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PILOT LUMBER'S POTENTIAL

IN DEPTH: ROOFING

REAL ISSUES. REAL ANSWERS.
BATTLING THE STATUS QUO

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New products and an already-booming market spell growth for roofing.

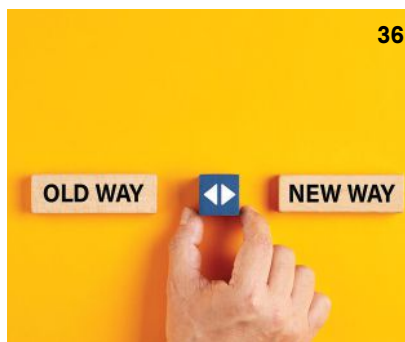
BY MIKE BERGER

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Redefining 'Great'

ACCORDING TO THE Federal Reserve, the so-called “Great” Recession ran from December 2007 until June 2009. LBM Journal was just four years old at that point, still operating on a shoestring budget, and from 2007-2008, our revenues took a 65% hit. Many companies didn’t survive. Looking back, I struggle to see anything great about that devastating economic event.

Following that same model, in which Great describes something very, very bad, today we have the Great Resignation—which Editor James Anderson alludes to in his excellent Editor’s Note about the “new normal” in this issue. For the LBM industry, which has struggled mightily with attracting, hiring, and retaining good people, even the idea of a Great Resignation is about the least appealing concept imaginable.

The question is what should a company do that’s in an industry already struggling to attract good people during a phenomenon that the media has termed a Great Resignation? Here are some thoughts:

First things first—focus on your people. A few years ago, Jon Vaughan from Brand-Vaughan Lumber spoke at an LBM Strategies conference about “How to make your company a great place to work.” As he shared, they believed that the people on their team were happy and engaged...until they used an anonymous survey tool and learned that they were dead wrong. Instead of *assuming* how your current team members view their work with you, consider leveraging a tool like employee surveys from Great Place to Work (<https://bit.ly/3Geax4A>). Then do like Jon and his management team did, and put the results to work, implementing the changes necessary to make your company a great place to work.

Spread the word. When we place an employment ad, and describing the plusses of working for our company, we’re selling. But when we share the news, from an independent third-party, that our team members love working for our business, that carries serious weight with people choosing a company to work for. If you’re in an extremely tight labor market, and are really struggling to attract good people, news like this is gold. Plus, when you and your management team have done the work and made the investment in making your company a great place to work, your happy and engaged team members are going to spread the word as well.

We’ll never be able to control many of the challenges we face. Instead, the best we can do is *navigate* supply chain issues, mortgage interest rates, the weather, etc. Making our company a great place to work is something we *can control*, and will give us a proven tool to attract, hire, and retain.

Is your company a great place to work? If yes, we’d love to hear—and with your permission, share—your story. Contact me or James@LBMJournal.com.



Rick@LBMJournal.com

— Rick Schumacher
Executive Editor & Publisher



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Employee care is the ‘new normal’

A COUPLE YEARS AGO, when news of COVID-19 was just starting to spread, before the virus itself spread to full-blown pandemic status here in the upper Midwest, it seemed there was the general assumption that as case numbers picked up in our local communities, we’d all adjust as quickly as possible, and we’d be back to “normal” in a matter of weeks. At least that’s how it seemed where I live.

We all know what happened from that point. Lumberyards were closed, then reopened as essential services in most areas. The building industry found its footing while the remodeling market saw unlikely leaps. Still, even the wisest among us thought that everything would just fall back into place as the pandemic passed. Even industry legend Bill Lee concluded his July 2020 *LBM Journal* column by saying, “Personally, I’m not wishing for a ‘new normal.’ Returning to the old normal will suit me just fine.”

Through vaccines, antivirals, and plain old looking out for each other, we’ve come out on the other side with what (knock on wood) is now a more manageable virus. We’ve entered a busy summer period in which COVID-19 is mentioned as a secondary threat behind supply chain, labor, and inflation concerns. And we’ve realized we’re not going back to that “old normal.”

As I’ve talked with lumber dealers in recent months, I’ve learned that what we considered “back to normal” at the beginning of the pandemic has been redefined. The dealers I’ve spoken with have long been back in business, they’re serving customers, they’re making a difference in their communities, but they’re doing it a little bit differently. What stands out most to me are stories of how businesses have found a renewed focus on employee care and retention. This isn’t to say it wasn’t a focus before the pandemic, but “The Great Resignation” and

a rise in work-from-home opportunities has led many companies to reevaluate where employee wellness falls on the mission statement.

As labor shortages continue in many markets, workplace culture is leading off job ads as a way of getting quality employees on board. We’re seeing more mentions of flexible schedules, bonus programs and other perks listed right along with higher salaries. We’re seeing employee care programs as, what Bill Lee says in this month’s column on page 22, “the best cure for a labor shortage.” Bill says it best when he writes, “The best people gravitate to the companies that prove every day that they genuinely care for their employees.”

There are a number of companies in our industry doing just that, and by doing so have been named Best Places to Work in their markets. You can learn from one of them in particular, Matt Ellis, VP of talent management & marketing for DW Distribution, a wholesale distributor that was a recipient of the 2021 Gallup Exceptional Workplace Award. “Like building a home, there is a process to building an exceptional place to work,” Matt says. His session at LBM Strategies 2022 in Denver this October will give you a blueprint to achieve your culture goals.

This year’s LBM Strategies conference agenda is filling up quickly with speakers like Matt who can help you make employee care a pillar of your workplace culture. See the complete conference agenda at lbmstrategies.com, and register soon. If you have any questions about the conference, please reach out to anyone here at LBM Journal.

As Bill Lee says this month, “Make your people feel as if they are green and growing. Increase their value by investing in their growth and development.”

Those are wise words to live by in our “new normal.” ■

— James Anderson
Editor



James Anderson

james@LBMJournal.com



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MIAMI-DADE COUNTY
APPROVED

No longer niche: online learning becomes staple for employee training

BY KATIE BODIFORD

UNLESS YOU WERE hiding under a rock, which you may wish you had been at the time, you are aware that the COVID-19 pandemic forever changed the way many of us do business. Not only did we have to get creative in the way we served our customers, but the whole social distancing mandate created a huge paradigm shift in the way we train our employees. Online learning became the norm. Our calendars filled with meetings that looked a lot more like *The Brady Bunch* intro or *Hollywood Squares* than anything to which we were accustomed. (Boy that dated me, didn't it?) Webinars, team meetings, safety briefings, and even conferences and trade shows were thrust into a virtual world. Training employees was certainly no exception.

Although learning online existed long before the COVID era, the new culture we embraced looked to online training as many face-to-face opportunities fell by the wayside. And, for many reasons in addition to necessity, companies slowly discovered the value of utilizing technology in all facets of educating their workforce. Here are a few examples:

Convenience. The availability, or lack of dependable workers has been a common challenge of employers across industry lines. This makes having employees off the counter, out of the yard, or not making sales calls for a day or more nearly impossible. The convenience of online learning during break times, before or after work, or even at home has been a game changer. Many platforms allow for users to pause during a session and pick back up where they left off.

Customized courses. Although nothing can replace the interaction of a live class, it's challenging to cover the unique needs of each participant in a one-size-fits-all format. After assessing the training needs of an employee, it's much easier to tailor training via an online platform because you can take a cafeteria-style approach and handpick courses best suited for each person. And, because they aren't tied up for days at a time in one particular workshop, they can often sit through multiple classes on a variety of subjects during that same period of time. It simply makes better business sense to use each employee's time wisely as they accomplish the task of enhancing their skillset.

Content. In the LBM industry, there are a slew of topics on which employees need to be trained. Having a catalog of content from which to choose can make online learning an appealing option. Some platforms even give employers

insight into which questions a student missed on a post-course exam. This can be an important tool used to identify any training deficits in onboarding or continuing education offerings within the company.

To address the need for online training for its members, the Construction Suppliers Association (CSA) partnered with the Western Building Material Association (WBMA) to create Foundation—an online learning platform developed specifically for the LBM industry. The system debuted last year with six different modules focusing on product knowledge for the residential construction process, project selling, lumber basics including lumber math, as well as understanding the fundamentals of profit and loss. Additional modules include a primer on the onboarding process.

Consisting of eight modules and step-by-step guidance on the take-off process, a blueprint reading/take off training course is taught by industry veteran Casey Voorhees of WBMA. After registering, students receive a box of materials including a full-size set of plans, scales, worksheets, and assignments as well as a comprehensive workbook with formulas, common abbreviations, and forms to use when doing a take-off.

Foundation has also teamed up with lumber industry associations to offer discounted rates to their members through an affiliate group program. In addition to CSA and WBMA, seven other industry groups have signed on and are now promoting the platform to their memberships.

Although the pandemic may have been a catalyst for increased use of technology, alternative learning methods have been trending online for years. Whether for convenience, customization or a wider array of content, online learning is no longer a fallback choice; instead, it is becoming the norm and it's exciting to imagine where we can go from here. ■

Katie Bodiford is the executive vice president of the Construction Suppliers Association and is a director of Foundation. For more information on the recently released Basic Estimating course or any of the modules on Foundation LMS, visit www.foundationlms.org.



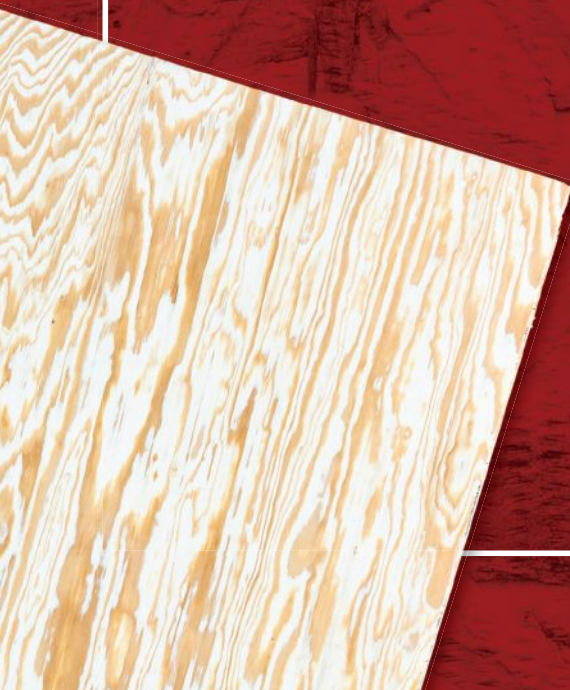
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TIPS & TRENDS FROM WEYERHAEUSER DISTRIBUTION FOR SELLING DECKING

It's no secret that outdoor living is one of the hottest trends in home building and remodeling. The demand for outdoor living spaces only grew during the pandemic, as homeowners hunkered down, increased their remodeling projects, and expanded their footprints to the outdoors.

Here's a look at the latest design and installation trends your customers may be asking about:

Bringing the indoors out: Homeowners are expanding their living space by adding decks and patios, and they want the same comforts that they enjoy indoors. This means nicer, more comfortable furniture, mood lighting, entertainment including sound systems, fireplaces, and designated areas for dining, gathering, playing, etc., similar to indoor rooms, created using borders and bands.

Two-tone deck color schemes: Two tone deck color schemes add greater dimension, visual interest, and uniqueness to set the deck apart. This approach gives the deck a unique look and feel, allows installers to complement multi-tonal elements in the home's exterior, and adds visual interest and multi-dimensionality to the space.

Two-tone decks can be achieved in multiple ways, including with borders and inlays, with contrasting deck and railing colors, with two-tone railing, and by creating a high-contrast pairing of a richly hued composite deck with white PVC fascia and skirting.

Low maintenance: One thing that hasn't changed is homeowners' resistance to spending their weekends power washing or staining their wood decks. TimberTech AZEK® decking helps address this need by combining real-wood aesthetics with low maintenance and a 50-year limited fade and stain warranty.

RIGHT: TimberTech AZEK Landmark Collection in American Walnut with Premier Rail and riser lighting.

BELOW: TimberTech AZEK Vintage Collection in Coastline with AZEK Trim board fascia application.



TIPS FOR SELLING DECKING

With a good-better-best product offering, TimberTech offers a solution and price point to meet the needs of your DIY and pro customers alike. Here are a few things to consider during the sales process.

Show and sell: While composite decking materials have been around for decades, there are key differences between brands and price points. Allowing homeowners to see and feel materials can help them begin to visualize decking materials, textures, and colors on their home. Along with samples and displays, consider building a small deck inside or outside your yard to allow customers to truly experience the deck before the buy.

Arm yourself with knowledge: With the multitude of decking materials on the market, it's more critical than ever for dealers to fully understand the features and benefits of the products they sell and even those that they don't. Get to know your customers' individual project—the budget, how the deck will be used, the family's lifestyle—and use that information to help match them with the products that best fit their needs and tastes.

Create a visual: Many manufacturers offer online deck design software that helps homeowners narrow down their options. For example, the TimberTech Deck Design Tool allows users to customize provided deck designs, customize deck plans, or build a deck design from scratch, then see how different product selections will look on their home.

If they're still unsure where to start, guide your pro and homeowner customers to online inspiration opportunities such as Pinterest and Houzz. TimberTech offers several tools on its website, including a design ideas blog, a design guide, color guides, and a cost calculator.

Think beyond the deck: Stock and sell the products customers need to create a fully finished deck and understand those as well as the decking material itself. This includes understanding the fastener options required for each deck material you sell, offering coordinating fascia and skirting, and curating complementary railing materials. Be sure to consider each customer's unique needs and upsell accordingly, such as with lighting and TimberTech Drink Rail for those homeowners who like to entertain, with sun shading for those with south- or west-facing decks or those who plan to work from home outdoors, and built-in storage for homes with young kids.

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UPDATES

PEOPLE

Sandy East, vice president–Customer Service at **Cornerstone Building Brands**, has been selected to receive a 2022 STEP Ahead Award from the STEP Women's Initiative.

Pete Kobelt has joined **Structure Tone Southwest** as director of mass timber.

Boise Cascade has promoted **Joanna Barney** to vice president, Western Operations, Building Materials Distribution division. **Troy Little** has been promoted to vice president, Finance and Commodity Sales, Wood Products division.

Weyerhaeuser has announced the appointment of **David M. Wold** as senior vice president and chief financial officer.

Pat Webster is retiring from **UFP Industries**. Webster joined UFP in 1985 and was named president and COO in 2008.

CO-OPS & BUYING GROUPS

Jason Hanegan has been named national sales manager at **Do it Best**.

50 young LBM leaders from across the country came together in April for **LMC's** annual Leadership Excellence Masterclass at Northwestern University's Kellogg School of Management.

LBM Advantage held its 2022 NextGen Leadership Conference April 24–27 in Arlington, Virginia.

DISTRIBUTION

Dealers Warehouse will now carry **Fairway** railings from **Envision**.

Tropical Forest Products has announced that its **Black Label** premium brand of hardwoods will be distributed through **Ganahl Lumber**.

MERGERS & ACQUISITIONS

PrimeSource has acquired **Axxis**, a provider of fastening tools and collated fasteners.

UFP's Deckorators has acquired **Cedar Poly**, a recycler of polyethylene flakes and pellets used in composite decking.

ASSOCIATIONS

NLBMDA has joined a coalition of more than 40 groups that have urged the Department of Transportation to prioritize supply chain resiliency.

INDUSTRY

LP has announced the first production of SmartSide at its Maine facility.



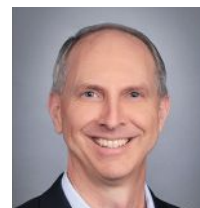
SANDY EAST



PETE KOBELT



JOANNA BARNEY



TROY LITTLE

ProVia has earned a 2022 ENERGY STAR Partner of the Year award.

BlueTape's new Virtual Card allows contractors to purchase supplies from any material supplier.

Fiberon recently broke ground on a new manufacturing facility in Columbia, Tennessee.



DAVID M. WOLD



JASON HANEGAN

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

BUILDER CONFIDENCE PLUNGES ON INTEREST RATE HIKES, GROWING AFFORDABILITY WOES

In a sign that the housing market is now slowing, builder confidence took a steep drop in May as growing affordability challenges in the form of rapidly rising interest rates, double-digit price increases for material costs and ongoing home price appreciation are taking a toll on buyer demand.

Builder confidence in the market for newly built single-family homes fell eight points to 69 in May, according to the National Association of Home Builders (NAHB)/Wells Fargo Housing Market Index (HMI) released Tuesday, May 17. This is the fifth straight month that builder sentiment has declined and the lowest reading since June 2020.

"The housing market is facing growing challenges," said NAHB Chief Economist Robert Dietz. "Building material costs are up 19% from a year ago, in less than three months mortgage rates have surged to a 12-year high and based on current affordability conditions, less than 50% of new and existing home sales are affordable for a typical family. Entry-level and first-time home buyers are especially bearing the brunt of this rapid rise in mortgage rates."

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

All three HMI indices posted major losses in May. The HMI index gauging current sales conditions fell eight points to 78, the gauge measuring sales expectations in the next six months dropped 10 points to 63 and the component charting traffic of prospective buyers posted a nine-point decline to 52.

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

NORTHEAST HELD STEADY AT	72
MIDWEST DROPPED SEVEN POINTS TO	62 ▼
WEST POSTED A SIX-POINT DECLINE TO	83 ▼
SOUTH FELL TWO POINTS TO	80 ▼

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BLACKSTONE, VA

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FRUITLAND, MD

COLERIDGE, NC

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BRANCHVILLE, SC

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HOME BUILDERS WARN OF SIGNIFICANT AFFORDABILITY DECLINES

Housing affordability posted a modest gain for average conditions in the first quarter of 2022 as a strong jump in national median income helped to offset a gradual rise in interest rates. However, home builders warn of current deteriorating conditions as a sharp jump in mortgage rates in March and April coupled with ongoing building material supply chain disruptions, labor shortages and high inflation drive up housing costs.

According to the National Association of Home Builders (NAHB)/Wells Fargo Housing Opportunity Index (HOI), 56.9% of new and existing homes sold between the beginning of January and end of March were affordable to families earning the U.S. median income of \$90,000. While this is up from the 54.2% of homes sold in the fourth quarter of 2021, current market indicators point to worsening affordability conditions.

UPCOMING EVENTS

JUL 28-31 BUILDING MATERIAL SUPPLIERS ASSOCIATION SUMMER CONFERENCE

Myrtle Beach, SC | mybmsa.org

SEP 9-12 DO IT BEST FALL MARKET
Indianapolis, IN | doitbestonline.com

SEP 12-15 DMSi PARTNER CONNECT22
Omaha, NE | dmsi.com

SEP 20-23 LMC LEADERSHIP SUMMIT
Phoenix, AZ | lmc.net

OCT 12-14 LBM STRATEGIES CONFERENCE
Denver, CO | lbmstrategies.com

OCT 12-14 LMC EXPO 2022
Philadelphia, PA | lmc.net

NOV 8-10 ECI CONNECT 2022
Aurora, CO | ecisolutions.com

NOV 14-15 EPICOR INSIGHTS
Scottsdale, AZ | epicor.com

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

TOUGH CALL ANSWERS

ANSWERS TO OUR APRIL TOUGH CALL SURVEY:

LET'S (NOT) TALK POLITICS!

TWO OF YOUR REPS ACTIVELY SHARE THEIR POLITICAL OPINIONS, WHICH IS IRRITATING YOUR CUSTOMERS AND THREATENING YOUR BUSINESS. HERE'S HOW READERS WOULD HANDLE THIS TOUGH CALL.

SURVEY RESULTS FROM LBMJOURNAL.COM

52.4%

MAKE IT STOP. Make a rule that politics are not to be discussed on company time with colleagues, and especially not with customers.

12.8%

RELAX. Tell your team that it's fine to talk politics, but make sure they know that the person they're talking to shares their opinion.

30.2%

MONEY TALKS. Explain that talking politics with customers could lose the company business. Tell your reps that they'll lose any accounts who complain.

4.6%

LET IT BE. You can't dictate what members of your team discuss with each other and with customers. If you try to control the conversation, you're going to lose employees and customers.



HOZZ SURVEY SHOWS HOME RENOVATION SPENDING AT FOUR-YEAR HIGH

Home renovation activity and spend have reached the highest rates reported since 2018, according to the 11th annual Houzz & Home survey of nearly 70,000 U.S. respondents. More than half of homeowners renovated their homes in 2021 (55%), up from 53% in 2020 and 54% in both 2019 and 2018. Following the 15% growth in median spend last year, homeowners report an additional 20% jump in median renovation spend at \$18,000. This growth can be attributed to homeowners with higher budget projects (the top 10% of spend) increasing their investment from \$85,000 in 2020 to \$100,000 in 2021.

Home renovation activity continues into 2022, with over half of homeowners planning to renovate (55%) and nearly half planning to decorate (46%) this year. For the first time since 2018, homeowners' planned spend has increased to \$15,000 for 2022 versus \$10,000 for the past three years, a 50% jump. Additionally, homeowners with higher-budget renovations (the top 10% of spend) are planning to spend \$75,000 on projects in 2022 compared with \$60,000 in 2021.

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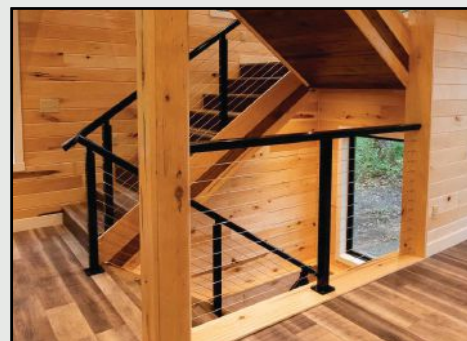
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NAR ECONOMIST FORESEES MORE HOUSING MARKET UNCERTAINTY

Two years after enduring the devastating financial impacts of COVID-19, the U.S. economy has made an impressive comeback, in large part due to a booming housing market. However, as National Association of Realtors Chief Economist Lawrence Yun explains, there are significant questions regarding the sector's direction over the coming months.

"Housing kept the economy afloat as home prices rose and buyer demand intensified," said Yun to 9,000 Realtors and industry experts in attendance at the 2022 Realtors Legislative Meetings during the event's Residential Economic Issues and Trends Forum. "However, this year has already thrown some curveballs, including record-low inventory and unyielding inflation."

While housing supply appears to be on the upswing as builders increasingly construct new homes, Yun says inflation will persist and in turn cause strain for would-be buyers. Additionally, other external economic factors will negatively impact the market, both indirectly and directly, he said.

"The Russia-Ukraine war and escalating fuel prices have contributed to further housing unaffordability for buyers," Yun explained that a more immediate impact for home seekers has been the rapid increase of mortgage rates, along with other anti-inflationary actions from the Federal Reserve.

NAR calculates purchasing a home is now 55% more expensive than a year ago. These rising mortgage rates and prices hurt affordability, and although wages are improving, Yun says they are "wiped away" due to inflation.

"Wages have risen by 6% from one year ago and that's good news," he continued. "But inflation is at 8.5%." He estimates inflation will remain elevated for the next several months and that the housing market will see further monetary policy tightening through a series of rate hikes. Citing a five-month decline in pending home sales, as well as a drop in newly constructed single-family sales, Yun predicts the higher mortgage rates will slow the housing market.

BY THE YARD NEWS FROM LUMBERYARDS AROUND THE COUNTRY

RING'S END CELEBRATING 120 YEARS

Ring's End, based in Connecticut with locations throughout the Northeast, is celebrating its 120th anniversary this year. Founded in 1902, Ring's End is a third-generation, family-run company, and a member of the LBM Century Club.

WILSON LUMBER NAMED 2022 BEST PLACE TO WORK

Wilson Lumber has been named a 2022 Best Workplace by the Best Workplaces Institute. The Best Workplace designation is given to companies that have a healthy workplace culture, as determined by an anonymous, voluntary survey of employees. The Wilson Lumber workforce is made up of more than 300 employees at locations in North Alabama and central Tennessee.

BUILDERS FIRSTSOURCE REPORTS RECORD FIRST QUARTER RESULTS

The dealer at the top of the recently released 2022 LBM100, Builders FirstSource, has reported its results for the first quarter ended March 31, including net sales of \$5.7 billion, an increase of 36.1%.

LE VERE RETIRING FROM WEEKES FOREST PRODUCTS

Tom Le Vere, president of Weekes Forest Products, has announced his plans to retire from the company effective December 31, 2022. Le Vere began his lumber and building materials career in Boulder, Colorado in March 1979 with Wickes Lumber and has been active as a wholesale distributor since 1995. In 2010 Le Vere joined Weekes Forest Products and has served as the company's president since 2014.

R.P. LUMBER ADDS NEW MISSOURI LOCATION

R.P. Lumber Co., Inc. has opened a new location in Mt. Vernon, Missouri. This is the family-owned hardware and building materials retailer's 83rd location and its 17th in Missouri.

NATION'S BEST ACQUIRES SPARR BUILDING AND FARM SUPPLY

Nation's Best has announced the addition of Sparr Building and Farm Supply in central Florida to its family of businesses. Sparr Building and Farm Supply, with four locations northwest of Orlando, joins Hall's Hardware & Lumber and Panhandle Lumber & Supply, both located in the Florida Panhandle, as Nation's Best extends its presence in the Southeastern U.S.

US LBM ADDS ATLANTA-AREA TRUSS PLANT

The new location operates as part of US LBM's Brand Vaughan division and supplies floor and roof trusses to the greater Atlanta area.

RANDY GRILL NAMED PRESIDENT AT JENKINS LUMBER

Jenkins Lumber and Hardware has announced that Randy Grill has earned the title of company president. Grill was hired by Davie Jenkins in 2018 to ultimately run Jenkins Lumber. Jenkins Lumber was acquired by Kodiak Building Partners in 2019.

KODIAK ANNOUNCES INTERIORS GROUP TRANSITIONS

Kodiak Building Partners has announced the transition of its Interiors Group President Doug Rapier into an advisory role and the promotions of Greg Ulvedal and Kirk Dryden to co-presidents of the Interiors Group.

TIBBETTS LUMBER NAMES DON VISCIO AS REGIONAL VICE PRESIDENT

Tibbetts Lumber's company leadership has hired Don Viscio as regional vice president for the Northern Region of Florida. Viscio joins the Tibbetts Lumber team with 32 years of industry experience. For the past 26 years, Viscio has been managing the Florida and export business for BlueLinx.

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BLUE-GREEN ALGAE AND HOW YOU CAN HELP PROTECT YOUR CUSTOMERS FROM IT

The dark stains you see on roofs all over the U.S. and Canada are often caused by tiny cyanobacteria called *Gloeocapsa magma* — commonly known as blue-green algae.

It's a bacteria that travels on the wind and thrives in moist environments — so if one house in a neighborhood has it, others have probably been exposed as well. The darkening effect can impact the appearance and resale value of a home, as well as the effectiveness of highly reflective cool roofs.

Across the U.S., blue-green algae growth is often just a matter of time. The GAF Time-Release Algae-Fighting Technology used on shingles with a StainGuard Plus™ Algae Protection Limited Warranty¹ is formulated to put time back on your side.

The GAF StainGuard Plus™ Algae Protection Limited Warranty¹ provides 25 years of coverage against blue-green algae discoloration. It now comes with many of the most popular GAF Shingles, as well as hip and ridge cap shingles and visible starter strips.

Algae protection is important to customers. In fact, when GAF asked homeowners about it, 87% said it was very-to-extremely important to protect their roof from blue-green algae stains.² 89% said warranty length was very or extremely important when purchasing an algae protection product.²

GAF helps answer these customer needs. Shingles and roof accessories with a StainGuard Plus™ Algae Protection Limited Warranty are covered for 25 years against

blue-green algae discoloration.¹ They also provide long-lasting algae-fighting power thanks to GAF Time-Release Algae-Fighting Technology.

Proprietary GAF Time-Release Algae-Fighting Technology

At certain concentrations, metals like copper and zinc are toxic to blue-green algae, and can help prevent it from growing. In fact, on much older homes you may still see pitted copper and zinc strips tucked up under the ridge caps.

Using copper is also the idea behind traditional algae-prevention granules. They contain a layer of copper that leaches onto the roof. And that works for a while. But eventually, the granules degrade and release less copper, which makes them less effective at stopping algae growth.

GAF Time-Release Algae-Fighting Technology delivers the algae-fighting copper in a whole new way. Instead of a copper layer, specially engineered capsules are infused throughout with thousands of copper microspheres, which release copper steadily over time, for long-lasting algae-fighting power. It's algae resistance so powerful it allows us to offer the 25-year StainGuard Plus™ Algae Protection Limited Warranty¹ on many of our most popular products.

The long-lasting algae-fighting power and warranty coverage your customers want is now available from eave to ridge — only with GAF Time-Release Algae Fighting Technology and the 25-year StainGuard Plus™ Algae Protection Limited Warranty.¹



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¹ 25-year StainGuard Plus™ Algae Protection Limited Warranty against blue-green algae discoloration is available only on products sold in packages bearing the StainGuard Plus™ logo. See GAF Shingle & Accessory Limited Warranty for complete coverage, restrictions and qualifying products.

² Based on 2021 survey commissioned by GAF of 500 homeowners in areas with moderate to high amounts of blue-green algae.

³ 15-year WindProven™ limited wind warranty on Timberline HDZ® Shingles requires the use of GAF starter strips, roof deck protection, ridge cap shingles, and leak barrier or attic ventilation. See GAF Roofing System Limited Warranty for complete coverage and restrictions. Visit gaf.com/LRS for qualifying GAF products. For installations not eligible for the WindProven™ limited wind warranty, see GAF Shingle & Accessory Limited Warranty for complete coverage and restrictions.



Adam Bartlett
Arnold Lumber Company

ADAM BARTLETT IS THE DATA SYSTEMS MANAGER – LUMBERYARD OPERATIONS AT ARNOLD LUMBER COMPANY BASED IN WEST KINGSTON, RHODE ISLAND.

Q: The technology powering today's ERP platforms offers companies more data than ever. How does Arnold Lumber Company leverage the data from your Epicor software?

A: We utilize the power of Dashboards and Smart Views within BisTrack to push out actionable data instead of waiting for emailed reports. Dashboards give our users near real-time data, and drilling down into that data with Smart Views allows them to respond and react immediately. Our operations and logistics teams leverage custom built Smart Views that gather all the data they need to be effective, together in one place, for more informed decision-making. Combining that data with information from our Epicor Warehouse Management System has really given our teams a clearer view of the entire operations process and flow.

Q: While our industry battles unprecedented supply chain issues, how does Epicor help you maintain accurate inventory counts in real time?

A: Epicor's Warehouse Management System (WMS) is key to maintaining accurate inventory levels. The receiving to shipping process is much more streamlined, and operations can really control the flow of the picking process. The ability to drill down into the per-operator action logs really helps to find inefficiencies and areas of the operations that could use more attention. The perpetual cycle count functionality has given us the ability to narrow down the specific product stocking areas that have higher rate of miscounts. After we make changes, we then use the same data to validate that the changes were successful in reducing count inaccuracies. Right product, right place, right quantity.

Q: How do Epicor's technology tools help manage margins and navigate pricing issues?

A: BisTrack offers many options to customize customer pricing, whether it's through price profiles, pricing bands, pricing rules, promotions, discounts, or a combination of options. The ability to import and stage buying and selling changes to be released automatically for a future date is a real time-saver for the purchasing team.

Q: Fleet management is more important than ever as drivers are hard to find. How does your software help you manage your deliveries?

A: We have integrated Geotab with BisTrack journey planner, providing our dispatch teams with automatic journey starts and completion events via geofences. We have near real-time visibility of our vehicle locations directly in BisTrack, making it easier to stage for the next returning vehicle. WMS prints shipping labels on demand, and we're in the process of automating the delivery paperwork printing process.

Q: Many of Epicor's services are available in real time and for mobile devices. How does Arnold Lumber Company take advantage of these offerings?

A: We use the BisTrack Delivery app to capture notes and images of deliveries and credit notes, as well as customer signatures. We use the real-time vehicle location functionality enabled by Geotab's integration with BisTrack to assist logistics in planning. Our outside salespeople have access to real-time information via BisTrack Web, and our customers have access to their account information and pricing through our Web Track portal and our Arnold Lumber mobile device app. ■



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Employee care is the best cure for a labor shortage

BY BILL LEE

THE NUMBER ONE reason key people leave one company for the next is because they believe management doesn't appreciate them.

It's pretty obvious that finding and hiring top quality people looms as the most critical long term challenge our industry faces. In an industry where personnel-related expenses account for between 60 and 70% of total expenses, finding and keeping quality people is paramount to success. The most service-oriented companies must have the most service-oriented people.

When it comes to people, the cream of the crop receive frequent opportunities to change jobs, so if you expect to retain your best people, you must make sure they believe that management cares for them and is willing to invest in their futures. The bottom line is that employee care programs pay huge dividends.

When employees do leave one company for another, exit interviews reveal that it is less frequently for a better job with higher pay; it is most often because the exiting employees either felt taken for granted or else they believe their progress had become stagnant. How important can an employee feel when there's no orientation program, no training program, and no formal feedback system in place? Not very!

Unmotivated, bottom-of-the-barrel workers will always be plentiful. But those are not the seeds that grow profitable companies. The best people gravitate to the companies that prove every day that they genuinely care for their employees.

Every community has a limited pool of labor that would be described as cream of the crop. The men and women who are the top producers in your community don't have to put up with management indifference. They'll always be in demand. To attract and keep these highly productive workers, I believe you must establish a proactive employee care program.

A good program includes such elements as family outings a couple of times a year, reward and recognition programs, training programs, contests, incentives, team building, performance reviews, goal-setting sessions, and consistent communication about how the company is performing.

Winners must believe they are making progress, or they'll move on to another opportunity. You don't have to be a giant in the industry to care for your people. All you have to do is be insightful enough to realize that people work for more than a paycheck.

Here are a couple of questions that will give owners and managers a good idea of where training and development stands in your organization. Ask yourself: Do we have a line item for training and development on our company's annual profit plan or budget? If so, ask yourself: How much did we budget to spend on training and development in 2022?

In my first job in our industry, I worked with the same company for four years. I was told that I was doing a good job, but I was never offered the opportunity to attend a seminar and my boss never suggested I attend an educational program that would increase my value to the organization.

In my second job, we budgeted a significant amount for educational opportunities for our key people and encouraged them to attend two or three of these educational programs each year. I worked for that company for 18 years.

In the first company, I felt as if I was not growing in value to that company. I felt as if I was dying on the vine. In my second company I felt vibrant, alive, and growing. In my view, there was a big difference in the atmosphere in the two companies.

Make your people feel as if they are green and growing. Increase their value by investing in their growth and development. ■



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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Understanding the sales objection

BY RICK DAVIS

THERE MAY BE no issue more misunderstood than the sales objection. Teaching salespeople to “overcome” it is the most frequent training request I get from managers. Salespeople persistently seek advice that starts with the words, “But what do you do when your prospect says...?” It’s a moment of conflict that creates tension for salespeople and derails sales momentum.

I decided to look up the word “objection,” and found it is commonly defined with words such as disagreement, opposition, disapproval, and refusal. These definitions imply strident conflict from buyers that, in reality, might be nothing more than casual desires for more information. So, to the issue of sales “objections,” the right approach is not to overcome, but, instead, to understand.

It is the subject of a vital chapter in my book, *The Sales Secret*, in which I introduce the concept of Aikido selling. Aikido is the martial art where one uses the force of an adversary to gain a strategic advantage without doing harm to either party. If the adversary throws a punch, the Aikido expert dodges the blow and, moreover, pulls the punch in to reduce friction and gain a competitive advantage.

Understanding how to properly handle conflict and disagreement was a turning point in my sales career. I read all the books and listened to the recordings where most so-called experts advocated a linear, and guaranteed-to-be-effective, approach to handling objections. In the real world of human interaction, responses are not always predictable.

Sometimes an objection is nothing more than a causal statement. The more I observed the theories of the classroom, the more I realized they were not real-world solutions.

The first thing I concluded was that some objections are not meant to be fixed. A casual statement of desire—e.g. “I wish this could still be delivered by this afternoon.”—is possibly a buyer merely thinking aloud. A salesperson who simply nods and agrees—e.g. “Me too.

I wish. But we can’t.”—might soon discover that the issue is resolved, and the buyer accepts the limitations of the moment.

The second thing I concluded was that an objection could just be a request for more information—i.e. “Why is that so?” In other words, the buyer might be wishing for something different to happen, but willing to accept (again) the limitations of the moment.

Of course, the big elephant of objections is the ubiquitous “price objection.” To this, I turn to the adage that asserts your price is too high because your story may have been too short. The price objection may only indicate a buyer testing the waters. Or perhaps your price is too high, yet it’s not profitable for you to match the competitor.

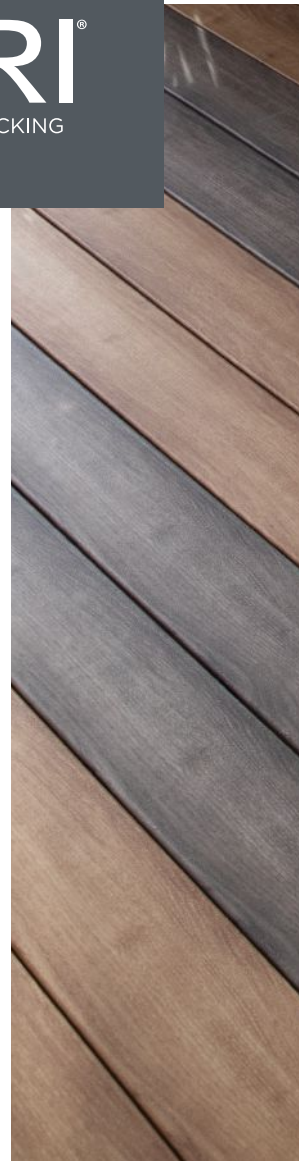
Lots of things go wrong when the salesperson gives up a percentage point or two based on a casual request from a buyer. First, the precedent is set and the buyer figures that every price is negotiable. Second, the seller loses credibility because the first price offered was obviously not the best available, signaling to the buyer that it was a good thing they asked for a deal or else they would have been ripped off.

Besides the dramatic loss in profits created by price concessions, the psychological outcome for the buyer is the nagging feeling that perhaps a greater discount was to be had, and that money was left on the table.

In the end, perhaps we’re best to eliminate the term “objection,” and simply recognize that conflict is merely an expression of concern at worst and, at best, nothing more than a desire for clarity. Perhaps the best approach is to calm yourself in the face of conflict and become less reactive and more positively responsive. Maybe the solution is to sweat the details early in the process by listening carefully to buyers before making a presentation. When buyers sense they have been sincerely understood, there are fewer challenges, concerns, and objections to understand. It’s powerful advice to eliminate conflict. ■



Rick Davis, president of Building Leaders, is a premier sales trainer in the building materials industry. His latest book, *Sales Economics: The Science of Selling*, is now available at buildingleaders.com. Rick can be reached at rickdavis@buildingleaders.com



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The power of remaining proactive on Indeed

BY RIKKA BRANDON

WHEN IT COMES to seeking new hires, every HR manager at every company posts job ads. It's the standard, reactive (and almost always necessary) approach.

But what if you went a bit further? I've discussed in the past the benefits of being more active in your recruiting efforts, via networking, referrals, improving your brand, and more. Being proactive, instead of continually reactive, can help you find not just candidates who are actively seeking a position, but also those "passive" candidates who may be thinking about a change but aren't out there looking.

On a recent episode of the LBM Journal Recruit + Retain Podcast, I explored proactive approaches with Jen Mahaffy, talent acquisition specialist at Medallion Industries, a window, door, and millwork distributor in Portland, Oregon.

"We don't just sit around and wait for candidates to apply to our ads," Mahaffy explained. "We have really changed things up by going out and recruiting directly."

CONDUCT ACTIVE SEARCHING

One of the ways Mahaffy remains actively recruiting is by leveraging Indeed's resume subscription service. For a monthly fee, Mahaffy can search for resumes in Indeed's database by keyword, company, location, and more. She also can create alerts that let her know immediately when someone uploads or updates their resume with certain search terms.

"I can't tell you how nice it is...to get an email that comes through and says, 'Hey, this driver or this warehouse manager at your competitor just updated their resume,'" Mahaffy said. "And you get to be the first one that contacts them because you know about it immediately."

And Mahaffy is seeing big results from the relatively small investment. Recently a resume search connected her with someone working for the competition who looked like an ideal fit for Medallion's door shop, so she messaged him requesting a conversation. That conversation eventually led to the person's hiring.

USE A THOUGHTFUL APPROACH

One of the keys to Mahaffy's success in reaching out to the door shop candidate is that she asked if he was interested in "having a conversation." This is better than simply asking if he was interested in an interview. When you're dealing with passive candidates, the approach needs to be a little different and less abrupt. You need to be clear that the conversation will be confidential and that there is no pressure. It's subtle—but significant.

The other key step Mahaffy took was to quickly follow-up that initial conversation with a connection to the operations manager. This ensured the candidate was in touch with the person at the company who can answer more specific questions, delve deeper into the role, and start to establish a rapport.

Mahaffy's success with the door shop hire didn't end there. She thought even further ahead and inquired if there were others at his previous company who also might be interested in having a conversation. Sure enough, there were, and Mahaffy was able to hire three more qualified employees.

NEVER STOP SEARCHING

One of the nice features on Indeed's resume search tool is the opportunity to organize. When you reach out to a potential candidate, you can file them under project names for easy access later. Mahaffy uses this feature not just for active roles, but to plan ahead. She creates projects for certain roles she'll need to fill in the near future, and will file potential candidates there as she comes across them in searches. Then when the job opens, she already has a list of potential candidates to reach out to.

Though the Indeed tool is just one of the ways Mahaffy stays proactive in her recruitment efforts, it's become a crucial part of her strategy, one that she recommends to others. "Give it a shot," she advises. "It really will change the game for you versus sitting back and waiting for people to apply. You'll be really surprised." ■



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



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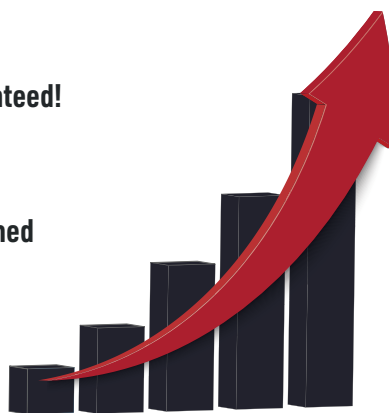
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Hearing from the invisible people

BY RUSS KATHREIN

WHEN *LBM JOURNAL* published my article “Seeing the invisible people” in April, it clearly hit home with some readers. I’ve received a fair amount of feedback and I’d like to share some with you.

That article discussed how there are people we work with who don’t bring attention to themselves. These people aren’t necessarily invisible because they choose to be. They may be the kind of person who doesn’t like attention, instead preferring to just come to work every day and do their job. Or maybe it’s the person who just doesn’t have the confidence to stand out, but always seems to be ready and willing to stand in. They may be different from the rest of us, and therefore keep to themselves. They may just be that dependable person who never seems to be a problem, but we really don’t know what they want or what they are capable of. Or they just might be in a job that we consider...invisible.

A former coworker of mine shared this with me: “For years, I have been the dependable yet invisible one. It’s only been recently, this late in my career, that I have changed to be somewhat of a leader and to be bolder. It has been my goal in life for the past few years to not let people go by ignored, to let them know that I care and that I see what they do and to let them know when they did a great job.”

Another person posted: “Having been in one of those invisible job positions you mentioned at one point in my life, I can relate. It’s so very important to remember that everyone in the organization that you work for matters”

My article ended by talking about how it is our job to acknowledge these people and take the time to get to know them. Maybe some will be exactly who we thought they were—content, at their maximum capacity, or just not interested

in doing anything more. Chances are they are capable and want to do a lot more. Or maybe they are a tremendous source of information no one has ever bothered to tap into. Given a little attention and encouragement, they might surprise you at how much they can help you in your job and the entire organization. They just need someone to take the time to truly see them.

Another reader sent an email to me at work: “I am not in the lumber business. As a matter of fact, I know very little about the business. However, my husband is in the business and receives the *LBM Journal*. I happened to be looking through the April edition and read your article ‘Seeing the invisible people.’ This really hit home. It is true in every business as well as life. Just be kind and take the time to get to know the people you see every day...they are valuable and have value.”

We assume that because they don’t apply for any new positions, they don’t want them or are incapable of succeeding in them. But maybe work, or life, has disappointed them and they no longer have the confidence to stand up and be noticed. Maybe no one has taken the time to get to know them and what they are capable of. Maybe they are so reliable at grinding out the work that we can’t imagine losing their production, so we don’t consider them for other opportunities. Or maybe no one ever looked at them and said, “I believe in you.”

One of the last notes I received really hit home. While it was very short, it left me with mixed emotions. I was somewhat sad that they hadn’t felt this before, but happy to know I made a connection.

The message simply said, “*Thank you for taking the time to see me.*” ■



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

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Freaking out about privacy

BY THEA DUDLEY

Dear Thea,
My company recently hired a privacy law attorney to look into our procedures and systems as they relate to current privacy laws. He is questioning our practice of submitting our AR data to D&B and credit trade groups (we submit commercial credit, no consumer data). I searched the internet for specific laws and legislative acts but couldn't find a reference for the commercial credit protections, restrictions, or laws. Can you point me to specific laws that regulate credit or payment information with other business and commercial credit agencies or industry trade groups? I need to show him something to prove we can share this data and it is the basis for how credit decisions are made on trade credit.

— Freaking out in Florida

Dear Freaking out,
You and your company are trailblazers! You are the first I've heard of hiring an attorney to look for customer privacy gaps in your processes. You didn't mention if you are publicly traded or privately held.

I am going on record that I am not a fan of this lawyer. As if credit managers need one more issue to fight their leadership on. How exactly does anyone (outside of credit) think we get the information to make informed credit decisions and make them quickly? Maybe we should use the pixie dust method. Just shake the magic credit wand and see what sprinkles out.

Consumer (personal) and commercial (trade) credit reports are a way of life. If you want to buy something on credit—personal or business—credit ratings and history comes into play. Not being a lawyer (I have few enough friends as a credit manager), I reached out to an attorney buddy, who as luck and the small world of credit

management would have it, is the leading authority in our space on anti-trust. She literally writes the chapter on Commercial Credit Anti-trust laws for NACM. Thanks, Wanda Borges, for sharing your wisdom.

The exchange of credit information is controlled by the Sherman Anti-Trust Act and case law under that act goes as far back as 1925 and permits the sharing of credit information for specific purposes. Among those purposes is to safeguard the credit grantor from a customer who isn't paying its bills.

Let's talk about the privacy issues. Several states, including California, Virginia, and Colorado, have recently instituted privacy laws which, while absolutely aimed at consumer information, also control any personal information you have on personal guarantors. BUT that is consumer and not commercial credit.

So, Freaking out, take the information regarding the Sherman Act, and questions around personal guarantee data, and sit down with your privacy attorney to have the conversation. I am questioning why you even have to bring this information to the table. The attorney should know this. Could it be that his focus is consumer and not commercial? If he is going to raise the questions, he should have a paralegal to do the research, not you. If he doesn't have expertise in the business space, he should own up and say it. I'm not hating on him for not knowing every bit of the law, but if this is his field of expertise, then alrighty, "smartest kid in the class." With his hand waving out of his arm socket questioning you, have him pay attention to what you are bringing up and do the due diligence himself.

God bless you, working through this. If you need back up, let me know. I will send you Wanda's number. ■



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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Anatomy of a deal

BY JOHN WAGNER

THERE CAN BE as many as four deal elements that make up an offer to acquire your company. As an indication of interest (IOI) or a letter of intent (LOI) is presented by the acquirer, they will lay out a proposed structure for the deal using these elements, which are 1) cash at closing, 2) an earn-out, 3) a seller's note, and 4) "rolled shares." When an acquirer includes any of these deal elements in their offer, it affects the amount of *cold hard cash* the acquirer must pony up to close the deal.

As we look at these deal elements, note that the "cash at close" portion of the deal can itself be broken down into i.) cash from the acquirer, and money the acquirer borrows, typically in the form of ii.) senior debt, and iii.) subordinate debt.

Ok, let's say you sell your company for \$20 million. An acquirer may offer all cash at close, and that's the best possible deal structure for sellers, by far, since it takes the seller's risk entirely off the table. As a seller's rep, our investment bank has a strong bias for all-cash deals.

That said, to reduce how much cash the acquirer commits to the deal, they may offer just \$15 million in cash of the total \$20 million purchase price. Then they may reduce demands on their "dry powder" (cash) by putting deal element #2 in place, an earn-out.

Let's say the acquirer agrees to pay you \$3 million of the \$20 million purchase price one year *after* the acquisition, if you "earn-out" by achieving pre-set growth and performance metrics.

Now, of the \$20 million the acquirer offered, they are ponying up \$15 million in cash, and deferring \$3 million for a year. That gives them breathing room to pay for part of the acquisition out of the future proceeds of the very company they are acquiring.

However, \$20 million—\$15 million (cash)—\$3 million (earn-out) still leaves \$2 million to be made up. Of that outstanding \$2 million needed to close the deal, the acquirer may ask that deal element #3 be used, proposing that \$1.5 million in deal value be represented by a seller's note. That's where you, the seller, loan the acquirer some money to buy your own company.

(These notes are typically 5-year terms at 7%, interest only; balloon paid on the fifth anniversary. It's unsecured debt, hence the high interest rate to compensate for that risk.)

Ok, the acquirer has almost all the money needed to close the deal. For the \$20 million value, they are putting up \$15 million, you are earning-out \$3 million, and they are borrowing \$1.5 million from you as well.

Now, where does the last \$500,000 come from? The acquirer may bring in deal element #4 and offer \$500,000 of the deal value in rolled shares, where you, the seller, take shares in the NewCo created by the acquisition (or take equity in the existing company the seller is now joining). That \$500,000 can be quite valuable, with patience. However, for you to get this "second bite at the apple," and redeem those shares, you must wait for the NewCo to grow *and* have a liquidity event where your shares can be redeemed. (Typically, rolled shares are not initially liquid.)

The table below shows the deal elements *in action*. Note that I have broken out the buyer's \$15 million into three categories: cash, senior debt, and subordinate debt, using proportions that are common today. (These proportions change with borrowing costs.) Note that deal elements #2, #3, and #4 are collectively referred to as "seller leverage."

Now we see the full range of deal elements employed in composing the deal, *all of which are negotiable*, including which elements are included and what proportion of the deal they represent...and that's where your investment banker's advice is invaluable. ■

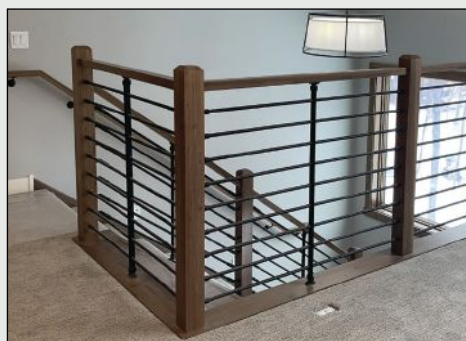


John Wagner is a managing director at 1stWest Mergers & Acquisitions, which offers a specialty practice in the LBM sector. Reach John at j.wagner@1stwestma.com

Total Purchase Price	\$20,000,000
Acquirer Funds Provided at Closing	\$15,000,000
	\$7,320,000 Cash from the acquirer
	\$6,600,000 Senior debt (44% of the "cash" offered)
	\$1,080,000 Subordinate debt (7.2% of the "cash" offered)
Earn-Out	\$3,000,000
Seller's Note	\$1,500,000
Rolled Shares Value at Closing	\$500,000

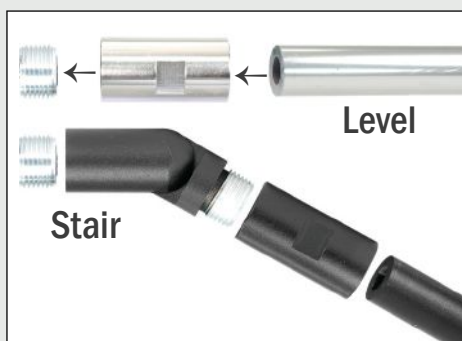


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A new market requires new strategies

BY SHANE SOULE

EVEN THOUGH WE NEED to be aware of our costs and gross margins, we can't lose focus when we need to take a loss on paper to maximize profitability long term. The reality is that as the market rises, the value of our inventory on the ground *rises* vs. what's on paper and conversely, when the market drops, the value of our material on the ground *drops* vs. what's on paper. When we make decisions based on what's on paper, blindly ignoring the market reality, that strategy seriously damages our long-term gross margin.

Our customers (and most of the time our sales reps) will push us to do the opposite of what's most profitable for us. When the market is rising, they want to lock us into a sale, and when the market is dropping, they try to delay committing to a price. It's our job to create strategies to counteract this and control the market timing of our sales.

Construction jobs, for the most part, have product deliveries dictated by timelines other than those following the price of material. It's the time where commitments are made, and pricing locked in that are variable. It's in this window of time where we can add a couple extra points of margin.

For example, an open quote for a customer that just pulled permits, at a time where you estimate the market going down, sets us up for a strategy to lock in the pricing sooner rather than later. When adopting this strategy, focus on the replacement cost, not average cost. When the market is dropping quickly, we are better off selling OSB at a rate under our average cost if replacement cost is 20% less. This is true especially for speculative sales to customers that are buying ahead for a discount. In the future, their willingness to pay will be lower than it is today when they recognize the market is trending downward. Pushing through existing inventory faster in this kind of market will help our average cost drop quickly and end up yielding more gross margin dollars over time.

Here are a few strategies to adopt depending on what side of the market we are on.

STRATEGIES TO CREATE DEMAND WHILE PRICES ARE DROPPING

- Discount jobs shipping after 14 days to lock price early and get a down payment. They will pay more now, even with a discount, than they will later.
- Offer full bunk specials to move high turning inventory to customers that are always willing to get a discount. "OSB Sale. \$5 off per sheet. Full units only. Delivery \$2 per mile or you pickup for free. This week only."
- Understand when the project is going to need to be shipped from the time it's quoted. If delivery will be right away, don't give any discounts; but if it's in the future, offer percentage points off to encourage immediate commitment. Even better—get a down payment to lock the discount.
- Be more aggressive now, even if it looks like a bad deal on paper. Move inventory.

STRATEGIES TO SLOW YOUR SALES PUSH WHILE PRICES ARE INCREASING

- Communicate early and often about the rising market to help customers raise prices in their contracts and with end customers. This "extra" we help them to negotiate is partially our profit.
- Only let customers lock pricing for more than seven days if they prepay. This will limit customers from pushing hard to hold prices.
- Offer an added value—a class to share strategies that help customers turn lumber prices into a variable cost rather than a fixed cost in their contracts. In the same class, train them to qualify their own buyers based on market fluctuations and borrowing limits.

In this highly volatile lumber market, strategically focus pricing on market timing over the more stable market strategy of selling based on the inventory average cost. Understanding retail market pricing and customers' willingness to pay at given times is to our advantage when it comes to stabilizing or increasing profit margins. ■



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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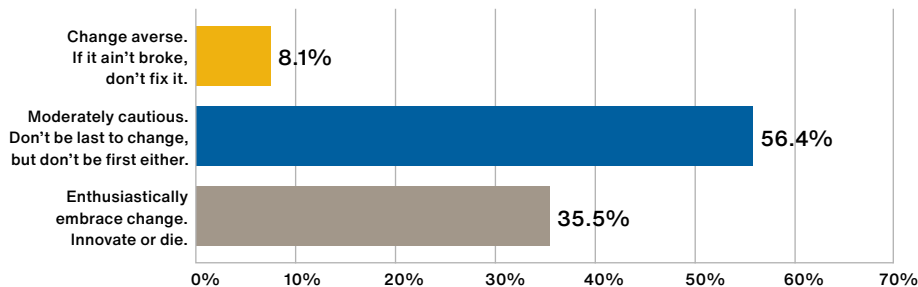
BATTLING THE STATUS QUO

BY LBM JOURNAL READERS

WHAT WOULD YOU DO as the manager of an LBM company who wants to embrace new business opportunities, but the owners of your company are more comfortable keeping things the way they are? That's the question we received from a Midwestern LBM pro, and it's at the heart of this month's Real Issues survey. As we do each month, our Real Issues. Real Answers feature aims to help a fellow lumber dealer gauge the temperature on an industry issue. More than 150 readers responded to a brief, three-question survey this month to help out an *LBM Journal* reader who, as a manager of his location, doesn't feel he's getting the support he needs from ownership to make changes that will maintain the company's status as a market leader.

First, we asked readers to share where they feel their company stands on change. Just over half of respondents said their company's attitude toward change is, "Moderately cautious. Don't be last to change, but don't be first either."

WHICH OF THE FOLLOWING BEST FITS YOUR COMPANY'S ATTITUDE TOWARD CHANGE?



Next, we asked readers who have opted in to receive our surveys via email to respond directly to the question we received from the Midwestern dealer who asked...**“As a store manager, I am always looking for ways to not just keep our business strong, but also to grow it. Unfortunately, the owners are fine with how things are or have always been. Since they don’t like change, our business is missing out. I don’t want to just sit on my hands, so to speak, because in the business world if you’re not growing, you’re dying. I’d love to hear how others would navigate this.”**

RESPONSES FROM LUMBERYARDS, BUILDING MATERIAL DEALERS, SPECIALTY DEALERS, AND DISTRIBUTORS:

“First, do your homework and provide not good, but *great* data as you are going to have to sell the change to the owners and you need buy-in. Know all the steps, the investments (time and money) required and the estimated benefits and outcomes. Make it hard for them to say ‘no’ and if they do, ask for explanation to better understand their position to maximize your management role. Be prepared with smaller steps or stages of the change and ask if those can be performed and, if successful, then the next steps and so on. If still receiving push-back, ask where the owners would like to see growth and/or improvements to the company and then develop a plan with changes necessary to achieve their visions. Accomplish that, and then use this achievement as the stepping stone for more changes in the future.”

“Baby steps. Whether it’s upgrading your showroom, adding new inventory items, new signage, adding a salesperson, go slow. One item at a time. You must do all the legwork on your own time. You must present them proof of positive results of your suggestion. If they are not going to listen to you, or any other employee, attempt to get a product rep in front of them. Good luck!”

“We need to constantly look at ‘tomorrow’ for our business and know the path to get there. We need to clearly communicate the reasoning, return, and cost to the owner (both written and verbally). We should also try to communicate the ramifications of not making certain changes. All of this must be done in the best interest of the company (integrity, humility, and selfless).”

“Start with some small changes. Make a business case for them. If the owners can see additional sales and profits, they are more likely to agree.”

“It’s hard to improve things from the bottom up. I face the same challenge as a department manager. What I have been doing is working hard to earn the owner’s trust and then making small changes within agreed parameters. When the changes pay off, I leverage that to get approval to make more improvements. It’s a slow process but I feel like continuing to strive for improvement will give me additional opportunities in the future.”

“You have to change with the times. If not, you are going to be left behind.”

“Change for the sake of change is not always productive; but change for the sake of innovation, efficiency, and growth are necessary to remain in business. I would not lose sight of this and continue to push. If your owners are not receptive to this, I would brush up your résumé.”

“I would be considering other options for employment. Move on before things get worse. Nothing stays the same anywhere!”

“Small changes over time turn into bigger changes in the long run. Baby steps may be the best solution.”

“The most likely thing to convince the owners would be to present them with numbers showing how change can improve their bottom line.”

“Outline the changes you would like to see and map out the ROI to your owners. Money talks! If they aren’t interested, it may be time to look for a new company.”

“Sometimes the reality of ‘whose money is making the decisions’ applies. After surviving a recession, caution may be our handicap.”



"If the owners will not change, look for a job with a competitor who shares your views."

"As a company, we are embracing change. At this time, we are in the process of moving to a new computer system to upgrade to the world of e-commerce."

"Qualify the needs for change by ranking them and then reasoning why your ideas would improve the current culture or business model."

"Everyone likes to be in the comfort zone. I agree you have to continue to grow, sometimes by just doing a better job of what you do every day. I struggle with owners who don't keep up on the rolling stock in a company and forklifts and then complain about repair costs. Most bigger yards are really trucking companies that deliver lumber."

"Try to instill to the owners that change is inevitable and to keep up or move ahead you must change and adapt with the times."

"I would say do as much as you're comfortable with. You can make real changes without the support of the owners. If they start to shut down your changes, maybe it's time to take your ideas to a place that would appreciate your innovativeness. If you're successful in your changes, maybe they'll come around eventually."

"Talk to owner and try to get him to see where you're coming from and the vision you have for his company."

"Show them, don't ask them, on some of the smaller things, then get into discussions about support for larger change. If they still are not interested, there are plenty of other owners who would like your energy."

"At the store manager level, we should hire, train, and promote. Create an environment that inspires our team. The external customer will feel like their team is always looking to get better for them."

"Really tough call. It depends on the type or level of change you want to make. As wrong as it sounds, if you really believe in a particular change that needs to happen on a level where you can make the decision, it may be easier to ask for forgiveness than permission."

"Do the research to be able to present quantitative forecasts."

"I would try to explain how the change would benefit the company and make them more money. If you can show more profits for the owners, they might be more receptive."

"It's moving a boulder—and that depends on how heavy it is to move forward, without it rolling backwards on you."

"I agree with the premise that you're either growing or dying. Your job as a manager is to advise your owners of the best path that you see. In the end, it's their business. But, your career is your business. If the two business plans don't align, then you're going to have to make some tough decisions as to whether to further your career there or move down the road."

"Find a new place to work that shares your ideas."

"I would have been looking at a new product and checking the need for it in my area and check the profitability to the company."

"Offer to become a partner financially. Otherwise, if you're unhappy, get your résumé together."

"If that's their stance, change employment."

"If you have interest in the business long term and have spoken to the owners in the past about new growth and they have not shown interest, then maybe it is time to work on a plan for you to help the company grow by working on a business plan that asks to share in the profits of the new business over an agreed value. If not, it may be a great time to look for another opportunity."

"A store manager's job is to manage and maximize the profits under the guidelines laid out by the owners. The way an owner looks at the business is often different than the managers. They have the investment and risk which managers do not have. I would respect my owner's position and work to achieve their goals."

"Bring in a new line, add to your contractor base, bring up the bottom line, and tell the owners you would like to expand to another location and grow the business. Results will be your best story. They will not want to lose you to another company that appreciates your drive and ability. Force their hand."

"Buy the company and run it however you like."

"I'd suggest small changes with measurable results and low risk—or at least measurable risk. Unknown can be challenging for some owners. Having a clear plan, with gauges for success vs. failure may open up their thoughts. Additionally, discussing and understanding their reluctance for change would be helpful. Have they tried things in the past that didn't work? What happened then? What's different now? Also, understanding long term goals or at least starting to set long term goals may be helpful in getting them to think 3-5 years down the road. The status quo will change eventually. In today's fast paced world, we're seeing it change multiple times."

"If you are the manager and they have awarded you that position then you need to manage your way just make sure you're making them money."

"With change in the air, owners must be open. Ideas are 10 cents a tub full. You must come with both sides of the equation. Risk for your company and the rewards and most of all downfall cost to the bottom line if it doesn't work out. Good people are hard to find."

"Gather data. Show the owners the opportunities that they are missing and let them know you will own them."

"Look first at yourself and ask if you are making a strong case for change. Have you spent the time and energy to adequately research the opportunities, then laid out a business plan for accomplishing them? If you are simply suggesting 'ideas' off the cuff without substantiating them, the owners have little incentive to change, perhaps with good reason. If, on the other hand, you are doing your due diligence and they are simply running out the clock, you need to find a more progressive employer or accept that you will have to live with the status quo."

"Try to demonstrate market potential of new ideas, plus the value of being known as market leaders and innovators."

"Either stay the course and accept your fate, try to convince the owners to make some change, or look for another company that thinks like you do."

"Advance areas you do not need permission to change and show metrics showing improvement. If ownership will not let you proceed with successes either continue without permission or relocate to a business more open to success."

"I think you need to clearly state your case with the ownership, perhaps with small steps at first. If there is still no interest, you may be working at the wrong yard."

"I would continue to have those discussions with ownership. Gather information and data around what you are looking to do to be able to present your case."

"Be proactive within the parameters you have and show the owners the results. Once you have buy-in from them, they should be willing to see more."

"Do your research. Prepare forecasts and actual data as to how the change will benefit the company and its future. Present it in a way that shows all angles of benefit—culture, financial, future growth, etc. Prepare possible solutions for the obvious challenges that would need to be overcome. It may be that you uncover something that you haven't thought about yet or perhaps you discover that the change doesn't align with your company's goals, or the risk doesn't meet the reward. Be understanding of the burden that owners carry in their business investment and seek to understand why they are averse to this particular change (not change in general). Also, have an open mind and continue presenting your ideas, 'no might not always be 'no.' They may warm up to the idea later." ►►



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"Within your level of authority, make some changes and validate the reasons and the results. As you can, get customer feedback that supports the changes you would like to make. Share with owners what your competition is doing (with success) that you are not and ask to make a trial change to better compete. The trial change is just that...if it does not work, make changes, or discontinue."

"If the company does not want to grow, I would leave. I feel either you set the pace or have the world set it for you."

"It's hard to make changes in a business without the green light from ownership. Create a solid presentation, practice prior to presenting, and do your best. The rest is up to them. You may be pleasantly surprised at their support."

"Whatever idea you have to grow the business, you need to show how your plan will affect the bottom line. Show the numbers."

"I totally agree that you need to focus on growth, because if things dry up in what you are doing now, you need to be able to compensate elsewhere. Honestly, if you want to be with a business that grows, there are so many opportunities to do that. But, if it is because they are just overwhelmed with all that is going on, I would be patient. Many fear growing because they do not have the capital or personnel to support anything additional."

"Sometimes a mock P&L will help open 'old' eyes as to the possibilities and how it would benefit the owner family."

"Change with existing product lines or new additions with related products. More product enhancements from existing vendors won't make the disruptions paramount."

"Unfortunately, what you will figure out at some point is that you are the problem and not them. The reality is that it is their business and sometimes a business exists to support a family, or the owners are fine with the status quo. This can feel like 'fighting the ocean' sometimes. Do yourself and them a favor and find a new place to work that is more aligned with your values. You'll be happy you did."

"Keep pushing and do what's best for your customers, employees, and company. If resistance persists, then it may be time to look elsewhere."

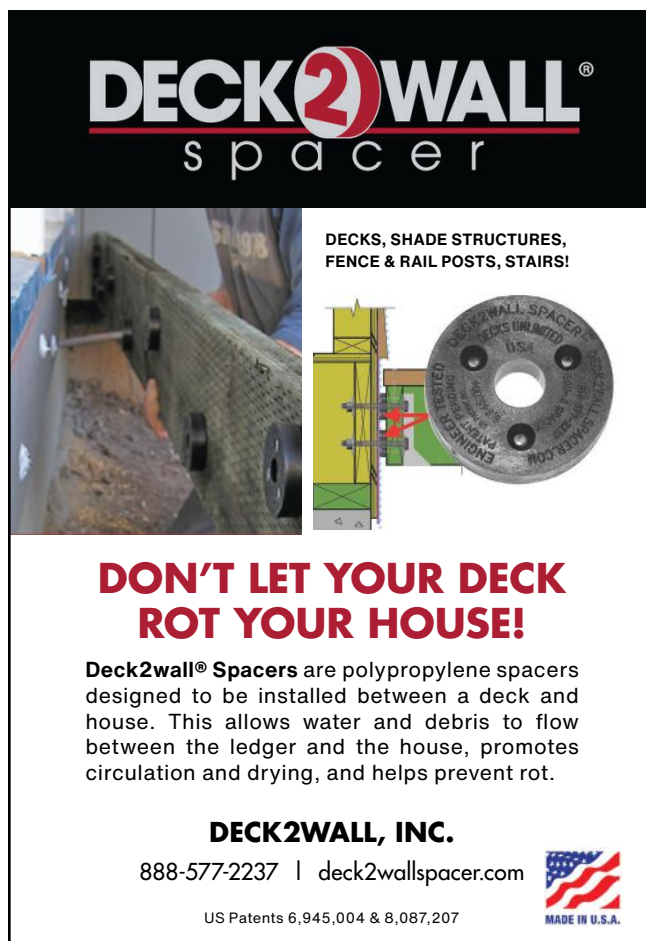


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"Start with the data. What is occurring in the markets/products that you are already in? Are they stable, growing, receding? Present the opportunities and forecasted direction and recommend a small change or addition, identifying how risk will be managed. If you get approval, and the projections are not in line with your commitments, then you have to be willing to cut ties fast. Growing versus dying can be frustrating trap. Growth needs to be the right growth. Growing top line without a corresponding growth in EBITDA is a loss. Many companies have saved themselves and become more profitably by divesting. Good Luck!"

"It is extremely difficult when trying to change old minds that have been profitable for eons (or so they think). Instead of making mass changes, hone in on one or two areas that will show them that you have the ability to back up your statement of growth. It's slow process, but Rome was not built in a day! Good luck. It is frustrating to say the least."

"It is inevitable that some of the customers you have today won't be your customer in the future. This doesn't mean you have driven those customers away; they are no longer buying from you because they went out of business, they sold, or the many other reasons, but this will happen. When do you begin to replace the inevitable lost customers? This needs to be an everyday focus. This can be obtaining new customers, new products, new channels—always be looking for new ways to add business. That is how you survive and thrive."

"I suggest doing some test marketing for your idea."

"Ask them for a budget allocation to take on new products."

"Make sure your best and truest customers agree with you. If they do, perhaps it's about time to have them speak up and ask growth questions at opportune times. If they don't, perhaps you should consider joining a different team that embraces your eagerness to grow. Either way you go, be truthful to all parties."

"Quite the conundrum this issue presents to one like yourself. From past experiences my advice is to initially try a few small things that can be done without drawing attention. If these are successful, present this information to the owners and ask for their thoughts. If they are pleased, proceed to a larger idea. As you continue to take small steps, they should trust you in your position. If they are not pleased and you are reprimanded for these actions, even though they improved your bottom line, then you need to understand that you are not the store manager for them. Immediately begin your search for other opportunities where your talents and business perspective align with ownership. If you continue to work in this environment, it will drag you down and years of your career will pass you by. Given the current industry conditions, finding a good fit for your talents and enthusiasm should not take too long."

"Keep pushing with innovative ways to approach change."

"You've got to do what you have to do to keep things rolling."

"At the end of the day, you have to realize that they are the business owners. They make the decisions. They are the ones taking the risks. All that being said, it's important that you communicate opportunities to expand in a way that helps them see the benefits and that it is sometimes more risky to avoid risk and change."

"I would strongly suggest that you speak up." ■

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NEW TO THE GAME

STEVE BENNETT BETS ON PILOT LUMBER'S POTENTIAL.

BY JAMES ANDERSON

There are a number of reasons people get into the LBM industry by way of heading up their own lumberyard. For some, it's the pride in carrying on a family tradition. For others, it's knowing they play a key role in building homes for their community. For Steve Bennett of Pilot Lumber in Bellevue Kentucky, it comes down to this: It was an opportunity to bet on himself running and owning a company, and investing in a company he believed in.

While many lumberyard owners may have taken on the family's business or have come over from the construction side to head up a supplier, Steve purchased Pilot Lumber because first and foremost he wanted to own his own business. He chose a lumberyard when the opportunity arose through his investment in Northern Kentucky real estate in an industry he believes will always be important.

A graduate of Notre Dame, Steve worked as a management consultant while earning an MBA from Michigan, which exposed him to entrepreneurship through acquisition. After gaining experience that brought him to China and back, Steve sought opportunities such as software start-ups, health care companies, and real estate investments, before selecting Pilot Lumber after moving to the Cincinnati area to be near his wife's family.

Steve had learned that the two-location lumber and building materials supply firm was for sale through connections he had made with bankers and business brokers. From an initial meeting in June 2020 to an agreement worked out four months later, the purchase process was stretched out due to the COVID-19 pandemic, but finally closed in the spring of 2021.

Once the company was purchased, Steve talked to others in the industry who own or have owned lumberyards. He still frequently visits with the folks at PC Home Centers which serves Indiana and Kentucky, as well as other dealers in the Cincinnati area.

"I've talked with other independents who may be seen as competitors, but we'd rather lose to each other," he jokes.

STRONG START

You could say Steve Bennett is new to the business, but he's certainly not new to business. While his official ownership of Pilot Lumber is just a year old, his work as a management consultant has prepared him to identify a profitable opportunity in a market poised for growth in homebuilding.

"It's only been about a year, but it has been a wild year," Steve says. ►►





While new to the industry, Pilot Lumber's President Steve Bennett has enough business operations and management experience to continue the company's success and make adjustments as he's able.

Steve credits the lumberyards' previous owner for setting him up for success after the purchase. "The former owner ran a well-run business. The operations were there, it was profitable, and growing steadily," he says. "As-is, it was a well-run, profitable company, and I give credit to the employees who have been with Pilot for a long time and have stuck with me."

While new to the industry, Steve has enough business operations and management experience to continue Pilot Lumber's success and make adjustments as he's able. "One of the things I did was ensure that the former owner would stick around for a year. He has helped me with understanding the business, the customers, and how to profitably run this business," Steve says.

In an area where housing growth is projected to continue, Steve says he'll grow with the business. As a management consultant he worked in a number of different industries where he gained knowledge and experience that can be applied to Pilot Lumber.

"I fully realize that it was a completely brand-new business for me, but it also allows me to take a chance on myself," Steve says.

GROWTH OPPORTUNITIES

Founded in 1919 as a coal and supply company, Pilot Lumber now has two locations—the orig-

inal in Bellevue, Kentucky, and a second location about 30 minutes away in Alexandria, Kentucky. Bellevue's location features a 10,000 square-foot retail space and an acre of lumber storage. In Alexandria, the company holds a 5,000 square-foot retail store on a 5-acre yard where they store decking, lumber, and sheet goods. Most home packages are shipped from the Alexandria location as well.

Around 70 – 80% of the company's materials are shipped to Kentucky, and the proximity to the greater Cincinnati tri-state area means there is plenty of room to grow by also stretching services into the Cincinnati area and into Indiana.

Pilot Lumber primarily serves pro contractors, which make up 60% of revenue in the Bellevue location and between 70-80% in Alexandria. While Bellevue is a larger market closer to Cincinnati, there are growth opportunities to be realized in Alexandria as well, Steve says.

"Bellevue gets about five times as many walk-ins as Alexandria so we're switching up the Alexandria store." Steve and his team are working to reduce the number of SKUs carried, and clear about half of the store's square footage to serve as a design center.

"We're in the process now, so it's a construction zone," he says. "We're getting rid of SKUs that don't sell and are focusing more on what



About 20 employees, including three dedicated outside salespeople, serve the communities through the two stores. Together, the company generated around \$5 million in revenue last year, while seeing steady increases since 2015.



Pilot Lumber primarily serves pro contractors, which make up 60% of revenue in the Bellevue location and between 70-80% in Alexandria.

contractors are searching for. While we're limiting SKUs, we're focusing on being an inch wide and a mile deep" rather than carrying items not used in their market.

Connecting with the community allows Steve and his team to seek out the feedback needed to make sure each location is carrying the right items. "We're doing a lot of outreach and making sure everyone knows who and where we are," Steve says.

The company is also hosting more events for local contractors, such as lunch-and-learns, that are bringing people into the store.

SOLID SERVICE

About 20 employees, including three dedicated outside salespeople, serve the communities through the two stores. Together, the company generated around \$5 million in revenue last year, while seeing steady increases since 2015.

As the only independent lumberyard in Campbell County, Kentucky, Pilot Lumber is able to out-service big box stores, Steve says. The company also specializes in decking and railing, a product category that has grown 20% year-over-year for the past three years and elevated Pilot Lumber's status in the market.

"That department is our competitive advantage from both a knowledge and stocking standpoint," Steve says. "If someone is building or repairing a deck, we can out-service any of the big boxes by keeping material in stock, offering premium grade lumber, and working with customers to create their dream deck with them."

Though lumber price volatility is a top challenge, Steve says that missed opportunities have mostly presented themselves in the form of lead times. For example, since Pilot doesn't manufacture trusses, they are forced to rely on other manufacturers that can be backlogged. As a result, he admits, the company has lost several large bids.

Keeping up with price increases can also be a battle at times, Steve says. Those increases include fuel costs, which presents challenges at a company that does half its business via delivery.

"We have to weigh the pros and cons of that. We try to be more efficient with our deliveries, and we're contemplating that since our best customers get free delivery, do we charge small fees for other small deliveries, or bunch deliveries together?"

Regardless of where fuel prices land any given month, Steve explains that constant communication with customers can alleviate most any issue. "We don't want to give anyone surprises," he says.

IN YEARS TO COME

Now that he has more than a year of ownership under his belt, Steve says a dedicated focus on what each of his stores does independently will propel the company's growth.

"The first-year goal for me was to learn the business. I've learned to run it, and I've learned a lot about the business. I have a lot more to learn still, but the changes I'm looking at now focus specifically on how the two stores are similar but different."

The Alexandria location is becoming a true contractor lumberyard, Steve says, while Bellevue is getting a refresh to the outside of the building, including updating the home and garden department, while inside inventory is getting refreshed for the market.

"The goal is to sustainably grow. I wouldn't say just aggressive growth, but sustainable aggressive growth," Steve says. ■

GET TO KNOW PILOT LUMBER

FOUNDED:	1919
LOCATIONS:	TWO
OWNERSHIP:	SOLE
EMPLOYEES:	20
BUSINESS SOFTWARE:	ECI SPRUCE
BUYING GROUP:	DO IT BEST
TOP THREE BRANDS BASED ON REVENUE:	TIMBERTECH AZEK AFCO RAILING FORTRESS RAILING

PERMA-BOOT FOR NEW CONSTRUCTION AND REROOFING PROJECTS

A new home would be more appealing not seeing white pipes penetrating the roof. Perma-Boot for new construction will help eliminate call backs for roofers and builders since pipe flashings are a very common spot for roof leaks. This could allow you to increase your labor warranty at least for the roofing aspect of the home and give you a leg up over your competitors.

Perma-Boot produces a 3-in-1 repair and flanged version model which can benefit leaving just one or two in the truck to do a quick fix. The product now fits 1.5", 2", or 3" pipes with one unit.

THE PROBLEM

The plumbing vent pipes that penetrate the roof are typically sealed with an old-fashioned rubber gasket to keep water from entering the home. These rubber gaskets deteriorate when exposed to the sun and high temperatures. Over time they get brittle and crack, losing their ability to protect the home from water intrusion.

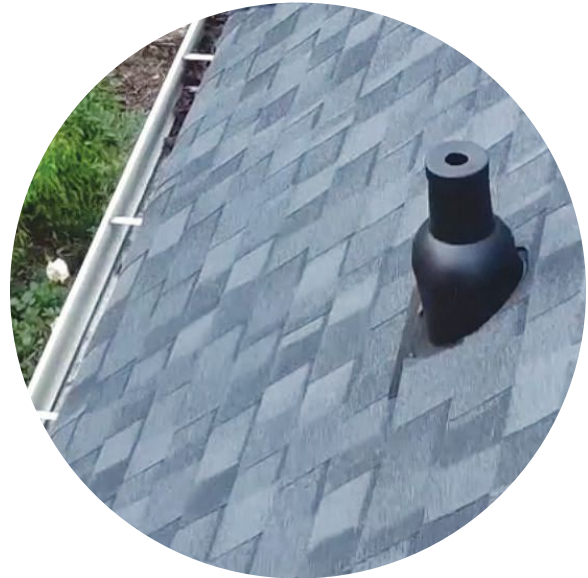
While modern roof shingles often offer a lifetime warranty, these rubber gaskets usually deteriorate in as little as 3 to 5 years. As a result, water begins to flow into the home causing damage to ceilings, interior walls and carpet.



Damage caused by conventional boot failure

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ROOFING

NEW PRODUCTS AND AN ALREADY-BOOMING MARKET SPELL GROWTH FOR ROOFING.

BY MIKE BERGER

THROUGHOUT HISTORY, we have had a love-hate relationship with our roofs. While they give us protection from the elements, they haven't always been the most reliable part of our homes. In our country's earliest days, roofs were commonly made from thatching. Those roofs were prone to leaking and invited all sorts of critters such as birds, mice, and even squirrels to take up residence in them. As settlers began to move westward, sod houses became the norm during the migration, with roofs constructed from thin layers of twigs and branches that were then covered with grass and dirt—not exactly the tidiest living conditions, nor the most weather-resistant.

It's a good thing technology has enabled us to leave thatch and sod behind and create advanced roofing materials that not only keep water off our heads but provide thermal, wind and ultraviolet protection. In fact, there are now so many roofing options that it can be difficult for the LBM dealer to know what

to stock. Plus, with continuing raw material shortages due to the global pandemic and other supply chain disruptions, dealers may find themselves at the mercy of simple product availability. Nonetheless, there's good reason to feel optimistic about the growth potential for the roofing segment.

CONTINUED GROWTH ON THE HORIZON

According to Expert Market Research (a market research and business intelligence company), the U.S. roofing market reached a value of about \$15.47 billion last year. Furthermore, the industry is expected to grow at a compound annual rate of about 3.50% in the forecast period of 2022-2027 to reach a value of around \$18.96 billion by 2027, with growth coming from segments such as smart building construction, building automation construction, and changing lifestyles driven by the Coronavirus pandemic.

Manufacturers, however, also point to ongoing labor constraints, supply chain issues, and extreme weather patterns that have already wreaked havoc in the southern part of the country as potential growth disruptors through the next twelve months. Still, optimism remains high. "The rate of housing starts continues to coast at high levels, and residential homes are utilizing higher pitches, longer spans and more complex roof systems," explains Kelly Harmon, LP Building Products' senior national product manager for OSB and EWP. "We foresee the roofing market growing proportionately."

Matt Minchew, general manager of ZIP System products roof applications for Huber Engineered Woods, shares that optimistic outlook, also pointing out the impact Mother Nature has already made on the 2022 market. "We would expect continued growth in this category based on a few factors," he says. "New housing and remodeling remain strong, and additionally we continue to see increased demand stemming from historic levels of storm-related damage."

Minchew isn't the only one noticing the demand created by early-season severe weather. "We are already seeing growth in roofing accessories, specifically synthetic roofing underlayment like Grip-Rite ShingleLayment," says Alex



OPPOSITE PAGE:

LP TechShield Radiant Barrier helps block radiant heat in the roof panel from emitting into the home's attic, which LP says will reduce attic temperatures by up to 30° F. The panels feature proprietary technology to prevent moisture buildup during and after construction, while an aluminum overlay blocks up to 97% of radiant heat.

LEFT: Huber Engineered Woods' new ZIP System peel and stick underlayment features a pull cord, split-liner application. It meets ICC-ES AC48 and ASTM D1970 requirements as an ice barrier and roof underlayment, and when applied in combination with ZIP System sheathing and tape, eligible projects can register for a Leak-Free Guarantee.

Barrego, product manager of proprietary building materials for PrimeSource Building Products. "Weather related events are a key contributor to the growth of this category, given the early hurricane and tornado damage this year throughout the southern regions, creating demand throughout Q1 that will extend into the back half of the year."

Callie Shepherd, category manager for Blue-Linx Corporation, echoes Minchew's growth predictions, especially when it comes to underlayments. "We anticipate that the roofing market will continue to grow throughout the next twelve months," she says. "We're seeing significant growth with our synthetic underlayments and expect that trend to continue."

Still, manufacturers recommend taking predictions cautiously, especially in light of how volatile the market can be, despite the best-made predictions. "Right now, we anticipate that the second quarter will continue to show growth," says David Delcoma, operations manager for MFM Building Products Corp. "However, with the recent world events, it is hard to say what the third or fourth quarters will bring." ►►

FAR LEFT: GAF recently enhanced its Timberline HDZ shingles with the addition of proprietary time-release algae-fighting technology that's now standard on many of the brand's residential shingles. According to GAF, it's the only time-release product of its kind.

LEFT: Ultra HT Wind & Water Seal from MFM is a 45 mil, self-adhering roofing underlayment composed of a non-slip, cross-laminated polymer film laminated to a high-temperature rubberized aggressive asphalt adhesive. It can be installed under shingle, tile, shake and metal roofing systems, and according to MFM is ideal for secondary water resistance with proper roof ventilation.



RESILIENT PRODUCTS IN DEMAND

As mentioned earlier, severe weather is playing a part in the growth of the roofing segment, but it's also a driving force for influencing product trends. Last year alone there were twenty weather events, each of which had losses in excess of \$1 billion, and a total combined cost was \$145 billion. With numbers like that, it should come as no surprise that roofing products that can deliver resilient properties such as wind resistance, impact resistance, and energy efficiency are growing in demand. "Today's homebuyers are increasingly interested in solutions that address these areas," says LP's Harmon, "and as a result, we expect to see manufacturers drive more resources into developing innovative products that meet this need."

Sheathing products in particular are evolving to meet resilient demand. "Overall, weather resiliency and performance has become just as important to roofing customers as sustainability, energy efficiency and aesthetics," points out Ann Iten, director of marketing for Westlake Royal Roofing Solutions. "As concerns about climate change, and the increase in storm events caused by it, become more prevalent, customers are looking for roofing solutions able to withstand and perform in this area."

ZIP Systems' Minchew also sees a general trend towards resiliency, especially in the development of sheathing products. "Where ZIP System fits into this resiliency trend is as a sealed roof deck," he explains. "The purpose of a sealed roof deck is to prevent bulk water from entering the attic in the event the finished roof covering is damaged or destroyed. ZIP System sheathing and tape can deliver this level of performance and are a simple, achievable path

to a sealed roof deck. And while there are other ways to achieve a sealed roof deck, ZIP System sheathing and tape is the only warranted sealed roof deck system that meets FORTIFIED Roof resiliency standards."

A program of the Insurance Institute for Business & Home Safety (IBHS), FORTIFIED is a voluntary construction and re-roofing program designed to strengthen homes and commercial buildings against specific types of severe weather such as high winds, hail, hurricanes and even tornadoes up to a rating of EF-2. As well as set standards for product performance, FORTIFIED also sets fastener standards for roofing, such as requiring ring-shank nails installed in an enhanced pattern to help keep the roof deck attached to the structure.

"Keeping in mind that correct installation is equally important, we are also seeing a trend toward products that have been designed with the contractor in mind, and are easier to install correctly," points out Minchew. "That's why Huber Engineered Woods puts so much effort into not only our products, but also into the ongoing education, resources and support for builders and the trades they work with."

METAL GAINS GROUND

With upheavals in the availability of raw materials combined with labor shortages and manufacturing bottlenecks, roofing product manufacturers have had their share of challenges over the past twelve months. And while asphalt shingles continue to be the top player in the market, those manufacturing challenges have created an opportunity for alternative roofing products to gain market share. "Constraints on supply have had a real impact on the shingle manufacturer's speed to market," says

BELOW: Made from 100% synthetic materials, PROLine Synthetic UDL 10 is designed for use under all types of roofing materials including asphalt shingles, synthetic shingles, cedar shakes, and metal. According to the manufacturer, it's ideal for new or re-roof applications, is 25x stronger than 15-lb. felt, and its lower weight per roll makes it easier to handle during installation.

BELOW RIGHT: LP NovaCore Thermal Insulated Sheathing features structural OSB and XPS foam that's bonded to create an insulated panel with a R-Value of 5 per inch of thickness. According to LP, it's easy to install and can be handled, cut, and drilled the same as OSB or plywood.



Doug Sloane, director of product management, building materials for PrimeSource Building Products, “with new product introductions and those same constraints have created space for asphalt shingle alternatives to take market share, with metal gaining popularity and synthetic brands finding their niche.”

In a recent roofing industry study from The Freedonia Group, the U.S. demand for metal roofing is expected to rise 2.7% per year to 32.63 million squares by next year. It’s a prediction that’s not surprising, considering metal roofs can last 40-70 years, depending on the material, and if installed properly, many metal roofing products can sustain wind gusts up to 140 mph and offer more impact resistance than traditional asphalt products. Manufacturers also point to the benefits of fire resistance, increased energy efficiency, and the fact that many metal products are created using significant recycled materials—properties that particularly appeal to consumers.

“We continue to see homeowners gravitating towards lifetime or long-term products that offer the aesthetic appeal of natural materials like slate and shake, but are manufactured to be more environmentally friendly,” says Kurt Mohn, product manager of roofing for ProVia. “Homeowners like the idea of a strong, long-lasting metal roof, but don’t want the industrial look of standing seam. Manufactured slate and shake shingle panels provide a huge boost to curb appeal and fit in better with landscaping.”

Westlake Royal Roofing Solutions’ Ann Iten also sees demand for metal roofing as a growing trend LBM dealers should pay particular attention to. “Rapid growth in the metal roofing segment does appear to be happening,”

she points out. “Stone coated steel roofing, for example, is not only great for new construction across many regional climates, but it is also optimal for retrofits because of its light weight, the strength steel provides, its ability to aesthetically mimic other types of roofing, and its resistance to many types of weather stresses.”

SOLAR ROOFING ON THE RISE

In addition to the growing use of metal products, another roofing trend that’s just beginning to be a potential game changer is that of solar products. What would have been considered science fiction not that long ago, solar shingles (also referred to as solar roof tiles) are made of slim photovoltaic (PV) sheets that either overlay or replace the existing shingles on a roof, absorb sunlight, and then convert it into electricity.

Solar shingles are typically made from one of two materials. Most are manufactured from copper indium gallium selenide, a material that gives the shingles flexibility and a conversion efficiency rate of about 10 – 12% on average. Some, however, are produced using monocrystalline silicon—a more expensive material but one with a higher efficiency rate of around 15 – 20%. And while solar shingles are in their infancy compared to other roofing materials, manufacturers are taking note.

“2021 ushered in a larger focus on solar, which we believe will be a disrupter in the market in a few short years,” explains PrimeSource’s Sloane. “Tesla’s entrée into the solar shingle game put all others on notice and we continue to see massive investments from traditional manufacturers in creating an affordable solar shingle for the marketplace.” ▶▶

BELOW LEFT: ProVia’s Metal Roofing System features a four-point locking system along with a proprietary WaveLock ribbing that the manufacturer says increases the rigidity and strength of the panel. The system is engineered to provide edge-to-edge secure panel placement and field anchoring, and protection against wind uplift speeds up to 180 mph.

BELOW: SwiftGuard from Westlake Royal Roofing Solutions is a synthetic roofing underlayment for steel, tile, shingle and shake roofing. According to the manufacturer, SwiftGuard may be left uncovered and exposed to the elements for up to six months without degradation, and its patented nail gasketing technology provides improved weather and climate resistance.



James Durkin, senior vice president of steep slope system sales at GAF, also noted the growth potential of solar shingles. “Interest in solar roofing will continue moving forward,” he says, “as well as the demand for advanced materials including coatings and high-performance underlayments. One of the most important advances, however, is the movement toward sustainability, which will have far-reaching impacts on our environment and our planet.”

THE POWER OF PARTNERSHIPS

If you feel like the roofing market has become confusing, you’re not alone. Considering the shifting landscape of consumer trends and the ongoing supply chain challenges, it can be difficult for LBM dealers to be the best resource for their customers. It’s a situation roofing product manufacturers recognize, and they have strategies to help LBM dealers succeed.

First, manufacturers recommend dealers offer a complete system of products, including value-added options and those that work together to not only increase curb appeal but also increase installation efficiency. “Sell the system,” says PrimeSource’s Sloane. “Make sure that you are offering the shingles, ventilation, flashings, underlayment, fasteners, etc. From a product standpoint, there’s a great opportunity in upselling to a premium shingle because lead times tend to be shorter. We’re seeing all shingle manufacturers scale back their three-tab production and run more lines of premium shingles. Historically, the price gap between a standard architectural shingle and a designer shingle has been tough to overcome, but the availability of designer products has more builders and re-roofers winning on the upsell.”

As well, LBM dealers need to try to stay as current as possible with the value-added products in the market and the value propo-



GAF’s sister company, GAF Energy, recently launched Timberline Solar, a roof system that directly integrates solar technology into traditional roofing materials. According to GAF, this new system incorporates the world’s first nailable solar shingle, the Timberline Solar Energy Shingle.

sition that each product brings to the table. “Today, most homeowners are looking for resiliency and efficiency in their homes,” says LP’s Harmon. “If you can combine the two with a single panel or product, it can both save labor steps and—in some instances—save money when they choose a better system that includes a warranty.”

Westlake’s Ann Iten shares similar insights, adding, “As important as it is for dealers to offer a range of materials and aesthetics to meet resiliency, efficiency and design needs, it is equally important that dealers also prioritize offering innovative components that address the needs of contractors as well as the roof’s overall performance.”

Equally important, manufacturers say, is the ability for LBM dealers to be repositories of knowledge on all the products and components they sell, and be prepared to share that knowledge with their customer base. “As companies bring in new products, we recognize the importance of direct access to manufacturer’s technical team, local sales reps and marketing to make product adoption in the area a success,” ►►

FAR LEFT: Westlake Royal Roofing Solutions’ Sol-R-Skin BLUE roofing underlayment is a thermal insulating and reflective solution that is UV resistant and features an anti-glare coating. According to the manufacturer, it delivers an R rating of 5.5, while offering Class A rated fire resistance when applied with stone-coated steel and concrete and clay tile roof systems.

LEFT: New to the market, Grip-Rite ShingleLaymen-HT is a synthetic eight-layer material combining a non-woven non-skid walking surface with high performance hot-melt butyl. For use on sloped roofs, it is designed to protect against moisture infiltration from ice buildup and wind driven rain, and can be used under primary roofing materials as a secondary water shedding device.



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explains ZIP System's Minchew. "Research consistently shows builders look to LBM dealers for product education, to make economic tradeoff decisions and ultimately understand the pass-through value to their customers. At Huber, our representatives and marketing team are there to partner with LBM dealers every step of the way from driving builder demand, providing OSR education to developing collaborative marketing solutions."

Even more of a necessity, say manufacturers, is for the LBM dealer to recognize that they're a partner with their customers in regard to business growth, and be prepared to provide clear communications and product solutions that deliver wins for the customer. "Unfortunately, it is still a challenging time to be a builder," points out ZIP System's Minchew. "On one hand, demand is booming for new homes and appears to be poised for solid growth in the years ahead. On the other, there are numerous dynamics to keep up with in the current environment. What we hear from builders is that they want products that last, provide tangible value to their homeowner, and are backed by service and support from their suppliers."

That communication, however, isn't a one-way street. Manufacturers are taking steps to talk with building professionals about what they expect to see on all business levels over the next few months—a critical step LP's Harmon says manufacturers should take to help combat some of the headwinds the industry is facing. "In the past, manufacturers could practically go hand-to-mouth with inventory levels, but today that is not an option," he explains. "When builders can look ahead and communicate what they are foreseeing to dealers and distributors, they (distributors) can then pass that information onto manufacturers so we can help them better build and manage their order files. The more notice and time, the better it is for everyone."

BlueLinx's Callie Shepherd also sees the importance of communication when it comes to customer service, pointing out, "LBM dealers should focus on monitoring inventory levels

and maintaining frequent communication with suppliers and customers to reduce gaps in service."

Still, manufacturers say to be prepared for unexpected hiccups. "Expect the unexpected," cautions MFM's David Delcoma. "Many manufacturers continue to evoke price increases and/or extended lead times due to material and labor shortages. MFM feels good about our ability to provide products to the marketplace."

THE RETURN OF IN-PERSON TRAINING

With pandemic restrictions loosening across the country, manufacturers are re-introducing in-person training events while strengthening virtual events to spread product knowledge and installation techniques.

For example, GAF was able to hold in-person meetings and training events again, specifically with its Center for Advancement of Roofing Excellence (GAF CARE). "We look forward to capitalizing not only on the ability to hold hands-on training, but also taking the learnings from the past few years with virtual programs and expanding our hybrid offerings," says GAF's Durkin. "For example, the GAF PRD Learning Academy is an online platform that provides access to courses that are designed to deepen the PRDs' professional knowledge in easily consumable 10-15 minute modules."

Likewise, LP is conducting product training sessions both in the field and virtually. "The majority of our training consists of not only educating our audience about the structural product portfolio, but also about solutions and resiliency in homes today," says LP's Harmon. "We want builders and homeowners informed on how to build strong, more efficient and long-lasting homes."

Huber Engineered Woods is continuing its Home Building Crossroads seminar that delivers building science information but is transitioning from in-person training to virtual event webinars with well-known industry experts. "We were also in attendance at the International Builder's Show," adds Minchew, "where industry professionals discussed popular building

science topics and Tech Team members answered individual questions. The best way to stay up to date with Huber's event offerings is by following us on Instagram (@huberwood) or checking the events section of our website huberwood.com."

Similarly, ProVia is expanding its Installer Training Program. Last year, it added Ben DeGraaf to its team as a job site trainer. "We take the unique approach of sending him to our dealers' first installation job to perform on-site training and make sure that issues are taken care of on the front end," explains ProVia's Mohn. "This proactive approach ensures an expert installation and cuts down on callbacks for the contractor."

And in the case of PrimeSource, it recently hosted its first post-pandemic sales meeting in Las Vegas while continuing to work on supplementing in-person trainings with content that can be readily accessed online.

In looking forward to the upcoming twelve months, it should be obvious that the potential for significant gains is a very real thing. Still, the smart LBM dealer will take the lessons learned over the past year and be ready for unforeseen upheavals. New COVID-19 subvariants may bring about new rounds of shutdowns, while continuing shipping bottlenecks, product shortages, and delivery issues may force to dealers to quickly pivot to meet their customers' needs. The key to success is to stay flexible amid any chaos that might—and will—occur. "As we continue to operate in a period of high demand coupled with the challenges mentioned, it's as important as ever to be diligent about communication and planning between LBM distributors, manufacturers, and the customers we ultimately serve together," reminds ZIP System's Minchew. "There will always be obstacles to work through; our focus is on adapting to the current landscape and finding solutions." ■

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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Atlantis Rail's updated merchandising

Cable railing manufacturer, Atlantis Rail Systems, has implemented resources and tools developed to provide a strong support system for the LBM industry. To help dealer partners in-store with the selling of cable railing, Atlantis has introduced new point-of-purchase displays. According to the manufacturer, this high ROI merchandiser allows customers to walk out with the cable and hardware needed to install Atlantis Rail's basic RailEasy Cable Railing System. It was designed with space in mind and features a small footprint as to not take up a lot of square footage in a showroom. atlantisrail.com

Simpson Strong-Tie Hanger Selector app

Simpson Strong-Tie's HS Hanger Selector web app uses 3D visualization along with calculations based on specific user input to help designers and builders find the most cost-effective joist, truss, and multi-truss hangers based on installation type, hanger options, and demand load. The new, standalone Hanger Selector is designed to allow even faster and easier access to help users quickly zero in on the appropriate hangers and see representative products incorporated into a visualizer tool based on inputs like slope and skew, lumber species and finish, fastener type, project dimensions, and more. strongtie.com



LP Legacy Premium Sub-Flooring Adhesive

LP Legacy Premium Sub-Flooring Adhesive is a construction sub-flooring adhesive developed to create tight seals in small gaps between panels, helping to produce a stiff, squeak-free sub-floor system. It is gun-applied with a fast-curing polyurethane collapsible foam adhesive that, according to the manufacturer, is 100% solvent-free and VOC-compliant. LP Legacy Adhesive is designed to work in tandem with LP Legacy Premium Sub-Flooring and LP TopNotch 350 Durable Sub-Flooring. LP says one 29-ounce can is equal to up to 12 times the coverage of a typical tube of conventional sub-flooring adhesive. LP Legacy Adhesive is applied with the LP Legacy Sub-Flooring Adhesive Applicator, a non-stick professional grade foam adhesive applicator. The dispenser gun comes in two sizes, 15" and 30". As a complement to LP Legacy Adhesive, LP is also introducing LP Legacy Polyurethane Foam Cleaner, a supporting solution designed to clean the applicator and prevent clogging. lpcorp.com

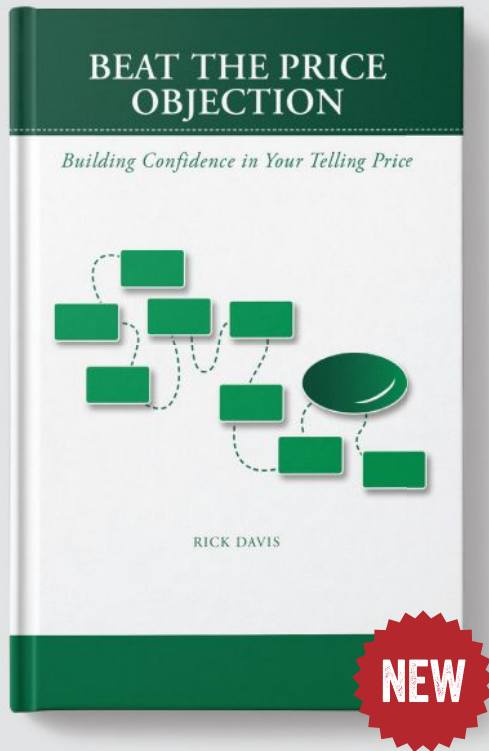


ProVia Simulated Divided Panels

ProVia has announced new Simulated Divided Panels for Signet Fiberglass Fir entry doors in selected styles. The 3" and 5" wide fiberglass grids are designed to provide dimension and distinction, boosting curb appeal. Simulated Divided Panels, or SDPs, are an offshoot of ProVia's Simulated Divided Lites (SDLs), 1" fiberglass grids designed to mimic the look and feel of old-world wood craftsmanship. SDPs feature wider 3" and 5" grids on 8' tall or shorter Signet Fir doors, applied directly to the skin of a solid door, or to the surface of a full lite of glass. Simulated Divided Panels are engineered to allow for versatility in entry door design. Available in seven stain colors, including Caramel, Ginger and Pecan, and seven glazed finishes as well, including Natural Leather and Rustic Sage. Solid color paint is another finish option, with a lineup of Standard or Trending colors to choose from. provia.com



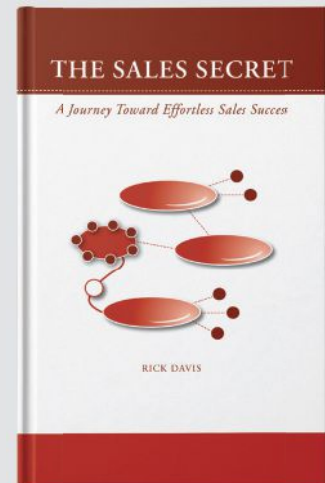
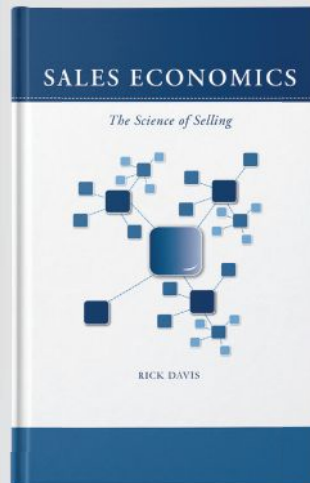
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ABOUT THE AUTHOR

RICK DAVIS, CSP, CDT is a sought-after speaker, trainer, sales consultant, and the president of Building Leaders, Inc. He is also a world class magazine columnist who has been awarded gold and silver medals from the American Society of Business Publishing Editors.



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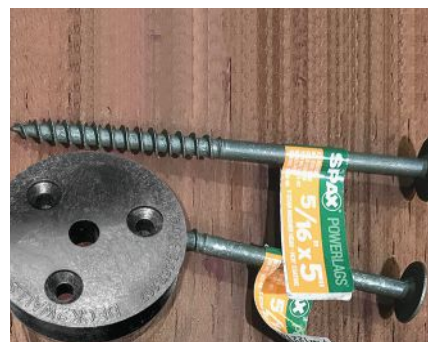
Black Label from Tropical Forest Products

Tropical Forest Products' new premium Black Label collection of tropical hardwoods are certified sustainable by the Forest Stewardship Council (155777) and Legal Lumber. The brand's lumber portfolio consists of Ipe, Cumaru, Jatoba (shown), Garapa, Angelim, Pedra, Kebony, ThermoWood, and Tigerwood. According to the manufacturer, Black Label lumber is carefully and 100% legally sourced from South America. Ideal for applications including decking, cladding, deck tiles, and soffit as well as architectural millwork, Black Label wood provides dealers, homeowners and architects with a comprehensive selection of tropical hardwood solutions for creating any vision. Black Label also offers a variety of professional grade accessories for building and maintaining decks, cladding, and other wood products. tropicalforestproducts.com



Deck2wall Spacer fastener approval

Designed for water management and rot prevention, Deck2wall Spacer model SWS is now approved for use with SPAX POWERLAGS. Based on testing conducted by SPAX, the SWS spacer is now included in the updated POWERLAGS deck ledger fastening table. The approved screws are available in 5/16" and 3/8" diameter, and have two different head types to choose from, T-STAR and HEX drive. According to the manufacturer, as structural wood screws become more popular each year for deck ledger installations, so has the SWS spacer, and the SPAX POWERLAGS line enhances the list of approved fasteners for the SWS spacer. The updated POWERLAGS fastening table is accompanied by an engineering letter, and is available at deck2wallspacer.com





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CertainTeed LEVELLINE Outside 90

CertainTeed's LEVELLINE brand of drywall corners now includes the Outside 90. LEVELLINE Outside 90 corner beads are designed to create perfect outside corners in record time. With its impact resistant plastic core, joint tape, and formulated surface paper, LEVELLINE Outside 90 corners are engineered to be lighter and easier to handle than paper-faced metal products. Unlike paper-faced metal, they are flexible and forgiving, and developed not to dent, crack, or rust. According to the manufacturer, the joint tape guarantees unparalleled bonding of the corner to the drywall while also using less compound and helps reduce overall dry time. LEVELLINE Outside 90 corner beads are available in 8', 9', 10', and 6'-10" lengths. certainteed.com



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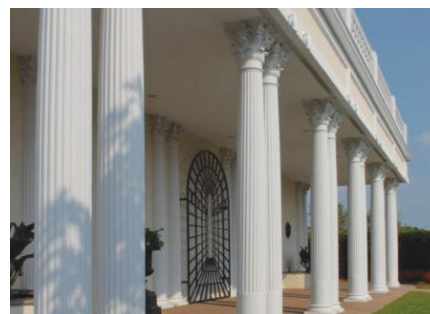
Captivate from AZEK and Russin

AZEK has partnered with distributor and pre-finisher Russin to offer Captivate, a new line of prefinished siding and trim. The Captivate line includes shingle siding designed to duplicate the look of natural cedar shingles, board and batten siding for either accent areas or an entire elevation, and dozens of trim profiles. Captivate products will be available exclusively through Russin for distribution to 13 Northeastern and mid-Atlantic states. Captivate will be available in 12 regionally popular quick-ship colors with additional custom colors available by special order. The Captivate line is developed using Russin's machinery developed to apply quality-tested paints in a consistent and controlled manner. Captivate carries a warranty from the paint manufacturer, in addition to the AZEK Exteriors Limited Lifetime Warranty on the substrate itself. azekexteriors.com/captivate



DSI Column Uplift Kits

Digger Specialties Inc. (DSI) is now offering Uplift Kits for most of its column designs which are engineered to provide protection during high wind situations by reducing vertical movement of the column. According to the manufacturer, columns installed with Uplift Kits have been tested to an industry best 5,000 pounds of wind uplift resistance. These kits are appropriate in any geographic area and are designed to be particularly effective in coastal areas or any locations subject to high winds. DSI columns are available in aluminum, composite, and fiberglass materials and a variety of aesthetic designs can be selected which include round, raised and recessed panels, and square and fluted columns depending on the material selected. dsicolumns.com





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



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RUNDOWN AND FACING COMPETITION

YOUR LUMBERYARD IS IN NEED OF REPAIRS BEFORE A BIG CHAIN MOVES IN DOWN THE STREET. BUT OWNERSHIP DOESN'T SEE IT THAT WAY. WHAT WOULD YOU DO?

JUNE 2022 marks your 20th anniversary with RunDown Lumber, and what an adventure it has been! When you joined in 2002, business was okay, but it quickly ramped up over the next few years until the boom in 2007, the bust in 2008, and the long, slow post-Great Recession journey. Like most other dealers in 2022, your business is stronger than ever, and it's not uncommon to approach or set all-time revenue records.

Many things have changed from the boom in 2007 to today. From your perspective, the biggest change has been your advancement from inside to outside sales, then sales manager, to your role today as general manager. The products you sell have evolved somewhat—your company prides itself on carrying products that deliver high quality and strong value. You're not the cheapest, and that's okay. Your customers understand that spending a little more with you can save them time and money in the long run.

One thing that hasn't changed, unfortunately, is your company's physical infrastructure. The sliding door that didn't work quite right when you started in 2002 continues to frequently fall off its track. The parking lot, which was new in 2002, hasn't been maintained at all—and it shows. The trucks and forklifts are old and getting tougher (and more expensive) to repair. And your team is still getting by on an antiquated, green screen computer platform.

As the GM, you're proud of your team, and the fact that they continue to perform, and to make the best of increasingly outdated tools. Since you track the sales, expenses, and profits closely, you know that the company is very profitable. And you want the company to stay that way long-term, but you're concerned that the lack of reinvestment into the business is going to start costing you customers.

It's already costing you potential employees. Despite offering competitive wages and benefits, once young people navigate your bumpy parking lot and make it inside the showroom (which hasn't been updated for two decades), you can see in their faces that they do not see a bright future within your dingy walls.

When you've approached the owners with a list of items needing the most urgent attention, along with proposals and bids on making needed improvements, there's always a reason not to spend the money. "The parking lot is fine," they say, "a few potholes aren't going to kill anyone." "That computer system was a big investment, and if it ain't broke, why would we invest that much in a new system?" "If the sliding door opens and closes, then that means it works. Once it can no longer be fixed, then we'll replace it."



You just learned that a large regional pro dealer bought up some land just down the road from you, and plans to break ground on a new lumberyard. Like you, they carry high-quality products and are known for their on-time, in-full deliveries. Unlike you, their state-of-the-art facility will have a freshly paved parking lot, shiny new trucks and lifts, and an up-to-date software platform.

When you brought this to the owners' attention, they said, "sounds like when Home Depot came to town. Our world didn't end then, and it's not going to end now." You disagree, and are concerned about your team, your company, and your future. What would you do?

▶ CAST YOUR VOTE ONLINE AT: LBMJOURNAL.COM

- **STAY THE COURSE.** Trust that the owners of your company know what they're doing. Do what you can with the resources you have and prepare your team for battle.
- **SHOW AND SELL.** Move forward with some small investment/high return changes, then show the owners the impact of the investment. Win them over with results.
- **UPDATE RÉSUMÉ.** You've had a great run at RunDown, but you can't justify staying with a company that's not going to reinvest in its future. Time to start looking.
- **JUST DO IT.** As the GM, you're responsible for the livelihoods of a lot of people. Asking permission isn't working. So do what needs to be done, then ask forgiveness.

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.



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/lbm-century-club.

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