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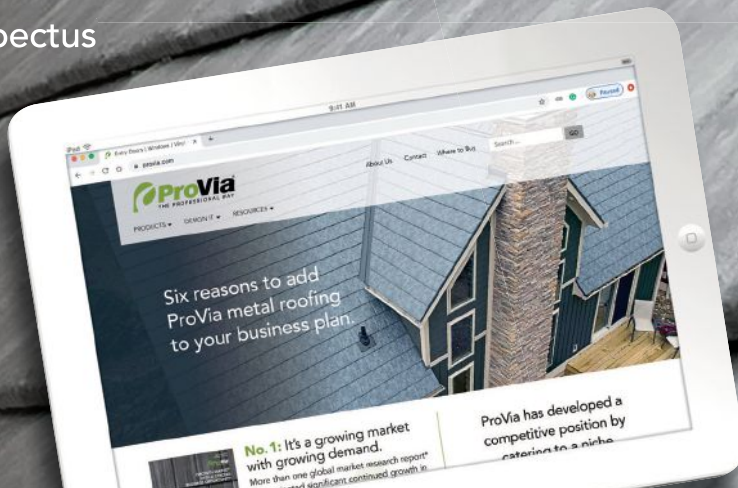
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BUILDING ENCLOSURES EVOLVED



Deeper building science–driven practices, builder curiosity and innovative products have propelled homebuilding into the 21st century. Today's homebuilding design and engineering looks much different than it did in the 18th century. Let's take a look back.

A Look Back at Building Structures of the Past

Mortise and tenon joints gave way to today's advanced wood framing, allowing builders to focus on innovation and revolutionary products that simplify the process.

Millennium-old trees that allowed a large amount of energy to flow in and out of building structures served as the building material of necessity, rather than choice. Without insulation, these buildings dried out in the summer and inward in the winter.

“We observed practices in the field and consulted with experts so we could develop a system that would revolutionize wood-frame construction.”

Kurt Koch,
VP of Engineering and Innovation, Huber Engineered Woods

The importance of exterior control layers marked a major shift in the building industry. Filling wall cavities led to examining control layers in building enclosures and, ultimately, the prioritization of those layers to satisfy structural and fire safety ratings. With this concept in mind, an order of control layer importance has been embraced — water, air vapor and thermal management.

Today's Building Enclosure Priorities

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“Prior to launching a new product, we had to learn about the control layers ourselves

and determine how to manage or mitigate the potential for water intrusion and the infiltration and exfiltration of air,” said Kurt Koch, vice president of engineering and innovation for Huber Engineered Woods. “We observed practices in



the field and consulted with experts so we could develop a system that would revolutionize wood-frame construction.”

In comes ZIP System sheathing and tape. With its built-in air and water-resistive barrier, ZIP System sheathing and tape integrates builders' envelope needs, meeting structural requirements in an easy-to-install system. ZIP System sheathing and tape is now used by a widespread audience from production and custom homebuilders to multifamily, mixed-use and remodeling specialists.

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What Dee would do

ON APRIL 16, my mother-in-law celebrated her 82nd birthday at home. She was painting, and reading, and making the best of her day. The calm of her suburban Minneapolis home was shattered (literally) when a wild turkey came crashing through the window in her living room. For the next few minutes (which seemed much, much longer), this disoriented turkey wreaked havoc on her home—storming from room to room, knocking over furniture, bleeding, and uh, evacuating at will.

Many people would respond to that nightmare scenario by locking themselves in a room until the danger passed. Dee, my sweet, artistic, literary mother-in-law, didn't do that. Instead, she picked up a broom and challenged the unhinged turkey, steering it, sheepdog-style, into the one room in the house with both an interior and an exterior door. Once the turkey was contained, she simply went outside, opened the exterior door, and waited for the unwelcome birthday guest to show himself out.

We don't have to think too hard to draw a parallel with an unexpected and unwelcome visitor to our world this spring. Instead of bloody carpet and broken furniture, COVID-19 crashed through our lives and our economy, leaving tragedy and turmoil in its wake.

Regardless where we're at in terms of containing this virus, I like the idea of doing "what Dee would do." Faced with an incomprehensible threat, Dee didn't run and hide and hope the problem would solve itself. She picked up a broom and went into battle. Dee didn't blindly attack the threat; she steered it toward the one room that could end the problem. Then, after the threat was contained and the damage was done, she went to work cleaning it up. The damage the turkey caused to her home, like the damage the virus is causing to our lives and our economy, was serious. Everything had to be removed from her home. All of the carpet had to be replaced, and all of the walls repainted.

There's no question that we're going to have a serious mess to clean up, and some things will never be the same. But I also know that we, as an industry and as a country, don't back down. We don't give up. We never have, and we never will.

This issue and our website, LBMJournal.com, are both packed with insightful strategies and tactics from top thinkers in our industry, crafted specifically to help you navigate today's business realities. I encourage you to invest some time finding the right tools, then put them to work in your business. Because that's what Dee would do. ■



Rick@LBMJournal.com

UPDATES

INDUSTRY

Derby Building Products, parent company of the **Tando** brand of products, has announced Tando Dealer Express, a program that allows dealers to order through a distributor, then receive shipments directly.

The LP Foundation, the charitable giving arm of **LP** that supports deserving nonprofits and matches employee giving, donated \$50,000 to support healthcare workers and relieve hunger in the company's home city of Nashville.

The AZEK Company is providing custom building materials to a handful of temporary hospitals in New York and Michigan during the COVID-19 pandemic.

The Irish manufacturer **Combilift**, known for its range of forklifts and other handling solutions, has developed the Combi-Ventilate, a splitter device which turns one ventilator into multiple ventilation stations. The product is designed to address the requirements of medical professionals in the current COVID-19 emergency.

In response to weakened economic conditions brought on by the COVID-19 pandemic, **MI Windows and Doors** is closing **Milgard** manufacturing facilities in Aurora, Colorado, and Grand Prairie, Texas.

ASSOCIATIONS

Greg Evans, owner of Redwoods, Inc. in Waco, Texas, has been voted president of LAT.

PEOPLE

Jeremiah Hershberger has been hired as a product manager at **Superior Plastics**.

Summer Loveland has been named chief financial officer at **Nation's Best**.

DISTRIBUTION

BlueLinX will distribute the full line of **MoistureShield** wood composite decking products to dealers in 25 counties through its Charleston, South Carolina distribution facility.

LIGNIA Wood Company, a global manufacturer of modified timber products, most recently signed on with **Hardwoods Specialty Products**.



EVANS



HERSHBERGER



LOVELAND

BUYING GROUPS & CO-OPS

Orgill, Inc. has canceled its Fall Dealer Market. The event was scheduled for August 27-29 in Las Vegas. The company will be holding a fall online buying event.

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

BUILDER CONFIDENCE ON THE RISE AFTER HISTORIC APRIL DROP

In a signal that the housing market is showing signs of stabilizing and gradually moving forward in the wake of the COVID-19 pandemic, builder confidence in the market for newly-built single-family homes increased seven points to 37 in May, according to the latest National Association of Home Builders/Wells Fargo Housing Market Index (HMI). The rise in builder sentiment follows the largest single monthly decline in the history of the index in April.

"The fact that most states classified housing as an essential business during this crisis helped to keep many residential construction workers on the job, and this is reflected in our latest builder survey," said NAHB Chairman Dean Mon. "At the same time, builders are showing flexibility in this new business environment by making sure buyers have the knowledge and access to the homes they are seeking through inno-

vative measures such as social media, virtual tours and online closings."

"Low interest rates are helping to sustain demand," said NAHB Chief Economist Robert Dietz. "As many states and localities across the nation lift stay-at-home orders and more furloughed workers return to their jobs, we expect this demand will strengthen. Other indicators that suggest a housing rebound include mortgage application data that has posted four weeks of gains and signs that buyer traffic has improved in housing markets in recent weeks. However, high unemployment and supply-side challenges including builder loan access and building material availability are near-term limiting factors."

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.

All the HMI indices posted gains in May. The HMI index gauging current sales conditions increased six points to 42, the component measuring sales expectations in the next six months jumped 10 points to 46 and the measure charting traffic of prospective buyers rose eight points to 21.

MONTHLY AVERAGE REGIONAL HMI SCORES:

Midwest increased seven points **32 ▲**

South rose eight points **42 ▲**

West posted a 12-point gain **44 ▲**

Northeast fell two points **17 ▼**

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SURVEY

RISE IN REMOTE WORK COULD LEAD TO SUBURBAN BOOM

Where people choose to live has traditionally been tied to where they work, a dynamic that through the past decade spurred extreme home value growth and an affordability crisis in coastal job centers. But the post-pandemic recovery could mitigate or even produce the opposite effect and drive a boom in secondary cities and exurbs, prompted not by a fear of density but by a seismic shift toward remote work.

Now that more than half of employed Americans (56%) have had the opportunity to work from home, a vast majority want to continue, at least occasionally. A new survey from Zillow, conducted last week by The Harris Poll, finds 75% of Americans working from home due to COVID-19 say they would prefer to continue that at least half the time, if given the option, after the pandemic subsides.

Two-thirds of employees working from home due to COVID-19 (66%) would be at least somewhat likely to consider moving if they had the flexibility to work from home as often as they want. Only 24% of Americans overall say they thought about moving as a result of spending more time at home due to social distancing recommendations.

The Pew Research Center found prior to COVID-19, only 7% of civilian workers in the United States had the option to work from home as a workplace benefit, though 40% worked in jobs that could potentially be performed remotely.

Recent Zillow research suggests more Americans are at least looking at their housing options. In mid-April, page views of for-sale listings on Zillow were 18% higher than in 2019.

Suburban boom space seekers

Many employed Americans are trying to square the desire to work remotely with the functionality and size of their existing homes.

Among employees who would be likely to consider moving, if given the flexibility to work from home when they want, nearly one-third say they would consider moving in order to live in a home with a dedicated office space (31%), to live in a larger home (30%), and to live in a home with more rooms (29%).

A Zillow analysis finds 46% of current households have a spare bedroom that could be used as an office. But that percentage drops off by more than 10 points in dense, expensive metros such as Los Angeles, New York, San Jose, San Francisco and San Diego, where far fewer homes have spare rooms.

PANDEMIC PUSHES LUMBER PRICES HIGHER

Rising demand stemming from a surge of do-it-yourself projects from consumers working at home coupled with restricted supply due to lumber mills operating at a diminished capacity have led to a recent upsurge in lumber prices, reports the National Association of Home Builders. The latest

Random Lengths Framing Composite Price for the week ending May 15 rose by 6.3% to \$406 per thousand board feet—the first time the index topped \$400 since March 20, 2020.

Framing lumber prices have increased 13% since May 1—the largest two-week increase in over a decade and the first increase greater than 10% since the start of the U.S.-Canada Soft-

wood Lumber Dispute in early 2017. This recent increase in lumber prices comes at a time when the government reported backward-looking data that shows building material prices posted a record decline in April—during the height of the pandemic and before many states rescinded stay-at-home orders and began phased re-openings of local economies.

BUILDER CREDIT TIGHTENS ON VIRUS CONCERNS

For the first time since 2012, builders and developers reported overall tighter credit conditions on loans for land acquisition, development and single-family construction (AD&C) in NAHB's AD&C financing survey for the first quarter of 2020. Most builders reported that lenders are pulling back because of coronavirus concerns, the National Association of Home Builders reports.

The net tightening index derived from the NAHB survey jumped to 22.7, about 40 points higher than the -22.3 reported in the fourth quarter of 2019. The index is constructed so that positive numbers indicate tightening of credit, with larger positive numbers indicating more widespread tightening.

A similar index from the Federal Reserve's survey of senior loan officers also showed a spike in tightening. The Fed index jumped to 52.4 in the first quarter of 2020, 45 points higher than the 7.4 reported in the fourth quarter of 2019 and the highest it's been since 2009.

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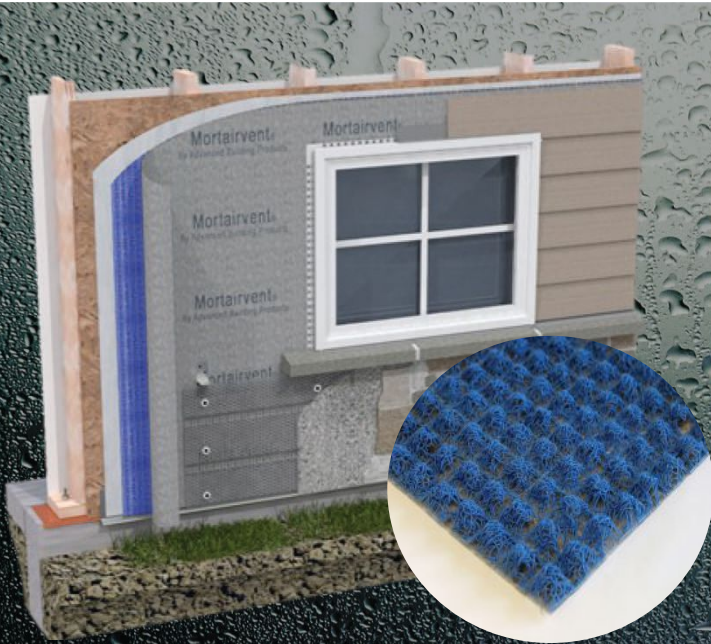


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DIP IN HOME PRICES AND A REBOUND BY NEXT YEAR

Buyer demand and healthy housing-market dynamics will prevent U.S. home prices from dropping more than 2-3%—or more than 1.7% year over year—in the wake of the coronavirus, according to a forecast released by Zillow. The forecast says home sales will fall as much as 60% this spring and take through the end of next year to recover, while prices will fall through the year but recover a few months sooner.

The recovery is likely to look like a checkmark, with transactions building at a pace of about 10% each month through the end of 2021, according to the forecast by Zillow Chief Economist Svenja Gudell and her team of economists and analysts.

The steep drop in sales is spurred by overall economic uncertainty and the industry adjusting to public health orders that shut down or hindered the ways transactions have traditionally been done.

Until March, this spring was expected to be the hottest home shopping season in years, with record-low inventory and interest rates, and high buyer demand fueled by ongoing demographic trends, such as an ever-growing share of millennials entering prime first-time homebuyer age.

Those underlying dynamics still exist to fuel the recovery—already new listings and pending sales have ticked up, as well as increasing adoption of tech tools to enable social distancing—and others provide resilience against the potential for widespread distressed sales. So the effect on prices will be modest compared to the nearly 25% drop and five-year recovery that defined the housing-led Great Recession.

The forecast, based on published and proprietary macroeconomic and housing data, centers around a baseline prediction of a 4.9% decrease in United States GDP in 2020 and a subsequent 5.7% increase in 2021. Under that scenario, which Zillow believes is 70% probable, the market is expected to include:

A 2-3% drop in prices through the end of 2020, followed by a steady recovery throughout 2021.

A rapid 50-60% decline in home sales, bottoming out this spring and recovering at a pace of about 10% each month through 2021.

The forecast also includes a more pessimistic scenario (25% likelihood), which shows a 3-4% price drop with continued weakness through all of 2021. A more optimistic scenario (5% likelihood) features a 1-2% dip in home prices through the middle of this year, followed by a robust recovery. These projections vary based on the expected duration of the pandemic and the depth of its impact on the broader economy.

“Much uncertainty still exists, particularly with some states beginning to reopen and experts warning of a possible second wave of the coronavirus in the fall. However, housing fundamentals are strong—much more so than

they were leading into the Great Recession—and that bodes well for housing in general,” said Dr. Svenja Gudell, Zillow’s chief economist. “Despite the difficulties, we’re seeing several signs that there is still a good amount of demand for housing, and buyers, sellers and agents are growing more comfortable moving transactions forward where possible. For those who need to sell, buyers are out there, and there are ways to embrace technology and practice social distancing to ensure a safe process.”

According to the most recent Zillow Home Price Expectations Survey, fielded in January prior to the U.S. coronavirus outbreak, a panel of more than 100 economists and experts had been expecting home prices to rise 3.3% in 2020, on average, and another 2.7% in 2021.

TOUGH CALL ANSWERS

ANSWERS TO OUR APRIL TOUGH CALL SURVEY:

RISK VS. REWARD

A BUILDER WANTS YOU TO EXPAND HIS CREDIT SO HE CAN AGGRESSIVELY GROW HIS BUSINESS DURING THIS CRISIS. HERE'S HOW READERS WOULD HANDLE THIS TOUGH CALL.

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17.1%

MAKE IT WORK. Reach out to product manufacturers who may be willing to take on some of the risk, in exchange for a nice possible payoff. Spreading the risk is the smart move forward

THANKS TO EVERYONE WHO VOTED ON THE APRIL SURVEY. SEE PAGE 56 FOR THE JUNE TOUGH CALL: "OVERWORKED AND UNDER PRESSURE"

SUMMER DECK SALES TIPS

FROM WEYERHAEUSER DISTRIBUTION

While the world has experienced unprecedented change, *Mother Nature* has still maintained her course of longer and warmer summer days. Whether you've placed early orders or are continually stocking up on your best sellers, TimberTech® decking and railing products can provide you with year-round opportunities. And today, there are more options to choose from than ever before.

Through the past decade, decking and railing markets have improved with strong momentum. If anything, they have grown exponentially, which is indicative of the number of decking and railing material options and enhancements from TimberTech. When it comes to the business of delivering quality products and services, you want to rely on the best the market has to offer.

The distribution partnership between Weyerhaeuser and TimberTech demonstrates how two trusted and proven brands can service your decking and railing sales. To support you with summertime sales tips, we conducted a Q&A with your trusted Weyerhaeuser sales representatives across the West Coast, Southwest and Mountain area markets. Here's the scoop!

Q. What are your top tips for dealers interested in stocking TimberTech decking and railing?

A. There are three key components of success:

1. Correct inventory is crucial, as well as having all the necessary components for all deck packages, including not just deck boards — but fasteners, railing and add-on accessories such as lighting packages.
2. Know your customer base — make sure to work with them to learn what type of job they are planning with the type of boards they are purchasing.
3. Service and education, which are two of the main components that Weyerhaeuser Distribution and TimberTech bring together. It's the dream team of the category and industry! Your market reps are just a phone call (or email) away — we're ready to support you and your customers outdoor building questions.

Q. What do you hear most from your customers about decking and railing?

A. Our customers are excited that they have choices, and a lot of them. There will be lines that are more popular than others, yet TimberTech has a range of product features and benefits including color, texture, length, width and price to offer customers the best possible outcome for any project.

The Wildland Urban Interface Zone (WUI) flame spread index ratings for select TimberTech collections and all the TimberTech AZEK® decking lines are also a large draw for many customers. The Class A Flame Spread Index across the TimberTech AZEK Vintage Collection® means that decking products can be used in the highest number of applications and counties that specify flame spread designations. And not to go unmentioned, the TimberTech AZEK Harvest, Arbor and Porch Collections (Class B Flame Spread Index) and TimberTech PRO® and TimberTech EDGE™ (Class C Flame Spread Index) also significantly reduce the risk of fire spread. Plus, the TimberTech PRO Reserve FR Collection and the TimberTech EDGE Premier Collection are WUI compliant.



Q. What advice do you give your customers for displaying decking and railing products?

A. While it all depends on the showroom real estate each customer has, being creative is the key to success.

Of course, a large space allows customers to build a display deck with a variety of colors, sizes and textures to show a breadth of choices. However, smaller spaces can have just as much impact. The touch and feel of decks are important to homeowners, so think about hanging small samples, such as a two-foot by two-foot segment, on the wall. Consider building a raised deck in the customer service counter area or a deck pathway between the yard and the office, including stairs and railings, where applicable, to show a range of products. This demonstrates product viability under continual, everyday wear.

Or perhaps use the space you have to tell a great story of sustainability. Sustainability is literally at the core of TimberTech decking. In 2019, this eco-friendly company diverted approximately 290 million pounds of waste and scrap from landfills and 98% of internal TimberTech scrap is reused. And in their composite collections, TimberTech uses up to 80% recycled materials! This high ecological standard contributes both to a healthier planet and an environmentally-friendly backyard.

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





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PANDEMIC EXPECTED TO SHRINK REMODELING SPENDING IN MOST MAJOR METROS

Expenditures for remodeling in owner-occupied housing stock are anticipated to decline in most of the nation's largest metropolitan areas this year in response to the severe economic impacts of the COVID-19 pandemic, according to new projections released by the Remodeling Futures Program at the Joint Center for Housing Studies of Harvard University.

Even before the pandemic hit, nearly all of the 47 tracked metros were expected to see slowdowns in improvement spending through 2020 as generated by the Center's standard methodology projections, with growth of 1-5% expected in 37 metros and declines in only nine metros. Revising these projections based on the estimated effect of the pandemic on national remodeling spending, the COVID-adjusted projections, illustrated in the interactive map, show annual homeowner remodeling spending will likely contract in the majority of metros (24), while only 15 could still see gains (1-3%), relative to 2019 activity.

"With the pandemic exacerbating localized slowdowns in house prices, existing home sales, and homebuilding, many metros will see even more pronounced erosion of home renovation activity this year," says Abbe Will, associate project director in the Remodeling Futures Program at the Center. "The largest remodeling spending declines are not isolated to any one region, but are projected to occur in markets throughout the country including Orlando, Kansas City, Omaha, San Jose, and Portland."

With the country fighting the COVID-19 pandemic, there is substantial uncertainty about how quickly a recovery will take hold. "As more data becomes available, we will continue to provide insights and analysis for understanding the varied impacts of the pandemic on local and regional home improvement activity," says Will.

BY THE YARD

NEWS FROM LUMBERYARDS
AROUND THE COUNTRY

AMID PANDEMIC, LESTER GROUP UNVEILS NEW RIVER BUILDING SUPPLY

The Lester Group, a Virginia company with more than 70 years experience in the building materials business, has opened New River Valley Building Supply. Even as the global coronavirus pandemic put up roadblocks, the company met its original goal of opening in May. The store is in a former Moore's Lumber building in Christiansburg, Virginia. The showroom has been renovated, and two other buildings will be completed next month to ensure the entire inventory is covered and protected. There are more than 41,000 square feet of warehouse and store buildings spread over five acres.

CNRG EXPANDS WITH HOME HARDWARE CENTER STORE IN ARKANSAS

Walter Morris, owner and operator of H&M Lumber in West Helena, Arkansas, has agreed to sell his business and operating assets to Central Network Retail Group, LLC (CNRG), a multi-format, multi-brand retailer currently operating 109 hardware stores, home centers and lumber yards in 15 states.

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EVENTS

2020

AUG 26

LMC HARDWARE EXPRESS 2020
(VIRTUAL EVENT) | lmc.net

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

NOV 11-13

LMC EXPO 2020
Philadelphia, PA | lmc.net

NOV 16-18

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How to lead your business from reacting to rebuilding

BY BILL LEE

DURING MY LIFETIME I have been extremely blessed to have had exposure to some incredibly bright executives and some highly insightful organizations. My financial planner is one of the first people I go to when I need wisdom. What we are going through as a country and as a population is unprecedented in all of our lifetimes. What he shared with me, I want to share with you.

During the pandemic, much of the work owners and leaders have been doing every day has been both urgent and important. After the pandemic, much of the work business owners and leaders require to rebuild a business is likely important, but not urgent. The following are some ideas from wise sources I believe will help us all transition our leadership from reacting to rebuilding.

As to the role of owners and key leaders, the environment over the past few weeks has blurred what was previously very clear. As business owners and leaders transition their mindset to rebuilding versus reacting, it is important that they re-clarify their roles and responsibilities (e.g. what is the work that only top management can do to lead the organization forward). It is equally important for management to begin empowering their team by delegating any work that doesn't fit within management's roles and responsibilities

Rule of thumb:

If a team member can perform a task at least 80% as well as the owner/leader can, then delegate the task.

In the event of a return to "semi" normal relatively soon:

Focus on the positive, remain optimistic as you inspire your team. Abide by the requests of state/local authority. Prioritize keeping employees safe, protected and distanced in the office. Clearly communicate to your team the rationale for deciding to begin returning to more normalized operations. Many people want to return to work. Manage them individually and

influence them lovingly. Trust your team and empower them to make decisions regarding their individual circumstances. Provide guidelines for what the new work conditions will be and be flexible with team members who may need a little more time to work from home.

In the event of an early summer return to "semi" normal:

Update your cash forecast. Continue expense reduction/management. Increase cash flow to begin rebuilding. Consider developing worst case, best case, and probable case scenarios. Begin considering the impact of the pandemic on your workflow, the impact on supply chain, and the impact on clients' buying behaviors.

In the event of a "semi" return to normal in Q3:

Meet with your leadership team to anticipate the "new normal." Brainstorm: How will B2B business change? How will B2C business change? How will sales relationships/interactions be impacted? How can technology be better utilized within your organization? Engage in market research. "Back to work" is not the same as "back to normal."

Explore new opportunities. Identify and document how to provide a clean, safe employee environment. Revisit your business contingency and continuity plans.

Make good use of any extra time to develop your team. Develop a plan to retain key employees and incent the right behaviors when team members return. For example, some of your current incentive plan goals may need to be adjusted.

An old-fashioned brainstorming session may be in order between management, purchasing, administration, salespeople, drivers and loaders. Where do procedural adjustments need to be considered? The way we sell is an excellent example. Our industry is highly relational in our sales effort, what alternatives should be considered if "distancing" is mandated to continue? ■



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

Sales coaching is like golf instruction

BY RICK DAVIS

COACHING SALESPeOPLE is a lot like coaching golfers. There is an art and science to the process and, if the universe cooperates, I will have the honor of discussing the lost art of sales coaching at the LBM Strategies Conference this September in Boston.

Sales coaching, as I see it, is not really a lost art, but more like a secret and elusive skill which has never been found by most sales managers. The problem is their perspective of seeing themselves as *overseers* of sales performance. Their job, as *they* see it, is to make sure salespeople get *their* jobs done. Their position is to “look down from above.” Their process is to push for action, observe sales results, and pressure performers when the results fall short.

They measure results and, in lieu of quality coaching, sales managers fall into two categories of leadership. The first includes former salespeople who use their managerial title to push salespeople to “do what I always did.” The other category includes operations managers, many without any sales experience, who push for results with the expectation that salespeople “should know how to do the job.”

The real problem is that many salespeople, including many veteran salespeople, don’t utilize the right skills and do need coaching guidance. For example, salespeople need to be reminded that the right performance is to avoid bidding blindly for low percentage work, yet the practice persists because managers don’t step in to fix the performance deficiency.

Most salespeople invest their days in the field making cold calls instead of scheduling planned appointments with prospects and customers. The result is short, ineffective meetings that produce little or no sales momentum. This leadership problem is that the performance flaw goes unnoticed for years because managers are never present to observe.

A good sales coach is like a good golf instructor. The first thing the instructor does is observe the swing. The goal is to see what the performer is doing correctly and the techniques that can be improved. Unfortunately, most sales performance in the construction industry goes unnoticed because the manager never takes time to properly observe the performer in the field. You can’t coach what you don’t observe.

The good instructor earns trust. Imagine a golf instructor who only criticizes the outcomes of a golf shot while never providing any guidance on techniques. It wouldn’t be long before the student, usually paying the instructor voluntarily, decides to find a better instructor. Managers should presume they have to earn trust the same way as a golf instructor. This means discussing *why* results turned out (or didn’t) as hoped. It means earning the trust of a salesperson who voluntarily sees the benefit of coaching feedback.

A good coach isolates and hones one skill at a time. The golf instructor doesn’t tell the pupil five things to work on because it won’t help. Instead, the good teacher willingly ignores some performance flaws while isolating one key skill at a time. Good sales coaching can be as simple as teaching a prospecting phrase, a question to ask, or a way to deliver a proposal. Coaching means building skill sets one behavior at a time.

The real key to leadership and coaching success is the judgment of results. It’s the ability to affect results by shaping the performance of voluntary students. Golf coaches do not earn their credentials with students because of the title on their business cards; credibility is earned by the voluntary trust and eventual shift in performance by the performer. It should be no different for sales coaches. ■



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

Three considerations as you re-hire in a post-pandemic world

BY RIKKA BRANDON

YOU'VE LIKELY HAD TO lay off many members of your staff due to the economic realities we're experiencing during the COVID-19 pandemic. But the needs of your company haven't gone away even though your ranks may have thinned. How do you meet the requirements to keep your company afloat with fewer team members AND ensure when you're ready to hire again you do so in the smartest way possible? Here are a few strategies to consider.

1. FIND CLARITY

Clarity is the most powerful tool you have when your business is running lean. You've likely cut everything you can feasibly cut. Now is the perfect time to consider what positions are truly needed at your company when life starts to creep back to normal. Go through your standard staff roles and assess your job descriptions. Do they represent the best way for your business to move forward in these times of uncertainty?

As I have described in previous columns, "clarity" is the work you do before you post a job. The process requires you to articulate a business need for the position, set and communicate clear performance expectations, focus on what you need, and understand the return on investment and value of the position. Once you get this clarity, you can leverage it to create a great job description (and ultimately a great job ad) that will help attract the right employee.

2. BRING BACK WORKERS—THE RIGHT WAY

Once you've determined what positions within your company still make sense to keep and what roles need to be rejiggered with different responsibilities and job descriptions, turn first to your laid-off workers (at least those who you want to return). Hopefully you've already set the stage for quickly hiring back these displaced team members—you communicated and executed the required hard decisions with empathy and understanding.

Even if you aren't quite ready to fully re-hire everyone, you can use a local staffing firm to payroll the workers as well as to help find more.

It may seem counterintuitive to pay the markup charged by temporary staffing firms when the unemployment rate is high, but this method can save you time and headaches. If someone doesn't work out, you just need to let your staffing rep know, and they won't come back; no need to fire them or try to coach them to success if doing so is fruitless.

Using a staffing firm also can help with the soaring amount of resumes you're going to get with every job posting during this time. So, you may as well benefit from their database and advertising power, and let them spend the time screening the responses. When you add it all up, it's easy to see why companies go this route.

3. CONSIDER INDEPENDENTS

When the time comes to re-add team members, you may automatically think of full-time W2 employees. Obviously, this is valuable and in some positions the only way forward; however, the gig economy is no longer a new thing, and many businesses large and small are seeing the value of working with experts on projects versus hiring employees to do many different but related things.

You're likely already benefiting from this concept if you have an accountant and a lawyer who aren't on staff. Perhaps you work with a sales trainer or a marketing firm.

Finding freelancers and experts works well in multiple spaces, including marketing, advertising, writing, graphic design, HR, and other specialty skill areas. You may find that partnering with an experienced virtual assistant suits you better than a full-time administrative professional does—or at least this meets your needs when you're still recovering financially and want to limit overhead.

You can find these experts by asking your network or searching for people on LinkedIn. I'm a fan of Fiverr.com for simple projects. You can get professional and personal projects handled quickly and affordably, or you can use their vetted pros or business services for more complete solutions. Other people love Guru.com, Upwork.com, and Freelancer.com. ■



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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Plotting a course in treacherous waters

BY RUSS KATHREIN

IT HAS BEEN SAID that a rising tide raises all ships, regardless of their condition or the skill of the crew. The same can be said in business. When the economy is booming, it is easier and more forgiving to run a business and lead your people. And yet, a falling tide lowers all ships. In a low tide, there are more obstacles to navigate, and the water is much shallower. It takes a great deal of skill to pilot a ship through a rocky shoal, and many a ship have sunk, due to the inability or lack of attention of their captains.

Where we all find ourselves now is in the midst of a falling tide. The only things we know for sure is that we can't stop the water from falling to whatever level it needs to, and eventually the tide will rise. So instead of concentrating on the external things we can't control, we need to concentrate on the internal things we can. What is the state of our ship? Is it lean and mean? Is it efficient so that it rides high in the water, or is it top-heavy with expenses or unneeded ballast, and rides low and slow in the water?

Last year, our company took a good hard look at all of our operations and asked ourselves, "What do we want to be to our customers?" Half of our locations were small, rural lumberyards that had small staffs and that had to sell everything they could to everyone just not to lose money. The other half of our company was located in larger markets and geared toward the builder. We had a heritage in our smaller yards, but the larger yards were making all the money and carrying the smaller yards. Plus, the smaller yards were distracting our attention away from where the majority of our business was. So, we made the decision to close all of the smaller yards at once to concentrate on our larger operations.

With the tide now running out, I have no doubt that many of those smaller ships would be run aground or sinking. We were lucky that we did not have the pressure of the current crisis hanging over us when we had to make those decisions. Now is the time to take the hard look at any sacred cows that have always been spared because of company heritage or because they have always been there.

The other area to examine is within. As captain of the ship, you need to recognize that the waters are significantly more dangerous with the water being low. While you may feel the need to stay in your cabin, holding meetings, analyzing data, or worse, distracting yourself with make-work or the internet; the truth is, you are needed more behind the wheel, navigating the ship. Having gone through our industry's Great Recession at a large company, I can remember the days spent on seemingly endless phone conferences and meetings, requesting data and wanting to know what we were doing, while finding little time, or, in some cases, little inclination to actually go out and pilot the ship's course. The "paralysis by analysis" that our owners and leadership imparted on us had them suddenly scrutinizing minute parts of our business to which they normally didn't pay attention. We spent more time rearranging deck chairs than we did scanning the horizon for rocks or icebergs.

So where do you find yourself in the midst of this crisis? Are you in your office reading about PPP loans and COVID-19 cases, or are you out talking to customers? Are you demanding more and more information, hoping the spreadsheet will give you all the answers, or are you making decisions and course-correcting as needed? Remember the quote, "If you choose not to decide, you still have made a choice." Right now you have less time to decide and less of a margin of error.

I would love to say that I have all the answers and that I have never made any of the mistakes or poor decisions I describe above. The truth is, it is from my own mistakes and poor decisions that I get all of my material to write this column, and because I continue to make mistakes, I will have subject matter for years to come. The most important thing is to realize that you can look at your actions, or inactions, and make the decision to change. Leadership is about resolve, and if you resolve to grab that wheel and take command of your ship, no doubt you will be able to steer it through the rocky waters ahead. ■



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

It's time to convert to a virtual filing cabinet

BY THEA DUDLEY

Dear Thea,
I work for a retail building materials company and we have several locations. We are curious how others handle their credit application process. What are the most secure ways to store credit applications and information, and also make the application information available for officers to access when determining credit worthiness? Looking for suggestions.

—Possession Obsession in Pocatello

Dear Obsession,

To use a Southernism: I love me a virtual filing cabinet. They are accessible anywhere, any time, by anyone (who you give access to) and provide the security you are looking for. They're the trifecta of answers to your credit question.

Virtual filing cabinets are easy to set up. Select a place where they will "live" at your company, such as your shared drive, then password protect it and POOF! You've got your wish. You have a secure place to put your customers' data and it is accessible by the people who need it, whenever, wherever. Problem solved.

WARNING LABEL: That is the easy part. Of course, dear Possession Obsession, it will not be quite that easy to implement. First, set up the filing cabinet on a shared drive. Set the "filing cabinet" up the same way you would your physical cabinets except in this scenario you will be making sub-folders of the alphabet under the main file. Then password protect it.

Now comes the hard part: rolling it out to your team and beyond. The key to the virtual filing cabinet program is to eliminate the physical one. That means getting rid of them. You will need to go through the credit files you have, and edit the old, useless bits of data that we credit people love to hang onto. All you need is the current credit application, latest financials (if you have them) and any current credit reports. I advise a summary sheet, then you can have the key elements on it and update it every time you review the file. That's it.

Scan the items into the virtual cabinet under its corresponding letter in the alphabet with a

sub folder made just for that customer. Depending on what your files look like, this process will take a coordinated effort from your team.

This is where the real challenges come into play. The biggest challenges are with people. The process itself is easy. The people part of it... let's just say it is the equivalent of explaining to Nana why you're not at church every week. No explanation will seem like it is enough. The pushback is plentiful:

1. But I NEED to have a hard copy file. No you don't. Print the financials if you need to and shred them when you're done.

2. I can't access the file. That's right, sweetie. Unless you have the password, you're not welcome. Keep a list of who has access, why they need it to do their job, and change the password with some frequency. It's like a super-secret handshake to be in the club.

3. What if we get hacked? This is a legit concern, but not insurmountable. Hackers usually go for easy money. That means credit card numbers. Applications usually ask for bank account numbers and you may get a social security number. It takes much more effort to commit crime and havoc (and yields little fast cash) with those items than it does with credit cards. You stand a higher risk of a disgruntled employee stealing your hard files than a threat from a hacker or dark web assault.

Still not convinced? Add a rider to your insurance policy to cover storage of sensitive information and issues that might arise if you do find yourself the victim of a hacking assault.

But wait, there's more. Outsource the virtual filing cabinet storage to a third party. Check out the errors, omission and compliance policy they have and outsource the stress. What you spend for peace of mind will also bring the benefits of convenience and streamlining your process.

Eventually, we all have to find ways to get over our fears, real or imagined, and live in the now. The now is technology. Embrace it. ■



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

MAZE NAILS

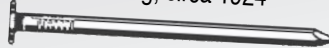
have weathered the test of time!



Maple flooring, circa 1950



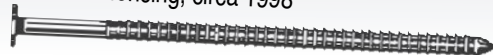
Cypress siding, circa 1924



Cedar Shake roof Grand Canyon National Park, circa 2018



Redwood fencing, circa 1998



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Don't let the COVID-19 pandemic devalue your LBM business upon sale

Here's how to credit COVID-19 losses to earnings.

BY JOHN WAGNER

FOR LBM COMPANIES that are now in the process of seeking acquisition—indeed for almost *every* company—the COVID-19 pandemic has suppressed sales revenues and resulting EBITDA. Yet there is wide acknowledgement that COVID-19 will not last forever. After some period of time—probably a matter of months—the effects of COVID-19 will diminish, and eventually vanish. Admittedly, the construction economy won't immediately bounce back. In retrospect, the recovery will likely be compared to a “dimmer switch” that slowly turns up to full power over time.

On the far side of the COVID-19 pandemic, there is reason for optimism. Substantial “tail winds” will power the economy. First, interest rates are low and will remain so, which is great for construction. Second, the Fed will remain in an activist posture. Third, adding to serious pent-up demand for consumer goods and services—Federal and State stimulus packages will pump substantial funds and tax incentives to fuel growth.

NEW OWNERSHIP POST-PANDEMIC

If an LBM company seeks acquisition during or soon after the pandemic, the financial reports presented to potential acquirers will surely show suppressed performance caused by COVID-19. Company valuations are often based on the trailing twelve months (TTM) or last calendar/fiscal year EBITDA performance. However, an acquirer is not purchasing a company's historical performance. That performance is normally a predictor of future revenue and earnings and it demonstrates the company's overall operational capacity. But an acquirer is buying *future* earnings. Accordingly, a company's value should be tied to those future earnings, and not its performance under temporary stressors, albeit extreme ones like COVID-19.

Given how long it takes for investment bankers to prepare a company for acquisition (~60 days), the amount of time it takes to “shop a deal” (~30-45 days), select the winning offer, and complete the due diligence process (~90 days), most acquisitions won't close for a period

of approximately six months, assuming they start “today.” Even if a company were to start the process of seeking an acquirer in the thick of the COVID-19 pandemic, it's likely that an acquirer would assume company ownership when COVID-19 is no longer a factor, or its impact is substantially diminished.

Assuming the economy recovers as COVID-19 retreats—a safe assumption indeed—how can a period of suppressed revenues and suppressed EBITDA be presented to a potential acquirer?

A MULTIPLE OF EBITDA, BUT WHICH EBITDA?

First, a quick backgrounder. The vast majority of companies are valued and acquired using multiples of EBITDA. For example, let's take a company and call it “LumberCo.” Assume that LumberCo has a 2018 EBITDA of \$8 million, a 2019 EBITDA of \$10 million, and a *projected* 2020 EBITDA of a \$12 million before COVID-19 hit.

LumberCo has had a consistent rise in EBITDA, year-over-year, from 2018, 2019, and 2020, with 2020 being a blend of actual and projected performance. That should instill confidence that 2020 projections are realistic and attainable. If LumberCo were acquired for a 7X multiple of 2020 EBITDA before the pandemic occurred, LumberCo would be worth \$84 million ($7 \times 12 = 84$).

Now, let's examine how COVID-19 may negatively affect the \$12 million projected 2020 EBITDA. Assume that COVID-19 is operative as a negative performance factor for four months. For example, let's project the EBITDA to drop to \$0 (zero) during these four months.

LumberCo was on a path to achieve a \$12 million 2020 EBITDA, or \$1 million a month. Due to COVID-19, LumberCo would come off that pace by \$4 million. The projected EBITDA would drop from \$12 million to \$8 million. If LumberCo were acquired at 7X \$8 million, the resulting total enterprise value (TEV) would be \$56 million. That is as opposed to the \$84 million resulting from 7X \$12 million. *Ouch...* That's a \$28 million reduction in total enterprise value, and obviously a situation to be avoided at all costs. ➤

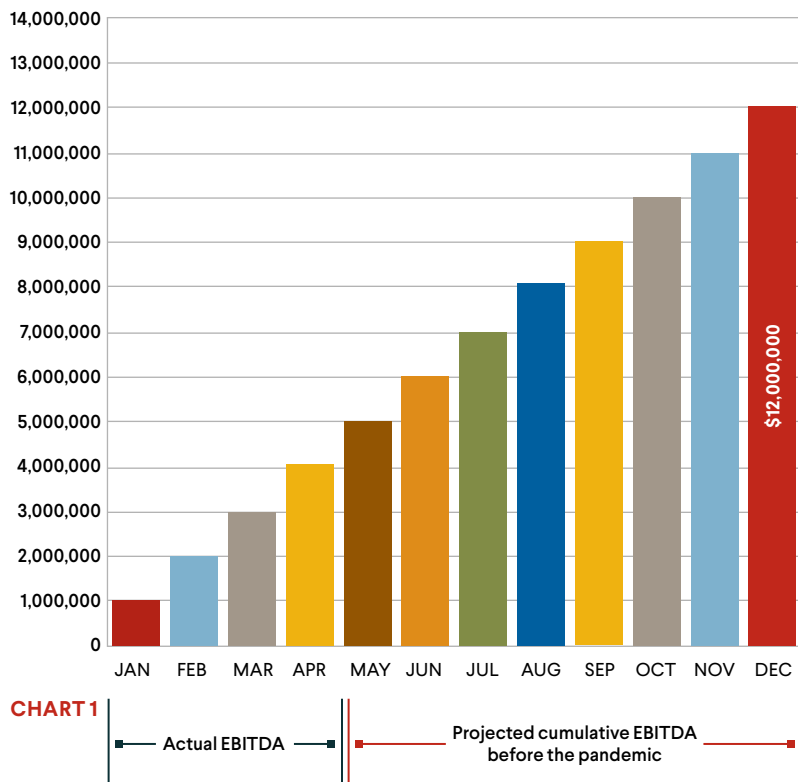
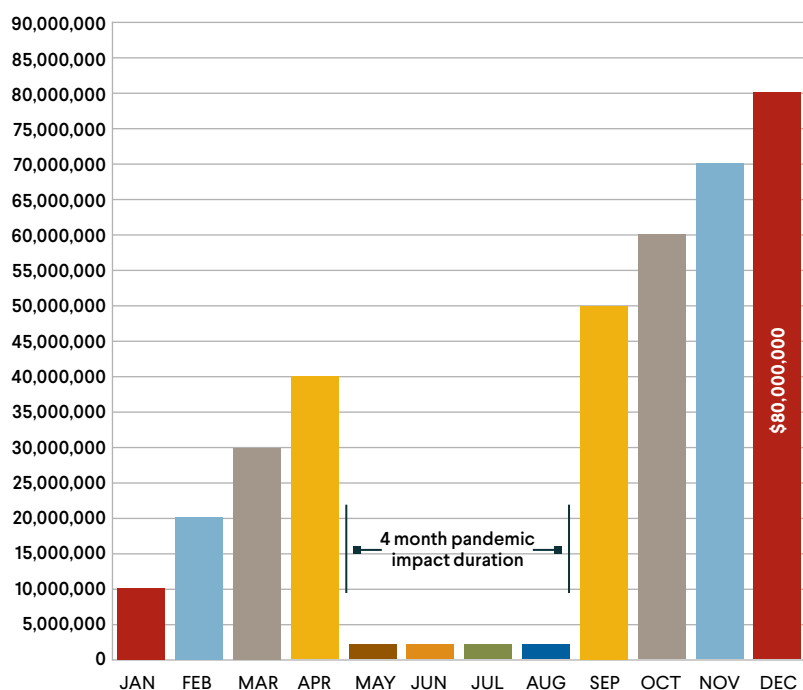


CHART 1

CHART 2 Projected Total Enterprise Value with pandemic factored in



PERMANENT DEBILITATION OR A PANDEMIC ANOMALY?

Given LumberCo's healthy balance sheet and track record, a potential acquirer must recognize that the \$4 million in suppressed EBITDA is *an anomaly* caused by COVID-19. It is not a sign of a permanent debilitation of LumberCo's ability to achieve the annualized \$12 EBITDA once the virus retreats. (If the potential acquirer refuses to recognize this, they are trying to use the pandemic to snatch up a company at a bargain.)

How can LumberCo possibly present that \$4 million lost EBITDA in a positive light? The investment banker representing LumberCo should take the \$4 million in suppressed EBITDA and make it an EBITDA adjustment. Call it the "COVID-19 Adjustment to EBITDA."

Refer to the following charts as this is explained. **CHART 1** shows a blend of LumberCo's actual and projected 2020 EBITDA performance before the pandemic hit. The Company was confidently on a path to achieve \$12 million in EBITDA.

CHART 2 shows the dramatic effect the pandemic could have on LumberCo. In this example, COVID-19 has entirely chopped out four months of EBITDA performance. However, in the post-pandemic time period, projected to be fully in force starting in September, LumberCo would be back on track. But with four months of "missing" EBITDA performance, LumberCo's projected EBITDA would be \$8,000,000, not \$12,000,000.

Given LumberCo's strong historical performance, it is reasonable to assume—and it should be strongly argued by the seller's investment banker—that COVID-19's effects are only temporary. LumberCo will again attain its projected growth pattern. Accordingly, the missing \$4 million EBITDA, **CHART 3**, is a valid *credit* to LumberCo's EBITDA.

The total enterprise value of LumberCo should *not* be \$56 million. The \$56 million is its "pandemic value," generated by temporarily suppressed earnings. LumberCo's true TEV is \$84 million, the value that would have been achieved had COVID-19 not occurred. The difference between the pandemic value and the non-pandemic value is a *negative* \$28 million in TEV, so it is well worth the effort to argue for a COVID-19 EBITDA adjustment.

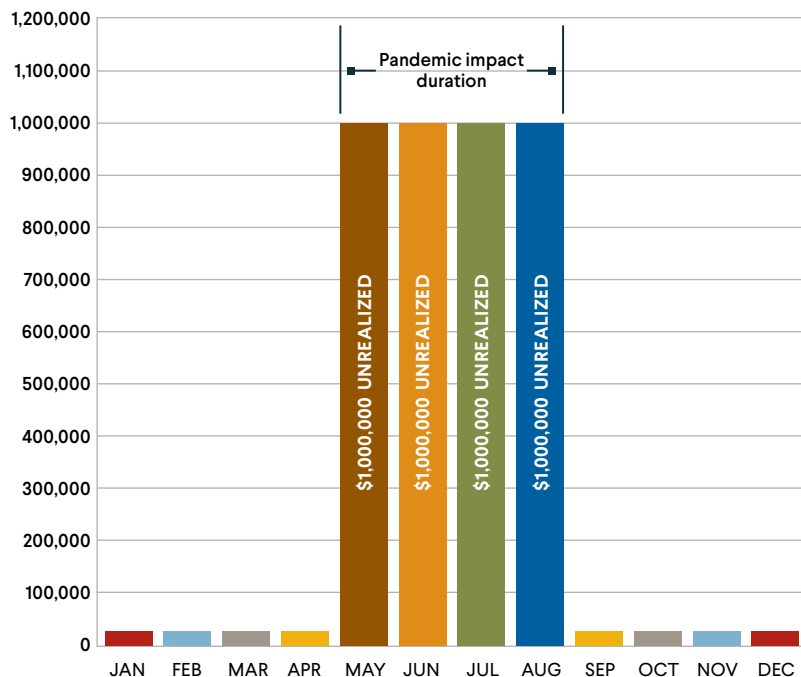


CHART 3 Cumulative COVID-19 credit to EBITDA for unrealized earnings due to pandemic

STICK TO YOUR GUNS

Should a potential acquirer insist on a suppressed TEV due to COVID-19, the seller and their investment banker representatives should “stick to their guns” and insist on full value for an COVID-19 EBITDA Adjustment. There is, as always, some middle ground to be found here, should the buyer and seller not entirely agree on the adjustment’s acceptability. Perhaps that middle ground could be to acknowledge the extraordinary circumstances of the pandemic and the use of a risk-allocation mechanism, like the widely used earn-out. But the COVID-19 EBITDA Adjustment is a credit to earnings that is just as valid as any credit to EBITDA (e.g. non-recurring, non-capitalized expenses) that would be accepted in typical deal-point negotiations.

For a seller to insist on a COVID-19 EBITDA Adjustment should not come as a surprise to any serious acquirer. Acquirers recognize the temporality of the pandemic as much as the seller. A COVID-19 EBITDA Adjustment is simply an acknowledgement that a company like LumberCo is as valuable today as it would have been before the pandemic occurred, and that LumberCo will regain its footing, and its full value, in a matter of months. ■

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





BY SHANE SOULE

THE DELIVERY PROCESS OPPORTUNITY

"NOTHING CHANGES UNTIL THE PAIN OF REMAINING THE SAME IS GREATER THAN THE PAIN OF CHANGE."

— TONY ROBBINS

I LOVE THIS QUOTE BECAUSE IT'S TRUE. It can literally take a painful disruption like the COVID-19 virus to make the "pain of remaining the same" exceed the "pain of change." Although it feels painful now, the silver lining can be found in the better businesses we create when we embrace this as a time to see opportunities for improvement rather than a time to recede in fear and confusion.

I've written and spoken about COVID-19 forcing our industry to work remotely and how this new environment created an opportunity to track metrics and productivity. The follow-up meetings and conversations I've been a part of, due to my recent article and webinar, have allowed me to assist numerous companies as they start tracking activity-based metrics for off-site team members. I'm excited to share that one coincidental side-effect kept occurring—we had real data to explore and envision new opportunities for improvements to productivity as a result.

IN ADDITION, the way we communicate has also drastically changed since the start of this outbreak. Many of our existing routines and habits within our day-to-day business communication have become inflexible over the years. Although routines can support productivity and provide comfort, they can also stifle our imagination and our ability to think outside of the box. Tell me if this situation from the past looks familiar to you, or maybe it's familiar from this morning?

EMERGENCY ORDER

A framer calls at 8 a.m. on Monday morning and says that he is breaking the bands on the start load, but he has the wrong size jack posts. He needs the right ones before noon, or he is going to have to pull the crew and go to another job.

The sales rep panics (rightly so) and wants to raise the urgency level of this situation to everyone in operations, so the product can arrive on-site and avoid disaster. In the past, he had tried to create an order and send an email, too, when it needed that extra attention, but the product still didn't hit the jobsite till late afternoon, and he got burned.

He's seen that the best way to get something done is to "scream the loudest," so he walks down to dispatch and interrupts their activities to let them know that he has an emergency, and they need to guarantee him it is going to get out there on time.

The dispatcher tells him that he can't do anything until the order is actually created, and he will "do his best." The salesman walks back to his office, creates the order, and calls the dispatcher to tell him again how everyone needs to drop everything to get this completed.

Then, at 11 a.m. he calls the dispatcher and is told that the order is "on the truck." Then he calls the driver five times in a row until he picks up his phone. The sales rep confirms, for sure, that the product is onsite, and the customer was served. "Job well done," he thinks to himself. Now he can go back to his first scheduled task of the day.

In this situation one unplanned event ruined the morning for the sales rep, slowed the dispatcher down three times, and interrupted a driver while unloading material. Working remotely in the current environment, many sales reps are not able to walk to dispatch. In fact, many dispatchers are working from home too, and they aren't completely aware of their operational capabilities, because they can't "see" the drivers loading and the yard picking orders. This situation is the perfect opportunity for us to evaluate our delivery processes and recognize sometimes, our lack thereof.

When looking to craft a lean process for delivery with stronger communication in your company consider these priorities:

1. ELIMINATE YOUR GUESSWORK

Create a list of delivery expectations that eliminate the need for the sales team to "check on things." Improve the expectations with simple clarity like, "If you do this, then

you can expect this." For example: We guarantee a maximum four-hour turnaround on orders under 2,000 pounds within 30 miles of a store.

If this expectation would have been in place, the sales rep in the scenario above would have been able to create the order, choose this delivery option and fully expect the product to be onsite without the need to hound dispatch with personal visits or numerous calls.

2. ALLOW OPERATIONS TO CARRY THE "COMMUNICATION" BALL

Build a culture where internal and external customers can expect their orders to be on time and completed for scheduled deliveries. And when there is a problem, **they call the sales rep and/or the customer BEFORE they miss the time.**

Too many companies have a culture where operations "can only do what they can do," and it's up to the sales reps to make sure there aren't emergencies. How many sales reps feel forced to deliver the product themselves if their customers needs aren't taken care of by operations? There's opportunity cost in addition to salary expense to consider when we allow a sales rep to deliver material, because then they're not prospecting for their next sale which is really the lifeblood of our future revenue.

3. LEVERAGE TECHNOLOGY

Most ERP systems now have delivery notifications as an option in their setup that automatically log the time the driver leaves the yard and when the driver drops the load. They also have the ability to estimate arrival times on these orders based on GPS mapping and scheduling. Match this with the customer applications that ERP systems offer, and your customers can look on their app as needed to check the ETA of their delivery and even contact the driver themselves.

We want our sales reps taking care of customers by entering an order, but not babysitting it afterwards. We also want dispatchers scheduling loads rather than acting as customer service agents to sales reps. A well-designed SOP for your delivery process eliminates wasteful communication, inefficiency, and negative internal/external customer experiences. It also turns your culture from reactive to proactive, which is the difference between mediocre and excellent customer service. ■



Shane Soule 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



REAL ISSUES. REAL ANSWERS.

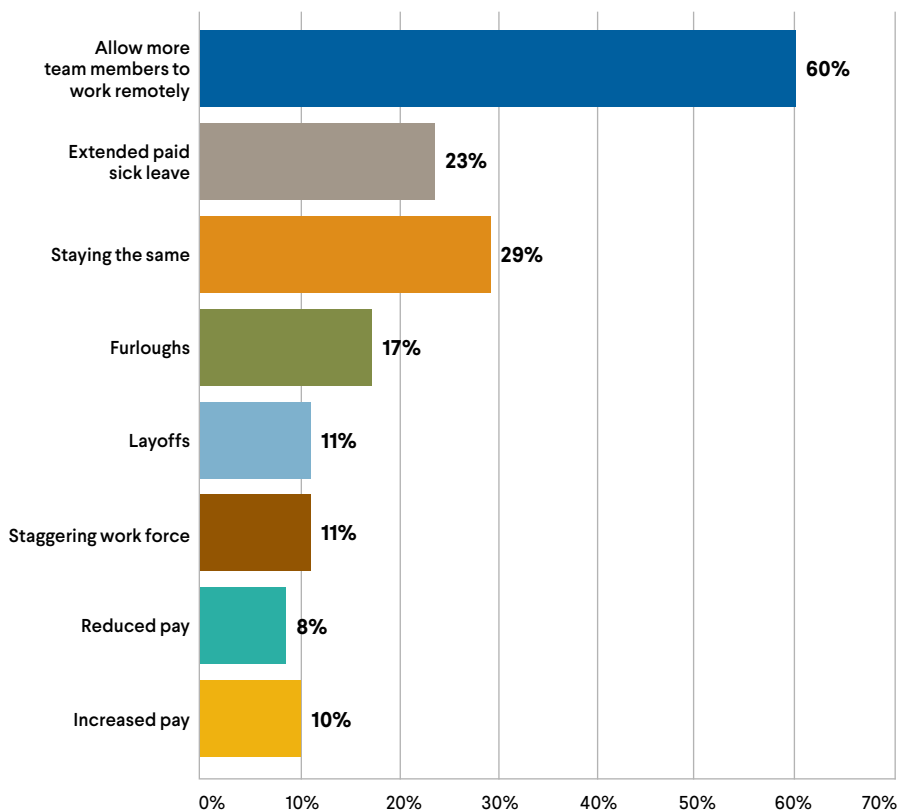
Finding and hiring good people has been one of the top challenges facing LBM dealers for the past few years. Now, the coronavirus crisis has altered that challenge for many companies, from *finding* good people to *keeping* the good people we already have. A dealer in the Western U.S. posed the question...read what more than 200 *LBM Journal* readers had to say about...

RETAINING PEOPLE IN TOUGH TIMES

BY LBM JOURNAL READERS

QUESTION 1

Which of the following changes have you made with your team in response to the coronavirus crisis?



QUESTION 2

HOW WOULD YOU ADVISE THIS DEALER?

"How do I put some employees on furlough but still keep them for when things get better? We have a great team, and this virus has disrupted the good flow of our operations. Our challenge is keeping up with the daily issues, as well as communicating with those that have been furloughed or are at risk and cannot come to work for safety sake. What are other dealers doing to retain valued staff members in these tough times?"

"Honest, upfront communication about what's happening, with clearly spelled out expectations/anticipation for their return to the team."

"Be careful, they may not come back. I hired a great driver who was furloughed from his last job, and am paying him more money than he was making."

"We have not reduced our work force and have allowed individuals to use their PTO if they did not feel comfortable in the workplace dealing with the public."

"I would try to keep the ones you need employed. The others I would furlough and take the risk. It's time to keep mean and lean."

"We have looked at ways to reduce expenses everywhere we can such as building cost, inventory cost and repairs. We have allowed employees to borrow ahead on time off so they continue to have some kind of income. Our most productive/best associates are taking on more duties also to justify their time on the clock."

"In our case, the furloughed staff can and are taking unemployment as well as collecting the additional \$600 from the federal government. We asked one associate to come back to work and they said they are better off right now collecting the extra \$600; I guess that program is backfiring at this time. We also paid everyone who is working some extra \$\$ for their efforts and we have been providing lunch for everyone on Friday each week as a morale booster."

"Suck it up and apply for a PPP loan." ➤

"Although we are not in the same situation that your store is in, if you have hard working employees that work well with others and have been with you for a while, I would do what you could to keep them. This would include continuing to pay them. This virus will not last too much longer and you want your flow of business to continue when this blows over. The amount you will spend to keep them employed will not compare to the headaches and time spent to find and train new employees to replace them. Not to mention the loyalty you will build for the long-term in doing so. Hope this helps."

"For the immediate short term, we are taking a team approach, all of us are going to make the sacrifice of a full paycheck coupled with shortened operating hours. This will enforce the curtail in pay for hourly employees. Salaried team members are also sacrificing the same percentages for their pay. Commissioned sales are keeping their full weekly salary, however, with the expected drop off in sales, their commissions will be lessened. We will revisit this structure weekly and make further decisions the longer COVID conditions exist as well as monitor sales and cash flow."

"Find a way, in words and deeds, to tell your staff and customers how valued they are."

"Pay increase \$2.00 an hour for hourly and \$100 a week for salaried."

"Furloughs with shared sacrifices, like working four days instead of five, while keeping benefits in place. Honestly share the status of the business—frequently."

"We've expressed more empathy, listened more and communicated better through this than ever before. I think it has made our team members feel valued and appreciated. Our goal is keeping them safe and our decisions have been made at doing that over making more profits. It's been a reality check for us on our core values. We're putting our money on the line to ensure we live up to our family-first core values."

"I noticed your question is '...retain *valued* staff members...' rather than 'retain *all* staff members.' One of the continuing challenges of being in the pro lumberyard business is the cyclical nature of the industry. For us this means that we must always be ready to reduce our work force. In the 2008-2012 slowdown our sales fell to half and we had to react in order to survive. This time the cause behind the slowdown has been unexpected and more immediate, but a reduction of our people is coming."

"When the cycle turns down and cutting costs is necessary, we do not spread the pain by keeping the entire group by using pay reductions or hour reductions. This solution gets used by company leaders who want to be seen as compassionate. But it's not. It's based on the false assumption that all our people are comparable in their performance and contribution. This has never been true for us. The people we hire in the upturn follow the bell curve from overwhelmingly good at one end of the curve, to whelming in the middle and underwhelming at the other end. The downturn is our opportunity to clean up from our hiring processes."

"We record their expected return date, call them every few days to check on their progress, and modify their return date as needed. Most are returning to work—keeping in touch works."

"If possible, reduce hours of all employees. Back during the last downfall we alternated Fridays off with no pay. Once business came back our company didn't hesitate to return to regular hours."

"This is a difficult decision, but we must remember that most businesses that are unessential have had layoffs and may not be able to recover at 100% immediately after restrictions are eased or lifted. There should be a good deal of quality people that are looking for quality employment when the time comes. You may lose some people, but that also gives you the opportunity to improve those positions."

"We don't have that problem, as we are struggling to hire qualified employees."

"You have to take it on a case-by-case basis. If there is a legitimate reason, comprised health of someone in the household etc., for the employee to not feel safe at work you let them stay furloughed otherwise after the stay at home orders are complete they need to come back to work or lose unemployment."

"We have been blessed that our workload has stayed at a high level. We have not had to reduce our work force. However, we have increased communication significantly. We added a chat room function for general and departments for our remote workers to communicate in real time. This has increased communication and reduced email traffic. It also brought transparency to each department's workflow and engagement. We started sending out daily updates to all employees on what was going on within the company in general and departments. It included absences by reason and activity by department. We have now reduced to once a week. Senior team has increased communication probably three-fold and made contingency plans for several possible situations that would reduce the workforce. We also have a system where we can communicate with all employees by text or email. We normally only use this for emergency situations or global HR communication. However, we have used it some when we needed to communicate COVID-19 issues to everyone in the company at once."

"Employ them as long as you can, then layoff if necessary so they can take advantage of the extremely generous unemployment right now. And make sure they know there will be a place for them when they come back."

"Try to secure a Paycheck Protection Program loan. Let the team members know they are valuable to the company and offer to pay for at-home training. There are tons of online courses."

"Don't furlough. Hopefully everyone got their SBA payroll loan to keep employees working."

"Unfortunately, it's critical to make staff reductions before you're struggling so much financially that cutting staff won't even help. The first step is an assessment of the team. We'd all like to think that everybody is absolutely essential, but in tough times your 'A' players can be counted on to take on the tasks and responsibilities of people that are furloughed, so your path to survival and future success will depend on retaining them first. Provide status update opportunities to keep the furloughed staff informed and provide them facts on how things are going. The more they can stay connected to the team, the better chance you'll have of getting them back."

"Make sure the associate knows that you are still investing in their future with you by continuing their benefits, contributing to their 401k and by communicating with them often. Showing genuine concern for them and their families."

"We applied for and received the PPP loan, and if someone needed to stay home, we would still pay them their regular hours. Fortunately, we have not had that problem and are keeping busy enough to keep everyone on payroll."

"Communicate with them; let them know that they are valuable, wanted and still have jobs to return to. Ask them how they are doing and do what you can to help them out with their situation. Treat them like the valuable employees that they were before the crisis."

"We have utilized the Family First Cares program for some employees who have compromised health and must not catch COVID-19. Also, we applied for and received PPP loan funding to carry us through the next eight weeks. The process was easy. I recommend this program. If we do not use it all, we can pay it back."

"I would first have a meeting with everyone. Explain how things are and give them the opportunity to volunteer to take some unpaid time off. This would help in keeping certain employees from feeling less valuable because you chose to furlough them and not the next guy. You could also set it up as a rotating furlough (three people the first 2 weeks, then a different three people the next 2 weeks, and so on). By doing either of these, it will keep your team morale up and also, if for some reason, you need to reach out to one of the employees that is 'taking their turn' for any reason they will be more apt to answer."

"We did not furlough anyone on our team. However, if anyone had so much as a sniffle or a tickle of a cough or even a bad headache—they were encouraged to go home, no questions asked, until symptoms disappeared, and they felt better." ➤

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FROM MANUFACTURERS & SERVICE PROVIDERS

"The fact of the matter is this. While good communication is critically important now, there is nothing to stop your employees from talking with a competitor. There are hard feelings, no matter how well we explain that a furlough or layoff needed to happen and those impacted feel a bit betrayed or undervalued. It happens, there is nothing anyone can do to prevent those feelings. All you can do is keep them informed on how things are going and update them regularly via phone or text messages. Express your appreciation and desire to have them back as soon as possible. Go to the extreme of stating your fear. 'I am sure you are getting calls from our competitors...bottom line is we want you back when it is appropriate from a business and safety standpoint.'"

FROM WHOLESALE DISTRIBUTORS

"Flexibility! We have worked with everyone individually to understand their comfort levels and had volunteers to be furloughed if needed. The staff gets it. They know how debilitating this has been to business and they are willing to do what needs to be done to help the business survive. Don't underestimate that fact."

"Tough question. The employee must look out for his/her best interest. If you can't pay them, you have to be understanding and supportive if they decide to leave. If you treat them respectfully, the door will remain open even if they need to move on right now."

"Communication is key. Let furloughed people know that this is temporary and, for those you want back, they will be welcomed back when the time is right. It is most likely the staff cuts and furloughed people are those least necessary for the operation of the business. They will find other jobs. In reality, this is a great opportunity to keep the best and eliminate the rest."

"The extra \$600/week government unemployment check allows many employees basically a long extended paid vacation. I know some companies have had employees volunteer to be furloughed."

"In tough times, when sales are lean and profit opportunities are leaner, it stands to reason the best performers are most highly retained. Advise the furloughed workers, that with additional training and efforts, they can come back and make the effort to be part of that team of best performers."

"If you expect a return to a sales level where you will need your entire staff, consider a rolling furlough where employees work less than their normal days per week and rotate the schedule to maintain coverage for customers. Keeps employee engagement and spreads the impact of reductions for when business returns."

"I don't think you can commit to keeping people when you have no idea what the impact of the virus will have on your business. You need to scale down and wait it out. Trying to engage with people who aren't working is a waste of time and energy. This is a tough way to look at it but you need to focus on those that you chose to keep."

"Consider pay cuts rather than furloughs."

"I wouldn't put any valued employee on furlough, lest I risk losing that person. Once violated, the covenant of loyalty is hard to recoup."

"This needs to be constant, open communication while watching/tracking daily activities to see when you feel confident to bring one back at a time. We have been able to shorten our hours, take away OT and even have most employees working 35 hours. This has kept us from furloughing anyone and dealing with minimal layoffs."

"It's tough on everyone; however, you should not be worried about retaining employees that you have to furlough. It's a business decision (an emotional one) and is not personal. There is a strong chance that the employees you have to furlough will come back to work for you if things turn around in a reasonably short period of time. If they don't come back, it's okay. If you have a good hiring manager there will be the potential to even upgrade from what you had due to the large pool of potential employees looking for jobs (of course you would lose the investment that you made in your past employees on furlough). We all value our people, but every time I have to replace a current employee, I find that there are countless quality prospects in the market with just as much to offer our company as the previous staff member. Take your time and hire the right person."

"The key is communicating with empathy and understanding. As much as this revolves around your business and the future of it, this is just as important for your employees' futures. Communicating with each one individually and directly is vital and needs to be focused on their needs more than yours. A young single person living at home is in an entirely different situation than someone with a spouse and children. Be honest with them especially when the news is not good. If they are encountering difficult circumstances, find a way to help. Walk a mile in their shoes. If you continue to treat them as valued associates, they will be."

"Use unemployment benefits. Find ways for them to work remotely, even very part time. Find long overdue 'housekeeping' projects that have been pushed off in the past due to being too busy to get to."

"The current unemployment benefits are making furloughed employees reluctant to return to work. We have kept everyone working but have two employees who are staying home because of their spouses. Both have asked to be laid off, but I just don't see how that is fair to the other staff who are here working. By the way, I tested positive for the virus and was out for three weeks. I closed the store for a week, paid the staff to stay home and had the facility professionally cleaned. We are following all safety protocols, limiting access to the facility and everyone is well."

"Our business is still good. I'm not furloughing anyone as business is good and we received funds from the PPP. My goal is to keep everyone at or above where they were before COVID even if things slow down. It's taken many years to build our team and it will take quite a downturn for me to furlough any of them."

"If they are truly good employees, and you want to keep them, you need to do whatever is necessary. Let them collect unemployment—the augmented unemployment pay isn't bad now. But compared to the cost and headache of finding equally good workers down the road, it's a very small price to pay. Plus, you'll generate loyalty."

"Daily communication with the team that is still working while doing a bi-weekly communication with those that are furloughed at the moment. Have your benefits team ready and willing to reach out to those team members and assist them in whatever way they can."

"I have two staff members working from home. I touch base with them at least once a week by phone to make sure everything is going well, and they have everything they need. They have remote access to their desktop, and we have their phones forwarded to their cells during their work hours. One staff member has opted out for underlying health issues. He stops in or calls once or twice a week and talks with his supervisor outside or after hours. He is using accumulated PTO." ■

Hundreds of readers share their insights for this every-issue feature. Have a REAL ISSUE? Contact Rick@LBMJournal.com.

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GAF LayerLock™ Technology mechanically fuses the common bond together. This technique allows GAF to offer the industry's largest nailing zone, called the StrikeZone™ Nailing Area. Contractors choosing Timberline® HDZ™ Shingles can now aim for a nailing target up to 600% larger and enjoy up to 30% faster nail fastening, for improved accuracy and efficiency compared to our previous generation of Timberline® Shingles.

"Timberline® HDZ™ Shingles offer a wider nail zone so the guys aren't rushed through the job," said Leo Curvelo, of Curvelo Restorations, a Master Elite Contractor² in Atlanta, GA. "They hit the nail on the head, if you will. Right where it needs to be."



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In addition to providing contractors with the benefits of LayerLock™ Technology and the industry's largest nailing zone with its revolutionary Timberline® HDZ™ Shingle, GAF was also able to offer homeowners an industry leading wind warranty.

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Time is priceless — not just for your crew. Andy Muthashefsky, a GAF Master Elite® Contractor² with ABM Roofing of McDonough, GA, said, "The new Timberline® HDZ™ shingle makes the install go a little bit smoother, which makes us look a bit more professional. We're in and we're out. The homeowner is super happy that we aren't interrupting their dinner."

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Find out more at gaf.com/layerlock



¹ 15-year WindProven™ limited wind warranty on Timberline® HDZ™ Shingles requires the use of GAF Starter Strips, Roof Deck Protection, Ridge Cap Shingles, and Leak Barrier or Attic Ventilation. See GAF Roofing System Limited Warranty for complete coverage and restrictions. Visit gaf.com/LRS for qualifying GAF products.

² Contractors enrolled in GAF certification programs are not employees or agents of GAF, and GAF does not control or otherwise supervise these independent businesses. Contractors may have agreed that they will use GAF roofing products, and may receive benefits, such as loyalty rewards points and discounts on marketing tools from GAF for participating in the program.

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¹ 15-year WindProven[™] limited wind warranty on Timberline[®] HDZ[™] Shingles requires the use of GAF starter strips, roof deck protection, ridge cap shingles, and leak barrier or attic ventilation. See GAF Roofing System Limited Warranty for complete coverage and restrictions. Visit gaf.com/LRS for qualifying GAF products.



ROOFING SYSTEMS

IN AN UNCERTAIN WORLD, ROOFING REMAINS A CONSTANT COMMODITY.

BY MIKE BERGER

IT'S EASY TO TAKE FOR GRANTED THE QUALITY AND PERFORMANCE OF TODAY'S ROOFING MATERIALS. BUT IT WASN'T SO LONG AGO THAT ROOFING WAS A STICKY, PRICKLY MESS.

In the early 1800s before the advent of asphalt shingles, roofers would rely on fabric covered with pine tar or some other sticky goo. But in the 1840s, roofing was poised for a major upgrade. In Cincinnati, Ohio, brothers Samuel and Cyrus Warren pioneered the use of tar paper. In 1847, the brothers switched from pine tar to coal tar, discovering

that asphalt could be blended with byproducts of oil refining to produce an easy-to mix roofing pitch. And when Henry Reynolds, a roofing contractor from Grand Rapids, Michigan, began cutting asphalt saturated rolls into individual shingles, the modern roofing industry was born.

The roofing industry has come a long way since then, and a variety of materials and systems now vie for market share in a robust building environment. According to a recent report by Grand View Research, the global roofing materials market size is expected to reach \$151.2 billion by 2027. Last year in the U.S. alone, the asphalt shingles segment was valued at approximately \$5 billion.

Still, there's a sense of caution in the air, a caution that's driven by something else that's in the air—the COVID-19 virus. While in many areas the construction industry has been deemed essential, the overall national feeling of economic concern has slowed building and remodeling starts. But even in light of that slowdown, there's a glimmer of hope, as exterior projects begin to dominate over interior ones.

"Given the current COVID-19 pandemic, there is significantly more uncertainty across the building industry as a whole," says Jeff Yelle, director of technology and structural solutions for LP Building Solutions. "In the short term and given what we know to date, we could see a shift in focus to exterior home projects, but it is too early in this pandemic to understand the full impact."

Jim Durkin, senior vice president, steep slope systems sales for GAF, echoes Yelle's concern. "It's very difficult to forecast growth given current conditions; however, we're confident that we will continue to serve lumber dealers and their customers with current inventory levels, and are systematically managing production at our plants to ensure the industry is prepared when demand resumes."

Durkin's cautious optimism is one that's shared among manufacturers—that whatever downturn the market is currently experiencing will not be indicative of long-term market prognosis. "We are still feeling positive with the roofing market in 2020 even with the coronavirus situation,"

says David Delcoma, product marketing manager for MFM Building Products Corp. "For states with less strict coronavirus standards, it appears like business as usual. For other states like Michigan and California, we have seen a lull in the roofing market, but once again, expect a bounce-back after the situation is resolved."

AESTHETICS AND PERFORMANCE— A WINNING COMBINATION

It should come as no surprise that energy efficiency, job-site installation efficiency, and overall performance remain driving factors for product trends. But so too are shifts in architectural trends changing up roofing products. Consumer desire is trending towards a pared-down aesthetic that is more simplistic and less ostentatious—think a contemporary farmhouse, with a simple gabled roof, minimal overhangs, and a simplified color palette. And roofing manufacturers are paying attention.

"We see trends in exterior roofing from styles and aesthetics, synthetic materials and metals, and overall 'green' applications," explains LP's Yelle. "We've seen trends in solar panels, green roofs with vegetation, and cooling materials that reflect sunlight. Similarly, we look at the roof system as a whole rather than just the exterior material in order to maximize performance, particularly in the area of energy efficiency." ➤

OPPOSITE PAGE: LP's TechShield panels are designed to prevent moisture buildup during and after construction while blocking up to 97% of radiant heat in roof panels. According to LP, TechShield panels also lower attic temperatures up to 30° F.

BELOW: New this year is ProVia's metal roofing product line. Available in both Shake and Slate patterns, they preserve the unique characteristics of classic roofing materials.



Chris Doucet, vice president of sales and marketing for EDCO Products, also sees visual aesthetics and green environmental properties as a driving factor. “Next to traditional asphalt, metal has become the material of choice for home and business owners alike. Consumers want products that provide a unique look, that last longer, and are less harmful to the environment.”

Still, style is only half of the equation; as mentioned earlier, it is more imperative than ever for roofing materials to deliver exceptional performance. “Homeowners are demanding energy efficiency through building products and applications, driving builders to better understand radiant barriers as an energy-saving building product for their projects,” continues Yelle. “For the

roofing segment in particular this will only become more important as we experience warmer temperatures.”

“We continue to see growth in self-adhering underlayment products as contractors and customers are wanting a higher level of product with added waterproofing protection,” adds MFM’s Delcoma. “These products cost more than felt and synthetics, but offer the contractor and homeowner who are willing to pay extra for the ability to avoid future roof leak problems.”

And when it comes to metal roofing, performance and value are just as important says Joe Klink, director of corporate relations for ProVia. “Factors that are driving consumer interest in metal roofing include the need for greater protection and reliability in

extreme weather conditions, desire for longevity/long-term value, and the wide variety of styles and color options that are available,” he says. “Home improvement trends like lower maintenance and energy efficiency lend themselves to metal roofing in a way that creates more opportunity than ever for installers to convert homeowners to this fantastic option.”

SURVIVE TODAY—WIN TOMORROW

Before the current health crisis descended on us, the construction and remodeling industries were already struggling to fill jobs. According to the Associated General Contractors of America in its report from February of this year, 81% of construction firms were reporting difficulty in filling salaried and hourly trade positions, and 65% of firms estimated that it will be as difficult or more difficult to hire over the next 12 months. And that labor shortage was slowing up the ability of builders and remodelers to complete jobs. Add in the new challenges of unemployment and contract cancellations brought on by the COVID-19 situation, and you’ve created an especially challenging environment for LBM distributors and manufacturers alike.

“The big picture is that projects have been slower to start, delayed or cancelled as a whole, and take longer to complete,” says Heather Hollis, director of marketing for Cornerstone Building Brands. “We have seen impact to job delays directly related to COVID-19, and in some areas of the country more than others. The labor shortage continues to be a problem and certainly skilled labor that is comfortable installing metal roof and wall panels.”

“Finding skilled labor has been an issue for several years in the construction and remodeling industry,” says EDCO’s Doucet. “Builders and contractors seem to have a backlog of work, but struggle to find enough dependable labor. COVID-19’s effect on the market is still developing. We believe as with the economy as a whole, there will be a slowdown until the pandemic passes, then there will be an upsurge in demand as the economy recovers.”



ABOVE: GAF recently launched its Timberline HDZ shingle that utilizes the company’s patented LayerLock technology that mechanically fuses the common bond, and it features GAF’s StrikeZone nailing area that, according to GAF, is the industry’s largest nailing area and delivers up to 99.9% nailing accuracy and as much as 30% faster nail fastening compared to Timberline HD shingles.

RIGHT: Boral’s new design of its Saxony 900 concrete tile is designed to provide improved installation techniques for enhanced durability and resiliency in warm regions. According to Boral, the tiles may be fastened using less of ICP Group’s Polyset AH-160 Foam Adhesive than similar competing flat tile options, reducing installation costs and offering better protection from the elements.





GAF's Jim Durkin shares similar insights. "For our customers, continuing to address the labor shortage is something we never lose sight of," he says. "Whether it's delivering products like our new Timberline HDZ shingles that help save time and create more efficiencies for our contractors, or creating more training programs like the GAF Roofing Academy to help address this from the front lines and train more skilled labor, we are always looking for solutions. This will be particularly important as we come out of this global health crisis and demand resumes."

So how does an LBM distributor survive, let alone win, in this kind of difficult selling environment? According to manufacturers, providing products with strong warranties, staying atop of aesthetic trends, and being a reliable knowledge resource for your customers gives LBM distributors the best chance of success.

When it comes to warranties, builders and contractors want to know the product they are installing will perform as promised and that they won't have to deal with quality issues once the job is complete. "This is really about providing peace of mind and confidence to the homeowner," says GAF's Durkin. "Contractors can feel confident installing our products, and passing that confidence on to their customers, because they know GAF Products are backed by warranties with robust coverage. We're so confident in our products



with the new LayerLock technology that we recently launched the Wind-Proven Limited Wind Warranty—the industry's first wind warranty with no maximum wind speed limitation."

LP's Yelle agrees. "Warranties are high priority for builders and homeowners alike. A product with a warranty behind it, like the 30-year limited warranty behind LP TechShield Radiant Barrier, adds peace of mind for the homeowner and lends trust to a builder. The long-term durability and energy savings, on top of a warranty, help a contractor sell the product to the homeowner."

Hand in hand with the warranty is the ability of the distributor to explain the aesthetic and performance appeal of a product as well as any unique selling propositions—in short, the distributor needs to be a knowledge resource, and they need to be able to provide products that fit the homeowner's requirements.

For example, because of the current COVID-19 situation, many consumers are placing increased importance on buying a domestically produced product, and being able to provide that product is essential. Says ProVia's Joe Klink, "With a residential roof covering 60% of the house exterior, contractors will appreciate the value of a highly aesthetic metal roof that improves the home's curb appeal, provides homeowners a lifetime of protection, requires little to no maintenance, and can generate energy-cost savings. And,

FAR LEFT: The layered construction and blended coloration of CertainTeed's Belmont shingle is designed to emulate the look of natural slate at a lower price point. Made from top-grade roofing asphalt and reinforced with a fiberglass base mat, Belmont offers Class A fire resistance, 110-mph wind resistance (upgradable to 130 mph) and is available in six colors.

LEFT: MFM recently introduced Premium HT Tile & Metal, a new 60-mil, self-adhering high-temperature rated underlayment. It carries a high temperature rating of 250°F and has Miami-Dade and Florida Building approval, offers 180-day UV exposure, and comes with a 30-year warranty.

BELOW: According to EDCO, its new Generations Slate metal roofing provides the decorative finish of natural slate tiles at a fraction of the weight and cost. Available in three colors, its PVDF finish reflects sunlight and absorbs less heat than more traditional roofing products, and it features a lifetime non-prorated warranty that includes material and labor.



ProVia's metal shake and slate roofs are made right here in the U.S.A. from domestically sourced, recycled steel."

LP's Yelle agrees on the importance of knowledge. "LBM dealers are uniquely positioned to help deliver the highest value building solutions to their customers," he explains. "Given their unique access to both manufacturers and end users, they can serve as an information super-highway that facilitates the exchange of information between customers and manufacturers. This allows them to share knowledge of changes, innovations and improvements to their customer base. Additionally, in these uncertain times, these same dealers can serve to aggregate the information coming back from the market and serve that to manufacturers to ensure that those manufacturers are best positioned to help them and their customers make the most of the rebound that will certainly follow this lull." ➤



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GAF's Durkin shares some similar thoughts on being an information base, and he recommends dealers differentiate themselves by showcasing their diverse offerings and knowledge as a one-stop-shop for contractors. "The ability to tap into a wealth of expertise across many products can serve distributors well when it comes to meeting demands," he says. "Dealers can also provide added value by continuing to hone in on what drives buying decisions for homeowners."

TECH AND TRAINING— A POTENT PARTNERSHIP

Product training is a staple for distributors, builders and contractors, and it is vital if a distributor is going to stay at the top of his or her game. As EDCO's Doucet puts it, "LBM Dealers have a large breadth of products they deal with and it can be difficult to be familiar, much less an expert, on all of them."

Contractors, as well as consumers, count on them to recommend the best products for their particular needs."

MFM's Delcoma shares this sentiment. "With so many roofing products on the market, it's hard for the dealers to be well versed on all the selling aspects of each product," he says. "At MFM, we strive to provide our dealers with as many resources as we can to help them understand how our products work, proper installation techniques, and which product is right for the customer's application. With everyone's time being so limited, it is up to all segments of the market to understand what they are selling and why."

Due to the current health crisis, however, manufacturers have had to develop new ways to get training and information to those same people, with a greater emphasis now being placed on digital tools, online learning and distance selling. For example, GAF



DaVinci Roofscapes' Select Shake multi-width tiles mimic the look of cedar shake. Available in 8" and 10" widths, each tile is 22" long and has a 5/8" thickness. According to DaVinci, the unique tile design allows for faster installation than previous DaVinci single- and multi-width products.

recently launched its Premier Roofing Dealers (PRD) Learning Academy. Designed to provide access to courses that deepen the PRDs' professional knowledge, these online classes are designed to teach viewers how to explain and sell GAF's complete roofing systems. ➤

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Online learning isn't the only technology manufacturers are utilizing; indeed, many are thinking outside of the box in how to keep business moving forward. We've centralized a range of online resources to help roofing contractors continue to respond to urgent demand for repairs or replacements," says GAF's Durkin, "ranging from satellite measurement tools to video sales conferencing and online financing options through third-party lenders. Moreover, we anticipate these kinds of solutions will continue to play a meaningful role in the sales process going forward, offering greater efficiency and more engagement in ways that customers are already shopping for goods."

As Yelle explains, LP is finding additional ways to support dealers and builders. "Product literature is centrally located on LP's website where professionals can find specifications, warranties, installation instructions



and more. Case studies provide project inspiration and highlight best practices. And LP's professionally focused blog and social media presences are designed to inform builders and distributors about best practices and to provide tips for installation."

Cornerstone's Hollis recommends distributors be as diversified and open-minded as possible when working with customers on a project. "Don't shy away

According to Georgia Pacific, its DensDeck Roof Board absorbs 76% less total water, is tested 52% stronger than gypsum fiber, and delivers a higher vertical pull strength. The unique construction of DensDeck Roof Board is said to provide superior flute spanning that stiffens and provides increased foot traffic resistance to the roof deck.

from products or applications that you are not familiar with," she says. "Utilize the manufacturers to help guide you through the conversation and close the deal. Indefinitely, there are large peaks and valleys in our industry. Different products and different customer types are going to be the hot ticket items at different times. Being diverse will help ensure you hit your goals and remain profitable.

It's easy to feel dispirited in the light of current events. With the current health situation, an already-existing labor shortage, and diminishing immediate sales, it's understandable if distributors see only a bleak future for 2020. But the fact remains that things will turn around, and possibly sooner than expected. Workers who were on unemployment will be actively seeking jobs—a fact that bodes well for filling the labor shortage—and as more and more segments of the country reopen, thoughts will soon be turning to resuming planned building and renovation projects. When coupled with the fact that manufacturers are not sitting idle but are in fact using this time to better refine both products and resource/training methods, it becomes evident that now is a time for cautious optimism. As Jeff Yelle points out, "LP is charting a new path for how we focus, innovate and go to market." There's no reason distributors can't be doing the same. ■

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SHELTER IN A STORM

CONSIDERING the devastating personal loss and deep economic impact severe weather can cause, it's no wonder manufacturers are doing everything they can to develop products that will withstand the effects of hurricanes and severe weather. And the Institute for Business & Home Safety (IBHS) is doing everything it can to define those standards.

The IBHS mission is to conduct scientific research to identify and promote effective actions that strengthen homes against natural disasters and other causes of loss. Based on over 20 years of research, its FORTIFIED program is a nationally recognized construction standard that reduces damage from hurricanes and severe weather. IBHS engineers believe property damage from EF-0, EF-1, and low-level EF-2 tornadoes can be virtually eliminated if builders use these FORTIFIED standards.

This past January, IBHS conducted a hurricane-force, wind-driven rain demonstration to show the water resistance of a FORTIFIED Roof, and to showcase those abilities, IBHS chose Huber's ZIP System Roof Assembly. In the demonstration, 105 fans reaching peak speeds of 105 mph and a rainfall rate of 8" per hour were released onto a model house outfitted with a ZIP System Roof Assembly. The wall of fans was programmed to provide gusts and triangulation of wind to replicate wind trace data collected during Hurricane Florence.

"We've calculated that an unsealed roof deck allows up to 60% of the rain that hits a damaged roof to enter into the attic. A sealed roof deck can reduce water entry by as much as 95%," said Anne Cope PhD, P.E., chief engineer for IBHS. "If all the shingles came off a 2,000-square-foot unsealed roof, up to 750 gallons of water could enter the attic for every inch of rain that falls—equivalent to 9 bathtubs full of water."

Constructed with a built-in underlayment that replaces the need for felt, and completed with advanced acrylic taped panel seams to create a durable, water-resistant, sealed roof deck, Huber's ZIP System is the first manufacturer-warranted roof sheathing system that meets the sealed roof deck standard for a FORTIFIED Roof. As demonstrated by IBHS, it can withstand high wind and rain, resulting in a well-protected interior and dry attic.

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

RESOURCES

Companies highlighted participated in this article.

American Building Components Inc.:
abcmetalroofing.com

Atlas Roofing:
atlasroofing.com

Benjamin Obdyke:
benjaminobdyke.com

Boral North America:
boralamerica.com

CertainTeed:
certainteed.com

Cornerstone Building Brands:
cornerstonebuildingbrands.com

DaVinci Roofscapes:
davinciroofscapes.com

DuPont:
dupont.com

EDCO:
edcoproducts.com

Enviroshake:
enviroshake.com

GAF:
gaf.com

Georgia-Pacific:
buildgp.com

Huber:
zipsystem.com

Huttig Building Products:
huttig.com

IKO:
iko.com

LP Building Products:
lpcorp.com

Metal Sales Manufacturing Corp.:
metalsales.us.com

MFM Building Products Corp:
mfmbp.com

Owens Corning:
owenscorning.com/roofing

Perma-Boot:
permaboot.com

PrimeSource:
primesourcebp.com

ProVia:
provia.com

RoyOMartin:
royomartin.com

USP Connectors:
uspconnectors.com

Weyerhaeuser:
weyerhaeuser.com

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

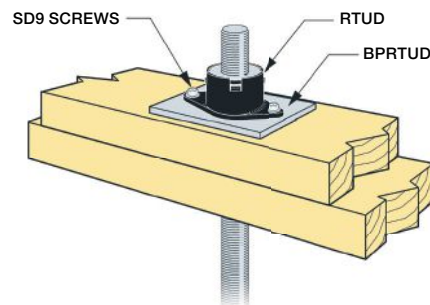


MoistureShield Elevate in new variegated colors

MoistureShield's Elevate capped wood composite decking has added two new variegated colors to the product line: Riverbank and Alpine Gray. With texture and depth similar to tropical hardwoods, these colors join the line's solid colors of Canoe, a forest brown, and Lake Fog, a soft gray shade. With a protective cap developed to shield each board from impact, corrosion, and harsh weather, Elevate decking is offered as a budget-friendly option for homeowners to upgrade to composites. Elevate 1x6 deck boards are available in 12', 16', and 20' lengths in grooved profiles (for hidden fasteners) and 20' lengths with a solid edge, as well as fascia boards in 12' lengths. Elevate decking is fully protected by a 50-year transferable structural warranty and a 30-year fade and stain warranty. moistureshield.com

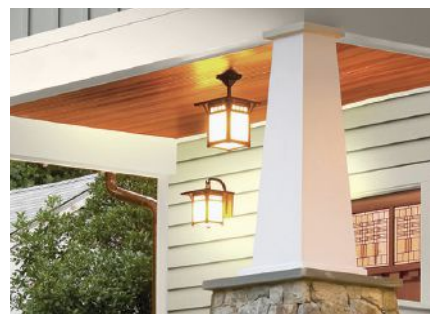
Simpson Strong-Tie Ratcheting Take-Up Devices

Simpson Strong-Tie has expanded its product line of Ratcheting Take-Up Devices (RTUD) with products redesigned specifically for 7/8"- and 1"-diameter threaded rod. The RTUD product line is engineered to provide a superior wood-shrinkage and construction gap compensation solution for continuous rod systems that resist uplift or overturning in multi-story wood structures. As part of a complete tiedown system, the RTUD provides engineers and builders working on multi-story projects with a pass-through design for unlimited shrinkage compensation and faster, easier installation. The new, larger devices also allow for solutions accommodating a greater size range of threaded rods and higher demand loads. The RTUD has also been thoroughly tested per ICC-ES AC316 and is code listed under ICC-ES ESR-2320. strongtie.com



Embossed Woodgrain and Tapered Column Wraps from Royal Building Products

Royal has added a new Embossed Woodgrain Column Wrap to its line of PVC Column Wraps. Made from 100% cellular PVC, Royal's column wraps are designed to resist moisture, preventing issues found in traditional wood columns, such as warping, rotting and insect damage. Like the smooth column wraps, the woodgrain version is available in 4x4, 6x6, 8x8, and 12x12, in 8'6", 10', and 12' lengths. The woodgrain column wraps are available in the same quantity, packaging and price as the smooth version and feature a protective film to keep them clean through installation. Royal is also launching new Tapered Column Wraps with a smooth texture, in 5" and 6" lengths. Each Tapered Column Wrap is ready-to-assemble in 10" x 6", 12" x 8" and 16" x 12". The Tapered Column Wraps are designed with a 1/2" thickness and are available in Traditional and Craftsman base styles. royalbuildingproducts.com



Pony Jorgensen E-Z HOLD expandable bar clamps

Pony Jorgensen, the maker of the Jorgensen handscrew and other woodworking clamps, has introduced 12", 24", and 36" Jorgensen heavy-duty E-Z HOLD expandable bar clamps. The clamp line boasts a clamping force of up to 600 pounds—doubling the force of medium-duty Jorgensen E-Z HOLD expandable bar clamps. With an ergonomic grip lever handle and a maximum reach of 3-5/8" from the edge of the bar, the clamp line includes Pony Jorgensen's patented feature that allows for two E-Z HOLD expandable bar clamps to be joined together to make a single clamp with greater opening capacity. Similar to the other E-Z HOLD clamps, this new 33700 series of clamps can be converted to a spreader clamp. ponyjorgensen.com



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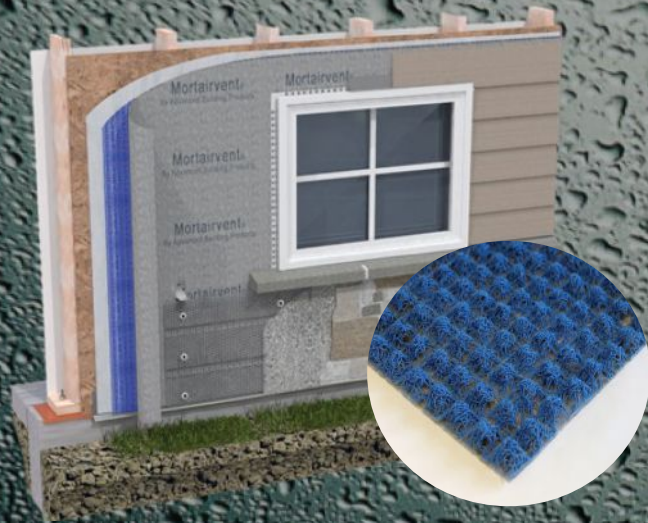
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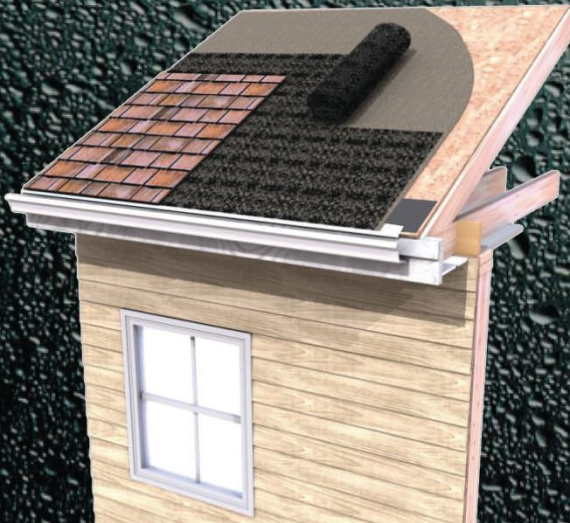





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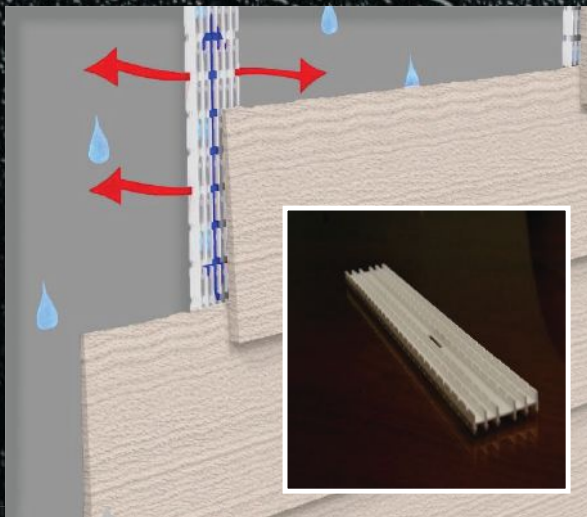
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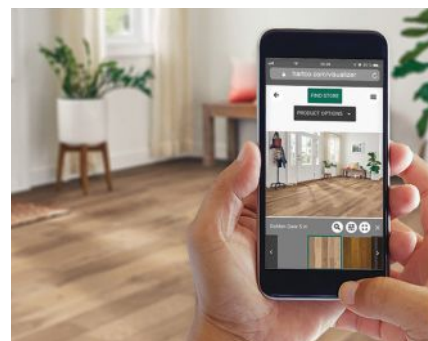
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AHF Products floor Visualizer

AHF Products, a manufacturer of hardwood flooring, has launched a floor Visualizer, a digital tool to help customers picture flooring styles in their home before buying. The Visualizer is available across the company's flooring brands, including Bruce, Hartco, and Robbins. Consumers can visualize and design their floor instantly on any device, see how a color or style will look in a variety of different rooms, and can upload their own image to see how their selections will look in their own home. Dealers can help customers to immediately see what their floor will look like, and follow-up with actual samples. Through a simple four-step process, customers can upload a photo of their room or choose from one of the sample rooms; select flooring; view the product in their space; save, share and find products to purchase. ahfproducts.com



FastenMaster's Cortex System for Deckorators

FastenMaster has developed the Cortex Hidden Fastening System for Deckorators. The Cortex System is comprised of a screw, plugs made from the same decking, and setting tool and is designed to offer a strong connection between the deck board and joist. The system hides fasteners across the entire deck, first and last board, perimeter, and stairs. Cortex comes with product enhancements including a TORX TTAP Drive System, a modified fastener, and a stronger setting tool. The manufacturer says a stronger bit material and industrial grade felt will enable builders to install 350 fasteners on one Cortex Setting Tool. Cortex for Deckorators Decking is available in a 100-lineal foot package and can now be purchased directly from FastenMaster. All screws, plugs, and setting tools are included in every box. fastenmaster.com



ODL's Chinchilla textured doorglass

Chinchilla, a new textured doorglass style from ODL is said to be "as touchable as its namesake," presented with fine lines that the manufacturer describes as a "fur-like texture." The textured surface faces the inside of a home, which increases the level of privacy offered by the doorglass. The textured doorglass is offered in a wide range of sizes and configurations, with certain sizes available also as a Severe Weather doorglass. odl.com

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DAP Sound Block E90

The new Sound Block E90 acoustical sealant from DAP is specifically designed to reduce sound transmission and improve STC ratings in sound-rated wall & floor systems. Sound Block E90 is designed for sealing openings around electrical boxes, pipes, duct systems, cut-outs and other types of utility equipment penetrating wall surfaces, as well as perimeter edges including abutting surfaces and corner joints. It is said to also reduce smoke migration and drafts. The sealant also is designed for cold weather performance by remaining flexible to endure expansion and contraction caused by temperature and weather extremes without cracking or losing adhesion. Sound Block E90 is packaged in a 28 fl. oz. plastic cartridge built to hold up to weather, transit and use. **dap.com**



Kebony four-in-one deck board profile

Kebony Deck Board's new profile accommodates the following fasteners/installation methods. The Step-Clip for Kebony uses install strips to minimize the time and labor spent fastening the deck. Hidden fastener clips secure the deck without screwing into the board's face. Kebony Deck Board is compatible with the Fastenator Hidden Fastening system by DuraLife. If the positive lateral connection of fastening through the face is preferred, then using the Pro Plug System with Kebony wood plugs can be used. Finally, when securing surface decking using traditional methods, stainless steel screws through the face of our Kebony Deck Board is recommended. Kebony Deck Board comes with a 30-year warranty and a 50-75 year expected lifespan. **kebony.com**



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NLBMDA lobbying heats up for COVID Phase 4

BY KEVIN MCKENNEY

THE NATIONAL LUMBER and Building Material Dealers Association (NLBMDA) had a list of successes in the previous “Phase 3” legislation passed by Congress, which included funding for the Paycheck Protection Program (PPP) and the QIP Fix, among others. Now that Congress is considering a new round of relief legislation, NLBMDA is starting to work on behalf of the industry early.

Before the House of Representatives took action on their bill, NLBMDA had sent a letter to both the White House and both Houses to detail the priorities of the industry. These priorities were divided into two main categories: maximizing small business relief and strengthening construction.

“As the federal government considers the next phase of COVID-19 relief legislation, NLBMDA believes it is critical for Congress and the administration to continue to provide robust support to small businesses harmed by the pandemic,” said Jonathan Paine, NLBMDA president & CEO. “NLBMDA’s recommendations for Phase 4 relief focus on short-term solutions to help lumber and building material dealers and residential construction as well as longer-term solutions that will continue the recovery in the future.”

A primary concern for NLBMDA in Phase 4 is strengthening the PPP, particularly with how the program has been implemented. Before the House of Representatives took action on their bill, NLBMDA was successful in lobbying the Small Business Administration (SBA) to ensure dealers do not face undo scrutiny for their PPP loans, specifically through a revision to existing agency guidance. Moving forward, NLBMDA is asking Congress to allow full deductibility for PPP loan expenses, and to allocate additional money for the program.

NLBMDA is also advocating for dealers to receive the maximum grant of \$10,000 within the Economic Injury

Disaster Loan (EIDL) program. Currently this grant is dependent on employee count and NLBMDA is asking Congress to allow for the maximum regardless of size. Other key priorities for business relief include a strong Main Street Lending Program, protecting PPP recipients from aggressive debt collection activities and an employer-payroll tax cut for the remainder of 2020.

Beyond immediate business relief, NLBMDA recognizes the importance of long-term economic recovery policies. As such, other key priorities include strengthening the Low-Income Housing Tax Credit (LIHTC), increased access to personal protective equipment, ensuring regulatory agencies focus on compliance assistance rather than straight enforcement, and more funding for COVID-19 testing.

In addition, the issue of liability protections is quickly becoming a key concern. There is growing interest by Republicans on Capitol Hill to include tailored language to protect employers who comply with all existing workplace standards from COVID-19 related legal action. As of this article, the Senate Republicans are still crafting their draft, but they recently held a hearing in the Senate Judiciary Committee on this issue. House Democrats are not particularly interested in this kind of employer protection, so it will likely involve some negotiations if the Republicans want to insist on this in a final Phase 4 package.

NLBMDA is continuing to lobby on behalf of the industry and encourages members to take action via the Legislative Action Center. The industry’s Phase 4 priorities have been placed in a grassroots campaign and it takes just a couple of clicks to submit a pre-written letter to Capitol Hill and make your voice heard. Stay tuned for additional reporting on the next relief package. ■



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

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

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

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OVERWORKED AND UNDER PRESSURE

YOUR SALES ARE UP, BUT YOUR PEOPLE ARE STRESSED AND TIRED. HOW DO YOU KEEP YOUR TEAM MEMBERS FROM BURNING OUT WHILE SERVING YOUR GROWING CUSTOMER BASE?

As the independent owner of a two-location company selling building materials and hardware, you were overjoyed to learn that your company was considered “essential” when the initial COVID-19 restrictions began rolling out. With a customer base of both pros and homeowners/DIYers, you felt that you at least had a shot at serving your customers, keeping your team employed... and staying in business. You had no idea how any of this was going to play out, but you were determined to make the best of the hand you were dealt.

You worked with your team members to ensure that those at risk and with family members at risk either worked from home or used a combination of sick leave and paid time off to keep them safe. Anyone with as much as a cough or tickle in their throat was encouraged to stay home and isolate until they could be tested. Following CDC guidelines, you put social distancing measures in place in your retail store and yard, added plexiglass at registers, etc. In other words, you did everything required to keep customers and team members healthy. As it turned out, that was the easy part.

With fewer team members available to work, you implemented “battle pay” of an additional \$2 per hour and shortened your store hours. At first, this was great. Team members appreciated the extra pay and were happy to work extra hours and pick up additional shifts. Word spread around the community that not only were you open—you were doing it right. This kept your regular customers coming and led to many new people coming into your store for the very first time.

Suddenly and surprisingly, your retail business has exploded. Despite shorter store hours and fewer associates on the floor, sales are up significantly from last year. As great as the numbers are, this situation is taking a serious toll on you and your team.

“With my husband furloughed from his job, I can’t tell you how much I appreciate the extra hours and extra pay,” one store manager explained. “But angry customers who refuse to honor our social distancing rules, and who complain about this situation are really taking their toll on me and others. I’m worried that some of our people are getting burned out, and I haven’t been able to find enough temporary workers until our other people can come back to work.”

You’d hoped that this situation was a temporary bump in the road. But that hope is fading, and members of your team are paying the price. How can you balance the need to serve your growing customer base while keeping your team happy, healthy, and productive?



► CAST YOUR VOTE ONLINE AT: LBMJOURNAL.COM

- **RECRUIT AGGRESSIVELY.** You need to find good people and do whatever it takes to get them onboard before your core team members burn out.
- **CUT STORE HOURS.** Determine how many hours a week your stores can operate without burning out your staff, then cut your hours to match.
- **ASK YOUR TEAM.** Reach out to all of your team members individually, thank them for all that they’re doing, and ask for their suggestions/advice on what they think you should do.
- **“BATTLE BONUSES”** Tell your team that your sales are up, and it’s because of their hard work and commitment. Offer a weekly cash bonus to everyone who puts in 40 hours that week, as long as they’re healthy enough to come to work.

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