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WHEN TO CHOOSE FLUID-APPLIED FLASHING



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

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

Doug Cameron
ESS Design+Build

Flashing Recessed Windows

When taping corners and angles with flashing tape, it's important to layer, or shingle, tape segments appropriately to make sure you're creating a continuous air barrier with the water-resistive barrier on the sheathing. While newer tape innovations such a ZIP System™ stretch tape can eliminate the origami of multiple tape segments around sill pans, for more complex installs on recessed windows, for example, ZIP System liquid flash flows into every crevice to create a smooth, continuous flashing membrane between the transitional levels of the recessed windowsill.

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

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

Sealing Transitional Details

Sealing the connection between the foundation and wall system can be difficult, and not all tapes are created equally. Depending on the type of adhesive backer used, tape may not adhere to all substrates. That's why builders such as Doug Cameron have switched to ZIP System liquid flash for a fluid-applied flashing option on this transitional detail. ZIP System liquid flash is designed to chemically bond two materials together, so there's little chance for air or water leaks in this important area of the enclosure that is gaining more and more attention from teams building to net-zero standards.

"We seal all critical junctures where water can and cannot hit in order to provide both a water-resistive and air-resistive barrier," Cameron said. "I call it our 'block and caulk' system."



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

Open your smartphone camera app to scan QR code for video link.

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AS INVENTORY VALUE CLIMBS, ARE YOU ADEQUATELY INSURED?



Lumber prices are literally through the roof. Lumber futures have more than doubled since the start of the COVID-19 pandemic as demand for lumber continues to grow with more social-distancing homeowners making renovations and city dwellers looking to build in the suburbs. Lumber demand has risen 10% to 20% since the start of the pandemic and there is a shortage of lumber available for distribution on the retail side, according to MarketWatch. Lumber prices are high and are increasing inventory values significantly for those who stock it.

Meanwhile, lumber and building materials dealers whose inventories dropped during the COVID-19 shutdowns are looking to restock their shelves. While lumber dealers may be experiencing sticker shock as lumber prices soar due to supply and demand issues, we can also consider the possibility of booming sales as a result of the increased demand for lumber.

Inventory is always susceptible to loss, whether through fire, theft or natural disasters. Insurance coverage is based on the value of goods and that value can change with the economy. This makes it essential for lumber dealers to ensure they are properly insured for their inventories — especially when the value of that inventory rises.

One strategy for managing this risk is to change insurance coverage limits to match higher-valued inventory. If policy limits are not adjusted, products in inventory that are damaged or destroyed in a fire or other incident may not be adequately covered by the business' insurance. Companies should consult with their insurance broker or insurance carrier to ensure they have appropriate limits on their policies.

Commercial insurance policies for the wood industry cover everything from building damages and theft to business interruption and lost income, as well as lost inventory. To get the most out of your insurance, keep your broker and insurer apprised of changes within your business.

This may seem a little obvious — ensuring there is enough insurance to cover a business's real inventory and operations — however, it can be easy to overlook. That can have serious financial consequences. To help address this issue, one option we have available at Pennsylvania Lumbermens Mutual Insurance Company is a convenient monthly stock reporting form so we can stay up-to-date of any changes to the inventory value. On the form, policyholders are asked to list inventories within the business as well as their values. Check with your insurance broker or carrier to discuss whether stock reporting is a good fit for your needs. As the oldest and largest mutual insurance company dedicated to wood products, providing clients with the necessary risk management tools and information is central to our mission.

For more information, ask your insurance agent or broker about PLM, contact a representative at PLM directly at www.plmins.com or call 1-800-752-1895. More details on loss control are also available on our website at www.plmins.com/additional-resources/

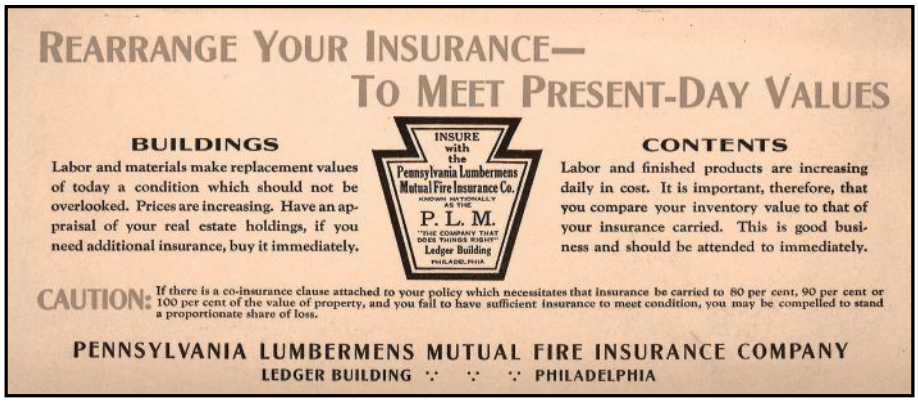
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Live on the bleeding edge





Rick@LBMJournal.com

I WRITE THIS the day after the conclusion of LBM Strategies Conference 2020. I've gotta tell you...I've been looking forward to this day. After all, it's easy for us to write about embracing change, and leveraging technology to work better and smarter. But it has a whole different feel when the main characters are us—and when the new adventure will play out in front of a live audience.

When it became clear that our plan for an in-person event in Boston wasn't in the cards, we decided to jump feet-first into the bleeding edge world of virtual conferences. We didn't know if the speakers who'd agreed to speak live in Boston would be willing to pivot to digital. We didn't know how the presentations would transfer from live to virtual. We had no idea how many LBM pros would want to attend a virtual conference. We had no idea whether sponsors would support an event that didn't provide the unmatchable experience of live interaction with many of our industry's top dealers.

Armed with more questions than answers, we did what we typically do: we aimed high and pulled the trigger. We kept with a three-day event—though cutting the hours back to work with all time zones. Thankfully, almost all of the speakers agreed to share their stories virtually. In order to give attendees something tangible for attending, we promised welcome boxes to the first 250 registrants, complete with autographed copies of books by Kevin Hancock, Rick Davis, and Rikka Brandon—plus lots more goodies.

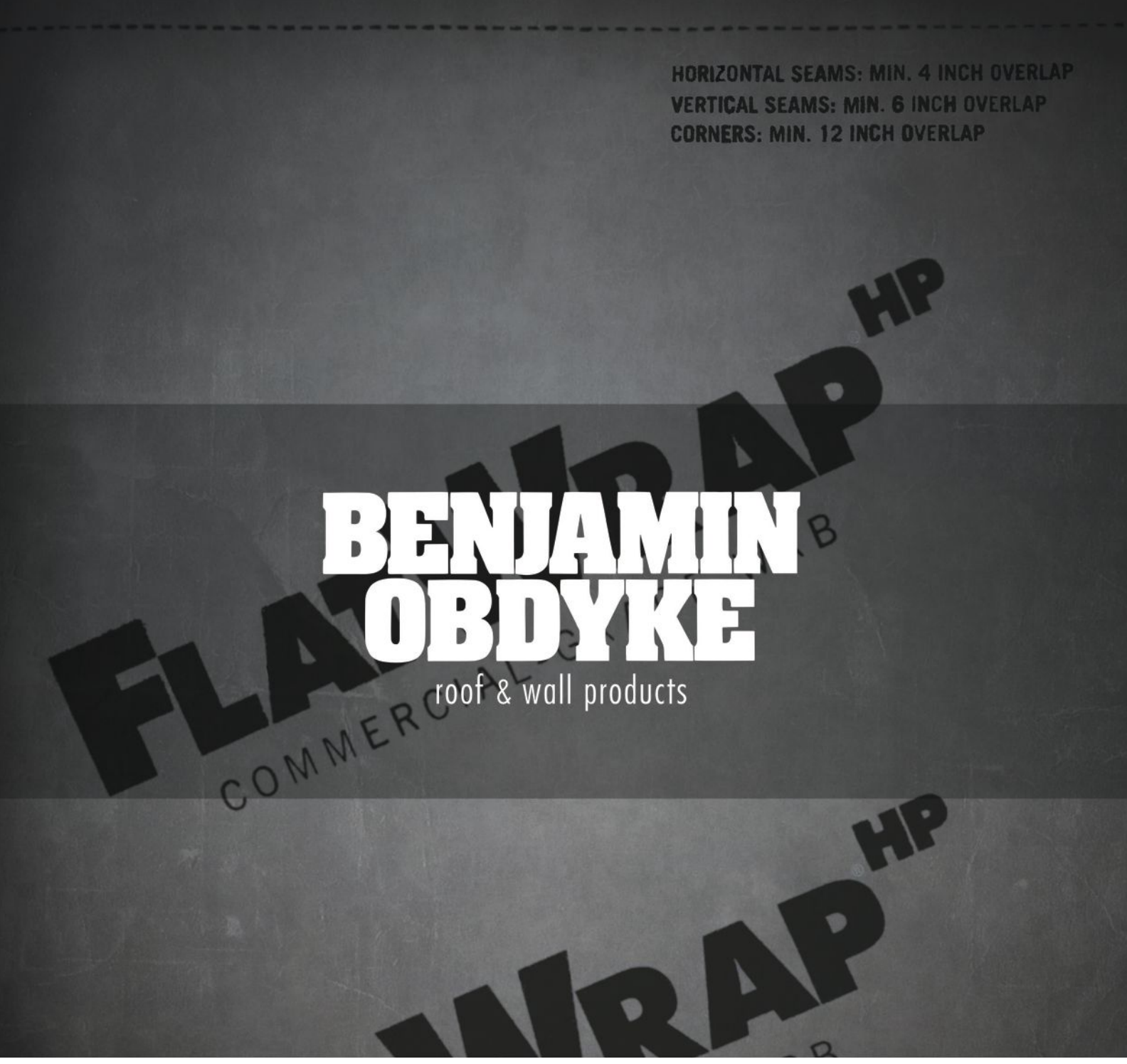
When we opened registration for the Sept. 23-25 event the first week of August, it hit home what kind of a risk we were taking. Not just the money... but the risk of holding a big event and having few people show up. We had less than six weeks to register 250 people—and to secure sponsors.

Thankfully, registrations came in steadily from the very start, and continued right up until the day the conference began. We ended with more than 250 LBM pros—about 80% of them dealers and distributors.

Over this three-day event, 23 LBM pros delivered 14 amazing sessions. Average attendance at each topped 100 people. Those 23 presenters went way above and beyond—sharing experiences and insights that I have no doubt will make a difference for attendees. The small-but-mighty LBM Journal team amazed me with how they stepped up and did whatever was necessary to make this happen.

I salute the 250 LBM pros who invested time to meet virtually with peers from across the U.S. and thank the 19 sponsors and exhibitors whose financial support made this event possible. Here's to reconnecting, live and in person, in Boston next fall for LBM Strategies Conference 2021.

— Rick Schumacher
Executive Editor & Publisher



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Culture leads the way to success

AS THE STAFF here at *LBM Journal* prepared for our annual LBM Strategies conference last month, I couldn't help but notice how the importance of company culture stood out in many speakers' presentations. Clearly, what has made those speakers and the companies where they work so successful is their focus on the organization's culture.

In looking over this issue of the magazine before we send it off to the printer, I see that a lot of our columnists have touched on the issue as well, further solidifying the importance of a company's culture, from the brand-new materials loader to the seasoned executive.

On page 22, Bill Lee tackles the topic of employee training, a key to establishing a strong company culture in which team members work together to achieve a shared goal of serving customers and increasing the bottom line. In his column this month, Bill asks, "What is the cost when you fail to train salespeople?"

Speaking of costs, Rikka Brandon's column on page 26 addresses the cost of a bad hire, which easily translates to the cost of a hire that doesn't fit the company's culture. In this issue, Rikka shares how you can best identify and recruit the best hires before learning they may not fit, which will not only save your company money, but strengthen its culture as well.

Rick Davis shares tips for training salespeople in his column on page 24. In a continuation of his recent presentation at LBM Strategies, Rick shares how successful sales coaches shift performance to avoid ineffective leadership roles. In doing so, he shares a simple formula for a successful sales culture.

In his column on page 28, Russ Kathrein goes big on culture and challenges leaders in the industry to reflect on their company's business strategies. Just how much of the company's culture is taken into account in these strategies, he asks, and ultimately, can your company answer the *why*?

Perhaps one of the best responses to Russ's *why*? question comes from Rory Menhennett in our profile of Northwest Ranch Supply (page 46). Rory is one of those guys who couldn't wait to get involved in the business his father created. It's Rory's love of his community that drives him to be the best businessman he can be, day in and day out. He wants his community to grow and for his company to be a part of it. That, in my opinion, is the epitome of a company culture built for success.

— James Anderson
Editor





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UPDATES

INDUSTRY

LP Building Solutions has awarded $95,000 in scholarships to children of employees.

Simpson Strong-Tie has renewed its support of **Habitat for Humanity**'s Habitat Strong program for the fifth consecutive year.

Weyerhaeuser has made a $150,000 donation to the Red Cross to support emergency response efforts in communities affected by wildfires in the Pacific Northwest, and particularly in Oregon.

Milwaukee Tool has announced plans for a 150,000-square-foot facility in Greenwood, Indiana, that will house tool repair and warehousing space.

MiTek is expanding its plant in Tolleson, Arizona. The company will expand into a neighboring building which provides another 153,000 square feet, increasing operation footprint by nearly 60%.

ABC Supply has partnered with **Military Makeover**, a TV show that provides free home remodels to deserving veterans and their families.

Associated Materials has closed a series of recapitalization transactions in a move the company says will significantly de-lever its balance sheet and enhance its liquidity position.

DISTRIBUTION

Holbrook Lumber will distribute **AGS Stainless**'s new Cascadia Bar Railing System primarily in New York, Connecticut, Massachusetts, Rhode Island, Maine, New Hampshire, and Vermont.

Prince Building Systems will distribute **Green Bay Decking** in Wisconsin, upper Michigan, Minneapolis and vicinity, and Northern Illinois.

Cameron Ashley Building Products has opened a new distribution center in Fort Wayne, Indiana.

MoistureShield has expanded in Minnesota with **BlueLinx**.

Dallas Wholesale will distribute **Versetta Stone**.

PEOPLE

The American Wood Council has named **Jackson Morrill** as its new president & CEO.

L&W Supply has named **Regi Shelley** as its new Triangle Triad district manager in Central North Carolina.

BlueLinx has hired **John Leahy** as director of accounts for home centers, and **Scott Walter** as its new Nashville general manager.

A.J. Jesiolowski is the new director of the framing category at **Fortress Building Products**. The company has also named **Michael Jones** to associate director, fencing, and **Jarrett Adams** as the director of its fencing category.

Darren Jones is replacing **Bevan Wulfenstein** as director of marketing at **Grabber Construction Products**. Wulfenstein is retiring after 17 years leading Grabber's marketing.

Tim Johnson is now VP of Forest Products at **LBM Advantage**. He replaces **Duncan Facey**, who has retired.


JACKSON MORRILL


REGI SHELLEY


JOHN LEAHY


SCOTT WALTER


A.J. JESIOLOWSKI


MICHAEL JONES


TIM JOHNSON

Russell Hagen, currently senior vice president and chief financial officer at **Weyerhaeuser,** will become senior vice president and chief development officer.

WITH BUILDER CONFIDENCE AT ALL-TIME HIGH, LUMBER RISKS REMAIN

In what the National Association of Home Builders says is a strong signal that housing is leading the economic recovery, builder confidence in the market for newly-built single-family homes increased five points to hit an all-time high of 83 in September.

The previous highest reading of 78 in the 35-year history of the series was set last month and also matched in December 1998. According to the latest NAHB/Wells Fargo Housing Market Index (HMI) derived from a monthly survey that NAHB has been conducting for 35 years, the NAHB/Wells Fargo Housing Market Index gauges builder perceptions of current single-family home sales and sales expectations for the next six months as "good," "fair" or "poor." The survey also asks builders to rate traffic of prospective buyers as "high to very high," "average" or "low to very low." Scores for each component are then used to calculate a seasonally adjusted index where any number over 50 indicates that more builders view conditions as good than poor.

All the HMI indices posted their highest readings ever in September. The HMI index gauging current sales conditions rose four points to 88, the component measuring sales expectations in the next six months increased six points to 84 and the measure charting traffic of prospective buyers posted a nine-point gain to 73.

Looking at the three-month moving averages for regional HMI scores, the Northeast increased 11 points to 76, the Midwest increased nine points to 72, the South rose eight points to 79 and the West increased seven points to 85.



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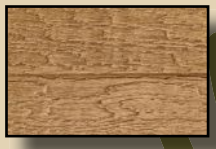
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UPDATES

MERGERS & ACQUISITIONS

Epicor has been acquired by investment firm **Clayton, Dubilier & Rice**.

L&W Supply has acquired **Drywall Supply of Colorado**.

MAJOR MERGER

Builders FirstSource and **BMC** have announced an agreement under which the two companies will combine in an all-stock merger transaction, positioning the combined company with sales in excess of $11 billion, and approximately 26,000 team members.

The combined company, operating a network of 550 distribution and manufacturing locations, will have a presence in 42 states, including 44 of the top 50 metropolitan statistical areas, covering most of the nation's fastest growing regions.

After a 90-day transition period following the completion of the merger, Chad Crow, current CEO of Builders FirstSource, will retire as previously announced and will be succeeded as CEO of the combined company by Dave Flitman, current CEO of BMC. Crow will continue to be available on a consulting basis to the combined company to support the integration execution and to ensure an orderly transition.

In addition to the succession of Flitman as CEO, the management team will be comprised of leaders from both organizations. Peter Jackson, chief financial officer of Builders FirstSource, will serve as CFO of the combined company. The transition and integration of the combined company will be led by Dave Rush, chief operating officer of Builders FirstSource's East Region, who led the integration team for Builders FirstSource in its ProBuild acquisition, and Jim Major, CFO of BMC.

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

HOUSING STARTS DIP IN AUGUST, BROUGHT DOWN BY MULTIFAMILY PRODUCTION

Single-family housing starts showed growth in August but overall housing production fell 5.1% to a seasonally adjusted annual rate of 1.42 million units due to a double-digit percentage decline in multifamily production, according to a report from the U.S. Housing and Urban Development and Commerce Department. The National Association of Home Builders reports that the pace of single-family starts in August was the highest production rate since February.

The August reading of 1.42 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 4.1% to a 1.02 million seasonally adjusted annual rate. The multifamily sector, which includes apartment buildings and condos, decreased 22.7% to a 395,000 pace.

"Consistent with surging builder confidence, single-family starts rose in August to meet rising buyer traffic," said Chuck Fowke, chairman of the National Association of Home Builders (NAHB). "Builders continue to face concerns in terms of rising lumber prices and supply chain shortages of other building materials."

On a regional and year-to-date basis (January through August of 2020 compared to that same time frame a year ago), combined single-family and multifamily starts are 13.6% higher in the Midwest, 5.4% higher in the South, 3.8% higher in the West and 4.5% lower in the Northeast.

Overall permits decreased 0.9% to a 1.47 million unit annualized rate in August. Single-family permits increased 6.0% to a 1.04 million unit rate. Multifamily permits decreased 14.2% to a 434,000 pace.

Builder confidence, however, reached an all-time high in September, even as increased lumber costs weighed on the industry.

NLBMDA SENDS LETTER TO WHITE HOUSE ON HIGH LUMBER PRICES

The National Lumber and Building Material Dealers Association has sent a letter to President Trump urging him to address the critical issue of skyrocketing lumber prices. Lumber prices have been increasing significantly especially over the past several months, and NLBMDA urged the Administration to take steps and alleviate the problem for both dealers and the residential construction industry.

In the letter NLBMDA identifies the 80% increase in lumber prices, and while the COVID-19 pandemic played a role, these prices and the rate of increase is not sustainable. NLBMDA urged the Administration to work with domestic producers to ensure production is at capacity to meet demand, along with a reemphasis on negotiating a renewed Softwood Lumber Agreement (SLA) with Canada. Staff will be working to meet with officials at the Department of Commerce to reemphasize the urgency of resolving these unsustainable prices.

On a related issue, a World Trade Organization (WTO) dispute-resolution panel ruled recently that the United States Department of Commerce and Industrial Trade Commission improperly levied countervailing duties on Canadian softwood lumber exports in 2017. The panel sided with Canadian lumber producers in their argument that the U.S. government made a series of errors when they concluded that Canada's regulated forestry industry resulted in an unfair subsidy for Canadian producers.

While the WTO's decision is non-binding, the panel has requested that the U.S. Department of Commerce reevaluate its duties imposed on Canadian softwood lumber in a manner which aligns with WTO trade agreement obligations. NLBMDA recognizes that softwood lumber pricing and availability are critical and will continue to pressure the federal government to do its part to provide relief for America's lumber and building material dealers.

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AVERAGE NEW HOME PRICE $16,000 HIGHER DUE TO LUMBER

The recent spike in softwood lumber prices has caused the average new single-family home price to increase by $16,148 since April 17, according to NAHB's standard estimates of lumber used to build the average home. Similarly, the market value of the average new multifamily home has increased by $6,107 over the same period due to the surge in lumber prices.

According to Random Lengths, as of Aug. 21, the price of framing lumber topped $800 per thousand board feet—a 130% increase since mid-April.

NAHB calculated these average home price increases based on the softwood lumber that goes into the average new home, as captured in the Builder Practices Survey conducted by Home Innovation Research Labs. Included is any softwood used in structural framing (including beams, joists, headers, rafters and trusses), sheathing, flooring and underlayment, interior wall and ceiling finishing, cabinets, doors, windows, roofing, siding, soffit and fascia, and exterior features such as garages, porches, decks, railing, fences and landscape walls.

TOP PRODUCTS USED IN NEW RESIDENTIAL CONSTRUCTION

National Association of Home Builders analysis of government data has found that new single-family and multifamily residential construction used roughly $94.93 billion in building products in 2019. Although the vast majority of the $94.93 billion was produced domestically, supporting jobs in the U.S. manufacturing sector, about 6.4% ($6.12 billion) was imported from other countries.

It may seem a relatively small number, but the 6.4% of the products that are imported can be important in plugging gaps in supply and preventing spikes in input prices, NAHB reports.

Cement and concrete products used in residential construction topped the list with $11.71 billion used in 2019. Architectural and structural metals were in a close second place at $11.17 billion. Asphalt and roofing products made of petroleum and coal registered at $7.73 billion and plastics products used in construction (piping and plumbing fixtures, polystyrene foam insulation, etc.) came in at $6.95 billion.

Wood products—everything from plywood and EWP, sawn lumber, and treated wood—accounted for just more than $10 billion, NAHB reports, adding a reminder that the figures from 2019 do not include this year's major increase in lumber prices, which NAHB said now accounts for a $16,000 increase in the price of a new home.

TOUGH CALL ANSWERS

ANSWERS TO OUR AUGUST TOUGH CALL SURVEY:

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.

SURVEY RESULTS FROM LBMJOURNAL.COM

.9%

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.

3.9%

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.

37%

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.



58.2%

'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.

READER RESPONSE

I would suggest what we do with all of our builders. Estimate the job with 5-10% waste and let them know that you will do a single end-of-job pick up of all returnable materials. You have to be up front and let the customer know that it is their responsibility to keep the return material clean, dry and stacked neatly. The outside salesman should keep an eye on pick up and let the yard know when they are going out for a delivery to get it picked up. This solution saves both the lumberyard and the contractor time and money.

– Wes Hager, Blackland Building Supply, Ennis, TX

THANKS TO EVERYONE WHO VOTED ON THE AUGUST SURVEY. SEE PAGE 80 FOR THE OCTOBER TOUGH CALL: "NOT A WAREHOUSE"

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UPDATES

CO-OPS AND BUYING GROUPS

Orgill's first e-Volution Online Buying Event brought nearly 10,000 retailers together with industry vendors and service providers in a completely virtual environment.

Ace Hardware has announced plans to enter the Mexico market. The primary area of franchise development will be in Mexico City with a projected opening of the first store in mid 2021.

At September's virtual **Do it Best** Fall Market, member-owners were introduced to opportunities to increase profitability while strengthening their businesses for 2021 and beyond, the company says. Also unveiled were new features to its ecommerce platform designed to help members further grow their business and serve online customers.

Do it Best honored Vendors of the Year at its virtual Fall Market. LBM and hardware-related vendors included: Simpson Strong-Tie, Schlage, Sherwin-Williams, National Gypsum, Sinclar Group Forest Products, Atrium Windows & Doors, and Huber Engineered Woods.

At the 2020 **Do it Best** Shareholders' Meeting, the following member-owners were elected to their first terms on the 12-person board:

Rob Gardiner
President, Damariscotta Hardware and Randolph Hardware

Scott Pesavento
Owner, Hemlock Hardware

Bob Vaughan
CEO, Alamo Lumber Company

Additionally, **Michael Cohen**, co-CEO of **Panama Do it Center** of Panama, was re-elected to a third term. The board also elected the following officers:

Doug Mans, Board Chair

Joe Taylor, Vice Chair

Michael Cohen, Secretary

David Sturdivant, Treasurer

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

2020 EVENTS

NOV 11 – 13 LMC EXPO 2020 (VIRTUAL) | lmc.net

2021 EVENTS

FEB 9 – 11 NAHB INTERNATIONAL BUILDERS SHOW | Orlando, FL
buildersshow.com

MAR 25 – 27 LMC ANNUAL MEETING | Phoenix, AZ | lmc.net

APR 13 – 16 National Lumber & Building Material Dealers Association Legislative Summit | Washington, D.C. | dealer.org

MAY 14 – 17 Do it Best Spring Market | Indianapolis, IN | doitbestonline.com

LBM STRATEGIES 2020 CONFERENCE
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KODIAK ACQUIRES CARPENTER CONTRACTORS OF AMERICA

Kodiak Building Partners' latest acquisition—its largest yet—will nearly double the company's headcount. Don and Ken Thiel of Carpenter Contractors of America, Inc. (CCA) and Kodiak have signed a definitive agreement under which Kodiak will acquire CCA, headquartered in Pompano Beach, Florida.

KODIAK BUILDING PARTNERS ANNOUNCES EXECUTIVE MOVES

Kodiak Building Partners announced internal promotions that the company says will further enhance its pursuit of a vision of "Creating a culture that empowers local leaders to succeed in the communities they serve" and improve its responsiveness and collaboration across all companies.

Mark Garboski has been promoted to chief operating officer.

Mike Flood has been promoted to executive vice president, operations.

Pat Flood has been promoted to executive vice president, operations.

Mike Fairbanks has been promoted to president of New England Building Supply.

Dena Cordova-Jack will serve the company in the capacity of sr. director, talent management.

ALPINE LUMBER OPENING NEW SILVERTHORNE LOCATION

Alpine Lumber, based in Englewood, Colorado, is opening a new location in Silverthorne, Colorado. The full-line greenfield build will be the company's 20th location in the Colorado and New Mexico areas. Plans for the new facility scheduled to open in April 2021 include an indoor lumberyard that sits on six acres.

CENTRAL VALLEY BUILDERS SUPPLY NAMED A 'BEST PLACE TO WORK' IN SAN FRANCISCO NORTH BAY

Central Valley Builders Supply has been named one of "The Best Places to Work in the North Bay" by the North Bay *Business Journal*. This marks the second consecutive year that Central Valley has received the award, a significant highlight as the survey was conducted in the midst of the COVID-19 pandemic.

HAMMOND LUMBER ANNOUNCES NEW SENIOR LEADERSHIP TEAM

Hammond Lumber Company has announced the creation of a new senior leadership team. Mike Hammond, president and CEO of the fourth-generation, family-owned, Maine company has appointed internal promotions and several new roles within the company. The team consists of:

Mike Hammond, president and CEO

Don Hammond, executive vice president

Rod Bickford, COO

Hannah Colson, CFO

Fred Perkins, sales manager

Mitch Bickford, VP of business processes

Dan Curtis, VP of operations

Dawson Davis, VP of information technology

Al Feather, VP of operations-central region

Jason Gagnon, VP of operations-southern region

Steve Hardy, VP of operations-northern region

Matt Masse, VP of purchasing

Ted Perkins, VP of operations-midcoast region

Bruce Pelletier, VP of safety and risk management

Steve Pray, VP of operations-southern region

Jake Webb, VP of commercial sales

Rod Wiles, VP of human resources

Dick Willard, regional VP of purchasing

Lori Witham, VP of kitchen, bath & flooring

Sadie Hammond, director of organizational development

BUSY BEAVER TO OPEN NEW STORE IN FORMER MOVIE THEATER

Pittsburgh-based Busy Beaver home improvement retailer plans to open its 25th store in Delmont, Pennsylvania, in May 2021. The new store will occupy a former AMC Theatre site, the company announced. At 55,000 square feet, it will be one of Busy Beaver's largest stores among its locations across western Pennsylvania, eastern Ohio, and northern West Virginia. In addition to hardware, the store will feature a lumberyard, pet and farm departments, and a designated contractor service center. It will also feature an expanded outdoor garden center and seasonal department.

BY THE YARD

NEWS FROM LUMBERYARDS
AROUND THE COUNTRY

GOLDEN STATE ALIGNS YARDS, DESIGN SHOPS UNDER ONE BRAND

The only real change is the logo, Golden State Lumber announced on its website as the California-based company unveiled a new logo and a unification of its brands. Under the newly-branded Golden State, the company's lumber and window & door design brands are united as one. The change was made to give the lumberyards, retail locations, and window & door design showrooms a united brand logo that encompasses both sides of the business.

NEW MCCOY'S DOOR AND MILLWORK FACILITY DOUBLES CAPACITY

McCoy's Building Supply relocated and expanded its door & millwork facility in New Braunfels, Texas. The new location is less than two miles from the original and more than doubles the production capacity. The door and millwork facility produces custom and standard interior and exterior door units for builder and remodeler customers and is the door and millwork supplier for more than 70 McCoy's retail locations.

HAWAII MERGER

Fifth-generation, family-founded HPM Building Supply of Hawaii has announced a merger with another longtime, family-owned business, Miyake Concrete Accessories, Inc., which operates four building supply stores and one truss manufacturing plant on Maui. The merger expands HPM's presence throughout Hawaii.

US LBM ANNOUNCES EXPANSIONS

US LBM has opened a new Hines Supply roofing and siding location in West Chicago. US LBM has also opened a new Universal Supply roofing and siding location in Manchester, Connecticut.

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What is the cost when you fail to train salespeople?

BY BILL LEE

WHAT CAN THE FAILURE to properly train a salesperson cost your company? Unfortunately, this is a number that is extremely difficult to precisely determine, but based on my experience, it is substantial. Let's explore how we might do a reasonably good job of estimating the answer.

I was recently asked to train a small group of salespeople, all of whom were novices; that is, none of them had ever actually made their living selling. I began by trying to get some idea of how they would respond to some of the questions I know from experience that customers and prospects will use to test how savvy a new recruit is about pricing.

When they came on board, XYZ Building Supply provided these sales trainees four weeks of product knowledge training along with a price list to use when they needed to quote prices. My strategy was to give these green salespeople a written list of price-related questions they were to answer in writing.

The first salesperson made a sales call on a prospect who bought the majority of his materials from a competitor, but would occasionally give some of his business to other suppliers just to maintain a relationship with them. The buyer then asked one of the trainees to give him some prices.

Buyer: "I have always believed in helping a new salesperson get started. Here is a list of material I need to buy—how about seeing what you can do for me."

Salesperson: "Could I get back to you later this afternoon?"

Buyer: "Sure, that'll work for me just fine."

So, the salesperson took a long lunch, priced the entire material list and brought it back to the buyer at 3:45 PM.

After looking over the prices, the buyer said, "I've looked over these prices, and I'd have to say I'm disappointed. I thought this might be an opportunity for us to do some business together. These prices are a lot higher than what I'm paying now. You can't be very serious if you are quoting me prices this far out of line."

"Mr. Buyer, you know I'm new to all of this. Would you please give me some idea of where my prices need to be and give me one more opportunity to quote?"

"I don't make a practice of doing business like this, but if you'll take about 14% off the prices you quoted me, I'll give you the benefit of the doubt. Can you do that?"

Embarrassed, the salesperson said, "If I make it an even 14%, will you give me the order?"

"Well, you'll still be slightly high, but yes, give me your confirmation in writing and you'll have yourself a deal."

"Okay, I'll shoot you an email immediately. When you're ready for the material, please try to give me a half a day's notice and I'll get it right out to you."

Could this happen at your company? There are dozens of contractors in dozens of markets that will take advantage of inexperienced salespeople who have been given too much pricing authority with too little training.

RECOMMENDATIONS

Offer a written quiz during training. Separate your salespeople while they are taking the quiz and make it clear they are not permitted to discuss their answers as they write the answers to your questions.

Ask them how they would handle this same situation. Have them email you the responses privately. When you conduct the training program, do not embarrass your salespeople in front of the group by disclosing which salesperson gave which answer.

The sales manager should very carefully rewrite the answers to each question and make sure the answers are approved by multiple managers in positions of authority in your company. ■



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

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The lost art of sales coaching

BY RICK DAVIS

I SUGGESTED IN MY JUNE ARTICLE (*Sales coaching is like golf instruction*, page 19) that the art of sales coaching is a skill that has never been developed or understood by most managers. At the recent LBM Strategies Conference, which you hopefully attended, I embellished those thoughts by identifying how successful coaches shift performance to avoid the ineffective leadership roles that I refer to as: the data junkie; the hero; and the criticizer.

The *data junkie* focuses only on the results of sales volume and margins while not knowing how to coach the performance that builds desired results. Interactions are pressure-packed exchanges where the manager, sitting in front of a spreadsheet, peppers the salesperson to provide predictions about future sales results and expected closing dates. The answers are the salesperson's guesses, which are designed solely to appease the demanding overseer. For each sale not made, the manager strives to know "what went wrong" with the presumption that the salesperson screwed up in some way. The end result is a salesperson who gains little performance feedback while pressure for results escalates.

The *hero* is the manager who takes over sales meetings with customers in front of the salesperson. The manager assumes his or her skills are superior and therefore "demonstrates how it's done," while presuming that a salesperson will learn by osmosis without specifically discussing the skills on display during the meeting. It turns out the manager operates with an instinct that has created sales success in the past or, worse yet, is an illustration of poor salesmanship, which in either case fails to successfully transfer skills to the student. The result is a competition between the coach and performer that should have been avoided.

The *criticizer* is a manager who allows the salesperson to run sales meetings while observing performance, but unfortunately emphasizes mistakes. Rather than scripting a plan, the criticizer randomly points out one flaw after another in a performance and presumes that pointing out the mistakes will cure them. Even if the criticism is accurate, the result is a discouraged salesperson who becomes resistant to interactions with the criticizer.

Good coaching is a planned performance. There is a better way.

Set the expectation for the performer to schedule "the perfect day." A lot of managers are surprised that I recommend a salesperson is given ample time to prepare for a coaching session. They believe it is best to spring a last-minute request on a performer for a joint ride-along as a way to see their "normal" day. I believe it's better to see their peak performance capability. In other words, if you can't see the salesperson doing the job as expected once while you're looking, there is little chance they can do it with regularity when you're not.

Sales science comes first. The problem with the hero and the criticizer is that dialogues are commonly based on opinions about presentation skills, closing skills, and other subjective performance factors. Quality coaching emphasizes objective performance data where, unlike the data junkie overly focused on results, the dialogue quantifies meaningful performance data that lead to predictable future results. Scientific selling skills are objective, measurable and, most importantly, avoid the conflicting opinions created when the coach and performer debate subjective, artistic selling skills.

Validate foundational skills before coaching the advanced ones. The final aspect of sales coaching is validation. After a quality session, the capable coach provides constructive feedback and then later validates application of the lessons before introducing new skills sets.

It's part of a simple formula, although it is not easy. If the salesperson is not achieving desired results, it is up to the manager to build the performer and performances that work. It takes time to perfect the process and even more to instill the right skills in performers, but the results are lasting. ■



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



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The cost of a bad hire

BY RIKKA BRANDON

WHEN YOU ASK a CEO or sales manager about the cost of a bad sales hire, the first thing they're likely to bring up is the actual cost of hiring—onboarding, training, benefits, etc. But the true cost of a bad sales hire will go far beyond these initial costs (according to HR Exchange Network, the U.S. Dept. of Labor estimates a bad hire can cost as much as 30% of an employee's first-year earnings).

To really understand the costs, you must look at it a little differently:

Say you hire three sales reps—Adam, Bob, and Carl—at the same time.

Adam is a rock star in terms of sales, blowing every goal you set for him out of the water and routinely exceeding expectations. In his first 18 months with the company, he generates $1.5 million in revenue.

Bob is an average performer. He *meets* most goals but rarely *exceeds* any goals or expectations that are set for him. He generates $755,000 in revenue during his first 18 months.

Finally, we come to Carl. He turns out to be a "bad hire"—an underperformer who never seems to meet goals and falls far below the benchmarks set by Adam and Bob. Carl only generates $388,000 in his first 18 months.

There could be a number of reasons Carl is underperforming, but let's assume that everything in the market is equal and that he is failing because he simply isn't cut out to be a building product sales representative. He lacks motivation and the communication skills to be a success in the field. This is unfortunately a common occurrence; many people can talk the talk in the interviewing process, but then once they're in the job, actually walking the walk seems to be a major issue.

The numbers speak for themselves. Your most recent "bad hire" has cost the company not only the initial hiring expenses, but also $367,000 in lost sales over that of Bob and a staggering $1.1 million in lost sales compared to Adam.

When you look at it this way it becomes quite clear that the real cost of a bad hire is far beyond those initial expenditures that apply to all new employees.

THINK BEYOND THE SCARCITY MINDSET

I realize that you're not intentionally hiring underperformers. You're working with what's available, those who chose to apply. But when you hire someone who's not ideal, you're going to spend a lot of extra time and training getting them up to speed and, as described above, they're going to take longer to start delivering ROI. This is a cost you're silently agreeing to absorb when you opt to settle for scarcity.

Instead, spend that investment of time and money (and it will end up being a smaller investment overall) *before* you hire them. Put forth greater effort and tools up front to improve your pool of prospective candidates, thereby increasing your chances of hiring an Adam from the get-go instead of hiring a Bob who needs more work to mold him into what he needs to be. These efforts might include better networking, posting the job in more than one place, reworking your job ad, or perhaps engaging with a professional recruiter or staffing agency.

It's a choice, for sure. If you lead with the scarcity mindset, recognize that you're likely going to have to spend time and money down the road to make those lesser candidates work, or even leave a position unfilled and watch opportunities and revenue go to waste (a good salesperson generates anywhere from three to five times their compensation in revenue). Alternatively, if you try a little harder before you hire, you will likely save time and preserve profit in the long run.

I challenge you to think about the time, energy, and loss of productivity you're going to experience by hiring someone you know is a long shot to succeed versus spending a bit more time or money to get someone who will have a lower learning curve and deliver better results. ■



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

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George Keller & Sons*

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Culture eats strategy

BY RUSS KATHREIN

COMPANY CULTURE, like a society's culture, is what drives behavior and serves as a directive for all major decisions. If nurtured and focused on the right things, it can create a company that rarely fails because all decisions are reinforced by its culture. If ignored, it can take on a life of its own that can actually run counterproductive to the health of the company. In his TED Talk, Simon Sinek called this the organization's *Why*. Leaders who have established a clear reason for why the company exists and why its members do things the way they do, can exceed all reasonable expectations of success. Sinek frequently cites Apple and the focus that Steve Jobs put on the individual and challenging what society considered the norm, as a company that was very successful in answering why the company exists.

In societies, look at the ancient Greek city states of Sparta and Athens. Both had strong cultural whys that drove their actions and decisions. Sparta was a warrior state where everything from the day a baby was born was focused on creating the best warriors to defend Sparta. Athens focused on the arts and learning, which in turn led to them creating the first democracy. Both were very successful and influential. Athens ultimately fell to Sparta in the Peloponnesian War due to Sparta having the stronger focus on military fighting. There were other Greek city states at the time, but none had strong cultures like these two, so they faded into obscurity.

As leaders within companies, we are tasked with setting the strategic path of that company. Many strategies that on the surface looked promising, have often failed because the leadership failed to take into account the company's culture. If a company has a highly paternalistic culture where employees are nurtured and underperforming employees are moved to another job or just tolerated, how well would a competitive strategy of aggressively going after market share succeed? When I was at ProBuild we had a company that was created from many smaller companies, but in reality, had six strong and distinct cultures. One culture was very entrepreneurial and risk taking, while another was very conservative and risk averse. One was very sales driven and dominated by performance, while another was very operationally innovative and encouraged out-of-the-box thinking. All were successful in their own right, but when the Great Recession hit and leadership decided we needed to combine into one company and one culture, the initial reaction was like Baskin Robbins taking 31 flavors and boiling it down to one common flavor—vanilla. With employees of the stronger more focused cultures, the need to change fell on deaf ears or was outright challenged. Where employees came from less defined cultures the change was accepted, but by this point the "why" of the new ProBuild culture was so watered down and unfocused, it just became another initiative from corporate that people failed to understand or embrace that ultimately failed.

Before embarking on a new strategy, a leader must first understand the culture of the company that they work within. If it is strong and definable, then it may be possible to answer the why question for your company and then establish a strategy that is defined by and plays to that culture's strengths. Chances are your company's culture is either hard to define or it fails to lead you easily to the answer of why the company exists. That's okay. It just means you have to do a lot of listening, spend a lot of time planning and preparing, and then make difficult changes in people and the business in order to create the proper environment to change the culture to something that can focus on a clear direction and be guided by the basic principle of why your company exists. Most companies are not ultimately successful at this, but even if your company's *Why* is not as compelling as Apple's, if it permeates throughout the organization and everyone is marching to the same tune, then the right strategy will effortlessly be adopted by the culture and it will be successful. If not, it more than likely will end up sounding like a brass section playing a piano concerto. You will understand the tune, but it just doesn't sound right. ■



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



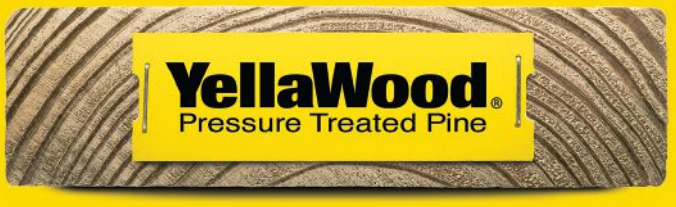
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Everyone can win when a cash bond is involved

BY THEA DUDLEY

Dear Thea,
We had a recent inquiry from a prospective customer with a poor business credit wanting to use a $10K cash bond to secure a line of credit with us. Can you point me to any information addressing this option? I have never heard of doing this before.
– Stumped in Sturgis

Dear Stumped,
Your compass just landed on yes! This is the credit version of Christmas, your birthday, and having lunch with Big Foot all rolled into one fabulously shiny gift from the credit Gods. Let me just recap what I read: A customer shows up on your doorstep, tells you up front they have a sorry credit history, offers to put up a cash bond to secure a line of credit with your company, and you have questions?

My apologies if that was a bit over the top. I can actually understand you questioning this inquiry. It happens so rarely that most credit managers never get a chance to entertain this type of dilemma. Usually it is us credit folks coming up with creative and sometimes unusual options to try to get a challenged account open—asking for a personal guarantee, cross corporate guarantee, bank letter of credit, first born (you get the idea). So, when someone comes to the table with a challenge and a solution, credit eyeballs suspiciously look for the "catch." We are a cautious and trust-impaired group.

I believe the verbiage is what is tripping you up. A cash bond is usually an arrangement in which one party (in this case the credit-impaired potential customer) gives another party (in this case your company) a set amount of money to secure the fulfillment of an obligation. In the event party number one fails to comply with the obligation, the money is forfeited to party number two (you).

What you are really doing is holding the money in "trust" at your company. Everyone wins. The customer gets a line of credit and the opportunity to help rebuild their poor credit history, and you get a new customer and additional sales.

Your customer may be referring to a letter of credit from a bank, with your company as the holder. That will cost the customer a small fee, and to collect on it you will have to make a formal request and jump through a hoop or two in order to get your money if it comes to that. I would ask the customer to clarify exactly what his definition of a "cash bond" is.

The two of you can then set the ground rules for how you are going to move forward with everyone understanding the setup, the expectations and when the trigger needs to be pulled on paying the account balance with the "cash bond." For instance: The $10K is held as your bond or collateral, as long as the customer is paying his account within terms, the $10K remains in trust. If the account goes past due (and this is where you will need to set the expectation), then the $10K is used to pay the debt and breaks your agreement.

Is the understanding the customer will have $10K line of credit with you or are they expecting you to match that and give a $20K line?

If you both agree that if the account goes 30 days past due, you will use the cash bond to pay the account and move it to your COD program, what is the communication with the customer? I strongly recommend putting everything in writing upfront, prior to any materials rolling out the door. Write up an agreement, sign it, have the customer sign it, and make sure everyone gets a copy. ■



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



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OPEX reductions may wipe out pandemic losses

BY JOHN WAGNER

MOST LBM DEALERS that we work with—either consulting on their valuation or bringing them to market for acquisition—are actually having remarkable success in the midst of the pandemic. Some have even seen record days for sales volume.

Despite lumber and materials shortage in some product sectors (like pressure treated wood) and spiking prices, demand is strong for new housing, and—as people sit around their homes, unable to spend money on vacations—remodeling has benefitted as well. The fact that some states have designated LBM dealers as "essential businesses" has helped enormously, allowing them to remain open, even when restaurants right next door have been shuttered.

That said, not every dealership is having record sales. Some have booked lower sales due to the pandemic. Yet even for those companies, there's an interesting dynamic at work, and companies that are suffering with sagging sales have discovered a silver lining. The reduction of sales has seen a coincidental reduction in operating expenses (OPEX), as reduced operations demand less cash. Interestingly enough, in the cases we have seen, the reductions in OPEX has been, freakily, almost dollar for dollar, equal to the loss of revenue due to the pandemic, a wash!

How does this OPEX reduction look on P&L (profit-and-loss) statements?

Readers of this column and attendees at our webinars know that when you reduce your OPEX, you add to your EBITDA, on a dollar-for-dollar basis.

If your company cancels its attendance at a contractor trade show, or you skip your summer customer-appreciation picnic, you may save $10,000 here and $5,000 there. The restrictions brought on by the pandemic may have forced you to forgo other OPEX expenses too, such as the salaries of furloughed employees.

These savings add up. However, it's not as important that these savings add up, as it is where they end up.

Save $10,000 by not going to a trade show lops that amount off of OPEX, and adds it directly to EBITDA. If you were to sell your company, where values are very often calculated on a multiple-of-EBITDA basis, that $10,000 savings can be a $50,000 increase in company value if you were acquired on a 5X EBITDA basis.

Caveat: From the "be careful what you wish for" department, it's advisable not to feast on too much of a good thing. If you are carefully watching your OPEX (and it's probably the most important line in the P&L), and carefully watching OPEX as a percentage of sales (a central KPI for any well-run business), you may be happy to see your OPEX drop, and your company value rise as a result of better EBITDA performance. Inspired by these savings, you may say: "Well, give me some more of that!" and perhaps cut OPEX too deeply, diminishing its return on profitability.

Here are the implications of that in an acquisition. When an acquirer takes interest in your company, they will plot your OPEX on a trailing twelve-month basis, while also looking back over two or three years. If your OPEX as a percent of sales drops over time as your company grows (a welcome trend), perhaps you moved from OPEX as a percent of sales of 15%, then 13%, then 11% over the last three years. The acquirer will like that performance. However if you are trending at 15%, 13% and 11%, but then you drop dramatically in the year before the sale of your company, or in the trailing twelve months going into the sales, dropping from 11% to, say, 8%, the acquirer will likely raise a red flag. They'll rightfully ask if you are reducing OPEX to artificially heighten EBITDA, just to drive up the total enterprise value (TEV) at the long-term expense to the company's future fortunes. "Are you cutting skin, muscle, *and* bone here?" is something you might hear, if the OPEX is dramatically reduced as you approach the offering of your company for sale. The acquirer may even look at your OPEX and argue for add-backs that are more normative from past yearly trends. You'll resist doing so, because those dollars come off EBITDA, but you really do owe the acquirer a company that's operating within the "swim lanes" and trends of past years, and not a company whose books are being worked to artificially heighten value. ■



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

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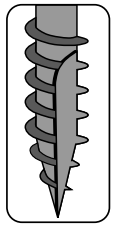
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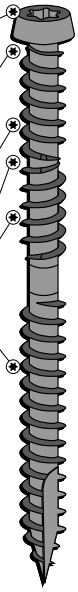
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A packaged opportunity

BY SHANE SOULE

YOUNGER, LESS EXPERIENCED builders with expertise in new home trends and marketing are on the rise. They're replacing the "boomer" builders who started out as framers and worked their way up in the industry developing a wide understanding of construction skills and abilities over time.

These younger builders pride themselves on responding to rapidly and consistently changing trends as the rise of technology (via apps like Houzz and Pinterest) creates endless ideas. This means tech savvy builders count on suppliers more and more for technical, structural, and estimating support.

One growing trend is the request for "guaranteed" or "contract" prices for material packages. Why? Their decreased technical and structural knowledge reduces their confidence around both what they need to order and how to check itemized quotes for accuracy. When they get caught over-shipping on a project, and these negative variances affect their profitability, the prospect of "one price guaranteed" starts to become very appealing. This guaranteed pricing structure has become the norm in commercial supply, but not on the residential projects, as more liability potentially passes from builders to suppliers with respect to quantity and accuracy of takeoffs. I understand this resistance, because I was once a supplier who wouldn't do it—and when it was required, I allowed myself to walk away from the business. However, I soon realized it became my preferred way of selling jobs.

Here are some of the big advantages with not only embracing these requests, but actually *proactively* selling this packaging concept to your customers.

Selling a service, not a commodity. Are you only selling a "list" of materials like the box stores, or are you supplying a service that just so happens to also include material delivery?

Protecting your hard-earned design/estimate. We've all had the experience of doing multiple takeoffs and multiple revisions after multiple meetings with the builder and homeowner, only to watch the customer send all the engineering and design "whited out" to a competitor to get an "apples-for-apples" bid. The problem is that it's not apples-for-apples, because the competitor starts bidding with a fraction of the cost into the project. Not cool.

Burying some additional "services" in your pricing. I'm a big proponent of solving issues and pain points—even those outside of the supply scope. I've had great success telling a customer that if they commit 100% of their business to me, I will cover all costs of prints (or something else outside of my scope that has tangible value). In a guaranteed package, you can bury this cost more easily than trying to raise commodity pricing and hoping that they won't check your piece pricing.

Creating an additional barrier of entry for competitors. In the beginning of this article I mentioned that a high percentage of suppliers will not guarantee their package price. Well guess what? That shrinks the competition in your market for this kind of offer. And generally, when a customer tries package pricing, they don't want to go back to itemized.

TIPS FOR GETTING THE MARGIN YOU EXPECT ON THESE JOBS

- Start with the proposal
- Setup a "contract" in your ERP
- Eliminate the waste factors on shipping
- Send detailed ship lists and header maps
- Create a solid closeout process

If you are hesitant to go this direction but are intrigued with the opportunity, try it with a core customer. Be open about it with them and explain the potential benefits, especially as it relates to the concept of the guarantee. Once you close out a couple jobs, you will get better at the process and more assured of your expected outcomes. You'll be ready to release it to your market with confidence in no time. ■



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



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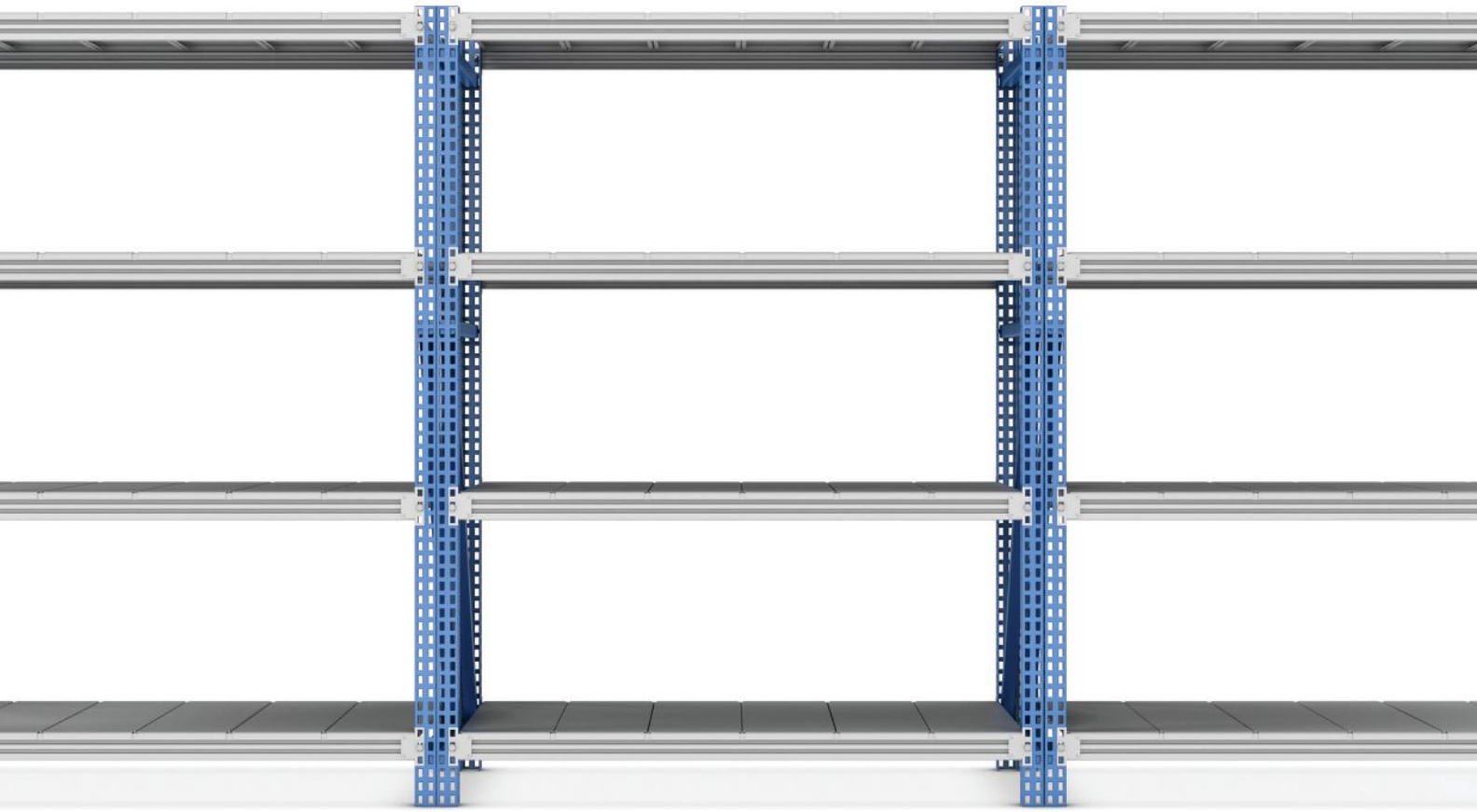
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The year started with strong expectations for building and remodeling. Then the pandemic hit, and no one knew what to expect. In fact, many lumber dealers tightened their belts and prepared for the worst. But if 2020 has taught us anything, it's to prepare for the most likely outcome, but also anticipate exactly the opposite scenario, just in case. So by 2020 logic, that means record sales amidst a global pandemic, right? Go figure, but that's what happened for many in the industry.

The result has been serious material shortages in parts of the market. We were contacted by an LBM dealer facing some shortages in his area and he asked if others in the industry had experienced the same thing, and if so, how they were handling it.

So we posed that question to our loyal readership in this month's **Real Issues. Real Answers.** survey. Thanks to the 442 dealers who responded to our survey seeking solutions to the...

MATERIALS SHORTAGE›

BY LBM JOURNAL READERS

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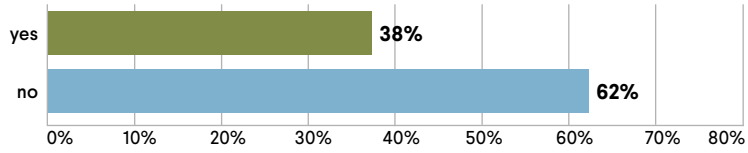
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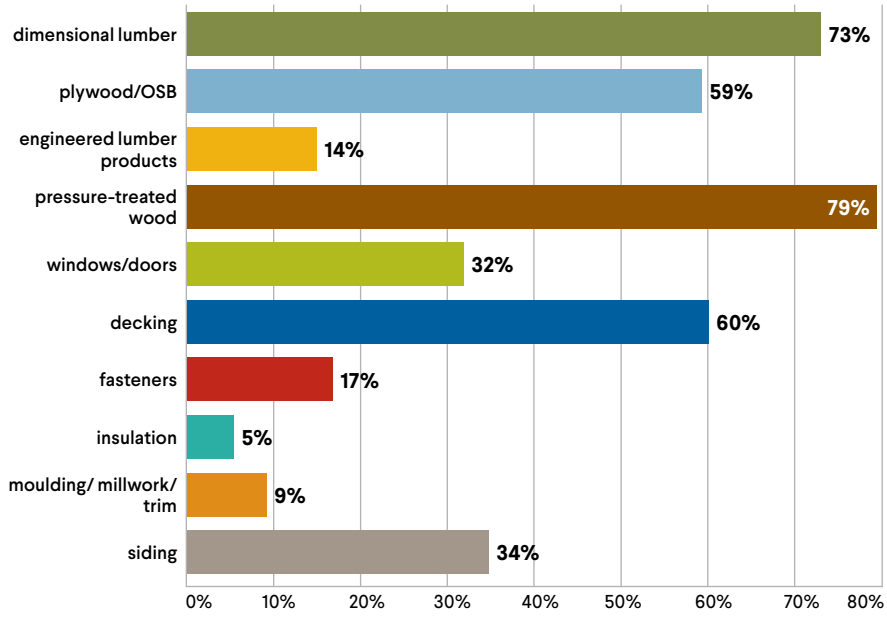
As is evident in the graph, 62% of respondents are unable to find all the lumber and building materials that their customers require.

Pressure treated wood is the most sought-after material. According to our survey, nearly 80% of dealers are experiencing trouble sourcing these materials. Dimensional lumber isn't far behind, as 73% of dealers indicated difficulties obtaining what their customers require. Plywood/OSB and decking also make up significant shortages, with around 60% of respondents indicating shortages of these materials.

Is your company able to source all the lumber and building materials your customers require?



Which products are you having trouble getting from your vendors?



WHAT ADVICE DO YOU HAVE FOR THIS DEALER?

"We've experienced products being on allocation before, but nothing like this—serious shortages of materials in multiple categories. Our sales staff now has to not only sell items that we have, but also sell material that we don't have. Convincing customers to pre-order and wait for extended delivery times is an art in itself. I know of other dealers who are frustrated, and they feel that the manufacturers fell down on this one and folded supply tents too early. Now that we're in this situation, how are we supposed to navigate this with our customers, since no one seems to know when it's going to end?"

RESPONSES FROM LBM DEALERS AND SPECIALTY DISTRIBUTORS

"Order material needs as best you can. You cannot run your business from an empty wagon. Bite the bullet on price, but get your sell prices changed to reflect current replacement costs and keep them updated. Everyone is in the same situation. Make sure your customers are aware of what's going on and order your special orders well in advance."

"I keep reminding my customers of the long lead times."

"Everyone is in the same boat. If they want to move forward with their project it is best to get at the top of the line for incoming materials. By getting in the queue they will get their products quicker than trying to check with places daily to see who got what when and how much."

"We have been more proactive about purchasing. I am relying on product history and trying to buy what I can even if it is 3-4 weeks out. I think we may have to substitute plywood for OSB at some point. Most of our problems are with commodity items. We are also being careful not to be left with too much expensive inventory when this does correct itself."

"We are using alternatives like Brazilian CD, no name decking from people trying to break into a market controlled by a few, and alternative species in framing. In treated, we're selling 2x10 or 2x12 instead of the requested 2x8, more money but the job gets done."

"I try to be up front and honest with everyone. Most get it, some think it's a sham."

"Solving problems is the key to your organization's success. Communicate with your customers and team on the front end. Don't overpromise. We've also expanded our number of regular suppliers. We've also been able to recommend substitute products in some cases. In some cases we allocate to our customers too. Now more than ever is a time to be creative and if you can solve enough problems you will gain great market share."

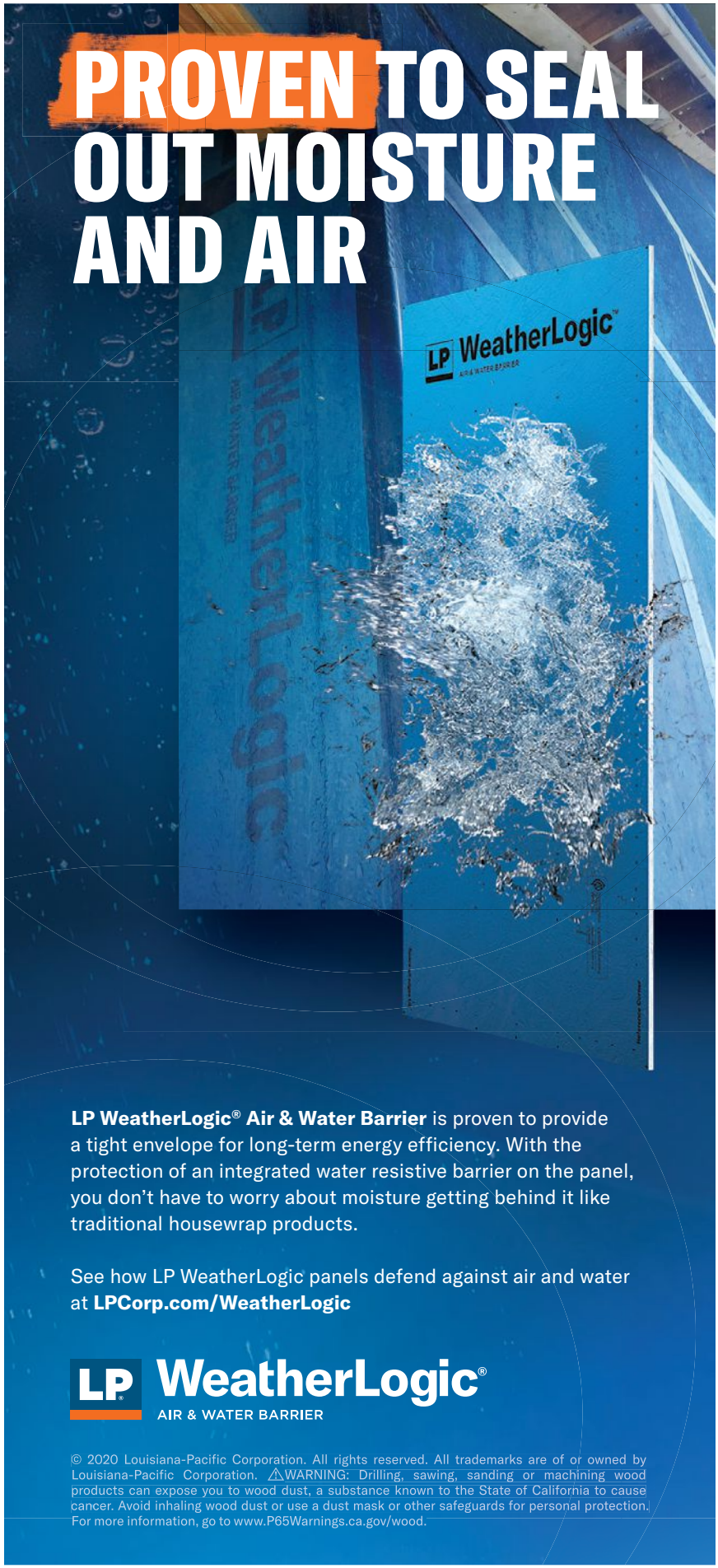
"We've always kept a larger inventory, and during this shortage it has worked well for us. We have gotten a lot of business from neighboring lumber-yards, customers when they ran out of materials. We are still planning and ordering ahead as we go into fall. We have been out of some things for a short period of time but with other stores to transfer from have been able to cover most things so far. Every day is frustrating, everything takes longer, the list goes on and on. Regular business in the past was so much less work than dealing with the shortages and covid at the same time. I can certainly understand the writer's frustration with the current situation and everyone else can also."

"I absolutely hate buying material PTS (priced at time of shipping) but at this point there really is no other option. The bigger question is how long will it last and how hard will it fall when over? We have had several builders stop what they are doing and fully expect this is happening across the country. My answer is just don't buy anything over 3 weeks out, I would rather be out than have a lot of material $400 over market price. In the end we will all get burned just trying to limit the carnage."

"There has to be full honesty with the customer. They have to know the situation so that they can make their best decision."

"Offer as many 'alternative,' 'substitute' products as possible."

"Now is a great time to sell products from other manufactures that may not be common to your market." ›



"We do not sell something we don't have. We tell customers that we will order it for them and notify them when it comes in so if they need to they can get it from another source if they have it. We believe in helping our customers get what they need when they need it even if it isn't from us. Customer service is very important to us as customers remember that we were honest with them and helped them get what they need."

"The problem is industry wide; advise customers of that and encourage patience. Or, offer alternative materials if available and applicable. I don't think there is really anything else that can be done."

"A lot of this is about knowing and working with your customers in the trade. As technology evolves, we need to make sure we are staying ahead of what they need now, and try to anticipate what they are going to need next. The biggest part in any of this is building a relationship where there is great communication about the current state of materials. I know that I am constantly sharing info with the contractors I deal with in regards to market pricing and lead times. If you don't share that info with your customers in a timely manner, you are doing a dis-service to both your business and that of the trades you deal with."

"Relax, the blame goes to COVID-19 not to you as a dealer, we're all in the same boat, and as long as you're doing the best you can, hopefully people will realize you're not to blame!"

"Order early and often. Understand the lead times by working with your supplier/manufacturer. Share all of this information with your sales team and customers. Everything is available, just takes a little longer for it to arrive. Remind everyone that this will not last forever and the world is not coming to an end (at least I don't think it is)."

"We show our customers stories from the *Wall Street Journal*, CNBC, and trade journals to show them this is real and not our fault."

"Although not like this, I have seen meteoric rises in the past. Most times, they wind up crashing as rapidly as they went up. So, first as a dealer, be careful of taking any long term positions. And, stay in constant contact with your customers. Second, advise them to do the same—not to look too far into the future. And last, the builder needs to communicate the reality of what's going on to their contract-customers. Keeping it in the arena of full disclosure and 'no surprises' usually works true best."

"Unless your customer has been living under a rock for the last six months, he/she should have no problem understanding that we are living and working in unprecedented times. Unprecedented times call for unprecedented actions. Your responsibility to them is to give 100% to getting them their required supplies in the most expedient way that you can. Do not be afraid, or shy, about shopping around the customers' requirements from sources/suppliers that you might not ordinarily use. You may be able to obtain them, even at a slightly higher price, from different sources. Explain to your customer that this won't become standard operating procedure, but it could possibly assist them in getting out of the bind that they're in. The worst thing that your customer can say is 'no.' However, you'll never know if you don't make the effort. At least this shows them that you're trying."

"The only way I know to do this is to educate the customers on why the shortages are occurring and continually keep in contact with your vendors to check on their inventory status. Try to keep your short-term inventory needs in order so you have inventory in the pipeline. You might have to buy untreated lumber so you can send it to get treated from your treated lumber vendor. This is the only way I know how to get through the extreme shortages we are experiencing."

"Be patient. We are all in the same boat due to the total disruption of everything due to COVID-19."

"Communicate as best you can with suppliers and pass on info to customers as you receive it. Keep your customers in the loop and explain as much as possible what the situation is that we are operating in. Under-promise, over-deliver."

"Demand will dictate. The real loser will be the builders, as they cannot go back and collect the difference from most buyers. It will end as soon as local leaders get a backbone and allow business to operate as they know they can. We all know how to deal with the virus. Less government—more action."

"Be straight up and communicate clearly the problems by the manufacturer and why: if employees at a certain manufacturing facility are unable to work, say so! If you have tried to get alternate products in their place and failed, say so! Don't internalize a problem far greater than your company. Get the monkey off your back. Don't sugarcoat uncertainty, and do your best to get alternatives if available."

"Everyone is in the same boat. The customer can't go to the competition and get the same thing faster and cheaper. Be honest with your customer, tell them the lead time and the reality of the situation and never over-promise. It's uncomfortable telling a customer that they can't have what they want when they want it, but it's downright painful to fail your customer on an expectation you set after the fact. Be open, honest, and confident that you are doing the best you can under the circumstance for your customer."

"Gives time for customers to review plans so that when able to get materials the job should go more smoothly. This is the silver lining."

"All you can do is ride it out. We figure most of these vendors have ramped up and should be catching up in a month or so. Watch your buyers make sure they are not buying heavy. I have a feeling when this thing tanks it's going to be fast and you don't want high cost lumber in your yard when it does."

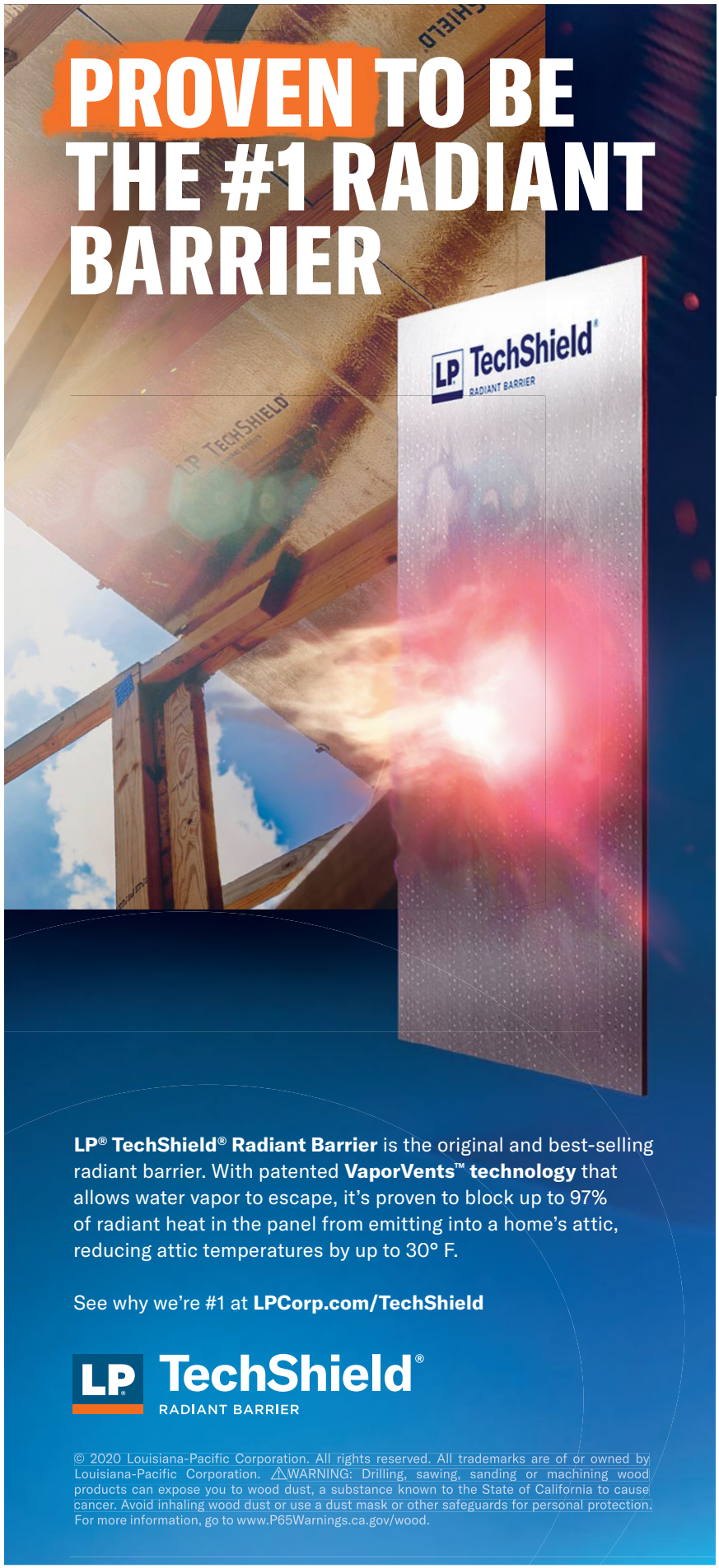
"Try being honest! Most, if not all, your builders will appreciate the honesty and integrity of a sales staff who genuinely tell it like it truly is. How many times have they heard what is good for the sales staff but is most likely going to cost them money. Telling the truth about the shortages and advising them 'not' to put in that basement at this time might scare the typical order taker, but it will probably endear the seasoned professional to that customer and create a long lasting relationship that is built on trust and mutual respect toward each other. This truly is the time for anyone who wants to make a lasting career in construction sales to take the first step in establishing credentials that will last a lifetime."

"As always, communication is the key to this situation. Give your current customers as much information as you can without making them panic, they have to pass that info on to their customers also. As far as selling the material you don't have on ground, you have to project your inventory out quite a bit farther than normal and not be loaded up when the market finally starts to fall. You have to be comfortable knowing you are going to have some inventory that you bought high and sold low!"

"Feature in-stock products and items easily available to you. Time to try alternative products perhaps. I agree manufacturers fell down but complaining will not help. Retailers are at the bottom of the food chain."

"Be upfront and honest. Under promise and over deliver. Make sure your purchasing department has your full support to explore opportunities you might not have looked at in the past. Purchasing has become a labor of love, so please tell them thank you!"

"You will just have to maneuver through it carefully, hopefully you have partnered up with vendors that will take care of you in good and bad times. This is uncharted water. Communicate with your builders about the supply chain and availability of materials, this will help ease the pain." ›



"Sell what you have, substitute where you can. Politely decline orders you cannot fill. If customers can wait, take orders with no delivery date. Customers are aware of the situation, if they cannot be understanding, maybe you don't want them as a customer."

"Use the tools available. Computer systems do a decent job projecting your usage and lead times. Reporting on inventory has never been easier. You have to put a lot of weight on what your sales team is telling you of what they have coming. We feel lucky that we were out in front of it. Our balancing act now is what to buy and when so we don't get stuck with high price wood when it comes down. Lead times never scare us as long as we know them far enough in advance. Longer lead times help your sales staff get out in front of orders earlier and give you notice. We adopted early on into the pandemic—if a vendor told us 4 week lead time we told our customer 8 weeks - 5 week lead times became 10 weeks, 6 weeks became 12 weeks, and so on. We got out in front of it and looked like heros when the goods arrived on time and early in the eyes of our customers. We pay our bills every Friday and have for years. Invoice comes in today, it will be paid this Friday. We believe that has helped tremendously when sourcing commodity trucks these days. We are proving something we have been doing for years to separate us from our competition in the eyes of our vendors works."

"Having products available directly from manufacturers is dandy regarding eliminating the extra cost associated with the middle man, but it sure is handy to have inventory to draw from at the distribution layers when supply dwindles. We have been trying to run lean on inventory and order for just in time delivery to increase the return on investment for so long that we created some of this ourselves. I would say that having a diversified inventory including LSL engineered wood and high performance sheathing has helped us to weather the unexpected shortages better than if we were solely seeking commodity materials."

"Patience and good customer service skills are a must, along with checking in with your vendors for updates so they don't forget about you."

"Everyone is in the same boat, no good answers."

"Pray for an early, hard winter."

"There is not a golden one-size-fits-all answer here. However, this is still an opportunity for your company to win more orders than your competition. This is the time for your best efforts in very advanced communication, negotiation and creativity among your customers, staff and suppliers. Nobody is likely to get exactly what they want. However, what can they live with and what CAN you do for them that others cannot? Therein lies the real answer to your question."

"You should have seen it earlier and committed more money to increased inventory. We are having little to moderate issues getting material because it is ordered far in advance of needing it."

"Continue to keep customers informed of market conditions; assuring them that you and your company are putting their interest in the forefront!"

"The main issue is log supply and the challenges to overcome the harvesting permit process and ecological restrictions. The log supply challenge for the manufacturing of framing lumber is also a log sales created one. The large timber holding companies are still selling and exporting enough #2 saw logs off our West Coast in cubic meters, to keep 72 sawmills operating for one year (supporting 72 communities). It takes about 20 truckloads of logs to run a sawmill for one-day shift. Unfortunately, we no longer have the extra milling capacity due to small sawmills closures over the last 10 years. Also, Canada has closed or curtailed more than 20 sawmills due to log shortages and the harvesting permit process, ecological restrictions and U.S. tariffs & duty costs too. We are currently into an overall supply challenge."

"As hard as it is to say no for anyone in this business, in these times we really have to do several things. Make sure that we are only pricing material off replacement cost. If someone that is not a regular customer of yours calls looking for hard-to-find items just explain that you have only bought enough to cover your normal customers' needs and until things work themselves out you just have to say no. Make sure to explain to your sales team what you are doing and why. Make sure you are planning at least eight weeks out."

"We can't presale lumber items because they are priced at time of delivery. Everything else is priced before delivery."

"Assume your competitors all have the same problems. Unless someone went into this with a boatload of inventory they are experiencing the same delays, shortages, price increases, etc. Be upfront and honest with your customers. Anyone making promises they cannot keep to get the order will wind up looking unprofessional and unreliable. Manufacturers are suffering from the same problems we are—staffing, material shortages, volume spikes. Their crystal ball did not work any better than ours."

"I think just being honest. Now more than ever we need to be in front of the customer. Whether it be about the ever changing pricing, or the fact that the demand is far outreaching the current supply levels. We are there to help them get through these unprecedented times."

"Talk to your customers and keep them informed about the current situation. Most will understand as all dealers big or small are being faced with the same supply issues. The competitor down the street is unlikely to be able to offer much different."

"It doesn't work with all customers, but we try to explain that what we are experiencing—'it is out of our hands' is not always acceptable though. So I have no good answer. Innovation and substitution?"

"Encourage sales teams to push patience and optimism. If the front line workers panic in front of customers, we will never come out of this. There will be hoarding, just like the toilet paper fiasco. Encourage buyers of your company to push brokers to lay off buying, which will drop demand and price, then supply will increase and drop pricing further. All retail stores would have to start doing this in order for it to work. Truck drivers did this in the '70s to drop fuel pricing and it did the trick. Of course, it is not possible to get all new construction to put the brakes on their jobs. If we can catch even a few, it will definitely soften this market. We have talked with homeowners, who after hearing their material has almost tripled, backed down on the immediate need and decided to wait. Pre-orders are only going to exacerbate the problem."

"Cost is excessive. We cannot purchase needed lengths of dimensional lumber. Forget about treated purchasing needs. We will need to lose sales during our fall season this year."

"Times are hard now for lumber, we are taking care of our loyal customers only. For the first time in my 42-year history we are having to turn away some new customers. That part is hard. I don't like it but that is the way it is. Treated decking is the only item that we limit to customers. We also have most of the OSB on a contract with the mills. If I did not have them I would be dead with OSB. Next year I will try to contract more loads with the mill if possible."

"Be truthful with your customers and communicate those hard to source items to everyone. Don't over-promise inventory outages that are out of your control."

"I agree we are seeing this with every manufacturer. Customers do understand to a certain point. We are finding that we have to keep more inventory than usual and offer our customers alternatives if we can find any. Also we are telling our customers ahead of time the lead times to expect on different products and to get their needs in as soon as they can." ❯



"First thing, forget the blame game. It just makes you look petty and does not solve the problem. You are not special, everyone in the industry is experiencing the same thing. Be honest with your customer. If the lead time is 6-8 weeks, or you simply don't know what the lead time is, TELL your customer. It may not be what they want to hear, but it will let them make the decision to wait or go elsewhere. Either way your customer will appreciate that you told the truth."

"At this point most of us are in the same boat—just in time manufacturing works when there are no extenuating circumstances, but we hit the motherlode on this one. Only advice is to sell smart, get a fair price and be picky on who you are selling to (take care of your regular customers first). Try not to get stuck with high priced inventory when it drops or you will be facing yet another problem. Seems most customers are aware of the supply issues and planning ahead. May help to educate your sales team and keep them in the loop on industry supply updates which they can then pass on to their customers on a regular basis."

"Substitute. Keep turning what you have. Margins should be around 45-50% depending on when you bought so you have some room."

RESPONSES FROM WHOLESALE DISTRIBUTORS

"Those projects that are sold at acceptable levels should be supplied, once the supply is delivered. I wouldn't buy anything that is not sold. It is better to be out than to become stuck with overpriced inventory."

"Deal with it. Everyone is in the same boat. Oh yeah, tell your builders to deal with it also."

"Follow the market. When you find your items at a reasonable price, book it."

"The customers are realistic and realize what has happened. Either navigate it or you can close your doors. A lot of whining and not a lot of proactive effort."

"Write congress and Trump and ask that they negotiate a temp. hold on the Countervailing Duty. Maybe Trump needs to apply the War Powers Act to lumber and building manufacturers to supply this housing spike! Also, dealers may be able to quote PTS (price at time of shipment) if THEIR customers can force that manner of quotation down to the ultimate consumers...but good luck with that! But, it beats trying to glue toothpicks together!"

"Just keep communication lines open and transparent with customers. Do not overcommit on delivery times. And keep communication with manufacturers going on delays and material delivery. Just keep positive and the building and construction will happen during every season of the year."

"You have to work with your customers closer on planning their needs."

"Need to discuss with their customers, it is an across the board situation. It is not just unique to the 'wood industry,' look at vehicles, food, they are all affected. Let them know you are on their side, and you are not leaving any stone unturned."

"Transparency—the entire supply chain is affected right now, and without transparency throughout all channels you will have some very upset people. There are some manufacturers we work with that have no good answer as to when we will be receiving our product and we pass that down to our customers. We can't lie and guess just to get the job. We need transparency on all levels."

"In difficult times you have to make difficult decisions, so sell what we have."

"We too have had some delays in products arriving and are dealing with some very upset customers, the main thing is to be 100% honest or at the very least as much as you can be and do everything you can to make sure to deliver accurately and on the date you promised. That is what we strive to do. In these times every industry is dealing with the same issues on the supply chain and at every level."

"You aren't going to like this response but why would a manufacturer or distributor not want to reduce inventories, postpone cap-ex projects, draw down credit lines and hoard cash just like their retailer dealer counterparts? Further, what would you expect the response to be from suppliers selling commodities that are opportunistically bought and sold based on lead-time and price alone? If you want guaranteed supply, commit your business to the supplier, share your sales forecasts and monthly usage with them and let them know that you are depending on them to keep you in stock. That's an entirely different scenario than 'I'll buy from you as long as you're the cheapest or the only one who has what I need.' It requires a commitment, advance planning, good communications and trust on both sides, buyer and seller. The advantage in doing this can be seen in times like these when demand outstrips supply. The accounts that get taken care of first are those who have committed their business to us, call them 'dedicated or committed buyers,' second in line are the 'regular buyers' and last in line are 'opportunistic buyers' who shop us to death and only buy from us if we are cheapest. Right now, the last category of buyer isn't getting much if anything quoted to them for lack of supply and previous commitments to the first two groups."

"Plenty of blame to go around, but it doesn't solve the problem. Now it's basic supply and demand. Everything can be procured, but it is a balance between time and money. If you simply can't accept the extended lead times, the price will be steep. If you can adapt and look further out, material can be had, just don't expect pre-covid prices. Eventually the escalating prices will slow demand and the cycle will start again. Yes, this cycle is extreme, but these cycles are part of the business and have been since long before our time."

"Continue to place orders with suppliers to give them visibility and let them stay in constant communication with your customers. We can only control what we have access to."

"You need to understand how and when this started to happen. Last fall the mills had an excess inventory of materials and started to lay off 3rd and sometimes 2nd shifts which helped alleviate some of the excess inventory. After the first of the year when COVID-19 became known the mills continued the strategy. When the states started shutting down and the Fed's gave out stimulus checks, people decided to do home projects because of boredom. This dried up the excess inventory at the mill level and some of the states with mills that had been shut down were still shut down causing a shortage of materials. The mills have not been able to catch up since. The most affected are the Southern yellow pine mills which not only manufacture structural wood for housing but also the majority of your treated material. This has been a simple case of supply and demand, if you learned that from your general business class in high school. As long as the demand is there for materials there will be the continued shortage."

"You are getting our full attention to your concerns. It's a fluid process and we will update you with the current information we have on supply timelines as we receive it. You have to remember in March and April everyone thought we all would be down 10 to 20%, so mills slowed down production and or cut back inventories. No one could have forecast demand would outpace supply."

RESPONSES FROM MANUFACTURERS/ SERVICE PROVIDERS

"Should have forecasted this mill shutdown / DIY project uptick. Explain to your lender the forecast: Close on the loan and take possession of 3x minimum more than usual sales."

"If the market crashed and all the manufacturers kept producing would the dealers continue to buy even though they had no sales for the material? I understand there is stress and frustration at the dealer level but if they had any kind of stock of material they have done pretty well with price increases."

"Not anything you can do, so just be honest and give the best information you have on availability of products. Your customers are looking to you for an honest response, pricing may stay high well into the normal fall downturn because the mills will still be behind on current demand. Unless you have a strong cash position I would not 'load up' on inventory, remember your competitor is in the same boat. Calm heads come out on top during these times. Good luck and never give up."

"My advice to them would be to consider various sources of material, your primary supplier maybe short but there may be others that have either purchased heavy or have some to help you with. This year has been especially hard, just remember to communicate the best you can with suppliers and customers."

"Sit down and email your top 10-15 customers with options. Pre-order or bid jobs with escalators."

"You're forced to be patient or be mad, and it doesn't help to be mad. This is a situation that we have no control over. Bear with us and we'll get through it BUT be prepared for extremely high pricing until we get through this and again. There's nothing anybody can do except try to be patient."

"I would advise builder customers to warehouse their own products. Secure what they need when they can and manage the storage themselves. While many builders have come to rely on just-in-time delivery, supply constraints will last for a while longer, perhaps up to a full year from the Covid shutdowns. In order to minimize delays and maximize job site labor, secure materials ahead of time."

"Get off the price bandwagon; there is product out there available if you want to pay for it."

"Hold your distributor suppliers close and rely on those that you have faithfully supported over the years to reward you with supply offerings. In these conditions, shopping around will be a waste of time."

"Explore different manufacturer options. Look outside your comfort zone to find different manufacturers that may have products with a shorter time frame to meet your immediate needs. You may discover new product contacts along the way."

"Our company has stopped taking on new opportunities with prospects that we have not worked with before. Those prospects are targets that we have been going after for years as they purchase from our competitor. We choose to focus on demand from our loyal customers."

"We are facing a new reality. Tell the truth. Companies need to adjust if they want their business to continue. In the end, their customers need to understand the truth as well, so be honest with them also. Many manufacturers are flailing, but there's lots of others that aren't. Another option is to look at using other products that do not have extended lead times and substitute them. There are plenty of local reps in each market who can easily help fill in a house for an important closing if need be."

"The suppliers are at a capacity level that will not allow for inventory to be built. As the season slows the inventory will become available, and lead times will reside to normal levels."

"We are just having to saw our own 2x4s."

"Do your best, sell only to your loyal customers and take it one day at a time."

"Be up front with your customers. Unless they're living in a vacuum or under a rock they know there are shortages not only in lumber and building materials but groceries and other household items. Tell them the anticipated wait time based on current information and make sure to keep them in the loop. If that doesn't work, wish them well." ■

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BY JAMES ANDERSON

SCENIC SERVICE

NORTHWEST RANCH SUPPLY'S NEXT GENERATION OF GROWTH

In Kremmling, Colorado, nestled along the Colorado River just a few hours west of Denver, it's impossible for Rory Menhennett not to have a sense of pride in his community. His family has been in the Rocky Mountain town since his great-great-grandfather operated a livery barn in the very early 1900s. Two generations later Rory's father, Tim, ran a fencing contractor business out of the same building.

Around the time Rory was born, his father bought a foreclosed building materials business with the intention of expanding his fencing service. He donated the original livery building to the local historical society. Once settled into the new space, customers began asking for lumber products. By 1992, Tim sold the fence company and Northwest Ranch Supply was born. Rory's mother, Tami, came to work as well to handle the accounting and billing. And as the lumberyard grew, Rory grew along with it.

For as long as Rory can remember, his goal was to take on the family business, and he was eager to get started at a young age. As a 7-year-old, he once submitted an invoice to his dad titled "Jobs" which included several billable items such as "organize your desk," "go get you a treat or pop," and "count my money and go back home." The framed invoice still hangs above Tim's desk.

"Ever since I was little, I always wanted to continue what my dad had built," Rory said. "I wanted to keep this business in the family." After he graduated from high school in 2008, he pursued a business degree for a few years before returning to the store and taking on increasing responsibilities.

Now 30 years old and recently married, Rory Menhennett oversees the day-to-day operations of the company and, along with his parents, is working through a succession plan to take on ownership within a few years.

MAKING HIS MARK

Rory's influence on Northwest Ranch Supply was evident early on. In 2012 he spearheaded an entire remerchandising of the store's hardware inventory. Sales jumped 24% the year after Rory's remerchandising; sales in the electrical department were particularly strong, improving 59%. The store's average ticket increased by more than $20—a 24% growth.

In 2016, Rory decided the store needed a fresh look to go along with their improved product selection, so he initiated a redesign throughout.

"We updated our look and made everything more shoppable," he said. "We did an entire remodel of the interior sales floor with new shelving and lighting. We pulled up the carpet and remodeled and painted."

SKUs were added particularly in specialty items, whether on the advice of other dealers in the industry, or through specific builder requests. Everything from culvert pipe to hardware items to herbicide, irrigation, and cattle feed contributed to the sales increase.

The result of adding new SKUs, "increased our sales quite a bit." That "quite a bit," as Rory said, was just part of his influence that has amounted to a 126% increase—or about $3.3 million—since he returned to the family business. ›





"I WANT TO DO EVERYTHING I CAN TO HELP OUT THIS TOWN BECAUSE I GREW UP HERE. I LOVE THIS TOWN AND WANT TO SEE IT GROW. I WANT NORTHWEST RANCH SUPPLY TO BE A BIG PART OF THAT."

– RORY MENHENNETT

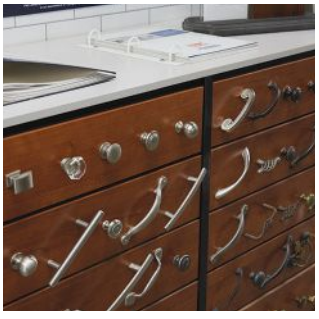






Menhennett oversees the day-to-day operations of the company and, along with his parents, is working through a succession plan to take on ownership within a few years.

Northwest Ranch Supply is a destination store in the region. The company utilizes separate buildings on the grounds for specialty showrooms, separate from the main location.









Northwest Ranch Supply is also a destination store in the region. The company utilizes separate buildings on the grounds for windows and door sales as well as a design center showroom separate from the main location. The building houses a conference room available for builders to host clients. Another building features a decking showroom, and another that was remodeled last year displays kitchen and bath items.

SERVING THE REGION

While the town's population is around 1,500, Northwest Ranch Supply serves a delivery range made up of custom builders constructing second-homes and vacation properties in what's known as a "sportsman's paradise" near ski resort country.

As the cost of living in larger ski resort villages increases, more people are moving closer to more-affordable Kremmling, Rory said, which is good for business at Northwest Ranch Supply.

The single location, staffed by a team of 16 (including the Menhennetts) serves a customer base made up of about 65% pro builders. Overall, the company tops around $6 million in revenues annually, which Rory said has been growing, including during this year's COVID-19 pandemic.

"We were open the whole time, and were very busy. A lot of projects still went on. Walk-in business was always pretty strong, but all the small projects increased the foot traffic quite a bit," he said.

While the Menhennetts have the market on hardware and building supplies in Kremmling, they do compete with other independents and big boxes all within driving distance. Still, the family sets itself apart through service.

"We just try to provide the best service we can," Rory said. "We try to work with people. Being a small lumberyard, our service is what sets us apart. We're more personable with customers and people like the family-owned atmosphere."

Rory predicts that the number of people in the region who have grown accustomed to working from home and plan to continue to do so after the pandemic will contribute to the growth in the area's housing market.

"There's definitely a lot of people around here who can work from home. A lot of people from the cities are realizing that if they're going to work from home, they can at least be somewhere they can enjoy."

Along with that growth in the near future is the challenge that it brings on the supply side, Rory said. With mills closed during the pandemic and lumber supplies tight, he's now seeing different products in shortage.

"It seems every week there is something new that is backordered. This has affected prices as well."









The single location, staffed by a team of 16, serves a customer base made up of about 65% pro builders. Overall, the company tops around $6 million in revenues annually.

Knowing the lumber shortage and unpredictable business due to the pandemic are temporary issues, Rory is focused on the future in Kremmling. As he grows closer to owning the business, he has an eye on growth whether that means building a new location or expanding upon their current site.

"We gained a lot of room in the remodel," he said, "and we've filled it up already and are ready for more space."

Rory also added an online shopping option so customers can purchase a large selection of hardware items. He uses the store's website to promote services such as delivery, special orders, project estimates, small engine repair, and paint color matching.

COMMITMENT TO COMMUNITY

Northwest Ranch Supply will grow along with the community of Kremmling, and Rory doesn't take that commitment lightly. Whether volunteering with youth hockey or 4-H activities, the family and company continue to contribute to the community through the Menhennett Foundation. The foundation was formed around the time Rory was born as the Glenn F. Menhennett 4-H Scholarship (named after Rory's grandfather). It started as a $500 scholarship for graduating seniors who were a part of 4-H. It grew to the point they were giving away two $2,500 scholarships every year. To expand its reach, the family decided to turn the loose-knit organization into a foundation. Now, the foundation awards not only scholarships to graduating seniors, but also financial assistance to local families who may be going through hardships.

Over the last five years, Rory has organized an annual golf tournament that raises funds for the foundation. He works to generate support from vendors and community members to make this event a success. Rory and his family find the best way to use the money to help those in need. Their foundation now distributes approximately $10,000 per year throughout their local community.

"I like helping people with their projects, because the more things get built up, then the more that helps the community and the economy," Rory said. "I want to do everything I can to help out this town because I grew up here. I love this town and want to see it grow. I want Northwest Ranch Supply to be a big part of that." ■

GET TO KNOW NORTHWEST RANCH SUPPLY

FOUNDED:	1992
OWNERSHIP:	FAMILY
LOCATION:	1
EMPLOYEES:	16
SALES SOFTWARE:	ECI ROCKSOLID CLASSIC
BUYERS GROUP/CO-OP:	DO IT BEST
TOP 3 BRANDS BASED ON REVENUE:	VALSPAR PAINT TREX DECKING MILWAUKEE TOOLS



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3"
(76.2 mm)
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SPAX
#8X
2"
(50.8 mm)
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FASTENERS

IN THE FACE OF A TUMULTUOUS CONSTRUCTION WORLD, FASTENERS REMAIN A SOLID PLAYER

BY MIKE BERGER

THERE'S A VERY OLD PROVERB THAT GOES SOMETHING LIKE THIS: "For the want of a nail the shoe was lost. For the want of a shoe the horse was lost. For the want of a horse the rider was lost. For the want of a rider the battle was lost. For the want of a battle the kingdom was lost. And all for the want of a horseshoe-nail."

Benjamin Franklin included a version of this proverb in his in *Poor Richard's Almanack* in 1758, using it as a way to express how important the little things were at a time when the American colonies were facing war against England. And just as it was true then, it's the little things that matter the most—things like fasteners which, if overlooked, can weaken an entire structure.

But what, exactly, is the state of the fastener market these days? On the downside, new home construction took a significant hit during the first half of 2020. According to the U.S. Department of Housing and Urban Development, new housing starts were down by 4% compared to June of 2019.

But there's good news as well. Because of the impact of COVID-19, many homeowners are focusing on interior remodeling and outdoor living space construction to make their homes more of a personal oasis. Because of that, fasteners have weathered better than many other building materials segments. "We are looking for continued growth in fastener sales as shelter-in-place policies continue to promote interest in do-it-yourself projects," says Scott Park, director of fastening systems for Simpson Strong-Tie. "This extends to the decking segment as outdoor living spaces become more popular, and awareness of the need for safer stronger deck structures becomes more prevalent."

As a result of these ups and downs, manufacturers were left to wade through unpredictability as they try to understand where the market may be going. "2020 has been an exceptional year for DeckWise even with the pandemic," says Roderick Kabel, marketing director for DeckWise. "I think we are all scratching our heads in the LBM industry as to why, and waiting for the shoe to drop. Until then, we are full steam ahead."

Mike Nelson, product portfolio manager of building products for MiTek, is also cautiously optimistic about the fastener segment as a whole. "As we saw through the first half of 2020, the COVID-19 pandemic has introduced significant volatility, both to the upside, in the case of repair and remodel spending, and to the downside, as we saw in the housing starts data during the early stages of the pandemic," he explains. "Over the next 12 months, we anticipate continued volatility but are overall optimistic that underlying demand will remain strong."

Phil Lail, president of Pan American Screw Fastener Group, has a similar take on the outlook for fasteners. "The past four to five months have been a whirlwind of opportunities for us with fasteners of all kinds," he says. "Our hidden deck fastener sales and threaded exterior fasteners have been flying off the shelves of lumberyards and home centers across the country."

Mike Tipps, general manager of Titan Metal Werks (the manufacturer of SplitStop screws and DeckEase hidden deck fasteners) shares that optimism. "A large amount of those locking down at home chose to use that time to repair and/or replace their decks," he pointed out. "Our customer demand began to increase significantly, eliminating the previous month's reduction requests and requesting shipments be increased as soon as possible." ›



A: The Strong-Drive SDCF Timber-CF screw is a structural fastener available in a variety of lengths. According to Simpson Strong-Tie, these 0.315"- and 0.394" diameter structural fasteners deliver increased strength while nibs beneath a flat head provide for clean countersinking.

B: The Strong-Drive SDCP Timber-CP screw is a structural fastener available in a variety of lengths. These partially threaded, 0.315"- 0.394" diameter structural fasteners are designed to pull structural members together while providing increased holding power and load capacity.

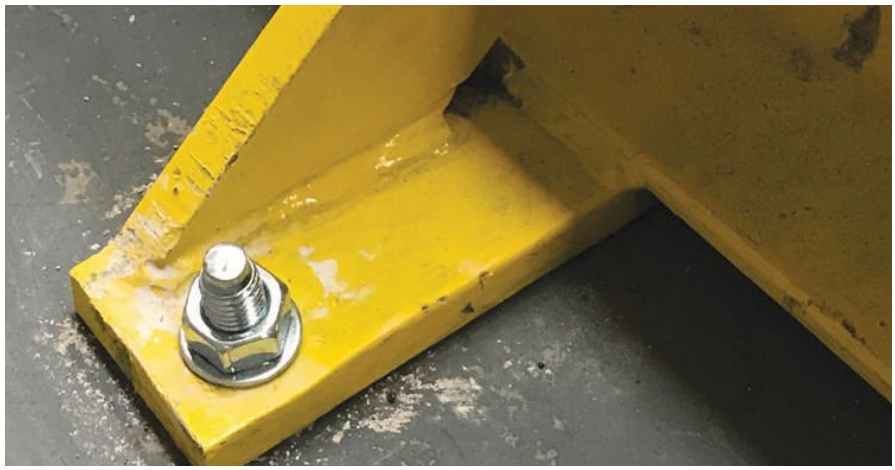
C: The Deck-Drive DSV WOOD screw is designed for preservative-treated and exterior wood-to-wood and decking applications. According to Simpson Strong-Tie, it is now load rated for shear, withdrawal, and pull-through, making it usable for structural connections.

OPPOSITE PAGE: According to Maze Nails, its Stainless Steel Type 304 ring shank nails feature a checkered head that helps hold paint, a body that drives better than aluminum, and provide excellent long-term rust protection along with additional holding power.



LEFT: The DeckWise Ipe Clip Extreme Fastener automatically spaces deck boards at 3/32". Made from polypropylene with a stainless steel black oxide insert, they can be used with air dried hardwood, composite or PVC decking. According to DeckWise, the clip allows for expansion of air dried hardwood and for movement of length with composite/PVC decking.

BELOW: MiTec's WAC wedge anchor includes two embedment depth marks on the shaft designed for accurate, easy, and faster installation. According to MiTek, this allows installers to quickly assess proper embedment depths during installation and eliminates unreliable, time wasting steps previously required.



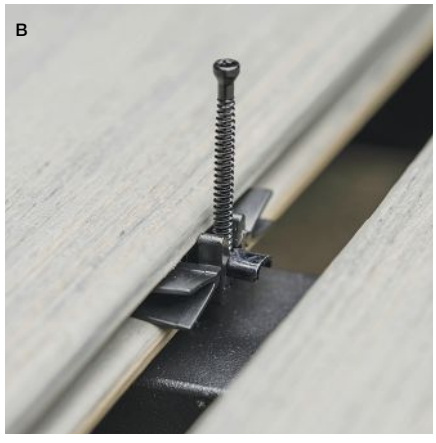
A: The Mantis Eliminator RCS pneumatic installation tool from Pan American Screw utilizes pneumatic reversible fasteners that, according to the manufacturer, can speed installation of the company's Mantis hidden deck fasteners by up to 80%.

B: The CAMO EDGEXMETAL Clip is a new way to fasten any grooved deck board to a metal substructure. The clip installs by hand, designed to operate with the included Never-Miss Guide.

C: Accent Building Materials' Striker Star premium screws are for exterior use where rust resistance is required. According to the manufacturer, the screw's dual threads greatly reduce splitting as a Type 17 point eliminates need for pre-drilling, and a counter-sunk head with nibs provides a clean finish.









RIGHT: Grabber's UltraPro wood screw is a performance-driven fastener that, according to the manufacturer, improves drive times and delivers a consistent, flush look with no strip-outs or popped heads. The unique LOX recess feature 8 contact points to allow the screw to handle increased torque.



FASTENERS RESPOND TO THE WORLD

An odd side effect of the current COVID-19 crisis—and one that would have been impossible to predict—is the impact it has had on the availability of pressure treated lumber. As lumber mills slowed and lumber treatment facilities decreased production to match, homeowners launched a wave of outdoor DIY projects, and the result is that pro builders and DIYers alike are now looking for alternatives to pressure-treated softwoods. "As pressure treated decking is in limited supply," says Pan American's Phil Lail, "we are seeing an increase in our fasteners and fastening systems for composite or alternative decking."

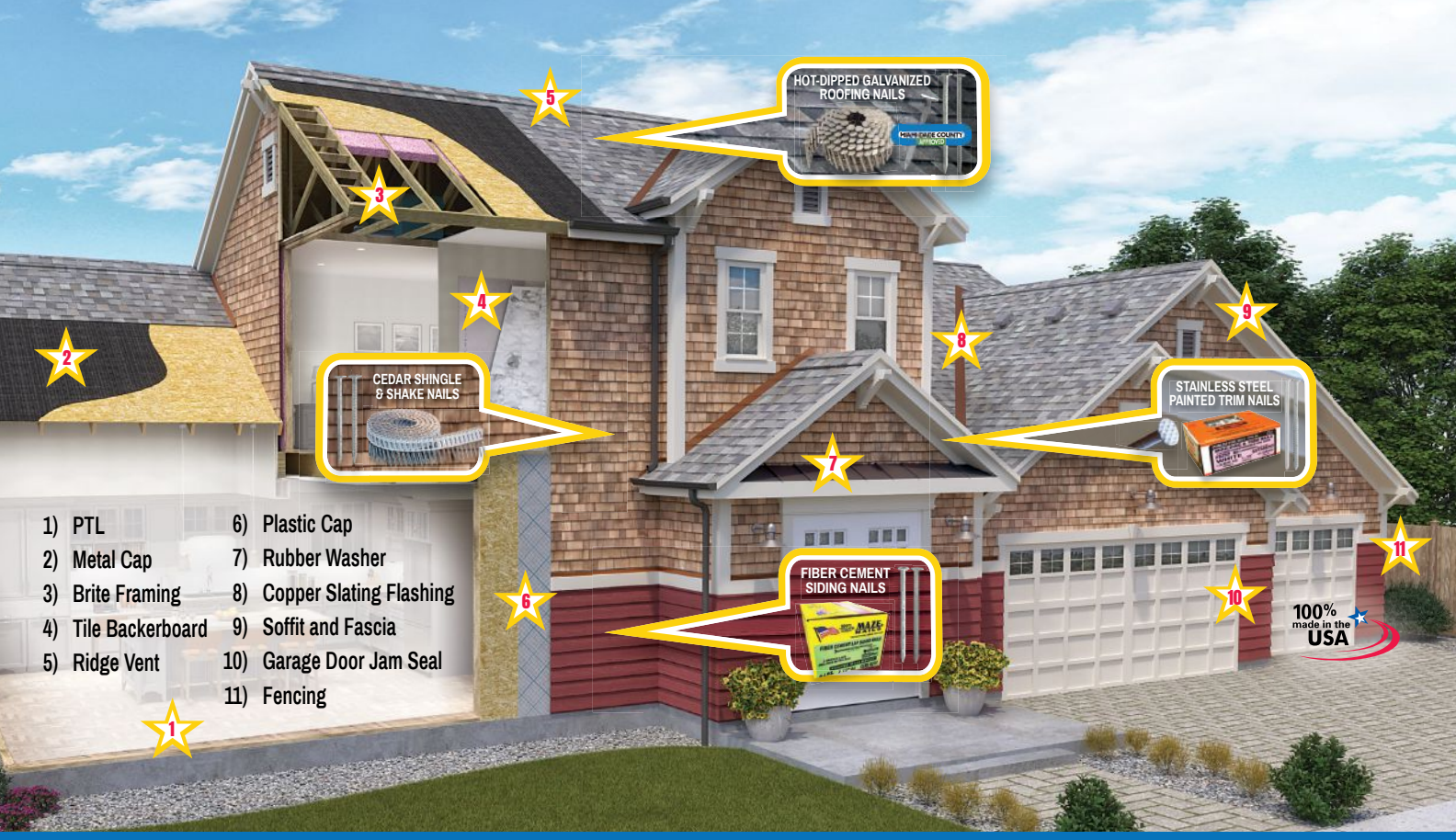
Dani Zizak, vice president of marketing and branding for National Nail, manufacturer of CAMO fasteners, agrees about the impact the pressure-treated lumber shortage is having. "We're seeing a rise in pricing and a scarcity of pressure-treated lumber, which impacts contractors' bottom lines and job timelines," she says.

In response to the treated lumber shortage, CAMO recently launched a new clip for metal framing. The CAMO EDGEXMETAL Clip is offered as a way to fasten any grooved deck board on metal substructure that can be installed easily by hand with the included Never-Miss Guide or up to five times faster with the award-winning CAMO DRIVE stand-up tool. Both methods use the contractor's drill.

Because alternatives such as hardwood and composite decking often rely on hidden fastening systems, growth for that category of fastener is on the rise. "Fastening decks in general is a top-down screwing world," explains DeckWise's Kabel. "We are seeing lots of new install jigs and adapters for screw guns. However, our world is hardwood decking using edge groove hidden fasteners. While quick installations are great, quality and precise fastening of hardwoods is the key to a long-lasting deck."

Bevan Wulfenstein, marketing director for Grabber Construction Products, Inc., agrees. "The continued growth of low-maintenance exterior spaces has lent itself to innovation in this area," he says. "Products like Grabber's UltraPro Ultimate Wood Screw fits this trend nicely with its ease of install and consistent, flush seating that won't split the wood or create an ill-looking finish. We see this trend continuing, particularly with the impact COVID-19 has had on homeowner renovation projects."

Because homeowners are spending so much more time in these new spaces, there is an increased importance on making those spaces as high-end and quality-driven as possible. ›



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ABOVE: U2 Fasteners' Universal Screws feature a tapper point that consists of a corkscrew start and blade cutting thread for easy piercing. According to the manufacturer, burrow pockets underneath the head are engineered to help countersink into the toughest of materials, while reamer threads enlarge the hole to create a passage when drawing materials together and reduce tension for the screw head.

"Quality! You truly get what you pay for when it comes to fasteners," says Lisa Martin, director of marketing for Maze Nails. "Nails are one of the essential parts of a building project but are often overlooked. If the incorrect fasteners are used it can turn into very costly callbacks for the builder. Deck failures, rust stains, and lost shingles and siding are just a few of the repercussions of using inferior nails."

As Uli Walther, president of U2 Fasteners, explains, "For some reason, when building an outdoor structure, patio or entertainment area, people tend to think about fasteners last, but when corrosion or rust appears they forget that they went with the cheapest screws. In 2020, when more people are spending time at home and in their back yard, the next time they have a project they are going to choose a fastener that will last as long or longer than the material they used."



A



B

A: PowerLag fasteners from SPAX are designed to increase productivity and provide stronger connections. According to SPAX, the fasteners are an ideal replacement for hurricane clips and can be used for interior framing as well as stud/double top plate/truss-rafter connections.

B: SPAX PowerTrim fasteners are designed for use in treated lumber, composite wood, and PVC. They are available in both a white and yellow HCR coating and according to SPAX they prevent splitting, eliminate bulging, and are faster driving.

Along with that desire for quality is a renewed push for domestically-manufactured products, and fastener makers see this as a good thing. "Higher quality made-in-the-U.S. products will outpace import commodity growth," explains Jim Winn, president of SPAX. "Outdoor living is becoming a very important aspect of new home design as well as home upgrading. There are more options in decking materials then ever; treated select and colored options, exotic hardwoods, trendy composites, plastic, aluminum options, and more. Fastening the decking materials is no longer a matter of a hammer and a nail; LBM contractors/customers are demanding the fastening solution be structurally sound and aesthetically pleasing."

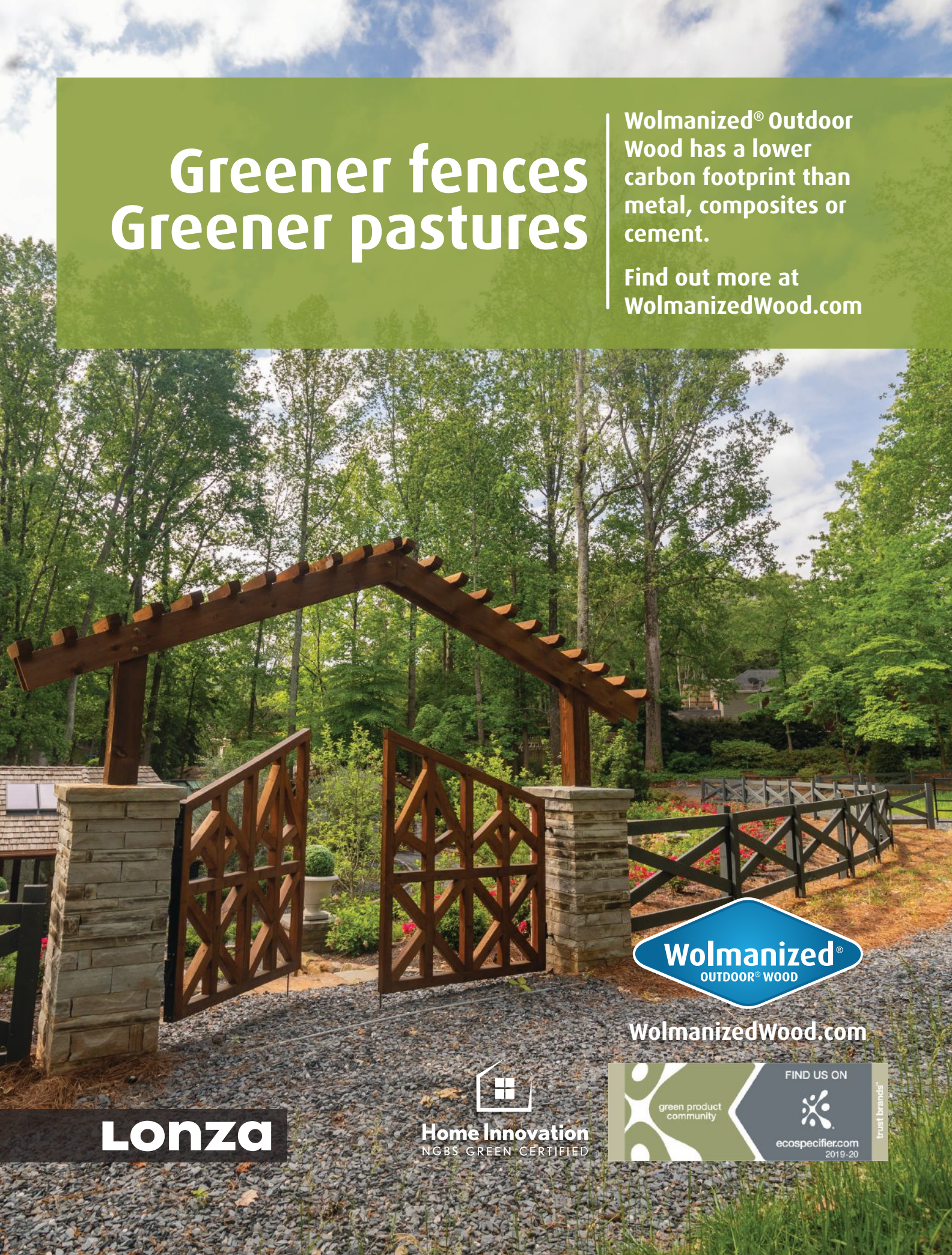
SPECIALTY FASTENERS TO THE RESCUE

Beyond the shortage of pressure-treated lumber, fastener manufacturers are responding to changing trends in building materials by creating fasteners to match the increasing use of mass timber, specialty concrete applications, and the growing need for structural rated fasteners. "We see the growth of mass-timber construction as an opportunity to develop and improve upon heavy-duty connections, and modular assembly," says Simpson Strong-Tie's Park.

As U2 Fasteners' Uli Walther explains, "We spend a lot of time on testing structural values of our screws for applications. We talk to a lot of contractors who do repetitive jobs who are looking for fastening patterns and spacing to meet engineering needs. With the testing documents, we see increases in common sizes that follow along with those applications. Once contractors are familiar and comfortable with U2 Fasteners they come back for more. So I would say structural rated screws have the most potential for growth."

MiTek's Mike Nelson shares similar insights. "We continue to see movement away from the use of larger lag bolts and screws and toward our smaller diameter structural fasteners. This is driven by our benefits of faster and easier installation, lower profile/concealed fastening while providing the needed load values."

Shifts in building methods with concrete are also causing fastener manufacturers to change their approach and develop new products. "There is a growing trend in the use of mechanical anchors over the more traditional cast-in-place anchors such as threaded rod and anchor bolts," explains Nelson. "Pre-casting these rods and bolts is slow, tedious, and prone to error. The use of screw or wedge anchors, however, is much more efficient and desired by contractors. The unique design elements of the MiTek SACH screw anchor and the MiTek WAC wedge anchor provide improved experience for the installer while also meeting the highest cracked concrete code requirements." ›


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EFFICIENCY AND QUALITY TOP THE LIST

All LBM dealers understand the importance of providing their customers exactly what they want. The trick, of course, is knowing *what* their customers want. In response to that question, manufacturers all say something similar: builders, contractors and homeowners are seeking out anything that can increase productivity, whether that's a faster installation method, a fastener that's easier to drive, or one that provides better performance over the life of the product. "When it comes to fasteners, builders want products and systems that aid in the productivity and efficiency for their sub-contractors and aid in the longevity of the building structure," says Grabber's Wulfenstein. "They certainly don't want shortcuts on fasteners to be the reason for a call-back."

In order to better identify what contractors need most, Pan American recently conducted a study to answer that very question and identify what key indicators determine why a particular system is chosen. "Builders seem to be looking for something that is easy to install, has a proven performance in the field and does not negatively affect the decking manufacturer's warranty," says Phil Lail. "Builders seem to be looking for something that is easy to install, has proven performance in the field and does not negatively affect the decking manufacturer's warranty."

Don't be tempted, however, to equate efficiency with speed of installation. "All builders are on a time crunch and want to use products they can count on to perform," says Maze Nail's Martin. And as DeckWise's Kabel points out, "With our fastening method, install speed is hard to increase. Contractors with customers that plunk down big dollars for hardwood decking also understand a quick-installing fastener doesn't mean a job well done."

MiTek's Mike Nelson points out that builders are looking for solutions that increase output while reducing total lifecycle costs. "Builders want solutions that help them overcome labor shortages, reduce waste, reduce callbacks, and deliver superior performance in application" he explains. "In the fastener category, this doesn't just mean screws with efficient thread patterns. Like any other structural element, true efficiency is achieved when the holistic design of a structure is planned from the start."

That search for efficiency drives contractors' desire to have access to products with strong overall product quality and performance, and LBM dealers need to be able to provide fasteners that deliver. "When contractors open a box of screws, they want to be able to grab any screw and know that there is not coating stuck in the head, the screw will not break or strip," says U2 Fasteners' Walther. "They want to work efficiently and not get called back for rework because of failing fasteners."

Says National Nail's Dani Zizak, "With the rise of composite and PVC decking, they are looking for beautiful, low-maintenance, natural-looking deck surfaces unmarred by visible fasteners that typically crack and splinter boards. Hidden fastening systems are being used more frequently to achieve a seamless look, which CAMO EDGE Screws or EDGE Clips deliver with any deck board material. We also warranty our fasteners in every installation, no matter the deck board manufacturer."

Simpson Strong-Tie's Scott Park agrees with Zizak on the importance of performance. "For many applications, builders look for load-rated fastener solutions per building codes," he explains. "Simpson Strong-Tie has invested heavily in testing our Strong-Drive structural fastener product lines and has also tested several of the Deck-Drive premium deck fastener product lines to develop ratings for withdrawal, pull through and shear resistance. These are all highly engineered products to meet the demands of specifiers and building engineers."

BELOW: According to Titan Metal Werks, its SplitStop Fascia Installation System eliminates fascia buckling or broken screws resulting from the expansion of fascia boards connected to a shrinking wooden framing structure.



RIGHT: Screw Products, Inc. recently re-engineered the majority of its line of fasteners. According to the manufacturer, these improvements include a slightly curved head to offer a more elegant appearance, ribs under the head for quickly cutting into the wood, and dual knurls that reduce friction and heat on the shank.



SELL SMARTER BY BEING SMARTER

Let's be honest: there are a myriad of fastener product lines in the market—almost more than is possible to keep track of. And with the day-to-day demands from builders, it isn't always easy for an LBM dealer to stay on top of product information. But it's because of these many fastener options that it's more important than ever for LBM distributors to serve as a reliable source for product education. ›

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"There is an abundance of new information available in regard to new products and technology that contractors need but often have a difficult time keeping up with themselves," explains Grabber's Wulfenstein. "I think it is wise for the LBM dealers to be the go-to experts in as many product segments as they can, and at very least the first source of direction and information for the contractors since many dealers have direct access to manufacturers."

Simpson Strong-Tie's Scott Park agrees with this sentiment. "LBM dealers can assist in educating their customers by helping make [manufacturer] resources more available," he says. "Simpson Strong-Tie has a resource library that contains technical guides, engineering letters, instructional videos and educational courses that are available to the public. LBM dealers who provide access or refer to these resources can become an information conduit for their customers, which can ultimately lead to increased business for themselves."

Part of being a reliable source of information is knowing what fastener should—and shouldn't—be used for any given application, and be able to recommend a product based on the customer's performance needs. Says MiTek's Mike Nelson, "All fasteners aren't equal. As a category, fastener products are becoming more and more specialized and LBM dealers will need to have key understandings in what product should be used for many applications and be able to demonstrate what makes one product perform better over alternatives."

For example, LBM dealers can help their customers see the potential of a fastener type across materials, points out National Nail's Zizak. "LBM dealers could highlight the excellent marriage between all decking boards and hidden fasteners to save time and labor, while delivering an improved aesthetic—whether the job is grooved or non-grooved square edge," she explains. "Cross-selling can help the contractor improve their margins and move from one job to the next."



In late April, CAMO introduced the CAMO LEVER, a tool that allows one-person board bending, locking, and alignment. According to CAMO, the LEVER allows social distancing and speeds up deck-building even with smaller crews.

It's understanding that product differentiation can make all the difference between selling a customer just once or building a customer for life. "It is sometimes easy to ignore this need with the 'busyness' of day-to-day tasks," says Wulfenstein, "but I think this is the area of improvement for dealers to build relationships that forge a barrier with their competition."

TECHNOLOGY IS YOUR FRIEND

Staying atop all of that product information can seem like a daunting task, but manufacturers strive to make it as easy as possible through providing technology solutions to help augment an LBM dealer's knowledge base. "As the complexity and specialization of the category increases, keeping track of every product in the category will be more and more challenging," says MiTek's Nelson. "Relying on suppliers and manufacturers that provide sophisticated software for an accurate selection of fasteners will help alleviate that challenge." ›



The weakest link in a modern roof:

The vent stack gasket



The Problem:

The plumbing vent pipes that penetrate your roof are typically sealed with an old-fashioned rubber gasket to keep water from entering the home. These rubber gaskets deteriorate when exposed to the sun and high temperatures. Over time they get brittle and crack, losing their ability to protect the home from water intrusion.

While modern roof shingles often offer a lifetime warranty, these rubber gaskets usually deteriorate in as little as 3 to 5 years. As a result, water begins to flow into the home causing damage to ceilings, interior walls and carpet.

Problem Solved:

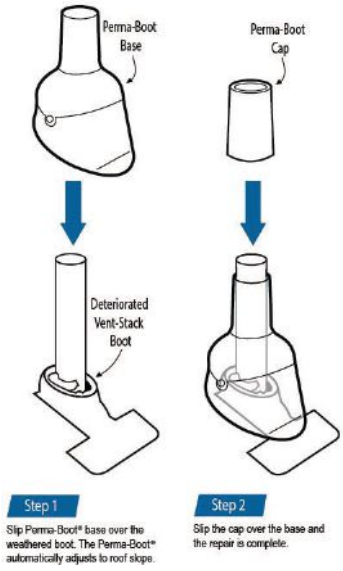
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In the case of MiTek, it has transitioned to virtual and interactive training programs and events to deliver product solutions directly to the customer no matter where they are working. And for Simpson Strong-Tie, its aforementioned resource library offers technical guides, instructional videos and educational courses that are all available to the public.

For Pan American, along with installation videos for its Mantis Clip on the company's YouTube channel, it is researching the launch of online training programs that would allow participants to complete training at their own pace. As a reward, upon completion participants would earn points that could then be redeemed for various branded products such as hats or jackets.

"Pairing products with installation methods and techniques and educating the LBM staff on what brands you have chosen to carry—and why—is very important," says Pan American's Phil Lail. "The builder looks to the LBM employee as the expert. How can you recommend a product if you don't take the time to know how it is better or unique?"

Staying at the front of technology—just like keeping well educated on products—is just part of the equation for success when it comes to fasteners. Understanding the bigger picture of how the small details like fasteners can yield great victories can, like Benjamin Franklin pointed out, make the difference between defeat and victory. ■

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



RESOURCES

Companies highlighted participated in this article.

Accent Building Materials: accentbuild.com

Beck Fastener Group: beck-fastener.com

CAMO/National Nail: camofasteners.com

DeckWise: deckwise.com

Duchesne: duchesne.ca/en/

Faspac: fastapscrews.com

FastenMaster: fastenmaster.com

Grabber Construction Products: grabberman.com

GRK Fasteners: grkfasteners.com

Hillman: hillmangroup.com

Huttig-Grip: huttig.com

Intercorp: intercorpusa.com

LumberLoc: lumberloc.com

MAZE Nails: mazenails.com

Midwest Fastener Corporation: fastenerconnection.com

MiTek USA, Inc.: mitek-us.com

Pan American/Sure Drive: panamericanscrew.com

PrimeSource: primesourcebp.com

Screw Products: screw-products.com

Simpson Strong-Tie: strongtie.com

SPAX: spax.us

Stanley-Bostitch: bostitch.com

Tiger Deck: blacktalonuniversal.com

Titan Metal Werks: splitstop.com

TurboClip by Avon Plastics: turboclipusa.com

U2 Fasteners: u2fasteners.com



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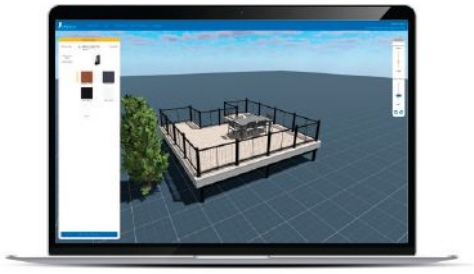
EACH MONTH, HUNDREDS OF PRODUCTS AND SERVICES VIE FOR INDUSTRY ATTENTION. HERE ARE SOME THAT OUR EDITORS THINK WILL INTEREST LBM JOURNAL READERS.



SENCO F-35XP cordless framing nailer
Built on SENCO's proprietary FUSION technology platform, the F-35XP framing nailer is designed to provide reliability, power, and speed without the need for a compressor and hose assembly. Powered by an 18-V Li-Ion battery and a self-contained compressed air cylinder, the F-35XP was engineered to consistently drive paper-tape collated framing nails into the hardest jobsite substrates, including engineered lumber. The manufacturer recommends it for framing, panelized construction, truss building, subflooring, sheathing, decking, siding, fencing, pallet building and crate assembly applications. The F-35XP features a 34-degree magazine that holds 60 fasteners and accommodates nails from 2" to 3-1/2" long and .113" to .148" in diameter. Each tool comes with two 3.0 Ah Li-Ion extended-life batteries said to drive up to 600 nails per full battery charge. Also included is a 5-amp quick charger, which SENCO says charges batteries to 80% in 30 minutes, and fully in one hour. **senco.com/fusion**



AGS Stainless Cascadia Railing
Cascadia is a stainless-steel bar rail system designed to install with minimal field modification. Cascadia was developed to give builders a stainless railing product at a price closer to that of an aluminum railing system. According to the manufacturer, Cascadia is the only ICC ES-approved stainless-steel bar rail system, making it available for acceptance by the vast majority of building departments. Cascadia features components made of A316 marine-grade stainless steel with the flexibility to accommodate a wide variety of top rail materials. **agsstainless.com**



FortressView deck and outdoor visualizer
FortressView, new from Fortress Building Products, is a virtual outdoor visualizer platform designed to guide users through the 3D deck design process from start to finish. Users can preview framing, decking, lighting, stairs, and railing materials in a 3D setting and customize dimensions, products, and colors. The software features an auto-generated bill of materials, cost-estimator, and the ability to save multiple layout concepts. The exterior home design tool's intuitive user interface provides a materials list, while users can preview how the deck will look in a contextual setting by selecting cladding materials, doors, windows, and accessories like furniture and landscaping. **fortressbp.com/visualizer**





Empire Level lasers
Empire Level has introduced two new Self-Leveling Lasers — a 75' Green Self-Leveling Cross Line Laser and 125' Green Self-Leveling 3-Point Laser. With more range and more run-time, the manufacturer says the new lasers provide users with enhanced visibility for all-day use on the jobsite. Equipped with a brighter and more powerful green laser for enhanced visibility, the levels are designed to deliver up to 4X the brightness than single diode red lasers on the market today. According to the manufacturer, the 75' Green Self-Leveling Cross Line Laser is the ideal solution when it comes to cabinet installation, light alignment, tiling, and other similar applications. The 125' Green Self-Leveling 3-Point Laser is ideal for plumb-point transfers in floor to ceiling applications. All laser electronics are impact protected with a rubber over-mold and locking pendulum. Both Laser Levels feature tripod mounting points and rare earth magnets to securely hold to metal surfaces. Backed by a limited 1-year warranty. **empirelevel.com**

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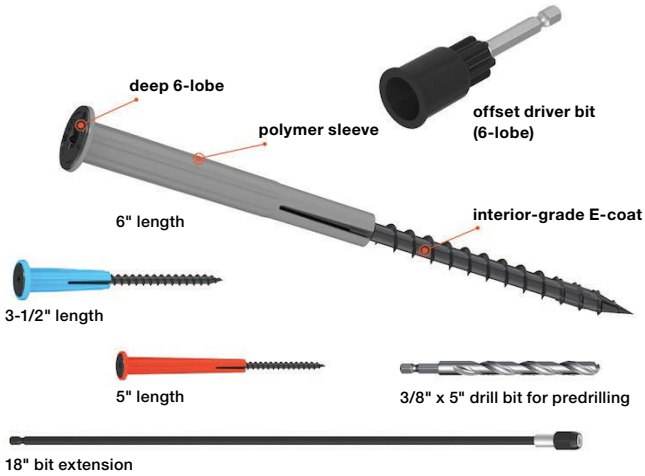
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Deceuninck new high-performance window and door systems
The new 326 Series window system from Deceuninck is designed for light commercial and high-end residential applications. Available with integral nailing fin, retro flange or block frame, this integrated family consists of casement, awning, picture window, side load single hung, and single slider configurations. Multiple T bar and astragal options are designed to allow flexibility to build multi-unit combinations. Designed for enhanced thermal performance and DP50 baseline, the series offers multiple reinforcement options, including Innergy Rigid Thermal Reinforcements, to meet a range of DP performance needs. **deceuninckna.com**





SDPW Deflector screws from Simpson Strong-Tie
The new Strong-Drive SDPW Deflector line of fasteners is designed to connect non-load-bearing, full-height partition wall top plates to trusses or joists while allowing for vertical movement without associated connector squeaks. Simpson Strong-Tie says the SDPW screws create a strong connection that provides both lateral resistance and the ability for walls to deflect with the truss or joist. Atmospheric and loading conditions can put a variety of forces on a structure, and the SDPW permits vertical movement on the wall to prevent squeaks associated with alternative hardware solutions. Available in 3-1/2", 5" and 6" lengths, SDPW Deflector screws allow contractors to manage up to a 3/4" gap (using the 3-1/2" screw) or a 1-1/2" gap (using 5" or 6" screws) between the top plate assembly and the joist or truss. In addition, the included offset driver bit installs the screw with the polymer sleeve 3/4" to allow for upward and downward deflection. Available with an 18" bit extension for easier overhead installations (sold separately). **strongtie.com/sdpw**



Digger Specialties Westbury Montego II railing
Digger Specialties, Inc.'s new Montego II is an extension of the Westbury Aluminum Railing product line. The railing was developed to combine the distinctive curved baluster of the Montego design with the addition of a third rail. Westbury Montego II railing is available in 12 standard colors in smooth and textured finishes. Custom colors are available by special order. The railing system is available in 36" and 42" heights and comes in both straight and stair section lengths from 4' to 8'. Radius sections are also available by special order. All Westbury railing systems incorporate a proprietary 10-step powder coating process and come with a lifetime limited warranty. **diggerspecialties.com**

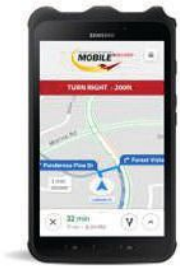
LIGNIA Wood Fire
LIGNIA Wood Company, a global manufacturer of modified timber products for the construction industry, has achieved a Class A flame spread rating extended to 30 minutes for its LIGNIA Fire product. LIGNIA Fire, with its flame-retardant properties locked in at molecular level through the modification process, does not require surface coating or after-market applications of fire-retardance to achieve this rating. As a result, the company says, it saves builders, contractors, architects, and customers time and money. LIGNIA Fire is designed for use in a variety of indoor and outdoor applications including flooring, siding, decking, furniture, cabinetry, and more. **lignia.com**



Pony Jorgensen cutting rail guide
Pony Jorgensen, maker of the Jorgensen handscrew and other woodworking clamps, has launched a new 50" Jorgensen cutting rail guide and 50" cutting guide extension rail. Made with heavy-duty rigid aluminum, the 50" Jorgensen cutting rail guide is designed to clamp onto work surfaces and allow for accurate cuts up to 50" long. Featuring a handle-locking mechanism and built-in ruler, the new 97100 series is best suited for use with jigsaws, circular saws, routers, and other portable power tools. For workpieces longer than 50", the 50" cutting guide extension rail, which is sold separately, can be attached to the cutting guide, doubling the length of the cut and clamping up to 100". **ponyjorgensen.com**



Paladin updates
Paladin Data Corporation announced the rollout of its Summer 2020 release which contains new features and integrations designed to enable retailers to streamline operations and optimize new customer demand. The Summer 2020 release contains new integrations such as FastBound to simplify the process of selling firearms and ammunition; integration with QuickBooks Online; mobile device and app integration; a Help Request Portal; a square footage calculator; and Thousand Board Feet pricing in which stores can view item prices and costs in thousand board feet (MBF), thousand square feet (MSF), or ton units in inventory or when they are sold. **paladinpointofsale.com**





Western Reflections decorative doorglass
Western Reflections, an ODL company, has introduced Affluent, the latest addition to its modern style doorglass. Affluent has a medium privacy rating and uses steel blue swirl glass in its design. Baroque glass complementing steel blue are set in place with platinum nickel caming, which the manufacturer says offers a glint of light similar to the reflection of light on water. Affluent is available now in four different frames including ZEEL, Western Reflections' most versatile doorglass frame, and the severe weather frame for hurricane-rated doors. It is offered in a range of doorlite and sidelite sizes. **western-reflections.com/affluent**



DAP Eclipse Rapid Wall Repair Patches
Developed to solve the most frequent drywall repair frustrations faced by professionals and do-it-yourselfers, Eclipse is a specially formulated all-in-one drywall repair solution that requires no spackling, sanding or additional tools for a completely mess-free repair. According to the manufacturer, users simply patch the damage and it's ready to paint immediately, allowing projects to be finished in minutes, not hours or days. Eclipse is said to be stronger than drywall itself, offering a permanent, long-lasting repair that won't peel or lose adhesion over time. DAP Eclipse Rapid Wall Repair Patches are available in 2", 4", and 6" sizes.
dap.com



Sherwin-Williams FlexTemp Exterior Acrylic
Sherwin-Williams has introduced FlexTemp Exterior Acrylic, a coating with Extreme Temp Technology that can be applied in temperatures ranging from 35°F to 120°F. FlexTemp is designed to provide a long-lasting, smooth appearance and excellent adhesion without adjusting the application technique. According to the manufacturer, Extreme Temp Technology adapts to seasonal extremes, allowing professionals to paint when air, surface and material temperatures are as low as 35°F or up to 120°F without sacrificing performance. Available in flat, satin and gloss sheens, the coating can be tinted in VinylSafe paint colors, allowing customers to select from a limited number of darker colors formulated to resist warping or buckling when applied to sound, stable vinyl siding.
swflextemp.com






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Milwaukee Tool updates SAWZALL
Milwaukee's next generation M18 FUEL SAWZALL reciprocating saw is available as a version with One-Key which allows users to customize performance as well as track and manage the tool through the One-Key app. The POWERSTATE brushless motor provides 3,000 SPM and a 1-1/4" stroke length, the manufacturer says, for faster material removal, allowing this tool to make the fastest cuts in common jobsite materials such as wood with nails, black pipe, and conduit. REDLINK PLUS Intelligence is designed to ensure maximum performance under load as well as protection from overloading. The SAWZALL's slide crank now features a mechanism built with improved dust and water ingress, and overall durability. An anti-corrosion blade clamp has been developed for prolonged blade clamp durability, and a blade-change lever designed for fast and easy blade changes has been upgraded to be more wear-resistant. A metal reinforced battery connection has been improved to increase durability and battery retention over the life of the tool. **milwaukeetool.com**



Paradigm Estimate
Paradigm Estimate construction takeoff technology was developed to automatically examine blueprints and generate a detailed material takeoff list. Paradigm Estimate offers three specialized takeoff packages. The Exterior Package includes items such as siding, roofing, and other exterior materials. The Interior Package covers interior doors, trim, and stairs, among other elements. Materials such as floor and ceiling joists, headers, and beams are part of the Framing Package. Flexible pay-as-you go options are also available. **myparadigm.com/estimate**





Kolbe Windows & Doors VistaLuxe Collection
Kolbe Windows & Doors has expanded its VistaLuxe Collection with the addition of the all-aluminum VistaLuxe AL LINE – the original collection has been reintroduced as the VistaLuxe WD LINE. Kolbe's expanded VistaLuxe Collection has achieved Hallmark certification through the Window & Door Manufacturers Association. Window sizes up to 48"x48"x120" and 60"x60"x96" now offer an industry-leading PG60 rating. **kolbewindows.com/wd**



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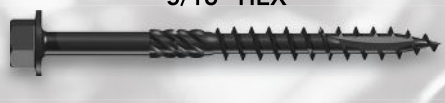
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Bosch Compact Band Saw
Designed for tight work areas, the new 18V, 7.3 lb. compact band saw (GCB18V-2N) is up to 60% lighter and 40% more compact than standard deep-cut band saws, the company says. The GCB18V-2N is equipped with a motor developed to save users time by creating clean cuts (with fewer sparks) on a variety of materials while also requiring minimal rework for burrs or tempering colors. Suited to slice through common-size materials including conduit, uni-strut, threaded rod, copper, black pipe and more while yielding up to 2-1/2" on a single pass. The GCB18V-2N offers a center-placed auxiliary handle and soft-grip main handle for greater control, and a built-in LED light. **boschtools.com**



DEWALT Jobsite Bluetooth Radio
DEWALT's new Jobsite Bluetooth Radio weighs in at 8.25lbs (without a battery), making it 45% lighter than previous models, the company says. It also uses 45% less benchtop footpoint. The AM/FM Radio has six FM memory presets as well as a 3.5mm auxiliary input for a direct mobile device connection. In addition, the radio offers Bluetooth wireless streaming with a maximum range of up to 100 feet. An included USB port charges a user's mobile device at 2 amps when the radio is plugged into the wall and powered via the included AC cord or when running off a compatible DEWALT battery (sold separately). The radio features a quad speaker design with dual 3.5" woofers, dual 1" tweeters and a bass reflex port. The radio offers a roll cage that helps to protect the unit from drops and bumps and incorporates an antenna slot that allows the antenna to fit within the top handle. **dewalt.com**





Rising lumber prices can stunt housing market growth

BY CHUCK FOWKE

WHILE HOUSING has played a leading role in helping to stabilize the economy in the wake of the COVID-19 pandemic, soaring lumber prices and ongoing supply shortages threaten to blunt momentum in the housing market and jeopardize an economic recovery.

Due to insufficient domestic production and tariffs on Canadian sources, the price of lumber has staged a staggering increase in recent months, rising more than 160% since mid-April to an average price above $925 per thousand board feet, according to Random Lengths. By comparison, in 2018 lumber prices briefly jumped and hit a then-record $580 per thousand board feet. As the nation struggles with the pandemic's economic fallout, today's price spike will add more than $16,000 to the price of a typical newly-built home, thereby constraining housing supply, exacerbating affordability woes and limiting housing's ability to lead the economy forward.

The primary drivers of the framing lumber price increases and supply shortages are pandemic-related as mills closed in the spring due to stay-at-home and social distancing measures enacted by state and local governments. When prices fell between March and April as a result of the coronavirus outbreak, 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.

Further exacerbating the supply crunch was the fact that housing weathered the storm much better than most anticipated and lumber producers did not foresee the massive uptick in demand from do-it-yourselfers and big box retailers during the pandemic. DIY demand did not abate as most states reopened and construction demand far surpassed lumber mills' projections.

Lumber price volatility is made worse by tariffs averaging more than 20% on Canadian lumber imports into the U.S. market. These tariffs act as a tax on American lumber consumers and drive up the cost of production. The U.S. does not have the capacity to meet domestic demand and imports nearly 30% of its lumber from Canada.

Except for the Great Recession, housing has led the nation out of virtually all economic downturns over the last several decades. And amid this pandemic, housing has been a bright spot for the U.S. economy. Single-family permits are running 3.4% higher during the first half of 2020 compared to the first half of 2019. Construction has remained an essential service in most states, despite "stay-at-home" orders. However, these sharp lumber price increases are unsustainable, particularly in light of the housing affordability crisis.

Housing's potential for growth and to lead the economy forward is limited as long as lumber remains expensive and scarce. And the ramifications for job growth are significant. Building 1,000 average single-family homes creates 2,900 full-time jobs and generates $110.96 million in taxes and fees for all levels of government to support police, firefighters and schools. Similarly, building 1,000 average rental apartments generates 1,250 jobs and $55.91 million in taxes and revenue for local, state and federal government.

The White House can play a constructive role to alleviate this growing threat to housing and the economy by urging domestic lumber producers to ramp up production to ease growing shortages and making it a priority to work with Canada on a new softwood lumber agreement that will eliminate punitive tariffs on lumber consumers. Even if negotiations were to begin immediately, this is a process that can drag on for well over a year. Ramping up domestic production and bringing more mills online can also take several months. Given the severe supply side bottlenecks, the administration should—at a bare minimum—do all in its power to suspend tariffs on Canadian lumber for the next six months to help ease volatility in the lumber market that is contributing to soaring prices.

Congress can do its part to help boost domestic production by seeking higher targets for timber sales from publicly-owned lands and opening up additional federal forest lands for logging in an environmentally sustainable manner.

The National Association of Home Builders stands ready to work with the U.S. Lumber Coalition, which represents domestic producers, to address shortages in the lumber supply chain caused in part by the pandemic.

Housing can do its part to create jobs and lead the economy forward, but in order to do so, we need to address skyrocketing lumber prices and chronic shortages. ■

NAHB
National Association of Home Builders

John "Chuck" Fowke, a Tampa, Fla.-based custom home builder with 40 years of experience in the home building industry, is NAHB's 2020 Chairman of the Board. As founder and president of Homes by John C. Fowke Inc., he has built hundreds of luxury homes throughout the Tampa Bay area.

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SERVING DISTRIBUTORS, MANUFACTURERS, AND LUMBER DEALERS

NLBMDA stays busy with high lumber prices and a complicated Congress

BY KEVIN MCKENNEY

THE COVID-19 pandemic has created new dynamics in Congress regarding the passage of important legislation and, with the election fast approaching, the window for action will continue to close. Despite the challenges, NLBMDA has been working on several important industry priorities, including needed reforms to the Low-Income Housing Tax Credit and small business relief options. Simultaneously, NLBMDA has been monitoring the price of lumber, which is currently at a record high.

Negotiations between Congressional leadership and the Trump Administration for the next COVID-19 relief package broke down as members of Congress returned home for the August recess. In May, the House passed their "Phase 4" bill called the HEROES Act. The Senate did not take up that bill and is unlikely to do so. Despite the gridlock in the Senate, the Republicans released a series of bills totaling approximately $1 trillion that serve as the Republicans' version of the COVID-19 relief bill, the HEALS Act.

NLBMDA has been pursuing several industry priorities as part of COVID-19 relief legislation, ranging from small business relief to housing reforms. While NLBMDA was successful in getting relief options passed, like the Paycheck Protection Program, housing priorities continue to face challenges in Congress. Before negotiations came to a standstill, House Speaker Pelosi suggested that Democrats and Republicans consider approximately $2 trillion in overall funding, essentially splitting the difference from where both parties started; however, Administration negotiators rejected the proposal.

It is not currently clear how negotiations will play out before the end of September. Senate Majority Leader Mitch McConnell (R-KY) indicated that he was pessimistic that a package could be agreed to considering the upcoming election. During the early part of September, McConnell discussed with Senate Republican colleagues the possibility of putting a slimmed down COVID-19 relief package estimated to cost between $500 billion and $700 billion on the Senate floor, which will likely focus on employer liability protections and a scaled back unemployment benefit.

While Congress stays gridlocked on additional COVID relief bills, dealers across the U.S. have expressed concern over the current price of lumber, which as of early September is at a record high. COVID-related factors have had effects, but that is compacted with the trading climate with Canada.

For years, NLBMDA has been lobbying the federal government for a renewed Softwood Lumber Agreement with Canada, which would address the current tariff on Canadian softwood lumber. NLBMDA is watching for a final determination regarding a previous preliminary decision by the U.S. Department of Commerce to lower duties on shipments of Canadian lumber into the United States.

Currently, duties are averaging more than 20% on Canadian lumber shipments into the United States. Commerce conducted an administrative review and in early 2020, issued a proposal that could lower the countervailing and antidumping duties to just over 8%. A final determination was expected by this time, but has not been issued. NLBMDA has lobbied the Trump Administration to address the issue while being considerate of the benefit of free market principles. Specifically, NLBMDA would like the Trump Administration to return to the negotiating table with Canada and create a workable and fair system for all parties. ■

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

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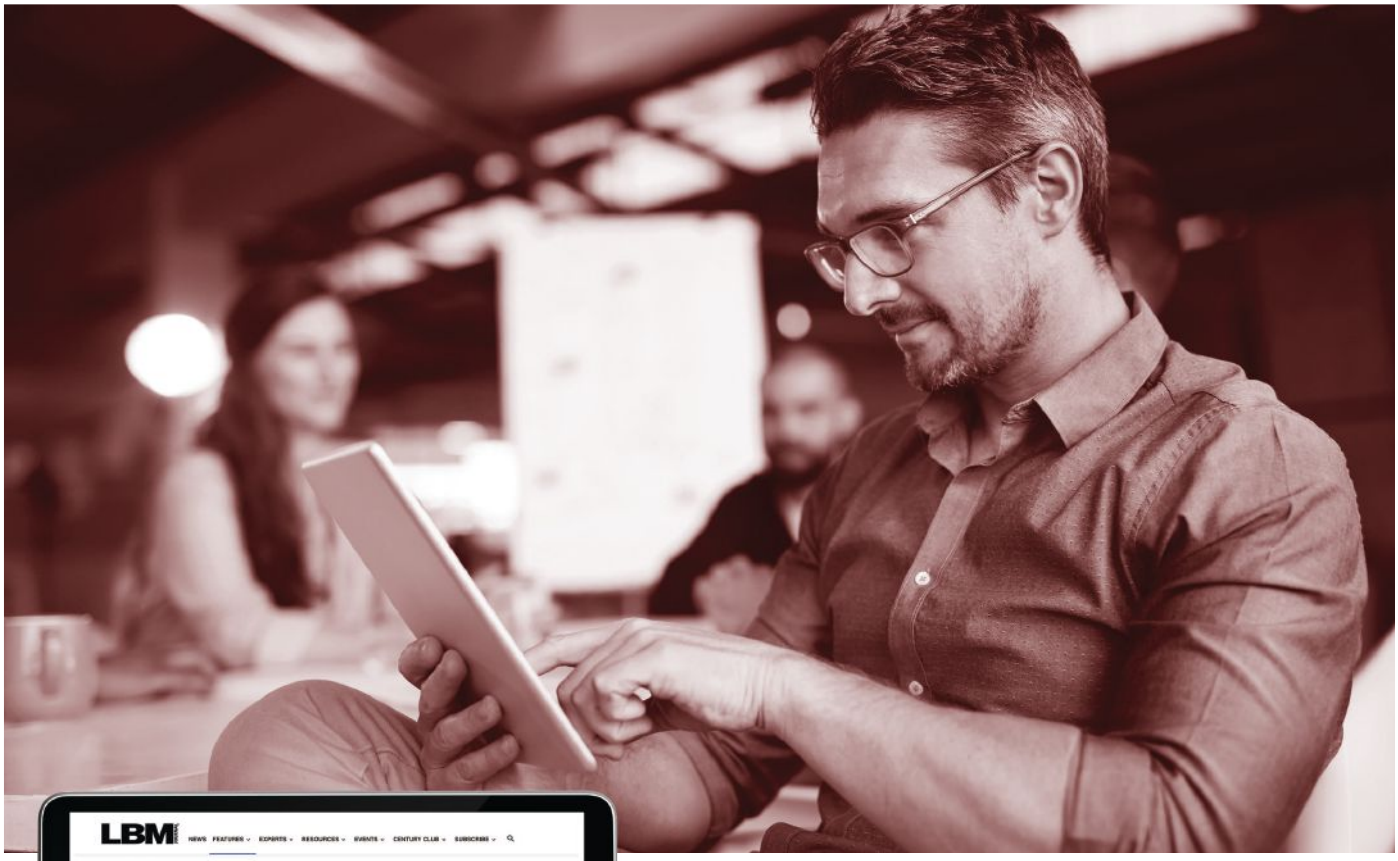
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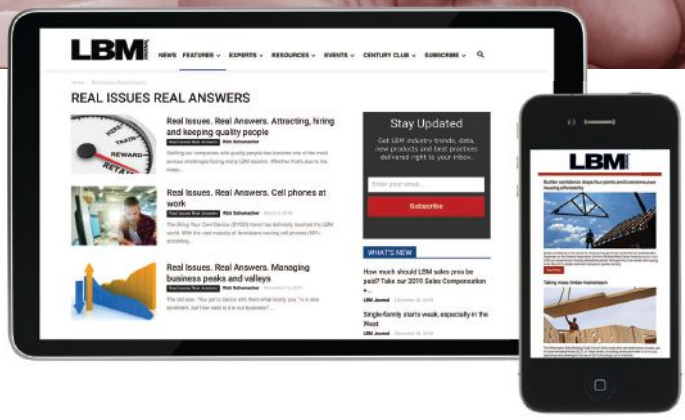
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NOT A WAREHOUSE

A LONG-DELAYED PROJECT FOR A VERY IMPORTANT CUSTOMER MEANS YOU'RE LEFT HOLDING ONTO A SERIOUS AMOUNT OF MATERIALS WITHOUT THE SPACE TO DO SO. WHAT WOULD YOU DO?

As a successful, full-line dealer serving many (if not most) of the strongest builders in your market, 2020 is working out to be a surprisingly strong sales year. Along with several record sales months, you've also faced down the same challenges as other dealers from across the U.S.: serious material shortages, record-high commodity prices, difficulty attracting new talent to replace team members who are retiring, etc. In addition, because no two LBM dealers are exactly alike, you've faced some unique situations with no easy answers.

Case in point: Bob and Betty Deeproots, a prominent couple in town, decided to do an extensive remodel of their stately home, including new windows, siding, decking, and more. When they began the planning process back in early 2019, they instructed their remodeler to buy all materials from your yard. As their last name implies, the family has deep roots in the community, and they believe strongly in keeping their money local whenever possible.

Once they'd made all their product decisions—which took just over a year—they finally pulled the trigger and ordered the materials in April. Everything arrived at your yard on time, they paid the $85,000 bill, and the project was moving forward as planned. The morning that the first load of materials was on the truck for delivery is when the problems began.



The remodeling contractor called to reschedule the delivery. Something had come up, and his crew wouldn't be ready for the materials for another two weeks. Your crew unloaded the truck and set the material aside. Two weeks later, the contractor did it again, delaying delivery by another two weeks. The next call came from Bob Deeproots himself. "Our remodeling contractor just pulled out of the job. I'll need you to hold onto the material while we secure someone to complete the job."

By this time in late May, most remodeling contractors were already booked up for months. And since the Deeproots are very selective about who completes the work, they have yet to find a replacement. Normally, that wouldn't be a problem. Then again, normally, you wouldn't have $85,000 in materials eating up valuable warehouse space during one of your busiest years ever.

The material is paid for, so that part's fine. But your warehouse was engineered to move material in and out efficiently, not for long-term storage. You appreciated the Deeproots buying all of the material from your yard, but storing it is causing headaches for your warehouse manager, who is frustrated about the space issue, and also concerned about the possibility of accidental damage to some of their custom products.

What would you do?

▶ **CAST YOUR VOTE ONLINE AT: LBMJOURNAL.COM**

- **JUST DELIVER.** Let Bob and Betty know that you're unable to continue storing their materials and schedule a date to deliver the materials to their home. Then do it and be done.
- **WAREHOUSE.** Negotiate a fair rate with a local warehouse where the materials can be stored until needed, then let Bob and Betty know that you're moving their materials, and they'll have to pay storage.
- **FIND A BUILDER.** Work your network of contractors to find someone who would do a great job with this project, make the introductions, and convince the Deeproots to move forward.
- **TALK IT THROUGH.** You know Bob and Betty are in a tough spot. Sit down with them, explain why you can no longer store their materials, and agree to work together to find a solution.

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

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