

# LBM JOURNAL<sup>®</sup>

STRATEGIES FOR LUMBER/BUILDING MATERIAL DISTRIBUTION PROS

LBMJOURNAL.COM

AUGUST 2022 \$10 U.S.

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# The wheelbarrow

**GRIZZLED OLD LBM INDUSTRY VETERANS** like me have no problem remembering the emergence of big box retailers in the '80s, which mainstream business media at the time referenced as proof of impending extinction for traditional lumberyards and hardware stores. The difference, defenders of the soon-to-be-extinct companies proclaimed, was in service. But what is service, exactly? Buckle-up, my friend, and prepare for a story that answers that question. It may seem exaggerated, but I swear is 100% true.

Our story begins last weekend when our old wheelbarrow broke. The local hardware store was closed, so I went to the nearest big box store. The wheelbarrow area was in disarray, but after a few minutes I found a matching tray, handles, and box of parts to put it all together and headed to the checkout. Instead of \$119.95, it rang up for \$0.01. An employee saw this, told me that one isn't for sale, and wheeled my cart away. When she returned, I asked why I can't buy that one and she explained that when something rings up for \$0.01, they have an agreement with the vendor to destroy that product. I noted that it's brand new, nothing wrong with it, and may I please buy it? "No and there's nothing I can do about it," she said, and told me to pick out a different one. I asked how to determine which wheelbarrows on the retail floor are for sale (vs. those to be destroyed). She didn't know but promised to send someone from that department to help navigate.

The promised helper never showed up, so I chose a different wheelbarrow—but couldn't find the box of parts to assemble it. I went to check out, explained that I couldn't find the box of parts, and they sent someone to find it. When that person didn't return, they asked if I really wanted that wheelbarrow. I said actually, I'd prefer the one in the cart. They said, sorry, you can't buy that one. Yes, I said, I know. By the time an employee finally showed up with the wrong box of parts, I'd been there almost an hour, so I wished them well and headed home wondering what just happened.

Two days later, I stopped into the local hardware store. "Welcome! What can we help you find?" A wheelbarrow, I said. They led me to the well-organized wheelbarrow section, and I pointed and said I'd like that one. They asked if I'd like it assembled for \$20. I said yes, as a matter of fact, I'd love to have it assembled for \$20. Ten minutes after walking into the store, I walked out with the receipt and the promise of a call as soon as it's ready.

By the way, I paid less for the assembled wheelbarrow than I'd attempted to pay for an unassembled wheelbarrow from the big box store. Imagine that.

Fun fact: LBM Journal is in its 20th year, and in that time, we have yet to feature a big box retailer on our cover. We focus instead on companies like Chase Lumber, a three-location dealer in Wisconsin that's still going strong after 125 years. Val Stienen, a fifth-generation owner, graces our cover and spoke with Editor James Anderson for this month's profile (p. 34). If, by chance, you want to buy a wheelbarrow on display at Chase Lumber, I have a hunch that Val will be happy to sell it to you.



Rick@LBMJournal.com

— Rick Schumacher  
Executive Editor & Publisher

A stack of light-colored lumber is shown, with the letters 'LBMVP' cut out of the top surface. The letters are dark brown and have a slightly distressed, hand-cut appearance. The stack is held together by thin wooden strips. The background is a blurred industrial setting, likely a lumber mill or warehouse, with metal structures and other stacks of wood visible.

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# Looking for the 2023 Dealers of the Year

SINCE 2005, LBM Journal has honored a number of LBM dealers each year who stand out in their respective revenue categories. When I stated here back in 2015, the program was known as Entrepreneurs of the Year, but it turned out a bigger company with busier lawyers already used that term and politely asked that we change ours. We did, and since then it has been called Dealers of the Year. The same criteria have applied since the program began: We want to recognize and celebrate lumber and building material dealers who are succeeding in their markets in innovative and interesting ways.

Our 2023 Dealer of the Year program is now accepting company entries and/or nominations at [LBMJournal.com/Dealers](http://LBMJournal.com/Dealers)

Starting with the January issue and continuing through April next year, we'll feature the 2023 Dealers of the Year, selected from entries from around the country. As we do each month, we'll aim to provide an inside look at what makes these businesses successful, and share some of what they're doing in hopes that it can improve your business as well.

Since it was launched in 2005, LBM Journal's annual awards program has honored 52 LBM dealers who have demonstrated an entrepreneurial spirit that drives their employees, companies, customers, and communities forward.

There is no cost to participate, and the 2023 LBM Journal Dealers of the Year will be honored in the first four issues of the magazine next year, as well as on [lbmjournals.com](http://lbmjournals.com), and throughout our email network and social media communities.

They'll also be recognized at the 2023 LBM Strategies Conference in Charlotte, North Carolina. Winners will receive a custom certificate of recognition for display, a Dealer of the Year logo to use in marketing, social media, etc., and a press release to send to local media to share the news.

If you have any questions, or if you would prefer to make your entry/nomination via email rather than the online form, please let me know at [james@lbmjournals.com](mailto:james@lbmjournals.com). Nominations are due by October 24. Winners will be announced in our January 2023 issue.



A handwritten signature in black ink that reads "James Anderson". The signature is fluid and cursive.

[james@LBMJournal.com](mailto:james@LBMJournal.com)

— James Anderson  
Editor

**LBM** JOURNAL ★★ ★★  
**DEALER**  
**OF THE YEAR** 2023

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# Ownership transfers for independent dealers: Estate and tax planning

BY SAM BROWNELL

**THE FIRST STEP** in your estate and tax planning considerations should be to invest in an independent, reliable, unbiased business valuation. With the last two years of economic turbulence, having an objective value of your company provides the foundation for effective estate and tax planning. The strategy for how the sale of your business fits into your estate and personal financial planning can keep more money in your pocket. However, you must first understand the value of your business to create an effective strategy.

Once you know the value of your business, you can then prepare or adjust your estate plan to cover various scenarios. One common scenario is the transition of ownership to a child. In this instance, it is important to remember that the current lifetime gift tax exemption is \$12.06 million for individuals and \$24.12 million for couples who file jointly. These lifetime exemptions are high by historical standards and allow you to gift a substantial portion of your business to your children if you do not need to monetize the value of the business to reach your post ownership goals. However, remember that as of January 1, 2026, these lifetime exemptions are set to reduce by 50%. Therefore, a discussion about your estimated ownership transition timeline is critical to creating an effective estate plan.

Knowing the value of your business is also critical when you start to think about the tax impact of various ownership transition scenarios. Below we outline typical ownership transition options and important tax considerations.

**Sale to a child:** When transferring ownership to a child, you can take advantage of the lifetime gift tax exemption. A planning scenario we often use is to gift a certain percentage of the business (e.g., 30%) to the child and then sign a seller's note to purchase the remaining 70% over a 5-to-7-year period.

**Sale to a key employee(s):** Like the transfer to a child, there are ways to grant a partial interest in the business to a key employee to recognize their contributions. This grant transfers a portion of the tax liability to the key employee. You can then finance the remainder of the purchase using a seller's note with terms like those outlined in the sale to a child.

**Sale to a third party:** If you plan to sell to a third party, your entity structure (e.g., C Corporation) and whether the sale is an asset or stock sale are critical pieces of information. When selling to your child or a key employee, the sale is likely to be a stock sale because you are transferring the entire entity (both assets and liabilities). By contrast, most third-party transactions are asset sales because a strategic or financial

buyer does not want to assume your liabilities. The tax liability for an asset sale is determined by allocating the purchase price to your assets starting with the most liquid asset (cash) and ending with the least liquid asset (goodwill). Assets that are typically taxed at ordinary income rates include cash, accounts receivable, inventory, and fixed assets—which can account for most of the purchase price for independent dealers. Therefore, it is critical to negotiate a favorable purchase price allocation and to create a payout and distribution strategy with the goal of limiting your tax liability.

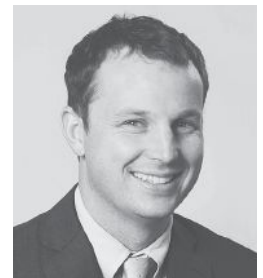
**Sale to an employee stock ownership plan (ESOP) or cooperative (co-op):** Selling the business to your employees can be good for business sustainability and your legacy while also providing favorable tax benefits. For example, an owner who sells at least 30% of their business to an ESOP or co-op in the first year of the ownership transition can invest the proceeds in qualified securities (e.g., U.S. stocks) and defer the realization of capital gains until the qualified securities are sold. If the qualified securities are held until the death of the selling owner, under current tax law, the heirs will receive a step-up in cost basis to the date of death value and the qualified securities could potentially be sold with minimal capital gains.

Other than death and taxes, we know there are certain inevitabilities that business owners face:

1. You will have to transfer ownership of your business at some point.
2. You will need a plan to mitigate taxes at this juncture.
3. It is hard but important to start conversations with key internal stakeholders and external advisors.

To preserve your family's net worth and your company's legacy in the community, you should engage a valuation analyst to determine the value of your business right now and let that be the basis for ongoing estate and tax planning. ■

Stratus Wealth Advisors owner and founder Sam Brownell helps independent dealers by quarterbacking a comprehensive succession planning process to provide clients with essential data and advice to make the best decisions for their company and their family. Reach Sam at [sbrownell@stratuswealthadvisors.com](mailto:sbrownell@stratuswealthadvisors.com).



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### 2022 SPEAKERS



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Executive Vice President  
Construction Suppliers  
Association



**TINA BREEN**  
VP - Sales & Marketing  
Manufacturers Reserve  
Supply



**THEA DUDLEY**  
Credit Overlord  
Pocket Protectors LLC



**MATT ELLIS**  
VP - Talent Management  
& Marketing  
DW Distribution



**KEVIN HANCOCK**  
CEO  
Hancock Lumber Co.



**FABIAN GALEANA**  
Credit Manager  
TAL Holdings LLC



**BRADLEY HARTMANN**  
President  
Behind Your Back  
Sales Co.



**DENA CORDOVA-JACK**  
VP - Organizational  
Development  
Kodiak Building Partners



**JOSH JOHNSON**  
General Manager  
Ivey's Building Materials



**JOHN MARSHALL**  
COO  
Willson Lumber



**MIKE McDOLE**  
Founder  
Firing-Line LBM Consulting



**CRYSTAL PIESCHEL**  
Director of Marketing  
Mid-Cape Home Centers



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



**RICK SCHUMACHER**  
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LBM Journal



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**STEVE SWINNEY**  
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# PROGRAM AGENDA\*

## BONUS EVENT

### 10/12 LUMBERYARD TOUR OF DIRECT LUMBER AND DOOR

Includes pre-tour breakfast sponsored by UPG and transportation sponsored by ITW Construction and National Association of Home Builders (NAHB). The Tour is open to all attendees—space is limited to first 110 registrants.

## BONUS EVENT

### WOMEN OF LBM SESSION

#### DENA CORDOVA-JACK, KATIE BODIFORD, THEA DUDLEY

Sponsored by Pennsylvania Lumbermens Mutual. Open to all attendees. Networking break sponsored by Paladin and lunch sponsored by Do it Best.

### WELCOME NIGHT COCKTAIL RECEPTION SPONSORED BY G WOOD PRO

### 10/13 KICK-OFF KEYNOTE: HUMANS AT WORK

#### KEVIN HANCOCK

Award-winning author and sixth-generation LBM dealer Kevin Hancock will discuss both the imperative and the opportunity for companies to elevate their mission by advancing humanity. Humanity, as it turns out, is advanced one human at a time—starting with yourself, then moving to the people right beside you. Kevin will share details that have helped Hancock Lumber earn recognition as a Best Place to Work in Maine for nine consecutive years. Learn how the power of shared leadership drives deep employee engagement and creates genuine separation between you and your competition.

### MAKE YOUR COMPANY A GREAT PLACE TO WORK: 5 STEPS TO A KICK-BUTT WORKPLACE

#### MATT ELLIS

Imagine a workplace full of hyper-engaged employees—sharing ideas, creating solutions, and working with friends. Now imagine every applicant has determined such a workplace is the only criteria they care about. In this session, Matt Ellis unveils the steps and tools used to help DW Distribution earn Gallup's Exceptional Workplace Award. You'll leave with practical tips and proven strategies to make your company a great place to work.

### CREATING VALUE...BEYOND THE NUMBERS

#### STEVE SWINNEY

In this session, Steve Swinney will share his story of getting into the world of building products, and the approach that has helped Kodiak grow into one of the largest companies in the LBM industry. He'll reveal leadership lessons learned from family-owned local businesses that will help you create value, whether your company is a 100-location national dealer, a single location yard, or anywhere in between.

### SMALL CHANGES/BIG IMPACT: SALES, CREDIT & OPERATIONS-DRIVEN IMPACTS TO CASHFLOW

#### THEA DUDLEY, MIKE MCDOLE, FABIAN GALEANA, JOSH JOHNSON, TINA BREEN, CRYSTAL PIESCHEL

Think only big changes bring big results? Think again! Thea Dudley and Mike McDole will lead a panel of innovative, established LBM pros from across the U.S. for an interactive discussion of small changes that lead to big impacts. They'll share examples of how seemingly minor tweaks to sales, credit, and operations often punch above their weight—delivering very real results to your company's cashflow.

### NAVIGATING SERIOUS BUSINESS DISRUPTIONS

#### JOHN MARSHALL

In order to respond quickly and decisively to major business disruptions like destructive weather and fires, John Marshall committed to crafting a Crisis Management Plan for Wilson Lumber by the end of 2019. That plan was tested immediately with an unforeseeable global pandemic, supply chain emergencies, and more. Sharing his company's Action Plan for Crisis Management, John will guide you through the steps to create a Crisis Management Plan to help your company navigate serious business disruptions.

### THE INSTALLED SALES OPPORTUNITY

#### ROB WALKER

Faced with interest rates rising and many materials in short supply, LBM dealers looking to grow their sales and margins may want to take a fresh look at installed sales. In this session, Rob Walker will discuss how the installed sales department he launched more than 15 years ago has grown to contribute significantly to Beisser Lumber's bottom line. He will share the benefits that his company has enjoyed, like providing a cushion during slow times. He'll also share practical insights for navigating the challenges they've encountered as their program grew.

### HOW TO PROTECT YOUR LIEN RIGHTS & SLASH BAD DEBT

#### ARIELA WAGNER

Liens and bond claims are critical elements of an LBM company's credit and collection process. Unfortunately, due to poor job information, missed deadlines, or the lack of internal processes, even seasoned construction businesses can lose their rights. While lien laws vary widely from state-by-state, you'll leave this session armed with fundamental, proven-in-the-real-world best practices to help you successfully navigate the process of protecting your lien rights, and to ending bad debt.

### SUCCESSION PLANNING OPTION: A WORKER-OWNED COOPERATIVE

#### JAY WARD

Ownership transitions typically come down to three options: family succession, selling to another company, or employee stock ownership plans. Ward Lumber, a 132-year old company in its fourth-generation of family ownership chose a different path, becoming a worker-owned cooperative. In this presentation, Jay Ward will share why Ward Lumber became a worker-owned co-op, what resources were involved in the ownership transition, and how the co-op is currently managed. Live Q&A will follow.

### SELLING YOUR BUSINESS IN INFLATIONARY AND UNCERTAIN TIMES

#### JOHN D. WAGNER, TED RIEPLE

"What's my company worth now?" That's a question being asked by owners who elected not to sell in the recent flurry of M&A activity. In this session, M&A gurus John Wagner and Ted Rieple will share how acquisition values have cooled somewhat for smaller companies, but there's still an appetite among acquirers for premium companies with strong growth and earnings. They will discuss the multiples of EBITDA being paid today for companies of all sizes, and review how to position for acquisition if you're waiting out this economic cycle.

### NETWORKING RECEPTION SPONSORED BY SIMPSON STRONG-TIE

### 10/14 SWINGING THE LUMBER: LBM SALES PERFORMANCE METRICS

#### BRADLEY HARTMANN, BROCK LACY

For over a century, three metrics dominated the perceived performance and relative value assigned to baseball players: batting average, home runs, and runs batted in. That is, until Moneyball challenged underlying assumptions. The Moneyball mindset is now upon us in lumber and building materials. In this engaging and interactive session, Bradley Hartmann and analytics expert Brock Lacy share insights, models, and tools to advance your understanding of sales performance analytics.

### LBM CENTURY CLUB, LBM100, AND LBM DEALERS OF THE YEAR

Join us in celebrating members and new inductees to the LBM Century Club, companies comprising the LBM Journal 100, and the 2022 LBM Dealers of the Year.

### HOT TOPIC ROUNDTABLE DISCUSSIONS

\*PROGRAM AGENDA SUBJECT TO CHANGE.

## UPDATES

### INDUSTRY

**Barrette Outdoor Living** has broken ground for new 175,000 square foot PVC manufacturing plant facility in Florida.

**Lumber Trades** has opened a new sales office and named **Rich Holoday** the general sales manager.

**LP Building Solutions** is celebrating 50 years of business. LP has also won the Sustainable Forestry Initiative President's Award. The company has also been recognized as a 2022 Top Workplaces of Middle Tennessee honoree by *The Tennessean*.

**TAMKO** is celebrating 20 years of the Six Sigma business strategy program.

**Fortress Building Products** is celebrating its 20th anniversary.

### MERGERS & ACQUISITIONS

**1stWest M&A** has announced that it has closed six LBM deals in 15 months. Additionally, the firm has multiple LBM deals with pending letters of intent.

**Oldcastle APG** has acquired **Barrette Outdoor Living**.

### ASSOCIATIONS

**Cameron Ashley** has joined **NLBMDA's** Manufacturers and Services Council.

### PEOPLE

**Julie C. Albrecht** will join **JELD-WEN** as executive vice president and chief financial officer.

**Koppers** has named **Kevin Washington** as VP of external affairs.

**Fairway Architectural Railing Solutions** has hired **Lou Filippone** as VP of sales.

**Cornerstone Building Brands** has appointed **Melissa Jones** as president, U.S. siding.

**Drew Meng** will lead **PrimeSource Building Products** as CEO and **Robert Roche** will serve as CFO of **PrimeSource Brands**.

### BUYER'S GROUPS & CO-OPS

**Jean Fahy** has been named LBM Division manager of business development at **Do it Best**. **Ryan Heine** has been named director of brand integration.

**LBM Advantage** has hired **Barry Brooks** as Southwest member sales manager and **Jim Sammons** as new member sales manager for the Northeast/New England region.

### DISTRIBUTION

**Gulfeagle Supply** has announced the promotion of **Kelly Joyce** to director of purchasing and **Deshawn Carter** has been promoted to Tampa branch manager.



JULIE C. ALBRECHT



KEVIN WASHINGTON



JEAN FAHY



RYAN HEINE

**L.L. Johnson** has added **Tropical Forest Products' Black Label** hardwoods.

**Palmer-Donavin** has added **RISE Building Products** to its exterior products offering.

**Coastal Forest Products** will distribute **Tando** from its Charleston branch.

**Cameron Ashley** has relocated its Houston distribution center to an expanded facility.

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### BUILDER CONFIDENCE PLUNGES AS AFFORDABILITY WOES MOUNT

Builder confidence plunged in July as high inflation and increased interest rates stalled the housing market by dramatically slowing sales and buyer traffic. In a further sign of a weakening housing market, builder confidence in the market for newly built single-family homes posted its seventh straight monthly decline in July, falling 12 points to 55, according to the National Association of Home Builders (NAHB)/Wells Fargo Housing Market Index (HMI). This marks the lowest HMI reading since May 2020 and the largest single-month drop in the history of the HMI, except for the 42-point drop in April 2020.

"Production bottlenecks, rising home building costs and high inflation are causing many builders to halt construction because the cost of land,

construction and financing exceeds the market value of the home," said NAHB Chairman Jerry Konter. "In another sign of a softening market, 13% of builders in the HMI survey reported reducing home prices in the past month to bolster sales and/or limit cancellations."

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

All three HMI components posted declines in July: Current sales conditions dropped 12 points to 64, sales expectations in the next six months declined 11 points to 50 and traffic of prospective buyers fell 11 points to 37.

Looking at the three-month moving averages for regional HMI scores, the Northeast fell six points to 65, the Midwest dropped four points to 52, the South fell eight points to 70 and the West posted a 12-point decline to 62.

### REMODELING MARKET CONFIDENCE DECLINES IN Q2

The National Association of Home Builders (NAHB) released its NAHB/Westlake Royal Remodeling Market Index (RMI) for the second quarter, posting a reading of 77, declining 10 points compared to the second quarter of 2021.

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## SINGLE-FAMILY STARTS FALL TO TWO-YEAR LOW

Increased interest rates, building material supply chain bottlenecks, and elevated construction costs continue to put a damper on the single-family housing market. For the first time since June 2020, both single-family starts and permits fell below a 1 million annual pace.

Overall housing starts fell 2.0% to a seasonally adjusted annual rate of 1.56 million units in June 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 June reading of 1.56 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 8.1% to a 982,000 seasonally adjusted annual rate. This is the lowest single-family starts pace since June 2020. The multi-family sector, which includes apartment buildings and condos, increased 10.3% an annualized 577,000 pace.

On a regional and year-to-date basis, combined single-family and multi-family starts are 4.4% lower in the Northeast, 4.7% higher in the Midwest, 11.1% higher in the South and 0.4% lower in the West.

## UPCOMING EVENTS

**SEP 9-12** DO IT BEST FALL MARKET  
Indianapolis, IN | [doitbestonline.com](http://doitbestonline.com)

**SEP 12-15** DMSi PARTNER CONNECT22  
Omaha, NE | [dmsi.com](http://dmsi.com)

**SEP 20-23** LMC LEADERSHIP SUMMIT  
Phoenix, AZ | [lmc.net](http://lmc.net)

**OCT 12-14** LBM STRATEGIES CONFERENCE  
Denver, CO | [lbmstrategies.com](http://lbmstrategies.com)

**OCT 12-14** LMC EXPO 2022  
Philadelphia, PA | [lmc.net](http://lmc.net)

**OCT 19-21** WCLBMA ANNUAL CONVENTION  
San Diego, CA | [lumberassociation.org](http://lumberassociation.org)

**NOV 8-10** ECI CONNECT 2022  
Aurora, CO | [ecisolutions.com](http://ecisolutions.com)

**NOV 14-15** EPICOR INSIGHTS  
Scottsdale, AZ | [epicor.com](http://epicor.com)

## TOUGH CALL ANSWERS

ANSWERS TO OUR JUNE TOUGH CALL SURVEY:

### RUNDOWN AND FACING COMPETITION

YOUR LUMBERYARD IS IN NEED OF REPAIRS BEFORE A BIG CHAIN MOVES IN DOWN THE STREET. BUT OWNERSHIP DOESN'T SEE IT THAT WAY. HERE'S HOW READERS WOULD HANDLE THIS TOUGH CALL.

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**STAY THE COURSE.** Trust that the owners of your company know what they're doing. Do what you can with the resources you have and prepare your team for battle.

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**SHOW AND SELL.** Move forward with some small investment/high return changes, then show the owners the impact of the investment. Win them over with results.

**19.9%**

**UPDATE RÉSUMÉ.** You've had a great run at RunDown, but you can't justify staying with a company that's not going to reinvest in its future. Time to start looking.



**20.6%**

**JUST DO IT.** As the GM, you're responsible for the livelihoods of a lot of people. Asking permission isn't working. So do what needs to be done, then ask forgiveness.

THANKS TO EVERYONE WHO VOTED ON THE JUNE SURVEY. SEE PAGE 56 FOR THE AUGUST TOUGH CALL: "BEING LOYAL"

### NLBMDA MEETS WITH CANADIAN TRADE DELEGATION ON SOFTWOOD LUMBER

The National Lumber and Building Material Dealers Association (NLBMDA) met recently with Ambassador Raymond Chrétien and a government delegation from Québec in Washington, D.C. to discuss softwood lumber negotiations. Ambassador Chrétien served as the Canadian ambassador to the United States from 1994 to 2000 during the Clinton Administration and is now Québec's chief negotiator on softwood lumber.

"NLBMDA hosted a productive meeting this week with Ambassador Chrétien to discuss the status of softwood lumber negotiations between the U.S. and Canada," said NLBMDA President & CEO Jonathan Paine. "As supply chain disruptions and affordable housing challenges continue to persist, NLBMDA reiterated its support for a long-term softwood lumber agreement that brings stability to the pricing and availability of softwood lumber. NLBMDA remains committed to working with government officials and stakeholders on both sides of the border to reach a fair agreement that will help resolve the ongoing supply chain challenges impacting LBM dealers and residential construction. NLBMDA would like to thank Ambassador Chrétien and the entire Québec delegation for their visit and we look forward to continued dialogue in the future."

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## BY THE YARD NEWS FROM LUMBERYARDS AROUND THE COUNTRY

### US LBM to acquire Foxworth-Galbraith

US LBM has reached a definitive agreement to acquire Texas-based Foxworth-Galbraith Lumber Company, a prominent building products supplier to building professionals and homeowners in the Southwest. Upon completion of the acquisition, US LBM will operate 80 locations in Texas, 13 in Arizona, nine in New Mexico, five in Colorado, and four in Oklahoma.

### Bliffert Lumber & Hardware completes partial ESOP sale

After more than 115 years in business, Bliffert Lumber & Hardware has announced the partial sale of the company to its employees via an Employee Stock Ownership Plan (ESOP) representing the Bliffert employees. In an announcement made in April, company Vice President Eli Bliffert outlined how important it was for the Bliffert employees, who helped grow a robust and prosperous company, to share in its ownership into the future.

### Koopman Lumber & Hardware acquires Boilard Lumber

Koopman Lumber, a family-owned and -operated business since 1939 with 10 locations in eastern Massachusetts, has acquired Boilard Lumber, another family-owned and -operated retail lumberyard providing quality building supplies since 1936 in Indian Orchard, Massachusetts.

### BIP launches West Coast Lumber

Private equity firm Building Industry Partners (BIP), has launched a new lumber and building materials platform, West Coast Lumber. The organization aims to build a growth-oriented regional pro dealer group throughout Southern California and the Western U.S.

### SBSI acquires Wallace Building Supply

Southeast Building Supply Interests (SBSI), a platform company of Building Industry Partners, has acquired Wallace Building Supply. SBSI is led by industry veteran Roger Farmer, and serves local, regional, and national builders and contractors as well as do-it-yourself customers, across nine markets throughout the Southeast.

### McCoy's Building Supply purchases Lockhart land for new location

McCoy's Building Supply recently finalized the purchase of 12.8 acres of land in Lockhart, Texas after a year-long search. An official timeline for groundbreaking and store construction has not yet been announced.

### McCoy's selling four stores to Orgill's CNRG

McCoy's Building Supply has announced their plans to sell four store locations to Central Network Retail Group (CNRG). The Mississippi locations in Greenville, Vicksburg, and Laurel, and the Searcy, Arkansas location will be operated by CNRG under the brand Home Hardware Center.

### New GM at Northwoods

Orlando Alamano is the new general manager of Northwoods Lumber Co. in Bemidji, Minnesota. Northwoods Lumber Co., a second-generation, family-owned building material dealer, has served Blackduck, Bemidji, and the surrounding areas since 1973.

### Woodson Lumber promotion

Woodson Lumber has announced that through internal promotion, JR Noel is the new manager of the company's Groesbeck, Texas location.

### Northwest Ranch Supply anniversary

Northwest Ranch Supply in Kremmling, Colorado is celebrating its 30th year of serving Grand County and surrounding areas.

### Cally Fromme retires from Kodiak Building Partners

Kodiak Building Partners has announced that Cally Fromme, the company's VP of communication & culture, has retired. Fromme had served in her current role since 2015. Prior to that, she was president & CEO of Zarsky Lumber in Victoria, Texas.

### Kodiak's CEO honored

Kodiak Building Products' Steve Swinney has been named an Ernst & Young regional Entrepreneur of the Year. As the winner in the Mountain West region, Swinney will now move onto the national selection in the fall.

### Two acquisitions for Kodiak

Kodiak Building Partners has acquires Miller Lumber. Miller Lumber was established in 1911 and is one of the oldest businesses in the Central Oregon region. Kodiak has also acquired Sun Mountain Custom in Berthoud, Colorado.

### Big Creek Lumber to acquire O'Connor Lumber

Big Creek Lumber is growing with the addition of a sixth retail lumber location and Ace hardware store as it prepares to acquire O'Connor Lumber in Vallejo, California. Big Creek Lumber was founded in 1946, and remains locally and family owned. It is currently led by the third generation of the McCrary family in the business.

### Next generation ownership at Effingham Builders Supply

Effingham Builders Supply has announced the addition of Caleb Mette as an owner and company president, joining his father, Bill Mette as co-owner. Along with the move to the next generation, Effingham Builders Supply has introduced Kyle Kloss as retail sales general manager.

### Hammond Lumber acquires Brock's Building Materials

Hammond Lumber has acquired Brock's Building Materials, a third-generation, family-owned company located in Rochester, New Hampshire. Hammond is a fourth-generation, family-owned building material retailer established in 1953. With the acquisition, Hammond now has nearly 900 employees and 22 locations across Maine and New Hampshire.

### Kempsville Building Materials grows

Kempsville Building Materials recently completed the addition of a new facility on 18 acres with a 120,000 square-foot warehouse in Richmond, Virginia. Kempsville Building Materials is a division of the Carter Lumber Company and currently operates eight locations and two manufacturing facilities in Virginia and North Carolina.

### Nation's Best acquires Advanced Window Systems

AWS maintains a large warehouse south of Dallas and a showroom in the Dallas Design District where they meet with customers and suppliers.

### 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](mailto:James@LBMJournal.com).

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# LBM<sup>JOURNAL</sup>

# Nine out of 10 salespeople wing their way through sales calls, part two

BY BILL LEE

**OPEN-ENDED QUESTIONS:** To achieve this objective, the second stage of the relationship is to prepare a handful of open-ended questions that when answered will open your eyes to how critical a given objection is to the prospect. In other words, is this objection a “showstopper,” or is it only a minor objection in the prospect’s eyes?

To improve the quality of the questions you ask on a prospect call, it helps to do your homework. Do enough research to know some of the challenges your prospect is struggling with *before* you make your initial call.

There are generic questions and others that are more pointed. One of my favorite generic questions makes use of the word **IF**, should one of your prospects tell you he or she would do business with you, if say, your delivery commitments were more dependable.

**Generic Question:** “**IF** I could show you documentation that—for the first four months of 2022—we have lived up to our delivery commitments 96.2% of the time, are you telling me we could do business?”

When you begin a question with **IF**, it becomes a conditional question. The prospect is suggesting that your delivery commitments are undependable. You then ask the prospect: “**IF** it were not for that reason, are you telling me we could do business?”

The purpose of the question is to identify the **REAL** reason for a “**NO**” answer. Or the **REAL** reason for an objection. Is it **REAL** or is it merely an **EXCUSE**?

When I began calling on prospects in my first sales job, I was selling asphalt roofing. Over 50% of my prospects told me that the reason they didn’t do business with me was because my prices were too high. And I believed them. I was 24 years old. Most of my prospects were more than twice my age. Any normal person would ask themselves the question, “How did my company get to be the largest asphalt roofing company in the country when our prices were so out of line with other manufacturers?”

In his ground-breaking sales book, *Success Secrets of the Sales Funnel*, author Ray Leone

says that “...the Sales Funnel is built on five basic foundations:

- The sale is made before the presentation of the product begins (sale before the sale)
- Salespeople are made—not born.
- Selling is an artful science, with the emphasis on science
- There is a predetermined formula for going from “Hello” to the contract.
- Life-Control guidelines can help you understand the cycle of the sales process and individual personality types of the prospect.”

To be as good at selling as you can be, you must become an expert on everything possible about your product, your competition, and your industry. You have heard it said that Knowledge Is Power. Well, a lifetime in the business world has taught me that there is no doubt whatsoever that this is true. No one likes a “know it all,” but everyone likes to do business with salespeople who are experts in their field of endeavor.

In the April issue of *LBM Journal*, Rick Davis, president of Building Leaders, authored an article he named: “Persuasion is overrated.” In this article, Rick writes, “...Credibility results in a sincere interest to help, an understanding of the business landscape, and the competence to take on a role as a business advisor. The credible salesperson possesses knowledge of the market, best business practices, and advisory business skills on which the buyer can rely.”

Do you believe the professional salesperson Rick Davis described in this article has to have the best price to get the order? I can assure you that he or she does not.

Davis describes salespeople who make the sale long before they pull out the contract.

Like many of you, I was taught that the art of persuasion was one of the most critical secrets to success in the sales profession. After getting my nose bloodied numerous times, I learned that sales is more science than it was persuasion or price.

If you are struggling to build your business, do something for your customers that they are struggling to do for themselves and watch your prospects’ respect for you explode. ■



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

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# Close sales deals like good serial stories

BY RICK DAVIS

**ON THE DOWNSIDE** of the first quarter of the 21st century, it is apparent that humans are serial addicts. The ubiquitous and passionate dinner conversation starts with the words, “You gotta watch...!” Of course, you are informed your life is incomplete if you haven’t binged on “Breaking Bad,” “Ozark,” or “Game of Thrones,” none of which I have watched past the third episode while miraculously finding a way to hold down a conversation.

Older people remember the first prime time sequel. It was “Batman”! POW! BAM! It showed every Wednesday and Thursday night, the former ending in a cliffhanger that brought in dramatic questions from a satirical voice over. “Can the dynamic duo escape? Will the Riddler have the last laugh!?! Tune in tomorrow. Same bat time. Same bat channel.”

So, you ask, what could this concept possibly have to do with a sales column? My answer is, everything. We work in an industry in which business relationships evolve over time. The first order comes only after a journey of introduction, discovery, business rapport, an introductory transaction, and so on, all leading towards an ongoing relationship. In other words, you are the serial to be watched!

In my second book, “The Sales Secret,” I asserted that the “close” of the deal is not an all-or-nothing pinnacle moment of confrontation where you suddenly hitch up your bootstraps, pose confidently, and ask for the order. Instead, the close is a series of little victories. By the time you take the first order, there is no tension. The first order is a casual finalization of details that confirm you’ve done everything properly leading up the first order.

Closing, therefore, is incremental. Everyone knows that an order that comes too easily is a sign that something is amiss. An easy, early order from a new prospect is a sign the buyer might be disloyal and leave you as casually as they left their previous supplier. An easy order might indicate a sign of bad credit or perhaps

a mistake in your pricing. Yes, there are a lot of reasons to believe a first order should only come after a series of quality interactions.

Closing is also about timing. Most business leaders agree that the best time to pick up a new, loyal customer is when the buyer, previously loyal to another supplier, is now experiencing real problems with that supplier. Getting the first order from a buyer satisfied with their current supplier leaves you in a position to use the one weapon you least want to leverage, a lower price. Therefore, getting a new buyer on favorable terms means keeping the relationship alive with a series of meetings—your serial of quality interactions—that lead you to being the first choice when something goes wrong with an existing supplier.

Closing is ultimately creating a reason for the next step. Just like “Ozark,” “Game of Thrones,” “Breaking Bad,” and every other addictive serial, you want to end each meeting with a compelling reason for the next one. “We should at least meet so I can share with you upcoming business trends you might be missing.” “If we don’t meet, I won’t be able to share with you some great ideas your competitors have leveraged to sell effectively in these times of economic pressure.” And so on. These are the ways to end meetings with a compelling reason for the next ones.

Will you, as the sales hero, come up with a way to create more value in yourself above and beyond products that buyers can get anywhere in your market? Are you positioning yourself as the first choice when things go wrong with an existing supplier? Do you have enough relationships building to secure your future?

Stay tuned to you. End each episode and interaction with a compelling reason for the next one. It might not be at the next dinner conversation, but instead at future business conversation when a buyer says to herself, or perhaps to another buyer, “You gotta watch... YOU!” KAPLOWEE! ■



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](http://buildingleaders.com). Rick can be reached at [rickdavis@buildingleaders.com](mailto:rickdavis@buildingleaders.com)

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# Three reasons your employee referral program isn't working

BY RIKKA BRANDON

**IN THIS TOUGH HIRING ENVIRONMENT**, an employee referral program can be an excellent way to recruit potential job candidates. It's not only an additional avenue beyond traditional methods and beyond your own networking efforts, but it's one that can potentially bring in more suitable candidates. You trust the work your employees do for your company, which means they likely have great instincts as to others who might also be a good fit and who are enjoyable to work alongside. Employee referrals essentially are a form of word-of-mouth marketing and networking for your company, only from a recruitment standpoint.

But implementing an effective employee referral program does require thought and attention, and some may find results for their programs to be underwhelming and lacking in good candidates.

Throughout my time in the recruiting industry over the last two decades, I've helped numerous businesses implement successful referral programs. Often, they already have one in place but couldn't put a pin on why it isn't successful. I've narrowed it down to some of the common factors that I see that prevent an employee referral program from being successful.

## 1. You don't promote it enough

You set up an employee referral program and let your employees know about it, so now it can bloom, right? Unfortunately, no.

You can't just talk about it once. Putting a referral program into action requires consistent reminders to your team about how they can participate and what they gain in return. This could be a quarterly note in their paychecks indicating that their check could have had extra money in it; you may even change the reminder for the season, such as "Looking for extra vacation money?" And perhaps remind them to think beyond their friends and family to the others in their lives, such as a friendly, customer service-oriented barista who serves them every day.

If you have a marketing team, you may consider consulting with them for ideas on how

to internally promote the program. If you do it right, you can turn your money-hungry employees into roving recruiters.

## 2. You don't make it matter

Employees have to feel some ROI in the referral program to want to make an effort to participate. Offering a team member \$100 or a gift card likely won't be enough to encourage them to spread the word or actively seek out people in their network who could be a good fit. You need to make it worth their time—give them a reward that will cover paying off a credit card, cover a weekend trip, allow for the entire family to go to a theme park for the day, etc.

I've seen companies pay tens of thousands of dollars in recruiting fees to a headhunter, yet shy away from offering more than \$250 in their employee referral program. Offering your team an incentive that actually makes a difference to them may just give them the motivation to be intentional and active about recruiting.

## 3. You're making it too hard to earn

Don't tie the prize to retention. Lots of times, business owners won't pay their employee for bringing in a referral until the new recruit lasts 90 days. But that infers that the employee is now responsible for their coworker's retention.

As a third-party recruiter, I don't guarantee that an employee I place will be around for three years. That's up to the employer and the leaders within the company. You can't expect the person who referred a candidate to be responsible for their retention as well. Don't get me wrong, you can offer both a sign-on AND a retention bonus, but don't group the two together. It can make a referral bonus a lot harder to obtain, and therefore a lot less motivating to work toward.

Oftentimes, a small tweak or consideration of the points listed above can make a massive difference in results. Your team will be more fired up about the actual opportunity to make money with fewer hoops to jump through. ■



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.

# ‘Trust, but verify’ is sound leadership advice

BY RUSS KATHREIN

**BACK IN THE 1980s** during nuclear treaty negotiations, President Ronald Reagan said, “Trust, but verify” to describe how the U.S. would proceed with its Soviet counterparts. Since it was actually an old Russian proverb, rather than being offended, their leader laughed and it became part of our lexicon, too.

This phrase is probably one of the most useful things to keep in mind for any leader. It comes into play under three different scenarios. The most obvious, but less common, is that you really don’t trust that someone is going to do what they say they will. The second is when you want to create accountability with your people. “Inspect what you expect” is another way to put it. The third, and most important and useful application of this phrase, is when you challenge the status quo.

When you ask questions about big programs, big customers, or other long-term practices, your people will often tell you things they firmly believe when, in fact, the truth may be completely different. Does this mean they are liars? No, it often means they were led to believe something in discussions with other people, so they accepted it as gospel. Or maybe they only know their small area of a big picture and trust that someone else knows about the rest.

I was new in my position with multiple markets and locations reporting up to me. One market had one of our largest customers. This customer accounted for a great deal of that region’s total volume, and 2/3 of the assigned salesperson’s volume. What made this customer so remarkable was that he participated in just about every program we had. Customized marketing, model home program, vendor trips, specialized inventory, new product introduction, and more. If we offered it, he participated in it and subsequently was viewed as one of our success stories.

Being new, I wanted us to understand why this customer gave us almost 100% of his business. As we started looking at each individual program, we saw a similar trend. The owner would personally get involved and then would negotiate his own deal, one that often meant

he got it for free, while we were charging all our other customers. He extracted a pound of flesh from every vendor we brought on to partner with his company, and he demanded that he be the first in line for every product and service because he was our biggest customer. As we dug further, and to make matters worse, we learned our salesperson, who was supposed to be managing our interests with this customer, had talked management into continuing to pay him commission on sales, rather than on gross profit dollars as we did with the rest of our sales team. Because so much of his pay was wrapped up in this customer, he spent most of his day as their de facto employee.

Everybody thought that this was a great customer, who while demanding, was a model for how we wanted all our customers to evolve. The problem was that no one was looking at the customer in its entirety. They only knew their small portion that might be outside what we normally do. Surely, we made money on this customer with all the business we were doing, right? The problem was not only weren’t we making any money, we were also significantly overpaying a salesperson for the right to do so.

Another version of this is when one department assumes something is being done by another department, but never really confirms it. Again, we had another large builder who wanted to pay his account with a credit card so he could build up points or miles. When we set this up, the builder agreed to pay the credit card fee. Unfortunately, no one followed up to make sure this was being done on a regular basis. Because this was a one-off program, we had to create a manual charge each month. At some point, we forgot or stopped doing the charge that everyone involved in creating the agreement thought was still happening.

So when you are new to a position or situation, take the time to thoroughly research how things are done and why. When you challenge why things are done in some way and the response is, “That’s how we’ve always done it,” that should be the first indication that it’s time for a little “Trust, but verify.” ■



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

# Are you ready for a seat at the adult table?

BY THEA DUDLEY

**Dear Thea,**  
I've been with my company for over a decade. I worked my way up from an entry level position to corporate credit manager. I want to stay with the company and continue to grow, but it appears that as "head of credit," there is nowhere to go. I am told my input matters and is valued. I want to go to the next step. I want a seat at the table. How do I get my company to recognize my position as a C-suite role?

— Tired of the Kiddie Table

Dear Kiddie Table:

Before we launch into your question, I want to take this opportunity to remind you this is not a career advice column, nor is anyone's journey the same. Everyone's version of a successful career is defined differently. My disclaimer aside, let's get to the heart of your question, since there appears to be a lot going on in the little you shared. My summarization: You want to be a formally titled, recognized leader in the company. You want to be bonified.

I hear the term "a seat at the table" a lot and wonder what it really means, and whether it means the same to everyone. According to our friend Google, it is "Someone who is considered to have BOTH the influence and, more importantly, the power, to make decisions and effect change."

Back to you. What's driving your desire to have that "seat?" What does your corporate structure look like and where is there to go after "head of credit?" In other words, who must drop off the ladder for you to move up? What is the next role, or are you looking for the company to create a spot on that C-suite team? Anyone can make up a title (e.g., chief credit officer, chief finance officer, to name a few). I am going to point out

that you can strap a rocket ship to your behind, but it still doesn't make you a NASA space shuttle. A rose by any other name is still a flower... ring any bells?

You mentioned that your value and input matter, so, how are you currently leveraging that? If you really want a seat at the table (which for the record, can be overrated—endless meetings, meetings that could have been emails) then up your game. How are you approaching HR or your executive team on a topic that is clearly dear to you, to discuss "next steps?" It isn't clear if you had those discussions and got slapped down, or if this is your assumption. If you haven't had the discussion, stop overthinking it or talking to those who can't help you and just bite the bullet.

Be prepared to specify exactly you want and what you'd contribute. Why should you have that seat? Start with some basics: insight of fellow leaders, shaping direction of the company, effectively positioning your team to support those goals and directives. Be able to clearly articulate what you bring to the table.

Now, honestly answer: Do you have those skills? Can you deliver, or are you laboring under the delusion that time served equals promotion? What about the ability and courage to speak up and challenge directives when it is not popular? Or is having the seat enough and you are going to be a bobblehead? What about your company structure, culture, and philosophy? Is what you're asking in their habitat?

Say all goes well and you get that prized derriere holder, what's your plan? How are you going to use your newly acquired voice and power? The adult table comes with responsibilities, so keep in mind there is more than one way to grow. ■



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](mailto:theadudley@charter.net)

# Parsing out deal elements as a percent of TEV

BY JOHN WAGNER

**LET'S PARSE THROUGH VARIOUS** deal elements as a percent of the total enterprise value (a.k.a. TEV or the purchase price). That's a fairly wonky column topic, but buyers of LBM businesses are overwhelmingly private equity groups, and they think of deal elements (like senior debt, subordinate debt, seller's notes, earn-outs, and escrows) as *a percent of the total* they pay for your company.

We subscribe to GF Data Resources, and today we'll focus on a recent report on "lower middle market" companies (which for LBM businesses is \$10 to \$100 million in revenues). The GF Data report shows what portion of the purchase price has been represented by the debt portion of the deal, expressed as a multiple of the purchase price.

Sounds complicated, but it is not.

For ease of math, say you sell your company for \$10 million, and the company operates at a 10% EBITDA margin. Our readers know that buyers often borrow a substantial portion of the TEV, and if there were \$1 million in debt as part of the deal, the debt portion would be expressed as 1X.

What portion is typical today, and how is it changing with rising interest rates?

GF Data reports that across recent deals in multiple industries, 53.4% of the purchase price was a combination of subordinate debt and senior debt. That debt, expressed as a multiple was 3.9X EBITDA, out of TEVs that were 7.3X EBITDA. (Side note, most LBM deals are being valued as ~5X.)

So, for that \$10 million deal, the buyers would have borrowed \$5.34 million, broken out as 0.7X of the *entire* deal value as subordinate debt (\$960,000), and 3.2X of the *entire* deal value as senior debt (\$4,380,000).

In a year-over-year comparison, using the common metric of "debt divided by EBITDA," the total debt is down just slightly from past transactions surveyed, likely reflecting higher interest rates. This indicates that buyers are using slightly more cash instead of debt.

With these ratios on that \$10 million deal, \$5.34 million is the total debt load, which the

NewCo created by the acquisition will service going forward. Of the \$4.66 million left to make up, the buyer may lay on additional "seller leverage" like a \$2 million seller's note, or a \$1 million earn-out. (It's common for earn-outs to be 1X of the deal value). This further reduces how much of the buyer's equity (cash) they put into the deal.

Why such a complicated structure? The private equity group is trying to guard cash and reduce the number of years it takes to earn back their equity (the cash they put in). How many years is that typical earn-back period? Well, let's see how the \$10 million purchase price works out this respect, based on that 10% EBITDA margin.

Of the \$10 million purchase price, \$5.34 million is a blend of the two types of debt, and \$2 million is a seller's note, and \$1 million is an earn-out. If the buyer risks \$1.66 million, at 10% EBITDA margins, the private equity group would recover that in less than two years. And that's assuming the NewCo doesn't grow at all, which is unlikely. The buyer will probably grow the company, so the effective time to recover its equity could be less than two years.

Even if you were to knock out the seller's note in this hypothetical deal, the buyer would be putting in \$3.66 million of equity. At 10% EBITDA margins, assuming no growth, the private equity group would make back its equity in the fourth year, well within the "swim lanes" of good performance.

Finally, private equity firms often express their success as an IRR, or *internal rate of return*. The IRR takes into account the size and timing of its cash flows (in *and* out) and its net asset value at a certain point in time. You can imagine that earning back the equity portion of a deal in less than two years (rather than five years) only boosts the IRR, a chief goal of any private equity group. That's why, when reviewing deal structures, you (the seller) will see the buyer probing with ways to reduce their equity contribution, attempting to leverage you to reduce their risk. Don't take these efforts personally. As they make clear in "The Godfather," "it's strictly business." ■



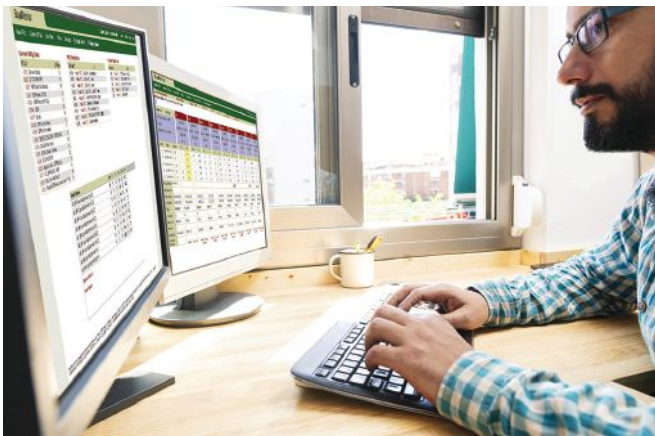
John Wagner is a managing director at 1stWest Mergers & Acquisitions, which offers a specialty practice in the LBM sector. Reach John at [j.wagner@1stwestma.com](mailto:j.wagner@1stwestma.com)

# BuyMetrics

Launched in 2000, BuyMetrics may be one of the LBM industry's best kept secrets. Long marketed exclusively by word-of-mouth referral, the online commodity procurement system is widely used by lumber/panel buyers at industry-leading firms across North America. BuyMetrics' clients vary from focused one-buyer operations to large publicly traded multi-national corporations with dedicated commodity teams.

The company offers a comprehensive set of solutions laser-focused on commodity wood procurement, connectivity, and data services. At its core, BuyMetrics is a collection of very smart tools that enable lumber buyers to excel at their mission-critical jobs.

Every month more than 1,200 individual (non-duplicated) seller agents actively quote their customer's RFQs and receive POs via BuyMetrics' Connections Portal. Because BuyMetrics is a collaborative tool for existing trade partners, it is designed for maximum flexibility.



## The BuyMetrics commodity procurement platform is:

- Dedicated to serving buyers (not an exchange, zero transaction fees).
- Branded per client, customized per buyer, functions as buyer's proprietary workspace.
- Facilitates private buyer/seller communications (relationships matter).
- Automates repetitive tasks/calculations that slow buyers down.
- Increases buyer productivity 1.5-3X.
- Increases capacity to handle peak loads, source supply-constrained material.
- Decreases cost of goods sold, best-price assurance through extended market reach.
- Measures results, buyers have the data, including enriched data (metrics) they need to make timely decisions, refine strategy, systematically improve outcomes.
- Transforms commodity procurement into a core business process, visible, measurable, teachable.

A pioneer in SaaS technology and digital transformation, BuyMetrics was built from the ground-up to be offered as a service, on a subscription basis. The BuyMetrics procurement platform comes in two editions: BuyMetrics ENTERPRISE and BuyMetrics PRO.

The ENTERPRISE package is designed to serve corporate buyers, enabling them to execute their strategy quickly and precisely. With functionality customizable down to individual buyers, ENTERPRISE supports spot market buys, programs/catalogs, formula-defined contracts, tally loads, PTS contracts, forward-price transactions and arbitrage-like strategies. Metrics provide guidance, and ongoing analytics measure performance (on-the-fly), provide vendor scorecards, and strategic insight. ENTERPRISE is designed to interface with corporate ERP systems.

The PRO package is designed to ensure quick and easy deployment, pre-configured for the purchase of lumber and panels. PRO economically delivers BuyMetrics functionality to clients that do not require all the customizable features ENTERPRISE offers (such as back-office integration).

When it comes to measuring results, BuyMetrics measures itself as well. Following 2021's extraordinarily volatile, supply-constrained market, the company reached out to BuyMetrics users for input, then took a deep-dive into 2021's purchase data. They found:

1. 100% of buyers responding to a January 2022 user survey agreed or strongly agreed that in 2021 BuyMetrics had helped them to "rapidly work with their vendors to cover their company's most pressing lumber requirements." 83.3% said BuyMetrics had helped them "find and buy more lumber."

2. BuyMetrics found 2021's *supply-driven* cycle had produced twice the CoG savings for BuyMetrics' users than the *demand-driven* boom and bust cycles. For details, see Case Study: Cost-of-Goods Savings 2021 on BuyMetrics' website, [buymetrics.com](http://buymetrics.com).

The company was founded in 1995 by Valerie Hansen, a hands-on lumber buyer and former third-generation owner/CEO of Big Buck Building Centers Inc, in Racine, Wisconsin. From 2000-2019 the U.S. Patent and Trademark Office awarded Hansen 21 patents for inventions in the technical areas of finance and data processing assigned to BuyMetrics. BuyMetrics Director of Development, Scott Moll, has led the company's development effort for the past 23 years.

Hansen adds, "BuyMetrics was born of the industry, is known for its deep industry expertise. We diligently build best-of-breed solutions that maximize the buyer's control of spend, automate routine tasks, and minimize industry pain points. We're just about the polar opposite of a hyped, VC funded venture looking for a market to disrupt."

**Learn more at [buymetrics.com](http://buymetrics.com)**



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A close-up, black and white photograph of a hand wearing a black leather glove typing on a laptop keyboard. The hand is positioned on the left side of the frame, with fingers resting on the keys. The laptop is silver and occupies the lower half of the image. The background is a soft, out-of-focus grey.

# THE GROWING THREAT OF CYBER-ATTACKS IN THE LBM INDUSTRY

BY LBM JOURNAL READERS

**CYBERSECURITY** is a growing concern for many LBM companies. While data breaches at large organizations often make the news, we know that businesses of all sizes are at risk. This month's Real Issues survey comes via an email we received from an LBM dealer in the Central U.S. who wants to know how seriously other lumber dealers take the threat of cybersecurity and what steps he can take to keep his company safe.

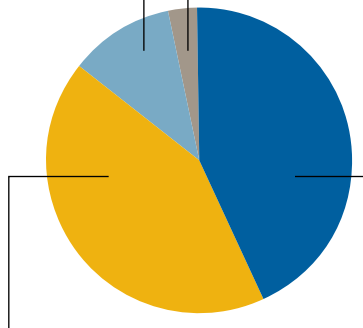
As we do each month, we emailed a brief survey to our LBM Journal readers who have opted in to receive emails (if you'd like to be added to the list, contact [operations@lbmjournal.com](mailto:operations@lbmjournal.com)). This month's survey included three short questions along with an opportunity to advise the dealer who had reached out to us about cybersecurity concerns at their lumberyard. ▶▶

First, we asked readers how secure they feel their businesses are against a cybersecurity threat. The majority of respondents indicated that they are either very well protected or had taken some security measures. Only 3% indicated that their systems are not very secure.

We also asked readers how concerned they are that a cybersecurity event could occur at their business. Nearly 60% of respondents indicated that they are moderately concerned, while 32% said they are very concerned.

HOW SECURE IS YOUR BUSINESS AGAINST A CYBERSECURITY THREAT?

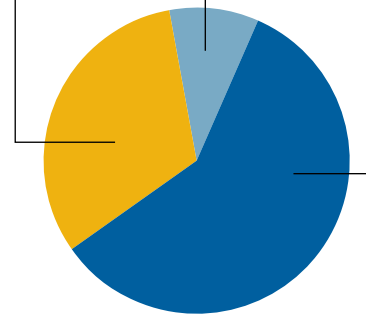
No idea 11% Not very secure 3%



Very well protected 42% Taken some security measures 44%

HOW CONCERNED ARE YOU ABOUT A CYBERSECURITY EVENT AT YOUR BUSINESS?

Very concerned 32% Not concerned 9%



Moderately concerned 59%

Finally, we asked readers how they would advise the dealer who asked, **“As our business grows, and we’re more reliant on technology than before, I’m concerned about the potential threat of cyber-attacks on our business. We’ve heard the horror stories of how companies get hacked, how ransomware can effectively lock up a business, and how a phishing scam can trick even savvy team-members into sharing sensitive information or approving payments. I’d love to know if other LBM dealers view cybersecurity as a real threat, and what tangible steps they’re taking to protect their companies.”**

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

“We view a cyber-attack event as a real potential threat even though we believe we have implemented sound protection practices. End user education is important. We require staff to complete monthly online security training. We also conduct periodic fake email phishing campaigns to test our users and train them to act as a human firewall. In addition to next-generation firewalls, email filtering, DNS filtering, logging, monthly outside network scanning, annual pen tests, and off-site backup, we implemented multifactor authentication within the past year.”

“Have a savvy IT team and do what they suggest.”

“Email filtering and education, keeping computer OS and AV/EDR up to date. We have also added application whitelisting to our environment.”

“Train your staff as to what to look out for. Keep in constant contact with your staff as to the changes and the new threats that are going around to make them cyber-aware.”

“We subcontract IT professionals to advise on what protection we need. Our ERP is hosted remotely, and we have an IT admin on site who watches out and educates the team on phishing scams.”

“Yes, it is a real threat. I would recommend consulting an expert to find out what you can do to protect your system and ask them to advise you on training your employees what to look out for.”

“Our company has moved our daily backups to the cloud. We have increased our security through our software company. We have changed our email system to a protected system. We have added a cyber security insurance component to our insurance package in the event of a successful cyber-attack.”

“We don’t open attachments from unknown sources.”

“Have a cybersecurity expert perform a cybersecurity assessment and address any deficiencies.”

“I have experienced a ransomware cyber hack with another company that I worked for in the past; it was no fun. I have mentioned it to the company I work for now and they are doing what they can to not get attacked, although I am not part of that conversation and do not know what they are doing. I have my files saved in emails and on my desktop as a backup for job files. It is cumbersome to have to save twice, but I feel I always will need a backup to my backup after going through what I experienced.”

“Hire an IT staff and give them what they need to secure the business. The business can be attacked from a distance, so training and prevention are really the only answers.”

“Hire the best consultant you can find!”

“Contract with a qualified IT and technology security company that can advise you on the best methods to protect your business. Move your business technology systems toward a zero-trust model, and don’t deviate from that path.”

“We have purchased cybersecurity insurance. We have online cyber security training for all employees with computer access.”

“We utilize multiple levels of security: Epoint (E-Set Antivirus) as well as managed security for our firewall, and we utilize MS Office 365 with an added layer of security protocols provided by ATCOM business solutions. We are very concerned about the prevalent threat of ransomware, having seen several of our vendor partners have their systems compromised, causing a lot of disruption, throughout the supply chain and affecting our customers as well.”

“Consult with a reputable company that specializes in this field.”

“Hire an IT expert to evaluate your system and implement upgrades if needed.”

“For small businesses, more often than not a cyber-attack is a random occurrence (someone opened an email or clicked a link they shouldn’t) and at that point it is usually just a virus. Not that a computer virus can’t wreak havoc on a business. Credit card fraud is a far greater threat (more frequent, and more costly) than cyber-attacks. At our store we have two networks. One is the business network that handles our point-of-sale system. That network is locked down. None of the computers on that network have access to the internet with the exception of a port that is open for software upgrades for the operating system and point of sales software. Also, any updates that are released are not implemented immediately. For example: Windows updates are delayed and are only installed when the system is down (Thursdays at 2 a.m.). All other computers, tablets, etc. that are used for internet related tasks (email, browser search) are on a secondary network. That way if someone does open an infected email and downloads a virus to their personal PC it cannot affect our point-of-sale system. Other than that, we have all your standard setup such as antivirus, firewall, etc.”

“Savvy team members don’t always directly translate into savvy technological users—especially in a business with an older workforce. Most of our issues stem from impersonation of customers, internal employees, and vendors. When we are successful at avoiding digital threats, it is because we know our client base and customers due to long standing and close working relationships. As it turns out, what the independent dealer does better than box store competition is also our greatest ally in deterring digital threats. Work closely with your customers. It’s not only good for business, but also good for security.”

“Yes, we view cybersecurity as a real threat. Depending upon your size, you need to get outside help on how to tighten up your cybersecurity risk. It is expensive and complex, and frankly you are never done.” ▶▶

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“Keep all devices and applications up to date. Employ a layered approach to cybersecurity utilizing SPF, DKIM, and DMARC. Train, train, train users to be cybersecurity aware. Use multifactor authentication across all systems especially as it pertains to privileged accounts. Create a cyber-aware culture within your organization.”

“Yes, it is a 100% real threat. The time and money lost are very real! Advice: Hire a third party to help. Even if you have an internal team, the third party is a necessary safety net and will offer valuable insight into how secure your business really is but beware of overselling. You do need protection but must also manage the risks and costs appropriate for your business.”

“You need a good firewall to keep people out and to filter unwanted email. Include constant warnings about not opening attachments unless you know they are legit.”

“We use a service called 1path to monitor our security.”

“We paid a cyber security firm to do an independent audit. We are presently working with them and our IT provider to evaluate options for improvements in our firewall, backups, system monitoring, internal practices, employee training, etc. We’ve long understood and taken steps to mitigate the impact of the risks to our business from fire, natural disasters, etc. Cybercrime is a new and growing risk that deserves the same attention.”

“Work on getting educated about potential threats. This is a hot topic right now and many are offering free webinars and informational reading. Next, when you have some basic understanding, talk to your IT professionals about how they are monitoring your network or how it should be monitored. Consider implementing some best practices. Then talk with your insurance agent about cyber coverages available. And last but certainly not least, consider training for your staff. People are the weakest link.”

“We are lucky to have a local firm that provides us support for IT issues.”

“We are at the mercy of our employees to not open any phishing scams. It has happened a couple of times, but we have had quick recoveries. Education seems to be the key, but we are so small that is about all we can do.”

“Have a backup solution and plan of action when a threat occurs. Also make sure you’re covered under your insurance for cybersecurity threats of some sort.”

### RESPONSES FROM WHOLESALE DISTRIBUTORS, MANUFACTURERS, AND SERVICE PROVIDERS:

“We have moved most data storage from hard drives and into the cloud with multiple backups. In addition, we have turned to very robust virus/malware software to try to secure all data entry points. With so many of our team in remote locations now, it continues to be an issue we discuss often.”

“We use Knowbe4.com for our cybersecurity training.”

“I would urge them to contact their ERP provider and learn what they can do to assist in reducing risk.”

“We do consider it a threat and we train our people on how to better protect our system. Is it good enough? Honestly, we don’t know.”

“You are too reliant on technology. Real security comes from your people. Focus on them.”

“You need to protect your data and your systems from cyber-attack. The price you pay is too high if you get hacked—whether it will be in a ransom situation or worse, a destructive virus that wipes out your data. Invest in a good firewall. Train your staff on the pitfalls of opening emails they don’t recognize and searching on the web without any protection. You want to close all the gaps someone can use get into your system and cause havoc. These are good first steps.”

“As a small, one location dealer (36 employees, \$30 million in annual sales) we cannot justify a fulltime IT person and constantly upgrade their IT credentials with cutting-edge security evolution. We outsource all of our security with an IT consultant company who constantly monitors and upgrades our IT security.”

“You’ll need hardware enhancements, software additions, outside IT security oversight, insurance back-up copies, and external files. And lots of education and tests!”

“I would tell this dealer that it is not a question of whether they will be hacked, it’s a question of when. The hackers will find a way to get into your system regardless of how much you spend if they want to bad enough. There’s not any amount of software that will protect your company 100%, but there are MANY small steps a company can take to protect itself from a cyber-attack. This starts by educating 100% of your workforce on the signs to look for in incoming emails. A company called KnowBe4 can greatly assist in educating your staff by using a series of video trainings and simulated attacks with instant feedback. Every computer user in your company will receive a pass/fail rating and you will know which employees are most prone to falling for phishing attempts. A company called Artic Wolf Networks monitors your system 24/7 and detects unsanctioned user access, and reports back to us. Trend Micro has anti-virus/malware software to install on all PCs and servers to prevent malicious code or website traffic... and there’s much, much more! All these products come with a price tag, but what is the cost to your business if your software gets ransomed and you lose your entire operating system?”

“Buy protection.”

“I take it seriously and we implemented some steps to prevent this. I’m not sure how strong it is, but we hired an expert.”

“We hired a third-party IT company to do an assessment and then followed their recommendations. We felt comfortable with their recommendations and so far, all seems to be working well. I highly recommend a third party. In house, or sole practitioners are limited and a bit myopic.”

“This is a very real exposure, most of PLM’s insureds have some cyber built into their policies. Whether they do or don’t, we see a steady stream of claims from lumber dealers...the coverage includes access to an online toolbox, which many insureds find helpful.”

“Find a trusted Managed Service Provider, and do your homework. Designate someone in your organization—a believer in technology—to work with said provider. Stay in front of cyber trends.”

“Absolutely, you cannot be too cautious. If you don’t have the in-house expertise, bring in a consultant to perform a security audit and then act on their recommendations. Be sure to include an analysis of your cyber insurance coverage in the audit.”

“It’s a real threat that, unfortunately, we’ve experienced. With the help of IT professionals, we recovered reasonably quickly, but it was not cheap.” ■

Hundreds of readers share their insights for this every-issue feature. Have a Real Issue? Contact [Rick@LBMJournal.com](mailto:Rick@LBMJournal.com).


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# MODERN SERVICE, THE OLD-FASHIONED WAY

CHASE LUMBER, 125 YEARS OF CUSTOMER FOCUS.

BY JAMES ANDERSON

For 125 years, Chase Lumber has supported the needs of builders and remodelers as Dane County, Wisconsin has grown. Throughout those years the company has adapted and progressed with the times, all while leaning on one simple commitment to its customers: service.

It may sound simple, but the motto on the company's sign saying, "We do business the old-fashioned way, with service," has propelled fifth-generation, family-owned, Chase Lumber to three locations and consecutive years of record revenues.

The business's three locations, in Sun Prairie, McFarland, and DeForest, are now majority-owned by Val Stierer, company president and fifth generation to work in the business.

## LOCAL HISTORY

Val's family history, like the history of the company and even the community it serves, hinges on one of the early settlers to the area, Moses Chase, whose son, J.W. Chase, would eventually expand on the family's agricultural operations and purchase interest in a lumberyard in Sun Prairie, Wisconsin. Through the generations, the Chase family gained sole interest in the lumberyard and after consolidating

some of their business interests, formed Chase Lumber and Fuel in 1923.

Three generations later, Val's father, David Chase, took control of the business in 1980 upon his father, Theodore Chase's retirement. Like many family businesses in the industry, it wasn't assumed that a girl would grow up to take over the lumberyard, so after high school Val chose a career outside of the company. But also like many family businesses, she came back home to help out along the way and decided to stay. For Val, it was 1996, when she came home to help at a time when she was also considering a career change.

"When I came on board, no woman in our family was ever given the opportunity to work for the company. But I came on when my dad asked if I could help with the administrative side. He knew I had management experience and experience with computers."

As such, Val's first task was a big one, when she was charged with computerizing the company. "As you can imagine, I wasn't the most popular," she says. "I was the owner's daughter, and nobody wanted computers. Nobody wanted to hear about them." ▶▶

PHOTOS COURTESY OF PISTON MFG.





“WE HAVE A VERY RICH, EMBEDDED REPUTATION. WE’VE BEEN AROUND A LONG TIME, AND WHAT’S KEPT US IN THE GAME—WHAT OUR CUSTOMERS SEE, AND OUR PHILOSOPHY HAS BEEN—IS TO FOCUS ON WHAT WE DO BEST.”

— VAL STINER, PRESIDENT, CHASE LUMBER

How mate pl

For years, however, the business operated in what Val describes as “a wonderful triangle,” of her running administration and HR functions, her brother running operations, and her father overseeing it all. “All decisions were made by the three of us jointly, with my dad having the final say, and it was a wonderful working relationship.”

But as her father developed health issues in later years, a succession plan was forced to the forefront, and in the end, Val’s brother decided to retire, and she was named company president.

“In my father’s mind, there was always succession planning in place. In a perfect world, I would have continued working side-by-side with my brother.”

Val’s father, David Chase, passed away in 2017.

### NEW LEADERSHIP

When Val Stiener took over the company, she followed her father’s focus on the customer. Over the years, she has seen the percentage of contractor sales increase from around 85% to now closer to 95%.

“As time goes by and more big boxes enter the picture, we’re pretty darn close to 90 to 95% contractor trade,” she says. “We also welcome the retail sales.”

According to Val, Dane County Wisconsin, which houses the city of Madison and its suburbs as well as rural areas, is home to more building materials suppliers than any other county in the state. As such, maintaining and holding market share in such a competitive environment is a challenge.

“The best way I can describe it is that we have a very rich, embedded reputation. We’ve been around a long time, and what’s kept us in the game—what our customers see, and our philosophy has been—is to focus on what we do best. We don’t try to be everything to everybody. We’re not a hardware store, we don’t have plumbing. We don’t even try to say that big boxes are our competitors. Our main focus is what we know we do best and that is a building materials supplier. We have loyalty, honesty, and do the right things for the right reasons. If my father was alive, he’d say the same thing. We put our employees and our customers first.”

Val knows it’s significant that she is the first female leader in the company’s history, though she doesn’t like to tout the fact. “I’m just following the footsteps before me,” she says. “It’s not about me, it’s about everyone who works here. I couldn’t do it without them, and it doesn’t really matter who is in my chair.”

### SERVING GROWTH

What is good for business in Dane County, Wisconsin, is that the area’s housing needs are plenty. In a way, however, it’s also not always great for business. Because of the market, Val says, her staff is sometimes running a little leaner than she would like.

On a typical week, there are 45 to 47 employees at Chase Lumber’s locations. Because of both a lack of qualified job candidates and an extremely competitive job market, Val says her team members wear multiple hats.



Chase Lumber does not try to be everything to everybody. They are not a hardware store, they do not have plumbing. The company doesn’t even try to say that big boxes are their competitors. Chase Lumber’s main focus is what the company knows they do best and that is a building materials supplier.

## GET TO KNOW CHASE LUMBER

FOUNDED:	1897
LOCATIONS:	THREE
OWNERSHIP:	FAMILY
EMPLOYEES:	47
BUSINESS SOFTWARE:	KERRIDGE SYSTEMS
BUYING GROUP/CO-OP:	LMC
TOP THREE PRODUCTS BASED ON REVENUE:	TREATED WOOD COMPOSITE DECKING KITCHEN AND BATH CABINETS

“Right now, the competition for employment in this county is ruthless,” she says. “There are more and more players coming into the market because it’s one of the fastest growing counties in the state. The pricing increases and product availability have been huge challenges, but the workforce, in my mind, is the single, top challenge.”

Yet Val says her team has made the best of lean staffing. A product of everyone wearing multiple hats is that now any team member can help in any department. “That has contributed to our success as well,” she says. “We run lean, we don’t carry a lot of extra fluff, which ultimately helps the bottom line.”

### BUSINESS EVOLVES

Val says the COVID-19 pandemic only strengthened the company’s focus on old-fashioned service, even as they found new ways to complete it. But now that pandemic restrictions have lifted, the company is focused on continuing loyal, face-to-face communication with customers.

“We believe in face-to-face. You lose that with customers and miss out on establishing relationships. If you want to see or talk to your estimator, they’re here. We don’t have to turn anyone away and say, ‘they work from home.’”

While the motto on the sign still says, “We do business the old-fashioned way, with service,” Val has shown how that service can be completed a bit differently these days.



CHASE LUMBER & FUEL CO. 1939



THEODORE W. CHASE SR.



DAVID CHASE

For 125 years, Chase Lumber has supported the needs of builders and remodelers as Dane County, Wisconsin has grown. The business’s three locations, in Sun Prairie, McFarland, and DeForest, are now majority-owned by Val Stiener, company president and fifth generation to work in the business.

“Business has changed a lot. When I started 27 years ago, it was nothing to see stores full at 7 a.m. with contractors, often talking with a cup of coffee and a donut. But now, the contractors all have phones, and they text and email orders. You have to evolve with that, and that’s what we do now. That’s the new way to offer old-fashioned service.” ■



# One. Stop. Shop.

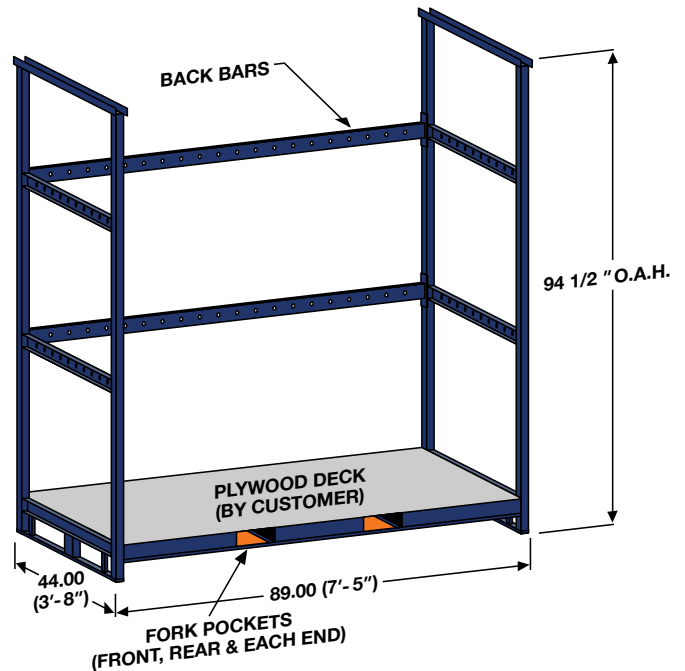
Storing millwork can be tough. Size variation, custom orders, temperature sensitivity—all can add to the challenges suppliers face as they seek efficient onsite storage solutions. **That's why Greg Zuern decided to try something completely different.** Together with CT Darnell and Sunbelt Rack, Zuern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

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

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

**Brendan Kons**, Financial Controller  
Zuern Building Products

## Millwork Stack Rack



» Scan for the full story and video



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1-800-353-0892

# Not Your Average Run-Of-The-Millwork

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

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

## The Challenge

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



## The Solution

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

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

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



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

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

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

## The Under-One-Roof Advantage

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

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



# MATERIAL HANDLING

EFFICIENCY IN STORAGE AND MOVEMENT OF INVENTORY ARE KEY FOR LBM DEALERS' SUCCESS.

BY MIKE BERGER

**IN THE ICONIC** science fiction film, "Aliens," the movie's Space Marines use a fictional piece of material handling equipment to efficiently move heavy objects. Named the P-5000 Powered Work Loader, this exoskeleton enabled a single individual to pick up and transport exceptionally heavy cargo from one point to another with ease (not to mention enabling the movie's main character, Ripley, to defeat her alien nemesis in the final climactic scene).

It's a piece of equipment that isn't so far-fetched. For example, the U.S. military is currently in development with various tech companies such as Lockheed Martin to create similar technology that would enable soldiers and first responders to lift objects they would not ordinarily be able to or to do a job that would normally require multiple personnel.

While we're not yet to the level of development seen in "Aliens," there are a variety of solutions for material storage and handling that LBM dealers can take advantage of. That's good news, especially considering the current diminished workforce LBM dealers are facing. Being able to do more with less—whether it's working with fewer people or storing more in existing square footage—is critical in this post-COVID world.

To help you make the best decisions on how to approach material storage and handling, we turned to a couple of industry experts—Clint Darnell, vice president of Sunbelt Rack/CT Darnell Construction, and Chris Krauter, president of Krauter Auto-Stak—to help shed light on potential solutions you can implement today to ensure tomorrow's success.

#### FEWER HANDS NEED NEW SOLUTIONS

If there's one factor that seems to be driving the materials handling market, it's the so-called "Great Resignation," an economic trend that's seen employees leave their pre-COVID jobs in record numbers over the last 18 months. As with most industries, LBM dealers are facing the reality of providing an expected level of service while doing it with a greatly diminished workforce. As Clint Darnell explains, "The biggest issue that I believe has affected the lumber industry since COVID is the labor force. It is extremely difficult to attract and keep good talent

in what can be a physically demanding job. This has put a premium on our ability to design buildings and storage systems that make it less physically demanding to store and pull orders."

It's a situation that can leave one asking how the workforce—or lack thereof—ever got to this point. Chris Krauter points to a variety of influences that, when combined, created a perfect storm of factors that have brought the LBM industry to its current conundrum. "The COVID experience sadly did extreme long-term damage to the behavior of the working-class population," he points out. "While the initial hysteria was met with government unemployment funding at both the federal and state level combined with stimulus checks and child tax credits, this protracted period of essentially 'paid time off' resulted in a change in attitude. As a consequence, a great portion of the country's work ethic was lost. This unfortunate situation led to the current and ongoing chronic lack of labor throughout the entire economic spectrum."

As if adding insult to injury, the pandemic has driven a radical increase in home improvement spending. For example, The Joint Center for Housing Studies at Harvard University reported that in 2020, home improvement spending increased by 3% while the overall economy dipped by 3.5%. This same organization has also predicted sustained accelerated growth through 2022. ▶▶

#### OPPOSITE PAGE:

In addition to accessible SKUs on grade and catwalk levels, Krauter's Auto-Stak System now includes an added mezzanine level to utilize 100% of the cubic space. According to the manufacturer, case studies have shown an increase in SKU density of 30-40%, with the added bonus of capturing back the square footage via the top mezzanine platform.

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



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



“The activity has been at a fever pitch for a solid 24 months now, after an initial pause from March 2020 through mid-May 2020,” explains Krauter. “My opinion on the lumber industry getting behind the demand curve in Q2 of 2020 was that the executives were not going to see a repeat of the Great Recession, whereby they waited too long to ramp down. This time, it was a near immediate flipping of the switch, only to see demand become a tidal wave two months after the initial shock of the COVID restrictions. Since that time, the demand has continued to snowball....As a result of the chronic lack of manpower, the need for efficient material handling has increased. No longer is lumber a low-value commodity; that has changed. The ability to do more with high density and effective racking systems is key.”

**RE-EVALUATING STORAGE**

Not only are LBM dealers now having to deal with a lack of manpower at their respective businesses, that same lack of staffing is causing a radical increase in lead times from the

manufacturers. “We now find ourselves facing long lead times, now with a six to seven month duration being the new normal, versus the pre-COVID factory production cycles of eight to 10 weeks,” says Krauter.

As a result, LBM dealers need to order and store more materials onsite so that it’s available for their customers when they need it. “Companies have to purchase and keep more inventory on hand due to long lead times,” says Darnell. “They really have to forecast way in advance. We’re seeing this especially with doors and windows. Due to this we have seen an increase in companies ordering portable blue millwork storage racks. We’ve also been building more millwork buildings/facilities than ever before.”

“Engineered wood is a similar issue,” he continues. “We’re building more and longer length racks to hold these products. Because companies are holding more inventory, space is at a premium. Therefore, we are building more systems for narrow aisle storage that are good for combi lifts/side-loading forklifts.”

**RIGHT:** Krauter Auto-Stak’s L-sheds are designed to provide a storage solution for long length lumber. According to the manufacturer, they’re ideal for framing property lines or built against existing structures, with trusses tailored to the specific storage needs.



The idea of increasing on-site storage, either through looking for ways to store more in existing square footage or through building new storage, can be a daunting one for LBM dealers, and material handling and storage manufacturers are very aware of the fear factor the situation can cause. “Lumberyards are striving to pack more inventory into their existing facilities,” says Krauter. “The idea of building warehouse structures is daunting, with not only commodity prices at all-time highs, but the protracted timeframe to get permitting executed. We recently completed two jobs—one in South Carolina, the other in Florida—where it took 18 months to get the building permit. This was regrettable; nevertheless, many lumberyards are looking at present facilities and operations to see if a better way is available. The logistical problem with this however is the pain it will create to execute continuing operations while the improvements are made. It is daunting.”

#### EFFICIENCY EQUALS SUCCESS

For LBM dealers to best weather these challenges, manufacturers of material handling equipment recommend being as proactive as possible. It’s not just about being able to store more, they point out; it also involves making it as easy as possible to access that material. “We want to create storage systems that minimize how much handling is done on a yard and make it easier to use equipment with those storage systems,” explains Darnell. “This makes the job less demanding physically, so it is more appealing.”

Darnell points out his company’s covered cantilever racking systems/buildings and power bin systems as examples. “These buildings also provide cover and keep people out of the weather. They are easy to load and unload with



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

forklifts. In addition, the power bin system also allows for easier handling of material. Another example is portable/stackable millwork racks that decrease the handling of doors and windows. This not only keeps the products safe with less breakage, but makes them easier to handle and move with equipment.”

Like Darnell, Krauter emphasizes the need for a lumberyard’s efficient racking systems to best enable an LBM dealer’s employees to do more in less time. “Dealers need to look for systems and machinery that enable present staff to more easily execute tasks,” recommends Krauter. “In addition to high density lumber rack storage systems, we are seeing an incredible demand in stacking frame racks for doors, windows, and cabinets. These racks enable dealers to minimize handling of millwork. The ability to stack vertically and store one row next to another creates maximum density and minimizes floorspace. Essentially the order is placed into the rack by hand one time. From there, the entire stacking frame is moved via forklift.”



FAR LEFT: Krauter Auto-Stak’s door and window racks provide an efficient method for storing and picking orders. The racks are equipped with adjustable M-dividers, C-dividers, or tube dividers to separate items being stored.

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

As well, Krauter points to the use of equipment such as his company's Auto-Stak System as another means for an LBM dealer to increase efficiency, not just for picking but for increasing storage space. "Our Auto-Stak System is an extremely efficient way to store more SKUs in the same square footage," he says. "We are seeing this system become more elaborate, with accessible SKUs on grade and catwalk levels, but now with an added mezzanine platform on top. This uses 100% of the cubic space. Case studies have shown an increase in SKU density of 30-40%, with the added bonus of capturing back the square footage via top mezzanine platform. Granted, this mezzanine area has a limited use, but can easily have shelving added for hardware storage, insulation, and other miscellaneous applications."

coronavirus variants continuing to emerge and the always-present possibilities of future restrictions on the possible horizon, nothing can be said with complete certainty. Still, material handling and storage experts stress that, with proper preparation, LBM dealers can be poised to succeed despite the unknown. Efficient racking systems and handling equipment will enable a dealer's employees to do more in the same timeframe, thus increasing efficiency and customer satisfaction. As Clint Darnell puts it, "The playbook has already been written. They already went through it once and now have things in place to deal with it." ■

Unfortunately for LBM dealers, the business environment isn't a simple solution. It's both naive and impossible to say that, by investing in this piece of equipment or that storage solution, your worries would be over. With new

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



Storage Systems for LBM Dealers

- The Auto-Stak System
- Cantilever Rack Systems
- Metal Buildings
- Drive-Thru Systems
- Millwork Storage Systems
- Pallet Rack Systems
- A-Frame Systems



Cantilever T-Shed



Bulk Shed



Auto-Stak System



Cantilever Drive-Thru

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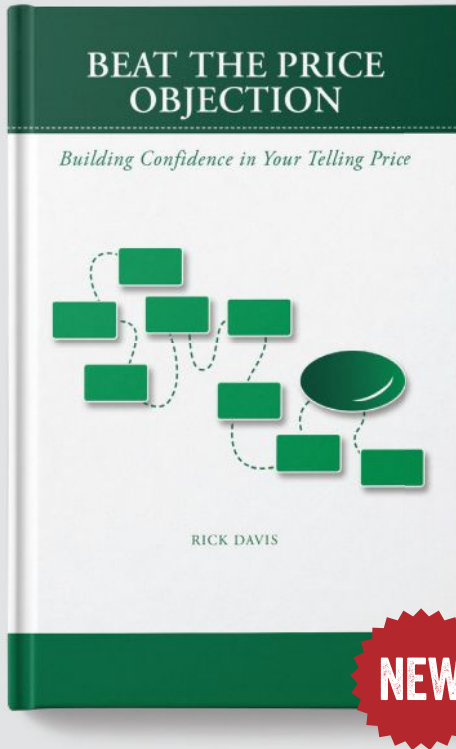


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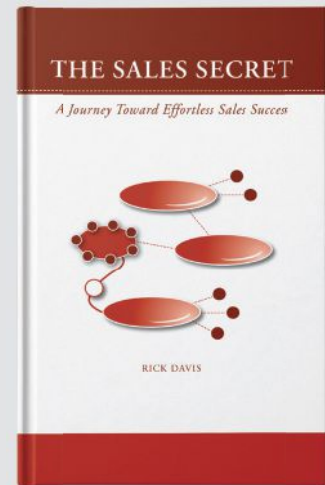
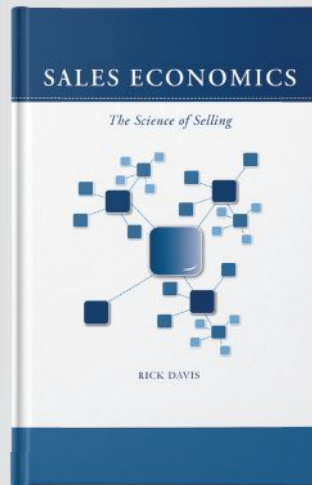
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## ABOUT THE AUTHOR

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



**"Wow! Just wow."**

— **Rick Schumacher**, *Publisher and Editor of the LBM Journal*

**"You nailed it! I don't think there has ever been a book written like it and I've read all of them."**

— **Bill Lee**, *Founder of Lee Resources*

**"Nobody has written a book on sales like this, and I've read all of them."**

— **Tom Latourette**, *Managing Partner and Certified Trainer M3 Learning*

**ProVia patio doors**

ProVia's line of patio doors are custom-built, so homeowners can specify the ideal style and size for the location and layout of their room. Door configurations may consist of two, three, or four panels, typically with one door sliding or swinging. Options for three- and four-panel doors may include either the right, left, or center doors swinging or sliding, depending on the layout of the room. Various material options enable homeowners to turn their patio door into an entryway that is unique to their space. Hinged doors manufactured from steel or fiberglass are available in a variety of paint colors and stains, as are vinyl sliding glass styles. Glass options can include privacy, double or triple glazed, grids, and internal blinds. Hardware options include painted metal handles and keylocks in standard colors like beige, sandstone, white, and black for a traditional look, or brass, nickel, and bronze for a more elegant finish. [provia.com](http://provia.com)



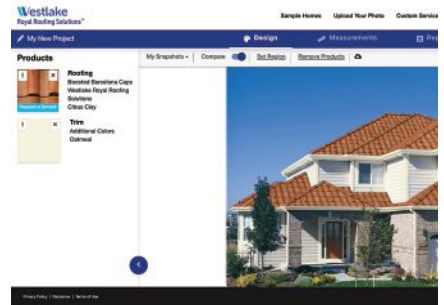
**Thermowood Siding from G Wood Pro**

G Wood Pro is the exclusive distributor of Tantomber thermally modified wood products, a relatively new technology made when hardwood and softwoods are expertly treated in a specific, environmentally friendly process that “cooks” the wood, removing sugars, moisture, and strengthening the wood as well as its durability. Thermowood is engineered to be durable enough to handle extreme weather conditions in any climate, on top of being an aesthetically attractive choice for decorative purposes in plenty of architectural applications. During the modification process of Thermowood, the sugars are removed. These sugars are the natural food sources of mold, bacteria, and insects. Without their presence in the modified timber, the resulting wood is engineered to be much more resistant to rot, decay, and insect infestations, giving it a much longer lifespan. Available in Ash, Pine, Ayous (pictured), Iroko, and Tulipwood. [gwoodpro.com](http://gwoodpro.com)



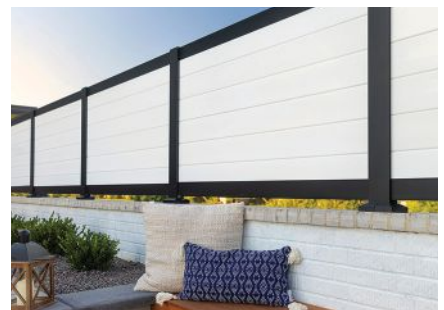
**Westlake Royal Roofing Solutions' Dream Home Visualizer**

The new Dream Home Visualizer is an interactive design tool developed to enhance the roof selection experience. The new platform allows builders, contractors, remodelers, and homeowners to visualize the exterior of a home with multiple roofing material options and trim colors. To begin the visualization process, users may either select from a range of existing residential sample scenes or upload their own home photo or rendering. Once the home is selected, an easy-to-use interface prompts users to select from a range of products and accompanying trim colors. Tailored interface features, such as selecting the region of the home where the roofing products will be installed, ensure that the products selected are available. Once a user selects products, a comprehensive design report is auto-generated to include product information and project support. [westlakeroyalroofing.com](http://westlakeroyalroofing.com)



**Barrette Outdoor Living's RDI Collection Privacy Rail**

Featuring 6' wide, premium powder coated matte black or white aluminum framing that is available in full (6') or half (42") heights, the RDI Collection Privacy Rail can incorporate Barrette Outdoor Living's vinyl boards, their Decorative Screen Panels (DSPs)—or a combination of the two—as infills. Tongue-and-groove vinyl infill boards feature ClickConnect, a locking system that connects the boards together without any gaps, engineered to offer privacy and strength against wind or other potentially damaging elements. To create a semi-privacy option, homeowners can use vinyl boards in the bottom portion and DSPs in the top section—available in several patterns and colors. Using a special adaptor kit, DSPs easily slide into place to create a custom, contemporary look. [barretteoutdoorliving.com](http://barretteoutdoorliving.com)



### FastenMaster Cortex Plugs for Trex Enhance

FastenMaster has expanded its Cortex hidden fastening line with seven new colors of pre-aligned, collated Cortex Plugs for the Trex Enhance decking system. The plugs are packaged with FastenMaster's exclusive Spotter Lid, specifically designed for proper Trex Enhance board installation on joists and rim supports. According to the manufacturer, time studies have demonstrated savings of up to 50% with pre-aligned and collated Cortex Plugs when compared with loose plug installation, helping installers save valuable time on the jobsite. Cortex Plugs are made from the same composite material as the deck to create a color and texture match, and come with a warranty for the life of the project. The new line of collated Cortex Plugs for the Trex Enhance system includes enough fasteners and plugs to install 100 linear feet of Trex Enhance—assuming two fasteners installed 16" on center, along with two setting tools. Weather-resistant plastic tubs are sealed with the Spotter Lid and provide easy jobsite material handling and storage. [fastenmaster.com](http://fastenmaster.com)



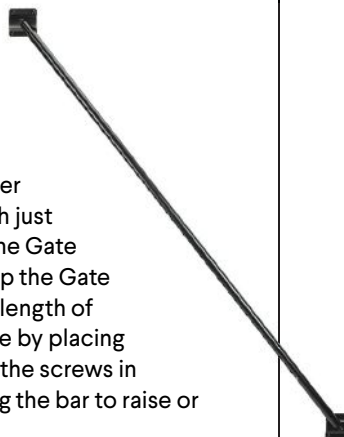
### QuietBoard recycled fiber underlayment

QuietBoard, from MP Global Products, is engineered to provide superior support for multiple types of flooring with great acoustic and waterproof benefits. With its dense construction, the product is designed to reduce impact noise while increasing floor stability and minimizing flex between planks to make floors solid and comfortable. QuietBoard's ECO-WICK system is specially designed for maintaining structural integrity when moisture vapors are present. The fibers allow for the board to hold up to five times its weight in moisture while maintaining its shape and functionality and encouraging constant air flow and breathability. The material allows for the concrete to breathe, protecting the overlying flooring from harmful moisture and inhibiting mold and mildew. The dense, recycled fiber structure of QuietBoard is designed to absorb high levels of both impact and ambient sound, minimizing unwanted walking and room noises. [mpglobalproducts.com](http://mpglobalproducts.com)



### Gate Saver Pro 2.0

Nationwide Industries has expanded the Gate Saver Pro to include vinyl gates. The Gate Saver Pro 2.0 is engineered to offer a solution for sagging wood and vinyl gates, saving time and money for both the installer and homeowner. The Gate Saver Pro 2.0, like the original Gate Saver Pro, accommodates vinyl gates to prevent and fix sagging with just a twist of the aluminum brace. Available for gates 36" to 72", the Gate Saver Pro 2.0 is engineered to install with three steps: 1. Line up the Gate Saver Pro 2.0 and locate the buttons on the side to adjust the length of the brace to fit the gate. 2. Attach the Gate Saver Pro 2.0 brace by placing the angle brackets on the rails and using a screwdriver to drill the screws in the angle brackets. 3. Adjust the Gate Saver Pro 2.0 by twisting the bar to raise or lower the gate. [nationwideindustries.com](http://nationwideindustries.com)



### Deep Pour epoxy from WiseBond

Designed for live-edge river tables, creative table making, wood slabs, wood working, and object art casting projects, Deep Pour epoxy finishes to a crystal-clear water-like appearance. This epoxy formula is developed for a long cure to make it easy to work with and UV stabilizers ensure no yellowing and a long-lasting clarity. Deep Pour epoxy has been engineered to be low-odor, and zero VOC with a slow exothermic reaction to prevent cracking and shrinkage. It features a 2:1 mixing ratio and can be used indoors without ventilation or bulky respiration equipment. Each epoxy kit includes a resin (part A) and a hardener (part B). Once cured, Deep Pour epoxy can be trimmed, sanded, buffed, polished, or coated with a variety of finishing products such as oils, waxes, polishes, or Bar & Table Top epoxy. It's ready to demold after 72 hours, can withstand light use within seven days and reaches its maximum hardness after 30 days. Kits are available in .75 gallon and 1.5 gallon sizes. [wisebond.com](http://wisebond.com)



**ExoShield Wood Stains**

Nova USA Wood Products has enhanced the color retention of its ExoShield Wood Stains by 30% as well as the formulations of its Walnut and Mahogany ExoShield colors. According to the manufacturer, these changes included reducing the red pigments in the Walnut stain to produce a richer medium-brown with some red undertones and the creation of a more natural-looking, subtler Mahogany color designed to increase the warmth of exterior hardwood and softwood decking, siding, and furniture applications. The latest ExoShield formulation includes the addition of proprietary polymerized oil resins as well as the highest amount of UV blockers that can be added while still allowing the formula to stay in suspension. The formula of new resins joined with the company's proprietary blend of Tung oil, high-quality UV blockers, fungicide, and trans-oxide pigments, is designed to create a blend of long-lasting results with superior penetration. [novausawood.com](http://novausawood.com)



**Trex Transcend Lineage**

An expansion of its Transcend line, Trex has introduced Transcend Lineage, offering new colors and enhanced performance features. Trex Transcend Lineage boards feature an elevated aesthetic with subtle, elegant graining designed to deliver a natural appearance. Available in two new color options: Rainier, an airy mountain grey, and Biscayne, a light coastal brown. Lineage boards are engineered with heat-mitigating technology in the shell designed to reflect the sun and keep boards cooler. Lineage boards are made from recycled and reclaimed content and engineered with a proprietary, high-traffic formulation. According to the manufacturer, no sanding, staining, or painting is ever needed, and spills wash off with just soap and water. Lineage boards are available in square and grooved profiles, measuring 1"x6". Square-edge boards come in 16' and 20' lengths. Grooved boards come in 12', 16', and 20' lengths and accommodate the Trex Hideaway Hidden Fastening System. [lineage.trex.com](http://lineage.trex.com)



**JELD-WEN Auraline True Composite**

JELD-WEN's Auraline True Composite windows and patio doors are designed to blend the beauty of wood with strength and durability that is said to surpass vinyl. An alternative to vinyl and wood, the products blend wood fiber with synthetic polymers and a co-extruded color to create a material engineered to require no painting and limited maintenance. Auraline True Composite is described as twice as rigid as vinyl for improved strength and cleaner installation. Auraline True Composite windows and patio doors feature up to 28% more visible glass, providing homeowners with more natural light, which can reduce energy consumption from artificial interior lighting needs. Builders and homeowners can choose a white or black finish, with a chestnut bronze finish slated to launch later this year. [jeld-wen.com/auraline](http://jeld-wen.com/auraline)



**Milwaukee Tool Belt Sander**

The new M18 FUEL Belt Sander from Milwaukee Tool is designed to offer professional carpenters and remodelers a powerful, and versatile cordless belt sander to assist in the jobsite material removal process. Generating 8 amps of corded power, the M18 FUEL Belt Sander offers users a faster material removal rate with a belt speed range of 700 to 1,350 surface feet per minute. It has been optimized for jobsite applications with a tool-free, adjustable pommel and ergonomic design that allows users to work in confined corners and spaces. Outfitted with a multi-layer dust bag and a universal vacuum hose adapter, the M18 FUEL Belt Sander is engineered to offer best-in-class dust collection with over 80% dust collected during use. Features include a dual LED work light, a lock-on button, and variable speed dial with five settings. [milwaukeetool.com](http://milwaukeetool.com)





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**Aspire by BRAVA pavers**

Synthetic-roofing manufacturer BRAVA has launched Aspire by BRAVA, a line of synthetic pavers made from recycled plastic and tires. Recently acquired from Azek, Aspire by BRAVA are high-performance pavers that can be used in both ground and roof applications. The pavers are made with up to 95% post-consumer recycled rubber and plastics removed from the waste stream. Additionally, Aspire by BRAVA pavers are manufactured using a process that requires 95% less energy and produces 96% percent less CO2 emissions than conventional concrete pavers. With multiple colors available and a natural textured finish, the pavers are designed with a patented grid system to reduce installation time and require less manpower than traditional pavers. [aspirepavers.com](http://aspirepavers.com)




**DEWALT 20V MAX Biscuit Joiner**

The 20V MAX Brushless Cordless Biscuit Joiner from DEWALT is part of the company's XR premium lineup of tools. The biscuit joiner is designed to deliver powerful and consistent cutting performance in a wide range of wood-based materials. According to the manufacturer, users can achieve accurate results with #0, #10, and #20 biscuits (all sold separately). Features include an integral fence designed to allow users to quickly and easily adjust the bevel capacity from 0-90°. A paddle switch design accommodates left and right handed users. The electric brake is engineered to quickly stop the blade after the trigger is released, and retractable anti-slip pins assist holding material in place. Compatible with DEWALT's AirLock system or a standard 35mm dust extractor to minimize dust during cutting. [dewalt.com](http://dewalt.com)




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**Diablo Demo Demon Spade Bits**

Diablo's Demo Demon Spade Bits are engineered to provide one of the most durable, effortless, and longest lasting hole drilling solutions on the market for nail-embedded wood. The DEMO-Edge dual cutting edges coupled with a self-feeding Dura-Tip are designed to power through nail hits for a smooth drilling experience and up to 60X longer life. An optimized curved paddle design is said to enhance the chip evacuation process, allowing for more holes per charge, engineered for increased shank stability and durability in cordless and corded impact and drill drivers. [diablotools.com](http://diablotools.com)





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CONGRATULATIONS TO ALL THREE COMPANIES!

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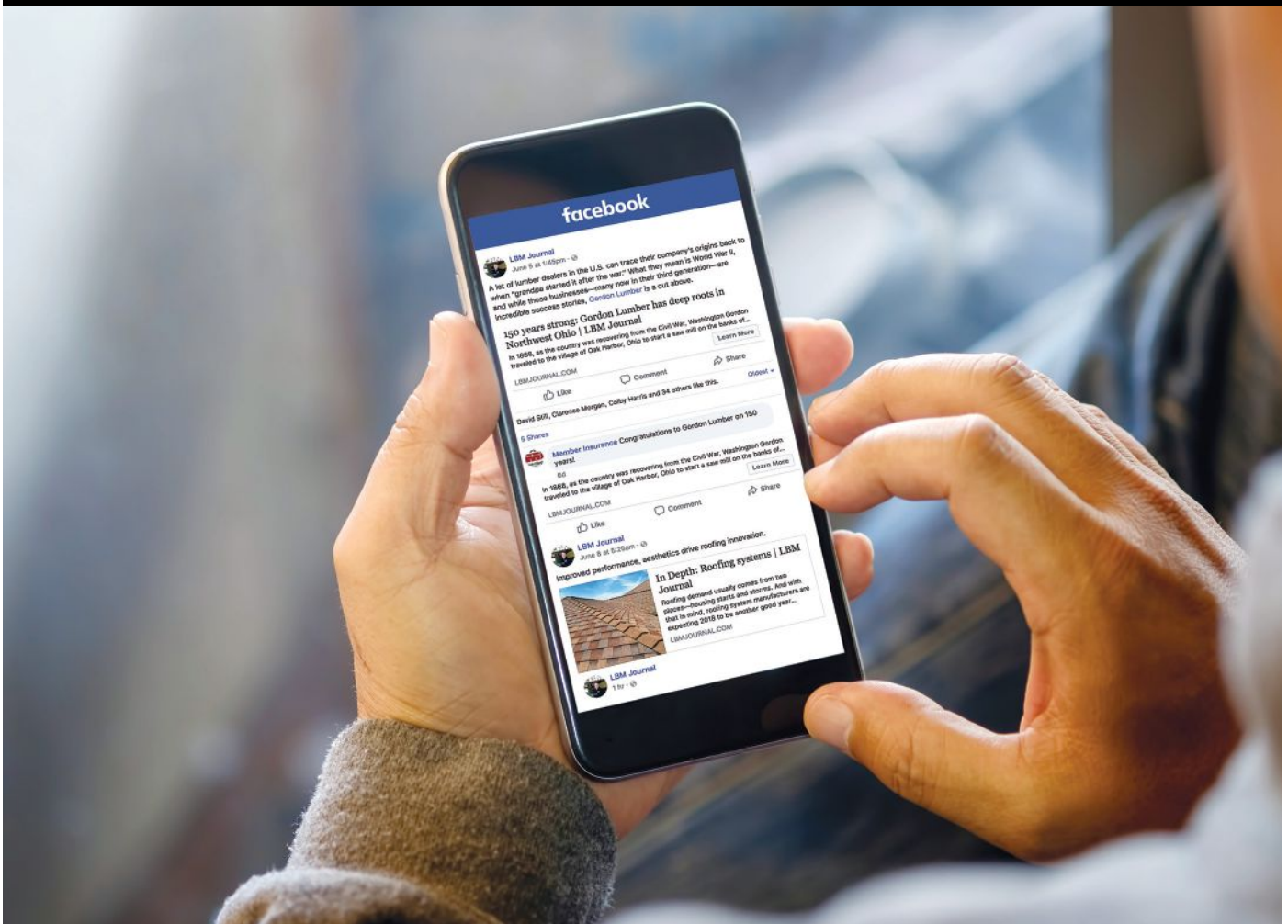
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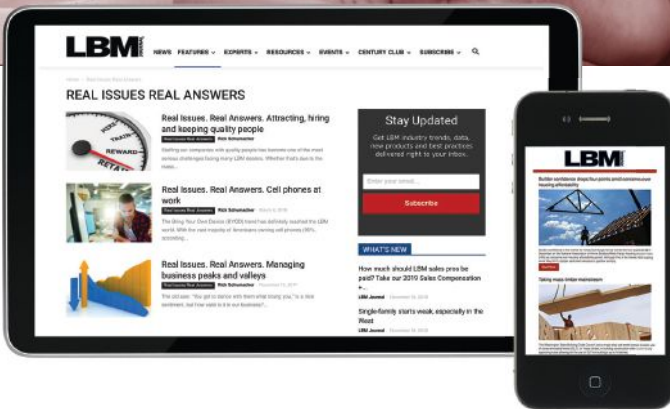


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# BEING LOYAL

A LONGTIME EMPLOYEE'S PERFORMANCE IS ON THE DECLINE. HE'S BEEN WITH YOU FOR 30 YEARS, SO YOU DON'T WANT TO TERMINATE HIM. WHAT WOULD YOU DO?

**NEARLY 30 YEARS AGO**, you decided to put your savings and your sweat into building something of your own. Having worked in the construction supply industry, you stuck with what you knew and created Loyal Lumber Co. It's been an interesting adventure, but three decades later, Loyal Lumber has established itself as a go-to building material supplier, serving a reliable clientele of remodelers, custom builders, and weekend warriors.

You're proud of what you and team have built, and you're especially proud that of your four original team members, three are still with you to this day. Their loyalty means the world to you. After all, you wouldn't be where you are today if they hadn't dug in their heels with you and helped build Loyal Lumber into a solid company. You swore that you'd always take care of them, and you have. But there's a situation with one that you don't know how to navigate.

Bob, one of the original three, wore a lot of hats in the early years—as you all did. But as your company grew, he became your primary buyer, an area of the business that he loved and excelled at.

Over the past couple of years, Bob began making small mistakes, and missing details that he would normally catch. Some days are better than others, but as time has gone on, the mistakes he's making aren't always small. His workload has been reduced to try to allow him to slow down and improve the quality of his work, but he still seems to rush things and make more mistakes. He is currently 57 years old, and his cognitive abilities seem to be declining fairly rapidly. When you've tried to sit down to talk about his performance, he gets very defensive, and insists that he'll do better.

You've worked side-by-side with Bob for 30 years. He's been loyal to you, and you are determined to repay his loyalty. However, your company is relatively small, and simply can't afford many more of his mistakes. If he were a new employee, you'd have terminated him by now. You're struggling to find a more positive solution that honors his years of loyalty while not allowing his declining performance to harm Loyal Lumber. What would you do?



## ▶ CAST YOUR VOTE ONLINE AT: [LBMJOURNAL.COM](http://LBMJOURNAL.COM)

- **LET HIM GO.** For the sake of the company and Bob's coworkers, you have no choice but to terminate his employment. Offer a healthy severance package and wish him well.
- **GET HIM HELP.** Tell Bob that his performance is declining, and you want him to see a doctor and see what's going on, so you can do something about it and hopefully get him back on track.
- **IGNORE IT.** Bob has given Loyal Lumber 30 of his best years. Think about that next time he makes mistakes. You owe it to him to ignore these issues.
- **FIND A FIT.** Just because Bob can no longer do his old job, doesn't mean there isn't somewhere in your company where he can contribute. Work with him to find a position that fits his skills.

### SOMETHING ELSE?

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



## LBM CENTURY CLUB HONORS 100-YEAR-OLD BUSINESSES

The LBM Century Club was founded on the simple belief that companies that have been around for 100 years deserve to be recognized. Launched in 2016, the LBM Century Club has grown to 171 members, with more coming in each month. In all, the companies have provided 21,501 years of combined service to their communities.

By no means does the LBM Journal's Century Club list include every 100-year-old company... at least not yet. That's where you come in. Do you work for, or know of a lumberyard or building materials retailer that is 100 or more years old? Send them our way, so that we can give them the recognition they deserve. Century Club members receive a certificate for their store, window decals for their front doors, free admission to the LBM Strategies Conference where they are guests of honor at a Century Club induction ceremony, as well as recognition in their local media, all free of charge. Nomination is easy! Just visit [LBMJournal.com/nominate](http://LBMJournal.com/nominate) and answer a few questions. We'll take it from there. For a complete listing of LBM Century Club members, visit [lbmjournals.com/lbm-century-club](http://lbmjournals.com/lbm-century-club).

### THE MOST RECENT INDUCTEES INTO THIS EXCLUSIVE CLUB INCLUDE:

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