

LBM JOURNAL[®]

STRATEGIES FOR LUMBER/BUILDING MATERIAL DISTRIBUTION PROS

LBMJOURNAL.COM

AUGUST 2020 \$10 U.S.

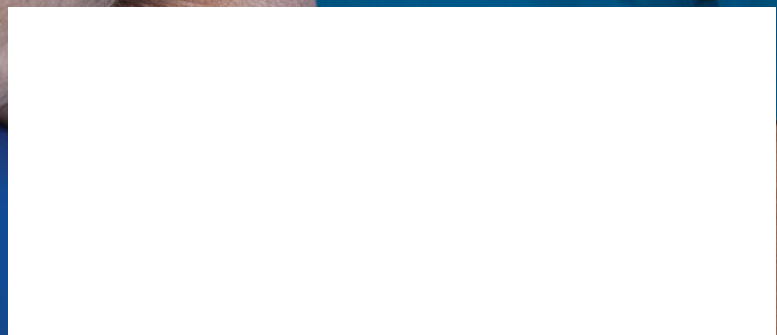
**IN DEPTH:
RACKING & DELIVERY**

**REAL ISSUES. REAL ANSWERS.
THE REMOTE WORKFORCE**

BAYVIEW BUILDING MATERIALS

**RETAIL EXPANSION HOLDS
BOTTOM LINE STRONG**

JIM DEPRETTO AND RICK JENSEN, CO-OWNERS
BAYVIEW BUILDING MATERIALS





Do it Best Corp.

BORN READY.

Recessions and trade wars.
Big box and online competition.
Floods, fires, hurricanes, tornadoes—
even a global pandemic. Throughout
the last 75 years, Do it Best has faced
disruptions of every kind. Disruptions
we were born to overcome. Together,
we have proven we have the strength,
agility, and wisdom to be there for
each other and our communities.

While no one can know what the next
75 years will hold, we are confident
that we will continue to help our
member-owners grow and succeed—
because we will do what we were born
to do. Together.



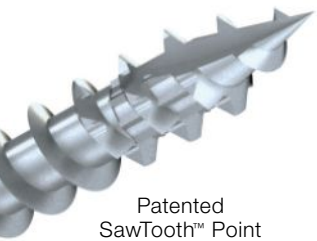
BE A PART OF THE NEXT 75.

doitbestlbm.com



Superior corrosion resistance

**Built to match
Mother Nature's
worst.**



Patented
SawTooth™ Point

Introducing the Strong-Drive® SDWS Timber SS heavy-duty structural fastener in Type 316 stainless steel. Designed for severely corrosive environments, the SDWS Timber SS screw has our SawTooth point requiring no predrilling, finishes flush and is ideal in exterior applications such as docks, wharfs, piers, boardwalks and ledgers.

To learn more about this time-saving solution that replaces lags and spikes, visit go.strongtie.com/sdwsss or call (800) 999-5099.





PALADINTM
DATA CORPORATION

**POWER, PERFORMANCE,
PROFITS. PALADIN.**

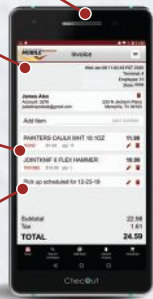


Contactless Ready

Built-in Barcode Scanner

EMV Enabled

Bluetooth Connectivity



Intuitive UI

Windows-based Layout

In System Chat Support

Touchscreen



Tools to Run Your Business When it's Not Business as Usual

Intuitive point of sale automates your business operations and enhances customer experience – preparing you for the future of digital and contactless payments.



100% USA-Based
Customer Support



Mobile2CheckoutTM
Mobile2DeliverTM



Remote Management
and Network Access

Visit paladinpointofsale.com/lbm to learn more | 541-604-7322

BRUCE BAUER LUMBER & SUPPLY

USING TECHNOLOGY TO SERVE NEW GENERATIONS OF LBM CUSTOMERS

WHEN BRUCE BAUER opened his lumberyard in San Carlos, California in 1946, the city was a sleepy bedroom community with a population of less than 15,000. Today, it is part of the sprawling Bay Area peninsula that stretches from the Golden Gate Bridge to Silicon Valley and the company uses **Paladin Data Corporation** technology to serve a new generation of customers.

Bruce Bauer Lumber and Supply is still a family business. Bruce's son-in-law, Don Thom, bought it in 1966 and moved it to neighboring Mountain View. His sons and grandsons now run the business. They chose Paladin to help them stay abreast of the changes in technology and their changing market.

Company Vice President David Thom runs the lumber department and is its chief buyer. Brian Thom heads an award-winning windows and doors showroom. Together they serve customers ranging from homeowners to building contractors who are developing housing all over the Bay Area.

"It's challenging to be in the lumber business today. We've succeeded by not putting all our eggs in one basket," says David, adding that while many of the business's competitors have closed over the years, Bruce Bauer Lumber has thrived by focusing on taking care of its customers. "It's always been homeowners who have kept us going."

Paladin provides LBM businesses like Bruce Bauer Lumber and Supply an array of digital tools that make it easy for stores and their customers to get exactly the right products. Market Driven Inventory Management™ keeps track of the store's vast inventory ranging from hardware to its extensive LBM offerings. Bruce Bauer stocks a wide variety of lumber ranging from various grades of Douglas fir and redwood to more hard-to-find woods such as Baltic Birch plywood.

Paladin's lumber-specific tools such as its Thousand Board Foot and Square Footage calculators make it easy for stores and their customers to get precise measurements. Other features like Special Orders, Yard Orders, Job Management, and Construction Bundles and Kits allow for more accurate management of large projects.



Mobile applications such as Mobile2Deliver and Mobile2Checkout enable stores to make sales in the lumberyard and manage deliveries from handheld devices.

David says managing adequate levels of lumber in 2020 has been especially difficult. Supply chains have been disrupted by mills closing and by increased demand from homeowners doing DIY projects.

"We're trying to keep our inventory levels high, but with some supplies limited, it's been a challenge," he says. "People who come into our store are going to find things they're not going to find at big-box stores."

Paladin's versatile platform also offers a variety of features and integrations that allow businesses to manage all their operations — marketing, advertising, digital presence, inventory, online and in-store sales, workforce management, customer outreach, back-office operations, and more.

Bruce Bauer also uses Paladin's Managed Services and Managed Network to keep its network running quickly, reliably and safely.

When they chose Paladin to modernize and streamline their operations, they were looking for a company with a proven track record of customer service that complemented their own and a retail system that could provide a single point of management for their multifaceted business. Paladin's 40-year history of providing state-of-the-art retail technology to the LBM industry checked the first box. The intuitive retail platform, innovative products, and 100% USA-based support closed the deal.

Today, Bruce Bauer Lumber & Supply is a legacy company built on eight decades of hardware and LBM know-how that's serving a modern building and home improvement industry and doing it with Paladin's innovative retail technology.



In 1946 Bruce Bauer Lumber opened in San Carlos, California, with a population of less than 15,000. Today, it is part of the sprawling Bay Area peninsula that stretches from the Golden Gate Bridge to Silicon Valley and the company uses Paladin Data Corporation technology to serve a new generation of customers.



7 FROM THE PUBLISHER

Embracing change
BY RICK SCHUMACHER

8 FROM THE EDITOR

Pandemic reveals strength of connections
BY JAMES ANDERSON

10 THE BUZZ

LBM industry updates, news and events. Plus, news from lumberyards across the country, and responses to our June Tough Call survey.

20 SALES & OPERATIONS

Is price your elephant in the room?
BY BILL LEE

22 BUILDING SALES

Be a finisher
BY RICK DAVIS

24 RECRUITING & HIRING

How to leverage assessment tools to avoid bad hires
BY RIKKA BRANDON

25 LEADERSHIP

Time to operate differently
BY RUSS KATHREIN

26 CREDIT Q & A

The state of state lien laws
BY THEA DUDLEY

28 MERGERS & ACQUISITIONS

When is a deal priced?
BY JOHN WAGNER

29 PROCESS & PROFIT

The profit breakdown: margin
BY SHANE SOULE

52 NLBMDA UPDATE

Comments to NLBMDA members: Grassroots works
BY KEVIN MCKENNEY

56 TOUGH CALL

WHAT IF IT COSTS TOO MUCH TO SERVE YOUR BEST CUSTOMER?

You were hired to perform a "cost to serve" analysis. Implementing your suggestions may just cost you your biggest customer.



18 5 QUESTIONS

With Jase DeBoer, senior category marketing manager for UFP Industries.

36 SET FOR SUCCESS

Retail expansion holds bottom line strong for Bayview Building Materials.
BY JAMES ANDERSON

50 DEALERS NAVIGATE TREATED LUMBER SHORTAGE

BY JAMES ANDERSON

30 REAL ISSUES. REAL ANSWERS.

THE REMOTE WORKFORCE

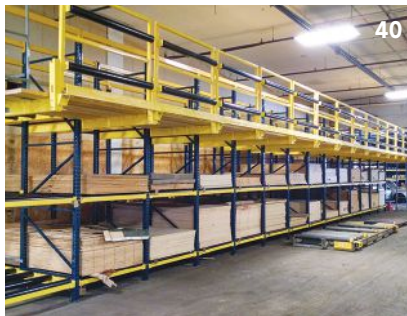
BY LBM JOURNAL READERS

40 IN DEPTH

RACKING & DELIVERY

BY MIKE BERGER

46 PRODUCTS





THE *Cherry* ON TOP.



DIE-CAST & POWDER-COATED LIGHTS FOR POSTS, STAIRS & DECKS

FINISH IT WITH LIGHTING

Homeowners love the look of deck lighting and it's the perfect add-on for additional revenue. Placid Point's die-cast aluminum lighting is some of the best-looking on the market today.

Engineered to last, these lights feature a powerful control hub for a customized lighting experience, while still being completely plug-and-play for easy installation.



NEW CONTROL HUB TUTORIAL
VIDEO NOW AVAILABLE

LEARN MORE AT: PLACIDPOINTLIGHTING.COM



PRACTICAL, TACTICAL SOLUTIONS TO BUILD YOUR BUSINESS

LBM STRATEGIES

2020 CONFERENCE

SEP 23-25 • VIRTUAL EVENT

Ready to outperform the competition? You won't want to miss the LBM STRATEGIES CONFERENCE, re-imagined in a virtual format for 2020. As always, expect an unmatched agenda presented by a speaker lineup of LBM pros and thought leaders. Connect with other leaders from across the U.S. to learn, share and network, then get back to work armed with fresh ideas and actionable insights to grow your sales, your business and your brand.

REGISTER AND LEARN MORE AT: LBMSTRATEGIES.COM

2020 SPEAKERS



SUNNY BOWMAN
President & Owner,
Dakota County Lumber
Company



RIKKA BRANDON
Chief Recruiter,
Building Gurus



CRAIG BRADSHAW
President,
Mead Lumber
Company



RICK DAVIS
Founder and Principal,
Building Leaders



THEA DUDLEY
Credit Consultant



JIM ENTER
Founder,
The American Association
of Roundtables



KEVIN HANCOCK
President,
Hancock Lumber Co.



CARL HERRMANN
Operations Manager,
Sears Trostel



DOUG JONES
President,
Hines Building Supply



RICK KYSER
Operations Manager,
Gilcrest/Jewett Lumber
Company



STEVE PATTERSON
President & CEO,
Central Valley



RICK SCHUMACHER
Executive Editor &
Publisher,
LBM Journal



JOHN WAGNER
Managing Director,
1st West M&A



AMY WARREN
Director of Business
& Sales Development,
Weyerhaeuser

PRESENTED BY



REGISTRATION IS OPEN TO LBM DEALERS AND DISTRIBUTORS

A limited number of sponsorship opportunities are available for manufacturers and service providers. To learn more, contact your sales rep or visit LBMSTRATEGIES.COM.

SILVER SPONSORS



SPONSORS



LBM Advantage
Better. Stronger. Together.



Executive Editor & Publisher

Rick Schumacher
Rick@LBMJournal.com

Editor

James Anderson
James@LBMJournal.com

Creative Director

Richard Hart
Design@LBMJournal.com

Contributing Sales Editor

Rick Davis

Contributors

Mike Berger, Rikka Brandon, Thea Dudley,
Russ Kathrein, Bill Lee, Kevin McKenney,
Shane Soule, John Wagner

Controller

Nancy Frazer
Nancy@LBMJournal.com

Director of Operations

Michelle Fischer
Operations@LBMJournal.com

Administrative Coordinator

Tina Saucke
Tina@LBMJournal.com

Circulation Director

Vicki Blomquist
Vicki@LBMJournal.com

ADVERTISING SALES

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

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

 @LBMJournal

 LBMJournal

 LBM Journal

 LBM_Journal

SUBSCRIPTION CHANGES

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

BACK ISSUES & EXTRA COPIES

operations@LBMJournal.com

Copyright 2020 by Custom Built Publishing LLC. Opinions expressed are those of the authors or persons quoted. Reproduction in whole or in part is prohibited without written authorization. LBM Journal is sent free-of-charge to qualified dealers and distributors of building materials. Publisher reserves the right to determine qualification. Non-qualified annual subscription rates: US, \$48; Canada, \$60 (U.S.); Airmail to all other countries, \$120 (U.S.). Single copy price: \$15 + S&H.

Embracing change

BACK IN 2003, the magazine that employed me since 1990 closed its doors. I applied for an editorial position with another local magazine, one that I was sure I was ideally suited for...and didn't get an interview. Based on that one experience, I realized that I was obviously unemployable, and if I were to work, I'd have to provide myself with a job. So...a couple of colleagues from the former magazine decided to roll the dice and join me on a new adventure called *LBM Journal*. Our single product was a print magazine, and our "Corporate Headquarters" was a spare bedroom in my house. Though we had little money, and no investors or corporate backing, we had two bullets in our gun. First, we'd built a reputation for doing right by others and producing a quality product. Second, we were passionate in our belief that we could create and deliver something different and better. At the end of the day, we understood that we'd succeed only to the extent that we helped our readers and our advertisers succeed.

Fast-forward to today. In addition to *LBM Journal* magazine, our products includes LBMJournal.com, the LBM Journal daily enewsletter, the annual LBM Strategies Conference, weekly LBM Journal webinars, an LBM Journal group on LinkedIn, the soon-to-launch LBM Community email user forum, soon-to-launch LBM Journal Podcasts...

The magazine is still at the heart of what we do, and for good reason. As it happens, we track what you want and how you want it. That's how we know that 70% of *LBM Journal* subscribers still prefer the print edition of the magazine. Of the remaining readership, 15% prefer the digital edition, and 15% enjoy both. We work for you...so as your needs evolve, we'll evolve with them.

This is more than I've shared before about *LBM Journal's* inauspicious beginnings. I'm doing so now for a couple of reasons. I'm extremely proud of what the small-but-mighty *LBM Journal* team has built over the past 18 years. And I'm maybe feeling a little nostalgic. Because with this issue, I'm passing the role and title of Editor to the very capable James Anderson.

To be clear, I'm not going anywhere. In fact, this change merely formalizes how our roles have evolved. I'll continue working on editorial with James, while focusing more on new opportunities to serve you better.

Our goal remains the same: to deliver the best information and insights available to help you build your sales, your business, and your brand.

– Rick Schumacher,
Executive Editor & Publisher



Rick@LBMJournal.com

Pandemic reveals strength of connections

FIVE YEARS AGO, when I first started covering this industry at *LBM Journal*, I was struck by how close the community of lumber dealers really is. I recall speaking to a dealer from Florida who told me about a friend with a successful lumberyard in North Dakota. I'm not sure how the two knew each other, but it's possible that they had either worked together as part of an NLBMDA committee, or maybe had crossed paths at a manufacturer's booth at the International Builder's Show. No matter how they met, the two had forged a bond that has been beneficial to each of their businesses.

Indeed, the industry is full of closely-knit connections like these, and as a result, so is this issue of *LBM Journal*. Take for instance the cover story on Bayview Building Materials (page 36). Jim DePrett and Rick Jensen, co-owners of the Washington lumberyard, first met each other as hardware store managers more than 20 years ago. The connection they formed led them to open Bayview years later, and because of their mutually beneficial expertise in lumber and hardware retail, the company was well set to handle the COVID-19 pandemic in one of the first states to consider residential construction a non-essential business during the shutdown.

Speaking of their story, we were first scheduled to feature the Bayview team in our May issue, but since they weren't open for business, we instead focused on retailers who were weathering the pandemic in different parts of the country (*Staying Strong*, May 2020).

I recall that as I was interviewing dealers for that story, two of them told me they had called nearby competing lumberyards to coordinate a plan of action regarding business hours and safety measures. The industry is not only well-connected, but in these cases, well-coordinated and willing to look beyond competition during challenging times.

Sometimes the connections are farther away than the competing lumberyard in the next town. On page 50, you'll find the story of Teddy Bryant from Teddy's Building Supply in Holly Springs, Mississippi. Teddy has spent a good number of years answering phone calls from builders who are looking for specific products. In fact, he's built a reputation for being the guy who either stocks or can track down most hard-to-find materials. Until the pandemic, however, he hadn't received a call from a builder willing to drive more than 600 miles for a load of treated lumber. But, due to a couple of mutual connections, that's what happened when a Chicago-area builder couldn't find the treated lumber he needed in his market.

As I ease into the Editor's chair here at *LBM Journal*, I'm grateful for the connections I've made in this industry. I strive to continue to tell their stories, and hopefully connect more LBM dealers together in the process. If you have a story to share, or something you think other dealers would connect with, please reach out. This truly is a closely-knit community that benefits from shared stories.

- James Anderson,
Editor



james@LBMJournal.com



CELLULAR EXTERIORS BY ROYAL

blah, blah, blah, blah...

Beauty is only skin deep,

it's what's on the **outside** that matters.

~~inside~~

WHAT REAL WOOD ASPIRES TO BE.

Celect® Cellular Composite Siding by Royal® gives you everything you want. And so much you never thought you could have. Celect exudes seamless beauty, weather defiance, maintenance freedom and unlimited home design possibilities.



NEW JERSEY
200 Industrial Parkway
Branchburg, NJ 08876

NEW YORK
270 Kings Highway
Warwick, NY 10990

PENNSYLVANIA
181 Pringle Street
Kingston, PA 18704

MASSACHUSETTS
225 Cedar Hill Street
Marlborough, MA 01752

Wholesale Distribution • 800.942.7776 • Learn more at MidStateLumber.com



A Customer-Centric, Innovative, and Environmentally Conscious Company

UPDATES

INDUSTRY

Simpson Strong-Tie has released an updated *High Wind Guide* to help engineers, designers, builders, and contractors select the best connectors for building in high-wind areas.

Thermory USA has opened a new location in Denver, and moved its U.S. headquarters to an expanded location in Batavia, New York.

ABC Supply has pledged a multimillion-dollar commitment to two nonprofit organizations: Make-A-Wish, and Homes For Our Troops.

PEOPLE

Paul Dean is now director of business development at **MaterialsXchange**.

Manufacturers Reserve Supply has promoted **Tina Breen** to VP of sales and marketing.

Mike Toole has been named VP of sales at **Grabber**.

Palmer-Donavin has promoted **Robyn Pollina** to CEO.

EDCO Products has named **John G. Lewis** as president and CEO.

E.C. Barton & Company has named **Mark Biggers** as its new company president.



DEAN



BREEN



TOOLE



POLLINA



LEWIS



BIGGERS



SHEPLEY



HIGGINS

The Cape and Islands United Way presented **Tony Shepley** of **Shepley Wood Products** the group's inaugural Visionary Award.

Parksite has promoted **Robert Higgins** to senior VP of sales.

UFP has named **Bryan Hoexum** the new VP of independent retail sales.



HOEXUM



MOORE

ASSOCIATIONS

Tim Moore, general counsel at **Cassity Jones Building Materials** and co-chair of **LAT's** Legislative Committee, will be honored at **LAT's** 2020 Texas Unity Dinner in October.

The Lumbermen's Association of Texas has announced its 2020 online training series for its Emerging Leaders program. The first session took place July 24; others are scheduled for Sept. 16 and Nov. 18. The online workshops are designed to support, develop, and connect emerging leaders in Texas' building materials industry.

SINGLE-FAMILY STARTS AND PERMITS POST DOUBLE-DIGIT GAINS IN JUNE

Led by solid single-family production, total housing starts increased 17.3% in June to a seasonally adjusted annual rate of 1.19 million units, according to a report from the U.S. Housing and Urban Development and Commerce Department.

The June reading of 1.19 million starts is the number of housing units builders would begin if they kept this pace for the next 12 months. Within this overall number, single-family starts increased 17.2% to an 831,000 seasonally adjusted annual rate, after an upward revision from the May estimate. The multifamily sector, which includes apartment buildings and condos, increased 17.5% to a 355,000 pace.

On a regional and year-to-date basis (January through June of 2020 compared to that same timeframe a year ago), combined single-family and multifamily starts are 2.2% higher in the Midwest, 0.2% higher in the South, 2.9% higher in the West and 5.4% lower in the Northeast.

Overall permits increased 2.1% to a 1.24 million unit annualized rate in June. Single-family permits increased 11.8% to an 834,000 unit rate. Multifamily permits decreased 13.4% to a 407,000 pace. Looking at regional permit data on a year-to-date basis, permits are 3.4% higher in the South, 8.8% lower in the Northeast, 2.3% lower in the Midwest and 3.9% lower in the West.

RECORD JUMP FOR EXISTING-HOME SALES IN JUNE

Existing-home sales rebounded at a record pace in June, showing strong signs of a market turnaround after three straight months of sales declines caused by the ongoing pandemic, according to the National Association of Realtors. Each of the four major regions achieved month-over-month growth, with the West experiencing the greatest sales recovery.

Total existing-home sales completed transactions that include single-family homes, townhomes, condominiums and co-ops, jumped 20.7% from May to a seasonally-adjusted annual rate of 4.72 million in June. Sales overall, however, dipped year-over-year, down 11.3% from a year ago (5.32 million in June 2019).

UPDATES

MONTHLY CONSTRUCTION INPUT PRICES RISE IN JUNE

Construction input prices rose 2.2% in June, according to an Associated Builders and Contractors analysis of U.S. Bureau of Labor Statistics' Producer Price Index data. Nonresidential construction input prices rose by 2.3%.

Among the 11 subcategories, six experienced monthly increases. The increase in prices was driven primarily by energy, with the largest increase coming from crude petroleum, which rose 71.9%. Unprocessed energy materials rose 16.8%, while the price of natural gas fell 18.4%. Softwood lumber experienced an 11% increase in June.

"For many contractors, lack of demand for their services has emerged as the leading source of concern due to the COVID-19 pandemic, followed closely behind by a fear of inflation and a potential increase in materials prices," said ABC Chief Economist Anirban Basu. "June's PPI data indicate that they are right to be concerned."

MORTGAGE RATES FALL BELOW 3% IN JULY

Freddie Mac's Primary Mortgage Market Survey shows that the 30-year fixed-rate mortgage averaged 2.98%, in mid-July, the lowest rate in the survey's history dating back to 1971.

- 30-year fixed-rate mortgage (FRM) averaged 2.98% with an average 0.7 point for the week ending July 16, 2020, down from 3.03%. A year ago at this time, the 30-year FRM averaged 3.81%.
- 15-year fixed-rate mortgage averaged 2.48% with an average 0.7 point, down from last week when it averaged 2.51%. A year ago at this time, the 15-year FRM averaged 3.23%.
- 5-year Treasury-indexed hybrid adjustable-rate mortgage (ARM) averaged 3.06% with an average 0.3 point, up slightly from last week when it averaged 3.02%. A year ago at this time, the 5-year ARM averaged 3.48%.

JULY BUILDER CONFIDENCE RALLIES TO PRE-PANDEMIC LEVEL

In a strong signal that the housing market is ready to lead a post-COVID economic recovery, builder confidence in the market for newly-built single-family homes jumped 14 points to 72 in July, according to the latest National Association of Home Builders/Wells Fargo Housing Market Index (HMI). The HMI now stands at the solid pre-pandemic reading in March before the outbreak affected much of the nation, followed by April's decline.

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

MONTHLY AVERAGE REGIONAL HMI SCORES:

Midwest jumped 18 points	68▲
South increased 10 points	73▲
West increased 14 points	80▲
Northeast surged 22 points	70▲

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 July. The HMI index gauging current sales conditions jumped 16 points to 79, the component measuring sales expectations in the next six months rose seven points to 75 and the measure charting traffic of prospective buyers posted a 15-point gain to 58.

MERGERS & ACQUISITIONS

SRS Distribution has acquired **A.L.L. Roofing Materials** with locations in San Jose and Salinas, California and Lake Havasu, Arizona.

Oldcastle APG has acquired B&B Bedding, a regional manufacturer of lawn and garden products.

UFP Industries has acquired **T&R Lumber Company**, which manufactures and distributes products used primarily by nurseries.

DISTRIBUTION

Sherwood Lumber will distribute **MoistureShield** in New England, Pennsylvania, New York, and New Jersey.

SRS Distribution has opened six new greenfield locations, including Conyers, Georgia; Waxahachie, Texas; El Paso, Texas; Grand Junction, Colorado; Shreveport, Louisiana; and Sterling Heights, Michigan.

Emery Jensen Distribution has announced its first-ever digital Fall Show is scheduled for Aug. 24-26.

BUYING GROUPS & CO-OPS

LMC has launched a new marketing program, "Together We Build."

LBM Advantage has introduced a virtual Advantage Leadership Conference, open to all members at no charge.

Ace Hardware is relocating its Tampa distribution center to nearby Plant City, Florida. Construction is expected to begin in October with a target completion date in November 2021.

Ace Hardware has named **Alison Dowell** president and GM of **Emery Jensen Distribution**.

Orgill has hired **Marc Hamer** to fill the new role of executive vice president, chief digital and information officer.



DOWELL

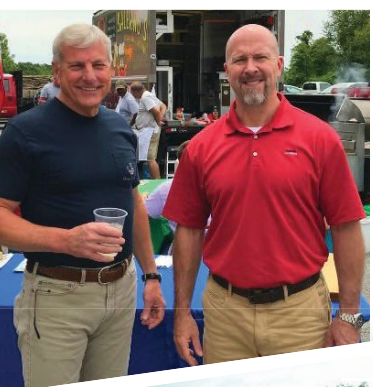


HAMER

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

The Power of Family

CULPEPER
WOOD PRESERVERS



culpeperwood.com



LUMBER PRICES AT 2 YEAR HIGH

The Random Lengths Framing Composite Price hit \$523 per 1,000 board feet for the week ending July 10, the National Association of Home Builders reports. This marks the first time lumber prices have topped the \$500 level since July 2018. Since April 17, lumber prices have soared 50%.

NAHB lists the following as primary drivers of the price increase:

1. Mills closed in the spring due to stay-at-home and social distancing measures enacted by state and local governments.
2. When prices fell between March and April as a result of the COVID-19 pandemic, mills projected that housing would be adversely affected and therefore anticipated a large drop in demand. Accordingly, mills that remained operational substantially decreased capacity utilization.
3. Producers did not anticipate the massive uptick in demand from do-it-yourselfers (DIY) and big box retailers during the pandemic.
4. Housing weathered the storm much better than most anticipated.
5. DIY demand has not abated much as states reopen and construction demand has far surpassed lumber mills' projections.

The combination of all of these factors has caused a dislocation of the usual supply/demand equilibrium. Suppliers continue to catch up to orders to the point that, in some cases, builders and traders are being forced to place orders without a delivery date or price. Mills were taking orders to the end of July back in early-June, which may have been the driver of the large increase in lumber futures over the past few weeks.

TOUGH CALL ANSWERS

ANSWERS TO OUR JUNE TOUGH CALL SURVEY:

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? HERE'S HOW READERS WOULD HANDLE THIS TOUGH CALL.

SURVEY RESULTS FROM LBMJOURNAL.COM

23.1%

RECRUIT AGGRESSIVELY. You need to find good people and do whatever it takes to get them onboard before your core team members burn out.

1.5%

CUT STORE HOURS. Determine how many hours a week your stores can operate without burning out your staff, then cut your hours to match.

55.2%

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.

20.2%

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.



READER RESPONSE

Recruit aggressively: We actually pulled all our help wanted ads from our website and our bi-weekly newsletter for the first few weeks because we were unsure of the direction our sales and activity were headed.

Cut hours: No, we track our sales dollars and traffic counts for every hour we are open and this information clearly told us that we would be reducing service to our customers if we cut hours.

Ask our people: This is ongoing with or without virus related issues.

Battle bonus: Since all of our sales people (inside and outside) are paid for the gross profit dollars they produce, collectively their income rose as the volume returned. Our people working in the yard, the mill, and driving trucks worked more overtime and got an income bump. Our back-office people had the least change but there was a little increase in OT. All of our people were very grateful for being designated as an essential business. Other than a few of the very rainy days our people lost virtually no work.

– Peter Ganahl, CEO, Ganahl Lumber
Anaheim, CA

THANKS TO EVERYONE WHO VOTED ON THE JUNE SURVEY. SEE PAGE 56 FOR THE AUGUST TOUGH CALL: "WHAT IF IT COSTS TOO MUCH TO SERVE YOUR BEST CUSTOMER?"

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

The addition of Woodtone interior and exterior product offerings will inspire your builder and the well-researched consumer.

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

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

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

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

Weyerhaeuser Distribution offers Woodtone's RusticSeries siding available in Lap, Shakes and Panels and colors with accessories to match. Woodtone's posts are structurally certified and are offered in smooth and resawn. Its tongue-and-groove and end-matched v-groove decorative wood ceiling panel products bring the warmth of wood indoors.

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

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

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



A. Woodtone Wall & Ceiling Collection, featuring Traditional Paneling

B. Woodtone RealWood™ Collection, featuring RealPost™

C. Woodtone Wall & Ceiling Collection, featuring FineLine Paneling

D. Woodtone RusticSeries™ Panels available on fiber cement or engineered wood products

Woodtone siding products, on James Hardie fiber cement, carry a 20-year limited coating warranty in addition to the 15-year caulking warranty by OSI.

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



WOODTONE™

Reach out to your Weyerhaeuser Distribution sales representative for more information on our Woodtone product offerings in Southern California, Colorado, Texas, Florida, the Carolinas, and mid-Atlantic markets.

 **Weyerhaeuser**

Weyerhaeuser.com/Distribution



WE DON'T JUST TAKE RESPONSIBILITY.

**WE HAUL IT
THOUSANDS OF MILES.**

We build on our promise to earn your trust with each delivery.

From our distribution centers to your yard – we take pride in listening to your needs, understanding your customers' goals – then delivering the best service and building products in the business. You can rely on Weyerhaeuser Distribution to be your partner – and we look forward to helping your business grow.

For more information about what we can offer you, go to

Weyerhaeuser.com/Distribution



Weyerhaeuser

2020 EVENTS

AUG 18 – 19

LMC HARDWARE EXPRESS 2020
(VIRTUAL) lmc.net

AUG 24 – 26

EMERY JENSEN FALL SHOW (VIRTUAL)
emeryjensendistribution.com

AUG 24 – SEP 4

ORGILL FALL ONLINE BUYING EVENT
(VIRTUAL) orgill.com

SEP 1 – 30

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

SEP 13 – 18

DO IT BEST FALL MARKET
(VIRTUAL) doitbestonline.com

SEPT. 14 – 18

LBM ADVANTAGE'S ADVANTAGE
LEADERSHIP CONFERENCE (VIRTUAL)
lbmadvantage.com

SEP 23 – 25

LBM STRATEGIES CONFERENCE 2020
(VIRTUAL) lbmstrategies.com

NOV 11 – 13

LMC EXPO 2020
Philadelphia, PA | lmc.net

NOV 16 – 18

EPICOR LBM USER CONFERENCE 2020
San Antonio, TX | epicor.com

NOV 16 – 18

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

2021 EVENTS

FEB 9 – 11

NAHB INTERNATIONAL BUILDERS SHOW
Orlando, FL | buildersshow.com

MAR 25 – 27

LMC ANNUAL MEETING
Phoenix, AZ | lmc.net

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

COST OF NONRESIDENTIAL CONSTRUCTION DECREASES AMID COVID-19 PANDEMIC

Nonresidential construction costs decreased in the second quarter of this year, according to Turner Construction Company's quarterly Building Cost Index.

Turner's Building Cost Index measures costs in the nonresidential building construction market in the U.S. had reduced to a value of 1177. This represents a 1.01% quarterly reduction from the First Quarter 2020.

This is the first time Turner's projected quarterly Building Cost Index adjustment has reduced in value since the Second Quarter 2010.

PANDEMIC HASN'T LIMITED HOME PURCHASE PLANS

According to NAHB's latest Housing Trends Report, the share of Americans who are considering the purchase of a home in the next 12 months was

LOW VOC!

START STRONG! FINISH STRONG!

SEMI-TRANSPARENT HARDWOOD FINISHES

Finishing any hardwood project means your choice of brand may make or break the results. So why use anything other than an industry leading brand with the reputation to back it?

Make the right choice, the WiseChoice™.

For more info call 866.427.2547 or Chat Online

DeckWise.com
The Ipe Clip® Fastener Company, LLC

Manufacturers of Hidden Deck Fasteners & Accessories

11% in the second quarter of 2020, essentially flat when compared to the same quarter in 2019 (12%). In light of the COVID-19 crisis, NAHB says this finding indicates that the overall propensity of Americans who want to buy

a home has not been impacted by the pandemic. Similarly, the share of these prospective buyers who are first-time buyers is about the same in the second quarter of 2020 (59%) as it was a year earlier (58%).

RUSS KATHREIN STEPS DOWN AS PRESIDENT AND CEO OF ALEXANDER LUMBER

Russ Kathrein has stepped down as president and CEO of Alexander Lumber Co. Kathrein, chair-elect of the NLBMDA, will assist with the management transition through August. The Alexander Lumber Board has named Bill Cummings—son-in-law of board chair Watt Alexander—as interim CEO to lead a strategic assessment and prepare the company for a CEO search in Q1 2021. “We made a lot of changes there, and we did a lot of good, and now it’s time for someone else to take the reins. They’ve got a unique talent who wants to explore the technology side of the business,” said Kathrein, an *LBM Journal* columnist.



BISHOP NAMED DIRECTOR OF COMMODITIES MERCHANDISING AT MCCOY’S

McCoy’s Building Supply has announced the promotion of Brandon Bishop to director of merchandising – commodities. Bishop, a graduate of Tarleton State University, began his McCoy’s career in 2008 working in the lumberyard at the company’s Stephenville store. He went on to become assistant manager before moving to headquarters and joining the Merchandising Department. He has held various roles in merchandising including forest products buyer, commodity & freight manager, and commodity program manager.



NEW SOUTH CONSTRUCTION SUPPLY NAMED A 2020 BEST PLACE TO WORK IN SOUTH CAROLINA

New South Construction Supply has been named one of the Best Places to Work in South Carolina in 2020. The annual program was created by *SC Biz News* in partnership with the South Carolina Chamber of Commerce and Best Companies Group. This is New South Construction Supply’s fourth time winning the award. The survey-and-awards program was designed to identify, recognize, and honor the best employers in the state of South Carolina, benefiting the state’s economy, workforce, and businesses.

R.P. LUMBER ADDS TWO WYOMING LOCATIONS

R.P. Lumber, a home improvement company with 69 locations, has announced the acquisition of Build-Rite Lumber and Supply, with two locations serving the communities of Carbon County, Wyoming. Build-Rite, founded in 1963, serves a diverse customer base of homebuilders, contractors, and do-it-yourselfers. The two new locations will be the first for R.P. Lumber outside of Illinois and Missouri. As part of R.P. Lumber’s acquisition strategy, Build-Rite will operate under the R.P. Lumber brand with key team members continuing at the company.

NATION’S BEST MOVES INTO FLORIDA WITH HALL’S HARDWARE ACQUISITION

Nation’s Best has acquired Hall’s Hardware, located in Santa Rosa County, Florida, near the tourist destination of Pensacola Beach. As part of Nation’s Best’s acquisition strategy, Hall’s Hardware will operate under its existing name with its key leadership team continuing to oversee company operations alongside Nation’s Best.

BY THE YARD

NEWS FROM LUMBERYARDS
AROUND THE COUNTRY

AMERICAN CONSTRUCTION SOURCE ACQUIRES WEAVER LUMBER

American Construction Source (ACS) has expanded in Northern California with the acquisition of Weaver Lumber. ACS, which was formed in 2018, is a building materials distribution platform for custom home builders and repair and remodel contractors, backed by Angeles Equity Partners, LLC, and Clearlake Capital Group, L.P. Weaver Lumber, in Redding, California, will continue to operate under its existing local brand name.

NATIONAL LUMBER OPENS NEW SHOWROOM IN CHEVY CHASE, MARYLAND

National Lumber’s new 2,200-square-foot showroom, Design Center by National Lumber, will allow the company to better serve its growing customer base in the Washington, DC market.

HANCOCK LUMBER TO DONATE 100% OF BUILDING MATERIALS FOR HABITAT HOME

Hancock Lumber will donate 100% of the building materials for a Habitat for Humanity York County upcoming home to be built in Saco, Maine. With the company’s newest location opening on Aug. 31 in Saco, Hancock Lumber is partnering with Habitat’s York County chapter to construct a new home for a deserving family.

DEALERS, GOT NEWS?

Send info on your company’s new location, anniversary, expansion, local recognition, honors and awards, new hires, promotions, or other news to James@LBMJournal.com.

Q: As we enter the second half of 2020, remodeling and new housing starts are strong in most markets. What do you see as the biggest opportunity for dealers?

A: The remodeling market has seen consistent growth in recent years, and now more than ever homeowners are spending more time in their homes and are willing to invest in their outdoor living spaces. I believe a big opportunity for dealers is to position themselves as a resource to builders and homeowners. Having a staff that is truly educated about the many brand, product, and material options is key. There are differences in materials and technologies, differences in price points and what features you receive or forfeit at each level, nuances to how the product installs, and pros and cons to competing products in different scenarios. Providing this knowledge to builders and homeowners—as well as valuable services that save time for builders—allows dealers to differentiate themselves.

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

A: Labor is an issue for contractors. Not just labor, but skilled, knowledgeable labor—and a shortage of young building professionals in the queue. The challenge for dealers is to find innovative ways to help beyond the product. Certainly, offering quality products or labor-saving product solutions will help on jobsites, but being evangelists for the LBM industry and recruiting and educating new entrants to the workforce will help meet the growing demands for home improvement products.

Q: The outdoor living market is healthy and growing. What trends do you think will have the largest impact in the next 3-5 years?

A: I believe innovation that truly resolves issues will be what defines the years ahead. Products and services developed to meet consumer demand, fresh design trends that address homeowner concerns like slip resistance, or help contractors with labor concerns and ease of installation, will stand out. We make it a point to truly listen to contractors. Dealers that offer products and services that address contractor concerns will prove successful in the years ahead.



Jase DeBoer is a senior category marketing manager with UFP Industries. He leads the marketing and branding efforts for the Decks, Docks and Porches category including ProWood treated lumber and Deckorators brands.

Q: Decking is a very competitive category, and treated wood has evolved significantly in just the past 10 years or so. Can you give our readers an idea of what developments to watch for?

A: Manufacturers are looking for ways to reduce the cost of wood-alternative decking and to bridge the space between composite and treated—all while balancing the features that builders and homeowners have come to expect from wood-alternative decking. At the same time, there has never been more innovation in the category—both in wood-alternative and treated wood decking products. Treated options continue to offer kiln-dried products, long lasting color-treatment, and new high-quality options for joists and structural applications. Where wood-alternative decking has worked to close the price gap, so has treated, with higher-end decking options in appearance or thickness—as well as treated options for above-ground and ground-contact scenarios. There will continue to be a market for treated wood, as well as a demand for quality, low-maintenance wood alternative decking.

Q: As of January 1, Universal Forest Products refreshed its organizational structure. What does that mean for LBM Journal readers?

A: Universal Forest Products is now UFP Industries. We have evolved from a lumber wholesaler to a mixed materials manufacturer and solutions provider serving thousands of business customers. Our new segments—UFP Retail Solutions, UFP Construction and UFP Industrial—will be much more focused on their individual markets. For *LBM Journal* readers, this means increased speed to market and better product and customer alignment. ■



Make More Profit With

EMERY•JENSEN
DISTRIBUTION



FALL
SHOW

August 24th - 26th

Learn how Emery Jensen's buying power, world-class assortment, and retail expertise can help you grow your margins during our Digital Fall Show.

- ✔ Not just an online buying event, but a complete experience including digital vendor booths, video demos, and more
- ✔ With more vendors and SKUs than ever before, you'll find savings on our biggest promotions of the year

For more information and to register now, visit our website at: emeryjensendistribution.com.

EMERY•JENSEN
DISTRIBUTION

Is price your elephant in the room?

BY BILL LEE

AS A SALES TRAINER, I have a lot of opportunities to observe salespeople who are highly successful and those who are struggling to make their draw. I've learned that what they say and do at their initial meeting with a prospect is usually what determines which group they fall into.

One characteristic I have observed among struggling salespeople is the percentage of time they spend quoting as opposed to selling. I often think of these types of salespeople as professional quoters versus professional salespeople. They almost invariably spent more than half their time doing takeoffs. Their idea of success is persuading homebuilders to let them quote an upcoming house job.

Here are some excerpts from an interview we conducted with a home builder:

"I'm a busy man," the medium-size home-builder said. "I don't have time to spend with every sales rep who walks in the door looking for an order. Lumber salespeople in this town think all they have to do is fire off a handful of low-ball prices and I'll give them an order. I'm very happy with my current supplier, but if I were to change [suppliers], it wouldn't be because [a new supplier] suckered me in with a low-ball price. I'm not naive, I know that suppliers are a lot like builders, they have to earn a reasonable profit to stay in business."

"Then why are builders constantly beating lumber salespeople over the head demanding more competitive prices if price is not a major factor influencing buying decisions?" I asked.

"Hey, don't get me wrong. If a salesperson is naive enough to fall for the old 'your-prices-are-not-competitive shot,' I'll listen to their counteroffer. But what I'll do with it is take it to [my current supplier] and see what they have to say. I trust [current supplier] to tell me the truth.

"What advice would you give a young lumber salesperson who is eager to do business with

you?" I asked. "I don't know. I never really thought about it. I guess he could always bring me some buyers for these spec homes I have sitting out here. Before I started building, I was an insulation contractor. Insulation salespeople used to bring me jobs all the time and I'd give them an order in return.

"And another thing, I don't have time to research the market, maybe he could earn an order by doing some research for me."

"That's an interesting thought. What kind of research do you have in mind?" I continued to probe.

"You know, like, we know that we're too busy dealing with day-to-day firefighting to study what our competitors are doing. I want to know how we stack up, where we have advantages and disadvantages, that kind of research. A lot of larger homebuilders are beginning to move into this market. We keep meaning to go out on the weekends and tour their homes, but we never seem to get around to it. Do you understand where I'm coming from?" he answered.

I knew exactly what the builder meant. He confirmed what we teach in our consultative selling seminars: Builders don't need any more quotes, they need help raising gross margins, reducing labor costs, finding good subs, locating good building lots, finding substitute products, reducing administrative expenses, etc.

One of the chief complaints we hear from contractor salespeople is how little time they have to prospect. If salespeople would focus on helping builders make more money and sell more houses, I believe it would pay handsome dividends.

If you want different sales results, you might consider quoting less and spending more time helping customers and prospects solve their most pressing business problems. ■



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

LBM JOURNAL IS PROUD TO PRESENT



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

THERE IS NO MEMBERSHIP FEE

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

MEMBERS RECEIVE AT NO CHARGE

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

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

Be a finisher

BY RICK DAVIS

SOME LBM SALES PROFESSIONALS feel that finish carpenters are the prima donnas of our industry. Unlike framing carpenters, the finisher has exacting expectations and demands. Both are necessary to get a house built, even if they have different perspectives about the job at hand. I argue that good salespeople must have both “rough” and “finishing” sales skills if they want to outperform the competition.

The difference between the two types of selling skills was revealed to me many years ago while watching a sales representative submit an order to his branch office. The order was hand written with questionable penmanship and a delivery address listed as “Lot 27 in The Hampshire.” In other words, the salesman “roughly” got it right.

I asked the salesman how the driver would know the delivery location and was told, “He knows this project well.” The branch had two drivers and both, when queried, assured me they could not tell me the location of “The Hampshire.” Predictably, the “finish” work was left to an inside sales rep who had to track down the buyer, verify the address and, in this case, even the quantities of lumber needed. Needless to say, this process created additional costs and frustration, and it diminished confidence from the buyer.

Today, I still find salespeople who are very good at getting the “rough” picture right on an order while expecting buyers and internal customers to sweat the details. Naturally, some organizations create a structure that enables this type of order processing. Even so, the best salespeople I know take the time to ensure *someone* is handling the finish work while delivering maximum information to support the process. To all salespeople, I say:

Start the sale and order process with the end in mind. Sales success is a matter of meeting expectations, not merely delivering quality “service” and “value.” Service and value are

more than a personal belief that you’ve done a good job. They are benchmarks of expectations your client has about you. Even if you think you’ve done a great job, it won’t matter if your customers’ expectations are unfulfilled. Ask all the questions about quantities, accessories, delivery schedules, and more to finish the job properly.

Accept the limits of operational capabilities. We work in an industry in which emergency demands are standard operating procedure. Foolish promises to fulfill last minute orders and emergency requests unfairly penalize the buyers who work within the confines of your company’s operational capabilities. You might believe you’re doing your job by constantly pushing for customer favors. In reality, a salesperson who does not respect operational limits is virtually guaranteed to create mistakes and failure when it comes time to finish the job.

Own the details. Okay, so you’re a salesperson with stellar inside support from a team of people who mysteriously get things done even with minimal information. To that, I say, get the information anyway. Ensure that you are meeting the expectations of your teammates. Proactively discuss ordering procedures; solicit information inside salespeople have picked up from customers; overcommunicate to ensure each job is handled efficiently; conduct regular huddles to discuss ways to continually improve internal process and your customer’s experience.

Nobody sees the framing lumber when they move into a new home. Your customers don’t see the process behind the scenes at your organization, but only whether the order was delivered with complete accuracy and on time. I’m not suggesting you earn a reputation as a prima donna, but instead as a sales leader who can be depended on to supply all the relevant finishing details for your client’s success. ■



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

FROM THE GROUND UP...

WE BACK IT UP.

As a dealer, when you stock both ProWood® pressure-treated lumber and Deckorators® decking and railing, we'll back up one truck with both brands while your customers are backed by the best warranties in the industry. From composite decking to treated lumber, tell your local representative you're ready to back it up from the ground up.

25 YEAR
STAIN & FADE
25 YEAR
STRUCTURAL
25 YEAR
REMOVAL &
REPLACEMENT
LIMITED
WARRANTY



LIFETIME
LIMITED
WARRANTY

Dec**orators**®
DECKORATORS.COM

pro**wood**®
PROWOODLUMBER.COM

How to leverage assessment tools to avoid bad hires

BY RIKKA BRANDON

FEW THINGS ARE MORE exhausting than a disappointing hire. It affects your confidence in your ability to interview, to “pick” the right person, and your ability to onboard and manage people to success. On top of those hits to your confidence, it is an exhausting and often futile process to try to get the productivity and results you need out of the individual you hired. Unfortunately, no one has a crystal ball that ensures every hire hits it out of the park. But there is an additional tool that can give you a huge advantage: pre-hire assessments.

Here are the insights that assessments can provide about a candidate:

1. HOW DO THEY COMMUNICATE AND APPROACH THEIR WORK?

Many of you may be familiar with the term DiSC; it’s one of the most recognized assessment sciences in the world. DiSC stands for D: Dominance, I: Influence, S: Steadiness, C: Compliance. Someone who scores as a high D is task-oriented, decisive, and fast-paced. High I’s (like me!) are people-oriented and quick to act. High S’s are people-oriented and slower to act, but they’ll be consistent. And a high C is also task-oriented, but they are more inclined to take the exact right action and are slower to act. You’ll see many High D’s in leadership positions, High I’s in sales, High S’s in professional or support roles, and High C’s in accounting and legal roles.

2. WHY DO THEY DO THE THINGS THEY DO (OR DON’T DO)?

The DiSC covers HOW people do things. Driving Forces, another assessment tool, measures WHY we do things. It is built around six basic areas of motivation that people experience on any given day. Driving Forces will help you start to understand the “why” behind the way people act like they do. One of the ways it’s been powerful in my business is by identifying people who aren’t motivated by financial rewards. It

doesn’t matter how high someone’s I and D are and how great your pay-for-performance plan is if the individual isn’t motivated by money. When someone’s work and Driving Forces are aligned, they feel energized, challenged, and motivated to do better each day. Conversely, when the job doesn’t match their Driving Forces, they feel disconnected and drained, and productivity plummets.

3. WHAT WILL IMPACT THEIR PRODUCTIVITY?

I know that I’m not the only one who thinks that the “what are your weaknesses” question is a joke. So I love that the assessment report gives insight into some of the areas of opportunity for your new hire with its “Time-Wasters” section. You can see the top ways they may inadvertently waste time. This allows you to ask behavior or situational interview questions around these issues to see if they’re already executing on some of the suggested solutions. Plus, it helps you set them up to succeed when you’re onboarding and setting expectations for them.

4. IS IT GOING TO BE A FIT?

One of the biggest challenges in making a good hire is getting the intangible “fit” part right. This allows you an inside view into how the candidate is best motivated and managed, as well as their ideal environment. These sections will help you identify and address potential fit, culture, and management style issues before you hire the person. This enables you to start having conversations about what they need to succeed and conduct some realistic self-examination of what you’re willing and able to provide to set both of you up for success.

Now, wouldn’t these insights be nice to know BEFORE you started shelling out payroll and your time and energy? Assessments are an easy and inexpensive way to help you build a high-performing team. ■



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

Time to operate differently

BY RUSS KATHREIN

I JUST READ a headline that the UN has proclaimed, “the world cannot return to the ‘previous normal’ once we get through the COVID-19 crisis.” My first reaction was “Why not?” Then I got to thinking that, when it comes to our business, it might be a good thing. One upside to the pandemic lockdown was that, as businesspeople, we very quickly had to start trying out some new things and lean on technology that we may otherwise have been reluctant to embrace. We found out people really don’t need to sign delivery receipts and that you can have a productive face-to-face meeting without having people fly in from across the country. Does anyone really think that, once we have gotten through the pandemic, the best way to review a vendor’s program is to have a vendor’s team fly to your city so that team can spend an hour in your conference room? Zoom and Microsoft Teams have changed everyone’s attitude about how to conduct a face-to-face meeting.

These tools have also changed the way we resolve conflicts. We recently had a huge manufacturing error on a large project that resulted in a six-figure number on the contractor’s part to resolve. It was 100% clear that it was neither the contractor’s fault nor ours. The manufacturer even agreed. What they didn’t agree on was the cost to fix it. We exchanged documents that justified the numbers, but the higher ups at the manufacturer were just not getting the whole story. We were entering “the legal phase” where everyone was going to start suing each other, and only the lawyers were going to walk away happy. We suggested all parties get together on a video conference and try to resolve the situation. With 12 people present, the subcontractor outlined why his costs were what they were. The contractor outlined the costs he had incurred and what he could add on top of that if it went to court. The manufacturer asked technical questions that made them question the number. In the end, it was an emotional appeal from the subcontractor on how he did the job in good faith and

now only wanted to be paid that changed the manufacturer’s mind. That, and the fact that during this whole conversation, they could see everyone’s face and judge their sincerity.

In fact, I could see the faces and body language of the manufacturer’s people change and get uncomfortable as the subcontractor’s plea made them realize that their company had simply screwed up. One day later, the manufacturer came back, offering slightly more money than had been requested in order to make things right. I am thoroughly convinced this resolution would not have happened if we had been on an audio call, or worse yet, in court.

What other opportunities do we have out there to change the way we do business that can make us be more productive or communicate more efficiently? Maybe as a leader you can’t see any, but what about asking your employees and your customers? Sometimes the most obvious suggestion comes from the most unlikely source. I’m sure you have heard the story of the truck that had firmly wedged itself under a bridge. They tried pulling it out to no avail. They brought in engineers who after a great deal of study decided that they would need to start disassembling the bridge or the truck. Then a little boy came up and suggested they let the air out of the truck’s tires. Problem solved.

What other answer to a challenge is out there that just needs to be approached from a different angle or using a different tool? You will only find out if you step outside your comfort zone and start soliciting opinions from as many different directions as possible. Post It Notes were invented by a man who wanted to keep his bookmarks from falling out and remembered a lightly sticky substance that his company, 3M, had invented but couldn’t find a use for. Next-day delivery was a concept first outlined by Fred Smith for an economics paper. His professor gave him a C and expressed doubt that such a service was necessary, let alone that people would pay money for it. ■



Russ Kathrein is the former president and CEO of Aurora, Ill.-based Alexander Lumber. He is also chair-elect of the National Lumber & Building Material Dealers Association. Reach Russ at russ.kathrein@gmail.com

The state of state lien laws

BY THEA DUDLEY

DEAR THEA,

My company is located in a state that requires preliminary lien notices, but we also sell into states that do not require them. I explain the difference between states that require preliminary lien notices and those that don't and why we do them almost on a daily basis. I explain this to sales reps, customers, and sometimes our owners. Is there a way I can address this without constantly explaining myself? Looking for any help.

—Liening on a friend in LaLa Land

DEAR LIENING,

To quote John Wayne, "I am responsible for what I say, not for what you understand." No disrespect to The Duke, but that never works for me when I remind sales reps that the explanation they repeated or understood is, alas, incorrect again. These are not MY rules. Lien laws are driven by legislation, so wiggle room does not exist.

The mechanics lien process and all its related glory is by far the one topic I get asked about most, and it's the most misunderstood and under-utilized tool in the credit and sales tool kit. Sales departments fear it, CFOs think it solves everything, and customers often don't understand it. What is a credit manager to do?

When you are constantly playing defense, you never gain real traction. Take a step back and set up a solid offense. I encourage you to create your own quick-and-easy reference sheet for your sales team and customers. Gather an assortment of the most common questions you get and provide answers. Keep the language straight forward and basic. This is not the time to impress people with your grasp of the legal terms. Make it a user-friendly, Q&A format and have multiple ways to share it—hard copy and digitally.

Creating a simple, one-page document that explains the basics and includes a breakdown of terminology, your mechanic's lien common Q&A may look something like this:

Q. What is the difference between a statutory notice and a preliminary lien notice?

A. In layman's terms, not much. A statutory notice means that the state statute is requiring you to serve a notice within their specific time frame to retain your right to file a mechanics lien at a later date. Statutory refers to what a state requires, making a notice either statutory (required) and non-statutory (not required).

Q. Why are there so many names for the same thing?

A. States use different terminology for a notice: preliminary lien notice, statutory notice, notice of intent, notice to owner, and notice of non-payment are some examples.

Q. What benefit does a preliminary lien notice give to our customers?

A. A prelim allows you to assist your customer in the event payment is withheld or late. It allows you the ability to file a mechanics lien and get the customer's product paid for.

Q. Does our preliminary lien cover our customers' labor or other materials?

A. No. Your pre-lien covers only materials supplied by your company on the noted project. We strongly encourage our customers to secure their lien rights as well.

Q. Do we have to tell our customers in advance of sending a preliminary lien notice?

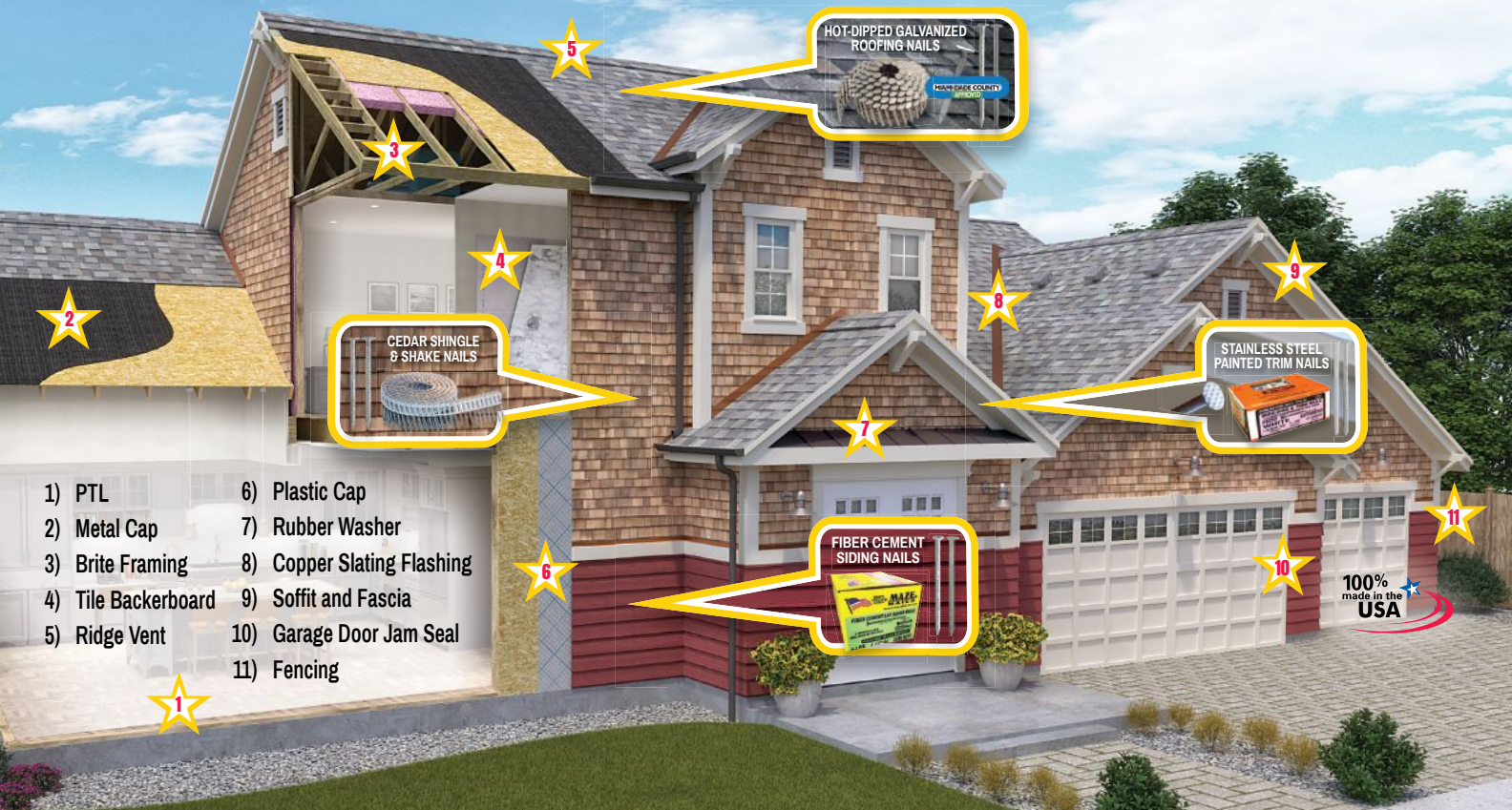
A. No, you are not required to tell anyone prior. It is advisable as a good business practice to share with your customers that you secured your lien rights.

Q. How do I approach this topic with customers?

A. Cover the topic in your conversation regarding terms and other information with your customer. If you are uncomfortable, contact someone on the credit team. They are happy to help. ■



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



- 1) PTL
- 2) Metal Cap
- 3) Brite Framing
- 4) Tile Backerboard
- 5) Ridge Vent
- 6) Plastic Cap
- 7) Rubber Washer
- 8) Copper Slating Flashing
- 9) Soffit and Fascia
- 10) Garage Door Jam Seal
- 11) Fencing

ANY WAY YOU SLICE IT, WE'VE GOT YOUR PROJECT COVERED

Look for the nails in the bright yellow boxes!

Maze Nail has been helping build America for over 170 years. Since the very beginning, our sole mission has been to provide top quality specialty nails - **100% Made in the USA**. Maze is the exclusive manufacturer of **STORMGUARD®** Double Hot-Dipped Galvanized Nails with a **LIFETIME WARRANTY** against red rust. In addition to galvanized nails, we manufacture a full line of stainless steel, copper and aluminum nails. Look for our bright yellow boxes of hand driven nails, as well as our universally-compatible wire and plastic collated coil and stick pneumatic nails. Trust the leader in Specialty Nails - **MAZE NAILS!**



Let us help you choose the right nails for the job!

800-435-5949 | mazenails.com

7:30 a.m. to 4:30 p.m. CST Monday through Friday.



**MAZE 100% MADE IN THE USA NAILS
ARE MANUFACTURED WITH PRIDE AT OUR
HEADQUARTERS IN PERU, ILLINOIS.**



When is a deal priced?

BY JOHN WAGNER

WHEN YOU ARE BEING ACQUIRED, and you and your investment banker start to receive letters of intent (LOIs), those LOIs will set out a framework for pricing your company. In most LOIs, a dollar amount is offered for your company, but it is always either the result of a multiple of EBITDA, or it can be backed into a multiple-of-EBITDA formula. If the LOI states that the target company will be acquired for \$6 million, and the company has a \$1 million EBITDA, the company is being valued at 6X. That said, most companies seek acquisition when they are on an upward trend, putting up numbers each month that are higher than the previous month.

This month-over-month improvement is an ideal trend to show an acquirer. (Obviously, companies that are growing are highly desirable and get the highest value, as opposed to companies that are coasting along, doing the same business volume month after month, or companies that are contracting.) But if your company is showing month-over-month improvement, and the acquirer reveals the multiple of EBITDA they are using in the valuation within their LOI, at what point in time do you “freeze” the EBITDA to apply the multiple? Do you do it at the time the LOI is submitted? Or based on last year’s financial statements? Or based on rolling trailing twelve month reports?

Let’s say you are selling your company in the middle of a fiscal year. For a business that is growing, you would be leaving money on the table in terms of your business value if you accepted an LOI that applied the multiple-of-EBITDA valuation method to last year’s financials. That would not fully credit intervening months of solid performance. To show you the impact of the math, let’s say that your previous fiscal year’s EBITDA was \$1 million, which would value your company at \$6 million in a 6X formula. Now, let’s say that six months into the new fiscal year, your trailing twelve month EBITDA shows improvement, and it’s \$1.2 million. Instead of \$6 million, the 6X formula would value your company at \$7,200,000...a \$1.2 million lift in business value. (Just about enough extra to pay the gains tax and net out \$6 million!)

To put an even finer point on it, some acquirers of growing companies will want to freeze the EBITDA to which the multiple is applied on the date the LOI is accepted. Let’s say you are at \$1.2 million in trailing twelve month EBITDA in July when the LOI is submitted and accepted. The offer comes in at \$7.2 million. But the due diligence and closing process can easily take 90 days. If you are a growing company, during those 90 days, your trailing twelve month EBITDA might climb still higher. Say it rises to a trailing twelve month of \$1.3 million. Why would you take \$7.2 million when the value was frozen at the acceptance of the LOI, when you really should be pricing the deal of 6X \$1.3, or \$7.8 million? That’s \$600,000 over the value that would have been paid just 90 days earlier.

The ideal timing of the deal pricing for growing companies should be as close to the closing as possible, so you don’t lose the incrementally positive deal value generated during the due diligence process.

That said, when you agree with the buyer to price near the date of the closing, there is risk. Let’s say that at the time you accept an LOI based on 6X EBITDA, you are performing at that \$1.2 million EBITDA on trailing twelve-month basis. But you and your investment banker negotiate for a pricing that happens 90 days later. Let’s also say that...oh, take something really crazy...a freak pandemic sweeps through the country shutting down businesses, and you come off the mark, dropping from \$1.2 million TTM EBITDA to \$1.1 million. The deal value drops from \$7.2 to \$6.6 million. And perhaps two months later, the pandemic is still around, and you drop to \$950,000 EBITDA. The deal value has now moved from the \$7.2 million offered in the LOI to \$5.7 million. So, when you agree to price close to closing, do everything you can to ensure that you are climbing into that event, not fighting a rear-guard action to assure the acquirer that you are “just having a couple bad months,” because at that point the buyer holds all, or most of, the cards and can request “repricing after LOI,” a topic we have covered earlier in this space. ■



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

The profit breakdown: margin

BY SHANE SOULE

“This is a 18% market, boss. You can try to raise margin, but I’ve worked here my whole life—if you are above 18% you won’t get (or keep) the sales. We need to buy better and be more efficient to make profit.”

I heard this comment from multiple people in a specific market area earlier in my career. It was true. I was new to that market, and the salespeople I was speaking to had worked in that market their whole careers, but it didn’t make any sense to me. *“An 18% market?”* What does that even mean? For that to be true, every company would have to have the same cost structure...all the time. And absolutely every product is an 18% margin too—hardware, studs, cabinets? Belief is a powerful tool that can either serve us or stop us, and in this situation, their belief was stopping them.

I’ve come to realize that this belief system around margins wasn’t focused on just that one market. The more I’ve been around salespeople in different markets, I’ve concluded that they very often create their own pricing structures in their minds based on where they think pricing needs to be to win the jobs. This belief is born of a couple possible experiences. One scenario comes from reflecting on one or two jobs they lost (or were told they lost) due to price. A second situation occurred if they received a copy of a competitor’s bid and checked the margin on the bid items. After one or both of these situations, they become confident, labeling themselves as a “market pricing guru” and basing all future bids on these supposed insights.

While there are all kinds of reasons to look at the legitimacy of the beliefs that drive our actions, here are a couple specific things to consider when you compare your bid to the competition:

Did you physically see the competitor’s bid?

It’s certainly not unheard of for a customer to tell you that your bid was high to get you to drop your price, even if it actually wasn’t. They may have decided they want to do business with you, but at a lower price. While you may ask to

see the bid, it’s likely they’ll draw a line around whether or not that’s fair, and that line will be right after telling you the competition’s price, but right before giving you a copy of the whole bid. In another scenario, the customer may be trying to use you to further beat down a price from a competitor that they fully intended to use in the first place. In either case, these half-truths should not affect the salesperson’s confidence in their bid.

Did you review the date of their bid? This one gets me every time. I don’t understand why salespeople accept old bids from customers, then have the audacity to ask their sales manager to accept a lower price. Time passes, markets change, and prices go up and down. When a market is moving up, be prepared to field price pressure questions from your customers.

The best thing you can do is build consistent trust with your customers and let them know what the market is doing frequently...yes, even when it’s going down. You need to do this to build trust with them, and when you have their trust, you will diminish or eliminate price pressure tactics when the markets are moving. Stephen Covey said so plainly, “When trust goes up in a relationship, or on a team, in a company, in an industry, with a client, with a customer—speed goes up with it and cost comes down.”

MARKET PRICE / COST

“Market price” is a cuss word at any company that I’m involved with. I’m not saying there is never a consistent sell price on a certain SKU for a short period of time. What I am saying is that 95% of the time, the market price is set by the salesperson’s perception.

My suggestion is to adjust the “cost” to include inventory shrink, non-paid receivables, etc. and then let them set the pricing to “their perceived market cost” and sell confidently. This creates a company margin increase and 95% of the time, a confident sales rep that sells the package at a higher price. ■



Shane Soule consults with LBM and component companies to increase productivity and profits, and improve the experience for both customers and team members. Reach Shane at shane@shanesoule.com

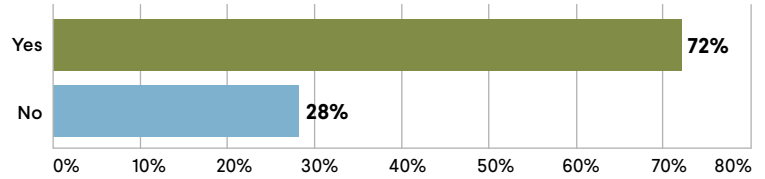


THE REMOTE WORKFORCE

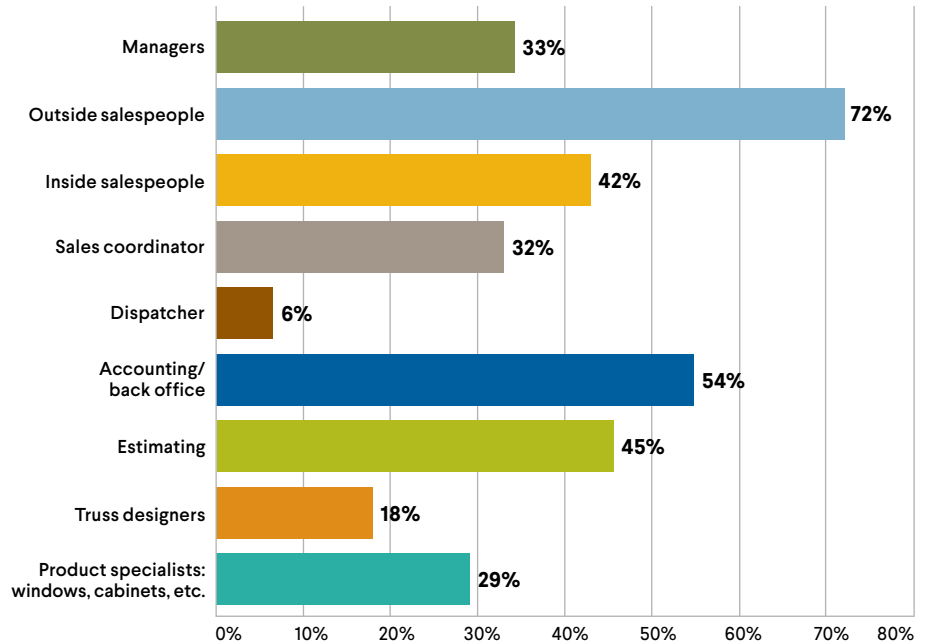
Lumberyard employees working from home? As short as six months ago, that concept would have been absurd. But a lot has changed in six months. Some LBM dealers who may have been dragged, kicking and screaming, into this “new normal,” are now finding that remote workers can be happier and more productive. But what happens to the team environment when part of the team is home, and the rest are coming to work? That’s the gist of this month’s Real Issues survey.

BY LBM JOURNAL READERS

HAS YOUR COMPANY ALLOWED SOME EMPLOYEES TO WORK FROM HOME DURING THE PANDEMIC?



WHAT POSITIONS HAVE YOUR COMPANY ALLOWED TO WORK REMOTELY?



WHAT ADVICE WOULD YOU HAVE FOR THIS DEALER?

“COVID-19 has forced companies to let more employees work remotely and it’s proven to work, in spite of reservations to the contrary. With more states opening back up, and companies able to bring people back into the office, how do you handle the employee who says, ‘I like working from home and want to continue to do so.’ Do you let them, or do you require them to come back to work at the office? If you let them work remote, don’t you risk losing the ‘team environment’ that took so long to build up? I don’t want or need a bunch of ‘hired guns.’ I’d love to hear how others are handling this.”

“I’d say work out a compromise. 1 or 2 days a week in the office or if it is a support role let them work at home.”

“Agreed, it has proven to work, but ‘on-site’ facilitates communication if you need an answer now, not a phone call or text message away.”

“We have had an opposite problem. We were not able to offer employees the option of working from home, but we had employees who asked for leaves of absence because of personal health issues or family needs. As the state started opening up, we had employees resenting the staff members who have chosen not to return to work.”

“We don’t have anyone working from home, so my answer could be irrelevant. I doubt I would allow someone to continue working from home because ‘they wanted to.’”

“I feel as if the employees’ productivity is up, you continue to allow remote work from home for certain set days per week or month.”

“Have them back at the office and work on an overall plan if you are going to allow it. Once you have a plan in place and you have metrics to make sure all people working from home are productive and efficient.”

“Allow them to work from home a minimal amount of time and in the building the rest of the time. If the customers are ok with it going to their remote salesperson, rather than going to a ‘live’ person in-shop, allow it. As long as the need is there and they are actually working, it could be done. MAKE SURE you keep tabs on how the in-store workers feel; if they’re feeling overworked and over-loaded, then no way to the working-from-home option. Customer-contact workers are different from office workers or blueprint readers. If I had a blueprint reader that would read all prints from home, and give a list to a salesperson, that would be great. Salespeople get so many interruptions that it is hard to do. If that was the case, you could re-structure your commission payments. Our commission is all sales totaled and divided equally, which cuts down on cut-throat competition. By the way, we only allowed at-home during the first few weeks of our state’s shut down and only to an employee who was quarantined.”

“For the company to be successful in future years we need the team to be onsite. I believe even though productivity and sales are currently strong, both will decrease after an extended period.”

“There’s no doubt that there are some advantages to working from home, i.e. remotely. That said, our realization is that most of our job descriptions - and thus expectations and goals - were aligned around working at the business location. Since we don’t think this situation will go away, our plan is to revisit it, and establish goals that likely result in a hybrid; meaning, people will be allowed to work remotely one to two days a week. That said, we will also explore and expect rotations where one group may come into the office Monday, Wednesday and Friday while the second group comes in Tuesday, Thursday and Saturday. This achieves the spacing objectives of COVID19 regulations and deep cleaning between shifts. Additionally, if we maintain the same people during same shifts, we believe that we can mitigate damage to the business in the event of an exposure. So, if there is a positive case, hopefully it can be contained and only one group would need to quarantine.”

“You indicated productivity was up. Why change that? Let them work remotely.”

“I found that most of our employees who worked from home actually missed the interaction with customers and co-workers and were anxious to get back into the office. Working from home today in our company is the exception to the rule.”

“Unless there is evidence of increased productivity and customer service, I would not allow it. In today’s employment environment, locations are running staffing extremely thin. It’s ‘all hands on deck’ for waiting on customers, and no position has just one set of responsibilities. It’s extremely difficult for someone working remotely to assist with customer service at the level dictated by the market today.”

“For us, when we get to that point, it will most likely be a mix of those returning to the offices and those that will continue to work from home. While the work from home concept was one used on a very limited basis in the past, we have proven that it can work from an IT, productivity and employee well-being standpoint. We have also enjoyed savings on things like office supplies, mileage paid to outside salespeople, etc. Not sure what our mix will be in the future, but I’m sure we’ll be more flexible about allowing work from home situations going forward. We are not concerned about the ‘team environment’ being lost with all the ways to keep in touch with others being available.”

“I think you could split the difference. Ultimately whatever makes the company better is best. So, if some are very productive working at home and want to continue, I say let them at least 75% of the time. Everyone has a different job to do, so don’t make one rule for all.”

“I would absolutely encourage allowing the employees who have maintained and/or increased their productivity to continue to work remote. With the many tools that we have available for face-to-face contact, meetings can easily continue to be held remotely. Perhaps you could have the associates attend quarterly meetings on site if their physical presence is necessary.”

“We required all employees to return to their regular locations. We saw a serious disconnect in our critical communication while the employees were off-site.”

“I agree with the importance of teamwork. You may have a superstar that can work remotely with great success; however, he can’t be a resource to the rest of the team while he’s out on his own. Likewise, he may not be developing personally without inputs and challenges witnessed in workplace.”

“We are asking everyone to return to work. Employees who have issues are handled on a case-by-case situation. Safety of the employee and others is the primary concern.”

“We hold our employees accountable based on results. If they are making their goals and are completing all their required work, we are okay with letting them work remotely. We utilize Microsoft Teams (software) to hold virtual face-to-face meetings.”

“We brought back our remote workers because while they thought they were doing a great job and saw no need to return, we realized it wasn’t working for us in the long-term. We were also noticing a growing resentment building between on-site and remote workers. On-site workers were being asked to pick up the tasks the remote workers were unable to do because they weren’t physically here. If possible, I would recommend bringing back remote workers.”

“Cannot speak to sales, but from the purchasing side with scheduled team meetings, we’re probably more connected on the business side than before. We have, however, lost most of the personal touch and I am very concerned about maintaining the team atmosphere. Our stay at home directive has been extended as the COVID situation is getting worse, not better.”

“Allow them to work from home, but at a reduced salary. Phone sales and telecommuting are fine, but the personal face-to-face interactions are what make a solid team and great customer service.”

“During the continued pandemic we have allowed a rotation among peers and co-workers. Making sure at least one was on site for customer service in a particular area. Having rotating days has seemed to work.”

“The expectation of working from home will be changed forever. Instead of asking for permission to work from home, employees will be expecting to work from home 1-2 days per week if necessary. The ‘team environment’ may be a challenge. It will be important to encourage team building activities through weekly/monthly meetings or strategy sessions. Managers may need to entice employees to feel compelled to return to work.”

“We let some work longer from home if they had underlying health issues or childcare issues. At a certain point we required all but outside sales to return to the facilities. We believed that our team and customers were better served from the office. However, we are now more open to employees working from home on an infrequent basis when there are personal needs to attend to at home. As a team, our people did very well working from home, but almost all wanted to come back. I only had a couple try to extend. We had about 50 at home at the peak.”

“Our business model requires everyone to be in the office and/or out in the field. We focus on the ‘personal touch’ and need our clients to see live and in person what the product bid looks like and how it operates, so that they can understand the value of the more expensive products and happily buy them.”

“I say let them! Employees working remotely is a reality for many companies and has been for years. With today’s technology, if an employee can effectively work remotely, there can actually be more benefits than drawbacks. Operating costs can be reduced, as the employee(s) are not onsite using water, electricity, goods, etc. Productivity is often higher, as morale increases, and the employee is happier. Employee effectiveness can still be measured by looking at their results and productivity. Team environment can still be maintained via meetings, certain days when the employee reports to the workplace or events and outings. Any organization that maintains more than one physical worksite already technically has some of the workforce working remotely from others.”

“Be flexible, but have a firm understanding of what is expected and set goals.”

“We have set up a schedule where the people who worked from home are allowed to continue to do so but are scheduled for certain days in the office. Everyone is in on Monday, for instance.”

“Working at home is not productive for the company they are employed by. We have noted that the person working at home does not have the resources which they have in the office. We have also noted that the person does not seem to be fully engaged in what they are supposed to be doing. They seem to be doing things for themselves, rather than being fully engaged in what they are employed to do. We all know that working from home has a number of distractions with your entire family being in the home when you are supposed to be working for the company. I am totally against companies letting that employee work at home and not being at the office.” ➤





PERMA-BOOT®

SERIOUS LEAK PREVENTION

SERIOUS PROFIT MARGIN!

The single best value in preventative maintenance and repair is also a major category driver. Perma-Boot® is the fast and permanent solution to safeguard plumbing vent pipes from failure due to sun damage and weather extremes.







www.perma-boot.com | 919-662-9894


“From a fundamental thought, there has to be guidance, clear expectations, and communication from working remote. A blended flexibility that still brings the employees in to continue the teamwork is key. Instead of working remote all the time, a two day a week schedule or even once a week to work in office to continue that teamwork is important but ultimately a choice. We are allowing a flex schedule but are asking employees at a minimum come to the office two days a week. They’ve been very receptive. The key is compassion, and healthy communication between the manager and the employee.”

“Teams adjust to their current environment. You may have some employees who are closer now than they were prior to the pandemic. I wouldn’t put a stop to anything that was working well without meaningful conversations with the members of your team.”

“Allow employees to continue to work from home as long as they remain focused and productive.”

“Get them back a step at a time. Workers over 60 plus office staff with kids may be much more difficult due to underlying health conditions and lack of babysitter, grandparents and day care.”

“We have some still working from home and I understand the comments made above on team environment and building a strong unity. We had all the outside and inside people come back and a couple of the managers work part from home and at the office because they too liked the environment at home. Who wouldn’t like being in your home unless you have a young family there that might disturb you!”

“If salespeople are productive working from home, then that works for us.”

“Assess the request as if it were for an ADA reasonable accommodation. Understand what employee truly desires (reason for request). Accommodate if reasonable and not opening pandora’s box. If not reasonable, work toward alternative solutions (partial accommodation). Reset clear goals and expectations with employee’s commitment in writing. Follow up to ensure compliance and success for employee and employer. Listen for opportunities to improve upon the accommodation and follow up as often and timely as needed to evaluate and amend as seen fit.”

“I expect senior management will continue to take a hybrid approach, i.e. some employees will be allowed to work remotely two to three days per week but will continue to work in the office regularly.”

“Unless there is a reason for them to be in the office, and their work is up to standards, working from home is fine. An ‘in-office’ day or periodic in-person visits might be helpful to keep the team environment fresh.”

“Everyone that I had working from home has returned to working in the stores again. No one questioned coming back, if someone would have questioned coming back it would have depended on the person and the job responsibilities that they had whether they would have been allowed to continue working from home. If someone insisted that they continue working from home, I would give the employee a period of time to show me how it was going to work. At the end of this time period I would sit down with them and see what the positive and negatives were and make a final decision then.”

“If someone is more comfortable working from home and their productivity stays the same, then I would do a trial period where they would be allowed to work from home. After the period, I would take into account the feelings of the rest of the office on the matter (via survey or asking individually) to see if it was hurting the team environment.”

UltraPro™
ULTIMATE WOOD SCREW

Seven reasons why UltraPro is the BEST wood screw you will ever use:

- 1 **LOX® Recess**—Eight points of contact mean no more strip outs
- 2 **Scavenger® II Head**—Self-countersinks - clean and flush
- 3 **Draw-Tite® Upper threads**—Pull wood members together
- 4 **GrabberGuard®**—Lifetime warranty against corrosion
- 5 **Type 17 Point**—No pre-drilling required
- 6 **QuickGrab® Point**—Grabs and starts fast
- 7 **Ultracui® Threads**—Drive faster and cleaner

GrabberGuard Lifetime Warranty
Pressure treated lumber approved

SHARPER — BETTER — FASTER — SHARPER — BETTER — FASTER — SHARPER — BETTER — FASTER

www.GrabberPro.com/Ultrapro

GRABBER
CONSTRUCTION PRODUCTS
“The Professional’s Choice”
www.grabberpro.com

UltraPro is the “Ultimate Wood Screw” — Grabber is “The Professional’s Choice”

“We live in a culture that is becoming used to working and socializing remotely. While we may lose some the personal connectivity with co-workers or employer/employee, we also need to adapt to our culture and the familiarity of the next generation.”

“We are in an ever-changing environment and employers are going to need to change a little. If this person is instrumental in their day-to-day and team environment, is there a way to compromise? Maybe work from home two days and in the office the other three...and see how it goes? At the end of the day, you have to have a viable business, or no one has a job.”

“I think it depends on their job. Salespeople could work remotely in many cases. I am not sure it would be good to have the accounts payable staff work remotely.”

“I’m letting my back office staff work from home for now. We’re going to develop a permanent work at home policy.”

“I don’t think our business is overwhelmingly a ‘work from home business’. Technology may make it easier for certain jobs to be done remotely, but the chemistry of a lumberyard requires living, breathing human beings, and I may be too old-school to think remote workers are an effective substitute.”

“No. I would set a return to work date (as I have had to consider in another business). We are a team and I am not comfortable allowing anything into my business that will create a division among the employees.”

“If the benefits of some working at home far outweigh the negatives, steady as she goes...”

“Allow a certain amount of time for this person to work from home and reassess it then. If you need to set another point to reassess, do so after the initial date you set and discuss what is working and what’s not working.”

“Our employees wanted to come back to work at the store, except the ones who were making more money with unemployment. The advice I would give to this dealer is if they could do their work from home and still be profitable, and their customers don’t mind, then work from home. You may be expected to come to the store once or twice a week if needed.” ■

THE READER WHO SUGGESTED THE “REAL ISSUES” TOPIC WILL RECEIVE AN LBM JOURNAL PRIZE PACK.
Includes: golf shirt, cap, mug, pen, and more.



ULINE
SHIPPING SUPPLY SPECIALISTS

OUR BOXES MEASURE UP
OVER 1,650 BOX SIZES ALWAYS IN STOCK

ORDER BY 6 PM FOR SAME DAY SHIPPING

COMPLETE CATALOG
1-800-295-5510 uline.com



SELICK LIFT, LOAD AND DELIVER WITH SELICK!

Whether you need to deliver a skid of blocks to a jobsite or move a 16,000 lb. load of steel, Sellick has the forklift that is right for you. We have been engineering and manufacturing rough terrain forklifts for nearly 50 years and our nationwide dealer network offers superior support for all your parts and service requirements. Call toll-free or e-mail us today for all your material handling needs.

1-877-SELICK (735-5425)
sales@sellickequipment.com

SET FOR SUCCESS

RETAIL EXPANSION HOLDS BOTTOM LINE STRONG FOR BAYVIEW BUILDING MATERIALS

It wasn't as bad as they thought it would be. That's the consensus from a number of lumber dealers who have emerged from a business closure due to a mandated shutdown during the COVID-19 pandemic. For Jim DePretto and Rick Jensen, co-owners of Bayview Building Materials in Elma, Washington, it comes with a major sigh of relief.

As Washington state saw the earliest recorded cases in the U.S., it became one of the first to declare a state of emergency in late February, and shut down non-essential businesses—including residential construction—in March.

In all, residential building was shut down for seven weeks, DePretto said. "That had an effect on our contractor base for sure, but in the meantime, the retail base did pick up, so that helped."

For the only full-service lumberyard in a town of just more than 3,000 residents, losing the builders' business for that long may once have been too much to withstand. Recognizing an increased customer demand for DIY retail years earlier, the company was in a good position to continue outfitting its store to serve those customers, and that's what kept the Bayview team in business, and in the black, even while their biggest customers were out of work.

With a robust hardware store within more than 11,000 square feet of remodeled retail space, along with a large lawn and garden facility, Bayview became the perfect destination for a quarantined customer base eager to improve their homes and yards with recently-arrived federal stimulus money.

"We expected that business could have really, really gone in the tank, and it never did," DePretto said. "In fact, it led to a couple of the busiest months we've ever had."

The store now operates with signs for social distancing; there are shields at the cash register, and staff and customers are encouraged to follow state and municipal health guidelines. In all, Jensen said, the rural area around Elma wasn't hit as hard by the coronavirus as the rest of Washington.

"When we thought that business would go down, we had record customer numbers," Jensen said. "What we planned for and what actually happened were pretty much two different things. We still have a concern down the road a bit. We took a lot of time out of the planning for home building and what was on hold, as far as plans, financing, bids, and permits. We're still in a little bit of a quandary about what's going to happen."





FROM COLLEAGUES TO CO-OWNERS

The ability to adjust on the fly and press on so well through a global pandemic was aided by DePretto and Jensen's history of working together. The two have been colleagues and friends for decades, back to when they each managed individual Ace Hardware stores. Prior to meeting each other in that arena, DePretto had been in hardware, and Jensen in the lumber industry. Their friendship was right for what would later become an equal partnership in Bayview.

Both unsatisfied with where their careers were headed as hardware store managers, they decided to join forces and combine talents in 2003 when they set out to purchase their own full-service lumberyard and hardware store.

"Rick came to me and asked if I was interested," DePretto said. "He asked if I had ever wanted to own a store and I told him I had been working toward that for my whole career."

The store Jensen had in mind was a single-location, small-town lumberyard 60 minutes from Washington's Western coastline, and 90 miles outside of Seattle. Bayview Building Materials was first established in 1964 by Robert E. Bush, a Congressional Medal of Honor recipient from WWII, and his business partner Victor Druzianich. The store was passed along to Robert Bush's son, Rick Bush, in 1985, who then sold it to DePretto and Jensen in 2003. ➤

Bayview Building Materials employs about 35 staff members and has maintained that number throughout the pandemic. Even with pro builder business shut down momentarily, the increase in DIY traffic meant steady work for the whole team. Below: co-owners Jim DePretto (left) and Rick Jensen.



BUILDING BUSINESS

Purchasing a yard in an area in which big-box stores are a half hour drive away, Jensen's background in LBM, along with DePretto's retail and hardware credentials enabled the business partners to forecast how they could best serve the future needs of the community. In 2016, Bayview unveiled a 5,000-square-foot addition to its existing home center showroom that more strongly and directly connected with the region's growing base of DIY customers. The company's enhanced showroom enabled Bayview to introduce and expand several product categories and brand offerings, including paint, rental, and power tools.

Since the expansion, they've added a greenhouse and other DIY consumer-focused products like grills and outdoor living, continuing to feed into the company's growth throughout the region. Bayview's strong rental department and a focus on STIHL power tools are a big part of that growth.

"When we expanded the store, we went from 6,000 square-foot retail and basically doubled the size," DePretto said. "We converted an old storage area to the greenhouse, so the lawn and garden category is a big area for us now."

The lumberyard still stands on its original location, where prior to the COVID-19 pandemic, it served about 60% professional builders. The split after the stay-at-home orders were lifted is closer to 50/50, DePretto said. Jensen

added that Bayview is well-equipped to handle the increase in retail and DIY traffic, and he suspects it will stay at the balanced level even after building is back to full swing along the coast.

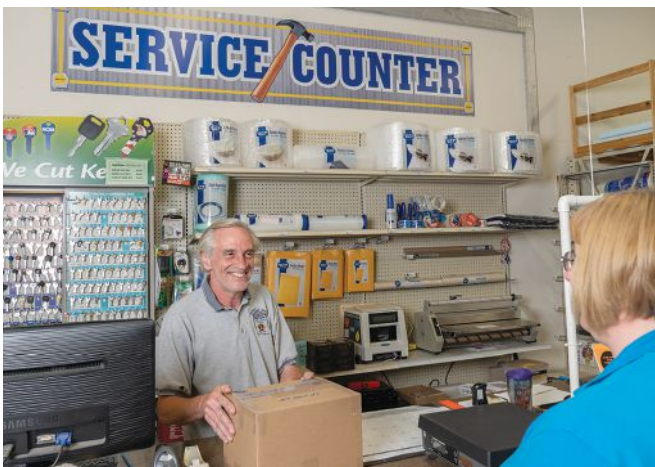
With a large builder footprint that includes urban, rural, and coastal homes, Bayview serves pro customers wherever their projects may be. "Where their job is, that's where we deliver to," Jensen said. "There are times where we're up by Seattle, other times down by the ocean."

The company employs about 35 staff members and has maintained that number throughout the pandemic. Even with pro builder business shut down momentarily, the increase in DIY traffic meant steady work for the whole team.

"Jim and I do as much as we can so that we can provide a family-wage job for our employees," Jensen said. "We gave everyone a hazard bonus for the pandemic. It's important that they want to come to work. We've got people who have been here 25 to 30 years or longer."

Overall, the pandemic may have even earned the company more customers, as Bayview attracted shoppers in the area who may not have been aware that they are more than a typical lumberyard and hardware store. The business partners are now looking at the new DIY and retail customer acquisitions as a permanent part of their customer base.

"The shortages that happened throughout retail because of COVID, all of those things such as household cleaners



With a robust hardware store within more than 11,000 square feet of remodeled retail space, along with a large lawn and garden facility, Bayview became the perfect destination for a quarantined customer base eager to improve their homes and yards with recently-arrived federal stimulus money.





were a small area of our store, but now they're extremely important. Now more people know that we have that. It opened their eyes that we carry more than a 'small town lumberyard.' They're starting to see that now." DePretto said.

Jensen added, "Every day we talk about what's going to happen for the balance of the year and we're still trying to figure that out. But, I don't see any reason that it wouldn't hold up. We're convinced now that it will stay the same."

As DePretto and Jensen look to the future, their only interest is strengthening and optimizing the base that they've built in Elma, they said. "We've been here since the 60s and we're not going anywhere," Jensen said. "We're in a great spot, and we're always looking to optimize our footprint on our property as business grows." ■

GET TO KNOW BAYVIEW BUILDING MATERIALS

FOUNDED:	1964
OWNERSHIP:	PARTNERSHIP
LOCATIONS:	ONE
EMPLOYEES:	35
BUYING GROUP/CO-OP:	DO IT BEST
SALES SOFTWARE:	ECI SPRUCE
TOP THREE BRANDS BASED ON REVENUE:	SIMPSON STRONG-TIE STIHL WEYERHAEUSER



Storage Systems for LBM Dealers

- The Auto-Stak System
- Cantilever Rack Systems
- Metal Buildings
- Drive-Thru Systems
- Millwork Storage Systems
- Pallet Rack Systems
- A-Frame Systems



Cantilever T-Shed



Bulk Shed



Auto-Stak System



Cantilever Drive-Thru

Millwork Rack - Stack Three High - In Stock!



Contact Us Today!

Toll Free: 800-992-2824

Visit us online at:
www.krauterautostak.com
info@ks-ka.com



The Hyster Fortis H80-120FT lift truck series is designed to offer a solution for multiple applications such as brick/block, precast/concrete, recycling and lumber. According to Hyster, the series offers various powertrain combinations, a productivity enhancing ergonomic operator compartment, and additional cooling and efficiency options.

RACKING & DELIVERY

In an 1888 letter to American novelist and literary critic William Dean Howells, Mark Twain wrote, “The thing which has made labor great and powerful is labor-saving machinery, and nothing else in the world could have done it.” To the LBM dealer, Mr. Twain’s insights should come as no surprise—if it weren’t for devices such as forklifts and stacking systems, labor would be the same back-breaking task now as it was in the 1800s.

The benefits of lumber storage racking are obvious: by maximizing the use of space, by better organizing inventory to increase efficient control, and by putting in place equipment that increases picking speed while reducing product damage can only benefit the bottom line. And while those concepts aren’t new, the way they’re being implemented is changing.

“I’ve been hearing for years about lumberyard owners having a hard time trying to find guys who were willing to do physical labor,” says Clint Darnell, senior account manager for Sunbelt Rack/CT Darnell Construction. “I don’t want to put it on the millennials, but that seems to be when it all started. That generation doesn’t seem to mind getting on a forklift or using automated loading devices, but they’re not too keen on physical labor by hand. If you ask them to move materials by hand, they’re going to seek gainful employment somewhere else.”

Real-world examples show how dramatic the impacts of improved material handling and storage can be. Chris Krauter, president of Krauter Auto-Stak, shares a recent example of how those improved efficiencies can pay off. “We did a project for a wholesaler who was struggling to get all orders

picked and shipped with his current staff of 20,” he explained. “Employees were working overtime and weekends to keep up. After we installed an Auto-Stak System, the result was an efficiency that not only enabled weekly job tickets to get executed on time without additional daily or weekend hours, but 10% of the workforce was either reduced or assigned to other responsibilities. The payback on the system was a short 18-24 months.”

WORKING SMARTER

If there’s a prevailing trend among manufacturers of material handling equipment and storage solutions, it’s the willingness to see past the obvious and search for new ways to utilize equipment to increase efficiencies. “We’re constantly working to improve material handling and storage and to provide options and solutions,” says Sunbelt Rack’s Darnell. “We’re designing more and more structures for millwork storage and distribution. Years ago, doors and windows were always a hand-loaded item. These are high-margin items for dealers, and they’re the most fragile items in their yard. We’ve now gone to automated handling that requires far less back-breaking work and causes far less damage.” ➤

BY MIKE BERGER

BELOW: The HIAB X-HiDuo 228 features a full outreach of over 56’. According to the manufacturer, the unit is constructed from high-tensile steel and can deliver unexpectedly heavy loads. The unit’s remote-control features simultaneous movements that help keep the load stable.



BELOW LEFT: Krauter’s Auto-Stak System can be designed as a new rack-supported building or installed into existing buildings and sheds. According to the manufacturer, the system increases density, accessibility, efficiency and reduces labor costs by placing material up front within easy reach.

BELOW: Krauter’s door and window racks are designed to increase storage and picking efficiency. The racks are equipped with adjustable M-dividers, C-dividers, or tube dividers to separate items being stored.



By thinking of material storage and material handling as two sides of the same coin, LBM distributors can use one to augment the other, both in the yard and on the jobsite. “We have seen an increase in the use of forklift-able welded stacking frames for doors, windows, cabinets, MDF trims, rolls of rubber roofing material, and the application for doors and windows has been explosive,” says Krauter. “Custom orders, which come in off a trailer, are immediately stored within a series of these stackers that are then stored within the warehouse in an extremely high-density fashion, one next to another, one or two atop each other, until the call to deliver is issued. The entire stacking frame with product aboard is then loaded onto a trailer and taken to the jobsite where it is set generally in the garage of the residence under construction and unloaded and the stacker returns for another cycle.

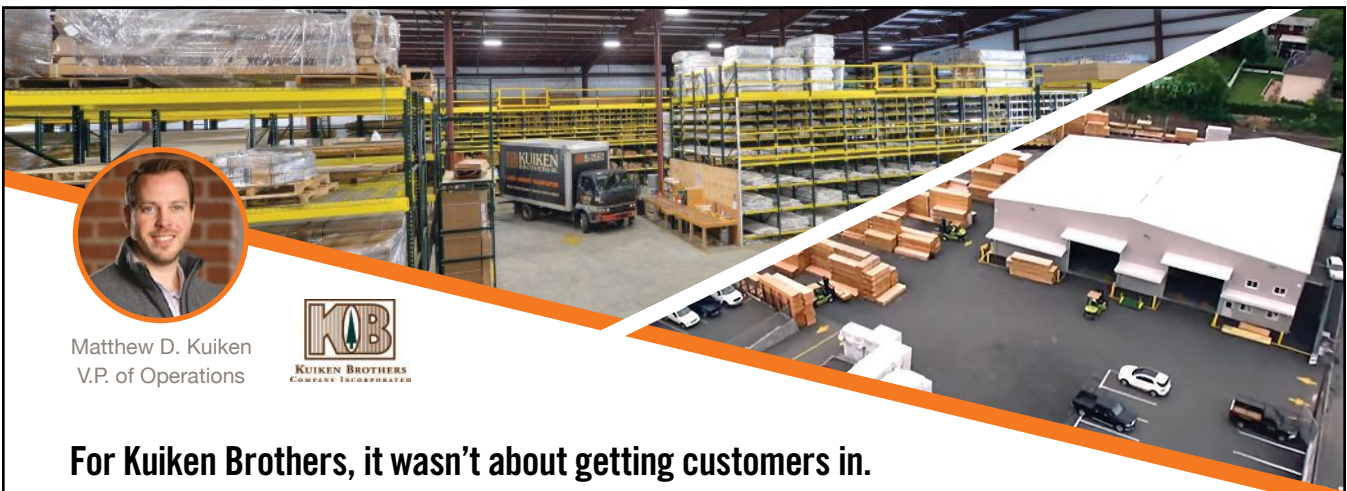
Given that the lumber dealer has flatbed transportation and a tail-mounted forklift, this becomes a one-man operation.”

And as innovative methods for storage become more prevalent, so too does the use of more innovative materials handling equipment such as lift trucks that can operate in multiple directions rather than in a mere linear fashion. “As companies deal with labor shortages, the efficient use of a dealer’s forklift fleet has never been more critical,” points out Gearoid Hogan, vice president of sales and marketing for Combilift. “LBM dealers now need to do more with less and this requires a strong focus on becoming lean. A dealer now needs to better utilize the labor available and one great way to do this is to make that employee more efficient when handling or storing product by operating four-directional forklifts.”

Michael Worsley, industry manager for Hyster, stresses the importance of utilizing material handling equipment in a planned, managed fashion. “Consolidation is a common trend, especially prevalent in the southeast,” he explains. “This can result in greater dependency on a smaller number of trucks. The risk is that using equipment longer than its useful life can result in maintenance disruption, downtime and bottlenecks. To help address these challenges, a fleet management program can help right-size the lift truck fleet, help establish an appropriate maintenance plan and help extend the useful life of equipment.”

MINIMIZING CONTACT

If benefits in efficiency and profitability weren’t reason enough for LBM dealers to be taking a hard look at how they handle their materials, the current COVID-19 health crisis is inadvertently



Matthew D. Kuiken
V.P. of Operations



**For Kuiken Brothers, it wasn’t about getting customers in.
It was about getting them out and on their way fast.**

When Kuiken Brothers decided to renovate their 80-year-old Bergen County, NJ, location, they were laser-focused on increasing speed and efficiency. Could they transform their operation to allow their customers easy, pickable access to more inventory in a fraction of the time? By partnering with CT Darnell and Sunbelt Rack, they did just that!



» Watch the video and find out how at
www.sunbelt-rack.com/stories

CT-Darnell.com • Sunbelt-Rack.com
800-353-0892



© WTD Holdings, Inc., 2020.
All rights reserved.



The Sunbelt Rack Power Bin handles and stores lumber, siding, moulding, composite decking and other materials. According to the manufacturer, a battery-operated loader places material into pigeonhole bins equipped with heavy-duty rollers in approximately one minute. The bins can be customized and configured to specific needs.

lighting the fire for distributors to take a hard look at solutions to minimize common touch and increase overall safety in the yard. “In light of the recent health crisis, we see LBM dealers looking deeper into ways of becoming more efficient,” says Gearoid Hogan, vice president of sales and marketing for Combilift. “In most cases, efficiencies can be gained through a change in how that dealer handles or stores their products. When an LBM dealer is handling product, be that offloading, storing or loading, they should be asking themselves, is this the best use of our resources, are we being efficient in both our handling and storage and if not, what can be changed?”

Equipment such as forklifts can help minimize physical contact with the product, but what about multiple-employee contact with the equipment itself? Manufacturers are ahead of the game and are introducing innovative ways for equipment operators to stay safe and healthy while not missing a beat of efficiency. “Concerns about the introduction and spread of COVID-19 are a real consideration for materials handling operations in the lumber industry,” says Worsley. “To help address

those, the Hyster Company has developed a virus safety initiative with its dealer network—a lift truck sanitization program designed for all aspects of forklift activity, including daily operation and service calls.”

Hyster is also looking at ways technology such as telemetry can be used to maintain a safe and healthy environment for equipment operators. “Some telemetry solutions have a digital checklist feature, originally created to digitize the OSHA-mandated forklift safety check at the start of each shift,” explains Worsley. “This checklist can be customized to add questions like ‘Are you wearing proper eye/hand/face protection?’ or ‘Do you have a fever or COVID-related symptoms?’ Also, lift truck telemetry can control operator access to equipment so that each individual can only use a specific truck, helping reduce risk of cross-contamination.”

IMPROVING EFFICIENCY

No matter how good an LBM dealer thinks he or she is doing, and regardless of how efficient their business seems to be, there is always room for improvement, and investments in better storage

and improved handling equipment can make the difference between a dealer who is doing “OK” and one who is excelling. And according to manufacturers, just as important as investment is involving staff to help identify areas of potential efficiency.

“Keep challenging your people to get good, qualified numbers in regard to shrinkage, damage and loss materials,” says Sunbelt Rack’s Darnell. “Once you identify those percentages, that’s the time to look at how you can reduce those numbers. Some of the easiest ways to improve the bottom line is to simply eliminate damaged material by unnecessary handling. Everybody has a ‘feeling’ of where they are, but once you have actual percentages, it’s becomes easy to say identify problems and solve them.”

The successful LBM distributor will always be looking for ways to improve safety and storage while increasing efficiency, and one of the easiest ways to achieve all three is by working directly with the manufacturer to come up with customized solutions. “When Combilift is working with an LBM dealer, we are always looking to address these three areas,” says Combilift’s Hogan. “With labor shortages and rising overhead costs, it has never been so important for an LBM dealer to review their operations to see where improvements can be made, and Combilift is happy to share best practices.”

LBM distributors need also to constantly evaluate how they are using space and analyze if there are better ways to stack and move material. Aisles are storage killers, points out Chris Krauter, and he stresses the need to maximize storage density in any given area. “Take a look at how you’re storing dimensional lumber, composite decking, HardiPlank, and other long length items,” he says. “If these are being stored in cantilever racks, the Auto-Stak System will reduce this footprint and increase efficiency. If product is stored outside and simply in bulk piles, look to either a cantilever rack canopy system or again, an Auto-Stak. This will increase your SKU count without having to look to expand real estate and associated construction costs.” ▶

SHARPENING SKILLS

In looking at the entire landscape of material storage and handling, one thing that stands out is the importance of training, for both safety and efficiency. “Operator training is an important consideration,” says Hyster’s Worsley, “and combined with the COVID-19 pandemic, training becomes more complex due to the need to follow social distancing protocols for health and safety.”

In order to make up for understaffing issues and for the new challenges brought on by COVID-19, dealers and their staff need to be at the top of their game, and manufacturers stand ready

to help. For example, Hyster offers free lift truck operator training video content to help businesses adhere to current health and safety protocols as they onboard the necessary labor to keep operations moving as the economy reopens. Businesses can also work through the Hyster dealer network to get checklists and expert advice on how to use the videos in OSHA-compliant lift truck training programs, including what additional instruction must be provided for operators to be fully certified.

In the case of Combilift, its free warehouse planning consultancy service lets dealers visualize 2D and 3D

models of their space to see where efficiencies and storage capacity can be found. “At Combilift, we won’t just tell an LBM dealer what our expertise can bring to their business, we’ll show them,” says Combilift’s Hogan. “Combilift’s innovative, four directional forklift technology coupled with over 20 years of experience in volume optimization means we’re experts in making dealers’ space work harder.”

If there’s a benefit to the current market challenges, it’s that it allows LBM distributors the opportunity to evaluate, analyze, and invest in more efficient ways to store their product and move it around the yard and ultimately to the job site.

“Constantly ask questions,” says Krauter. “Is the product readily accessible or does the employee have to dig it out? Is the current storage area utilizing the most vertical space available? Is the product protected from weather damage? Is the area set up with the maximum efficient layout? Is the area ‘cut up’ with stored product running mutually perpendicular instead of linear?” These are the questions successful dealers will be addressing. ■

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



ABOVE: The Combilift Container Slip Sheet (Combi-CSS) is specifically designed for fast loading of containers with a maximum capacity of 65,000 lbs. According to the manufacturer, the Combi-CSS is simple to operate and is faster and safer for loading lumber onto containers.

RIGHT: Center-Line’s curtain-side trailers allow materials to be loaded to evenly distribute weight rather than by destination, the manufacturer says. As well, because forklifts have greater access, the trailers are faster to load and unload, and they eliminate the need for the driver to climb on the load or tarp it for protection during delivery.



RESOURCES

Center-Line Trailers:
center-linecurtains.com

Combilift:
combilift.com/us

CraneWorks, Inc.:
crane-works.com

Hiab:
hiab.com

Hyster:
hyster.com

Krauter Auto-Stak:
ks-ka.com

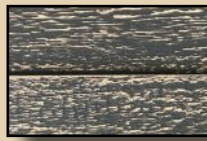
Sellick:
sellickequipment.com

Sunbelt/CT Darnell Construction:
sunebelt-rack.com

LP Smartside Lap Siding - Red Mahogany



Clay



Bleach Gray



Red Mahogany



- Detailed oriented - Quality Products - *ColortonesComplete* Process - Dependable -

(800) 948.4349 | carolinacolortones.com



Mushroom



Cherry



Weathered

LP Smartside Board & Batten - Mushroom



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



Envision Ridge Premium collection

Featuring a new fluted profile with the same EverGrain Core as its other composite decking collections, and a high-density cap, Envision has introduced a new collection, Ridge Premium. Ridge Premium is available in three colors: Black Walnut, Vintage Oak, and Gunstock. Crafted using Envision's proprietary Compress Technology, the cap and core are bonded together with heat and pressure to squeeze out air pockets and create a deep grain. Ridge Premium is available in 12' and 16' lengths with a square edge profile featuring a wider edge on the bottom than other fluted boards. Deck boards are installed with 16" joist spans and 8" stair stringer spans. Coordinating skirting and riser available, as well as color matched screws. Backed by a 25-year residential and 10-year commercial warranty. envisondecking.com

DuPont Tyvek Roof Protector

DuPont's new Roof Protector under the Tyvek brand is designed to provide a cooler surface for builders and roofing contractors. In addition to a color change, the new product is engineered for safe working conditions with a wrinkle-free and slip-resistant surface to allow for better traction. The Tyvek Roof Protector is said to hold chalk lines with increased visibility, and is designed to protect roof decks from wind and water. According to the manufacturer, the product is much less prone to wind pull-up and tearing at fastener points during installation, and is designed to lay flat. The engineered synthetic roofing underlayment is said to have a high strength-to-weight ratio and is UV resistant for up to three months. The product is covered by a 20-year limited replacement warranty. dupont.com



LP Elements Performance Fencing

LP has introduced the new 76 Series to its LP Elements Performance Fencing portfolio. The LP Elements 76 Series features narrower pickets, is available in flat top or dog ear styles, and can come primed, ready to paint by the installer. Finished 76 Series pickets are available in four colors: Mojave Ridge, Carolina Cedar, Key Largo Surf, and Portland Storm. LP Elements Performance Fencing is an engineered wood fencing solution designed to stand stronger and last longer than typical softwood alternatives. According to the manufacturer, the premium fencing won't twist, crack, or warp. The fencing is tested against winds exceeding 200 MPH, and meets Miami-Dade and Broward County wind load requirements, LP says. All LP Elements fencing engineered wood pickets are protected by a proprietary zinc borate-based process and eligible for a 10-year limited warranty. lpcorp.com/fence



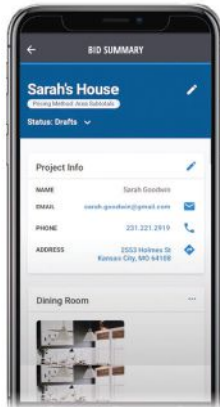
DAP Fast Dry Premium Spackling

Developed specifically for large drywall repairs, DAP Fast Dry Premium Spackling is a professional-grade spackling compound that is said to allow users to finish substantial drywall repair projects eight times faster when compared to using other heavyweight spackling compounds. The smooth, one-strike application is designed to be paint ready in as little as just 15 minutes. The spackling's can be sanded after an hour for an even and blemish-free finish, the manufacturer says. The ready-to-use formula is also said to be low-odor, with easy water cleanup, and can be used for indoor and outdoor repairs. DAP Fast Dry Premium Spackling is available to be sold in pint and quart containers. dap.com



S-W PRO mobile app from Sherwin-Williams

Sherwin-Williams now offers a project bidding tool through the S-W PRO mobile app to help users capture job details and deliver bids to customers. The new feature is designed to allow painting contractors to enter project details within the Project Bids feature in the S-W PRO mobile app, including but not limited to client information, what interior and/or exterior areas are being painted and what type of coating will be used. Then, contractors have the ability to price the work by the hour, the square foot, linear foot, or by the item. Recorded details are converted to a professional bid that is emailed to prospective customers. Users can create and reference bids from anywhere; record job details and pricing in a flexible and semi-guided workflow; refer to past bids as templates for similar jobs; and recommend products from the Sherwin-Williams catalog to the bid. Available in both English and Spanish. s-w.com/pro



REHAU hardware line

REHAU has launched its new REHAU Attivo hardware program, including the European-made Kovinoplastika Lož Hardware ARXspin line, throughout the United States. The window and door hardware range is manufactured using the ARXCoat hot-dip galvanizing process. The product range being offered in North America through the new REHAU Attivo hardware program includes REHAU branded components for window and balcony door configurations that can support up to 287 lbs of sash weight and up to 94.5" sash height. Options for rollers and locking cams provide different levels of security. Handles and cover caps are available in eight standard colors. na.rehau.com



A corner drive, left, and handle from the REHAU hardware line.

MAX USA Corp.'s TwinTier RB401T-E

MAX USA Corp. has launched what it calls the world's first stand-up, battery-powered rebar tying tool, the TwinTier RB401T-E. The RB401T-E is designed to reduce back strain when tying rebar for concrete slabs. The RB401T-E's extended frame is designed to allow ironworkers to tie rebar while standing upright. The tool's automatic contact mechanism/switch forms a tie when pushed down over a rebar intersection. There is no trigger to pull. Users can adjust the handles to two positions, and the long nose attachment is designed to help the tool glide into rebar intersections with minimal effort from the operator. The RB401T-E uses the same battery and TW1061T tie wire as the RB441T and RB611T handheld TwinTiers. TW1061T tie wire is available in black steel, poly-coated, electro-galvanized, stainless steel, and buy American options. maxusacorp.com



Simpson Strong-Tie's mass timber line

Simpson Strong-Tie has launched an offering of code-approved connectors and fasteners to serve the growing North American mass timber construction market. Simpson Strong-Tie's mass timber fasteners and connectors are designed for cross-laminated timber (CLT) construction, and will be offered through an established national network of construction suppliers. Key products launching under the Simpson Strong-Tie mass timber collection include: The Strong-Drive SDWS Timber structural wood screw; the Strong-Drive SDCF Timber-CF screw; the Strong-Drive SDCP Timber-CP screw; The Strong-Drive SDHR Combo-Head screw; and The CBH Concealed Beam Hanger. go.strongtie.com/masstimber

FastenMaster FrameFAST’s new Plate to Rim Head

FastenMaster has introduced the new Plate to Rim Head attachment for the FrameFAST Framing System, designed to create a faster connection between the top and bottom plate and rimboards. The FrameFAST system consists of both the structural wood screw and the FrameFAST tool. One tool, now with three interchangeable heads, is engineered to provide consistently accurate installation along with increased speed and safety, the manufacturer says. Allowing the worker to stand safely on the floor, FrameFAST eliminates the need for ladders and pneumatic nailers. The Plate to Rim Head is now available as an add-on accessory and is compatible with all FrameFAST tools. fastenmaster.com



My Tando Home Creator visualization tool from Tando

Tando has rolled out a new technology within its My Tando Home Creator—a free online tool that enable users to visualize home updates using TandoStone, Beach House Shake, and TandoShake. My Tando Home Creator’s new user experience has been designed to offer improved usability, increased performance, the QuickView tool for faster and easier visualization, along with professional design services including a new 3D measurement tool. No software download is required, and because of the integration of Google Street View, contractors and dealers can use the tool to bid on projects without visiting a home. My Tando Home Creator also features access to optional professional design services including 3D modeling and project measurements to provide accurate material takeoffs. My Tando Home Creator operates on iPad, iPhone, Android, and desktop/laptop. tandobp.com



How much profit is it costing you because your team isn't performing at their best?

Learn how my Retention Expert Mia can help you profit through people.



BuildingGurus.com/Assessments



Mia@BuildingGurus.com



701.963.0803



BuildingGurus.com/Mia

buildinggurus
BUILDING PRODUCTS RECRUITING

ICC-approved Sturdi-Wall brackets

Perma-Column's Sturdi-Wall and Sturdi-Wall Plus brackets for post-frame construction, have been certified by the International Code Council. Sturdi-Wall brackets are a heavy duty anchor system used for new construction, post repair, renovations, and more. Sturdi-Wall and Sturdi-Wall Plus brackets connect post-frame structures to traditional concrete foundations such as monolithic slabs, formed walls, and existing concrete pads. They can be paired with foundations already poured or while concrete is still wet. Sturdi-Wall brackets are constructed of 100% American-made 1/4" steel, robotically welded, and finished with a tough powder coat. All brackets are finished with a EpoxZi Shield coat designed to prevent corrosion, and resist UV damage. permacolumn.com



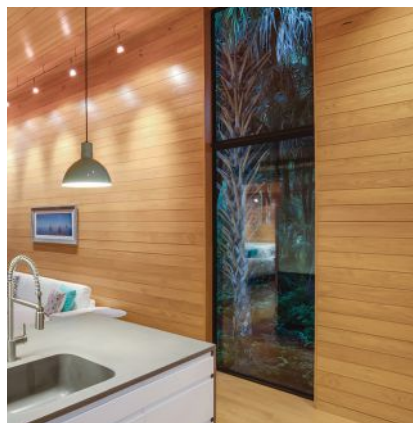
Bosch 'HELL-ION' Turbo Charger with Power Boost

The new 18V connected-ready lithium-Ion 16 Amp Battery Turbo Charger with Power Boost is said to repower CORE18V 8.0Ah batteries from 0 to 50% in 15 minutes or to 80% in 26 minutes. It is compatible with Bosch 18V lithium-ion batteries. The new charger can connect via Bluetooth Connectivity Module (GCY42 sold separately) to a smart device to enable more control over charging preferences and allow the user to monitor charging levels and status. Two additional charging functions—Max Lifetime and Storage modes—are available through Bosch's Toolbox App, developed to help pros get the most out of each battery's lifetime. With the help of the connectivity module, a user has the option to stay notified and informed on all charging activities. boschtools.com



EastCoast Gold stock boards

The new EastCoast Gold boards from EastCoast Mouldings are said to be dried slow, sawn straight, and milled smooth, featuring a V-Groove on one side and an edge and center bead on the other. At 9/16" thick, the low-profile design was developed to allow builders to complete multiple looks with one board. EastCoast Gold boards are made from clear yellow pine with a natural finish. The 1x6 boards are available in 8', 10', 12', 14' and 16' lengths. Each bundle of EastCoast Gold is shrink-wrapped for jobsite protection. eastcoastmouldings.com



LAM-PLY TRUSS

RIDING ARENAS • CATTLE ENCLOSURES • STORAGE • SHOPS

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

Independence, WI

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

DEALERS NAVIGATE TREATED LUMBER SHORTAGE

If you still need evidence of a treated lumber shortage, you won't find a better example than the front page of the July 9 edition of the *South Reporter*, the community newspaper in Holly Springs, Mississippi. That's where you'll find the story of a Chicago-area contractor who drove nearly 600 miles for a load of treated lumber.

For many contractors, particularly those who specialize in outdoor home improvements such as decking, fencing, and docks, treated lumber has been hard to come by. For Dustin Rager of La Grange, Illinois, it came by way of a lucky connection, followed by a nearly nine-hour drive.

Teddy Bryant, of Teddy's Building Supply in Holly Springs, told *LBM Journal* that he received a call from Rager, stating that a friend of a friend of a mutual banker suggested that Bryant could find just about anything that might be in short supply. Rager called, asked about his inventory of treated lumber, then asked about picking up a load.

"What he told me is that he's got three docks to build and he told his customers of the shortage and the only place he could find it was in North Mississippi. They told him to do it and he called back asking 'what time do you open Monday morning?'"

Gabe Arnold, treated lumber specialist at Do it Best Corp., said the treated lumber shortage isn't isolated to any particular region of the country. "We see treated wood suppliers being similarly affected regardless of the region. Specific products, such as decking, timbers (especially 4x4s), and 1x6 dog ear fence boards, have been the most challenging items to source in all regions of the U.S."

While most dealers will agree that sales of home improvement and DIY-related products have increased greatly during the COVID-19 pandemic, eager remodelers in quarantine aren't the only driving factor in the shortage.

"Historic demand is no doubt a contributing factor; however, it really was a perfect storm of several dominoes falling that led us to this point. First, historically low SYP pricing drove curtailments at many SYP mills. The national home centers jumped in at those lower levels, taking a considerable amount of diminished production out of the pipeline for both SYP and treated. Treater then jumped in to cover their needs which further diminished supply and further lengthened lead times. That all seemed to come together right as the unprecedented consumer demand was really taking off, fueled by many Americans being home and having received their stimulus checks. The industry hasn't had a moment to recover since. Even the weather has been uncommonly dry—perfect for working on that outdoor patio," Arnold said.

At Lockridge, Inc., a four-location full-line lumberyard serving parts of Iowa and Missouri, Clint Housh, store manager and vice president, said that so far their group has been keeping up with orders, though scheduling deliveries has been tight.

"The deck boards are what we've had the biggest trouble getting," Housh said. "We're close to a treater who is only an hour away, but even they are having trouble getting wood in to be treated."

Since Lockridge has four stores to share inventory needs, they haven't had a complete shortage of anything yet, he said. Aside from treated lumber, there have been periods of lower inventory in other lumber, as well. So far, Lockridge has been able to cover the difference by sometimes substituting different lengths.

Arnold said many dealers will see fluctuations in inventory throughout the summer months. "As we engage with our treated partners, they're sharing that it is highly likely inventory levels, especially for decking and timbers, will remain in this pattern into and potentially through the Labor Day weekend." ■



Teddy Bryant, of Teddy's Building Supply in Holly Springs, Miss., center, supervises the loading of treated lumber for a buyer who drove from Illinois because of a product shortage. Photo courtesy of Sue Watson at The South Reporter.

RICK DAVIS IS... BUILDING LEADERS 24/7

ONLINE LEARNING DESIGNED EXCLUSIVELY FOR THE CONSTRUCTION PRODUCTS INDUSTRY

- Powerful Concepts in Sales and Leadership
- Cost-Effective to Produce Real ROI
- Recruit, Retain and Engage Employees
- Track User Progress and Success
- Training that Works!



CONTENT MESSAGING TO:

- Deliver a Better Customer Experience
- Make Salespeople Better than Your Competitors
- Optimize Operational Efficiency

SCHEDULE YOUR DEMO:

WWW.BUILDINGLEADERS.COM • 773.769.4409

RICKDAVIS@BUILDINGLEADERS.COM • ELLICE@BUILDINGLEADERS.COM

BUILDING LEADERS 24/7
CONSTRUCTION SALES

Complements to NLBMDA members: Grassroots works

BY KEVIN MCKENNEY

WHILE I DISLIKE USING CLICHÉS, especially political ones, DC is as partisan as ever and the upcoming election will only continue that. As the COVID-19 pandemic seeped into the economy and our lives, Congress did find some solutions to help small businesses and Americans weather the storm. From the beginning, NLBMDA was a key player in the passage and implementation of specific relief programs. The lumber and building material industry showed a tremendous capacity to get results in Washington.

Over the past decade, NLBMDA has worked to craft a robust lobbying strategy that utilizes direct lobbying with key lawmakers on Capitol Hill along with a well-functioning grassroots advocacy program. These tools work side-by-side to ensure that LBM dealers across the U.S. have a voice in Washington and that policies work for businesses and Americans alike.

Throughout that time period, NLBMDA members have enthusiastically engaged in the grassroots component and this industry has several victories to show for it. From flying into Washington for the annual Legislative Conference to sending letters of support or opposition to elected officials, this industry is engaged and it shows. Here are just a few recent issues that highlight this point:

QIP Fix: For years, NLBMDA members have lobbied their elected officials to correct this small but consequential error in the Tax Cuts and Jobs Act. A clerical error had prevented investments in qualified improvement property (QIP) from qualifying for bonus depreciation, which increased the after-tax cost of making QIP investments. NLBMDA members lobbied Congress for this fix, which was an uphill battle, considering clerical errors are low on the list of priorities for Congress. This year, NLBMDA was successful in getting Congress to fix the law.

Small Business Loans: As COVID-19 began to affect the economy, NLBMDA members quickly determined that effective and robust federal assistance would be needed so

that dealers could keep their doors open and employees paid. When Congress was considering the CARES Act, NLBMDA members lobbied for expansion of the SBA 7(a) loan program to the tune of \$350 billion. When passed, Congress created the Paycheck Protection Program (PPP) and allocated \$349 billion. Congress also allocated money for Economic Injury Disaster Loans (EIDL).

Repeal of Health Insurance Tax (HIT): As the Affordable Care Act (ACA) has been implemented over the years, NLBMDA has identified a problem regarding Section 9010, which contains a tax on plans. The tax, dubbed a fee, assessed a tax on all health insurance companies of insured plans both inside and outside the exchange based on their “net premiums” written. While charged to insurers to help pay for the ACA, it was ultimately passed down in the form of increased premiums for small businesses, middle-income families, Medicare beneficiaries and young workers, with more than half of the tax paid for by those earning between \$10,000 and \$50,000.

Last December, after lobbying from NLBMDA members, Congress passed a fiscal year 2020 spending bill and included a repeal of the HIT effective Jan. 1, 2021.

LOOKING FORWARD

As of July, NLBMDA was working on several issues that are consequential for the industry. As Congress worked to pass a Phase 4 COVID relief bill, NLBMDA lobbied in favor of more business relief, liability protections, the low-income housing tax credit, and others. NLBMDA currently has several important grassroots engagements posted on the website and members are always encouraged to weigh in and make their voice heard.

The continuation of the strong direct lobbying capabilities and the grassroots work of our members are what make this industry a strong force in Washington. We salute all of our members who have stepped up and championed the grassroots efforts. Well done. ■



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

SUPPORT THE COMPANIES THAT SUPPORT NLBMDA YOUR NATIONAL VOICE IN WASHINGTON, D.C.




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

IF LBM DEALERS ARE YOUR CUSTOMERS, THIS GROUP IS FOR YOU. FOR MEMBERSHIP DETAILS, CALL 202.367.2496 OR VISIT WWW.DEALER.ORG



Windsor Mill manufactures the WindsorONE Interior/Exterior wood trim line as well as a collection of historically accurate moldings.

888-229-7900
windsorone.com



Boise Cascade

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

800-232-0788
bc.com/ewp



Envisioneer is an easy to use visual take off tool with vast POS integrations. It also includes design and visualization tools for the perfect business hub.

888-223-7638
cadsoft.com



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

260-748-5392
independentsdoitbest.com



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

800-777-8231
ecisolutions.com/spruce



Epicor Software serves over 2,000 LBM companies with our business management software solutions. BisTrack software is the preferred choice of inspired LBM pro dealers and distributors.

888-463-4700
epicor.com



Total needs risk management, customized insurance coverage, face-to-face service.

It's Our Business to Protect Yours®

800-533-0472
federatedinsurance.com



GAF has become North America's largest manufacturer of commercial and residential roofing.* Our success is a result of our pursuit of quality, industry-leading expertise and comprehensive roofing solutions.

*Source: Fredonia Group study

877-423-7763
gaf.com




Huber Engineered Woods offers specialty products such as AdvanTech® flooring and ZIP System® sheathing and tape.

800-933-9220
huber.com



Since 1858, Johns Manville is a leading manufacturer and marketer of certified Formaldehyde-free™ fiber glass building insulation, foam board, and spray foam insulation.

800-654-3103
specjm.com



With more than 30 years of experience in the insulation industry, Knauf Insulation is committed to meeting the increasing demand for energy efficiency in new and existing homes through the dealer/retail channel.

800-211-8426
knaufinsulation.us



Delivering real-world business strategies, information and insights to LBM distribution pros.

952-892-7793
lbmjournal.com



LMC's network of nationwide buying power is the collective strength that keeps independents strong. LMC Dealers are steeped in history, and positioned for tomorrow.

610-293-7140
lmc.net



The global market leader for decades in the delivery of trusted, innovative wood preservation technologies, cutting-edge application systems, custom marketing services and other support services. We focus on the individual needs of each customer, offering both residential and commercial products.

678-627-2000
wolmanizedwood.com



MaterialsXchange is an electronic B2B marketplace for commodity lumber and building materials. We host a network of digitally connected users who communicate in real-time with instantaneous interactions.

twitter.com/m_xchange
materialsxchange.com



The MiTek Builder Products division as part of our family of MiTek companies, was formed to unify our builder products teams to serve our customers with industry-leading products, software, support excellence and passionate commitment to customer success.

800-328-5934
mitek-us.com



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

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

Valuations have never
been higher

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

Read our monthly column in
LBM JOURNAL



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

SERVING DISTRIBUTORS, MANUFACTURERS, AND LUMBER DEALERS

COMPANY	PAGE	PHONE	WEBSITE
1st West Mergers & Acquisitions LLC	54	866.489.6604	1stwestma.com
Boral Building Products	OBC	800.521.8486	boralbuildingproducts.com
Building Gurus	48	701.963.0803	buildinggurus.com/mia
Building Leaders, Inc.	51	773.769.4409	buildingleaders.com
* Carolina Colortones	45	800.948.4349	carolinacolortones.com
* Culpeper Wood Preservers	12	800.817.6215	culpeperwood.com
Deckwise	16	941.896.9851	deckwise.com
Do it Best Corp.	IFC	260.748.7175	doitbestonline.com
Emery Jensen Distribution	19	866.681.1836	emeryjensendistribution.com
Grabber Construction Products	34	800.477.8876	grabberman.com
Huber Engineered Woods	INS-21	800.933.9220	huber.com
Krauter Auto-Stak	39	800.992.2824	krauterautostak.com
LBM Century Club	21		lbmjournal.com/century
LBM Strategies Conference 2020	6		lbmstrategies.com
Manning Building Products, LLC - Perma-boot	33	919.662.9894	perma-boot.com
* Manufacturers Reserve Supply	BB, 5	973.373.1881	mrslumber.com
Maze Nails	27	800.435.5959	mazenails.com
* Mid-State Lumber	9	800.942.7776	midstatelumber.com
Paladin Data Corporation	2-3	541.604.7322	paladinpointofsale.com
* Placid Point Lighting	5	800.704.7130	placidpointlighting.com
ProWood Lumber	23	616.364.6161	prowoodlumber.com
* Rollex Corp.	5	800.251.3300	rollex.com
Sellick Equipment Ltd.	35	519.738.2255	sellickequipment.com
Simpson Strong-Tie	1	800.999.5099	strongtie.com
Starwood Rafters	49	888.525.5878	starwoodrafters.com
Sunbelt Rack	42	800.353.0892	sunbelt-rack.com
Uline	35	800.295.5510	uline.com
Weyerhaeuser	14-15	800.525.5440	weyerhaeuser.com

*Denotes regional distribution.

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

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

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

WHAT IF IT COSTS TOO MUCH TO SERVE YOUR BEST CUSTOMER?

YOU WERE HIRED TO PERFORM A "COST TO SERVE" ANALYSIS. IMPLEMENTING YOUR SUGGESTIONS MAY JUST COST YOU YOUR BIGGEST CUSTOMER.

After ten years learning the business while working for your family's lumberyard, you decided it was time to go to work with another company to keep learning and building your career. Fortunately, you learned of a GM position at a well-respected, family-owned company a few states away that was looking to replace a longtime GM who was getting ready to retire.

Your meeting with members of the family and Gus, the outgoing GM, went exceptionally well. You were impressed by the strong, multi-location presence they'd built, and they were impressed with your energy and ideas. They were especially intrigued by the concept of "cost to serve," which you'd just started experimenting with at your family's yard. They struck you as a smart company that wasn't married to "the way things have always been," which made them a perfect fit for you—someone who understood and respected tradition, until it started costing your company money. Gus agreed to stay on for three months to transition you into the GM role.

The company's single biggest customer by sales volume was also, by far, the biggest consumer of services. As it turned out, they purposely ordered exactly what they thought they needed—refusing to account for waste or bad boards. The way they figured it, they were your biggest customer, so if they needed fill-ins, it was your responsibility to drop everything and deliver whatever they need, when they need it. The result was endless trips to their jobsites with just a couple of boards or boxes of fasteners.

When you asked Gus about this on his last day with the company, he shrugged his shoulders and said, "what are you gonna do? They're our biggest customer, and we need to keep them happy." After he left, you continued your analysis to determine just how much it cost to serve this customer. It turned out that they were, at best, a break-even account. Your company earned far more margin dollars from builders who bought far less.

Your store's overall margins were acceptable, but if you could reduce the excess time spent servicing your biggest customer, you could add a couple of points to your bottom line, which you figured would make you a hero. But only if the big customer went along. And, to put it lightly, they didn't like your plan.



"Look, we've been buying from this company since you were a little kid, and everything's been just fine. If you're going to come in here and slash our service levels, we'll just take our orders to another lumberyard that has been after our business for years. Is that really what you want?"

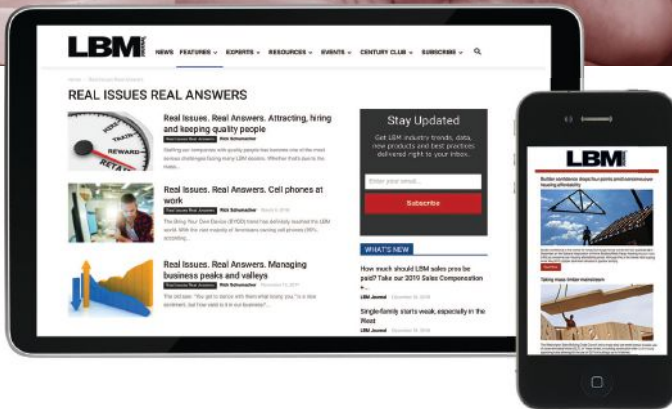
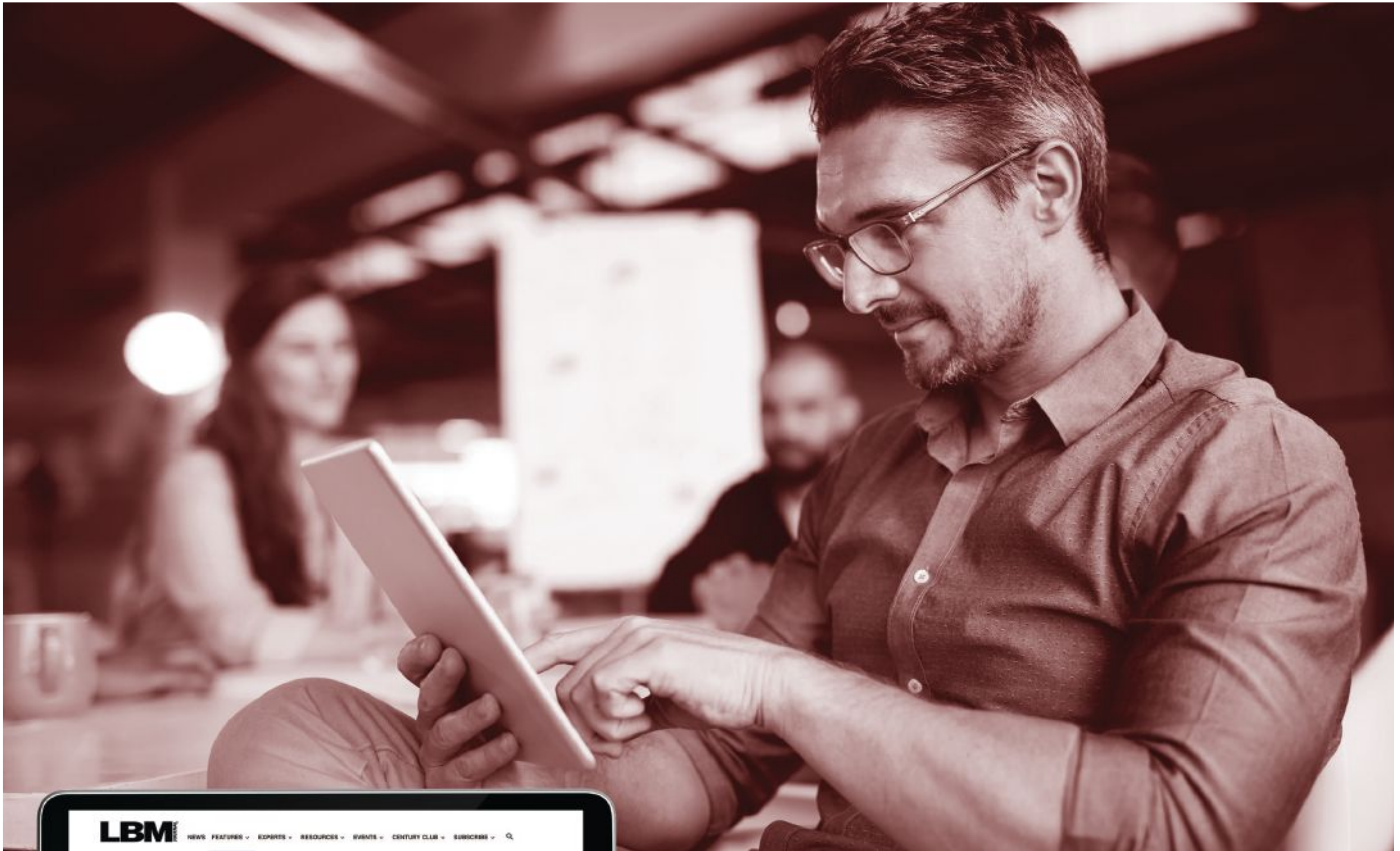
You don't want to lose their business, but the way you're currently servicing their account is costing your company money—and your builder lost time on the jobsite. What would you do?

► CAST YOUR VOTE ONLINE AT: LBMJOURNAL.COM

- **STAY THE COURSE.** So what if they're a break-even customer at best? The last thing you want to do as a new GM is to mess with your single biggest customer. Accept it and focus your energies elsewhere.
- **JUST DO IT.** Explain that you value their business, but the excessive deliveries eat up any profit. After all, he's a businessman, and he'll understand that you gotta do what you gotta do.
- **BABY STEPS.** Don't hit them over the head with drastic cutbacks to your service. Instead, work closely with the salesperson to implement small, gradual changes over time.
- **'HELP ME HELP YOU.'** Explain that each time his crew has to stop work because they ran short on boards or fasteners costs him money. Show that you want to help him, and he'll agree.

SOMETHING ELSE?

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



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

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

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

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

THANK YOU TO OUR PREMIUM PARTNERS



Stocking our mortarless stone siding. A rock-solid decision.

VERSETTA
STONE®

With colors and textures that fit any style home, our mortarless, panelized **stone siding** isn't just easy to install. It's easy to sell.

Visit VERSETTASTONE.COM to see how Versetta Stone can build your business.



BORAL
BUILDING PRODUCTS