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DIVERSIFICATION DRIVES HILLS FLAT LUMBER

IN DEPTH: ENGINEERED WOOD PRODUCTS

AS THE COUNTRY EMERGES FROM PANDEMIC CHALLENGES, EWP IS POISED TO PROVIDE BUILDING SOLUTIONS

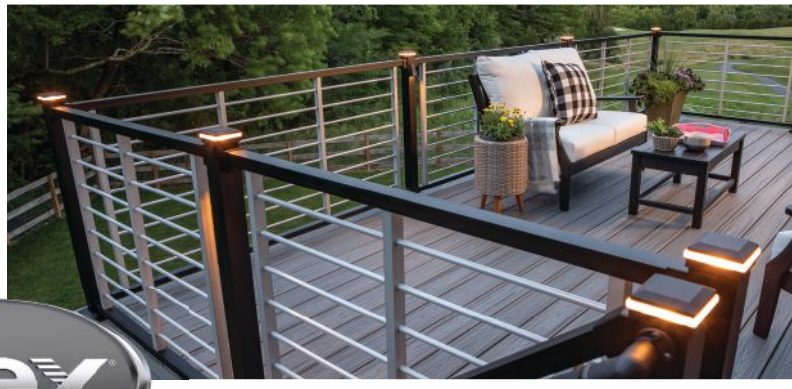
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EMPLOYEE LOYALTY

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DIVERSIFICATION DRIVES HILLS FLAT LUMBER 44

6 **FROM THE PUBLISHER**
Doing the impossible
BY RICK SCHUMACHER

8 **FROM THE EDITOR**
A great place to work
BY JAMES ANDERSON

10 SHOWROOM STRATEGIES
At Sequoia Out Back, John Keller's 35,000 sq. ft. showroom features the latest products, and is a well-established destination for homeowners and building pros.

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

20 **SALES & OPERATIONS**
Holding personnel accountable is critical to successful management
BY BILL LEE

22 **BUILDING SALES**
Leverage the consumer walk-in
BY RICK DAVIS

24 **LEADERSHIP**
Other than that, how was the play, Mrs. Lincoln?
BY RUSS KATHREIN

26 **CREDIT Q & A**
Are credit managers anti-sales?
BY THEA DUDLEY

28 **MERGERS & ACQUISITIONS**
How an acquisition's working capital peg is calculated
BY JOHN WAGNER

30 **PROCESS & PROFIT**
Fleet Efficiency 201: The Triangle
BY SHANE SOULE

72 TOUGH CALL
YOU WANT HOW MUCH?
An applicant for an entry level position wants more money that your experienced team members earn. What would you do?

32 5 QUESTIONS
With Aaron Howald, director of investor relations at LP Building Solutions.

66 THE STATE OF THE NATION'S HOUSING
Soaring home prices, tight supply, and millions face risk of eviction or foreclosure.

34 REAL ISSUES. REAL ANSWERS.
EMPLOYEE LOYALTY
BY LBM JOURNAL READERS

50 IN DEPTH
ENGINEERED WOOD PRODUCTS
As the country emerges from pandemic challenges, EWP is poised to provide building solutions.
BY MIKE BERGER

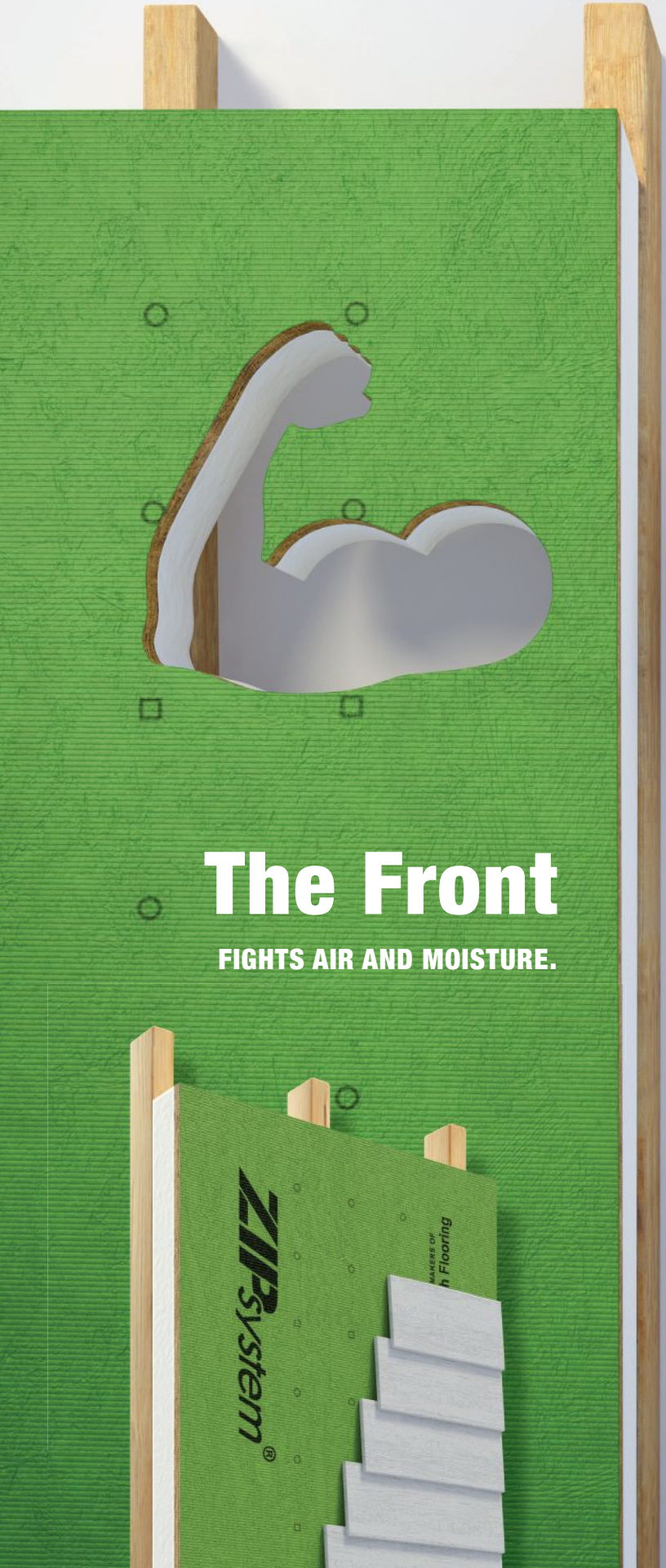
58 PRODUCTS





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Doing the impossible





Rick@LBMJournal.com

"People who say it cannot be done, should not interrupt those who are doing it."
— George Bernard Shaw

THAT BRILLIANT QUOTE came to mind during our August 24 webinar, when Shane Soule shared two videos of pitstops during Formula 1 races. The first was from the Indianapolis 500 in 1950, when the pit crew changed the tires, filled the gas tank, and cleaned the windshield "just 67 seconds after he stopped." The second video was from 2013, when the pit crew did their job in just three seconds.

If the pit crew from 1950 were shown the recent video, there's no question that some of them would have scoffed and said, "that's impossible." And they'd be right. It would have been impossible using their existing tools and techniques. But I'd bet that there'd be at least one in that crew whose imagination was sparked. "Wow! Imagine the advantage our driver would have if we could figure out how to slash time from our stops."

Shane used that analogy brilliantly when comparing it to the LBM business, and how much of a difference it can make to cut truck turnaround times. It's especially relevant today, when so many LBM dealers and distributors are wrestling with limited capacity because of a shortage of CDL drivers. He shared an improvement tracking spreadsheet used at his company, which showed truck turnaround averages plunging from 123 minutes to just 60 minutes—within four months—and eventually to under 30 minutes.

For companies limited by driver shortages, that webinar presents one very smart solution. If you haven't seen the webinar and like the idea of expanding your capacity without adding people or equipment, I urge you to check it out. "Fleet Efficiency 301: Improving Truck Turnaround Times," at lbmjournal.com, and click the Webinar tab at the top of the page.

In my view, one of the biggest impacts of the pandemic has been the velocity of change. For the building products distribution channel, not known as a hotbed of early adopters, it's been especially pronounced. Technology overall, and e-commerce specifically, are great examples. Companies whose leaders' pre-pandemic imaginations were sparked by the potential of e-commerce are reaping the rewards of a healthy head-start over those who took a wait-and-see approach.

As challenging as our current times are, they're also packed with opportunity. This is good news for those who like the idea of doing things better and smarter, and obviously bad news for those who are convinced that the way they're doing things is good enough. Change can be tough and disruptive, but if it's done smart, strategically, and humanely, with everyone from the top down working toward a common goal, the results can be powerful.

Here's to working together to redefine what's possible, and reap the rewards for your employees, your customers, and your company.

— Rick Schumacher
Executive Editor & Publisher



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A great place to work

WE MAY NOT ALL be as lucky as Jeff Pardini at Hills Flat Lumber and know what we want to do with our lives at a young age. By the age of 19, Jeff agreed to take on the family business, and today he operates two full-line locations in the foothills of Northern California (read about his company in this month's dealer profile on page 44). At that age, I was drifting between colleges and working part time at a small-town video store followed by a 2 a.m. shift on the sanitation crew at a vegetable canning plant (don't ask about creamed corn season). Neither of those were what we might refer to as "great places to work."

So, what makes a company a great place to work? In today's labor market, there's likely not a single LBM dealer who hasn't asked themselves that question while trying to fill positions. We've seen the headlines: labor shortage, wage inflation, unemployment benefits, etc. During the COVID-19 pandemic it seems the problems the industry faced hiring and retaining good people were only intensified. Of course, there is no universal answer to what makes a company a great place to work—unless, of course, that answer is "it depends." It depends on your company, your market, your current team, your management, and much more.

On page 34 you'll find our monthly Real Issues. Real Answers. feature that provides you with 55 responses to the question of what makes a company a great place to work. In this regular feature in which we send a brief survey to readers who have opted in to receive emails, we publish (nearly verbatim) our readers' responses to a monthly question. This month's question came from a dealer near Las Vegas who asked, in part, "…what's the secret to creating a 'sticky' workplace—one where people want to stay for years?"

As you can imagine, responses varied. Also evident is the enthusiasm for the topic—I've never seen such lengthy responses to one of our surveys. Due to page limitations, we were not able to print every response, and some we had to edit down for space, but I think you'll find that we've selected varied replies that demonstrate how LBM dealers in markets across the country are working to hire and retain the best people they can find.

Another place to learn about how to make your company a best place to work is at this year's LBM Strategies Conference Oct. 13-15 in Boston. Among the many presenters, attendees this year will hear from the crew at Zuern Building Products & Design Center, a 2021 LBM Dealer of the Year that I profiled in our February issue. Jennifer Zuern and the Zuern team have solidified their company as a Best Place to Work in the Milwaukee market by following the philosophy, "culture first, profit follows."

Also presenting at LBM Strategies is Bill Hayward, of Hayward Lumber. Bill will share how his family-owned company's focus on taking care of employees has made his company a Great Place to Work. He'll share how values such as believing in the right people, diversity, technology, dependability, and sustainability have evolved, and how the "stress test" of COVID-19 drove one of the company's greatest wins in hiring, inspiring, and retaining team members.

There's still time to register for the conference to learn in person from the Jennifer Zuern, Bill Hayward, and the many other LBM pros who will be taking the stage to share their stories. To learn more, visit LBMStrategies.com. If you have specific questions, please reach out to me.

— James Anderson
Editor





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Our Founder,
Roy Otis Martin

SEQUOIA OUT BACK

With Sequoia Out Back, John Keller went from a deck builder to a supplier of decking and all things outdoor living. The company's expansive 35,000 sq. ft. showroom features the latest products, and is a well-established destination for homeowners and building pros.



Q: How did your company get started?

A: I'd built a solid decking business, but my local suppliers weren't able to get me the right products at the right prices. I formed a company to purchase materials from wholesalers and sell it to myself and to other deck builders. Within five years, the lumber company became bigger than the deck building company.

Q: Having visited your store, it's clear that you've committed to making your showroom a destination. What role does your showroom play in your sales?

A: While most of our sales are to contractors, we mostly market to the homeowner. Homeowners who come to our store, either from our own marketing or a contractor's recommendation, and we spend time with the homeowner talking about the different products, and the kind of project they envision. By investing time helping the homeowner, that often leads to the contractor buying from us.

PHOTOS BY JIM GREIPP, PAU HANA PRODUCTIONS





Q: Have you had a problem with "showrooming," where someone views the product in your store then buys it cheaper somewhere else?

A: At first, I worried about people shopping us then buying from Home Depot or another dealer, but it doesn't really happen that much. I'm sure it does happen on occasion, but we've found that customers appreciate and value what we do.

Q: You place a big emphasis on having the latest products on display in your showroom. Why is that important?

A: I want to show and sell what I have in stock. Since our entire showroom is essentially product displays, we're very focused on replacing discontinued products and colors with the latest from the manufacturers. Every winter, we go over the entire showroom with our manufacturers and identify products that are not current, and the manufacturers help us out somewhat with design—how they want their products to work and to look in our showroom. We don't replace every display—we keep the staples that sell well and whose colors remain current. But still, with a 35,000 sq. ft. showroom, this is a big undertaking. Co-op funds from the manufacturers are a big help.

Q: How do you encourage your builder and remodeler customers to use your showroom?

A: We're no longer in the deck building business, so we refer homeowners to our good deck builder customers. Essentially, our showroom functions as their showroom. It's packed with current products in attractive displays, which saves them a ton of time, instead of showing their homeowner customers samples and photos, this lets them touch and feel the products.

SEQUOIA OUT BACK

LOCATION:	Hatfield, Pennsylvania, with a satellite showroom in Warrington, Pennsylvania
YEARS IN BUSINESS:	24, founded in 1997
CUSTOMER FOCUS:	70% contractors, 30% homeowners
KEY PRODUCT CATEGORIES:	All things outdoor living, including decking, railing and accessories; deck furniture; grills and outdoor kitchens

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LBM INDUSTRY UPDATES, NEWS AND EVENTS. PLUS, NEWS FROM LUMBERYARDS ACROSS THE COUNTRY, AND RESPONSES TO OUR JULY 2021 TOUGH CALL SURVEY.

UPDATES

PEOPLE

Rose Lee will succeed **James S. Metcalf** as president and CEO at **Cornerstone Building Brands** and will join the board as a director of the company.

Heather Hollis, director of marketing at **Cornerstone Building Brands**, will receive the Women in Manufacturing 2021 STEP Ahead Award from **The Manufacturing Institute**. **Koppers** has also announced that **Melissa Hadley**, manager, business planning, is being recognized with the 2021 STEP Ahead Award.

Koppers has announced that Chief Financial Officer **Michael J. Zugay** will retire effective December 31. **Jimmie Sue Smith** will take his place.

Fortress Building Products has promoted **Drew Sundholm** to vice president, supply chain.

ASSOCIATIONS

The Lumbermen's Association of Texas has announced that **Harley "Bubba" Finnell** has been elected as president of the LAT Board of Directors, and **Kate Woodson Borroni** has joined LAT's Executive Committee as second vice president.

INDUSTRY

RoyOMartin's Land and Timber Team has marked 14 years without a recordable accident.

Martco, a **RoyOMartin** company, will construct a second OSB manufacturing facility near its current plant in Corrigan, Texas.


LEE


HOLLIS


HADLEY


SMITH


SUNDHOLM


FINNELL


BORRONI

DISTRIBUTION

Snavely Forest Products will distribute **Vista Railing Systems** in Texas.

Charles Grey is now distributing **Vista Railing Systems** in North Carolina.

BlueLinx has joined forces with **Regal ideas Railing** to distribute their aluminum railing.

Cameron Ashley Building Products announced the opening of its new Springdale, Arkansas distribution center.

Orgill has officially opened its new distribution center in Rome, New York.

MERGERS & ACQUISITIONS

Culpeper Wood Preservers announced the acquisition of **Eden Wood Preserving** and **Coastal Wood Industries** in Fruitland, Maryland.

Cornerstone Building Brands has reached an agreement to acquire **Cascade Windows**.

Forest City Trading Group has announced that it will acquire the assets of **Affiliated Resources, Inc.**, a manufacturing, marketing, sales, and distribution company.

The sale of **Novo Building Products** from **Blue Wolf Capital Partners** to **Hardwoods Distribution** was completed on July 31, 2021.

CO-OPS & BUYING GROUPS

LMC hosted 60 exhibitors with nearly 300 attendees from Aug. 9-11 at the second-consecutive virtual edition of the LMC Hardware Express.

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



BUILDER CONFIDENCE AT 13-MONTH LOW

Higher construction costs and supply shortages along with rising home prices pushed builder confidence to its lowest reading since July 2020, according to the National Association of Home Builders (NAHB)/Wells Fargo Housing Market Index (HMI). Builder sentiment in the market for newly built single-family homes fell five points to 75 in August.

"Buyer traffic has fallen to its lowest reading since July 2020 as some prospective buyers are experiencing sticker shock due to higher construction costs," said NAHB Chairman Chuck Fowke. "Policymakers need to find long-term solutions to supply-chain issues."

"While the demographics and interest for home buying remain solid, higher costs and material access issues have resulted in lower levels of home building and even put a hold on some new home sales," said NAHB Chief Economist Robert Dietz. "While these supply-side limitations are holding back the market, our expectation is that production bottlenecks should ease over the coming months and the market should return to more normal conditions."

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UPCOMING EVENTS

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

TOUGH CALL ANSWERS

ANSWERS TO OUR JULY TOUGH CALL SURVEY:

THE LABOR/WAGE QUESTION

THE LABOR MARKET IS TIGHT, COMPETING EMPLOYERS ARE UPPING WAGES, AND YOU CAN'T FILL POSITIONS. HERE'S HOW READERS WOULD HANDLE THIS TOUGH CALL.

SURVEY RESULTS FROM LBMJOURNAL.COM

12.8%
TRY HARDER. Have your HR director work harder to fill these positions, including paying to boost the ads on social media, offering a cash bonus for referrals, etc.

53.4%
JUST DO IT. Accept reality and increase the part-timers' pay to whatever level you need it to be to get the quantity and quality of hourly workers you need.

11.5%
DO IT YOURSELF. Instead of giving in and throwing money at this problem, roll up your sleeves and do it yourself. Show your team that you're not above doing what's needed.

22.3%
MORE OVERTIME. Encourage your existing team members to earn extra money by working more overtime. They get to earn more, and the jobs get done right. Win-win.



THANKS TO EVERYONE WHO VOTED ON THE JULY SURVEY. SEE PAGE 72 FOR THE SEPTEMBER TOUGH CALL: "YOU WANT HOW MUCH?"

SUPPLY CHAIN CHALLENGES DAMPEN HOUSING STARTS

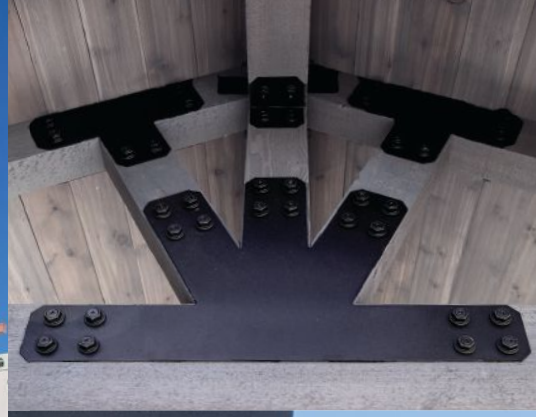
Supply chain and labor challenges helped to push overall housing starts down 7.0% to a seasonally adjusted annual rate of 1.53 million units, according to a report from the U.S. Department of Housing and Urban Development and the U.S. Census Bureau.

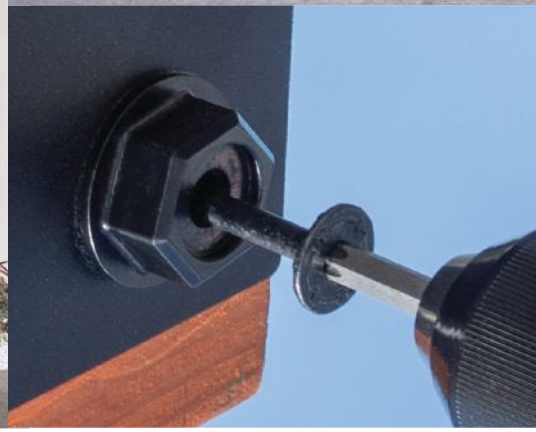
The July reading of 1.53 million starts is the number of housing starts builders would begin if development kept this pace for the next 12 months. Within this overall number, single-family starts decreased 4.5% to a 1.11 million seasonally adjusted annual rate. The multifamily sector, which includes apartment buildings and condos, decreased 13.1% to a 423,000 pace.

"The latest starts numbers reflect declining builder sentiment as they continue to grapple with high building material prices, production bottlenecks and labor shortages," said Chuck Fowke, chairman of the National Association of Home Builders (NAHB) and a custom home builder from Tampa, Fla. "Policymakers need to prioritize the U.S. supply chain for items like building materials to ensure builders can add additional inventory the housing market desperately needs."

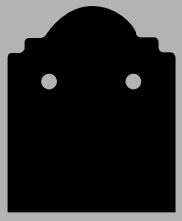
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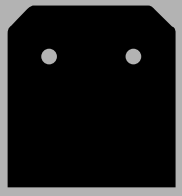




Outdoor Accents®



Mission Collection®

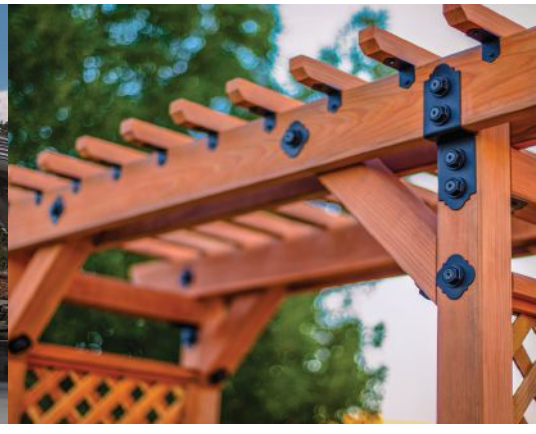


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No matter what type of outdoor structure your customers are building, Simpson Strong-Tie® Outdoor Accents decorative hardware provides both design elegance and structural strength. Our Mission and Avant collections offer a choice of styles, from ornate and traditional to clean and simple. Both feature an innovative hex-head washer and fastener combo with the look of a bolted connection that installs as easily as driving a screw. And whichever collection your customers choose, all Outdoor Accents connectors and fasteners are rigorously tested for strength and performance — for a safe, beautiful structure that lasts.

To see all of our Outdoor Accents decorative hardware and choose the style that's right for your customers, visit **go.strongtie.com/outdooraccents** or call (800) 999-5099.

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CONSTRUCTION INPUT PRICES UP 23.1% YEAR-OVER-YEAR

Construction input prices rose 0.6% in July, according to an Associated Builders and Contractors analysis of U.S. Bureau of Labor Statistics' Producer Price Index data. Nonresidential construction input prices increased 0.8% for the month.

Construction input prices are 23.1% higher than a year ago, while nonresidential construction input prices increased 23.4% over that span. Energy prices continue to experience substantial year-over-year price increases. The price of natural gas is up 146.7%, while crude petroleum and unprocessed energy materials prices are up 102.9% and 93.8%, respectively. Prices for steel mill products increased 10.8% for the month and are up 108.6% for the year.

"One's definition of transitory needs to evolve with these data," said ABC Chief Economist Anirban Basu. "While it is quite likely that there will be less inflation a year from now, a rebounding economy, ongoing supply chain disruptions and limited productive capacity have conspired to generate rapid price increases. Many economists insist that the current situation is merely temporary; still, today's input price increases can meaningfully affect contractor fortunes by trimming margins and delaying the onset of projects.

"The good and bad news is that the economy is flush with liquidity," said Basu. "Injections of money supply by the Federal Reserve, which has yet to indicate when it will begin to moderate its quantitative easing program, have helped create large pools of investable money. A significant fraction of that money is being invested in real estate, which often translates into construction projects. That is consistent with the stable-to-rising backlog observed in recent months as well as ongoing confidence among contractors, reflected in ABC's Construction Backlog Indicator and Construction Confidence Index. However, that liquidity also serves to help push prices higher.

"One can only conclude that the economy will continue to run hot into 2022 despite the malign impacts of the delta variant, producing both hefty advances in gross domestic product and unusually elevated inflation," said Basu. "The fact that steel prices are rising is not only an indication of the recovery transpiring in goods-producing industries like construction and manufacturing, but also of the difficulty global suppliers are having keeping up with demand. That dynamic does not appear poised to change substantially in the very near-term, though there was some evidence of moderating inflation in the most recent Consumer Price Index report. Contractors should assiduously build contingencies into their contracts to protect themselves from additional materials price spikes. Given that construction firm services are in high demand, contractors should have enough negotiating leverage to accomplish that under most circumstances."



80% OF CONSTRUCTION JOBS LOST DURING PANDEMIC HAVE RETURNED

The nation's construction industry added 11,000 jobs on net in July, according to an Associated Builders and Contractors analysis of data released by the U.S. Bureau of Labor Statistics. Overall, the industry has recovered 886,000 (79.6%) of the construction jobs lost during earlier stages of the pandemic.

Nonresidential construction employment expanded by 2,900 positions on net, though more than 100% of the gains were among nonresidential specialty trade contractors, which added 7,500 jobs. The nonresidential building (-2,500) and heavy and civil engineering (-2,100) segments both lost jobs in July.

The construction unemployment rate fell to 6.1% in July. Unemployment across all industries declined from 5.9% in June to 5.4% last month.

"While it is easy to identify numerous challenges in the current economic environment, including inflation, input shortages and the delta variant, there is one driving factor that countervails them all and then some," said ABC Chief Economist Anirban Basu. "That factor is liquidity. With so much money working its way through financial systems, including liquidity injected on a monthly basis by the Federal Reserve, America is in rapid recovery mode with interest rates remaining at absurdly low levels.

COMMERCIAL AND MULTIFAMILY STARTS UP IN FIRST HALF OF 2021

The value of commercial and multifamily starts in the top 20 metropolitan areas of the U.S. gained 12% during the first six months of 2021 relative to the first half of 2020, according to Dodge Data & Analytics. Nationally, commercial and multifamily construction starts were 10% higher on a year-to-date basis through six months. In the top 10 metro areas, commercial and multifamily construction starts were up 12% through six months, with only three metro areas—Washington DC, Los Angeles CA, and Austin TX—posting declines. In the second-largest group of metro areas (those ranked 11 through 20), starts improved 11% on a year-to-date basis, with only Phoenix AZ, Houston TX, and Chicago IL losing ground.

The early months of the pandemic led to construction moratoriums and project delays in many of the country's largest cities, resulting in very low levels of activity in April and May 2020. Additional insight on the health of these markets can be ascertained by comparing the first six months of 2021 to the same period in 2019—before the pandemic. On that basis, commercial and multifamily starts were down 9% in the top 20 metro areas. At the same time, nationally, they were 5% lower, indicating that the pandemic affected construction activity more dearly in larger cities. In the top 10 metro areas, commercial and multifamily starts were 20% lower than 2019 through six months, while in metro areas ranked 11 through 20, they were 13% lower.

The New York metropolitan area was the top market for commercial and multifamily starts through six months at $12.6 billion, an 8% increase from the first half of 2020. The Dallas, TX metropolitan area was in second place for commercial and multifamily starts, totaling $4.5 billion through six months, a 12% gain over 2020. The Washington DC metro area was ranked third through six months but lost 7% to $4.3 billion.

BY THE YARD NEWS FROM LUMBERYARDS AROUND THE COUNTRY

US LBM sponsors golf pro
US LBM has announced a multi-year sponsorship agreement with Bernhard Langer, one of the winningest players in professional golf history.

R.P. Lumber grows its Iowa presence
R.P. Lumber Co., Inc., continued its expansion into the Hawkeye State with the acquisition of Malcom Lumber's Grinnell and Oskaloosa, Iowa, locations.

LBM dealer announces state senate candidacy
Jeremy Stine, who serves as marketing director for Stine Lumber, announced his candidacy for Louisiana State Senate District 27.

Nation's Best acquires two companies
Nation's Best announced its combined acquisition of Hipp Modern Builders Supply in Mountain View, Arkansas and Panhandle Lumber & Supply in Bonifay, Florida.

US LBM acquisitions
US LBM has acquired North Georgia Building Supply and Junior's Building Materials in Georgia, as well as Massey Builders Supply in Virginia.

Randall Lumber & Hardware celebrates 100 years
Randall Lumber, in Taos, New Mexico, celebrated 100 years in business Aug. 1. The company hosted customers and vendors with food and live music.

Interstate + Lakeland Lumber expands with design showroom
Interstate + Lakeland Lumber has expanded with a new luxury building product design showroom in Shrub Oak, New York. The Shrub Oak location has been serving the northern Westchester area since 1954.

Arlington Coal & Lumber acquires Friend Lumber Company
Massachusetts-based Arlington Coal & Lumber Co., has announced that an agreement has been reached to purchase the assets and real estate of Friend Lumber Company.

Arlen Tillis of Tibbetts Lumber to receive 2021 Hall of Fame award from FBMA
Tillis, senior vice president/director at Tibbetts Lumber Company, will receive the 2021 Hall of Fame Recognition Award from the Florida Building Materials Alliance.

Spahn & Rose completes acquisition of Metro Building Products
Spahn & Rose Lumber Co. has completed its purchase of Metro Building Products, based in Marietta, Georgia. The deal marks the third major addition in the past three years for the Iowa company.

Mike McGinnes promoted at Arrow Lumber & Hardware
Mike McGinnes has been promoted to president of Arrow Lumber & Hardware. McGinnes will take over day-to-day operations of the business, "and continue the values and traditions that our company was founded on," CEO Shawn Roehr said.

Tibbetts Lumber Co. to acquire Florida Forest Products
Tibbetts Lumber Co. has announced it is acquiring Largo, Florida-based Florida Forest Products, a roof and floor truss manufacturer.

Hammond Lumber earns Occupational Excellence Achievement Awards
Hammond Lumber Company, with 21 locations in Maine, has earned 15 Occupational Excellence Achievement Awards recently. Based in Belgrade, Maine, the LBM 100 company was honored for keeping lost workday incident rates at a level that is equal to or below 50% standards for the industry.

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.

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2021 SPEAKERS



RICK SCHUMACHER
Executive Editor & Publisher
LBM Journal



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 MOYER
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
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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 to 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 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)

Technology that seemed like science fiction yesterday is here today, and companies who don't adapt are at risk of losing ground. Led by Rick Davis, a panel of LBM leaders will discuss how their companies leverage leading technology tools to operate better, smarter, and more profitably as they work to outperform their competition.

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.

*PROGRAM AGENDA SUBJECT TO CHANGE.

Holding personnel accountable is critical to successful management

BY BILL LEE

DOCUMENTATION is many times the difference between a highly-effective manager and one who struggles with accountability. The larger the organization, the greater the number of people who report to you, the more critical good documentation is to success.

The majority of managers I have observed communicate with their people by catching them on the fly. By this I mean most managers manage like a hockey coach, by shouting short bursts of instructions and/or criticisms when they come in off the ice. No documentation, no note taking, no audit trail, and no follow up.

Like most new managers, in my first management job I winged it. I had no structured approach for coaching my 14 direct reports. Everything was off-the-cuff and from memory. Fortunately for me, my first sales team was a veteran team that pretty much knew how to sell, how to follow up, and like physicians, they knew the importance of charts.

Charting is synonymous with documenting an interaction. Everyone has likely experienced his or her doctor making notes as he or she interviews patients. Doctors do this so they can keep up with the medical condition of the dozens of patients they interact with. When the patient returns for the next appointment, doctors will review the patient's chart and make notes of the questions they wish to ask the patient on the next visit.

No matter how bright a person is, their memory is fleeting. For this reason, no one should rely exclusively on their memory. We managers are often accused of having a convenient memory; that is, remembering what benefits us, but not necessarily what actually happened. Documentation eliminates lapses in memory.

Recommendation: Managers should be diligent about documenting what they observe among their direct reports, as well as what is communicated during one-on-one meetings. To ensure accuracy, the documentation should be completed immediately after the employee leaves the manager's office.

Unlike pieces of equipment, employees are people. They have different strengths, weaknesses, and emotional responses. To effectively manage employees, managers must get to know and understand each employee's uniqueness as an individual.

Ideally, all employees and their managers should agree upon each employee's primary goals and objectives, and how they are to be measured. In the formal one-on-one meetings between the manager and each employee, there should always be a discussion as to how the employee is performing with each priority and what, if any, adjustments might be made to improve performance.

It's human nature for employees to make excuses or go on the defensive when they are challenged. While I know such behavior is natural, it has been my experience that having to deal with it is also time consuming and unproductive. A theme that hits home with me when employees begin offering excuses is to ask the employee to think in terms of what's right with what the manager is saying rather than what's wrong with the given comments.

Recommendation: Before the one-on-one session breaks up, the employee and the manager should select a firm date and time to conduct next month's meeting.

Recommendation: Immediately following the one-on-one session with each employee, the manager should document what was agreed to in the meeting—especially deadlines—and forward the summary to human resources.

I like to end the one-on-one meetings with a few personal questions to evaluate the employee's level of motivation and satisfaction. What did you accomplish last month that you were most proud of? Are there any aspects of your job where you don't believe you are receiving a reasonable amount of support from other departments in the company? Do you have any questions you'd like to ask me? ■

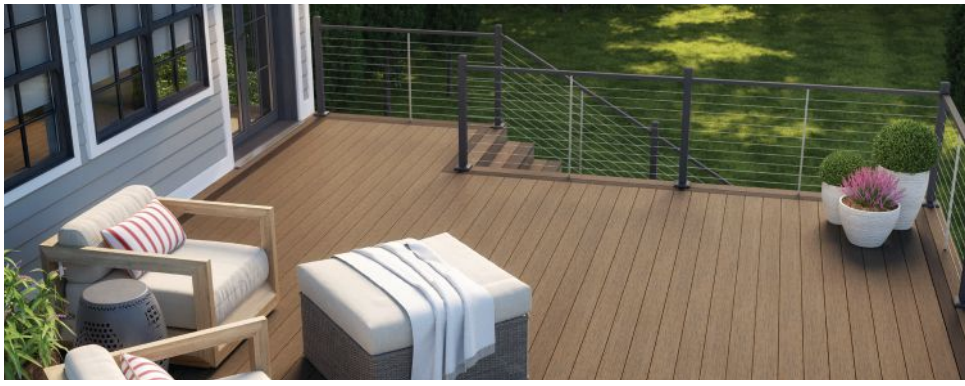


Bill Lee is a respected sales and business consultant in the LBM industry. For more information, contact Bill at leeresourcesinc@gmail.com



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Leverage the consumer walk-in

BY RICK DAVIS

SO HOW DO *you* feel when a consumer walks into your branch during a busy Tuesday morning? If you're like most salespeople, the consumer is considered a secondary customer at best and, at worst, an interruption to your day. I call this "consumer sales reluctance" and seek to remedy that in a hurry.

An anecdotal story reveals the mistake of ignoring the value of a walk-in customer as well as the potential to leverage it. My wife came home from a research shopping excursion to a local kitchen and bath showroom. She had pricing on three tubs, two vanities and various fixtures from which we could choose.

I did my usual "research" too, except that my research was not about products, but instead the sales process. I asked my wife a few questions and discovered, predictably, that she had the business card of the salesperson but was never asked for *her* contact information. The salesperson asked no questions about the project scope and timing, nor the contractor with whom we were working.

As far as that salesman knows, my wife could have taken his quote and shared it with other suppliers. Perhaps she came back to the same company and purchased from a different salesperson. The original salesperson will never know because he lost control of the lead. I wonder if the salesperson even gave the conversation with my wife a second thought and figured he had merely done his job properly. Now for the rest of the story…

At the time, we didn't have a contractor and would have welcomed an objective referral. We later found one and, needless to say, the salesman never got a chance to speak with our contractor. Instead, our contractor went to his preferred vendor for plumbing products and convinced us to switch to brands his vendor stocked. If the salesperson had asked for contact information and about our upcoming project, he could have followed up to get a quality sales lead for one of his existing contractor customers.

If you think analytically about a consumer lead, you'll recognize there are four ways in which the consumer can get products installed and three of them require a professional buyer. The four ways include:

1. The consumer might be doing the installation.
2. The consumer already has a contractor who is not a customer of yours.
3. The consumer is working with one of your existing contractor customers.
4. The consumer is seeking a contractor.

If you are selling to a consumer working with a contractor, or seeking to, then you must change your sales objective. Your goal is not to simply give information. Your goal is to *gain* it, thus ensuring a valuable lead doesn't slip out of your control.

When a consumer walks into a dealer showroom, you should strive to understand the project scope, timing, and perhaps the reason why a buyer is considering a project at this time of their lives. You should ask where the buyer has shopped as a means to qualify the level of interest and understand the competitive landscape. While you're at it, ask how they heard about your company.

Most importantly, you need to determine if a contractor is involved. If the consumer is working with contractor who is not a current customer, this is your chance to convert a prospect. If the consumer is working with an existing contractor customer, your duty as a trade partner is to put your best sales face on and represent the contractor professionally. If the consumer has not yet selected a contractor, it's your duty as a sales partner to manufacture a lead for one of your valued customers.

The consumer walk-in might seem like a dreaded time-wasting endeavor, but not if you see the powerful sales opportunity they bring. Convert consumer walk-ins into positive sales moments that deepen your relationships with contractors. It's the winning walk-in strategy. ■



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

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Other than that, how was the play, Mrs. Lincoln?

BY RUSS KATHREIN

ABOUT THREE YEARS AGO, when I was approached about writing a column, my initial idea was to explore the phrases and analogies that I'd often used with my team. I've been known as an analogy guy for most of my career. I was okay with that reputation because I strongly believe when you're making a point using an analogy, it's easier to see the answer.

So, I thought it might be fun to share a list of sayings, or "Russ-isms" that I'm particularly known for. I don't take credit for creating any of them, but I sure have used them a lot throughout my career to explain my thoughts.

- **"Your first loss is your best loss."** If you must take a financial hit, take it early rather than waiting to try to minimize your losses. This is true with buying and selling of commodities, collecting outstanding A/R, or just delivering bad news to a customer or your boss.

- **"Pigs get fed. Hogs get slaughtered."** There is nothing wrong with winning, but if you are too greedy, people will pick up on that and not want to do business with you.

- **"Inspect what you expect."** If you are asking people to do things, you need to show them that you are following up on what you asked for in order to hold them accountable and show that what you asked for is important.

- **"Fire quickly. Hire slowly."** If you know someone is not right for the job, take fast action. You will do them and yourself a favor. When you are hiring, take your time and get second and third opinions from your team.

- **"Treat the disease, not the symptom."** Too often we do a quick patch to resolve an immediate problem and make it disappear, when we should, in fact, look to fix the root cause so the problem never happens again.

- **"Be the leader you would want to follow."** Being a leader is not something you are born with. You learn that over time. One of the best ways to develop your leadership skills is to think of the leaders you have had and then be the kind of leader who displays those good traits while avoiding the bad ones.

- **"Pedaling harder is not a strategy."** This is similar to "Just try harder." Like a fly bouncing against a screen to get out, sometimes you need to take a step back and see if there is an open door in another direction.

- **"A camel is a horse that was designed by a committee."** Sometimes we meet in order to design something simple, but we get bogged down with all of the things that we add because "it would be nice to have..." If you just need something to get from point A to point B quickly, you do not need to add things that would be nice just in case you didn't have water or needed to traverse over sand.

- **"By choosing not to decide, you still have made a choice."** This is a lyric from the rock band Rush, but it rings so *true*. Too often, people are afraid of making the wrong decision, so they make no decisions at all and let fate decide the outcome. That is a decision in its own right—and likely not a good one.

- **"If you think you can, you can. If you think you can't, you're right!"** The power of positive thinking is amazing, however the disempowerment of negative thinking is equally strong. Don't step into the batter's box convinced you are going to strike out. Think positively and knock the ball out of the park.

- **"Don't let the camel get its nose under your tent."** I didn't realize I had such a camel thing. Desert caravan wisdom says that if you allow a camel to get his nose into your tent, soon the whole camel would be inside the tent with you.The analogy works when it comes to sharing too much information with the wrong people at the wrong time.

If any of these connect with you, feel free to use them in your interactions with your team. ■



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

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Are credit managers anti-sales?

BY THEA DUDLEY

Dear Thea,
Longtime reader, first time emailer. I work in sales and frankly, some of the credit managers I have worked with (and currently am working with), are anti-sales. They don't seem to realize that sales brings in the customers. I consider myself a reasonable person, but the constant "No" and pointing out of every issue of my customers to me is old and unproductive. How can I get my credit manager to realize I am not the enemy? I hate always having to go to my manager for support.

— Single-handedly making sales in Saginaw

Dear Single,
Judgy much? You will forever remain that single salesperson if that's your attitude. Ever hear the phrase "you get as good as you give?" How about "No sales rep is an island?" Ok, maybe the adage is slightly different, but if you are in sales and want to be successful, this is the way you should remember it. Not to your liking? Perhaps, "A sales rep cannot be successful by sales skill alone." My personal favorite: "Behind every great sales rep is a credit manager helping seal the deal."

Regardless of how you say it, if you haven't figured out that a huge key to your sales greatness is building and maintaining a relationship with your credit manager, then you are fooling yourself and may not be able to get out of your own way.

Everyone thinks they are reasonable, but ask others, and it is up for debate. Your credit manager may see you differently. Hence, the give as good as you get comment. For our purposes let's define what your credit manager considers "reasonable."

1. **Help me find a way to say "Yes."** If you want me to take a chance on a customer or new applicant, be willing to get out on that limb with me. Bring me every bit of information you know about the company/person. Keep me updated on what you hear to help protect us (and when I say "us," I mean me, you, and the company). United we stand, united we fall.

2. **Come at me, bro.** If you disagree with my decision, come discuss it with me like a grown up. Going behind my back up the food chain before discussing it with me is not only bad form, but it will get back to me and make it difficult for us in the future. If we still disagree after the discussion and you want to appeal it to a higher power, I understand. Hell, I'll even go with you.

3. **Show me your character.** You can be the company jerk and I will still support you (and most likely enjoy your company) if you do what you say and say what you do. In other words, have my back and don't leave me hanging.

4. **Mutual respect.** You may not like my decisions but tell me the same way you tell it to others, before you tell them. In other words, if you wouldn't say it to my face, don't say it. It always gets back to me.

5. **Give me a head's up.** Just like a bank can prequalify you for a loan, I can prequalify your sales rep "hit list." Give me the names of who you are chasing. Let me run a quick down and dirty credit report and save us both any heartache. I want you to be successful so we are all successful. I know the company does not make money if we don't sell product.

6. **Not telling me something or hiding something on purpose is just the same as lying.**

That's it. No great mystery. Be upfront, honest, and willing to help do some heavy lifting if asked. Now go make nice. ■



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

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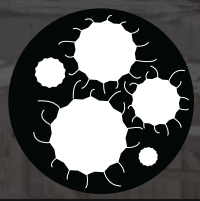
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How an acquisition's working capital peg is calculated

BY JOHN WAGNER

AS AN ACQUISITION CLOSES, the investment banker representing the seller calculates the working capital "peg" (WCP), a figure resulting from current assets minus current liabilities, with some exclusions. (A good investment banker actually models the WCP continually for the seller long before the closing, but the WCP "peg" is set as the acquisition closes, using the very latest balance sheet numbers.)

Assuming the company is being sold on a cash-free/debt-free basis, let's look at how the WCP is determined, because there are some idiosyncratic exclusions and inclusions when using the very common cash-free/debt-free deal format. On the current asset side of the ledger, the WCP will exclude "cash and cash equivalents," all of which go to the seller. The current assets include inventory, accounts receivable, and most pre-paids. For current liabilities, the WCP will include accounts payable, and most accruals. By subtracting these current liabilities from current assets, you determine the WCP. In nearly all transactions, there is also a "true-up" adjustment 90 days after the closing.

Note that the value of the inventory is on the asset side of the WCP calculation. A pressing issue in acquisitions today is how far back in time to look when calculating the WCP. With the recent volatility of lumber prices, sellers want to calculate the WCP using a trailing-twelve-month (TTM) timeframe, in order to reflect a more normal inventory in the WCP; whereas buyers want to look back just trailing three months, "T3M," to reflect a more normal current inventory.

For example, let's say that you have a lumberyard that just sells 8' 2x4s. And say you always carry 100 2x4s in inventory, replenishing them as they are sold. For ease of math, let's say you paid $1 for each 2x4 a year ago. You had $100 worth of inventory on your balance sheet. If the price of 2x4s doubles over the ensuing 12 months to $2/stick, you carried the same number of 2x4s, but they had a higher value on your balance sheet: $200. You are likely selling at the $2/stick level, even though your blended average for acquiring that stick was—to your advantage as a seller—less than that.

If the WCP were calculated on a trailing-twelve-month basis, the longer view is to the advantage of the seller, because the seller acquired inventory for less than the value on the balance sheet. (When selling that inventory down, this *price arbitrage* is reflected in higher gross profit dollars, and higher EBITDA, even though the seller is selling the same number of sticks).

That said, if the WCP were calculated on a trailing-*three*-month basis (T3M), it is to the advantage of the buyer, because they are acquiring inventory that they will have to replace at the higher $2/stick price.

Sellers want the longer view; buyers want the shorter view.

At the 90-day true-up, if the trailing-twelve-month perspective were used, the seller is likely to get an additional check from the buyer, because the WCP would normally be lower than the true-up amount. Conversely, at the 90-day true-up, if the T3M perspective were used, there would probably be less variation between the closing WCP value and the true-up value.

With volatility of lumber prices still in effect, even the trailing-three-month model might not accurately reflect the true WCP. Ironically, with lumber prices falling from their highs, it may be that the trailing-twelve-month model comes back into favor, if it turns out to be more-accurate and fair to both the buyer and the seller. That said, for deals closing before prices come back to pre-pandemic levels, you will probably see buyers and sellers meeting in the middle, by calculating the WCP based on a trailing-six-month basis (T6M), rather than the over-long "12" or the very-short "3" look-back.

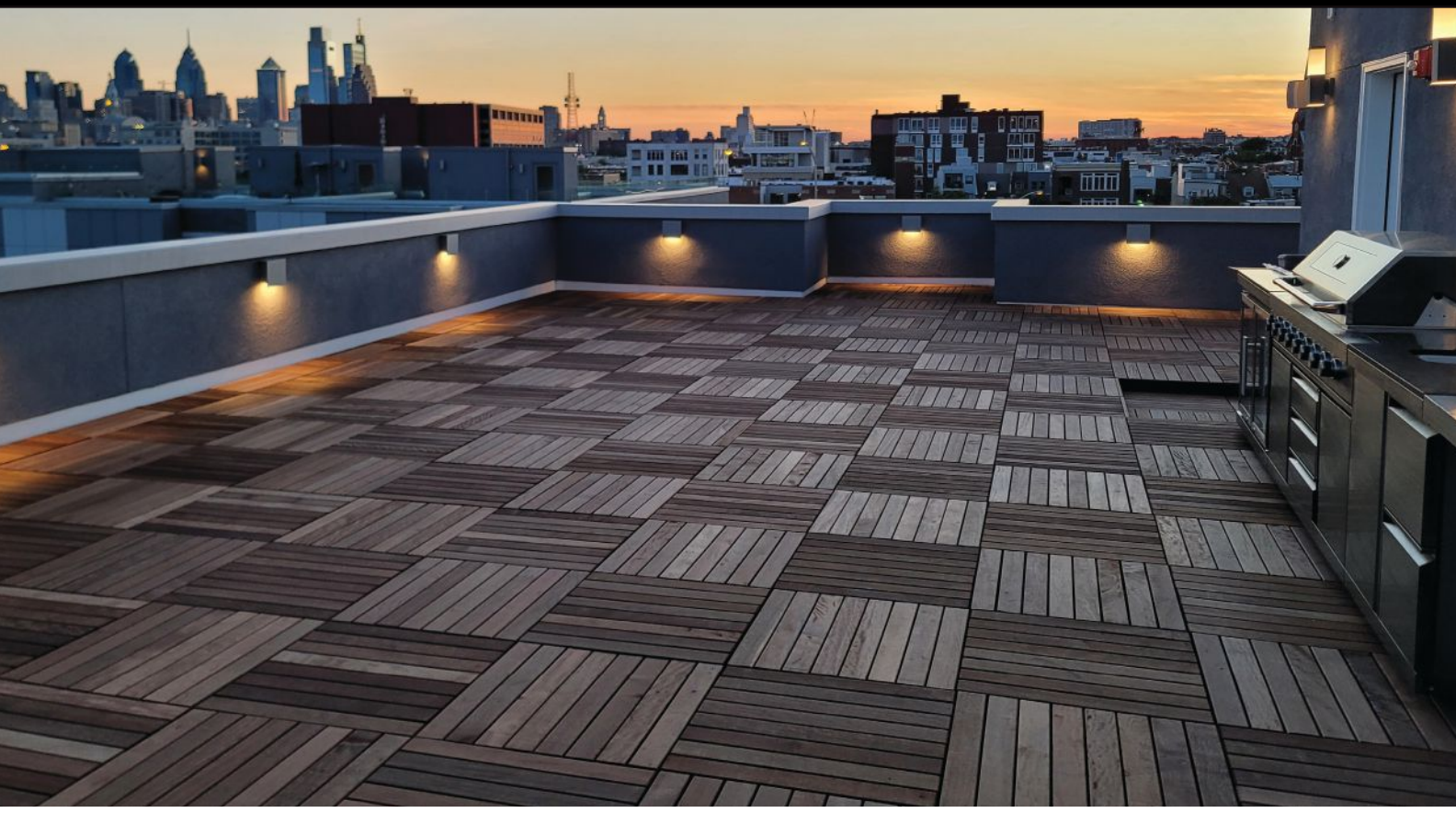
No matter what model is agreed upon, don't treat the WCP as an afterthought. It should be calculated by a qualified CPA on a running basis going into the closing, so there are no surprises for either buyers or sellers as you get close to signing the purchase agreement. Finally, getting the WCP right has financial implications that reach far beyond just a few dollars either way. As a seller, the advocacy of your investment banker is invaluable in the WCP determination, not only for undertaking the difficult calculation, but for defense of the model used as well. ■



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

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Fleet Efficiency 201: The Triangle

BY SHANE SOULE

WHAT DEFINES an efficient fleet? My personal focus has been moving over the last year from reducing unnecessary steps in the operation, to speeding the loading and unloading process with advanced preparation, to championing technology as a tool to eliminate non-value-added functions.

Nonetheless, I'm becoming more and more convinced that companies should first spend their time on three foundational pieces I'm calling the Efficiency Triangle. The components of the Efficiency Triangle are the sales team, operational team, and customer, also known as the Lean Corners. If all three aren't accountable for their angle on contributing to efficiency, it creates an imbalance.

OPERATIONS CORNER

Your operations team is either proactive or reactive. Sales reps and customers typically take the path of least resistance. They wait to ask for things until they realize they need them—generally too late to provide an efficient or remarkable customer experience. In companies where the Operations Corner struggles, team members complain about "lazy sales teams" and "needy customers." And yet the actual problem lies with a lack of mutually agreed upon operational expectations.

Those expectations are best kept short, simple, and concise, such as "first stops need to be scheduled by noon two business days ahead of delivery date." Once agreed upon, suddenly a customer and sales rep know exactly what they can expect and what they need to provide to ensure accurate, on-time deliveries. There's no drama.

SALES CORNER

Being proactive and giving the Operations Corner as much room for error as possible will pave the way to customer satisfaction. When a customer requires special order windows that are out 8 weeks, do we need to tell them the day we are supposed to receive them, or could we tell them the day they should expect them? That's a 48-hour difference that the customer doesn't need to know about.

Will the customer be happier when the delivery arrives when we said it would? Or do they need to know the windows arrived this morning, and they can't get them till late tomorrow? When a customer calls and says they are starting a house Friday, they often want the first lumber drop before 7 a.m. A successful sales rep asks if it can be delivered anytime the day before so there are no unexpected issues that slow the framer down. A collaborative Sales Corner makes it a priority to know what the Operation Corner needs to have a non-stressful delivery of product and manage customer expectations. Ultimately, the Sales Corner is managing their own experience by planning and not putting themselves in a corner. Our industry's most successful sales reps rarely have first load requests or find themselves begging for a delivery.

CUSTOMER CORNER

Not every customer is a good fit for our company. If you've communicated your process well, and a customer consistently requests deliveries outside of those guidelines, they are not only negatively affecting operational efficiency, but they take servicing opportunities away from those that do respect the delivery expectations.

Meanwhile a customer who is respectful of the process and works to operate within it deserves service with consistent deliveries that are 95% on time and complete. If we cater our Operations Corner and Service Corner to customers that don't work within guidelines, we find our company risking its most profitable relationships in the Customer Corner if they can't receive the high level of service they deserve.

Here's the bottom line: Start your lean efficiency journey with a clear, agreed upon set of *operational expectations* before you invest in anything else. Communicate these to all the corners of your Efficiency Triangle. A triangle is the strongest shape there is. It takes pressure without breaking. The weight placed on any one side is immediately disbursed to all three sides. This is the kind of foundation we can all confidently build our fleet efficiency on. ■



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

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Q: As the industry continues to navigate from the COVID-19 pandemic, LBM dealers have found themselves in a constant battle to find adequate staffing. How can a company like LP Building Solutions help the industry navigate the labor shortage?

A: Most people in this industry have felt the effects of the labor shortage in one way or another as it has created pressure throughout the entire supply chain. While attracting young professionals to construction careers is critical, LP has actively taken measures to support more efficient worksites and streamline processes. By doing so, less time, money, and labor are needed for homebuilding. For instance, products in LP's Structural Solutions portfolio combine sheathing with added-value features. Instead of using multiple products, often requiring multiple crews, we engineer solutions that seek to improve overall efficiency by reducing installation time and waste. This saves on costs and lets builders get the most out of their scarce labor.

In addition to innovative products, LP is committed to providing innovative solutions for training and industry support. Recently, LP SmartSide Trim & Siding launched LP SkillBuilder. The free, comprehensive digital hub features LP SmartSide courses and training, quick tips, and additional resources to help professionals take their business to the next level.

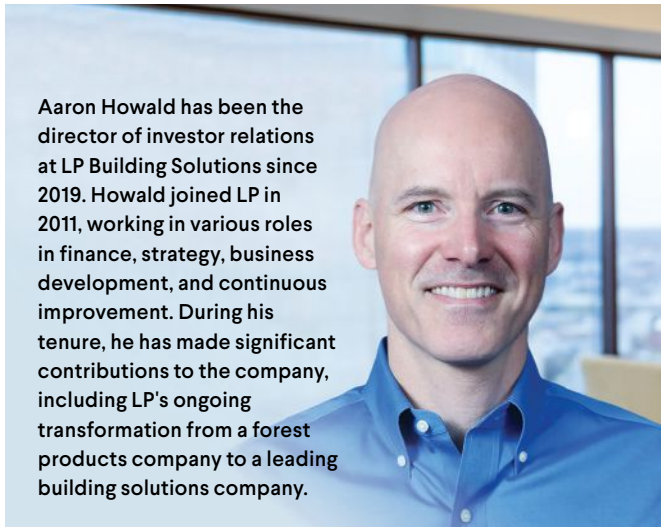
Q: What can a lumber and building materials dealer do to help keep staff and customers up-to-date and trained on the most recent products?

A: When we talk with builders, we often hear how local lumberyards and big-box retailers serve as critical connection points—these are places where builders are learning about new products, techniques, etc. This means that dealers and distributors have enormous opportunities to be trusted sources of information. Dealers can use this insight to empower their staff. Manufacturers must partner with dealers to provide their educational materials, such as LP Skillbuilder, a free resource available to everyone in the industry.

Q: Many builders, as well as LBM dealers, are facing an aging workforce and a wealth of knowledge that leaves when they retire. What can builders and building materials distributors do to help prevent the "brain drain?"

A: I think that the best way to combat the "brain drain" is to invest in training for the next generation of builders while maintaining and valuing the aging segment of the workforce. Training paired with working alongside seasoned professionals is an effective way to prepare the emerging workforce. "Brain drain" is not new, and certainly not unique to the homebuilding industry. The best approach to mitigating it is knowledge transfer, so the experts can become the teachers before they retire.

Beyond just supporting training, I believe manufacturers, builders, and dealers must work together to shape the younger generation and push the industry forward. The building industry is vital and influential, and I take exceptional pride in working in it. Manufacturers can support and amplify this messaging as well as encourage young people to explore careers in the trades.



Aaron Howald has been the director of investor relations at LP Building Solutions since 2019. Howald joined LP in 2011, working in various roles in finance, strategy, business development, and continuous improvement. During his tenure, he has made significant contributions to the company, including LP's ongoing transformation from a forest products company to a leading building solutions company.

Q: More builders—and the LBM dealers who serve them—are considering off-site component construction to help reduce labor costs. How can LP products fit into that building process?

A: Another initiative that LP has undertaken to combat the labor shortage is investing in off-site framing technology. LP continues to invest in Entekra, a leading off-site homebuilder, because we believe that trying new approaches to building, like off-site framing and modular building, is the way forward. An attractive aspect of off-site construction is the time that it saves.

Q: As the building materials industry adapts to new technologies, many see delivery systems as the next process due for distribution. How are manufacturers able to help improve the delivery process down the supply chain to LBM dealers?

A: The reality is manufacturers are critical to improving the delivery process. LP's Strategic Sourcing team is providing us with a more transparent and effective approach to procurement. Better sourcing on our end means we are more effective in getting product to market. But we also bear responsibility for driving further communication and collaboration with dealers. For instance, manufacturers may consider how to support more direct inventory management, with greater tracking of where product goes once it's delivered to a dealer. This could help manufacturers to better understand and deliver to where product is needed most, thereby more proactively supporting their dealer partners. Builders and dealers can contribute by sharing data on near-term future expectations for demand. Improved clarity and transparency of this data by all participants in the supply chain can improve delivery processes. ■



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

LAMB LUMBER CO, INC.
Lake Placid, NY — est. 1919

MARCUS LUMBER
Marcus, IA — est. 1920

MCDOWELLS BUILDING MATERIALS
Vinton, IA — est. 1864

OLDHAM LUMBER COMPANY INC.
Dallas, TX — est. 1921

BETHEL MILLS INC.
Bethel, VT — est. 1781

LELAND L. FISHER, INC.
Rockville, MD — est. 1894

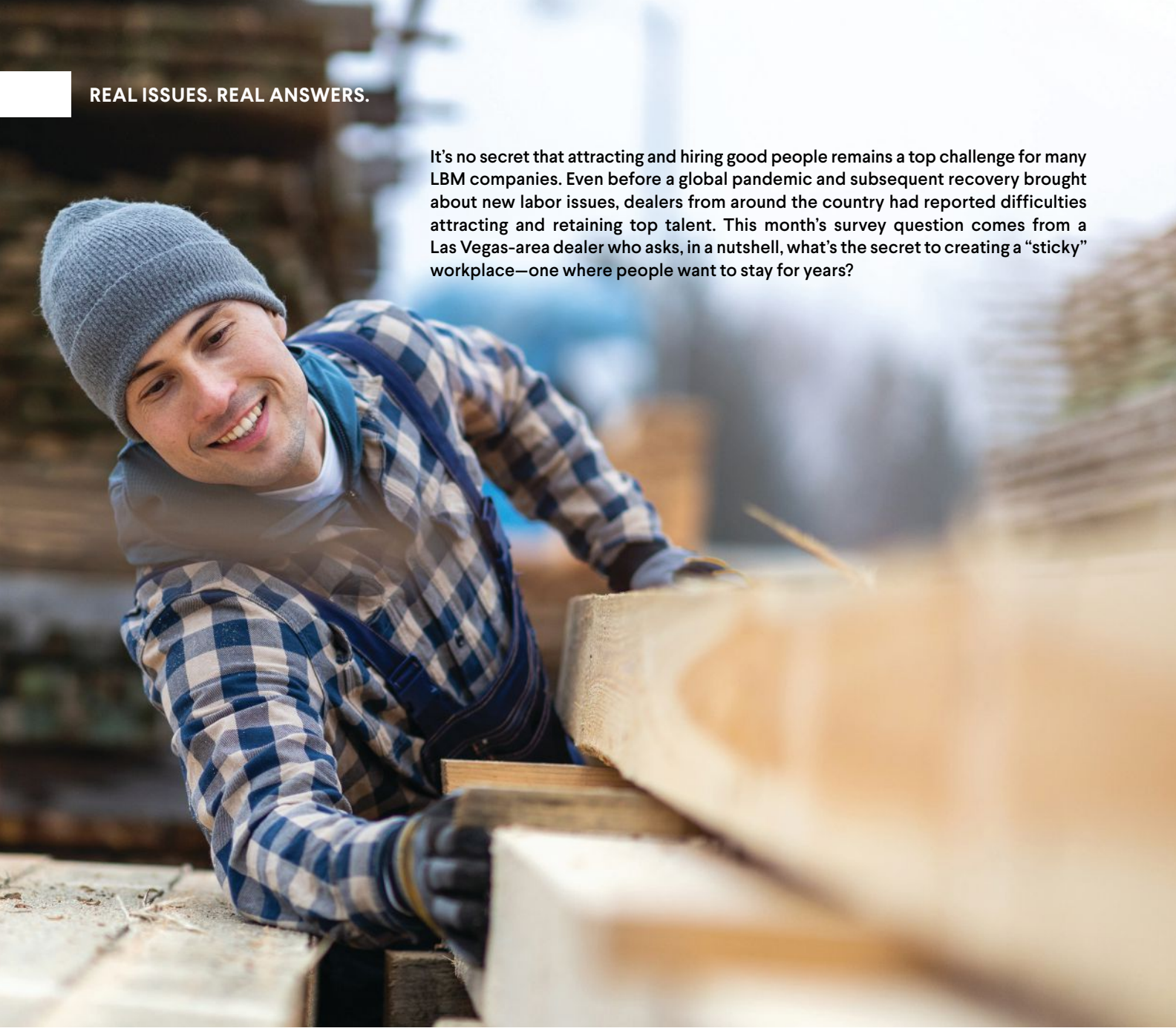
RUCKER LUMBER INC.
Boston, NY — est. 1921

ELLIOTT LUMBER, INC.
Oxford, MS — est. 1917

EJ STEPHENS COMPANY, INC.
Albany, MS — est. 1902

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EPICOR



It's no secret that attracting and hiring good people remains a top challenge for many LBM companies. Even before a global pandemic and subsequent recovery brought about new labor issues, dealers from around the country had reported difficulties attracting and retaining top talent. This month's survey question comes from a Las Vegas-area dealer who asks, in a nutshell, what's the secret to creating a "sticky" workplace—one where people want to stay for years?

As we do each month, we share a dealer's challenge with our audience via a short email survey and share the results with our readers. Thanks to the more than 140 dealers who took the time to respond to this month's question.

EMPLOYEE LOYALTY

WE ASKED, HOW WOULD YOU ADVISE THIS DEALER?

"Attracting and hiring good people is everyone's problem these days. Everyone assumes they need to pay more to get better people, and while competitive pay is important, I think money is only one piece of the puzzle. What can we do to try to create a 'sticky' workplace, where people want to stay for years? I'd love to learn from dealers who have teams that include young people who're just getting started, as well as seasoned veterans who've been part of the company for decades."

BY LBM JOURNAL READERS

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RESPONSES FROM LUMBERYARDS AND SPECIALTY DEALERS/DISTRIBUTORS

"The lumberyard where I work has people who have been here for 40 years and people who have been here less than a year. I think the thing that makes them stick around is that it is a family atmosphere. We all joke around with each other, and our general manager is super flexible with all the employees if something comes up. It's pleasant to come to work, and even fun sometimes. I personally have been here four years and I love my job and place of employment. It's definitely not because I am making the big bucks, so to speak."

"Today's youth want things handed to them without putting in the time. They don't want to start in the warehouse or yard like so many of us have. To retain the next generation, there needs to be extensive training programs. You can't just throw them to the wolves and expect instant results. There needs to be ample opportunity for high school grads, college grads, and seasoned veterans."

"We have several employees who have been with our company for around 21 years, yet we have been through more than we can count in the last few years who are gone in a heartbeat. There's no loyalty or respect—they are only in it for themselves and their benefits. The few who have been with us for two decades have respect for what our company stands for, are always on time, and work diligently for us as well as the benefit for themselves and their families. We try to invest in a new employee by training them and by offering them the best benefits that we possibly can, but people continue to jump from job to job and have no stability in their life. The only way I believe for any of them to stick is if our government stops handing out funds and people get hungry enough to actually be employed and work daily."

"I think flexible hours and regular days off (i.e. weekends) goes a long way to keeping people happy. Earning overtime is great but at some point, being able to have time outside of work to pursue interests and hobbies is also important."

"We have new hires and third-decade employees. Direct communication throughout all operations and each employee has been beneficial for us. We do offer benefits such as paid holidays (seven per year), paid vacations, medical insurance, and IRA matching funds after one year. All the people here interact with each other outside the work arena and it seems to work well for us."

"Anyone you hire strictly based on pay will likely leave you for pay. You must create an amazing company culture, including job satisfaction, growth and development opportunities, benefits, work/life balance, ect., that is primary to wages."

"Our answer turns out to be skin-in-the-game. Here are the components: We have an ESOP that gets company ownership into every employee's personal investment portfolio. But remember the ESOP is only a vehicle to future wealth, so the 'stickiness' comes when, and only when, the value of the shares rises over time. And the value only rises based on the company being consistently profitable over time and achieving profitable growth. It's all about company performance. A poorly-run company with an ESOP achieving mediocre results is the worst of all worlds—you've essentially forced them into a crummy investment. In addition to the skin-in-the-game from the ESOP, every employee has a compensation plan that ties them to the annual profitability."

"Contribution is one of the six human needs. If you feel like you are needed and your place in the company matters, you will stay. If you have any employee who is just there for the money, they are only worth about half of what you pay them. They will not be loyal. They will leave you the moment someone offers them 50 cents more."

"Besides offering good pay based on skills, offer incentives (both financial and physical) to excel."

"It starts with appreciation and respect, then coaching and training so that you can get the results you want or expect from your employees. But make sure you listen and pay attention to what your employees are telling you and act on it."

"We have a mix of older, more experienced people and a few younger. I love my older crew!!! We have a large number of retired people who know we can arrange our schedule to fit theirs. In turn, they fill in when needed. I have made it our mission to really make it family-first, including dogs and children. We don't pay a huge amount, but we make it fair."

"My lumberyard is located in one of the most expensive places to live in the United States, so paying enough salary to live on is always a challenge. But my company provides something to our staff that is priceless, and that is a caring, nurturing environment in what can be an unkind world. I have worked here for 50 years, and it has been my only job in life. I think our staff appreciates the stability in our company during a rough COVID-19 patch. I like to think we are training our staff to be leaders in life."

"It is very difficult to pay a competitive wage to someone just starting in our industry who doesn't know anything. We have a very seasoned staff that is nearing retirement age and the applicants we are getting want to start at the same wage people with 25+ years of experience are making. It is a very slippery slope. The other problem with smaller locations is that all employees need to know a little about every aspect of the business and that makes for a very long learning curve."

"We have been fortunate to have a great variety of age, experience, and background with our crew. They're comfortable to rely on each other's strengths and areas of expertise. It's not always easy but taking the time to keep our crew informed of current events, as well as future plans, has been much appreciated. Everyone likes to be included." ›

"One thing that has helped us is empowering employees to explore roles and tasks that are interesting to them. We have had several new positions created by people finding solutions to problems that we were having during growth stages. We also have monthly check-in meetings where we always talk about growth potential and new ideas for the company and individuals. If someone expresses an interest in training new hires or tackling special order return issues, we give them the opportunity and lend advice and ideas that may have worked or things to avoid. With COVID-19 restrictions easing, we are excited to have more outside-of-work events where we can continue build strong relationships not based only off of work."

"Have a total package: good pay and benefits with a workplace environment that is engaging and FUN! Show appreciation to all employees."

"We have found out that they have to like their job first in order to stay. If they just kind of like it, then pay comes into play. Benefits? What are benefits? In our line of work the younger generation doesn`t give a hoot. 'Make my job easy and pay me a lot of money and I will stick around' is their motto."

"First of all, I cannot find young people that want to work. Working with your employees, job training, creating a friendly workplace and paying a salary that is commensurate to work performed."

"Take the time to develop positions in your company that fit the culture you want to create. Share your vision with everyone. In our case, it has meant creating junior and senior positions that inherently allow for opportunity to move around with space for personal development."

"We are very liberal with extra monetary incentives. $100 finder's fee if a referral lasts 90 days. $20 pocket money just because once in a while. $200 phone allowance a couple times a year. Yearly raises in the spring. Three weeks' pay at Christmas time and holiday hams. Each week when we hand out checks we make sure to let the employee know that we appreciate him/her and point out something that was noticed that they did on the job."

"With my younger new hires, it is about assuring them that making a mistake is not the end of the world. I take the time to explain to them what they did and how to not let those mistakes become bad habits. My seasoned employees just need to know they are respected for their experience and are included when looking to make changes or improvements to the location." ›




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"I personally invest in who they are and what their likes are. It's an emotional connection. We want to listen to understand, as well as make them realize it's just as important to make money and function very well as a business to keep operational. I share how much I value them, as much as I value my job and its importance to be successful."

"We have created some benefit programs such as deferred compensation and supplemental executive retirement plans with benefits paid out much later in the employee's careers; hopefully assisting in recruitment and retention of employees."

"I have owned and operated my yard for over 50 years. I have people who started as yard men and worked their way into management and sales jobs by excelling at each tier. Others have come from other companies both in and out of our industry. They came to us because we treat everyone the same. I insist that no one works for someone, we work as one. We set goals that include sales and inventory control and when we meet or exceed these goals the employees choose the way we celebrate. We cater lunch or have a well-known chef come cook for everyone. We profit share with everyone who is employed here. We make it fun to come to work."

"There will be a segment of potential employees that will always be looking for a bigger salary as their primary decision point. Catering to this will not substantially increase retention, since the moment they find someone willing to pay them a little more they will take off. That said, you have to be aware of your employment market and make sure your compensation package doesn't lag market rates too much. Cultivating a culture that welcomes new talent, encourages growth and training, values people for everything they bring to the company, and a 'human touch' (understanding life happens), flexibility for personal events, celebration of milestones, and many more 'little things' that make your business a place people don't hate coming to everyday."

"A great way to keep long term employees is to provide them with a happy work environment. Choose employees who work well together and get along. Show gratitude as often as you can and acknowledge the work that they do for you with positivity."

"Offer a fair wage, which is probably higher than you've been accustomed to paying for the past 20 years. Make the wage good enough that it 'checks the box' and you can start to talk about the other things that set your company apart. If you're a small-ish business like ours (20 employees), talk about how you can offer things big companies can't, like increased schedule flexibility, a more personal culture, being a key part of a small team. Invest time with them early. With our two most successful hires in the past three years, I committed to weekly check-ins, partly because I was the best person to deliver product knowledge training across all product lines, partly because I wanted to hear as early as possible if they had questions or concerns about working for our business. This also created lots of opportunities to instill our values and culture right from the start. This was a lesson learned the hard way. Our previous two or three hires were left to learn on the job. They never fully engaged with our company or their coworkers and left the company within 12 months."

"I know this sounds funny, but I treat my employees. I make sure everyone gets a birthday cake. I treat them to pizza every other week. I buy about ten cartons of Little Debbies for the breakroom from time to time. I make sure there is always bottled water in the fridge, and I buy ice cream and popsicles for the freezer."

"Respect!! People want respect and appreciation for what they do. The attitude that everyone is replaceable is a self-causing disaster. Good people are not so replaceable as a manager might think."

"It's really very simple: Quit being robber-barons and let them earn equity in the business. Let them earn a piece of the action."

"We have been blessed with longterm employees and yet my biggest fear going forward with the longevity of our business is employee retention. I have an employee who is still with us that started October 19, 1964. To put things in perspective I am 56 and was born in December of 1964. I have another employee that next year will be his 50th year with us. He works M-F 7:30-12:00 and every-other Saturday. He's never late and never sick. It used to be if you offered fair compensation, benefits, and a healthy work environment people stayed for years. I lost an employee earlier this year after just six months of training. The individual was working in AP/AR with absolutely no experience. They left for a job with a local manufacturing company that was desperate for workers and offered $20 an hour to start. My compensation and work environment had no bearing on this employee staying. They just wanted the money. In the last eight months I have increased my employees' wages three times just not to lose another employee. We work a nine-hour day M-F with rotating Saturdays 7:30-12. A healthy and enjoyable environment are important but unfortunately until the government stops paying the extra unemployment money and having those out on unemployment have to show that they are at least *looking* for jobs, those of us looking for employees will be held hostage to these high compensation packages for those with little to know skill set and lackluster work effort. I'm just paying more in hopes of keeping or attracting potential employees."

"1) Show appreciation 2) Let them go—it's amazing what ideas our younger employees have. 3) Ask them for feedback then act on some of their ideas. 4) Promote from within. 5) Hire the person—we can get them the industry knowledge."

"The younger generation seems to think money, money, money. Sometimes the older employees also. It seems everything is going up except wages. We have to offer more to get people in and end up with a workforce where the newer employees are making more."

"Building a successful staff is the same proposition as building a successful sales program. It is about your value proposition and whether you can articulate it clearly. Other than money, what else sets you apart? How does this relate to your competition? Does your staff feel appreciated and respected? Are you loyal to them? Are you flexible regarding their schedules, hours, work/life balance? Is your staff there because they have to be or because they want to be? Challenge your hiring staff just as you would challenge your sales staff. Employees and potential employees have a wide range of options available to them. Knowing what sets your company apart today and into the future will help you build and retain new partners."

"Try to make a team, not just in name but in a way that everyone contributes and is a true contributing member of the organization."

"Hire for the personality—who will best fit your current team? Then teach them what you want them to know. All of the experience in the world will not help you overcome a toxic personality. After that, look at your benefits and work environment. What holds your team together and helps them enjoy being there? Flexible hours/schedule go a long way. Besides the benefits that you offer, what benefits do your employees actually want or use? Discretionary bonuses help employees to feel their work is appreciated. Not just cash, but dinner or entertainment gift cards, gym memberships, paid days off."

"Everyone we look to bring in should fit into our culture first and foremost. We look for people who have good attitudes. We can make the money happen, but it is very difficult to keep everyone motivated when one has a negative attitude."

"As an employee of 10+ years, it is very, very nice to hear the boss say, "Great job today." Sometimes just the words are so rewarding. I love my job, and it is because of job appreciation, compliments, and words like that that make coming to work worth it. When a boss asks how your spouse or kids are, or how your weekend was, it makes you feel that you matter. I have had a job where none of this existed, and it was miserable. A few kind words do matter!"

"I think money matters, especially if you are in an area where homes and rent are costly. Money and respect go hand-in-hand and are both always appreciated."

"In my opinion, the workplace should be an enjoyable environment for the employees. If they can come to work and enjoy what they do as well as get along with their co-workers, I believe they will stay at the job longer." ›



"Unfortunately, money is what it requires to get them in the door. That seems to be the first question everyone is asking these days. A competitive salary is a must. Once hired, somewhat flexible schedules have been a big factor in keeping them. Allowing time off for personal appointments has made a huge difference. It doesn't have to be paid time off either. They seem to be okay without a full 40-hour paycheck as long as they can have the time off as needed."

"I'm in a college town. I get a lot of two- and three-year staff, but also have the few 10-, 15-, and 22-year stints. I hope to get more mature employees."

"Have a workplace that appreciates you for what you do instead of just punching the clock. The more you compliment someone on what they do, the more likely they will be satisfied. Reward for great work."

RESPONSES FROM WHOLESALE DISTRIBUTORS, MANUFACTURERS, AND SERVICE PROVIDERS

"Employee involvement and trust are keys to retention. If you have hired people to do a job or run a division, give them the latitude to do so. Micro-managing is a thing of the past. Flexibility is also an attribute that should not be overlooked. Understanding that a complete work-from-home environment may not be attainable, seek out compromises and alternatives to keep a good balance."

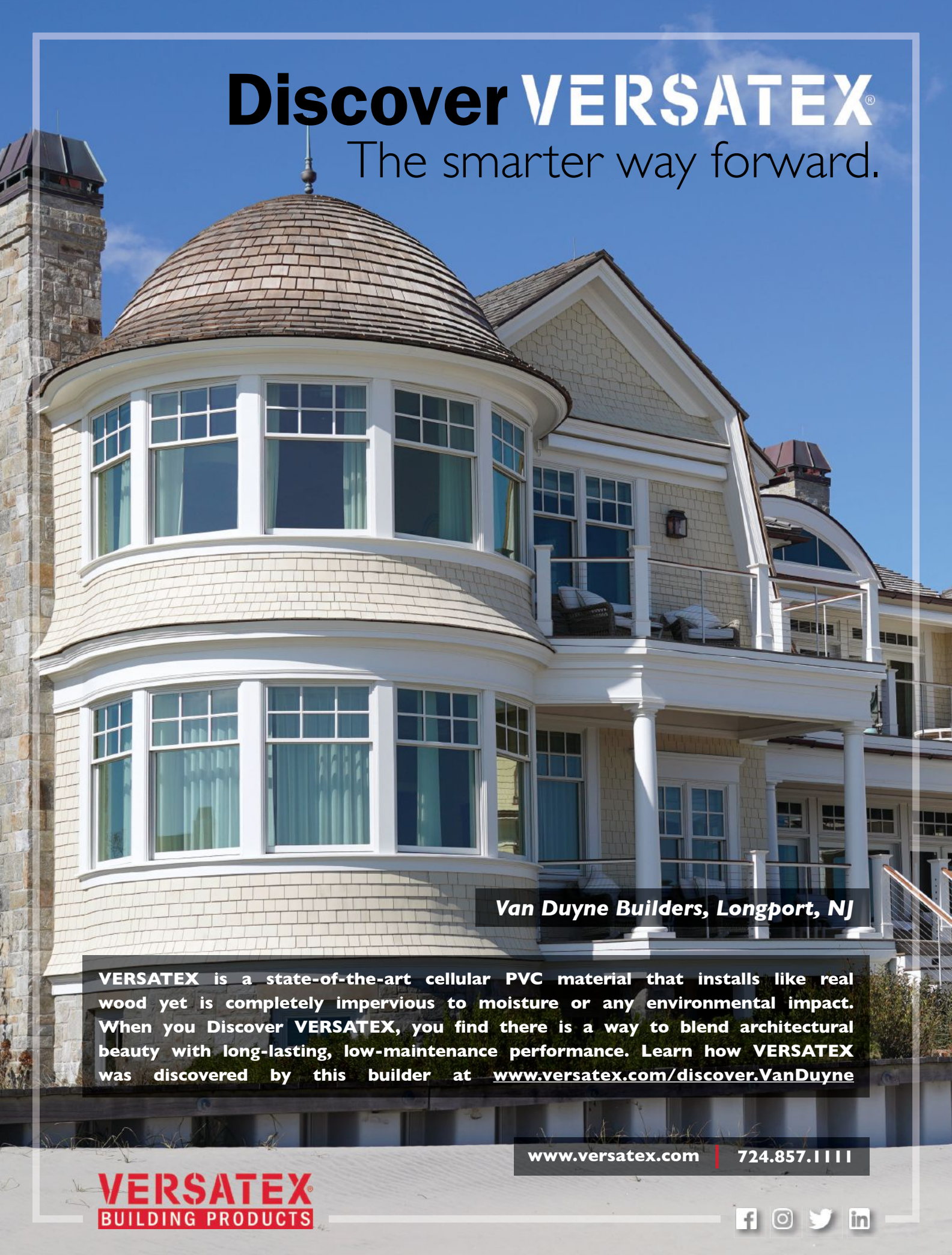
"A career path is the one and only way to show a potential employee what they can truly accomplish with each step or perspective being the key to who they are and where you may want them. Remember to always be filling spots even when they do not exist or you will have too many or not enough round holes/square pegs."

"We see common turnover reasons at specific points in an employee's tenure. The reasons people leave in the first 30 days are very different than the reason they leave after one year. Our approach has been to address the issues specific to the employee lifecycle. For example, to address turnover in the first 30 days, we focus on our hiring and onboarding practices. Realistic job previews, mentoring, and 'stay interviews' help drive results. At the one-year mark, the focus is on training, advancement, and understanding benefits. We see that the soft skills of the immediate supervisor directly impact turnover at every stage of the employee life cycle. Supervisor training and accountability around employee engagement and turnover can dramatically reduce turnover."



"If you'd like to read a good MBA case study, read 'Lincoln Electric.' At Lincoln, a top producer of tow-behind welders for years, they do the following: 1) Pay a 10% premium over local wages. 2) Pay a healthy percentage of year end profits back to all workers. 3) No special treatment/recognition of white-collar workers vs. blue-collar workers. This company's bonuses can amount to all of the normal working-time paychecks, and workers load up family members, wives, solid friends, etc. for open positions, so this company never pays a head-hunter, and employees stay for generations. In fact, if an employee doesn't 'pull his/her weight,' there have been instances wherein the rest of the line employees will confront—and in cases even beat-up— the offending employee because sloth, waste, etc. hurts everyone's bonuses!"

"Have a culture where employees want to come to work and feel they are part of something more/bigger than their job. The older the employee, the more likely they are there for the long term. The younger the employee, the more likely we lose them within the year as they continue to chase the higher dollar as that is all they can see." ›


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"The young people like to be treated as important members of the company. I'm learning how to give more appreciation for the hard work they are doing, while maintaining quality of product. I am also having to rethink my attitude of what it means to be a 'dedicated' worker. For me, it always meant working extra hours, whether I got paid or not. But my 20- and 30-somethings want more family time, and I have had to change my old mindset of 'going home early equals lazy.'"

"I'd like to see a whole lot of opportunities for women and people of color in leadership. And flexible work schedules, with working from home continuing. With women taking on a larger share of home responsibilities, forcing them back into offices with no flexibility is just another way of keeping the status quo."

"Thorough training from product knowledge, sales processes, inventory control, developing and maintaining strong supplier/manufacturer ties, and the importance of creating and keeping superior customer service and relationships. If we invest (not just monetarily) into our employees from the interview process to their final day; we've created an environment for their success as well as for the customer and the company. In the past when there was no training plan in place, our company lived through a period of revolving door hiring process where employees stayed at most a year."

"Some the best advice on employee retention that I have received is to offer the training and career development opportunities that give a team member the power to leave, but treat them with the respect and dignity that they won't want to."

"You need to focus on team, not job roles."

"Realize and appreciate that everyone has a life! People work to support their lifestyle. Work can be fun and challenging, but it is just a necessary evil to fund what they really want to do and enjoy. Deal with your employees with this in mind and you will have less turnover, happier employees and more production in the long run."

"Flexibility in working conditions, hours, and location are important. Respect and appreciation for the work done, and an excellent benefits package." ■

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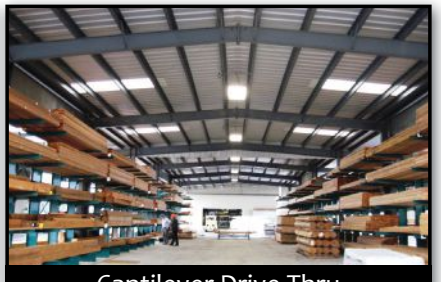
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BY JAMES ANDERSON

DIVERSIFICATION DRIVES HILLS FLAT LUMBER

Few of us could have decided at the age of 19 what we wanted to do when we grew up. Jeff Pardini, third-generation owner of Hills Flat Lumber Co., knew since he was a young boy that he wanted to run the family's lumberyard. And he was fully committed by 19 when his father decided to take an early retirement.

Even at that young age Jeff had the confidence, and nearly as much experience (his grandfather had him counting change and interacting with customers when he was just four years old) to take over the business. So, after high school, he enrolled in community college and took classes in construction, plumbing, and electrical, and learned to read blueprints. He also worked on a crew that built houses for a customer who donated to the college.

Today, Jeff serves as president of Hills Flat and works alongside his brothers Kennan and Jason Pardini, and his sister Deborah's husband David Caddy. Hills Flat operates two home centers serving professional builders and contractors as well as walk-in retail customers in the foothills of Northern California. Jeff's consistent optimism and positive outlook have been instilled in his team over the years, laying the foundation for a successful business built on long-term relationships throughout the region.

HISTORY

Hills Flat Lumber has been in the Pardini family for 100 years, started by Jeff's grandfather, Edward J. Pardini Sr., who was born in Grass Valley, California in 1901. The family moved to the area in the late 1800s and the lumberyard was born unintentionally as the Pardinis expanded their farm. They had milled lumber to build a barn and soon neighbors were stopping by to ask if they could buy some lumber.

In 1921, the business was formed and expanded to include three sawmills that provided materials for housing as well as building structures for mines in the area. Jeff says there were standing orders for sugar pine because it is very rot-resistant and was used for shoring undergrounds. It was sold for 68 cents per board foot.

"They also sold a lot of lumber to the irrigation district for flumes," Jeff says, due to the large amount of hydraulic mining in the Nevada County, California area.

In 1949, Jeff's grandfather officially opened a retail side of the business in Grass Valley with his son, Ed Jr., focusing mostly on pro builders who provided homes for the area. In 1977 Jeff's uncle, David Pardini, joined the family business as well. They operated the business together until 1983 when Edward Pardini Sr. passed away at the age of 82.





The following year, David Pardini passed away in a hiking accident. It was then that Jeff's father approached him about stepping up to help him run the business.

The company held at one location while building relationships with area builders and homeowners for more than 50 years until, in 2001, the Pardinis opened a second location a half hour away in Colfax, California. In 2007, the company rebuilt a new, much larger Grass Valley location to serve even more homeowners in the area. Both major moves coincided with times of economic uncertainty.

"I had impeccable timing on those," Jeff says, chuckling. "Sept. 11 and the Great Recession. But, if we hadn't had the new store with the new product offerings during the recession, you never know. Other stores with only heavy contractor business, a lot of those didn't make it. But having the new Grass Valley facility meant we were able to get into a lot of new lines of products." ›

Together, owners David Caddy, Jason Pardini, Jeff Pardini, and Kennan Pardini work together to operate two pro-oriented home centers and lumberyards in the foothills of Northern California.

The recession brought about a focus on homeowners as well, and in 2009, Jeff started to sell a full line of high-end appliances and he never looked back. "That has turned into a business within a business," he says. Other product diversification includes selling kayaks (he keeps 40 to 50 in stock), Carhartt clothing, fishing supplies, hunting and fishing licenses, and even a deli in the store.

"We also have a full-line door shop, people doing small engine repair, and a nursery. We sell a lot of stuff," Jeff says. "There's 100 different SKUs of just composite decking in stock. We have more than half a million dollars in appliances in stock too."

Both Hills Flat locations are full-line lumberyards, and both sell pretty much everything customers have asked for, including appliances or cabinets, at the Grass Valley store but are available to customers from both stores. "It doesn't matter where it comes from, it just appears at the customer's house," Jeff says.

Jeff and Operations Manager Dave Caddy, along with their team served as the contractors from the ground up on both businesses. His father, Ed Jr., was construction foreman and on the jobsite everyday overseeing quality control and progress. The Grass Valley store was located on top of a mountain that had to be detonated for two months with six drill rigs. "We moved 138,000 yards of blasted rock and dirt and spent more than $460,000 in blasting alone."

The Colfax facility opened exactly seven months and two weeks after ground was broken, Jeff recalls. "It was incredibly fast with my dad's attention to detail. The team was putting in store fixtures while the roof was being installed and insulation was falling on us."

COMPETITION

With 100 years of history on its side, the two-location Hills Flat Lumber competes with big box stores, major hardware retailers, and independent lumberyards alike. As Jeff says, "there's actually too much competition for a little town like this." Western Nevada County, the primary region Hills Flat serves, is home to about 83,000 people with unincorporated areas around Grass Valley proper, which has fewer than 13,000 residents. There are just 2,000 who reside in Colfax, but professional contractors and DIYers in the area stick with the long-haul family business at Hills Flat. Roughly 60% of the company's customers are DIY retail and 40% professional contractors.

Like many home centers, the COVID-19 pandemic has brought Hills Flat a lot more retail business over the past 18 months as people stayed closer to home and took on remodeling projects.

"We've done everything we can to keep product on the shelf," Jeff says. "Our purchasing team, managed by my brothers Jason, who orders all Do it Best hardware and commodities, and Kennan, who oversees purchasing for the lumber, plywood, OSB, and composite decking, have done really well. Today, you win the game by being in stock. Price is important, but stock is everything."

For example, Jeff says, the team bought four to five months' worth of things like paint and PVC product to keep in stock.

"If you come to a store like ours, we stock everything our customers need. I like to physically look at what I'm buying and know there is a large selection to choose from. We sell Carhartt clothing and stock a wide variety of sizes, from short and small to big and tall, because our customers like coming to one spot to get their work clothes and building materials."

Perhaps the most unique area in which Jeff has diversified is in food service, serving customers and employees at an in-store deli counter.

"We serve breakfast burritos, high-end coffee, and then deli sandwiches at lunch. As they say, time is money. I've done projects where you want to get a cup of coffee at one place, then a sandwich at another place, then go to pick up your products. Why not come here get your food, coffee, building materials, rental, everything you need to do your project? It gives you more time to get the real work done."

Jeff tells the story of a local business owner who geofences all company phones to see where his installers are located during the day. It's typical for his staff to run for supplies around lunchtime. He found they would stay a little extra to eat in the store.

"It's also nice for employees, too," Jeff says, noting that many of his roughly 150 team members will often have breakfast or lunch at work.









Another area in which Jeff has improved the stores is parking. With parking at a premium in the area, the Grass Valley location features 187 parking spots, all of them able to accommodate full-size trucks. The store is also open seven days a week, 362 days a year.

WHAT'S AHEAD

Jeff has been careful to grow the Hills Flat business at scale, so that adding a certain amount of business wouldn't hurt as much in costs. Still, even in this red-hot mergers and acquisitions market, adding another store "is not the number one thing on my list of things to do," he says.

Frankly, he adds, the last year and a half has been a bit of a challenge keeping up. "It's been taking the whole family to keep stuff on the shelf and keep things going along, so I think maybe a vacation would be nice."

As for family, Jeff says that when his daughter Grace turned 18 this year, he told her of the time he decided, at 19, to take over the family business.

"She said that's a big decision to be making, and now that I'm older I've realized that I was way too young to be making a decision like that…any decision." Now at 55, Jeff has plenty of time to construct a succession plan, but he admits doing so is probably one of the biggest challenges to many independently owned businesses.

Currently, Kennan's son, Christian, works at Hills Flat full-time. Jason's sons Joe, Jake, and Andrew are, or have worked, part-time and Deborah and Dave's daughters Isabella and Marabelle Caddy also work part-time.

"There are lots of opportunities out here," Jeff says, "but it really comes back to succession planning. I don't think my four daughters are interested, but if any of my nieces or nephews are, I'm happy to start expanding. We have the ability and I have the energy and I'm happy to do it."

Until that day comes, Jeff is focused on running his two stores and serving as a board member at Do it Best, which he joined in 1991 as its first California yard.

If anything presents a challenge in his area, it's the State of California and its laws, rules, and regulations, in addition to labor shortages and wildfires, Jeff says. In a wildfire area, which this year includes both the Grass Valley and Colfax stores, insurance costs are much higher, along with other California Proposition 65 rules, which Jeff says has limited everything from filters on his trucks to the type of shower cleaners he can sell in his store.

As he did when he was 19, Jeff is tackling the company's challenges head-on. He serves on the legislative council of the National Federation of Independent Business and is getting involved again with the West Coast Lumber and Building Materials Association's political objectives. ■





GET TO KNOW HILLS FLAT LUMBER

FOUNDED:	1921
LOCATIONS:	TWO
OWNERSHIP:	FAMILY
EMPLOYEES:	150
BUSINESS SOFTWARE:	EPICOR EAGLE
BUYING GROUPS/CO-OPS:	DO IT BEST
TOP THREE BRANDS SOLD BASED ON REVENUE:	GE APPLIANCES WEYERHAEUSER TIMBERTECH

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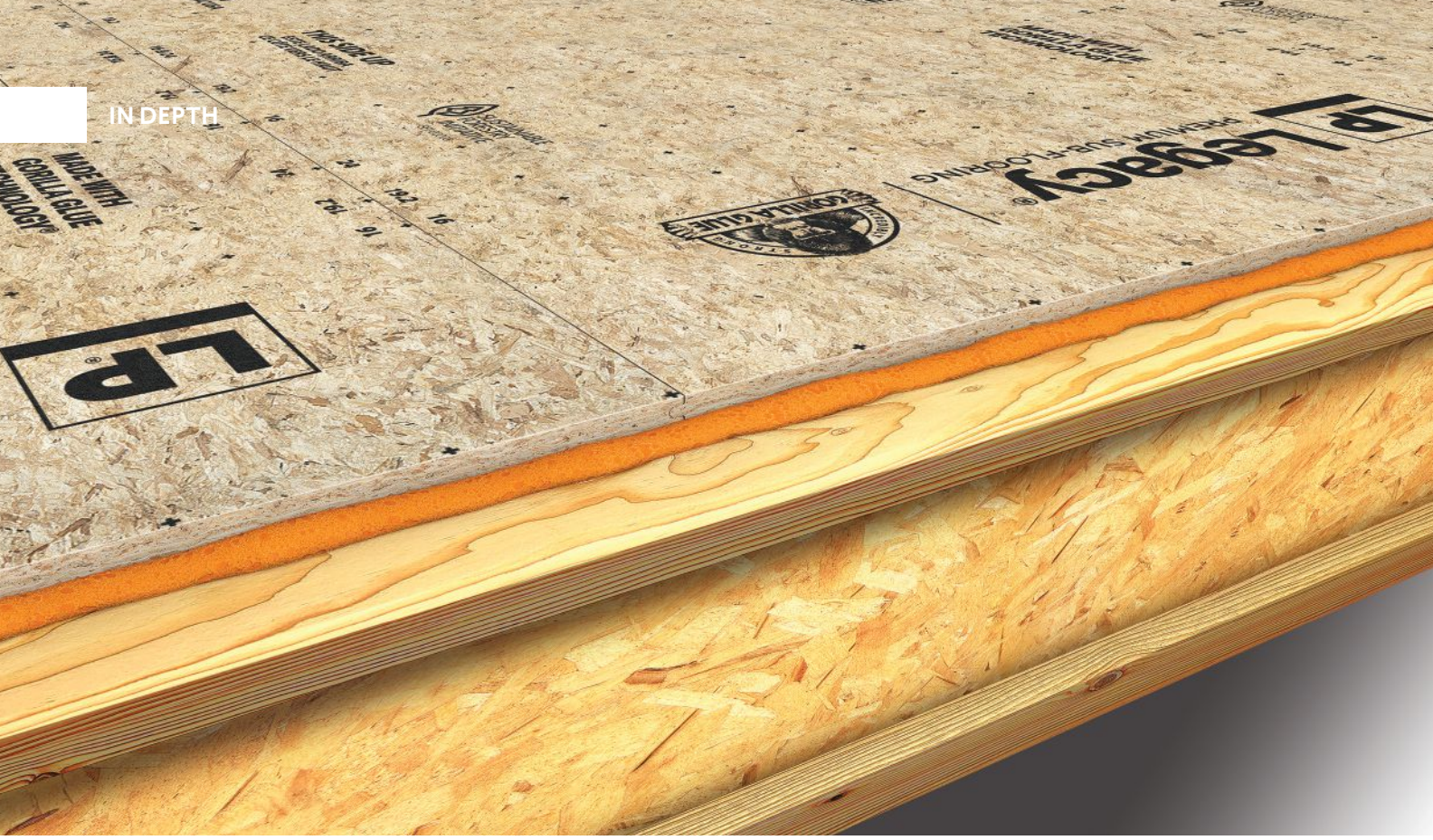


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ENGINEERED WOOD PRODUCTS

AS THE COUNTRY EMERGES FROM PANDEMIC CHALLENGES, EWP IS POISED TO PROVIDE BUILDING SOLUTIONS.

BY MIKE BERGER

BACK IN 1744, EARLY COLONISTS, including founding father Benjamin Franklin, attended a treaty conference with numerous indigenous people including Chief Canasatego, a leader of the Iroquois people who had expressed his concern about the squabbling among the colonies. The chief approached Franklin and showed him a single feathered arrow which he then broke across his knee. After that, he offered Franklin a sheaf of thirteen arrows tied together, but first attempted to once again break that bundle—a feat he was not able to do. He presented that bundle to Franklin and the message was obvious—a single arrow (or colony) could be broken, but together they were significantly stronger.

In a way, today's engineered wood products (EWP) can be seen in a similar light. They offer increased strength and durability, they're engineered for versatility, and they offer advancements in sustainability—all benefits today's builders and contractors are paying attention to. And market indicators show that EWP is on the rise.

According to MarketWatch's Engineered Wood Product Market – Global Industry Analysis, Trends and Forecast 2024, which was published in April 2020, the worldwide engineered wood product market was projected to be on the rise through 2024 on account of the environment-friendly nature and sustainability of the products. And while remnants of the COVID-19 pandemic still have the potential to disrupt supply chains and raw materials availability, manufacturers are seeing a cautiously optimistic future.

GROWING USE, GROWING DEMAND

One of the reasons for all this optimism has been the willingness of builders and contractors to use alternative materials during the pandemic to offset the unavailability of their historically used products. "It's been reported that homebuilders have been more amenable to trying new products in light of shortages surrounding COVID-19," says Charlie Robinson, vice president of marketing for Huber Engineered Woods. "Some reports suggest that shifts in product ordering habits to online amongst construction professionals might be leading to a willingness to try new solutions. At Huber, we've seen both a growth in our new product users and repeat users."

It's a trend that will likely play out in favor of the EWP market as the next year unfolds. As Jeff Yelle, director of OSB/EWP technology for LP Building Solutions explains, "During the course of the pandemic, many builders tried new EWP products and even processes, in part because of material shortages. Some builders that were used to mostly commodity OSB, for instance, may have upgraded to a value-added sub-flooring. I expect that many of these builders will have seen the benefits that came from using premium quality sheathing and flooring over commodity products and continue using them in order to increase the efficiency and resiliency of builds." ›

OPPOSITE PAGE: LP's Legacy Premium Sub-Floor Adhesive is backed by a squeak-free lifetime limited warranty when used with LP Legacy panels. According to LP, the adhesive expands for a tight bond in small gaps, helping to create level floors and providing protection against squeaks.

BELOW: Weyerhaeuser's Trus Joist TJI joists offer dimensional stability that the manufacturer says resists warping, twisting and shrinking that can lead to squeaky floors. TJI joists are lightweight and come in long lengths, which makes them faster and easier to install than traditional framing.





ABOVE: According to Boise Cascade, its VERSA-STUD LVL engineered lumber offers at least 2.1 times more bending strength and 20% more stiffness than no. 2 SPF dimension lumber studs, providing superior wind resistance, strength, and appearance in tall wall applications and eliminates the hinge point created by platform framing. It's available in lengths up to 60' for specialized applications.

BELOW: Boise Cascade's "rounded rectangular" I joist web hole shape is designed to allow designers more flexibility in where they place large rectangle holes in I-Joists. The increased capability comes from the rounded corners that cause a smaller reduction in strength as compared to a standard rectangular shaped hole.



Wendy Minichiello, director of North American EWP sales for Weyerhaeuser, sees a promising future as well. "For the past twelve months, the building material supply chain has been undersupplied across a wide range of products, including engineered wood. As housing starts remain strong and supply chain challenges ease, I see a very strong market for engineered wood heading into 2022."

Greg Wells, senior marketing coordinator for Boise Cascade, agrees with what Minichiello has to say. "These are unprecedented times in the building market, and it appears housing demand will continue to be strong and we're working hard to meet that demand. We continue to focus on our customers' needs and satisfy them as best we can by providing not only products but support for their success."

Still, the engineered lumber industry is facing hurdles amidst the growing demand, not least of which is the lack of manufacturing labor, a situation that was building long before the term "pandemic" was bantered around in casual conversation. To see how far back, one need look no further than two years ago. According to a 2019 report by the Manufacturing Institute and based on 2020 estimates by the U.S. Census Bureau, nearly one-fourth of the manufacturing workforce is age 55 or older—meaning that many are now at retirement age or soon will be.

Weyerhaeuser's Minichiello agrees with that assessment, stating: "From an industry perspective, I believe our primary challenge will be attracting and retaining associates in manufacturing roles, the building trades, and construction related sales."

As well, pressures from the transportation sector and the availability of raw materials is placing additional strain on the EWP market. Yet despite these difficulties, EWP manufacturers are striving to find ways to speed their products to market to meet the demand placed by the surging housing demand. "Part of facing these challenges comes down to efficiency," says LP's Yelle. "Creating efficient worksites reduces time and costs by cutting down on labor, materials and worksite waste. Products can help with this—introducing high-performance building products that can help drive efficiencies. LP has engineered the entire LP Structural Solutions portfolio around this idea. It is a collection of high-performance building products that can eliminate steps in the installation process and provide additional value."

RESILIENT DESIGN-LEADING TRENDS

While the upswing in post-pandemic construction can account for some of the growth in the EWP segment, there are other trends that are driving the growing use of engineered lumber, and these shifts look to be here to stay.

As an example, manufacturers point to the increasing interest in resilient design among homeowners, builders, and communities in general. Resilient design is the intentional design of buildings, landscapes, communities, and regions in order to respond to natural and manmade disasters as well as long-term climate change dangers such as heat waves, and regional drought. It's a trend, manufacturers say, that EWP is particularly suited for. ›

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"More and more builders are prioritizing resiliency, building a more durable home, as pass-through value to their clients," explains Huber's Robinson. "Homeowners and buyers are catapulting this trend, as they actively research not only products that represent quality aesthetically, but also in how they perform long-term. That rings especially true for those living in weather zones vulnerable to natural disasters like coastal hurricane-prone areas."

LP's Jeff Yelle agrees. "I also believe we are going to see a continued integration of resilient design and resilient solutions," he says. "I think that builders will focus less on the resiliency of individual products and more on how a system of solutions works together to increase the durability of a build."

Hand in hand with resilient design is the increased demand for building methods that create a tighter envelope and a healthier home with better indoor air quality and increased energy efficiency. "While constructing healthier buildings is about more than simply the envelope or individual products," explains Yelle, "a tighter building envelope is a critical piece of the puzzle. Walls need to be structurally sound and have the ability to dry in both directions to prevent bulk water from entering the home. Air sealing and controlling air quality also ultimately starts with framing to reduce air filtration paths. The demand for healthier homes is driving the industry to consider how the pieces and products work together."



RIGHT: The R19 Tstud and BareNaked Tstud from Tstud are designed to offer a simple solution to impact the energy efficiency of a building structure by nearly eliminating the thermal bridge standard lumber allows. They're engineered for use in exterior walls and party walls.



BELOW: Huber's AdvanTech X-Factor is a new class of premium subflooring with a fade-resistant, water-shedding surface on a high-performance engineered wood panel. It features a built-in protective top layer that, according to Huber, provides a distinctively smooth, even, premium subfloor surface that is marker-friendly and easy to clean, and it offers a squeak-free guarantee when paired with Huber's AdvanTech subfloor adhesive.

EASE FEARS TO INCREASE SALES

Knowing the trends is one thing—being able to provide solid options while teaching the benefits of EWP products, all while allaying the fears builders may have of changing to a new product or methodology, is the real nut that the successful LBM dealer needs to crack. As Huber's Charlie Robinson points out, "Our research has shown that there is a growing population of builders who are ready to try new, innovative products. However, the risk of change is still a tradeoff they weigh, so they respond well to educational support that can help justify an upgrade risk when switching from traditional products and methods to newer solutions like integrated sheathing or high-performance subflooring, which provide greater value for the total cost of ownership."

Part of being able to overcome those aforementioned fears relies on the LBM distributor understanding the attractive qualities of EWP products and being able to show the benefits of making the switch, manufacturers explain. "Quality engineered wood floors represent the best of all options," says Weyerhaeuser's Minichiello. For example, she explains, "Utilizing a TJI joist floor with a calculated TJ-Pro Rating to the builder's exact specification achieves the appropriate 'feel' based on the quality the builder is going for. For some builders, the quality feel of a floor system is as important as some higher end finishes. And when builders first migrate to an EWP floor, they see immediate improvements in call backs around floor performance, including squeaks. Second, the cycle to procure and cut a floor package is typically very efficient. As a result, many builders have migrated to placing POs with only a few days' notice."

Equally important to builders is not being left out in the cold once they

make the switch to EWP products. For these builders, it's vital for the LBM dealer to be able to provide reliable technical support beyond the sale that can mitigate perceived risks builders may have when switching from their current products. "Our team of technical application specialists and engineers augment local sales team support for installation instruction, design specification and code compliance questions," says Huber's Robinson. "In addition, our marketing teams provide constant streams of technical tips, videos and virtual education and 'Meet Ups' as part of our brand building and loyalty-driving content marketing strategy."

Think of it as a long-game approach, says LP's Jeff Yelle. "Efficiency and reduction in jobsite waste, sustainability and resiliency remain key priorities. Building professionals are having to respond to homeowners' increased dedication to sustainability. As an industry we should be considering the longer-term view of how homes are designed to reduce energy consumption, as well as structures that are able to better withstand significant weather events without damage."

ROOM TO IMPROVE

If there's one thing manufacturers agree on, it's that the last has not been kind to the LBM dealer. With supply challenges, labor shortages, and COVID restrictions, manufacturers say that distributors have done remarkable things through unprecedented difficulties. "Dealers are doing a tremendous job in this extremely tight EWP supply environment," says Weyerhaeuser's Minichiello. "I admire the work our dealers are doing to keep their customers supplied and job sites progressing—this is a very tough environment, and they are working double time. I have great appreciation for all they are doing."

Nevertheless, there is always room for LBM dealers to improve, and now that the country is returning to a greater sense of normalcy, the opportunity for that improvement is now. "When times are good, it is the best time to plan for when they are not," says Boise Cascade's Wells. "Now can be the time to look at innovative technology to assist with inventory management and workflow."

For example, Boise Cascade's Draft Mode feature in its proprietary BC Framer software allows users to complete their layouts more quickly by giving them the ability to temporarily suspend the complex structural framing connectivity calculations until they have finished drawing a portion of the structure—a real efficiency benefit for larger projects such as multifamily buildings and hotels where the calculations become time intensive due to the quantity of framing members. ›

BELOW: Boise Cascade has introduced a feature for its BC Calc platform that, according to the manufacturer, makes it easier for customers to evaluate common I-Joist web hole repair conditions and prescribe a repair, thus eliminating the delay and hassle of the traditional process.



BELOW LEFT: Last fall, LP introduced the new LP WeatherLogic Air & Water Barrier Structural I sheathing for walls and roofs. According to LP, it installs just like regular wall and roof sheathing while also adding greater cross-panel strength and stiffness for enhanced structural capacity.

BELOW: According to Weyerhaeuser, its TimberStrand LSL wall framing delivers benefits such as no jobsite culling, faster framing, and minimal waste shave valuable time off the production schedule.









ArchForm Concrete Edge Form from LP is a lightweight, flexible and cost-effective engineered wood strand product for use in flatwork concrete forming applications. According to LP, its enhanced flexibility allows it to better fit the contours of formed concrete projects such as driveways, patios and pool decks. It is offered in 5/16 category thickness and 16-foot lengths for efficiency.

It's also a time, says manufacturers, for LBM distributors to show builders how an integrated system of EWP products can yield benefits that far exceed those of just a single stand-alone. As Huber's Charlie Robinson explains, "We find builders value the ease of compatible products under a single manufacturer used in diverse designs and applications. For instance, when switching from traditional plywood or OSB sheathing and felt to ZIP System sheathing and tape in roof applications, builders prefer that the sheathing, underlayment, and air barrier are all covered and supported by a single manufacturing source. Similarly, when a combination of products under a single manufacturer comes backed by a higher performance guarantee, it can be a motivating upgrade for builders."

NEW TIMES, NEW TRAINING

In order to make the improvements manufacturers recommend to best sell EWP products, it's vital for LBM distributors to avail themselves to as much training and educational materials as possible. In times past, this was often accomplished through in-person seminars and site visits. But in this post-COVID world, more manufacturers are providing virtual training resources.

For example, Huber offers proprietary Home Building Crossroads virtual seminar series. "The event series has grown to include more topics like, 'Three Keys to Designing Durable Roof Systems,' and 'Acoustic Control in Multi-family Construction,' says Robinson. "Another great resource for how to get the most out of our products is our Instagram profile, where our followers see jobsite videos and even FAQ IGTV episodes with our technical hotline application specialists."

Weyerhaeuser as well has embraced virtual resources, both customer-facing and technical. "We've launched new training in two areas," explains Minichiello. "With the need to move to virtual customer engagement, we refreshed and activated multiple training opportunities for specifiers and dealers early in the first half of 2020. Those really paid dividends and received excellent attendance levels as well as the endorsement to continue that format on a regular basis. Additionally, we took the time during the pandemic to revise our internal sales training curricula with an eye towards shortening the on-board cycle as well as continually refreshing our team's technical and customer-focused skills."

In the case of LP, it has launched its LP SkillBuilder, a new online training platform that provides on-demand video content that can be accessed whenever and wherever a pro needs it (with a Spanish version coming soon). "This is part of the LP SmartSide team's commitment to ensuring we are offering all customers the proper training and resources to build better, which can help result in jobsite efficiency for their business," says Chelsea Gettelfinger, segment marketing analyst at LP Building Solutions.

And for Boise Cascade, it has introduced new live and recorded education courses on its educational portal. "Each training module offers valuable information at the user's fingertips around their schedule," explains Boise Cascade's Wells. "We have also offered online, live private customer educational training for customers that have specific objective or a team with varying needs or goals."

It's impossible to guarantee the future. We live in volatile times, and while there is always the chance that a resurgence of COVID-19 could once again trigger shutdowns and unforeseen disruptions, the crystal ball that is composed of manufacturers' tribal knowledge seems to point to good things for the EWP market. With an increased willingness on the part of LBM customers to make the switch to EWP products, it's the wise distributor that positions themselves to meet the growing demand while bolstering their knowledge base. And like Chief Canasatego of old, they'll be able to offer a modern-day "bundle of arrows" as an example of strength and a vision of the future. ■

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

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

ODL's Mistify textured glass
Mistify from ODL is designed to be a combination of pattern and texture. The new product blends textured glass and a drip pattern inspired by abstract impressionism to create a unique, multi-dimensional effect. According to the manufacturer, the result is a dramatic blend of style and privacy that creates an amazing first impression on any home. As a result of the ceramic frit process, the black pattern becomes part of the glass, making Mistify doorglass scratch-and fade-resistant. It is engineered to not discolor when exposed to household cleaners or normal wear-and-tear. The low-maintenance internal grilles are said to add architectural flair to home styles from modern farmhouse to contemporary industrial. Available in a variety of doorglass and sidelight sizes, frames, and grilles between glass configurations. Mistify is available in ENERGY STAR qualified sizes and is made with energy efficiency-boosting low-E glass. In addition, select sizes are available with laminated Severe Weather glass. **odl.com**







TigerClaw by FastenMaster
FasternMaster's TigerClaw's TC-G Hidden Clip for Grooved Decking and the Tiger Claw Installation Gun, is engineered to be the fastest way to attach hidden clips on all leading deck brands including Fiberon, Trex, and more. The TC-G Hidden Clip is designed to work in pre-grooved decking planks or non-grooved decking planks using the TC-150 slot cutter. According to the manufacturer, the clip's sharp prongs embed into the upper portion of the groove for strong holding power, and the stainless-steel screw ensures a lasting connection between decking board and joist. The Tiger Claw Pneumatic Installation Gun features a unique nose piece that holds clips in the correct position every time, firing a screw nail (scrail) through the clip into the joist—fastening the deck board to the joist in one step. On average, FastenMaster says, the installation gun will install about 400 square feet of decking in an hour. **fastenmaster.com**

Fortress aluminum fencing



Athens Residential aluminum fencing from Fortress Building Products is engineered to be an ultra-lightweight perimeter solution that can be installed quickly and can accommodate steep grade changes across an imperfect landscape. According to the manufacturer, the premium design flexibility enhanced by recent technology advances enable rails to follow the ground while the pickets stay vertical. Designed to be an economical solution to have in stock, Athens is backed by a lifetime limited warranty. Key features include: Straightforward and quick installation; resistance to rot, warping, deterioration and rust; galvanized and treated in an architectural-grade powder coating; virtually no upkeep required; and an adjustable hidden fastener system provides a clean appearance. Fully-rackable panels accommodate up to 10 degrees of grade change. **fortressbp.com**

Hot-dipped Galvanized Ring Shank Roofing Nails



Hot-dipped Galvanized Ring Shank Roofing Nails from Maze Nails are designed for the secure application of asphalt and fiberglass shingles on new construction and re-roofing jobs. The ring shank nails are manufactured to provide extra holding power, especially in high wind/hurricane areas. The nails feature STORMGUARD zinc coating that is engineered to ensure extra corrosion resistance. **mazenails.com**

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SPAX PowerTrim finishing and composite-PVC trim screws
The new SPAX specialty fastener is designed for use in attaching wood and composite/PVC trim boards for residential home interior and exterior work. Partial thread applications include window and door casing attachment, baseboards, cabinetry, door jambs, stairs and railings, crown molding, and fine carpentry. Reverse double thread applications include fascia trim, baseboards, window and door trim, and countertop trim. PowerTrim fasteners include features such as: T-STAR plus drive within a cylindric head and a UNIQUE 4CUT point designed for quick and easy installation with no pre-drilling required. PowerTrim fasteners also feature a reverse double thread for PVC applications engineered to pull and hide pigtail shavings and eliminate bulging. Available in both #8 and #9 diameters and in lengths of 1-1/4", 1-1/2", 2", 2-1/2", 3-1/8" 4" and 5". **spax.us**



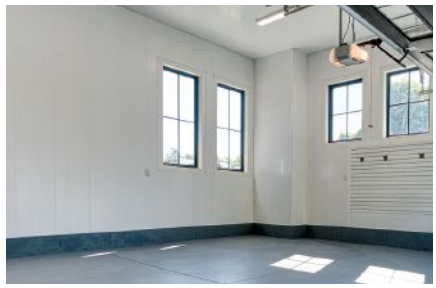
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Trusscore Wall&CeilingBoard is designed with a high-strength polymer formulation and engineered as an alternative to traditional FRP, OSB, and drywall systems. Unlike drywall, Trusscore Wall&CeilingBoard is an integrated wall system complete with made-to-measure trims. According to the manufacturer, it doesn't require time-consuming painting or finishing after installation. Tongue and groove panels slide together, fasteners are invisible for a clean finish, and Wall&CeilingBoard is designed to integrate seamlessly with Trusscore SlatWall to create a total wall storage solution. Available in 1/2" thick, 16" wide panels in standard lengths of 8', 10', 12', 14', 16', and 20'. Available in white and gray colors. **trusscore.com**






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Litnaglis nails
Plastic strip/coil nails, duplex nails, and wire-coated nails are available from Litnaglis. The manufacturer's plastic strip nails are available at 21°. Dealers can choose which diameter, length, nail type, or coating to order. While Lignaglis plastic strip nails are designed for framing, the company's plastic sheet coil nails are engineered for use in flooring and siding. Litnaglis duplex nails are a two-headed nail that is a replacement for common nails used in formwork. The nail is hammered only to the first head leaving a gap with the second so the nail can be easily removed using a hammer or a pry bar. Wire-coated nails from Litnaglis are designed for durability, reliability, and less reloading. The nails are held together by two thin wire strips and are slanted at a 16° angle. A wide variety of different nail finishes suitable for outdoor construction are available. A coil can hold from 50 to 200 nails. **litnaglis.com**

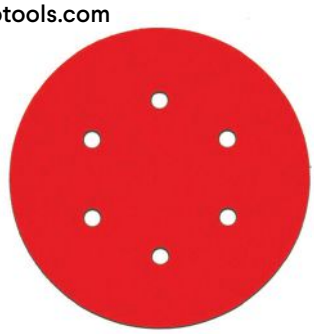


Benjamin Obdyke redesigned Batten UV furring strips
Benjamin Obdyke has redesigned its Batten UV furring strips with improved compression resistance well-suited to open-joint cladding systems. The new Batten UV strips are designed to maintain a 3/8" space even with the screw-fastening required for composite decking, which is often used to create trendy open-joint cladding systems. Batten UV can be installed vertically (traditional) or horizontally (for use with vertical cladding). Because it is made with polypropylene, Batten UV is said to be durable and flexible, even in cold temperatures. The new Batten UV comes in 8' lengths, with 400 linear feet per carton. Batten UV carries a 15-year limited product warranty or 25-year limited system warranty. **benjaminobdyke.com**





SandNET from Diablo
Diablo's full-range of premium SandNET discs and sheets include clog-reducing net design for extra-long sanding life, premium ceramic blend for fast material removal, and reusable technology for repeated use. Diablo's SandNET products are available with multiple sizes and configurations. SandNET's anti-clogging nylon net design allows users to clean any pitch build-up or clogging of the grit by shaking, vacuuming, or rinsing the sandpaper, extending the life and use. Diablo's SandNET reusable sanding blocks feature a cushioned foam side for controlled material removal in contour sanding, and a dense foam side for aggressive material removal in flat surface and 90° corner standing. **diablotools.com**



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Bosch Jobsite Radios
The 18V Jobsite Radio with Bluetooth 5.0 and Power Station, and the GPB18V-2C, an 18V Compact Jobsite Radio with Bluetooth 5.0. Both designed with durability, flexibility, and portability in mind. Both jobsite radios have several ways to connect and listen to music, including Bluetooth 5.0. With a USB charging capability, mobile devices can stay charged as well. The GPB18V-5C offers four 120V AC power outlets to power lights, tools, electronics, and more. Additional features include: 360-degree stereo sound, four-way speakers with integrated subwoofer, hybrid power, a digital media bay to store most mobile devices, and personalized sound, which includes separate bass and treble controls as well as five equalizer presets. The GPB18V-2C is the compact version of the jobsite radio. **boschtools.com**







2021 REPORT:

THE STATE OF THE NATION'S HOUSING

SOARING HOME PRICES, TIGHT SUPPLY, AND MILLIONS FACE RISK OF EVICTION OR FORECLOSURE.

As the U.S. economy continues to recover from the effects of the pandemic, households that weathered the crisis without financial distress are snapping up the limited supply of homes for sale, pushing up prices and further excluding less affluent buyers from homeownership. At the same time, millions who lost income are behind on housing payments and on the brink of eviction or foreclosure. According to The State of the Nation's Housing 2021, a report from the Harvard Joint Center for Housing Studies, a disproportionately large share of at-risk households are those with low incomes and people of color. While policymakers have taken bold steps to prop up consumers and the economy, additional government support will be necessary to ensure that all households benefit from the expanding economy.

HOME SALES AT HIGHEST LEVEL SINCE 2006

Even before the pandemic, household growth in the suburbs and small metros was on the rise. The pandemic helped accelerate this growth, particularly among younger households who were ready to own homes and were looking for more space to work remotely. In 2020, existing home sales rose 6% and new single-family home sales jumped 20%, putting total home sales at their highest level since 2006. The homebuying binge occurred despite historically tight supply; in late 2020, months of supply for existing homes dipped below two months for the first time ever, while median time on the market hit a record low of 18 days.

WITH PRICES SKYROCKETING, IS A BUBBLE EMERGING?

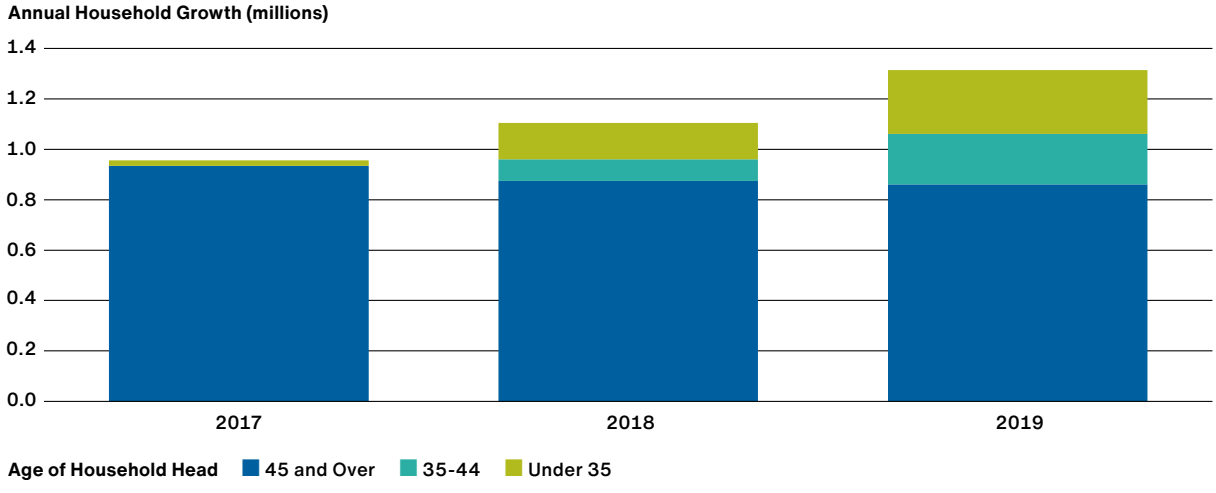
The combination of robust demand and limited supply lifted home prices to their fastest pace in over a decade. The largest price gains were in rapidly growing Western states, led by a 28% jump in Boise and 22–23% increases in Austin and Tacoma. Additionally, home price gains continued to outrun income growth last year, lifting the national price-to-income ratio to its highest level since 2006.

"These outsized increases have raised concerns that a home price bubble is emerging," says Daniel McCue, a senior research associate at the Harvard Joint Center for Housing Studies. "But conditions today are quite different from the early 2000s, particularly in terms of credit availability. The current climb in prices instead reflects strong demand amid tight supply, aided by record-low interest rates."

RACIAL DISPARITIES PERSIST IN HOMEOWNERSHIP

Although the national homeownership rate remains on an upward trajectory, disparities between households of color and white households remain substantial. In the first quarter of 2021, the Black-white homeownership gap

YOUNGER ADULTS HAVE GIVEN AN INCREASINGLY LARGE LIFT TO HOUSEHOLD GROWTH



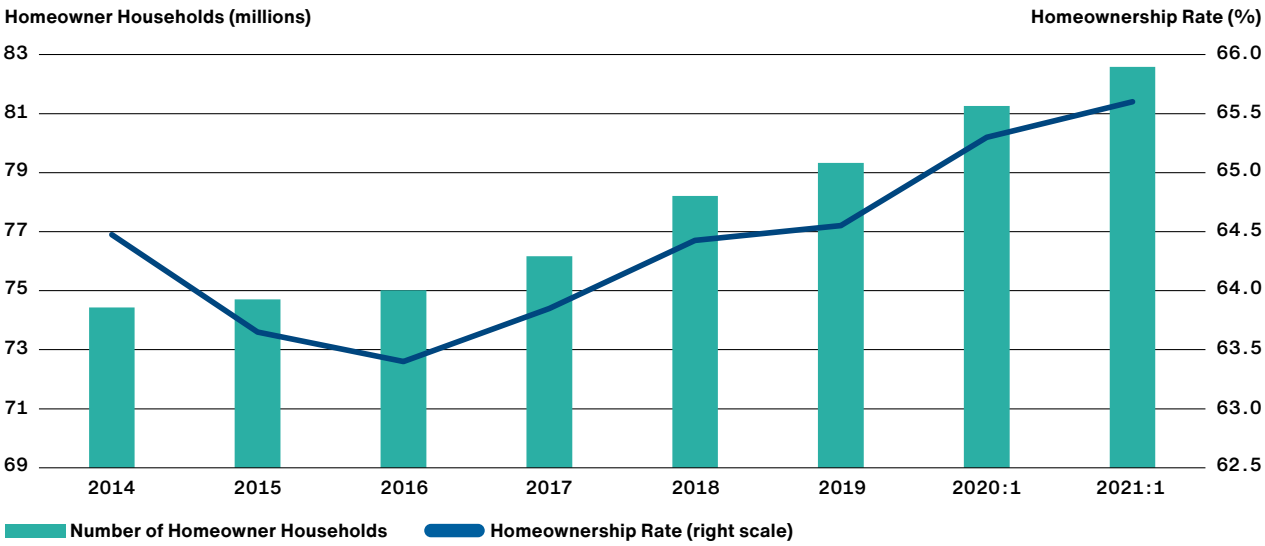
Note: Data are 3-year rolling annual averages to reduce volatility.

Source: JCHS tabulations of US Census Bureau, American Community Survey 1-Year Estimates.

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Joint Center for Housing Studies of Harvard University JCHS

DESPITE THE PANDEMIC, THE NATIONAL HOMEOWNERSHIP RATE REMAINED ON THE RISE OVER THE PAST YEAR



Notes: Data for 2014–2019 are annual. Data for 2020 and 2021 are for the first quarter.

Source: JCHS tabulations of US Census Bureau, Housing Vacancy Surveys.

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Joint Center for Housing Studies of Harvard University JCHS

stood at 28.1 percentage points, an improvement from the record high of 30.8 percentage points in 2019 but still large by historical standards. Income inequality contributes to the disparities in homeownership, with the median income of white households ($71,000) some 65% higher than Black households ($43,000) and nearly 30% higher than Hispanic ($55,000) households. Accumulating the savings needed for downpayment and closing costs is difficult for most first-time buyers, but especially for renter households of color.

HOUSING COST BURDENS CLIMB THE INCOME LADDER

Housing affordability remains an acute challenge for lowest-income renters: more than 80% of renters earning less than $25,000 were cost burdened in 2019 (spending over 30% of their income for housing) and the majority spent more than half their income on housing. And while housing subsidies offer much-needed support, only a quarter of eligible households receive assistance. "Housing cost burdens have also moved up the income ladder," says Alexander Hermann, a senior research analyst at the Center. "70% of renter households earning between $25,000 and $34,999 and nearly 50% of renters earning between $35,000 and $49,999 were cost burdened in 2019."

MILLIONS FACE RISK OF EVICTION OR FORECLOSURE

As a result of widespread income losses during the pandemic, 14% of all renter households were behind on their housing payments in early 2021, and in ten states, more than one-fifth of renters were in arrears. Racial disparities are evident here as well, with 29% of Black, 21% of Hispanic, and 18% of Asian renters in arrears, compared with just 11% of white renters. With so many renters in financial distress, there are concerns about an impending wave of evictions. So far, substantial federal relief, along with federal and state eviction moratoriums, have prevented large-scale displacement. However, if the federal moratorium ends in July, staving off a substantial increase in evictions and homelessness will depend on whether the latest round of assistance reaches at-risk households in time.

Homeowners facing hardship have also received support in the form of loan forbearance and a ban on foreclosures. This protection, allowing borrowers to defer or reduce their payments for up to 18 months, was extended to the 70% of homeowners with federally backed loans. As of March 2021, a majority of the 7.1 million loans that had entered forbearance had left that status, but the outcomes are uncertain for the 2.3 million borrowers who have yet to resume their mortgage payments. And for many households that had to tap savings or go into debt to cover lost income last year, the impacts of the pandemic will linger well into the future. Recovering from the devastating effects of the pandemic will be harder yet for those who have lost loved ones to COVID-19 or are themselves suffering from the long-term debilitating effects of the virus.

POLICYMAKERS NEED TO KEEP THOSE AT-RISK FROM FALLING FURTHER BEHIND

The unprecedented events of 2020 both exposed and amplified the impacts of unequal access to decent, affordable housing. "For those households with secure employment and good-quality housing, their homes provided a safe haven from the pandemic," says Chris Herbert, managing director of the Center. "But for millions struggling to cover the rent or mortgage, their housing situations have become increasingly insecure and these disparities are likely to persist even as the economy recovers, with many lower-income households slow to regain their financial footing." Policymakers must be attuned to the needs of those who have fallen even further behind, ensuring that they also benefit from the expanding economy. ■

Download the full report at jchs.harvard.edu/state-nations-housing-2021

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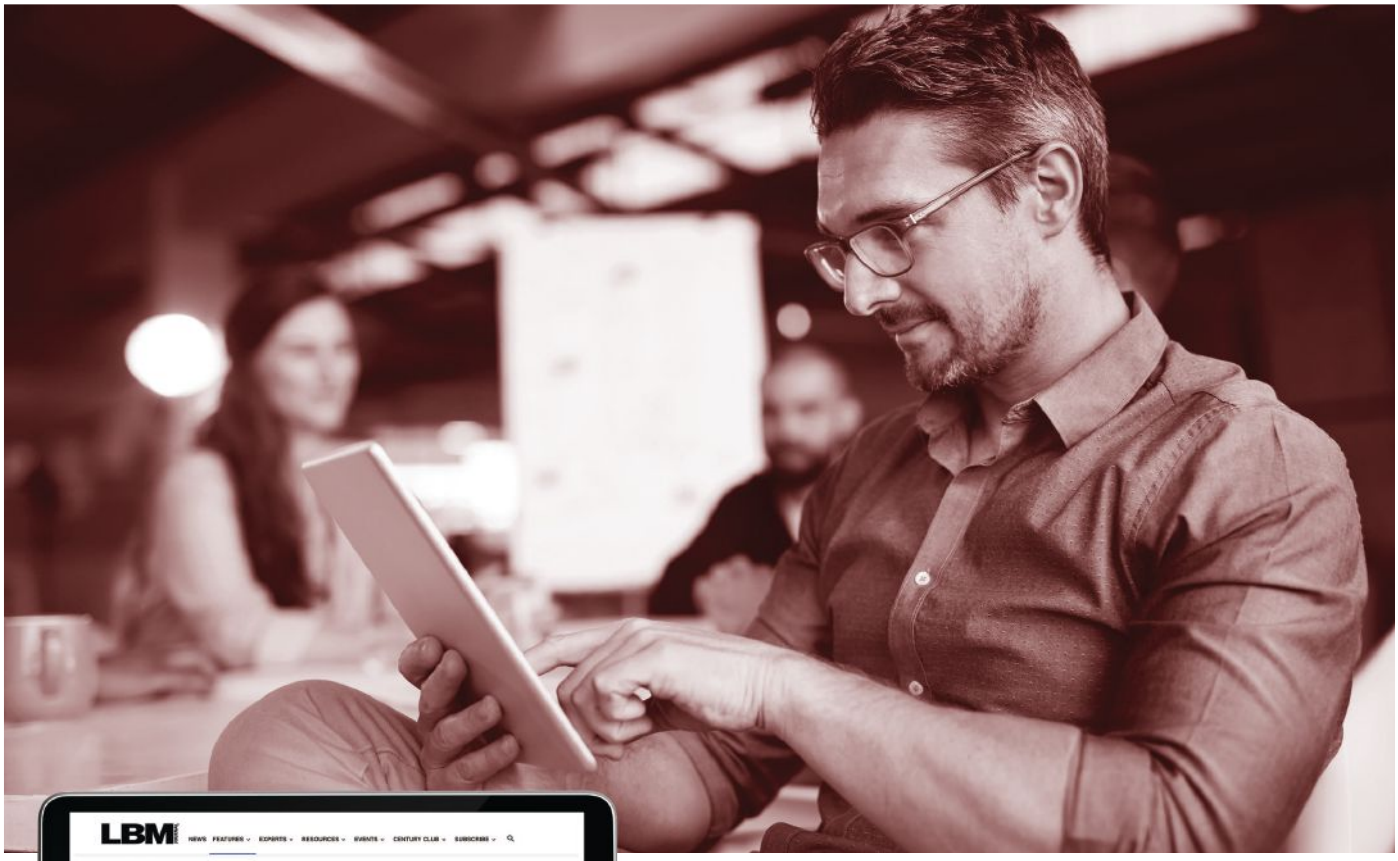
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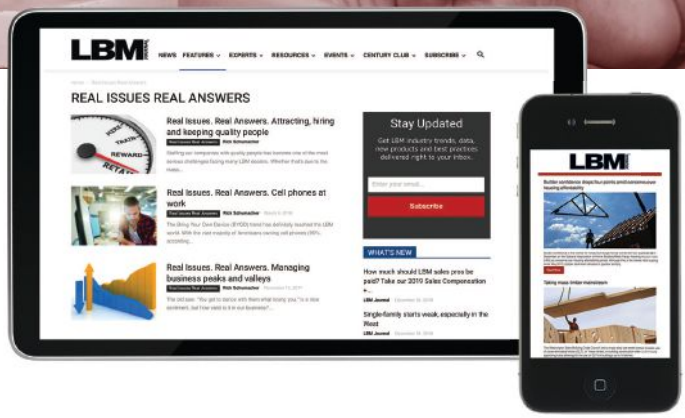
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*Denotes regional distribution.

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

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

SEE HOW YOUR JUDGMENT COMPARES WITH OTHERS AT **LBMJOURNAL.COM**. RESULTS WILL APPEAR IN THE BUZZ SECTION OF THE NOVEMBER/DECEMBER 2021 ISSUE.

YOU WANT HOW MUCH?

AN APPLICANT FOR AN ENTRY LEVEL POSITION WANTS MORE MONEY THAT YOUR EXPERIENCED TEAM MEMBERS EARN. WHAT WOULD YOU DO?

You've seen a lot of changes in your LBM career; many of the most jarring changes have happened during the past 18 months, when the pandemic threw a wrench into our reality. Thanks to having a solid team in place, you've managed to navigate the obstacles, and your company is doing well. The biggest challenges were spiking lumber prices and product availability. While lumber prices have improved, lead times for many products is still far longer than you or your customers are used to. So you'll continue to do all you can to minimize the disruption to your builders and keep moving forward.

The one challenge that was already tough before the pandemic and continues to worsen is the staffing issue. Fortunately, you have a great core team of people who've been with you for years. You treat them well, pay them fairly, let them know how much they're appreciated, and they've assured you that you can count on them. Unfortunately, there aren't enough of them to get everything done, and you've been working hard to hire some new team members. To put it mildly…it ain't easy.

The problem is apparent on your drive to work each day. Instead of promoting their latest menu item, fast food signs shout, "Workers Needed. $15/hour to Start. Free Food. Apply Today!" Other businesses have installed signage near the road that say, "CDL Drivers Needed—$500 Sign-on Bonus!" Two doors down, the sign proclaims, "Top Pay for Good People. Stop in Today!"



The competition for workers is white hot, and while you understand supply and demand, you're wrestling with the reality of the dollars involved. For example, Bob has been with you for nearly 10 years. He started just above minimum wage, and after earning steady increases each year, he's now at $20.50/hour, which works out to just over $42,000 per year, which you view as more than fair for someone in their 20s who started out right after high school.

Contrast that with Chuck, who just applied for a job (and strikes you as a younger version of Bob). Though he has no experience and is just out of high school, he declined your offer of $18/hour to start. "I can earn the same money at the store across the road, and that'd involve a lot less lifting and hard work," he explained. "If you can make it $22/hour, I can start today."

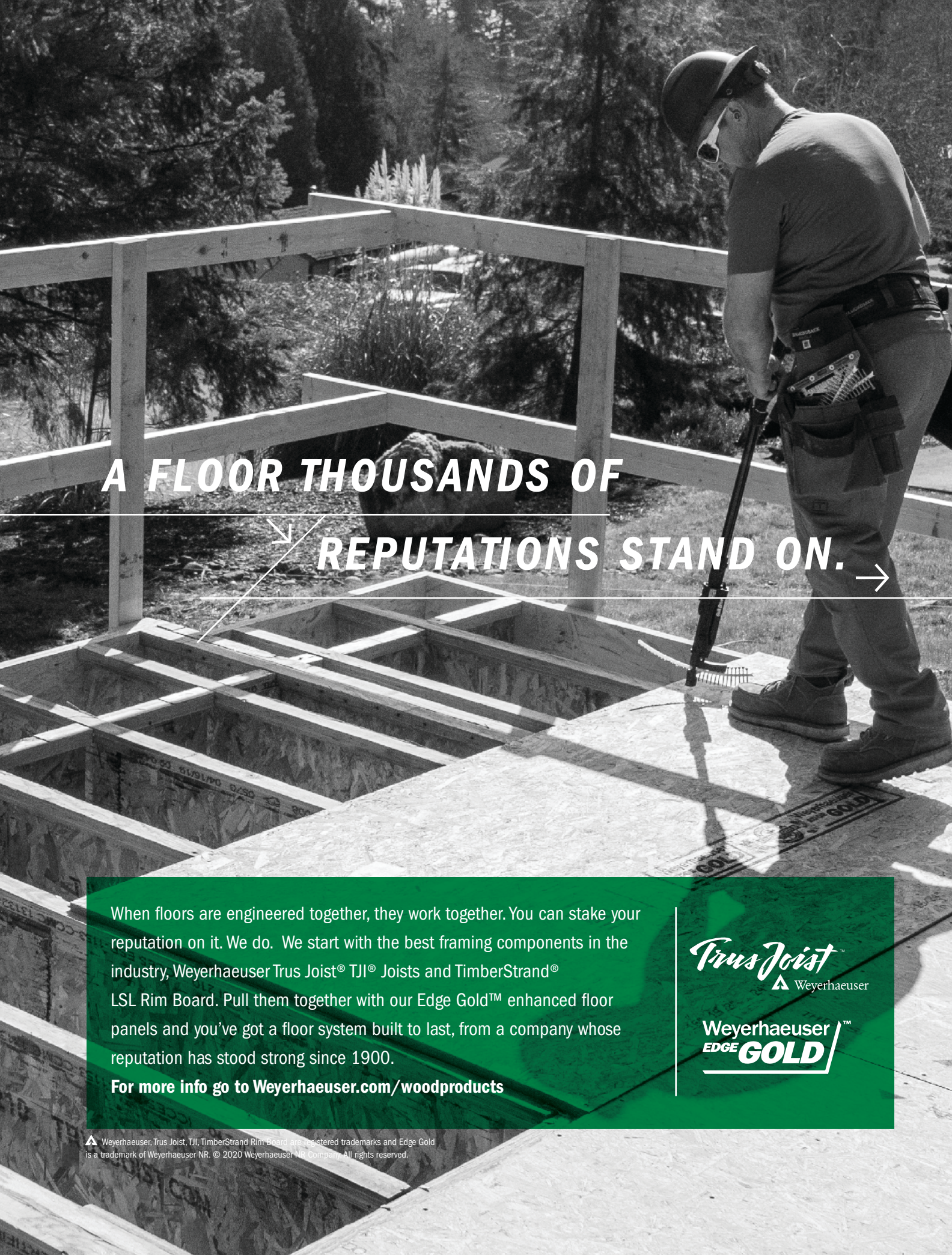
Bob and the other yard workers are stretched thin, and while they like the big paychecks that come with overtime, you're worried about them burning out. So, as much as you'd like to have Chuck join your crew today, you don't like the idea of starting off by paying the new guy more than you're paying Bob and some others on your team. Then again, you need people, Chuck could do the job, and the money you'd save in overtime would make up for the premium it'd take to get him onboard. What would you do?

▶ CAST YOUR VOTE ONLINE AT: LBMJOURNAL.COM

- **NEGOTIATE.** Tell Chuck you'd love to have him come aboard but can't start him that high. Offer a lower wage with the promise of a raise after six months, benefits, etc.
- **DO IT QUIETLY.** The market determines wages, you don't. Chuck may be the best prospect you'll have for a long time. Offer him the job, and ask him to not discuss pay with his new coworkers.
- **DO IT BIG.** Say yes to Chuck's number, then give your existing team raises to ensure that they're all earning more than the new guy.
- **JUST SAY NO.** Just like lumber prices peaked before returning to earth, this too shall pass. Don't feel pressured to overpay. Wait until things become more normal, then move forward.

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

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