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JULY 2022 \$10 U.S.

IN-TOWN AND ONLINE

KNUDSON LUMBER PREPARES
FOR GROWTH

IN DEPTH: SIDING

FOR THE SIDING SEGMENT, CAUTIOUS
OPTIMISM HOLDS SWAY IN TURBULENT
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REAL ISSUES. REAL ANSWERS.

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Sticks matter

THIS WINTER, my 15-year old son will be a second-year bantam hockey player—which will be faster, more physical, and more challenging than ever before. Determined to be the best he can be, this summer, in addition to just being a kid and enjoying the break from school, he is working on strength training and conditioning as well as shooting and skating. The shooting training, which is with a former NHL teammate of Wayne Gretzky, began with a stick fitting and off-ice training. Surprisingly, the stick fitting alone was a literal game-changer.

Typically, when we buy new a hockey stick, we buy one that “feels” right in the store. As we learned during the first lesson, the not-inexpensive stick he’d been using was pretty much completely wrong for his style of play. Only a small area of the stick actually touched the ice—making it that much tougher to pass, shoot, and score. Now, armed with a stick that works *with* him, instead of against him, practicing is no longer a chore. And our three-stall garage now has one stall set up as an active hockey practice area.

As important as it is for an athlete to have the right tools, it’s that much more important that our teams aren’t held back by their tools. Especially given the scarcity of labor, and the challenge of attracting and retaining good people, does it make sense for members of our team to “get by” with sub-standard tools? Whether it’s something as simple as updating office chairs and desks (even for people who office from home) or ensuring that their technology tools aren’t holding them back, this is something simple that sends a powerful message. Plus, it shows our people that we’re invested in their happiness and success. And that’s no small thing.

Since attracting, hiring, and retaining good people is one of the top challenges facing our companies, making sure our team members have the right tools is a great place to start. It’s as easy as asking if they need anything to do their job better. Then, instead of insisting that whatever they have is good enough or buying them the very cheapest replacement, let them choose their new computer, or new phone, or desk. If they suggest sizable investments (new trucks, software, warehouse racking, etc.), take the suggestion seriously, and investigate to see if it makes sense. That’s what happened at LBM Journal, and we just completed a major software transition—prompted by a team member’s suggestion—which is already paying dividends.

With inflation and mortgage rates on the rise, there’s no question that our business cycle is slowing down. That is beyond our control. How we respond to the market realities is 100% within our control. The reality is that good people are tough to find, so let’s make sure we’ve taken care of our existing team members before working to attract others.

Here’s to working together to control what we can control, and to make sure we, our team members, and our companies are the best versions of ourselves that we can be.



Rick@LBMJournal.com

— Rick Schumacher
Executive Editor & Publisher



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IN THIS MONTH'S profile story on Knudson Lumber (page 42), we share that Renee Kraft has introduced her single-location lumberyard to online retail. Knudson Lumber invested in the software, staff, and infrastructure to allow customers to shop online, submit quotes, chat or email with the sales team, and pay their bills online. All this for a smalltown lumberyard in Central Washington.

I mention Renee's story here because after interviewing her, I was left with the idea that we can all learn from Knudson Lumber's philosophy. The way in which the company has focused on the future of online retail before it found itself in crisis mode scrambling to catch up is a lesson in strategy and tactics that can serve as a model for companies of all sizes. Knudson Lumber doesn't *need* online sales right now. In fact, the vast majority of the company's builder customers don't shop online. But they will. And when they do, Renee and her team will be ready for them.

Perhaps it is because Ellensburg, Washington, where Knudson Lumber is located, has a population of just over 20,000 that makes their focus on online sales so impressive. The town where I live has about 50% more people, but no option for online LBM shopping outside of that one big box store on the edge of town.

In an area that isn't clamoring yet to buy building materials online, Renee's team has established a digital marketplace for its products, and they've done so while also maintaining revenues of \$15 million and climbing. Now we've got a lesson not only in strategy and tactics, but in multitasking as well. As the team at Knudson Lumber worked to make each day's business a success, they've laid the foundation for years of future business as well.

As Renee said during our interview, "I feel the reasoning behind online retail in this day and age is that you have to be visible, you have to be transparent about your business, you have to be online, and you have to be relevant."

— James Anderson
Editor



A handwritten signature in dark ink, reading "James Anderson".

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UPDATES

PEOPLE

Jeld-Wen has appointed **John T. Krause** to SVP and GM of North America.

Doug Rende is now CEO at **North American Specialty Laminations**.

Associated Materials has announced the appointment of **James Drexinger** as chief executive officer.

Ryan Guggenberger is the new CFO at **Avon Plastics**. **Steve Campbell** has been named territory sales manager.

Peter Bondo, Patrick Bouchard, Austin Jordan, Alex Kapres, Zachary Archer, and Shane Harrington have joined **VERSATEX** as market development specialists. **Brian Lasinski** has been hired as marketing communication and system specialist.

Biewer Lumber has named **Mike Burley** as sawmill sales manager and **Bill Schlottman** as director of sawmill sales.

INDUSTRY

Tantimber, a mass manufacturer of thermally modified wood products, has invested \$10 million in a nearly 300,000 square foot production plant in Duzce, Turkey.

Modern Mill and its product **ACRE**, made from upcycled rice hulls, has won several of Fast Company's 2022 World Changing Ideas Awards.

Five members of the **ProVia** safety staff have received special OSHA certifications.

Weyerhaeuser has acquired 80,800 acres of timberlands in North and South Carolina.

Roseburg Forest Products held a groundbreaking for its new Roanoke Valley Lumber sawmill in Weldon, N.C.

LP Building Solutions has been honored as Forest Conservationist of the Year by Tennessee Wildlife Federation. LP has also been named Best in Business by *Nashville Business Journal*.

Humboldt Sawmill has again sponsored the Design Build course at Cal Poly State University in San Luis Obispo, California.

Altenloh, Brinck & Co., manufacturer of **SPAX** fasteners, unveiled a 12,000 square foot training center at its Bryan, Ohio headquarters.

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



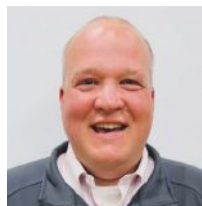
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DISTRIBUTION

Coastal Forest Products will distribute **Palram Americas' DURACLAD** line.

Cameron Ashley Building Products, BlueLinux, and Carolina Atlantic will distribute **VERSATEX** in select locations.

Funch Lumber will distribute Zuri decking for **Westlake Royal Building Products**.

Weekes will distribute **Tropical Forest Products' Black Label**.

MERGERS & ACQUISITIONS

CRH will acquire **Barrette Outdoor Living** for \$1.9 billion.

Ambassador Supply has acquired **Orgain Building Supply** and **Astro Buildings**.

Boise Cascade has reached an agreement to acquire **Coastal Plywood Company**.

Gulfeagle Supply has announced the acquisition of **Brightview Distribution**.

NAHB: WEAKENING BUILDER CONFIDENCE POINTS TO ECONOMIC TROUBLES AHEAD

Rising inflation and higher mortgage rates are slowing traffic of prospective home buyers and putting a damper on builder confidence. In a troubling sign for the housing market, builder confidence in the market for newly built single-family homes posted its sixth straight monthly decline in June, falling two points to 67, according to the National Association of Home Builders (NAHB)/Wells Fargo Housing Market Index (HMI). This marks the lowest HMI reading since June 2020.

"Six consecutive monthly declines for the HMI is a clear sign of a slowing housing market in a high inflation, slow growth economic environment," said NAHB Chairman Jerry Konter. "The entry-level market has been particularly affected by declines for housing affordability and builders are adopting a more cautious stance as demand softens with higher mortgage rates. Government officials need to enact policies that will support the supply-side of the housing market as costs continue to climb."

"The housing market faces both demand-side and supply-side challenges," said NAHB Chief Economist Robert Dietz. "Residential construction material costs are up 19% year-over-year with cost increases for a variety of building inputs, except for lumber, which has experienced recent declines due to a housing slowdown. On the demand-side of the market, the increase for mortgage rates for the first half of 2022 has priced out a significant number of prospective home buyers, as reflected by the decline for the traffic measure of the HMI."

All three HMI indices posted declines in June. The component charting traffic of prospective buyers fell five points to 48, marking the first time this gauge has fallen below the breakeven level of 50 since June 2020. The HMI index gauging current sales conditions fell one point to 77 and the gauge measuring sales expectations in the next six months fell two points to 61.

Looking at the three-month moving averages for regional HMI scores, the Northeast fell one point to 71, the Midwest dropped six points to 56, the South fell two points to 78 and the West posted a nine-point decline to 74.

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THEA DUDLEY
Credit Overlord
Pocket Protectors LLC



MATT ELLIS
VP - Talent Management
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CUSTOM HOME BUILDING SHOWS GAINS IN FIRST QUARTER

National Association of Home Builders' analysis of Census Data from the Quarterly Starts and Completions by Purpose and Design survey indicates custom home building posted a year-over-year gain for the first quarter of 2022. There were 46,000 total custom building starts during the first quarter of the year. This marks a 28% increase from the first quarter of 2021.

Over the last four quarters, custom housing starts totaled 205,000 units, a 13.9% gain from the prior four-quarter total.

After some market share declines due to a rise in spec building post-covid, the market share for custom homes is increasing. As measured on a one-year moving average, the market share of custom home building, in terms of total single-family starts, increased to 18%. This is nonetheless down from a cycle high of 31.5% set during the second quarter of 2009.

UPCOMING EVENTS

JUL 28-31 BUILDING MATERIAL SUPPLIERS ASSOCIATION SUMMER CONFERENCE
Myrtle Beach, SC | mybmsa.org

AUG 15 EMERY JENSEN EDGE VIRTUAL | emeryjensendistribution.com

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

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TOUGH CALL ANSWERS

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THE SAGA OF CECIL'S CULLS

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8%

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71.1%

NEGOTIATE. Sit down with Cecil and explain how the reality of your costs means that you likely lose money selling to him. Ask him to work with you to find a solution.

11.6%

LIMIT HIS RETURNS. Tell Cecil that you're accepting no more than 5% returns from any customers. That will help him learn to use the less-than-perfect lumber in his projects.

INTEREST RATES, DECLINING AFFORDABILITY STIFLE NEW HOME SALES

In a further sign of a housing slowdown, new home sales posted a double-digit percentage decline in April, falling to their weakest pace in two years, as rising mortgage interest rates and worsening affordability conditions continue to take a toll on the housing market.

Sales of newly built, single-family homes in April fell 16.6% to a 591,000 seasonally adjusted annual rate from a downwardly revised reading in March, according to newly released data by the U.S. Department of Housing and Urban Development and the U.S. Census Bureau. New home sales are down 26.9% compared to April 2021.

"The volume of signed sales contracts significantly declined in April as the cost of purchasing a home increased in 2022 as interest rates surged higher," said Jerry Konter, chairman of the National Association of Home Builders (NAHB). "Higher construction costs fueled by rising material prices and supply-side constraints along with limited existing home inventory are pricing many potential home buyers out of the market."



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NLBMDA: TELL CONGRESS TO SUPPORT AFFORDABLE HOUSING

The National Lumber and Building Material Dealers Association is asking members to reach out to their lawmakers to urge them to cosponsor and pass the Affordable Housing Credit Improvement Act (H.R. 2573/S. 1136). This bipartisan bill would further strengthen the Low-Income Housing Tax Credit (LIHTC) to increase investment in affordable housing, build tens of thousands of new affordable units across the country, and better serve hard-to-reach communities, NAHB says.

Since 1986, LIHTC has financed the development of over 3 million apartments, providing affordable homes to roughly 7.2 million low to moderate-income families. The development of these apartments has supported 3.4 million jobs, and generated \$323 billion in local income and \$127 billion in federal, state and local tax revenues. Without LIHTC, there would be virtually no private investment in affordable housing. It is fundamentally uneconomic to build housing that very low-income people can afford.

The Affordable Housing Credit Improvement Act would make the following changes to the LIHTC:

- Increase Housing Credit allocations by 50% to help meet the growing need for affordable housing.

- Enable the Housing Credit to better serve hard-to-reach communities including rural, Native American, high-poverty, and high-cost communities, as well as low-income and formerly homeless tenants.
- Make the Housing Credit a more effective tool for preserving the nation's existing affordable housing inventory by simplifying and streamlining rules.
- Enable states to maximize affordable housing production and preservation by lowering the threshold of Private Activity Bond financing—from 50% to 25%—required to initiate the maximum amount of 4% Housing Credits, which is needed for financial feasibility.
- Accelerate implementation of the allocation increase from the previous five years to two years.
- Improve the Housing Credit student rule provision to clarify that formerly homeless youth and victims of human trafficking are eligible for affordable housing.
- Update the casualty loss provision to allow for a longer rebuilding period after natural disasters if necessary, as determined by the state housing agency.

Members can email their elected officials in Congress and urge them to support the bill by utilizing NLBMDA's Grass-roots Action Center.

HOUSING STARTS HELD DOWN BY RISING INTEREST RATES, HIGHER CONSTRUCTION COSTS

Rising interest rates and ongoing building material supply chain disruptions that raise construction costs continue to act as significant headwinds against housing starts, according to the National Association of Home Builders.

Overall housing starts fell 14.4% to a seasonally adjusted annual rate of 1.55 million units in May from an upwardly revised reading the previous month, according to a report from the U.S. Department of Housing and Urban Development and the U.S. Census Bureau.

The May reading of 1.55 million starts is the number of housing units builders would begin if development kept this pace for the next 12 months. Within this overall number, single-family starts decreased 9.2% to a 1.05 million seasonally adjusted annual rate. The multifamily sector, which includes apartment buildings and condos, decreased 23.7% to an annualized 498,000 pace.

"Single-family home building is slowing as the impacts of higher interest rates reduce housing affordability," said Jerry Konter, chairman of the National Association of Home Builders (NAHB). "Moreover, construction costs continue to rise, with residential construction materials up 19% from a year ago. As the market weakens due to cyclical factors, the long-term housing deficit will persist and continue to frustrate prospective renters and home buyers."

"In further signs that the housing market is weakening, single-family permits are down 2.5% on a year-to-date basis and home builder confidence has declined for the last six months," said NAHB Chief Economist Robert Dietz. "Due to the acceleration in construction activity in recent quarters,

housing completions are rising. Single-family completions were up 8.5% in May 2022 compared to May 2021 as inventories rise."

On a regional and year-to-date basis, combined single-family and multifamily starts are 2.1% higher in the Northeast, 1.2% higher in the Midwest, 12.9% higher in the South and 4.3% higher in the West.

Overall permits decreased 7.0% to a 1.70 million unit annualized rate in May. Single-family permits decreased 5.5% to a 1.05 million unit rate. This is the lowest pace for single-family permits since July 2020. Multifamily permits decreased 9.4% to an annualized 647,000 pace.

MULTIFAMILY BUILDER CONFIDENCE WEAKENS

Confidence in the market for new multifamily housing turned downward in the first quarter of 2022, according to results from the Multifamily Market Survey (MMS) released by the National Association of Home Builders (NAHB). The MMS produces two separate indices. The Multifamily Production Index (MPI) decreased six points to 48 compared to the previous quarter, dipping below the break-even mark of 50 for the first time in three quarters. The Multifamily Occupancy Index (MOI) inched down one point to 68.

The MPI measures builder and developer sentiment about current production conditions in the apartment and condo market on a scale of 0 to 100. The index and all of its components are scaled so that a number above 50 indicates that more respondents report conditions are improving than report conditions are getting worse.

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SINGLE-FAMILY HOUSING STARTS DECLINE IN APRIL

The single-family housing market continued to show signs of slowing in April as rising mortgage rates and ongoing supply chain disruptions continue to raise housing costs and take a toll on the housing market.

Due to a surge in multifamily production, overall housing starts held fairly steady, falling just 0.2% to a seasonally adjusted annual rate of 1.72 million units, according to a report from the U.S. Department of Housing and Urban Development and the U.S. Census Bureau.

The April reading of 1.72 million starts is the number of housing units builders would begin if development kept this pace for the next 12 months. Within this overall number, single-family starts decreased 7.3% to a 1.10 million seasonally adjusted annual rate. The multifamily sector, which includes apartment buildings and condos, increased 15.3% to an annualized 624,000 pace.

"Today's housing starts report is more evidence that the single-family market is slowing," said NAHB Chief Economist Robert Dietz. "While single-family starts are up 4.1% on a year-to-date basis, we're expecting flat conditions for the year and a decline in 2023 as housing affordability challenges in the form of higher mortgage rates and construction costs continues to worsen housing affordability conditions. Single-family permits are down 2.3% on a year-to-date basis thus far in 2022."

On a regional and year-to-date basis, combined single-family and multifamily starts are 6.3% higher in the Northeast, 5.2% higher in the Midwest, 13.3% higher in the South and 8.3% higher in the West.

Overall permits decreased 3.2% to a 1.82 million unit annualized rate in April. Single-family permits decreased 4.6% to a 1.11 million unit rate. Multifamily permits decreased 1.0% to an annualized 709,000 pace.

Looking at regional permit data on a year-to-date basis, permits are 4.9% lower in the Northeast, 4.0% higher in the Midwest, 3.5% higher in the South and 1.3% higher in the West.

BY THE YARD NEWS FROM LUMBERYARDS AROUND THE COUNTRY

MEAGAN MCCOY JONES NAMED CEO AT MCCOY'S BUILDING SUPPLY

Meagan McCoy Jones has been named president and CEO of McCoy's Building Supply. Jones succeeds her father, Brian McCoy, who is retiring after a 50-year career with the company. McCoy has served as sole CEO since 2001. Also at McCoy's, Rob Perrone had been promoted to director of merchandising—Hardlines. Lisa Barrett will be the director of store planning & visual merchandising.

MCCOY'S BUILDING SUPPLY OPENS SPICEWOOD, TEXAS LOCATION

The new store features 15,000 square feet of inside retail space and a paved, drive-through lumberyard. Store Manager Drew Van Winkle leads the team along with Assistant Managers Will Winkelmann and Yulisa Martin.

CURTIS LUMBER HELPS JUMP-START TRADE CAREERS

Curtis Lumber, ranked 26th on the 2022 LBM 100 list of top dealers nationwide, has spearheaded an effort to provide over 250 tool bags filled with some starter items in support of graduating seniors entering the workforce in the areas of construction, heavy equipment, HVAC, and welding.

MID-CAPE ADDS TO 'FLEET OF HOPE'

Mid-Cape Home Centers, a division of US LBM, has announced the addition of two newly wrapped Trucks-for-a-Cause to their ever growing 'Fleet of Hope.' Joining the ranks are a truck wrapped for Big Brothers Big Sisters and one for Mental Health Awareness.

US LBM NAMES WENDY RADTKE EXECUTIVE VP AND CHIEF HUMAN RESOURCES OFFICER

In her role as CHRO, Radtke is responsible for leading the development and implementation of US LBM's overall associate experience and organizational effectiveness strategy, which includes learning, development, recruitment, talent management, compensation and benefits. Radtke succeeds Wendy Whiteash, who has moved into the role of executive vice president of Integration & Strategic Priorities. Radtke will report directly to US LBM President and CEO L.T. Gibson

BRAND VAUGHAN LUMBER NAMED TOP WORKPLACE FOR FOURTH CONSECUTIVE YEAR

Brand Vaughan Lumber has again been named a Top Workplace by the *Atlanta Journal-Constitution*. This is the company's fourth consecutive year on the Atlanta-area list of best employers.

WARD LUMBER ADDED TO NEW YORK HISTORIC BUSINESS REGISTRY

New York Senator Dan Stec presented CEO Jay Ward and the employees of Ward Lumber with the official state certificate honoring the company for its addition to the New York State Historic Business Preservation Registry. The registry launched earlier this year, and Ward Lumber is one of the first 100 businesses selected for this honor.

US LBM ACQUIRES TRUSS FAB

US LBM has acquired Truss Fab Companies, a manufacturer of structural roof and floor trusses, wall panels and supplier of lumber to customers in Arizona, California, Nevada and New Mexico. US LBM is number two on the recently-released 2022 LBM 100 list of top LBM dealers.

NATION'S BEST ACQUIRES CALAVERAS LUMBER AND SONORA LUMBER

Nation's Best has announced the addition of Calaveras Lumber and Sonora Lumber in central California to its family of businesses. As part of Nation's Best's strategy, Calaveras Lumber and Sonora Lumber will maintain operations under their existing names with its key leadership team overseeing company operations alongside Nation's Best, which will provide the strategic and financial support.

DEALERS, GOT NEWS?

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

Nine out of 10 salespeople wing their way through sales calls

BY BILL LEE

“GOOD MORNING! My name is Oliver Witten. I represent Eagle Supply Company out of South Hampton. Do you have time for me to give you a few prices on several of our most popular products?”

This is the way Oliver introduces himself and his company to virtually every prospect he visits. Just ask his company’s veteran salespeople, and they will tell you the same thing; their entire company believes selling is all about price.

The odds are this perception is not accurate, but opening conversations with prospects by quoting a handful of prices is the same as saying, “Our company has the lowest prices in the market. Let me quote you on a few products so you can see how cheap our prices are.”

Is this really the message you want to lead with? Assuming your quality and service are acceptable, the odds are your prices will still need to be in the ballpark, but there’s almost always a lot more involved in taking business away from the competition than having the lowest price.

Managers who promote a value-based marketing approach by their sales team, combined with an incentive-based compensation plan, will find that their sales personnel will close substantially more new business at a faster rate than those who rely upon a commission plan alone.

WHEN IS THE SALE MADE?

Is it when the customer finally says, “Yes?” Is it sometime after the decision maker gets to know you and trust you? Or is it possibly when the prospect heard the way you introduced yourself the very first time you called for an appointment?

I believe that any of these moments can be when the sale was made, or possibly several other times, as well. I also believe that most of the time buyers have to “warm up” to salespeople before they make the decision to do business with them. This is why salespeople must be easy to be with, non-controversial and knowledgeable, but not cocky or arrogant.

MEETING THE PROSPECT

I have always maintained that a salesperson’s number one goal on a prospect call is to get permission to come back. And I still believe that is a critical goal. I’m not going to ask for an order on the first call, but what I am going to do is something my prospects will perceive as solid evidence that I genuinely care about them and their priorities.

The first stage of relationship with prospects is to give them a positive impression of you as a salesperson; that is, someone they believe would likely be an asset to them and to their business. I have found no more effective way to accomplish this goal than to approach prospects with a *servant* mentality.

DISPLAYING A SERVANT MENTALITY

My favorite book on this topic is “The Servant” by James C. Hunter. The author says: “To have a servant mentality, you have to think more about what’s good for others, i.e., your customers and prospects—and less about what’s good for you.

“Great leadership is not defined by what you accomplish; it’s what your influence and inspiration helps other people accomplish.”

Certainly a salesperson wants to make a sale, but don’t rush into asking for an order. First, observe your prospect. You are looking for areas in the business your prospects are attempting to improve. Here are some examples of areas I frequently observe:

- Be more effective business leaders.
- Be better at training and developing their people.
- To put more money on the bottom line.
- To determine what kinds of things are preventing them from growing their businesses as rapidly as they would like. ■

(In next month’s issue, Bill Lee will explain why he believes sales is more about science than it is about persuasion.)



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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Follow the leader

BY RICK DAVIS

IN THIS TIME OF abundance, it is the perfect time to concurrently and proactively seek accounts that provide long-term benefits.

Great sales leaders recognize that every sales opportunity should provide follow-up. This isn't the type of follow-up where you dot your I's and cross your T's while ensuring that you delivered what was promised, although this is certainly critical to success. I am referring to the pursuit of sales that will automatically present follow-up opportunities.

When Sally noted that homeowners walking into her kitchen showroom were a pain in the neck, she had not considered following-up with contractors and designers. In essence, she was leaving opportunities on the table because she lacked a complete understanding of the client's construction process. Sally started to ask every homeowner who walked in the door for information about his or her contractor so she could cultivate new relationships. She later started to ask about homeowner's designers, again to generate more follow-up leads.

Your mission in sales should be to seek opportunities that create opportunities. Consider some of these angles:

1. Evaluate Future Sales Potential. A young salesperson was engrossed in preparing a proposal for 200 windows on a condo rehab project. The manager calmly noted that this was not the type of customer the salesperson should pursue. The manager called the client a "homeowner," explaining that the client would never buy windows again after this project. The sales-

person concluded that this condo deal wasn't a good follow-up sales opportunity. The moral: Rather than hunt for one-time projects from homeowners and commercial projects, consider that smaller sales from repeat purchasers might provide more stable business.

2. Back into Big Opportunities. As more LBM dealers recognize the importance of cross-selling, the common practice for salespeople is to strive for a top-down sales progression in which a primary product, like lumber or millwork, launches the relationship. But the problems that builders often face in the market are with secondary items: exterior trim, fireplaces, insulation, and the like. Rather than push a product to a builder who is wholly satisfied with their existing supplier, discover areas in which the builder needs the most help, even the little items. The small sale can launch a big relationship.

3. Find Cooperative Negotiators. Salespeople throughout our industry lament price objections. But this should not blind a salesperson to what virtue there is; many prospects and clients continue to be compromising, even cooperative negotiators. The work is in finding them. You have to work to stand out from average performers who rely on market fluctuations. There are good clients out there and finding them will take work. That is the job of selling. Work to find new follow-up opportunities, and you will discover that you can make a difference for your company during good times and bad. ■



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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Leading with communication and care

BY RIKKA BRANDON

IMPROVING YOUR APPROACH to employee retention and recruitment isn't always an easy task, but it's one that can pay off in droves. That's what Spahn & Rose, a 2022 LBM Journal Dealer of the Year recipient, has seen over the past five years as it's refocused its HR efforts to be more proactive, communicative, and reflective of the company's vision. On a recent episode of the LBM Journal Recruit + Retain Podcast, I explored these efforts with Dave Davis, the company's president & CEO. He offered insights on how the company builds, strengthens, and keeps a powerful team.

1. Recognize the value of your people. "You build the company on the strength of your people," Davis was quick to point out. Davis' approach started as soon as he joined the company five years ago. He recognized that the company's benefits package wasn't good enough for today's needs. "It didn't matter how we'd done it in the past," Davis said. "When you try to attract the right kind of workforce and the right kind of people, in any kind of role in the company, you have to give them a reason to be there. We redid everything from soup to nuts in the way we treat our people."

One of the ways the team got proactive was to bring in an outside HR consultant to understand how to communicate, according to each employee's style and personality. "If you want this to work, you have to understand how to talk to the people around you," Davis recalled. "That was probably the most valuable thing that we've done."

2. Understand your people and keep them engaged. Similarly, people hear and learn differently—and if communication fails, your company's mission and vision cannot be fully executed. This level of understanding—and therefore embracing the company's approach to doing business—helps create happy employees, who aren't as likely to be recruited by other companies.

3. Determine what a good employee looks like at your company. As part of that early exploration process, Spahn & Rose drew a profile of the kind of person that they wanted, from a personality standpoint, in each one of their positions. For example, how extroverted is an ideal salesperson? How detail-oriented are your project managers? Use those profiles to help match applicants.

4. Build trust in your employees. The pandemic brought trust to the forefront, as companies learned many of their employees could be just as productive working remotely. Spahn & Rose recognized this need for trust, providing the company with flexibility to hire good people even if they're not able to be in the office every day—thereby allowing for additional expansion in to other areas of the country. "I look at what we've been able to accomplish and it really centers around getting the right people in place, trusting those people, and then letting them do what they do," Davis said.

5. Live your values. Spahn & Rose's vision is simple: to be respected and to be successful. And to do that means truly caring about the people who work for you. During the pandemic, following CDC guidelines was about respecting and protecting each other as well as customers. Likewise was treating employees experiencing loss with gentleness. "We didn't act that way to show them we care," Davis said. "We acted that way *because* we care. There's a big difference, and people can see that."

Of course, showing you care is just as much about benefits and rewards, which is why Spahn & Rose has a profit-sharing plan that supports employees' retirement efforts, along with voluntary financial planning counseling.

Those benefits and that level of thinking aren't just to hold on to good employees, but to build a culture. "People don't care if they don't think you do." ■



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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The power of your network

BY RUSS KATHREIN

EARLY IN MY CAREER I had the opportunity to work directly for Joe Hardy, the founder of 84 Lumber. I sat in the office right next to him, and he would frequently call me into his office to share a story or a lesson he had learned over his career. In one of those sessions he said, “RK, it is my sincere belief that you should be able to get in contact with anyone in the world by only having to make three phone calls.” In other words, one should be able to call someone, who knows someone else, who knows someone else, who can then get you in touch with the person you want to reach—basically Three Degrees of Separation.

Not long after that, we were able to put his theory to the test. Joe had a summer intern named Derek, who showed up in my office one Monday morning looking panicked. He told me that Joe stopped by his office and dropped a carbon copy of a check on his desk. Joe had said he had just gotten back from Mexico and had bought some art from a guy named José. He wanted Derek to ship the art from Mexico to his house. “And that is all that Joe told me!” Derek complained. After laughing at the absurdity of the request, Derek and I sat down and put our heads together to figure out if maybe there was a way we could pull this off.

Using Joe’s Three Degrees tactic, we started with the pilot that 84 Lumber used. Turns out he did not fly Joe and his wife to Mexico, but he knew the pilot who did. We called that pilot to get the town in Mexico they flew to, and as a bonus, he knew the hotel they stayed at because they gave him the name in the event he needed to contact them. We called the hotel concierge to ask what art shops she would recommend in this seaside town. Not only did she have a specific list, but she remembered giving Joe a couple of recommendations that previous weekend. So, we started calling asking for José, and after two false Josés, we found the

correct art studio and arranged for the art to be shipped back to the States. Derek was proud of himself when, by the end of the day, he could casually walk into Joe’s office and tell him that the artwork would be at his house within 10 days. Joe just nodded, but Derek knew he had passed a test.

Years later, when I was watching *The Devil Wears Prada* with my daughter and wife, the scene came on where Meryl Streep’s character instructs Anne Hathaway’s Andy to get her twins a copy of the unpublished manuscript for the newest Harry Potter book. Andy also employed the Three Degrees tactic, and pulled off the impossible by getting a copy for her boss. Much like Joe, Streep’s character was non-plussed by the achievement. It made me think that this must be one of the strategies successful people use to test out their new people—or that Derek had told the story to someone who had incorporated it into the movie script!

Recently I was out traveling and found myself with some free time. I decided to visit a retailer I’d heard about for years to see their operations. I could have just gone into the store by myself, but I thought it would be more professional if I at least sent word that I would be in their store. I didn’t know anyone at this company, so I made a call to an industry friend to ask if he knew anyone there. As luck would have it, he knew the company president, whom he called for me. So instead of me just walking around the store by myself, with one call to my network, I was able to arrange a meeting for the next day with the company president and one of his key managers. We talked about the strategies that made them successful, and then the manager walked me around for about an hour answering any of my questions. Once again, this proved to me that it is not just *what* you know, but with a powerful network it also comes down to *who* you know. ■



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

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Why settle?

BY THEA DUDLEY

Dear Thea,
I had a call with a customer who wants to “settle” his very past due account because the owner of the project isn’t paying them. The balance includes retainage, which wouldn’t be part of the settlement; they would pay that as usual. In the same conversation he asks us to supply another job. Our owner wants to take the order, but I don’t. I don’t want to settle but what if this is our only chance to get paid the majority of what is owed?

— Mystified in Michigan

Dear Mystified,
 Don’t blame the clown for being a clown, blame yourself for going to the circus. I too, am mystified. I’m mystified by your willingness to buy into this three-ring circus. Let’s get you out of that clown car and on to solutions.

Based on what you shared, you supplied a project and allowed retainage. That is a non-starter as a material supplier. That’s another column entirely, but you knew that was coming. Consider yourself reprimanded.

Before you call the customer back, take a moment to pull a commercial credit report on the owner of the project. That will give you some idea of how you want to play this.

You didn’t say what the offer was for total balance, but rather than settle I would call your troubled customer back and tell him you are willing to help him by calling the owner of the project directly to help get their (and your) money collected.

Let him know you pulled a credit report on the owner, and you see no reason why they would not pay. Yes, that’s correct Mr. Customer, we want to help you and can do that by getting the project payment back on track

His reaction will tell you everything you need to know. If he pushes back and says something like “Oh no, I don’t think that’s a good idea, I don’t want to ruin the relationship,” or “That isn’t necessary this is between your company and mine,” there is a 99% chance that the

customer got paid by the owner and blew it on popcorn, cotton candy, and the bearded lady.

If he is all for the support, you have a 75% chance that he truly has not gotten paid and could use the help. I say 75% to account for the 25% chance that he’s “bending the truth.” Choose one of these options:

Option 1: That clown spent the cash and needs to work a deal to get back in your good graces to purchase more. If this is the case, document the deal in a settlement and promissory note agreement that includes the retention. Secure it with something if you can. At the very least, use a UCC-1 filing to let other lenders know you are out there.

Option 2: Start working as a team to get the owner to pay up. There is usually a simple reason the money is held up. Once uncovered, you can work the logistics of how you get paid, keep your customer, and have a long a profitable life together.

One thing is bothering me still, and that’s the retention piece. If he wants to settle, why would it not be included? That smells like something you find after the elephant left the ring. If the project is sideways and he is trying to settle, it would be all inclusive. Option one is looking more like the reason for non-payment.

Do not send more product out the door without sorting this out first. Nothing leaves the warehouse without a locked down plan with signatures or payment. The only speed bump here would be Divine Owner Intervention.

I would like to point out this could have been curtailed if you preserved your lien rights. You didn’t mention them, so I’m assuming you don’t have any. If you do, slap a lien on that project and see who starts screaming first.

To sum it up, everyone wants to go to the circus, but no one wants to sweep up after the elephant. Put the broom down and move to the center ring. Take a whip and a chair if needed. ■



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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Congrats are in order! Your GPMs held steady!

BY JOHN WAGNER

A CURIOUS QUESTION has come up among some buyers we deal with who are acquiring LBM businesses. A few buyers have asked why gross profit margins have stayed the same throughout the volatility of lumber prices.

As background, here is what was likely happening on your profit and loss statements as lumber prices changed: When lumber prices spiked (let's say they ran up 30% for the purposes of discussion), a stick of 2X dimension lumber sold for 30% more. So, a 2X item that would have sold for \$10 now sold for \$13.

Now, let's say that your EBITDA margin is 10%. With that EBITDA margin, 10% of your net sales dollars are EBITDA. (That 10% figure, by the way, is pretty much the "mean" for our clients, e.g., half of our clients are above the 10% EBITDA margin, and half are below it.)

When the stick of 2X was \$10, and you are operating at a 10% EBITDA margin, you booked \$1 in EBITDA on that sale. However, when the same stick was \$13, you booked \$1.30 in EBITDA. But—and here's the key concept—the higher priced lumber did not require a corresponding increase in OPEX to deliver it. Even though it cost more to the customer, you used the same staff, the same trucks, the same yard bays, etc., to make the sale. The operating costs did not increase, even though you made an additional 30 cents on the sale. So why would your gross profit margins change, up or down?

In the LBM deals that we sold in both 2021 and 2022 (numbering seven and counting) when our clients were living through the lumber run-ups and run-downs, their gross profit margins did not change. They were largely in a steady state, year-in and year-out.

What did change (to their distinct advantage) was a climb in *gross profit dollars*. Essentially, they saw more sales dollar volume. And what happens to EBITDA if gross profit margins and EBITDA margins are in a steady state, *and* you see more sales dollar volume? You see more resulting EBITDA dollars.

In many areas of life and business, when your gross profit dollars go up, there is a feeling that it's OK for OPEX to increase, because, hey, you've got more money coming in. Let's say you get a bonus at work. You come home and say to your family: "Hey, guess who's taking everyone out for steak dinner!"

See, gross profit dollars went up (someone got a bonus), and OPEX went up too (in the form of a hefty restaurant bill).

However, for LBM dealers, congratulations are in order! Among our clients, we have not seen reckless spending on OPEX as more gross profit dollars flowed in due to increased commodity prices. In fact, we have seen *almost* no increase in OPEX at all, except to accommodate *organic* growth. Gross profit margins stayed steady because owners exercised discipline on OPEX expenditures.

Candidly, it may have been tempting for some business owners to feel flush and run up OPEX during what were (and remain) relatively flush times. But we have not seen that among our clients or even more broadly in the industry.

What difference do "steady state" gross profit margins have on a business' acquisition value? *Lots*. And in a very positive way. Discipline around OPEX expenditures, and a consistent (or better yet, *increasing*) gross profit margin shows that the company is well-run and that the owners are watchful of the leading key performance indicators: Net sales, EBITDA, EBITDA as a percent of sales; OPEX, OPEX as a percent of sale; Gross Profit, and Gross Profit margins.

What's more, the MBAs and CPAs that work for the acquirers watch these same KPIs, and if they see gross profit margins or other KPIs go sour over time, or show lack of OPEX control, they might just recommend to their investment committees that, well, maybe the target company should be valued at 4.5X and not 5X, which can have a serious effect on the purchase price indeed. ■

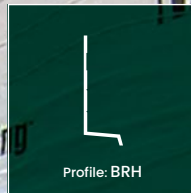


John Wagner is a managing director at 1stWest Mergers & Acquisitions, which offers a specialty practice in the LBM sector. Reach John at j.wagner@1stwestma.com

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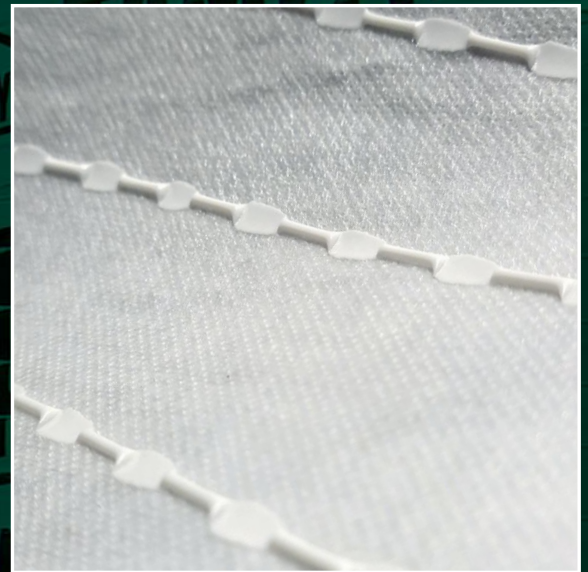
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Modern Mill, based in Fernwood, Mississippi, manufactures an innovative wood substitute known as ACRE, a new building material made from upcycled rice hulls, a byproduct of rice production. Produced in a zero-waste environment, ACRE is engineered to offer the warmth and beauty of real wood with the convenience of composite materials. ACRE is available as trim boards, dimensional lumber, sheet goods, decking, and siding.

A finalist in the Most Innovative Building Material category at this year's International Builder's Show, Modern Mill also recently stole the show at Fast Company's 2022 World Changing Ideas Awards and won the overall Best Mid-Sized Business Award plus five other nominations.

The Fast Company awards honor clean technology, innovative corporate initiatives, brave new designs for cities and buildings, and other creative works that are supporting the growth of positive social innovation, tackling social inequality, climate change, and public health crises. Modern Mill and its product ACRE also garnered finalist nominations in the categories General Excellence, Architecture, Consumer Products, and North America as well as an honorable mention in the Climate category.

"We are thrilled and honored to be recognized in so many different categories," said Kim Guimond, chief marketing officer at Modern Mill. "It shows that ACRE truly is a product that can change the building industry for the better, stem deforestation and grow a socially responsible, sustainable business here in the U.S."

Because Modern Mill's ACRE is designed for indoor and outdoor use, it is engineered to resist water, weather, and pests. The product is manufactured free of phenol, formaldehyde, and adhesives. It is 100% recyclable, resistant to splinters and cracks, and is backed by a limited lifetime guarantee.



As a people-first company based in Fernwood, Mississippi, Modern Mill has brought manufacturing back to an area that was once home to thriving sawmills that supplied lumber to the entire Gulf coast. Modern Mill sources rice hulls from local fields—not only to minimize the wasteful impact of overseas transportation, but also to help neighboring farmers unlock an additional source of revenue.

Realizing that the sustainability of the company is tied to the sustainability of the community, Modern Mill is investing in the future of Fernwood by helping to create a stronger, healthier, and more prosperous environment for work and family life. The company has partnered with the Workforce Training Center at Southwest Mississippi Community College to offer job training and education, helping team members develop the skills they need to participate in the resurgence of the area's manufacturing.

Modern Mill has partnered with distributors throughout the U.S. For more information, visit modern-mill.com.



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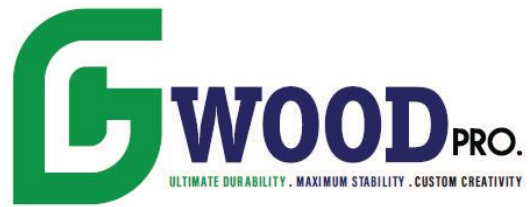
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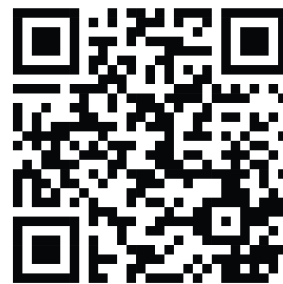


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PLANNING FOR THE NEXT GENERATION



BY LBM JOURNAL READERS

SUCCESSION PLANNING is a serious issue for many LBM companies, especially those that are family-owned and may or may not have family members interested in continuing with the family business. In this month's timely Real Issues survey, a next-generation family member involved with his company is concerned about the lack of a succession plan, and the absence of ownership transition. We sent his question along to LBM Journal readers who have opted in to receive our surveys. More than 200 readers responded, many sharing advice based on similar situations faced at their family companies.

HERE'S THE QUESTION:

"A key challenge facing our company is the lack of succession planning. From my perspective, the current leadership is not looking towards the future, and seeing the value that the next generation can bring to enhance the company going forward. Some very able members of the next generation are frustrated and concerned at the lack of a plan to transition ownership and responsibilities. Would appreciate advice on how to respectfully get our company's leaders to acknowledge the need for a plan, and to begin taking steps to put one in place."

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

"The next generation leaders should request a meeting with current leadership and ownership to discuss the need for a plan and what they can offer."

"A special someone needs to step up and let the current senior leadership know of your thoughts with respect to succession planning or the lack thereof. This special someone needs to be a highly valued individual who is trusted by the current leadership and the so called 'next generation of leadership.' It's tricky but, most times it pays to confront the issue head on. You might be pleasantly surprised at how well this open dialogue approach is received. If that 'special someone' doesn't exist, that in itself is a glaring problem in need of immediate attention first and foremost. You shouldn't pass a thriving enterprise to an unqualified individual or individuals, that's a recipe for a disaster."

"My advice for this up-and-coming pro is that he be relentless on the topic of succession. Better to be a thorn in the side now than to be part of a sinking ship later."

"Yes, a lot of time this succession involves family, which also makes this even more frustrating."

"Hire a planner who does this. It is much easier for a third party to be the instigator for difficult conversations. You don't need someone to tell you what to do, just to ask the right questions to come to your own conclusions about the best path forward."

"As a second-generation owner looking at my own company, I don't have a choice."

"Explore the other option...selling the business."

"Succession planning is one of the most overlooked issues in our industry. One only need look at our workforce demographic to see that the Baby Boomers, and some of the old GenX-ers will be heading towards retirement in the next few years. Given the fact that our industry lost a large part of our mid-level workforce during the recession of 2008-2010, and they never returned to our industry, that only exacerbates the issue that we have not enough people to develop as future leaders. Developing a strong leader takes years, not months, and time is not our friend. The history books are full of stories about companies that had a leader depart, suddenly or otherwise, and did not have a suitable replacement. It caused a huge operational crisis that in some cases was not recoverable. I think that presenting the leadership with undisputable data and facts makes this an easily winnable case for action."

"They may have a plan that assumes that you will remain in your current role, and they are relying on their ability to bring in outside leadership. With LBMs being bought up left and right, they may see that option as more profitable than selling to members within the organization. You need to start thinking about what value you could offer to the current owner in a transition and keep it positive."

"Depends on the make-up of the current leadership. Some might never be open to mentoring the next generation, despite expert advice. A consultant might help."

"Transparency and communication of possible changes in the future are key. It's easier for staff to go along with a plan than to be blindsided. This also prevents rumors and encourages a healthy transition."

"When I started in this family-owned yard, I had two uncles, my father, my brother, and several cousins working here and all had more power than I did and none of them wanted to make changes or plan for the future. Fortunately, my father was able to give me stock and a title and didn't stand in the way when I had ideas to improve the company. I am now the last one standing. I am looking for an exit plan and a way to transfer the company to a younger, non-family member. Find an ally and start making small changes and keep trying. The hardest part is not falling into the same mindset as the rest of the family."

"Find some examples of companies that 'waited too long' to create a succession plan and it blew up on them. At the company I work for, we had the same situation until I kept pressing and letting them know how important it is to be proactive in this area."

"Explore what is going on in your market in terms of companies being purchased."

"First off, anyone can be a leader in an organization. Learn to be a leader from lower in the org. chart and possibly lead your current generation. Secondly, just open a dialog and have the conversation from level ground to voice concerns and make sure there is an open dialog. If none of that can happen well, maybe it is time to find a new company that appreciates your ambition and leadership." ►►

"We are in the same situation! Planning a 'leader' meeting tomorrow to get the ball rolling."

"You're going to have to be the one to sit the ownership down and have the conversation on the future. Right now, they have made what they need to make and are not looking nor want to take on new projects or revamp the company. They're tired and content, so you are going to have to be the one to push the issue."

"The destiny of a company cannot be left to chance or whim. The company destiny is a matter of choice and efficient planning. Your employees need to know that there is a plan, and that they will be a part of that future."

"You don't say if succession is passing the company to children or to selling it. If the children, then best be quiet."

"Look at a possible ESOP."

"Succession planning is an essential element of leadership and key requirement to sustain a well-run organization. Nobody likes to be pushed out of the door and succession planning is the first step, but a true leader will recognize their personal struggle is impacting the well-being of the company. Approaching the individual(s) who are charged with running the company and asking them what their plans are for the future of the company once they retire, or even in the event of earlier departure, might be a good way to open the door to communication. A well-thought-out process and plan might give comfort to the next generation and might provide an opportunity for current leadership to consider their roles in a transition process not only for the company, but for them personally."

"Unfortunately, your succession struggle sounds eerily familiar. There is a quote, 'There are three answers to any problem: 1) accept it, 2) change it, or 3) leave it. All else is madness.' Although I loved the industry and was ecstatic to move the business to the next generation, the torment of staying in limbo became more than I could bare. Because I was not in a position of authority to orchestrate a succession plan myself, my strategy became a mixture of 2 and 3. The current owner (who happened to be my Pop) and I spent countless hours talking about future succession with little-to-no action. Ultimately, I gave six month's notice. This was not done as an ultimatum, but rather a plea to show my desperation to be all in or all out. If, at the end of six months, there was no significant movement in the way of a succession plan, it would be time for me to move on. Fortunately, this lit the fire that started the transition to the third generation."

"Keep the younger people involved make them feel needed and let them grow with our knowledge before we are gone, and the true knowledge and drive is gone."

"We are looking towards the future. Not sure of the actual succession plan."

"It sounds like these people have too much time on their hands. If they have issues, ask for a meeting with owners and let them know their concerns."

"Generation skipping was done from the second to the fourth generation of our business and it was also used from the third to the fourth in one of our other family businesses. Unfortunately, now with President Biden, the wait-and-see mode has got to be looked at. Taxes are hard to jump over in passing along a family business. What generation is this company you are talking about? I am working on the fourth to the sixth-generation transition now myself."

"The younger generation needs to start the discussion with or without the older generation, then emphasize their desire for the business to continue." ►►

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"Many times, company leaders fear the time involved and the changes that will occur when the search and onboarding for new leadership begins. The employees already know that at some point leadership will change, so the easiest, most fair, and honorable thing for ownership to do is to map out the process, meet with and keep the employees informed of the process. Fear and silence within an organization is destructive."

"You are fortunate to have some very able members of the next generation. However, they may not be interested in ownership and the responsibility needed for a successful succession. The current leadership will need to be encouraged that the next generation has the passion to take on the challenges. Once your leaders find someone with that desire, they will gladly take steps to put a plan in place."

"I am currently trying to find someone to train or buy our business. The problem is how do we find these people? How do we get our name out there? I am currently advertising and have no one showing interest. So, is it the owner's fault, or is it the people who are looking to purchase a company not actually showing interest?"

"If your company doesn't do succession planning, suggest they start. This should also be part of the strategic planning process and it sounds like the company you work for doesn't do that either."

"I tried to interest the folks here on transitioning to ownership through stock buy, but they were not interested in assuming responsibility. Because of this, I am going forward with trying to sell my company. They need to let the owner know they would assume that responsibility!"

"Most owners are Type A people and only react to blunt interactions. They should hit it head on. Approach by saying, 'I love this business and would like to help lead it into the future. I need you to help me if that is what your plans are.' If they do not respond favorably, you have your answer: find something else to do."

"As a current older (74) owner and the active buyer, I have stepped aside from the day-to-day management and leave that to my three sons who are doing very well. I will leave them my stock when I pass on and it will be theirs to do with as they may. I may stipulate that the stock and or company must be kept in the family for at least 10-15 years after my death. My three sons make more running our business than they would anywhere else, so them leaving is not a huge concern for me."

"I am the leader and I need a plan. I took over from my Granddad and Dad. Now what?"

"Figure out the friction and make sure you explain the intent of what you are trying to accomplish. Sometimes we (young folks) have trouble seeing our own blind spots, so it's important to approach the conversation with humility."

RESPONSES FROM WHOLESALE DISTRIBUTORS, MANUFACTURERS, AND SERVICE PROVIDERS:

"Put a plan in place and inform the employees."

"The company that I work for is in this exact situation. To be honest, I have not found a solution at this point and being part of the second generation without a succession plan is extremely concerning and frustrating for all involved. I have expressed my concerns and offered to help with putting together a plan. I have forwarded a webinar on the subject hoping this would spur some direction. I have been considering encouraging the shareholders and other employees to get involved and try to force the issue, but I am reluctant to do this as I don't want to be seen as organizing a coup or being disrespectful. I am very anxious to see how others answer this question."

"Ask them what the plan is. An employee deserves to know the future path of a company. Just as the company has invested in you to make the company successful, an employee invests in the company to make them successful. Don't take 'I don't know' or 'none of your business' as an acceptable answer. Be persistent, but not ignorant."

"As the president of a once family-owned lumber company that now is an employee-owned (ESOP), you might consider bringing up the advantages of employee ownership for both parties, should they want to transition out of the business. This is especially advantageous when ownership is wanting to retire. It gives the employees skin in the game which is always a good way to motivate workers. The National Center for Employee Ownership is a great resource for information. This would help get the conversation started."

"As an owner who built the business, it is hard to let go sometimes. The idea of making a plan is imperative. It may be useful to utilize outside counsel to help facilitate the plan, including timeline, roles, and possibly even a limited role for the 'old' principal. To many, retirement sounds like death within 18 months."

"Take the issue to the Board of Directors and request that succession planning be a topic on the next board agenda."

"The above statement is true, but as an owner, there is a fine line. How much do you disclose as you formulate plans? Succession planning is deeply personal when it is a family business, spanning generations. In addition, the finances of a company and tax ramifications are again very personal and only involve owners, not employees. As an owner it would be helpful to have advice on this subject."

"We were a second-generation, family-owned business. The business was not going to continue under the third generation. The family decided to exit via creation of an ESOP. We are now 100% employee-owned and doing quite well!"

"Why this is a blind spot for so many extraordinary businesspeople is a question mark in my mind. In my estimation leaders need to understand the risk involved in this transition and leave themselves adequate time for at least one 'do over.'" ►►



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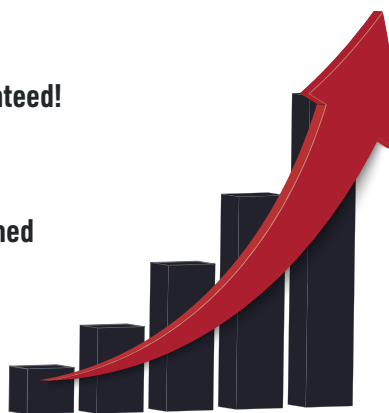
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“How about this ‘LBM pro’ discontinue his complaining, put together a plan complete with case studies, precedent, and history, and submit it for consideration?”

“I’d love to speak to this LBM pro directly. There could be multiple layers to this. It could be that leadership already knows that there is not a succession plan, and they are already planning on selling. That is not something that is often shared outside of the ownership group itself. It could also be that they are working in the background to set up an ESOP. This is something that can take years to set up and is probably something that they don’t want to do during this current market as it could set an unfair valuation for the future employee owners. This is most likely the case in an owner situation where the ownership group truly cares about their employees and the family-owned status of their company. You will know if you have that type of owner or not. I would also ask if this LBM pro is sitting back and waiting, or if they are taking the initiative to show the ownership group that they have a competent leadership group to hand the company over to. Assess yourself, can they truly trust you, or do you just think you are a rock star? You also have to be humble enough to know if you can truly take the task on. If the answer to both of those questions is yes, you then need to ask yourself if you are going to carry through the values that the ownership group set in place and has used to build their family-owned company with. If the owners are good people who are looking for the next generation, they will accept this type of push. If they are set on selling, there is nothing you can do.”

“Point them to their accounts receivable. Accounts receivable is probably affected the most by a poor succession plan. Next generations have a whole lot more going on outside of work and may not spend the same amount of hours on-sight. Less hands-on management leads to accounts receivable issues that can kill the business with one bad decision, or more likely slowly strangle the business by being too conservative.”

“I would request a meeting with the owner(s) and bring up this subject matter to them. Do a little research on what you believe are the areas of concern. Come in with suggestions, possible solutions, and try to lock down time frames for the succession. Put together an organizational chart as you see it and present it to the owners for their comments and review. Many times, the owners don’t know how or who they can truly trust to succeed them or how much interest and devotion they will get. Be a part of the team that creates the plan if you are allowed to.”

“There is book called ‘Slaying the Demons: How to be in Business Today and Still Sleep at Night.’ Give your owner(s) a copy. When doing so, schedule a meeting to discuss how important it is for all sides to get a plan in place. I’ve been in your shoes, and I can almost guarantee it will not be just one discussion to get the ball rolling, but stay professional and consistent with the conversation. It’s not an easy topic for the current leadership for many reasons.”

“Point to the failure of other companies because of the absence of succession planning. Owners of family businesses want to see the company survive.”

“Communication is key. Perhaps find other respected business owners that your leaders know, who may share their experience with them. There are also many good articles in this publication discussing the importance of this topic as well as webinars that may help them to realize the importance of succession planning. Be patient, as I am sure they have much of themselves invested in the company over the years and don’t want to give up control. Make sure they know that you are not looking for immediate change, but just want to be prepared for when that day comes. Getting them to realize that the day will come may be your biggest challenge.”

“Advise on selling the business to a company that is already in the industry that would like to enter that market and keep the current employees on hand.”

“Start creating the new (don’t call it a succession) business/marketing/strategic plan. Gain inputs from all. If there is a lack of planning, it falls squarely on the next generation. Start showing what you’ll do and that you’re capable. Leaders lead, followers complain. Get after it. Prove your worth. Nobody handed the current leadership anything. They, too, probably had to earn it and take it.”

“Decide what your next role will be. Then decide who in this next generation is best suited to run your business. Talk with them to see if they are on board with being the leader. Get your lawyer and CPA involved so you can work out an acceptable compensation package for your exit and their succession. Start a detailed training program where you have them take responsibility in each area for a few months before turning over the reins to them. Give him lots of support and positive reinforcement but make it clear that they will be in charge, and when the transition is made it will be up to them to make the company move to the next level.”

“I’d start with pointing out the qualities of the current leadership that have made the company successful, and stress that without proper and specific planning, vetting, and training, the business will be at risk should something unforeseen happen to disrupt the path. Also, it’s good to point out that while the current success is a great thing, leadership also bears a responsibility to their employees to ensure that the company continues to provide a solid culture and financial future for them and their families in the event current leadership is no longer present or able to work. Finally, point out what a shame it would be to lose the powerful legacy that is possible to ensure with a solid plan that looks to the future.” ■

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IN-TOWN AND ONLINE

KNUDSON LUMBER PREPARES FOR GROWTH.

BY JAMES ANDERSON

In a small county in Central Washington, Knudson Lumber serves customers with the same tools and philosophies as some of the world's largest online retailers. That may have once been considered a lofty aspiration for a single-location lumberyard, but Renee Kraft says it's already paying off.

"For a store our size, I know we spend a lot of time and invest a lot of money into our digital presence. It is making an impact and it will help us as we continue to grow the business," she says.

Knudson Lumber has supported the community of Ellensburg, Washington for 82 years. Renee, daughter of Bob Knudson, is the fourth generation to operate the company founded by her great-uncle Carl Knudson.

Like many in the LBM industry, Renee grew up in the lumberyard, helping when she could as a young girl. Along with her brother, she took on more responsibility every summer as they grew, helping her father in the yard and mother in the office. And like many in the industry, Renee left for college to chart her own path before returning to the family business. For Renee, it was culinary school and a career in bakeries and restaurants in California and Western Washington. Renee returned to the company in 2003 when her mother,

who served as office manager, wanted to retire. The big cities and busy schedules in the restaurant industry helped convince Renee that the hometown atmosphere of Knudson Lumber was where she really wanted to be.

Today, Renee's title is still office manager, but she readily admits she does "about everything" when it comes to overseeing the company. Her parents still come in from time to time and an official succession plan is in the works.

PHYSICAL FOOTPRINT

Though online sales can come from anywhere, Knudson Lumber is 100% focused on Ellensburg and the Kittitas County, Washington area of just under 55,000 people.

While retail sales have picked up in recent years, contractors still make up 60% of the company's business in a service area that includes two other independent lumberyards.

With box stores some 35 to 40 miles away, Renee says the county's population growth has been good for business and will be reflected in future retail and DIY sales numbers.

"The area is growing greatly. We do not have enough houses on the market, and not enough to rent. We don't have enough affordable housing and that will only get worse." ►►





The Knudson Lumber contractor team. Pictured from left to right: Lucas Eiffert, Contractor Sales; Blake Hale, Contractor Sales Manager; Renee Kraft, Office Manager; Eric Asmus, Contractor Sales; Reiley Clark, Contractor Sales. Not pictured: Kristy Watts, Contractor Sales Support.

Renee and her 45 team members serve pros and DIYers alike, with a contractor sales team that takes turns getting out into the field and meeting with builders. The system works to the tune of \$15 million in annual revenues that Renee says “are definitely on an upward trend.”

The company has added an onsite millwork shop in the past year and brought on a shop manager to focus specifically on that quickly growing area. A renewed focus on the store’s paint department means a specialist now leads that category.

“Overall, one thing we’ve done is established a leadership team,” Renee says of a group of department leaders that meets weekly and works together for improvement in each department.

“It has made a profound impact. We’re aligned on reaching the same goals. Our communication is better, and our customers see that as well. Our focus is taking care of customers. We feel like we have five things that we do really well. A lot of places do some of them, but they don’t consistently do all five of them well all the time.”

What are those five things?

1. A wider selection of premium lumber, cedar, and beams that others don’t stock.
2. Free same-day delivery Monday through Friday.
3. Quick turnaround times.
4. Onsite custom millwork shop.
5. Up-to-date technology—customers can look at products online, submit orders online, view orders and statements, and pay bills online.



Number five has been the biggest change for the company in recent years, Renee admits. Along with that change has come a fair share of rewards as well as challenges.

“It’s been a bit of a struggle finding the right fit with ecommerce tools that understand the lumber side of things and can make everything work well and seamlessly,” Renee says. Her company is in the process of transitioning to BuilderWire for its ecommerce solutions.

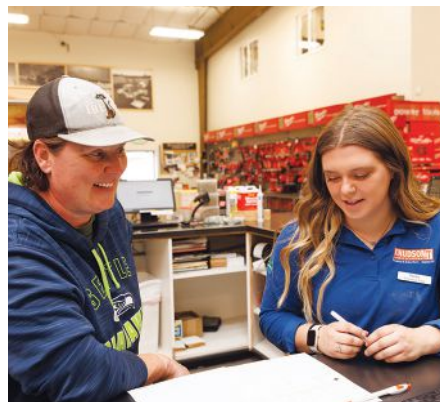
TAKING IT ONLINE

So why the focus on digital commerce for a small town, one-location lumberyard? It’s driven by customers. Renee sees where things are headed and is ready to serve a new generation of builders who have grown up with the convenience of online shopping.

“In this day and age, you have to be visible, and you have to be transparent about your business. You have to be online, and you have to be relevant. You can have an ecommerce site, but if you don’t have the right tools and the right people to support the site, drive customers to the site, and get the conversation going about the site, you are throwing a lot of money into it and not getting a lot of return or value out of it. Knudson Lumber is continuously thinking about improving our customers’ in-store and online experience.”

It has been a challenge, Renee says, to “get it right.” Everything from pricing transparency, the right units of measure, the correct images and products, and the correct quantity-on-hand numbers all play a role in how a customer perceives your website and, in turn, perceives your business. For Knudson Lumber, that means 4,800 SKUS need to be entered

Renee Kraft and her 45 team members serve pros and DIYers alike, with a contractor sales team that takes turns getting out into the field and meeting with builders. The system works to the tune of \$15 million in annual revenues that Renee says “are definitely on an upward trend.”





Knudson Lumber has added an onsite millwork shop in the past year and brought on a shop manager to focus specifically on that quickly growing area.



and catalogued so that when a customer searches for a certain caulk or specific ladder, their search results bring them to Knudson Lumber. “There’s a lot more that goes on behind the scenes and is part of your overall digital presence,” Renee says, none of which is “glamorous or a selling point of a new ecommerce platform.”

Beyond helping Knudson Lumber stay agile and relevant in retail, the site will continue to pay dividends for the business in terms of search engine optimization, Renee says, bringing a growing number of new residents into her store.

HOMETOWN TEAM

Teamwork drives both retail and online business for the company, Renee says. At Knudson Lumber the teamwork doesn’t end at company logo on the shirts. Renee sees the customer relationship as a partnership.

“Our sales team is a great group of individuals dedicated to solving customer problems,” she says. “They help builders be more productive and more successful. They think of it as a partnership and it makes a huge difference. The builders appreciate it and recognize it.”

Like most retailers these days, Renee says her biggest challenge is attracting and retaining knowledgeable employees. She has a great core team, but some of the stronger employees are getting to an age where they’re thinking about retirement.

“We’re trying to prepare ahead of time so we can get a replacement they can start training. It’s been very difficult, and I know we’re not alone in that.”

To ease the difficulty a bit, Knudson Lumber has raised the starting wage of new employees, along with introducing an internal referral program to pay employees who refer someone the company hires. Renee has also brought on a part time human resources employee who specifically seeks out potential hires through LinkedIn and other social media platforms.

BIG GROWTH AHEAD

Like prepping for future online buyers and identifying replacements for senior employees, Renee knows that what she does today will help shape how her company performs in years to come.

As Kittitas County housing projections continue to rise, Renee seeks to bring Knudson Lumber to a \$30 million company by the year 2030. To double current revenues in eight years means additional expansion and additional lines and services.

“We have lots of opportunities right now to help our customers. There is a lot of opportunity for market growth,” Renee says. ■

GET TO KNOW KNUDSON LUMBER

FOUNDED:	1940
LOCATIONS:	ONE
OWNERSHIP:	FAMILY
EMPLOYEES:	45
BUSINESS SOFTWARE:	EPICOR EAGLE / BUILDERWIRE
BUYING GROUP/CO-OP:	DO IT BEST
TOP THREE BRANDS SOLD BASED ON REVENUE:	BOISE CASCADE ENGINEERED WOOD JAMES HARDIE SIDING WEYERHAEUSER EDGE AND EDGE GOLD



SIDING

FOR THE SIDING SEGMENT, CAUTIOUS OPTIMISM HOLDS SWAY IN TURBULENT TIMES.

BY MIKE BERGER

WHEN ARMOR was first created around 1400 B.C. by the ancient Greeks, it was far from the elaborate full-body metal outfits Hollywood has come to glamorize. Rather, it consisted of several single-piece bronze plates that protected the upper body, shoulders, neck, and arms. Innovations in blacksmithing techniques over the centuries allowed artisans to transform that basic protection into full suits of ornately-decorated armor that covered almost every square inch of the body. Expensive, heavy, and difficult to maintain, these suits nevertheless provided exceptional protection against just about everything that was thrown at the knights wearing them.



LEFT: LP SmartSide ExpertFinish Outside Corners are designed to allow for faster installation and a more cohesive aesthetic versus corners that have to be created with trim onsite. Likewise, LP's SmartSide J-Blocks and Mini-Splits can be used to help easily mount light fixtures, water faucets and more.

OPPOSITE PAGE: Evolve Stone's Capital Sky stone siding offers an offset pattern featuring stones with varied heights and varied lengths, coupled with natural stone textures designed for an organic look and feel.

Similar to those armored suits of old, siding provides the outermost layer of protection for our homes while adding a sense of style and aesthetic. The siding market, however, has suffered a few dents and dings over the past few years. Due in part to much-reported labor shortages and supply disruptions, along with record-high demand spurred by the COVID-19 remodeling boom, the siding market has been difficult for the LBM dealer to navigate, predict, and plan for.

It's an environment that siding manufacturers are well aware of, and they've made every effort possible to keep up with demand in spite of those challenges. And while manufacturers continue to face similar issues this year as in the past two, they're committed to sustained growth and increased options for their customers. "Supply chain issues have put a constant strain on our manufacturing facilities, but our employees and suppliers have done a great job ensuring that we continue to be able to offer our full product line while doing our best to keep up with demand," says Jon Lapp, product manager of siding for ProVia Siding. "Lead times have not always been what we hoped for, but we have overcome and are seeing positive results. Labor shortages have been a much smaller issue thanks to our dedicated employees."

Manufacturers are positive despite the challenges, and their predictions range from guarded optimism to outright enthusiasm. "We predict that the siding market will continue to show steady growth over the next year accompanied by an increased demand for premium siding products," says Derek Blank, marketing director of siding brand, segment, and channel for LP Building Solutions. "There's an estimated two million homes underbuilt, leaving a gap in housing inventory. This highlights a significant supply deficit that will keep siding materials in high demand for the foreseeable future."

Steve Booz, vice president of marketing and product development for Westlake Royal Building Products, shares this optimism, citing economic factors as major driving components in the siding industry's growth. "We have experienced significant growth and demand in the siding market, especially with the historically low interest rates we saw in 2021, an increase in real estate prices and new home builds, and the continued population shift from dense urban areas," he explains. "Despite some challenges we are seeing now in raw materials, labor shortages, and increased mortgage rates, Westlake Royal Building Products is particularly optimistic about the Repair and Remodel market to drive upward movement in the siding market in 2022 and into 2023." ▶▶

BELOW FAR LEFT: HeartTech Super Polymer vinyl siding from ProVia is available in double lap and double Dutch lap profiles and comes in 30 colors (with Granite shown here). According to ProVia, the siding's double ply wind-load nailing hem improves tear resistance under high wind loads. It is backed by a limited lifetime warranty against fading, chalking, cracking, peeling, and thermal expansion and contraction.

LEFT: Available in 15 colors and a variety of styles, Westlake Royal Building Products' Elect Cellular Composite Siding offers 201 mph wind resistance and is backed by a limited lifetime and 25-year color-protection warranty. According to the manufacturer, a proprietary Kynar Aquatex coating delivers superior UV protection, while interlocking joints adjust to natural expansion and contraction to ensure no gaps, no warping, no buckling or wavy lines.



RIGHT: Made with a proprietary blend of polymers and fly ash, TruExterior's Craftsman Collection from Westlake Royal Building Products is designed to convey authentic looks with high performance and low maintenance. According to the manufacturer, the siding offers a high level of dimensional stability while resisting warping, cracking, and splitting. It requires no sealing of ends or cuts in the field, can be used in ground-contact applications, and can be painted any color, including dark hues.

These positive predictions from manufacturers aren't meant to imply there won't be bumps in the road. There's an evident cautiousness among them—not surprising considering what they and LBM dealers have gone through over the past two years. "If the economy doesn't have any additional major setbacks and supply chains have the ability to stabilize, growth is possible because of demand," points out Greg Fritz, CEO of Evolve Stone, Inc. "That said, growth is dependent on the manufacturing's overall capacity, which is limited."

Rising interest rates and increasing inflation may also play a part in slowing the rate of growth for the siding industry. Manufacturers, though, still see reason for judicious confidence. "I expect to see growth continue, but supply is beginning to catch up to demand as manufacturers recover from a host of supply chain and labor shortages that have dragged them down since mid-2020," says ProVia's Lapp. "Sales should continue to rise through the year until the fourth quarter when I expect to see them level off going into 2023. Beyond this year, demand for siding will depend on how much the rising interest rates cool the housing market."

A TRICKY TIME FOR TRENDS

When it comes to identifying growing trends in siding, this year's market could be compared to what sailors refer to as confused seas. Because of product shortages over the past two years, builders and homeowners alike were more often than not forced to pass over a product they really wanted and instead purchase something that was merely available. It's a situation that's made it exceptionally difficult for manufacturers to correctly predict product trends.

"The past 12 months have been difficult for dealers and consumers alike," explains Lapp.

RIGHT: According to LP, its SmartSide Panel Siding provides a polished, clean board-and-batten style. The smooth-finish vertical siding is available in 16' lengths that help eliminate horizontal joints.

FAR RIGHT: UFP Edge Thermally Modified Wood Collection cladding comes in a variety of pre-stained colors (pictured here in Glacier White and Natural). According to the manufacturer, the tongue and groove end-matched boards can be used for both exterior and interior applications.



"Trends and customer preference have often been superseded by product availability as manufacturers struggled to produce enough product to meet demand. Many consumers were forced to make concessions on their preferences and purchase products that were more readily available. Because of the unprecedented demand and the shortages that ensued, it's been difficult to put a finger on any new trends. While not a trend, many consumers have often purchased the products that were most readily available versus waiting for their first choice."

This isn't to say that product preferences won't emerge as the year plays out and product choices increase. Manufacturers report continued demand for "modern farmhouse" aesthetics that include the use of board and batten, but updating it with mixed materials to create unique, visual statements.

"We are still seeing the modern farmhouse trend in homebuilding, but recently designers have been creating hybrid looks incorporating some modern farmhouse designs as well as elements of mid-century modern and industrial influences," Chris Johnson, director of siding product and marketing for Westlake ►►



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SIDING & ACCESSORIES
TRIM & MOULDINGS
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ABOVE: LP's SmartSide ExpertFinish Lap Siding features a lap joint with an alignment groove that the manufacturer says helps prevent any need for flashing at the seams, which can provide improved aesthetics as well as easier installation.

ABOVE RIGHT: National True stone siding from Evolve Stone features a linear, uniformed look. According to Evolve, the product is applicable for interior and exterior projects, is UV resistant, performs well under wind loading, and is moisture impermeable. With no special installation training required, the siding installs with a finish nailer and finish nails.



Royal Building Products explains. "Mixed-use siding is at the forefront of this transitional modern farmhouse trend. Board and batten siding mixed with stone or brick continues to gain popularity for a modern farmhouse look. Another popular design is mixing clapboard siding with textures of shake or vertical style of board and batten to create visual interest and balance."

Hand in hand with the continued strength of the modern farmhouse look is the use of bold colors and black accents. Westlake Royal's Johnson reports significant percentages of consumers are opting for a darker color palette. "We are also noticing that customers are continuing to migrate from lighter to darker exterior colors," he points out. "In fact, we have seen that since the start of 2018. The Royal Vinyl Siding and Exterior Portfolio Vinyl Siding dark color mix has increased by over 20% while the traditional light colors have all trended down as the darker colors have grown."

Johnson goes on to point out specific products from Westlake Royal's portfolio to back up this trend. "We've observed a trend of new dark grays and dark blues such as Indigo (Exterior Portfolio), Marine Blue (Royal Siding), Carbon (Exterior Portfolio) and Ironstone (Royal Siding) have exploded in usage and now represent some 20% of sales. In fact, medium grays like Harvard Slate (Royal Siding) and Greystone (Exterior Portfolio) are our top selling individual colors."

These visual aesthetics aren't the only factors driving product choice, however. According to the U.S. Bureau of Labor Statistics, nearly 8 million skilled-labor jobs were lost from the labor force during the pandemic, and roughly only half of those jobs have been filled to date. It's that shortage of labor that's driving siding contractors to choose products that are created to save installation time.

"With fewer skilled tradespeople, installation efficiency becomes more critical," says LP's Blank. "Products that focus on installation efficiency, like our LP SmartSide trim and siding are shown to install faster and help reduce the labor required to finish the job."

Evolve Stone's Greg Fritz agrees. "Composite siding continues to gain market share compared to traditional materials," he says. "We see manufacturers moving toward a systematic approach while striving to make products easier to install."

LP's Blank points to his company's prefinished accessory offerings such as its SmartSide ExpertFinish outside corners as additional products that can save builders installation time. "Because they come ready to install, builders no longer need to manufacture corners on the jobsite," he points out. "Knowing that labor is an issue, saving time like this onsite is hugely valuable."

USE KNOWLEDGE TO ADD VALUE

Considering the challenges of today's siding market, successful LBM dealers need to be more than just a retail destination. In order to sell more, manufacturers recommend, do more of the things that don't involve selling. Focus on providing extra value that your customers won't find elsewhere, they say, so they know you're putting their best interests first.

As Blank explains, "This could include understanding the benefits of different siding options available in the market that can provide a solution that meets your customer's needs. For instance, you can help educate them about products that install more efficiently. If they are a green builder, you can recommend products that provide enhanced sustainability advantages relative to other products. Beyond products, you can connect them with technical resources like the LP technical services team or LP ►►



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SkillBuilder online training portal—an online collection of digital resources to help train their installers on the techniques, tips and tricks of installing LP SmartSide products. Essentially, find the ways that you can easily provide your customers additional value to help them build better, faster, and more effectively.”

Product knowledge—both about the products you sell as well as those you don’t—continues to be a crucial factor, points out Westlake Royal’s Chris Johnson. “Understanding the customer’s project and leveraging product knowledge to find the best siding to meet their needs positions the dealer as an important resource contractors can rely on. Most manufacturers provide these education opportunities for dealers and their customers, in person and virtually.”

Product knowledge alone, however, is not enough. Whether it’s between the LBM dealer and the manufacturer, or from the dealer to their customers, clear communication on all aspects of the sale, from product availability to the ultimate delivery of product, is equally important. “To help navigate the volatility of the economy, constant communication is key to meeting demand,” recommends Evolve Stone’s Greg Fritz. “The more time that distribution and manufacturing can get from the contractor/installer, the more likely the product will be available when need. For now, the ‘Amazon mindset’ of order when you need it won’t cut it.”

TRAINING FOR TODAY AND TOMORROW

In order to provide that extra value, manufacturers stress LBM dealers make the best use of technology tools available to them, tools developed by the manufacturers themselves. Available to both the LBM dealer and their customers, these tools deliver immediate access to best practices, installation techniques, and training videos.

“With the shortage of installation labor still an ongoing issue, LBM dealers can continue to ensure their contractor customers are up to speed on the latest technology offerings available,” Westlake Royal’s Booz explains. “Virtual selling tools and electronic workflows such as One Click Contractor offer great opportunities for contractors to set themselves apart. Another resource is WestlakeRoyalPros.com which provides webinars and training videos that we hope are helpful for dealers as well as builders/pros.”

Along with its online resources, Westlake Royal also offers a combination of virtual and in-person events such as virtual product knowledge sessions in which an LBM dealer’s sales team can get up to speed on new product lines and discuss product features and instal-

lation techniques. “We’re also getting ready to re-launch our fleet of training trailers,” adds Booz, “which makes it easier to show contractors product features and installation techniques across our vast product portfolio.”

LP recommends LBM dealers tap into its LP SkillBuilder, an online library of digital resources and trainings that detail installation techniques for LP SmartSide products. These videos are available in both English and Spanish to help meet the needs of Spanish-speaking customers.

Evolve Stone has introduced its Preferred Pro program to help train contractors and installers on its products while promoting better building practices. “The program includes in-person training by Evolve’s technical staff while proving qualified leads to participants,” says Evolve’s Fritz. “Early success is leading to high hopes for this program.”

And in the case of ProVia, it’s taking a rather innovative approach to its product knowledge training programs. The company is in the initial testing phase of a training plan that works alongside standard curricula at vocational schools. “The goal is to train students and help many get VSI certified before they graduate, helping to make them more marketable to prospective employers,” ProVia’s Jon Lapp points out. “ProVia team members will instruct in-person, hands-on training at the vocational school.”

PLANNING FOR THE FUTURE

If the past two years has taught LBM dealers anything, it’s to be prepared for the unexpected. Industry experts predict shipping delays to continue through the remainder of the year, with port congestion and sporadic COVID-19 outbreaks continuing to inflict damage on the supply chain. Nevertheless, siding manufacturers are striving to provide LBM dealers with a stable product flow that delivers options for customers.

As LP’s Derek Blank explains. “We continue to see strong demand behind new home starts, finishing homes that have already been started, and a strong R&R market. We have added a new LP SmartSide mill in Maine to help meet this demand, but similar to the rest of the industry expect continued longer lead times for the foreseeable future.” It’s the wise dealer who takes these unpredictable factors to heart to best plan for what’s to come. ■

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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Royal Siding new colors

Westlake Royal Building Products has introduced five new colors to its Royal Siding and Exterior Portfolio vinyl siding lines. The newly added colors in tones of gray, blue-gray, brown, and green are inspired by colors found in nature. Both lines feature Chromatix technology color protection to resist fading. The Exterior Portfolio includes shades in SmartStyles Premium and SmartStyles Expressions, while Royal Siding's palette includes Colorscapes Premium and Colorscapes Dark. The three new Exterior Portfolio colors are: Stone Harbor, Spruce, and Smoky Ash. The two new Royal Siding colors are: Silver Mist (shown), and Riverway. westlakeroyalbuildingproducts.com



Feeney DesignRail LED Rail Lighting Kit

Developed to install easily into DesignRail top or bottom rails without special tools, Feeney's new DesignRail LED Rail Lighting Kit now accommodates a single, continuous 55' run and is field trimmable for optimal flexibility, with 4" cut lines for reference. The lighting system is certified by UL and maintains its certification even when cut in the field. The 24V wet location strip lights attach to the railing surface using integrated high-performance, double-sided foam tape. Waterproof crimp fittings provide protection from the elements while plug and play connectors are designed to facilitate quick linking of lights and components. Feeney's energy-efficient LED rail lighting is rated for 50,000 hours high output lighting for both indoor and outdoor applications. Feeney has increased the product warranty for its LED Rail Lighting Kit to seven years for Light Strips and five years for Power Supplies. feeneyinc.com



Trex Seal Ledger Tape

The makers of Trex RainEscape have introduced Trex Seal Ledger Tape, an 11"-wide, aluminum-lined butyl tape specifically engineered for use on the ledger board of a deck. In many deck installations, there is a small gap left between the house and the deck that allows water to seep down and onto the ledger board, where it can collect and penetrate the wood, eventually leading to decay. Protecting the ledger board with proper flashing is critical for ensuring the structural integrity and longevity of a deck. Trex Seal, when used as part of a Trex RainEscape system installation, combines features of metal and tape flashing in one easy-to-use product. Reinforced with an aluminum liner, the tape covers the entire surface of the ledger board and is designed to create a seamless seal over any gaps between the ledger and deck substructure for optimal protection against moisture and water penetration. trexseal.com



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Superior Plastics 400 Series

The 400 Series from Superior Plastics is a new railing system that's specially designed for a drink rail. Superior Plastics fastened an aluminum receiver plate to a simple vinyl top rail, choosing aluminum for this plate for long-term strength. The receiver plate is predrilled every 12", so that the railing installer can lay a deckboard on top of it and then, using the fasteners supplied in the boxed section, attach the railing to the aluminum plate. Since the deckboard is fastened every 12" across the entire rail, there is no gapping and the deckboard is held flush to the top rail. Each boxed section includes a top rail with aluminum plate attached, bottom rail, balusters of choice, brackets to attach the rails to the posts, and fasteners for all of the brackets as well as the deckboard. The contractor simply supplies deckboard to match the decking. superiorplasticproducts.com



VERSATEX Canvas Series

The Canvas Series from VERSATEX is designed to deliver the rich look of premium woods with maintenance-free convenience. Exterior-grade, wood-tone laminates are bonded onto VERSATEX's WP4, Stealth Beadboard, 4" Crown and Bed Moulding profiles, eliminating the requirement of labor-intensive re-staining and adding the durability and moisture/insect resistance of VERSATEX cellular PVC. Offered in nine textured, low-gloss finishes—Natural Amber (shown), Driftwood, Turner Oak, Copper, Walnut, Macore, Black Cherry, Weathered Grey, and Kitami—the Canvas Series is engineered to be used for porch ceiling, soffit, feature wall, or any other exterior/interior application. versatex.com





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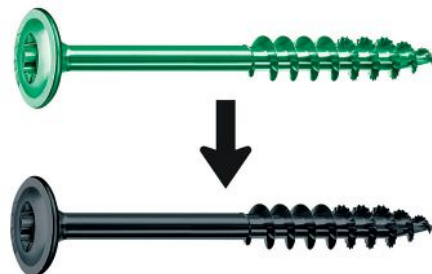
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SPAX POWERLAGS new color

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Fiberon Wildwood cladding

Fiberon's new Wildwood composite cladding is the company's first product designed with commercial cladding applications in mind. Wildwood features an open-joint profile and is available in a variety of board lengths and widths. The product is designed to be mixed and matched by board lengths and colors to create unique, custom looks. According to the manufacturer, the cladding is priced competitively to wood and cost less than most rainforest wood cladding or engineered cladding products. The composite core is engineered to provide resistance to rotting, cracking, insects, and decay. Backed by a 50-year warranty covering stain, fade, and performance. fiberoncladding.com



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Atlantis Rail's new Spectrum top rail system

Cable railing manufacturer, Atlantis Rail Systems, has launched a new aluminum top rail for its Spectrum cable railing system. Previously, the company supplied the cable, fittings, and posts for the Spectrum system and requested the customer supply their own hardwood top rail. Due to customer demand for an integrated top rail, Atlantis Rail has now created their new Spectrum top rail system. The system consists of square, 1-1/2" x 1-1/2" stainless steel powder coated posts that can be fascia or surface mounted and an extruded aluminum 1-5/8" x 3-1/2" top rail. The top rail is offered in standard lengths of 4', 6' and 8'. The top rail and associated fittings are made of aluminum and powder coated in the standard and special Spectrum colors. A gate can also be added using the new top rail system. atlantisrail.com



Wolf Home Products' Wolf Endeavor

Wolf Home Products has released a third finish option in its contemporary cabinet style line, Wolf Endeavor. Wolf Endeavor cabinets are frameless with full access and full overlay styling. The modern, shaker-style door is now available in three finishes: Polar SmartShield, Sterling SmartShield, and Carbon SmartShield. The new finish, Carbon SmartShield (shown), rounds out a neutral palette with a dark gray option. The finish is designed to give homeowners a dark, clean shade that is not as saturated as black and contrasts with lighter room elements. Wolf Endeavor cabinets are produced for multi-family housing and new home construction. All cabinets feature SmartShield Technology which, according to the manufacturer, is a durable finish that resists household stains and can be wiped clean. wolfhomeproducts.com





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New Graywood option from Haas Door

Haas Door has launched a new Graywood wood grain color. The deep gray color is now available in the residential and commercial garage doors in the American Tradition, Insulated Steel 2000, 700, and 600 Series. Available in a uni-directional wood grain pattern, the Graywood color is designed to add a modern feeling to a classic gray, warmed up with the element of wood. The gray hue is consistent across the door, and the wood grain pattern shows the detail of a wood pattern to be seen clearly from the curb. Haas Door provides a 10-year finish warranty on the color. haasdoor.com





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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 lbmjourn.com/lbm-century-club.

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*Denotes regional distribution.

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

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



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THE BOTTLENECK NAMED BOB

YOUR COMPANY'S FOUNDER AND OWNER REFUSES TO DELEGATE, WHICH HAS STOPPED YOUR COMPANY'S GROWTH DEAD IN ITS TRACKS. WHAT WOULD YOU DO?

THE WAY YOUR company got its start two decades ago makes for a great story. The founder, Bob Bottleneck, found himself unemployed when the lumberyard he worked for landed on the wrong side of a lawsuit and closed its doors. He applied for jobs with other companies, but when he failed to land a new job, Bob realized he was going to have to create his own opportunity. So, he picked up the pieces from his former employer and opened Bottleneck Lumber Company. Several coworkers from the out-of-business company, including you, saw potential for the new business and climbed aboard the fledgling firm.

The growth was slow but steady, thanks to a genuine appreciation for each customer, and a refusal to compromise on service or products. As your small team built a reputation for helping making builders' live easier, your family of customers grew. Today, Bottleneck Lumber is a leader in your market, and has an actual waiting list of builders wanting to buy from you. While this fact is a source of pride...it's also a source of frustration for you and your colleagues who believe that with a few operational changes, Bottleneck Lumber could effectively serve many of the builders on the waiting list, without compromising quality.

The bottleneck, as you may have guessed, is Bob. "We're successful today because we do right by people, and we don't cut corners on the way we do things," he explains. "Once we do that, we'll be just like our competitors. And I'm not going to let that happen."

Bob is absolutely right. Growth by compromising on service and quality is not a smart long-term strategy. But the fact is that Bob insists on continuing to do tasks himself that could easily—and truly should be—delegated to others in your company. Bob maintains all of the vendor relationships and handles all of the buying. Though your company has a state-of-the-art ERP system, Bob's insistence on serving as IT director means you're barely tapping into the software's capabilities.



Bob's refusal to delegate, and the bottleneck that it creates, seriously hampers your operations and has effectively eliminated the potential for growth. Every now and then, when the case for change is overwhelming and irrefutable, Bob will grudgingly agree to delegate a task. But that happens so rarely, you and your colleagues are beginning to wonder if being stuck is Bottleneck Lumber's destiny...and if it's time to look for a company that wants to grow. What would you do?

► CAST YOUR VOTE ONLINE AT: [LBMJOURNAL.COM](https://lbmjournals.com)

- **ACCEPT IT.** Bottleneck Lumber is Bob's company, to run as he pleases. If your pay is fair and you enjoy the work, then stop waiting for something that's likely never going to happen.
- **DO THE MATH.** Identify a couple of tasks Bob could easily delegate that would have a significant impact on your sales or profits. Once he sees the numbers, he'll be open to change.
- **SHOW & SELL.** Just do something that he'd normally do and let him see that the world didn't end. Sometimes asking forgiveness works better—and faster—than asking permission.
- **START LOOKING.** If working for a growing company is a priority for you, you're at the wrong place. Time to start looking for a company where you won't feel stuck.

SOMETHING ELSE?

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



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