

LBM JOURNAL®

MAY 2021 \$10 U.S.

100

IN A YEAR UNLIKE ANY OTHER, THE
POWER OF PEOPLE, THE STRENGTH OF
RELATIONSHIPS, AND THE RESILIENCE
TO SERVE CUSTOMERS NO MATTER
THE CIRCUMSTANCES DEFINED THE
LBM INDUSTRY



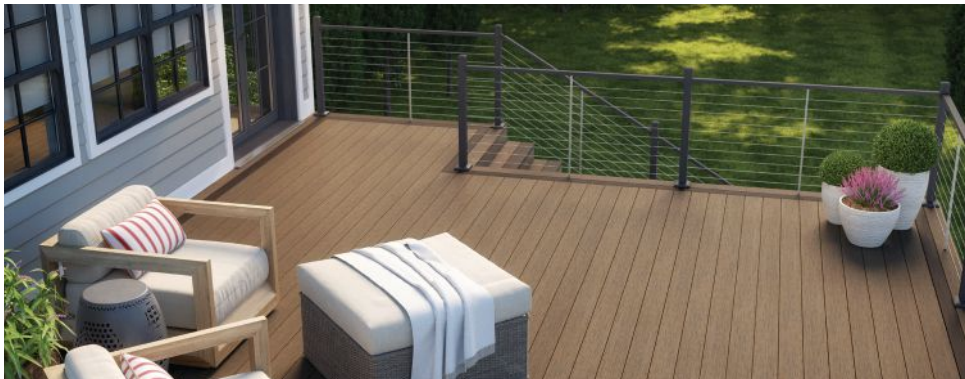
IN DEPTH: WINDOWS & DOORS
BOLD COLORS AND CLEAN AESTHETICS
DOMINATE IN A GROWING FENESTRATION
MARKET

REAL ISSUES. REAL ANSWERS.
MANAGING RETURNS





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Mahogany-Grained Common Arch Doors

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BY LBM JOURNAL READERS

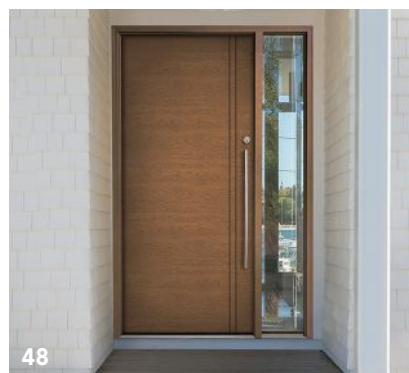
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WINDOWS & DOORS

Bold colors and clean aesthetics dominate in a growing fenestration market.

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First we went above.



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Introducing the LBM Journal 100

SINCE WE FIRST PUBLISHED this magazine nearly 20 years ago, we've hung our hats on providing a platform for LBM pros to improve their business skills and raise their bottom lines. While at our core is the print magazine, over the years we expanded with digital editions, a robust website, social media channels, live events, webinars, and most-recently podcasts. Throughout our evolution, however, we've never provided what many trade publications dub their Top 100 Lists.

The reason for this is simple: we didn't want to make anything up. Many trade journal Top 100 lists include entries that are "guesstimated" by the editorial staff. If a company chooses—usually for competitive reasons—not to divulge their top-line revenue, the editors do their best to project revenues so a successful company isn't omitted from the list.

I didn't feel comfortable doing that, so until now we haven't published a Top 100-type list. Yet I strongly feel that our original mission—to provide a platform for LBM pros to improve their business skills and raise their bottom lines—could still serve our audience if we included only those companies who chose to participate.

I'll never forget a conversation with a dealer who shared his company's story at a recent LBM Strategies Conference. "We're willing to share a lot of what we do as a company. I'm happy to share what's worked for us, and what hasn't. After all, we're part of a community—and the more we help each other, the stronger we'll all be. The one thing we'll never share, however," he noted, "is our top-line revenues." We respect the requests of dealers such as this and therefore, have not included them in the LBM Journal 100 list. It is a point of pride that every number you'll see in the listing came directly from the company itself.

Like anything we do at LBM Journal, our goal is to provide a platform in which our readers learn from each other. This fact is evident in our monthly dealer profiles in the magazine and online, in our webinars and podcast guests, and at our live event, LBM Strategies. And, I'm happy to announce, now in our annual LBM Journal 100 list. Featuring companies large and small, full-line lumberyards to specialty dealers, our list is constructed to provide you with exactly what we hope everything we produce provides: a comprehensive look at what other LBM pros are doing and how their experience may give you insights to help you build your sales, your business, and your brand.

As always, we welcome your feedback on anything we do. Please drop us a line if you'd like to make sure your company participates in next year's LBM Journal 100 survey. After all, our mission remains to provide a platform for LBM pros to find better, smarter ways to serve their markets.

— Rick Schumacher
Executive Editor & Publisher



Rick@LBMJournal.com



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Looking forward to LBM Strategies

ON THE MORNING this column was due, I woke up to a text from my brother. He had sent a picture shot out the window of an airplane he had just boarded to take off for a work trip. Work trips ... remember those? I do, and most of them fondly. It occurred to me as I read his texts that my next major work trip will be the LBM Strategies Conference in October. There may be a smaller trip or two before then, but nothing that's booked yet. So as of this point, I'm excited not only for our annual conference to return in-person, but because it gives me a chance to travel again.

We announced the first LBM Strategies Conference in 2016, just a few months after I started at LBM Journal, though the kudos for its rise to the premier educational and networking event in our industry go first to our Executive Editor and Publisher Rick Schumacher, and second to Michelle Fischer, our director of operations and events. They run the show there; I just write about it and oversee quality control for the lunches and cocktail receptions. Over the past five years, I've seen our conference grow in strength and scope through the quality of content as well as the networking opportunities with LBM dealers, managers, salespeople, HR directors, and so on.

I've been to my share of other events in this industry, many of which fall short of the attendee-to-exhibitor ratio that we pride ourselves on for LBM Strategies. Each year as I visit with attendees at the conference, I hear the same thing. I ask who they've met or talked with and they almost always comment on the number of dealers they've been able to connect with and learn from. Of course, there are also quality sponsors and exhibitors at the conference. We encourage them to attend the sessions

and grab a seat at the tables to hear from the conference presenters. At LBM Strategies, exhibitors and sponsors learn right along with the attendees. In doing so, a connection is developed that extends far beyond the exhibitor booth.

At one of the early LBM Strategies conferences, an attendee pointed out what I realized was the key to why the atmosphere at our conference was unique. The observation was simple enough, but it makes all the difference—none of the presenters are professional speakers. To hear how one businessperson has solved a problem and in their own words shares the story is priceless. It's motivational on a different level because to those in attendance, it couldn't be more relatable. The speakers aren't being paid to share the same information on a conference circuit. They're there to demonstrate how something they've experienced can help your business. I don't know what could be more valuable than that.

While the official agenda for October's event is still taking shape, I can tell you now that we've already lined up speakers on the topics of employee retention, sales, training, Lean operations, and more. Each of them is a professional in our industry who is there to share what works for their organization for no other reason than because it can help each attendee find the same success.

Of course, there is more than just the educational sessions to take in. There are networking breaks, lunches, cocktail receptions, and opportunities for private dinners that also draw attendees from around the country. This year, it all takes place October 13-15 at the Hilton Logan Airport in Boston. I can't wait to see you there. If you'd like more information, and to register, visit LBMstrategies.com.

— James Anderson
Editor



A handwritten signature in dark ink, appearing to read 'James Anderson'.

james@LBMJournal.com



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Douglas Wasiura

Sr. Vice President of Marketing & Ecommerce
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UPDATES

PEOPLE

Matthew Ackley has joined **Cornerstone Building Brands** as president, Engineered Building Systems.

Mitch Lewis will retire from **BlueLinX** in June. **Dwight Gibson** has been named incoming president and CEO.

DURATION Millwork has hired **Robert Torino** as national sales director.

International Wood Products has named **Edy Schaller** vice president of marketing.

John Spencer will oversee the Monroe, Louisiana and Gulfport, Mississippi branches for **BlueLinX**.

DISTRIBUTION

DW Distribution has received the 2021 Gallup Exceptional Workplace Award.

Palmer-Donavin will distribute **ProVia** manufactured stone.

St. Paul-based **Weekes Forest Products** will distribute **RDI** railing products to its Midwest network.

Manufacturers Reserve Supply has announced separate distribution agreements to carry the full line of **Tando** building products, as well as products from **Fraser Wood Siding**.

LP Building Solutions' ArchForm is now available from all **Sprenger Midwest** distribution centers.

Hawkeye Distribution will distribute **Envision** composite decking to dealers throughout Iowa, Nebraska, South Dakota, and Minnesota.



ACKLEY

INDUSTRY

Beacon's five waterproofing brands across the western U.S., including Hawaii, will now be named **Beacon Waterproofing Products**.

Deckorators MBC decking has been approved for use as cladding.

The Board of Directors of the **Hardwood Manufacturers Association** has elected **Troy Brown, Kretz Lumber Company, Inc.** of Antigo, Wisconsin, as president.

ProVia has announced the expansion of its entry door manufacturing facility located near Walnut Creek, Ohio.

RoyOMartin has announced a new production line for Eclipse OSB Radiant Barrier at the company's Corrigan, Texas facility.

Milwaukee Tool is expanding its footprint with the announcement of a new manufacturing facility in Grenada, Mississippi.

MERGERS & ACQUISITIONS

L&W Supply Corporation has acquired the assets of Starr's Building Supply, Inc. in Sacramento, California.

MORE FIRST-TIME HOMEBUYERS LOOKING FOR NEW HOMES

As the housing industry celebrated New Homes Month in April, recent data from the National Association of Home Builders (NAHB)/Wells Fargo Housing Market Index (HMI), reveals that first-time homebuyers account for almost half (43%) of the new home market in 2021, up from 32% in 2018.

According to the index, about two-thirds of the builders reported that more than 20% of their homes were sold to first-time buyers. Similarly, 27% of builders said more than half of their sales were to first-timers.

"A growing number of first-time buyers are eager to purchase a new home, yet home prices remain a challenge," said NAHB Chairman Chuck Fowke. "Policymakers must address the barriers to entry for buyers, such as soaring material costs added to the price of a new home, to keep the American Dream of homeownership within reach of everyone."

Home builders recognize the variety of factors that contribute to housing affordability. This year, building materials have played a significant role. Lumber prices have skyrocketed more than 18% since last spring, and this price spike has caused the price of an average new single-family home to increase by more than \$24,000 since April 2020, according to NAHB standard estimates of lumber used to build the average home.

The average first-time buyer share has trended upward steadily since NAHB began using the current methodology to measure it in 2016. Between 2018 and 2021, the share grew strongly from 32 to 43%. The reason for the upward trend before 2018 is less clear, but declining interest rates undoubtedly contributed to the post-2018 surge. The rate on 3-year fixed rate mortgages in the Freddie Mac Lender Survey declined from over 4.75% in October 2018, to under 2.75% by the end of 2020.

NEW HOME SALES JUMP IN MARCH

Low interest rates and strong consumer demand fueled a solid increase in new home sales in March, despite the ongoing building materials challenges impacting the industry. Sales of newly built, single-family homes rose 20.7% from an upwardly revised February number, to a 1.02 million seasonally adjusted annual rate, according to newly released data by the U.S. Department of Housing and Urban Development and the U.S. Census Bureau. This is the highest sales pace since September 2006.

Inventory fell to a 3.6 months' supply, with 307,000 new single-family homes for sale, 44.6% lower than March 2020.

Homes sold that have not started construction are up 150% over last year, an indicator of increasing delays and higher costs associated with construction.

The median sales price was \$330,800, up from the \$328,200 median sales price posted a year earlier.

Regionally on a year-to-date basis new home sales declined 3.3% in the West, and rose in the other three regions, up 36.6% in the Northeast, 53.9% in the Midwest and 50.5% in the South.

Home made

FOR GENERATIONS

Like a family recipe that's been handed down for generations, RoyOMartin has mastered the art of providing customers the highest quality, American-made wood products since 1923. Sustainably produced on nearly 600,000 acres of land, our products have been helping customers across the country build with confidence and peace of mind.

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Since 1923

RoyOMartin®

Our Founder,
Roy Otis Martin



UPDATES

BUYING GROUPS / CO-OPS

Effective June 1, Vice President of Lumber and Building Materials **Gary Nackers** will retire from **Do it Best Corp.** and **Russ Kathrein** will move into that role.

Josh Ratcliff will become the division manager of Forest Products at **Do it Best Corp.**, after most recently serving as the division manager of Lumber and Reload Operations.

LMC has announced the appointment of **Paul Ryan** as its new president and CEO. Ryan succeeds **John Somerville** who will retire in June.

Orgill will host a multi-day Online Buying Event that will run Aug. 16-27, and will not host an in-person Fall Dealer Market.



NACKERS



KATHREIN



RATCLIFF



RYAN



SOMERVILLE

HOUSING STARTS SPRING FORWARD IN MARCH

Housing production rebounded in March as buyer demand remains solid due to low mortgage interest rates. Overall housing starts increased 19.4% to a seasonally adjusted annual rate of 1.74 million units, according to a report from the U.S. Department of Housing and Urban Development and the U.S. Census Bureau. This was the fastest pace for combined single-family and multifamily construction since June 2006.

On a regional basis compared to the previous month, combined single-family and multifamily starts are 64.0% higher in the Northeast, 122.8% higher in the Midwest, 13.5% higher in the South and 13.6% lower in the West. The gain in the Midwest is likely weather-related.

Overall permits increased 2.7% to a 1.77 million unit annualized rate in March. Single-family permits increased 4.6% to a 1.20 million unit rate. Multifamily permits decreased 1.2% to a 567,000 pace.

REGIONAL PERMIT DATA COMPARED TO THE PREVIOUS MONTH. PERMITS ARE:

Lower in the Northeast	8% ▼
Higher in the South	6.4% ▲
Steady in the West	
Higher in the Midwest	2% ▲

BUILDER CONFIDENCE RISES AS DEMAND BEATS OUT SUPPLY-SIDE CHALLENGES

Strong buyer demand pushed builder confidence up in April even as builders continued to grapple with rising lumber prices and supply chain issues and consumers faced higher home prices due to a lack inventory. 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 rose one point to 83 in April.

"Despite strong buyer traffic, builders continue to face challenges to add much needed housing supply to the market," said NAHB Chairman Chuck Fowke. "The supply chain for residential construction is tight, particularly regarding the cost and availability of lumber, appliances, and other building materials. Though builders are seeking to keep home prices affordable in a market in need of more inventory, policymakers must find ways to increase the supply of building materials as the economy runs hot in 2021."

"While mortgage interest rates have trended higher since February and home prices continue to outstrip inflation, housing demand appears to be unwavering for now as buyer traffic reached its highest level since November," said NAHB Chief Econo-

mist Robert Dietz. "NAHB's forecast is for ongoing growth in single-family construction in 2021, albeit at a lower growth rate than realized in 2020."

Derived from a monthly survey that NAHB has been conducting for 35 years, the NAHB/Wells Fargo HMI gauges builder perceptions of current single-family home sales and sales expectations for the next six months as "good," "fair" or "poor." The survey also asks builders to rate traffic of prospective buyers as "high to very high," "average" or "low to very low." Scores for each component are then used to calculate a seasonally adjusted index where any number over 50 indicates that more builders view conditions as good than poor.

The HMI index gauging current sales conditions increased one point to 88 and the gauge charting traffic of prospective buyers posted a three-point gain to 75. The component measuring sales expectations in the next six months fell two points to 81.

Last month, builder confidence slid two points on rising material costs.

THREE-MONTH MOVING AVERAGES FOR REGIONAL HMI SCORES:

Northeast rose six points to	86 ▲
South moved up one point to	83 ▲
West held steady at	90
Midwest fell two points to	78 ▼

Sometimes the most important
DETAILS
are the ones you don't notice



When your customers are shopping for windows and patio doors, they're likely looking for a particular style, color, or grid pattern that will make a noticeable impact on their home's appearance. What they may not notice

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UPCOMING EVENTS

AUG 9-11 LMC HARDWARE EXPRESS
VIRTUAL

AUG 16-27 ORGILL ONLINE BUYING
EVENT | VIRTUAL

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

NAHB: HIGH LUMBER PRICES ARE DELAYING CRITICAL HOME REPAIRS

As lumber prices remain sky high, home-building activities continue to suffer across all aspects of the industry—including remodeling projects and home repairs, the National Association of Home Builders reports. Homeowners have had an opportunity while sheltering in place to examine their homes and identify key areas in need of repair. But many have been apprehensive to tackle these projects because of the uncertain costs and availability of project materials.

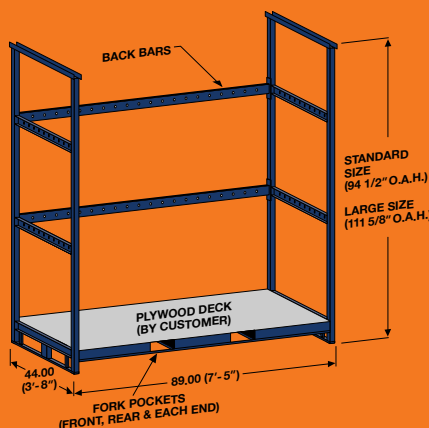
“When talking to prospective clients about projects, lumber pricing is now always part of the discussion, as they are aware of the issue, and are all concerned about how that may impact the cost of their projects,” shared Kenneth Kostecki, a contractor/remodeler from Virginia.

“Availability of other materials—such as windows, doors, appliances, plumbing fixtures, tiles, etc.—have also been in very short supply and/or with extended lead times,” he added. “This has led to additional project delays, which has impacted both cash flow and the overall project schedule, meaning that homeowners are left in the middle of a construction project with their house torn apart and unfinished for a longer period of time.”

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Red Mahogany



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Weathered



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HARVARD STUDY SHOWS HOW PANDEMIC BOOSTED HOME IMPROVEMENT INDUSTRY

While the US economy shrank by 3.5% in 2020, spending on home improvements and repairs grew more than 3%, to nearly \$420 billion, as households modified living spaces for work, school, and leisure in response to the COVID-19 pandemic, according to *Improving America's Housing 2021*, a new report released today by the Harvard Joint Center for Housing Studies. Although many professional remodeling projects came to a halt when the pandemic hit, DIY home improvement renovations surged. The sudden flexibility of remote work also increased demand for larger homes and yards in lower-cost and less dense areas of the country.

The unexpected strength of the home remodeling market made 2020 the tenth consecutive year of expansion for the industry, but the pandemic disrupted several long-term trends. "From 2010 to 2019, homeowners largely relied on professional contractors, and remodeling activity was heavily concentrated in coastal metros," said Kermit Baker, director of the Remodeling Futures Program at the Joint Center for Housing Studies. "But in 2020, amid concerns about having contractors in the home, DIY projects gained new popularity, and remodeling activity shifted to lower-cost metros where larger shares of younger households—traditionally the most active do-it-yourselfers—could afford to own homes." In late March of last year, 60% of respondents to one homeowner survey had begun at least one DIY maintenance or improvement project in the previous two to three weeks; by early May, the share had jumped to nearly 80%. Additionally, during the pandemic, many urban renters purchased homes—a transition that often begins a new cycle of improvement projects—in outlying communities in search of safer living conditions, more space, and lower housing costs.

For many homeowners with low incomes, however, keeping up with mortgage payments—let alone home maintenance—was especially challeng-

ing last year. And while 68% of the lowest-income owners spent less than \$500 on improvements and repairs in 2019, as a group, they are an important segment of the remodeling market, contributing around 10% of national spending each year. The ability of these owners to maintain their typically older, more affordable homes is critical not just for their safety and comfort, but for the preservation of the country's aging housing stock. "Lower-income owners were more likely to have lost employment income due to the pandemic," said Abbe Will, Associate Project Director of the Remodeling Futures Program at the Center. "If their finances do not improve enough to cover back mortgage payments and deferred maintenance, the already-large disparity in housing conditions between lowest- and highest-income homeowners will only grow."

The increasing incidence and severity of climate-related disasters in the

US caused spending on disaster repairs to climb to 10% of homeowner improvement expenditures by 2019, double its historical share and setting a new high of \$26 billion. Much of this spending was due to hurricanes and tornadoes with repairs heavily concentrated in the southern region of the US. Fully 41% of home improvement expenditures in Houston were for disaster repairs, pushing it to the third largest remodeling market in 2019, behind New York and Los Angeles. A record-setting number of billion-dollar disasters in 2020, along with a growing number of homes located in vulnerable areas, make it likely that spending on disaster-related repairs will continue to rise in the US.

While there are still large segments of the population who have not yet recovered from the steep economic recession caused by the pandemic, sustained growth in home remodeling is expected.

TOUGH CALL ANSWERS

ANSWERS TO OUR MARCH TOUGH CALL SURVEY:

THE BATTLE OF KAREN

KAREN WANTS TO SPEAK TO THE MANAGER. SHE WANTS A REFUND ON HER NON-REFUNDABLE CUSTOM ORDER AND SAYS SHE'LL RAISE A PUBLIC RUCKUS UNTIL SHE GETS HER WAY. HERE'S HOW READERS WOULD HANDLE THIS TOUGH CALL.

SURVEY RESULTS FROM LBMJOURNAL.COM

3.1%

GIVE IN. You're in a no-win situation. Order Karen the correct door, then hope and pray she never darkens your door again.



37.1%

DON'T CAVE. She knew special orders aren't returnable, and her signature shows that she agreed to your terms.

16.2%

FIGHT FIRE. If she wants to go to war, then so be it. Talk to a lawyer about your options if she slanders your company in public, then let her know you're prepared to fight back.

43.6%

WIN HER OVER. Go to her house with her, measure the door yourself, explain door swing, place the order for the correct door, and turn her into a customer for life.

LBM STRATEGIES

2021 CONFERENCE

OCTOBER 13-15 • BOSTON • HILTON LOGAN AIRPORT

Ready to outperform the competition? Join other LBM industry leaders from across the U.S. to learn, share and network, then get back to work armed with fresh ideas and actionable insights to grow your sales, your business and your brand. Breakfasts, lunches, networking breaks and cocktail receptions—all included with your registration—offer an ideal opportunity to connect with old friends and make new ones.

RESERVE YOUR SPOT BY MAY 31 AND SAVE \$250!

LEARN MORE AND REGISTER AT LBMSTRATEGIES.COM

2021 SPEAKERS (MORE TO COME!)



KATIE BODIFORD
Executive Vice President
Construction Supplier's
Association



RIKKA BRANDON
Chief Executive Recruiter
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
Sales Co.



DENA CORDOVA-JACK
Sr. Director, Leadership
& Talent Development
Kodiak Building Partners



CARL MOYERS
Director of
Human Resources
Parr Lumber



JOHN PERNA
President
Hamilton Building Supply



RICK SCHUMACHER
Executive Editor &
Publisher
LBM Journal



SHANE SOULE
President
ProTec Panel & Truss



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Business Development
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BY THE YARD NEWS FROM LUMBERYARDS AROUND THE COUNTRY

ABC SUPPLY RECOGNIZED AS TOP WORKPLACE FOR 15TH CONSECUTIVE YEAR

ABC Supply is only one of two companies worldwide to receive this recognition every year since the award was created in 2007.

ACS ACQUIRES FOLEY LUMBER AND MILACA BUILDING CENTER

American Construction Source has announced the acquisition of Foley Lumber and Milaca Building Center. Foley and Milaca will operate under their existing local brand names already established in Minnesota.

CONTRACTOR EXPRESS TURNS 40

Contractor Express of Long Island, New York is celebrating its 40th anniversary this year. Since 1981, Contractor Express has been providing contractors with building products on Long Island and the five boroughs.

TEAGUE LUMBER COMPANY ANNOUNCES OWNERSHIP CHANGE

Teague Lumber Company has changed ownership but remains within the family. The company was established by R.J. Teague in 1944, and later managed by his son, Jim Teague, after R.J. retired at the age of 97. Now, third-generation family member and current company president Paul Teague, along with fourth-generation Brandon Teague, are owners of the family business. Teague Lumber will continue to run business as usual with R.J.'s vision and goal to "sell quality products at a fair price" as a top priority, the company announced.

HANCOCK LUMBER ACQUIRES LAPOINTE LUMBER

Two long-standing family businesses are joining forces with Hancock Lumber's announcement of plans to acquire Lapointe Lumber, a fourth-generation independent building materials supplier that's operated in the Augusta and Gardiner markets since 1947.

R.P. LUMBER ACQUISITION ARM BUYING FARM AND RANCH STORES

R.P. Acquisition Corporation, a wholly owned subsidiary of R.P. Lumber Co., Inc., has acquired the Stock+Field family of stores. Based in Edwardsville, Illinois, R.P. Lumber Co., Inc. is a family-owned retailer that operates 72 full-service hardware and building material stores throughout Illinois, Missouri, Wyoming, and Iowa.

BUILDERS FIRSTSOURCE COMPLETES CEO TRANSITION

Builders FirstSource, Inc. has announced that Dave Flitman has been appointed chief executive officer. The planned transition of the CEO role is taking place 90 days after Builders FirstSource and BMC Stock Holdings, Inc. announced the completion of their all-stock merger transaction and coincides with the previously announced retirement plan of Chad Crow.

DREXEL BUILDING SUPPLY ANNOUNCES CHARITABLE PAULS PROGRAM

Drexel Building Supply has introduced a new charitable initiative: the PAULS Program. Through this build-one-give-one program, Drexel clients have the opportunity to shelter a family in need across the world.

KODIAK ANNOUNCES NEW POSITION AND PROMOTION

Jerry Jehn has been named senior vice president of doors, millwork, and windows, and Jason Hegeholtz has been promoted to president of Builders Millwork.

TAL HOLDINGS ADDS WASHINGTON LOCATION

TAL Holdings LLC, a 10-store chain of retail building material centers in Oregon and Washington, has acquired Mount Vernon Building Center (MVBC) in Mount Vernon, Washington.

MCCOY'S BUILDING SUPPLY NAMES TONIE GARCIA MANAGER OF DEL RIO LOCATION

Garcia was assistant manager in Del Rio after completing the company's Management Development Program.

PROFESSIONAL BUILDERS SUPPLY EXPANDS IN CHARLOTTE

Professional Builders Supply is expanding its capacity and product offering in the Charlotte, North Carolina market by opening a new distribution facility focused on exterior trim and siding related products.

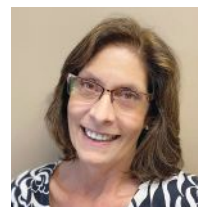
US LBM EXPANDS WITH NEW JERSEY UNIVERSAL SUPPLY LOCATION

US LBM has announced the opening of a new Universal Supply location in Paterson, New Jersey. The Paterson location is US LBM's second roofing and siding focused location to open this year and 12th since 2018.



SUNPRO'S TEMPLEMAN NAMED UTAH CEO OF THE YEAR

When *Utah Business* magazine recognized the 2021 CEOs of the year on March 25, Sunpro's President Greg Templeman was among the honorees. As Sunpro president, Templeman oversees the operations, management, and strategic direction of a company with 14 locations across Utah and Idaho.



NATIONAL LUMBER NAMES NEW DIRECTOR OF COMMERCIAL MILLWORK, DOORS, AND HARDWARE

Kimberly Salvo-Conlon joined National Lumber on March 8. Salvo-Conlon has more than 20 years of experience in commercial millwork sales and has earned FDI and DHT certification through the Door & Hardware Institute.

IN MEMORIAM: ROBERT 'BARNEY' WAGNER

Barney Wagner of Graham, Washington passed away March 14, 2021 in Tacoma, Washington, after a lengthy battle with cancer. Wagner founded Arrow Lumber and Hardware in Puyallup, Washington in 1997, and led the company to seven locations. An avid musician, Wagner made sure there was a piano in every Arrow store.

DEALERS, GOT NEWS?

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

Q: The past year has brought record sales to many LBM dealers, despite the initial worries early in the COVID-19 spread. Now a year later and likely on the other side of the pandemic, what do you see as the biggest opportunities for dealers?

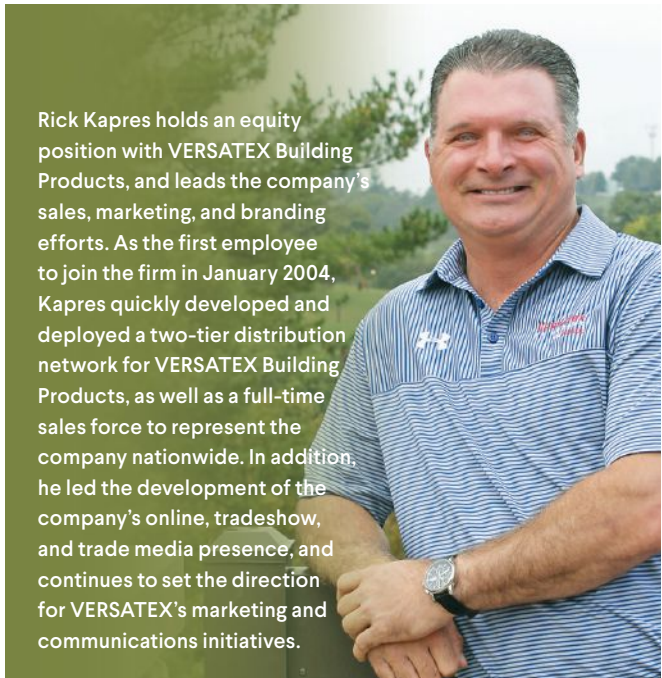
A: There is still a very good opportunity to upsell the builder/contractor base to better valued-added products like VERSATEX. The rapidly rising prices and long lead-times of traditional materials like wood have given the dealers the ability to introduce man-made substitutes to customers that have traditionally avoided buying these types of products due to price. Smart dealers who table these types of products now will see their margins improve in the long run while at the same time satisfying their customer base who will see the value in products like VERSATEX and continue buying them even after the prices and availability of the traditional materials return to normal. Think of golfers who once they switch from a wood driver years ago and saw the benefit of steel and titanium never went back to wood even though the wood drivers are now one-third the price of metal.

Q: With building and remodeling strong and materials sometimes scarce, how does VERSATEX work with dealers to access inventory to fill orders?

A: VERSATEX has always been forward thinking in regard to manufacturing capacity. When the pandemic hit we never slowed down production even though the first 60 days were sketchy. However, when the dam burst and everyone wanted material, we were ready and we've maintained our industry best two-week or better lead-times throughout. Our supply channel, which includes our more than 40 wholesale distributors, is completely stocked up and this has given us and our partners many opportunities to take share during this time.

Q: You recently kicked off your VERSATEX Road Show, bringing nationally recognized builder Bobby Parks and a training center on wheels to about 100 dealer locations. How important is dealer education, and how have your tools for reaching dealers changed due to the pandemic?

A: This is our fifth year of doing the Road Show with Bobby. Even last summer/fall, though it was a bit scaled back, we continued to do it for the dealers that wanted it. We followed CDC guidelines and eliminated or changed the way we served food, but it was still successful. The Road Show helps the dealer sales team engage their contractor base in a hands-on and up-close and personal way. We feel, by far, allowing folks to get their hands on the product during training is the most impactful way for them to learn. Yes, over the past year we have done many online training seminars, and even had Bobby host three webinars, but we are excited to get back in front of folks in a more sincere way this year. I encourage dealers to do online learning offered by manufacturers but to not shy away from in-person events when they are comfortable returning to normal, as there really is no substitute.



Rick Kapres holds an equity position with VERSATEX Building Products, and leads the company's sales, marketing, and branding efforts. As the first employee to join the firm in January 2004, Kapres quickly developed and deployed a two-tier distribution network for VERSATEX Building Products, as well as a full-time sales force to represent the company nationwide. In addition, he led the development of the company's online, tradeshow, and trade media presence, and continues to set the direction for VERSATEX's marketing and communications initiatives.

Q: As homeowners—therefore builders and dealers—look to be more environmentally conscious in the products they choose for their homes, how does VERSATEX's sustainability objectives help meet this demand?

A: VERSATEX has the Green Seal from NAHB due to sustainability, and our ability to recycle all scrap. On the commercial side there are up to five LEED points a contractor can earn using VERSATEX. The fact that the product does not require paints and stains with harmful VOC and prevents deforestation is a big draw. Additionally, VERSATEX has an integrated dealer recycling program for those that want to participate. We can take back any scrap left over on the job site, grind it up and use it again back in the process without sacrificing VERSATEX quality. At the plant we pride ourselves on using over 99% of our waste back into our process, eliminating any land fill impacts.

Q: VERSATEX recently launched new color options in its line of maintenance-free PVC porch ceilings. What are some other trends on the horizon that dealers should watch for?

A: Our color laminate program known as our Canvas Series has really continued to grow as contractors and builders are looking for more than just white, especially our soffit and porch ceilings. We will continue to add colors based on market demand. Our two new colors for 2021; Kitami, a replica of Japanese burnt ash, and Turner Oak, have really sold well. Additionally, we added a Piazza Blue T&G beadboard to our line that sells very well along the Eastern seaboard. I believe we will continue to add colors and SKUs to our portfolio as demand dictates. ■



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Maybe it's time to reconsider your company's return policies

BY BILL LEE

IT'S NO SECRET that inflation has been very much alive in the wood products industry of late. Over the past few years, prices have escalated far more than we have ever seen. Just a short time ago, owners and managers could perhaps justify not overreacting to how much time and money it is costing them to process returned material, but with the kinds of increases dealers have all lived through I believe it's time to revisit return policies and procedures.

Better management of just about anything begins with doing a better job of measuring, so you will not be guessing the size of the problem. I suggest assigning your operations manager or yard foreman to scrutinize your current systems and procedures.

Holding returns from 2-2.5% of sales is about as good as it gets, so zero in on returns as a percentage of sales for a few months. As far as best practices go, here are a few suggestions our most successful clients have found effective:

Visual verification. Encourage your salespeople to visually verify the accuracy of the quantities they punch into the company's computer system. Visual verification is not only a good habit, but also its effectiveness is a proven fact.

Read orders back to the customer. When you finish taking an order, read the order back to the customer and ask the customer to confirm the accuracy of what you recorded.

As a safeguard, staple handwritten orders to the computer-generated copy. Ask an attentive-to-detail member of the administrative staff to proof each.

Check each order for obvious omissions. In the salesperson's haste, it's easy to overlook items like sill insulation or thresholds when writing up an order. I've observed dealers significantly reduce errors and omissions as well as trips to the job by asking another salesperson to scrutinize orders for obvious omissions.

Identify repeat offenders in sales. Each month breakout all returns by salesperson. You will usually find that one or two of your salespeople are accounting for a disproportionate percentage of the returns. For example, some salespeople have a tendency to "throw material at jobs" rather than taking the time to do a quality takeoff. Counsel with these habitual offenders and help them figure out what they could do differently to reduce the number of returns they are responsible for.

Repeat the process with customers. A handful of customers will usually account for more than their share of returns. If you can identify the culprits, you are in a position to sit down with them and brainstorm a solution.

Consider penalizing salespeople who make mistakes. In an attempt to reduce returns, several dealers subtract, for example, the full value of special-order returns from their salespeople's commissions until they're either returned to the vendor for credit or sold to another customer.

Seriously consider moving responsibility for purchasing and pricing special order material from the salespeople to purchasing. This is controversial because most dealers believe in allowing salespeople to sell, purchase, and price special orders. However, dealers who have turned over all purchasing and pricing to purchasing personnel report fewer mistakes and significantly higher gross margins.

Specify a knowledgeable leader in your company to make the judgment as to whether a return is eligible for full credit. Do not allow just anyone to make this decision. Assign responsibility to another responsible operations person to promptly restock resalable material or take it to the "bone pile."

Reducing the cost of mishandling returned merchandise is the same as putting pre-tax dollars on the bottom line. ■



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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SCAN ME

Leverage the market opportunity

BY RICK DAVIS

LEVERAGE THE MOMENT! That is my advice to salespeople in these unique times for the construction industry. If there has ever been a better sellers' market, then I know I haven't lived through it.

Housing inventories are at the lowest levels in decades, meaning we need new houses. As a result, demand for new construction is approaching 2005 levels. Product scarcity has driven up pricing to unprecedented levels, which hasn't put a nick in demand, let alone a dent. Remodeling expenditures skyrocketed during the pandemic and many prognosticators are projecting a robust future. The outlook is rosy, so why are so many salespeople complaining?

They're complaining because it is hard to keep up and customers are demanding. If it's not enough to keep your existing buyers happy, you have your competitor's customers trying to cherry pick your inventory to fill orders. Salespeople are complaining because the lead times for products has approached levels that jeopardize planning even for the most efficient builders and remodelers. So, what should you do?

I say stop complaining and start leveraging this rare opportunity. Here are my tips of the month:

1. Communicate better than the competitors. *Everyone* is dealing with daily price fluctuations and lead times being quoted not in weeks, but instead months. Instead of feeling victimized by the strange times we're in, recognize that you are not alone. Be the provider that helps your customers cope in these difficult times. This means ordering complete packages at the outset because fill-ins are sometimes hard to deliver. It means working backwards on lead times and, instead of waiting for buyers to place orders, *telling* them when they need to get them in if they want their projects to go

without a hitch. This is a time for brutal honesty and quality planning.

2. Elevate your margins. If there was ever a time to raise your margins, or at least hold them, this is it. I find a lot of salespeople are uncomfortable doing so. This is not a time to "practice" delivering building materials; it's a time to improve your cash flow while increasing your cash reserves. If you are a business executive reading this, forward it to your salespeople with an attached note that emphasizes the importance of cash flow to any business. Now is the time to build up cash reserves.

3. Cull your customer base. Got a loyal, fair-margin customer who is delightful to work with? Make sure they get first dibs on inventory, favors, and service. Got a nuisance customer? Elevate pricing and you'll be compensated fairly or potentially lose them. If you are ever going to lose customers, now is the time. It is your best opportunity to replace them.

4. Prospect. Prospect. Prospect. Anyone familiar with my work knows the value I put on prospecting as a non-stop duty for salespeople at any stage of their careers. The chaotic times present opportunities to "select" the right buyers. Prospecting is not about persuading; it's about finding the best future clients when the timing is right. If there every were a time when buyers are open to change, this is it.

It feels counterintuitive to salespeople to work on their business at a time when they are so busy working in it. You decide for yourself, but in my book, the current market conditions present opportunities for sales growth like we haven't seen since the start of the 21st century. It's a great time to seize the moment. ■



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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- Rick Davis, CEO of Building Leaders



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How to leverage phone and video interviews—with or without a pandemic

BY RIKKA BRANDON

I’VE BEEN A FAN of the phone interview even before the pandemic drove many tasks in the LBM world—from office work to product training—online. But of course, COVID-19 has made remote conversations more necessary, more accepted, and more accessible. And I don’t think that needs to completely change when things go back to normal.

HOW TO LEVERAGE PHONE INTERVIEWS

The phone is a great option for a first interview because it can save time and hassle for both you and the candidate. It’s an easy way to ensure the candidate is actually interested, has the experience and basic qualifications you’re looking for, and isn’t turned off by deal breakers such as the commute or compensation. Plus, if you quickly discover that the person isn’t a fit to move forward in the hiring process, you’ll have avoided wasting their time commuting to an in-person interview that was over in a few minutes (even if you kept interviewing them for 15 more minutes out of courtesy).

It’s important to remember that this interview is designed to determine if the candidate warrants a second interview—not if they should be hired. Begin asking some qualifying questions that can help determine if they can do the job in its most basic form. As I discussed in a previous column (May 2018), these are “functional questions,” such as “Have you ever had profit and loss responsibility for a \$3 million budget?” or “Have you ever done retail or inside sales?”

Once you’ve provided an overview of the job, covered the deal breakers, and determined they have the basic skills required, move on to walking through their resume. I ask about each job the candidate has had so I can learn a little bit more about their experience and career progression. As we go through each position, I ask for clarification or more information as it relates to the position I’m interviewing for.

Along with addressing these first-round necessities, a phone interview also gives you insight into how the person will communicate and how they will come across to your customers. Are they hard to understand? Do they talk excessively loud or fast?

All of these factors can help determine if the candidate should move on to the next round. And in many cases, the next round can be done virtually, with a one-on-one video interview.

HOW TO LEVERAGE VIDEO INTERVIEWS

I typically recommend a phone interview followed by a face-to-face interview; but an in-person interview isn’t always possible due to time and travel costs. Don’t let a good candidate’s location or limited availability deter you from moving them forward in the consideration process. A video interview can still provide the additional insights you would get in a face-to-face interview, such as your rapport and how well they present themselves.

As a bonus, asking candidates to do a video interview also can give you some insight into how tech-savvy they are as well as their ability to problem-solve. If they call you numerous times for help getting it set up, that’s not a good sign. In addition, you can record the interview to share with other team members.

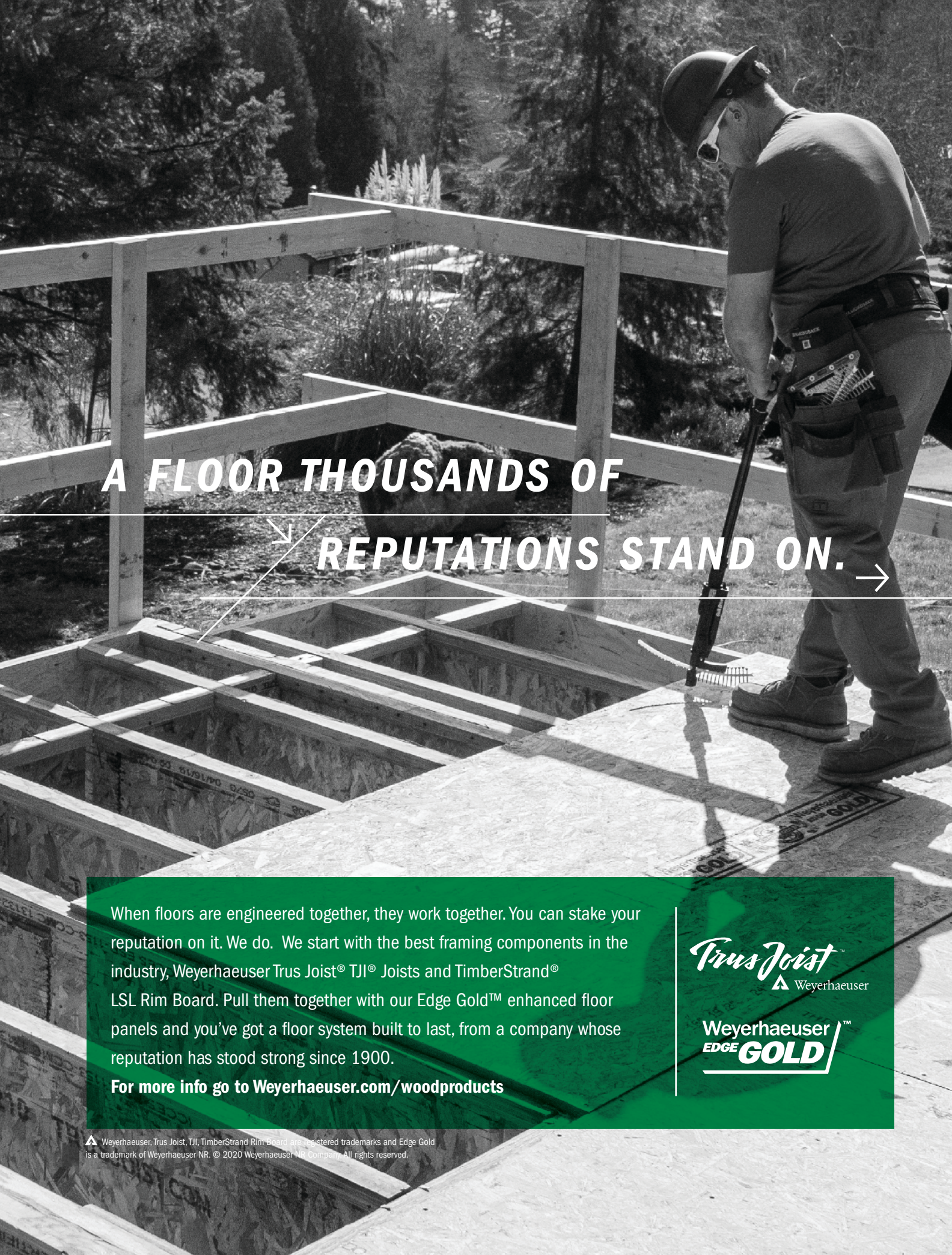
Like a face-to-face second interview, a video interview should delve deeper into their cultural fit for your company and how they would handle likely situations. These come in the form of behavioral and situational questions.

If you recall from my June 2018 column, behavioral questions give you a glimpse into the job applicant’s work ethic, their approach to challenges, and their ability to work as a team, such as “Tell me about a time that you went above and beyond for a customer” or “Describe a situation when you had to resolve conflict in the workplace.” Situational questions require candidates to respond to a situation they may face on the job, such as “Walk me through how you’d build a relationship with a potential customer who just came through the door.”

If it’s one thing the pandemic has shown, it’s that we can do more remotely than we originally realized. The days of letting scheduling delays slow down your hiring process (causing you to risk losing the best candidates) and paying for job candidates to fly out to meet you could be over—while still ensuring you can hire the strongest candidate. ■



Rikka Brandon is a leading recruiting and retention expert for the LBM industry. She’s the CEO of BuildingGurus.com and founder of RecruitRetainRock.com where she helps business leaders solve their recruiting and retention challenges.



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Speak in a manner that others will listen

BY RUSS KATHREIN

AN INDUSTRY friend of mine recently posted a great message: “Speak in such a way that others love to listen to you, and listen in such a way that others love to speak to you.” This is probably some of the best advice one can give to a young, up-and-coming leader. In fact, every leader would do well to listen to this advice (including yours truly). Sometimes you need to stop, hear yourself speak, and then ask, “Would I want to listen to what I have to say?” Often, we’re tempted to give too much detail, wander off the subject, or say things that really don’t contribute to the conversation. Or it might not be *what* was said, but rather *how* or *when* it was said. If we interrupt or cut people off because we think what we are saying is more important, how likely is it that the person you just interrupted will want to continue listening to you?

There was a point in my career when I was new to a company. I regarded my boss as a mentor who could help me develop and potentially move up to the next level. Since I wanted to prove to him and my peers that I belonged and deserved a seat at the table, I found myself trying to be the first one to come up with solutions when a problem was presented to the group—or at least that is how I thought of it in my mind. In reality, I was more like a Jeopardy contestant trying to hit the buzzer first. I didn’t realize the reputation I was earning until I solicited feedback from my subordinates, peers and boss. One comment came anonymously from a peer and said, “Listen more. Russ is a very smart guy. He shouldn’t try so hard to convince others how smart he is. We already know it.” That one hurt because it really hit home.

Being told not to try so hard and listen more is great advice, but what techniques will successfully achieve this? That is where my boss gave me the single most important piece of coaching I’ve ever received in my career. He pointed out that while he understood why I was trying so hard, that *how* I was doing things wasn’t helping

me gain credibility with the team. He noted I was usually the first to share an answer or suggestion and instructed that I needed to listen more and be the *last* one to contribute instead.

He explained that while some of the ideas I shared first might be unique or compelling, chances are they were ideas other people on the team would suggest if given the chance. So instead of being impressed with my suggestions, the others would either be frustrated that their idea was mentioned before they could offer it, or they would view the idea, and my perspectives, as something that they already knew. Going last gives the chance to hear everyone else’s thoughts and only share ideas that are truly unique and add value to a conversation. Thus, instead of being viewed as a person who always had something to say, regardless of the value, I would be viewed as someone who only contributed new or fresh perspectives and people would be inclined to pay more attention and truly listen to what I had to say.

Once implemented, I quickly noticed a difference. People seemed to really perk up when I spoke, as opposed to tuning out. I noticed that my peers started seeking me out for more counsel with their challenges. And a funny thing happened along the way. I started to become a better listener because instead of thinking about what I was going to say while others were talking, I was truly listening to what they had to say to see how it compared to anything I was thinking about contributing. The result of my increased attentiveness to listening is that the respect I was showing my peers while they were speaking was reciprocated exponentially when I was speaking. Now as I look back to that early coaching, if I’d only taken from it to “speak in a way that others would love to listen to you,” and not included the second part to “listen in such a way that others love to speak to you,” I would have still failed at being the supportive peer and leader that I aspire to be. ■



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

How to fight credit card fraud

BY THEA DUDLEY

Dear Thea,
We have seen credit card fraud attempts on the rise recently, mostly with call-in orders. Short of asking the customer to send in a copy of their driver's license and copy of the credit card front and back, are there any less restrictive approaches out there? Our inside sales teams are getting screamed at for repeat requests.

— Fighting Fraud in Fort Worth

Dear Fraud Fighter,
 Isn't creativity awesome? Just when you think you have a process and all is well, along comes the right combination of economic factors (COVID-19, more online orders) to get those less-than-honorable types to kick the creative juices flowing into high gear.

Credit card fraud has long been a challenge, but it seems to rear its ugly head full force when opportunities present themselves, and nothing says ripe for the picking like right now.

Unfortunately, you will have to get more restrictive. In talking to other credit managers, I see that the problem is growing. Several recent "card not present" transactions have processed with no red flags. They asked all the right questions, gathered all the required data: complete address match, zip code, and security code. They still ended up being fraudulent.

So, what is a credit manager to do? Put additional measures in place. If the order is being placed by someone who doesn't have an account or who is not known to your company, ask them to email you a copy of the actual credit card, front and back, along with a copy of their driver's license.

If they say they can't email, and would rather fax it to you, it could still be a red flag. I like having their email address as one more check point. The push back on that is the old "I don't have a scanner, so I will need to fax it over." Ok, big boy, fax away. I will be scrutinizing that fax and tracing the number it comes from like I search my house for chocolate. Not a cabinet missed, including the freezer.

If something just sounds "off" and the order is suspicious, tell them they are required to bring the card into the branch so it can be processed on-site. How a customer reacts to your requirements speaks volumes. Typically, the louder they roar, the more guilty they are.

I hate walking away from a sale, but I really hate giving away products and services for free, especially to someone who outsmarted me with their criminal mind. Take the necessary steps to protect your company and make that sale safely. If they lose their stuffing on you, the best decision you can likely make is to walk away. ■



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

How to pocket cash from your balance sheet in the sale of your company

BY JOHN WAGNER

THE VAST MAJORITY of LBM companies are sold on a debt-free/cash-free basis. In a debt-free/cash-free sale, you, the seller, must resolve any long-term debt out of the proceeds of the deal at the closing. The good news is that you get to keep “cash” and “cash equivalents” on your balance sheet. Upon hearing this, many of you are reaching for your phone, and dialing your accountant to ask: “How much cash do I have on my balance sheet?”

Your balance sheet may have tons of cash beyond your liabilities; many companies do. But your accountant might come back with a disappointing answer, like this: “Well, we *had* lots of cash three months ago. Then, you made that large OSB buy at the co-op show. And plus, you jumped on the mill’s multi-truck discount for dimensional lumber.”

You hang up, wondering why you didn’t take your Mom’s advice to become a dentist. Then you dial your accountant again: “Forgot to ask. How much cash would we have on the balance sheet in six months? That’s when the deal would close if we were acquired.”

The accountant: “Oh, that’s a much better cash position, because you will have sold off that inventory you bulked up on, and if you stick closely to your 12-month inventory average, well, you’ll have a healthy cash balance.”

You hang up the phone, triumphant: “Ah ha! Who needs dental school, when you can run a lumberyard?!”

The accountant has a point. If you see a deal on materials—and at the time you’re *not* really thinking of selling your company—you may be wise to draw down cash to make a purchase. That’s a classic buying behavior: Bulk up, sell down over a long period of time. But that is unwise in the year going into the sale of your company.

Any LBM dealer’s inventory management can be measured in four ways, all related to a Days on Hand (“DOH”) and inventory turns. Those four metrics are:

1. DOH-Month
2. DOH-Yearly Average
3. Inventory Turns-Month
4. Inventory Turns-On Yearly Average

If your company has a high Days on Hand, which will invariably lead to “low” inventory turns (e.g., below three time/year), you will invariably have cash unnecessarily locked up in inventory that is simply not moving that fast.

This will probably not be an issue if you are not selling your company. You place big orders a couple times a year at the co-op shows, and then sell down the items over a period of months.

Unfortunately, if you have low turns consistently over a period of years, you establish a pattern that a potential acquirer will point to and say, “Your profitability and success seem clearly based on turning inventory 3X/year. Let’s maintain that going into the closing.”

But if you want to extract as much cash out of the business at the time of sale, that 3X/year turns pattern will work against you, because you’ve got so much cash locked up in relatively slow-moving inventory. If you had been buying inventory at a higher frequency/lower volume, you’d have more cash on your balance sheet, subject to harvest at closing.

There are a couple of problems with making a last-minute adjustment to notch up your turns. You can’t suddenly “see the light” and convert to higher inventory turns just a month or two before a sale, just to bump up cash reserves. The buyer will perceive that as “out-of-pattern” and suspect (correctly) that you’re selling off inventory beyond your normal multi-month averages just to bulk up balance sheet cash at closing. The other problem is your working capital PEG which is typically based on twelve-month averages of your current assets and current liabilities. Lowering inventories several months before the close and the working capital PEG “true-up” could leave you with a negative adjustment to your working capital PEG.

Engage in frequent ordering/lower volume/high turns/less cash locked up for *months*, or a *full year* before selling your company, while asking your investment banker to explain the changed behavior to the seller.

Clearly, maximizing cash harvest, at-close, is possible, but seek your investment banker’s help in advance to adjust your practice so it is acceptable to the acquirer. ■



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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E-commerce 101—for 2021

BY SHANE SOULE

IF I'VE LEARNED ANYTHING in the last 12 months, it has been that what is successful in other industries can often be successful in ours. Big box stores are implementing technology changes now and taking market share from us faster than we realize. They will continue to eat away at our businesses as they integrate technology that makes our customers' lives easier, and it's time for us to respond. This is where e-commerce comes in.

As I've worked with multiple ERP suppliers, I've narrowed e-commerce functionality for lumber into three levels. With each level comes a heightened layer of complexity, integration, and cost.

Level 1: Customer Portal

Level 2: Pro Contractor Shopping

Level 3: Retail—Anonymous Online Transactions

LEVEL 1: CUSTOMER PORTAL

Level 1 is easiest and least expensive and is an option that is available with most current ERP systems. It's an add-on that allows your customers to log into their account online or via a phone app creating transparency in statements, invoices, orders, and quotes on demand. This normally comes with the added functionality of allowing for customers to pay their statements online via ACH or credit card (if you allow). Customers love to have this information at their fingertips, and it reduces your costs by eliminating calls and emails back and forth.

LEVEL 2: PRO-CONTRACTOR SHOPPING

Customers with an account can do business on demand without having to contact their sales rep or call into the front desk. They can:

- ▶ See pricing on items to build their own quotes (variable pricing can be setup at customer level)
- ▶ Order product and schedule delivery
- ▶ Accept quotes or lines on quotes and schedule for delivery
- ▶ Receive notifications on the status of their orders

LEVEL 3: RETAIL—ANONYMOUS ONLINE TRANSACTIONS

This level is the most expensive and labor intensive; it requires you to set up multiple areas of functionality including a link to a separate website with pictures and descriptions of products, setting up processes for cash customers, and working out other payment collections through the transaction. It's ultimately worth the investment because you're more likely to keep business through walk-in traffic, and you'll gain more market share from competitors that don't offer something similar. You can even integrate your dispatch GPS systems, so customers get notifications and track delivery trucks. This is truly a difference maker.

E-commerce is probably the biggest differentiator in service and strategy hitting every industry right now. Look at grocery shopping. Before COVID-19, about 14% of consumers shopped at least partially for groceries online and only 6% fully online. Now, 37% of consumers do ALL of their grocery shopping online...including me. Why would I spend valuable time walking the aisles when five minutes online gets delivery to my doorstep? Ask yourself: if you could order lumber, a hammer, or a tape measure on your phone in five minutes, pick it up, skip the line, and be in and out in two minutes, wouldn't you choose that? What if you could get your deck quoted by turning in a request on your phone, receiving the estimate, ordering it, and having it dropped off in your yard the next day? Even if the number of those consumers who would utilize this option is small, we have to ask ourselves if we are prepared to lose that percentage of business.

Consumers are used to e-commerce servicing and are now seeking it out for everything they buy. In the past, this would have been too hard. Now, ERP systems make it possible. A simple call to your ERP sales rep asking for a demo is all it takes to get started. Take the necessary steps to change your business strategies now, and you'll build business in the rapidly approaching future with confidence. ■



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



LBM CENTURY CLUB HONORS 100-YEAR-OLD BUSINESSES

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.

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:

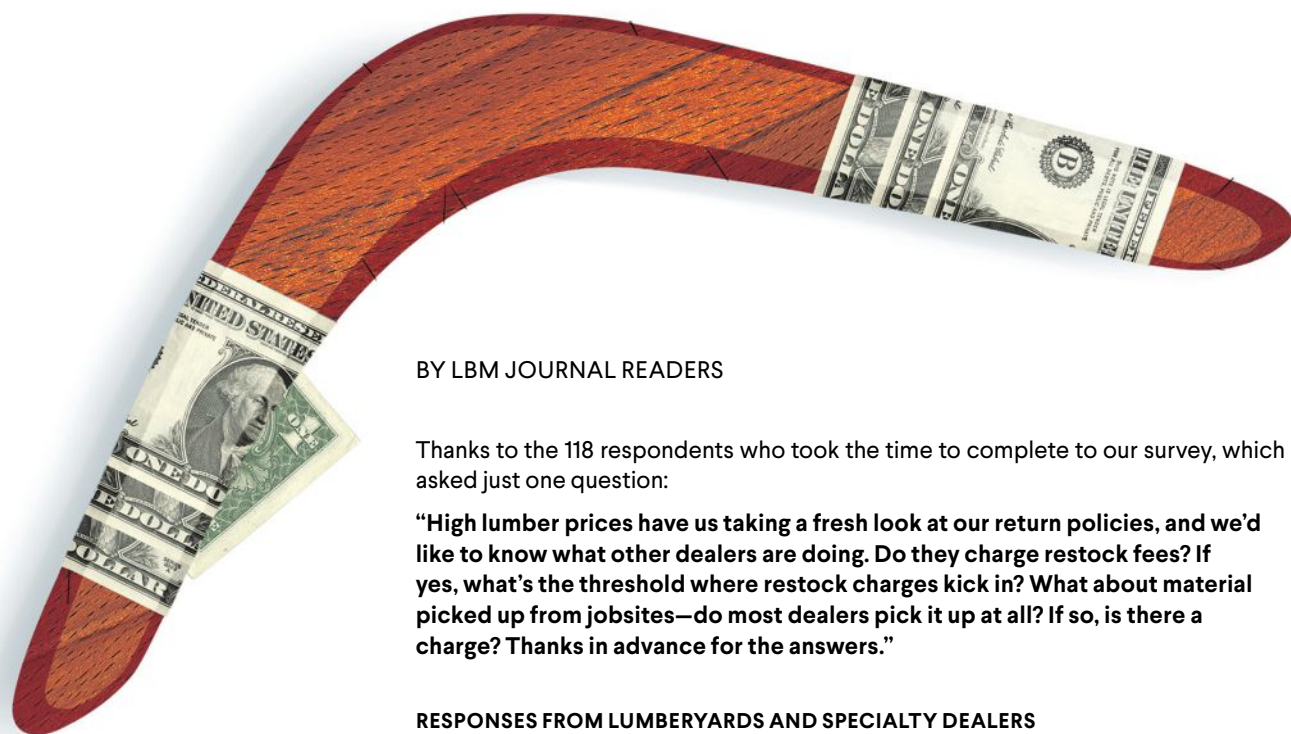
BROWNSTOWN LUMBER Brownstown, IL	est. 1909	LAMB LUMBER CO, INC. Lake Placid, NY	est. 1919
CARHART LUMBER CO. Wayne, NE	est. 1921	MARCUS LUMBER Marcus, IA	est. 1920
HOBART LUMBER COMPANY Hobart, IN	est. 1915	MCDOWELLS BUILDING MATERIALS Vinton, IA	est. 1864
HOLMAN SUPPLY COMPANY Moultrie, GA	est. 1920	OLDHAM LUMBER COMPANY INC. Dallas, TX	est. 1921
KREMPP LUMBER COMPANY Jasper, IN	est. 1918	STEWART BUILDER SUPPLY Dickson, TN	est. 1921

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EPICOR

With lumber prices near record highs, and many other materials in short supply, it's more important than ever that LBM dealers have smart return policies in place. For this month's Real Issues. Real Answers survey, a Kentucky dealer asked other LBM pros to share their best practices when it comes to handling product returns. That's why we asked our readers to share their experience with...

MANAGING RETURNS



BY LBM JOURNAL READERS

Thanks to the 118 respondents who took the time to complete to our survey, which asked just one question:

“High lumber prices have us taking a fresh look at our return policies, and we’d like to know what other dealers are doing. Do they charge restock fees? If yes, what’s the threshold where restock charges kick in? What about material picked up from jobsites—do most dealers pick it up at all? If so, is there a charge? Thanks in advance for the answers.”

RESPONSES FROM LUMBERYARDS AND SPECIALTY DEALERS

“We haven’t charged restocking fees for materials in the past, and with the scarcity of available materials, every resaleable sheet or stick is precious so we have been taking them back for full credit if we can resell them. If we cannot resell an item, we do not accept it for credit. This applies to material picked up at jobsites (which we do) or to material returned to our yard by customers.”

“We charge a 10% restock fee on material returned in good condition. Special order return charges equal the distributor return charge plus 20%. We offer no credit on junk, but we will pick it up and repurpose it.”

“We charge a 15% restocking fee to cover the time it takes to look up invoices and restock the products that show no sign of use. If we send a truck and driver to pick up products at the jobsite, we charge a pick-up fee to be determined per job. This practice has deterred some contractors from over-ordering.”

“Stock items can be returned, but special orders receive a 15-20% restock fee if our suppliers will take it back. If not, the customer keeps it.”

“If you pick up from a jobsite, you need to charge a restock fee.” ➤

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"We don't charge a restock fee or charge to pick up the materials. It could be argued against us for shipping too many materials. It's best handled with communication to reduce future job overages. Credits are just as important as sales and should be treated as such. Too many customers can be lost from poor handling of the credit process."

"Returned goods are becoming a real problem as customers are not keeping anything left over anymore. We charge 15% for returned materials and 30% on returns that we pick up at a jobsite. Of course, the material must be in good condition and re-sellable. If a customer returns something the same day and trades up for a longer length or a more costly item, we'll waive the restock fee."

"On materials returned by the customer we do not charge a restock fee, but we are very particular about making sure the materials are in re-sellable shape. We either require a receipt or we must be able to find the original invoice in our system so that the credit pricing is correct. We do pick up materials at the jobsite and have a range of restocking fees that are applied from 5% to 20%, depending on the distance from our yard, how well the materials were staged for us to pick up, and who did the take-off on the initial order. We have a few large customers who have negotiated their pricing to include free returns with no restock fee, and we have a few trouble customers who always get a 20% for materials they return. We try to keep it flexible, but it often becomes a major source of contention."

"We are located in East Texas and we have never charged a restock fee on stock material lumber. We have definitely tightened up on special order returns, trying to pass the cost on to the customer when we can prove fault. We have always offered pickups within 48 hours, it's one of most powerful pitches when trying to get new business. While I cannot see us charging a restock fee, we have a small service fee (\$14) that we apply to every delivery ticket, and I could see us moving that fee to credit invoices as well."

"We do jobsite pick up of materials for each of our customers. We ask our account managers and sales staff to help guide and monitor the materials sold and delivered to a job. We do not have a regular restocking fee, but on occasion our store managers might charge a small fee at their discretion. Materials picked up and returned must be clean and ready to resell. Also, these materials returned are credited at the original invoice pricing."

"I do not pick up returns unless we are delivering an order. Our stocking fee is 20% plus \$65 per hour to mess with returns."

"We do not charge a restock fee on salable stock items that are returned. Non-stock items that can be returned to our sources have a restock fee."

"We are a customer service-based lumberyard (we don't sell on cost). This means that we are always striving to serve the customer. We do not charge a re-stock fee unless the product is a special order and the supplier charges a re-stock fee. Material will also only be credited at the same price that it was charged out at. The name of the game is, of course, compromise."

"We are not charging a restocking fee on any stock product purchased from us. We have become more vigilant and are inspecting every board before we give credit. We do not collect restocking fees, even if we pick the material up from the job site. We run at a healthy enough margin to cover the costs of sending a driver and extra help to do pick-ups. Our customers are also helping us by stacking materials neatly and with easy access for returns."

"We charge 20% restock on all returns plus a trip charge. All material must be 100% resalable. Special orders are not returnable."

"We charge re-stock fees on all returns that have been estimated by the builder if we have to pick it up. Usually, it's 15%. If we have estimated the job, we pick up and do not charge a re-stock fee."

"Our customers are almost exclusively high-end custom builders. If it's a good customer and/or a product that is in short supply and is in a condition that the customer would accept the exact same material back on his job site, then sometimes we will not charge our typical 25% restock fee and we'd also reverse delivery charges. If the material is in less-than-saleable condition, we will not issue credit. On occasion we have issued credit at a higher restock charge of 50% plus reverse delivery charges to maintain a solid relationship."

"We don't charge restocking fees, but we have to go back and make sure what the customer paid for the original material, and not the price the product is right now. We do pick up material, but we also charge a delivery fee for having to go pick it up and it has to be in a neat pile so all we have to do is pick it up."

"We do not normally charge a restocking fee unless we deem it excessive. We have, on a few occasions, picked up returns but we do charge a delivery and restock charge at that point."

"We only charge a restock fee if the vendor we are sending it back to does. If they charge a 20% restock fee, we charge a 25% restock fee. We always increase it by 5%. We don't charge a restock fee on stock items. If we pick up stock returns and there is any damage to the material, we don't give the customer credit. If the customer wants us to pick up returns, we will. And if there is any mud on a box or any question if it would be hard to sell in the shape it is in after sitting at the jobsite, we will pick it up and not give the customer credit."

"If I sold replacement windows (custom sized) and the customer had one left over after a job, there is no way on earth I would accept it back and refund his money. I feel like it would (or should) be the same way with lumber, especially since what is left over has been picked through to cull out any inferior pieces. I realize lumberyards do sometimes have to take lumber back from certain customers, but it's pretty tough, especially if you don't get the gray orders."

"We are a contractor yard, not a DIY yard. We do a final pickup on each jobsite and give our customers 100% credit on all re-saleable items. If the framers have walked all over the lumber, or it has been cut, or has nail holes, then we leave at site. If the material is covered, and stacked on breakers, so we can pick it up with our forklifts, we give full credit. The salesmen are responsible for educating the builders and framers. The builders embrace it; the framers not so much."

"We pick up materials at the jobsite for customers with no return charge. The biggest problem happens if the material is not resalable. Then we sometimes return it to the jobsite. Two trips for no sales."

"Special orders or non-stocked item have a 25% restocking fee. We will pick up materials for return and charge a delivery fee."

"We only charge restock fees if our vendor charges us, in some cases a return from many months ago may be charged a restock fee also. These days, dimensional lumber that is returned was often sold at a lower cost than we currently are charging. The customer is refunded the original sale amount. If the product is resold at current prices, that is an increased margin for us; when lumber prices come down that will be a different story! We do pick up from jobsites, sometimes we charge a standard delivery fee."

"I typically do not charge a restock fee if the customer brings back the material. I feel it is a wash if they take their own time and gas to bring it back. By then, it is equal to my people checking it in and putting it away. If we have to pick it up on a jobsite, I will typically charge a 15% restock fee."

"We have not changed our return policy since the pandemic and high prices took hold. We charge re-stock fees on special order products that have to go back to suppliers. We pick materials up at job sites and apply delivery fees when applicable." ➤

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"Our yard's policy is to pick up and write a full return on any item that is a stock item that has been protected from the weather and other damages. Our customers are required to separate materials to be returned from those that are yet to be used or damaged. Special orders are not returnable unless our supplier agrees to accept the unused items and our customer agrees to pay any restocking fee our suppliers may require."

"We still pick up from jobsites but only give credit if in resalable condition. We do not charge restocking fees."

"If you do the takeoff, don't charge a restocking fee except in the case for changes on the jobsite that caused the overage. If you don't do the takeoff, charge a restock fee for materials returned. Picking up from jobsites is a value-added service that I deem essential to a well-rounded customer/client relationship. We have no charge for this beyond a restocking fee, if applicable, within pre-defined delivery geographic areas."

"If the vendor will take it back, we charge whatever their restocking fee is. We are working on getting full payment on special order items. All contractors and active charge accounts are paying 50% down. All cash customers pay 100%."

"We pick it all up for free. That is a part of our service. We do not give credit for damaged products (something that we cannot resell as-is). We have multiple ways to salvage some value from damaged goods. We watch the return percentage of all of our customers and address the abusive situations on a case-by-case basis. Sometimes, we have increased our selling prices to build in extra costs for certain customers. If they quit using us, in some cases, we are ok with that."

"Currently we do not charge a restocking fee but are also looking into charging a fee. We would not charge if customers returned materials themselves, and we'd charge 10% if we have to pick up."

"Yes, returned material must be resalable. Most special orders are not returnable. We will charge a 25% restock fee on most products."

"We do allow returns from our customers. Stock items returned in saleable condition are given full credit without a restock charge. We will accept returns of special-order items if they can be returned to our vendors. Restock fees apply to these returns. We do not except returns of special-order items that cannot be returned to our vendors. We will pick up returnable items from our customers jobsites."

"It depends more on whether or not the overage was our fault or the contractors more than a dollar amount. If, for example, one of our employees measured a roof for a shingle job and was long on shingles, then no restock fee is charged (although that employee is usually the one sent to pick them up). However, if the roofer called and ordered way long on shingles, he is liable for the restock fee. We do pick up materials at the jobsite for no extra fee as long as it is within our normal service area (10-15 miles), is somewhat organized and ready to be loaded onto our trucks. This keeps both employees and contractors from just mailing it in, which helps keep overstock down and product turnover high."

"We tend not to make a special trip for returns. We will, however, take items back if making a delivery to the site. We seldom restock unless it is just egregious. Then we do not give credit for materials that are not salable."

"We have not charged for returns in the past and do not have an immediate plan to do so, but with the builder segment we are dealing with, it may be in our future. Subs are running all the jobs now for the most part and all they care about is having enough on site to not run out of material, thus our returns are getting larger and larger. I think we are all facing a very sticky situation because our sales force is not what it used to be and most of them seem to not accept any responsibility for heavy returns."

"We do not charge any restock fees. We have had a very lenient return policy over the years but are looking at strengthening it. We basically accept anything resalable no matter when it was purchased. We pick up 90% of returns ourselves from jobsites and most of our builders do a good job stacking it neatly and sending pictures beforehand so our guys know what they are picking up and where it is at. Our only stipulation is that we don't schedule returns, we will pick up when in the area only."

"We charge a 15% restock fee for stock materials returned to our yard within 30 days. We charge a 30% restock fee for materials picked up from jobsites, and a minimum 30% for special order returns. There is no minimum threshold. Exceptions can be made by our sales manager on a case-by-case basis. We have not modified our policy due to increased lumber prices."

"Yes, we charge restock fees. If we did the take-off then no, we don't on those orders. We charge a 20% restock on stock items and 30% on special orders and only get credit if and when we get credit from vendor. Returns are written and picked up within five days from job starts. We do offer clean up services for items that we do not give credit for. These services are rare but will do for a negotiated price."

"In our business we charge a 25% restocking fee for all returns. No matter how small the sale, there are always expenses involved, even on the return. A return at zero profit still uses labor and resources. Returns picked up from a jobsite are charged 25% minimum, and additional depending on where product is staged for pickup. If staged in easily accessible location and access is sufficient, 25% might be all that is charged. If product is scattered and not easily picked up, the restock fee goes up. With employee wages, benefits, fuel, vehicle insurance, worker's comp insurance, material costs, and general costs of doing business being at unprecedented levels, returns are a losing proposition. Even with the small restock fees we charge."

"Any item that we stock, we return to our inventory without a restock fee. Sometimes we pick up returns from job site, other times contractors or homeowners will bring them in. Mostly this depends on the length of materials coming back. We try to pick up when we are doing the next delivery. If an item is special order and we cannot return it to our supplier, we forewarn customers that it is not returnable. If we can return but with a restock to our supplier, then we pass the restock fee on to the customer. We do constantly remind customers that the goods must be in salable shape and in clean dry boxes."

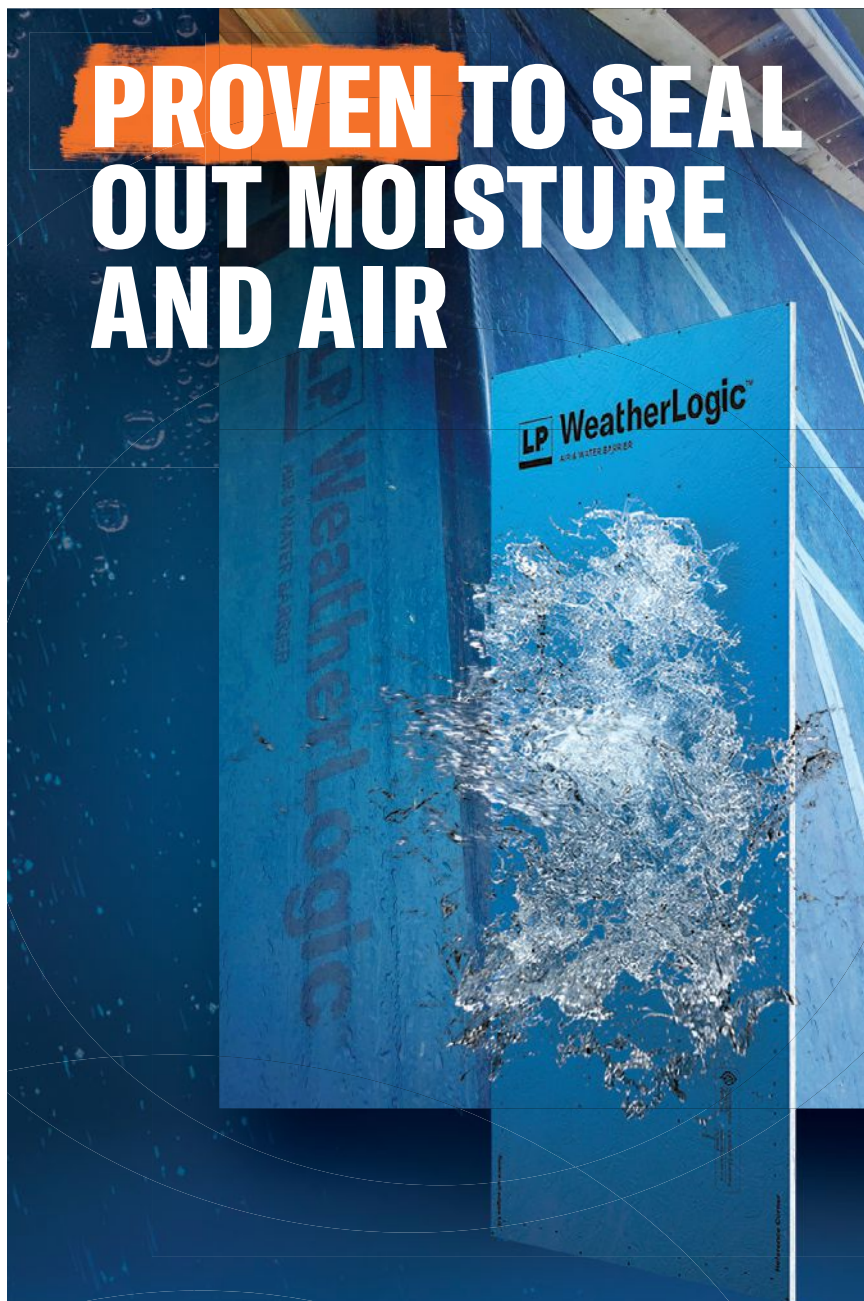
"We have not addressed re-stocking charges. This is a good heads up on a process that needs attention."

"Most of our builders bring us their returns just before the end of the month. We pick up very little at job sites. We don't charge for returns as they haven't been a problem. Another solution to returns is to talk to the people doing the estimates; if they're constantly over-shipping it's going to increase returns."

"We are having the same questions about this issue. At the present time we are not charging anything for pickup and yard returns of material. However, it really needs to be addressed as it will become a bigger issue as market goes through these extreme ups and downs!"

"In light of the fact that there is such a shortage of material, we have waived our restock fees and jobsite pick-up fees. But we don't go out of our way unless we desperately need the material for another customer. If we are close to the jobsite with another delivery, we will back-haul the return. It is the responsibility of the customer to keep the material safe until we arrive. We instruct our drivers to identify material that cannot be returned for resale and that they should not pick it up. Credit is issued only when the material arrives back at our yard for counts and further inspections. As always, the material must be in the same condition in which it was sold, and the credit is for the original purchased amount only." ➤

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"This is a case-by-case decision. For really good customers, we never charge. For the average customer we charge maybe 10% and sometimes nothing. For the occasional customer where it's something we have to pick up and it's difficult, we'll charge 20%. These are called restocking fees. We do not separately charge a pick-up charge, just a restocking fee. If it's something that's damaged, we will pick it up but do not give credit and we call them and tell them. Dirty or broken stock, same thing. The instructions to the drivers are to pick it up and the yard manager will make the decision whether it's credit or no credit. The driver does not make that decision. Note, again, we call the customer and tell them. No hard and fast rules, just case-by-case."

"If it is a stock item that we have, we don't charge a restocking fee for it, but if it is something that they want returned and the supplier assesses a restock fee to send it back to them, then we add the 25% restock fee."

"We accept stocked items for return and issue refund or credit for the amount paid at time of purchase. For special order items (non-stock), if the vendor charges a re-stock charge, we pass that on to the purchaser. We do pick up material from job sites and try to coordinate that with another delivery to, or near, the particular jobsite."

"Yes, we take returns if it is on stock items and we charge 10% if we pick it up and there's no charge if they bring it back. We do not give any credit on anything that has to be returned to a vendor until we get our credit from the vendor, then we also pass along their handling charge."

"We do not charge any fees. It is the customer's responsibility to get the material back to us. We do not do pick-ups."

"We pick up returns and credit back only those items that are in 'as new' condition. Other, lesser-quality items go into 'farm packs' and sold to the general public."

"We charge 5% for any lumberyard products brought back by the customer, and when our truck picks up materials at a customer's jobsite, we charge 20% with a minimum charge of \$75. Materials are inspected before credit is issued to be sure material is in good, salable condition."

"Yes, we charge for going to the jobsite to pick up unless there was an error on our part. We only give credit if the material is in resalable shape. If a customer brings it back, we inspect it in the yard before giving credit. If the purchase is over two weeks old, it may have been damaged or warped on the jobsite."

"Charge a re-stock fee if material cost (pre-tax) is \$400 or less."

"No restock fees. It's either 100% refund (re-sellable stock items, or returnable special-order items) or zero refund (damaged/unpackaged items, or non-returnable special-order items). There's a \$20 fee for pick up at a jobsite."

"Our policy is 60 days for active inventory returns. Direct from vendor orders are no returns allowed as we don't stock them. We charge for material return pick-ups based the equipment we send to the jobsite."

RESPONSES FROM WHOLESALE DISTRIBUTORS AND MANUFACTURERS

"It's difficult to know what the correct thing to do is regarding material returns. I don't believe that it should be a cost of doing business. Certain products should be one way only, and some products can and should be allowed return with a restocking fee. Too many times I've seen how material gets treated on the jobsite with the builder/contractor fully aware that the material is overage. As long as a restocking fee is communicated properly it should serve as a deterrent to returning material in most cases. 15% is not out of the question on stock material, and correctly ordered S/O should be omitted."

"We have no experience with returns. But returns need to be segregated to get an accurate count and cost. The best way to receive returns would be an easily visible way to tell what is a return and what is not. The easy way to do this is to use a different colored woven banding product. This makes it very easy to tell what is a return and what is not. Having a driver's kit in every truck makes this easy. We manufacture the bulk of our woven strapping in white while our driver's kit has the orange colored woven banding in it."

"No restock fees on stock items is part of our service platform. We have found that contractors who face restock fees from competitors continually under-order, causing lost time on the site with additional travel to pick up missing product. Our story has been to order a little long and anything we stock and can resell will not receive a restock. It has been a strong selling point."

"Return products are charged 20% (minimum \$20), lumber items are charged 30% (minimum \$30). The first time we receive material returned in poor condition (not resalable), we re-deliver back to the customer. The second time, the sales rep is required to inspect and authorize all future requests. When we have conflicts, it's usually about returning composite decking."

"We have a strict 30-day policy with a 15% restock on stock items, period. Absolutely no returns on special order or altered stock items. No one really complains because we have been doing it for 75 years with virtually no exceptions. Sometimes it is painful, but if you treat everyone the same you won't have problems. Stick to your policy and make sure it is known to everyone! Don't let your salesforce try to bend the rules in hopes of future sales, which never seem to materialize. The excuses are the most hilarious: 'It's my best customer.' 'We ordered extra in case the customer screwed up.' 'You can sell it to someone else, can't you?' and on and on."

"We are a distributor and have had no requests for returns, thankfully!"

"We are a distributor, not a retailer, but we routinely charge most of our customers a 25% restocking fee. We insist that the material be returned within 60 days of purchase in clean, resalable condition. If the item(s) were special ordered (not part of our normal stocking inventory) or remanufactured in anyway, we do not accept returns. As always, there are exceptions to these rules which we handle on a case-by-case basis. For example, if a shipping error occurred and we are at fault we obviously waive restocking fees. If the customer habitually orders too much, we have on occasion increased the restocking fee to greater than 25%. The bottom line is this: handling an order twice is expensive. If we take materials that we are shipping to a dealer or jobsite back and have to handle it twice, we deserve to get paid for it. Obtaining restocking fees is part of a culture that has to be instilled in your staff and constantly reinforced. There is no minimum threshold, the policy is effective on every \$1 returned."

"There's a 20% restocking fee and customer pays for the return shipping. We attempt this on all customers and yes there is give, based off reasons for the return. On 90% of returns, some fee is applied."

"As a wholesale distributor, we began charging a restock fee from retailers that do not have a stocking program with us. Our theory is that a pick-up will require a special stop, versus a normally scheduled run. We have not yet imposed the restock on retailers that have a program with us, even on special order materials."

"We're not picking up from jobsites." ■

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LBM JOURNAL[®]

100

IN A YEAR UNLIKE ANY OTHER, THE POWER OF PEOPLE, THE STRENGTH OF RELATIONSHIPS, AND THE RESILIENCE TO SERVE CUSTOMERS NO MATTER THE CIRCUMSTANCES DEFINED THE LBM INDUSTRY.

BY LBM JOURNAL STAFF & CONTRIBUTORS

While a typical year starts on January 1, for many in the LBM industry the “past year” may feel more like March 2020 through March 2021. When the pandemic reached U.S. shores in full force last year, the first two months faded into the background and the rest of 2020 became a year unlike anything ever experienced in building materials sales and distribution. As a result, the inaugural **LBM JOURNAL 100**—a ranking of the nation’s top pro dealers and lumberyards by 2020 sales—reflects much more than a typical calendar year of doing business.

And what a year it has been—one of challenges and frustrations, but, as it turned out, also one of many opportunities for the construction industry.

We all know the story by now: The pandemic’s impact on our industry started with much uncertainty and fear beyond just the health concerns. Some yards were required to temporarily close, others laid off workers. But nearly as quickly, unexpected business growth followed, fueled by the residential construction industry as DIYers took advantage of stay-at-home time to make improvements, buyers sought out new houses with more space, and newly minted telecommuters took advantage of the opportunity to relocate.

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LBM DEALERS pivoted swiftly, enacting safety protocols, allowing office staff to work from home, conducting customer meetings via video chat, and adding online ordering and curbside pick-up to meet demand while keeping employees and customers safe. Over time, the pandemic's business anxieties shifted to supply shortages and price hikes. To be sure, it was a preferable alternative to the shut-downs and closures, but stressful nonetheless.

The LBM JOURNAL 100 reflects these challenges and opportunities, both in the raw survey data and in the commentary we received from participants. Most yards experienced growth in 2020, some tremendously so. And throughout it all was a familiar refrain, stronger than ever before, that what truly makes pro dealers successful are the people within.

RECORD-BREAKING GROWTH

The unexpected surge in home improvement activity and continued steady growth in new home construction translated into positive numbers for nearly the entire LBM JOURNAL 100.

Only eight companies on the list experienced negative growth in 2020. Even more telling is that nearly two-thirds of dealers on the list experienced percentage growth in the double digits, and 23 of those companies had growth of 30% or more.

For some, the gains were milestones. For example, 84 Lumber exceeded \$4 billion in sales for the first time in company history, Lang Building Supply reported record-breaking net profit, and T.H. Rogers Lumber had the best year of sales in its 120-year history.

"We recorded the largest yearly gross sales in the company's history," reported Devin Grieve, manager of Lakeside Lumber in Tualatin, Ore. "We accomplished this during a pandemic and operating with limited staff due to state guidelines."

"Due to COVID-19, we were closed for six weeks, but still exceeded the prior year revenues; additionally margin was up close to 1.5% points," said Rich Lender, president and CEO of Your Building Centers in Altoona, Pa.

Acquisitions drove some of the overall growth, but by no means all. Nineteen LBM JOURNAL 100 companies reported they grew through acquisition in 2020.

Among the biggest acquisition stories on this year's list was in the No. 1 spot, Dallas-based Builders FirstSource, which expanded from 400 yards to 550 yards via a merger with BMC.

"The merger of Builders FirstSource and BMC Stock Holdings, Inc. allows us to expand our footprint and enhance our local relationships in many of the nation's largest and fastest-growing markets," says Dave Flitman, president and CEO. "We are well-positioned for long-term growth, underpinned by a resilient

and expanding housing environment, as well as a significant capital base for M&A."

Among some of the other large players, Kodiak Building Partners, headquartered in Highlands Ranch, Colo., brought in seven new locations through the acquisition of three companies in 2020, all of which continue to operate under their original brand names.

"We're a family of great local businesses that have been built up over the years and generations," says Founder and CEO Steve Swinney. "Even though we're a consolidator, we're really meant to be a facilitator rather than fold them into Kodiak."

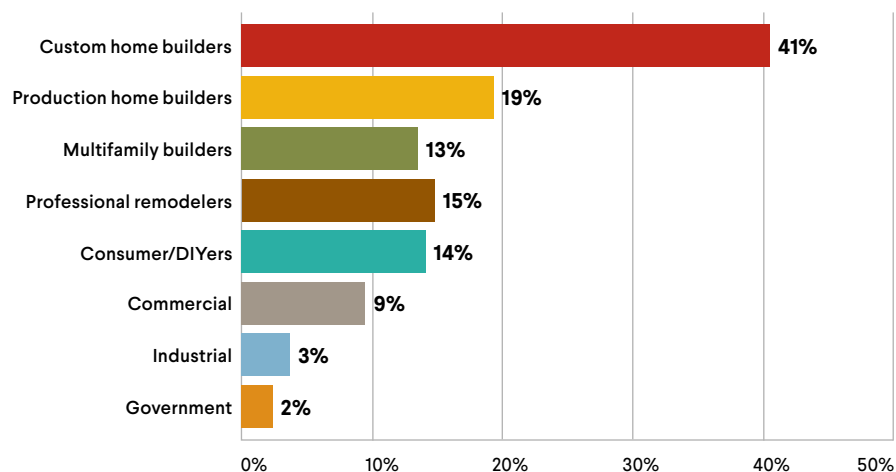
"If you look at all the brands, there's some that are over 100 years old," Swinney continues. "I look at part of our role as being a steward of the legacy that these founder families have created over the years. [When we acquire them,] I hope that we continue their story instead of the acquisition being the end of their story."

Buffalo Grove, Ill.-based US LBM added 25 locations in 2020—six greenfield locations and the rest via seven acquisitions including Zeeland Lumber & Supply, Ridgefield Supply Company, and Gilcrest/Jewett.

"We are always looking to grow in our existing markets and partner with the best companies in new markets," says L.T. Gibson, president and CEO of US LBM. "Key for us is that any partnership must be mutually beneficial. ➤

CUSTOM HOME BUILDERS LEAD THE WAY

Average percentage of sales to each customer type



Even if we partner with a market leader, we want to be able to provide a potential new partner the tools and resources to grow, which could be via our wider access of suppliers, product lines, or technology.”

It wasn't just the top 10 dealers expanding via acquisition; companies of all sizes made moves. For example, Campbellsport, Wis.-based Drexel Building Supply added Blenker Building Systems, an off-site manufacturer of wall, floor, and roof panels with nearly 90 team members, expanding on the LBM dealer's existing portfolio of roof trusses.

Though the transaction began in December 2019, it closed in May 2020, well into the pandemic. Having similar cultures—and lots of communication—was critical to easing the transition during a time when Drexel leadership couldn't travel to the new location.

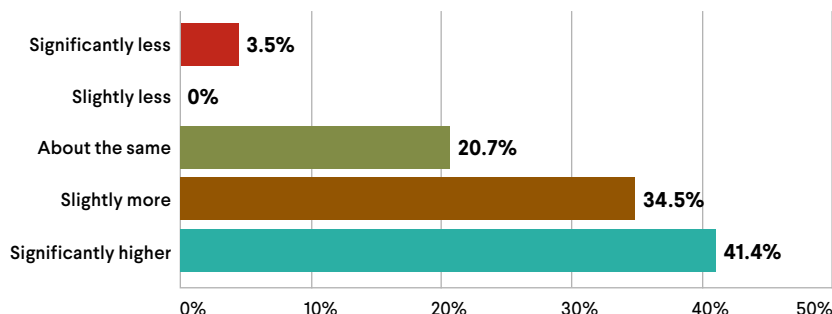
Massa Home Center grew from one location in Hamilton, Mont., to three with the purchase of Lemhi Lumber Company and Allied Builders Supply, both in Idaho. “Through acquisition of our Idaho stores, we see a huge opportunity to grow our market share in Custer and Lemhi counties,” says co-owner Deana Wolfe. “We would also like to grow our Montana sales by looking to areas we are not currently serving.”

Wolfe says the pandemic didn't impact their area much, which is seeing an influx of people relocating from both the West and East coasts.

ONLY EIGHT COMPANIES ON THE LIST EXPERIENCED NEGATIVE GROWTH IN 2020. EVEN MORE TELLING IS THAT NEARLY TWO-THIRDS OF DEALERS ON THE LIST EXPERIENCED PERCENTAGE GROWTH IN THE DOUBLE DIGITS, AND 23 OF THOSE COMPANIES HAD GROWTH OF 30% OR MORE.

ONLINE SALES GREW SIGNIFICANTLY IN 2020

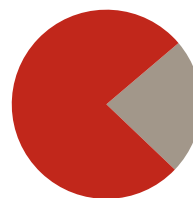
How online sales compared from 2019 to 2020 among companies offering online sales



LABOR CONTINUES TO BE A WIDESPREAD CHALLENGE

Percentage of LBM JOURNAL 100 indicating recruiting, hiring, and retaining talent is a challenge

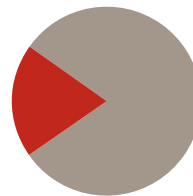
■ YES: 76.7% ■ NO: 23.3%



FEW LBM COMPANIES HAVE DIVERSITY AND INCLUSIVITY PROGRAMS

Percentage of companies indicating they have a diversity and inclusivity program

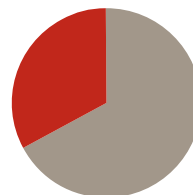
■ YES: 19.5% ■ NO: 80.5%



MAJORITY OF DEALERS NOT OFFERING ECOMMERCE

Percentage of LBM JOURNAL 100 offering online sales

■ YES: 33% ■ NO: 67%



“I'd always pumped the brakes [on adding new stores] because I didn't know how to run a business without being there every day,” says Wolfe. “But the two stores presented a really good opportunity. We see a ton of potential in Idaho at those locations. The stores really lent themselves to growth.”

And the acquisitions don't appear to be slowing. Of the nearly 49% of companies with plans to expand in the next one to two years, 70% of those say the growth will include acquiring other companies.

“Our philosophy isn't changing,” says US LBM's Gibson, “there may be more opportunities because of the general condition of the market and the country, but we're still looking to partner with the best companies in their markets with strong teams in place.”

ONGOING CHALLENGES

When asked about their biggest challenges, it's not surprising that dealers say finding and keeping good employees is near the top of the list. Dealers continue to face deficits as more workers retire while fewer young people express interest in joining the industry.

More than three-quarters of the LBM JOURNAL 100 reported challenges with recruiting, hiring, and retaining employees, with drivers and yard workers noted as the hardest-to-fill roles (85% and 69%, respectively), followed by outside and inside sales positions.

Massa Home Center's other co-owner, Jeff Wolfe, says that in Montana and Idaho, the area's growth may actually compound the labor problem, as many of the people moving there are retirees, not construction or LBM specialists. "Every business here is hiring," he says. "The competition for employees has gotten more intense."

Another thing that hasn't changed is the value the LBM industry puts on its people—a quality that has only grown stronger amid the trials of the past year.

"We have the best people in the industry, bar none," said Mark Ely, director of marketing for Kent, Ohio-based Carter-Jones Lumber Companies. "For the last decade-plus, we have focused on not only hiring A-players, but A-players who are good people. We see the effects of that inside our company, and we know it carries through as they take care of our customers. With everything that went on in 2020, our people and our culture were put to the test. We saw that because we had good people, no challenge was too big for us."

Hunter Lansing, president and CEO of Richmond, Va.-based Lansing Building Products, places importance here, as well: "There's an emphasis on our people—recruiting, hiring, training, recognizing, and developing our associates."

Many companies are recognizing the need to do more to not only recruit but also retain talented team members. In fact, 33 companies indicated they have a mentoring program.

For instance, Wilson Lumber, headquartered in Huntsville, Ala., has instituted a program called "Wilson Lumber Grows," in which managers mentor emerging leaders so that they can develop them into the next generation of managers.

"I am a firm believer that if you take care of your team, they'll take care of clients and the community. We put tremendous emphasis on team and that they're living our core values and our mission to supply happiness," says Caitlin Stoll, happiness leader at Drexel. "We've built a culture of doing multiple things to make sure our team is engaged and fulfilled. And from there they

are able to shine. And our customers feel it, our communities feel it. It creates a contagious environment for success."

Targeting the industry's high turnover rate, Kodiak is implementing a talent development program over the next few years with a goal of holistically developing employees from entry level to senior leadership. "We really want to be a place where people can build careers," Swinney says.

And of course, contractors are feeling those same labor challenges, which many dealers have leveraged into opportunity via manufacturing and installed sales capabilities. "Material and labor shortages are allowing us to explore other options for builders who haven't considered it before," says Jason Blenker, off-site construction solutions leader at Drexel Building Supply and the co-owner of Blenker Building Systems when it was acquired by the dealer last year. "It's given us an opportunity to grow our business and more importantly fill a need in the marketplace."

Another common refrain from the LBM JOURNAL 100 are price and supply constraints as shortages from the pandemic collided with increased demand. This spring, the NAHB reported that the 180% rise in lumber prices alone in the last year has increased the price of an average new single-family home by more than \$24,000.

"We're navigating the supply chain issues, but it's a lot of work for everyone," says Kodiak's Swinney. "Our team is making it look like it's easy because they're getting it done. But behind the scenes they're working so hard, expanding inventory levels outside of normal routine to stay in stock. Another part of what we've tried to build here is to partner with vendors, etc. We've worked to communicate with vendor partners and customer partners. That's how you navigate the pricing swings."

THE YEAR'S ONGOING IMPACT

No one can deny the effect the pandemic has had on the industry over the past year. To re-open or stay open, many yards had to shift the way they do business to create safe distancing and protect both themselves and their customers.

Still, only 33% of the LBM JOURNAL 100 are offering online sales, and of those, 86% count less than 5% of sales from ecommerce. However, when comparing those companies from 2019 to 2020, 41% said online sales were significantly higher than the year before, and 34% said they were slightly higher. Three-quarters of the companies with online sales are delivering those goods by curbside pickup along with other means.

For Kodiak, having locations across 17 states, each with different sets of regulations, could have proven chaotic. "In the long run, it enhanced our model because we learned to keep those connections in different ways," says Swinney. "We were comfortable getting on airplanes and visiting, and that all shut down. We've learned to use video conferencing. We invested in more technology to give us the tools to do that really well. I spent more time talking to company presidents this year than in the past because of this tool."

Swinney adds that the decentralized approach also helped navigate all of the unknowns. "The fact that our people figured out how to do their jobs ... and at a highly successful level is absolutely amazing to me," he says. "And I know we're not the only ones."

Stoll saw similar success at Drexel. "We really became flexible," she says. "We added an 11th core value: connection. Connection doesn't have to mean you see people face to face, but we can do video chats, emails, phone calls. ▶

MORE THAN THREE-QUARTERS OF THE LBM JOURNAL 100 REPORTED CHALLENGES WITH RECRUITING, HIRING, AND RETAINING EMPLOYEES, WITH DRIVERS AND YARD WORKERS NOTED AS THE HARDEST-TO-FILL ROLES (85% AND 69%, RESPECTIVELY), FOLLOWED BY OUTSIDE AND INSIDE SALES POSITIONS.

We realized early in the year how important that was. I give kudos to the team. Everyone dug their heels in, made adjustments, and went with it.”

The LBM industry has always been big on relationships, and that core value was all the more important during the pandemic.

“The silver lining of the pandemic for us has definitely been relationships,” says Charlie Parks, co-owner and vice president of Dahlonaga, Ga.-based Parks Lumber & Building Supply. “We have developed stronger relationships with our customers, suppliers, and even with other supply houses in the area that we have done some dealing back and forth with during the shortage. These relationships have proved extremely critical today in our line of work as everyone is having to go the extra mile. We very much look forward to building upon all of these bonds this year as we all continue to do our best to get the job done.”

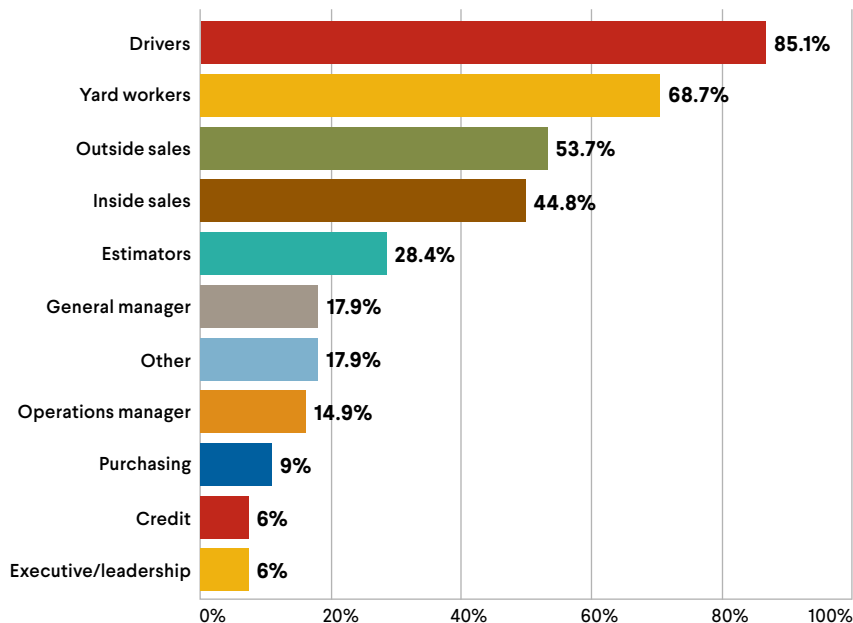
“We were very proud of our employees who put forth an incredible effort to provide strong service levels to customers while keeping themselves, their colleagues, and our customers safe through an unprecedented environment plagued by the pandemic, natural disasters, and social injustice,” says Julian Francis, president and CEO of Beacon Building Products, based in Herndon, Va.

Beacon is one of a small number of companies indicating a developed plan in place to promote diversity and inclusion.

A statement from Francis reads, “Beacon is taking steps to expand our role as an employer that champions diversity, inclusion, and equality of opportunity. I believe that everyone at our company must have the opportunity to reach their full potential in order for the business to realize its full potential. We have established a framework that will guide us to listen, learn, and then act. We will use our talent system, learning platforms, and employee outreach to build more understanding. I have signed the CEO Action for Diversity and Inclusion pledge, along with over 1,000 CEOs to learn from one another and use our

DRIVERS, SALES AMONG HARDEST-TO-FILL POSITIONS

Percentage of LBM JOURNAL 100 indicating positions are challenging to fill



roles as business leaders to advance diversity and inclusion at our companies and in our communities. Our goal at Beacon is to cultivate an environment where all ideas are welcomed, all our people are empowered, and we reject discrimination on the basis of race, religion, gender, sexual orientation, and any form of illegal discrimination.”

LOOKING AHEAD

As the second quarter of 2021 is underway, the challenges of the pandemic continue, though they look different than they did a year ago. Will new home sales and remodeling remain strong? Will material supply catch up with demand before pricing spins further out of control? Can the industry attract more talent?

“I’m hopeful that we will see some of the supply chain issues resolve themselves by the end of the year,” says Gibson. “I do expect M&A to continue given all of the market factors, and I see new home construction continuing to grow as existing housing inventory levels remain low across much of the country.”

“We have to plan for both—that it’s the best year or that the housing market is going to unravel,” notes Blenker. “We’re open with the team in communicating that. We can control what we do day in and day out. We want to be the preferred supplier in the market in either case.”

Indeed, no matter what, the LBM industry will face it head on, just as it has through every peak and valley, challenge and opportunity, and market boom and bust of the past.

“I’m so proud not just of our team, but also of our industry,” Swinney says. “I feel like our industry was one of the examples of how to get through the pandemic. We couldn’t shut down—we couldn’t do our jobs from home. We figured out how to go to work safely. How to help customers.” ■

A big thank you to all of the companies who shared their data and made the first-ever LBM JOURNAL 100 a reality. We’re especially proud that the numbers all came directly from the companies themselves, with zero “guesstimates” from our team. These same high standards will guide future updates to this industry snapshot.

		2020 GROSS SALES (in millions)	2019 GROSS SALES (in millions)	% CHANGE	LOCATIONS		EMPLOYEES	
					2020	2019	2020	2019
1	Builders FirstSource Dallas, TX	\$12,800.00	\$7,300.00	75.3%	550	400	26,000	16,000
2	Beacon Building Products Herndon, VA	\$6,943.90	\$7,105.20	-2.3%	524	529	7,582	8,147
3	84 Lumber Eighty Four, PA	\$4,700.00	\$3,811.05	23.3%	252	250	5,919	5,683
4	US LBM Buffalo Grove, IL	\$4,265.05	\$3,500.50	21.8%	280	255	9,350	8,600
5	SRS Distribution McKinney, TX	\$3,570.00	\$3,160.00	13.0%	395	339	5,700	4,790
6	Kodiak Building Partners Highlands Ranch, CO	\$1,766.57	\$1,256.39	40.6%	103	89	5,091	2,793
7	Carter-Jones Lumber Companies, Inc. Kent, OH	\$1,750.00	\$1,504.00	16.4%	166	163	3,628	3,595
8	McCoy's Building Supply San Marcos, TX	\$1,073.44	\$881.10	21.8%	91	91	2,751	2,580
9	Lansing Building Products Richmond, VA	\$1,000.19	\$597.42	67.4%	112	77	1,600	900
10	ACS American Construction Source Springfield, MO	\$703.20	\$640.65	9.8%	73	75	1,600	1,500
11	Parr Lumber Company Hillsboro, OR	\$612.20	\$489.60	25.0%	35	34	979	863
12	Foxworth-Galbraith Lumber Company Plano, TX	\$588.53	\$473.95	24.2%	35	34	1,250	1,200
13	Ganahl Lumber Company Anaheim, CA	\$502.00	\$465.00	8.0%	11	11	975	910
14	Professional Builders Supply, LLC Morrisville, NC	\$426.94	\$315.88	35.2%	14	10	616	467
15	Matheus Lumber Company Woodinville, WA	\$416.00	\$413.00	0.7%	8	8	121	119
16	Riverhead Building Supply Corp. Calverton, NY	\$399.67	\$385.19	3.8%	18	18	670	719
17	National Lumber Mansfield, MA	\$373.00	\$370.00	0.8%	14	13	750	735
18	Mead Lumber Columbus, NE	\$368.42	\$306.78	20.1%	44	43	942	923
19	Alpine Lumber Company Westminster, CO	\$351.29	\$296.07	18.7%	19	19	537	567
20	R. P. Lumber Co., Inc. Edwardsville, IL	\$307.50	\$281.00	9.4%	73	71	703	698
21	Hammond Lumber Company Belgrade, ME	\$301.00	\$251.00	19.9%	21	21	800	800
22	Idaho Pacific Lumber Company Meridian, ID	\$286.13	\$272.54	5.0%	10	8	157	151
23	Sunpro Orem, UT	\$278.00	\$195.00	42.6%	14	13	453	387
24	Stine Sulphur, LA	\$265.35	\$179.97	47.4%	11	11	755	655
25	Drexel Building Supply Campbellsport, WI	\$260.00	\$198.00	31.3%	8	8	594	425
26	Curtis Lumber Company Ballston Spa, NY	\$243.00	\$208.00	16.8%	22	21	653	635
27	Franklin Building Supply Boise, ID	\$236.53	\$181.68	30.2%	14	14	733	670
28	Mill Creek Lumber & Supply Company Tulsa, OK	\$232.57	\$194.19	19.8%	24	24	651	588
29	Erie Materials, Inc. Syracuse, NY	\$217.68	\$207.91	4.7%	10	10	361	351
30	Hancock Lumber Company, Inc. Casco, ME	\$215.51	\$182.82	17.9%	10	10	270	245
31	Scherer Bros. Lumber Co. Brooklyn Park, MN	\$170.00	\$147.00	15.6%	5	5	296	286
32	Lezzer Lumber Curwensville, PA	\$162.00	\$165.30	-2.0%	13	14	425	425
33	Keim Lumber Charm, OH	\$159.16	\$138.36	15.0%	2	1	546	490
34	Spahn & Rose Lumber Co Dubuque, IA	\$156.00	\$127.00	22.8%	24	24	335	320
35	Koopman Lumber Whitinsville, MA	\$148.94	\$129.15	15.3%	9	9	286	293
36	Star Lumber & Supply Wichita, KS	\$141.22	\$119.76	17.9%	7	7	319	302
37	Western Building Center Kalispell, MT	\$137.00	\$103.48	32.4%	13	13	371	326

		2020	2019	% CHANGE	LOCATIONS		EMPLOYEES	
		GROSS SALES (in millions)	GROSS SALES (in millions)		2020	2019	2020	2019
38	Hayward Lumber Monterey, CA	\$135.00	\$125.00	8.0%	9	8	214	198
39	McCray Lumber & Millwork Overland Park, KS	\$134.44	\$120.77	11.3%	7	7	218	220
40	Big C Lumber Granger, IN	\$132.68	\$126.23	5.1%	18	18	312	340
41	Tibbetts Lumber Company LLC St. Petersburg, FL	\$131.00	\$100.00	31.0%	8	8	n/a	n/a
42	Higginbotham Brothers Comanche, TX	\$130.94	\$87.84	49.1%	40	39	450	400
43	Bliffert Lumber + Hardware Milwaukee, WI	\$126.00	\$103.51	21.7%	7	7	204	196
44	Builders Warehouse Kearney, NE	\$114.00	\$101.00	12.9%	6	6	378	374
45	The T.H. Rogers Lumber Co. Edmond, OK	\$113.91	\$83.55	36.3%	39	40	220	220
46	Jackson Lumber and Millwork Co. Inc. Lawrence, MA	\$111.66	\$103.75	7.6%	4	4	197	196
47	Central Valley Builders Supply Napa, CA	\$110.00	\$122.00	-9.8%	8	8	205	225
48	Williams Lumber & Home Centers Rhinebeck, NY	\$109.00	\$95.00	14.7%	7	8	240	240
49	Your Building Centers Altoona, PA	\$106.99	\$103.32	3.6%	16	16	339	357
50	TAL Holdings LLC Vancouver, WA	\$99.78	\$80.26	24.3%	10	9	255	221
51	Gillman Home Centers Batesville, IN	\$95.42	\$76.62	24.5%	13	12	315	285
52	Russell Do it Centers Alexander City, AL	\$95.38	\$78.58	21.4%	9	9	215	205
53	Mans Lumber and Millwork Trenton, MI	\$94.75	\$93.43	1.4%	4	4	169	166
54	Timberland Lumber Brazil, IN	\$93.66	\$65.13	43.8%	2	2	125	120
55	Harbin Lumber Company, Inc. Lavonia, GA	\$91.34	\$76.39	19.6%	7	8	241	232
56	Zuern Building Products Slinger, WI	\$89.00	\$67.00	32.8%	7	4	174	147
57	Ashby Lumber Concord, CA	\$86.40	\$84.10	2.7%	2	2	180	171
58	Simonson Lumber Co. Saint Cloud, MN	\$83.00	\$76.00	9.2%	5	6	165	155
59	Garris Evans Lumber Co. Greenville, NC	\$82.29	\$77.99	5.5%	5	5	160	159
60	Wilson Lumber Company, Inc. Huntsville, AL	\$81.12	\$64.86	25.1%	4	4	248	236
61	Millard Lumber Omaha, NE	\$81.00	\$80.00	1.3%	3	4	290	300
62	Ziegler Lumber Company (dba Ziggy's) Spokane, WA	\$80.00	\$58.55	36.6%	6	6	224	219
63	Cassity Jones Lumber Longview, TX	\$79.17	\$63.00	25.7%	6	6	125	123
64	Chelsea Lumber Company Chelsea, MI	\$79.00	\$72.00	9.7%	3	3	127	125
65	Graves Lumber Company Copley, OH	\$77.90	\$86.00	-9.4%	1	1	99	97
66	Oldham Lumber Company Dallas, TX	\$76.43	\$55.95	36.6%	1	1	54	52
67	Arnold Lumber Company, Inc. West Kingston, RI	\$74.85	\$63.93	17.1%	5	5	144	137
68	The Lester Group Martinsville, VA	\$73.00	\$74.00	-1.4%	5	4	112	118
69	Yoder's Building Services Fair Play, SC	\$70.51	\$68.59	2.8%	1	1	139	135
70	Tindell's Knoxville, TN	\$65.94	\$63.75	3.4%	6	6	232	221
71	Buck Lumber & Building Supply, Inc. Charleston, SC	\$65.38	\$63.19	3.5%	1	1	67	67
72	Scholl Forest Industries, Inc. Houston, TX	\$64.24	\$47.68	34.7%	1	1	35	35

		2020	2019	% CHANGE	LOCATIONS		EMPLOYEES	
		GROSS SALES (in millions)	GROSS SALES (in millions)		2020	2019	2020	2019
73	Webb Concrete & Building Materials Heflin, AL	\$64.00	\$70.00	-8.6%	7	7	170	165
74	Louis J. Grasmick Lumber Co., Inc. Baltimore, MD	\$53.42	\$50.53	5.7%	1	1	57	61
75	Goldsboro Builders Supply Goldsboro, NC	\$50.00	\$47.00	6.4%	6	6	97	94
76	Griffin Lumber and Hardware Cordele, GA	\$49.50	\$39.30	26.0%	7	7	130	121
77	Townsend Building Supply Dothan, AL	\$46.38	\$33.69	37.7%	6	6	120	105
78	Gleckler and Sons Building Supplies Jacksonville, FL	\$46.00	\$38.00	21.1%	1	1	195	165
79	Lakeside Lumber Tualatin, OR	\$45.54	\$40.53	12.4%	1	1	63	56
80	Lummus Supply Company Atlanta, GA	\$44.35	\$41.79	6.1%	5	5	85	89
81	Associated Building Supply Inc. Auburn, CA	\$41.00	\$38.00	7.9%	9	9	37	35
82	Rocky Mountain Forest Products Wheat Ridge, CO	\$36.00	\$24.06	49.6%	4	3	63	48
83	Len-Co Lumber Buffalo, NY	\$35.35	\$25.75	37.3%	3	3	70	65
84	The Miller Lumber Company Bend, OR	\$35.12	\$27.17	29.3%	2	4	20	28
85	Ron's Lumber & Home Center Howe, OK	\$26.54	\$19.68	34.9%	1	1	98	92
86	East Coast Lumber & Supply Co. Ft. Pierce, FL	\$25.00	\$23.50	6.4%	5	5	90	90
87	Dakota County Lumber Farmington, MN	\$21.51	\$15.26	41.0%	1	1	24	22
88	Hall Bros. Lumber Company Union, MO	\$19.86	\$14.46	37.3%	1	1	28	25
89	Hamilton Building Supply Hamilton, NJ	\$19.00	\$19.50	-2.6%	1	1	64	60
90	Massa Home Center Hamilton, MT	\$18.65	\$15.23	22.5%	3	1	31	28
91	Lang Building Supply Brunswick, GA	\$17.21	\$13.60	26.5%	1	1	25	24
92	City Lumber Company Huntsville, AL	\$16.41	\$13.83	18.7%	1	1	48	46
93	Messco Building Supply Walden, NY	\$16.22	\$14.90	8.9%	1	1	35	30
94	B & B Lumber Wichita, KS	\$15.60	\$12.50	24.8%	2	2	43	42
95	Haywood Builders Supply Waynesville, NC	\$15.50	\$13.47	15.1%	2	2	41	36
96	Antcliff Windows & Doors Burton, MI	\$14.00	\$13.50	3.7%	2	2	30	26
97	ITC Millwork Stallings, NC	\$13.60	\$13.40	1.5%	3	3	46	49
98	Dearborn Lumber Company (dba Alki Lumber and Hardware) Seattle, WA	\$13.42	\$11.90	12.8%	1	1	22	24
99	Parks Lumber & Building Supply, Inc. Dahlonega, GA	\$13.32	\$10.40	28.1%	1	1	14	12
100	Signature Windows + Doors Aurora, CO	\$11.10	\$12.00	-7.5%	3	4	40	38

ABOUT THE SURVEY

The inaugural LBM JOURNAL 100 study was conducted February 2021 through April 2021. The resulting LBM JOURNAL 100 list ranks companies based on their total sales for 2020. The list was created solely based on responding companies, with an intentional decision not to estimate figures if a company chose not to participate. As a result, some companies do not appear on the list that otherwise would have.

The survey data and charts contained herein are based on those respondents who completed the full survey and chose to answer each question. Not every question was required, therefore not all results are based on 100 responses.

If you have questions about the LBM JOURNAL 100 or would like your firm to be included in next year's survey, contact Rick Schumacher at rick@lbmjournals.com.

IN DEPTH

WINDOWS &

BOLD COLORS AND CLEAN AESTHETICS DOMINATE
IN A GROWING FENESTRATION MARKET.



DOORS

BY MIKE BERGER

WHEN THE SETTLEMENT OF Çatal Höyük in Turkey was established in 7,000 B.C., the concept of what we would call a window or door had yet to be imagined. This city of 10,000 people consisted of mud brick homes where the living space was accessed by ladder through a hole in the ceiling. Likewise, these residences for the most part did not have any windows. Instead, that single roof opening also served as the only source of natural light or ventilation—not too comfortable considering that they most likely burned animal dung as a fuel source in the family hearth.

Thank goodness building methods and materials (and cooking fuel) have changed. Rather than being hidden or simply non-existent, doors and windows now are a personal design statement that imparts light, warmth, ventilation, and style to our homes. Doors and windows continue to evolve, while design trends adapt to a world still finding its way through an ever-changing pandemic flux.

BOLD COLORS, LARGER SIZES PREVAIL

The past year was one of dramatic change. As the COVID-19 pandemic forced more and more people to spend significantly increased time at home, homeowners began to reevaluate their living space. As a result, home remodeling began to soar as people looked for ways to better accommodate this new stay-at-home lifestyle. For many, that meant personalizing their homes with bold or unique use of colors. For example, according to popular paint and coating brand PPG, using a single color—particularly black—for exterior walls and windows is a growing trend, creating a moody, modern aesthetic.

“We’re seeing homeowners become more interested in non-traditional colors and finishes on our doors,” says Joe Klink, director of corporate relations for ProVia. “There has been a lot of interest in vibrant shades of blue and deep tones of maroon, and our glazed finishes give doors a rustic, weathered look. We’re also seeing a lot of engagement with our design tool, which allows homeowners to select various styles and colors of our doors, windows, and other products, and see how they look on their home. This lets them feel more involved in the process and can certainly prevent buyer’s remorse!” ➤



ABOVE: Now standard on all of ProVia’s laminated or painted Endure windows and patio doors, its FineLine technology eliminates the wide welded joints commonly found on vinyl corners and replaces it with a thinner, more seamless joint that the manufacturer says delivers an enhanced fit and finish.

LEFT: Along with energy-efficient glass, the new Simonton DaylightMax vinyl window series (part of the Cornerstone Building Brands window offerings) is said to utilize a 40% thinner window frame than competitor products. The new black interior laminate option will be available in the West this spring.

OPPOSITE PAGE: Therma-Tru’s new Classic Craft Visionary Collection walnut-grained doors feature a combination of natural elements and linear engravings. These new flush door styles combine retro and contemporary aesthetics with minimalist details. Available direct set sidelites feature a full pane of glass built directly into the door system frame, designed to create an airy, open feeling.

Steve Hoffins, vice president of marketing, U.S. Windows, for Ply Gem Residential Solutions (a division of Cornerstone Building Brands) agrees. “We’re also seeing a strong and growing interest in black frame windows used as a design feature in homes. For many, a window isn’t just a view to the outside or a way to let natural light in, but instead they have become a design feature in and of themselves.”

Being a design feature doesn’t necessarily mean going dark, however. It’s about making a personal statement with design choices—avoiding the bland or builder-grade and opting for the unique—and consumers are often just as drawn to a lighter aesthetic to make that statement. “We’re seeing more design elements with clean lines and lighter natural wood tones, and that extends to the entry,” says Donna Contat, director of product management for Therma-Tru. “To help bring that to life, Therma-Tru has launched new walnut-grained doors in our Classic Craft Visionary Collection which look great in our new Prisma-Guard Acorn stain.”

It’s not solely about color, though, when it comes to creating a personalized space. Window and door sizes are increasing as well, with homeowners expressing desires for floor-to-ceiling walls of glass or large sliding or bi-fold doors to bring in more sense of the natural world—a trend that was already on the upswing before the pandemic hit but one that has gained even more recent momentum.

Mike Schweiss, founder and president of Schweiss Doors (a manufacturer of bi-fold and hydraulic doors), says that the company’s designer door sales have experienced exponential growth recently. “Architects and building companies

really appreciate our well-engineered doors because architecturally they can be clad with matching siding, glass or decorative exteriors and interiors. As well, another building trend that has really ramped up is the need for very big bifold and hydraulic one-piece doors, some of which exceed 100’ in width and heights up to 60’. We are one of very few door manufacturers able to fill these needs with reliable and safe doors.”

This consumer desire to bring more of the natural world into interior spaces is 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. “As consumers are spending more time in their homes and re-evaluating what is likely their largest investment, there is a desire to bring in more light to connect with the outdoors and add new design elements to their homes,” says Jamison Eige, vice president of retail and OEM sales for ODL, Inc. “We continue to see increasing demand for larger window and door products, which we are addressing by launching larger sizes of Blink Blinds + Glass for patio doors in the coming year.”

READING CUSTOMERS’ NEEDS

While trends may shift and fenestration technologies evolve, the needs of the customer—builder, contractor and homeowner alike—haven’t changed much over recent years. They all look for products that are reliable, deliver proven performance, are backed by strong warranties, and are on-trend with the market. “Dependable, quality products remain at the forefront of their purchasing decisions,” says Ply Gem’s Hoffins. “As state energy codes and efficiency regulations change, builders are looking to windows and door products as a solution to help them meet these new energy code requirements.”

ODL’s Eige agrees. “In response to changing consumer demands, builders are looking for products that follow design trends and help them to stand



ABOVE: New from Ply Gem, its MIRA aluminum-clad wood bi-parting sliding patio doors are designed to create a true open concept living space. The door’s aluminum-clad exterior is available in 46 exterior colors and a stainable/paintable wood interior.

RIGHT: New from Schweiss Doors is its Superstructure doorframe for bifold and hydraulic doors. According to the manufacturer, this one-of-a-kind tripod leg stand-alone design transfers the door weight to the footings that support the hydraulic door, eliminating the need for additional side columns from the building manufacturer or a need for the building manufacturer to incorporate a building truss or building header to support the hydraulic door on the structure.





out amongst their competitors,” he says. “Energy-efficient products are still very important, however incorporating more glass, ease-of-use, and technological upgrades have become even more important to the consumer.”

But while needs remain the same, it’s how the LBM dealer meets those needs that sets them apart from the competition. And how, exactly, does the successful LBM dealer meet these needs? According to manufacturers, it’s a three-part process of having a great window and door lineup that is easily accessible to the customer, understanding how those products can meet customers’ needs, and then being transparent and communicative through the entire purchase and delivery process.

It starts with showing off your products, says ODL’s Eige, and finding ways to enhance showrooms with products that incorporate the trends and designs consumers are looking for. “Adding windows with colors, or blinds between the glass is one way to help make a showroom stand-out,” he points out. “Additionally, it is very important that dealer sales reps have plenty of samples that highlight features that consumers want. Many builders will need samples and displays that can be used to show consumers. It’s not enough to just have one hand sample and expect for builders to be able to get consumers to upgrade.”

When it comes to product knowledge, it’s vital for LBM dealers to deeply understand customer needs and how

their product lineup can meet those needs. As manufacturers point out, dealers should research the brands they carry, those brands’ product specifications, and any unique selling points so that they stand ready to deliver beyond customers’ expectations.

“Dealers should first of all know exactly what their customer’s needs are and explain to them that, depending on the size of door they want, their building will have to be able to handle the door weights and loadings,” explains Mike Schweiss. “Like manufacturers, dealers should never cut back on quality to save money; this is something that could cost more in the end. Dealers should take the time to research a door company, i.e., does the factory deliver its doors on time and in good condition; do they charge exorbitant upfront deposits, and will they stand behind their doors.”

Finally, clear and concise communications can set an LBM dealer apart from the competition. Builders need to know where their orders are in the manufacturing pipeline and when they will be delivered. For the customer, knowing the exact status of a door or window order means less downtime and the ability to complete more jobs in a given timeframe.

“To create a solid customer experience, every touchpoint you have with a customer, at any level, must be transparent and as frictionless as possible. Information and options are now expected, otherwise customers have options to buy elsewhere,” says Ply Gem’s

ABOVE LEFT: ODL has expanded its Blink Blinds + Glass to include all window products including double-hung, single-hung, casement, and patio doors that take 7/8" IG with a blind between the glass. According to ODL, this is possible due to a new engineering breakthrough that makes it possible to expand the product line into windows and doors with a more narrow airspace.

ABOVE MIDDLE: Therma-Tru’s Classic Craft Founders Collection mahogany-grained arch-lite double doors are available in four privacy and textured glass designs—Satin Etch, Chord, Rainglass and Granite—feature triple-pane construction to reduce the penetration of heat and cold, with Low-E glass as an available option.

ABOVE: ProVia’s Signet fiberglass doors feature an embossed woodgrain that, according to the manufacturer, is an accurate representation of real wood. Available in Cherry, Mahogany, Oak, Fir, and Knotty Alder series with seven stain finishes per series, Signet doors come with a lifetime transferrable warranty against shrinkage, warping, splitting, cracking, or delaminating.

Hoffins. “Transparency, communication and service. We are more able to confidently and accurately tell a customer when their ordered windows will be built and delivered. We created the ‘Track My Truck’ tool that notifies customers when the delivery truck is leaving the manufacturing site, allows them to see precisely where truck is on its route, and lets the customer know how many scheduled stops the truck has before showing up at their branch.” ➤

RESOURCES SHIFT TO VIRTUAL EXPERIENCES

To enable LBM dealers to best provide solutions to their customers, window and door manufacturers have long offered a wide array of training programs. But just as the pandemic has driven changes in product trends, so too has it brought about changes in product training, with more and more resources moving from in-person to online. And while the long-term nature of the pandemic remains to be seen, there's little doubt from manufacturers that virtual resources will continue to be a vital tool for product knowledge.

For example, in the case of ProVia, it continues to see a strong demand for its Installer Certification Programs. "Installers want to learn new techniques and improve their skills," explains ProVia's Klink. "Being trained by the manufacturer adds value, since our trainers know the product so well.

Installers find that this honing of their skills can eliminate callbacks and increase customer satisfaction."

For 2021, Therma-Tru launched its Virtual Experience, an online resource that gives customers the opportunity to explore at their convenience the manufacturer's product collection and current home design trends. "It's an interactive and immersive environment with content that participants can access 24/7 from their desktop, laptop or tablet," says Therma-Tru's Contat, "and it's available at thermatru.com/2021virtualexperience."

Therma-Tru also launched its annual Unlock the Opportunities national sweepstakes for building trade professionals online. The program helps participants stay up-to-date on the latest trends and new products and features daily and weekly prizes. Participants must log into the Therma-Tru Virtual Experience to access the sweepstakes.

As well, Therma-Tru is continuing to offer its Certified Door System Installer program, a program that walks a participant through the proper techniques to correctly install and seal a Therma-Tru door system. "When it comes to door systems, we believe that proper installation is just as important as having the best components," says Contat. "As a Therma-Tru Certified Door System Installer, you can provide more peace of mind to your customers with our Tru-Defense warranty rider. A Tru-Defense door system installed by a Certified Installer doubles the reimbursement eligibility for the homeowner should an issue arise."

Likewise, Ply Gem has transitioned its existing in-person training programs to virtual training opportunities. "At Cornerstone Building Brands, we have always believed that training is a critical element of our brand deliverables," explains Ply Gem's Hoffins. "In many ways, this training is a primary differentiator and what sets us apart in a fairly non-differentiated market. We continue to evolve our training programs, and even in the recent virtual world, have been very successful."

READING THE CRYSTAL BALL

So what, exactly, does the future hold for LBM dealers when it comes to doors and windows? While it may seem odd to admit, the pandemic has brought about tremendous growth for the fenestration industry. Although there have been challenges over the past year, there have also been opportunities, and window and door manufacturers are hopeful that continued growth will be the sustained norm as shifting consumer financial priorities, coupled with an increased interest in home improvement, will likely fuel growth in 2021 and beyond.

"At this time in 2020, there was uncertainty about how the pandemic would affect business," explains ProVia's Klink. "As difficult and unpredictable as the past year has been, here at ProVia we have seen a tremendous increase in our business. With more people working from home, not spending money on their commute, not being able to travel or vacation due to

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restrictions, they're using that money to make improvements to their home. We expect to see additional growth in 2021, as more homeowners decide to invest in their homes and initiate remodeling projects."

Ply Gem's Steve Hoffins echoes Klink's comments. "Like all industries, our industry has had to deal with the operational challenges, procurement challenges and numerous unknowns that presented themselves in the past year," he says. "While last year was a pressure test for many, it gave us an opportunity to rise to the occasion and improve our processes, technology and leadership. Macro trends like remote working, investing in home, even how families interact could have

a long-standing impact on the construction and fenestration industry overall."

The long-term effects of COVID-19 is likely to change consumer behavior long into the future, says ODL's Eige. "Consumers are more willing to consider making major purchases to renovate their homes such as with windows and doors. We have seen consumers willing to pay more for upgrades to these products such as high-performance glass options and light and privacy controls."

Studies seem to back up manufacturers' optimism. A recent report from Harvard University's Joint Center for Housing Studies predicts a continued increase in renovation spending

throughout 2021, and the National Association of Realtors foresees a 10% increase in existing home sales this year, factors that bode well for LBM sales both for the pro and the homeowner.

While no forecast can be 100% accurate, it seems likely that windows and doors will be a strong, growing component of LBM sales throughout the year, and as Eige theorizes, it bodes well for the building industry as a whole. "Industry growth is very unpredictable right now with factors impacting building products such as Covid uncertainty, unprecedented demand for existing homes, and higher prices on building products. I expect to see building products continue to lead the way for our nations recovery." ■

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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LP SmartSide Outside Corners

A new addition to LP SmartSide Trim & Siding's exterior building solutions, LP SmartSide Outside Corner Trim is designed to take curb appeal to the next level. According to the manufacturer, the new LP SmartSide Outside Corners create a sleek, polished corner look while eliminating the need to build corners during construction, which contributes to jobsite efficiency. The Outside Corners are available in cedar texture and are pre-primed for paint adhesion and designed to resist water intrusion or seam separation. lpcorp.com

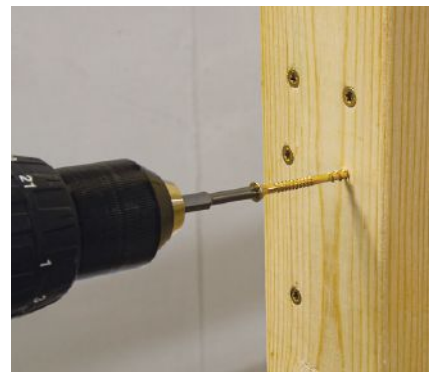


RailFX aluminum cable braces

RailFX has introduced a new aluminum cable brace for level and stair runs. Used between structural posts to reduce cable deflection when wood or composite sleeved posts are spaced 6' to 8' apart, they are available in black, silver, white, adonized, and bronze color options. For level runs the aluminum cable brace is a 5/8" x 5/8" square tube and 42" long and can be cut down to any size to match the top rail height. The cable braces come with pre-drilled holes at 3-1/8" on center for a total of 12 holes and include two floor plates to attach to the top and bottom rail or deck. The aluminum cable brace for stair runs includes the same square tube size and is 50", which can be cut down to any size to match the top rail height. The cable brace options for stair runs are available undrilled for on-site customization to match the cable angle or slotted with 12 holes. They come with three floor plates—two angled and one level—to attached to top and bottom rails or deck. railfx.net

Simpson Strong-Tie CSV Construction screw

Available in 2-1/2" and 3" lengths and coated with yellow zinc for protection against corrosion, the CSV Construction screw is designed to be a versatile, multipurpose fastening solution for a variety of wood-to-wood and engineered wood interior applications. Featuring underhead nibs, low-torque threads, and a fast-start point, the CSV Construction screw has been developed to drive effortlessly and is designed for general-purpose fastening. Additional features of the CSV Construction screw include low-torque threads engineered to allow up to 35% more drives per battery charge. strongtie.com



Marvin Signature Coastline windows and doors

Marvin Signature Coastline windows and doors are developed with premium aesthetics, design flexibility, and advanced coastal performance in mind. According to the manufacturer, the products meet the most stringent hurricane impact code requirements in the state of Florida. The Coastline product line joins other impact-rated products in the Marvin Ultimate and Elevate lines to represent the broader Marvin Coastal Solutions portfolio. Awning windows, casement windows, picture windows, bi-fold doors, and multi-slide doors are just some of the many products featured in the Coastline portfolio. The offerings also include garage door, entry door, pivot door, and storefront window solutions, which are new products to Marvin's portfolio. Coastline windows and doors feature a range of product types, sizes, configurations, and design options. marvin.com





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Infinity I-Series from Fortress

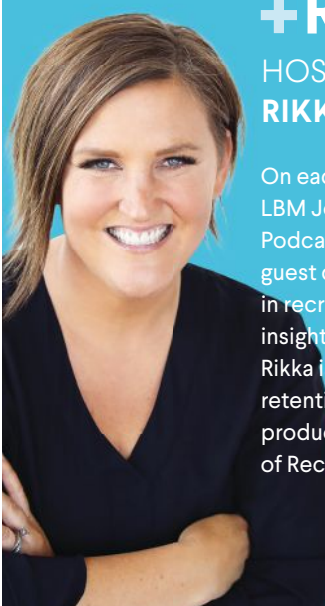
Infinity I-Series is a capped bamboo-plastic composite that, according to the manufacturer, is 40% lighter than alternative deck boards at 1.85 lbs. per foot, offering your customers easier handling and maneuverability. The I-Series design was developed from the I-beam shape to provide more strength than competitive decking options and allow for enhanced ventilation. The product's engineered profile is designed to improve performance by offering increased slip resistance, improved heat dissipation, and higher moisture resistance. The Infinity I-Series is available in four colors ranging from Oasis Palm to Cape Town Grey. Every board is said to be unique thanks to a dual-embossing technique which replicates the individuality of a natural grain pattern. fortressbp.com



Silvermine Stone veneer siding

Silvermine Stone was invented by a mason who was seeking to simplify the installation of manufactured stone veneer products. Silvermine Stone was engineered to feature a realistic stone appearance, as well as to be easy to install and offer moisture protection. The product features a patented hanging and flashing system that is designed to allow the product to be easily fastened to the wall, and also prevent moisture from penetrating through to the substrate. Silvermine Stone recently received an evaluation report (ESR #4787) from ICC Evaluation Service (ICC-ES), providing evidence that Silvermine Stone meets code requirements. silverminestone.com


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Maze pre-finished nails

Maze pre-finished nails are engineered to save time by eliminating the labor-intensive job of touching up nail heads. Coil and Collated stick nails are painted to match manufacturers' colors, Maze says. According to the manufacturer, many of the sizes and colors of Maze Split-Less Wood Siding Nails, Rubber Washer Nails, Stainless Steel Trim Nails, and Fiber Cement Siding Nails are kept in stock and ready to ship. Only one carton minimum order required for painted Coil and Collated Stick orders.

mazenails.com



FastenMaster Cortex Plugs

FastenMaster Cortex Plugs have been adopted by many decking and trim manufacturers. Cortex Plugs are made from the same material as the deck and come with a warranty for the life of the project. Plugs are pre-aligned on collated strips, which is said to show savings of up to 50% when compared to loose plug installation. Collated Cortex Plugs are packaged in three sizes to accommodate 100 lineal feet of decking, as well as 100- and 300-square foot decks. Each package includes Cortex Screws, Cortex Plugs, and setting tools.

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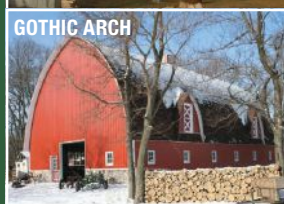
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FootingPad by AG-CO

FootingPad is a post foundation used in deck, post-frame, and other post-in-ground structures. It is made in the U.S. of a composite material combining polypropylene and fiberglass. FootingPad has added a 20" diameter version to join four other sizes (10", 12", 16" and 24"). This newest footing supports up to 6,545 lbs. per post. The International Code Council – Evaluation Services (ICC-ES) has recently certified the new 20" as compliant to IRC and IBC code requirements. It completes a line of composite footings with load capacities for almost all applications of over 9,300 lbs. Additionally, FootingPad has developed an online footing size calculator that guides users to choose the best size FootingPad for their project. The calculator allows the user to enter data for their deck or post frame projects with output that offers the appropriate footing size. footingpad.com



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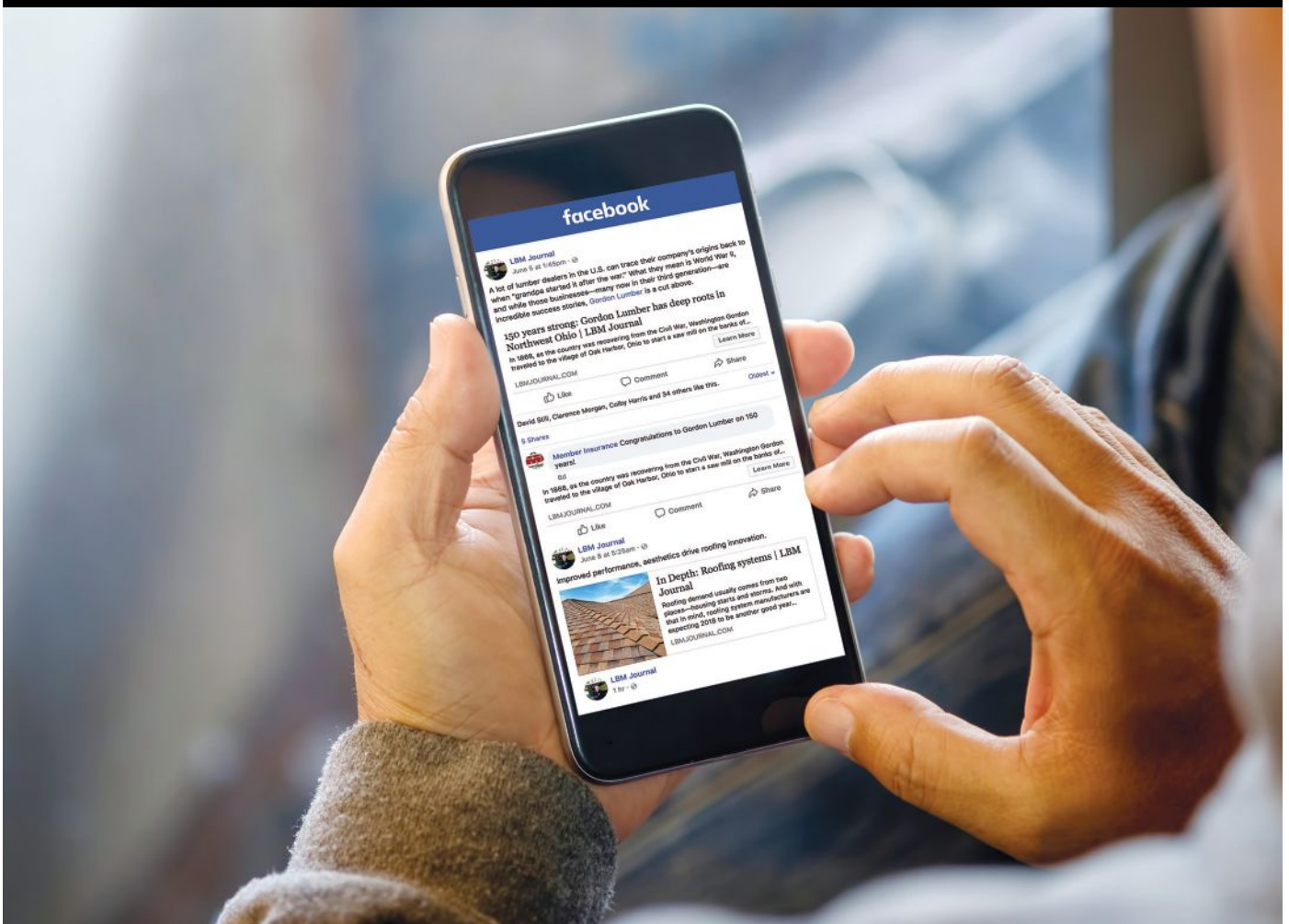
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*Denotes regional distribution.

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

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

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

UNMASKED

A LOYAL, LONG-TIME CUSTOMER REFUSES TO WEAR A FACE COVERING IN YOUR STORE. WHAT WOULD YOU DO?

You're right there with pretty much everyone you know in desperately wanting to never, ever again hear the words COVID-19 or pandemic. While it appears that much of the nightmare is behind us, we're not there yet. As an LBM dealer whose company has enjoyed strong sales, and whose team stepped up to help out when some coworkers were quarantined, you're ready to get back to normal. But it's not up to you. Your state and county government mandate asks that everyone wear a face covering while inside your store.

Though no one likes it, the vast majority of your customers and employees accept the mask mandate and realize that the public health guidance is out of your hands. This is a relief, because no one on your team enjoys enforcing the mask rule. In fact, in almost every case where someone enters the store without a mask, it's inadvertent, and they're quick to apologize and run back to their truck to retrieve their mask. Then there's Bob.

Bob's a good guy and a longtime, loyal customer, but he simply refuses to wear a mask in your store. It doesn't matter who asks—whether it's you, or one of your team members. Offering him a mask just seems to make it worse. He simply doesn't care that he's the only one in your store without a mask—and his refusal has created friction with other customers.



The first few times it happened, you pulled Bob aside and respectfully asked him to follow the rules and please mask up. His answer hasn't changed. "Look, I know you're required to post signs for people to wear masks in your store. But I'm just not going to do it. And I don't think the governor is going to have the police arrest me. If you want my business, you'll have to accept that I'm going to shop without a mask. If you can't live with that, just tell me and I'm happy to take my business elsewhere."

Several employees, including one who recently recovered from COVID-19, resent Bob's refusal to respect the public health directive. "I'm not one to take away anyone's freedoms, but this is not just about Bob. It's about the health of your customers and your team. Rick, who's worked here since the company started 25 years ago, just recovered from COVID and pneumonia. I don't see him sticking around if we let Bob live by his own set of rules," one employee said.

Plus, you just learned that your store just took a hit on the internet, when someone left a Google review about your store not enforcing the mask mandate.

Bob is a good, loyal customer who's bought from you for years, and you don't want to threaten that. However, his actions are alienating your team, and sending the wrong signal to other customers. What would you do?

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- **INSIST.** Tell Bob that public health concerns override his views on masking. As long as it's a mandate for everyone, that includes him. He's not welcome in your store without a mask.
- **SPECIAL HOURS.** Since Bob is such a good customer, work out a couple of times per week (outside regular business hours) where he can shop mask-free.
- **LIVE WITH IT.** Letting one good customer shop your store without a mask isn't a public health crisis. Just accept it, and if the governor wants to arrest him, it's out of your hands.
- **DELIVER.** Show Bob how important his business is by delivering all of his purchases to the jobsite of his choice. Agree on minimum order size to waive all fees. Win. Win.

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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