

LBM JOURNAL[®]

STRATEGIES FOR LUMBER/BUILDING MATERIAL DISTRIBUTION PROS

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APRIL 2021 \$10 U.S.

DEALER
OF THE YEAR 2021

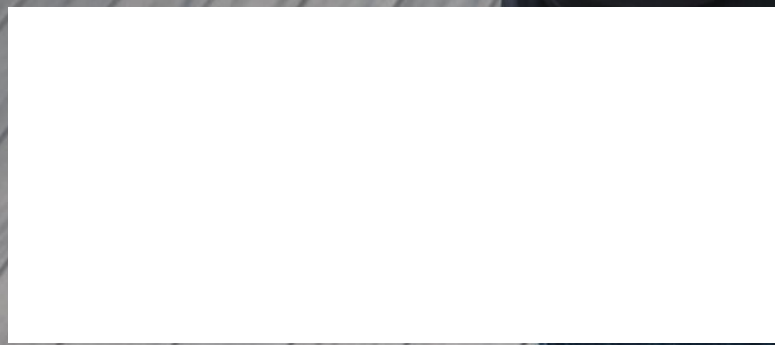
ANNUAL SALES: UNDER \$10 MILLION

KREMPP
LUMBER COMPANY

THE DECK ISSUE

THE LATEST PRODUCTS AND TRENDS
IN DECKING, RAILING, ACCESSORIES,
AND DECK FASTENERS

REAL ISSUES. REAL ANSWERS.
HOW TO HANDLE THE QUOTING
PROCESS



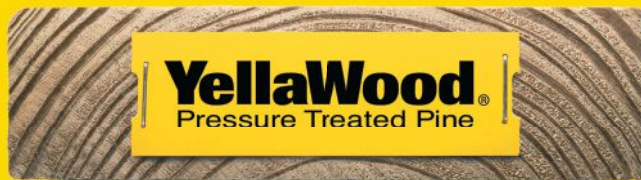
BRADY ALBRIGHT, GENERAL MANAGER
OF KREMPP LUMBER COMPANY



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WOODLANDS-MOST-WANTED**

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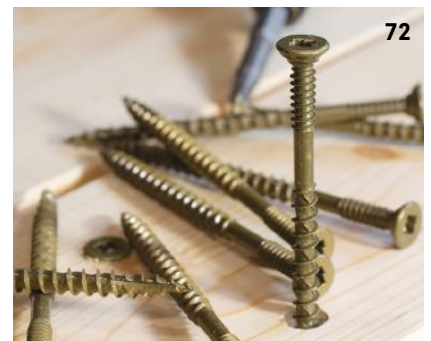
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With Boyden Moore, president and CEO of Orgill

50 2021 LBM JOURNAL DEALER OF THE YEAR

Successful businesses often find recognition that is described in terms such as “innovative,” or “groundbreaking,” or perhaps they’re mentioned as a “trailblazer” in their markets. These are all traits that describe an *LBM Journal* Dealer of the Year, but for **KREMPP LUMBER COMPANY**, the recognition is described another way: as quietly as possible.

BY JAMES ANDERSON

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Featuring products from: LP Building Solutions, Simpson Strong-Tie, Benjamin Obdyke, Crown Heritage Stair Company, CertainTeed, Kapro Tools, Envision Building Products, and more.



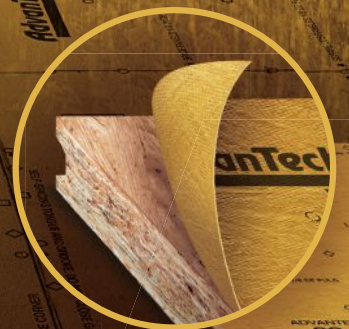
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“THE ABILITY TO DELIVER LARGE PRODUCTS AND MATERIALS BUILDS A STRONGER CONNECTION BETWEEN MY CUSTOMERS AND MY BUSINESS.”

Kelvin Zafke
Hackensack Lumber & Hardware, Hackensack, MN

Professional contractors and do-it-yourselfers alike rely on Hackensack Lumber & Hardware to meet their needs for building materials and hardware. This year’s exceptional rebate empowered Do it Best member Kelvin Zafke to make strategic moves in his business — enhancing the service his customers value. With a new flatbed truck to upgrade his delivery fleet and dynamic new product assortments, Kelvin’s rebate is being put to use as an investment in growth.



“MAJOR REBATES MEAN MAJOR CHANGES — THIS IS THE PERFECT OPPORTUNITY TO MOVE MY BUSINESS FORWARD IN A BIG WAY.”

Matthew Fox
Southern Wholesale, Harlan, KY

Harlan, Kentucky, is about to have a new shopping experience at Southern Wholesale. Do it Best member Matthew Fox is using his rebate to launch an ambitious store improvement project, adding lawn & garden and sporting goods to his product offerings for the first time. He is also investing in several new flatbed trucks to bring his hardworking fleet up to date.

As a Do it Best member, you’re starting a new year with strong momentum and the resources to make a major difference in your business. Now is the time to fuel your growth – contact your Do it Best territory sales manager or call 888-DO-IT-BEST (888.364.8237) today.

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Let's meet up in Boston

"I'm not an inventor. I just want to make things better."
— Daniel Ek, co-founder of Spotify

IN HIS EDITOR'S LETTER, James Anderson shares his personal insights into the importance of the LBM Century Club, a program to recognize lumberyards that have survived and thrived for more than a century. We created that club because it didn't exist, and we believed that it should.

In 2016, when we announced the first LBM Strategies Conference, several people asked me if our industry needed another event like this. After all, there were already two well-established national conferences that had been around for decades. Why launch another? The answer was the same as the answer I gave in 2003 when we launched *LBM Journal*: I believed we could deliver a better experience for our audience and our advertisers. Here's how:

LBM pros as presenters. I'd attended hundreds of industry events since joining the industry in 1990, and without exception, the presentations given by genuine LBM pros connected better with their peers in the audience than professional speakers with little to no knowledge of our industry. Being on stage with a microphone may have been outside their comfort zone, but talking with peers about topics they're passionate about was real, and it was *gold*.

More dealers than sponsors. I recall several events over the years marketed as dealer networking events where dealer attendees were seriously outnumbered by sponsors. As a business owner, I understand the desire to maximize revenues with sponsorships. But when vendors outnumber attendees, the vendors are frustrated, and attendees are denied the peer-to-peer networking that they want. Lose/lose isn't a sustainable model.

Seamless networking. The more time we spend with others, the stronger the connections. From my view, the smartest events I attended were those that kept people together as much as possible, including quality meals, coffee breaks, and cocktail receptions. The more that was included, the less reason for people to step away, and the more likely people are to connect.

When we sat down to craft the first LBM Strategies Conference, we talked about the best events we'd ever attended, and what made them so strong. Then, we took those ideas, and talked about how we leverage them to create a better experience for our dealers and sponsors. As a result:

- ▶ Every person who takes the stage during the LBM Strategies Conference is a genuine LBM pro.
- ▶ We strictly limit the number of sponsors, so that there are far more dealer attendees. Win/win, for dealers and sponsors.
- ▶ Our registration includes breakfasts, lunches, coffee breaks, and cocktail receptions. This year, it also includes a tour of National Lumber's main yard and millwork facility.

Today, just five years after its launch, LBM Strategies is the leading national conference serving our industry. The reason is because we listened to what you wanted, then worked hard to deliver something to meet your needs. Thankfully, you responded.

If you think you'll be ready to travel by this fall, please mark your calendar to reconnect with your fellow LBM pros in Boston, October 13-15. Hope to see you there!

— Rick Schumacher
Executive Editor & Publisher



A handwritten signature in black ink that reads "Rick Schumacher".

Rick@LBMJournal.com

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Celebrating 100-year-old businesses

IN PREPARING AN AD PROMOTING the LBM Century Club (see page 90) for this month's issue, I was reminded of another time in my career when I wrote about 100-year-old businesses. Sometime around the turn of the millennium, when I was a wet-behind-the-ears, small-town newspaper reporter, the Minnesota Farm Bureau was honoring a family farm in our area that had been in operation for more than 100 years. The farmers received a sign for their driveway designating them a Century Farm, as well as a certificate signed by the governor, and an invitation to a special presentation at the Minnesota State Fair.

When news like that hits a community newspaper in ag country, the farm family gets featured in a front-page centerpiece. At the dairy farm interviewing them for the story, I learned that four generations worked on the farm. Aged from middle school to great-grandparent, the family was made up of three separate households, two of which lived on homes just yards apart on the farmstead (the great-grandparents aged-out to a rambler in town, but still drove to the farm to supervise). On most days all four generations worked side-by-side from sunup to sundown and had at least two of three meals together. That's quite a close bond, and at the time I couldn't think of another industry in which the heritage of the family business was honored and celebrated as much as the family farm...until I began covering the LBM industry.

Since 2016, *LBM Journal* has promoted the LBM Century Club as our salute to the many 100-year-old businesses we've met over the years.

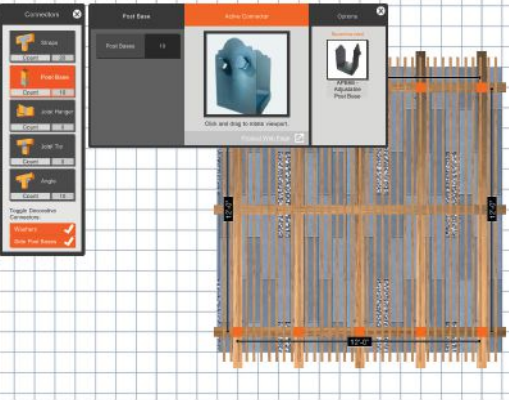
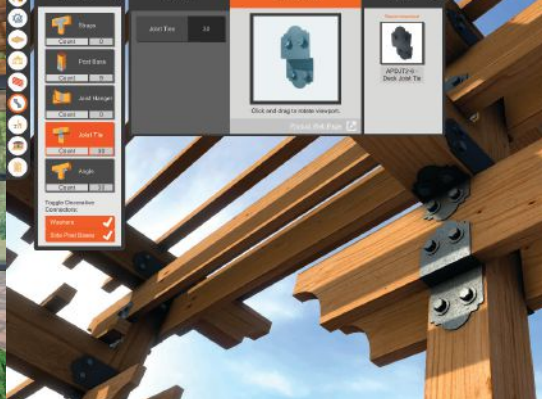
It's not surprising that many of the Century Club members have similar stories as the Century Farm family. Children grow up working alongside their fathers and mothers, while grandpa and grandma run the front office. Then when the grandparents retire, everyone takes on a bit more responsibility with the hopes of one day sharing the workload—and the legacy—with the next generation.

If you haven't seen our roster of Century Club members, I encourage you to check it out at LBMJournal.com/century. There, you'll see a link to all 171 members, the oldest business dating back to 1785. Of course, we don't know for sure that Tinsman Bros. in Lumberville, Pennsylvania is the oldest lumberyard around, but we can say for certain that they're the oldest on our list. If you think your company has them beat, by all means, please let us know. At the website mentioned above, you can also see a link to nominate a business for membership in the Century Club. If your company or a company you know of has been around since 1921 or earlier and they're not already a member, please feel free to sign them up. We'll handle the rest, which includes getting them the recognition they deserve, such as a certificate of membership, window clings for their store, free admission as guests of honor at the LBM Strategies Conference, and a press release to send to local media—which just might send some young reporter out to do a story on the community's treasured family business. If you have any questions about the Century Club, please don't hesitate to get in touch.

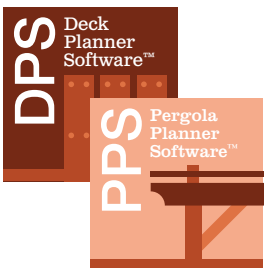
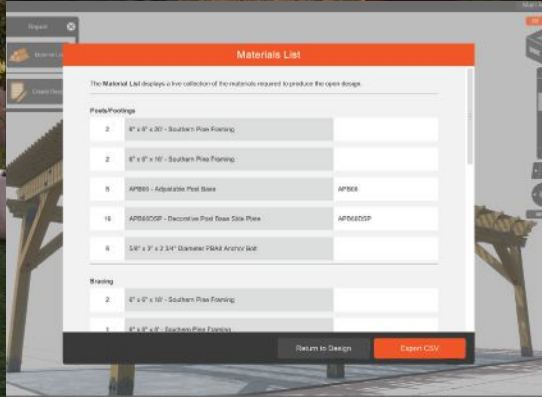
— James Anderson
Editor



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BUILDER CONFIDENCE DROPS AS MATERIAL COSTS RISE

Despite high buyer traffic and strong demand, builder sentiment fell in March as rising lumber and other material prices pushed builder confidence lower. The latest National Association of Home Builders (NAHB)/Wells Fargo Housing Market Index (HMI) shows that builder confidence in the market for newly built single-family homes fell two points to 82 in March. Builder confidence had risen slightly the month prior.

“Though builders continue to see strong buyer traffic, recent increases for material costs and delivery times, particularly for softwood lumber, have depressed builder sentiment this month,” said NAHB Chairman Chuck Fowke. “Supply shortages and high demand have caused lumber prices to jump about 200% since last April. Policymakers must address building material supply chain issues to help the economy sustain solid growth in 2021.”

“Builder confidence peaked at a level of 90 last November and has trended lower as supply-side and demand-side factors have trimmed housing affordability,” said NAHB Chief Economist Robert Dietz. “While single-family home building should grow this year, the elevated price of lumber is adding approximately \$24,000 to the price of a new home. And mortgage interest rates, while historically low, have increased about 30 basis points over the last month. Nonetheless, the lack of resale inventory means new construction is the only option for some prospective home buyers.”

Looking at the three-month moving averages for regional HMI scores, the Northeast rose two points to 80, the Midwest fell one point to 80, the South dropped two points to 82 and the West posted a three-point loss to 90.

MATERIAL COSTS AND INTEREST RATES SLOW HOUSING PRODUCTION

Housing production weakened in February as higher material costs and interest rates continue to affect the housing industry. Overall housing starts decreased 10.3% to a seasonally adjusted annual rate of 1.42 million units, according to a report from the U.S. Department of Housing and Urban Development and the U.S. Census Bureau.

The February reading of 1.42 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 decreased 8.5% to a 1.04 million seasonally adjusted annual rate. The multifamily sector, which includes apartment buildings and condos, decreased 15.0% to a 381,000 pace.

“Despite strength in buyer traffic and lack of existing inventory, builders are slowing some production of single-family homes as lumber and other material costs, along with interest rates, continue to rise,” said Chuck Fowke, chairman of the National Association of Home Builders (NAHB). “Shortages of lumber and other building materials, including appliances, are putting future construction expansion at risk.”

“While single-family starts for the first two months of the year are 6.4% higher than the first two months of 2020, there has been a 36% gain over the last 12 months of single-family homes permitted but not started as some projects have paused due to cost and availability of materials,” said NAHB Chief Economist Robert Dietz. “Single-family home building is forecasted to expand in 2021, but at a slower rate as housing affordability is challenged by higher mortgage rates and rising construction costs. The February winter storm Uri also held down home building in Texas and some neighboring states.”

February’s numbers follow news that housing production dropped 6% in January.



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Fortress Door Company
FREDERICKSBURG, VA

Spring Lakes
STAUNTON, VA

UPDATES

PEOPLE

Margaret Price, formerly of **Ridgefield Building Supply**, has joined **MaterialsXchange** senior executive team.

Josh Martin has been promoted to national sales manager – lumber channel at **SPAX**. **Jeremiah Windle** has joined the company as a regional sales manager – lumber & building materials. Also joining the SPAX team is **Tim Hogrefe**, as quality manager.

MAX USA has named **Dan Durant** as vice president of sales.

ABC Supply has promoted **Mike Vertnik** to district manager.

INDUSTRY

BlueTarp Financial is now **Capital One Trade Credit**, reflecting the October 2019 acquisition of BlueTarp by Capital One.

The **RoyOMartin** plywood and timbers manufacturing plant in Chopin, Louisiana, has marked its 25th anniversary of operations.

VERSATEX is bringing nationally-recognized builder **Bobby Parks** to dealer locations on the VERSATEX Road Show.

Wholesale marketplace **AMAST** has joined NRLA.

Fencing Supply Group has acquired **Binford Supply** of Houston.

AZEK is building a manufacturing facility in Boise, Idaho.

Fortress Building Products is presenting a nationwide Total Solution Tour, kicking off in the Pacific Northwest.

DISTRIBUTION

Cameron Ashley Building Products has introduced a new e-commerce website, cameronashleybp.com.

Select **Cameron Ashley** locations are now distributing **LP SmartSide ExpertFinish** siding.

BlueLinx will now distribute **MoistureShield** in two branches in Tennessee and Minnesota.

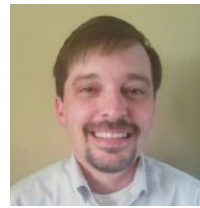
Arcitell has partnered with **Advanced Aluminum** to distribute **Qora Cladding**.

Minot Builders Supply has added **TruExterior Siding** to its product lineup.

Parksite has expanded distribution of **Maibec** in New York and North Carolina.



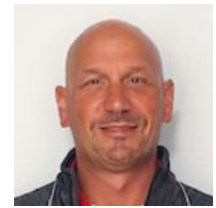
PRICE



MARTIN



WINDLE



HOGREFE



DURANT



VERTNIK

DW Distribution is expanding millwork facilities, including a new door unit production facility.

BUYING GROUPS / CO-OPS

Do it Best held its virtual Spring Market online from March 7–19. The spring market offered exclusive buying opportunities, including the popular Sneak Peek carryover from live markets, with the addition of the new, limited-time Cyber Steals.

LBM Advantage held its first virtual Annual Buying Show in February, which the group says brought record attendance.

Sixty leaders from 30 companies across the country attended the virtual **LMC Sales Masterclass** led by the Kellogg School of Management's Executive Education Department.

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

MANUFACTURERS PRODUCING AT HIGHEST LEVELS SINCE 2007

Despite the many challenges presented by the pandemic, wood products manufacturers are responding to the high demand by producing wood products at levels not seen since before the Great Recession, the American Wood Council (AWC) reports. Production output of wood products is the highest it's been since 2007, according to the Federal Reserve Board. Meanwhile, organizations such as the National Lumber and Building Material Dealers Association and the National Association of Home Builders has pressured Washington to investigate rising lumber costs.

At the beginning of the COVID-19 pandemic, wood product manufacturers were operating under the same uncertainty as the rest of the country, reads a statement from AWC.

"Many curtailed production in anticipation of worker shortages and reduced demand. At the same time, many wholesale and retail lumber customers significantly reduced their inventory levels. But then, the need for wood products quickly rebounded as people stayed home and tackled DIY projects, restaurants rushed to build outdoor accommodations, and many states declared home building an essential industry allowing construction to rapidly resume. New home sales are up over 19% year-over-year as demand for single-family homes have increased during the pandemic and mortgage rates have remained low."

The industry has quickly responded and put in extensive worker health and safety protocols to protect the 450,000 employees across the industry and prevent large scale shut-downs due to COVID exposures. Many wood products mills are back at pre-pandemic production levels or higher, with some operating seven days a week.



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- ROUNDS
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HOME BUILDING SHIFTED TO SUBURBS IN 2020

The suburban shift in home building to meet growing buyer preferences for lower density, lower cost markets stemming from the COVID-19 pandemic that was first reported in the second quarter National Association of Home Builders (NAHB) Home Building Geography Index (HBGI) has continued throughout the rest of 2020.

Single-family construction continued to over-perform in suburbs, exurbs and rural communities, according to fourth quarter HBGI data. This continuing trend is a direct result of the pandemic; as more workers were able to telecommute and preferences shifted favoring larger homes, these changes prompted buyers and renters to seek out more affordable markets in order to accommodate home offices, home gyms and specialty rooms.

"Housing was one of the few economic bright spots in 2020, as builders worked to meet growing demand for single-family and multifamily housing, particularly in more affordable, smaller metro areas," said NAHB Chairman Chuck Fowke. "Housing can continue to be an engine of job creation and help the economy move forward in 2021. But in order to do so, policymakers need to address rising regulatory burdens and sharp increases in lumber and other building material prices that are harming housing affordability." Fourth quarter HBGI data reveal a clear shift in the geography of home building:

- ▶ Outlying counties of smaller metro areas experienced a 20.7% growth rate for the year
- ▶ Small metro core areas posted a 15.7% annual growth rate
- ▶ Large metro suburbs registered a 15.1% yearly gain
- ▶ Large metro core areas (close-in residential areas) posted the slowest gain, with just a 9.1% growth rate.

"Over the past three quarters, the HBGI data has revealed a measurable shift in home building from more costly, large metro areas to more affordable markets," said NAHB Chief Economist Robert Dietz. "We expect only a partial reversal of these trends this year as nationwide vaccination efforts significantly ramp up in the months ahead."

This latest edition of the HBGI also unveiled new data based on county-level diversity measurements regarding different race or ethnic groups. A higher diversity county consists of a larger grouping of different racial and ethnic groups. A lower diversity county means there are more people living there who are of the same racial or ethnic identity.

Findings for the fourth quarter of 2020 show accelerating trends for single-family home building in both higher and lower diversity counties, particularly through the second half of 2020. Additionally, in general, multi-family residential construction has been observed to be waning in higher diversity counties in 2020 due in part to the shift to lower density markets.

UPCOMING EVENTS

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

SEP 27-30 DO IT BEST FALL MARKET | Indianapolis, IN | doitbestonline.com

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

OCT 21-23 National Hardware Show 2021 | Las Vegas, NV | nationalhardwareshow.com

NOV 15-17 Epicor Insights LBM User Conference | San Antonio, TX | epicor.com

DEC 8-9 Northeastern Retail Lumber Association (NRLA) 128th LBM Expo | Providence, RI | nrla.org

FEB 8-10 International Builders Show | Orlando, FL | buildersshow.com

FEB 11-14 Do it Best Spring Market | Indianapolis, IN | doitbestonline.com

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

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— Návraez Family, Owners
Spanish American Interiors, Royal Palm Beach, FL

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RECORD-HIGH LUMBER PRICES ADDING \$24K TO COST OF NEW HOME

Lumber prices have skyrocketed more than 180% since last spring, the National Association of Home Builders reports on its NAHBNow blog. The spike in lumber prices has caused the price of an average new single-family home to increase by \$24,386 since April 17, 2020, according to NAHB standard estimates of lumber used to build the average home. Similarly, the market value of the average new multifamily home has increased by \$8,998 over the same period due to the surge in the cost of lumber.



The latest Random Lengths prices as of mid-February show the price of framing lumber topped \$975 per thousand board feet—a 180% increase since last April when the price was roughly \$350 per thousand board feet.

NLBMDA has been lobbying the federal government for years for a renewed Softwood Lumber Agreement with Canada, which would address the current tariff on Canadian softwood lumber.

NAHB PRESSES LAWMAKERS TO QUESTION BIDEN ON LUMBER PRICES

The National Association of Home Builders has asked Reps. Jim Costa (D-Calif.) and Joey Arrington (R-Texas) to send a letter to President Biden on March 4 urging the president to respond to rising building materials prices and supply shortages, particularly, lumber, that are harming the housing market and threaten the economic recovery.

Using data provided by NAHB, the lawmakers stated that “shortages of lumber have nearly tripled the price of lumber since mid-April 2020, causing the price of a new single-family home to increase by more than \$24,000.”

NAHB is urging the Commerce Department to investigate why lumber production—particularly sawmill output—remains at such low levels during a period of prolonged high demand.

TOUGH CALL ANSWERS

ANSWERS TO OUR FEBRUARY TOUGH CALL SURVEY:

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. HERE’S HOW READERS WOULD HANDLE THIS TOUGH CALL.

SURVEY RESULTS FROM LBMJOURNAL.COM

3.7%

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.

45.6%

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.

23.7%

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.



27%

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.

READER RESPONSES

I’d plan two weeks or more of “training” since two companies have merged. I’d require everyone to switch seats—inside sales, operations, product management, HR and even accounting if possible, so every employee develops a perspective about other’s roles and job demands that they come in contact with regularly. If, after that exercise, Chuck continues to be difficult to the rest of the team, then he is given the ultimatum.

— Susanna M. Ross, independent strategy and growth advisor, Euclid, OH

As a sales manager in an ESOP employee-owned company, Chuck or any other employee must fit our culture. That person (Chuck) must be a team player, and respectful of fellow employee-owners. No Chuck or anyone else is bigger than employee cohesiveness. Company culture is a priority to all of our team members. Chuck would go!

— Fred Lorson, sales manager, Your Building Centers, Williamsport, PA

Sit down with Chuck and talk to him. Let him know that his sales numbers are great, and you appreciate the effort he puts in to get the big sales, but you think he could do even better. Use the old ‘more flies with honey’ approach. If he were to treat his coworkers better and integrate himself into your system and company culture, his coworkers will be more willing to help him when needed. Ask him if there is an underlying reason that he doesn’t want to do the computer and administrative work (technology, organizationally challenged?). Go on the road with him a couple times and see how he interacts with his customers. Explain to him that you want to help him be even better than he is now. If he is not receptive to any of this remember that you can easily divide his accounts up among your other reps and keep things going without him, and other area competitors will know there is a reason you let a top salesman go.

— Brian Groene, Von Tobel Lumber, Michigan City, IN

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Executive Vice President
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RIKKA BRANDON
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Building Gurus



RICK DAVIS
Founder and Principal
Building Leaders



THEA DUDLEY
Credit Overlord
Pocket Protectors LLC



ROB EVERSON
Director National Accounts
Cameron Ashley
Building Products



BRADLEY HARTMANN
President
Behind Your Back
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DENA CORDOVA-JACK
Sr. Director, Leadership
& Talent Development
Kodiak Building Partners



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PRIVATE RESIDENTIAL SPENDING HITS RECORD HIGH

National Association of Home Builders analysis of Census Construction spending data shows that total private residential spending rose 2.5% in January to a seasonally adjusted annual rate of \$713 billion, reaching a record high. Total private residential construction spending was 21% higher than a year ago. The January numbers follow a private residential spending increase of 3.1% in December 2020.

The monthly gains are largely attributed to the strong growth of spending on single-family and improvements. Single-family construction spending rose to a \$376.2 billion annual pace in January, up by 3%. It was 24.2% up from January 2020. Remodeling spending, which include spending on remodeling, major replacements, and additions to owner-occupied housing units, rose 2.3% in January, and was 17.9% over a year ago. Meanwhile, multifamily construction spending inched up 0.7%, but still posted net gains, being 16.9% higher than a year ago.

BY THE YARD NEWS FROM LUMBERYARDS AROUND THE COUNTRY



SILVEIRA



CONKEY



GROMAN

NATIONAL LUMBER ANNOUNCES PROMOTIONS

National Lumber has announced the promotions of **Kevin Silveira** to vice president of sales, **William Conkey** to full line sales manager, and **Todd Groman** to director of operations.

HOMEWOOD BUILDING SUPPLY EXPANDING IN SACRAMENTO MARKET

American Construction Source (ACS) has expanded investments at Homewood Building Supply in the Northern California greater Sacramento metro market. Improvements include adding a new distribution center in Elk Grove, Calif., featuring rail access and 25 acres of yard and warehouse space.

YOUR BUILDING CENTERS ACQUIRES PALMERTON LUMBER

Your Building Centers (YBC) has acquired Palmerton Lumber Company located in Palmerton, Pennsylvania, a full-line

LBM dealer serving Palmerton and the surrounding communities. The acquisition is the third in four years for YBC.

THE LESTER GROUP CELEBRATES 125 YEARS

The Lester Group kicked off its 125th anniversary with corporation-wide events that included more than 200 employees at locations across Virginia and North Carolina. The celebration will continue throughout the year. The Lester Group began on March 6, 1896 as Lester Lumber Company, founded by George Tilden Lester, better known as “Cap’n Til.”

R.P. LUMBER’S JASON PLUMMER NAMED ILMDA’S LUMBERMAN OF THE YEAR

The Illinois Lumber and Material Dealers Association announced that Jason Plummer, vice president of R.P. Lumber in Edwardsville, Illinois is the 2020 Lumberman of the Year. Plummer is the second in his family from R.P. Lumber to receive this award, following his father Robert Plummer, who was honored in 2013.

HIGGINBOTHAM BROTHERS CELEBRATES 140TH ANNIVERSARY

With operations dating back to 1881, this year marks the 140th year of continued retail operations for Higginbotham Brothers & Company. A member of the LBM Century Club, the company roots date back to 1881 when JM Higginbotham moved to Dublin, Texas and opened his first general mercantile store. Today, Higginbotham Brothers & Company owns and operates 40 lumberyards and hardware stores throughout Texas and Oklahoma.

PROFESSIONAL BUILDERS SUPPLY OPENS DISTRIBUTION CENTER

Professional Builders Supply, LLC has expanded its footprint in the Triangle by opening a new distribution facility located between Benson and Dunn, North Carolina. The new operation will stock and deliver lumber, siding, interior trim, hardware and other building materials.

84 LUMBER OPENS TRUSS PLANT

84 Lumber has announced its newest dedicated truss plant opening in Richmond, Virginia. The new component plant, which will primarily manufacture wall panels, roof and floor trusses, is fully automated, outfitted with the latest design software, computerized saws, a trackless gantry system and laser projection equipment.

NATION’S BEST ACQUIRES HOMETOWN HARDWARE

Nation’s Best has acquired Hometown Hardware in Longview, Texas. As part of Nation’s Best’s acquisition strategy, Hometown Hardware will maintain operations under its existing name with its key leadership team overseeing company operations alongside Nation’s Best, which will provide strategic and financial support.

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.



CONGRATULATIONS ARE IN ORDER

THERE'S NO QUESTION THAT THE ENTREPRENEURIAL SPIRIT IS ALIVE IN THE LUMBER/BUILDING MATERIAL INDUSTRY. A HEARTY CONGRATULATIONS TO **LBM JOURNAL'S 2021 DEALER OF THE YEAR** AWARD WINNERS.

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KEIM
CHARM, OHIO

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ZUERN BUILDING PRODUCTS AND DESIGN CENTER
ALLENTON, WISCONSIN

ANNUAL SALES: \$10-\$50 MILLION

HAMILTON BUILDING SUPPLY
HAMILTON, NEW JERSEY

ANNUAL SALES: UNDER \$10 MILLION

KREMPP LUMBER COMPANY
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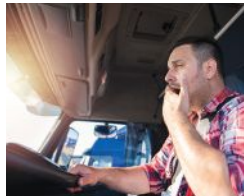
EPICOR

3 DANGERS TO WATCH: TOP INSURANCE CLAIMS FOR LBM DEALERS

Though the COVID-19 pandemic has created challenges for every business, some pre-pandemic risks have continued to be a serious concern. When we look at volume and cost of insurance claims, three types of claims pose a serious risk to lumber and building material dealers: auto accidents, wind and hail losses and construction defect claims.

AUTO ACCIDENTS DUE TO POOR DRIVING

An oft-cited statistic is that about 90 percent of auto accidents are caused by driver error. In the lumber and building material industry, we see that unqualified drivers and poor driving lead to auto accidents and claims.



Accidents are often caused by drivers without a valid and current driver's license, as well as those who have DUIs or citations for aggressive driving. In addition, some accidents are caused by drivers who are not appropriately trained to use vehicles like flatbed trucks. Finally, distracted driving remains a serious issue; accidents are caused by drivers using their cellphones.

It may seem impossible to achieve zero auto accidents but keeping this goal in mind can guide businesses towards a comprehensive range of policies and procedures to foster safe driving practices, protect employees and the company and create safer roadways for everyone. A comprehensive fleet safety program should address driver qualifications, training requirements, vehicle use policies, accident reporting guidelines and defensive driving guidelines. In addition, businesses should have distracted driving and mobile device usage policies.

To help support and enforce these policies, companies can use tools like telematics and cameras for data to use in driver review and training, as well as claims handling. In addition, continuous motor vehicle records (MVR) monitoring provides managers timely updates on changes to an employee's MVR. Additional fleet safety information, checklists and resources can be found in the PLM Loss Control Center.

WIND AND HAIL DAMAGE

Across the U.S., hurricanes, thunderstorms and straight-line windstorms (called derechos) can cause devastating wind and hail damage to homes and businesses. In a normal year, the Atlantic basin experiences 12 named storms; in 2020, there were 30 named storms. Insurers have since paid out about \$45 million in claims due to storm damages. Businesses, including lumber and building materials dealers, saw damages ranging from ripped siding and shattered windows to serious structural damage to buildings.



Businesses can take precautions to minimize storm damage. On an ongoing basis and after storms, roofs should be inspected and, when necessary, repaired and replaced. In thunderstorm-prone areas, rooftop HVAC equipment should be protected against hail, and windows and doors can be replaced with impact-resistant versions. Prior to a storm, inspect roofs, doors, and garages. Take precautions to protect windows, such as boarding them up, and consider sandbagging doors. Move all outdoor inventory indoors and move mobile equipment to higher ground.

For more details on wind and hailstorm precautions, visit DisasterSafety.org or the PLM Loss Control Center for guidelines.

CONSTRUCTION DEFECTS LAWSUITS

During the pandemic, insurance claims professionals have seen an increase in construction defects lawsuits against lumber and building materials dealers. This trend may be related to a skilled labor shortage exacerbated by the pandemic, as well as construction delays caused by shutdowns. Prior to the pandemic, state legal trends shaped how construction defects disputes were handled, lengthening the amount of time spent in litigation.

These claims involve allegations of shoddy workmanship or subpar materials. Lumber and building materials dealers are brought into these claims as third parties when a building owner seeks to settle with or bring suit against the general contractor in charge of the project.



Because of the complexity of construction products, it is difficult to determine fault in these cases. Plus, multiple contractors, subcontractors, building owners and other stakeholders are involved. As a result, the mediation in these claims is arduous, time-consuming and expensive, and the settlements are hefty, as well.

Typically, the building owner will notify the general contractor with a letter of representation about the construction defects. Subcontractors will later be notified and brought onto the claim with a tender letter, asking the subcontractor to defend and indemnify the general contractor. At this point, the question is: what does the contract between the general contractor and subcontractor say? It may contain a contractual obligation to defend and indemnify or an additional insureds clause.

Because construction defects present complex issues, it can be difficult to prevent these claims altogether. However, lumber and building materials dealers can prepare by understanding this risk, reviewing contracts and reporting these claims to their insurer early.

For more than 125 years, Pennsylvania Lumbermens Mutual Insurance Company has been supporting customers in navigating claims trends. To find your local loss control representative, visit our Loss Control Center and use the interactive map. You can also reach our customer service team at CustServ@plmins.com or 1-800-752-1895.



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MAY IS DECK SAFETY MONTH

WITH THE EXPLOSIVE GROWTH IN THE OUTDOOR LIVING MARKET, NOW IS THE PERFECT TIME TO EDUCATE YOUR BUILDER AND HOMEOWNER CUSTOMERS ABOUT THIS IMPORTANT ISSUE.

AS FAMILIES FROM ALL OVER THE WORLD are spending more time together, they will be looking to get outdoors and make use of their space. With more than 60 million decks in the U.S. (50 million residential and 10 million commercial), it is estimated that 30 million decks are past their useful life and need to be replaced or repaired. It is crucial for homeowners to have their decks inspected to verify the integrity of their deck to ensure user safety as well as help extend the deck's life span, improve appearance, and increase livability.

Founded in 2004, the North American Deck & Railing Association (NADRA) offers an array of tools to help consumers check their decks, and more.

May is Deck Safety Month, the perfect time for homeowners to ensure their decks are in top condition for the season ahead. As families are spending more time at home with loved ones, NADRA encourages homeowners to ensure the safety of their outdoor living spaces.



"It's crucial for homeowners to have their decks inspected to verify the integrity of their deck to ensure user safety as well as help extend the deck's life-span, improve appearance, and increase livability," says Michael Beaudry, executive vice president of NADRA. "We're proud to offer an array of tools to help consumers check their decks as well as connect with building professionals with the know-how to identify and remedy potential problems."

Consumers can visit NADRA.org to take advantage of resources to Check Your Deck, including:

10-POINT CHECKLIST

Homeowners can download the 10-Point Deck Safety Consumer Checklist, a step-by-step guide to visually inspecting the deck for safety concerns such as corroding fasteners, decaying materials, loose railings, inadequate lighting, and more. Though not a replacement for a professional deck inspection, the checklist is a helpful tool to assist homeowners.

FIND AN INSPECTOR

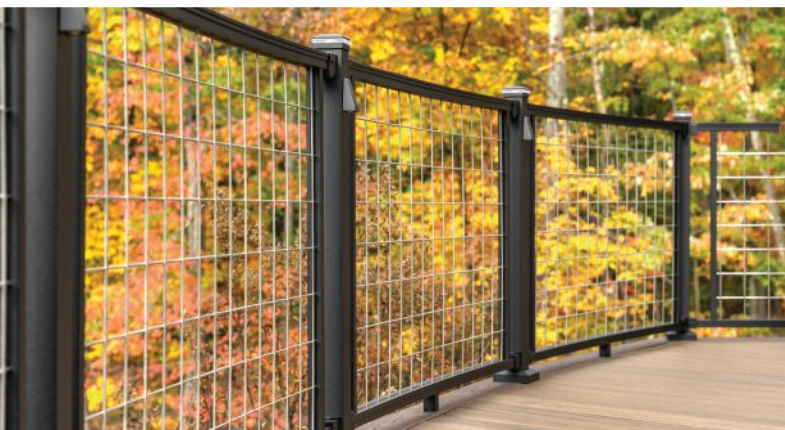
NADRA and the American Society of Home Inspectors (ASHI) offer building professionals the NADRA Deck Inspection Certification Course, which certifies that the recipient has undergone training specific to conducting proper, thorough deck inspections. Consumers can search for a certified inspector in their area by browsing the NADRA Inspectors Directory.

FIND A BUILDER

NADRA deck builders adhere to a strict code of ethics and are required to submit proof of licensing and insurance as required by their state. Homeowners can search for qualified deck builders at NADRA.org.

Award-winning decks, too. If you're interested in seeing some incredible deck projects, NADRA will be live-streaming its Deck Awards event, which will be held in Clearwater, Florida on April 22. Registration is free at NADRA.org. You can preview the submitted entries at NADRA.org/awards.





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Engineering What's Next
in Outdoor Living®



Looking to boost employee morale? Consider education

BY BILL LEE

AFTER SURVIVING 2020 and all the hardships of complying with the COVID-19 rules and regulations, most employees are in the mood for something positive to happen in their work life. Let's face it, we're at the end of the first quarter of 2021 and I don't know about you, but I can't see much progress except for an elusive vaccine that only a handful of us currently qualify to receive.

There's one thing that employees value—especially younger managers and salespeople—and that is education. I'm talking about the kind of education that will make your team more valuable to you and to themselves. The smarter they are, the higher the odds they will produce a handsome return on any investment you make in them.

On numerous occasions when conducting consulting assignments, an owner has called me aside to point out a particular young manager who seemed to have all the right stuff, but his people didn't like him. On one occasion, I was told that during the previous year, this manager had more turnover in his department than all other departments combined.

It has been my experience that when you have a manager who is either too heavy handed, or is working too hard trying to build personal friendships with direct reports, that manager would benefit from some focused training on how and why to put down the bull whip and how to remain friends with his people without becoming so close to them socially that he is rendered powerless as a supervisor.

Although there are dozens of professional trainers in virtually all large cities, odds are none of them have the longevity and track record of Dale Carnegie, the author of the international best-selling book, "How to Win Friends and Influence People." This book was the first—and still the best—book of its kind that can lead struggling managers to success and smooth the approach of managers that are a bit too rough around the edges.

The Dale Carnegie organization offers in-house training programs as well as online training. The variety of the programs they offer is impressive. There are six categories of training:

- ▶ Leadership Training
- ▶ Presentation Training
- ▶ Sales Training
- ▶ Customer Service
- ▶ People Skills
- ▶ Organizational Development Solutions

The courses are reasonably priced, are a proven product, and are offered in virtually all medium-to-large cities. This company has prospered for decades because of the quality of their instructors and the value their students gain from attending their programs.

The following are some examples of their course offerings:

- ▶ Leadership Training for Managers
- ▶ Developing Your Leadership Potential
- ▶ Leadership Training for Results
- ▶ Skills for Success
- ▶ High Impact Presentation

Salespeople can benefit from training programs as well. A couple of years ago, I was hired by a millwork company to take a look at their sales and marketing program for a new window they had developed. They had sunk quite a bit of capital into the development of this product and were counting on its success to give their company a much-needed boost in sales. I asked them to call a special meeting and invite all their salespeople to come prepared to present the window to a group of home builders.

The salespeople were unprepared, unpracticed, and unconvincing. No wonder this window had never gotten off the ground. Dale Carnegie's High Impact Presentation programs would have been a good investment for this company. For additional information, visit DaleCarnegie.com. ■



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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Chaos, Post-it Notes, and consistency

BY RICK DAVIS

CUSTOMER FULFILLMENT is sometimes like Rock, Paper, Scissors, the child's game where each contestant chooses a weapon, each of which is a winner over another and loser to the other. For customer fulfillment, it's more like chaos, Post-it Notes, and consistency.

This idea came to me at a sales meeting during which one of the salespeople expressed frustration for the lack of support he was getting. He felt he was not getting desired answers on customers' frequent special delivery demands and requests for flexible payment terms. I asked him how he responded to these situations and his answer repeated one of the most problematic of all sales platitudes which is, "Let me see what I can do."

The reality is that salespeople do more than just see what can be done; they become negotiators with their employers on behalf of the buyer. The salesperson expects the company to fulfill all the special requests, which becomes a precursor to the multitude of things about to go wrong.

The first is that salespeople won't be able to fulfill special requests, thus forcing apologies and the perceptions of incompetence. Sometimes the request is fulfilled and, as proud as a salesperson might feel, the buyer at best takes your favor for granted and, at worst, feels you still didn't fulfill quickly enough. Consider further that each special request benefits one customer but often impacts another one negatively.

Lots of bad stuff happens at your branch too. Those emergency fires push extra tasks on teammates. The added stress makes their work more challenging, not to mention the added costs special requests create. I'm not suggesting you ignore all special requests, merely that you don't have to jump through hoops *every* time a buyer asks for a favor like unique payment terms, custom product inventory, special deliveries, or unreasonable deadlines.

Imagine every individual of a five-person sales team trying to fulfill the special, unique requests for delivery, service, product assortment, payment terms, and support for 30 different

customers. The results would be 150 different business models! What if you have 10 salespeople working with 100 different customers creating 1,000 business models? Or 50 salespeople and 2,000 customers to create 10,000 unique business models!?!

The drive to fulfill this business model produces pure chaos for drivers, loaders, purchasers, service personnel and bookkeepers. Wall-paper collages of Post-it Notes would cover every desk in the organization, which destroys any consistency upon which customers should rely.

Business is like a Rock, Paper, Scissors game in which Post-it Notes cover chaos; chaos covers consistency; consistency covers Post-it Notes. I choose *consistency* because it is a way to competitive advantage, if you can consistently be better than your competition.

The salesman at the meeting agreed that a lot of time was spent chasing orders that were easy to take, but difficult to fulfill. Other salespeople chimed in to mention that the special favor for one salesperson affects the customers of another salesperson. Ultimately the group agreed that we will never eliminate the need for special requests, but that we should at least push back and minimize them when possible and manage the expectations of them when granted.

We are living in a sellers' market today. Demand is high while supply is scarce. Now is the time to prospect proactively for the best customers in your market—i.e.: the ones who are cooperative and profitable. They buy your standard products at fair prices and, while there are occasional special favors to do, mostly they are the buyers with whom it is easy to do business.

The easy customers to get are the difficult ones to service; the hard customers to get become easy to work with in the long run because they buy what you sell. Now is the time to prospect assertively for profitable customers. It's the best way to avoid sales chaos and walls of Post-it Notes. Sell the service and products you can *consistently* deliver. The easy sales model to profit is to sell the drab routine of doing business with minimal exceptions. ■



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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Reframe the way you think about firing employees

BY RIKKA BRANDON

FIRING PEOPLE SUCKS. But when you manage a lot of people over the course of your career, it's inevitable that you're going to make a bad hire, have under-performing employees, and even wind up with a few difficult people. If you don't have the courage to do the hard, but necessary, things to remove these people, you'll not only hurt your team's performance and profitability, but also their morale. Keeping under-performing or difficult employees inadvertently shows your good employees that there aren't consequences. Your indecision and lack of action often drives strong employees to leave because they're tired of carrying the extra weight of under-performers.

But firing people, while a necessary part of business and of being a manager, never gets less uncomfortable.

That said, there are ways to make it easier on yourself and, even perhaps, on the employee. And this starts with reframing firing—or simply looking at it from the employee's perspective.

PUT YOURSELF IN THEIR SHOES

The first thing to get really clear about is that no one wants to spend 40 hours a week in a job they know they're not doing well or a culture that they don't quite fit into.

Consider this: You don't generally hire people you don't like and see some potential in. If you've moved from even-tempered optimism to the point that you're ready to terminate them, they either are underperforming, don't work well with their coworkers, or perhaps are difficult to work with in general. It's highly unlikely that you're the only one who has noticed. Imagine going to a job for 40 hours a week and thinking the whole time, "I'm never quite getting this right. I don't fit in. I can't wait until I can leave." Most people recognize this and quit, but some don't. And that's when you need to make the business decision to let them go because they're unable to perform to the required expectations.

At the end of the day, although it's hard to have to make these decisions for people who

are unable to make them for themselves, you're creating the opportunity for them to find a role in which they'll probably be happier.

RECOGNIZE WHAT HAPPENED

Keep in mind that an employee's inability to do the job can sometimes be the result of your or the company's own actions. For example, you may have an employee who has been a stellar member of the team for a long time, but then your company begins to expand and evolve, and suddenly he or she just can't keep up. Some employees just can't grow with your company the way you need them to. Recognize that they deserve to have a job that they're good at and that they enjoy doing—and that your company deserves to have someone who can meet the expectations and needs your business has now.

Sometimes, the decline occurs because you promoted the employee out of their comfort zone. You assumed that because they were good at lower-level roles they would continue to thrive on higher rungs of the same ladder—but that's not always the case. Perhaps their strengths lie in working with customers, but not in setting strategy and managing a team.

If you really like this person and they're a good worker, have an honest talk with them. Indicate that you recognize this new role is not playing to their strengths—and ask them what they think. Maybe they hate it. That frank dialogue can solve a lot of your problems.

When you're thinking about firing someone, it's easy to fixate on the awkwardness and potential fallout. But you'll find when you expand your view and consider both sides, it becomes easier to have the difficult conversations and make challenging decisions.

Firing will always be uncomfortable, but flip the script and recognize that nobody deserves to have a job they're not good at, nobody wants to go to a job where they're failing, and everyone deserves a job they enjoy and at which they can excel. If they can't see that, you need to help them see that. It's likely they'll eventually thank you for it. ■



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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BUILDING ENCLOSURES

Providing structure to your expectations

BY RUSS KATHREIN

ONE OF THE CORE PHILOSOPHIES I champion as a leader is this: You can't judge what you don't measure. How do you hold an employee accountable in their job performance if you are basing your evaluation on subjective or vague criteria? The answer is that you can't—at least not effectively or fairly.

What if we flipped this upside down and used the same standard to hold ourselves, the leaders in our company, accountable for what we defined to our people as success? Let me explain. At one point in my career, my company acquired an independent lumber dealer. My task was to help the owner, who had been very involved with the business, set out a retirement transition plan for a year after the sale. This business was a top performer, but two operational areas stuck out as having room for significant improvement: sales backorders and accounts receivable collections.

When I asked the sales team about the number of backorders, I was told that the purchasing department just didn't have enough inventory in stock to fulfill all of their orders. When I talked to purchasing, I was told that the owner did not let them have enough inventory. I asked what their inventory budget was, and they replied that they did not have one. They told me they could tell that they had too much inventory when the owner started asking how much they had in inventory or when he sighed after they told him about a particular buy. So, their goal was to never have the owner ask about inventory levels or sigh when they bought something. When I asked the owner why he didn't have inventory levels budgeted, he told me that periodically he would look out the window at all the inventory they had and if it seemed too much, he had a way of letting his purchasing team know that they needed to "up their game" and get the inventory down.

I had the same conversation with accounts receivable. There were no established guidelines for when an account should be put on hold or even written off. It depended how the owner personally felt about the customer and how much volume the customer did with them. The net result was that some of their biggest customers

were their slowest payers, and the credit team felt powerless to implement guidelines or improvement strategies because they really didn't know how the owner defined success in credit, leaving the credit team to do "the best they could" to collect money from their customers.

When I sat down with the owner, I complimented him on how well he managed his sales team and the results they were achieving. He talked about his strict pricing and pricing deviation guidelines for his Outside Sales Reps (OSRs). Thus, his OSRs found ways to sell other than by price, and his above average gross margins reflected that. When asked why he did not have guidelines for his purchasing and credit teams, he explained that he liked to have flexibility when dealing with those two areas.

I pointed out that any of his OSRs could make a case that their personal need to close a sale or what customer they were dealing with could influence their thinking on pricing. But the pricing discipline the owner had implemented took away the emotional aspect of pricing, and his results were significantly better. By not implementing guidelines with purchasing or credit, he was making many of the decisions in those departments susceptible to emotional influences and preventing the people on those teams from achieving the kind of results he was getting with his pricing. Or in other words, his lack of holding himself accountable as a leader was negatively impacting the performance of the people he was leading.

Fortunately, the owner did decide to set budgets, guidelines and expectations for both departments. The result? Backorders all but disappeared and their accounts receivable percent current skyrocketed.

So, ask yourself, are there any areas in your business where you have avoided setting guidelines or expectations because you didn't want to be hamstrung by your own rules? Don't be afraid to implement guidelines that work for 95% of the circumstances. You can always make exceptions if a situation warrants it. That's what good leaders do. They lay out a framework and then manage by exception to achieve excellence. ■



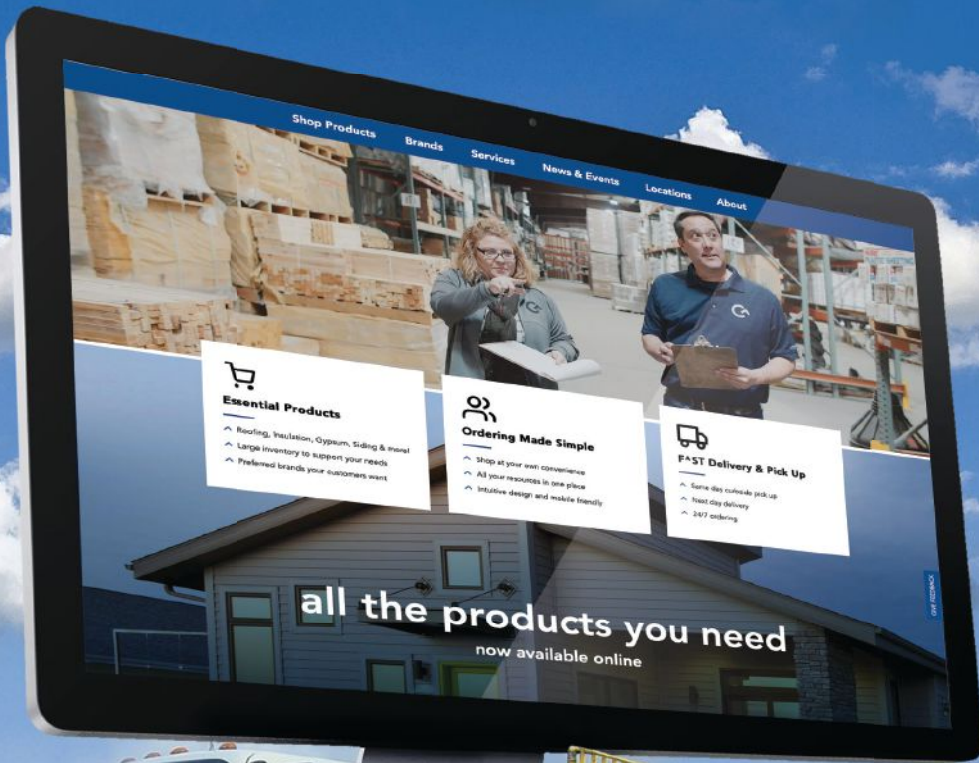
Russ Kathrein is with the LBM Division of Do it Best Corp. based in Fort Wayne, Indiana.

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It's time to embrace remote-working credit teams

BY THEA DUDLEY

**Dear Thea,
I am struggling to hire credit professionals—
inexperienced, experienced, I will take them.
Where have they all gone? Do I have to resort
to stealing from competitors? Please don't tell
me to go to the local colleges. One mention of
"credit manager" and they take a hard pass.
Traditionally, I know credit management is not
a glamorous role, but it is a good profession.**

— Can't Retire without a Plan in Boca Raton

Dear Retire,
Finding good credit people is a nationwide challenge. Recently, a colleague asked me if I knew any credit managers looking for a job. I asked him if it mattered where they did the job from. That stumped him.

With all the advancements in technology and fresh perspectives of younger generations, more jobs really can be done remotely. As the world changes the way we conduct business, we should adjust our needs to reflect that. This is 2021, we're working through a global pandemic, and the Baby Boomer generation is at retirement age. The lines between work and personal life have blurred to the point where it is not easy to see where one begins and the other ends.

Some companies are progressively challenging the traditional. Here's how a credit manager pal is solving recruiting challenges: They needed credit pros with specific skills who could also be available when their customers were needed. They found qualified candidates, but none in their area. The solution? They switched to the work model that software companies have used for years, the "flexible hours" contract. This model states that, if the work gets done to the satisfaction of the company, the employee can work the hours they want, from wherever they want.

The company set parameters, limited in-person meetings, and leveraged software that organized conference calls, group emails, and the like to make the model work for them.

Another credit manager I know recently found a company she wanted to work for, but she did not want to move. She approached the owner with a plan that showed she could build and manage a team, while bringing in top notch results, all from her home office. It took planning, some nights away from home, a little over-communication at first, but with open minds, trust, and a willingness on both sides, it worked.

Since she's taken over, KPIs and communications with sales have all improved, the company has a talented credit professional, and she gets to work for a firm that appreciates her skills and work ethic, without making her choose between her family and her career.

It does take some forethought, planning, and a willingness to embrace technology to set up this arrangement, and you do need top notch audio and video and communication systems. But the good news is there are plenty of options out there designed to facilitate this kind of work model. With many to choose from, it is short-sighted not to have these capabilities and use them in ways that you haven't yet considered.

This leap from the traditional would not have worked if the company president was not open to the concept. The old "If I can't see the person, they aren't working" thought pattern still exists. Let's face it, we all have people in the office who are there physically, but mentally...well that's a horse of a different color. Working in an office does not automatically equate to more work getting done.

Of course, for the work-from-home model to be successful, it must include the right combination of people, roles, checks and balances, and most importantly—attitude. It really is an option to consider. While companies can exist by stubbornly following traditions, to thrive, to excel, to attract the most talented people and engage in successful growth, the only workplace tradition you should embrace is evolution. ■



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

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Time is the enemy in deal making

BY JOHN WAGNER

THEY SAY YOU SHOULD NEVER buy clothes (especially festive shirts) on vacation that you plan to wear back home. Yes, I know, you're strolling the beach shops and you spot that nifty little number. And even though your traveling companion says, "Are you sure you're going to wear that once we get home?" You shake your head: "Of course I will! That party at the Davis' last Easter, I would have worn this very shirt!"

And your partner says, "And you don't think Mrs. Davis would be offended by all the skulls on the collar?"

"No way," you insist as you head to the cash register.

Of course, a week later, unpacking your bags, you pull out that skull shirt, and say, "What in the name of Jehovah was I thinking!?" Turning to your companion you say: "Why didn't you stop me?"

Yes, you're experiencing buyer's regret. In the cold light of day, you look at the item and think: What came over me to pay so much for this? Why did I think this was a good fit?

Well, this same over-enthusiasm to make a purchase, and the ensuing buyer's regret, can also happen in deal making when you offer your business for sale, and it's something you, as a seller, should take advantage of.

Here's how: An acquirer spots your business, gets the deal book from your investment banker, and then—all of a sudden—there's a rush of conference calls.

They're thrilled you've come on the market!

They've been watching you for some time; you're a perfect fit for their portfolio!

Site visits are hurriedly planned. When you meet, your teams get along fabulously. Turns out you know the same people, the same vendors.

You all get a feeling of camaraderie when shaking hands as the visit wraps.

Sure enough, the buyer has fast-tracked a Letter of Intent (LOI), and boom, you have an offer. It's a strong one! The team that visited your site reported back about all the synergies that are possible in a tie-up, and what the combined buying power will do for margins.

As a seller, at this point, you want to take advantage of that enthusiasm. First, don't get cocky on the price. If the offer is strong—even if it's not entirely what you wanted—consider accepting it.

If you go back and bog down the LOI with redline markups and request for more money, or onerous employment terms, then time is your enemy, and the buyer has a chance to rethink the offer. In the cold light of day *their* enthusiasm may wane, and—as days drag into weeks or even months—a few of the acquirer's analysts may sit back and say, "Are we over-paying for that company?" Another might add: "You know, they didn't accept our offer right away. It was a *great* offer! Are they really team players? Are they leveraging us against another buyer? Maybe withdraw the LOI?"

And sure enough, we've seen this happen, the dreaded phone call comes and the buyer says, "You know, since you have not signed that LOI yet, we are rethinking our offer. We're going to withdraw that first LOI and offer a second one."

Think it will be a higher price? Nope. It will be lower, or propose increased seller leverage. So, when enthusiasm is running high, consider "riding the wave," and accepting the decent (if not an absolutely 100% perfect) offer. Move expeditiously to the closing before someone says, "Are you really sure what we're buying is a good fit?" ■



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

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Lean communication: “Unboxing” your inbox

BY SHANE SOULE

FOR MOST OF MY CAREER, email has been my nemesis. “Inbox Zero” was the constant goal, and I only achieved it once a quarter when I finally archived all my unread emails. I’d tell myself that if it was truly important, the senders would reach out again. Unfortunately, I didn’t calculate the cost to our efficiency, and even our reputation, that the flood of unread emails could leave behind.

Last month I calculated that 80% of my inbox was dominated by internal emails from my own team based around these common themes:

- ▶ **Quote Requests (with blueprints and job specs attached)**
 - Sent multiple times to different departments
 - Replies with questions or, “got it”
 - Follow up emails checking for updates
- ▶ **Order Communications**
 - Executing orders
 - Confirming status or making changes
 - Confirming if special orders have been received, etc.

We were missing important communications from customers and vendors because we were sorting through emails that most of us really didn’t need to read. In our Monday morning huddle I advised the team that I was banning internal email for the week to force us to create a better way to communicate. The team thought I was crazy, but the ideas started immediately and kept building throughout the week. Sure, we were all annoyed to be forced into change, but by the end of the week we had some great high-level systems and processes to work with.

1. Create a central content repository

Instead of emailing prints, quotes, order acknowledgements, etc., we created a storage system in Dropbox. We now have cloud-based access from anywhere and on any device. A few of the highlights included:

- ▶ CUSTOMERS folders for each customer or prospect
- ▶ PROJECTS in the folders by subdivision and job name

- ▶ TEMPLATED folders to copy, paste and rename including: blueprints, communications, quote docs, order docs
- ▶ QUOTE/ORDER request forms with all specs needed for all products we sell

2. Integrated team collaboration software

Without a means to dialogue about the projects in the Dropbox folders, we were left speechless. Microsoft Teams was existing software that once utilized fully, gave us the means to communicate outside of email. Team members could message each other directly or create specific groups (also called Teams) and communicate with multiple people based on responsibility and collaboration. We now have Teams for estimating, truss design, accounting, etc. This is a faster and easier way to communicate; it’s mobile friendly, and it eliminated about 25% of our emails.

3. Setup ERP dashboards and mobile interface

After checking with our ERP provider to consider recommendations they could offer to help us streamline communication, we implemented a couple more.

- ▶ **Sales dashboards**—In a paperless ERP world, everything is tracked, and there is an ability to automate notifications at any step in a quote/order cycle. They helped us create sales dashboards that tracked the status of every quote, order, special order, delivery, etc. from one screen.
- ▶ **Mobile ERP interface**—Now sales reps can view the delivery schedule, order/quote status, or anything they need from an app on their phone. They can even see the GPS truck location and estimated delivery time of every scheduled load.

Did all this matter? Did it pay off? Yes! We went from an average of 156 emails/day per team member down to 45. Those 45 are the important communications from customers and vendors that we can now see quickly and respond to faster while improving customer service. ■



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

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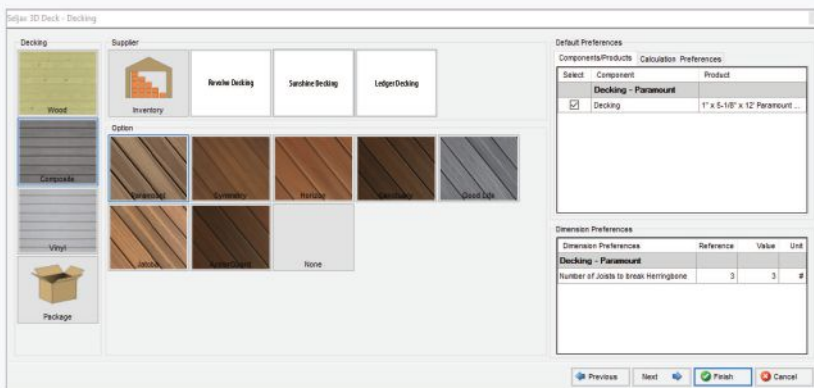
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Q: Orgill recently topped \$3 billion in sales for the first time. What do you see on the horizon for sales?

A: We had extraordinary growth in 2020 of 21% and expect to see measured but continued growth in sales for 2021. We are planning for sales to increase another 7% this year. While DIY and consumer-focused businesses led the increase in sales in 2020, we expect that pro-focused businesses will be a bigger contributor to our growth this year. There are a number of trends occurring that should continue to drive housing. First, there is strong demand for housing driven by the 73 million millennials that continue to move into their prime household and family formation years, replacing 71 million boomers who are also preferring to age-in-place and are investing in their homes to make it easier to do so. Add to this that we think there will continue to be investment in home offices fueled by remote work strategies and the fact that remote work is enabling a preference for suburban and rural over urban housing. Orgill is fortunate to serve more than half of the top 100 pro dealers in the industry, and we expect all of our pro-focused customers to be very busy this year.

On the other hand, we've also heard from many of our consumer-focused retail customers who picked up some market share during the pandemic and have been able to maintain some of those gains as many consumers preferred smaller format and local stores. We think that the pandemic helped people discover or rediscover their local hardware store or home center and they were pleased with the experience when they did.

Because we are expecting to see sales continue to increase in 2021 and beyond we are investing in and preparing the company to support that continued growth.

Q: Have you seen lasting trends emerge from the focus on e-commerce during the COVID-19 pandemic?

A: Yes, the pandemic certainly has accelerated consumer adoption of and reliance on e-commerce and using online options more fully in the path to purchase even when the transaction may not happen online. We launched our integrated e-commerce platform in 2018. It is now in use in more than 600 stores including pro lumber yards, hardware stores, and home centers. While there is rightfully a lot of focus placed on the actual transaction with e-commerce, one of the biggest advantages to connecting with customers online is the speed and frequency in which you can communicate with them. You have to be able to execute on the transaction side but you can't disregard the importance of the convenience and communications opportunities offered through an online platform. Integrating effective marketing and communication strategies with e-commerce strategy deepens the relationship dealers have with their customers, whether consumer or pro. It has been great to watch some of our customers, who are really the best in the independent channel, share their experience, successful strategies, and lessons learned in our semi-annual e-commerce symposium.



Boyden Moore is the president and CEO of Orgill. Most of his career has been in the home improvement industry. Teaming up with Orgill in 2010, Moore helped create Tyndale Advisors and co-founded the multi-format, multi-brand home improvement retailer, Central Network Retail Group (CNRG).

Q: With material shortages and high lumber prices dominating news headlines, how is Orgill working with its dealers to mitigate delays?

A: The challenges facing the supply chain right now are in many ways universal. But what we are focused on is addressing and mitigating the challenges that we can control and there are several things our teams are doing in this regard. We have hired more than 1,000 new employees in our distribution centers since June. We have added additional shifts to enable us to receive and ship more needed product than ever before. We've been working with our vendors in every way possible to remove any obstacle in getting what our customers' need. We've accelerated the construction of our newest distribution center in Rome, New York, by a full year.

Q: Was the decision to accelerate the construction of your newest distribution center in New York driven by the pandemic?

A: The acceleration of our timeline was definitely influenced by the COVID-19 pandemic. Our business in the Northeast has been growing fast. That was the primary reason the plans for Rome were initiated. As the pandemic began to drive extraordinary demand on top of the fast growth we had already been experiencing, we looked for ways to complete this project sooner. Our team did a fantastic job rising to that challenge and getting it done.

Q: What are the biggest trends you're seeing in LBM products? Are these trends driven by manufacturers or by dealers?

A: There are a few trends we're noticing. With more people working at home remotely there has been increased investment in their homes. Specifically, there is much more investment in outdoor spaces and the related products for those projects, like composite decking, pressure treated lumber, covered patio and porch materials, patio heaters, grills, etc. We're also seeing more people invest in home offices. The other big trends we've been seeing are pricing going up and supply chains being challenging. ■



With a potential end of the pandemic in sight and a continued sunny forecast on the horizon for the housing and remodeling industries, it may seem as though there is little to worry about for the independent LBM dealer. That might be true if it wasn't for the materials shortages brought on by the pandemic, and the unstable pricing that has followed. While no dealer is immune to these challenges, some may be handling them better than others, which led an Iowa dealer to seek the counsel of fellow lumberyard operators by asking this month's Real Issues. Real Answers. question...

HOW TO HANDLE THE QUOTING PROCESS

BY LBM JOURNAL READERS

THANK YOU TO THE NEARLY 300 READERS WHO TOOK PART IN THE SURVEY, THE MAJORITY OF WHOM SHARED RECOMMENDATIONS AND INSIGHT FROM THEIR OWN BUSINESS BY RESPONDING TO OUR REQUEST FOR ADVICE.

HOW WOULD YOU RESPOND TO THE DEALER WHO SHARED THIS QUESTION?

"The volatility we saw with both pricing and supply of many building materials last year is carrying over into 2021. With extreme price spikes in commodity products, and ongoing product shortages, how are other dealers handling the quoting process on potential new projects with their contractor customers?"

RESPONSES FROM FULL-LINE LUMBERYARDS AND SPECIALTY DEALERS

"They're not. Pricing that is quoted is now only good through the end of the phone call. When you call back to place the order later that same day, it's either no longer available, or the price has gone up. Orders that have been placed and are supposed to be arriving any day now are either pushed back six to eight weeks, or canceled and rerouted to areas where people will pay higher prices. This is ridiculous."

“We review prices every 30 days and certain items weekly. Hold prices for 30 days.”

“We give them the quote and tell them it could change daily. If they want, we will lock them in and bill for the materials, so they—and we—are covered.”

“Use contracts and keep enough stock to supply your customers. Do not try to hit home runs during this market.”

“We are currently only holding quoted prices for ten days. However, when prices were bouncing off the walls, we would only quote for the day you were willing to place the order.”

“We continue to quote based off of market cost weekly, and we hold quotes for 14 days. Any quote sold after the 14-day guarantee is reprised at current market pricing, with a maximum ship time of 45 days.”

“Let them know that the quote is good for only 10 days and then project a percentage increase for them covering the next 30 days. Make sure that the projection is uniform in percentage each week and then let them know that any decrease in wholesale costs will be passed on to them also. And in addition, show them an ‘escalator clause’ that they could use in their contract negotiations with the client. Something that says that the volatile pricing of commodity materials must be addressed or paid for by the client if there are any delays or extensions of the contract during its duration.”

“We can’t make a quote for something that won’t take place for months. It’s like a long-range weather forecast and you can’t guarantee the accuracy. In the short term (one week), we seem to be ok.”

“1. Quote out 10 days or less.
2. Quote only what you own at those numbers
3. Quote further out only with an accelerator tied to Random Lengths.
4. Freely share graphs of the market
5. Freely share the futures market.
6. All of this will cover your own bases, and let your customer know you care.”

“We have to institute the price increases in order to continue a somewhat profitable business.”

“You should be very vocal with your contractors and if possible, with the homeowner. Let them know this is more of an estimate than a quote because you may have provided pricing on materials you do not have in stock and its possible won’t know exact pricing until it is shipped.”

“Price good for 30 days.”

“I would suggest holding prices for no longer than five business days. In extreme cases we price at time of shipment!”

“We tell them that the quote price and availability is only good for that day. Price is subject to change at any time and if you don’t get it now, we may not be able to get it. Many customers are choosing to go ahead and purchase packages well prior to the actual job start. They need to pass that same info on to their customers. Constant communication is key, between our people and the contractor, and between contractor and their customer.”

“Seven-day price quotes.”

“Be honest. Communicate, communicate, communicate.”

“Quotes only valid for short periods of time, and constant communication.”

“For a regular, long-time customer I’m advising to do cost-plus (instead of a set price) on contract projects. On spec homes, we wait until project is complete before announcing the sell price. You’re going to sell it the next day, anyway. For new potential customers, we price at regular price, explaining to them that once they set-up an account with us and commit to purchasing their projects from us, we will give them our special contractor pricing. They either trust us or they don’t. We won’t low-ball to get a new customer. It isn’t fair to our long-time regular customers. We have been in business for 65 years and still going strong.”

“After the steady rise that we saw in pricing in 2018 and our slow reaction to those changes, we put in a plan for the next time it happened. We no longer try to out-guess the market. Our pricing is updated weekly with the market indices. On most of our monthly bids we have put in a two-week trailing average model to smooth out any sudden changes. We have agreements with most of our large builders to follow this average. It smooths out the peaks and valleys for both parties. We no longer do any bids over 30 days.”

“I write on my estimates that prices are good for 10 days only. Prices may go up or down and all materials are subject to availability.”

“We are allowing our sales team to honor the quote for seven days, or the customer can pay in full, and we’ll deliver when they want the material.”

“We’re not issuing quotes...only estimates with no assurance that they will be accurate beyond the date they’re issued. The only way to lock in a price is to buy the material now. We will strive to find the material at the best price, and we will negotiate with our customers to provide storage for a reasonable length of time.”

“Be upfront at the start, get what you have to for material, given that it is going to be an expensive and time-consuming process. Nothing is easy today.”

“For the most part, distribution should be communicating to you pricing terms based on their availability. If not, listen to your gut and mill suppliers and also pay attention to print and info provided. Ask for a potential start date that will impact pricing or quoting to you (futures).”

“Very short lifespan for estimates (prices good for 14 days), and try to follow market pricing except where you’re confident you will have stock to cover the estimated materials, then find a comfortable middle ground between market price and actual cost. As far as shortages, make sure they understand they’d better order the materials with as much lead time as possible.” ➤

“We are currently doing estimates that are good for seven days. If the down payment is not received within the seven days, we are updating pricing. We are pulling the material once the down payment is received and covering it and putting it aside so that we know the product will be available when needed. As far as the special orders, we are trying to work with vendors to hold pricing. If they do not hold the pricing, we are asking customers to pay for it all in advance and placing the order.”

“We are quoting for one week. We keep up on where the prices are going and advise contractors to purchase now and lock in or wait it out.”

“We quote 30 days, but we reduced that to 14 days for short periods.”

“All quotes now have an escalation note. We hold pricing for 30 days when it is reasonable to do so. We also talk with our contractors about including escalation clauses in their quotes to the customer.”

“Quotes are only good for two weeks.”

“We are doing 10-day quotes. No exceptions.”

“The best advice is to be up-front with your contractor customers about the volatility and to only hold prices for seven days, no exceptions. Also, it’s best to encourage your contractor customers to build some clauses into their contracts about commodity price volatility and be transparent with their homeowner customers about the market conditions as well as the delays that will likely ensue once the project starts due to supply chain issues. People have to understand that the pandemic is still here. The virus is still among us and causing sickness and/or quarantines that impact workforce headcount which consequently causes delays from the manufacturer and the distributor and the dealer, as well as the transport between each one of those links in the chain. I think we are all hoping this doesn’t have to be talked about after the 2nd quarter of the year.”

“We price at the time of shipment.”

“We are basically pricing at time of shipment. We will hold a quote for 14 days if the customer commits and arranges for immediate delivery. For larger projects we offer the option to pay for the materials so that we can invoice immediately. We will then stage the orders and ship to the customer as they request. We will try to be flexible depending on how good the customer has been.”

“I am in a weird position. I just finished my second-year anniversary. I’ve got a few clients where the trust has been built to know that I’m not gouging them and giving them the same markup as they’ve always had. The majority of my consistent clients, which is about six or seven contractors, are fairly new and we haven’t built the trust so I’ve had to lower my margins quite a bit to show them that they can trust me.”

“Quoting current prices and informing customers that pricing is moving. Quotes are good for one week only.”

“We have doubled our margins on quotes to cover unforeseen price increases.”

“Suppliers must be adamant that pricing is only good for 30 days, or whatever you feel is sufficient. Communication with customers is the biggest key...you need to let them know about every increase that you get.”

“First of all, they (the builders) need to be made aware of the current volatility with regards to price and availability. I believe most builders are already aware; at this point they’ve been living through it for almost a year, it shouldn’t come as a surprise. When quoting, it’s essential to know when materials will be needed and the anticipated duration of the project from beginning to end. Depending on the answers to those questions and your inventory position, you’ll be able to make a determination and a communication to set the bar for holding prices with the customers.”

“Be honest with them from the start. Most people realize that the lumber market is not very stable right now and they will understand. We used to mark estimates ‘Prices good for 90 days,’ but now we put ‘Prices good for seven days’ on our quotes. We are a small enough lumberyard that we don’t have truckloads of inventory on hand at any time so if we sell a big project, we will most likely be paying the current market pricing for the materials, so it does become a challenge. We find that honesty is the best way to run our business and it keeps us from getting into a situation that could make a customer unhappy.”

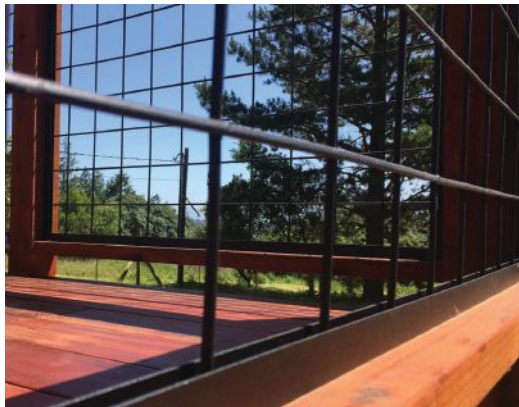
“If the customer is a consistent buyer who appreciates our extraordinary service, we give a 30-day lock with consideration of normal overruns, if we ship the foundation inside 30 days.”

“Increase inventory levels. Advise customers that prices are good for seven days.”

“Our quotes are only good for the material we have on hand. We cannot guarantee pricing further than that. We have a few customers who have significant projects who are buying but not taking delivery.”

“Pretty much the same thinking process as we do in other times. We always sell on current market, never average cost. On individual products that are in short supply in our market or generally difficult to source, we do our best to capture extra value in the price. If it is a product that fits the short supply and difficult to source criteria and we happen to have plenty on hand, we get even more diligent about capturing extra value.”

“Quotes are not good for more than a week, products not currently in stock will not be quoted because of pricing volatility, and any supply scheduled to come in is not guaranteed to come in on time. It sucks, but a firm line has to be held, because we are finding that a lot of people still don’t understand why there are any supply issues at all.” ➤



CHOOSE GREATNESS

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“We put caveats on all quotes: 1. Prices subject to change without notice. 2. Subject to availability/on hand materials. 3. Orders must be shipped within 10 days or sooner. We have stopped billing in advance and holding orders as they were causing issues in our limited yard space.”

“Hold quotes for short periods of time—two weeks max. Update quotes regularly and keep your good customers up to date with price changes regularly. As soon as you get the go-ahead, order the job products or write-up orders to commit your inventory. If a job is out in the future tell your customer that to secure product at the quoted price, they may have to pay for the product ahead of delivery. Be positive and honest and treat the guys who built your business fairly! Remember, if you don't make money you will be no help to them in the future.”

“The decline in sales in April-July due to the COVID coupled with the sudden start-up of sales in August caught producing mills off guard, causing sudden longer than normal lead-times. Our long-term relationships with producing mills have kept us with product to sell. However, the continued price increases from week-to-week have, and will, continue to be a challenge during 2021. Simply continuing to buy and cost-averaging has eased some of the pain for our customers. We will no doubt see alternative products surface during the year. Lack of truck availability will continue to be a challenge all during 2021 due to the shortage of drivers. Continual communication with our customers has been vital, and has created a sense of ‘we are in this together’ partnership. A give-and-take relationship has eased some of the pain with customers and will pay off in future business.”

“We are pricing the same way that our commodity suppliers price ‘sub prior.’ Contractors have to understand the volatility of commodity pricing. If prices come down prior to shipping, we are happy to adjust downward as well. It is the only way you can protect yourself.”

“We are feeling the pain of this question too. We are working very close with our builders. We give builders an estimate that is good for 30 days. After the 30 days is up if he wants to move forward with the job, we reprice it to current pricing at the time the homeowner is ready to go to the bank. At this point we also go out and secure the lumber for the job. It has worked so far—every customer has gotten through the bank.”

“We have a 14-day quote price protect, and after that we require a re-quote. All of our quotes are based off replacement cost at the time of quote.” ➤



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Dick Jennings
Owner & Operator

Jennings Building Supply & Hardware
North Carolina



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RESPONSES FROM WHOLESALE DISTRIBUTORS AND MANUFACTURERS

“Great question. It depends on the customer and our current stock. In order to be able to honor some quotes for existing customers, we have had to turn away potential new customers. It has been a very difficult line to walk.”

“Buy for ordered material. Holding inventory could see additional short-term profits, with much higher risks. The industry has become accustomed to shipping on schedule, reducing over-valued inventory that is slow moving. Learn from Amazon!”

“It is unfortunate that we are all experiencing this volatility. Regarding pricing, we recommend you pass it on to your customers. They too are experiencing the same price pressures in their everyday purchases in home essentials. Other dealers are passing the price on as well, so you will not be alone. It's the law of supply and demand. Regarding product shortages, know your top movers and try your best to carry extra stock of those heavy moving items. Network within your active distributors. Search out other premium brands that may have healthy inventories.”

“Quotes are done with a five-day limit on pricing. Extended-out projects are told that the current pricing is for their budgeting purposes but are only good for the day of the bid.”

“Bid higher than needed. You can always give back a rebate after.”

“As a wholesale lumber supplier to dealers, we would advise quoting short term only—maybe for the week. If the dealer gets the order, he can lock in the price by purchasing enough to cover that job. We are also selling lumber a month or two out at PTS (price time of shipment) based on Random Lengths price the week the rail car ships. This is fair. If the market goes up at least the dealer gets the stock. If the market goes down, he benefits from the lower price at that time.”

“To a high degree, the confidence that product will be readily available at a local wholesale distribution warehouse shouldn't be assumed. As a manufacturer, the most difficult situation to deal with is when a downstream builder's project is delayed because of a lack of product availability. At that point, there isn't a whole lot we can do to help. My advice would be to increase inventory levels to a point where when you get to a certain threshold you reach out to the manufacturer or wholesaler to determine the lead time. At that point your situation isn't dire, and then your sales team can provide a realistic timeframe BEFORE the job is stuck.”

“Quote what you can today, since none of us can predict the future. As for the supply, everyone is doing the best they can, the demand is just greater than the supply. Expect longer lead times and try to plan accordingly.”

“Shorten the time the quote is valid. Put in a disclaimer that future material increases may increase the price of the building on the order/contract.”

“Guarantee pricing for 30 days and commit to carry enough product at those prices to cover those quotes. If possible, try to guarantee an agreed upon 'cap increase' for example, 10%. Contractors and builders are purchasing from whichever supplier can deliver product within their timeframe.”

“Better plan ahead and be prepared for extended lead times on many building products.”

“Quote only what you know you can cover and supply. Buy when stock is offered to you, and do not hesitate. Stay in the market as much as possible to average the costs out rather than dealing with massive swings.”

“As a manufacturer we have asked our customers to pass the word along to plan far ahead and have a contract signed to lock in their customer. Communication is the biggest factor we have to use with this type of supply and demand.”

“We're slicing our profit margins to protect our customers from 'sticker shock,' and explaining that as such, to keep them from shopping unnecessarily. We hope to make up for some of this 'slicing' when supply comes more into line with demand, and pricing slumps from current levels.”

“We have made all of our customers aware of the price spikes and shortages and strongly urge them to pass the information on to builders. The real issue is making everyone aware of the shortages as well as price at time of shipment. We're not seeing any relief in the near future; it's going to be a year of change for everyone. Like I tell my salespeople 'sell what we have.' That's the only sure way to keep out of trouble.”

“Get out of your long-held comfort zones and look for to other brands/suppliers.”

“Price at time of shipment.”

“Stay in the manufacturer's order file. Many manufacturers have customers on allocation. Don't be left with an empty cart. Question the true reason that your new customer is suddenly your new best friend and decide if your low margin customers are worth it. The market will remain volatile—when one region backs off of ordering (i.e. due to weather), the other regions are plenty willing to pick it up. Basically, from a sales price standpoint, manufacturers have every incentive to produce more, but aren't, because they cannot. Some aspect is limiting their production, which could be raw materials and/or labor constraints.” ■

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

THE READER WHO SUGGESTED THE “REAL ISSUES” TOPIC WILL RECEIVE AN LBM JOURNAL PRIZE PACK.

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Business as *sensational.*

Do it Best member-owners share the drive and vision that regularly earn industry recognition. This year is no exception as three members are honored as LBM Journal Dealers of the Year. Through innovation, dedication, and the backing of a strong co-op, they are proving that Do it Best is the first and best choice for success.



Brady Albright, General Manager

KREMPP LUMBER | JASPER, IN | \$10 MILLION

After more than 125 successful years as a community LBM supplier, this family business was ready to expand into retail. They doubled the size and scope of their inventory, adding impressive power tool and paint departments as well as high-end kitchen and bath displays. Krempp also built strong connections with pro customers through regular contractor lunches and increased internal customer service training. These efforts helped the new-look Krempp Lumber achieve a 43% growth in annual sales.

KEIM | CHARM, OH | OVER \$100 MILLION

The same innovative spirit that enabled this 109-year-old family business to grow into a massive, 50-acre retail, lumber, and millwork complex is still driving their success. This year, Keim executed a major rebranding effort, refreshed their website, and added ecommerce capabilities to reach even more customers. In response to the pandemic, they created a comprehensive Local Express Delivery Catalog to help their customers shop from home. Their efforts resulted in historically high sales during a very trying time.



Jim Smucker, President



Peter Ganahl, CEO

GANAHL LUMBER | ANAHEIM, CA | OVER \$100 MILLION

Ganahl Lumber, a fourth-generation family business, offers a robust employee stock ownership program to attract and retain high-performance employees. In 2020, they also launched a data-driven delivery algorithm to optimize service and provide fast, reliable delivery and will-call services to surrounding counties. As a result of their focus on their team, their market, and their customers, Ganahl Lumber generated more than \$500 million in annual sales this year alone.

Congratulations to our 2021 *LBM Journal* Dealer of the Year award winners. To learn more about joining the winning team, visit doitbestlbm.com.

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LBM JOURNAL 
DEALER
OF THE YEAR 2021
 ANNUAL SALES: UNDER \$10 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.

KREMPP LUMBER COMPANY

INVESTING IN INVENTORY

SUCCESSFUL BUSINESSES often find recognition that is described in terms such as “innovative,” or “groundbreaking,” or perhaps they’re mentioned as a “trailblazer” in their markets. These are all traits that describe an *LBM Journal* Dealer of the Year, but for Krempp Lumber Company, the recognition is described another way: as quietly as possible. The sixth-generation, family-owned company in Jasper, Indiana, operates at a level that draws accolades from a national business magazine, but you won’t find anyone at the company boasting about it.

The hardworking, humble success of the Krempp family traces its roots back to 1864 when 28-year-old Andrew Krempp Sr. immigrated from Germany to the U.S. In 1877, Andrew settled into the road construction and general supply business in Jasper. By the early 1900s, Andrew’s son, Andrew Jr., and his business partner operated the supply business as Traylor and Krempp. In 1918, Andrew Jr. acquired his partner’s equity in the company. Then, with his son Edwin Krempp later joining the family business, the Krempp Lumber Company was officially incorporated in 1928.





Through the mid 1900s, Edwin's two sons, Stanley and Kenneth Krempff, joined the business as fourth-generation owners. Under their direction, the business diversified. Stan Krempff saw opportunity in kitchen cabinets and established Aristokraft Cabinets, which was later sold and is now known as Masterbrand Cabinets and still headquartered in Jasper. Ken Krempff and his sons pursued commercial construction, which was later spun off and now operates as a separate entity. Krempff Construction is still operated by fifth- and sixth-generation Krempff family members.

With Stan and Ken occupied by their respective pursuits, Mark G. Schneider took the helm as the general manager of Krempff Lumber Company in 1975. Under his leadership, the single-location retailer focused on selling to contractors and custom homebuilders. Krempff Lumber Company gradually refined the process of supplying building materials and became the leader in its market, made possible by the loyalty of Schneider and many other employees—Schneider led the company for 40 years and four other employees currently have between 24 and 41 years on the job.

NEW MANAGEMENT

In 2015 when Schneider retired, Brady Albright took over as general manager. With career experience in retail merchandising, Albright immediately took to improving the capacity of the store's hardware assortments, buying aggressively,

and improving relationships with pro customers through increased contractor events. These efforts quickly began to show in the company's culture as well as its financial statements, Albright says.

Like most LBM dealers, Krempff Lumber Company offers a full line of building materials, a kitchen and bath design sales center, and extensive paint and hardware departments.

"We've made it easier for a DIYer to shop here," Albright says. "We focused on updating special order displays, decking, doors, windows, and a big part of that is to make it nice for DIY customers who don't know as much about building products." ➤

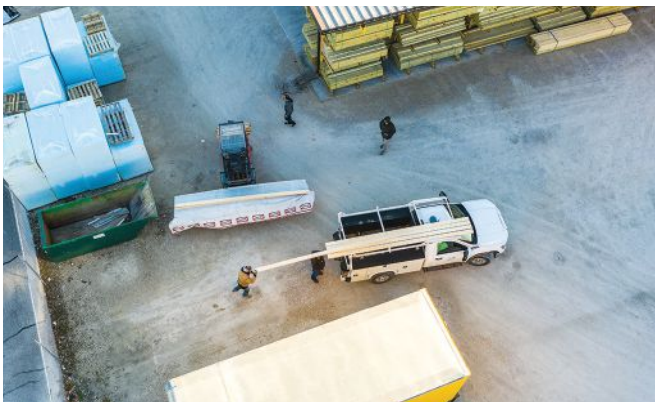


"Our 100-year history of success has given us the ability to operate fully depreciated and debt free with substantial liquidity," says Brady Albright, general manager of Krempff Lumber Company.

The renewed focus on DIY has earned the attention of customers willing to drive from the nearest large city 60 miles to the 14,000 population town of Jasper.

“We inventory over 22,000 products, with online access to another 60,000-plus through Do it Best. Over the years, we have developed our knowledge and services to fit the needs of our contractors. This is the main reason our customer base is approximately 80% contractors,” Albright says. “We will continue to provide the very best service for our contractor customers and their respective homeowners. With the current housing market, economy, and historically low interest rates, we look for 2021 to be another growth year.”

Like most LBM dealers, Krempp Lumber offers a full line of building materials, a kitchen and bath design materials, a kitchen and bath design sales center, and an extensive paint and hardware department.



UNCONVENTIONAL APPROACH

One way that Krempp Lumber has positioned itself for growth throughout the years is through what the ownership team refers to as an “unconventional approach” to doing business. While it certainly is unconventional in the sense that it is uncommon, it’s also good business practice.

“Our 100-year history of success has given us the ability to operate fully depreciated and debt free with substantial liquidity,” Albright says. “As we all know, there have been some tough down cycles in the housing market over the decades. Krempp Lumber has survived them all. We believe that our unconventional use of capital and financial strength has given our company longevity.”

One of the ways Krempp Lumber unconventionally invests its capital is in inventory. Albright says the company strives to deliver superior customer service through competitively priced products and philosophy of “right items in stock 100% of the time.”

“Unconventionally, we invest more than the average LBM dealer in inventory. Substantial liquidity allows us to buy more competitively to compete with larger multi-location operations and big box stores. While other LBM dealers manage smaller inventories and focus on turns and cash management, at Krempp Lumber our approach is investing all resources to deliver the best possible pricing and service to our customers.”

Krempp Lumber buys large quantities of product when the prices are low, or the commodity markets permit. While there is risk in this approach, Albright says the financial situation allows the company to buy heavily at low market prices, as well as through multiple regional winter and summer buying shows. And just as importantly, he says, is the ability to buy aggressively at the bi-annual Do it Best markets.

“Our hardware department relies heavily on the partnership with our co-op and their ability to deliver to us weekly to keep us in stock,” Albright says. “We also use their markets and vendor relationships to drop ship and buy heavily at discounted rates. We often buy six or eight months of inventory on specific products or brands if we believe that is going to be the best price long-term. We believe this approach will ensure that we remain competitive and help us deliver the best possible pricing to our customers.”



LOOKING AHEAD

As a general manager at a six-generation company, the word “legacy” is often on Albright’s mind. Now six years into his leadership role at Krempp, he works with a team of 16 mostly full-time employees, all who are invested as much in Dubois County, Indiana as they are in Krempp Lumber.

“We’ve only had one opening in the past two years. I hope every one of our 16 other team members are here for a long time,” he says. “I’d rehire every one of them again tomorrow.”

In Albright’s tenure, Krempp Lumber has doubled the size and scope of the inventory and overhauled the flow and layout of the showroom floor, which now highlights an impressive power tool department, as well as an expanded paint department and high-end kitchen and bath displays.

As the company looks ahead to sustained growth, Albright says the team at Krempps will be cautious about inflation in coming years, paying very close attention to the housing market.

Any challenges the company may face are external, Albright says. “We have always prided ourselves on having an exceptional sales staff and logistics department. Our entire staff understands construction and they understand the needs of our community of builders.” ■

GET TO KNOW KREMPP LUMBER COMPANY

FOUNDED:	1918
LOCATIONS:	ONE
OWNERSHIP:	FAMILY
EMPLOYEES:	17
BUSINESS SOFTWARE:	EPICOR EAGLE
CO-OP:	DO IT BEST
TOP THREE BRANDS BASED ON REVENUE:	ARISTOKRAFT CABINETS BENJAMIN MOORE MILWAUKEE TOOL



Sam Brownell
CFA, CVA, MBA
Founder

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DECKS

SOARING DEMAND FOR OUTDOOR LIVING POSITIONS
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BY MIKE BERGER

THERE WAS A TIME IN THE NOT-TOO-DISTANT PAST that the front porch was the centerpiece of the home. Families would sit together to take in the air, say hello to neighbors and in general escape the rigors of the day. But there was a secret about the front porch: it was a place to escape the back yard which, at the time, was the locale of the vegetable garden, the trash dump, and the odorous outhouse.

Today, the front porch has relinquished its crown as the preferred outdoor haven to the backyard deck, a place for relaxation, entertaining, cooking, and family bonding. The deck has also taken on a new role that not even Nostradamus himself could have predicted: a place to escape to from the harsh realities of pandemic lockdowns. And escape they have—in record numbers. >



Deckorators Voyage mineral-based composite (MBC) decking is now available in a 9-1/4" varied-plank width, designed to increase flexibility for contractors and homeowners who want to bring the interior design trend of mixing widths of hardwood flooring to outdoor living. Voyage varied-plank decking is also available in 3-1/2", 5-1/2", and 7-1/4" widths and five vertical grain colors.

According to a January 2021 new residential construction report from the U.S. Census Bureau and the U.S. Department of Housing and Urban Development, there were 1.8 million building permits issued for privately-owned housing units, 10.4% above December’s revised rate and 22.5% above this same time last year.

“Looking ahead to the next 12 months, housing sales and starts will continue driving industry growth as we see families pushing for more outdoor living space traditionally found in suburban markets,” says Jeff Schulz, vice president of channel sales at Fortress Building Products. “Industry research tells us that consumers will invest in big ticket items such as new decks to fully utilize their backyard.”

GROWTH IN THE PANDEMIC

Statistics alone would show a very strong outlook for deck construction, but there’s so much more to the story, and much of that narrative is being driven by the COVID-19 pandemic. “With COVID-19 lingering longer than many had initially hoped,” Schulz continues, “consumers have shifted much of their discretionary spending from areas such as travel, to the enhancement of their personal outdoor living spaces. For the building products industry, this has provided unprecedented opportunities for growth even amid the precariousness of a pandemic.”

Because of lockdown protocols, people have been taking a hard look at underutilized living space and seeing the potential to increase and diversify their overall living environments. “The COVID-19 pandemic created very strong de-

mand for deck building and materials in 2020,” explains Jase DeBoer, senior marketing manager for Deckorators. “As the pandemic postponed trips and limited interactions to screens, millions of people started to spend more time than ever within their property lines. Many U.S. homeowners invested in new decks as a way to expand and personalize their living space.”

Patrick Barnds, senior vice president of product management at The AZEK Company, agrees. “As people flee urban areas in favor of the suburbs, outdoor spaces will be moved to the top of homeowners’ wish lists. Millennials in particular are looking for products and brands that align with their values, so sustainable, composite decking will continue to see growth. Research shows that 50% of current decks are beyond their useful life, and nearly 80% of the market is still wood, leaving plenty of room to grow.”

Chris Leslie, retail marketing manager of wood protection for Lonza, also sees the pandemic as a causation of growth for the decking industry. “The millions of Americans that have been working from home over the past year have had an opportunity to really see their environments and have decided to make positive changes from a negative situation,” he points out. “People who were contemplating a deck build or upgrade prior to the onset of COVID-19 had a much easier time making the decision to proceed once the lockdowns began, which in turn allowed them to expand their living space and enjoy the outdoors.”



TOP LEFT: Fortress’ Apex capped bamboo-PVC composite decking features a European-standard R-11 slip rating that, according to the manufacturer, makes it the most slip-resistant deck board in the North American market.

FAR LEFT: The new TimberTech AZEK Landmark Collection is inspired by the look of reclaimed lumber and features a cathedral woodgrain embossing pattern with unique crosscuts to produce an on-trend finish.

LEFT: Wolmanized EraWood from Lonza is the first decking product protected by a nonmetallic, carbon-based solution. According to Lonza, while the biocides used in the preservative are known to degrade in soil, they have a low potential to bioaccumulate.

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FAR LEFT: Launched in early 2019, Trex Enhance Decking provides a low-maintenance option for budget-minded consumers. According to Trex, it is lighter in weight for easier handling and installation, and Trex claims that by engineering cost out of the equation, it has created the ability for its trade partners to capture an even larger share of the decking market.

LEFT: Fortress Building Products' new Evolution Steel Deck Framing provides an alternative to wood deck framing. According to Fortress, it provides greater spans between supports, works with any type or brand of decking including composite, PVC, aluminum, tile, wood and tropical hardwoods, and comes with a 25-year warranty.

But this growth has not been easy on manufacturers, and LBM dealers have felt the resultant pain as supply struggled to keep up with demand. “We are fortunate that the COVID-19 environment has been an accelerant to our business, as not all businesses have benefitted,” explains Chris Gerhard, vice president of sales at Trex Company. “Demand for Trex products and decking as a category was robust prior to the crisis but, as time at home took on even more significance, the market absolutely exploded. An increased focus on outdoor living products put considerable sourcing pressure on our channel partners. Supplying unparalleled demand with limited supply made for a challenging environment. From a Trex perspective, we had a supply plan strategy in place prior to COVID-19 due to capacity constraints so we already had a framework for the delivery of our products throughout the year. Was it perfect? No, but our team worked tirelessly throughout the year to keep our partners informed of our progress.”

OUTDOOR LIVING LEADING THE WAY

Throughout the surge in demand during the previous year, manufacturers agree that one trend stood out as the most prominent driving force—the desire to embrace outdoor living. It’s a trend, they say, that will only grow in strength for 2021.

As Lonza’s Chris Leslie explains, “The outdoor living explosion we saw in the past ten months is not an isolated event, but rather the beginning of what will likely be a multi-year continued climb for the greater outdoor living segment,

with decking being a large piece of that pie. People are now thinking long term with plans for their backyard or outdoor spaces; and after this past year, homeowners are now thinking ahead to how they can better enjoy their homes. The push to be outside while at home is stronger now than it has ever been, and it is unlikely that this trend will reverse course any time soon.”

The desire for increased outdoor living space is not limited to decks. Rather, homeowners are exploring unique ways to bring the amenities of indoor living to their backyard environments, and they’re using deck products to achieve that desire.

Accessory dwelling units, luxury sheds, pergolas, privacy structures, outdoor kitchens, and other non-traditional deck projects are predicted to dominate in 2021, along with the new trend of creating outdoor home office spaces. “Among the top trends predicted for the coming year is the emergence of outdoor workspaces,” says Trex’s Gerhard. “With working from home and remote learning expected to continue well into 2021, contractors report increased interest in outdoor spaces that can comfortably and functionally accommodate professionals and students.” ➤



LEFT: Humboldt Sawmill is working on new redwood decking products treated with an in-cylinder fire retardant treated formulation to achieve Class A flame spread. These products are being tested in limited markets where wildfire potential is elevated and/or where local building codes have begun to mandate Class A decking products.



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ABOVE: Royal recently added a new Zuri Premium Decking color—Hickory, the sixth color offering in the decking line that already includes Chestnut, Walnut, Pecan, Brazilia, and Weathered Gray.



ABOVE: Deckorators' new Trailhead composite decking is an entry-level, low-maintenance composite product that features an average retail price in the \$2-per-lineal-foot range and a 25-year structural, 25-year stain-and-fade, and 25-year removal-and-replacement limited warranty.

BELOW: As part of Fiberon's Good Life composite decking line, the Escapes Collection is available in four colors (shown here is Bungalow) and features multi-tonal colors that resemble exotic hardwoods. According to Fiberon, the decking's three-sided cap layer resists staining and fading, contains 96% recycled content, and is backed by a 30-year performance, stain, and fade warranty.



It's part of a larger trend called biophilic design. Simply put, biophilic design is a building concept that strives to connect people with the natural environment through the use of space, place conditions, incorporation of natural elements, and the use of building materials that connect people with nature. While it's not a new concept— aspects of biophilic design can be traced back thousands of years—it's one that decking is particularly well suited for.

"Numerous studies have concluded that surrounding ourselves with natural products such as redwood enhances our overall physical and mental well-being," says Jessica Hewitt, director of marketing for Humboldt Sawmill. "It has also been shown to increase productivity of work and learning."

NEW MATERIALS MAKE INROADS

Another trend that manufacturers recommend LBM dealers stay atop of is the use of alternative deck materials. This isn't to say wood is in decline. In fact, according to a February 2021 report from Global Market Insights, the wood decking market size was valued at \$15.01 billion in 2020 and is expected to experience a compound annual growth rate of over 2.7% from 2021 to 2027. The pressure-treated wood segment held the largest market share of more than 48% in 2020 and is anticipated to grow by 2.8% during that same time period, with redwood and cedar also experiencing significant gains.

Composite decking, however, is taking a bigger and bigger bite out of wood's market share, partly due to the

well-reported lumber shortages, and due to alternative decking's low maintenance nature. "The homeowner demand for a low maintenance, beautiful outdoor living space has increased exponentially in the last year," says Steve Booz, vice president of marketing and product development for Royal Building Products. "As a result we are seeing a growing demand for premium cellular PVC decking products like Zuri Premium Decking. In fact, we have seen a 114% increase in online searches for Zuri Decking in the last year."

Once reserved for luxury projects, alternative decking manufacturers are releasing more and more products aimed at a more budget-conscious buyer. "More homeowners are looking to trade up to an entry-level composite, but they are seeking a high-performance, high-value product," says Deckorators' Jase DeBoer. "They want beautiful decking without forfeiting durability and supporting warranties. For homeowners seeking premium decking, important features include interior design trends and elements like enhanced traction."

Jim Stange, senior product manager for Fiberon, agrees. "Convenience is key," he says. "Homeowners want their upgrades to be quick and easy, using low-maintenance materials so they can spend more time enjoying their new outdoor living space and less time worrying about upkeep time and labor. Our composite and PVC deck boards provide a low-maintenance alternative to traditional pressure-treated lumber."

Alternative materials, however, are not limited to composite and PVC products. Due to the aforementioned lumber shortage, steel is gaining in popularity for deck construction, and it's a trend that Fortress' Schulz recommends LBM dealers pay particular attention to. "Steel deck framing is already a norm on a global scale, and we anticipate this will be the case across North America in the coming years," he explains. "A viable deck framing solution for consumers, light-gauge steel delivers an enduring, dimensionally stable deck system that sidelines many of the issues commonly associated with lumber." ▶



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UPSCALE COLORS, BIGGER SIZES

Beyond the use of alternative materials, manufacturers are seeing trends that favor the sophisticated or the personal. The use of exotic grain patterns and mixed colors that create the sense of the unique are in vogue as homeowners strive to create spaces that stand out from their neighbors, and LBM distributors should be prepared to offer an array of product choices that support individualization.

“Our customers are broadening their color palette offerings, with a focus on lighter, on-trend colors, especially gray tones and greige,” says Fiberon’s Stange. “We’re also seeing a demand for more sophisticated grain patterns that mimic interior flooring—extending the feel of indoor living into an outdoor space.”

And consumers are choosing these colors in very large quantities, as builders report increased demand for much larger decks that incorporate multiple levels that allow for more spatial dimension and variation. “People who have built new or upgraded existing decks have begun to treat the projects more as extensions of their indoor living space rather than just an exterior gathering space,” explains Lonza’s Leslie. “No longer is the deck just the place to put the grill and patio furniture, but it’s the second living room, the bonus room, with added benefit of open air and natural vistas, or the mini-getaway from the comfort of your house.”

CREATIVE SOLUTIONS BRING SUCCESS

With all of the increased demand for an array of decking products and considering the potential of product shortages, it may seem to the LBM dealer that the best they can hope for is to tread water in an ultra-competitive market. Decking manufacturers, however, see methods for success. “It’s important to provide educational tools and digital selling resources to make the current virtual selling environment and experience more successful,” says Fiberon’s Stange. “LBM dealers can work to utilize and promote these tools to their customers.”

First and foremost, manufacturers recommend LBM dealers take the time



LEFT: As an expansion of Fiberon’s Good Life Escapes Collection composite decking, Cabana provides the on-trend “greige” hue that homeowners are asking for. According to Fiberon, it features multi-tonal colors that resemble exotic hardwoods and is backed by a 30-year performance warranty and a 30-year stain and fade warranty.



BELOW: According to Fortress, its Infinity I-Series composite decking is a cost-effective deck option that doesn’t sacrifice performance. It is designed to be 40% lighter, offers twice the strength of competitive options, and is rigid under foot at 16” O.C. to eliminate bounce and sagging between joists.

to intensely study and understand the products they are selling so that they are able to provide creative solutions. “Knowledge is everything and details are important,” points out Lonza’s Leslie. “Like all things, the decking industry has seen many changes over the years, especially in pressure treated wood standards as they relate to codes. It is important that dealers understand the details of the products they are offering so that they can clearly and effectively educate their staff, who in turn can communicate effectively with end users. An educated sales team inspires confidence with consumers who will be more willing to make a purchase if they know they are buying the right product for their project.”

This deep base of product knowledge, combined with a true understanding of their customers, can enable LBM dealers to see creative solutions that undereducated dealers might miss. As Humboldt Sawmill’s Jessica Hewitt explains, “As housing in general, and certainly decking and home improvement projects, has boomed during the pandemic, product shortages and supply disruptions have been no secret. Customers have scrambled for limited products; timelines have been pushed out on project completions. LBM dealers can help their customers by getting to know their core competencies and recommending products accordingly. In the example of accessory dwelling units, a remodeling contractor with a core competency in that space may be less concerned with odd lengths as they are likely building smaller decks, cutting the wood more. Proactively suggesting products, especially as demand remains high, could help LBM dealers solidify relationships and trust with their customers.”

Part of that ability to provide creative solutions comes from being able to provide product choices that can be creatively combined, says Royal Building Products’ Booz. “Adding a product like Zuri Premium Decking to your offerings of outdoor living products is a great margin booster because outdoor living spaces are going to continue to be in demand. You can also add products like

Royal Column Wraps and Nickel Gap and Shiplap, which can be combined into one order from your wholesaler for ease of purchase.”

But it's not just about having the most inventory, the latest displays, or the most point-of-purchase literature grabs. The successful LBM dealer will look for ways to incorporate all their available assets—including the manufacturers—into a comprehensive strategy of stocking and selling, and then taking advantage of those resources.

“The pandemic amplified the notion that the stocking, trained, committed dealer with display space or a showroom provides the best service in the industry,” says Trex’s Gerhard. “A balanced strategy between the manufacturer, distributor and dealer that embraces the strengths of all parties is a way to separate from the masses. Taking advantage of platforms such as our TrexPro contractor program

also enables a connection that fuels consistent lead generation and repeat business.”

PRODUCT TRAINING GOES VIRTUAL

To be able to provide creative solutions for their customers’ needs means that LBM dealers must actively engage in training and product knowledge resources. And while COVID-19 put a damper on in-person training (and will likely continue to do so in 2021), manufacturers are devising virtual ways for dealers to stay at the top of their game.

For example, Royal Building Products has launched RoyalPros.com as a resource for contractors who for the first time had to conduct business virtually. The site offers webinars and installation videos along with sales tools and advice for contractors. As well, it has extended its Royal Preferred Contractor (RPC) program to include Zuri Premium Decking installers. “The RPC

program is designed to provide hands-on training and certification to ensure that our products are installed correctly, providing a lifetime of maintenance freedom for our homeowners,” explains Booz. “Once enrolled, RPC candidates can complete a free online training program, receive top billing on Royal’s website of preferred contractors, get help with leads, and can also earn special rewards for qualifying jobs.”

Humboldt Sawmill has also increased its virtual training opportunities, focusing on redwood decking, redwood timbers, and its Allweather Wood brand of preservative treated lumber products. “For our redwood product training sessions, we would typically host about 200 individuals in-person on an annualized basis,” says Hewitt. “This year we reached ten times that number virtually. Certainly, the economies of scale in terms of reaching people virtually are very attractive.” >

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TimberTech recently introduced a new deck building resource center on TimberTech.com that provides expert information to help professionals and DIY homeowners prepare for deck projects, with topics ranging from choosing the right decking and selecting preferred fasteners to installation tips.

Fortress has launched FortressBP Academy, an online Learning Management System that allows its internal and external customers to engage in focused micro (adult learning) training courses on everything from customized content on Fortress products and services, to over 4,000 general business trainings to assistance in upskilling general business knowledge.

And in the case of Trex, it utilized its TrexPro network to hold virtual training sessions with its channel partners as well as enhancing professional developmental skills. “The creativity shown

by our TrexPro network in connecting with homeowners virtually and using new technologies to propose projects reflects that the business will evolve based on the circumstance,” points out Trex’s Gerhard. “When travel restrictions relax, we are poised to welcome LBM dealers and contractors to our new state-of-the-art manufacturing facility and industry-leading training center at Trex University. As an organization, we welcome the return to normal but will adapt to the changing climate.”

Along with product knowledge resources, manufacturers are using this time to release new and updated technology tools for the LBM dealer and deck contractors. For example, Lonza’s new Treat Right Business Intelligence platform offers up-to-the-minute data analysis along with other functions to help treaters deliver high quality treated wood products in a timely fashion.

Rollout of the platform began in 2020 and continues throughout 2021.

And for Fiberon, its newly launched Deck Designer tool allows trade professionals and homeowners to get an idea of what their new deck would look like using pre-made templates or a “start from scratch” option that utilizes the company’s entire range of decking, railing and lighting. As well, its sample store now includes 3D models that can be rotated or zoomed in on (via the desktop site), while a built-in augmented reality feature for smartphones allows the user to visualize the product in their space in real time.

“We provide tools and resources to help our customers promote their business and the Fiberon products they sell,” says Kate Haws, senior brand manager for Fiberon. “LBM dealers can contact their Fiberon representative to learn more about how we can help them during this busy and challenging time.”

If the past year has taught the decking industry anything, it’s that the unexpected is becoming the norm. Few anticipated how the pandemic would spur such record demand for decking, but if trends continue as manufacturers predict, the coming twelve months promise even more returns for the LBM dealer that’s prepared for it. As Humboldt Sawmill’s Jessica Hewitt puts it, “There is no doubt that COVID-19 has been a boon to the decking industry, one that was not anticipated a year ago. I would surmise that had the industry known how important home was going to become to the American public, some of the manufacturing shutdowns and furloughs that occurred last year would not have happened. That said, I believe the industry is doing all it can to keep up with the once-in-a-generation demand we are seeing for decking materials.” ■

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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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DECK RAILINGS & ACCESSORIES

CLEAN, UPSCALE AESTHETICS DOMINATE IN A MARKET EXPERIENCING SOARING DEMAND.

BY MIKE BERGER

THE GREAT ARCHITECT Frank Lloyd Wright once said, “Simplicity and repose are the qualities that measure the true value of any work of art.” His words could easily be used to describe the current state of the deck railing and accessory market. Current trends indicate homeowners are looking for simple lines, clean design, and a refined sense of style. They’re apparently also looking to build decks in record numbers, and that’s driving the sales of railings and accessories like never before. In a pandemic world, deck railings and accessories mean money for the LBM dealer who is prepared.

HIGH DEMAND, HIGHER POTENTIAL

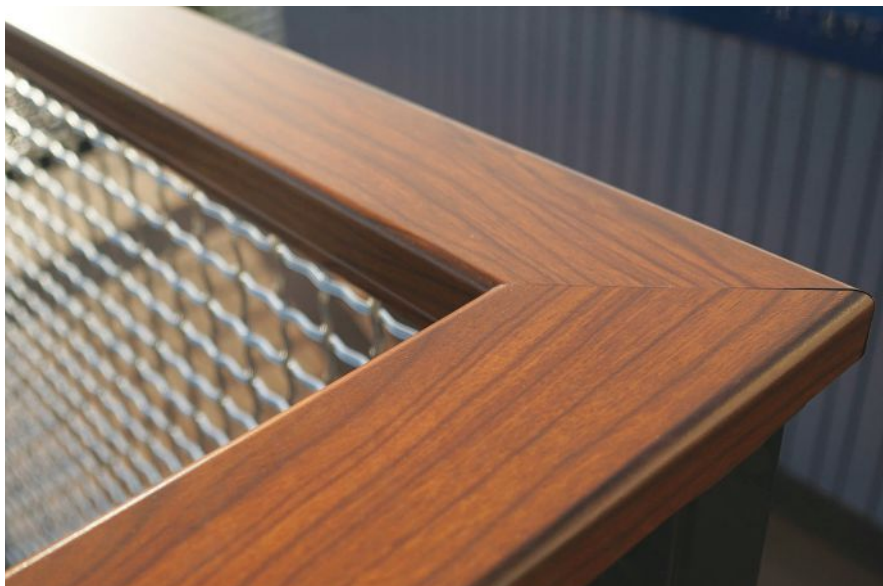
While COVID-19 created a roller coaster business environment for many industries, it unexpectedly caused a massive surge in home improvement, particularly for creation of (or upgrades to) outdoor spaces. Families cancelled travel plans and instead embraced the “stay-cation” mindset and re-invested travel funds into their homes. And as lockdown policies forced people to spend an increased amount of time in their backyards, they discovered that the more time they spent there, the more time they *wanted* to spend there. “Homeowners are engaging in home improvement projects to make their homes as enjoyable and multi-functional as possible,” says Katrina Ralston, president of Feeney Inc. “People are embracing their outdoor spaces, in particular, and the demand for decks is on an upswing.”

Jeff Schulz, vice president of channel sales at Fortress Building Products, agrees. As he explains, “With COVID-19 lingering longer than many had initially hoped, consumers have shifted much of their discretionary spending from areas such as travel, to the enhancement of their personal outdoor living spaces.”

Jase DeBoer, senior marketing manager for Deckorators, also sees the pandemic as a major influencer in how homeowners chose to spend their money in 2020. “As the pandemic postponed trips and limited interactions to computer and phone screens, millions of people started to spend more time than ever within their property lines,” he explains. “Many U.S. homeowners invested in new decks as a way to expand and personalize their living space. Trend-forward composite decking, railings and accessories helped deck builders create unique getaways at home—an exterior family room, an outdoor dining experience, a staycation spot, and more.”

So what does this increased demand from last year mean for the coming building season? Manufacturers see good things coming. “Just as we saw the DIY market explode in 2020, we expect this trend to grow even more in 2021,” says Craig Smalley, national brand manager for Wild Hog Products. “The pandemic created an atmosphere of stay-at-home orders, but in turn renewed the appreciation for outdoor living and backyard projects. We feel this appreciation and need for creative, customizable and simple products will cause record sales in 2021.”

Fortress Building Products’ Schulz also predicts growth. “Looking ahead to the next 12 months,” he says, “housing sales and starts will continue driving industry growth as we see families pushing for more outdoor living space traditionally found in suburban markets. Industry research tells us that consumers will invest in big ticket items such as new decks to fully utilize their backyard.”



THE POTENTIAL FOR PAIN

This anticipated growth is not without a cost, as it has the potential to bring pain for the LBM distributor, especially in regard to product supply and availability, price fluctuations, and the availability of crews to handle homeowner demands. “Homeowners invested in expanding their outdoor living spaces which benefited our industry,” says Heather Bowman, marketing director for Superior Plastic Products and Key-Link Fencing & Railing. “Unfortunately, the pandemic also brought supply chain challenges, and raw material prices were up and extremely volatile, which affected our pricing, too. These issues appear to be industry wide.” ➤



ABOVE: New from RailFX, its adjustable over-the-post fitting is a flexible bracket used to support a continuous top rail. According to the manufacturer, it can be used for a variety of stair pitches, will screw directly into the aluminum post, and the flat part of the bracket will then screw into the bottom of the top rail for easy installation.

LEFT: Feeney’s DesignRail Top Rail in Wood Grain Finish is designed to offer the organic look of wood without the maintenance requirements. According to Feeney, the fade-resistant powder coat finishes (available in Cherry, Walnut, and Weathered Gray) adhere to AAMA 2604 coating specifications for superior impact and weather resistance as well as color retention.

OPPOSITE PAGE: RailFX Aluminum Railing Systems allow for installation with up to a 5’ post spacing and utilizes 1/8” 316 stainless steel cable. Seamless top rails are available in lengths up to 20’, and posts are pre-drilled for the cable and conceal the fittings and hardware. Components come in four stock colors, with custom colors available.

Manufacturers point out that the supply chain simply wasn't ready to handle the sustained growth that 2020 brought on, and it will remain a challenge in the coming year for them to ramp up sufficiently to handle the demand. "Factories are just now starting to catch up and any overseas orders are having issues with container availability and transportation issues," explains Roland Pfender, CEO and president of Absolute Distribution Inc. (ADI), which markets and distributes DekPro Prestige Aluminum Railing, DekPro EFFEX lighting, DekPro InvisiCable, and DekPro Aluminum Balusters. "The U.S. can't gear up fast enough to bring all manufacturing back on shore, and frankly, many of the products produced overseas are what manufacturers in the U.S. don't want to produce."

And, of course, there's the unpredictable nature of the pandemic itself. Depending how it unfolds during the 2021 building season, it could signal sustained growth or a shrinkage of homeowner spending. "If stimulus continues and the pandemic gets under control, we expect steady growth," points out Key-Link's Bowman. "If the economy retracts, we expect to see business slowing, too, as homeowners will be less willing or able to spend on home enhancements like porches or decks."

UPSCALE AESTHETIC DRIVE TRENDS

All of this potential growth doesn't mean, however, that people are spending willy-nilly on outdoor spaces simply to create a bland canvas. Rather, they are looking for deck railing and accessory products that create clean, simplified lines that provide unobstructed views, an upscale feel, and a trend-forward approach in aesthetics.

"With people spending more time at home and the associated growing investment in outdoor living," explains Feeney's Ralson, "we're seeing more emphasis on creating decks and patios that are unique and personal. As with indoor spaces, homeowners are seeking out interesting finishes and designs that create a distinctive look and allow them to express their individual design style. For example, newer railing options such as laser-cut aluminum panel infills create a fresh aesthetic when compared to traditional railings with wood balusters. Homeowners can even request custom laser cut panels, which add a lot of design flexibility."

One railing product trend that is gaining momentum because of its ability to offer unobstructed views is cable rail. As Ralston goes on to explain, "After all, if you're able to spend more time outdoors enjoying your view—whether that's your backyard or the ocean or mountains—you want to be able to fully experience and appreciate the scenery and connection with nature. Cable railing not only preserves the view, but creates an elegant, clean-lined look while requiring only minimal maintenance. Those factors make it a very appealing option for many homeowners." >



TOP RIGHT: According to Fortress, its ADA-compliant aluminum handrails offer industry-leading safety. The round rails are available in five finishes, feature brackets that allow for installation at virtually any angle, and come with a limited lifetime warranty.



RIGHT: Deckorators' new 48" wide ALX Contemporary aluminum deck gate coordinates with ALX Contemporary railing. It's available in Textured Black and Textured White, comes pre-assembled for a 36" railing height, and includes all needed hardware. A gate jamb kit is also available for 36" and 42" rail heights.

BELOW: Key-Link's code-approved fascia mount brackets allow posts to be mounted to the sides of the deck instead of the top. According to the manufacturer, they are ideal for any deck where there's a need to increase overall useable square footage.





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ABOVE: In response to builders' requests, Wild Hog Products recently developed a new screw for its LINX Pergola line (shown above right). According to the manufacturer, the new powder-coated screw is more durable and utilizes a T40 bit for secure driving.



Aluminum components such as posts and lighting fixtures are also in high demand because of the upscale feel they create. "Simplified railing systems, such as pre-assembled aluminum railing and cable railing, continue to gain momentum," says Deckorators' DeBoer. "Lighting options such as stair lights, string lights and lighted post caps are becoming a common way to add ambiance to an outdoor space, creating the vibe of restaurant dining or a café experience."

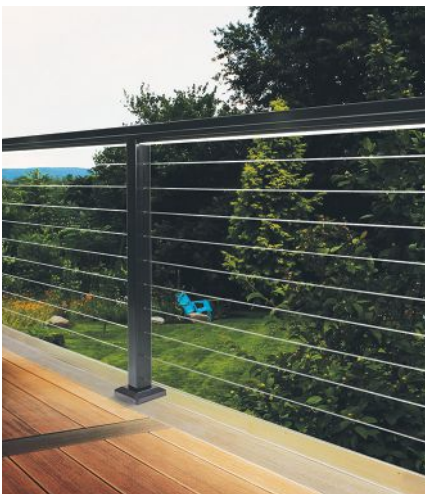
Lindsey Fox, director of marketing for RailFX, points out how mixing materials continues to gain in popularity for exterior designs from furniture to lighting to surface to decking and railings. "The use of contrasting materials like wood and metal into one design offers customers a chance to mix their love of modern and traditional into one fresh look," she explains.

In contrast to mixed materials, however, Fox also sees a trend toward colors that seamlessly blend so as to match the home's architectural style. To match that trend, manufacturers are starting to offer railing components in custom colors. As she explains, "While our four stock colors align and complement the decking industry offerings, we think it is equally essential to offer our customers custom colors with specific designs."

And not surprisingly, products that offer low maintenance are still in high demand. "We are seeing demand in low maintenance products overall," says ADI's Pfender. "In specific categories like horizontal baluster railing (aka rod rail) appear to be the next big thing. Discriminating consumers are looking for something different and like the esthetics of the rod rail into aluminum railings or stainless steel."

BELOW RIGHT: ADI has launched Cascadia Railing Systems. Featuring a 316 Marine grade stainless steel rod rail system, Cascadia is available in both 36" and 42" rail heights with 1-1/2" stainless steel posts and 5/8" stainless steel rods and accessories.

BELOW: ADI is launching RailFX Aluminum railing with stainless steel cable in four popular colors for both residential and commercial applications. Surface and fascia-mount options are available that include cable or glass infill along with a lighted rail option.



Fortress' Jeff Schulz also sees increasing demand of low-maintenance railing products, particularly when it comes to aluminum. "We're seeing the emergence of aluminum railing products," he points out. "The once unassuming offerings have been replaced with low maintenance solutions that provide elegance and effortless style without the propensity to decompose from tough weather, including ice, snow, rain, and UV rays."

TECHNOLOGY TO THE RESCUE

Perhaps it's bad form to use an analogy of Pandora's Box during a pandemic, but some things, once unleashed, can't be put back in the box. Such is the case with e-commerce. According to the U.S. Dept. of Commerce and estimates from Digital Commerce 360, consumers spent \$861 billion online with U.S. merchants in 2020—that's a 44% jump in spending year over year, and it's the highest annual U.S. e-commerce growth in at least two decades. Says Fortress' Schulz, "Research tells us that in light of the pandemic, 35% of customers would rather purchase a company's product without interacting with a salesperson."

Sadly, many LBM distributors have been slow to the game in adopting e-commerce tools to provide the buying methods that more and more of their customers want. And it's a mistake that LBM dealers cannot afford to make. "COVID-19 is driving a generational impact on consumer purchasing, with a massive shift towards e-commerce transactions," continues Schultz. "To stay competitive, LBM dealers need to embrace business models that allow them to meet new consumer buying preferences. At minimum, a 'buy online, pick up in-store' program should be put into place."

Key-Link's Heather Bowman agrees. "Technological upgrades to ordering and planning projects are extremely helpful," she points out. "Anything that can be done quickly on a phone or tablet. It's great for a contractor to be able to quickly run the numbers and get a price to a homeowner, or just place their product order online and be done."

SAY "YES" TO THE HOMEOWNER

While the bulk of deck railing and accessory sales for many LBM dealers come from the pro buyers, the DIY crowd is turning out in record numbers to the same sources as the pros for their projects. In a series of consumer surveys by The Farnsworth Group and the Home Improvement Research Institute, numbers indicate that, by June of last year, almost 80% of homeowners reported they started a DIY home maintenance, replacement, repair, or remodeling project. And a 2020 Bank of America study found that more than 70% of those polled had decided to tackle home improvement projects during the pandemic, with more planned for 2021.

Adding fuel to the fire of the DIY surge in deck projects is the unavailability of pro crews for projects. As Deckorators' Jase DeBoer points out, "Many building professionals are already booked well into the summer of 2021 with decking and outdoor living jobs."



To best take advantage of this changing face of business, manufacturers recommend LBM dealers develop strategies that include embracing DIY sales as part of their revenue formula. "I believe now and more than ever, dealers need to listen to their customers and track their needs," says Wild Hog Products' Smalley. "Dealers should be understanding who their customers are and what's driving their decisions. Dealers should also be looking to expand and invite new segments of customers. DIY is the perfect example. Dealers in 2020 that had DIY-friendly products saw incredible growth from a segment of business that normally was intimidated to walk through their door."



ABOVE: Deckorators ALX aluminum post extensions allow for the installation of hanging outdoor lighting such as string lights and café lights. The 5-1/2' extensions are designed to work with the 2-1/2" X 2-1/2" posts in Deckorators' ALX Classic and ALX Contemporary railing systems. They feature a preinstalled insert that is fastened into a 2-1/2" railing post, and each extension comes with a carabiner clip that can be installed where needed.

BELOW: Feeney's VisualBuilder is an interactive online visualization tool that allows homeowners, design-build professionals, and retailers to design a deck with Feeney railings. Available for desktop and mobile applications, the visualizer enables users to create their own deck from scratch or use pre-built templates.

So, what can the LBM dealer take away from all this information? When it comes to deck railings and accessories, they can expect a potentially wild ride for the coming year. Radically increasing demand for outdoor living spaces will certainly place stresses on manufacturers to keep up, but that doesn't mean the LBM dealer will suffer. Rather, by preparing for the demand with an array of products to meet these challenges can yield surprising—and profitable—results. ■

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



DECK FASTENERS

RAPID GROWTH OF THE DECKING SEGMENT PROMISES PROFITS FOR FASTENERS.

BY MIKE BERGER

WHEN YOU THINK OF A DECK FASTENER, what comes to mind? Odds are, it's probably a screw. While nails are still a staple of the building industry, it's the screw that's most commonly now used in deck construction. While screws have been around since the first century B.C., it wasn't until the late 18th century that screws became commonplace when two English brothers—Job and William Wyatt—patented the first screw-making machine. And when Cullen Whipple created the pointed screw in 1859, he could not have envisioned how his invention would go on to change the face of construction more than a century later.

Today, choices abound for deck fasteners. Though nails remain an option, new screw designs, clips for hidden fastening, and other innovations dominate the market. And it's a market that has the potential to be a profitable one for LBM dealers despite current market upheavals.

VIRAL GROWTH

At the beginning of 2020, outdoor living spaces were already one of the hottest-growing home improvement segments. Homeowners were already looking for ways to better capitalize on their home's outdoor living space, but COVID-19 turned up the heat on that demand. "The interest in both home improvements and outdoor living spaces has increased dramatically as a result of shelter-in-place and other quarantining policies and practices," says Robert Shirley, Simpson Strong-Tie product marketing manager for fastening systems.

Still, no one was prepared for the escalation in demand that the pandemic brought on, and manufacturers had to scramble to meet demand. "Our distributors and dealers were already experiencing record demand for our products, both standard threaded fasteners and hidden deck fasteners," explains Phil Lail, president of Sure Drive USA. "While families were quarantined at home and not taking vacations, many were updating or remodeling their outdoor living spaces. As the price and availability of pressure treated lumber escalated, our composite decking partners were working overtime to keep up with demand for their products, thus increasing the demand for our hidden deck fasteners. In my 35-plus year history in this business, I have never seen customers wanting product so badly that they were willing to pay tens of thousands of dollars in airfreight and expedited freight."

Uli Walther, president of U2 Fasteners, agrees. "The remodeling industry was very strong during COVID-19," he says. "Most people took their summer travel money and put it into updating their homes. There were lots of manufacturers who were not prepared for the upsurge in materials. The demand for deck fasteners was in full force and we were one of the lucky ones who had enough inventory to meet the needs."

To make things even more chaotic, LBM distributors and their customers were never sure from one day to the next what the working environment would bring. Will stores be allowed to open? Will builders and contractors be deemed essential? It was a fluid situation that was, to say the least, challenging. "Decking contractors were forced to work in a start-stop mode, as states or regions focused



ABOVE: Simpson Strong-Tie has redesigned its EB-TY Premium Hidden Deck-Fastening System to include a stainless-steel reinforcement plate for additional hold-down power that is said to also maintain flexibility when seasonal contraction and expansion occur.

on essential vs. non-essential construction," says Dani Zizak, chief marketing officer of National Nail (the manufacturer of CAMO deck fasteners and tools).

But as states have become more adept in dealing with the pandemic, demand for decking-related products continues to soar. Home design and renovation hub Houzz reported last summer a 178% year-over-year jump in searches for professionals to work on deck, patio, and porch projects. And according to a recent market growth report from Technavio, the decking market size has the potential to grow by \$4.89 billion from 2020 to 2024. ➤



LEFT: Now available in collated strips, FastenMaster's Cortex Decking Plugs are available in a wide range of colors to match AZEK, Trex, and WOLF decking. According to FastenMaster, Cortex Plugs deliver a 50% installation time savings when compared to loose plug installation.

OPPOSITE PAGE: National Nail's CAMO LEVER is a tool that allows one-person board bending, locking, and alignment. For smaller crews, the LEVER allows social distancing because two or three crew members are not wrestling to straighten boards for fastening.



ABOVE: Grabber's UltraPro wood screw incorporates the benefits and features of existing wood screws into one screw that, according to the manufacturer, improves drive times and delivers a consistent, flush look with no strip outs or popped heads.

BELOW: Simpson Strong-Tie recently launched cordless versions of its Quik Drive Auto-Feed Screw driving systems to allow for stand-up driving, designed to relieve the installer of potential knee and back strain while allowing for more mobility without having to drag extension cords around.

BELOW RIGHT: According to Deckorators, its Stowaway Hidden Fastener discreetly secures deck boards to joists with a single stainless steel, color-matched screw, resulting in a virtually fastener-free deck surface.



These forecasts, combined with homeowners' continued desire to improve their outdoor living spaces, bodes well for market growth. "[COVID-19] has certainly increased interest and demand quite extensively," explains Melanie Bisson, director of LBM sales for Grabber Construction Products. "We have seen many studies and witnessed in our own branches the surge in home renovation projects, particularly outdoor, due to the COVID lockdowns and people having more time to focus on home improvements... Gauging by record new home sales and analyst reports, we anticipate residential growth to continue outpacing expectations from pre-COVID forecasts, especially without any major supply chain disruptions."

Simpson Strong-Tie's Shirley echoes Bisson's optimism. As he explains, "We expect the nation and world to hopefully emerge from the restrictions placed upon us by the virus, but we think that emergence will be slow, providing continued industry growth as DIY customers work on home improvements and other projects. There is also the anticipation of a ramp-up in pro builder and construction activity this year, and as a result, one can expect increases in the number of larger-scale projects."

Still, optimism is tinged with wariness. Fluctuations in how the pandemic continues to unfold could somewhat dampen the market as the year progresses. "Based on conversations with our customer base, many are forecasting another very busy first and second quarter," says Lail. "We have seen record sales with our annual 'Winter Buy'

specials that help support this optimism in the marketplace. If the country can get COVID-19 under control, we think business could remain strong but not at record levels as they are now. We are forecasting a slower second half of the year in our 2021 budget attributed to what we call the possible 'COVID bubble break.'"

The speed of pandemic response across the country, points out Jacek Romanski, channel marketing director for ITW-GRK Fasteners, can also impact the sustainability of market growth. "That is a tricky question, as the market is still so volatile," he says. "It will really depend on how quickly, or slowly, the economy will open. If businesses continue to stay locked down or limited in capacity, homeowners will more likely continue to invest in refurbishing and extending their living spaces instead of spending money on vacations or dining out."

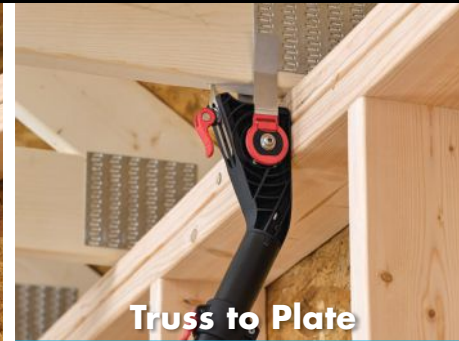
SLEEK LOOKS, QUICK METHODS SPUR PURCHASES

Not surprisingly, the continued desire to transform outdoor spaces into extensions of indoor living areas will be a major driving trend for the coming twelve months. "COVID-19 has created a unique situation where, despite a faltering economy, home values have continued to rise alongside record highs in home purchases," says Shaun Jennings, marketing communications manager for FastenMaster. "This, combined with a rise in time spent at home, has pushed homeowners to invest more in their properties, especially in shared spaces like back yards." ➤



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FAR LEFT: According to GRK, its new Deck Elite color-match decking screws provide up to 40% faster drive and require 20% less force when compared to top competitors. They carry a lifetime guarantee against rust and are available in key sizes for decking applications.

LEFT: According to SPAX, its PowerLags are the largest selection of code-recognized structural wood-to-wood screws for framing in the industry. Featuring SPAX patented thread technology, they are engineered to require no pre-drilling and drive faster and easier than conventional lags and other structural lag screws.

GRK Fasteners' Romanski agrees. "We are continuing to see trends in extending the living space to the outdoors due to the pandemic keeping homeowners from going to restaurants and bars," he says. "This is driving homeowners to add on deck extensions and patios or at the very least refurbish them to make them more modern." And as with indoor living areas, clients want those new outdoor living spaces to be just as clean and refined. "Just like in the home, homeowners prefer not to see exposed fasteners," Romanski adds. "So as trends in extending outdoor living spaces continue, contractors often prefer to appease their clients and use hidden fastening systems to camouflage heads or eliminate the marks made by the screw or nail."

But with all this increased demand to expand outdoor living space, how will contractors keep up? Manufacturers agree that products—both fasteners and tools—which speed installation so contractors can quickly move from project to project will be another dominant trend, especially in light of the continuing labor shortage. "As a result of this phenomenal growth," explains Sure Drive's Lail, "we have seen a demand for faster installation methods of hidden deck fasteners."

Simpson Strong-Tie's Shirley also sees the need for speed as a growing trend. As he points out, "Autofeed screw-driving systems that are cordless, lightweight, and powerful will continue to gain attention as a way to reduce user fatigue and make the contractor's job safer, easier, faster, and more efficient."

A third factor that will influence both contractor and consumer demand is the change in nature of available deck building products themselves. The widely reported shortage of pressure-treated pine and softwood framing lumber has more builders turning to non-wood deck framing materials. As CAMO's Dani Zizak explains, "Throughout the pandemic, the industry experienced supply channel disruptions, such as the softwood shortage and spike in pricing. Deck builders started turning to metal framing."

Carrie Smith, senior category manager for BlueLinx, also sees the growth of alternative framing materials as a trend on the rise. She adds, "We are seeing a trend of more fasteners adjusting to alternative framing materials such as steel making fasteners specifically for alternative sub-structures."

EMBRACE THE "NEW NORMAL"

With ever-increasing demand for materials, continued disruptions in supply, and a working environment that looks to remain in a pandemic flux, it can

seem a daunting challenge for the LBM distributor to remain successful. But manufacturers say that, with proper preparation, dealers can do more than merely weather the storm; by embracing the "new normal" of the post-pandemic world, they can plot a course to success.

First and foremost, manufacturers recommend LBM distributors invest in their online presence. "The days of thumbing your nose at the Internet are gone," says Roderick Kabel, marketing director of DeckWise. "Dealers need to invest in building or rebuilding their websites to make online purchasing easy and hassle free. Dealers shouldn't ignore what COVID-19 did to us all. It made us go online to purchase anything and everything possible. That trend will *not* disappear even if COVID-19 does." ➤

BELOW: Sure Drive's new Sure-Hold one-step stainless steel fastener for installing composite fascia board has cutting wings built to create an oversized hole that allows for expansion and contraction, while an oversized head increases bearing surface and maximum hole coverage.



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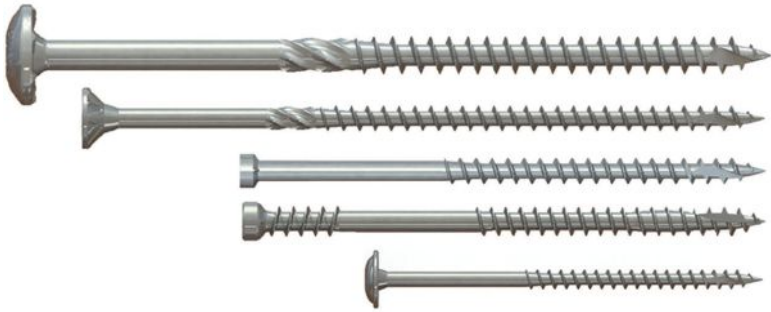
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ABOVE: U2 Fasteners has recently added several more sizes of stainless steel screws for coastal applications and severe corrosive environments.

BELOW: The DeckWise Ipe Clip Extreme Fastener is engineered to automatically space deck boards at 3/32". Made from polypropylene with a stainless steel black oxide insert, the clips can be used with air dried hardwood, composite, or PVC decking.



BELOW: Grip-Rite exterior screw packaging is getting an update—PrimeGuard Plus and PrimeGuard MAX both feature a new look and feel.



As well, LBM distributors need to be as educated as possible about their products so that they are prepared to provide solutions to their customers. “Continuing to be educated in a breadth of product offerings and new trends is of utmost importance in meeting customer needs,” points out Grabber Construction Products’ Bisson. “When a contractor visits an LBM dealer with new products on display and can quickly deliver helpful information, it goes a long way in ensuring customer loyalty because it demonstrates a dedication to innovation and continued improvement.”

Simpson Strong-Tie’s Shirley echoes Bisson’s recommendation. “Simpson Strong-Tie has always relied on LBM dealer partners for front-line education, ensuring that customers know how premium deck screws are designed with features and benefits beyond what generic fasteners offer,” he says. “Dealers are key in communicating and providing the longer-lasting, more efficient, secure solutions that protect contractor and homeowner investments in decks and their outdoor-living areas.”

Manufacturers also point out the importance of LBM distributors becoming masters of cross marketing. It’s not sufficient, they say, to merely have fasteners displayed in the fastener aisle. By cross-merchandising fasteners with tools and decking material, LBM dealers will help a contractor improve their margins and quickly move from one job to the next.

“We have seen some LBM dealers add second points of merchandising to help meet the needs of their customers,” says Romanski. “While they may have their fasteners in line in one

part of their store, LBM dealers with a strong decking focus have added rolling racks of their top-selling decking fasteners at check out. This allows their pro customer to grab and go, and it often reminds them to make sure they have the right fasteners for their job.”

Hand in hand with cross-merchandising is, of course, having a wide selection of fastener choices, and manufacturers stress the importance of being able to provide options to both the pro customer and the homeowner. “Selection is paramount to meeting the needs of our deck building customers,” says Sure Drive’s Lail. “Homeowners want options as they relate to aesthetics as well as installed price. Several dealers I know personally carry an adequate number of installation options... but they’re also open to special orders for what it takes to land the project.”

FastenMaster’s Shaun Jennings adds, “Decking products change and innovate rapidly in this space. Dealers who can offer the latest solutions through upgraded decking displays and additional employee education will benefit from a customer base looking to touch and feel the latest our industry has to offer.”

VIRTUAL ENVIRONMENTS, REAL KNOWLEDGE

It’s a reality of the COVID-19 world that in-person training isn’t returning to normal levels any time soon. Due to social distancing and state-mandated limits on in-person gatherings, it will be some time before education and training return to their pre-COVID norms. That’s no reason, however, to let training slip, and it’s why LBM dealers are relying on manufacturers for innovative ways to stay up on product

education. As BlueLinx's Carrie Smith explains, "Our suppliers have been very supportive and creative in bringing us virtual learning opportunities. Microsoft Teams has been a great tool for us internally, and our entire salesforce has had an opportunity to listen through multiple product trainings that they can take to their customers."

In the case of Simpson Strong-Tie, it is developing a training program that provides in-depth instruction on how to assemble, maintain and operate Quik Drive Auto-Feed Screw-Driving Systems. "The full training course also explains how these systems save time and money," says Shirley, "and they provide a much-needed break to installers with ergonomically advantageous 'stand-up driving' that reduces fatigue and back and knee strain."

For Sure Drive, it is continuing its regular Zoom meetings and online

training, but it also still offers a robust in-person training curricula while following health requirements that include social distancing and mask requirements. "Our sales team has regular meetings with our customers, but many are not willing to see us in person currently," says Sure Drive's Phil Lail. "Our sales staff that calls on our lumberyard customers is still doing training but on a much more limited basis, and in-person visits require masks and social distancing."

Grabber is in the process of establishing a virtual selling course. "This will be beneficial for not only our salespeople in the wake of a move to a more permanent remote workforce brought on by COVID-19," explains Grabber's Bisson, "but for dealers and contractors as well. Navigating building relationships online will be critical to everyone's success this year." ➤



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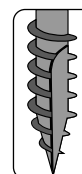


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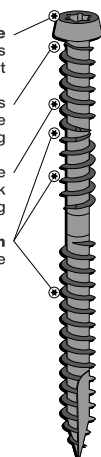
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FAR LEFT: To meet the increased use of metal deck framing, CAMO's EDGEXMETAL Clips are designed as a solution for grooved-board fastening for metal framing. The fastener's wings fit into the groove of the board while the 304 Stainless Steel gusset holds the boards down.

LEFT: New this year, Simpson Strong-Tie's Deck-Drive DCU screw plug is a hidden deck-fastening system said to eliminate visible screw heads. The deck and trim plugs are available in a range of decking and trim materials and are designed for use with the manufacturer's Deck-Drive DCU Composite Screws and the Quik Drive auto-feed system.

And for GRK, it has developed a series of eLearning videos that provide virtual contactless training. "Prior to the pandemic, our sales team was regularly at LBM dealers training personnel on all of our premium lines of fastening products," says GRK's Romanski. "From short product demonstrations to longer in-depth product knowledge sessions, we now pro-

vide virtual training to our LBM dealer customers on our bestselling product lines they can view at their leisure."

So what's the LBM dealer to do? These insights from industry experts all seem to point to a common theme—embrace today, and plan for tomorrow. By staying atop industry trends, stocking product that fits those trends, and never letting up on employee training,

you'll have the best plan for what could be a quite profitable year. It's a sense of guarded optimism that is perhaps best summed up by BlueLinx's Carrie Smith: "We are very much looking forward to a great 2021." ■

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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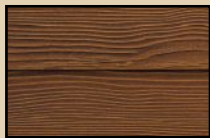
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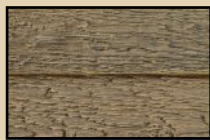
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Strong-Wall from Simpson Strong-Tie

The new Simpson Strong-Tie Strong-Wall high-strength wood shearwall (WSWH), is engineered to be a versatile, high-performance solution for lateral-force resistance in light-frame residential and commercial construction. The code-listed, prefabricated WSWH has a patented design that, according to the manufacturer, provides the highest allowable loads for a wide variety of applications. Strong-Wall is fabricated from a wood-based material that is field-trimmable at the jobsite. Designed to provide additional structural strength and lateral-force resistance in areas subject to earthquakes and high winds, the WSWH is code listed to the 2018 IRC/IBC, conforms to ICC-ES Acceptance Criteria AC130 and AC436, and can be used in standard, garage portal, and balloon framing applications. Strong-Wall wood shearwalls are supplied with top-of-wall shear transfer plates, nuts, washers, and installation instructions, and are wrapped to provide protection from the elements on the jobsite. strongtie.com

SmartSide Smooth Finish Panel Siding

LP Building Solutions has added finish panel siding to its line of smooth finish products. LP SmartSide Smooth Finish Panel Siding is designed to deliver durability and versatility while incorporating a no-groove square edge to accommodate a variety of aesthetics. LP SmartSide Smooth Finish Panel Siding is designed for easier use in channel applications with advanced durability to hold up against extreme weather conditions including moisture, hail, freeze/thaw cycles and up to 200 mph wind gusts. Like all current LP SmartSide products, it is manufactured with engineered wood strand technology and treated with LP's proprietary LP SmartGuard process to help protect against fungal decay and termites. The product is backed by the LP SmartSide 5/50-Year Limited Warranty and is pre-primed for improved paint adhesion. lpcorp.com



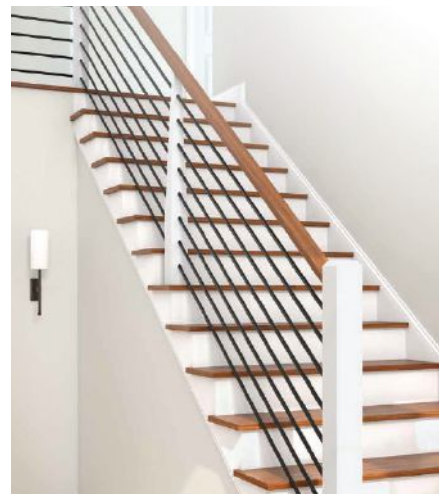
Benjamin Obdyke's HydroFlash LA

As a liquid-applied flashing, HydroFlash LA is designed to simplify the process of flashing rough openings, transitions, and seams, as well as filling imperfections, penetrations, and geometrically difficult areas. Sold in 20-ounce tubes, HydroFlash LA applies with a caulk gun and is spread to a recommended 20- to 40-mil. thickness. According to the manufacturer, the product easily conforms around corners, arch tops, and awkward areas that normally require extensive cutting and bending to flash with tape. It also can be used to fill or cover gaps of less than 1/4", or 1/4" to 1" with a backer rod. HydroFlash LA is designed to be vapor permeable and is suitable for most climates, including humid environments like Florida and colder regions like the Northeast, with an install temperature range of 25 to 100° F. Designed to be installed on damp or wet surfaces, the product is suitable for rainy climates as well. The hybrid material, a silyl-terminated polyurethane (STPU), is said to be extremely flexible and can stretch 300% of normal width while maintaining its adhesion. benjaminobdyke.com



Euro-Slim Tube Balusters from Crown Heritage

Crown Heritage Stair Company has introduced Euro-Slim Tube Balusters, hollow round tubes at only 5/8" in diameter designed to allow builders to complete multiple looks with one tube style. Euro-Slim Tube Balusters feature a satin black, powder coat finish and are available in 8' lengths for custom jobsite cuts. According to the manufacturer, the hollow round tubes are designed to create a unique and distinctive appearance by combining contemporary looks with traditional materials. crownheritage.com





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Landmark ClimateFlex AR from CertainTeed

CertainTeed's Landmark ClimateFlex AR (algae-resistant) technology improves upon the company's Landmark brand, thanks to the latest advances in polymer science. Landmark ClimateFlex AR has been developed to deliver additional impact resistance, cold-weather flexibility, and granule adhesion along with superior UV protection and durability. According to the manufacturer, ClimateFlex works at a molecular level to make shingles more pliable and easier to install in cold weather than typical asphalt shingles. In addition to hail resistance, Landmark utilizes ClimateFlex AR NailTrak, StreakFighter, and QuadraBond technologies to deliver what CertainTeed says is exceptional nailing speed, algae resistance, and bond strength. certainteed.com



Pro Plug from Envision Building Products

Envision Building Products now offers the Pro Plug hidden fastening system for use with all full-profile deck boards and colors. Made by Starborn, Pro Plug allows installers to face-fasten deck boards while eliminating visible screw heads and holes. When used in combination with Envision's EverClip hidden fastener, the Pro Plug system is designed to achieve a fully hidden and securely fastened deck. The Pro Plug System consists of three components: epoxy-coated carbon steel screws or stainless steel screws; a patented PVC/Composite tool that attaches to a standard drill/driver to drive screws to the correct depth without overdriving or stripping the screw; and plugs made with Envision's decking material designed for a perfect match to the deck boards. envisiondecking.com



TRUFAST SIP Fasteners

SIP Fasteners from TRUFAST are specifically engineered for attaching structural insulated panels (SIPs) and nail base panels to wood and metal framing. Featuring a large, pancake head-style with a 6-lobe drive, Trufast SIP Fasteners are designed to drive quickly and smoothly, and draw panels securely without the need of a washer. TRUFAST offers three fastener styles for use in wood, corrugated steel, and steel members without pre-drilling. According to the manufacturer, TRUFAST SIP Fasteners are case-hardened and tempered for easy installation and long-term durability. trufast.com

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SENCO full round head cordless framing nailer

The F-35FRHXP is the latest addition to SENCO's line of cordless nailers, which rely on air power rather than gas or mechanical flywheels, to drive nails. The F-35FRHXP drives up to 3-1/2" full round head, plastic collated nails. The nailer is built with SENCO's proprietary FUSION cordless pneumatic technology, which relies on a sealed compressed air cylinder to deliver the speed, feel, and performance of a true pneumatic tool, the manufacturer says. It is capable of sinking nails fully into the hardest substrates, including engineered lumber such as LVL and OSB. The F-35FRHXP is engineered to be intuitive for users of traditional corded pneumatic nailers—there is no ramp-up time between shots, allowing users to work quickly when bump firing. The F-35FRHXP features a 20-degree magazine that holds 35 fasteners and accommodates nails from 2" to 3-1/2" long and .113" to .131" in diameter. Each 3.0 Ah Li-Ion extended-life battery can drive up to 600 nails per full battery charge. Each nailer comes with two batteries, a 5-amp quick charger, a no-mar tip and a storage bag. senco.com

RISE Siding from RISE Building Products

RISE Building Products has introduced RISE Siding in 20' lengths. Designed to minimize unsightly seams and reduce jobsite waste, RISE says its product is the only exterior siding available in 20' lengths. Available in a vertical wood grain finish and offered in all the typical sizes needed to complete the exterior of a home, RISE Siding is pre-finished in white and seven colors specifically chosen to work with all types of home styles. Featuring two-sided water protection (front and back), RISE Siding is designed to minimize expansion and contraction rates, and is decay, rot, and freeze-thaw resistant. Comprised of 94% recycled carpet fibers, RISE Siding is designed to outperform wood, OSB, and fiber cement products. risebuildingproducts.com



Milwaukee Tool String Trimmer

The the M18 Brushless String Trimmer provides up to 6,200 RPM and features a brushless motor built specifically for trimming applications. For versatility, the trimmer has two speeds; a high speed to take on demanding applications and a low speed to maximize run-time. A 16" cutting swath is said to trim more grass in a single pass and an easy load trimmer head is designed to offer the ability to load up to 25' of trimmer line in under 30 seconds. Backed by a three-year warranty, the kit Includes: M18 Brushless String Trimmer, M18 REDLITHIUM HIGH OUTPUT XC6.0Ah Battery, M18 & M12 charger. milwaukeetool.com



Kapro Tools' 905D Condor Digital Level

Kapro Tools introduced its 905D Condor Digital Level with OPTIVISION Red Technology features a "mode" function for selecting degree (0, 1, or 2 decimals), percentage, pitch mm/m, in./ft. and in./ft. in fraction format. The "hold" button freezes the readout on the display and the "false zero" function lets you manually set your base angle for quick and precise slope measurements as needed for ADA 4.8.2 ramp compliance. The 905D has electronic recalibration, visual and audible slope indication and a low-battery indicator signal. For conserving battery life, users may set the auto shutdown for 15, 30, 60 and 120 minutes of non-use. The 905D is IP65-certified waterproof and dustproof and comes with a lifetime warranty. The 905D model features a LCD display tilted at 45° with a flip readout for optimal readability at any angle, including when it is inverted overhead. The 905D features accuracy of $\lt;0.05^\circ$ at level and plumb and $\lt;0.1^\circ$ at other angles. kapro.com



The weakest link in a modern roof:

The vent stack gasket

The Problem:

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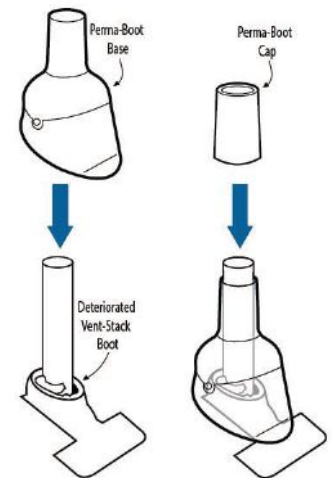
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DEWALT Power Cleaner

The 20V MAX 550 PSI Power Cleaner is designed to deliver 10X the pressure of a garden hose. For added versatility, the Power Cleaner can connect directly to a garden hose or draw from a fresh water source with the suction hose (included). Four quick connect nozzles (included) offer various degrees of spraying including turbo spraying, and additionally, the unit is equipped with a soap bottle, which the manufacturer says makes it ideal for a range of cleaning applications. The Power Cleaner includes two spray power settings controlled by a Hi/Lo power switch and is available bare (battery and charger sold separately) or kitted with a DEWALT 20V MAX 5.0 Ah Battery. dewalt.com



Bosch Thermal Camera

Bosch's GTC400C 12V Max Connected Thermal Camera includes a 3.5", 19,200-pixel color display, and ergonomic controls designed to be simple and intuitive, with a trigger to quickly snap workplace images and back buttons to provide one-touch operation. The camera is capable of capturing thermal images at 160x120 resolution, with thermal measurements accurate to $\pm 4^\circ$ Fahrenheit in a range from 14° to 752° Fahrenheit. Users can also select from a red/blue or black/white color scheme. In addition to the thermal camera, the tool also features an integrated visual camera, allowing users to compare images side-by-side, picture-in-picture, or overlaid for a greater understanding of the work area. The camera has built-in memory for 600 images and the MicroUSB port lets users upload images to their computer using Bosch's GTC transfer software. boschtools.com



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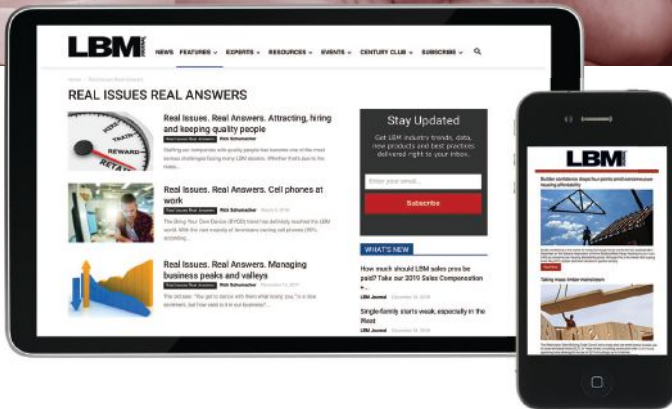
**RECRUIT
+ RETAIN**

HOSTED BY
RIKKA BRANDON



On each episode of the LBM Journal Recruit + Retain Podcast, Rikka Brandon and a guest dive into what's working now in recruiting and retention, offering insight and actionable advice. Rikka is the leading recruiting and retention expert in the building products industry and founder of Recruit Retain Rock.

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The LBM Century Club was founded on the simple belief that companies that have been around for 100 years deserve to be recognized. Launched in 2016, the LBM Century Club has grown to 171 members, with more coming in each month. In all, the companies have provided 21,501 years of combined service to their communities. The oldest Century Club company, Tinsman Bros. Inc. (aptly located in Lumberville, Pennsylvania) was established in 1785. The most recent addition is Stewart Builder Supply of Dickson, Tennessee, established in 1921.

By no means does the LBM Journal's Century Club list include every 100-year-old company...at least not yet. That's where you come in. Do you work for, or know of a lumberyard or building materials retailer that is 100 or more years old? Send them our way, so that we can give them the recognition they deserve. Century Club members receive a certificate for their store, window decals for their front doors, free admission to the LBM Strategies Conference where they are guests of honor at a Century Club induction ceremony, as well as recognition in their local media, all free of charge. Nomination is easy! Just visit LBMJournal.com/nominate and answer a few questions. We'll take it from there. For a complete listing of LBM Century Club members, visit LBMJournal.com/century.

THE MOST RECENT INDUCTEES INTO THIS EXCLUSIVE CLUB INCLUDE:

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PONTIAC, MI
est. 1920

KREMPP LUMBER COMPANY
JASPER, IN
est. 1918

BIG C LUMBER
GRANGER, IN
est. 1921

MARCUS LUMBER
MARCUS, IA
est. 1920

FOSTER LUMBER YARDS
PART OF THE CENTRAL VALLEY
FAMILY
VALLEJO, CA
est. 1920

STEWART BUILDER SUPPLY
DICKSON, TN
est. 1921

HOBART LUMBER COMPANY
HOBART, IN
est. 1915



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*Denotes regional distribution.

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IBC=inside back cover, IFC=inside front cover, OBC=outside back cover, BB=belly band, INS=insert, PB=polybagged, WP=white paper



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THE VERY EXPENSIVE COMPETITIVE EDGE

MATERIAL SHORTAGES AND RECORD-HIGH PRICES MEAN YOUR POLICY OF NO RESTOCKING FEES AND FREE PICKUP OF EXCESS MATERIALS IS COSTING YOU BIG. WHAT WOULD YOU DO?

You knew when launching your LBM business 20 years ago that you'd succeed to the extent that you could outperform the competition. The materials you sold had to be top quality, your prices had to be competitive, and your service needed to be unmatched. It didn't take long to learn that listening to your customers, and prospective customers, was the shortest route to making that happen. As important as it is to listen, acting on what you learned proved to be the golden ticket to earning customers.

One thing you learned was that builders hated having to pay for excess materials to be picked up, as well as a restocking fee. "We need to order a little extra, otherwise we'll end up one board short which will cost us time and money," was the common refrain. You agreed with their logic, and in exchange for them giving your new company an opportunity to be their material supplier, you agreed to waive the restocking fees and to pick up excess materials from the job-sites at no charge. Word spread among builders, and since you were the only yard in your market offering this service, it set you apart and gained you your first customers.

For years, this was fine. As long as materials were in ample supply, and you had trucks and staff available, all was well. Until the summer of 2020, when everything changed.

Materials became hard to source, and when you managed to find suppliers, the prices climbed and climbed. COVID left you short-staffed at the exact same time that your sales just took off. Since your builder customers knew that materials were in short supply, they made sure to order even more than normal. And why not? There was no downside or extra cost to "borrowing" the extra material. If they didn't need it for this job or the next, they'd just call and have you pick it up.

Now with materials in even shorter supply and prices higher than ever, suddenly, the extra service you were providing is costing you big money. When you told your sales team that you were going to have to start charging to pick up excess materials and charge a restocking fee, they were livid. "We can't just start charging for something we've given away for years," they argued. "Our customers count on that. If we suddenly start nickel-and-diming them, they're just going to shop our competition."

You mentioned to one of your biggest customers that you'd likely start charging for these services, and let's just say that it didn't go over well. So, you can't afford to continue giving it away, but your staff and your customers are threatening to revolt if you charge. What would you do?

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- **CUT COSTS.** If free pickups and no restocking fee are your competitive advantage, you have no choice but to cut somewhere else.
- **BOOST MARGINS.** An across-the-board price hike won't fly, so determine which products aren't as price sensitive, and start raising those prices to help cover your rising costs.
- **CHARGE LESS.** Start charging for pickups and to restock inventory, but charge less than your competitors. That maintains your competitive advantage, and keeps you in business.
- **STAY THE COURSE.** Keep doing what brought you success. When things return to normal, you'll make up for the extra costs in increased sales volume.

SOMETHING ELSE?

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





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