business Activity Indicator related to project inquiries and new committed projects decreased to 48 in Q2 (compared to 65 in Q1). This decline is driven by both project inquiries, which dropped to 46 in Q2 (down 21 points relative to Q1), and new committed projects, which declined to 50 (down 12 points relative to Q1).

Houzz Q2 2020 architectural and design services sector barometer

The Expected Business Activity Indicator related to project inquiries and new committed projects decreased dramatically to 35 in Q2 (compared to 68 in Q1). Expectations also decreased for project inquiries at 31 and for new committed projects at 39 in Q2. The Project Backlog Indicator decreased to 3.6 weeks in Q2 (relative to 4.6 weeks in Q1), which is 1.1 weeks shorter than a year ago.



Natural Cedar



IPE



Spanish Moss

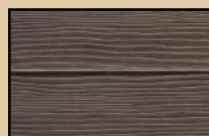


Cypress

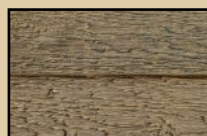
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WHEN TO CHOOSE FLUID-APPLIED FLASHING



Fluid-applied flashing materials have gained popularity alongside the trend in tighter building enclosures. While advanced acrylic flashing tapes can produce a tight seal, when flashing applications call for maneuvering around corners and curves, more teams are turning to fluid-applied flashing for ease of installation and assurance of continuous coverage. Here are a few situations when pros say they choose to use ZIP System™ liquid flash.

“We prefer to use liquid flash because it leaves little room for error and provides a super tight water and air barrier.”

Doug Cameron
ESS Design+Build

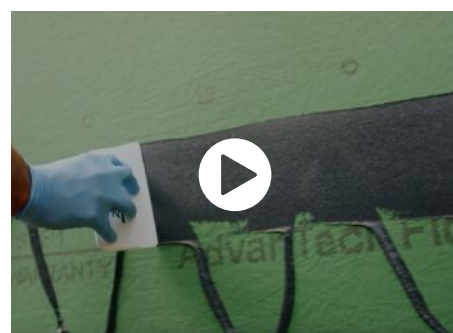
installs on recessed windows, for example, ZIP System liquid flash flows into every crevice to create a smooth, continuous flashing membrane between the transitional levels of the recessed windowsill.

“Any time you have an overlap in material, you’re creating a possibility for water leaks to occur,” said Doug Cameron, owner of ESS Design+Build. “We prefer to use liquid flash because it leaves little room for error and provides a super tight water and air barrier.”

Fluid-applied sealants simplify the flashing process around air vents and pipe penetrations as well. ZIP System liquid flash is formulated to combine the durability of silicone with the bonding strength of urethanes in what’s commonly called STPE (silyl-terminated-polyether) technology. This high-performance formula applies easily, using a plastic trowel or paintbrush to tool around curves to provide the right mil thickness for an air- and watertight seal.

is designed to chemically bond two materials together, so there’s little chance for air or water leaks in this important area of the enclosure that is gaining more and more attention from teams building to net-zero standards.

“We seal all critical junctures where water can and cannot hit in order to provide both a water-resistant and air-resistant barrier,” Cameron said. “I call it our ‘block and caulk’ system.”



Flashing Recessed Windows

When taping corners and angles with flashing tape, it’s important to layer, or shingle, tape segments appropriately to make sure you’re creating a continuous air barrier with the water-resistant barrier on the sheathing. While newer tape innovations such as a ZIP System™ stretch tape can eliminate the origami of multiple tape segments around sill pans, for more complex

Sealing Transitional Details

Sealing the connection between the foundation and wall system can be difficult, and not all tapes are created equally. Depending on the type of adhesive backer used, tape may not adhere to all substrates. That’s why builders such as Doug Cameron have switched to ZIP System liquid flash for a fluid-applied flashing option on this transitional detail. ZIP System liquid flash



Ready to discover more benefits and installation tips for ZIP System liquid flash? Visit ZIPLiquidFlash.com or scan the QR code.

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2020 EVENTS

AUG 26

LMC HARDWARE EXPRESS 2020
(VIRTUAL EVENT) Las Vegas, NV | lmc.net

AUG 27-29

ORGILL FALL MARKET
Las Vegas, NV | orgill.com

SEP 1-30

FREE REGISTRATION FOR NAHB'S
INTERNATIONAL BUILDERS SHOW
(to be held Feb. 9-11, 2021)
Orlando, FL | buildersshow.com

SEP 11-14

DO IT BEST FALL MARKET
Indianapolis, IN | doitbestonline.com

SEP 16-18

FBMA CONVENTION AND
GULF ATLANTIC BUILDING PRODUCTS
EXPO
Orlando, FL | fbma.org

SEP 23-25

LBM STRATEGIES CONFERENCE 2020
Boston, MA | lbmstrategies.com

SEP 26-28

TRUE VALUE FALL REUNION
Philadelphia, PA | truevaluecompany.com

OCT 4-8

WORLD MILLWORK ALLIANCE (WMA)
2020 CONVENTION & TRADESHOW
Mobile, AL | worldmillworkalliance.com

NOV 4-5

2020 INDUSTRIALIZED WOOD-BASED
CONSTRUCTION CONFERENCE (IWBC)
Boston, MA | iwbcc.com

NOV 11-13

LMC EXPO 2020
Philadelphia, PA | lmc.net

NOV 16-18

ECI CONNECT USER CONFERENCE
Las Vegas, NV | ecisolutions.com

NOV 16-18

EPICOR USER CONFERENCE
San Antonio, TX | epicor.com

Send information about your company's events
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TOUGH CALL ANSWERS

ANSWERS TO OUR MARCH TOUGH CALL SURVEY:

THE SHOWROOMING CHALLENGE

MORE CUSTOMERS ARE CHECKING OUT PRODUCTS IN YOUR SHOWROOM, THEN FINDING A CHEAPER PRICE AND BUYING ONLINE. HERE'S HOW READERS WOULD HANDLE THIS TOUGH CALL.

YOUR VOTES ONLINE AT LBMJOURNAL.COM

8.2%

STAY THE COURSE. Your company has survived worse than this "showrooming" trend. Just keep doing what you're doing, and it'll all work out. Don't forget to promote "Buy Local!"



6.1%

KILL THE SHOWROOM. The writing is on the wall. The smart move is to eliminate the showroom, and focus your company's energies on the profitable and growing parts of the business.

20.4%

RIGHT-SIZE IT. Analyze your inventory turns of products in the showroom. Keep those that make sense and eliminate the others. Be creative with the extra space this opens up.

65.3%

GO FOR THE WIN! Visit some LBM dealers with successful showroom operations, learn from them, then implement the best ideas to turn your showroom into a success story.

READER'S RESPONSES

All the options can be checked. I feel the showroom is a real need to sell mid- to high-end products. To get customers in the door now you must show some value. We don't discuss hard numbers until we sit down and discuss the project. If you can't show value, just close the showroom down. Stay the course, but show value, compare other showrooms to see where you fit in your market, follow market trends. Change is constant, be confident, know your product, and understand some customers are all about price, so just move on.

Eric Sonnenberg
Frontier Home Products and Design Center, Erie, PA

Solution: Modify the displays to emphasize the "value-added" part of the sale from your store. Customers looking at just price are missing a significant portion of the building/remodeling equation. Things we do that the "big-box/lower price" stores don't do include: on-site measuring to reduce the error rate; local warranty provider/coordinator; customer service from one salesman for the complete purchase/install process; the salesman/service provider will be available for a longer period (sometimes years) after the sale to answer questions or provide product updates; and our sales staff is factory-trained to increase chances of success. We also emphasize there are different product levels and you need to make sure you're comparing apples to apples when price shopping/comparing on-line. In some cases, the price is lower because not all the ancillary parts are of the quality you include with your product.

Dave Parrish
Franklin Building Supply, McCall, ID

THANKS TO EVERYONE WHO VOTED ON THE MARCH SURVEY. SEE PAGE 64 FOR THE MAY TOUGH CALL: "TOO TOUGH TO BE SICK?"

NAHB UNVEILS NEW INDEX FOR REMODELING ACTIVITY

The National Association of Home Builders (NAHB) has redesigned its Remodeling Market Index (RMI) in the first quarter of 2020 in effort to ease respondent burden and improve its ability to interpret and track industry trends. The first reading for this new RMI series was 48.

"The impact of COVID-19 is visible in the remodeling industry," said NAHB Remodelers Chair Tom Ashley, Jr., CAPS, CGP, CGR. "The rate of inquiries coming in is slowing down because many home owners are wary of remodeling crews inside their homes."

The new RMI survey asks remodelers to rate five components of the remodeling market as "good," "fair" or "poor." Each question is measured on a scale from 0 to 100, where an index number above 50 indicates that a higher share view conditions as good than poor.

The Current Conditions Index is an average of three of these components: the current market for large remodeling projects, moderately-sized projects and small projects. The Future Indicator Index is an average of the other two components: the current rate at which leads and inquiries are coming in and the current backlog of remodeling projects. The overall RMI is calculated by averaging the Current Conditions Index and the Future Indicator Index. Any number over 50 indicates that more remodelers view remodeling market conditions as good than poor.

The Current Conditions Index averaged 58, with large remodeling projects (\$50,000 or more) yielding a reading of 53, moderately-sized remodeling projects (at least \$20,000 but less than \$50,000) at 59 and small remodeling projects (under \$20,000) with a reading of 62.

The Future Indicator Index averaged 39, with the rate at which leads and inquiries are coming in at 30 and the backlog of remodeling jobs stands at 47.

BY THE YARD

NEWS FROM LUMBERYARDS
AROUND THE COUNTRY

TAL SEXTON NAMED MANAGER OF NEW RIVER VALLEY BUILDING SUPPLY

Tal Sexton, a veteran of 35 years in the building materials field, has been named manager of the **New River Valley Building Supply**, scheduled to open in May in Christiansburg, Virginia. The store is creating 15 new jobs, including sales and yard/warehouse specialists.



LMC DEALERS PITCH IN TO SUPPORT COMMUNITIES

LMC has shared how a few of its dealers have stepped up to show support for front line workers in the battle against the COVID-19 virus:

Opdyke Lumber Co., based in Frenchtown, New Jersey, recently helped provide thousands of pieces of personal protective equipment (PPE) to local hospitals.

Also in New Jersey, **Builders General** is stepping up to help by donating lunches and dinners to medical workers. Over the past two weeks, Builders General has dropped off 150 meals at three different New Jersey medical centers.

Mid-Cape Home Centers in South Dennis, Mass. led a display of appreciation for medical workers outside Cape Cod Hospital. The Mid-Cape trucks, one wrapped for first responder appreciation, another for military veterans and the third being a large boom truck, hoisted flags and thank-you banners, flashed lights and played motivational music to show support for local medical staff. See more here from Mid-Cape.

In Seattle, **Alki Lumber** recently teamed up with one its contractors to help some of Seattle's frontline workers. On April 10, Alki and one of its long-time customers, STS Construction, provided lunch for all the employees at two local grocery stores.

STINE INCREASES HOURLY WAGES AMID COVID-19 CRISIS

Among actions taken at all 11 **Stine Home & Yard** locations to further protect and provide for both associates and customers during the COVID-19 crisis, staff wages were increased by \$2 per hour. CEO Dennis Stine called it a 'Pat-On-The-Back' pay increase for all associates working during the state's stay at home order March 24-April 30.

US LBM FOUNDATION DONATES MORE THAN \$50K TO FOOD BANKS

The nonprofit organization founded by specialty building materials distributor **US LBM**, has donated more than \$50,000 to local food banks across the country.

ZUERN BUILDING PRODUCTS ACQUIRES WINDOW DESIGN CENTER

Zuern Building Products & Design Center has announced its expansion into the Madison, Wisconsin market with the acquisition of Window Design Center. The company also has a location in Delafield, Wisconsin. Jeff Van De Hey has been selected to lead the re-named Window Design Center from Zuern.

HIGGINBOTHAM BROTHERS RELOCATES GLEN ROSE, TEXAS LOCATION

The new location sits on a 3.5 acre lot, which allows for a larger sales floor as well as additional space to expand the lumberyard. **Higginbotham Brothers & Company**, a member of the LBM Century Club, owns 40 lumberyard and hardware stores throughout Texas and Oklahoma.

84 LUMBER DONATES \$500,000 TO PITTSBURGH FOOD SHELF

The donation went to fill a need after a significant spike in demand for food as a result of the COVID-19 pandemic, at a local food bank in Pittsburgh. The donation was to help provide approximately a half-million meals for Pittsburgh area residents.

DEALERS, GOT NEWS?

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Leslie Adkins is vice president of marketing for Trex Company, Inc., the world's largest manufacturer of wood-alternative decking and railing. Adkins has worked with Trex for 11 years and has nearly 30 years of marketing experience helping companies successfully launch new products and build brands.

1

Q: With strong confidence among builders and homeowners, what do you see as the biggest opportunity for LBM dealers?

A: Perhaps Trex is biased, but we see a continued focus on the growing trend of outdoor living and consumers' willingness to invest in their homes. With labor tight and contractors being increasingly busy, there is increased pressure on dealers to have inventory on-hand for timely delivery. LBM dealers that take advantage of the winter buy programs offered by manufacturers will be positioned well to capitalize on this opportunity.

2

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

A: LABOR. We hear this over and over from contractors across the country who identify labor as a major hindrance to growth. Of course, every challenge presents an opportunity—so as contractors schedule out with longer lead times, more DIYers are taking action. LBM dealers should keep that audience in mind as well.

3

Q: What do you see happening with the decking and railing markets for the next several years?

A: Between millennials moving into the home ownership ranks and Trex expanding our focus on converting would-be wood deck builders into Trex deck builders, we project that consumer interest in low maintenance products will continue to increase. Wood conversion is the reason the category has seen recent introductions of lower price point decking options—all intended to make low maintenance composite decking more accessible for homeowners who previously might not have considered composite decking. This, in turn, opens up opportunities

for dealers: to focus on both the repair/remodel segment and new home construction, and likewise on both DIYers and professional deck builders.

Aesthetics continue to be important as more consumers seek to expand their personal design preferences to their outdoor living areas. This is where the mid- and higher-priced composite decking options are building momentum. The same holds true for railing where we are seeing a heavy focus on design options, and increased demand for alternative balustrade materials, such as mesh and glass applications.

4

Q: From your experience, what separates LBM dealers who sell a tremendous amount of decking products from the rest?

A: The most successful dealers are those with the ability to invest and carry inventory and the willingness to focus on the category with showrooms and promotion within their addressable markets. We also see a direct correlation between sales and dealers that invest in the development and support of a dedicated contractor base loyal to a brand.

5

Q: Today's decking materials are light years from where they were when Trex created the composite decking market in 1996. What key innovations should LBM pros watch for in 2020 and beyond?

A: We can't give away all of our secrets, but the trend for outdoor living is here to stay, and you can be sure that Trex is focused on what's next in the category. From products like outdoor kitchens, fire and water features, and more, we really try to hone in on those elements that will make the outdoor space beyond the threshold 'live' like a room within the home. ■

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NEW LOCAL LAWS OFFER STRIDES IN HOUSING SAFETY, AFFORDABILITY, AND DIVERSITY

BY MARK COFER AND PHIL CRONE

Effective September 1, 2019, the Texas legislature passed a law that prohibits local municipalities from mandating the type of building materials used in new construction, maintenance, and renovations. The new law, known as House Bill 2439, outlines that local governments cannot exclude the use of building materials otherwise approved under national code. In turn, House Bill 2439 empowers professionals and homeowners—rather than a governmental body—to decide which building materials are most appropriate per project, supporting freedom of choice.

Texas is not the only area impacted, though. For example, state laws in Arkansas and North Carolina have recently overridden restrictive local ordinances, and similar efforts are currently underway in parts of Tennessee. With this, we can provide an equal playing field for building products while positively impacting safety, affordability and diversity in today's national housing market.

CODE SAFETY. House Bill 2439 mandates the inclusion of all building products permitted under the previous three national code cycles. Exceptions include homes within historic districts and subdivisions with HOAs. National building codes are developed by unbiased, third-party experts in independent laboratories to ensure high-quality products, applications and assemblies. Ultimately, national

codes exist for a reason—to help ensure the health, safety and welfare of all citizens—and do not forfeit quality for affordability. As long as national codes are met, professionals and homeowners should have the freedom to choose their materials according to their price and aesthetic preferences.

AFFORDABILITY. Restrictive ordinances can disproportionately impact lower income groups by forcing the use of more expensive products, pricing them out of the community. For example, in Dallas-Fort Worth, Texas, the median price of a home increased from \$198,000 in 2010 to just shy of \$330,000 in 2019. Many of the area's masonry-only ordinances became effective during that time and have negatively impacted certain demographics, such as working families and retirees, making housing artificially more expensive.

Additionally, dealers and distributors operating in areas with material overlays can endure meaningful financial impact. By being confined to what they can and cannot offer, they are hindered at selling products that may result in higher margins and more demand. With the decision in the hands of local municipalities dealers and distributors have less control over what they offer, potentially impacting their bottom line.

The ripple effects can adversely impact a city long term, too. Culturally diverse communities are dynamic and typically attract like-minded businesses, all which contribute to

a thriving local economy, tax base and school performance. Unfortunately, many overlays are founded with the purpose of appealing to affluent residents who can pay higher property taxes. As these ordinances shape the community's outward appearance, residents have been known to pressure city officials because they fear lifting restrictions could spark a change in area demographics—and with it a decline in housing values.

AESTHETICS. Many local governments enact ordinances on the premise of creating a specific aesthetic “brand” for their city. However, these restrictive standards often increase the cost of the design and construction of homes, creating communities that are neither affordable nor accessible to a wide range of citizens. And while city officials may use material overlays to promote a specific “brand,” the opposite often emerges: a homogeneous community that’s seemingly monotonous. With no variety or differentiation, homes can easily lose their aesthetic identification.

Homes are an expression of the families who live inside. Additionally, many homebuyers desire to live in a diverse neighborhood of older and newer homes with a variety of architectural styles and aesthetics. After all, it is their home and it should be their decision so long as safety standards are aligned with code requirements.

WHAT YOU CAN DO. Sound policy must promote diversity, not exclusion. At its core, that is what House Bill 2439 and similar local efforts across the country are striving for. As long as national codes are met, freedom of choice will organically cultivate safe, affordable and aesthetically diverse communities.

If your community has enacted or is considering a materials-restrictive policy, contact your local Home Builders Association for free educational opportunities and grassroots activities. ■



Mark Cofer is general sales manager of the Southwest Region at LP Building Solutions



Phil Crone is executive officer at Dallas Builders Association

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Business today calls for a servant mentality

BY BILL LEE

TALK ABOUT A LIFESTYLE CHANGE...this is it. Not just a few of us, not just owners and managers, but every one of our lives have been affected in some way by the arrival of the coronavirus, and I believe we have a way to go before we return to normalcy. But we will return. Don't allow yourself to lose faith in that. The big question many of us are struggling with is what will we do and how do we survive while making the best out of an extremely volatile situation?

I'm sure everyone reading this article has an opinion as to what the best way to spend your time in this kind of environment, and I am no exception. We all need help, but I believe it's our customers we should concern ourselves with the most as they try to figure out what to do and when to do it.

BE A SERVANT TO YOUR CUSTOMERS

I believe our customers are in the most need of a servant, someone who has their best interests at heart, someone who is not looking for credit, but someone who is just looking for some way, no matter how small, to help builders cope.

Where would you start you might ask? I know if it were me, I would start by making a list of builders and one by one, give them a telephone call and try to learn where and how they need help considering their individual sets of circumstances.

BECOME AN EXPERT

What questions are each of them struggling with? What proactive steps can they take to best protect their crews and keep them safe? Do they have members of their crew who are quarantining themselves because they've been exposed to someone they believe may have infected them and the builder is short-handed? He may need help finding carpenters, framers, etc.

This is a time for us all to pull together. There are co-workers, contractors, and subs who, through no fault of their own, are undependable right now. Odds are the source of the problems most people are having to deal with are easier to identify than the solutions. If you uncover a problem you have run across for the first time, maintain confidentiality, but make it your business to help the affected individual find a solution.

BE POSITIVE

There will be those among us who see all of this as insurmountable; they may be discouraged, if not depressed. There will be salespeople who cannot see the good that presents itself in times of trial. Those of us who have been around this industry for most of our lives are no strangers to deep recessions when two months ago it was difficult to get material and even more difficult to find qualified labor. Now, all of a sudden, the near future is uncertain.

A CRISIS CAN BE AN OPPORTUNITY

As for me, I have found more new business in these kinds of times than I ever did when business was booming. Now is the time when salespeople who are blessed with a servant mentality have an opportunity to offer advice and counsel to builders and tradesmen who need a shoulder to lean on. There's not one of us who does not have value to share.

In doing so, stay safe, maintain a safe distance for the protection of not only you, but those with whom you are interacting. Be a role model for safety. Avoid shaking hands at all costs, wash your hands more than you believe is necessary, discipline yourself to keep your hands away from your face, sanitize everything that could present a threat before you touch it. Don't take chances. Keep the faith! ■



Bill Lee is a respected sales and business consultant in the LBM industry. For more information, contact Bill at leeresourcesinc@gmail.com

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Lean on Us.

Choose your response

BY RICK DAVIS

IS THERE AN UPSIDE to the current health crisis? Can we find a silver lining in this dark cloud? I say each individual can use this challenging time as a test of their ability to choose their response to adverse circumstances.

Victor Frankl shared his concept of Logotherapy in his bestselling book, *Man's Search for Meaning*. He conceived of his concepts prior to being taken to a concentration camp. During his incarceration, he observed how people either succumbed to the circumstances or retained their ability to choose. Frankl was one of the people who chose his response to a nightmarish environment.

Frankl, and others who have survived much worse than we are enduring today, discovered courage when others succumbed to external pressures. He proves, like others who have survived wars, imprisonment, losses of loved ones, and more, that learning moments can come even in worst of times. The ability to shine can appear in those dark times. It means making a conscious choice even when it feels like choices are being made for you.

Logotherapy is the desire to find meaning in life, regardless of the situation. Frankl asserted that the only real human freedom you have is to choose your attitude in any given set of circumstances. The events of the day provide you the opportunity to exercise that freedom.

The thing I believe you can do as a business leader and sales professional is focus less on your fears and tap into the world of others. Choose sales leadership. Sales leadership means helping other people get what they want.

Choose to pick up the phone and contact your business associates, vendors, and customers alike. Do so without agenda and expectation of personal gain. Listen to the fears and concerns of others around you. If there is busi-

ness to be conducted, do so gently and with the intention of taking time to hear the emotions, not merely the words, of others around you.

The upside of the times is that your customers are available. They are likely feeling the same separation anxiety as you. Choose to reach out and understand their business and personal challenges. Discover what the future holds for your clients as a means to build a pipeline of future opportunities. More importantly, choose to discover the ways in which you might be able to help them succeed in the future.

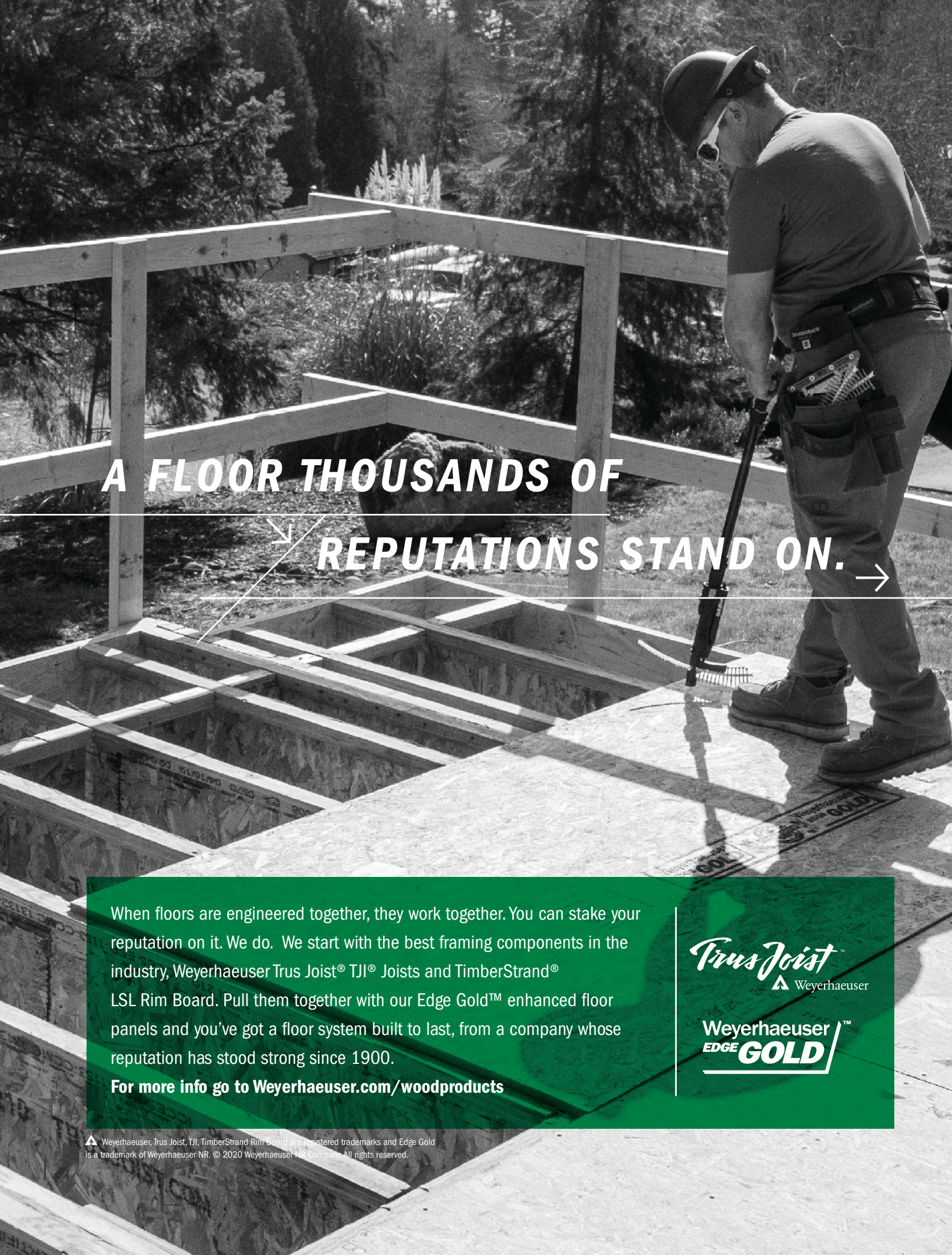
Lots of people have been saying "everything will be different" after the current crisis is over. This is a prediction for a new worldview, but does it need to affect your *personal view*? Will "everything" be different? Will you be different? Maybe yes...maybe no. If your current business intention is to help your clients succeed, then there is no reason to change. If your current business intention is to figure out how to survive and gain wealth in these, or any, times, then you might need to rethink your motivations.

Choose an intention to help other people succeed regardless of personal gains you may achieve. Make your interactions and dialogues entirely focused on the success of others. If you are able to reduce your expectation for personal gain and increase your intention to help others succeed, you will get the results and things you need with ease.

"Everything" in our world might change for others...but I intend to remain the same. It is an intention I recommend highly. This crisis of today presents a powerful lesson in the power of personal choice. Choose to be an authentic, caring, and stoic leader in these times and the future. The things that happen around you do not need to dictate the things that happen inside you. ■



Rick Davis, president of Building Leaders, is a premier sales trainer in the building materials industry. His latest book, *Sales Economics: The Science of Selling*, is now available at buildingleaders.com. Rick can be reached at rickdavis@buildingleaders.com



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5 keys to approaching layoffs so your employees want to return

BY RIKKA BRANDON

IN THESE UNCERTAIN TIMES, you're no doubt concerned about potentially having to lay off staff members, or perhaps you've already had to, due to government regulations on essential businesses during COVID-19 shut-downs or because of the associated economic pressures.

The saying goes that it's not personal, it's business. And that is, in part, true. But it's also true that you likely care about your team, and that you're laying off people you like and who do good work for your company.

When the current crisis eases, being able to rehire those hard workers will be critical. Not only do you care about those people, but it will be easier to ramp up business with employees who already know the company and the job.

Here are a few strategies to help maintain your relationship with laid-off employees and ensure the bridge between the company and them doesn't go away.

1. BE TRANSPARENT AHEAD OF TIME

Getting laid off is no fun, but it's easier to take if it's more expected. Be up front with employees as you're navigating these times—about what prolonged economic difficulties might mean for the future. In addition, the more you can communicate the realities, the more your team will understand what a difficult situation you're in and that you're doing your best to save the company and as many jobs as possible.

2. LEAD WITH EMPATHY

No matter the circumstances, no matter how expected, losing a job is one of the most stressful events in a person's life. Take that into consideration with each step you take. Put yourself in their shoes and consider their feelings.

3. DELIVER THE NEWS IN A RESPECTFUL WAY

No employee should be laid off in an impersonal manner, such as via text or email. Meet with them face-to-face, or via video calls if face-to-face meetings still aren't allowed. It may not be feasible to do all layoffs individually, but the delivery of this message will be a huge driving force in their decision to return to work for you.

No matter what, the conversation should come from the manager or leadership, not HR. Once the news is delivered, then HR can take over. If small team video calls are being used, you can then transition into an organization-wide webinar from HR to provide logistical information and answer questions. Afterward, HR should send a follow-up email outlining all details and sharing how employees can get their questions answered.

For those employees you definitely want to woo back, give them the white-glove treatment and a highly personalized approach. Make sure they understand that it is purely an economic decision and one that you'd hoped to avoid.

4. COMMUNICATE WELL

Be prepared to answer their questions, and provide them with resources, such as what benefits they can leverage from the federal stimulus package above and beyond the norm to make up more of the income they've lost.

And remember that words matter—phrasing things poorly can do more harm than good. Consider hiring a freelance PR pro who can help with wordsmithing to make sure you don't accidentally sound insensitive or out of touch.

5. LAY THE GROUNDWORK

Acknowledge that these are tough times and the situation just plain stinks—and that you don't want to lose them. Tell them that you want and hope to have them back on board when circumstances change.

Also, know that they may not react well. They may cry; they may be mad. But it is likely in the moment and doesn't reflect their long-term feelings. So try to distance yourself from those responses and give them some space and some grace.

How you handle layoffs—before, during, and after—can make a difference in the lasting impression you leave with departing employees. Build, rather than burn, bridges as much as possible, and hopefully before too long you can bring valued former team members back on board. ■



Rikka Brandon, a recruiter in the LBM industry since 2001, is a building products recruiter with Building Gurus. Reach her at rikka@buildinggurus.com

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FEATURING



Getting ahead of a crisis

BY RUSS KATHREIN

WE ARE ALL IN A TIME that no one in living memory has faced before. Schools and businesses are shut down. We are isolating in our homes. The 24-hour news cycle paints what-if pictures of doom and gloom. And in all of this, we are expected to lead our people through to the other end. If you feel like the Great Oz from the movie *The Wizard of Oz*, who projected a mighty and powerful image in public, but behind the curtain was furiously pulling levers and twisting knobs while hoping that no one looked behind the curtain and saw him for who he really was, you are not alone. If you show up to work each day and present yourself to your people as someone who is taking charge and knows we will get through this, but at the end of the day you sit in your home and are terrified out of your mind by self-doubts, you are not alone. None of us know what our business will look like on the other end of this crisis, but we do know it will be different. So, like steering a ship, we will make many course corrections as we move forward. That does not mean, however, that we cannot take action now and make some strategic decisions.

While we don't know everything we will do in the future, we likely have a good idea of past actions that we'd rather not repeat. A Chicago politician once said, "Never let a good crisis go to waste." This is your opportunity to make those hard decisions that you were too afraid to make because they wouldn't be received well. This is your chance to finally make that sacred cow into some hamburger that will help your business. This is your chance to finally let go of the past and move on to the future with your business.

To be blunt, there are many stupid things we do for our customers or allow our customers to do to us that did not make good business sense last year, and make even less sense in the current environment. Use this opportunity to reduce or get rid of your prompt pay terms, your extended terms, and those darn annual rebate programs that the customer seems to forget about when he wants you to match a competitor's price. Most

pro yards deliver 90% or more of their material. Implement a delivery charge if you haven't already. If you have, tighten up the exceptions you allow and look to increase the amount. Stop letting customers use their credit card to pay off their account. Don't worry about what your customers will think. In most cases they get it and were wondering when you would finally figure it out. Don't worry about what your competitors will do. You are struggling to survive, and so are they. They will probably follow your lead.

When it comes to our people, culture is everything. You need to plan for the culture you want to have in the future, and let go of the past. If you have a cancerous employee who fights everything, but has been with you forever, or "is really a good guy," now is the time to pare the tree and get rid of them. If you have to reduce your headcount to make ends meet, don't make the call based on tenure and sales volume. Judge your people based on attitude and aptitude. Your best sales rep might be two years from retirement. If you don't start planning for that transition now while you are assessing your people, you will have your own crisis in less than 24 months. That employee that everyone loves, but no longer is up to the job or you no longer have a place for, will now better understand the difficult choices you have to make given the current climate, than they would have six months ago. Make that difficult decision now.

Look at your business model. The last crisis made many of us finally let go of product lines and customer segments that we had been selling forever, but were no longer profitable. Chances are we still have some of those sacred cows still with us this time around. Conversely, what business have you had that you wanted to grow that you now have freed up some resources to support? Remember, you are either growing or you are dying.

So, pay no attention to the man behind the curtain. When you can focus your mind on the things you can control and start working towards a solution, you will find that you feel much more like the Great Oz. ■



Russ Kathrein is the president and CEO of Aurora, Ill.-based Alexander Lumber, which operates 12 locations throughout Illinois, Wisconsin and Iowa. He is also chair-elect of the National Lumber & Building Material Dealers Association. Reach Russ at russ.kathrein@alexlbr.com

How equity and debt are blended in an acquisition

BY JOHN WAGNER

IN THE CHART BELOW, which reviews recent successful acquisitions, you can see a report of how equity and two types of debt are blended in typical mid-market deals.

First, a review of the terms in the chart: “TEV” stands for *total enterprise value*, the entire consideration paid to the seller for a company. The chart shows data from companies acquired for between \$25 and \$50 million, a classic “lower middle market” profile.

The “equity” referred to in the chart is the cash put into a deal. And then there are two kinds of debt: “senior debt,” and “subordinated debt” (also known as mezzanine debt).

As its name implies, *senior debt* is the “first-in-line” debt that a company must repay if it goes out of business (liquidation or bankruptcy). *Sub-debt* has less security, and if a company goes out of business, sub-debt ranks behind senior debt in repayment priority. As a result, sub-debt costs more, because it prices in that risk.

On the chart, notice the blend of these three classes of capital—equity, senior debt, and sub-debt—and what percent of the overall TEV they contributed in each deal. Of the 2019 *total enterprise values* paid, 40.5% of the TEV was *senior debt*. This debt was loaded on to the books of the acquired company; the company will pay the premium and principle out of its income. For these same companies, 13% of the TEV was subordinated debt; it too was loaded

on the books of the acquired company. Just 46.5%—*less than half* the TEV—was actual equity, in the form of cash.

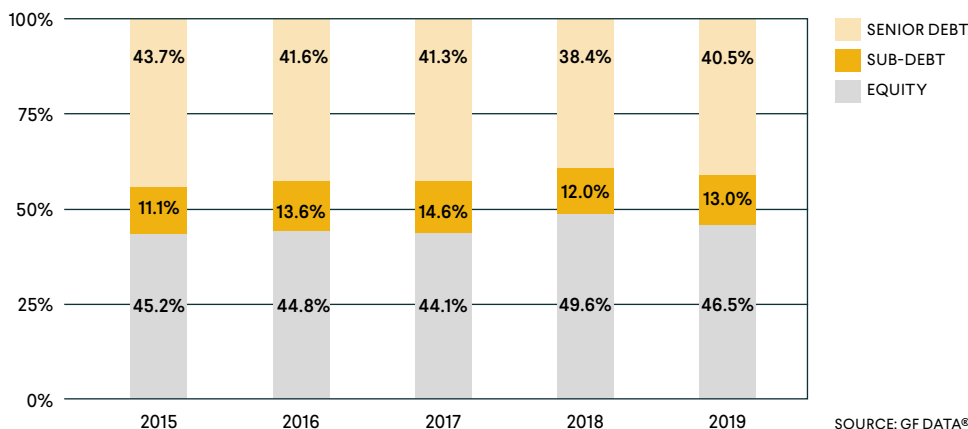
To put this another way, it is common for us to hear this question: “How much leverage was placed on the deal?” Well, in these chartered acquisitions, that leverage is 40.5% + 13%, for a total of 53.5%. More than half the deal value was, in essence, provided by the balance sheet of the acquired company.

As for the equity portion of the TEV paid, the type of acquirer will dictate where that cash comes from. Specifically, it is common for private equity acquirers to require that a certain percent of the equity be rolled by the seller in the form of shares of the NewCo being created by the acquisition.

What portion of the TEV is typically required from the seller? It can be as much as 49% of the *equity portion* of the deal where the buyer has a controlling interest in the business. Typically, 25% or less is required in most deals. In the chart data, if the seller contributes 25% of the required equity by rolling their shares into NewCo, that would represent around 11.6% of the TEV being paid.

So, of the 46.5% equity portion of the TEV cited in the chart, the actual cash that the private equity acquirer has to come up with 34.9%, just 23.5% of the total enterprise value. This blend of 1) senior debt, 2) sub-debt, 3) the rolling of the

EQUITY AND DEBT: \$25-50 MILLION TEV



seller's shares, and 4) cash from the acquirers is extremely common. Using this approach, a private equity firm can acquire a \$50 million business for 34.9% of the TEV, which \$17.45 million. In the transaction, the seller has taken some chips off the table, and had 25% initial interest in the NewCo.

As opposed to private equity acquirers, strategic buyers usually *don't want* strategic investors that are hold-overs from previous ownership. So, strategic buyers will often *not require* the rolling of the seller's shares, because they don't want the sellers around, or at least they don't want them to have shareholder power to influence the strategic direction of the NewCo.

So, strategics will often pony up the equity portion of the deal to cleanly buy the sellers out.

What happens to the seller shareholders who rolls their shares into NewCo if NewCo starts to dilute their ownership? That's called a "cram down," and it happens when NewCo takes on new investors or debt. Cram down may be avoided if shareholders answer "cash calls" (yes, they have to write checks back to their acquirers!) to maintain their percent ownership, or watch that percent drop if they don't want to send cash, which is all done in the hope that a smaller percent of a larger company will end up being more valuable over time, sometimes called "getting another bite at the apple." ■

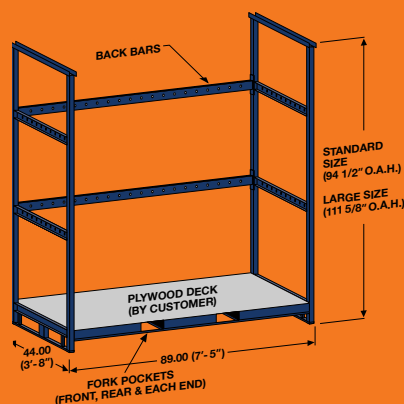


John Wagner is a managing director at 1stWest Mergers & Acquisitions, which offers a specialty practice in the LBM sector. Reach John at j.wagner@1stwestma.com

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Credit in times of COVID-19

BY THEA DUDLEY

DEAR READERS,

Your response to our webinar “COVID-19 vs Your Cashflow and AR” in March was intense. Thank you for all the questions during the session and for those that continue to come in. While the questions are varied, most focus on the current crisis. The questions that are the most telling, however, are about moving forward. Beyond damage mitigation. What does that look like?

Let’s tackle a cross section of the questions and then we can talk about the great beyond.

Q. Is it okay to allow customers to make payments on invoices?

A. Why not? As long as the payment is consistent and they are making progress, work with them as much as you can. Are you seriously going to tell a customer you aren’t going to take their money because it isn’t enough? What could be an issue? Your lien rights—don’t lose them!

Q. As a credit manager you want to work with your customers, but what if the boss (our president or CFO) is screaming that we cannot allow everyone to make payments, what do we do then?

A. As snarky as this will sound, turn it around on them. What would they suggest? If it is all or nothing, we can sue everyone if that is the directive. Or, do they want to work with the customer when the customer is willing to work something out? Let them decide. You can’t fix stupid. If this job was easy, everyone would be doing it (sometimes, it feels like they are).

Q. My customer is claiming they can’t pay because of force majeure and because of that, I can’t force them to pay for the materials since the work isn’t done. Is this right?

A. Depends. They probably can’t pay you for the materials since the project may be stopped and they have not been able to get paid or got paid and are “being cautious” with their money (code for keeping their business afloat). If you

have not read AIA or other contracts and aren’t familiar with that particular clause, it doesn’t work that way.

AIA does not use the term force majeure, but uses other references, and force majeure relates to the work itself and does not address payment or payment terms. It may be legit that they can’t pay you, but shielding with force majeure only works if you fall for it.

Q. What are your thoughts on taking a credit card payment on accounts when you normally do not allow this? At what point would you make this offer?

A. If the customer is offering payment in any form of currency, I’d take it. I am not turning away a customer offering payment, regardless of form. Take it and take it now. If that is not your policy, consider revamping that to adjust to life in a credit card world.

Q. What do you do if your customer tells you they are closed due to COVID-19?

A. Ask questions. Are they permanently closed? Are they liquidating? Or is it a temporary closure? Are they paying their employees? In other words, what is their plan? It is not overstepping or being unreasonable to ask questions. They owe you money.

You have a reasonable expectation to have details on the plan moving forward. You can remind them that without real information you still have to move forward, and it is easier to do so if you are working together. Otherwise, Mr. Customer, my options are limited and not pleasant for either of us.

Q. Many credit departments have put a freeze on opening new accounts or increasing credit lines, should I do the same?

A. This is not an unreasonable move. The question really is, how confident are you in what your credit department can handle and what is your company’s appetite for risk? That is a

decision every company has to make for themselves based on what is right for them. Who cares what others are doing—what is right for your company?

Q. What types of written agreements should I obtain as far as payment arrangements?

A. A promissory note is the most common and easiest to execute. Try to get the customer tied up with some form of security (real property, a personal guarantee or a UCC filing), but at the very least the prom note allows you to prove (if you end up in court) the amount. Again, a word of caution: Don't lose lien rights. If the payment plan extends past the lien rights preservation marker, then you are going to need to discuss that with the customer and do a carve out for the benefit of your company

HERE'S THE LOOMING QUESTION

Now what? What steps should the credit department leader take today as we move beyond damage mitigation?

Take a moment to acknowledge what you learned. What became glaringly apparent to you that needs improvement based on how you dealt with the COVID-19 crisis, your team, your process, and your customers? If you haven't done that because you just can't think about this anymore, let me help you out:

1. How you get your payments. If you don't have a payment portal, or if you are clinging to business practices that are antiquated, this should be a wakeup call for you. Get your payment process automated! Review your policies on credit card acceptance, charges and processes.

2. Do you have a consistent customer review process in place that happens in a timely manner? If you are not reviewing this at least yearly, you are playing roulette with your accounts receivable.

3. Is your team trained on credit and collections in our industry? Do they understand the lien process, UCC's, negotiations, prom notes, security, and soft skills of working with a customer? Your team is only as good as your weakest link. Train your whole team.

4. Do you understand your customers' world? Do you know how your contractors and subs that you serve do business? Are your customers all contract-based? AIA or private contract, government work, private, residential, commercial? Do you understand contracts, the language, and how the billing works? If not, it is hard to have a meaningful conversation with your customer and it allows you to be buffaloed if you don't.

5. Do you have a proactive preliminary lien process in place? If you don't or use the "hit or miss" method, this is a good time to re-evaluate and put one in place.

6. Communication. With your team, your leadership, your customers, and your sales team. How did that go?

The easier your company is to do business with, the more of a resource you are for your customer. The more you have leveraged technology to do the transactional and use your human resources for the communication, intelligence, and knowledge value, the more you increase your odds of getting paid. Take the COVID-19 crisis as a serious wakeup call and revamp, improve, streamline, and update your credit and collections processes. How your department functions is critical to your survival. We are talking about your cashflow here.

To sum it up, I am going to take liberties in quoting Zig Ziegler and apply it to this experience. "Forget everything you learned during this lesson and go back to business as usual OR face everything and rise!" It's up to you. ■



With more than 30 years of credit management experience in the LBM industry, Thea Dudley consults with companies on a wide range of credit and financial management issues. Contact Thea at theadudley@charter.net



WHAT'S YOUR NUMBER?

BY SHANE SOULE

Our industry's businesses are being stretched thin, and it's creating a new "corona-stress" on customers, team members, cash flow, and profitability. Many businesses find themselves with revenues falling while simultaneously dealing with reduced staffing and new work environments.

In order to lead effectively, we need to look at things that we haven't looked at before. For example, many feel forced to rush and figure out how to connect with remote team members to maintain communication and ensure productivity. While we may have recognized the importance of moving in this direction in the future, it wasn't at the top of our priorities in the here and now. Let's be honest, our industry is not as proactive as others when it comes to being innovative outside of urgent necessity.

Fast forward to the urgent necessity of the current situation, and we find most companies have a percentage of their team working at home, bringing added anxiety to management. The inability to physically see team members working raises many questions for leadership because there aren't productivity measures in place outside of what the manager sees happening.

If this is real life at your company, you've probably never thought of your administration tracking this whole new level of productivity and performance, but guess what? You probably already are. Most ERP (Enterprise Resource Planning) software includes the input data to track and calculate productivity for your entire inside team.

Think about it. There are only a few key activities that each team member group does daily.

INSIDE SALES/SALES COORDINATORS:

Phone calls handled
Dollars entered
Lines created
Transactions completed

ACCOUNTS RECEIVABLE:

Accounts created
Transactions completed
Contacts made

ESTIMATORS:

Square foot completed
Dollars estimated
Projects completed

Metrics can be determined for each group of team members. Here's an easy step-by-step process:

- 1 Find the data inputs in your ERP and extract them for a given time period (month, year, etc.).
- 2 Break down and total by team member. That's A.
- 3 Add up your total team member costs for that group (compensation, benefits, bonuses, etc.). That's B.
- 4 Take B/A. You should then have an idea how much the cost is relative, for example, to the metric (transaction created, dollars entered, line created, and contact made).
- 5 What's your number?

If you aren't already tracking these metrics, you'll likely recognize a few surprises with respect to how much some of your team members are doing vs. others; and these are facts you wouldn't have without the data. These create a great opportunity to recognize your superstars and give lesser performers clarity around your expectations and best practices.

Consider sharing these metrics with your team members as weekly KPIs so they see their performance and create true productivity goals for themselves. These facts also facilitate transparent conversations when business slows or increases, requiring hours to be cut/increased to keep up with workflow. Another positive consequence can come from your team members themselves; they'll start giving "lean" feedback on things that slow them down and hurt their productivity, because being held to a metric always changes behavior.

You can also analyze *when* the work is being completed during the day. Every input into your ERP software is tracked with a timestamp, so you can export the data into a timeline productivity review. This is always good information, but it's even more helpful when analyzing your team's performance when they're working from home. If a team

member is doing 95% of their input in a 2-hour window, you can't help but wonder what they are doing during the other 6 hours of the day. Most managers pick up on other trends in the data that they've never considered, and these will likely create insights around efficiencies in your strongest team members, new recommendations for lean communication, and improvements to staffing schedules.

Management by metrics logic works in every aspect of the company. Everyone should have a metric goal for themselves that they know and can receive frequent, or even live, updating. Imagine if everyone had greater clarity around company expectations as well as their contributions and performance:

YARD TEAM	lines per hour/\$ per hour
DRIVERS	miles driven per hour
OUTSIDE SALES	margin % after all-in COMP
PURCHASING	purchases per hour

Not only should the management team know the metric goals, so should each of the team members. "What's your number?" might be the answer to your current most urgent necessity. ■

Shane Soule has more than 22 years of hands-on experience in the LBM industry, most of that in sales, operations and manufacturing with Zeeland Lumber. Currently, Shane consults with LBM and component companies to increase productivity and profits, and improve the experience for both customers and team members. You can reach him at shanesoule21@gmail.com.





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STAYING STRONG

EDITOR'S NOTE: When we sat down to produce this issue, we had a hole to fill in our editorial schedule. The lumber dealer we had planned to feature was unable to gather his team for a photo because his state's COVID-19 quarantine guidelines said residential construction had not been deemed essential and therefore, lumberyards were not an essential business. Neither was the photographer who was scheduled to photograph the dealer's yard and team. Like so many others, we assumed the initial threat of the coronavirus would soon pass and it would be business as usual in no time. We were wrong about that. Soon it became clear to us that it wasn't just hot spot locations like Seattle, New York City, or Detroit that were feeling the effects of the virus; it was affecting our readers nationwide. As an editorial team, we shifted focus from our usual feature of one dealer profile in the magazine, to a survey of dealers around the country, facing the virus head on and STAYING STRONG.

BY JAMES ANDERSON

WHILE THE SEVERITY and government response to the COVID-19 outbreak varies greatly state-to-state and continues to shift as stay-at-home orders are lifted or extended, LBM dealers adjust on the fly and continue to serve their customers as best they can while also operating from home and keeping team members and customers safe.

■ In Georgia, where a stay-at-home order was about to be lifted, Jon Vaughan, president at Brand Vaughan Lumber Co., was recording a video message to email to his team members. Normally, he does this once a week to share company updates. These days, he's sending the videos more frequently.

"Part of what my video was today is saying 'just because you can, doesn't mean you should.' While Gov. Kemp is opening things up, it gives the impression that we're past this. But we're actually strengthening our cleaning and our social distancing at our stores," he said. "I'd rather you'd be safe, than get here and sent home again."

Vaughan used a humorous analogy in the video, noting that up until 2012 it was legal to own a chimpanzee as a pet in the state of Georgia. "Just because you can, doesn't mean you should," he said.

Vaughan's pro builder customers are in the same boat. Work still continues during the pandemic, and no one wants things to get worse. While lifting restrictions is the end goal to get the area economy moving at full pace, there is a hesitation among builders and dealers alike to make sure they are going about getting back to business as usual in the safest way possible.

"We're asking, what's that going to look like? How do I stay safe?" Vaughan said. "We're working with builders to make sure that what we're doing is also keeping them safe and keeping them working."

If a second wave of the pandemic strikes the area, Vaughan added, there's no guarantee that construction would be deemed "essential" by government order. "If it looks like the building industry is part of the problem in spreading, then we might not be essential the second time around. That's a scenario we've got to prepare for and try to avoid."

As Georgia has faced some of the least-restrictive quarantine guidelines in the nation, Vaughan hasn't seen a great impact on his business. Sales have still been strong, and he hasn't had to limit hours for team members. Still, he's taken precautions to keep staff and customers at safe distances and many are wearing masks. At each location, signage directs customers to pick up areas. They're encouraged to text or call in an order. Brand Vaughan staff will load a flatbed, but if the order is going into a pickup truck, the customer should load their own materials.

While the economic impact of a construction ban isn't evident in Georgia, Vaughan's team has been planning for worst-case scenarios.

"We're scenario planning for a small drop, mid drop, and large drop. We need participation and assistance from team members to make sure they're productive and efficient. We'll manage our business to the sales that we have," he said.

■ In Michigan, Mike Dykstra, president and CEO at Zeeland Lumber, faced an entirely opposite situation. On March 23, Michigan's Governor Gretchen Whitmer issued an executive order that completely restricted residential construction. Dykstra watched Zeeland's business drop 80% practically overnight. A month into the shutdown, Dykstra had 70% of his staff on furlough, and just a skeleton crew at his lumberyards. His salespeople who could, were working from home. Of his six locations, two are truss and component plants that were shut down completely.

However, the company's truss plant across the border in Indiana was still functioning close to capacity because that state had not locked down the construction industry.

"To hit a wall, and go from normal to 80% down overnight is an extreme challenge," Dykstra said. "But our team has stepped up. We made the proper communications with team members. We're working on plans to get workers back to our yards."

Dykstra hopes a May 1 end to the shutdown holds and isn't further extended. It's frustrating, he said, because 80% of the state's COVID-19

cases are in the Detroit metro area, which isn't anywhere near where his markets operate.

Zeeland's customers are equally frustrated, he said. The weather is right for construction. There is work to be done, and everyone he talks to shares the opinion that construction, especially of housing, is essential. Shelter, second to food, is essential for a state that is facing a lack of affordable housing.

Agreeing with what he hears from his builder customers, Dykstra said that jobsites are naturally suited for social distancing. When tradespeople are too close on a jobsite, they can adjust schedules to meet social distancing guidelines.

"Some of our customers have now extended the time frame it takes to build a home by restricting the number of trades on a job site per day," Dykstra said. "Everyone is looking at new OSHA regulations to figure this out. There isn't a lack of safety awareness. They want to get back to work and they're willing to abide by whatever safety protocol they need to abide by." ▶

"TO HIT A WALL, AND GO FROM NORMAL TO 80% DOWN OVERNIGHT IS AN EXTREME CHALLENGE. BUT OUR TEAM HAS STEPPED UP. WE MADE THE PROPER COMMUNICATIONS WITH TEAM MEMBERS. WE'RE WORKING ON PLANS TO GET WORKERS BACK TO OUR YARDS."

— MIKE DYKSTRA, ZEELAND LUMBER

As Dykstra looks forward to a May 1 ruling that will hopefully lift the construction restriction, he's also assessing other challenges. When the ruling was made that construction was not deemed essential, that put a stop to all the building officials who do permits, certificates of occupancy, and inspections. Even if a home was 99% finished, builders couldn't get a certificate of occupancy.

"It will already have a lasting impact," Dykstra said, adding that, "but from a business standpoint, we're ready to start back up."

■ Perhaps no one is more aware of the staggering differences between regulations from state-to-state than Steve Swinney, CEO of Kodiak Building Partners. From his home in Colorado, he has tracked each of his company's businesses and "experienced a little bit of every extreme," he said.

Kodiak is weathering the state-by-state variations of its businesses ranging from Boston, Michigan and Washington state locations that face some of the strictest regulations, to operations in Wyoming and Texas that aren't nearly as restricted. The company also operates different business segments which are affected differently by the pandemic, from lumberyards to millwork and manufacturing facilities.

"Some are holding up really well and staying busy while most of the country seems to be experiencing some level of slowdown. In some extreme spots, local or state governments made it practically impossible to be open," Swinney said.

Swinney said his company has gone through specific phases while the pandemic has spread throughout the U.S. First came the shutdown orders, when he said it seemed like every day brought a new local executive order for his company to navigate. First it was in Washington, then Boston, then Michigan.

"Those were the toughest ones," he said. "And they're not one-size-fits-all. We have to approach it with our local teams. In every case we were able to keep operating, we have to look at what we have to do to stay open safely for our employees."

Swinney said it's his HR team that took on a big role in coordinating data from businesses in each state and creating a central repository for guidelines and operations.

"They were the epicenter of all of our communications," he said. As local teams would share how they communicate with customers, the HR department would merge those communications into what would work for other areas of the country.

Because of the variations in the way local governments were responding to the virus, it gave Swinney unique insight into how Kodiak's local teams should react.

"What I think we're learning is A) we're still in business and B) for our people who can't work from home, they're finding ways to work and being safe."

As for reopening fully when it's safe to do so, Swinney said he predicts that different parts of Kodiak's businesses will pick up at different times depending on what stage of the construction process it's in, whether that's lot prep, lumberyard operations, drywall, or appliances, and cabinets.

"We're going to see it ebb and flow throughout our different businesses," he said. "I think we've got a really interesting rest of the year."

When shutdowns are lifted, LBM dealers say continued communication with builders during the shutdown will keep them prepared and set up to meet challenges of any restrictions that may remain.

■ Gary Poulos, lumber division president at Mill Creek Lumber & Supply in Oklahoma, continues to communicate with his customers via email with messages like the following:

"For the health of our employees and customers, and following the most recent recommendations from the CDC and Governor; we have opted to close our showrooms to the general public. Mill Creek Lumber & Supply is still open and shipping, but for the foreseeable future, orders must be placed through your salesperson or by calling in to the location. We will only accept orders from account customers or with a credit card to minimize personal contact. Please call in orders well in advance to allow for orders to be picked ahead to minimize wait times. We recommend planning well in advance for all business. Mill Creek and our suppliers are having the same personnel and supply chain issues as everyone else. The industry is already beginning to experience delays, closures, curtailments, and shortages of raw materials. Be prepared for product backorders or the need for substitutions. Have a plan 'B.'"

"For our customers that must have access to our showroom for selection purposes; visits will be by appointment only and can be arranged through your salesperson. The rules for on-site selection visits are: 1) Appointment only. 2) Must not be showing signs of illness (coughing, fever, sore throat, body ache, etc.) 3) Must follow CDC guidelines: hand washing/sanitizing, social distancing, etc. 4) Only two people max in addition to Mill Creek employees. No one under 16 years old."

"Thank you for your understanding during these unprecedented times. At Mill Creek, our goal is to continue to supply our customers to the best of our ability while protecting the health and safety of both you and our teammates."

■ In Iowa, Grant Leavitt at Marcus Lumber has taken extra precautions at his family's lumberyard, even though he wasn't required by the state to do so. Marcus Lumber has temporarily closed the doors to its showroom, which is now open by appointment only. The business has gone to pickup and deliveries only, which Grant said hasn't affected them a whole lot since 90% of their business was deliveries.

Before closing down, Leavitt said he contacted several lumberyards in the region and found that they were planning to do the same. He gave employees the option to work from home, but most still come to the office and maintain safe distancing and disinfecting of common surfaces.

Leavitt talked to each staff member individually to hear their concerns and work with them on a solution that worked best for them and their families.

"For us, it was a core value thing," he said. "Family is a core value. We wanted to make sure we did the right thing that way." ■

On March 13, President Trump declared the Coronavirus pandemic a national emergency. Two days later, a reader asked us how other LBM pros are handling this shutdown. We emailed readers, asking them to share what they're doing. Over a four-week period, the situation evolved rapidly, reshaping the reality of our day-to-day lives. During that time, nearly 1,000 LBM pros weighed in with how their company has responded to the situation. This unprecedented response to a Real Issues survey hammers home the fact that our industry pulls together during tough times. Read on to learn how fellow readers have responded to

THE CORONAVIRUS CRISIS

BY LBM JOURNAL READERS

QUESTION

HOW WOULD YOU ADVISE THIS DEALER?

"The coronavirus is now an official national emergency, and we are working to prepare for any scenarios which would require staff quarantines, location closures, or address a severe outbreak in our community. Have any other dealers experienced any of these scenarios yet? We'd appreciate suggestions on what to do, and what not to do."

RESPONSES

NOTE: Since the situation changed significantly in a very short period of time, and varied greatly by state, the responses from LBM dealers and specialty dealers/distributors are broken out by date.

MARCH 15-21

"Since we have a full line hardware store as well, we are on the essential list to stay open as long as possible. As an owner that is conflicting, for health reasons that may not be the best but for business and keeping our team paid in the short term that works well for us. If we have to close, we do not have the financial depth to absorb the losses for very long and keep our team compensated. Our fear is once someone on our team has a positive diagnosis, what are we supposed to do? I do not have the answer for this. I have been reaching out to other stores like ours in our situation and many are in the same boat as us. They really don't know how to handle it."

"I'd say that if this dealer hasn't already made contingency plans then he/she is already way behind. We're adjusting our sick leave policy in the short term to support our team (and motivate ill or exposed team members to stay away from work), team members who are able to work off-site are already doing so, more online sales promotion (buy online/pick up in store), and covering anticipated cash needs (drawing from our line of credit) are but a few steps we've taken." ➤

"We are cleaning like crazy, and distancing everyone a minimum of six feet. We have removed the pens from our sales counter and replaced with pencils they can throw away. Sending people home has not been discussed. Get rid of your coffee pots!"

"We are encouraging phone and email orders and cleaning surfaces (counters, door handles) with disinfectants. We also have delayed resuming regular hours (staying on winter hours for a bit longer). Other than that, we are currently 'business as usual'."

"Yes. We have been receiving emails daily of shutdowns, and I'm sure there is more coming with a total shutdown not out of the question for most of the country if things do not start improving soon."

"We are located in the Monterey Bay Area in California's central coast, and we just got the official word that our county is to be on lockdown for the next two weeks. We are a small custom door shop with six employees. All but two are over 50. I've spent most of today configuring, updating, downloading and tutoring my 'oldsters.' Tomorrow will be the debugging day. I know I'll spend most of the rest of the week working on sending links and PDFs, telling people to adjust their webcam and how to link apps and the cool things that can be done via text. Unlike many industries that have been floating with the current of technology, our industry is a clunky old log that is only dragged away from our familiar banks of catalogs and price books when we are forced by an unstoppable wave of change. This just happened, so I need to send an email blast to let customers know that we are on skeleton crew but will still be giving quotes, and no contact 'Will Call' will be available, but the showroom is closed."

"Make sure extra cleaning takes place with desks, door handles, counters. If possible, some should work from home. Biggest key is not to panic or let fear breed fear. We will all get through this and will be stronger and more prepared for the next time."

"Follow all directions from the CDC, the White House, and your state government. The only way to bring this coronavirus under control is to minimize personal contact. Although the measures are severe, halting the spread should be paramount in all of our everyday schedules. It's true, business will suffer, but our businesses (and all of us) will suffer even more severe consequences if this virus continues unchecked. As signs read on roads under construction, 'Temporary inconvenience, permanent improvement.' What we're doing, by following instructions, has the potential to ward off a terrible recession. The longer the virus continues to spread, the longer these consequences will last, and affect all of our futures."

"Not yet, mainly because we are a rural area."

"We're limiting our service to deliveries only."

"We have to have this attitude: People First. Whether internal or external customers, we need to put the needs of others ahead of our own. Using this guiding light will help you maneuver through these waters. Remember, this is temporary. Whatever you do today will carry consequences ahead for a long time."

"Take a common-sense approach and follow CDC guidelines. If you have staff who can work from home, have them work from home."

"It's a joke."

"Our customers are calling to cancel orders. Customers are afraid. For jobs that were already set up for installation that our customers do not want to change, we have equipped our installers with gloves (very hard to work with), shoe booties and disposable jumpers to wear to do window installations. We are also trying to convince our customers who want to proceed with installation to reconsider and postpone for a couple of weeks. We'll have to see how this week is going to be."

"As president of the company, I am urging employees to be cautious and be smart about hygiene. Obviously, we cannot have everyone working from home. But it's my opinion there are some very knee-jerk reactions to this situation and I am trying to convey confidence and common-sense. I do have faith our hospital system is much, much better than Europe's and choose to believe we will not be following the same fate as Spain and Italy, as many have suggested. I also believe in American ingenuity and that thousands of very bright people are working on solutions. And they will prevail."

"Allowing employees with previous health issues to work from home when possible is a good idea. Staggering start times and breaks and lunches is prudent in production situations where possible. Do not panic. Be thoughtful, prayerful and compassionate. Be sure air filtration systems are working at their best. Provide clean work areas and antibacterial soap. Do not allow someone that is ill to come to work in an enclosed environment. Pay them to stay home, then find a way to have them contribute from home. We need to be sure they can continue to pay their bills and provide for their families."

"First: Don't panic! Second: Go to the CDC or WHO website and follow the recommended procedures that are posted for businesses to prepare and respond to a national emergency of this type. It is no different than the last influenza virus that struck our country back in 2017. The procedures are strikingly similar. The real question should be why, since this virus was known before the Christmas holidays, was it not revealed until after the holiday shopping season? Also, is it coincidental that the virus is most lethal to an aged baby-boom generation that is preparing to retire in the next few years? Real questions, real answers that need to be addressed."

"I think it's mostly political. More people died from the flu than will ever die from this. This is more to destroy economy and get Trump out than anything."

"Don't let the morning conversations start with and dwell upon the negatives of what is going on. As we have slow times use the time to contact customers to reassure them that you're there, you're taking precautions, and ask if there's anything that you can help them with. If people want to vent just listen. Just keep a positive attitude and keep moving ahead. This will pass, probably faster than what we anticipate!"

"Cut employee and store hours where applicable, limit deliveries, sanitize regularly. Apologize profusely."

"First priority: protect the health and safety of your staff and their families. Control operating costs, being mindful of employee needs and customer requirements to fulfill contracts. Ramp up communications with customers and vendors to best manage expectations."

"I think it is a very real possibility that all non-essential businesses will be shut down in order to stop the spread of COVID-19 and there needs to be some sort of system in place to deal with how hourly employees are going still receive pay."

"Our headquarters has one-third of the office working from home at any given time. We've canceled all travel, all visitor appointments, all face-to-face employee meetings. We added another staff person just to wipe down surfaces all day every day. On the plus side, we are getting very good at Zoom and Skype meetings. Stores: clean, clean, clean all surfaces and equipment all day long. It is very, very busy, as if customers expect shortages. E-commerce is new for us, and that is very busy as well. All employees are guaranteed paid time, whether hourly or salaried, to take care of health, as employees are our greatest asset. Do not lose employees over a few bucks."

"We had an employee whose wife came into contact with someone who had tested positive. The CDC told her to self-quarantine, and out of caution, we had him start working from home for the time being."

"Closure of public schools, and childcare has become an issue for some employees. This should not affect workplace rules at this time. Employees who come to work will get paid, and those who do not, will not. Certainly, they may use any available vacation time or other paid leave time if they have some available and desire to do so. Employees who have legitimate issues with childcare due to kids being let out of school for COVID-19 should not worry about losing their job for missing work. We do, however, expect them to make efforts to make other arrangements whenever possible. Right now, normal working/compensation rules apply to all associates. We are constantly monitoring the situation and will keep all employees addressed if anything changes or if more information is made available."

"Business as usual. If an employee isn't feeling well, they shouldn't be at work at anytime, being flu season or COVID-19!"

"We have not been mandated to shut down and have not had an employee quarantined (yet) but we have taken some early steps to be proactive—those are:

1. implemented more frequent and thorough cleaning and sanitization procedures, especially for surfaces that experience frequent customer contact such as countertops, credit card keypads, door handles, etc.
2. offered additional time and flexibility with regard to employee sick days to assure them that they can stay home if they are worried about their health, and to sustain their income if they are quarantined.
3. taken steps to minimize visitor traffic to our contractor customer service counter, by encouraging advance email/phone orders for yard pickup, and encouraging customers with credit accounts to bypass the counter and proceed directly to the yard where they can get loaded and give order details to the yard attendant.
4. provided options for employees to work from home, especially employees whose work is primarily providing customer service via email and phone."

"Our revenue in March has been unaffected thus far. The public anxiety and governmental response has significantly changed our operational posture. All administrative staff are teleworking. Approx. 75% of our sales force is teleworking. We have planned for an additional two weeks of paid administrative leave for any employee impacted, should one of our facilities be quarantined or shut down by the government. The two weeks administrative leave is also available for any team member that contracts the virus and is isolated or is quarantined when a member of their household is infected. We are cleaning every facility 3x daily including bathrooms and office door handles. We are cleaning public facing devices like credit card terminals, printers, front door handles, phones and computer keyboards at sales counters hourly with disinfectant."

MARCH 22-APRIL 4

"Follow CDC guidelines for hygiene, social distancing and the like along with local guidelines regarding business closings, shelter in place, etc. Stay abreast of whether your business is affected by any required measures and follow them. Setup employees who can work remotely and limit customers to call in or emailed/online orders only for curbside pickup or delivery. Above all, communicate with your people and put their safety first."

"We have not reached this level of quarantine. We are fully opened and working with any staff members that are scared to come to work. We have hand sanitizer at every POS and practicing common sense. Our customers count on us to be open."

"We have roped off our showroom to an 8'x10' area inside our door and we get everything for customers. Reduced hours for employees to 40 hours while staying open for our customers. Wipe down areas four times a day."

"We've taken steps to serve the public by phone call orders, texting and emails only for ordering products and the same with our contractors." ➤

HAMMOND LUMBER COMPANY NAMED 2020 PROSALES DEALER OF THE YEAR

Hammond Lumber Company announced on February 4, 2020, that it has been named the 2020 ProSales Dealer of the Year. The company won the award based on its success in balancing customer service excellence and employee satisfaction, and the successful acquisition and integration of Ellsworth Building Supply (EBS) into the Hammond family.

“Our 800 employees deserve the full credit for this prestigious industry award. The acquisition was an ambitious undertaking and our employees’ hard work, dedication and perseverance created a successful outcome. I’m very honored that our company has been named ProSales Dealer of the Year,” said Mike Hammond, president/CEO of Hammond. “It is very humbling to me where we’re at today compared to what my grandparents, Skip & Verna Hammond, started from scratch back in 1953.”

ProSales praised Hammond for its successful unification of two corporate cultures and ERP business software system conversion.

EBS was a 10-location coastal Maine-based building materials retailer with 300 employees based out of Ellsworth. In March of the past year, Hammond converted the EBS locations from their former ERP business software to Hammond’s Epicor BisTrack system. Hammond also continues to lead the industry with their award-winning safety program.

Hammond has more than 800 employees (Hammond with 500 employees and EBS with 300 employees) at 21 locations across Maine, including Auburn, Bangor, Bar Harbor, Belfast, Belgrade, Blue Hill, Boothbay Harbor, Brunswick, Bucksport, Calais, Camden, Cherryfield, Ellsworth, Damariscotta, Fairfield, Farmington, Greenville, Machias, Portland, Rockland and Skowhegan.

Hammond has been a Maine-based, family-owned company since 1953 and recorded \$251 million in sales revenue in 2019. The company is the largest LBM retailer in Maine and the 25th largest ProSales dealer in the country. Don Hammond, second generation and vice president of Hammond, has 53 years with the company and leads the lumber manufacturing operations, and his son, Mike Hammond, third generation and president/CEO of Hammond, with 34 years with the company, oversees all other aspects of the company. Mike Hammond’s daughter, Sadie, joined the company as a sales associate in 2019 after graduating from the University of Tennessee with a BS in business administration.



FROM LEFT: Don Hammond, vice president of Hammond Lumber Company, Clifton “Skip” Hammond, co-founder of Hammond Lumber Company, Sadie Hammond, administrator at Hammond Lumber Company and Mike Hammond, president and CEO of Hammond Lumber Company.

PHOTO COURTESY: JASON PAIGE SMITH

Hammond is listed as the third largest family-owned Maine business by MaineBiz magazine in 2019 (as ranked by the number of Maine employees). With headquarters in Belgrade, the company carries a full line of building materials, millwork showrooms, kitchen/ bath/flooring showrooms and home planning design centers. They saw more than 6,500,000 board feet of eastern white pine and hemlock annually.

The company is continually recognized nationally for their commitment to workplace safety, including receiving high honors from the Northeast Lumber Manufacturers Association and National Safety Council. In 2019, the company earned NSC’s Industry Leader Award for the company’s safety practices at the sawmill and planer mill. Hammond has also been honored multiple times by the NSC for working one million consecutive man-hours without a lost-time injury.

"As a small company with 12 employees, if one were to test positive, we would be forced to close, resulting in no paychecks beyond accrued vacation and sick leave. Knowing this, employees practice social distancing quite well."

"We are located in a small rural area, in the Florida Panhandle. We are planning on staying open unless the government tells us otherwise. We are using extra precautions for the safety of our employees and customers. Our doors are still open, but we encourage our customers to call ahead for curbside service if they are sick or would rather not come in the store."

"We are communicating to all of our clients and associates. And quite frankly they have all been very understanding. They see all the closures of places to eat, fitness centers, malls, etc. Just communicating to everyone up front. We recently donated all of our dust masks to the hospital, and a client came in looking for some because he had donated everything he had too. But he understood."

"Remain calm, double-down on cleaning procedures, such as counters, phones, door handles, restrooms, carts, forklift and truck steering wheels and controls. If anyone feels sick send them home. Any out of state travel requires an automatic two-week self-quarantine. This includes all family and friends."

"We have not experienced it yet. We are open and will remain so until ordered otherwise. I do think the worst is yet to come. All employees were notified that if they were uncomfortable at work (exposed to the public), they were free to stay home. Any sick time, vacation, etc. they have earned would be available."

"Fortunately, our ERP system is cloud-based, which makes it fairly simple to work remotely. A large share of our office staff is now working from home. We are encouraging customers to call their orders in, allow us to pick them, and all we need to do is deliver (preferred) or load them and go."

"We have several action plans in place. We have not had a confirmed case yet, but we have had a handful tested. We are sending them home immediately and awaiting test results. In the event that one comes back positive we will immediately close the area the employee has affected. In the case of cross contamination, we will close any areas affected. At this point we have almost all of our support and sales staff working remotely, which is about 60 employees. Our production staff (about 190 total) is still working as long as they want to work. If they choose to not work, there is no penalty. We are not under any orders to shelter or stay at home at this point."

"We are not handling cash sales. Pickup orders are phoned in and the rest is via our delivery trucks. We approve associates who wish to self-quarantine and allow anyone who can work remotely to do so."

"We are in a community of 5,000, with two other hardware stores in town. As of this morning, one is doing curbside business and the other store is still open. We have decided for the protection of all our employees to close our store and do only curbside business, including bringing any building materials to the customer outside our gates. We are a store with good employees and cannot take the chance of them or ourselves of getting the virus."

"We have staff still working, and some working from home. Schedules are being moved back and adjusted on a daily basis as we communicate with customers, but the overall impact seems to change daily and will have an impact on ability to keep things up and open. We have maintained so far, but think that will change as everything seems to be coming to a stop for most aspects of business." ➤

CUT THE CORD!

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ELECTRICAL CORDS CAN BE SUCH A DRAG.

“Good or bad, have a plan and share it with employees so that they can also have some idea what is coming. Try not to scare them but give them as much information as you have.”

“We have closed our showroom to the public and have deemed it our ‘safe area’ for high-risk employees to work from. They are spaced throughout the building to maintain social distancing. Our lumber counter has a barrier at six feet away, and we are encouraging ordering over the phone, offering pre-paid curbside pickup, and also encouraging will-call orders to minimize the need for a customer to leave their car. We also are strongly recommending credit use rather than an exchange of money. It may seem a bit of an overreaction, but our employees especially appreciate the concern.”

APRIL 5-17

“Be responsible and follow guidelines put in place by state and municipalities. Social distancing. Personal protective equipment. Face masks. Equip staff to work from home. Learn how to video conference. Protect your staff. Risk is everywhere. Prioritize employees’ health and morale.”

“Do the best you can to keep your customers from having to touch anything. Keep your employees 6’ away from one another. Try to give your customers a sense of normalcy, and service them to the best of your ability. How you respond to conflict will tell them a lot more about you than how you act when times are good. Take this time to service your community and those in need, and make sure to thank your employees each and every day!”

“As an essential business, we are following all the COVID-19 protocols as set by the CDC, federal and state governments. We have provided additional PPE, adjusted the way we deliver materials and handling of paperwork. This is an ever-changing situation so we must be able to adapt on the fly.”

“Closed, better to be safe. What good is money when you’re dead?”

“Open up the economy. Vulnerable stay home. Increase beds for the sick. Work to boost immunity. Be smart about hygiene and coughing on each other. Some of us will get the virus and most will get over it. Duh! The genie is not going back in the bottle. It will keep coming back. The human organism encounters epidemics over and over and over, it is as normal as death. What a pitiful bunch of wimps we have become. The only thing new is the 24-hour news cycle trying to get Trump out of office.”

“Apply for SBA loans and reduce overhead immediately.”

“Take it seriously.”

“Our lumberyard in northeast Iowa has not experienced any of these yet. We have seen an increase in our walk-in business due to people being home with kids, off work, and wanting to do home projects since they are home. We are social distancing using the following strategies that we implemented starting 3/31/20:

1. Posted on Facebook that we would be starting this.
2. Started having customers call ahead, either from home or their car in our parking lot, so we could get their order ready, then putting their order at Curbside Pickup Location.
3. Had a local sign company make us a few professional-looking signs for the parking lot and for directions to our Curbside Pickup Location.
4. Created and emailed a professional letter to our vendors that our office would be closed until further notice and to let drivers know that we would not be expecting our staff to sign delivery tickets and that our bathrooms would not be available to them.
5. Personally called or texted about 20 contractors who work out of our yard, so they’d know our plans. Walk-in by appointment only so if their customers wanted to set up an appointment they could. Also, that our workshop would be for employee use only.
6. Continuing free delivery.
7. On 4/6/20, we started locking the front door as customers would walk right past the signs. This has helped very much.”

“If you are just doing this now, you’re too late. There is information galore...read, explore, and adopt what works best for where you are located and fits your situation.”

“Have not experienced this. In the event of a community outbreak, we plan to minimize staff to as low of a level as possible while staying in business and obviously continue extreme cleanliness which we are currently employing.”

“There is no precaution that is too drastic. First hold a meeting with all staff to inform them of the situation and decide on a possible rotation of staff in order to stay operating in case of an infected staff member. File the necessary paperwork for the PPP program in order to maintain the 8-week period of wages allowed immediately. Implement a plan for safety for both your staff and your customer in order to keep your business going. Pray every day.”

“We are in one of the hot spots. We removed 50% of our staff and have them working remotely. We have remaining staff spaced at least 6’ apart within the store. We are only taking orders over the phone and helping one or two customers in the yard at a time, while asking customers to stay in their trucks. No customers are allowed in the store. We also set up isolation areas throughout the store, meaning team members use defined break areas, bathrooms and entrance doors. This way if someone comes up positive, we can narrow the group of potentially affected people as well as narrow the area that has to be professionally cleaned. So far, we haven’t had any issues at the store itself. Customers are understanding for the most part. Some are grumpy but we just apologize and do our best to get them out quickly.”

“We have not experienced anything yet. We have had 7-8 employees tested out of 300 but all have come back negative. We have plans to shut down partially or fully if needed. We are disinfecting three times a day. We have a professional company on stand-by if we need to have an area professionally disinfected.”

"Have your own task force at different intervals of the day cleaning counters, knobs, bathrooms, etc. Make your back offices and any bathrooms unavailable to the public. Anyone with a compromised immune system, heart issue, etc. must be allowed to work from home, if able, with pay. Warehouse guys need gloves at all times. Hand sanitizer in all trucks. Put up screening at counters. Glass or Plexiglas. We have put sanitizer stations at all entrances to have the public use before entering. Limit your outside sales force from visiting their contractors. Let the contractor measure, fetch and be accountable for their business at this time. This might be a good time to rethink how you let your contractor base do business. Stay safe!"

"We all are experiencing that currently. We are taking it one day at a time, staying informed and taking action. The best we can do is continue to clean, continue to push a message of 'social distancing' and work hard. Getting too worked up on potential 'what-ifs' distracts us from our effectiveness today in being there for our customers, and for our staff."

"Quarantines are a distinct possibility. You need to isolate anyone who is symptomatic, once a positive test comes back, I would suggest shutting down the yard for a period of two weeks since last contact with the individual. Each employee should be called prior to the return to work date and asked for a physical update. Anyone symptomatic needs to continue to isolate at home and get tested. When closed hopefully you have other yards that can serve those customers that need material. Also, take advantage of any and all government programs."

"It has not been severe in our area. Our contractor business has been uninterrupted, on our retail side we only allow 10 customers in at a time. Our customers have been very supportive, and we have not seen a decline in sales."

"No massive outbreaks—but concerned that it could take down a whole department." ➤

RESPONSES FROM WHOLESALE DISTRIBUTORS / MANUFACTURERS / SERVICE PROVIDERS

MARCH 15-21

"We have engaged in an ongoing evaluation of our ability to operate our business via a 100% remote worker posture. In addition, we have run testing in a number of business locations of exactly what I describe above to see what, if anything, requires someone to be physically in our offices. Final evaluations will occur over the next 24 hours with appropriate adjustments/investments to sustain the remote posture as might be required."

"Remain calm and carry on! Focus your awareness on the CDC and the WHO, forget the TV news. Review and implement your disaster management plan. Communicate with your employees, customers and service providers, and then communicate again, and again, and again. Demand that your managers address problems and solutions to those problems. Remember who doesn't, and when we get through this, and we will, get rid of them! Demand your employees communicate problems—and solutions to those problems—as well. Be open and honest with your people, you should be worried about them, their families and your business, all of which are entwined. Remember as bad as it might get, it's worse somewhere else."

"Contractors do not get paid if they are not working. It is important to figure out how to keep the supply of products moving to the dealer and to the jobsite. We respect the need for less face time and are increasing our focus on inside sales to assist in continuing the flow of materials."

"Cancel any scheduled vendor events/visits. Remote communication via Skype or Facetime in lieu of face-to-face meetings. Urge customers to schedule in store shopping visits. Limit in store customers to 20 people or less at any time (including employees). Require others to queue outside of store (6' apart). Increase ability to take phone orders. Waive delivery fees for any order size. Offer video guided shopping experience for phone orders (FaceTime call). Customers must schedule time slot to pick up phone orders."

"At the moment we are business as always with some precautions. We have had a few customers not wanting our outside salespeople stopping for the next two weeks, however they all want deliveries to continue! Still being vigilant in protecting our workforce, which is somewhat difficult when your governor imposes idiotic sanctions on businesses he knows nothing about. As Ronald Reagan said, nine words you cannot ever believe: 'I'm from the government, and I'm here to help!' Our media is causing most of the pandemic."

"1) Evaluate your business: You have time now to evaluate your company, processes and of course your people. Look at your systems, policies and procedures. Look at things you have been pushing off because you've been too busy. Time is now to evaluate, address and make changes.
2) Look at your bench strength: Great companies are always on the lookout for great people. When your competition is stepping off the gas and putting on the brakes, it is time for those great companies to accelerate and take advantage of the available talent pool and strengthen their bench. Several of our clients have recognized this as a time to capitalize on newly available, best-in-class talent that your competitors may be letting go as they panic in 'preparation' for the storm ahead. Now is the time to brace yourself and push forward with a robust plan to compete in what may be the next slowdown."

"Businesses need to communicate with their customers and the public about what they are doing to prevent the spread of COVID-19 among their workforce and their customers. We all have an obligation and role to play in that as a business, including following guidelines and orders as issued by our federal, state and local authorities. Your trade or industry association may have information on their websites that you can refer to. This situation requires a very game-on and coordinated effort to manage people and businesses. Also, governmental agencies have established information and guidelines for businesses and workers that are extremely helpful and factual and those are a valuable source of information to refer to make decisions. The CDC has published many such resources."

"Follow CDC guidelines and keep your people safe, your customers safe and suppliers' people safe as well. We remain open with gloves and masks for all internal people and are serving customers and making deliveries unless the jobsite is shutdown by local authorities, which has been rare so far."

"We have locked the stores down. Not open to the public for our customers and employees' safety. We are taking orders by text, phone or email. We are conducting business by setting small orders outside the entry doors for customer pickup and we are delivering to open jobsites with no person-to-person contact. We are constantly monitoring our employees, as some of the spouses are involved with other companies that may have a higher risk of exposure. We have our safe distance for everyone at 6' for all concerned. Our sales drafting staff is off-site creating sales with computer usage online from home."

"We are still open on an appointment only basis, and not visiting or working in any occupied homes at this time. Our computer guy is working on fixing it where we can work remotely from home. Just praying for this to end soon!"

"Follow the law!" ■

RESPONSES FROM WHOLESALE DISTRIBUTORS / MANUFACTURERS / SERVICE PROVIDERS

MARCH 15-21

"Use your best judgment based on the available official resources. No one has done this before, so no one else has the right answers. It's like we're all new parents and won't know which answers were correct for a long time."

"Err on the side of caution. The quicker this pandemic is under control, the sooner we can resume our daily lives and work schedules."

MARCH 22-APRIL 4

"The COVID19 crisis is a very fluid situation of course changing daily and regionally. We are in an area which just had its first fatality due to the virus, so our alerts are escalating. We have customers who have remained open and are now offering free delivery, phone-in, and drive-thru service. We don't currently have any customers requiring staff quarantines."

"We've gone to a 'park & call' method of receiving and loading material. All drivers are to stay in their trucks and call the shipping office upon arrival. We will load the trucks and bring them their paperwork. After our employees have finished loading, they may get out of their truck and secure the load. For inbound loads the method is much the same with the exception of the driver being allowed to uncover/strap their load. We've stopped all sales travel."

"Talk to your customers. Find out what they have coming to make sure you have the materials they will need. Since they are often outside and can spread out, they may well be able to keep working. They can keep working only if they have materials to work with. If you can get ahead of it, you may be able to prep orders ahead of time to minimize or eliminate direct contact for your employees' and your customers' safety. Any planning you and your customers can do now will only help down the road."

APRIL 5-17

"Offer on-line ordering, hands-free pick-up and/or delivery. Be sure your website communicates what changes you've made to services. Communicate frequently with your customers. Set-up customer service in work-from-home situations so they can be responsive to customer needs. Take proper safety precautions for all staff."

"Do not panic, use your social media for communication to all your customers immediately. Give them some guidelines but also leave yourself an out by saying these are new and evolving guidelines and we will keep you posted. Be the leader for your customers and employees and stay open as best you can but cut hours to help on staffing and stress. Do not stress yourself and employees out but realize this is going to be a few months before the real threat is past. Be firm on safety and sanitizing but continue it always. Care about your community and find ways you can help."

"Clearly communicate the company commitment to fully comply with best practices as suggested by state health departments and CDC. Make certain all employees understand how to accomplish the requirements and that non-compliance will not be tolerated. Provide adequate facilities and supplies for personal sanitation. Establish a germophobe culture in regard to hand washing and social distancing. This should be reinforced from the top down."



LASTING IMPRESSIONS START HERE

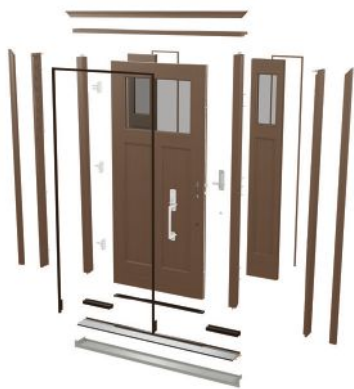
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Like you, we take pride in helping every family feel perfectly at home, starting at their door. A Therma-Tru® door system offers the beauty and durability that families can count on for years to come. All of our components are engineered to work together as one complete system, backed by the industry's most comprehensive warranty—so you can provide entryways built for a lifetime.

Learn more at thermatru.com/fullsystem

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DOORS | Where Home Begins™

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To keep in line with current trends, Ply Gem recently launched a black/black option for its 4880 Aluminum window line.

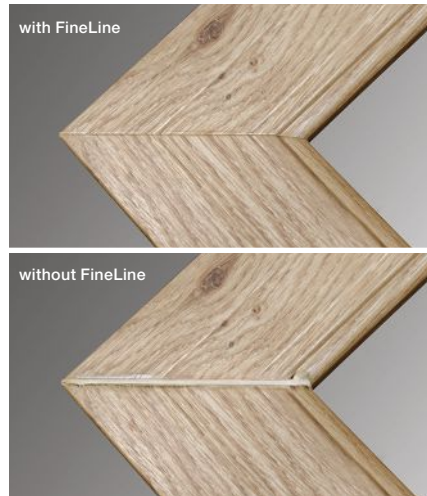
WINDOWS & DOORS

ON-TREND DESIGNS STAND POISED TO DELIVER SALES RESULTS DURING OTHERWISE TUMULTUOUS TIMES.

BY MIKE BERGER

WINDOWS AND DOORS have a history that stretches far back in time. To the early Egyptians, doors were believed to be literal passageways to the afterlife. As to windows, while the Romans may get credit for the first glass panes, it was the British in the 17th century who perfected the window with the development of broadsheet glass, made from a long blown-glass balloon whose ends were removed, leaving a cylinder that was then split and rolled flat.

Our windows and doors have come a long way since then. No longer mere utilitarian elements built for only security or light transmission, they create dramatic architectural statements



FAR LEFT: Glenview Door's Pivot Door features an optional stainless-steel handle/horizontal pull bar to contrast the deep mahogany wood finish.

LEFT: ProVia's new FineLine technology is a corner molding system that prevents vinyl (during the molding process) from oozing up and out of the corner mold where it would then need to be shaved off. Instead, this technology pushes the vinyl together and forces the material to ooze inward, resulting in a cleaner, thinner corner line.

while maintaining energy efficiency and home privacy. But what, exactly, does the future of the fenestration segment look like?

If you would have asked that question at the beginning of the year, the answer would have been resoundingly positive. Last December, Fannie Mae predicted 1.35 million U.S. housing starts for 2020 along with 6.17 million total home sales. According to Global Market Insights, the window and door market in the U.S. was likely to reach \$235.2 billion by 2026, driven in great part by rising replacement rates of aging infrastructure and a consumer shift towards home renovation and remodeling activities.

What could not have been predicted is the potential impact of the coronavirus on the building industry. In an environment already plagued by labor shortages, many construction projects may slow or come to a halt. Still manufacturers are optimistic. "We expect to see continued growth both in the new construction and the renovation and remodel markets in 2020, with growth rates slightly lower than previous years," says Mark Montgomery, senior vice president of marketing of U.S. windows for Ply Gem, part of Cornerstone Building Brands.

Amy Post, national pro channel marketing manager for ODL, shares Montgomery's optimism. "A number of factors, including mild winter weather, saw a lot of movement in new housing starts to start off 2020," she says. "We also see a lot of great opportunities as the home improvement space overall continues to flourish. We're seeing a lot of homeowners who are looking to beautify and renovate their current spaces, and a simple change that can

have a major impact on curb appeal is investing in new entry doors with beautiful doorglass designs."

GO BIG OR GO HOME

Individuality is the driving force in door and window product development, with manufacturers leaning away from the ornate and instead trending towards clean, contemporary, and modern designs that embrace bold colors and larger sizes.

"It boils down to two words," says Wes Ley, product manager for entry and storm doors at ProVia, "bigger and bolder. Homeowners are realizing that the front door is the real focal point of their homes. Because of that, we're seeing a growing desire for wider and taller doors as well as bolder colors—it gives great curb appeal. Adds Ashley Ridenour, ProVia's product manager for windows and patio doors, "Everyone is asking for black—black interiors, black exteriors, and black-on-black options. Additionally, everyone wants bigger, larger windows with clearer sight lines and larger openings as well as larger patio doors that incorporate bi-fold, multi-fold, or accordion-style designs."

Montgomery echoes Ridenour's observations. "Color continues to be a major trend with increasing demand for darker exterior colors such as bronze and black. We're also increasingly seeing demand for black-on-black units for a more industrial look."

Donna Contat, director of product management for Therma-Tru, points out the emphasis on relaxation, comfort and style in emerging trends. "We're seeing modern details cross over into traditional and casual spaces with simplistic elements that deliver a clean look with updated appeal," she explains. ➤



ABOVE: ODL's ZEEL low-profile door glass frame utilizes a clip system that, according to ODL, eliminates the need for screws and screw hole covers, thus allowing each frame to sit flush.



ABOVE: Therma-Tru's Longford glass utilizes seeded glass, clear bevels, granite glass, and coming to create a Celtic knot design.

“One trend that’s already had an impact on our product development has been the shift toward cleaner, less ornate designs,” says ODL’s Post. “Home décor and architectural trends, much like fashion trends, are cyclical. Right now, we’re seeing many contractors and interior designers shift toward a clean look and putting the focus on personal taste with varying colors and textures.”

FUNCTION OVER FORM

With the introduction of new bigger, bolder options, there are now even more product choices for builders and contractors. Obviously, it’s impossible for an LBM dealer to stock every option under the sun. Instead, they need to be a source for products that customers—pro and homeowner alike—can depend on. After all, while styles may

change, durability and performance should be here to stay. And by focusing on product performance as the first priority, it’s then easier to turn to style as the secondary—yet important—choice. “Consistent quality and service on cost-effective window and door solutions that meet or exceed local code requirements and allow for design flexibility to complement their home designs,” points out Ply Gem’s Montgomery.

“Builders are looking for designs that align with today’s trends and homeowner style preferences,” says Therma-Tru’s Contat. “They want a well-rounded product assortment with a variety of options that allows them to differentiate their elevations while still complementing the overall look of the home.”

It boils down to LBM dealers being knowledgeable suppliers, and to do that, it’s vital for dealers to be fluent in the warranties their door and window products offer. “Warranties give the contractor peace of mind,” explains ProVia’s Ley. “They want to know the product they’re installing will be covered down the road. It speaks to the value of the product. If there is a longer warranty, it’s going to be a better product, regardless of style. They want a product where it’s not a case of a company simply putting out a warranty on a door and then expecting a certain number of those doors to be returned. That’s not going to be very fun for the contractor.”

So, what is more important—style or stability? Look at it as two sides of the same coin. On one side is style, being able to offer a product lineup that goes beyond the standard and ventures into a realm that appeals to a more trend-forward customer, one whose prime purchase decision is not solely budget-based. On the other is simplicity, maintaining an inventory and product availability that doesn’t overwhelm the customer with options yet delivers staunch performance requirements and longevity.

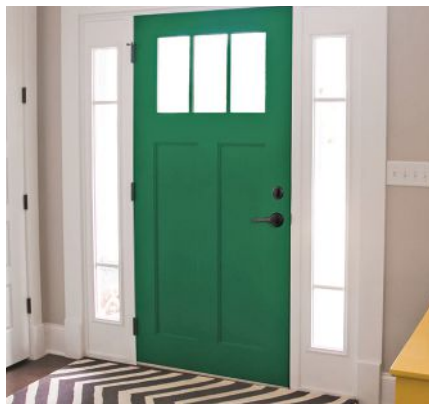
“Consumers of all ages and demographics today are looking for choices,” explains ODL’s Post. “Standard offerings in front door options, for example, are

RIGHT: Therma-Tru’s Pulse line of doors are designed to create a sleek, modern look that is reminiscent of mid-century modern design.

BELOW: JELD-WEN’s Siteline Low-Friction Glider patio door addresses the demand for larger daylight openings. According to the manufacturer, the door creates a durable barrier against water and air while being easy to operate and maintaining structural integrity and a PG50 rating.



RIGHT: ProVia offers a new threshold with an auto-adjusting riser. Rather than requiring manual adjustment on an ongoing basis, this threshold is engineered to automatically adjust over time to prevent air from coming in under the door.



being read as sterile and boring. You don't want to overwhelm consumers with choices, but working with contractors to determine a curated set of options, and then making it easy to order those options is a great way to bring in design- and not price-minded customers."

Kristie Vincent, channel marketing manager for Therma-Tru, points out the importance of the showroom in presenting those choices. "Having a top-notch showroom and the right website tools are key," she says. "Showrooms help guide the selling process with displays, merchandising aids, and literature. And in today's marketplace, having an online presence with the right website tools makes a big difference."

BELOW: Andersen's MultiGlide pass-through window is ideal for connecting indoor spaces to outdoor ones such as a deck, pool or patio. Folding or sliding operation maximizes a clear opening, and a flush sill is designed for a seamless transition between indoors and out.



BELOW: According to Sierra Pacific Windows, its Westchester double-hung window features the narrowest check-rail sightline for high end windows along with historically accurate sash proportions. It has a performance rating of PG50 on most standard sizes, a 0.28 U-value with dual insulated Lo-E 366 and argon, and a triple insulated glass U-value of 0.17.



NEW KNOWLEDGE OPTIONS

To be the most knowledgeable resource as possible, LBM dealers need to avail themselves of as many manufacturer-offered training and education options as possible. "No matter how good the product is," points out ProVia's Ridenour, "if you don't have a good install, the product will eventually fail." And while most manufacturers offer product training and choice tools, a few new recently-launched options are now available.

For example, ODL's new interactive digital catalog combines real-time list pricing with quick access to product information. It's searchable by name and model number, and users can click on product photos or names for a detailed view of product details such as item number, frame type, coming finishes and list price.

Therma-Tru recently launched the Therma-Tru Certified Door System Installer Training Program to help installers deliver professional results. The program provides expert guidance and walks a person through the proper techniques to correctly install and seal a Therma-Tru door system. It includes step-by-step videos, job aids and supplemental video content for quick on-site reference.

Also new is ProVia's installer certification program. It utilizes hands-on experience and factory tours to give the contractor the manufacturer's best recommended installation practices and a better understanding of how ProVia's products are built, with two days focusing on doors, and an optional third day for windows.

As we write this, the COVID-19 situation continues to rapidly evolve. Fortunately, the building and remodeling industries are deemed essential, and while certain segments may slow, economic stimulus stands poised to propel the window and door markets into positive territory. While nothing, obviously, is certain, one reality is bankable: by providing on-trend options that are backed by proven performance and availing themselves of every educational resource available, LBM dealers can ensure their place as a proven resource for their customers. ■

RESOURCES

Companies highlighted participated in this article.

Aside:
aside.com

AMSCO Windows:
amscowindows.com

Andersen Corp.:
andersenwindows.com

GlassCraft Door Co.:
glasscraft.com

Glenview Doors:
glenviewdoors.com

Hayfield Window and Door Co.:
hayfieldwindows.com

HMI Windows:
hmiwindows.net

Hy-Lite:
hy-lite.com

Jeld-Wen:
jeld-wen.com

Lincoln Windows:
LincolnWindows.com

Loewen:
loewen.com

Marvin Windows:
marvin.com

Masonite:
masonite.com

Milgard:
milgard.com

Minnkota Windows:
minnkotawindows.com

Neuma Doors:
neumadoors.com

Nicolette Doors:
nicolettedoors.com

ODL:
odl.com

Ply Gem / Cornerstone Building Brands:
cornerstonebuildingbrands.com

Pollard Windows:
pollardwindows.com

ProVia:
provia.com

Schweiss Doors:
schweissdoors.com

Sierra Pacific Windows:
sierrapacificwindows.com

Therma-Tru:
thermatru.com

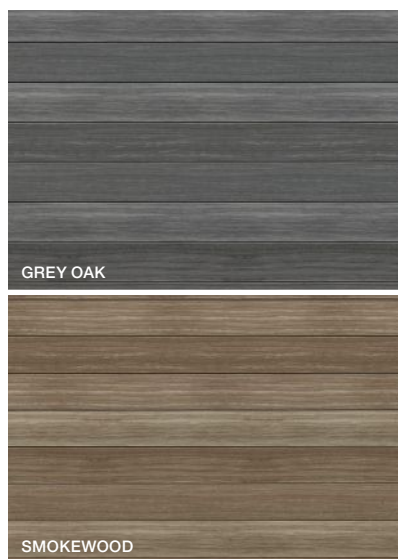
Thermo-Tech:
ttwindows.com

Weather Shield:
weathershield.com

Windsor:
windsorwindows.com

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

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



New colors from Royal Building Products

Royal Building Products has added two new premium colors—Grey Oak and Smokewood—to its Cedar Renditions by Royal Design Series aluminum siding. A new traditional color, Spanish Moss, is also now available. The Cedar Renditions Design Series is a modern aluminum accent siding. LEED compliant and 100% recyclable, Cedar Renditions combines thicker gauge aluminum with wider board, contemporary wood aesthetics. The product is moisture proof, nonflammable, and said to be virtually maintenance free. Cedar Renditions is backed by a 25-year prorated limited warranty. The product was named a finalist for “Best Green Building Product” in the Best of IBS Awards for the 2020 NAHB International Builders’ Show. royalbuildingproducts.com/cedarrenditions

LP Elements Performance Fencing

Launched in March of 2019, LP Building Solutions’ LP Elements Performance Fencing is an engineered wood fencing product. As part of LP’s larger Elements product line, the product offers a new material choice in privacy fencing. The 6’ long by 6” wide boards feature a dog ear picket design that is engineered and tested to withstand hail and impacts, high-velocity winds up to 200 mph, humid temperatures, and more. It is available in seven colors. lpcorp.com



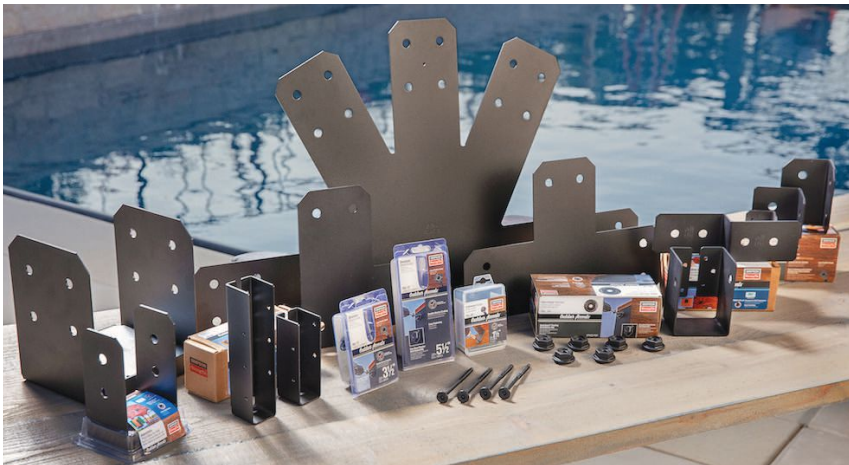
DuraLife Custom Length Program

The DuraLife Custom Length Program is designed for large jobs that require non-standard length decking. The program offers custom length boards for all DuraLife decking and dock profiles and colors. For jobs with a minimum order of 750 linear feet, custom length cuts from 6’ to 24’ can be ordered at no additional charge. DuraLife’s polypropylene capped composite is designed to stand up to harsh weather conditions. The Step-Clip hidden fastening system is said to make installation easy and reduce install time by up to 50%. duralifedecking.com



S4S Decorative Boards

Ornamental Moulding & Millwork now offers four S4S Decorative Boards for use by contractors, builders and remodelers. Available with deep wood graining, the boards come in Ambrosia Maple, White Oak, Black Stained Aspen, and Gray Stained Aspen profiles. The S4S Decorative Boards are offered in a variety of sizes. Every board is 7/16” in thickness and 8’ long. The boards come in widths of 1-1/2”, 3-1/2”, and 5-1/2”. Ideal for creating accent walls, shelves, or moldings, the boards are said to be easy-to-install and a decorative addition to both commercial and residential projects. ornamental.com



Simpson Strong-Tie's Avant Collection

Simpson Strong-Tie has added a new Avant Collection to its line of Outdoor Accents line of structural connectors and fasteners. The Avant Collection is a new design featuring straight edges and chamfered corners designed to create a clean, contemporary look. Like the Outdoor Accents Mission Collection, this new design also accommodates both nominal and rough lumber, providing additional flexibility for building a wide range of custom outdoor spaces. Avant Collection additions to the Outdoor Accents line include new angles, joist ties, gable plates, post bases, decorative side plates, and more. All Outdoor Accents connectors and fasteners are made from exterior-rated galvanized steel with a black powder-coat finish developed for corrosion protection. The patented design of the hex-head washer and structural screw combination is designed to offer the look of a bolted connection with faster and easier installation, and can be used with Outdoor Accents post bases, T and L straps, and angles.

strongtie.com/outdooraccents

Milwaukee Right Angle Impact Wrench

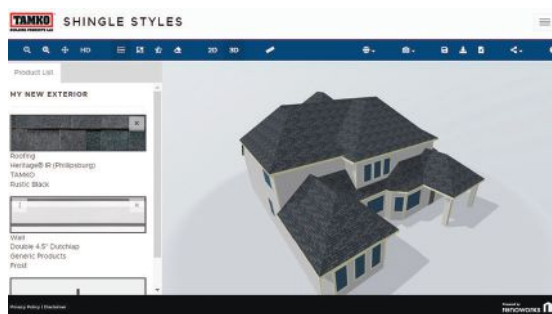
Available in 3/8" and 1/2" sizes, the new M12 FUEL Right Angle Impact Wrenches from Milwaukee Tool are equipped with a long body profile. The low-profile head of 2.8" in length is designed to easily fit into tight spaces, decreasing the need for socket extensions commonly used with pistol-grip impact tools. The M12 FUEL Right Angle Impacts' POWERSTATE Brushless Motor delivers up to 220 ft-lbs of torque. Designed with a four-mode DRIVE CONTROL feature for improved user control with the ability to switch between modes to match the power and speed necessary for the application at hand. All four modes allow for maximum precision control, with the 4th featuring an Auto-Shut Off Mode to prevent over-fastening of bolts, and bolt removal mode for more control after bolt breakaway. milwaukeetool.com



Gate All-in-One Video Smart Lock

The Gate All-in-One Video Smart Lock is an all-in-one front-door security solution that combines all the functions of a smart lock, keypad, Wi-Fi hub, and video doorbell. With its integrated camera, two-way audio, and keypad, no wiring is needed for installation, and users don't have to drill any new holes. The deadbolt is tapered and compatible with most interior and exterior deadbolts. The product allows users to monitor activity at the door and control access from anywhere with the Gate App for Android and iPhones. Users can set access pins and even grant guests, service people, and delivery people time-restricted access codes. The video camera's motion sensor activates with activity at the door and immediately alerts the user and sends real-time video streamed immediately to a smartphone. With two-way audio, users can personally welcome guests or give last minute instructions to a service provider. The Gate Smart Lock can be locked and unlocked remotely from the Gate App or with custom pin codes on the keypad. go.getgate.com/pro





TAMKO online tools

TAMKO Building Products has launched new measurement and 3D modeling technology on its website to offer contractors and dealers solutions for continuing business in a world increasingly concerned about social distancing. The new functionality of TAMKO's Shingle Styles Visualizer enables customers to order realistic roof visualizations, 3D models, and accurate roof measurement reports now available to TAMKO customers at a discount and no need for a monthly subscription. Information available on TAMKO's Shingle Styles Visualizer includes roof dimensions, areas, slopes, roof squares, and other vital information, enabling a contact-free process for design, estimation and bidding. This upgraded platform unifies photorealistic design visualizations, 3D interactive models, and precise roofing measurements in a single project-planning interface that can be digitally shared between a contractor, dealer and homeowner—eliminating the need for in-person sales visits. tamko.renoworks.com

DAP Tank Bond

DAP's Tank Bond family of products includes Tank Bond Thread Stopper, Tank Bond Liquid Grip, Tank Bond Heavy Duty Advanced Epoxy, and Tank Bond Thread Locker. Combined, the products have been developed to be strong enough to tackle repairs ranging from tools, home products and outdoor maintenance, to boats, bicycles, automotive, motorcycles, and even musical instruments, according to the manufacturer. tankbond.dap.com



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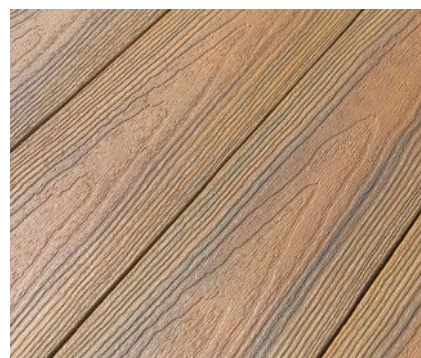


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hidden fasteners*

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today*



Call 888-578-3273 or visit our website: SplitStop.com for more information & free samples.



Capped DuxxBak from Green Bay Decking

Green Bay Decking's Capped DuxxBak water shedding deck board brings the manufacturer's proprietary OPTIMA variegated colors to their DuxxBak water shedding deck system. The result is a watertight deck designed to drain outside the deck footprint to create a functional dry space under decks, balconies, or walkways. Available in five colors, the proprietary dual-embossed OPTIMA finish now available on DuxxBak offers a depth of grain in a wood-look finish, and is designed to be slip resistant. DuxxBak is also available in six brushed-finish colors. greenbaydecking.com



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SENCO nailers

SENCO has added two new pneumatic nail guns with increased magazine capacity to its JoistPro line of metal connector nailers. The JoistPro 150MXP and JoistPro 250MXP, are designed to be used for fastening metal structural connectors like joist hangers, seismic/hurricane straps, and rafter ties. The JoistPro 150MXP fires 1-1/2" nails ranging from .131" to .148" in diameter. Its new magazine holds two strips of SENCO paper-tape collated nails. The more powerful JoistPro 250MXP fires 1-1/2" to 2-1/2" nails ranging from .131" to .162" in diameter. Like the 150MXP, the 250MXP features an increased-capacity magazine that holds two strips of paper-tape collated nails, and an updated belt/rafter hook. senco.com



New colors from Everlast Advanced Composite Siding

Chelsea Building Products has introduced an expanded color palette for all products within the Everlast advanced composite siding system. The new colors are available in both traditional lap siding and board and batten profiles, in addition to Everlast Premium Color-Matched Trim. The expanded 15-color palette includes three rich, dark hues as well as an updated shade of white. The four new colors are Blue Spruce (shown), Saddle Wood, Storm Grey, and Natural White. Everlast siding consists of a thick and solid composite substrate called C CORE, which is made from a composition of inorganic minerals and polymer resins. The substrate is then fused molecularly to a color-tinted acrylic capstock and embossed with an authentic cedar grain finish. everlastsiding.com





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Znal fasteners

Znal is a zinc/aluminum capped screw with a patent-pending design that enables a cutting speed .59 seconds faster per screw than the best available competitor, according to the manufacturer. Znal is available in #12 and #14 diameters from 7/8" – 2-1/2" in length. Other sizes may be available for specific applications. It is ideally suited for the construction industry, including metal buildings, wood buildings, self-storage units, pole barns, decks and many other jobs. The indented cap is designed to seat properly with all major brands of hex driver bits, which will reduce "walking" of the fastener, further increasing productivity. Znal is sold exclusively in North America through Red Rock Distribution in partnership with inventor and family-owned manufacturer SEC Manufacturing in Taiwan. redrockfasteners.com/znal



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SERVING DISTRIBUTORS, MANUFACTURERS, AND LUMBER DEALERS

NLBMDA's COVID-19 federal relief efforts yield significant results

BY BOB SANFORD, NLBMDA CHAIRMAN

WITHOUT A DOUBT, in just a few weeks, the global pandemic has significantly disrupted the LBM industry and has resulted in our members facing a variety of hardships that were unimaginable at the beginning of the year. Amidst the crisis, I am humbled by the stories of resiliency that I am hearing from our members. As you all know too well, in difficult times, the LBM industry bands together like no other. Stories of lumber dealers increasing wages in support of their employees, helping competitors, and supporting local communities are common.

The COVID-19 pandemic has caused major shifts in how business is conducted. LBM dealers around the U.S. have dealt with issues ranging from essential business designations, to small business loan programs, to new employee leave policies, to ensuring the safety of employees and customers. The federal government has taken several steps at the legislative and agency levels, and NLBMDA has been leading the way on behalf of the industry and has taken several critical actions over the past several weeks. I would like to take this opportunity to highlight some of these actions and remind you why it is so important to have representation in Washington D.C. and for us to be a member of the NLBMDA.

When the pandemic was first spreading, states began to take action limiting commerce to “essential” business. Many states followed guidance issued by the federal government that recognized LBM dealers as essential, but the other issue was residential construction. NLBMDA lobbied the Department of Homeland Security (DHS), who originally issued the federal guidance, to include construction and I am pleased to report that effort was successful.

The issue of states taking their own actions on essential business, with some even at the local level, proved to be a significant challenge, and in some states, it still is. While NLBMDA was working federally, the association wanted to make sure it was providing as much support as possible to its federated association partners. To do so, NLBMDA contacted all 50 governors, in partnership with the federated associations, to urge them to recognize both LBM dealers and construction as essential business.

Legislatively, Congress began passing bills to provide a series of relief measures as the pandemic impacted business and commerce. The first significant one was on the paid leave requirements for employees who meet certain criteria for being affected by COVID-19. After that, known as “Phase 2,” Congress started working on another bill that

would deal specifically with tangible relief through cash and loan programs. NLBMDA was successful in getting two important provisions included in the “Phase 3” bill. The first was the \$350 billion to fund small business loan programs like the Paycheck Protection Program (PPP) and the second was the QIP fix. The QIP fix undoes a drafting error in the 2017 Tax Cut and Jobs Act so now qualified interior improvements in commercial properties are eligible for bonus depreciation.

The next challenge was trying to sort through all of the implementing guidance for this legislation. The Small Business Administration (SBA) and the Department of the Treasury began issuing guidance after a few days and NLBMDA made sure to communicate this information to members, through both a webinar and through its comprehensive COVID-19 Action Resource Center. After just a short time, it became clear that PPP and the Economic Injury Disaster Loans would be depleted. NLBMDA immediately began lobbying Congress for additional funding to boost these programs.

One of the considerations for NLBMDA as the pandemic has been spreading is that most of the federal relief is targeted at small businesses. NLBMDA wholly supports small business relief and one of the strategies for a “Phase 4” bill is lobbying in support of dealers with over the 500-employee threshold getting access to relief. NLBMDA was pleased to see that the Federal Reserve did take action to, among other things, create the Main Street Lending Program, which will encourage banks to make loans for companies with less than 10,000 employees, and NLBMDA submitted written comments to the Fed on the need for dealers of all sizes to have access to funding in this time of need.

Our association will continue to represent LBM dealers in Washington D.C. at the federal level and support its Federated association partners however possible. NLBMDA is already advocating for key provisions in the “Phase 4” stimulus package. NLBMDA is at the forefront of protecting the federal interests of the entire lumber and building material industry and we should be immensely proud of the work they are doing on our behalf.

Please do not hesitate to contact myself or our staff in Washington, D.C. if we may be of assistance. I may be contacted at rpsanford2@twc.com or at (860) 674-7620. You may also contact NLBMDA's President and CEO at jonathan@dealer.org. ■

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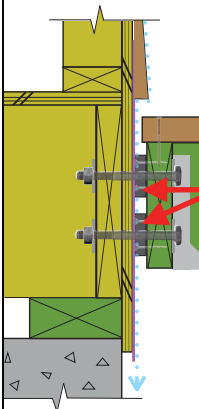
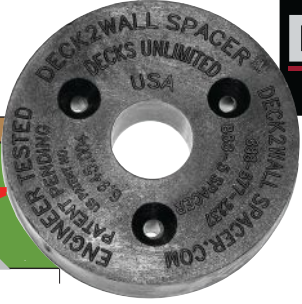
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TOO TOUGH TO BE SICK?

YOUR GENERAL MANAGER VIEWS CALLING IN SICK AS A SIGN OF WEAKNESS—NOT COMMON SENSE. WHAT WOULD YOU DO?

As the owner of a lumberyard in the dead center of the U.S., in a state that hasn't been slammed by the coronavirus, you and your company are very fortunate. With an even mix of homeowners/DIYers and pro customers, your retail business has stayed strong, and since most builders are able to maintain social distancing protocols on the jobsite, your sales are virtually flat with last year. The modifications you've had to make to your operations have been inconvenient—but, they've enabled you to keep your doors open. In your opinion, you've been lucky.

But not everyone on your team sees it that way. In fact, two weeks ago you overheard Matt, your general manager, talking with a handful of team members and customers. "This whole thing is just a hoax perpetrated by the liberal media to destroy our economy," he stated. "I don't know about you, but I'm not buying it. And I refuse to change a thing about how I operate."

This led to you having to replay a talk with Matt about sharing his opinions with others at work, especially anything related to politics. Even though your political views align pretty closely with his, you made it clear that sharing deeply held beliefs is not worth alienating customers and coworkers. The fact that the president has declared this a public health emergency should make it real enough for him. He grudgingly agreed and promised to let it be.

And that was that. Until today, that is. Matt came into your office to share his concerns about team members taking advantage of the current situation to use up their paid sick leave. "I haven't taken even one sick day since joining this company 18 years ago. I don't think it's right that some of our people are staying home when I'm sure they're well enough to work," he explained.

"I love my job and take it seriously, that's why I come into work regardless how I'm feeling. In fact, I'm not feeling that great today, but you don't see me using that as an excuse to stay home."

For years, an attitude like that may have been okay, but today, with health concerns on high alert, it's critical that people stay home if they're sick. You appreciate Matt's toughness and loyalty, but are determined to do all you can to keep Matt and the rest of your crew healthy. What would you say to Matt?



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- **"GO HOME!"** Emphasize that you need him and the rest of your team healthy. Anyone who doesn't feel well must stay home. Period.
- **"THANKS, BUT..."** Tell Matt that you appreciate his loyalty and toughness, but this virus is serious, and if he loves his job, then he'll stay home until he's feeling better.
- **"WE NEED TO TRUST."** Assure Matt that he, as your GM, has built a solid, trustworthy team. If they're using paid sick time, it's for a valid reason.
- **"WE'RE LUCKY."** Share stories with Matt about communities that have been hit hard by the virus. The smart bet to stay lucky is to take this seriously. If you're sick, stay home.

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