

LBM JOURNAL[®]

STRATEGIES FOR LUMBER/BUILDING MATERIAL DISTRIBUTION PROS

LBMJOURNAL.COM

AUGUST 2021 \$10 U.S.

**IN DEPTH:
MATERIAL HANDLING**
CHALLENGES PAVE WAY FOR FUTURE
OF INVENTORY MANAGEMENT

REAL ISSUES. REAL ANSWERS.
MARGINS VS. MARKET SHARE

SAVED BY CITIZENS

SMALL KANSAS TOWN RALLIES
BEHIND ITS LUMBERYARD



TUFF STEPHENSON OF ESKRIDGE LUMBER



MAKE AN ENTRANCE

Nothing defines a home's aesthetic like the front door. Our new Walnut-grained doors are crafted to look and feel like real wood and feature a striking combination of natural elements and linear engravings—all engineered as complete entryway systems for lasting performance.

Explore more door styles at

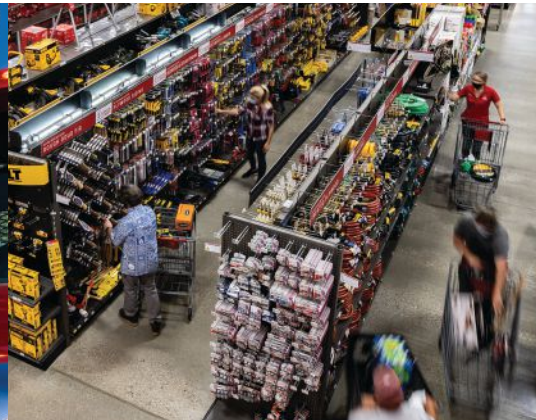
thermatru.com/visionary

Classic Craft® Visionary Collection™
Walnut-Grained Flush Doors

THERMA TRU®
DOORS | Where Home Begins™



Streamline your estimating. Streamline your business.



No matter how you currently estimate, **Pipeline LBM software** from Simpson Strong-Tie can help streamline your business. Because Pipeline seamlessly connects with your existing systems, estimators can work with greater speed and accuracy, and generate more takeoffs than ever. Your business — and your customers — will thank you.

To learn more about how Pipeline LBM can help your business run more smoothly, visit go.strongtie.com/lbm or call (800) 999-5099.

SIMPSON
Strong-Tie

One. Stop. Shop.

Storing millwork can be tough. Size variation, custom orders, temperature sensitivity—all can add to the challenges suppliers face as they seek efficient onsite storage solutions. **That's why Greg Zuern decided to try something completely different.** Together with CT Darnell and Sunbelt Rack, Zuern Building Products consolidated all their millwork into one reimagined building for maximum efficiency. The results speak for themselves. Thanks to this change, they saw:

- 50% faster pick times
- \$8MM more in deliveries with fewer trucks and drivers
- Maximized inventory efficiency and increased SKU count by over 15%

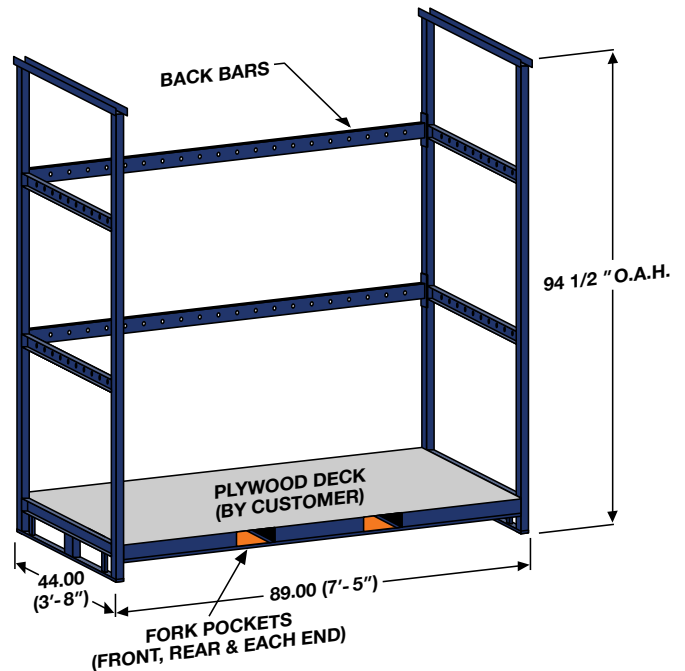
“This new facility has attracted new and existing customers to purchase more millwork product categories. We are truly offering industry-leading storage and care for our customers and their products.”

Brendan Kops, Financial Controller
Zuern Building Products

» Scan for the full story and video



Millwork Stack Rack



CT DARNELL
CONSTRUCTION
WE BUILD SOLUTIONS



CT-Darnell.com • Sunbelt-Rack.com
1-800-353-0892

Not Your Average Run-Of-The-Millwork

How Zuern Building Products & Design Center and CT Darnell and Sunbelt Rack transformed an existing warehouse into a single-source distribution center.

When Zuern had some radical ideas for a vacant 60,000 square foot warehouse they purchased, they knew just who to call for a little inspired collaboration. CT Darnell and Sunbelt Rack had been long-time partners on multiple successful storage solutions in the past, and they didn't want to waste any time getting started.

The Challenge

Windows, doors, millwork, and cabinetry can be finicky to supply. Their very nature requires the ability to store multiple unique shapes and sizes. And, unlike other building products, these product pieces can often be more sensitive to moisture and temperature. That's when Greg Zuern got the idea to centralize all his windows, doors, millwork, and cabinetry into one climate-controlled hub. **"Between the cold, damp weather putting our stored products at risk and the inefficiency of navigating multiple storage facilities for different SKUs, having one centralized distribution center just made sense,"** explained Zuern. So they bought a vacant warehouse centrally located to all four of their locations.



The Solution

Rick Stout and his CT Darnell and Sunbelt Rack team hit the ground running. "We've done a number of great projects with Zuern through the years, so it was easy to engage with the key players quickly and efficiently."

Brendan Kons, Financial Controller at Zuern, agreed. **"Rick and his team did a deep dive into all of our inventory, deliveries, and turn times and came up with a comprehensive game plan for the new location."** Indeed, Sunbelt Rack worked closely with Zuern from design all the way through execution.

An initial CAD overlay of the entire building helped inform the recommended mix of standard and customized steel racks



for their over 600 SKUs. "The building had some existing support columns we had to navigate around, but our plan maximized the space for more storage and for easy access and picking too," said Stout.

"I'll admit, we worried that it was a little bit of overkill," said Kons, "so we agreed to about 90% of it." Construction started in late December in 2019. "Once they got here it was pretty seamless," said Zuern Warehouse Manager Tom Schulz. "They asked a lot of good questions, and I only made one or two small changes. The crew was awesome!"

After finalizing the design, the Zuern racking project took approximately six weeks to complete. By any measure, it was a true success story. **"Besides all the efficiencies—which are great—this new facility has attracted new and existing customers to purchase more product categories. We are truly offering industry-leading storage and care for our customers and their products,"** said Kons. "We're already ordering 30 more racks than what Rick initially proposed." He smiled. "I guess I should have listened to him the first time."

The Under-One-Roof Advantage

- Marketing advantage of being the only building materials supplier in the region that has a climate-controlled millwork distribution center
- 50% faster pick times
- Product identification has improved (quicker and easier to find)
- The ability to load each truck to maximum capacity has translated into an additional \$8 million in product deliveries with fewer trucks and drivers
- Reduced number of trucks from seven to five
- PowerBin system maximized inventory efficiency and increased SKU count by over 15%

CT Darnell and Sunbelt Rack have been supporting LBM businesses with innovative storage systems and buildings for over 30 years. We have provided more rack systems and pre-engineered steel buildings in more lumberyards across the nation than any other supplier. Call us at 1-800-353-0892 and find out what we can do to support your business. For more success stories, visit us online at sunbelt-rack.com.

6 FROM THE PUBLISHER

Issues, answers, and connections
BY RICK SCHUMACHER

8 FROM THE EDITOR

How's business where you are?
BY JAMES ANDERSON

12 THE BUZZ

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

18 SALES & OPERATIONS

Four mistakes many sales pros are making
BY BILL LEE

20 BUILDING SALES

'Measure twice, cut once' also applies to sales
BY RICK DAVIS

22 LEADERSHIP

The new leader in town
BY RUSS KATHREIN

23 CREDIT Q & A

How much flexibility is too much?
BY THEA DUDLEY

24 MERGERS & ACQUISITIONS

Don't take low offers personally
BY JOHN WAGNER

25 PROCESS & PROFIT

Overdeliver with fewer drivers
BY SHANE SOULE

48 TOUGH CALL

THE DELIVERY DILEMMA:
JAMIE VS. OPERATIONS

Your top salesperson persists in making delivery promises that your operations and delivery team can't possibly meet. What would you do?



32

32 SAVED BY CITIZENS

Small Kansas town rallies behind its lumberyard.
BY JAMES ANDERSON

26 REAL ISSUES. REAL ANSWERS.

MARGINS VS. MARKET SHARE
BY LBM JOURNAL READERS

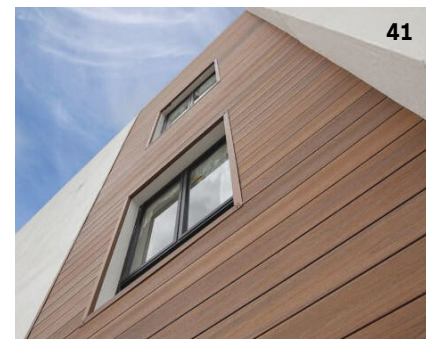
36 IN DEPTH

MATERIAL HANDLING
Challenges pave way for future of inventory management.
BY MIKE BERGER

41 PRODUCTS



36



41

DURABLE SIDING. NOW IN COLOR.



LP SmartSide ExpertFinish Trim & Siding
provides 16 prefinished color options for siding
with advanced durability you can stand behind.

Discover ExpertFinish® Color at
LPCorp.com/ExpertFinish

LP SmartSide®
ExpertFinish TRIM & SIDING

© 2021 Louisiana-Pacific Corporation. All rights reserved. LP, SmartSide and ExpertFinish are registered trademarks of Louisiana-Pacific Corporation.

Executive Editor & Publisher

Rick Schumacher
Rick@LBMJournal.com

Editor

James Anderson
James@LBMJournal.com

Creative Director

Richard Hart
Design@LBMJournal.com

Contributing Sales Editor

Rick Davis

Contributors

Mike Berger, Thea Dudley, Russ Kathrein,
Bill Lee, Shane Soule, John Wagner

Controller

Nancy Frazer
Nancy@LBMJournal.com

Director of Operations

Michelle Fischer
Operations@LBMJournal.com

Administrative Coordinator

Tina Saucke
Tina@LBMJournal.com

Circulation Director

Vicki Blomquist
Vicki@LBMJournal.com

ADVERTISING SALES

NORTHEAST & SOUTHEAST

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

CENTRAL & WEST

Michele Randazzo
Michele@LBMJournal.com
Ph: 904.310.9540 Fax: 952.892.7816

 @LBMJournal

 LBMJournal

 LBM Journal

 LBM_Journal

SUBSCRIPTION CHANGES

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

BACK ISSUES & EXTRA COPIES

operations@LBMJournal.com

Copyright 2021 by Custom Built Publishing LLC. Opinions expressed are those of the authors or persons quoted. Reproduction in whole or in part is prohibited without written authorization. LBM Journal is sent free-of-charge to qualified dealers and distributors of building materials. Publisher reserves the right to determine qualification. Non-qualified annual subscription rates: US, \$48; Canada, \$60 (U.S.); Airmail to all other countries, \$120 (U.S.). Single copy price: \$15 + S&H.



Issues, answers, and connections

AT LAT'S ANNUAL EXPO BACK IN 2011, a dealer asked me how other dealers were managing product deliveries in the face of rising fuel prices. It was a great question, and I had no idea what the answer was. But I knew who to ask—You and the other members of the LBM community. So we emailed a very brief, two-question survey to members of the LBM Journal audience. The response was overwhelming: more than 700 LBM pros shared their insights via more than 25,000 words.

Thanks to an LBM dealer seeking answers, and a community of LBM industry pros willing to help, that inaugural Real Issues. Real Answers. feature was published in the July/August issue of 2011. I wasn't sure how sustainable the idea was, but every issue of *LBM Journal* since then has included a dealer sharing their challenge, along with answers from other LBM pros from across the U.S.

When I share this story with publisher friends from other industries, they're amazed (and a little jealous) of our very active and engaged LBM community. That's why each Real Issues. Real Answers. feature starts off with this byline: "By LBM Journal Readers." That's pretty cool. And it's all *you*.

If you'd like to take your involvement in this community to the live-and-in-person level, I encourage you to mark your calendar for the LBM Strategies Conference, which will be held October 13-15 in Boston. More than 25 LBM industry pros will take the stage during this event—and that's after the optional tour of National Lumber's main yard and millwork facility in Mansfield, Mass., and the 90-minute Women in LBM Workshop.

Not only will you hear and meet columnists Rick Davis, Thea Dudley, Shane Soule, and John Wagner, you'll hear some of our industry's leading LBM pros sharing their stories, and their strategies. People like Jim Smucker from Keim, talking about "Preparing for the Opposite of a White-Hot Market," and John Perna from Hamilton Building Supply, talking about "Customer Stickiness: Using a Membership Program to Deliver Value & Profits." You'll hear Bill Hayward from Hayward Lumber, and Jennifer Zuern with members of the team at Zuern Building Products talking about "How to Make Your Company a Great Place to Work." Sunpro president Greg Templeman will address "Emotionless LBM Pricing," and Sunny Bowman from Dakota County Lumber will discuss "Operational Excellence: The Perfect Delivery."

All attendees will also go home with copies of the latest books from Rick Davis, Thea Dudley, and Bradley Hartmann/Carl Moyer. Last week, Mr. Davis let me read the manuscript for his new title, "Beat the Price Objection." I read it in one sitting, and my response was "Wow. Just wow."

If you like the idea of getting away from the yard for a few days and connecting with sharp LBM pros from across the U.S., I'd love to see you in Boston.

— Rick Schumacher
Executive Editor & Publisher



Rick@LBMJournal.com



LBMVIP

When it comes to lumber and building materials, Do it Best is your first, best, and only single-source solution. Through extensive mill and vendor relationships and smart buying strategies, we provide full-service product supply at the lowest cost. Our highly-trained team partners with you to be an extension of your business to proactively serve your specific needs. With help from Do it Best, you will be the most valuable provider for your pros and contractors.

▶▶ Let Do it Best be your single-source LBM partner. Call us today at 888-DO-IT-BEST (888-364-8237) or visit doitbestlbm.com

First CHOICE.
Best CHOICE. SM



Do it Best Corp.

How's business where you are?

IT'S NO SECRET THAT LUMBER dealers are doing alright in this economy. Sure, they may be working harder than ever while navigating shortages in both materials and labor, but the fact of the matter is that for many, 2021 is shaping up to be a record year—and that's following what was likely a record year in 2020. Strange things can happen when predictability is thrown out the window. These past 18 months have enforced that point.

When business is good, we often hear from dealers (or their customers, distributors, or vendors), who recommend that we do a story on what they're doing right. We love those recommendations because they lead to stories that provide our readers with opportunities to improve their business. Our readers want to learn from LBM dealers in other parts of the country. But, just like the markets they serve, not all lumberyards are the same. Take for instance the story of Eskridge Lumber in the tiny town of Eskridge, Kansas.

When it was brought to my attention that citizens of a small town in Kansas had pooled together money to save their local lumberyard from closing, I told our Executive Editor and Publisher Rick Schumacher that it's a story we have to tell. He agreed. A couple short phone calls later, and I was chatting with Tuff Stephenson and board members of Eskridge Lumber for this issue's profile story.

It's not like other business stories we've shared. The owners of Eskridge Lumber, by

their own admission, aren't exactly doing well. The town is small and shrinking, and there is little new development on the horizon that warrants new building construction. As board member Harold Warner says to close out the story, "Everybody's objective is the same—to keep this thing alive." Yet the idea that a group of concerned townspeople would invest a good sum of money to keep a small business where they rarely even shopped alive...well, that story needed to be told. And while you may be reading this issue in the middle of a banner year for your company, chances are you've felt, (possibly around 2009?), the same way that Harold Warner feels today.

Not all business stories turn out to be good stories in the end, but I sure hope Eskridge Lumber's is. The staff at the lumberyard and the townspeople of Eskridge deserve it. While business success surely goes up and down, Randy Kemp, Tuff Stephenson, and the folks at Eskridge Lumber are due for some upside.

Whether business is booming or you're treading water, it's our job to share your story with our print magazine readers, our online audience, social media followers, and the attendees at our LBM Strategies Conference. So, if you've got a story to tell, or know of someone who does, please don't hesitate to let me know. Send an email to james@LBMJournal.com, reach out via one of the LBM Journal social media pages, or pull me aside at this year's LBM Strategies Conference. Let's talk.

— James Anderson
Editor



A stylized, handwritten signature of James Anderson in dark ink.

james@LBMJournal.com



KEY-LINK™
FENCING & RAILING



EASIEST INSTALL FOR *Effortless Entertaining*

THE NEWEST RAILING FROM KEY-LINK

No need to struggle with complicated systems or extra brackets. Simply lay a deckboard on top of the Chesapeake railing and fasten using the predrilled holes and provided screws.

Installers benefit from the time and labor savings, while homeowners love the look and the convenience for their guests.

LEARN MORE: [KEYLINKONLINE.COM](https://www.keylinkonline.com)    

LBM STRATEGIES

2021 CONFERENCE

OCTOBER 13-15 • BOSTON • HILTON LOGAN AIRPORT

Join other LBM industry leaders from across the U.S. to learn, share and network. 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.

2021 SPEAKERS



KATIE BODIFORD
Executive Vice President
Construction Supplier's
Association



SUNNY BOWMAN
President & Owner
Dakota County Lumber
Company



RICK DAVIS
Founder & 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.



BILL HAYWARD
CEO
Hayward Lumber &
Hayward Score



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



TED RIEPEL
Managing Partner &
Founder
1st West M&A



JIM SMUCKER
President
Keim



SHANE SOULE
President
ProTec Panel & Truss



GREG TEMPLEMAN
President
Sunpro Corporation



JOHN WAGNER
Managing Director
1st West M&A



AMY WARREN
Director of Sales &
Business Development
Weyerhaeuser



DOUG CARLSON
Executive VP
Zuern Building Products



KRISTINA CHAPMAN
Training + Development
Specialist
Zuern Building Products



RACHEL HOMULOS
HR Director
Zuern Building Products



ALEX SPRTEL
Marketing Director
Zuern Building Products



JENNIFER ZUERN
Brand + Business
Development Manager
Zuern Building Products



RICK SCHUMACHER
Executive Editor &
Publisher
LBM Journal

RESERVE YOUR SPOT BY AUGUST 31 AND SAVE \$100!

REGISTRATION AND COMPLETE DETAILS: LBMSTRATEGIES.COM

PLATINUM SPONSOR

EPICOR

GOLD SPONSORS

eci

BUILD XACT

SPONSORS

SIMPSON
Strong-Tie

UPG

Do it Best Corp.

**BUILDING INDUSTRY
PARTNERS**

UFP RETAIL SOLUTIONS

PLM

GAF

Weyerhaeuser

LBM Advantage
Better. Stronger. Together.

FastenMaster
PRO Driven

Stratus

SUPERIOR
PLASTIC PRODUCTS

KEY-LINK
FENCING & RAILING

SPAX

feeney

LMC
Lumber Marketing Council

GRABBER
"The Professional's Choice"

SELJAX

RISE
BUILDING
PRODUCTS

WorkSafe
WorkSmart!
Building Profits
Through Safety, Efficiency
and Engagement

PROGRAM AGENDA*

10/13 **OPTIONAL**

TOUR OF NATIONAL LUMBER MAIN YARD AND MILLWORK FACILITIES

Tour National Lumber's main yard and state-of-the-art millwork facility in Mansfield, Mass. Lunch and transportation included.

OPTIONAL

WOMEN IN LBM WORKSHOP

AMY WARREN, DENA CORDOVA-JACK, KATIE BODIFORD

Join us for an unmatched opportunity to connect with industry leaders who are looking to build bench strength with more Women in LBM. The research is clear: companies with diverse teams perform better and are more profitable. Yet, women are leaving the workforce at disproportionately faster rates due to COVID-19. And women still comprise just a small percentage of our industry. Learn how you can help increase diversity and inclusion at your company, no matter what your role.

WELCOME NIGHT COCKTAIL RECEPTION

10/14 **SALES LESSONS LEARNED FROM THE END OF THE WORLD**

RICK DAVIS

The unusual times of our industry are unprecedented. Housing inventory is low while commodity prices soar. Builders are struggling to cope and keep up with demand. Pressure to perform in your workplace has never been greater. Labor shortages abound. Oh yeah...we've been affected by a global pandemic too. Rick Davis argues that this is a time to hone selling skills and leverage a boom in the LBM industry.

HOW TO MAKE YOUR COMPANY A GREAT PLACE TO WORK: ZUERN BUILDING PRODUCTS

JENNIFER ZUERN, RACHEL HOMULOS, DOUG CARLSON, ALEX SPRTEL, KRISTINA CHAPMAN

Has your company been around for a long time? Great! Are you starting to feel "old, male, & stale"? Not so great... In this session, the Zuern Building Products & Design Center Culture Crew will share what they do that earned them a spot as a Milwaukee Top Workplace. They've crafted this "power hour" to ensure you take away at least 2-3 tangible and achievable action items to enhance your employee loyalty and work enjoyment.

HOW TO MAKE YOUR COMPANY A GREAT PLACE TO WORK: HAYWARD LUMBER

BILL HAYWARD

Family, not corporate. Purpose. Taking care of our people. Giving back to our communities. Believing that the right people, given the right resources and freedom, will achieve greatness. Old-fashioned values. A square deal and a handshake. Diversity, technology, dependability, and sustainability. These are a few of the ingredients that have made Hayward Lumber a great place to work for over 100 years.

CUSTOMER 'STICKINESS': USING A MEMBERSHIP PROGRAM TO DELIVER VALUE & PROFITS

JOHN PERNA

Learn how John Perna and his team at Hamilton Building Supply studied leading retailers like Amazon, Target, and Home Depot, then used that knowledge to build out one of the LBM industry's first customer membership programs, HBS SELECT. With dual goals of speed and customer 'stickiness,' Perna will share how his team leverages this membership program, and their new e-commerce platform, to deliver genuine value to their customers.

EMOTIONLESS LBM PRICING

GREG TEMPLEMAN

Greg Templeman and his team at Sunpro have worked to remove the emotion and subjectivity from pricing by making it very clear which specific, objective factors and behaviors determine price. In this session, Templeman will share the experience of how this "emotionless" pricing strategy has provided clarity to what drives price for Sunpro, and how it transformed price negotiations into mutually beneficial partnership discussions.

PREPARING FOR THE OPPOSITE OF A WHITE-HOT MARKET

JIM SMUCKER

Many LBM dealers are experiencing record sales and profits. History and common sense, however, tell us that this won't last forever. Using lessons learned from the Organizational Lifecycle Curve and running ultramarathons, Jim will show that now, from a position of strength, is the time to plant seeds for the opposite—the inevitable downturn. Jim will also share strategies that Keim is currently developing as well as how they have engaged their employees and customers in strategic planning.

LEVERAGING THE POWER OF SALES + CREDIT

THEA DUDLEY, ROB EVERSON

Do you think that credit is credit, sales is sales, and never the two shall meet? Then buckle up, because this session will challenge your perceptions. In this spirited discussion, sales veteran Rob Everson and credit overlord Thea Dudley will share real world insights on how to leverage the combined power of your credit and sales departments, then reap the benefits to boost your company's culture and bottom line.

OPERATIONAL EXCELLENCE: THE PERFECT DELIVERY

SUNNY BOWMAN

You can have the best performing sales reps in your market, but if your deliveries are subpar, you're going to lose business to the competition. That's why Sunny Bowman and her team at Dakota County Lumber emphasize "Perfect Delivery." In this session, you'll learn how Bowman defines perfect delivery, and how her company uses this fundamental service to create separation from competitors ranging from big box retailers to large pro chains.

BOOST PROFITS THROUGH BETTER COSTING METHODS

SHANE SOULE

How profitable are each of your customers? How about each of your sales reps? Did you make money on that last job? If you can't point the the exact metrics to answer these questions, you don't want to miss this session. Shane Soule will walk through some proven effective methods that can help you identify ways to measure areas of your business that are profitable and those that are costing you money.

NETWORKING RECEPTION

10/15 **YES, FEAR WORKS (BUT THERE'S A BETTER WAY)**

BRADLEY HARTMANN, CARL MOYER

You have underperforming managers. They manage on gut feel, intimidation, and fear. And yet these managers remain. Why? Because bad managers get stuff done. Turns out fear actually does work. But there's a better way. In this session, Carl Moyer and Bradley Hartmann will share the stories of America's greatest managers of the 20th century you've never read about as they demonstrate how you can coach up your challenging under-performers while guiding your top performers to greater heights.

TECHNOLOGY INNOVATIONS ROUNDTABLE

RICK DAVIS & DEALER PANELISTS (TBA)



THE PERFECT WAVE: HOW SELLERS ARE LEVERAGING TODAY'S WHITE-HOT M&A SECTOR

JOHN D. WAGNER, TED RIEPLE

The race to consolidate building material dealers and component manufacturers is driven by a fragmented market, low interest rates, housing demand, and ready access to cash for buyers to make acquisitions. In this presentation, Wagner and Rieple, who manage one of the LBM industry's most-active "sell-side" M&A firms, will share their insights on obtaining the best price as a seller, and how long this perfect wave will last.

PRESENTED BY

LBM
JOURNAL

*PROGRAM AGENDA SUBJECT TO CHANGE.

UPDATES

PEOPLE

Steve Voorhees has joined **MaterialsXchange's** Board of Managers. MaterialsXchange has also added **John Mancine** as chief technology officer.

Boise Cascade has promoted **Brian Harrington** to director of Engineered Wood Products for the Building Materials Distribution division.

SPAX engineered fasteners has announced the addition of **Joseph Lovett** and **Garrett Joyner** as new sales managers.

INDUSTRY

Huber Engineered Woods plans a new Minnesota mill to expand its production of ZIP System and AdvanTech structural panels.

Simpson Strong-Tie has renewed lead sponsorship for **Habitat for Humanity International's** Habitat Strong program.

CertainTeed has started up production at its first STONEfaçade plant in Quakertown, Pennsylvania.

Envision Building Products has launched an outdoor living line, Envision Outdoor Living Products.



MANCINE



HARRINGTON

Fiberon has partnered with **Breezesta** to offer an outdoor furniture line.

Roseburg is building a new high-capacity sawmill in North Carolina.

DISTRIBUTION

BMD will distribute **RDI by Barrette Outdoor Living** aluminum and steel railing product lines in the California market.

Empire Moulding & Millwork has signed a lease for a new distribution center in Amherst, New Hampshire.

ASSOCIATIONS

Inventures, an association and alliance management company, has announced that they are taking over managing responsibilities for the **West Coast Lumber & Building Material Association**.

IN MEMORIAM

Harry Walter "Wally" Bennett II, 63, passed away on Saturday, June 19, 2021, at St. Dominic Hospital in Jackson, Mississippi. Wally was the owner of **Bennett's Do it Center** in Louisville, Mississippi.

Emma Lou Delaune passed away on Sunday, July 4, 2021, at the age of 74. Emma Lou was a past owner of her family's home center **Delanue's Do it Center** in St. Amant, Louisiana.

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

BUILDER CONFIDENCE DIPS AS MATERIAL CHALLENGES PERSIST

Strong buyer demand helped to offset supply-side challenges relating to building materials, regulation, and labor as builder confidence in the market for newly built single-family homes inched down one point to 80 in July, according to the National Association of Home Builders (NAHB)/Wells Fargo Housing Market Index (HMI). The dip in builder confidence comes after a June reading that was the lowest since August 2020.

"Builders continue to grapple with elevated building material prices and supply shortages, particularly the price of oriented strand board, which has skyrocketed more than 500% above its January 2020 level," said NAHB Chairman Chuck Fowke. "We are grateful that the White House heeded our urgent plea to hold a building materials meeting with interested stakeholders

on July 16 to seek solutions to end production bottlenecks that have harmed housing affordability."

"Builders are contending with shortages of building materials, buildable lots and skilled labor as well as a challenging regulatory environment. This is putting upward pressure on home prices and sidelining many prospective home buyers even as demand remains strong in a low-inventory environment," said NAHB Chief Economist Robert Dietz.

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.

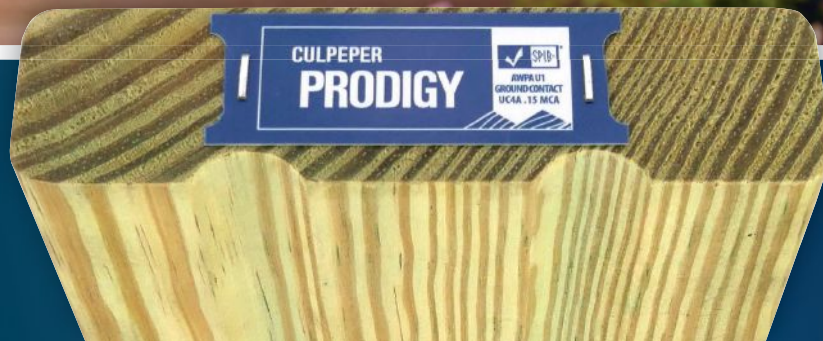
The three major HMI indices were mixed in June. The HMI index gauging current sales conditions fell one point to 86, the component measuring traffic of prospective buyers dropped six points to 65 and the gauge charting sales expectations in the next six months posted a two-point gain to 81.

LOOKING AT THE THREE-MONTH MOVING AVERAGES FOR REGIONAL HMI SCORES:

NORTHEAST FELL FOUR POINTS TO	75 ▼
MIDWEST MOVED ONE-POINT LOWER TO	71 ▼
WEST POSTED A TWO-POINT DECLINE TO	87 ▼
SOUTH HELD STEADY AT	85



BUILD WITH CONFIDENCE.



2X6 DECKING **5/4 DECKING** DECK ACCESSORIES **STEP STRINGERS** LATTICE
MAILBOX POSTS BALUSTERS **HANDRAIL** TURNED SPINDLES **ROOF CANTS**
GRADE STAKES **DIMENSIONAL LUMBER** KDAT **FENCE PANELS** FENCE BOARDS
SPLIT RAIL ROUNDS **SQUARE COLUMNS** TURNED COLUMNS
PRIMED TRIM BOARDS HEAVY TIMBERS **PLYWOOD** PORCH FLOORING
TONGUE & GROOVE CUSTOM MILLING **PILING**

The Trusted Brand in Pressure Treated Lumber
culpeperwood.com


CULPEPER
WOOD PRESERVERS

UPDATES

CO-OPS & BUYING GROUPS

LBM Advantage has announced that **Maria Saraceno-Ward** has joined their team as marketing manager.

MERGERS & ACQUISITIONS

American Construction Source has acquired **Tanco Lumber**, expanding LBM distribution capacity in Missouri.

Oldcastle APG has acquired **EP Henry**, a producer of pavers, segmental retaining walls, masonry block, and wet-cast products.

Trusscore has acquired Calgary-based **Westech Building Products**.

PrimeSource has acquired **Wolf Home Products**, a designer and supplier of branded cabinetry, vanities, countertops, decking and railing, and other residential building products.

L&W Supply will acquire assets of **Builders FirstSource's** Eastern Gypsum Distribution Operations. The company also has acquired **DAICO Supply Company** in Texas.

Woodgrain has purchased **Lowe's** Tennessee Millwork door shop in White House, Tennessee.

SRS Distribution has acquired **Acorn Roofing Supply**, **Prairie State Exterior Products**, and **55 Building Supply**, all in the Chicago area.

TOUGH CALL ANSWERS

ANSWERS TO OUR JUNE TOUGH CALL SURVEY:

WHO'S AFRAID OF THE BIG ~~BAD~~ BOX?

A NATIONAL BIG BOX HOME CENTER CHAIN IS GOING UP RIGHT ACROSS THE STREET FROM YOUR STORE. HERE'S HOW READERS WOULD HANDLE THIS TOUGH CALL.

SURVEY RESULTS FROM LBMJOURNAL.COM

26.8%

STAY THE COURSE. As the leading LBM dealer in your market, with an age-diverse team and the biggest builders as your customers, you're positioned to win. Ignore the competition, and run your race.

26.8%

CASH OUT. Over three generations, your family business has had a great run. But the strong market won't last forever and selling now is the smart play for you and the company.

41.3%

OPPOSITION RESEARCH. Study their strengths, their weaknesses, and how other yards like yours have competed against them and won. Then craft a strategy and execute it.

5.1%

RALLY THE HBAS. Reconnect with your local home builder and remodeler associations and push a strong "buy local, build local" message.



©iStock.com/Antonio_Diaz



©iStock.com/elenaleonova

NAHB URGES CONGRESS TO ENACT POLICIES TO HELP BUILDERS BOOST HOUSING PRODUCTION

National Association of Home Builders CEO Jerry Howard testified before Congress on Wednesday, July 14 and called on lawmakers to enact key policy proposals that will help home builders to expand the housing supply, reduce the housing deficit, and improve housing affordability for all Americans.

During a hearing before the House Ways and Means Subcommittee on Oversight on the topic of expanding housing access to all Americans, Howard noted that rising home prices, apartment rents and construction costs represent additional risks to housing affordability for prospective home buyers and renters.

"Over the past decade, the residential construction industry has underbuilt and not kept pace with demand due to several supply-side constraints," said Howard. "These include a lack of skilled labor and buildable lots, tight lending conditions, shortages and rapidly rising prices for building materials, and excessive regulatory burdens that have added approximately 25% to the cost of a single-family home and 33% to a multifamily unit. Progress must be made on all fronts to ease the supply-side challenges that are holding back housing production."

REMODELING INDUSTRY CONFIDENCE IMPROVES

The National Association of Home Builders (NAHB) released its Remodeling Market Index (RMI) for the second quarter, posting a reading of 87, up 14 points from the second quarter of 2020. The finding is a signal of residential remodelers' confidence in their markets, for projects of all sizes.

"Remodelers in many parts of the country are experiencing very strong demand for their services," said NAHB Remodelers Chair Steve Cunningham, CAPS, CGP. "So far, remodelers have been able to accommodate most customers, but as the backlog of projects in the pipeline grows, there is a tendency for them to take longer to start and complete."

The RMI survey asks remodelers to rate five components of the remodeling market as "good," "fair" or "poor." Each question is measured on a scale from 0 to 100, where an index number above 50 indicates that a higher share view conditions as good than poor.

CONSTRUCTION INPUT PRICES RISE 2.8% IN JUNE

Construction input prices increased 2.8% in June compared to the previous month, according to an Associated Builders and Contractors analysis of Producer Price Index data from the U.S. Bureau of Labor Statistics. Nonresidential construction input prices increased 2.9% for the month, after a 4.6% increase in May.

Construction input prices are 24.8% higher than a year ago, while nonresidential construction input prices are up 24.6% over that span. As has been the trend for several months, all three energy subcategories experienced significant year-over-year price increases. The price of crude petroleum has risen 108.8%, while natural gas and unprocessed energy materials prices have increased 105.9% and 83.5%, respectively. Though prices for softwood lumber are up 125.3% over the past year, they were down 2.1% on a monthly basis.

HOUSING STARTS INCREASE IN JUNE, BUT SUPPLY-SIDE ISSUES LINGER

Overall housing starts increased 6.3% in June to a seasonally adjusted annual rate of 1.64 million units, according to a report from the U.S. Department of Housing and Urban Development and the U.S. Census Bureau. Despite the increase in housing production, there is concern over weakening permit numbers for both the single-family and multifamily markets.

The June reading of 1.64 million starts is the number of housing units builders would begin if development kept this pace for the next 12 months. Within this overall number, single-family starts increased 6.3% to a 1.16 million seasonally adjusted annual rate. The multifamily sector, which includes apartment buildings and condos, increased 6.2% to a 483,000 pace.

On a regional and year-to-date basis (January through June of 2021 compared to that same time frame a year ago), combined single-family and multifamily starts are 41.4% higher in the Northeast, 25.5% higher in the Midwest, 21.5% higher in the South and 28.0% higher in the West. Overall permits decreased 5.1% to a 1.60 million unit annualized rate in June. Single-family permits decreased 6.3% to a 1.06 million unit rate. Multifamily permits decreased 2.6% to a 535,000 pace.

The count of single-family homes currently under construction is 675,000-up 32% compared to a year ago. The number of multifamily units under construction is up 2% to 684,000 apartments.

LOOKING AT REGIONAL PERMIT DATA ON A YEAR-TO-DATE BASIS, PERMITS ARE:

HIGHER IN THE NORTHEAST	33.2% ▲
HIGHER IN THE SOUTH	29.6% ▲
HIGHER IN THE MIDWEST	31.9% ▲
HIGHER IN THE WEST	32.2% ▲

UPCOMING EVENTS

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

SEP 13-15 LUMBERMEN'S ASSOCIATION OF TEXAS (LAT) 135th ANNUAL CONVENTION & EXPO | Frisco, TX
lat.org

SEP 24-25 EMERY JENSEN EDGE
Orlando, FL | emeryjensen.com

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

SEP 29-OCT 1 CONSTRUCTION SUPPLIERS ASSOCIATION (CSA) ANNUAL CONFERENCE & TRADE SHOW
Gulf Shores, AL | gocsa.com

OCT 13-15 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

JAN 11 WISCONSIN LUMBER DEALERS LEADERSHIP CONFERENCE
Wisconsin Dells, WI | nlassn.org

FEB 1-2 NORTHWESTERN LUMBER ASSOCIATION (NLA) EXPO NEBRASKA
La Vista, NE | nlassn.org

FEB 3-4 NORTHWESTERN LUMBER ASSOCIATION (NLA) EXPO IOWA
West Des Moines, IA | nlassn.org

FEB 8-10 INTERNATIONAL BUILDERS SHOW | Orlando, FL | buildersshow.com

FEB 11-14 DO IT BEST SPRING MARKET
Indianapolis, IN | doitbestonline.com

FEB 21-23 LBM ADVANTAGE 2022 ANNUAL BUYING SHOW
Kissimmee, FL | lbmadvantage.com

MAR 7-8 NORTHWESTERN LUMBER ASSOCIATION (NLA) EXPO NORTH
St. Cloud, MN | nlassn.org

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



CASCADIA

Stainless Steel Rod Rail System



100% Stainless Steel
316 Marine Grade

36" & 42" Rail Heights
for Level & Stair

Interior or Exterior Use
Flexible Top Rail Options

BY THE YARD NEWS FROM LUMBERYARDS AROUND THE COUNTRY

Wendy Stine named new president of Stine, LLC

Stine Home and Yard has announced that Wendy Stine has been promoted to president of Stine, LLC. Wendy Stine began her career with Stine in 1988 working at the DeRidder store while in high school. She graduated from McNeese State University in 1994 where she earned a Bachelor of Science in Marketing.



Healdsburg Lumber Company president earns Women in Business Award

Jill Ziedrich Gaylor, president of Healdsburg Lumber Company in Healdsburg, California, has won the North Bay Business Journal's 2021 Women in Business Award. Founded in 1875, Healdsburg Lumber is a member of the LBM Century Club, and in its third generation of Ziedrich family leadership. Ziedrich Gaylor took over as president in March 2020.



New South Construction Supply adds Abhi Singh as executive vice president and COO

Abhi Singh will lead all nine NSCS branches in sales, operations, purchasing, new locations, and future mergers and acquisitions. A veteran in the building materials industry, Singh comes to New South Construction Supply from Mid-Am Building Supply. New South Construction Supply was also again named a Best Place to Work in South Carolina, the company's fifth time winning the award.



US LBM makes three acquisitions

US LBM has completed its acquisition of American Construction Source. The company also has acquired Brand Vaughan Lumber of Georgia, and Arizona's Home Center Supply.

Kodiak Building Partners celebrates 10th anniversary

Over the last 10 years, Kodiak has acquired over 89 locations which serve 22 states with over 5,000 employees, ranking the company number six on the LBM Journal 100.

Kodiak Building Partners acquires Ricci Lumber

Ricci Lumber was founded in 1957 in Portsmouth, New Hampshire and serves builders and Seacoast institutions in New Hampshire, Maine, and Massachusetts.

Building Industry Partners forms regional LBM platform in Southeast

Southeast LBM made its inaugural investments via the acquisition of Warner Robins Building Supply Co., Henson Building Materials, and Mountain Building Supply.

Mead Lumber acquires Heartland Building Center locations

Mead Lumber is a 100% employee owned and ranks at 18 on the LBM Journal 100 list of top lumber and building materials retailers. The company now has 47 locations in Colorado, Kansas, Iowa, Montana, Nebraska, Oklahoma, South Dakota and Wyoming, including five truss and wall panel manufacturing plants.

Carhart Lumber celebrates 100 years

Carhart Lumber of Wayne, Nebraska is celebrating a 100-year anniversary this year. A member of the LBM Century Club, Carhart Lumber was founded in 1921 by brothers Charles and Benjamin Carhart in Wayne. The company is still family owned and operated. Current owners Scott and Brenda Carhart are the fourth generation of family owners. The company currently operates nine lumberyards as well as a design center, kitchen and bath store, and an insulation business.

Nation's Best acquires Caron Building Center

Nation's Best has acquired Caron Building Center, located in Berlin, New Hampshire.

Hamshaw Lumber acquires Leader Home Centers

Hamshaw Lumber, a family-run business with headquarters in Keene, New Hampshire, has acquired Leader Home Centers, a chain of five retail stores with locations in Massachusetts and Vermont.

Westlake Ace Hardware contributes fans for heat relief

Nearly 7,300 fans are being donated this summer to various Salvation Army commands to distribute to those most in need.

84 Lumber opens new North Carolina truss plant

The facility opened at the end of June with 15 associates and plans to grow to 30 associates by the end of the year.

Builders FirstSource acquiring software company WTS Paradigm

Builders FirstSource, Inc. has entered into a definitive agreement to acquire WTS Paradigm, LLC, a software solutions and services provider for the building products industry, in a cash transaction valued at approximately \$450 million. The acquisition adds to Builder FirstSource's strategy to invest in digital solutions that will help its customers build more efficiently.

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.

Four mistakes many sales pros are making

BY BILL LEE

EVERY TIME I THINK I CAN predict what's around the corner in our industry, something happens to make me realize I am a lousy speculator. At my age, I've been through a lot of markets that stink and a lot that are exploding, but I never thought I'd see the demand or the price escalation we're experiencing right now. But no matter what market conditions are, salespeople still must sell.

It's natural to get into some bad habits in an economic situation such as the one our industry is experiencing. In this article I want to pinpoint a few of the mistakes I have observed salespeople make in this kind of economy.

Failure to practice. As a salesperson, you are called upon to deal with issues in an oversold market that you may have never faced in your career. The best performers in any profession have learned that the will to prepare to win is more important than the will to win itself. So, take time to practice the words you will use when you ask your customers to begin anticipating their needs, thinking ahead and avoiding last minute emergencies. The key is to remember to think carefully about what you are going to say right before you say it rather than right after your words leave your lips.

Riding in the comfort zone. I believe all salespeople have customers on the books whom they would be wise to prune. In this kind of market, customers who refuse to modify their behavior, especially when it comes to planning ahead, are going to cost you valuable time you can't afford to spend. There are just so many hours in a day and the degree to which your customers are organized will, in a large part, dictate how much business you can personally handle. Now is the time to prospect with the purpose of building a more professional customer base. You won't

have time to service new customers unless you prune a few of your existing customers who are demanding a disproportionate amount of your resources.

Failure to qualify. What is your source of prospective customers? If your answer is job site signs, the Yellow Pages, or Google, you are taking a shotgun approach to prospecting. Establish measurable criteria that a contractor must meet to qualify as one of your prospects. I recommend the criteria you choose include annual sales volume or the number of homes the contractor builds in a year, profitability, i.e., is the prospect a successful business person who has the cashflow to pay his bills on time, has pride in the brands he uses in the houses he builds, is a fair person who is reasonable to do business with and someone you believe you have something to offer he is not getting from his current supplier?

Under serving. One of the best business books I have ever read is "The Servant: A Simple Story about the True Essence of LEADERSHIP" by James C. Hunter. The late, great Zig Ziglar coined a phrase that made me more money as a salesperson than any other piece of advice I ever received, and the phrase was, "You'll get everything in life that you want if you'll just help enough other people get what they want."

I believe the secret to learning what it is your prospects want is spending less time talking and spending more time asking good open-ended questions. When you are planning your sales calls, I encourage you to devote some quality time to designing a few questions that help you learn what your prospects want that they don't currently have in a salesperson.

Take advantage of this market my friends, it doesn't get much better than this. ■



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

JOIN US IN-PERSON

ORLANDO, FL



EMERY•JENSEN

Edge

SEPTEMBER
24 - 25

Gain a competitive edge in your
market this September as we gather
safely in-person!

IT'S GOOD TO BE BACK:

- Take advantage of our biggest and best deals of the year
- Over 1000 vendors representing the best products in the industry
- Family-friendly destination that offers many attractions and perfect weather
- Enjoy an interactive outdoor grilling and power equipment demonstration area that will allow you to get hands-on with the latest products

**SCAN THE QR CODE TO
REGISTER AND BOOK HOTEL
ACCOMMODATIONS TODAY!**

Or visit <https://www.mcisemi.com/ejdedgefall2021/>



‘Measure twice, cut once’ also applies to sales

BY RICK DAVIS

SLOW DOWN. Measure twice, cut once. If you don't have time to do it right the first time, when will you find time to do it again? Of course, these are old saws (pun intended) that we hear and embrace as sage advice but sometimes forget to heed.

This is one of those times. It's no secret we are in unusual times and product is scarce. The entire global supply chain is stretched. Bicycle orders and parts are backlogged by months and years. Flowers are in short supply. And of course, lead times are extended for nearly every product we sell in the construction industry.

The irony is that we are forced to work at a frenetic pace to cope, which means greater chance for errors and less time to do the job right. It is for this very reason I recommend you slow the process on each individual order just a little bit.

Prior to the pandemic and the new world economy, it was easy to provide a fill-in product to complete a mistake on an order. Today, that fill-in can take weeks or even months. For now, there is no option to ask a vendor to expedite. There is no excess inventory from which to pull unless you're willing to do it at the expense of a different customer.

1. DON'T WAIT; INSTIGATE

Before the order is placed, have the detailed discussions. This includes more than product specifications. Be clear about delivery locations and details. It's too costly to have drivers on a job site waiting to drop loads when the contractor is unprepared. It's nearly impossible to get an order on time if you haven't allowed for adequate lead time.

In normal times, we wait. We let builders and remodelers tell us when they want to place orders. We give them lead times and trust they'll

allow enough time to get their products. These are not normal times and it's advisable to be tougher on your customers...for their benefit!

2. SWEAT THE DETAILS

This is the moment you measure twice. It seems inane to suggest that you slow down when you're already working at a record pace. However, if you stop to think about the time invested in a single mistake—i.e., hours, or even a day—it behooves you to ensure every detail is handled prior to placing the order with your vendor.

This means outside salespeople should inform the team about project scheduling as much as possible. It means orders should be double-checked. It definitely means you should ask about all the fasteners, hangers, connectors, starter strips, screws, and building materials that are needed to complete the job. Besides the fact you're saving your customers a lot of time by sweating the details, those little items are high margin sales that produce dramatic profits.

3. GO DEEP IN RELATIONSHIPS

This is really more for outside salespeople and means that this is a very good time to know all the secondary players in your customers' organizations. They are providing the sweat equity to keep the machine running and can tell you a lot about project scheduling and product needs, not to mention a good bit about your competition.

In these unusual times, do the things you should be doing in usual times, but do them unusually well. Be proactive and ask about all the projects your customers have in their production pipeline so they can get into yours. ■



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

**MEET RICK IN PERSON
AT THE LBM STRATEGIES
CONFERENCE, OCT. 13-15
IN BOSTON**



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:

HOLMAN SUPPLY COMPANY Moultrie, GA	est. 1920	BETHEL MILLS INC. Bethel, VT	est. 1781
LAMB LUMBER CO, INC. Lake Placid, NY	est. 1919	LELAND L. FISHER, INC. Rockville, MD	est. 1894
MARCUS LUMBER Marcus, IA	est. 1920	RUCKER LUMBER INC. Boston, NY	est. 1921
MCDOWELLS BUILDING MATERIALS Vinton, IA	est. 1864	ELLIOTT LUMBER, INC. Oxford, MS	est. 1917
OLDHAM LUMBER COMPANY INC. Dallas, TX	est. 1921	EJ STEPHENS COMPANY, INC. Albany, MS	est. 1902

SPONSORED BY

EPICOR

The new leader in town

BY RUSS KATHREIN

ASK ANYBODY WHO ever moved as a child, being the new kid in school can be both terrifying and exhilarating. On one hand, you don't know everyone, and all eyes are on you. On the other hand, it presents an opportunity for reinvention. The same opportunity occurs when you are a new leader taking over a department, location, division, or company.

As a new leader, on occasion, you follow someone who was promoted or retired, and they hand you a well-oiled machine, but not everything has been done exactly the way you would have done it. These can be challenging situations, but they can be quite rewarding when you successfully work your way through them. Here are a couple tips I can pass on—many of which I had to learn the hard way:

Listen, Plan, Act. This is the leader's version of "ready, fire, aim." You may think you know the problems coming in, and you may think you know the answers, too. Spend time with the people you will be leading and ask them questions. They will probably do a good job of defining the problem, and chances are they have some pretty good ideas on how to solve them as well.

If they are thirsty, let them drink. I came into one situation years ago, where the previous leader wanted everybody to like him. He was very ambiguous and avoided confrontation. Consequently, the team told me what they really wanted was to know what the rules were, and then wanted everyone to be held accountable to those rules, including themselves. So, I worked with them on finding out what areas needed to be defined, then I threw myself into leading the team as we tackled every tough or uncomfortable situation my predecessor had avoided. Sometimes this involved talking to demanding or problem customers. But often it was more about not letting some people live by their own set of rules. You would have thought this would

have made me unpopular or disliked, but even the people who had to change their behavior came to appreciate that we all were now singing from the same hymnal.

You can't save everybody. The worst mistake I have made over my career was thinking that I could get everybody to change and improve. It will never happen. So, you must have a plan or process with realistic expectations. I have found that if you are in a big turnaround or culture change, about 25% of the people will be gone from their current position within 18 months. Some will quit, some will retire, or some will need to be de-cruited. Some will transfer to a different area of the company because they aren't ready for change or are not willing to drink your Kool-Aid. And some will need to be moved into a different job where they can be more effective. Jim Collins called this "Getting the right people in the right seats on the bus."

For me, the process starts with identifying the 20% of the team that is ready for change, even excited by it, and make them your evangelists. Often this is a team or department you can get some initial quick wins. They will, in turn, affect the next 60% of the team that are waiting around to see how you do. The last 20% you just need to leave alone, so long as they are not being disruptive to the process. Some of this last 20% will never change or buy in. You have to decide if you can tolerate them as an outlier for the duration of their employment, or if they need to go. In most cases, you need to make the hard decision to let them find greener pastures elsewhere.

When you find yourself leading a new situation, don't be afraid to change up your process so that you can accommodate the surroundings and improve upon your process. You will only be the new kid in town for a while, so take advantage of the opportunity while everyone is curious. ■



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

How much flexibility is too much?

BY THEA DUDLEY

Dear Thea,
So far 2021 is proving to be as challenging as 2020 but for different reasons. Soaring material prices and shortages have thrown my customers' credit lines out of whack. I have customers that can't pay for their materials because those cost increases blow their profits out of the water, but they still need material for other jobs. My boss wants to "work" with customers and be "flexible," extending terms and relaxing credit. I keep trying to warn him, and my sales team, that this is going to bite us. How can I get them to listen?

—No Chicken Little in Chickasaw

Dear No Chicken Little,
What doesn't kill you gives you a lot of unhealthy coping mechanisms and a really dark sense of humor. If this year does not test your credit coping skills, nothing will. Not always noticeable until it is too late, the biggest cost or impact to businesses encountered this year is dealers not keeping a tight enough rein on their credit granting and collections. The cost sneaks up on you without you even realizing it is happening until it's too late. Just like swimsuit season.

When sales are going through the roof and money is seemingly flowing like champagne at a bachelorette party, many companies take their eye off their accounts receivable. They allow customers a little "extra time" to pay the account. Before you know it, that "little extra" has crept out 15-20 days or more past due, eventually creating a cashflow issue for your company.

In any economy, extended terms are another cashflow killer that impacts your business. Your customer asks for a change in the payment terms and you generously allow the extra 30 or 60 days they requested and it ends up playing havoc on your accounts receivable. Unless you

are getting the same terms from your supplier you are creating another unintentional cost to your business.

Once you open the barn door for either of those scenarios it is tough to get it back under control. You have to retrain your customers to pay you on time. It is even harder to reel those extended terms back down. Same with increasing credit lines to accommodate price increases with no plan. Put the two together and it goes pear shaped pretty fast.

Take a moment to review your aging and see who is trending slow. Start the reeling in process now. Follow up on commitments and hold your customers accountable. The fear is always (I've heard this from every single customer ever) that you will lose their business. You may, but how much is it costing you to carry them, and what happens when money tightens up? Will they have the ability to pay you? When? In all reality, they aren't going anywhere. They can't afford to.

Sit down with your boss and come at the conversation from a different angle. Map out the cost associated with the new up-and-away credit policies, along with some statistics on increased lien filings and bankruptcies and see if you can't get on the same page.

The longer your money is in someone else's pocket the more opportunity for it to never make it to yours. 2021 is not the year to "let it ride." Treat your AR with the same set of guidelines regardless of what the economy is doing.

Everyone wants to be supportive and a good partner, especially when there are challenges in the industry, but here is a difference between being supportive and helping someone bury themselves in a mound of debt (at your expense I would like to point out). Someone must raise the alarm, so when it comes to saving the company's cashflow, it pays to be a little chicken. ■



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

**MEET THEA IN PERSON
AT THE LBM STRATEGIES
CONFERENCE, OCT. 13-15
IN BOSTON**

Don't take low offers personally

BY JOHN WAGNER

A NEIGHBORHOOD FRIEND stormed into my house recently, fuming. He'd just put his house on the market and gotten a bid the very first day. The real estate agent told him the bidder was his next-door neighbor.

That's not what upset him. It was the bid. It was really low. Below the house's listing price.

He ranted: "I can't believe that anyone, to say nothing of my next-door neighbor, would try to low-ball me!"

I stared at this friend in quiet amazement. I said: "Sit down. Let me tell you how the world actually works. First, don't take a low bid personally. Even though the bidder knows you, that doesn't mean he's going to give you free money just because you're a nice guy. He's just trying to find the bottom of the price range."

"Secondly, the bidder is working on asymmetrical knowledge. His bid is the first step in 'gaming' the house price, so he doesn't pay a penny more than what you'd accept."

I explained that my friend's listing price may have been perceived as a "reach price," searching for a "stupid money" buyer. The bidder may be gaming out the agent, who often advise sellers to list high, and take something just below the "ask."

"Why not counter?" I asked my friend, "but offer price guidance." Here's how: Without naming an acceptable price, have the agent—whose job it is to buffer the emotions of buyers and sellers—show some square foot comps, citing prices recently paid for similar houses. With this guidance, the bidder's information is better harmonized with the seller, and they may come back with a higher offer.

If my friend had said, "I won't sell to that guy at any price!" he would have lost the advantage of a bid-in-hand.

That bid-in-hand, albeit too low, has some real utility. For instance, if another bid comes in, the real estate agent can say, all casual-like, "Wow, lots of activity on this listing! Second bid this weekend."

The same thing happens when selling LBM businesses, even though we, as the seller's rep will never, ever say a price.

A bidder may offer a low-ball bid, trying to find the bottom. That's quite common. But the seller shouldn't take it personally. Instead, the seller, through their rep, the Investment Banker (IB), should use the bid as leverage with other bidders, just as the agent did. With a bid-in-hand, the IB will call interested parties, saying: "This deal is heating. In fact, I'm looking at an LOI right now. Want to get in the game? I'd suggest drafting an offer within 36 hours. Take your best shot early on this one."

Next, the investment banker should offer guidance to the low bidder. Show the multiples of EBITDA being paid for other similar businesses. Your IB should have access to databases that show these for recent deals.

Next, use the bidder's pricing logic as a leveraging device. Show that the bidder has the right multiple, it's just been applied to the wrong time period, e.g., last fiscal year as opposed to trailing-12-months.

Next, calculate the effective buying multiple of EBITDA after the first year of new ownership. If a company is bought at 5X EBITDA but is growing (typical of companies up for sale), the new owner should be aware that a year after closing, with the EBITDA climbing up, they may have purchased it at 4X or 3.5X in a 12-month retrospective. This is very persuasive.

Finally, offer a bridging mechanism to get the buyer to agree to a higher price, without needing to come up with the cash at closing. An earn-out is the most common tool for this, where an additional sum is paid for the business, often 12 months after closing. A seller's note is common too, where the seller essentially loans the buyer money for the purchase. Earn-outs and seller's notes both reduce the cash-at-close requirements, both attractive and very common deal elements today.

Bottom line: Don't take low offers personally. It's just the buyer doing what buyers do: finding the bottom. Instead, use the low offer as a leverage tool to get the price up, or to signal to other interested buyers that—Whoa, hot property here, getting lots of attention!—it's time to get in the game if they are seriously interested. ■



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

**MEET JOHN IN PERSON
AT THE LBM STRATEGIES
CONFERENCE, OCT. 13-15
IN BOSTON**

Overdeliver with fewer drivers

BY SHANE SOULE

IN THE CONTINUED CRAZINESS of the current economy, labor is a pain point. With more and more products being shipped and delivered, from HelloFresh to Amazon to DoorDash, people who are willing to drive have a lot of prospects. Add in a requirement for a current CDL license, and there's an even smaller pool of applicants to consider, but these are the people the LBM industry relies on to deliver.

The default reaction to sales growth, and its complimentary expanded delivery requirements, is typically to hire more people and buy more equipment.

Efficiency, however, creates more capacity. One consideration, often overlooked, is the efficiency of the current fleet. There are multiple different efficiency factors that companies can track and improve that optimize fleet utilization, and the first step in these types of improvement projects is to measure performance. We simply can't improve what we don't measure. Here are four metrics to start tracking to improve fleet efficiency: (X) per journey, (X) per order, credit as a percentage of sales, and average truck turnaround time.

"X" per journey (dollars, board feet, pounds):

Every time a truck leaves the yard unfilled to its capacity, opportunity is left behind. Ideally, scheduling trucks based on pounds allows for the truck/trailer combination or cubing out the area available in the loading zone to give the greatest return.

"X" per order (dollars, board feet, pounds): It's one thing to fill a truck, but it's another to have it filled with smaller orders that require multiple stops. Going to the same frame job eight times is a loss when the materials transported could have fit into two larger deliveries. Tracking this metric will facilitate trucking more effectively. Tracking this "per customer" identifies the higher cost-to-serve customers and tracking it "per sales rep" identifies the ones who are inefficiently using the fleet. Step one is tracking, and step two is identifying the outliers to rein in.

Credit as a percentage of sales: The most expensive service that businesses in our industry offer is credit pickups. Looking only at the trucking aspect—it's loaded at the yard, unloaded on site, reloaded on site, and unloaded again at the yard—all while getting back to zero sales dollars. Tracking this metric as a whole, then down to the salesperson level, will unearth faulty estimating and poor planning processes. These can both be costing the business a lot of profit as well as holding back improvements to capacity that are possible without adding any people or equipment.

Truck turnaround time: You're only making money when your truck tires are moving. Any time those tires are sitting in the yard, opportunity is wasted. There are specific companies in our industry that have worked on this, and they average under 20 minutes to unload credits, fully load the truck, and get back on the road. I'd bet that the overall industry averages are closer to an hour on turns. If this metric isn't under 20 minutes, or the average is an unknown, making progress here deserves to be high on any company's priority list.

Tracking these should not be a big task. Work with your ERP provider to set up these metrics on a dashboard. Truck turnaround time is a little more involved, but basic journey start and stop times are easily and automatically tracked.

Once you begin to review these metrics, look for the outliers on a daily and weekly basis and start there. The biggest gains come at the beginning of lean projects, as the most obvious issues stick out like sore thumbs. If the company improves the least efficient 10% of utilization, it will capture over 50% of the improvement.

Here's the thing: If you're like me, once you're on the other side of this tracking, you'll lose sleep thinking about how easy it was to fix those issues and how you should have done it sooner. Instead of allowing yourself to focus on how much was lost, be sure to start tallying how much gain is ahead. ■



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

**MEET SHANE IN PERSON
AT THE LBM STRATEGIES
CONFERENCE, OCT. 13-15
IN BOSTON**

REAL ISSUES. REAL ANSWERS.



To sell more (at lower margins) or sell less (at higher margins) is an age-old question facing LBM dealers. In today's red-hot market marked by material shortages and spiking prices, there's a new urgency behind the question of maintaining margins vs. maintaining market share. How is your company navigating this reality?

MARGINS VS. MARKET SHARE

THANKS TO OUR READERS WHO SHARED THEIR INSIGHTS TO THIS QUESTION FROM A FELLOW LBM DEALER:

"Our company has found that maintaining price competitiveness in a wildly fluctuating cost arena is extremely challenging. Shortages of key materials complicates the situation even further. We'd love to learn where other *LBM Journal* readers draw the line between maintaining market share and maintaining margins."

BY LBM JOURNAL READERS

RESPONSES FROM LUMBERYARDS AND SPECIALTY DEALERS:

"With things being in a state of uncertainty, we are mindful of the extra marginal dollar that is available and the importance of that dollar for a future drop in pricing. Yards across the US will be faced with an inflated inventory at some point and face a loss. When the shortages started, the consumer was impatient, (trained by next day delivery) and not understanding. Retail stores are the front line and deal in person with the consumer. They are the ones having to explain this unexplainable situation. We worked hard to give first-hand information on the shortages and delays. Communication is key to success. Use social media, in-person conversations, and signage in your stores."

"It is very tough if you want to be profitable to maneuver through this volatile market. You have to do it on a customer-by-customer basis and market by market. Communication is the key, but you are going to lose some business to price and, if you keep your service levels up, gain some business with service. Standard top to bottom swings per year in the market, from high to lows, used to be plus or minus \$150. Today you can have that move in one day so you and your competitor can bid a project the same day with the same margin dollars and have different bids because your cost assumptions were different."

"Rapid cost changes demand rapid response, or your company is unlikely to weather the storm. You must maintain margins!"

"We price material quotes based on anticipated cost at time of future delivery. When prices fall, if ever they do, we will have to price our high-dollar inventory at the new lower pricing. Gain on the upside and lose on the downside."

"We are not discounting any prices, in fact with the pace of increases to us we are actually raising margins. If we are given a 5% increase, we make our retail increase 7% to stay ahead of it at the moment we are notified."

"With shortages and less to sell, we must maintain our margins."

"It starts and ends with your relationship with your customers, which should extend past customer service. Communication is always central to that. In this changing climate, weekly, if not daily, communication on availability, pricing, and lead times supports the partnership and gives your customer confidence that you are right alongside them."

"With these kinds of conditions, holding on to your market share is key. This is accomplished by being in stock and knowing where the market is at all times. This will maintain your current market, and new market share will come automatically when your competitor drops the ball, and certainly someone will drop the ball in these conditions. At the same time, you must as a business grab the higher margin dollars while you can. We are experiencing inflation whether we want to accept that or not, and with low interest rates and a hot housing market you can't *not* raise your pricing. Plus, with the labor shortages due to covid and the transportation issues in trucking we are experiencing, one cannot keep the same price levels. If you do, you will be out of business because you can't cut margins your way to a profitable business. The question I hear all the time is 'Do you have it?' Not 'How much is it?'"

"Stick to the margins if at all possible."

"We sell a variety of products that allow us to be competitive, but we're not the cheapest on the bulk items, and we make a healthy margin on the high-end exclusive items. We definitely offer better service in our market and industry. At the end of the year, I review the profit made for each inventoried item and find that I made the same profit selling 200 tons of one item that I made selling 4,000 tons of another."

"We maintain margins rather than market share."

"Protect your core customers. If you need to cut margin to sell to someone and you leave yourself in a position without inventory, all you did was leave money on the table."

"We feel that you must follow the market up and down to stay competitive. If you set your price based on the market as it goes up, you will increase the margin and react adversely when the market falls. This should average out during the quarter or by the end of the year. You will only prolong your loss if you try to hold your price and the market price falls. As to the supply problem, you must try to keep orders in the pipeline but not try to hoard materials at the high prices. They will fall and you will have material at a high cost. Also try to find alternative products. These may be at a higher cost, but at least you have something to send your customers. If you have nothing, they may quit calling. You must have a good relationship with your suppliers. Ours will not sell stock to new customers in order to have material for us. Pay them on time!"

"The fact is you must stay competitive in the market these days. If you're selling less at a higher margin, that's fine, as long as you're selling. Eventually the customers in the region will talk to each other as they are usually looking for the better deal. In my professional opinion, as long as you're selling, even with smaller margins, you're able to stay open and people are talking about your business and your prices. Recently we've had people in our small community comment, thanking us for competing with the big box stores. This saves them gas, money, and time. Yes, we want higher margins, but sometimes you have to sell items for less to make money. With the current lumber situation (dropping prices), we've set prices on a few boards at cost or less, in order to keep people coming into the store. To make money, customers have to buy. If your prices aren't competitive, they won't buy. It's as simple as dropping margins on lumber and raising margins on screws, nails, truss plates, etc. Raise multiple items to make up for the lost margins in other areas." ➤

"We kept pace with the big boxes and other regional competitors until it was apparent that they were either not following the market (as reflected in their pricing) or they were too aggressive in hyper-inflating their pricing to take advantage of panic buying from the customer. We gained an advantage by continuing to purchase when we needed or when the materials in short supply became available. The worst position to find yourself in is to have nothing to sell! The big boxes in our area would have low pricing, but no inventory to back it up. Our regional national competitor went overboard and chased several of their customers into our arms. The lesson here is to be consistent; keep strong pricing practices in place. We would never want our customer to leave believing they were taken advantage of—too difficult to repair that kind of damage—even with lower pricing."

"We are doing everything we can not to lose any market share. Sometimes it does mean giving up some margin percentage, but with elevated sales price we are still making more gross margin dollars to cover cost and profit needs. We are looking more at gross margin dollars earned per customer and the work involved in servicing that customer. The hope would be we absolutely keep our best customers from a profit and service point of view. If we have to lose one, let it not be one of the best."

"Simply put, service over sacrifice."

"This is very subjective and does not have a single answer. It all depends on what you are trying to do or be in a market, or with a customer. The price of materials usually gets passed on to the customer in most cases, so you shouldn't have to bear the burden. Be smart and don't make it a race to the bottom. Develop a strategy on how to deal with the market and ensure your teams are aligned around it. Pay attention to your customer because they usually know where the market is headed long before you do. Reward those that have been loyal and let them know of your commitment to supporting them."

"We are a gypsum distributor in the Mid-Atlantic market. The two biggest national distributors have continued to battle for national builders' work at extremely low or below cost margins, honored most of their older quotes (at losses), and have continued to quote and sell newer work on narrower margins. The other national supplier in our market pulled almost all of their older quotes and have raised their prices way up to try to capitalize on the material shortages going on. We have taken a position somewhere in the middle. We honored some quotes with key long-term customers which has had about a 3-4% impact on our gross margins. With steel prices up 100%, treated lumber prices up 200-300%, and gypsum and insulation up about 30%, we have been able to generate a lot more profit dollars to offset our decrease in profit margin. Our market has been extremely competitive over the past five years due to one of the big suppliers opening up new locations and going after market share. With all of the substantial increases over the past 10 months, we are anticipating that prices will stabilize, and we will not have to make the decision between market share or margins."

"The challenge of maintaining market share and maintaining margins is a fine line at times. Depending on the customer and how quickly they pay is one factor. Are they a difficult customer to deal with? Then go with margin on them for pain and suffering. Set your margin and sales goals and keep them in front of you as you progress throughout the year. I've been a sales manager for a long time, and I believe sales and margin growth is not a sprint to the finish line. It's a marathon, and we're in it for the long haul."

"Protect your margins. Materials are too hard to get to sell short today and be out of stock tomorrow."

"We have tried to maintain our business plan as best we can. There have been occasional down moments, but we've tried to get back on the upswing side of it. We've made sure we took advantage of good buys."

"I believe we have to try and continue to keep margins where they need to be. I also believe that on a per-project basis, it is important to take care of your loyal customers. At the end of the day margins need to stay up because the costs of doing business are not going down. Employees are only getting more expensive and harder to find."

"A former boss told me, 'We do not want all of the customers, just the good customers.' The ones who pay on time and allow you to make a profit. Another former employer said, 'The best thing you can do for your customers and employees is to make a profit.' The most important number is not how much goes through the register but how much is left at the end of the month. What is your minimum acceptable margin? You will sell items below this number, but the average must be at or above it. Not just on the weekly or monthly average, but on each customer and preferably each sale. The customer who is just buying the loss leaders and low margin items is costing you and not making you any money. This is the customer you want to carefully work with to try to develop into a more profitable customer. Work more with the customer who is buying the majority of his projects from you. Negotiate on full packages only and match prices on a full package after making sure your list matches Brand X. Offer the best value and service. The boxes only offer price, but knowledge, service, and quality are more important to your customer. Being close (not necessarily below) the big box price helps. The boxes are not the lowest price on everything. Do not be scared to make a good margin on the extras to help you with the commodities."

"We work to do all we can to maintain our margins through this current turbulent marketplace. We stay up to date on replacement costs of all inventory items, particularly commodity items, and price accordingly. We don't commit firm pricing on projects unless we are covered from a cost standpoint. We are maintaining our market share largely because we are constantly communicating with our loyal customers."

"Maintaining a reasonable margin should be the goal. All of us in this current situation have had to adjust margins because of product availability and price fluctuations. Dropping margins in order to gain market share is a short-term gain. There will always be someone else who will come in cheaper. If price is their biggest concern, then they'll probably take the next low price that comes along. Take market share to the extreme: You have every contractor and consumer for 50 miles around coming only to your store. Problem is, you have dropped margins so low that you are not getting enough ROI and profits are slim. Unlikely, I realize, but what good did it do? Do your best to work with the customers you have and try your best to attract others. If the relationship is not mutually beneficial, and it can't seem to be worked out without a price concession, thank them for the opportunity, and let them know you are there to help."

"Everyone is in the same boat and the one thing that can set you apart is being confident and standing firm in how you and your company operate in a time like COVID. Changing and constantly adjusting to try and meet what you think is best can cause customers to lose confidence in their supplier."

"Market share is not the issue. Even with higher costs, we are operating at capacity. The biggest challenge is maintaining cost so we can keep margin on point."

"Maintaining market share starts with having the product on hand. We are fortunate that we increased our inventory early in 2020 and were able to dictate pricing for the first half of the year. Now it gets a little tougher knowing how much is too much to pay for lumber as your margins are being squeezed. In this crazy market we are in, we find that having the product on hand and the ability to fulfill orders completely even at higher prices than our competitors in some cases, trumps not having inventory levels where they need to be. Customers understand higher prices more in the fast-paced super-heated work environment we are currently in."

"There is not a line that separates market share vs. margins. Every bid of any consequence is decided on a case-by-case basis. The decisions are based on the facts and conditions. When our salespeople engage in great discovery, our decisions and outcomes tend to be better. Unfortunately, when our discovery process is weak, our outcomes suffer. In this crazy market, using a 'line' or a 'policy' is tempting because of the consistency it might create. Sorry, that's an illusion in these times."

"We do a lot of installed sales, so I have told our designers and salespeople to keep raising margins until they start losing a certain number of sales. We raised margins five points. In this market if you can get the material don't cheat yourself on margin."

"With cost up and supply delays we use our standard builder mark up."

"Since the product cost has increased so much, I have lowered my margins and am still clearing more than I used to when the cost was lower, but my margin was higher. I have found that I am maintaining sales at a greater rate this year than in previous years. More people are still working on projects and still want to finish them even though the cost to them is higher. I have also found that there is a lot less haggling over prices. Most people are content to get the products that they need."

"You need complete transparency with your regular and dedicated customers."

"Maintaining market share is more consistent with being able to supply materials when your customer needs them. Profitability may suffer at times, but your customers can count on your being there and having the materials they need." ➤

**"GRABBER HAS THE
BEST PRODUCT
OUT THERE
AND THE PROS KNOW IT"**

"Professional Grade" isn't a boast. It's a fact. Professionals choose Grabber for faster install times, fewer do-overs, less waste—and most importantly, more money. Because when your jobs go faster, you can do more of them. (Or just enjoy a longer vacation, but that's up to you.)

Quality, that's it. Grabber has the best product out there and the pros know it. They want to use the best, and there is no substitute for Grabber fasteners. Once our customers have used Grabber, they won't accept other brands—even for free. They only want the quality of Grabber fasteners.

— Loyal Grabber Customer, Ft. Lauderdale, FL

GRABBER
CONSTRUCTION PRODUCTS
"The Professional's Choice"

grabberpro.com/professional-grade

RESPONSES FROM WHOLESALE DISTRIBUTORS AND MANUFACTURERS:

"Being competitive is important in a normal market, during normal times, in normal circumstances. This year has proven to be anything but normal. Ultimately, for me, it comes down to, 'What do you want to be known for?' And the even better question, 'Where do you want your business to go from here?' My answers are simple, but they aren't for everyone. I want to be known for having a good product at a good price. I want my customers to feel like they got a good product, at a competitive price, and that I wasn't trying to take advantage of the situation. I have complete respect for the need for price increases, because if we want to keep our businesses running, we may need to increase. That being said, I feel like there are a lot of things happening at the top of the supply chain that are being used to superficially inflate prices. That leads me into the second question: 'Where do you want your business to go?' How big do you want to get? I'm the type of person that envisions myself being comfortable in life. Living in a manner where I can have the things that I not only need, but the things I want as well, and do so without struggling to get by, without struggling to feed the family. So, you need to decide...are you trying to grow into a multi-location empire, or do you just enjoy being the place everyone in your community comes because they know you, your family, your staff? And more importantly, they know when they come in that they are going to get a good product for a good price. And when someone tries to tell you that they want a great product, or a great price, you can explain simply to them that good is better than great all the time. Just ask God. When He created everything, he said it is good, not great. Good is great, and good is good enough. My short answer is relationships over profits, but you have to be able to keep the doors open. You increase when you have to, but not more than you have to."

"Supply the customers who we have already. However, try hold the price for one or two weeks based upon the commodities."

"As a wholesale lumber distributor, we have been able to increase market share by taking inventory risk with escalating prices. Early in the pandemic in April 2020 lumber prices bottomed. Since then, mills have not been able to keep up with demand and lack of supply has caused prices to be two and three times higher on lumber, plywood, and OSB. We kept buying into the run-up and taking our PTS contract shipments. Wholesale margins have been higher than normal. Now after a year of shortages, lumber prices peaked in May and are falling like a rock. Margins are falling and may be negative for a month or two. We do not think this will last long as mortgage rates remain low and there is pent-up demand. Through the market rollercoaster our goal has been to maintain inventory for our retail dealer customers. We would advise this dealer to stay the course."

"The decision has to be based on your particular circumstances. Does the long-term situation dictate smaller returns in order to satisfy your customers? If so, I would say work on smaller margins if need be to realize long term gains."

"Why do they need to be mutually exclusive? I spent the majority of my career at the dealer level and understand that this is always a struggle. Some companies and some salespeople believe that they need to buy business with decreasing margins, I have always taken the approach that being competent, efficient and outperforming your competition has always been a more long-range way to establish your contractor base. You should be excited about the opportunities that our current condition provides and spend your time focusing on sourcing materials. Stay in constant communication with management and have a grasp on true sales opportunities that may present themselves. If you have the product, you will be able to get the margin you desire and at the same time add market share. Think outside the box and expand your material sources how and wherever possible."

"In today's business environment, demand has far outstripped supply and most of us find ourselves allocating lumber and panels to our customers. You do your best to take care of the 'A' customers, those accounts who are very loyal to you and depend on you to keep them in stock. You supply what you can to 'B' accounts, those customers that buy from you regularly but shop around and don't give you all their business, and you cut off completely the 'C' and 'D' customers who buy from you only when you're cheapest or are the only ones who have what they are looking for. In addition, during a rising market we base our sell prices off current replacement cost, not actual or average cost. To do anything else means you might not make enough profit on what you're selling to buy the next truck of replacement material. Of course, the rules change in a falling market. The first rule of wholesale is, and remains, 'Your first loss is your cheapest loss.' In a falling market we sell on-market every day and let the gross margin fall wherever it does in order to turn our inventory and average our cost down. Market share without profit is of little to no value to us."

"By now most builders are aware of the implications of supply / demand / price and know they're going to pay more and be lucky to get some items. I opt for maintaining margins and being able to supply them when others can't. Have inventory available at the risk of losing a few militantly price-conscious customers. For a builder, having product that can be nailed up at a higher cost is better than managing busy subs or losing the sub for potentially weeks."

"Every point of the distribution chain is experiencing cost pressures and increases. As a business owner, only you can make the decision to pass on the increases. Just keep in mind, if your business is experiencing shortages, then so are your competitors. You should follow your business strategy accordingly. For example, if you offer strong value to your customers other than price, then you should be paid for it."

"Move your pricing with the market. Those who choose market share will compromise their bottom lines when this washes out at some point. Service and consistent delivery of material is the key right now. Price of material is only what the market will bear but having the material to ship is paramount to fighting over keeping your customers on price. Lumberyards think they don't have the edge right now, but they still do. Customers who withdraw quotes to start somewhere else lose every time."

"In this current allocation environment, if you don't maintain your margins, you will be certain to be among the first to run out of stock. Make hay while the sun is shining. There will be plenty of opportunities to give up margin when the market is crappy, and you need work. Now is not one of them."

"With raw materials being extremely volatile, and demand outstripping supply, we have chosen to maintain as much of our margins as possible while working hard to make sure our lead times don't get stretched out. To assure our lead times do not get out of hand we are concentrating our efforts on existing customers and passing on some opportunities that may be counterproductive for long term relationships."

"We maintain the same margins since prior to the pandemic. While price gouging would have been easy to do, that is not how we have maintained 75 years of profitable business. Our model hasn't changed, nor will we. Knowing what it costs to go to market is essential with the constant change in wages, healthcare, fuel, and another federal holiday. When will the madness end?"

"It's all about margins driven by reasonable pricing and outstanding service supported by real people with the right attitude. Are you really big enough to maintain market share over the long term?"

"It's much easier to keep your existing customers than find new ones. Do all you can to keep clientele, otherwise when better margins return, you'll have nobody to sell to. Focus more on finding new ways to service these clients so pricing and shortages aren't the leading topics of conversation." ■

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

Includes: cap, mug, pen, and more.

SELICK LIFT, LOAD AND DELIVER WITH SELICK!

Whether you need to deliver a skid of blocks to a jobsite or move a 16,000 lb. load of steel, Selick has the forklift that is right for you.

We have been engineering and manufacturing rough terrain forklifts for over 50 years and our nationwide dealer network offers superior support for all your parts and service requirements.

Call toll-free or e-mail us today for all your material handling needs.



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

ULINE

SAFETY STARTS HERE

OVER 2,750 SAFETY
PRODUCTS IN STOCK



ORDER BY 6 PM FOR SAME DAY SHIPPING
1-800-295-5510 uline.com

SAVED BY CITIZENS

SMALL KANSAS TOWN RALLIES BEHIND ITS LUMBERYARD

There was a time about five years ago when Randy Kemp was about to lock the doors at Eskridge Lumber for good. The lumberyard where he had worked for 35 years was going the way of many businesses in the shrinking towns of rural America. Even in remote parts of South Kansas, big box stores are just a short drive away.

But the people of Eskridge, Kansas weren't ready to let go of a community staple. When the owners of the local lumberyard announced in 2016 that they hadn't found a buyer and were forced to close, a town meeting was held. Volunteers and investors stepped forward. An LLC was formed. Soon, the people of Eskridge owned the local lumberyard, and Randy Kemp still had a job.

COMMUNITY SUPPORT

In a town the size of Eskridge—population 540—the type of people who step forward to save a lumberyard aren't necessarily going to be builders and remodelers. There aren't enough of them in town. In fact, of the 27 community members who initially invested to keep Eskridge Lumber afloat, just six of them were customers of the lumberyard.

Harold Warner was one of them. A retired homebuilder, Harold had done some remodeling work after retirement and shopped Eskridge Lumber for every job he took on. When he heard the business was on the verge of closing, he rounded up a few other builders and contractors who decided they'd need investors to keep the yard going. "When word got out that they were going to close the lumberyard, all we

thought of was how important it was to keep it open," Harold says. "We got the word out, had a community meeting, and people who were interested showed a good response."

The original 27 investors (the group has now grown to 31) formed an LLC and began the purchase process. Each has contributed a minimum \$10,000 investment to buy the lumberyard outright and what was left was used for physical improvements to the building.

Randy Kemp, who was about to lose his job, became the general manager of the lumberyard where he had started work as a yardman and truck driver, then eventually had been named manager.

Keeping Randy in charge of the business was part of the deal with anyone who invested in the LLC, says Jerry Haahr, a retired community member who is one of four investors who sit on the board of directors with Harold.

The board of directors wanted Randy to remain in his position because they knew what his experience meant to the community. "Several of the owners are business owners in other fields, several others are successful in their occupations outside the area," Jerry says. "Most of them are retired or are ranchers, but they're all concerned citizens who wanted to invest in this effort."

They weren't going to let the business leave town. The lumberyard has been in the same location for more than 100 years, though even the local historical society isn't exactly sure when it started. "Sometime in the late 1800s," Randy says. ➤

PHOTOGRAPHY BY: BRANDI THOMPSON DUEHRING





THE MOVE TO FARM AND RANCH SUPPLIES, AS WELL AS UPDATES TO THE LUMBERYARD, HAS RESULTED IN ANNUAL REVENUES OF \$700,000 AT ESKRIDGE LUMBER.

OUT-OF-TOWN COMPETITION

While the population of Eskridge topped out in the 700s back in the 1970s, the lumberyard has always served builders in a wide-ranging South Kansas ranch market. With Topeka, Manhattan, and Emporia Kansas all within 40 miles, competition from big box stores tends to hurt Eskridge Lumber a bit more than it should because of the nature of employment in the area. The local school is the largest employer, followed by the town's only grocery store and bank. Most in the area who aren't ranchers commute to larger cities for work, where they're easily able to stop at a big box store.

So, the board decided to cater more to the residents who were in the area. They've since expanded inventory to include farm and ranch supplies, something that was only available in limited amounts under the previous owners.

"We've added cattle feeds and minerals and supplements," Jerry says. "We've gone more extensively into farm supplies since the main industry in the area is ranching."

The move to farm and ranch supplies, as well as updates to the lumberyard, has resulted in annual revenues of \$700,000.

While that's a respectable revenue number for a business with three employees, Eskridge Lumber also harkens back to an era of business that customers won't find in a



With general manager Randy Kemp (shown left) in semi retirement, Tuff Stephenson (shown below), was brought in to take over operations of the small-town lumberyard.



big box store, Randy says. The company doesn't use a point-of-sale system, though they do point out that they can accept credit cards. Much of the business is done via house credit accounts.

"We've looked into point of sales software, and the number of items we have and the cost of the system, well...we can hardly justify it. We've looked at it seriously but haven't made the move. We've got other places that we should spend our money," Jerry says.

Instead, the company issues paper invoices and uses what Randy calls "just a regular, old-fashioned cash register." Most of the store's hardware comes from Blish-Mize, out of Atchinson, Kansas. The distributor was chosen because they'll break order quantities into smaller batches, so Randy is able to order just one or two of an item at a time.

"We are a small operation, there's no question about that," Jerry says. "We never really sold ourselves as being out there to make a large return. It was mainly to keep the operation in the community because it's one of the few things left in the town that is still bringing in revenue."

COVID-19 STRIKES

Remember how Eskridge Lumber nearly closed its doors forever back in 2016? Fast-forward five years and it almost happened again. This time, COVID-19 was to blame. When general manager Randy Kemp contracted the virus, the store's hours were curtailed and deliveries were postponed. Some builders brought their business to the big box stores instead. Some in the community thought the lumberyard was done for—again.

Instead, members of the board of directors asked if any of the LLC owners would be interested in a second round of fundraising to help the store through the unusually difficult time.

"We got to the point where we were ready to close up last fall, but we talked to investors, and everyone agreed to put up a little bit more investment and we'd continue," Jerry explains.

The store would remain open, but Randy wouldn't be there. In all, he would spend 26 days in the hospital. Health





A group of community members from Eskridge make up Eskridge Lumber's Board of Directors, including, from left to right: Jerry Haahr, Harold Warner, and Diane Turnbull.

issues resulting from the Coronavirus have since forced him into semi-retirement, working a minimum number of hours each week alongside Tuff Stephenson, who will be his heir apparent.

Tuff was brought aboard in May to fill in while Randy continued his recovery. Before Tuff arrived, board members volunteered time at the store to keep things going. With Tuff in place, yard operations and deliveries were trending back toward pre-COVID numbers.

"Tuff picked it up real quick. He's done a hell of a job for us," Randy says. "I've been fortunate that they've got a man like him to take over."

LOCAL APPRECIATION

While the company is still recovering from the hurt that COVID-19 brought, there's plenty to be proud of at Eskridge Lumber, the group says. Much as there's still reason to be proud of Eskridge, Kansas.

"A really big advantage is that we're the closest lumberyard for a number of builders," Jerry says. "We give a lot of personal service to our customers. We'll do an estimate on the house for you that you won't get at any big box store."

Ultimately, they agreed, the community is the connection. Randy is still around the store, and still known as the face of Eskridge Lumber. Both he and Tuff grew up in town, where Tuff's father and grandfather still live. "That all helps," Jerry says.

The board meets monthly and each time focuses on not just the current finances, but ways in which revenue can be improved, Harold says.

"It works really well. We haven't had any conflict with the board or employees. We haven't had any problems with the balance of the owners. We're a very cooperative group," Harold says.

The board of directors is working to attract business from surrounding communities. As Harold says, "every time someone comes in from out of town they're amazed at our inventory. So, if we can just get them in the store, we can sell them something. Our employees are qualified, they've been around a long time, and they know how to use the products."

The group is also open to additional investors, which they're still finding from people within a 30-mile radius, including ranchers, residents of lake community outside of town—people who grew up in Eskridge and moved away but just want to see the lumberyard survive.

"Everybody's objective is the same," Harold says, "to keep this thing alive." ■

"Every time someone comes in from out of town they're amazed at our inventory. So, if we can just get them in the store, we can sell them something. Our employees are qualified, they've been around a long time, and they know how to use the products."





MATERIAL HANDLING

CHALLENGES PAVE WAY FOR FUTURE OF INVENTORY MANAGEMENT.

BY MIKE BERGER

THERE'S A FAMOUS YET APOCRYPHAL QUOTE attributed to Abraham Lincoln who supposedly said, "Give me six hours to chop down a tree and I will spend the first four sharpening the axe." While most historians doubt Honest Abe ever uttered those words, that insight is still great advice, especially for LBM distributors. In this day and age of post-COVID-19 challenges, skyrocketing lumber prices, and an extremely diminished workforce, it's more important than ever for the building materials dealer to be able to do more with fewer employees in the most efficient fashion. The solution? Modern material handling and storage systems that mitigate those escalated materials and manpower costs from being passed on to the end purchaser.

A PERFECT STORM OF CHALLENGES

When COVID-19 first began shutting down large segments of the country's businesses, there was a general fear that the building industry would suffer a similar downturn as it had during the Great Recession of 2007-2009. As is now apparent a year and a half after the pandemic's emergence, the real effect was radically different from the expectations. "COVID-19 had exactly the opposite effect that everyone thought," says Clint Darnell, vice president of Sunbelt Rack/CT Darnell Construction. "Lumberyards are busier than ever all over the country, and they are looking to improve their facilities."

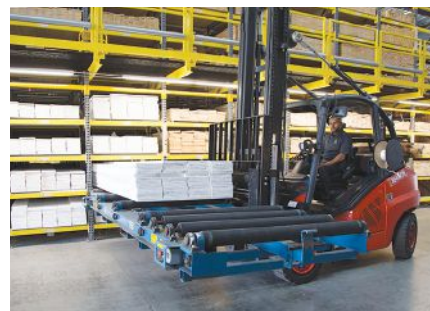
Unfortunately, LBM dealers are caught in a perfect storm of radically increased demand for lumber, a diminished labor force, and a resultant skyrocketing increase in lumber prices. (The National Association of Home Builders estimates that lumber prices increased more than 300% between April 2020 and May 2021.)

As Chris Krauter, president of Krauter Auto-Stak explains, these challenges are a significant driver for LBM dealers to develop methods for better protecting their inventory investment and increasing their ability to move with fewer hands.

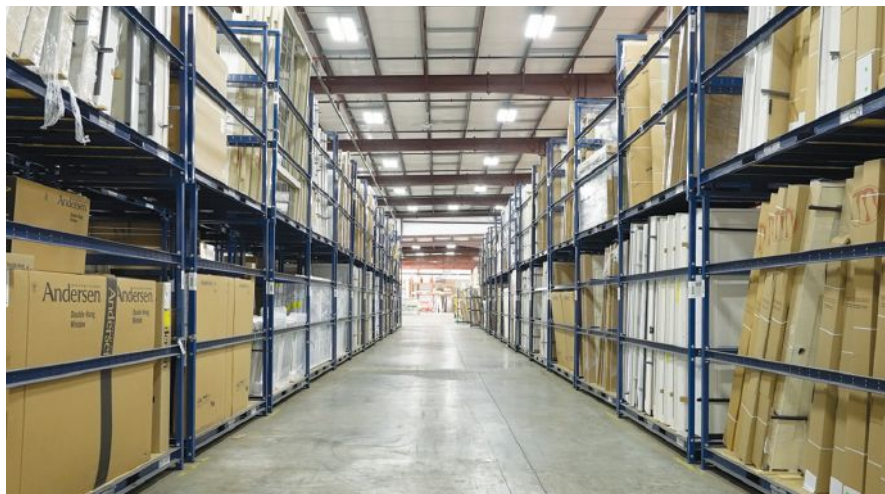
"COVID-19 was able to affect both ends of the economic cycle by first stimulating demand and concurrently restricting supply," he explains. "The demand side was supported by low interest rates, the boom in real estate and home improvement, and arguably by the stay-at-home workplace development and acceptance. The supply side was constricted by the government mandated stay-at-home restrictions, the reluctance of lumber manufacturers initially to continue normal productions operations, and the resulting labor shortage. This behavioral development created the fertile environment for the parabolic rise in lumber and other commodity prices. The result now places lumber and similar building products into a high value category. The need to better organize and protect lumber inventory has never been greater. Toss in the prevalent labor shortage of which is across the board in all industries, and one finds that improving material handling via high density racks, semi-automated lumber storage systems, and machinery enables fewer personnel to achieve greater results." ➤

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

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



RIGHT: Sunbelt Rack's millwork stack racks are movable, stackable storage systems for windows, doors and other products. Because they're movable, you can load millwork onto them directly at the assembly area and then move them to a warehouse or staging area. According to Sunbelt, they can be stacked up to three racks high, allowing for high-density storage and saving warehouse floor space.



YESTERDAY'S RELUCTANCE— TODAY'S OPPORTUNITY

In years past, LBM dealers might have shown reluctance to invest in enhanced racking and handling equipment as a solution for the above-mentioned challenges, most commonly citing the necessary capital investment versus more immediate returns. But according to material handling and storage manufacturers, that narrative is changing for the better. "Those barriers have been torn down now," says Darnell. "We are no longer running up against those challenges. People are investing in their facilities to make them better."

Chris Krauter agrees. "We are seeing this reluctance abating, as the lack of labor and need to improve throughput is taking precedence," he says. "There are several funding agencies able to write equipment leases with reasonable rates on a term of five up to seven years with a \$1 buyout for final possession. Should an LBM dealer wish to preserve their operation capital, this is a viable alternative."

RIGHT: Krauter Auto-Stak's cantilever T-sheds are designed as a versatile and popular storage system that can span up to 31' and are available in almost any arm configuration and column height. According to the manufacturer, they provide excellent storage volume and efficient use of space while enabling convenient storage and picking.

This doesn't mean, however, that large investments are always necessary to improve efficiency. Oftentimes, a more analytical approach is a best first step, one that evaluates the efficiency of an LBM dealer's existing storage options. "The cost and process of new building construction is protracted, whereas the ability to improve storage density and throughput with a modern Auto-Stak System achieves a positive result in a much quicker timeframe," points out Krauter. "Many times, improvements to existing facilities can be a 'bolt-on' event, with minimal disruption to ongoing operations. Take a step back and look at every corner within the facility and determine whether it is fully utilized."

FINDING SOLUTIONS FOR THE STORM

Just as each LBM dealer is unique, their challenges often require unique solutions. By turning to the material handling and storage manufacturers and utilizing their expertise, distributors can create individual solutions to their needs. "There is not a one-size fits all answer," says Darnell. "Each dealer has their own strengths and weaknesses. There are some lumberyards that do great with windows and doors for example. Every dealer that contacts us comes to us looking for a solution to their particular challenge. Every contact who comes to us has something they can/want to do better."

But while some problems require customized solutions, others are more universal in nature, and material handling and storage manufacturers have solutions for those as well. "One main challenge in our industry, like so many others,



is manpower,” says Darnell. “With less manpower you have to get smarter with storage and handling processes. This has been driving our Power Bin systems and portable millwork racks as well as all of our storage buildings. Another reality is commodity pricing has increased significantly. Lumberyard inventory is costing more than ever before, so protecting that product is as important as ever before. You want your shrinkage rate as low as possible with all of your inventory.”

Chris Krauter shares similar thoughts regarding efficient use of racks, and points out how utilization of stacking frames for high density storage and transportation of doors, windows, and cabinet orders can greatly improve efficiency. As he explains, “A stacking frame is essentially a modular, transportable, stackable fixed and assembled pallet rack. Millwork orders are placed in these stackers for various customers. These racks are stacked vertically and horizontally adjacent to each other in a high-density pattern and are fork-liftable from all sides. The millwork orders come into the lumberyard, are sorted and hand-handled one time when loaded into the various stack racks. They are marked and transferred to the jobsite via flatbed with a tail-mounted lift truck where they are unloaded from the flatbed, placed in the garage or similar, signed off by the customer and returned to the lumberyard empty. This is a one-man operation. With the labor shortage,

these improvements will significantly upgrade the efficiency of all personnel to get more tasks done faster.”

High density storage goes beyond efficient transport to the jobsite, Krauter points out; it incorporates systems that allow for better organization, less physical handling, and being able to store more without increasing square footage. “Access/egress travel patterns within existing lumberyards are being re-evaluated and improved for quicker in-and-out of incoming inventory, outgoing deliveries and customer traffic,” he explains. “Existing static rack systems such as pallet and cantilever types are being re-evaluated and replaced with the higher density, semi-automated Auto-Stak System, which increases the SKU count within the same area, more closely clusters SKUs for faster picking operations, and can in many cases eliminate traffic aisles. Recent trends have seen these systems continue to evolve, now with a third level of storage above the grade and catwalk levels. This third level becomes an open bulk mezzanine for storage of insulation, hardware, special orders, and other items. The floor-space used for the Auto-Stak System is collected back with this mezzanine platform.”

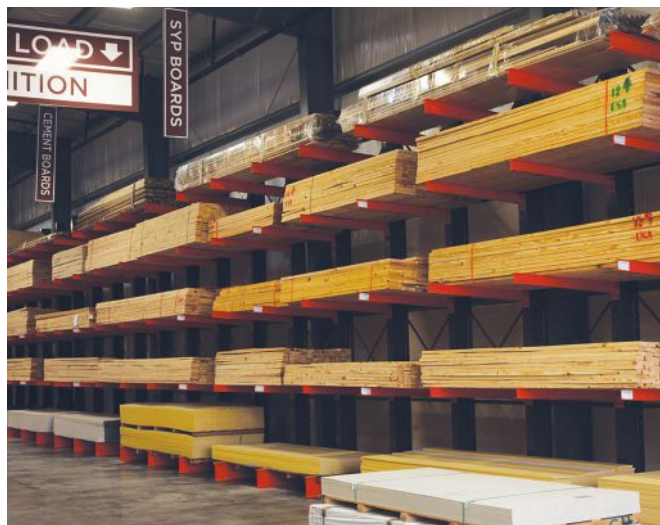
As the country emerges from the worst of the pandemic and business starts to swing back towards a sense of normalcy, demand for improvements to efficiency still remain. Lumber demand is predicted to remain high as

are labor shortages. “In the past pandemic year, we have been on full speed to keep ahead of the demand for our products,” says Krauter. “Historically, these improvements have been passed over, as frankly operations can get done without them. With the rise in commodity value and the robust demand, however, LBM dealers are taking notice of their weaknesses and are reaching out for solutions.” It’s the smart LBM distributor who will use this time to upgrade their material storage and handling capabilities to set them apart from the competition by best serving their customers while decreasing required manpower. ■

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

BELOW LEFT: According to Sunbelt Rack, its structural steel I-beam cantilever rack can be installed in its T-sheds, L-sheds and drive-thru buildings or can function as a stand-alone multi-level, high-density storage system for long-length materials.

BELOW: Krauter’s fork-liftable stacking racks can be lifted from all sides and are designed to increase storage and picking efficiency for doors, windows, and millwork. The racks are equipped with adjustable M-dividers, C-dividers, or tube dividers to separate items being stored.



LP Smartside Lap Siding - Red Mahogany



Clay



Bleach Gray



Red Mahogany



Mushroom



Cherry



Weathered



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

(800) 948.4349 | carolinacolortones.com

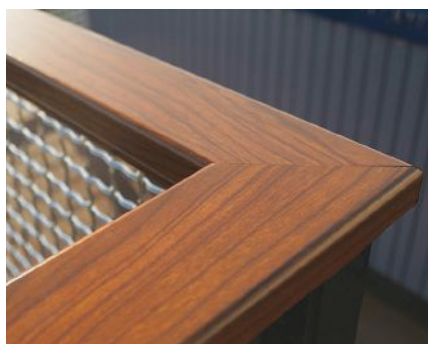
SDWS Timber Screw

Developed to be easy to drive and engineered for superior holding power, the Strong-Drive SDWS Timber Screw from Simpson Strong-Tie is said to be easy to install, offering a high-strength alternative to through-bolting and using lag screws across many common wood framing applications. Featuring a SawTooth point designed for fast starts and reduced installation torque, the SDWS Timber screw's bold thread design and its under-head nibs provide greater control when seating the screw head. A large, low-profile washer head provides maximum bearing area, along with easy-to-read size identification. The SDWS Timber Screw is also available in Type 316 stainless steel for strength and severe corrosion resistance. strongtie.com



Feeney DesignRail Wood Grain finish

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



DEWALT XTREME 12V Circular Saw

DEWALT has released a new XTREME 12V MAX 5-3/8" Circular Saw (DCS512B), the latest addition to the XTREME Sub-Compact Series. The saw is designed to deliver powerful and accurate cutting performance across a wide range of materials and features a built-in rafter hook for storage on the jobsite. An electric brake is designed to quickly stop the blade after the trigger is released. Available with optional dust collection. A LED light is designed to offer increased visibility to ensure cut accuracy. dewalt.com



LP WeatherLogic Air & Water Barrier

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



ZEEL by ODL

ZEEL by ODL is engineered to provide an alternative to flush-glazed doors with the benefits of a versatile frame system. The customizable frame is designed to be stained or painted, blending with the door. ZEEL doors feature a modern, flat profile and a Resolve sealant that is said to be immune to messy squeeze out and won't degrade over time. The FiberMate Plus frame material resists warping when subjected to severe temperature changes and direct sunlight, even with dark colors, the manufacturer says. A clip system developed for ZEEL eliminates the need for screws and screw holes and allows the frame to sit flush with the face of the door. Available in hundreds of available glass combinations with no minimum order requirements. zeel.odl.com

FastenMaster Fascia Fastening Systems

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



Cortex



TrapEase

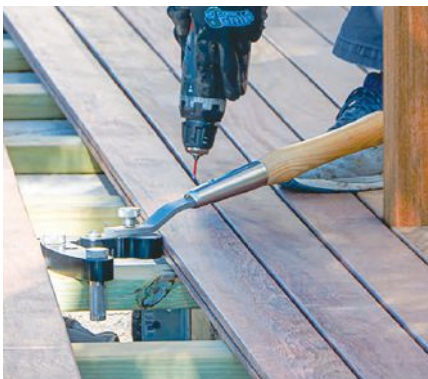
Dekpro EFFEX Deck Lighting

DekPro EFFEX feature high quality LED lights with durable aluminum powder coated housings. Each low voltage light fixture has two quick connect leads developed for easy wiring. Expansions to the products this year include wireless lighted post caps, solar post caps for 2" and 3" aluminum posts, hooded recessed riser light, molded hood design designed to keep light shining directionally onto stair treads, flush mount louvered riser light, and a classic louvered light style. The lights mount flat against the riser requiring only a 1" round hole and use 3M adhesive backing to attach to any flat, clean surface. dekpromfg.com



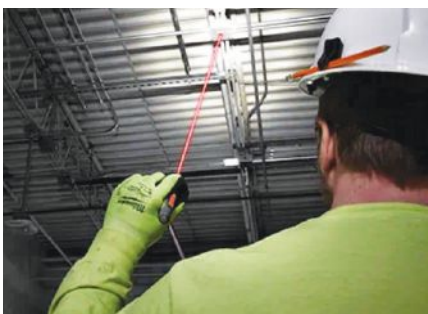
Paslode Cordless XP Framing Nailer

Paslode's latest model Cordless XP Framing Nailer is designed for applications such as framing, truss attachment, wall panels, floor joists, decking, fencing, blocking, and more. Designed to drive 9,000 nails per battery charge and 1,200 nails per fuel cell, the nailer comes with a rear-load magazine with a bypass follower designed for faster nail loading. The Paslode Cordless XP Framing Nailer is said to be the lightest cordless framing nailer on the market at 7.2 lbs., up to four pounds lighter than the competition. Its new two-sided texturized padded grip is developed to provide added comfort and control with improved ergonomics and maneuverability. Its fuel system is engineered to drive nails flush into LVL and other hard lumber, especially when used in combination with the manufacturer's Fuel + Nail Packs. Other pro-focused features include a tool-free adjustable depth of drive and an adjustable rafter belt hook that can rotate for either right or left-handed users. A nail lock-out mechanism engages when five nails are left in the magazine to signal that reloading is necessary and help prevent premature driver blade wear. Available with a two-year service promise. paslode.com



DeckWise Ipe Clip

DeckWise Hidden Deck Fasteners with stainless steel reinforcement are designed to be up to three times stronger than other unseen deck/patio fastener systems. The Ipe Clip is molded of a malleable plastic polymer resin coating (further adding UV & chemical resistant qualities), allowing for the natural expansion/contraction of wood decking. A stainless-steel insert holds decking to joists, engineered to eliminate decking screws from pulling through as the deck material expands. Available in Hardwood Brown, Composite Grey, and Shadowline Black to match the look of exotic hardwoods, thermally modified wood, PVC, or composite decking. Kit combinations can be ordered in variations of 100 pieces and complete 175 kit counts. Plus, decking screws can be mixed and matched for different lengths, color and style. deckwise.com



Milwaukee Rechargeable Penlight with Laser

Providing 250 lumens of TRUEVIEW high-definition output, the Rechargeable 250L Penlight with Laser features a laser pointer designed to ensure faster inspections and accurate communication on the jobsite. Built with two modes, users get the optimal light and run-time for up to eight hours. A protective rubber bite zone is designed to make it easy for users to direct light while performing two-handed tasks. The Penlight also comes with USB charging, an on-board battery indicator, and a removable metal clip for secure attachment to shirts or pant pocket. The light is IP54 rated for protection from water and dust and is rated for drops up to 2 meters. milwaukee tool.com

Fortress Cladding

Designed to provide building professionals with a compelling wood-alternative for façades and rainscreen assemblies, Infinity capped bamboo-plastic composite and Apex capped bamboo-PVC composite cladding are designed to pair the look of wood with the durability and strength of composite and PVC. Fortress cladding boards deliver wood-emulation with non-repeating grain patterns, enhanced wood grain textures, earth-tone color palettes. Due to their UV-, fade-, and moisture-resistive properties, the cladding products do not require staining or resealing. Infinity and Apex cladding boards can also be used as decking boards, allowing dealers to stock two unique products with fewer SKUs. fortressbp.com



LAM-PLY TRUSS

RIDING ARENAS • CATTLE ENCLOSURES • STORAGE • SHOPS

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

Independence, WI

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

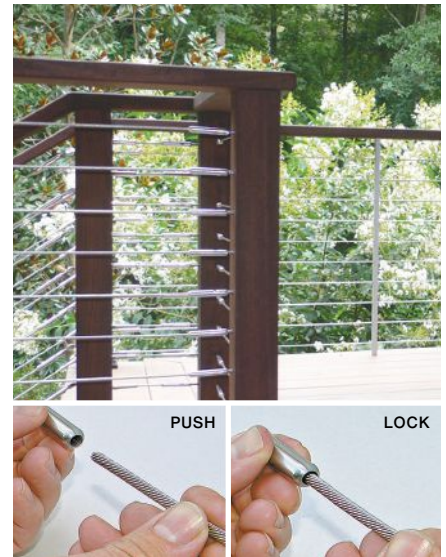


Stand-up rebar tying from MAX USA

MAX USA Corp.'s Stand-Up RB401T-E tool is designed to allow workers to make ties while standing upright. Said to be the world's first and only battery powered stand-up solution for tying #3 x #3 to #6 on #6 rebar combinations, the tool's TWINTIER technology allows the RB401T-E to tie 4,000 ties per charge, while delivering just the right amount of wire for greater productivity and cost savings. Patent-pending triggerless technology allows the tool to tie when the contact switch is engaged. maxusacorp.com

FlexFX by RailFX

The FlexFX Program by RailFX is designed to be a simple and flexible cable railing option for residential railing applications including decks, docks, balconies, and stairways that use wood, metal, or sleeved posts. FlexFX uses the company's stainless-steel Push-Lock fittings, which require no special tools. FlexFX comes with two cable thicknesses, 1/8", and 3/16", and in lengths of 100' and 500' with a 10-year limited warranty. The cables pass straight through all intermediate posts and according to the manufacturer, are easy to tighten so there are no loose or sagging cables. railfx.net



Weather Shield VUE Collection

The VUE Collection from Weather Shield features ultra-narrow profiles and large spans of glass designed to seamlessly connect living spaces with the outdoor environment. The collection is engineered to maximize thermal and structural performance and exceeds the most stringent energy codes, the company says, fulfilling Weather Shield's commitment to quality, environmentally sustainable products. Casement, awnings, direct-sets and multi-slide doors in the collection were released to select markets this summer. Additional products will be available in 2022. weathershield.com



Bosch Compact 18V Barrel-Grip Jig Saw

The barrel-grip ergonomics of Bosch's new jig saw were specially designed for roofers, carpenters, and cabinet installers. The barrel grip design on the new jig saw is designed to give users optimal control over the cutting application with the hand closer to the work piece and a lock-on switch for further comfort, especially when cutting upside down. Its auto-stop brake features a stroke mechanism developed to stop immediately after the trigger is moved to the off position for increased user protection, while the LED light and blower function are said to provide an optimal view of the cutting line for precision. The 18V Barrel-Grip Jig Saw also boasts four pendulum stages so users can choose between fast cutting progress or cleaner cuts, a one-hand, tool-free T-shank blade-change system designed for easy release of the saw blade and easy blade changes, plus speed preselection to choose the correct blade speed for specific applications. boschtools.com





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

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

Valuations have never
been higher

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

Read our monthly column in
LBM JOURNAL



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

SERVING DISTRIBUTORS, MANUFACTURERS, AND LUMBER DEALERS

SUPPORT THE COMPANIES THAT SUPPORT NLBMDA

YOUR NATIONAL VOICE IN WASHINGTON, D.C.



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

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



Weyerhaeuser

Weyerhaeuser offers leading structural frame materials, software and technical support for residential, multi-family, and light commercial under the Weyerhaeuser and Trus Joist® brand names.

888-453-8358
weyerhaeuser.com



Boise Cascade®

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

800-232-0788
bc.com/ewp



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

888-223-7638
cadsoft.com



Dealers Choice is the nation's fastest growing direct to dealer distributor of roofing, siding, gypsum, millwork, building insulation and accessories.

866-209-2552
dealerschoicedistribution.com



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

260-748-5392
doitbestonline.com



The miracles of science™

DuPont puts science to work by creating sustainable solutions essential to a better, safer, healthier life for people everywhere.

302-999-3890
dupont.com



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

800-777-8231
ecisolutions.com/spruce



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

888-463-4700
epicor.com



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

It's Our Business to Protect Yours®

800-533-0472
federatedinsurance.com



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

*Source: Fredonia Group study

877-423-7763
gaf.com



Hiab is the world's leading provider of on-rod load handling equipment. Hiab is a recognized leader in cargo and load handling solutions around the world. We are your one stop shop for Supply & Service of all building materials and delivery equipment.

800-852-2331
cargotec.com



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

800-654-3103
specjm.com



LBM Advantage
Better. Stronger. Together.

Combining national buying power with regional offices, LBM Advantage exclusively provides an extra level of expertise and service. Our independent platform promotes flexibility and value as members build their purchasing strategy.

845-564-4900
lbmadvantage.com



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

952-892-7793
lbmjjournal.com



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

610-293-7140
lmc.net



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

678-627-2000
wolmanizedwood.com

COMPANY	PAGE	PHONE	WEBSITE
1st West Mergers & Acquisitions LLC	45	866.489.6604	1stwestma.com
* Absolute Distribution Inc.	16	800.335.5909	absolutedist.com
Boral Building Products	OBC	800.521.8486	boralbuildingproducts.com
* Carolina Colortones	40	800.948.4349	carolinacolortones.com
* Culpeper Wood Preservers	13	800.817.6215	culpeperwood.com
Do it Best Corp.	7	260.748.7175	doitbestonline.com
Emery Jensen Distribution	19	866.681.1836	emeryjensendistribution.com
Grabber Construction Products	29	800.477.8876	grabberman.com
* Key-Link Fencing & Railing	9	800.704.7130	keylinkonline.com
LP SmartSide	5	888.820.0325	lpcorp.com
* Manufacturers Reserve Supply	BB, 9	973.373.1881	mrslumber.com
* Rollex Corp.	9	800.251.3300	rollex.com
* RoyOMartin	9	800.299.5174	royomartin.com
Sellick Equipment Ltd.	31	519.738.2255	sellickequipment.com
Simpson Strong-Tie	1	800.999.5099	strongtie.com
Starwood Rafters	43	888.525.5878	starwoodrafters.com
Sunbelt Rack	2-3	800.353.0892	sunbelt-rack.com
Therma-Tru	IFC	800.THERMATRU	thermatru.com
Uline	31	800.295.5510	uline.com

*Denotes regional distribution.

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

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



THE BEHIND YOUR BACK PODCAST

WITH BRADLEY HARTMANN

The Behind Your Back Podcast is audio that delivers LBM-specific ideas and insights on-demand. Featuring guests from leading home builders and dealers across the country, consistently sharing their thoughts and wisdom.

IT'S LBM-SPECIFIC AUDIO—ON-DEMAND.

SUBSCRIBE ON ITUNES OR YOUR FAVORITE PODCAST APP



LBM JOURNAL PODCASTS

LBM SALES
HOSTED BY **RICK DAVIS**

Don't miss the LBM Journal Sales podcast, hosted by Rick Davis, the premier sales trainer and consultant in the construction supply industry. In each episode, Rick and guests explore what it takes to genuinely succeed—not just in sales and business, but in life.

SPONSORED BY **dmsi**

THE DELIVERY DILEMMA: JAMIE VS. OPERATIONS

YOUR TOP SALESPERSON PERSISTS IN MAKING DELIVERY PROMISES THAT YOUR OPERATIONS AND DELIVERY TEAM CAN'T POSSIBLY MEET. WHAT WOULD YOU DO?

So far, 2021 is the year of keeping it between the ditches. Whether it's product availability (or lack thereof), or unpredictable material pricing, or a team that's working at 100% of capacity, each day is a case study in putting one foot in front of the other and putting out fire after fire. Having survived the Great Recession, you never thought you'd complain about too much business. You know that this too shall pass, so you and your team are doing all you can to make hay while the sun shines.

One thing about being so busy, is that weaknesses in your systems become glaringly apparent. There's no place where it's showing up more than in delivery scheduling. Here's the situation:

Jamie, your top salesperson, has attained that level by making sure his clients are taken care of. In normal times when there are breaks in the action, this was not a bad thing. If his client needed material delivered first thing the next morning, Jamie would promise it and your operations and delivery team would make it happen. If it didn't, he'd make sure everyone knew he wasn't happy.

As much as you'd like to keep Jamie happy, he's not your only salesperson. And your operations and delivery team is limited as to how many loads can go out first thing in the morning. Jamie's colleagues on the sales side understand the limitations, and they've been great about working with the systems you put in place for scheduling deliveries based

on urgency. For Jamie however, all of his clients' delivery needs are always urgent.

"I'm the number one salesperson for a reason," he boasts. "My builders know that I'll deliver for them. And when I make a promise, we need to be able to back it up. When my promises aren't kept, that's the day that we lose business to the competition. And I'm not about to let that happen."

You've explained to Jamie that he's a member of a team, and everyone on the team has the same goal: to get our customers what they need, on time, and in full. When he refuses to manage his customers' expectations, and just promises next morning deliveries, something's gotta give.

Nate, your director of operations, is out of patience. "Jamie's actions are hurting our company. We're on the brink of losing customers and employees, because he's making promises that we can't possibly keep."

Like many top salespeople, Jamie has always colored outside the lines. But this time, his actions have repercussions that could have lasting effects. What would you do?

► CAST YOUR VOTE ONLINE AT: LBMJOURNAL.COM

- **STAY THE COURSE.** The last thing you want to do is limit Jamie's sales. Let him do his thing, and work with your operations and delivery team to deliver on his promises.
- **WARN JAMIE.** Tell Jamie that making promises the team can't keep is hurting the company and his customers. Either he follows the scheduling rules like everyone else, or he'll lose accounts.
- **FIX IT.** This is the kind of situation that separates true leaders from mere bosses. Bring your team together on this, and get them to work together on a solution that makes sense.
- **OUTSOURCE.** If limited delivery capacity is slowing your sales, the obvious move is to outsource some of your deliveries during peak periods. The added cost will be well worth it.

SOMETHING ELSE?

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





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

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

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

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

THANK YOU TO OUR PREMIUM PARTNERS



You've built your
business brick by brick.
Now try panel by panel.

VERSETTA
STONE®

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

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



BORAL
BUILDING PRODUCTS