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OF THE YEAR 2021**


ANNUAL SALES: \$50-\$100 MILLION

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IN DEPTH: TRIM & MOULDING

HOT PRODUCTS FROM IBSx

EDITORS' CHOICE FROM THE VIRTUAL
INTERNATIONAL BUILDERS' SHOW



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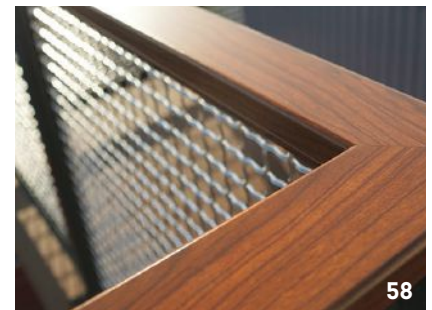
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Editors' choice from the virtual International Builders' Show



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Lessons learned

IT'S SAID THAT experiences that don't kill us make us stronger. If that's true, then the death-defying rollercoaster that was 2020 has taken our strength training to whole new level. In addition to being stronger, hopefully the experience has made us smarter as well. While we can't always control the obstacles that life throws our way, we can control our response.

Apart from the new normal of social distancing and mask-wearing, one of the biggest challenges our industry faced last year was price spikes and severe material shortages. The issue was so big that I hosted a panel discussion of industry experts at the recent IBEx on "Navigating Supply Chain Disruptions." (Fun fact: while builders are the primary audience for the annual International Builders Show (IBS), LBM dealers and distributors are the second biggest audience. That's why NAHB made a point to have dedicated dealer/distributor programming during this year's virtual event.)

Since the panel discussion was on supply chain disruptions, I was joined by Gary Nackers from Do it Best Corp., Clarence Wilkerson from Weyerhaeuser Distribution, and Sean Tighe from Lumbermens Merchandising Corp. Representing a member owned co-op, a leading buying group, and a national wholesale distributor, these three companies sell tens of billions of dollars in building materials every year to *LBM Journal* readers. From that unique vantage point, it was a powerful panel with deep insights into the product shortages and price spikes that many dealers are still wrestling with. In case you missed the excellent discussion, here are some of the key takeaways:

The power of relationships. When materials are scarce, companies will always take care of the customers who take care of them. Think about it: if you had a truckload of pressure treated wood, who are you going to sell it to? Your loyal customers.

Communication. Coming in a dangerously close second to relationships is communication—with both your builder customers and your suppliers. If you know your builder customers' needs ahead of time, and give a heads up to your supplier, you're one big step ahead of the game.

Balancing just-in-time with stocking inventory. Inventory costs money, which is why so many dealers have come to count on their suppliers as their unofficial warehouse. But as 2020 showed, the much-maligned winter buy programs maybe aren't all bad. The fact is, smart dealers will have a strategy in place for what to inventory and what to just-in-time.

For multiple reasons, 2020 was a tough year. For many dealers, it also came with record-setting sales. And for some dealers, especially those who happened to have plenty of materials on hand once the market ignited, it was likely the best year they've ever had.

Now that we're a couple months into 2021, let's work together to do what we always do: move forward better and smarter, with a toolbox full of lessons learned.



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— Rick Schumacher
Executive Editor & Publisher

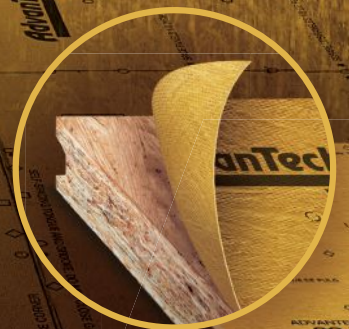
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‘What are you hearing from dealers?’

EACH YEAR at this time, around the International Builders’ Show, we speak with manufacturers sharing product introductions and innovations that they hope will find their way to our readers’ inventory, and eventually into the hands of builders, remodelers, and homeowners. We welcome these conversations from our loyal advertisers and others, and we value the role our magazine plays in connecting the two ends of the distribution channel.

When most manufacturers have finished demonstrating (or this year finishing their Zoom calls in place of in-person demos at the builders’ show) they inevitably ask the question, “What are you hearing from dealers?”

My answer so far this year has been that the dealers I’ve spoken with are predicting a strong year ahead, one that might rival 2020 numbers or be even better now that COVID-19 precautions are in place and there’s a bit more accuracy in projections. What worries dealers, I point out, are supply chain delays.

While I don’t have an answer for the dealer who is hearing from the builder, who is hearing from the homeowner that a project is delayed, I certainly have empathy for everyone in the process. A house on my morning dog walk route has been re-sided since August and is still awaiting stone veneer. I assume it’s delayed because supply is running low from that particular manufacturer, and the homeowner and contractor are patiently waiting for it. I joked with a neighbor that the only one happy in that situation might be the housewrap manufacturer who has displayed its logo free of charge for six months. Joking aside, homes are still being built, materials are being sold, and waiting for products here and there isn’t the worst thing happening in the world.

I spoke with a lumber dealer recently who said that he had a custom homebuilder in his office who was threatening to shop elsewhere because materials shortages have delayed a major project. I don’t know if that situation occurs often in many other parts of the country, but the potential is there, and that has piqued attention up and down the supply channel. Manufacturers I’ve talked to have confirmed that they’ve heard similar complaints. They’ve also told me how they’ve ramped up production and optimized distribution to reduce wait times.

I mention this because as I fielded the question, “What are you hearing from dealers?” recently, it reminded me to let our readers know that while LBM Journal serves as an information source for lumber and building supply dealers and hardware retailers to learn about manufacturers’ offerings, it’s also where manufacturers turn to learn of the challenges that dealers (their biggest customers) are facing.

I invite you, dealers, to reach out to myself or our Publisher and Executive Editor Rick Schumacher to let us know if there is a business issue you are facing that you think other dealers may be struggling with as well. I encourage you to participate in our features such as Real Issues. Real Answers. (page 44) and our Tough Call (page 72) monthly segments. Each article is based on challenges that we hear from readers. If you’d rather send us an email about an issue you think we should address, please do. The least we can do is pass along your information, and the best we can do is help find a solution that also improves business for other *LBM Journal* readers.

— James Anderson
Editor



james@LBMJournal.com



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Reflections on 40 years in business

NEW SOUTH CONSTRUCTION SUPPLY celebrated 40 years in business on Jan. 1. The company was founded as New South Supply by Wayne Gotto and Wayne Glenn in Columbia, South Carolina. The two had been salespeople for Specialties, Inc. in Columbia and had the itch to go in business for themselves. There were only two problems: there was a major recession going on, and they didn't have much money. They were able to borrow from a customer to get started and over the next couple of years they would deliver whatever they sold, and, on the weekends, they would do the books and send out invoices. They worked seven days a week for the first few years until they could get the company on solid footing.

During the next 20 years they expanded from one location to five and things were good...until Wayne Glenn and his wife both developed cancers. They decided they wanted to sell out and devote their time to getting well. Wayne Gotto did not want to run the business alone, so they put the business up for sale.

At the same time, I was looking for another business to buy after the sale of Enterprise Computer Systems where I had been CEO for 12 years. The Capital Corporation in Greenville, South Carolina had the listing to sell New South Supply. I had contacted them looking for a business to buy. After one meeting with Wayne Gotto, I knew I was onto something. I liked the fact that the business was focused on only three product categories: concrete accessories, masonry accessories, and waterproofing. Also, there were only about 500 SKUs. I have always felt that there are riches in niches, and I liked the niche that they were in as there were no national competitors to snuff me out, just a few regional competitors.

In about three months I was completing due diligence on the last of their five branches when the 9/11 terrorist attack hit the World Trade Center in New York. That was gut check time. Would our economy crater? Would there be more attacks? Would I be able to finance the purchase as banks would now be skittish? All these questions ran through my head and many more. I persisted and was able to line up the financing to get the deal done. On Nov. 1, 2001 I closed on the purchase.

Just three months after the closing, on Feb. 5, 2002 we opened our sixth location, in Myrtle Beach, South Carolina. I am proud that we made a profit our very first month. It wasn't much, but it was a profit. Since then, we have expanded to nine locations in the Carolinas and Georgia. We have added rebar fabrication and the rental and sales of tilt up concrete construction products to our product offerings. We diversified from just light commercial construction to residential, industrial, road and bridge, and restoration and repair. We replaced the generic computer system we inherited with industry specific software and since then we have added mobile ordering, GPS tracking, data visualization

reports, cost to serve analysis software, and pricing algorithms. Also, in 2008 we rebranded as New South Construction Supply to reflect more accurately what we supplied.

What lessons have I learned in my 40+ year career? The main ones are below:

- **It's all about people.** I don't care how good your facility, inventory levels, and trucks are, if I have better people than you, I will beat you every time.
- **Stay up to date with technology.** Computers and software don't join unions, they don't ask for raises, and they don't miss work due to being out too late. We are doing 5X the revenue from when I bought the company with 25% of the back office staff. That is all due to automation.
- **Stay in your lane.** When you try to be all things to all people you end up meaning nothing to no one. Find a niche and own it.
- **Practice open-book management.** For all of my career I have shared financials with my associates. I know that most of my competition thinks this is crazy; however, I have found that when your associates understand your financials, they understand the tough decisions that have to be made during hard times. Just make sure you share the wealth during good times.
- **Build your bench.** It's never the wrong time to hire the right person. We are always doing college recruiting and looking for talent anywhere we can find it.
- **Know your industry.** Read trade journals, go to industry conferences, listen to podcasts, and be active in trade groups. You will get much, much more back than what you put into it.

The last 20 years have been a lot of work but also a lot of fun. I have decided to not sell the business but to create an Employee Stock Ownership Plan (ESOP) so that the legacy built over the last 40 years will carry on when I retire. We have a very loyal group of associates and I know that if I sold the company most of them will lose their jobs. I am not doing an ESOP exit for purely altruistic reasons, as it is good for me and my family, as well as all our associates. I view it as a classic win/win proposition. I just hope I will be around to see what the next 20 years brings. ■

Jim Sobeck is CEO of New South Construction Supply and New South Real Estate Partners. Jim is the author of *The Real Business 101: Lessons from the Trenches*, a collection of business tips he learned (mostly the hard way) in his more than 40-year business career.



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UPDATES

PEOPLE

Jeff Strom is replacing **Nick Stokes** in **Boise Cascade's** distribution division. Stokes will retire on March 12 with 42 years of service.

Blair Buchanan is retiring from daily involvement with **Mendocino Companies** and continue as a senior advisor.

Mike Olosky has joined **Simpson Strong-Tie** as COO.

Thea Dudley has joined **Levelset's** Credit Management Advisory Board.

Palmer-Donavin has named **Matt Kaufman** VP of sales.

Tractor Supply has named **Joy Brown** to the company's Board of Directors. Brown currently serves as chief data officer at Verizon Media.

Beacon has announced that Chief Operating Officer **C. Eric Swank** will be leaving the company at the end of this month.

BlueLinx has promoted **Matt Lyle** and **George Zarick** to the role of regional vice president. **Cory Dukehart** has been named general manager.

Ernie Couillard has been promoted to president at Regal Ideas.

Wolf Home Products has promoted **Dom Pileggi** to vice president of distribution center operations.

Kristie McCurdy has joined **RoyOMartin** as a senior sales representative and **Bobby Byrd** has been re-elected to the board of directors of the **Reflective Insulation Manufacturers Association International**.

CO-OPS & BUYING GROUPS

LMC will host its 2021 Annual Meeting virtually from March 22-26.

Do it Best Corp. has named industry veteran **Ben Skoog** as its director of brand integration.

Charlie Kreyer, LMC chairman of the board, has announced that LMC President and CEO **John Somerville** will retire in June. Somerville joined **LMC** in 2009.



SKOOG



SOMERVILLE

INDUSTRY

Lincoln Lumber's new Crockett, Texas sawmill will be capable of producing approximately 28 million board feet annually of 1x4 and 1x6 and is expected to be operational by the third quarter of 2021.

Simpson Strong-Tie announced that the company donated \$78,000 during the 2020 holiday season.

MFM Building Products, a manufacturer of a full envelope of waterproofing and weather-barrier products, will celebrate its 60th anniversary this year.

Cornerstone Building Brands has introduced **Cornerstone Building Brands Rewards**, a loyalty program designed for contractors who purchase Ply Gem Siding brands, Mastic and Variform, as well as Ply Gem steel siding, trim & mouldings, shutters & accents and gutter protection products.

Boise has opened second Texas door shop to assemble **Therma-Tru** exterior doors.

Ascent Glass Windscreen from **Trex Commercial Products** has received a 2020 Architecture MasterPrize Award, among other honors.

Versatex has announced its 2020 'Versatexcellence' winners. **Coastal Forest Products**, of Bow, New Hampshire won Distributor of the Year, and **Terry Bartley** from **U.S. Lumber** (Altoona), of Claysburg, Pennsylvania was named Distributor Sales Rep of the Year.

Stratus Wealth Advisors has joined **NLBMDA's** Manufacturers and Services Council.

DISTRIBUTION

Sherwood Lumber will distribute **Chelsea's** Everlast advanced composite siding. **Wausau Supply Company** will now distribute **Envision** composite decking in Colorado.



OLOSKY



DUDLEY



KAUFMAN



BROWN



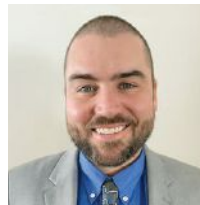
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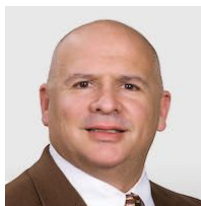
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UPDATES

MERGERS & ACQUISITIONS

Fortune Brands has acquired **Larson Manufacturing**, a brand of storm, screen, and security doors.

MI Windows and Doors has acquired Michigan's **Sunrise Windows & Doors**.

Builders FirstSource has completed its merger with **BMC**. The company now has combined sales of approximately \$11.7 billion.

Oldcastle APG has expanded its lawn and garden business with the acquisition of Minnesota-based **CST**.

L&W Supply has acquired New England's **Merrimack Building Supply**.

Culpeper Wood Preservers has announced its most recent acquisition in Lancaster, Massachusetts. The new location will be named **Culpeper Wood of New England**.

Envision Building Products has acquired **Fairway Architectural Railing Solutions**.

Hardwoods Distribution Inc. (HDI) has acquired **River City Millwork**. HDI is a subsidiary of **Rugby Architectural Building Products**.

Specialty Building Products, LLC has announced that it has signed a definitive agreement with **The Jordan Company, L.P.** which will acquire a majority ownership position.

Beacon will sell its interior products business, consisting of 81 branch locations, to affiliates of **American Securities LLC**, a U.S. private equity firm.

TOUGH CALL ANSWERS

ANSWERS TO OUR NOVEMBER/DECEMBER TOUGH CALL SURVEY:

THE PETER PRINCIPLE PROBLEM

A NEWLY-PROMOTED EMPLOYEE IS UNDERPERFORMING IN HIS NEW ROLE. HERE'S HOW READERS WOULD HANDLE THIS TOUGH CALL.

SURVEY RESULTS FROM LBMJOURNAL.COM

8.7%
PULL THE BAND-AID. The longer you wait to demote Peter from executive management back into outside sales, the more it'll hurt when you do. Just do it, and move forward.

46%
TALK IT THROUGH. Sit Peter down and tell him that the new position doesn't seem to be working. If he feels the same, he may welcome a return to a job he excels at.



8.7%
JUST WAIT. Moving from sales to management is a big step, and it's unrealistic to expect immediate results. Nurture Peter's management skills, and help him grow into the position.

36.6%
ADAPT HIS ROLE. Instead of choosing between outside sales and executive management, incorporate elements of both, to help set him up for future success as a leader.

THANKS TO EVERYONE WHO VOTED ON THE NOVEMBER/DECEMBER SURVEY. SEE PAGE 72 FOR THE FEBRUARY TOUGH CALL: "IS CHUCK WORTH IT?"



REMODELING PROJECTIONS STRONG FOR NEW YEAR

Annual gains in spending for remodeling improvements and repairs to owner-occupied homes are expected to be modestly higher this year com-

pared to 2020, according to the Leading Indicator of Remodeling Activity (LIRA) released by the Remodeling Futures Program at the Joint Center for Housing Studies of Harvard University. The LIRA projects an uptick in year-over-year growth of home renovation and repair expenditure from 3.5% at the close of 2020 to 3.8% by year-end 2021.

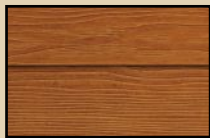
"The remodeling market continues to benefit from a strong housing market—including accelerating growth in homebuilding, sales, and home equity," says Chris Herbert, managing director of the Joint Center for Housing Studies. "In addition to routine re-

placement and repair projects, homeowners are likely to pursue more and larger discretionary home improvements this year as the broader economy recovers."

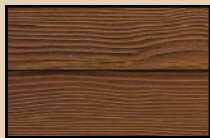
"With the release of new benchmark data from the American Housing Survey, we've raised our projection for market size in 2021 by about \$4 billion, or 1%, to \$352 billion," says Abbe Will, associate project director in the Remodeling Futures Program at the Center. "Spending in 2018 and 2019 was slightly more robust than previously estimated, growing 12.8% over these two years compared to 11.5% as estimated."



Nichiha Sierra Shake - Barnboard



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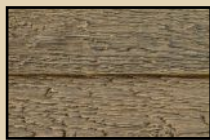
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BUILDER CONFIDENCE FALLS DUE TO MATERIAL PRICES AND UPSURGE IN COVID-19 CASES

Rising material costs led by a huge upsurge in lumber prices along with a resurgence of the coronavirus across much of the nation pushed builder confidence in the market for newly built single-family homes down three points to 83 in January, according to the latest NAHB/Wells Fargo Housing Market Index (HMI). Despite the drop, builder sentiment remains at a strong level, the National Association of Home Builders says.

“Despite robust housing demand and low mortgage rates, buyers are facing a dearth of new homes on the market, which is exacerbating affordability problems,” said NAHB Chairman Chuck Fowke. “Builders are grappling with supply-side constraints related to lumber and other material costs, a lack of affordable lots and labor short-

ages that delay delivery times and put upward pressure on home prices. They are also concerned about a changing regulatory environment.”

“While housing continues to help lead the economy forward, limited inventory is constraining more robust growth,” said NAHB Chief Economist Robert Dietz. “A shortage of buildable lots is making it difficult to meet strong demand and rising material prices are far outpacing increases in home prices, which in turn is harming housing affordability.”

Derived from a monthly survey that NAHB has been conducting for 35 years, the NAHB/Wells Fargo HMI 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 three major HMI indices fell in January. The HMI index gauging current sales conditions dropped two points to 90, the component measuring sales expectations in the next six months fell two points to 83 and the gauge charting traffic of prospective buyers decreased five points to 68. December’s builder confidence numbers dropped from a record high.

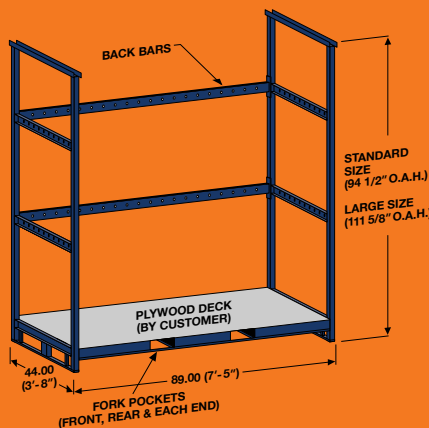
THREE-MONTH MOVING AVERAGES FOR REGIONAL HMI SCORES:

Northeast fell six points to	76 ▼
Midwest was up two points to	83 ▲
South fell one point to	86 ▼
West posted a one-point loss to	95 ▼

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NLBMDA RELEASES 2021 NATIONAL POLICY AGENDA

The National Lumber and Building Material Dealers Association has released its 2021 National Policy Agenda, a comprehensive advocacy agenda for 2021, which outlines important policy positions for the lumber and building

material industry that will boost the housing and construction industry and support continued job creation across the U.S. economy.

“After an historic election and time of uncertainty, Congress must return to advancing pro-growth policies on behalf of the American people,” said

Jonathan Paine, President & CEO of NLBMDA. “LBM dealers are vital to the residential and commercial housing sector and a thriving economy. This agenda will guide policymakers to support policies that ensure laws and regulations are reasonable and cost effective, and make sure dealers are able to continue to be a key driver in the nation’s economic growth for 2021 and in years to come.”

The 2021 NLBMDA National Policy Agenda is divided into nine different policy areas:

1. Housing & Construction
2. Tax & Economic Policy
3. Legal Reform & Consumer Protection
4. Workforce Policy
5. Environment, Health & Safety
6. Product Supply & Trade
7. Energy
8. Transportation
9. Fleet Safety

2021 EVENTS

MAR 7-19 Do it Best Spring Market
doitbestonline.com | **VIRTUAL**

MAR 25-27 LMC 2021 ANNUAL MEETING
lmc.net | **VIRTUAL**

MAY 11-13 NATIONAL HARDWARE SHOW 2021 | Las Vegas, NV
nationalhardwareshow.com

MAY 19-21 NATIONAL LUMBER & BUILDING MATERIAL DEALERS ASSOCIATION LEGISLATIVE SUMMIT
dealer.org | **VIRTUAL**

SEP 7-10 FBMA CONVENTION AND TRADE SHOW | Orlando, FL

SEP 17-20 DO IT BEST FALL MARKET
Indianapolis, IN | doitbestonline.com

OCT 12-15 LBM STRATEGIES CONFERENCE 2021 | Boston, MA
lbmstrategies.com

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



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NUMBER OF HOMES FOR SALE HITS ALL-TIME LOW

The number of homes for sale in the U.S. reached an all-time low in December, dipping below 700,000 for the first time as buyers remained active throughout the holiday season, according to realtor.com’s Monthly Housing Trends Report. Due to unusually strong demand, home prices were up double digits compared to last year, however, the median listing price came down to \$340,000 from a summer high of \$350,000.

HOUSING STARTS END 2020 STRONG, BUT CHALLENGES LIE AHEAD

While housing starts ended the year on a strong note, rising lumber prices and increasing regulatory cost concerns could affect future production. Led by a solid, double-digit gain in single-family starts, overall housing

starts increased 5.8% to a seasonally adjusted annual rate of 1.67 million units, according to a report from the U.S. Department of Housing and Urban Development and the U.S. Census Bureau.

The December reading of 1.67 million starts is the number of housing units builders would begin if development kept this pace for the next 12 months. Within this overall number, single-family starts increased 12.0% to a 1.34 million seasonally adjusted annual rate. The multifamily sector, which includes apartment buildings and condos, decreased 13.6% to a 331,000 pace. November’s housing starts rose 1.2%.

Total housing starts for 2020 were 1.38 million, a 7.0% gain over the 1.29 total from 2019. Single-family starts in 2020 totaled 991,000, up 11.7% from the previous year. Multifamily starts in 2020 totaled 389,000, down 3.3% from the previous year.

“The 1.34 million single-family starts pace in December is the highest since September 2006,” said NAHB Chief Economist Robert Dietz. “And while NAHB is forecasting further production increases in 2021, the gains will be tempered by ongoing supply-side challenges related to material costs and delivery times, a dearth of buildable lots and regional labor shortages that continue to exacerbate affordability woes.”

On a regional and year-to-date basis (January through December of 2020 compared to that same time frame a year ago), combined single-family and multifamily starts are 13.2% higher in the Midwest, 7.5% higher in the South, 6.2% higher in the West and 2.8% lower in the Northeast.

Overall permits increased 4.5% to a 1.71 million unit annualized rate in December. Single-family permits increased 7.8% to a 1.23 million unit rate.

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Multifamily permits decreased 3.0% to a 483,000 pace.

Looking at regional permit data on a year-to-date basis, permits are 7.4% higher in the Midwest, 7.3% higher in the South, 2.1% higher in the West and 5.2% lower in the Northeast.

BY THE YARD NEWS FROM LUMBERYARDS AROUND THE COUNTRY

STINE FAMILY CELEBRATES LEGACY OF J.W. STINE

World War II veteran and Stine Lumber founder, Jackson William Stine, known to many as J.W., passed away at home surrounded by his family on Dec. 23, 2020 at the age of 102. After returning home from the war, Stine opened a construction company, which would eventually become Stine Lumber, in Sulphur, Louisiana in 1946. Stine Lumber now has 10 locations throughout Louisiana and one in Natchez, Mississippi employing over 800 associates.

ALEXANDER LUMBER CO. EXTENDS CUMMINGS' TENURE AS CEO

The Alexander Lumber Board of Directors has announced an extension of Bill Cummings' tenure as CEO of the company. Originally named interim CEO when Russ Kathrein stepped down from the position in July 2020, Cummings will maintain that role through 2021. Cummings—an Alexander family and long-time board member—has led a strategic assessment of the company since July.

CURTIS LUMBER ACQUIRES WILEY BROTHERS

Curtis Lumber Company has announced the acquisition of Wiley Brothers Lumber. Based in Schaghticoke, New York, Wiley Brothers is a family-owned lumberyard and home improvement store that Curtis Lumber says is very similar to its current lumberyards.

US LBM ACQUISITIONS

US LBM announced a trio of acquisitions at the close of 2020.

- ▶ Tri-County Building Supplies, operating multiple locations in southern New Jersey.
- ▶ Jennings Builders Supply & Hardware, which has four locations in western North Carolina.
- ▶ Gilcrest/Jewett, which operates four retail yard locations, along with a truss and component plant in Iowa.

JAEGER LUMBER ACQUIRES WEST ESSEX BUILDING SUPPLY

New Jersey dealer Jaeger Lumber has acquired West Essex Building Supply in Verona, New Jersey. The acquisition allows Jaeger Lumber entry into additional markets north and east of its Union and Madison locations, the company announced.

AMERICAN CONSTRUCTION SOURCE ACQUIRES BUILDERS RESOURCE GROUP

American Construction Source (ACS), has announced the acquisition of Builder's Resource Group (BRG). BRG will operate under the Arrow Building Center brand already established in Minnesota and Wisconsin. BRG marks the eighth acquisition by ACS under sponsorship from Clearlake and Angeles.

NEW LEADER AT LEXINGTON BUILDING SUPPLY

Lexington Building Supply in Lexington, Kentucky, has announced the appointment of its general counsel, Glenn A. Hoskins, to the position of president and CEO.

GILLMAN HOME CENTER EXPANDS WITH GAS CITY LOCATION

Gillman Home Center celebrated the grand opening of its newest location in Gas City, Indiana recently. The home center features 16,500 square feet of retail space and expansive outdoor lumberyard. This is Gillman Do it Best Home Center's 13th location across Indiana and Ohio.

JEFFREY SNIDER NAMED MANAGER OF CLEBURNE MCCOY'S

McCoy's Building Supply has appointed Jeffrey Snider as store manager of its Cleburne, Texas, location. Snider joined McCoy's in 2014 working on the sales floor and as a delivery driver before enrolling in the company's Management Development Program. He went on to serve as assistant manager in Midlothian and Dayton, Texas.

MCCOY'S CORUM NAMED IT EXECUTIVE OF THE YEAR

McCoy's Building Supply recently announced that



Joanne Corum, senior vice president and chief information officer, has been named IT Executive of the Year in Austin. The award is sponsored by InnoTech and the Society for Information Management (SIM) Austin Chapter. The IT Executive of the Year Awards showcase the excellent leadership behind the IT innovations created, problems solved, efficiencies gained, and resources optimized.

PBS NAMED TO 'FAST 50' LIST

Professional Builders Supply was again named to the *Triangle Business Journal's*



"Fast 50" list of fastest growing, privately held companies in the Raleigh-Durham area. The #47 raking this year marks the 13th time the company has received the award, including a #1 ranking in 2014. In other news, Professional Builders Supply promoted Steve Hansen to executive vice president of purchasing. Hansen joined Professional Builders Supply in 2017.

84 LUMBER PROMOTES TWO ASSOCIATES TO VP POSITIONS

Joe Weston has been promoted to vice president of cost forecasting & pricing and Rich Scalise to vice president of inventory management.

DEALERS, GOT NEWS?

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

WHY CAMERAS ARE AN ESSENTIAL SAFE DRIVING TOOL

Real-time data collection has become a critical part of commercial auto safety and loss control. The data come not just from telematics, which includes GPS tracking and vehicle monitoring, but also through dashboard cameras. These tools encourage safe driving practices, identify ways to improve fleet performance and help settle insurance claims more affordably. The combination of driver-facing and outward-facing cameras provides an in-depth look at the driver behind the wheel.

The data show on-board cameras are creating safer conditions on the road. According to Azuga, the rise of dashcam use is having a big impact on traffic safety. Currently in the U.K., approximately one in five motorists use dashcams. Year over year, there are reportedly nearly 400 fewer collisions per month, with traffic offenses decreasing by 30 percent in just a year.

The best way to prevent an accident is by promoting safe driving practices. So, how do on-board cameras do that? People behave differently when they are observed, a concept known as the Hawthorne effect. Monitoring driver behavior helps ensure that when employees are on the job, they are focused on their job alone. In the past, the only way to observe drivers was through periodic ride-alongs with managers. Cameras provide continuous observation, and without the added pressure of sitting next to their superior. Artificial intelligence integration can even alert a driver to when they appear tired or they look away from the road.

Some drivers are concerned about being watched constantly. However, presenting telematics and on-board cameras as a way to take care of both the company and the employee will go a long way in making drivers receptive to the idea of being monitored. It is also important to inform drivers of in-cabin cameras during hiring and onboarding and to cover recording policies and procedures in employee handbooks. Understand why drivers may be apprehensive about using this technology but reiterate to them that it's about creating a stronger safety culture and preventing accidents, not simply penalizing drivers for errors. Ultimately, the goal is to keep drivers accountable for safe driving — accountable to themselves, their employer and other drivers.

In fact, cameras and telematics can help with driver retention, as it clearly identifies and reinforces the behavior of good drivers, letting them know they are valued. Plus, if someone is an expert driver, video will demonstrate that and help prevent them from being falsely accused of negligence in the event of an accident.

Consider cameras from an accident prevention and training perspective. Identifying people who display some risky driving habits or those not engaged in defensive driving and training them is a proactive approach that will go a long way. There is no better training tool than driver footage that managers can review for unsafe behavior, accidents or best practices. The camera footage then can be reviewed with the driver to create change in future driver behavior. For drivers who are repeat

offenders, it may be wise to intervene sooner rather than later. The more frequently someone engages in unsafe driving habits, the more likely that will turn into a serious or potentially deadly accident. In the insurance world, we say “frequency leads to severity,” meaning frequent insurance claims are an indicator of future severe (expensive and difficult-to-settle) insurance claims.

In addition to helping prevent claims, cameras are also an invaluable tool in supporting the claims litigation process. Both driver-facing and outward-facing cameras can clearly demonstrate who is at fault when an accident occurs. Dashboard camera footage helps establish liability more expeditiously than before, and in some cases may reveal responsibility on the company driver. This may not seem like a benefit, but the footage quickly answers questions that would otherwise take months or even years to answer through the litigated discovery process, helping to save money in the defense cost. Either way, video footage can contribute to reducing the amount of time spent in litigation.

In addition, video footage helps us defend our insureds more effectively both at mediations and at trials, as it can be brought in as evidence in the defense of a case. In fact, it allows us to better serve our customers as one of the first people to respond when an accident occurs. It helps us partner more closely with our insureds with accident response time, loss control and/or claims handling. As loss control professionals, we have the responsibility to reduce exposures for insureds wherever possible. In the event of an incident, having driver-facing and outward-facing cameras is a plus for both sides. These cameras help us better understand your risk.

Though drivers may have concerns about being watched, continuous monitoring of driver performance is a best practice that's here to stay. PLM works with industry leaders in driver risk management such as Samba Safety and iiX to offer these continuous MVR monitoring solutions to our clients. Combining tools like these with on-board cameras brings a multitude of benefits. That's why PLM has recently partnered with Azuga. They bring telematics and cameras together, because they work better together.

Here at PLM, our goal is to ensure our customers and their employees take safety into their own hands in becoming accident-free. It's not just for us, the insurance company, or the companies we insure, but as a mutual company, PLM's customers are our shareholders, and the employees are an extension of us. And when it comes down to it, everyone benefits from safer drivers on the road.

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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Q: With new construction and residential remodeling still strong in many markets, even during the pandemic, what do you see as the biggest opportunity for LBM dealers?

A: It goes without saying that this global pandemic has been a terrible ordeal for many but, as you noted, the industry has stayed strong and it has opened up some big opportunities for LBM dealers.

With the outset of COVID-19 in 2020, and the prospect of spending significant time in the house, homeowners exhibited a desire to create a retreat within the footprint of the home and its outdoor space. While the pace might slow a little in 2021, homeowners are likely to continue on that trend. LBM dealers have the expertise and product assortment to satisfy a large segment of this residential repair and remodel (R&R) market.

Another opportunity is inventory management. LMC Dealers did a great job of managing inventory and had product availability during the height of the pandemic when others struggled. Inventory management will continue to be key even as the global pandemic slows.

Finally, suburban and rural areas have seen a growth in construction due to the desire of people wanting to move out of big cities. With remote work allowing people to work from anywhere, there's been major growth outside of cities. Remote work coupled with record low interest rates have led to a significant growth in new residential construction in suburban and rural areas.

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

A: The greatest challenge is universal to the industry which is supply side constraints. The unexpected surge in business caught LBM yards, distributors, and manufacturers off-guard. Preemptive caution from the manufacturers witnessed many temporary shutdowns and curtailments exacerbated by pandemic-related delays in employee availability. The volume, coupled with the supply disruption, led to significant delays in getting a wide assortment of products from dimensional lumber to decking to appliances.

While some of the dynamics have changed, overall demand in R&R and a surge in new home construction, there is a real likelihood that some products will remain tight going well into 2021.

Another challenge is holding onto the client base created by the global pandemic. Finding ways to keep these new customers satisfied and coming back for their next project will not only depend on customer service, but the ability to supply the materials and keep up with the demand.

In addition, LBM dealers who need to adapt to different ways of doing business and changes to commerce, particularly e-commerce. Our industry needs to move forward to keep up with businesses in other industries that continue to evolve into a digital world.



John A. Somerville is the President and CEO of Lumbermens Merchandising Corporation. John joined LMC in October of 2009. LMC is a lumber and building materials buying group serving 366 Stockholder companies, with over 1,250 locations from coast to coast including Hawaii and the Bahamas. Last month, LMC announced that Somerville will retire this June.

Q: How has the pandemic changed the way that co-ops and buyer's groups serve their dealers?

A: As a leading dealer-owned co-op, the pandemic reflected why relationships with LBM dealers and suppliers are so important. There was a need at various times of the year to be flexible to quickly changing dynamics. State mandated closures of businesses led to diverting orders or delaying shipments. COVID-19 fueled mill shutdowns and strained lead times, causing dealers to buy differently than they might have in the past. We were able to find alternative suppliers or products. The key is being able to adapt quickly and pivot to find the best solutions the market can provide.

Another change is that in 2021, LBM dealers became very focused on product availability. In a typical year, the focus has almost always been on price but this year, getting the product itself became more important than the price.

Finally, how we serve our dealers has changed. Nothing will replace face-to-face interaction but the pandemic has taught us how to serve them in a virtual environment. We're likely going to see a hybrid of the two ways of serving them moving forward.

Q: From your perspective, what are the biggest changes happening in the LBM industry?

A: By far, consolidation is one of the biggest changes in the industry. Consolidators are purchasing retailers; distributors are purchasing other distributors and mills are buying mills. Maintaining and growing scale becomes more important for competitive pricing structures and access to products.

Additionally, because of the pandemic, businesses had to adapt to new contactless ways to serve their customers and change internal processes to protect employees. As I mentioned earlier, nothing is ever going to beat the face-to-face personal interaction that dealers have with their customers.

But historically, the industry has been slower to adapt to keep up with changes in technology and new ways to conduct business. Again, e-commerce will be a key moving forward.

Q: From your experience, what separates great LBM dealers from the rest?

A: The best LBM dealers are financially strong, have the expertise, product assortment and logistics to get goods into the market. Perhaps, more importantly, they are an essential fabric of the communities they serve. They are independent multigenerational owners driven by a culture of service. LBM dealers invest in their community because they are a part of that community. They are little league coaches, school volunteers, serve in politics and public service, involved in local non-profits, and are the familiar face around town. This also leads to them providing better service because they truly care about those they serve.

The best LBM dealers have fostered a company culture of respect, honesty and trust. By example, they instill this culture in their teams. They take the time to develop personal relationships with their customers and their employees. The best LBM dealers also appreciate their people and make sure they know that they are a valued and important member of the organization. ■

“HOW WE SERVE OUR DEALERS HAS CHANGED. NOTHING WILL REPLACE FACE-TO-FACE INTERACTION BUT THE PANDEMIC HAS TAUGHT US HOW TO SERVE THEM IN A VIRTUAL ENVIRONMENT. WE’RE LIKELY GOING TO SEE A HYBRID OF THE TWO WAYS OF SERVING THEM MOVING FORWARD.”



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Follow this path to a dramatic increase in earnings

BY BILL LEE

BASED ON MY EXPERIENCE, the average building supply business in North America earns in the neighborhood of 2.5% before income taxes. If the owners of a business with this income stream wish to sell, the odds are they'd receive no more than the value of their assets, if that.

On the other hand, a strong building supply business with a relatively high sales volume that earns 8% to 10% (top dollar) before taxes would likely sell for six to eight times earnings.

So, what is the secret to top dollar earnings? Number one is having a highly competent general manager at the helm who is committed to achieving optimal earnings by fielding a team of managers and salespeople who have a burning desire to optimize sales and profits and the discipline to run their segments of the business by the numbers.

ARE THERE SEGMENTS OF YOUR BUSINESS WHERE YOU'RE RUNNING BLIND?

Statistically, running blind is management's most common mistake. Running blind is largely a failure to keep score. Do you have too many people? If so, how many?

If your expenses are too high, it doesn't mean that *all* of your expenses are too high. The trick is to analyze your performance measurements to determine which expenses are too high and which may even be too low.

In my job as a business consultant, I frequently find the problem with profitability is money falling through the cracks, but the management doesn't have the benchmarks in place to identify them.

Because personnel-related expenses are the lion's share of total expenses,

this is where I generally begin. To earn top dollar, the rule of thumb I use is controlling personnel-related expenses to 60% of total operating expenses. Personnel-related expenses include:

1. Compensation (salaries, bonuses, commissions, etc.)
2. Worker's compensation insurance
3. Group medical
4. Payroll taxes
5. Profit sharing

Other useful benchmarks:

- ▶ Delivered sales per truck (consider the capacity of each truck)
- ▶ Returned merchandise as a percentage of sales
- ▶ Shrinkage as a percentage of sales
- ▶ Bad debt expense as a percentage of sales
- ▶ Percentage of past-due customers in each aging field
- ▶ Sales expense as a percentage of sales and gross profit
- ▶ Overtime compared to plan

OUTSIDE SALES COMPENSATION

Outside sales compensation as a percentage of sales will usually vary to the geographical location of the business, but my rule of thumb is 3% of sales or 13% of gross profit dollars. Some successful managers combine the two and don't allow outside sales expense to exceed 16% of these two combined.

PERSONAL BEST

Where these metrics really begin to open management's eyes is when they begin to see areas of significant improvement. I use the *personal best* concept of measurement that is so often referred to during the Olympic Games. After each performance in the Olympics, you are likely to hear the commentator say that the athlete achieved

the best performance he or she has ever achieved, meaning that he or she achieved a personal best statistically.

This is why I believe athletes around the world are lifting more, jumping higher, and running faster than they ever have in the past—because they keep score. They are not running blind.

GROSS MARGIN

The LBM businesses earning top dollar are almost always optimizing gross margin. Optimizing gross margin doesn't mean shooting for a 25% GPM on studs and OSB, two of the most shopped commodities in our industry. But it does mean substantially increasing your current gross margin on many of your slow-moving SKUs, getting out of the markup rut on special order products and teaching your pro sales force how to deal with price objections.

If you were to visit the most highly-rated business school in your region of the country and ask the leading professor in that school what determines the price a business should ask for the material it sells, what do you believe the answer would be?

I'll tell you that most salespeople will answer *cost*, and more than a few store managers will as well. Maybe this is why the sell price of so many products in our industry is determined by marking up the product's cost.

If you answered *cost*, then you're almost certainly leaving several points of gross margin on the table. The correct answer is: what the market will bear; that is, what someone will pay you for the product.

Once you have zeroed in on the gross margin your market will tolerate, begin to slowly and conservatively test the market. If your gross margin on a given SKU is running 27.3% for a few weeks,

try 27.6% and see what happens. If you don't get any push back, try 27.8%, etc. Test, test, test the market.

BEWARE OF THE MARKUP RUT

Over the 33 years I have served our industry as a consultant, I have observed the majority of LBM businesses relegate pricing on oftentimes thousands of SKUs to inside or outside salespeople, most of whom are in a markup rut with their customers. Beware of the following signs that management is allowing the markup rut to govern the price your company charges its customers:

- ▶ Using round number markups on cost to arrive at retail prices, i.e., markups that end in a zero or a five. 33-1/3% is popular as well.
- ▶ Adding in shipping and handling charges at cost.
- ▶ Observing that virtually all salespeople have their own personal formula for arriving at a sell price on special order sales when special order sales average between 25% and 40% of the typical dealer's total sales volume.
- ▶ Observing that many salespeople are insecure about the competitiveness of their price list.
- ▶ The LBM company offers salespeople little to no guidance for pricing special orders.

Based on what I see in the field, salespeople are often more price conscious than their customers are. Here's what I ask salespeople: "In thinking about your annual sales, do you believe your customers are paying you a premium on the sales volume they are buying from you?"

The answer is no! Your customers are buying from you because after considering all options, they believe they are getting a darn good deal.

COACH SALESPEOPLE HOW TO DEAL WITH PRICE OBJECTION

Either volunteering a price cut to induce a customer to give the salesperson the order, or giving in to the customer's negotiating tactics over the course of a year costs LBM companies three to five gross margin points.

Negotiating is a skill. Some customers are experts at persuading salespeople to reduce the price they are authorized to quote. To have a prayer of holding their prices when customers insist on a lower price, salespeople must be aware of their options. Many of your customers may have learned this, but how about the salespeople in your company? Have they been taught how to compete?

For many untrained salespeople, it's much less stressful to agree to a lower price than to try to explain why the price they quoted is competitive. The ability to protect the company's pricing structure requires training and practice. Owners and managers who wish to optimize profitability must give price cutting serious attention.

If you don't know precisely how much your salespeople are reducing the prices in the price book, consider keeping score to find out.

PROFITABILITY ANALYTICS SOFTWARE

Any industry that inventories several thousand SKUs turning at dozens of different rates cannot possibly be aware of the dynamics of each SKU. Consider inter-company transfers, branch locations, inside and outside salespeople, returned merchandise, pickups and deliveries, CODs, credit losses, credit card transactions, etc. The variables are mind boggling even with state-of-the-art industry-specific

software. Without profitability analytics software, I believe it's foolish to think managers have the time, patience, and attention to detail to figure out how to optimize profitability, especially when so much of the pricing is in the hands of the sales force.

Let's face it, the consolidated financial statement fails to reveal the specific location of profound profit variables within the business. From the transaction-level through the vendor/product family, customer, sales territory, and branch, there are substantial variances and distinctions in net profitability that are obscured by revenue and gross margin statistics that are generally used to assess successor viability. ▶

"THE ABILITY TO PROTECT THE COMPANY'S PRICING STRUCTURE REQUIRES TRAINING AND PRACTICE. OWNERS AND MANAGERS WHO WISH TO OPTIMIZE PROFITABILITY MUST GIVE PRICE CUTTING SERIOUS ATTENTION."

Each business's definitive net income results from the tension among three distinct groups of customers and products:

1. **Profit-makers:** products and customers that contribute to peak internal profitability.
2. **Profit-neutrals:** products and customers that either maintain or match peak internal profitability.
3. **Profit-takers:** products and customers that reduce the peak internal profitability to actual net profitability.

The difference between peak internal profit and real net profit is profit opportunity. By remediating profit-takers, improving profit-neutrals and growing its profit-makers, the organization can point its resources toward optimal profit growth. Also, because two customers generating the same gross margin can consume organizational resources at different rates, a deeper level of analysis is crucial to understanding true profitability.

Regrettably, most managers don't know where products or customers fall within the categories mentioned above. Thus, they fail to identify and mitigate profit-takers, reducing net income, and enterprise value. Additionally, they often fall short in focusing sales and support teams on those segments that drive profitable growth and market leadership.

Interestingly, many executives believe that their largest customers and product categories are their most profitable—however this is frequently not the case. Often sizable customers and categories, when their true cost-to-serve is appropriately attributed, can be found across all three profitability groups. Because each product or customer is different, their gross profit contributions do not equally add to the ultimate net income of the business.

Earlier I mentioned that I believe, “what the market will bear,” should be the deciding factor in determining how to price a given product. While many major product categories are highly competitive, and customers oftentimes “shop” these products before making a buy-

ing decision, there are hundreds—sometimes thousands—of obscure products that are so inconsequential that customers simply cannot justify the time and energy it would take to engage in a hard-bargaining purchasing strategy.

Today, there is software available that provides a handsome return on investment that monitors your inventory, identifies the specific SKUs that have the turnover to justify special pricing opportunities, and gives you reports that identify how much gross profit your company is generating as a result of the pricing matrix.

Cleveland-based SPARXiQ is one company that impresses me with the value they have to offer the LBM industry. The software was developed to provide an integrated sales and pricing analytics platform along with performance skills training to help contractor salespeople add greater value for their customers. Using SPARXiO's or a similar company's pricing principles, I believe building supply businesses can generate the kinds of gross margins these types of convenience items require.

SPARXiQ / EPICOR PARTNERSHIP

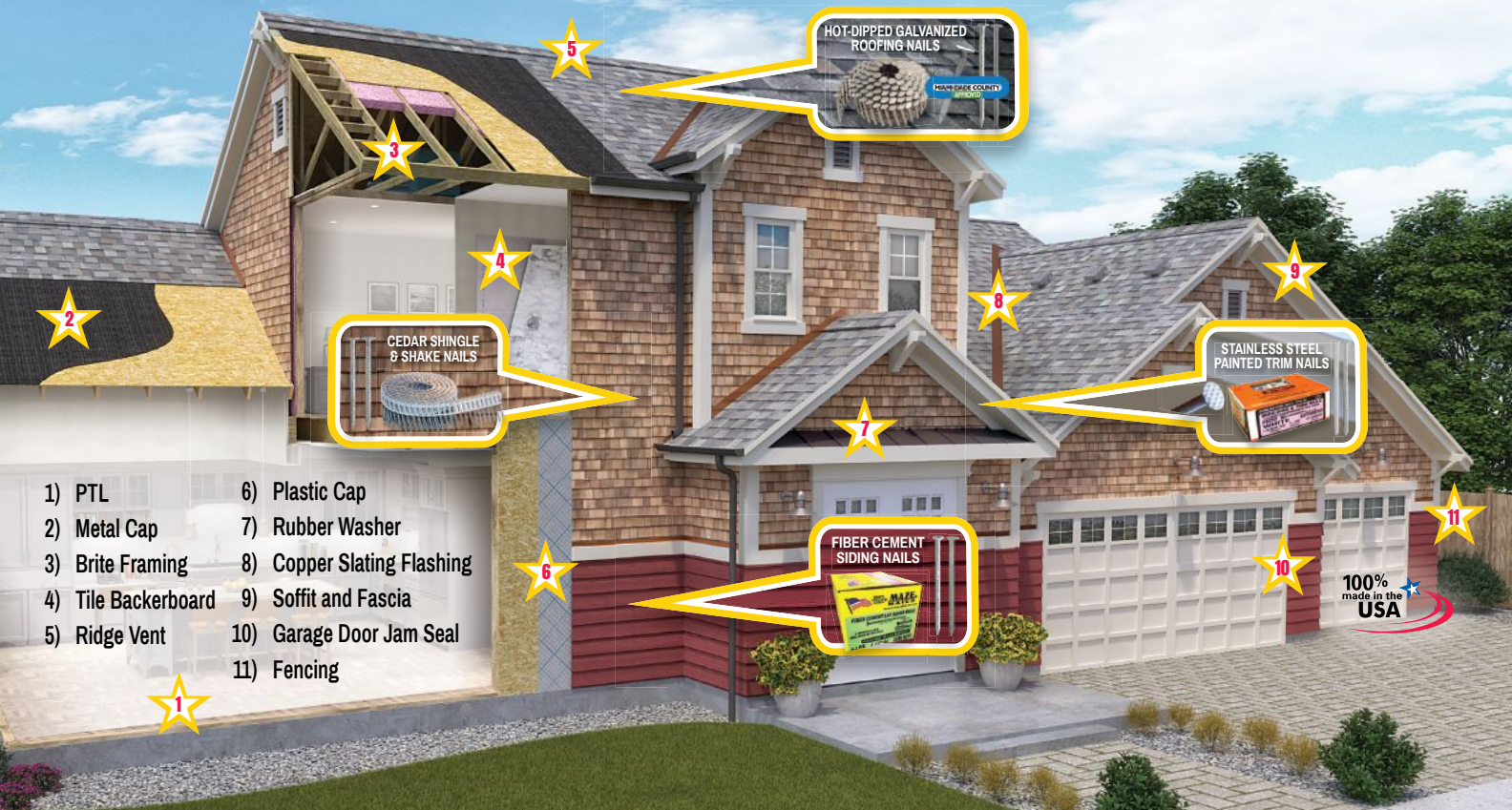
SPARXiO and Epicor have built a partnership to develop a strategic pricing module to make it easier for P21 and Eclipse users to take advantage of SPARXiO pricing services. In my opinion, this module enables users to achieve initial margin improvement more quickly and reduce the resource time needed to implement the strategic pricing initiative.

SPARXiO and Epicor have built several standard reports into the P21 and Eclipse module designed to help users measure this initiative's margin impact and identify opportunities for further improvement. Through the use of the Epicor module, I believe SPARXiO can efficiently lead users through the implementation process, resulting in less risk and quicker time to margin improvement.

I encourage you to follow the path outlined in this article, which I think will dramatically increase profitability. ■



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 more things stay the same

BY RICK DAVIS

AS THE LIGHT EMERGES at the end of the pandemic tunnel, you might want to pause and discover what comfort you can find in the chaos we left behind in 2020. The prevailing belief is that the world is forever changed post-pandemic and that nothing will ever be the same.

The presumed new normal is that working all day in a cubicle has been replaced by a remote home office. Virtual meetings are a new essential skill. Safety protocols and political beliefs have introduced new tensions about handshakes and masks. Breakfast and lunch are no longer reasons to meet. Reduced travel times have strangely not reduced time management pressures but made us busier by creating opportunities for more virtual interaction. Selling has seemingly changed forever, but has it?

Inside the bubble of constant change, it is easy to get caught up in new technologies, competitive changes to the environment, and fears about an evolving world. In reality, these are overt changes that have been occurring for decades and divert attention from the less obvious status quo. I find comfort by not asking what has changed, but instead a less obvious question: What remains the same?

The first thing that remains the same is the need for products and technical support. The threats drone on that e-commerce and Amazon are going to replace the bricks and mortar of the LBM dealer. Ultimately, it will not happen because the need for technical support and capable delivery is constant. If you consider this from the buyer's perspective, it should not surprise you because expertise and consultative selling never go out of style.

Many presume that builders will rely on software and online support for their purchasing needs. Certainly, it is true this convenience will take on more significance. However, a house is constructed with complex interactions of components, scheduling challenges, and evolving product technologies. The need for consultative expertise, along with bricks and mortar warehousing and delivery, will always be a valued resource, regardless of environmental changes.

Hospitality has seemingly changed too. Pre-pandemic meetings around meals, coffee, and an occasional cocktail were standard operating procedures. The virus has temporarily limited these forms of entertainment, while the need for personal connection remains. Hospitality can be shared in the form of logo branded gifts in the mail, hand-written notes, or phone calls to connect on a personal level. Traditional forms of social connection will be back, but in the meantime, it is the recognition that hospitality in any form never goes out of style. There is more...

Training needs never change even though the style of delivery does. Live training sessions and conventions will return; in the meantime, online learning and virtual sessions fill the gap.

The need to manage expectations never changes. As lumber prices fluctuate wildly and supply chain issues hamper delivery schedules, the need for accurate communication is more stylish than ever. Instead of meeting at a jobsite to discuss the schedule, alternative communication methods do the trick.

The need to recruit new talent never changes even though the means by which solicitation and interviews might. The need for promotion and marketing is no longer the traditional format of our parents but is nevertheless vital for success. A spinning, cardboard rolodex might be obsolete, but the power of a good contact list will always deliver a competitive edge. A live introduction to a referral is a wonderful means of deepening relationships, but can be replaced by a quality e-mail introduction just as well.

It might be fashionable now to presume that the world has forever changed by the pandemic. Of course, another crisis will eventually occur and the only constant you can rely on is change. Technology marches on. Economic tides will continue ebb and flow. Ultimately, in the midst of all these changes, personal connection and authenticity never go out of style. The more things change, the more they stay the same. I find *that* a comforting thought. ■



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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8 strategies for attracting Generation Z candidates

BY RIKKA BRANDON

AS YOU CONSIDER YOUR open entry-level positions, whether on the floor or in the office, it's important to keep in mind that we've officially moved into a new generation—the oldest members of Generation Z are now in their early 20s and represent the next crop of young hires.

Just as Gen X wanted different things from a job than Baby Boomers, Gen Z is unique from those before it. Here are attributes companies should consider to ensure they're remaining attractive to potential job seekers.

1. Up the appeal: Unfortunately, lumber and construction aren't always the first industries young people think about when planning their dream careers. This is particularly true with office roles, such as marketing or IT. But as those of us in the business know, LBM is a wonderful industry to be a part of—full of opportunities, close-knit teams, and pride of work. When advertising open positions, it's important to market the advantages of the industry as much as the appeal of your company and its benefits package.

2. Ensure opportunities for growth: Gen Z is looking to try new things, implement new ideas, and help the company grow to the betterment of both, and that means mobility either upward or even laterally toward new opportunities. Having only one path to growth can feel stifling, notes Loryn Dudley, Gen Z daughter of LBM industry veteran Thea Dudley, so make sure you're open to new approaches. Often, Gen Z team members will leave not because of pay but because they're tired of waiting around for an opportunity to move up or because management is inflexible to new ideas.

3. Provide recognition and feedback: At the same time, they expect, as they should, recognition for their work. "If I'm putting in the effort, I do expect to see recognition," says Dudley. "It doesn't have to be monetary or even with a jump in title—and certainly not hand-holding—but just recognizing that someone did a good job is nice."

4. Consider their passions: Gen Z is appearing to be very driven, motivated by their passions and activism. Ensure your company gives them the space and freedom to pursue those interests, whether it be giving the day off to vote, offering benefits for volunteering, or sharing their artwork on the walls.

5. Nurture a welcoming culture: Many in Gen Z will stay at companies where they feel appreciated and valued, and where they have an opportunity for growth. Feeling supported by, and valued by, leadership and fellow team members is crucial. They don't need to be coddled—but they do want to feel valued.

6. Demonstrate security: Payscale.com notes that Gen Z came of age in the Great Recession, many seeing their parents struggle with unemployment or other financial issues; therefore, they value job security, and you'll want to communicate the company's vision for its future.

7. Increased flexibility: Like other generations, work/life balance will be important. As the pandemic has shown, many employees can be just as productive (and often more productive) working from home or during off hours and that employees can be trusted to get the work done when and how it makes sense.

8. Embrace technology: Generation Z literally has never known life without Internet, and the first iPhone came out before they were teenagers. If your company has antiquated, paper-based systems for tasks where digital options are more practical and efficient, the time to update is now. This starts with your job advertising and application process; if you're only advertising in the newspaper classifieds and only accept in-person resumes, what does that tell applicants about the rest of your IT portfolio?

Generation Z is engaged, motivated, and driven. Creating an environment that's welcoming to their needs—and leveraging that to attract applicants—will pay off in the long run via hard work and innovation. ■



Rikka Brandon is the leading recruiting and retention expert for the LBM industry. She's the CEO of BuildingGurus.com and founder of RecruitRetainRock.com where she helps building products business owners and leaders solve their recruiting and retention challenges with strategy, best practices, and access to experts.



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The power of building your networks

BY RUSS KATHREIN

HUMAN BEINGS are by their nature social animals, yet often when it comes to leadership, we view the task as a solitary endeavor that we have to just endure on our own. In reality, nothing could be further from the truth. A good leader builds up support networks both within and outside a company, and both personally and professionally. Networks build relationships and bring you knowledge that you would not get in the ordinary course of your business.

While the concept of networking is thought of as meeting other people, building a network is getting to know those people on a much deeper level that achieves some trust. A network that has built up trust will give you feedback on your performance, or that of your company, that you will not find anywhere else. A network within your company will give you contacts outside your influence and area of work. These people will see things that you don't, and know of things that you would have no exposure to. Often the feedback you get from these sources is the most meaningful and helpful feedback you will ever get, even though it might be painful.

I once invited someone that I consider part of my personal industry network to a meeting that I was holding with my team. I wanted him to observe the meeting and help me figure out why I could not get my team to overcome an obstacle that we were facing. He sat through the meeting and afterwards he told me he thought he knew what the problem was. He told me, "The problem is you." He then went on to show me how my actions and words were not in alignment and that my message was either confusing the team, or taking away any accountability of the people who really weren't on board. It was not a conversation that I look back on fondly, but he was right, and I would not have gotten that feedback from my team or anyone else.

So how do you build these networks? The best way to start is to get involved and get acquainted. Get involved outside your immediate area in your company. Get acquainted with people in your company that you normally wouldn't interact with. In another era, I used to make sure I got to know the people that fixed things

or handed out the mail. The things they observe are amazing, and most people treat them as if they are invisible. Start acknowledging them, and you have immediate members in your fan club. Start building trust with your peers by helping them out with a problem they are dealing with. It won't be long before they start reciprocating and viewing you as a resource.

Within the industry there are a number of ways to start building your networks. Start with attending some industry meetings, like the LBM Strategies Conference, or a buying show put on by a co-op or buying group that your company belongs to. Once at those meetings, be present and stay engaged. Introduce yourself to as many attendees as possible. Chances are, they are there to do the same thing. Another great way to build a strong network is through participating in roundtables. These are a small group of non-competing businesses that share information with each other.

The last, and often one of the best, groups to build a network with are the suppliers in your industry. This can be from your local rep up to the owner or president of the company. It also means getting to know the people who service your industry, like recruiters, equipment suppliers, and service providers. They can be a great resource for information and very helpful in helping you tackle a problem.

When I was a young leader, I was with a company that I was sure I would stay at for the rest of my life. When any recruiters would call with candidates, but also to build a relationship with me, I would politely brush them off. Why did I need to build relationships with any recruiters? Yet several years later when the dynamics at my company changed and the best option was for me to move on, I had failed to build or maintain any industry relationships outside the specific sphere of my company, and I found myself starting from scratch. A friend in need is a friend indeed, but you need to do the hard work and spend the time to build those friendships before you can lean on them in a time of need. Put the work in up front, and your support network will be there when you need it most. ■



Russ Kathrein is with the LBM Division of Do it Best Corporation based in Fort Wayne, Indiana.



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Plant a seed with the right leader

BY THEA DUDLEY

Dear Thea, I heard a presentation you did on credit leadership and building a powerful credit department. What if you work for someone who does not believe the credit department ever needs to change up how they do things? How do you progress when you are working for someone or for an organization that doesn't want to embrace new ideas?

— Looking for Help in Helena

Dear Looking,
For starters, you can't force someone to hear a message they are not ready to receive. You can, however, plant the seed, then water it. Over and over. Take a few steps back and really look at your organization. Chances are the landscape is not quite as bleak as you believe it to be. If you truly watch some of the leaders in your organization, you will see some who could be allies. Aligning with these leaders could help forge a brave new world. Some of my greatest allies were actually people I didn't really like on a personal level, but people don't have to be liked to be trusted.

Forget everything you know about leadership and credit management, and approach with a beginner's mind. How would you do something if you had no preconceived notions about how it should be? You may not be the leader by title, but a title doesn't make a leader. A title doesn't garner respect. It's how you conduct yourself, how you treat others—and that means people you work with—even those who you may not necessarily agree with all the time.

Being a leader means fighting just as hard for someone else's success as you do your own. It means recognizing and doing the best you can for the customer and your company, and not

walking away. Being a leader means jumping into the trenches to help your team be successful, regardless of your title.

Don't misunderstand what I am saying. You don't have to be Joan of Arc or in line for sainthood. You do have to be there for more than just a paycheck. Opportunities arise all the time; you just have to keep your eyes and ears open for them and be prepared to act. The beauty of life is nothing stays the same for any true length of time.

Take a look at the other members of your team. What are you working with? Do you truly pull together as a team or are you divided into small groups or cliques like you are in a Twilight Zone version of high school?

I am always concerned about creating a team in which everyone thinks alike. Research shows that the most successful teams have a diverse approach to finding solutions. Again, you don't have to like everyone you work with, but do you trust them? Do you respect the job they do? Can you put your petty BS aside and work together to create an outstanding team? Can you acknowledge and leverage their value?

Essentially, the department is the team. A department is just desks and groupings of like work. A team is what makes that collective work outstanding.

Did I answer your question? Maybe not the way you were looking for. I have no magic bean to offer you to change your situation. Only you can do that. Look around, see what can be done. If you are convinced that all is lost and there's no hope, then you have choices to make.

But before you do, never underestimate the power of planting a seed. Maybe it won't work, maybe it will. How will you know if you never even try? ■



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

Leveraging the seller

BY JOHN WAGNER

WHEN YOU GET AN OFFER for your company, the first thing your eyes will jump to on the letter of intent is the TEV, the Total Enterprise Value, a.k.a. the amount that the buyer is offering for your business in sum total.

“Boy, that’s an impressive number!” you’ll say to yourself.

The next items your eyes will jump to are the terms of how the deal will be financed. That’s when you’ll call your Audi dealer to put your purchase of a new A7 on hold...at least for now. Here’s why: Very often the terms requested by the buyer ask you, the seller, to finance part of the deal. This financing can take the form of seller notes, deferred cash payments, earn-outs, and “roll-over” equity in the Newco that’s being formed by the acquisition.

If you think there’s something unfair about this kind of financing (especially seller notes and deferred cash), you may have a point. You are, after all, essentially loaning money to the buyer to acquire your own company.

But don’t take it personally. These kinds of seller-financing requests are common. The buyer is just doing what buyers do: Trying to leverage the seller, to reduce the amount of cash due at closing, while making a portion of the purchase price dependent on future success.

Here are a few examples of how a deal might be structured.

In a clean, straight-up deal, let’s say the buyer offers \$20 million. If they really want your company, and there are other serious buyers hovering, they’ll pay \$20 million in cash at close, and—on their own—seek senior and mezzanine debt to reduce their cash-due requirements. It’s not unusual for around one half of the deal value to be leveraged as debt. This debt is hung on the Newco created by the acquisition, paid down off by Newco’s future performance. For the seller, this deal structure is clean. Go ahead, get that Audi! I’d go cherry red, with the Prestige package.

Other buyers will offer \$20 million, and ask for, say, \$5 million to be a seller note that the buyer pays interest on (and sometimes principle) over a number of years. Typically, only at

the end of the term of the loan is the note paid in full. (Seller notes can also be characterized as deferred cash payments.) However, if the company crashes during the loan term, this debt is very rarely secured. It’s often third in line to get paid in a bankruptcy. So, there’s some risk.

Some buyers may offer \$20 million, and ask for roll-over equity, where the seller leaves in, say, 20% of the deal value, taking ownership in NewCo in exchange. That’s smart for the buyer. 20% of \$20 million is \$4 million less that they have to come up with in cash. Want to roll the dice on a second bite of the apple? Now’s your chance.

Another common method that buyers use to leverage the sellers is to ask for an earn-out, where a portion of the deal is paid off over time, sometimes as long as three years, when the company meets certain financial performance goals. This column has thoroughly covered this topic, but just as a reminder, always peg the earn-out to gross profit dollars, not EBITDA, and make the payout a percentage of the goal you have achieved, not an all-or-none “cliff.”

In some deals that are highly “financially engineered,” we have seen the buyer putting up as little as 25% of the deal value in cash, or even less. The structure might look like this: \$20 million TEV, with 50% financed by debt; 12.5% financed by seller notes or earn-outs; and 12.5% in roll-over equity.

Ideally, your company is so attractive that there is enough buyer interest for you to set the acquisition terms. You can stipulate no roll-over equity, not seller notes, and no earnout, while letting the acquirer assume the task of lining up the senior and mezzanine debt if they are leveraging the deal.

But if you don’t have that power to set the terms, you may have to accept at least an earn-out and perhaps some roll-over equity, while avoiding the least-popular option: seller notes. Your investment banker is worth his or her weight in gold at that point and—having seen this all before—they should offer advice on how to avoid the “rocky shoals” of any negotiation and leveraged deal structuring. ■



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

The small stuff: What exactly do you deliver?

BY SHANE SOULE

GETTING MY CAR'S OIL CHANGED recently opened my eyes to how technology can shape customer experience through continuous, proactive communication. This time I tried a small local place instead of one of the corporate lube shops. To my surprise, when I gave them my information and prepared to sit down, they offered me the use of a loaner car so I could run errands while they worked on my car.

I was excited to take them up on their offer, and as I headed off to an impromptu customer meeting, I got a text message from the shop saying, "Your vehicle is third in line and approximate pickup time is 2:00 p.m." While I was at my customer meeting, I received another text stating, "Your vehicle is on the hoist, should be about 35 minutes, and updated pickup time is 1:55 p.m."

I knew then that I would be their loyal customer from that day forward. On my way back to their shop, I received a final text saying, "Your service is complete, and your car is parked in spot 3 out front with your keys in the cupholder and receipt on your seat, enjoy your day!" Now, not only did they lock me in as a customer for life, but I also posted on social media about my experience and went out of my way to tell friends about their company. This is exactly the kind of reaction we should all be aiming for as we provide customer experiences in our own businesses.

I decided to check with our software partners to see if we could create similar experiences for our customers. After digging in, here are some things that are available right now that we easily and quickly put in place at our company.

TEXT AND/OR EMAIL NOTIFICATIONS

► When a customer places an order with us, we schedule it within 30 minutes. Upon scheduling, the software automates a message that notifies the customer when the order is scheduled to deliver and the name and contact info of the dispatcher, in case they have questions.

- If the order changes at all, either backordered or changed delivery time, another automated message lets them know which product was backordered or the new ETA of their delivery. Within the notification, the GPS site link for the truck is shared, so the customer can check in real time where the load is.
- As our truck leaves the yard, it hits our geofence that marks the delivery in process and that automates another notification with a more exact window of time to expect delivery.
- As we physically drop the material, we take pictures of the order. When the driver uploads them, it automatically invoices the order and triggers the final notification. This last message confirms that the material has been delivered and attaches the invoice as well as pictures of the material on site.

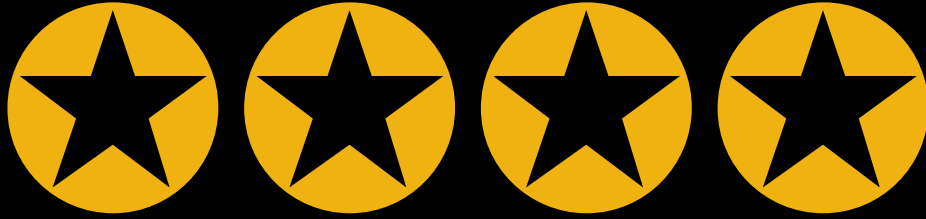
Customers are raving about this change, and not only has it not cost us extra time, but it has also saved us time from fielding calls to answer questions from builders and installers. This simple change created a seismic shift to our customers' trust levels.

At a basic level, we are a delivery service for our customers. Looking at the most successful delivery services that are available in other industries should inspire us. Uber Eats, for example, is changing the way we experience restaurants while also increasing sales for the restaurants. How? They simply provide convenience and continuous, proactive communication. Their sales are surging, and customers are paying for the high level of service. Customers can order food from just about anywhere now, but they consistently want Uber Eats to deliver it.

Our customers enjoy a wider selection of products than ever before, and they can also order from anywhere, but I'm convinced that the best companies will be the ones that deliver—continuously and proactively. ■



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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ANNUAL SALES: \$10-\$50 MILLION

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ANNUAL SALES: \$50-\$100 MILLION

LBM JOURNAL'S DEALER OF THE YEAR awards recognize LBM companies of different sizes that epitomize the entrepreneurial spirit. By our definition, a Dealer Of The Year describes a company in which leadership excels at identifying underserved—or emerging—markets, satisfying customers, and constantly working to grow and improve business. While these companies represent vastly different operations, the common thread is their fierce commitment to finding ever-better ways to serve their customers and their communities.

ZUERN BUILDING PRODUCTS AND DESIGN CENTER

DIVERSIFIED AND GROWING

MOST LUMBER DEALERS in the midst of expansion and increased revenues will tell you about their growth strategy. It isn't every day, however, that a diversification strategy enters the conversation. It has been said that while good companies can grow by doing what they're currently doing only better, great companies grow by doing that as well as trying something new. The latter is what makes Zuern Building Products and Design Center in Slinger, Wisconsin our Dealer of the Year in the category of \$50 million to \$100 million in sales.

Zuern Building Products and Design Center has come a long way since the 1953 opening of Allenton Lumber and Fuel. The business, started by Louis and Irene Zuern, served customers from a single location about an hour north of Milwaukee. In 1970, it was sold to Louis and Irene's sons, Don, Bob, and Joe Zuern. Today, the ownership team is made up of five siblings and cousins, all third-generation owners. The company employs just under 200 full-time employees among its four full-line lumberyards, two design centers, and corporate and distribution center. 





Zuern third-generation ownership team: Jim, Greg, Jennifer, Tom, and David.

SECOND-GENERATION GROWTH

Zuern Building Products expanded from its 1970 transition from the first- to second-generation family members. Brothers Don, Bob, and Joe Zuern started with a single location with five employees and in 1985 acquired Hanson Lumber in downtown Watertown, Wisconsin. After a decade at that location, a new store and yard were built in Watertown’s south side, and the downtown property was sold.

The company grew again in 2007 with a new location in Cedarburg, Wisconsin. By 2011, the third generation had purchased the business and in 2014 Zuern acquired Worzella Lumber in Franklin, Wisconsin, giving it a four-location reach across the Milwaukee metro area.

“The strategic growth model was to surround the Milwaukee market in a 30-mile radius,” says co-owner Jennifer Zuern. Jennifer is part of a five-person ownership team that consists of siblings and cousins who purchased the company from their parents in 2011. Dave, Jim, and Greg are sons of Don and Jan Zuern; Tom, is the son of Bob Zuern; and Jennifer is the daughter of Joe Zuern.

Zuern Building Products and Design Center employs just under 200 full-time employees among its four full-line lumberyards, two design centers, and corporate and distribution center.



DIVERSIFICATION DECISIONS

Since the third generation took over, the company has re-branded as Zuern Building Products and Design Center, opened a new 70,000 square-foot facility in Slinger, Wisconsin, and purchased a two-location window design center that has introduced the company to the Madison, Wisconsin market.

Greg Zuern, co-owner who oversees logistics and operations, says the plan of acquiring the 70,000 square foot facility in Slinger has placed them in a market leadership position in the millwork, window, and cabinet categories. “We have a climate-controlled facility that can handle and store these categories,” he says. The facility serves as a distribution center for all Zuern locations in these categories, and also houses the company’s corporate offices.

“That warehouse space was just critical to our existing growth,” Greg says. His cousin, Jennifer agreed, adding that the ability to expand in those categories allowed the company to also shift more focus onto design centers.

In April 2020, as the nation was still beginning to tackle the COVID-19 pandemic and the economic uncertainty that followed, the company acquired Window Design Center, with locations in Delafield and Madison. Renamed Window Design Center from Zuern, the stores feature expansive showrooms, additional warehousing in Madison, and both inside and outside sales and service support.

SHOWROOM SERVICE

Zuern Building Products and Design Center still very much operates like a traditional lumberyard, though you wouldn’t know it from visiting most of their locations. Redesigned showrooms featuring the latest in product and design serve a customer base of 84% pro contractors, both builder and remodeler.

With the recent market growth in home remodeling during the pandemic, Jennifer says she believes the 16% walk-in retail traffic from homeowners will increase as homes have become offices, classrooms, and entertainment centers as well.

Plans are underway to remodel all of the Zuern showrooms, which will be modeled after the recently redesigned Cedarburg store. “We want to create an interactive design and selection experience,” Greg says.





The company prides itself on both its tenured veteran staff as well as its new, up-and-coming team members. Shown above: company President Arleen Mantel, and HR Director Rachel Homulos.



With the Cedarburg store rebranded in 2019 to serve as a template for the rest of the locations, Jennifer says each location will be a destination where builders, customers, designers, and decorators collaborate in bringing a homeowner’s dream property to life. Franklin and Delafield’s remodels have begun since the first of the year.

“We work with customers from design to completion,” she says. “If they don’t have a builder, we work with many who are very reputable. We’ll guide them in the proper direction to one of our customers.”

TEAM TACTICS

What most enables Zuern’s growth and diversification trajectory, Jennifer says, is the company’s employees. The company prides itself on both its tenured, veteran staff as well as its new, up-and-coming team members.

“We’ve got a great group of team members we’ve built a bench with,” she says. “There’s a great dynamic between the veterans and the newer staff. They’re teaching each other. The veterans have knowledge beyond measure of products and product application. The newer team members have the technology knowledge to share. The culture we’ve built

is very strong and the tenured team members continue to pass that on.”

At Zuern, it’s important that staff know that they are not expected to be a master at everything. “When a customer comes in they can find someone who is a master at windows, doors, or cabinetry,” Jennifer says. “Our people aren’t generalists. Our showroom experience is very different than that of our competition. It’s a branded feeling that you’re not walking into a lumberyard. You can touch, you can feel the products, and it’s more experience and selection driven. We have spaces where customers can sit and work—builders send clients in with decorators and they spend a day here.”

Beginning this year, the company has brought in a corporate training and development leader who is working with each position in the company to create an onboarding and career path for each participant. “That’s really going to be important for retention,” Jennifer says.

Voted a Top Workplace in the Milwaukee market in 2019 and 2020 by the *Milwaukee Journal Sentinel*, Jennifer says the company’s culture has helped recruit and retain new members. Driving that culture is company President Arleen Mantel. While Arleen has been president for six years, >



she's been with the company for 44 years. She plans to retire this year, with Tom Zuern to follow as President.

"She has served somewhat as a liaison," Jennifer says. "She was a great bridge from the second-generation team members and into the third generation of ownership."

With a large family group of ownership, and another generation several years away from involvement in the company at a management level, Zuern has learned to look outside the family for expertise when adding to the team.

"We understand that we don't have all the answers," Jennifer says. "So, we've brought in some great leaders from outside the family. We've hired leadership from within the industry, but outside the family because we don't want tunnel vision as we grow. We know that to grow, we need outside ideas."

ONWARD AND UPWARD

The growth trajectory for Zuerns will continue upward, says Jennifer. With location expansions, rebranding, and diversifying into design centers all happening within the past few years, the company plans to continue the momentum of its record-breaking 2020, which brought revenues of just over \$89 million.

Greg says his team will continue to fine-tune the distribution capabilities within the company and implement much of the advances in technology his IT department learned throughout the pandemic.

"We are very advanced in our IT for this industry," he says. "Our IT team is very involved and is constantly creating efficiencies that make purchasing from Zuern easier.

I think—even in this industry that is notorious for not embracing technology—our core in doing business is to maintain the cutting edge." Greg added that Zuern's IT director was recently asked to serve on an Advisory Board for Epicor BisTrack.

Until the economy completely recovers even after the pandemic, Greg says that product lead times will have an effect on business. As such, Zuern's purchasing team is in constant communication with vendors and sales team leaders, and communication has become more critical than ever.

"Our business model and team approach continually add value for our clients. As we set ourselves apart we see a constant increase in opportunities," Jennifer says. ■

GET TO KNOW ZUERN BUILDING PRODUCTS AND DESIGN CENTER

FOUNDED:	1953
LOCATIONS:	SEVEN
OWNERSHIP:	FAMILY
EMPLOYEES:	197
BUSINESS SOFTWARE:	EPICOR BISTRACK
BUYING GROUP/CO-OP:	LMC
TOP THREE BRANDS BASED ON REVENUE:	MARVIN AZEK ROSEBURG



PHOTOS: SPOTTSWOOD PHOTOGRAPHY



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ZUERN

BUILDING PRODUCTS & DESIGN CENTER

LBM JOURNAL 
DEALER
OF THE YEAR 2021
ANNUAL SALES: \$50-\$100 MILLION



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In each month's **REAL ISSUES. REAL ANSWERS.** survey, *LBM Journal* editors ask readers to share a business challenge they are struggling with. For the past few years, the most common challenge facing companies in our industry is attracting, hiring, and retaining good people. As we ended 2020 and the many challenges and opportunities the year brought to our industry, we wanted to know our readers' recent experience in hiring for different positions, and their insights into... >

ATTRACTING TOP TALENT

BY LBM JOURNAL READERS



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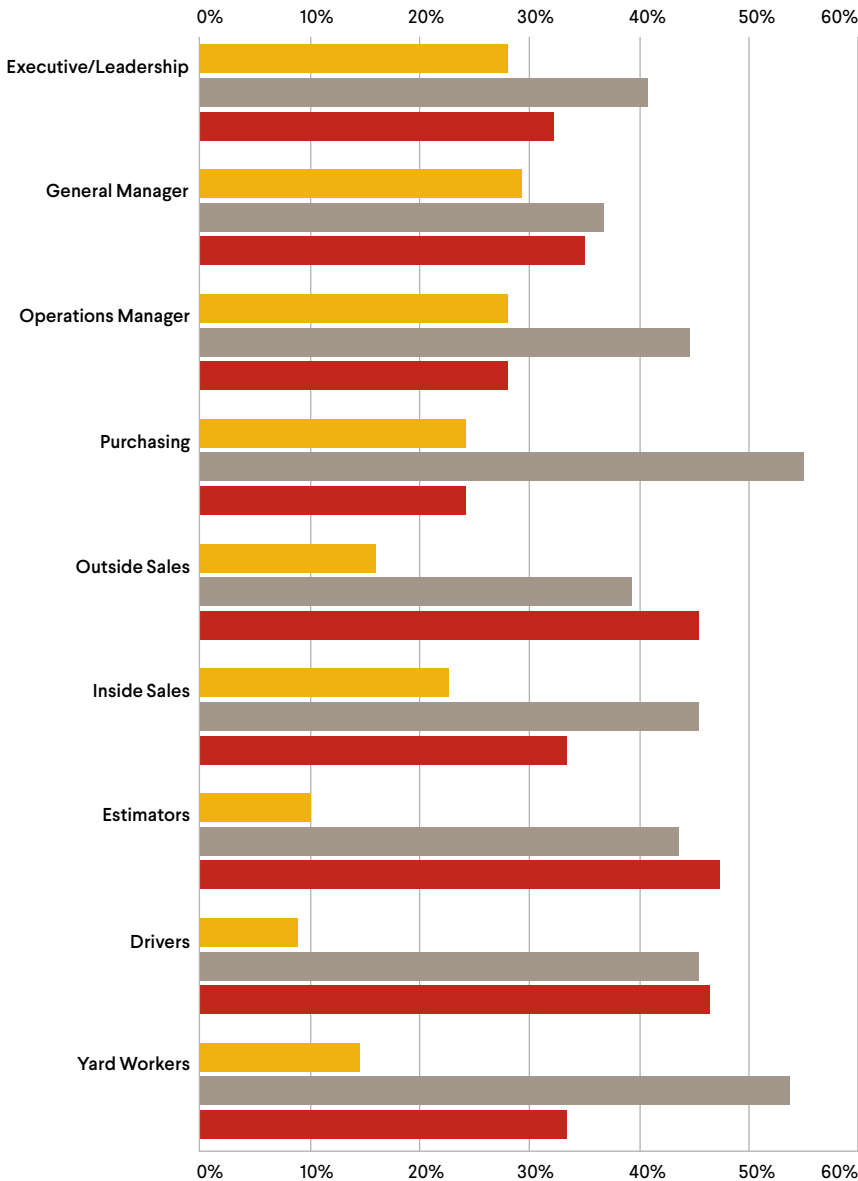


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ON A SCALE OF 1-3, HOW DIFFICULT IS IT FOR YOUR COMPANY TO FILL THE FOLLOWING POSITIONS?

- 1 = NOT DIFFICULT AT ALL
- 2 = SOMEWHAT DIFFICULT
- 3 = EXTREMELY DIFFICULT



ATTRACTING TOP TALENT CONTINUES TO BE THE #1 CHALLENGE FACING OUR INDUSTRY. IN YOUR VIEW, WHAT IS THE SECRET TO ATTRACTING GOOD PEOPLE TO JOIN (AND STAY WITH) YOUR COMPANY?

RESPONSES FROM FULL-LINE LUMBERYARDS AND SPECIALTY DEALERS

“Having a secure place to work. Pay well and have growth opportunities.”

“Pay a competitive wage and show your new hire they are part of a team and not just a number.”

“Just keep hiring!”

“Always be on the lookout. Look for great service in any environment.”

“Wages are always the most problematic part of finding the help you need, but the morale at your yard is the next step. If you don’t have the morale, a new hire won’t last long.”

“Pay them well and provide good benefits.”

“The pay offered to our prospective employees has been the #1 reason they walk, followed by the amount of time it takes to respond after an interview.”

“Competitive wages and enticing benefits. Benefits that will keep employees on the job, and raises, which are very far and few these days.”

“A culture that appreciates the person and their work regardless of their role.”

“Salary.”

“We struggle with adequate training and incorporating the new employees into the culture fast enough. However, we hired over 100 employees with a 40% turnover. This is mostly in the production areas.”

“Having solid vision and strong core values that radiate throughout organization.”

“Good people have options. Offering competitive incentives with avenues for career growth is the secret. I am a fourth-generation LBM salesman and estimator that has been involved in the industry from a very young age. I will be leaving the industry a few weeks from now as my wife and I started a successful drafting and design service as an avenue for me to leave the industry. Without purchasing a company outright, I have not found avenues for career growth at any of the companies that I have worked for. I posted \$2.4 million in sales last year, have worked with the most demanding contractors in each market that I’ve worked, and am definitely hitting a ceiling.”

“While attracting, training, and retaining top talent it is so very important to communicate openly, honestly, and regularly with your employees.”

“Pay and benefits help attract people, but the environment they work in, feeling appreciated, and knowing they can build a career keeps people loyal.”

“There is no one thing to do—you need a varied basket of incentives and the employee will attach themselves to what is important to them.”

“A family environment, and a focus on culture and development opportunities.”

“Making the current people feel valued, creating a culture where the employees have a say in how things are done.”

“Focus on the people is equally as important as focus on the customers.”

“Good compensation and benefits, good working conditions, chance for advancement.”

“Strong social media presence, and partnering with customers who are strong with theirs, and tag your company. It shows a strong environment/culture that people want to be a part of.”

“Up to date on younger generation trends. Specific goal-oriented training and education.” ➤

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"I believe the first step in attracting top talent is by having an engaging job posting, one that will hook the prospect and want them to pursue the opportunity. Next, know and understand what individuals want from their career today: potential earnings, benefits, opportunity for advancement, and quality of life. As much as a candidate is selling themselves, you must sell your business. You want to make it appealing, have a dynamic training program in place, embrace and engage in technology and most importantly, lead by example. I believe most individual are capable of learning and being trained, but it's how we as owners present our business and the life that we put into it that will make it appealing."

"Flexibility, family-friendly environment, year-end bonus, and retirement."

"Generous vacation time."

"Creating a good culture to retain great staff and attracting new staff. If we can't retain staff, then why bother hiring new staff who are going to leave?"

"While I haven't yet figured out the secret, competitive wages, along with vacation and health insurance benefits are proven incentives to getting them in the door."

"Treating the employees with respect and leading them not directing them."

"Most of our leadership comes from within. We try as much as possible to continue to build bench strength for all positions. Finding labor in a tech-based market is extremely difficult. People don't want to build loads, drive trucks, or run equipment, when they can go to an air-conditioned office in their pajamas and slippers, and have all meals and snacks catered to them. The pay scale for beginning tech jobs has severely hindered our ability to find good employees to work in our yards."

"Hire good people at entry-level positions and develop them yourself. Hiring the second generation of current employees has had some success also."

"Empowering people to make mistakes, take risks, and not to fear losing their positions. Don't micromanage them."

"Finding someone with a good work ethic who wants a career not a 'job.'"

"Ascertaining the right mix of knowledge and interpersonal relationship skills."

"Show them the value your company has to offer so the starting wage isn't the only thing to look at."

"Hire personality, attitude, and work ethic. You can train the rest."

"Successful company history, along with a number of benefits and work flexibility."

"Pay, benefits, work environment."

"Hours worked. We start at 48-50 hours per week."

"Hiring for attitude and not aptitude. Treating them like family and taking care of them financially when possible (bonuses, etc.) and also listening. The old adage applies...no one cares how much you know until they know how much you care. This is especially important with the younger generation."

"Benefits, competitive salary, in-house avenues to expand learning. Be open to career advancement."

"Good interviewing skills to separate the wheat from the chaff and then good training, pay, and benefits to retain them. We also mainly add associates via college recruiting, so we hire them before they get bad habits elsewhere."

"Culture and innovation."

"We have the best results when recruiting someone who has some experience in the industry, has a great attitude along with a need to learn and grow. Lastly, we sell our company as being an ESOP which allows our employees to have two retirement accounts."

"Giving someone the chance to contribute to something larger than themselves—the mission, vision, and values of the company. Of course, those have to be great or it won't work."

"We have to be constantly looking for individuals who will meet our needs and fit into our culture. Fortunately, once on board, we have had great success retaining our employees."

"The 'attracting good people' part is persistence. It's not a secret; always be looking. The '...and stay with' part for us has many aspects: treat everyone with dignity, remove the underwhelming as soon as possible because the good, overwhelming ones don't want to stay where incompetence and non-performance is condoned. Give them skin-in-the-game, create a performance-based compensation system."

"Stability in the workplace along with a good benefits package."

"Maintaining a positive, healthy, safe, and stable work environment. If your staff wants to be there it shows and makes it much easier to attract new staff members. Positive word of mouth is a huge drawing card. Working in the LBM industry is a tremendously rewarding career path with no limits."

"Properly train and empower employees to grow and accept new responsibility with company for long tenure."

"Company reputation, capability, and a good rewards plan. Be known as a place where employees can thrive."

"Finding quality of character is the most important thing. Values, ethics, and integrity with grounded, Godly values produces the best people. The rest can be learned to a degree and these types of people want to learn and do good work for themselves and their families. They appreciate employment and are loyal by nature."

"Treat them well, listen, and react to any reasonable needs or wants."

“Give them a future. We are a 100% ESOP. It’s a great way to have a great retirement package. Give them all the tools and education to progress and grow personally and professionally within the organization.”

“Hiring the right people when they are available. Rarely do we find great candidates when we need them. This year we took advantage of attracting great people who lost their jobs due to COVID-19.”

“Pay well. Provide a competitive benefits package. Respect and appreciate those who work for you.”

“Decent starting pay, good benefits, and a culture that promotes growth and stability.”

“Building the best place to work, best culture, and above-average pay and benefits.”

“A strong social media presence has helped recruit new talent.”

“Take your time choosing the right people even if it does not fit the timeline.”

“The people we recruit are those wanting to come to a smaller town that is less stressful. They have to want to build relationships, as that is what our SWOT is built around.”

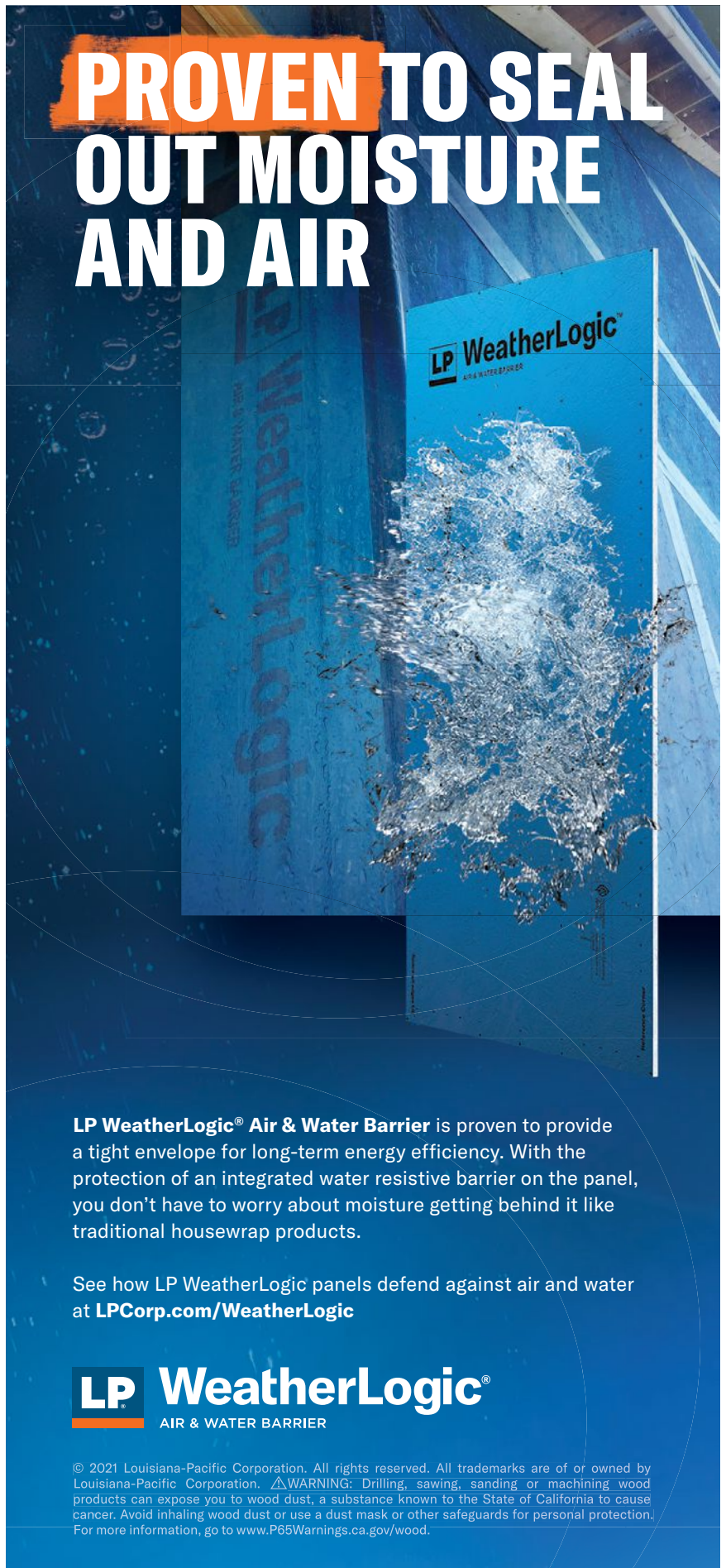
“When you recruit and are interviewing, be honest. Describe the job accurately as well as your company’s expectations and rewards.”

“If there is limited advancement, then say so. If the job is out in the weather, say so.”

“We are a smaller yard but believe in a set of values that are similar to family. We pay well and are not greedy with our growth.”

“The ability to demonstrate a unique culture that fosters career opportunities and advancement within the organization.” ➤

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“Take care of the people we have, and they will be our best ambassadors.”

“Right now, our benefits and pay are among the high end in our market.”

“Extremely difficult at this time. Looking outside our industry. Forced to settle on a great person without experience, as a great person with great experience in our industry is basically unavailable. Becoming far more retail centric as lumberyard experience is not available.”

“Hire from within wherever possible. Develop from the bottom. Reward those who are hungry.”

“We have to be continually searching for young, smart people everywhere we go and attempt to recruit them into our company and industry. Establishing, strengthening, and communicating our culture to our people is the most crucial aspect of both recruiting and keeping the best people.”

“You have to find people who have a desire to become better and take extra pride in their job. To find this you can't be afraid to hire entry level and weed out the bad to find the good.”

“Treat them like you want to be treated.”

RESPONSES FROM WHOLESALE DISTRIBUTORS AND MANUFACTURERS

“Competitive compensation; competitive benefits package, ability to contribute in a way that makes an impact.”

“We have been fortunate to have some longevity with our hires. Our process is to vet qualified candidates by their resume, call qualified candidates for a 20-minute telephone interview, invite them in for a face-to-face interview (or Zoom meeting). If they make the cut after that, we have them take three online tests: basic math skills, basic Excel skills, and a personality profile. If they make the cut, we invite them for a second interview with a larger peer team.”

“Maintaining growth thus providing opportunity. A strong company culture and benefit package. Transparency at all levels of the organization. Ongoing educational opportunities to help staff grow their careers.”

“We retain employees with competitive wages and the ability to earn extra on specific behavioral and performance incentives. This creates the desire to seek employment with us.”

“Hire for attitude and make your culture and people the top priority. A team that feels engaged and appreciated is a team that wins. There is no magic to this...if managers and leaders leave ego at the door, the team will gel.”

“A good company culture, treating employees well, setting high expectations and following through with them through open communication.”

“Communication. Try to make sure that they understand the job requirements, future opportunities, and compensation.”

“A good work environment, thorough communications, competitive pay, continuing education, and multi-position capability.”

“Have a great employee support and engagement program. Pay decent wages with the best benefits. Make sure they are supported and truly feel they are part of the business and are a valued asset to make the business successful.”

“A fair total compensation package to include benefits, time off, flexible working conditions.”

“Once we get a solid candidate and can share our benefits package, it usually is a slam dunk. We have been in business for 75 years and still employ people with over 50 years of service. 40% of our employees have been with us for more than 10 years, and 23% have been with us for more than 25 years. Finding drivers has been one of the hardest positions to fill. Our drivers are retiring, not leaving for other jobs. We also have had trouble with entry-level warehouse jobs, finding young people who can pass a drug test. Yet state governments legalize some drugs which makes it even more difficult. That, coupled with the federal government subsidizing unemployment compensation, really takes a toll on small businesses.”

“Be clear on their role, how they will be judged, and their growth opportunities. Also be transparent in communicating the company's goals and objectives.”



“Aggressive pay to onboard them, backed up with a positive work environment with growth potential. When people upskill, we need to be liberal with compensation increases.”

“Healthy hourly pay and a signing bonus for those who we definitely want to keep.”

“Positive culture, a dynamic team, continuous improvement, and evolving products and services.”

“Attracting top talent is difficult. Only one team gets to draft #1. Developing talent and coaching to win with the 20th pick overall engages team members. Engagement through leadership requires clear direction and communication of vision and goals. When your team believes what you believe, they are invested and committed.”

“In today’s market, to get someone to move from their current employer to you for the same or similar job, pay must be above market average. For promotional hires, you need to have a good pay and benefits package, talent with the ability to assume increased responsibility is competitive. We tried hiring bonuses of \$6,000 and this was not effective in attracting warehouse associates.”

“You have to hire great people, even though the cost is high. In turn, they help recruit/attract great people. Low wages attract less talented/motivated people. It’s a simple formula.”

“Flexibility is a deal-breaker for many applicants I have seen, both in hours and working remote. Also, opportunity for advancement is important.”

“We have a culture of ownership at all levels within our organization. We also combine that with an attractive compensation and benefits package.”

“Be the best place to work. Easier said than done, but it starts with the right culture.” ■

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

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TRIM & MOULDING

DESPITE PANDEMIC CHALLENGES, THE MARKET LOOKS HEALTHY FOR THE DECORATIVE TRIM SEGMENT.

BY MIKE BERGER

IF YOU WANT TO UNDERSTAND THE STAYING POWER of the moulding and trim industry, you'll need to look far back in time. The ancient Greeks extensively used mouldings to adorn their temples such as the Parthenon, and in fact, two types of Greek S-shaped moulding—the outward-curving “cyma recta” and the inward-curving “cyma reversa”—are still in use today.

Fast forward a few thousand years, and you'll find an industry that is as vibrant and popular now as it was then. And with access to materials and manufacturing processes that those ancient craftsmen could never imagine, it's now possible for trim makers to quickly adapt to both market changes and aesthetic shifts in a fraction of the time compared to even just a few decades ago—a good thing, considering the challenges that the industry has faced over the past twelve months.

GROWTH IN THE MIDST OF CHALLENGES

If the last year will be remembered for anything, it will be for the impact of COVID-19. Beyond the obvious health crisis the virus brought on, it should come as no surprise that the virus also had a profound impact on the building and remodeling industries. "COVID-19 has affected how nearly everyone works," says Ben Drury, brand manager for Boral Building Products. "But it's been remarkable to see the industry adjust and take necessary steps to keep customers supplied safely."

Those adjustments, however, have not happened overnight, and challenges remain. Says Nam Ong, vice president and general manager of AZEK Exteriors, "The sudden slow down, and shut down in some states, of construction from March until May without a doubt caused disruption with the supply/demand balance across the industry. With a strong market pre-COVID, everyone in the supply chain, from manufacturer to contractor, had to re-evaluate their situation and adjust their plans going forward."

Ian Daniels, director of technical support for Tamlyn, echoes Ong's thoughts on supply challenges. "The impact has been up and down the supply chain, and while everything has continued to move forward, the pace

of things has slowed," he says. "Suppliers have had some delays as different plants/operations might have been hit with an outbreak, or depending on local response to COVID-19. Some of our fabrication partners have been hit with staffing issues, but some are also seeing an increase in demand."

Mark Echols, general manager of moulding and millwork for BlueLinX, also sees supply issues continuing for 2021. "COVID-19 has negatively impacted the supply chain for all products," he says. "Import and domestic mills have struggled to operate efficiently with new social distancing regulations and downtimes related to

ABOVE: With a treated engineered wood strand substrate, LP's SmartSide Smooth Finish Narrow Trim is backed by a 5/50-year limited warranty. According to LP, it holds up in extreme weather conditions such as moisture, hail, freeze/thaw cycles and up to 200 mph wind gusts, and is treated with LP's proprietary SmartGuard process for protection against fungal decay and termites. It is offered in 16' lengths that can result in faster installation and fewer seams, and comes pre-primed to aid paint adhesion.

COVID-19 cases within their plants. Short supply, allocation, and increases in cost are still an everyday challenge."

Despite these upheavals, the trim category is anticipated to have significant growth over the next twelve months—and beyond. "When the pandemic started and the initial shut-downs began, there was definitely disruption to supply chains and a brief dip in the market," says Peter Cobucci, construction business unit manager for Palram Americas. "After the first few months, however, business had bounced back surprisingly strong, and looks to have a positive growth forecast moving forward." ➤



OPPOSITE PAGE: Boral Building Products' TruExterior Trim is made with proprietary poly-ash technology that, according to the manufacturer, delivers the authentic look of wood along with a high level of dimensional stability and durability for resistance to warping, cracking, and splitting. TruExterior Trim is able to be routed and milled into standard and custom profiles.

LEFT: Tamlyn's XtremeTrim (extruded aluminum trim) profiles are available to match multiple panel siding systems. XtremeTrim has thousands of design and color options, the manufacturer says, allowing users to create modern architectural lines.



ABOVE: Royal's new smooth-texture Tapered Column Wraps are available in 5" and 6" lengths and are ready-to-assemble in 10" x 6", 12" x 8", and 16" x 12". According to Royal, they are designed with a durable 1/2" thickness for quality and long-lasting performance and are available in two distinct capital and base styles; Traditional and Craftsman.

BELOW: Palram's Palight Trimboard is a complete line of free foam PVC exterior and interior trim products, including standard trim profiles, column wraps, bead boards, corner boards, decorative mouldings and milled trim for siding and window surrounds. The product line is available in white, sand, or clay, and according to Palram, Palight Trimboard won't rot, split, or get damaged by insects.

BELOW RIGHT: Arauco mouldings are made of 100% Radiata pine and, according to the manufacturer, are precision-milled for consistent, high-quality results and on-the-job performance. The wide range of Arauco Moulding products offers many design combinations, giving homeowners numerous solutions in interior space decoration.

Industry statistics seem to agree with Cobucci. According to Research Reports World's recent report entitled "2020-2025 Global Molding And Trim Market Report - Production And Consumption Professional Analysis (Impact Of Covid-19)", the global Molding and Trim market is anticipated to rise at a considerable rate during the forecast period, between 2021 and 2025. And according to a recent Bank of America poll about homeowners' attitudes and shopping habits during coronavirus, more than 70% of those polled indicated they had decided to tackle home improvement projects, with more planned for 2021.

"After a very concerning first half of the year due to COVID, as an industry, we've been very fortunate to end up having record levels of demand during the second half of 2020," says Andres Alarcon, millwork sales director for Arauco North America. "Both the repair and remodel and the new construction segments are driving this demand. We expect these trends to remain in place for at least the first half of next year, allowing the category to possibly grow even above the record levels of 2020."

Boral's Drury shares that optimism. "As stay-at-home recommendations stretch through the winter, we expect the surge in demand to remain as homeowners continue to seek to make their homes their sanctuary and buyers scoop up new and existing homes that meet their changing lifestyle needs.

But lead times should continue to improve as manufacturers catch up, and supply challenges should ease."

BOLD COLORS, CLEAN DESIGNS

When it comes to trends for moulding and trim, many of last year's product drivers remain in play for 2021. Darker trim colors that complement soothing color schemes remain popular, with trim colors in the gray, dark blue and green palettes increasing in popularity along with the ever-classic white and black. "There's still a strong desire for multi-textured facades as well as contrasting siding and trim colors," says Drury, "and Boral's TruExterior Trim and Kleer Lumber trimboards are a perfect fit for those color combinations. TruExterior Trim's poly-ash technology allows it to be painted any color, including black, so it's perfect for the white-siding-with-dark trim trend."

Steve Booz, vice president of marketing and product innovation for Royal Building Products, also sees bold colors remaining a strong player for 2021, but also sees a softening of those hues as compared to last year. "For exteriors, dark colors on home exteriors have been trending for a few years," he says, "but we are seeing a slight shift in hues. Trends are moving away from charcoals to dark blues. Add bold trim, and you've got a home ready for 2021."

Bold colors aren't limited to exterior use, however. "We are also seeing homeowners getting creative with



their interior trim and moulding and using dark, bold colors like navy blue and dark, rich greens on their interior walls,” Booz points out. “Bold monochrome interior trim, which we saw become popular in 2020, will continue to be popular moving into 2021.”

As well, the popularity of craftsman styles and the “modern farmhouse” look remain in high demand, with profiles that favor a more simplistic aesthetic that embraces simplicity and clean lines. “The biggest trend in millwork (interior or exterior) continues to be Craftsman, which can be seen in both exterior and interior design trends,” says Booz. “Our trim options with clean, bold lines make this a stunning interior feature for any room and a welcome transition from Colonial style trim.”

And like the trends for color and design styles, trim materials seem to be following a similar path as last year. According to “Moulding and Trim in the U.S. by Material, Product, Market and Region, 7th Edition” from Research And Markets, wood will remain the leading moulding and trim material through 2022. Other alternatives, however, are making significant gains, especially due to their ease of installation and low-maintenance qualities.

Engineered wood and PVC are expected to record above average sales gains through 2022. “With many builders and remodelers facing rising costs for wood materials as well as labor shortages, the demand for PVC products continues to increase,” says Royal’s Booz. “PVC trim and moulding products are easy to install and maintain, making them an advantageous product for builders who want to meet consumer demand for a high-end look, within a reasonable timeframe and budget.”

But let’s not forget aluminum. While more common in multifamily/commercial projects, manufacturers are seeing an increased interest in the use of extruded aluminum trim for single-family and smaller-scale multifamily builds. “This trend had started a little as people have taken the detailing from commercial projects and looked for ways to adapt that



LEFT: Versatex Building Products’ Canvas Series, available in seven aesthetic colors, is designed to exhibit hardwood’s rich look with the maintenance-free durability of PVC. Engineered to be insect- and moisture-resistant, Canvas Series requires no paints or stains.

BELOW LEFT: UFP-Edge True trim and fascia is knot-free import cedar that is finger-jointed, factory primed on all sides and edge-glued.

BELOW: BlueLinx distributes moulding and trim products that include crown moulding, columns, casing, chair rail, and other decorative trim, in material options that include solid pine, oak and poplar, along with MDF, primed pine, and finger-jointed pine.



to residential, with extruded aluminum as an easy entry for both exterior and interior,” explains Tamlyn’s Ian Daniels. “Still, some of the drive and growth might also be a shift in project trend due to COVID-19, making people reexamine/shift how and where they want to live. The work-from-home trend that has resulted from COVID-19 we think might also play a factor as we keep going in the next 12 months in the commercial market as to what projects are permitted and brought out of the ground, including some slowdown certain sectors.”

THE CHANGING FACE OF THE CUSTOMER

Whether for quarantining, homeschooling children, or working from home, the past year has seen families in record numbers forced to spend increasingly large amounts of time in their houses. A series of consumer surveys by The Farnsworth Group and the Home Improvement Research Institute reveal that, by June of 2020, almost 80% of homeowners reported that they recently started a DIY home maintenance, replacement, repair, or remodeling project.

With the increasing availability of design resources from traditional media as well as online content outlets such as YouTube and Pinterest, homeowners feel more confident than ever when it comes to tackling home improvement projects, and manufacturers agree that the DIY customer needs to be part of any LBM distributor’s business plan. “Home projects surged as socially distancing homeowners spruced up their houses and tackled long-idle to-do lists—particularly for DIY-friendly cosmetic upgrades such as exterior trim,” points out Boral’s Drury. ▶

RIGHT: Made with expanded cellular PVC, Boral Building Products' Klear Lumber is designed to have the look of wood while remaining impervious to moisture and insects. It is backed by a limited lifetime warranty against splintering, rotting, delamination, and swelling. According to Boral, Klear Lumber can be milled and heat-formed for curved applications.

BELOW: According to AZEK Exteriors, its new PaintPro technology for its PVC trim and shingle siding adds improved paintability, faster dry time, and industry leading paint adhesion. As well, it is designed to save contractors time and money versus painting traditional white PVC.



Royal's Steve Booz agrees. "We are also seeing growth in this market from homeowners who are venturing into DIY projects at home," he says. "The sales of our interior trim and moulding products at big-box stores have skyrocketed this year and we expect to see the same sales pattern going into 2021."

To meet the DIY need, it's important for LBM dealers to stock product lines that emphasize ease of installation. As AZEK's Nam Ong points out, "As more consumers look for do-it-yourself options, easy-to-install or reduced installation-time products are helping consumers get their renovations done in a timely manner without having to wait for contractors."

TO SUCCEED, STICK TO THE BASICS

So with last year's upheavals in the rear view mirror but with a cautious eye on the road ahead, what can an LBM dealer do to stay on the bleeding edge of the moulding and trim market? According to manufacturers, it's through sticking to the basics.

For example, lean on and leverage your suppliers and their teams. Take advantage of their training and educational resources and look to them for ideas for increasing product visibility and store foot traffic through on-site training programs or other innovative tools or customer incentives. "It's really simple," says Mark Echols, general manager of moulding and millwork for BlueLinx. "Make it easy for your customers to do business with you. Demand should remain strong going into 2021 and those that can ensure an ease of doing business and deliver on time will benefit."

As well, manufacturers recommend growing your product lines with the additions of items such as nickel gap or shiplap trim boards or trim manufactured from alternative materials so that you can better serve the growing popularity of interior trim projects and the afore-mentioned design trends.

But above all, maintain your knowledge base. "The best thing dealers can do for their customers is to be truly knowledgeable about the products they sell—and even those they don't sell," says Boral's Ben Drury. "This will help ensure they can recommend to contractors the right solution to each project, making them even more valuable to those customers."

AZEK Exteriors' Nam Ong agrees. "Being trained and knowledgeable about the differences between materials, form factors, solutions, ease-of-installation and brands can really be helpful to the contractor to win more business and bigger jobs, and for the homeowner to have the best experience with their exterior products."

Especially if you're planning on incorporating new products to your inventory, it's vital to take advantage of training and education programs. As Tamlyn's Ian Daniels explains as an example, "extruded aluminum as a moulding and trim option is not in every LBM dealer's wheelhouse, but again it is growing as a solution across several sectors. So the best thing to improve is just knowledge of the material and who can be your to-go product knowledge source."

"Take manufacturers' product knowledge classes," says Palram's Peter Cobucci. "This is a simple, fast, and socially-distant way for dealers to best acquaint themselves with a wide range of products from manufacturers."

VIRTUAL TRAINING, REAL EDUCATION

So how does an LBM dealer stay at the forefront of education in this time of lockdowns and isolation? While every manufacturer interviewed for this story has long offered a wide array of traditional training and educational programs that dealers and their customers could take advantage of, social distanc-

ing and remote-working environments have forced manufacturers to become inventive with their training.

“A remote working environment has forced us to think of new ways to keep our teams engaged and up to date on new product opportunities,” says BlueLinx’s Mark Echols. “Throughout the pandemic we have held numerous product knowledge training sessions with our sales leaders and vendors.”

For example, AZEK has launched its virtual AZEK University with live and on-demand training, product installation demonstrations, and best-practices education along with updated AIA and other continuing education courses.

Boral has also implemented live and recorded virtual training sessions on topics that include product knowledge and installation methods. “Customers can reach out to us to tailor our training to meet their specific needs, just as we would in person,” says Boral’s Drury. “While the industry may not be able to meet face-to-face as it usually does, we want to ensure that dealers and contractors feel comfortable selling and installing our products.”

In the case of Royal Building Products, it has launched a dedicated virtual selling microsite, RoyalPros.com, that offers continued education and support to Royal’s pro community of contractors and distributors. The site offers live webinars with product updates and installation techniques, articles on virtual sales techniques and driveway selling, and product videos to support the entire virtual sales process.

As well, Royal Building Products has partnered with One Click Contractor to transform the way home improvement projects are sold. Contractors can run their entire sales process—from measuring to payment—without setting foot in a customer’s home. As Royal’s Booz explains, “By making the transition from paper to digital, contractors can easily deliver an accurate, professional and customized sales process with all of the estimates, contracts and presentations that would typically happen at the customer’s kitchen table. In addition to being fast and efficient, One Click Contractor enables contractors to keep all the important informa-

tion related to each job in one place, allowing them to focus on doing the job right.”

For LP, it has developed several partnerships and programs designed to use technology to streamline sales efforts. Available to all LP BuildSmart Preferred Contractors, the One Click Contractor tool streamlines a contractor’s entire sales workflow, from integrated measurements and product estimating to closing the job and getting paid all in one system. As well, LP’s SkillBuilder Education and Resource Hub provides builders and other professionals with access to installation tips and ways to improve jobsite efficiency.

And there’s more coming as 2021 unfolds. Tamlyn has continued to expand its estimation/take-off service to aid new LBM dealers with its product line to help them get started, and it will be launching a digital learning course for LBM dealers to educate them about

Tamlyn, its products, and how they work to support their dealers.

When taken together, all of these changes and challenges point to an optimistic upcoming year for the moulding and trim industry. Yes, LBM dealers will need to remain agile so that they can quickly adapt how they do business in response to any continued (or even new) restrictions from the continuing health crisis. But by staying atop training and education and by being prepared to meet the anticipated increasing demand for trim products by both pro and DIY customers, dealers will position themselves to reap the greatest gains. ■

Michael Berger is the former managing editor for HANDY Magazine and has been writing about home improvement and construction for the past 20 years.

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2021 INTERNATIONAL BUILDERS' SHOW

EDITORS' CHOICE

While the 2021 International Builders' Show (IBS) looked different this year, that didn't stop manufacturers from exhibiting new products, with LBM dealers and distributors from throughout the U.S. learning, virtually, how to incorporate these hot new innovations into their product mix. Held virtually Feb. 9-12, IBSx set the stage for the latest new products and technology that impact your customers, from pro builders and remodelers to weekend DIY tinkerers. Just like a live builders' show, IBSx featured a platform for LBM dealers to connect with manufacturers and builders to discover the products and tools that move our industry forward. Featured here are a number of products unveiled virtually at IBSx, as well as others released in conjunction with the show. As we do each year, the following pages include a sample of products that our team believes may help make a difference for you and your company moving forward. The listings are in no particular order.

— The Editors



Feeney DesignRail Wood Grain finish

Feeney's Wood Grain finishes for DesignRail Top Rail are available in three wood patterns—Cherry, Walnut, and Weathered Gray. All are designed to be realistic looking, and are suited for both exterior and interior applications. Designed with a durable, fade-resistant powder coat finishes, the finish offers the organic look of wood without the ongoing maintenance requirements. Available as a DesignRail custom option, the Wood Grain finishes adhere to AAMA 2604 coating specifications for impact and weather resistance, and color retention. The Wood Grain Top Rail can be mixed with any DesignRail frame color, including a range of standard or custom colors, and can match the wood used on the deck. feeneyinc.com



LP WeatherLogic Air & Water Barrier

LP WeatherLogic Air & Water Barrier is now an APA Structural I rated wall and roof sheathing. With the addition of this product, LP Structural Solutions offers a full portfolio of framing and sheathing solutions designed to help achieve a tight building envelope. Backed by LP's 30-year limited warranty, LP WeatherLogic Air & Water Barrier is designed to withstand temperature cycling and deliver consistent, long-term protection. LP WeatherLogic panels are built to help safeguard homes from water intrusion while allowing moisture vapor to escape. An integrated wall and roof sheathing solution, it combines both air and water protection with the increased structural capacity of a Structural I rating. The vapor-permeable membrane on the panel was developed to allow moisture to dry. LP WeatherLogic system is installed with AAMA 711-13 approved acrylic seam and flashing tape, and can be used with LP WeatherLogic Water Screen, a screen designed to drain water from between cladding and water resistive barriers, to maximize the moisture protection of a home. Rebates are available for dealers and first-time users. lpcorp.com

Deckorators Trailhead decking

The all new Deckorators Trailhead decking was developed to offer quality and performance in an affordable, entry-level product. Designed with rugged undertones and colors inspired by the trail, Trailhead decking is introduced as a robust yet stylish option for deck projects. Features include natural embossing, subtle variegation for a real-wood look, and scratch-resistant polyethylene cap on three sides, through the groove. Available in Ridgeline, Pathway (shown), and Canyon colors. Backed by Deckorators' 25/25/25 warranty. deckorators.com



Strong-Drive SDPW Deflector Screw

The Strong-Drive SDPW Deflector Screw from Simpson Strong-Tie is introduced as a premium structural fastening solution for connecting non-load-bearing walls to trusses and joists. With tested lateral-load ratings that meet building code requirements, the SDPW screw is engineered for strength, installation speed, and safety. Offset driver bits and a driver extension are said to maximize installation speed and safety while minimizing installed cost. The SDPW's polymer sleeve allows for sliding during deflection, preventing squeaks. Retail packs include one offset driver bit and one 3/8" predrill bit. Mini bulk packs include two offset driver bits and two 3/8" predrill bits. strongtie.com



MaterialsXchange

MaterialsXchange's digital marketplace was developed to provide real-time lumber pricing and product availability. MaterialsXchange is designed to be an easy to use, reliable way to efficiently buy and sell wood products. The company has included transparency measures to ensure that everyone gets equal access to the markets, saving both time and money. Users can log in to MaterialsXchange to bid on or offer wood products. MaterialsXchange then transfers the money and delivers the goods. materialsxchange.com



Fibrex Beadboard from Arauco

Arauco's Fibrex Beadboard is a grooved panel that uses a precision-manufactured, high-density fiberboard (HDF) substrate developed with the strength and durability desired for demanding interior applications. Offered with a groove pattern either 2" or 4" on-center, the wall covering is designed to add affordable style to any living space. According to the manufacturer, Fibrex Beadboard is easy to install and offered with a fashionable white paint finish, to be used as-is, painted. Made from recovered/recycled wood. Standard size is 48" x 96" and 32" x 48". arauco.com



Storage Systems for LBM Dealers

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



Cantilever Drive-Thru System



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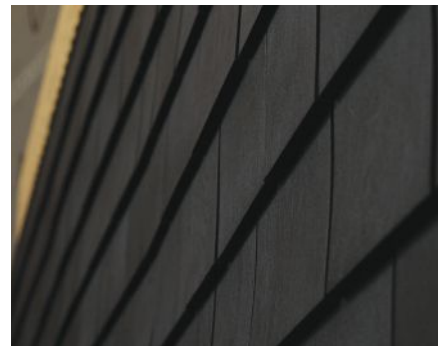
Palram's PALIGHT PVC Trimboard

According to the manufacturer, PALIGHT PVC Trimboard in Smooth/Woodgrain is the only truly reversible trim in the industry. For LBM dealers, that means fewer PVC trimboard SKUs you need to carry, and still provide your customers with the same number of options. Smooth on one side, woodgrain on the other, both sides are shielded by EverClean Protective Film designed to make the product transport-ready—from distributor, to dealer, to the contractor at the job site. PALIGHT'S advanced core structure is designed for superior milling, routing, turning, bending, and other fabrication techniques. PALIGHT Trimboard is available in a variety of board and sheet thicknesses, corners, post wraps, window surrounds, bead board, pre-made profiles, and decorative mouldings. palightrimboard.com



Tando's Cape Cod Perfection in Char color

Derby Building Products' Tando brand has introduced a new Char color as the latest addition to the TandoShake Cape Cod Perfection line. Designed with a realistic cedar texture, Char emulates the trendy look of charred, burnt, or blackened wood featured in Modern Farmhouse décor trends. Tando's Cape Cod Perfection shake in Char color is designed with a 5" exposure with crisp edges to give it a realistic aesthetic. Cape Cod Perfection is available in five other solid colors: Mariner Blue, Classic White, Ashwood Gray, Slate Gray, and Wheat. Tando's Cape Cod Perfection is said to be impervious to moisture and ideal for ground contact and roofline applications and has received a notice of approval from Miami-Dade County for high wind and impact resistance in High-Velocity Hurricane Zones. tandobp.com



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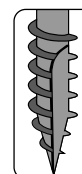


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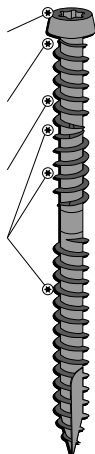
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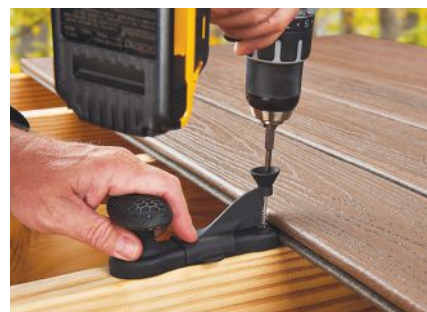


Therma-Tru Walnut doors with direct set sidelites

Direct set sidelites from Therma-Tru have been developed for homes with modern design influences. Designed to add a subtle contemporary appeal to the entry with minimal detail, direct set sidelites are introduced to complement the new Walnut-grained flush entry doors. Sidelite options feature clean lines and simplistic design to create an airy, open feeling in the home. Constructed with two panes of tempered glass built directly into the door system frame for enhanced safety and performance, direct set sidelites feature a Low-E coating to deliver energy efficiency, while helping prevent early fading of home interiors due to the sun's damaging rays. Designed as part of the complete Therma-Tru door system, the direct set sidelites are engineered with craftsman precision for an optimal fit and are included in Therma-Tru's comprehensive door system warranties. thermatru.com

Trex Hideaway One-Step Installation Tool

Designed for increased installation speed and accuracy, the Trex Hideaway One-Step Installation Tool is said to cut decking installation time in half. Developed for both professional builders and DIYers, the tool activates fasteners and streamlines the tightening process. The Trex Hideaway One-Step Installation Tool holds the fastener at a 40° angle to keep the leading fastener lip down—allowing users to install the fastener in one step. Built with a rotatable handle, the tool comes with a star-drive bit located on the underside. The Trex Hideaway One-Step Installation Tool can only be used with Trex Hideaway Universal Fastener system. It will be available in April. trex.com



WinterGuard Metal from CertainTeed

CertainTeed Corp. offers its WinterGuard Metal roof underlayment for metal, shingle, slate or mechanically fastened tile roofs. Designed to be self-adhering and slip-resistant, WinterGuard Metal is developed to be unaffected by high temperatures caused by sun exposure during installation or when placed under metal roofing. WinterGuard Metal is designed to combat elements such as clogged gutters, high winds, and ice dams that cause water to accumulate on lower sloped roofs, which can cause damage. The product is waterproof, designed not to rip, and seals around nails driven through it. certainteed.com



Boise Cascade SawTek Cutter Plus

The SawTek Cutter Plus is an automated EWP positioning system developed to be customized to meet a wide range of customers' needs. According to the manufacturer, the Cutter Plus can provide many of the added benefits of its Pro system at much lower cost. The base system provides the ability to position material to +/- 1/4" for precision cutting or hole routing. Other standard features include: Integrated safety interlocks, Versa Saw operator interface, SawTek production analytics, and more. The SawTek Cutter Plus can be configured with multiple options, new from the fabricator, or added as the customers' needs change. These options include: manual router, automated router, 20" upcut saw, and infeed and outfeed material handling stands. bc.com

FastenMaster Fascia Fastening Systems

FastenMaster now offers Cortex and TrapEase Fascia Fastening Systems, designed as innovative solutions to properly install composite fascia with great finished looks. Cortex and TrapEase Fascia Systems are packaged complete including the counterbore tool, which allows for expansion and contraction designed for delivering long term performance. FastenMaster's Cortex for Fascia offering comes in all Trex Transcends colors and is said to create a virtually invisible finished look. The TrapEase Fascia System comes in 18 colors. Both products can be shipped immediately and stocked at Lumberyards around the country. fastenmaster.com



ThermalTight panels

ThermalTight combines two essential building envelope materials into one panel: Neopor GPS (graphite polystyrene) rigid insulation by BASF, and a vapor permeable WRB laminated to the exterior of the foam for good drainage. ThermalTight panels are designed to be a water barrier, air barrier, and continuous insulation all-in-one panel that allows vapor to pass, so the building stays dry. The product features a patent-pending flap system said to eliminate the "reverse shingle" common with panel systems that require taping on top of seams. By adhering the WRB to the outside of the rigid foam, the manufacturer says ThermalTight creates one of the most effective air and water barriers for the building envelope. Installed with ThermalBuck window buck, the ThermalTight System is designed to eliminate thermal bridging in the wall assembly and serve as a true continuous insulation solution. thermalbuck.com



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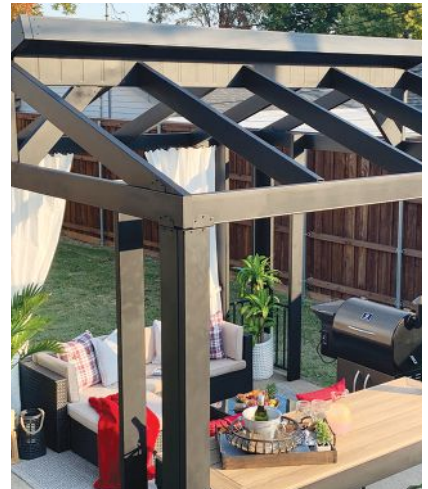
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Fortress Pergolas

Fortress Pergolas are built using the company's Evolution steel deck framing. The interlocking joist and ledger system is designed to provide clean lines with a modern Black Sand powder coated architectural aesthetic. The steel deck framing is dual-layer protected, and built to resist fire, corrosion, twisting, insects, and rot. Developed as an answer to rising lumber costs, Fortress Pergolas are said to be a more durable, cost-effective building solution.

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Paradigm's new service, Paradigm Estimate, is built to eliminate the tedious, time-consuming, and error-prone work associated with material takeoffs. Paradigm Estimate is designed to accelerate and simplify the estimating process by automatically examining blueprints and generating detailed takeoffs and marked up plans. The program allows users to customize takeoff parameters such as waste factors or set up SKU-matching to tie the takeoff to a company's point-of-sale system. myparadigm.com



Redwood

Douglas-fir

Humboldt Sawmill FSC certified Redwood and Douglas-fir timbers

Humboldt Sawmill offers Forest Stewardship Council (FSC C013133) certified redwood timbers in 6" and larger dimensions, up to 12" x 24", and lengths up to 24'. Redwood timbers are ideal for outdoor living structures, pergolas, arbors, porch posts, and driveway entrances, and more. Humboldt Sawmill also offers FSC certified green Douglas-fir timbers for post and beam construction in 6" and larger dimensions, up to 12" x 24", and lengths up to 24'. Stock is available in rough or S4S. getredwood.com

MAX SuperSider

The MAX SuperSider CN565S3 is designed with a slim contact arm that helps the tool to drive each nail straight and flush into the material. The tool's contact nose is said to allow for precise placement of every nail, even in hard-to-reach places. An anti double-fire trigger prevents multiple nails from being fired in one shot. To move between bump fire and single fire mode, no adjustment to the tool is necessary. The patented, self-cleaning, maintenance-free end cap filter captures foreign substances before they can enter the tool and automatically ejects them when the air hose is disconnected. The no mar contact tip is designed to reduce the appearance of driver marks around the nail head and on materials. maxusacorp.com



AZEK Shingle and Board & Batten with PaintPro Technology

Made from a state-of-the-art proprietary engineered polymer, AZEK Siding options are designed to deliver the classic beauty of popular styles with the performance and low maintenance benefits of rot-proof PVC building materials. Offering rapid paint dry times that the manufacturer says provides superior paint adhesion, and a painted finish designed to last without needing frequent maintenance, AZEK Siding options can be installed with no special tools and maintained without the need to seal cut edges for protection from water intrusion. Paired with Class A Rated Flame Spread Index and industry-leading warranties, AZEK Shingles and Board & Batten are designed to provide aesthetics to improve home value, and protect the value over time. azekexteriors.com



Fiberon Good Life Decking's new color

Part of the Escapes Collection, Good Life Cabana is a multi-chromatic greige hue. Cabana was designed to pair well with a wide variety of Fiberon products and developed to stay cooler in direct sunlight compared to darker colors. The Good Life Escapes Collection includes a palette of multi-tonal colors designed to resemble exotic hardwoods. Good Life composite decking features an authentic wood look with distinct grain patterns, protected by a three-sided cap layer that resists staining and fading. fiberondecking.com





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Economic, housing experts predict post-pandemic rebound to continue in 2021

EXPECT THE POST-PANDEMIC economic rebound, improving job conditions and stable interest rates to continue throughout this year, according to a survey of more than 20 top U.S. economic and housing experts conducted by the National Association of Realtors. Lawrence Yun, NAR chief economist and senior vice president of research, unveiled the consensus forecast during NAR's second annual Real Estate Forecast Summit in December. The group of experts predicted:

- ▶ Gross Domestic Product growth of 3.5% in 2021 and 3.0% in 2022.
- ▶ An annual unemployment rate of 6.2% next year with a decline to 5.0% in 2022.
- ▶ Average annual 30-year fixed mortgage rates of 3.0% and 3.25% for 2021 and 2022, respectively.
- ▶ Annual median home prices to increase by 8.0% in 2021 and by 5.5% in 2022.
- ▶ Housing starts of 1.50 million next year and 1.59 million in 2022.
- ▶ The share of the U.S. workforce working from home to be 18% in 2021—down from 21% in 2020—and 12% in 2022.
- ▶ Small declines in office and hotel vacancy rates in 2021, with a slight increase in retail vacancies next year.
- ▶ When asked if the Federal Open Market Committee will change the federal funds rate in 2021, 90% of the experts surveyed said they expect no change in the current rate of 0%. For 2022, the experts predict a rate increase of 0.25%.

“It is an understatement to say the year 2020 had been filled with challenges and full of surprises,” said Yun. “Yet, one astonishing development has been the hot housing market as consumers eyed record-low mortgage rates and reconsidered what a home should be in a new economy with flexible work-from-home schedules.”

In 2020, home sales reached 5.52 million, the highest annual mark since 2006, with the median home price setting a record high of \$293,000, according to NAR.

TOP 10 HOUSING MARKETS DURING AND IN A POST-COVID-19 ENVIRONMENT

NAR identified 10 markets that have shown resilience during this pandemic period and are expected to perform well in a post-COVID-19 environment in the next two years. In alphabetical order, the markets are:

- ▶ Atlanta-Sandy Springs-Alpharetta, Georgia
- ▶ Boise City, Idaho
- ▶ Charleston-North Charleston, South Carolina

- ▶ Dallas-Fort Worth-Arlington, Texas
- ▶ Des Moines-West Des Moines, Iowa
- ▶ Indianapolis-Carmel-Anderson, Indiana
- ▶ Madison, Wisconsin
- ▶ Phoenix-Mesa-Chandler, Arizona
- ▶ Provo-Orem, Utah
- ▶ Spokane-Spokane Valley, Washington

“Some markets have been performing exceptionally well throughout the pandemic and they’ll likely carry that momentum well into 2021 and beyond because of strong in-migration of new residents, faster local job market recoveries and environments conducive to work-from-home arrangements and other factors,” Yun said.

NAR identified the top 10 metro areas by considering a variety of indicators that it views to be influential to a metro area’s recovery and growth prospects in a post-pandemic environment over the next two years, including: unemployment rate; net domestic migration, including movers from expensive West Coast areas; share of workers in retail trade, leisure and hospitality industries; mobility to retail and leisure places; and the fraction of the workforce working from home, among others.

“As we look towards 2021 and beyond, expect these 10 markets to perform strongly with potential buyers finding conditions particularly favorable to purchase a home,” said NAR President Charlie Oppler, a Realtor from Franklin Lakes, N.J., and the CEO of Prominent Properties Sotheby’s International Realty. “Overall, residential real estate will continue to be an important driver of our nation’s economic recovery and the activity in these markets will help lead the way.”

Low unemployment rates compared to the national average signaled strong employment environments for residents of these areas. At 4.2%, Provo-Orem boasts the lowest unemployment rate among those listed, followed by Madison at 4.3%, Charleston at 4.7% and Des Moines at 5%.

Areas that are already attractive housing destinations, especially among movers from more expensive West Coast cities, may attract more technology workers, many of whom are from organizations with very flexible, and in some cases permanent, work-from-home policies. Overall, the Phoenix metro area attracted the largest number of movers from West Coast metro areas, with Dallas ranking second. Atlanta had the highest share of workers working from home at 8.8%, compared to the national share of 5.6%. Spokane also had a high fraction of the workforce work from home at 7.2%. ■

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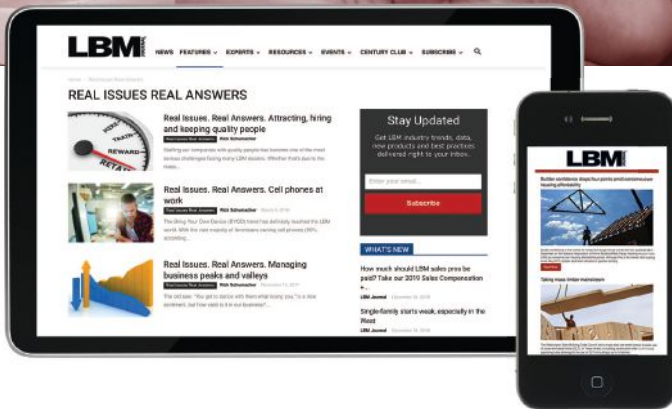
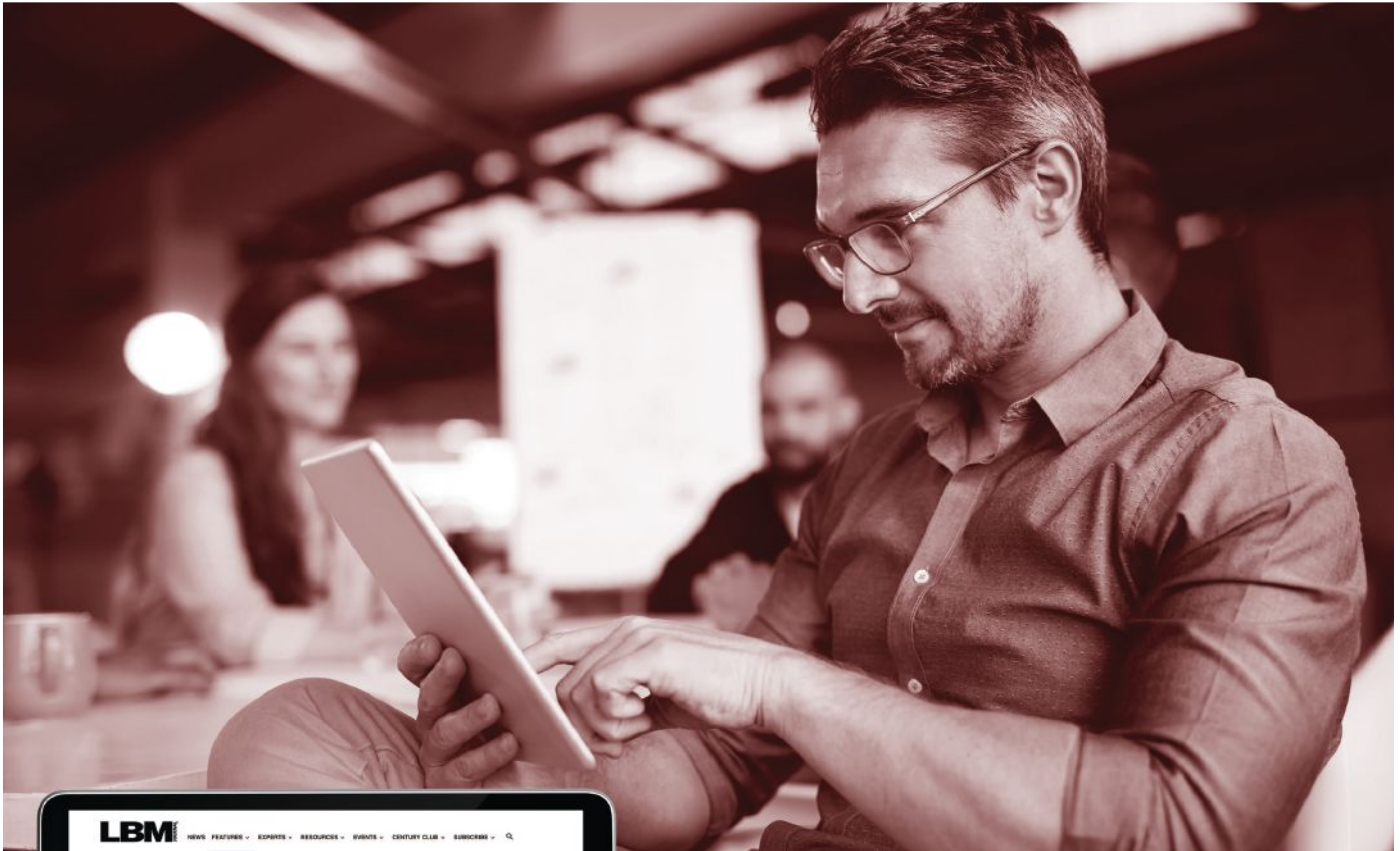
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IS CHUCK WORTH IT?

THE LEADING SALESPERSON AT THE COMPANY YOU'VE RECENTLY ACQUIRED IS A MAJOR JERK, AND OTHERS ON YOUR TEAM WANT HIM GONE, REGARDLESS OF HIS SALES VOLUME. WHAT WOULD YOU DO?

So far, the year is off to an interesting start, with the acquisition of a longtime competitor whose owner decided to cash out and see the world. Much of their operation is complementary to yours, and they were strong in areas where you were weak. One of your biggest concerns, incorporating the new people into your company culture, has gone much smoother than you anticipated. With one notable exception: Chuck.

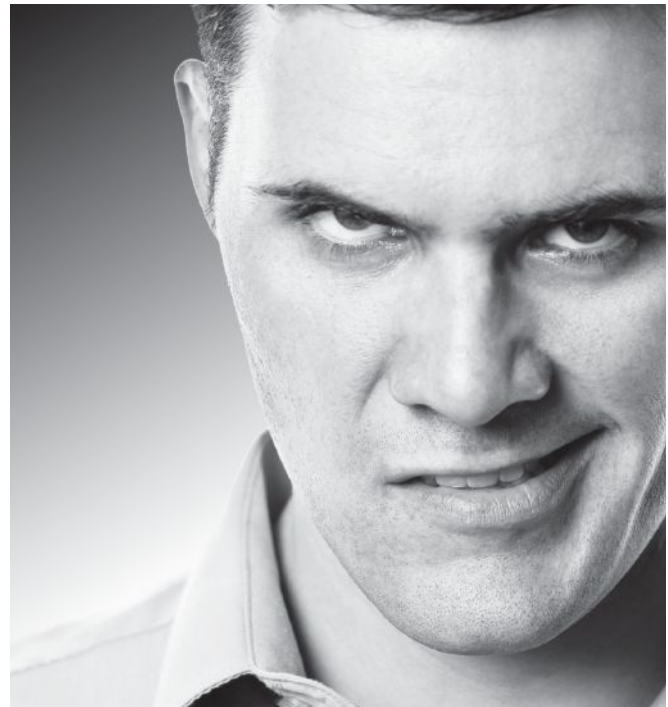
Chuck, the top salesperson at the other company, proudly embodies all of the worst stereotypes about salespeople. He treats his coworkers poorly, believes that administrative work is beneath him, and generally expects to always get his way. "The numbers don't lie," he explained to you the first time you met. "I'm the number one performer at our old company, by far, and I'll be number one among your reps. But don't expect me to waste time shuffling papers or putting information in the computer. That's what assistants and inside salespeople are for. I'm an elephant hunter, and the only way anyone will beat my numbers is if they steal my sales."

"I don't think anyone would describe Chuck as a good human being, but there's no question that he sells solid volume at healthy margins," the former owner told you. "For me, the key was to find support people with really thick skin, who could put up with Chuck's attitude. He refused to change his ways, but if I'd cut him loose he'd just go to work for a competitor, which would have been an even bigger problem."

Meanwhile, Chuck is proving to be a toxic influence on the rest of your team. After building a company based on teamwork, mutual respect, and building something good together, morale is on the decline. When you told Chuck you needed to talk with him about his role as a member of a team, he said, "You pay me to sell, and that's what I do. My numbers speak for themselves. If you don't like how I do my job, fire me."

Your numbers are higher than they've ever been, and Chuck has brought some huge new accounts on board. But your people aren't happy. Bill, who heads up your operations, pulled you aside yesterday and said, "Some of our really good people are getting fed up, and will likely be looking for a new job soon. You need to decide if Chuck's numbers are worth what it's doing to our work family."

What would you do?



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- **ACCEPT IT.** You know other LBM dealers who'd do anything (within reason) to have a sales rep with Chuck's numbers. If that means losing some longtime team members, so be it.
- **ULTIMATUM.** Explain that working for you requires more than sales performance. Chuck must be a team player and treat others with respect. If he can't do that, he's gotta go.
- **CUT HIM LOOSE.** The next time you catch him talking down to or harassing a colleague, look him in the eye and tell him he's done. Your team needs to know that you've got their back.
- **COUNSELING.** Identify and engage a skilled, experienced workplace counselor to work with all of your team—including Chuck—to see if you can bring peace to your workplace.

SOMETHING ELSE?

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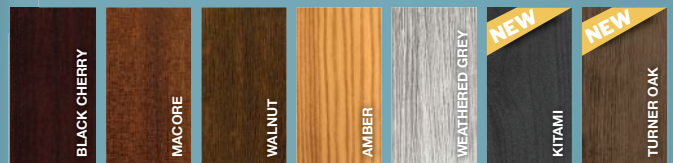
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