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STRATEGIES FOR LUMBER/BUILDING MATERIAL DISTRIBUTION PROS

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ANNUAL
SALES
\$100 MILLION+

DEALER OF THE YEAR 2023 KOOPMAN LUMBER



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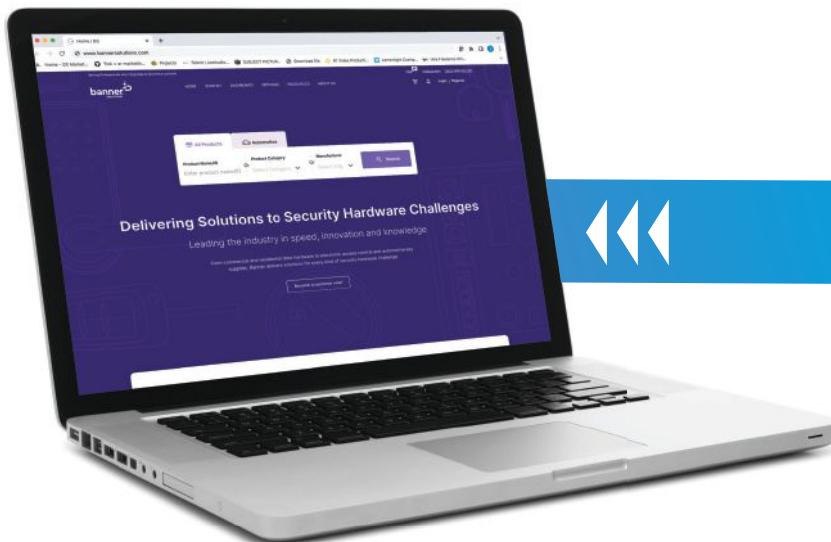
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communicate only by text and
it's created a problem with one
of your biggest customers.
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Powering through

WHAT A WILD YEAR it's been, and an unpredictable decade it continues to be. We begin 2023 with mortgage interest rates at 15-year highs, and a steady drumbeat of headlines about an impending recession, and a chronic shortage of prospective employees. It doesn't sound good...but we've been here before. So, what are we going to do? Simple. We're going to do what this industry always does: *we're going to power through*. We're going to take care of the people on our teams, because without them, nothing happens. We're going to work with our customers, because we'll succeed only to the extent that we help them succeed. And we're going to work closely with our vendors, because we need them as much as they need us.



Rick@LBMJournal.com

With this issue, I'm excited to introduce a new column on Building Culture by Dena Cordova-Jack. Dena brings a wealth of real-world experience to her writing, having worked for Georgia-Pacific, Boise Cascade, Carolina Builders, Foxworth Galbraith, BlueTarp, MSLBMDA, Kodiak Building Partners, and now serves as vice president for Misura Group. She understands the importance of a healthy company culture, and we're fortunate to welcome her to our editorial team.

On the webinar side, seasoned industry pro Paul Dean will be launching a monthly webinar focused on technology. Paul built his career with NRLA, Activant Solutions (predecessor to Epicor), Holbrook Lumber, PAL and LBM Advantage, then stints with MaterialsXchange and BuilderWire. As founder, president and CEO of The BrainForest, Paul works with companies in our industry on vision, leadership, and supply chain innovation. Paul's expertise and experience makes him ideally suited to join the LBM Journal team.

We've contracted with The Farnsworth Group to update the LBM Sales Compensation + Benefits Report. Much has changed since our last report in 2019, and the updated project will be more usable than ever before, thanks to input from LBM dealers. Watch for an email from LBM Journal in January with a link to the survey.

Raising the bar on our industry's premier conference and networking event, LBM Strategies 2023 in Charlotte, N.C. will be taking over the NASCAR Hall of Fame for one unforgettable evening of food, drink, interactive experiences (including the infamous pit crew challenge), and more. That event, plus breakfasts, lunches, networking breaks and cocktail receptions are all included in your registration, thanks to generous support from our industry's leading vendors. As good as all that sounds...the main event is two days of practical, tactical presentations by LBM pros like you taking the stage to share their successes and challenges. Registration is open now at LBMStrategies.com.

Our industry has changed dramatically since Jodie Cook Redwood, Rich Hart, and I launched *LBM Journal* from a spare room in my little house in July 2003. Like many of you, we've defied the odds and powered through when we were expected to fail. And we're just getting started. Here's to working together to build your sales, your business, and your brand in 2023...and beyond.

— Rick Schumacher
Executive Editor & Publisher

LUMBER PROS:

WHAT YOU'RE MADE OF MATTERS

This isn't a desk job. It's a
get-out-from-behind-the-desk job.

A do-whatever-it-takes job.

Sometimes that means jumping
on the forklift to move material.
Sometimes that means jumping
in the truck to meet the customer
on the jobsite.

But it's always about solving
problems. Usually with a smile
(though sometimes not).

And always with a sense of pride.

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industry moving.

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Introducing the 2023 LBM Journal Dealers of the Year

I'VE SAID IT BEFORE on these pages, but this time of year it bears repeating: My absolute favorite part of this job is writing our monthly features on lumber dealers. Each month I get to share a success story that oftentimes involves several generations working together in a family business.

In the first issues of the year, I get to tell stories of lumber dealers who have truly excelled in their markets and continue to drive our industry forward. While our Dealer of the Year program has changed over the years—it started as Entrepreneur of the Year in 2005, and we've expanded the categories over the years—one thing has remained constant. Our goal is to showcase dealers of varying sizes and markets have excelled in ways that have grown and improved their company's bottom lines and improved the lives of staff and customers alike.

This year, we're honoring dealers in four different revenue categories, from different market areas, with different backgrounds, all with countless lessons for other LBM businesses of any size and in any part of the country.

This month, you'll see how Koopman Lumber of Whitinsville, Massachusetts (page 36) is forefront in the industry and leading with the same family values helped launch the company in 1939.

In coming months, you'll see how other dealers of varying sizes and markets have excelled in ways that have grown and improved their company's bottom lines and improved the lives of staff and customers alike. Here's what to expect:

January
\$100 Million+ Annual Sales:
Koopman Lumber, Whitinsville, Massachusetts

February
\$50 Million to \$100 Million Annual Sales:
Walker Lumber, Nashville, Tennessee

March
\$10 Million to \$50 Million Annual Sales:
Henry Poor Lumber, Lafayette, Indiana

April
Under \$10 Million Annual Sales:
San Antonio Lumber Co., San Antonio, Florida

Thank you to everyone who submitted a nomination to the Dealer of the Year program. We've been honoring lumber dealers in this fashion since 2005, and it seems each year the selection process is more difficult than the last. Congratulations to all the winners. I look forward to sharing their stories with our readers in the months to come.



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

james@LBMJournal.com

— James Anderson
Editor



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UPDATES

PEOPLE

Karen Colonias has announced her upcoming retirement as **Simpson Strong-Tie's** CEO. She'll be succeeded by current Simpson Strong-Tie Chief Operating Officer **Michael Olosky**.

Mike Richardson has been announced as **Belco Forest Products** COO.

Derby Building Products has promoted **Michael Morris** to senior VP of sales.

SRS Distribution has announced the appointment of **June Yang** to its Board of Directors.

TAMLYN has announced the retirement of longtime leader **Tom Tamlyn**.

JELD-WEN named **Bill Christensen** as new CEO and **James Armstrong** as new VP of investor relations.

Yesler has added **Michael Welch** as VP of sales.

BlueLinx has announced **Dionne Vernon** as VP, talent management and **Gui Nebel** as VP, finance and treasury.

The Farnsworth Group has hired **Dave King** as VP of insights and as the executive director of The Home Improvement Research Institute.

BUYING GROUPS & CO-OPS

Orgill has announced the hire of **Laura Freeman** as executive vice president of human resources and chief human resources officer.

Jenna Myers is **Do it Best's** new divisional merchandise manager.

DISTRIBUTION

G Wood Pro has expanded **Tantimber** distribution through **J. Gibson Mcllvain Co.**, and **Holbrook Lumber**.

Lumberman's Wholesale, Inc. is set to open a new location to distribute **Westlake Royal Building Products** into Southern Illinois and Eastern Missouri.

TYPAR has announced a distribution partnership with **Weekes Forest Products**.

Agreements with **Lumbermen's Inc.**, **Mid-Am Building Supply**, and **Wausau Supply Company** will expand **Versetta Stone's** footprint.



KAREN COLONIAS



MIKE RICHARDSON



MICHAEL MORRIS



JUNE YANG



TOM TAMLYN



BILL CHRISTENSEN



JENNA MYERS

MERGERS & ACQUISITION

Westlake Royal has acquired **Palight Trimboard** from **Palram Americas**.

Culpeper Wood Preservers has acquired **H.M. Stauffer & Sons**.

Snavely Forest Products has acquired **Mid-States Wholesale Lumber**.

True Value has acquired the brand trademark rights from **Agway Farm & Home Supply**.

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

NEWS FROM NAHB

SINGLE-FAMILY HOME SIZES TRENDING SMALLER

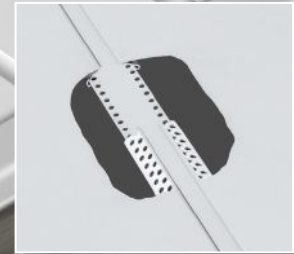
According to National Association of Home Builders analysis of quarterly Census data, median single-family home size square foot area declined in the third quarter of 2022 to 2,276 square feet. Average (mean) square footage for new single-family homes ticked up to 2,506. NAHB says that during the COVID-19 pandemic, residential space requirements increased as more homeowners worked from home. During the housing boom as COVID abated, the need for more space drove a rise in single-family home size. However, as the housing market weakens on affordability concerns, the rising home size trend seems to be reversing.

SINGLE-FAMILY CONSTRUCTION SLOWED IN THIRD QUARTER

The big jump in single-family home building activity that occurred in the aftermath of the COVID-19 pandemic in large metro outlying counties and exurban areas has shown a marked decline over the past 12 months, according to the latest findings from the National Association of Home Builders (NAHB) Home Building Geography Index (HBGI) for the third quarter of 2022.

BUILDER CONFIDENCE FALLS FOR 12TH STRAIGHT MONTH

High mortgage rates, elevated construction costs running well above the inflation rate and flagging consumer demand due to deteriorating affordability conditions have dragged builder confidence down every month in 2022. Builder confidence in the market for newly built single-family homes posted its 12th straight monthly decline in December, dropping two points to 31, according to the National Association of Home Builders (NAHB)/Wells Fargo Housing Market Index (HMI) released today. This is the lowest confidence reading since mid-2012, with the exception of the onset of the pandemic in the spring of 2020.



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UPDATES

ASSOCIATIONS

The **Southern Forest Products Association** elected its new officers:

- Chairman of the Board
Mark Richardson, The Westervelt Co.
- Vice Chairman of the Board
Rich Mills, Hood Industries, Inc.
- Treasurer
Pino Pucci, LaSalle Lumber Co.
- Immediate Past Chair
Will Lampe, Lampe & Malphrus Lumber Co.

UFP Industries and **LAT** have joined forces to advocate for the Texas LBM industry.

INDUSTRY

GPS Insight has partnered with **Pennsylvania Lumbermens Mutual**, to offer telematics fleet safety solutions to PLM policy holders.

Boise Cascade is adding distribution centers in two new markets in South Carolina and Texas.

MFM Building Products has completed an expansion project that began in February 2021.

Great Southern Wood has announced a \$13.7 million Mobile County, Alabama expansion project.

LP Building Solutions has announced that the company donated more than \$680,000 in 2022 through its **LP Foundation** and other corporate giving initiatives.

Woodgrain has selected Rocky Mount, North Carolina for a \$7.5 million expansion.

Trusscore announced a PVC recycling partnership with **Return Polymers**.

2023 EVENTS

JAN 31-FEB 2

INTERNATIONAL BUILDER'S SHOW
Las Vegas, NV | buildersshow.com

MAR 11-13

DO IT BEST SPRING MARKET
Orlando, FL | doitbestonline.com

MAR 8-10

LMC 2023 ANNUAL
Charlotte, NC | lmc.net

SEP 8-11

DO IT BEST FALL MARKET
Indianapolis, IN | doitbestonline.com

TOUGH CALL ANSWERS

ANSWERS TO OUR OCTOBER TOUGH CALL SURVEY:

HIRE OR HOLD TIGHT?

THE COMBINATION OF STRONG SALES AND A LEAN STAFF HAS YOU WORRIED ABOUT PEOPLE BURNING OUT, BUT YOU HESITATE TO HIRE WHEN RECESSION TALK DOMINATES THE NEWS. HERE'S HOW READERS WOULD HANDLE THIS TOUGH CALL.

SURVEY RESULTS FROM LBMJOURNAL.COM

7.9%

RIDE IT OUT: Don't hire. Wait to see where this recession talk ends up. Let everyone know they may need to wear more hats.

12.7%

HIRE ANYWAY: The best way to take care of your current employees is to get them the help they need now.

42.8%

HIRE JUST A FEW: Find your absolutely most-needed positions and only hire to fill those.

36.6%

CHECK WITH THE TEAM: Bring the staff together, explain the situation, and your concerns, and see what they have to say.



THANKS TO EVERYONE WHO VOTED ON THE OCTOBER SURVEY. SEE PAGE 56 FOR THE JANUARY TOUGH CALL: "TYLER TEXTER"

BUILDER PRICE REDUCTIONS AND INCENTIVES AREN'T LIKE 2008

In November of 2022, 36% of single-family home builders reported reducing their prices, and 59% were offering special sales incentives. These percentages may seem relatively high—and in fact they have increased significantly since July of this year—but they are nowhere near as high as they were during the 2007-2008 financial crisis, the National Association of Home Builders reports.

Questions on sales incentives have been a regular topic on the monthly survey for the NAHB/Wells Fargo Housing Market Index (HMI) since the 1990s. The questions on price reductions were introduced during the financial crisis and have been revisited several times since then.

In July of 2022, 13% of builders reported that they had reduced home prices during the past month to bolster sales volume and/or limit cancellations. This subsequently increased to 19% in August, 26% in September, and 36% in November. Even at 36%, however, the current percentage doesn't seem terribly high compared to May 2007 through March of 2008, when the share of builders cutting prices was consistently 48% of higher—as high as 59% in October of 2007.



PICTURE YOURSELF HERE!

ARE YOU AN LBM JOURNAL 40 UNDER 40 PRO?

The LBM Journal 40 Under 40 is a list of 40 pros who have achieved success in the lumber/building material industry before turning 40. LBM Journal's goal with this program is to recognize and celebrate the growing class of strong, young leaders in the LBM community, and to provide them with a space to share ideas, build relationships, and grow in their professional roles.

WHO IS ELIGIBLE?

Employees or owners of a lumberyard, specialty dealer/distributor, wholesale distributor, manufacturer or service provider who are over 20 years old and under 40 years of age during the 2023 calendar year. If this sounds like you, throw your hat in the ring, or nominate a fellow teammate.

THERE IS NO COST TO ENTER!

DEADLINE FOR ENTRIES IS MARCH 31, 2023.
FOR A NOMINATION FORM VISIT:

lbmjournals.com/40-under-40-nomination



NAR FORECASTS 6.8% DECLINE IN EXISTING-HOME SALES FOR 2023

Lawrence Yun, NAR chief economist and senior vice president of research, forecasts that 4.78 million existing homes will be sold, prices will remain stable, and Atlanta will be the top real estate market to watch in 2023 and beyond. Yun unveiled the association's forecast during NAR's fourth annual year-end Real Estate Forecast Summit.

Yun predicts home sales will decline by 6.8% compared to 2022 (5.13 million) and the median home price will reach \$385,800—an increase of just 0.3% from this year (\$384,500). “Half of the country may experience small price gains, while the other half may see slight price declines,” Yun said. “However, markets in California may be the exception, with San Francisco, for example, likely to register price drops of 10–15%.”

BY THE YARD NEWS FROM LUMBERYARDS AROUND THE COUNTRY

CEO transition underway at Builders FirstSource

Dave Rush has been named interim CEO as Dave Flitman stepped down to become CEO at US Foods.

In memoriam: K.C. Stock

K.C. Stock, founder of Stock Lumber, passed away Nov. 28, 2022. Voted “least likely to succeed” in high school, Stock bought his first contractor yard in Oconto, Wisconsin in 1971. He went on to sell Stock Building Supply in 2015 for roughly \$100 million.

Mead Lumber has acquired Teague Lumber Company

Teague Lumber has served the Kansas City metro area as a full-service lumber yard and building material supplier for residential and light commercial new construction since 2002.

Acquisitions by Nation's Best

Nation's Best has acquired Palmetto Home Center, with two locations near Charleston, South Carolina. Nation's Best also acquired Forslund Building Supply, establishing a presence in Michigan and Wisconsin.

US LBM moves

US LBM has acquired Georgia Truss, which will operate as part of its Brand Vaughan Lumber group which operates several locations in Georgia. US LBM has also acquired Comtech, a manufacturer and supplier of structural roof and floor trusses located in North Carolina. The company also expanded its reach in the New York metropolitan area, opening a new roofing and siding focused location in Whippany, New Jersey.

Kodiak Building Partners acquisitions

Kodiak Building Partners has acquired Goodrich Lumber, a lumber and building materials distribution company based in Kingston, Massachusetts. The company also acquired Diamond Home Improvement, headquartered in Southern Oregon, with locations in Klamath Falls and Grants Pass.

Scott Morrison to lead continuous improvement efforts for Kodiak

Kodiak Building Partners has named Scott Morrison its first VP of continuous improvement.

Hancock Lumber's Erin Plummer named to MaineBiz 40 Under 40

Plummer's recognition cites her accomplishments as director of marketing and communications at Hancock Lumber at just 25 years old.

Ring's End to acquire Johnson Paint Company stores

Johnson Paint Company consists of 11 stores in Massachusetts, Maine, and New Hampshire.

Hamilton Building Supply raises more than \$33,000 for JDRF

In November, Hamilton Building Supply honored diabetes awareness month with a campaign to support Type 1 Diabetes through the Juvenile Diabetes Research Foundation (JDRF).

Tony Shepley receives MRLDA Lifetime Achievement Award

The Massachusetts Retail Lumber Dealers Association (MRLDA) recently gathered for their 123rd annual meeting where Tony Shepley of Shepley Wood Products was honored with a Lifetime Achievement Award. The MRLDA Lifetime Achievement Award honors an individual for their cumulative contributions to the lumber industry.

Drexel Building Supply to acquire McMahan and Company

Drexel plans to integrate the McMahan business into Eastern, Central, and North Central Wisconsin.

Tibbetts Lumber Co. acquires D & M Truss Co.

The St. Petersburg, Florida-based multi-location building materials supplier has acquired the roof and floor truss manufacturer.

New South Construction Supply acquires Malone Steel Corp.

Malone becomes New South's second Florida facility, and 11th location overall.

Bliffert Lumber & Hardware merges in Milwaukee Cabinetry and Filling Millwork

Milwaukee Cabinetry specializes in executing professional cabinetry designs and supplying cabinetry, countertops, plumbing fixtures, and hardware. Filling Millwork is a moulding and cabinetry manufacturer.

Ogden & Adams Building Solutions to acquire Delhi Lumber

Ogden & Adams Building Solutions has announced its plan to acquire the assets of Delhi Lumber company based in Delhi, Iowa.

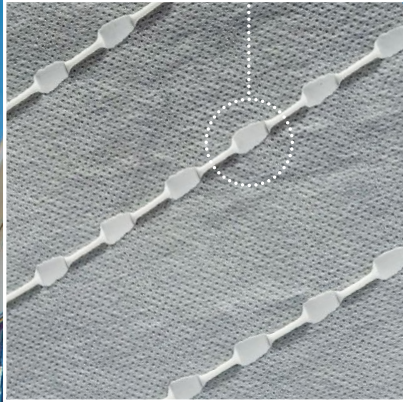
Maximus Building Supply makes record contribution to St. Jude Children's Research Hospital

For the past five years, Maximus has donated materials for the St. Jude Dream Home Giveaway. This year a custom house wrap program raised an additional \$50,000.

DEALERS, GOT NEWS?

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

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Do you know what your prospects value?

BY BILL LEE

I RECENTLY PUBLISHED an article criticizing salespeople who open conversations with prospects by offering to quote a few prices. The reason I am critical of that approach to selling is because it's frequently an invitation for prospects to base their buying decision on price.

I believe a salesperson's goal should be to first learn what "other than price" or "in addition to price" the prospect values. That's the purpose of asking open-ended questions in the first place: to learn what kinds of values your prospects appreciate.

We had a customer once who I don't believe ever once asked for a lower price. His hot button was on-time delivery. This builder was highly organized, almost to a fault. He was extremely rigid in scheduling his subs and when material was late arriving on a jobsite, his plans would no longer function. If you wanted to lose this builder's business, just fail to deliver material by the time it was promised.

It's natural for business people to do everything in their power to control costs. While paying too much for material will certainly inflate costs, so will doing business with a supplier who is frequently out of stock or is inconsistent on having material on the job by the time it was promised.

Have you ever wondered why most salespeople seem to place a great deal more emphasis on the competitiveness of their pricing than they do the other factors that can disrupt the flow of a job? In my opinion it's because pricing is easier to calculate. It's a lazy person's solution to differentiation. A low-ball price can be generated with very little effort whatsoever. If salespeople have (or take) pricing authority, they don't have to involve any other resource in the company. No telephone calls! No wasted time! It's fast and oftentimes effective.

Manipulating pricing also has a direct effect on gross margin. Once salespeople set a pre-

cedent for price cutting, it becomes more and more difficult for them to maintain their pricing resolve on future occasions when they need an advantage to lock up an order.

It takes a proactive and committed mindset to break the habit of using price as your differentiator. It can be accomplished, however, by developing selling skills that give salespeople insights into what their customers and prospects value most.

There are two particular skills that will change the way salespeople are perceived by their clientele: the first is a better understanding of the business side of home building; the second is developing the practice of asking well-designed questions, the answers to which provide the salesperson with greater insight into the specific services a particular customer most values.

Sample Question: "In a highly competitive housing market like you are operating in here in Highlands, I know you must have uncovered areas in the construction process where you must concentrate to prevent money from falling through the cracks, so to speak. As your research uncovers these areas, would you share them with me, especially those that involve suppliers? Armed with the insights your research is uncovering, our people can work more in concert with your efforts to help your systems flow more smoothly."

What I am promoting with this suggestion is a subtle way for supplier salespeople to persuade their builder customers to focus more of their attention on areas other than the prices they are paying for material. Price will always be a factor builders must consider, but price shouldn't be such a prominent factor that it dwarfs other opportunities to enhance your business profitability.

While pricing is important, it is a pretty shallow factor to focus on almost exclusively. ■



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

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- No fuel surcharges
- High driver-retention rate
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Define your sales brand

BY RICK DAVIS

WHAT'S YOUR SALES BRAND? If you're like most, you probably believe you're the ideal salesperson who "partners" with your customers in a special way. And while most salespeople are self-assured about the value they bring to the table, the things others say about them often fail to mirror the salesperson's beliefs.

Take Roy, salesman for a manufacturer of building products, and Charlie, the VP of sales (not their real names). At a business dinner, Charlie asked, "You work with a lot of our dealers. What is the best piece of advice you would offer our salespeople?"

Without hesitation I said, "Make appointments. Dealers are tired of manufacturer reps who show up unannounced without a productive purpose." The answer was barely heard by Charlie because he was tracking down the waiter for more wine. Roy heard me and was quick with a retort.

"That's good advice for most," he agreed before continuing. "In my case it's okay because my customers know I'll always be showing up on Tuesdays." I said, "That's what most salespeople say."

He asserted, "I bet they do, but in my case it's true." I replied, "They say that too."

Roy, like many in our industry, is a "professional visitor." He gets away with the behavior because dealers and contractors, in the absence of a truly consultative salesperson, settle for mediocre performance.

If I ask salespeople why they don't make appointments, they assert that you can't get builders to make them. This begs the questions: Do builders make appointments with their dentists, their customers, the building inspectors? The answer is, of course, "yes." The clear conclusion is that builders and industry professionals make appointments; they just don't make them with salespeople who haven't established their credibility.

Another popular sales brand is the "hero." This is the salesperson who is constantly negotiating on behalf of customers for special considerations. There is nothing wrong with being a hero to your customers until it starts to harm profits. This happens when opportunity costs are created by allocating resources that could be used profitably for other customers or operational efficiencies.

Perhaps the most common brand of salesperson in the LBM industry is the "beggar." This is the salesperson who relentlessly asserts that price is the most influential factor in a buying decision. Of course, this is false. If it were true, then only the cheapest provider would be in business today.

Consider the reasons why a buyer might say "no" to the salesperson. It could be the buyer was never really interested in the first place and was only using the salesperson to keep an existing supplier honest. Perhaps the buyer simply didn't like the salesperson. Maybe the salesperson had bad breath. Maybe the salesperson kept showing up without appointments. Instead of telling the uncomfortable truth, buyers defer to the rote script, "Sorry, but your price was too high," and salespeople, eager to deflect blame, accept this as gospel.

There is absolute truth that price matters until the "beggar" asserts that it is the only factor for doing business. There is nothing wrong with cold calls until the "professional visitor" argues they should be standard operating procedure. There is nothing wrong with advocating for buyers until the "hero" starts costing the branch unreasonable expenses.

So, what is the ideal brand? It's the salesperson who schedules appointments; balances advocacy between the supplier and buyer; and the one whose customers assert that while the price might not be the lowest, the value the salesperson brings to the table makes it all worth it. ■



Rick Davis is the Sales Education Leader for ABC Supply and the President of Building Leaders. You can buy his books or learn more about his online sales training platform at buildingleaders.com.

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Keep things moving.

Succession planning—not as difficult as you think

BY DENA CORDOVA-JACK

LEADERSHIP succession planning is critical to balance your company's objectives and future growth. As leadership expectations continue to change, so must our approach to succession planning. Done well, succession planning will help you move away from the "fog the mirror" style of building your team and allow you to invest the time and resources to develop strong leaders. As we continue to deal with the labor shortage in our industry, we've often been forced to hire those we may consider C-level players just to keep our operations running. Giving a less-than-competent person a position at a lower level in the company may be temporarily viable, but placing one in leadership may have disastrous consequences. A workable succession plan can provide your company with a clear advantage in fighting the labor war.

Succession planning is a crucial area that should be a living, breathing part of your annual strategic planning. In my visits with dealers from across the country, I hear one standard view: "I don't know where to start," or "It's too time-consuming, and I can't focus on it." It is easy to understand both sentiments, but neither is true.

Leadership succession planning is simple. Like the houses we build, the practice of leadership succession planning equates to pouring the foundation for your home. While a strong team helps your company build a solid foundation for growth, succession planning is the rebar that reinforces your foundation. Both are viable long-term with the other and should become a standardized practice that's reevaluated quarterly.

The viability and sustainability of your company revolves around your success recruiting, developing, and promoting leaders. During budgeting planning in the last quarter of 2022, you likely gave thought to workforce development as you looked at an uncertain economy ahead. Although inflation continues, employment numbers in our industry remain at 3.5 – 4%, making hiring a challenge at best. Combine that with a shrinking workforce, with two jobs now available for each unemployed worker, and you have a difficult situation to navigate.

The strength or weakness of your workforce is simply a reflection of the strength of your leadership team. Here are a few effortless steps to begin your succession planning strategy.

1) Do a SWOT analysis on members of your critical leadership teams by performing a 360 review and a skills assessment for each. A 360 review will provide a more balanced evaluation, as it gathers anonymous feedback and perspective from critical areas of your operations, and a psychological assessment will help you determine personality dispositions (and will be enlightening to the candidate as well). Utilize an evaluation that incorporates a robust EQ analysis, as doing so provides a far superior tool to evaluate the valid drivers of an employee's personality and can assist you in assessing performance gaps.

2) Once armed with that data, review the core competencies of each individual. Contrast their skillsets with the demands of the position. If you currently need candidates that are solid in these positions, look internally at your workforce first. Do you have another individual you can develop to be a strong leader? If not, look externally for options for succession in your key leadership roles.

3) Succession planning can be something other than a wholesale change. You can start small, focusing on the most critical position first, building a succession plan for it, and then moving to the next in order of operational importance. Taking small, high-value steps today can equal tremendous advancement in a relatively brief time.

One attribute that clearly defines a leader is his or her ability to identify, develop, and promote individuals into leadership positions. An operational succession plan within your organization will provide comprehensive benefits to your company, regardless of size or location. Move away from a static organizational structure to building a solid bench for your key positions with depth. ■



Dena Cordova-Jack built her 30+ year career with GP, Boise Cascade, Foxworth-Galbraith, and most recently as VP of Organizational Development for Kodiak Building Partners. She currently serves as Vice President for Misura Group. Reach Dena at dcordovajack@misuragroup.com.

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Preparing for our new normal economy

BY RUSS KATHREIN

ASK ANYONE who went through our industry depression in 2008-09 what they would have done differently, and they'd probably tell you they wish they'd made some of the hard decisions much sooner. For the past two and a half years, our industry has had the good fortune of being extremely busy (and profitable), while the rest of the world was either standing still or locked up. Unfortunately, all good things must come to an end. No one is sure what 2023 will look like, but most of us agree that it will not be the blow-and-go environment we had in 2020 through 2022.

There is an old axiom that says a rising tide raises all ships. That means that whether a ship is well run and rides high in water or is shoddily run and is so low in the water it might sink, the rising tide will carry both over the treacherous rocks. Well, we're looking at a falling tide, and that means all those rocks are going to be much closer to the surface and will sink some of the ships that have been poorly run.

Hopefully you've used the past two years to improve your business, but if you've just been riding the high tide, it's not too late to start preparing for when things are challenging. The obvious place to begin is your balance sheet. Look at your financing and start paying down your debt with the cash being freed up as your inventory and accounts receivables balances go down with decreasing prices. Look at your long term financing. Make sure you have access to enough capital to ride things out should things get tough. Also, look at your credit practices and procedures. Start a process of calling the immediate past-due customers to find out why they missed their payment. It will give you

an early indicator of when a customer is getting into cash flow problems, and it will make you the squeaky wheel that gets the oil first.

Something a little less obvious—but much more strategic—is to take an objective look at the various parts of your business now before things possibly get emotional. Rank everything. Start with your employees. Don't look at pay or tenure but instead at who you could get along without if they leave versus who you could not replace. Think about who can handle multiple responsibilities or tasks within your operation. Do all this before you're under an emotional gun of trying to keep someone from leaving or having to make the hard choices of cutting staff.

Rank your customers, not by sales or gross profit dollars generated but based on who are the most loyal and always prioritize paying you on time. Which ones tie up the least number of resources? Who is willing to work with you when you can't get them what they need when they need it? Also, think about which customers have the most sound business model and are servicing the parts of the market that might remain strong.

Last, rank your equipment. If things slow down, don't just park your excess equipment in the back of the yard. Old Bessy costs money to license, insure, and keep running, and those bills will nickel and dime you to death.

Taking the time to think these things out now and formulate a plan will have you prepared for whatever our new normal is. If things slow down, you will be quick to react. If things stay level, your ship will just ride that much higher in the water and provide you with the peace of mind that your business is ship shape. ■



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



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Knowing when to update

BY THEA DUDLEY

Dear Thea,
How often should I ask for an updated credit application? I have asked several credit managers, and everyone has a different opinion. My salespeople think we should never ask because we already have one. Who is right?

— Giving Credit Where Credit is Due

Dear Credit Giver,
 Occasionally, after a hard day of “crediting” I like an Old Fashioned. I sit down at the bar and place my order, anticipating the beautiful creation. I like my Old Fashioned classic—shimmering amber color, Luxardo maraschino cherry, slightly smoked orange peel, and one lovely large, shaped ice cube served in the proper glassware. Depending on the establishment, what actually gets placed in front of me is a matter of opinion and up for debate.

Same goes with the updated credit application request. What the expectation is and time frame of the request depends on your company. The topic should be part of your overall best practices discussion and included in your credit policy manual. Once you have a decided what is the best practice for your company, implement it and educate the rest of the company on it.

Most credit managers I know have an opinion and logic behind it based on their experiences and company comfort level. Dear Credit Giver, this is my opinion, not an industry standard as, frankly, there really isn't one. It is an opinion determined by experience and company input.

Five years works for me. Barring any changes to the company structure/ownership, that should suffice. When that happens, game off and we will need an updated one. I know credit managers who require them every two years. That seems aggressive and a customer irritator to me, but if that floats your boat, party on, Wayne.

I can review a customer account with a credit report (or a couple of them), with the Secretary of State, and with payment history with my company. No need to even tip off anyone the account is under a yearly review process. When the five-year mark rolls around, the customer and I have a conversation and we get the updated app. Five years enables me to present it as a reasonable request and not make the customer feel as though they are lucky we are selling to them (although, let's be honest—some of them should feel that way, but that is another discussion).

There will be exceptions. Every rule seems to have one, so if a business decision pops up, voice your opinion. You may be in agreement, document it, then move on.

Like most things in business, there is no right or wrong. There is a difference of opinion. Your role is to keep your AR healthy, which includes making sure you have correct information.

Some people are okay with Old Fashioned variations, muddled orange wedge and maraschino cherry, fruit salad in a glass. That's cool, opinions vary. Just remember who is accountable to swallow what is served up. Figure out what works for you. ■



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

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Off-book inventory

BY JOHN WAGNER

WHEN A DEAL MOVES to closing, there's always a flurry of activity on multiple fronts. The transaction lawyer is busy with the asset purchase agreement, disclosure schedules, and "reps and warranties." The real estate lawyer is working on the real estate leases. The buyer is working on long to-do lists, and the seller is working on customer and employee messaging.

One of the last things the buyer does is perform a hard-count of the seller's inventory so that the buyer has an opening balance sheet for their new operation. This hard-count happens very close to closing, sometimes just a day or two before, so you don't want any surprises, which typically come when inventory shows up in the hard-count that is "off-book," e. g. inventory that is in your yard, but not in your ERP system—and therefore not on your balance sheet.

If you're the seller and you didn't know about that surprise inventory, you'd naturally say, "Oh boy, I get paid extra at closing." Unfortunately, it's not that simple. During the sale process, you (the seller) have worked with your investment banker and CPA to present monthly balance sheets throughout due diligence that show inventory values. These complement the balance sheets presented when your deal first went to market. The buyer has used these statements not only to value your company, but to make operational assumptions in their budgeting for when they own the company. Even more importantly, the inventory value is among the largest of current assets and a key factor in calculating the working capital "peg" that's used at closing to determine how much money is left in the company at ownership hand-off.

In addition to potentially skewing the working capital peg, the off-book inventory also presents a problem if the seller demands more money at the last minute. That's because the buyer

has lined up the funds to make the acquisition, often borrowing a substantial portion of money. All the loan documents have been drafted for a closing date-certain, e. g. interest has been calculated and loans are set to close on that day. There's no money sitting around to pay for unexpected demands. For off-book inventory that shows up late, the seller cannot assume they'll get paid for it; it may simply be too late. If you have a good investment banker, they can sometimes negotiate a side agreement for an extra check at closing. But often, the seller may have to eat it.

There are ways to avoid this. First, in the near-term, lock down your inventory practices by engaging in frequent cycle counts, especially for fast-turn items such as dimensional lumber and sheet goods. Use these cycle counts to examine how tight your ERP's inventory is with your hard-counts. If you consistently find more than a 1.5% differential between cycle counts and ERP records, you may have a broader problem in all your categories: your operations may not be capturing every sale to properly deduct it from your available inventory records. Beyond cycle counts, at least yearly internal hard-counts are essential. Preparing for a sale of your company, an interim hard-count (or multi-category cycle counts) is also a good idea.

Finally, some sellers have off-book inventory that you know about. It is imperative that you declare this off-book inventory early in the sale process to your investment banker, so they can negotiate it with the buyer and represent it on the balance sheet.

Of all the variables that need to be controlled among the multiple moving pieces of a closing, nothing rattles nerves more than the results of that final pre-close hard-count. Work with your investment banker to prepare long before the closing date is set. ■



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



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**DAVID
DELCOMA,
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Extreme weather events seem to be on the rise, putting pressure on structures to withstand the elements like never before. How are building envelope products meeting these challenges?

Manufacturers are constantly striving to introduce new products that address the structural integrity of the building envelope. Some are the result of new federal/state code compliance standards, whereas others are the result of past material failures or derived from emerging technologies.

For instance, we have seen a rise in the amount of self-adhered underlayment sales across the country. SA underlayments can provide additional waterproofing protection in case the roofing system is damaged or compromised. These types of membranes offer secondary water protection before, during, and after installation.

Sustainability is no longer a “nice to have” but rather a growing requirement. How is the building envelope industry meeting the needs of a sustainable structure?

This again falls back to emerging technologies offered by manufacturers. As a manufacturer, we are all concerned about tightening up the building envelope too tight. Buildings need to breathe to prevent the formation of toxic mold or premature rot and decay. It is our responsibility to either disseminate the correct installation instructions or, as a dealer, learn the proper techniques so that the structure is sustainable and watertight.

Some manufacturers are offering different sizes or models of products to improve the sustainability of the structure. Where some may use 4" flashing tape around a window or door, others have opted for a 6" membrane for added waterproofing protection.

MFM developed a patented PowerBond adhesive system that aggressively adheres in colder temperatures to allow for a more successful installation in cooler temperatures. Builders are always looking to extend the building season, and this new technology allows them to keep working without sacrificing a quality waterproofed installation.

With energy costs expected to rise, what building envelope solutions can LBM dealers provide to their customers to combat energy expenses?

For MFM's line of self-adhering waterproofing membranes, our focus is to keep the elements from infiltrating the building envelope. Many of our membranes are focused on properly flashing windows and doors, which are key leak points. In general, dealers need to stay educated on what new technologies are available. Having a thorough understanding of the product's benefits will make them an asset to their customers.

Raw material shortages are plaguing many manufacturers and impacting product availability. What strategies can LBM dealers utilize to offset these challenges?

This is a tough situation right now. Most dealers have been asked to keep inventories low, but when you combine this with longer than usual lead times, it can really hurt a dealer. We recommend keeping 30–45 days of inventory on hand. It's tough to sell when you don't have the product in stock. At MFM, we try to keep our customers abreast of current lead times so they can plan accordingly.

MFM has a long history of providing a variety of building envelope solutions for the LBM industry. What should dealers watch for from MFM this year?

MFM just completed a major building expansion in 2022, which included a new Research & Development Laboratory to focus on new product introductions. We are expecting to launch several new flashing tapes and underlayment products in 2023.

David Delcoma is MFM Building Products' operations manager. He started working with MFM Building Products in 2011 as their product marketing manager and was promoted in 2021 to Operations Manager. Prior to working with MFM, David worked at an Akron, Ohio, based advertising agency for 20 years. He graduated from the University of Akron with a BSBA degree in Marketing.

5 QUESTIONS GIVES LBM BUSINESSES THE OPPORTUNITY TO PROVIDE THEIR EXPERTISE BY ANSWERING RELEVANT ISSUES IN THE LBM INDUSTRY.



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WITH MORE CUSTOMERS PAYING BY CREDIT CARD, MERCHANT SERVICE FEES CAN TAKE A SIGNIFICANT BITE FROM THE BOTTOM LINE—ESPECIALLY IN AN INDUSTRY LIKE OURS THAT RUNS ON TIGHT MARGINS. THIS MONTH'S REAL ISSUES QUESTION COMES FROM A DEALER IN THE SOUTHEASTERN U.S. WHO IS THINKING OF CHARGING A 'CONVENIENCE FEE' FOR ACCEPTING CREDIT CARDS AND IS LOOKING FOR INSIGHTS FROM OTHERS.

CHARGE AHEAD OR PASS ON THE FEES?

BY LBM JOURNAL READERS

We asked our readers to complete a brief three-question survey and share whether or not their company charges to accept credit cards, and what the impact has been. More than 190 readers took part in this month's survey about charging credit card fees.

First, we asked how many of our readers already pass along credit card fees to their customers. Of the more than 190 respondents, 63% said they do not. Just over 35% indicated that they are already passing along credit card fees, and 1.5% said they don't accept credit card payments at all.

Next, we asked our readers how they would respond to the question we received from the dealer who asked...

"We sell to both builders and homeowners, and we've accepted the major credit cards for years. We figured that the benefit from the improved cash flow would outweigh the credit card fees. But with so many of our expenses going up—especially salaries and materials, and with more customers paying by credit card, we're thinking of adding a surcharge or 'convenience fee' just to cover our hard costs. We'd love to hear what other dealers are doing to offset their credit card processing fees—and if there's been any pushback from customers."

RESPONSES FROM LUMBERYARDS, SPECIALTY DEALERS, AND DISTRIBUTORS:

"Generally, customers will object to added fees, but won't notice much if the overall cost is 3% higher. Obviously, some commodity lines are more sensitive, but as a broad brush, price your product to cover your costs (all of them) and meet your profit goals."

"I am listening with you. We are also thinking of adding a 'convenience fee.' We were thinking of a fee of \$2.50 per credit card use."

"We have changed our policy on paying house charge accounts with credit cards. We now allow them to use the card but charge a 3.5% surcharge. Other than that, we are charging no convenience or surcharge fees."

"We are also considering a credit card surcharge and will be interested in seeing the results of the survey."

"We accept credit cards without fees for non-charge accounts. If a charge account customer wants to pay their account with a credit card, then we add 2%. We have been doing this for three to four years now. There were a few who questioned it at first, but now there are no issues."

"This question could easily have come from us. We're experiencing the same issues and hesitate to move forward with adding a surcharge or convenience fee only because we fear backlash from our customers if we're the only yard doing so in our area."

"We have added 4% to any invoice transaction paid by credit card. It's important to be fully transparent with all your customers about why this fee is being added so they have a choice to pay with cash or check. And this is NOT a fee charged by the credit card companies (if called they will deny they are doing it). This fee is being charged by the companies processing the transactions. This is a common misunderstanding!"

"We're in the process of investigating and potentially adding a 'convenience fee' for credit card utilization, but only for our open line of credit customers who pay, or want to pay, their A/R balances via a credit card. We are not looking to assess an additional fee for the over-the-counter sales. Regrettably, we have permitted the use of credit cards to pay off A/R balances and it keeps growing, so assessing a fee going forward will absolutely run into resistance and lead to disgruntled customers. Unfortunately, the expense associated with credit card fees has grown to be one of the most significant line-item expenses on our P&L."

"We posted a 3% convenience fee years ago and tried to get the larger retail transactions with it, but got a lot of push back. We just increased our margins on retail to cover the fee. For charge account customers that ask, we do tell them we accept credit cards, but there is a fee. All but one just kept writing checks."

"We charge 3.5% for credit cards. If the customer wants to pay in person with a debit card using their pin, there is no fee (this method only costs us .50). We also accept checks and cash."

"At this time, we are searching for an answer to this question as well. We have not formulated a final plan yet. The main options we are looking at are meeting with the customers on a one-on-one basis, raising all prices on a small basis to cover our cost, or adding a convenience fee/service charge. We haven't checked the last option but understand there may be specific laws governing what can be done as far as fees or service charges."

"We charge for fees now 3.5%"

"We do not currently pass along any kind of surcharges but are certainly considering it."

"Would like to start charging fees but our POS system doesn't support that option."

"Raise your blind item prices."

"We will begin charging a 2.5% surcharge."

"I am not good at giving advice. I can say that we are thinking of adding a 3% or 3.5% convenience fee when customers pay their monthly statement with a card. We are still on the fence about adding the fee on cash sales. I see some of our competitors add these fees." ►

“We have been having similar discussions internally. While seeing that large expense month over month is tough for us guys our competitors are scoffing at it. That’s the rub we have of not losing to another Box Store. Would love to hear everyone’s feedback and ideas.”

“We communicate with account customers and then we charge 3% convenience fee. For the most part that’s the end of the discussion.”

“Just build it into the price of the product. The majority of our business is done with credit cards (70-80%). If you add anything, give a discount for paying cash (2.5%).”

“Unfortunately, where we are it is illegal to add surcharges, and the allowed convenience fees are so small it wouldn’t make a difference.”

“I would not recommend adding a surcharge. Customers may reconsider doing business with you going forward. Credit card fees are the cost of doing business. Maybe consider providing a discount for those that pay with cash.”

“We would like to do the same by adding a 3% convenience fee.”

“We are a net 10 company, and we do charge credit card fees on all cash sales, but we make an exception with our builder accounts. If they pay in full by the 10th (due date), we eat the fee. If it comes in after the 10th, we charge a 2.5% surcharge for all card-based payments.”

“We only charge the credit card fee to our AR/credit customers when paying on their accounts. We do not charge our walk-in traffic for counter sales transactions.”

“At this time, we have elected to charge the fee to every cash sale transaction and charge the fee to account holders if they pay after our term date. As we looked at the increased cost of taking credit cards, we decided to start small to hopefully one day add the fee across the board.”

“We raised our prices 3% in order to help offset some of the costs. We know it doesn’t totally cover the expenses but at least it helps.”

“Our customers will not pay a convenience fee. Our competition does not charge a convenience fee. My suggestion would be talk to your credit card processor and negotiate lower rates. They want your business.”

“We are currently not charging but would if our competition or the Big Boxes made the move first.”



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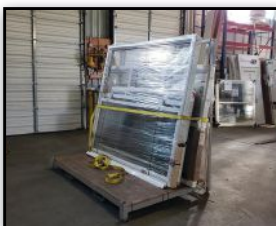


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“Build in 3% for potential use of a credit card and then offer an additional 3% off pay with cash. We actually offer a 3% Paid-In-Full-With-Cash discount to get all of our money, in cash, up front. This works pretty well.”

“I believe that a credit card fee is warranted and fair. Over time the customer has accepted a fee associated with building material purchases. The feedback we get is why we do not accept cards as a form of payment. The use of credit card payments and whatever fees are associated are now embedded in our industry. We will ultimately join the industry accepting credit cards and I look forward to having the credit card either from the builder or their customer to secure prepayments before ordering on special order items, i.e. windows. As an industry, the more we have our customers prepaying for special order transactions, it lessens the chance of customer refusal to pay for products they agreed to on the front end. Charge the associated fee and thank your customer for understanding the additional cost to provide them with exceptional service.”

“We don’t charge a surcharge, but we try to avoid small purchases being paid by credit cards.”

“Do it.”

“I can certainly understand the idea given the high fees card companies charge for service. I would rather phrase the policy as a discount for using cash or check as payment. I don’t think telling someone straight they will be charged more for using a credit card would sit well with the general consumer, especially given the current high inflation rates.”

“I know some lumberyards are toying with the idea of no longer accepting credit cards on credit accounts. I don’t know if many credit account holders will just switch to COD customers or start paying by check again. It is a very addressable problem in our industry. Even car dealerships only accept \$5,000 max on a car purchase.”

“We are in the same situation. I have resisted charging a surcharge, but after speaking to other business owners in the area, I am going to implement a surcharge by the end of the month. Most tell me if there is any pushback, the customer will typically use a check to avoid fees.”

“We charge processing fees associated with credit card purchases on large orders. We are reviewing a plan to price it into the products and offer cash discounts to customers.”

“Some customers started complaining, so we took it off. It does hurt all those fees specially when they use company cards.”

“We look at card fees as any other expense. We adjust our percentages to hold our margin line at or near the desired level.”

“WITH MORE AND MORE BUSINESSES CHARGING CONVENIENCE FEES, IT IS TIME TO PASS THE COST TO THE CREDIT CARD USER.”

JOBS DONE RIGHT.

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Grabber believes in excellent tools and fasteners. We also believe that great equipment means nothing without great service. That’s why each customer has access to our GrabberPro representatives – the most knowledgeable team in the business.

“Not only have we depended on the professional quality of Grabber products for over twenty years, we’ve also benefited from their expertise.”

— Chris Rankin, President, CCE Specialties, LLC

GRABBER
CONSTRUCTION PRODUCTS
“The Professional’s Choice”

“Customers will naturally push back, and some may even take their business to a yard that isn’t passing on the credit card fees. It’s a difficult challenge at this point because it has not been done in our industry before. The benefit of being the yard that doesn’t pass along the surcharge is you will gain some business if your local competition is charging. I think it depends on your market currently.”

“For the customers that need to use a credit card we are slowly increasing the margins to cover the extra expense.”

“We accept credit card payments up to \$5K, and after that we ask them to pay by check, ACH, or their bank’s bill pay service to continue to receive their discounted pricing. This works well.”

“Make paying a bill easy. Pick up the cost of credit card fees in margins.”

“Do it now. Don’t wait! We are just implementing this and although it does take time and training, it will save us substantial dollars that we were just eating; we don’t even accept credit card payments from the majority of our customers. Do the math on your processing fees and I guarantee you will see a number you simply cannot ignore. Surcharges are becoming more and more prevalent with these lean times and customers are accustomed to seeing them. It may even force your larger transaction customers towards ACH, which is a win as well. Our next steps will be a customer payment portal to open this up to all customers, which would not be viable without the surcharge in place.”

“We eliminate any prompt pay discounts for our credit account customers if they are paying their account balance by credit card. There has been very little push back.”

“Gas stations can do it, why can’t we?”

“We are considering adding a convenience fee with the knowledge that we may well have to waive it for some of our larger customers.”

“We are not doing anything to recapture our costs associated with using credit cards.”

“This January we began charging a 2% fee to pay an AR balance with a credit card. We sell both DIY and pro customers, but the largest percentage of our business is to the professional contractor.”

“I am in the same boat as you. I have been contemplating doing the same thing but have been researching thoughts and opinions on the matter.”

“When we know that a customer is going to pay with a credit card, we add the service fee up front, in the price of the merchandise.”

“We charge a convenience fee to our customers on account. We do not add a convenience fee on cash accounts; we let our margins take care of that.”

“It’s the cost of doing business. However, we do back charge out of a salesman’s gross profit 3% to handle credit card fees.”

“We are dealing with the same issues. We have not implemented anything yet, but we do plan to in the near future. We have also moved up the pricing for the so-called Cash Sales customers that use cards. We do not currently let customers use cards to pay on their accounts.”

“We only charge a fee over \$500.”

“We have not implemented a fee to cover the cost of processing credit cards but have been considering this for a while. We offer certain customers a prompt payment discount, if that customer pays by credit card, they do not earn the prompt payment discount as they had the month to pay the bill and then did not pay by check so in those cases the prompt payment discount is not earned. We continue to evaluate this large expense but are still on the fence at this time.”

“We offer volume discounts based on annual sales ranging from 2%-3% to contractor charge accounts.”

“When we take a credit card at the time of purchase, we do not add a fee. When we take it to pay an accounts receivable balance, we do charge a fee. In the case of a bid proposal, the fee becomes part of the negotiation of the total price.”

“We are a net 10 company, so a bill is due by the 10th of the following month. If our customers pay by credit card after the 10th, a 3% fee incurs. This encourages our customers to pay on time. If they don’t have an account with us, all sales incur the 3% fee which also encourages builders that plan to do continued business with us to open a charge account. There has been little pushback as we just reiterate that this is a corporate policy, and the fee is automatically generated. If someone has fallen ill or there is a billing discrepancy preventing them from paying promptly then we will waive the fee.”

“Until the big boxes do this, I don’t think it will become an accepted practice.”

“We absorb the fees.”

“We don’t currently add any charges for credit cards, but we have entertained the idea for quite a while. None of our biggest competitors currently do this, including the big box stores, so it makes it harder for us to implement it. Best thing we can do is try and cover those fees in gross margin. One thing we do to combat the fees, is we don’t allow account customers to pay their monthly statement with a credit card. It’s cash or check only.”

“The bulk of our business is builders and general contractors. For our contractor customer, we have a tiered pricing structure based on customer volume and project size. When setting up a new contractor account we discuss terms of payment. If their business model is to pay by credit card, we set them up on an added price tier that takes into account credit card cost and is about 3% higher than our regular contractor pricing structure. The same applies to existing contractors—if they change to paying by credit card, we move them to a higher sell price structure.” ▶



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SERVING DISTRIBUTORS, MANUFACTURERS, AND LUMBER DEALERS

“We try to recoup the credit card fee in the customer’s pricing profile, which I believe works sometimes but not all the time. Many of those who pay with credit cards are large customers on our best profile that doesn’t take into account paying with a card. Each location sees the credit card fee line on the P&L, and it is a pretty large number. I would like to know what percentage of pro dealers out there are charging a fee to use a card. I feel everyone is in the same boat, and I’m worried about charging the fee when the competitor down the street won’t.”

“We are looking at the same—only on those customers who are paying their monthly statement with a credit card. Pushback is definitely an issue. People like their rebates.”

“We have been discussing something like this recently. We were able to contact other credit card services and cut our rate in half.”

“We charge a 2.5% processing fee. Some push back but they understand it. It is the cost that we cannot absorb.”

“We charge for taking credit cards. It amazes me how many customers are willing to pay for the convenience and or points. This makes no sense to me, but it is the way the world works now.”

“We will accept credit cards for payment on account, however if there are prompt pay discounts or rebates associated with that account, those are forfeited.”

“We have been charging a convenience fee for years. Even our utility companies charge credit card fees. The customers know it is going in and don’t complain. They either pay cash or check if they don’t want to pay the fees.”

“We only charge account customers who have already had 30 days to pay an invoice. Contractors and builders who don’t have an account or walk in customers do not pay an additional fee. I feel it is easier and less confrontational to work it in on the pricing of the material.”

RESPONSES FROM WHOLESALE DISTRIBUTORS, MANUFACTURERS, AND SERVICE PROVIDERS:

“I bought some building material recently and as I was checking out, they charged me an extra 2% for paying with a credit card. I immediately stopped the transaction and walked out of the store. I went right down the road and bought the same items without a convenience fee being charged. It might have been included in the price, but I don’t like surprises. When will these nickel and dime price increases stop? Next it will be a small convenience fee for having a real cashier, or a convenience fee if you need a shopping cart!”

“Yes, you should charge a fee. Anyone taking rewards credit cards should charge an extra fee. Maybe consumers will realize the local small businesses are the ones funding their credit card rewards. If consumers want to fund a vacation for the year using a credit card, you should help them by charging fees! They cannot expect small businesses to fund their vacations.”

“We charge our customers what we get charged, and in return have very few credit card payments.”

“We charge a flat fee for all credit card payments. It’s a very small portion of our business, so we really weren’t concerned about losing sales. It’s a difficult choice for some, but in today’s world you must protect yourself first. I don’t believe that everyone using credit cards is acquiring points or cash back as they would have you believe. Credit cards have become a way of survival for most people, and especially those who can’t seem to live within their means!”

“DO NOT CHARGE CONVENIENCE FEES. THEY JUST MAKE EVERYONE MAD. RAISE YOUR PRICES 2% IF YOU NEED TO, BUT A CONVENIENCE FEE IS JUST A LIE, IT’S NOT CONVENIENT FOR ANYONE.”

“The fee is minimal compared to other rising costs. I would bake the fee in the overall price. You do not want to show another itemized charge to the customer in the process. It is more psychological to the customer. This is the same when showing ‘free shipping’ and a higher cost item. I would not show a ‘convenience fee’ as an itemized item to the customer.”

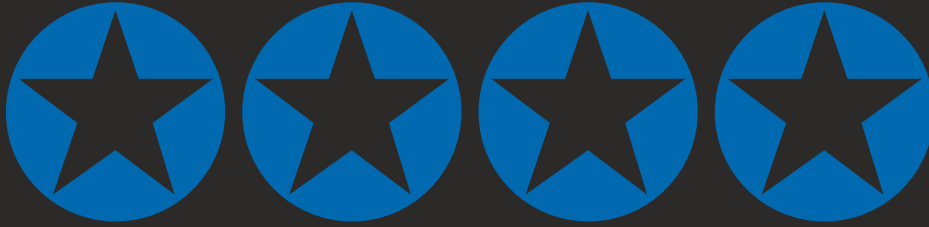
“Several of the local automotive repair shops in the area paved the way for us. They don’t take checks, so it’s cash or debit card with no fee, or a service charge of up to 5% to use your credit card. They’re up front about when you bring your car in for service.”

“Everyone is charging extra. I wanted to take a dozen donuts to a customer from my local donut shop. He told me the total. When I pulled out a \$20 bill, he adjusted the price down.”

“We charge a processing fee with no pushback from customers.” ■

Hundreds of readers share their insights for this every-issue feature. Have a Real Issue? Contact Rick@LBMJournal.com.

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THERE'S NO QUESTION THAT THE ENTREPRENEURIAL SPIRIT IS ALIVE IN THE LUMBER/BUILDING MATERIAL INDUSTRY. A HEARTY CONGRATULATIONS TO **LBM JOURNAL'S 2023 DEALER OF THE YEAR** AWARD WINNERS.

ANNUAL SALES: \$100 MILLION +

**KOOPMAN LUMBER
WHITINSVILLE, MA**

ANNUAL SALES: \$50-\$100 MILLION

**WALKER LUMBER
NASHVILLE, TN**

ANNUAL SALES: \$10-\$50 MILLION

**HENRY POOR LUMBER
LAFAYETTE, IN**

ANNUAL SALES: UNDER \$10 MILLION

**SAN ANTONIO LUMBER CO.
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DEALER **2023**
OF THE YEAR

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LBM JOURNAL DEALER OF THE YEAR 2023

LBM JOURNAL'S DEALER OF THE YEAR AWARDS, sponsored by Epicor, recognize LBM companies of different sizes that epitomize the entrepreneurial spirit. By our definition, a Dealer of the Year describes a company in which leadership excels at identifying underserved—or emerging—markets, satisfying customers, and constantly working to grow and improve business. While these companies represent vastly different operations, the common thread is their fierce commitment to finding ever-better ways to serve their customers and their communities.

BY JAMES ANDERSON



KOOPMAN LUMBER

In an industry in which it's common to work alongside family members, the leadership team at Koopman Lumber demonstrates how to do so successfully while also adhering to fiercely independent values and topping an 800% revenue growth over the past 12 years.

Founded by Peter T. Koopman in 1939, the company is still headquartered in Whitinsville, Massachusetts, just down the street from where the original location began in Peter Koopman's garage. The same community-minded values of generosity that drove Peter Koopman, a builder, to sell off extra lumber he had accumulated, still drives the company today.

Now run by Peter's grandchildren Dirk Koopman, Denise Brookhouse, and Denise's husband Tony Brookhouse, the family business has grown to include nine locations throughout Massachusetts as well as two distribution centers, and a Cape Cod location set to open in Dennis, Mass. later this year.

FAMILY TRAITS

Siblings Dirk and Denise trace their own involvement in the company to when they were 10 and four years old, respectively, when their father returned from a teaching and sales career to get involved in the family business. They learned from a young age the dedication and commitment required to operate a small business. ▶

PHOTOS BY KEVIN TREHAN, NHPA





SERVICING ALL OF NEW ENGLAND

KOOPMAN

KITCHEN & BATH

MOBILE SHOWROOM

Whitinsville Uxbridge
Westborough Milford

NEW WINTER HOURS
MON TO SAT 7-5

FROM LEFT: Tony Brookhouse, Denise Brookhouse, and Dirk Koopman. The three-person leadership team handles purchasing, sales, finance, and general management. Together, the group has grown the business by seven locations.

“I remember that I saw him all the time before we moved back, and once we moved here, I didn’t,” Dirk says. “He pretty much buried himself into digging this business out of a tough spot.”

That was the mid 1970s, and by the time Denise and Dirk were able to be more involved in the store, they witnessed the implementation of the company’s first computer system in 1984.

After college in New Hampshire and a stint playing pro basketball in Germany, Dirk returned to Whitinsville ready to start a family of his own. In 1987, he began what would become his focus of developing the business into a more contractor-oriented supplier.

Denise and husband Tony, also after attending college in Michigan, joined the company almost a decade later. Tony was first asked to help Dirk with the family business, and when the company’s controller moved, a spot opened for Denise, who had been working as a CPA.

THIRD GENERATION

The three-person leadership team of Denise, Dirk, and Tony cover all aspects of the business. Dirk handles purchasing and general management, Tony oversees sales and general management, and Denise directs finance. Together, the group has grown the business by seven locations, with a continued focus on serving pro builder and remodeler clients, which make up around 90% of their customer base.

“We started out with three lumberyards that were focused on retail,” Denise says. “All the locations we’ve acquired since have been about 95% pro. Every year retail becomes a smaller part of our sales.”

With around 420 employees serving customers in New England, Koopman Lumber saw revenues of about \$219 million in 2021, and is on pace to exceed that by nearly 30% once 2022’s books are closed. Denise attributes the spike in revenue to the recent acquisition of two locations, one September of 2021 and one June of 2022.

Steady housing growth in the region has also helped fuel Koopman’s growth since the Great Recession. “We haven’t had a year that we’ve gone backwards since 2009. We always budget down because we don’t think it can be as good, but then it is,” Dirk says. “Next year we’re budgeting down 2%, but who knows. We’re adding a location.”

HANDS-ON SUCCESS

The group at Koopman Lumber attribute their company’s success to two things: First, their focus on independence. While other independent lumberyards around them have been purchased by larger groups, Koopman remains family owned and operated. For Koopman Lumber, that means agile decision-making and the ability to respond in real time to any business challenge the day may bring.

“The consolidation in the industry has been sad to see,” Dirk says, “but at the same time has been good for us. We’re one of the only ones left. Everyone has always said that you’re never going to beat up on a well-run independent lumberyard, so we make sure that’s what we are.”

The second quality that sets them apart from competition, the group says, is the fact that each of them is heavily involved in the day-to-day operations of the company.

“If you do business with our company, 99% of the time you’re doing business with one of us,” Tony says.



With around 420 employees serving customers in New England, Koopman Lumber has grown to include nine locations throughout Massachusetts as well as two distribution centers, and a Cape Cod location set to open in Dennis, Mass. later this year.



NEXT GENERATION

Increasingly there are more family members that customers will encounter in the Koopman stores and yards. Two of Dirk's four children have already joined the business and a third will join next year. Denise and Tony also have four children with potential to join the company. While the Koopman name may open opportunities at the company, it's not a given that any of the next generation will grow into roles there.

"We have a rule that you have to work four years somewhere else to join the business," Denise says. Even then, the company works with outside consultants who require each family member to work a nine-to-11-month rotation at different positions within the business. After they've completed the rotation, the potential employee is then reviewed by others in the company (not their parents or relatives) and through the consultants, a career path is developed.

"Having them evaluated internally by people other than us and then that given to the consultants is huge," Tony says. "We're not coloring it or giving an opinion on it at all."

PAYING IT FORWARD

A strong succession plan goes beyond just the family's needs, Denise says. "We want this to continue for generations. We're so involved in the communities that we serve. We don't want to see a national company come in and take over."

Still practicing the Christian values on which their grandfather established the company, Koopman donates 10% of all profits to organizations that serve the community. "That's why we are stewards of this business," Denise says. "We need to take care of the assets and make sure they're safeguarded for the future."

Koopman Lumber's ability to hire and retain exceptional employees comes from the company's positive culture and engaging training and retention programs. Two Koopman Lumber employees took part in the North American Hardware and Paint Association's Retail Management Certification Program last year, where they developed a new employee training program. The new program will go live this year and will incentivize employees to complete additional, optional training. Employees also benefit from an internal referral program where they can earn \$2,500 when a job candidate they refer is hired. Throughout the year, Koopman Lumber celebrates its employees' milestones and achievements, letting them know they are valued members of the company and family.

"Something we do differently, when we buy another lumberyard, we don't talk about 'acquiring' it," Tony says. "We make brass plaques for the building to recognize the original site of that family company. We're not all about the money. We're not outsourcing all the jobs to a home office."

Koopman Lumber values its customers, too, engaging with them through different channels. From helpful customer service inside the stores to valuable online videos and articles, customers can find the products, services, and information they need. The company meets customers where they are, sharing information and resources on social media, YouTube, LinkedIn, and other online platforms.

Koopman Lumber will continue to grow, as long as the growth makes smart business sense, the leadership group says. As they do, they'll continue to extend the family bond that has developed companywide and earned Koopman Lumber a Dealer of the Year-sized reputation among independent lumberyards. ■

GET TO KNOW KOOPMAN LUMBER

FOUNDED	1939
OWNERSHIP	FAMILY
LOCATIONS	9
EMPLOYEES	420
BUYER'S GROUP/CO-OP	ORGILL, LMC
SALES SOFTWARE	EPICOR BISTRACK
TOP THREE BRANDS SOLD BASED ON REVENUE	ANDERSEN WINDOWS HUBER BENJAMIN MOORE





THE BUILDING ENVELOPE

BY MIKE BERGER

WITH ECONOMIC UNCERTAINTIES ON THE HORIZON, THOUGHTFUL SELLING CAN LEAD TO SUCCESS.

THE SCIENTIFIC WORLD was abuzz this past March when it was announced that Endurance, Ernest Shackleton's historic ship, had been discovered at the bottom of the Weddell Sea. It was 1915 when Shackleton and his crew were forced to abandon their ice-bound Antarctic exploration vessel and set out across the ice in a last-ditch attempt at survival. And survive they did, in no small part due to their garb—woolen long underwear, a woolen pullover sweater, woolen trousers and coat or vest, a wool muffler and balaclava, wool socks, fur mitts, and either leather hobnail, cotton-gabardine, or reindeer-fur finnesko boots, all topped off by a Burberry's cotton gabardine coat.

These various layers all acted as an integrated, effective barrier against the elements, not unlike the protection provided by today's building envelope products. And like the unforeseen early pack ice that doomed Endurance, the building products industry is facing difficult-to-navigate waters when it comes to product availability. While LBM dealers may be feeling as if they, like Shackleton, are on unstable ice, building envelope product manufacturers are providing both products and strategies that can help the LBM dealer thrive in turbulent times.

CAUTIOUS GROWTH AMID UNCERTAINTIES

Compared to the surge the construction market has seen over the last few years, 2023 may signal a slowdown. For example, overall housing starts decreased 4.2% to a seasonally adjusted annual rate of 1.43 million units in October, according to a report from the U.S. Department of Housing and Urban Development and the U.S. Census Bureau. Existing-home sales dropped, as well. Comparing October of 2022 to October of 2021, sales of single-family, townhomes, condominiums, and co-ops were down 28.4% annually. That drop, experts say, could suggest a downturn in the repair and remodel market.

In response to this potential slowdown, manufacturers are focusing on new product creation. "We feel that 2022 will end pretty strong," says David Delcoma, operations manager for MFM Building Products Corp. "However, we predict that 2023 will be flat overall. This is why we are so focused on developing new customers and products to introduce next year."

Part of that new product development is focused on development of new products that offer increased efficiencies, both in installation and in performance. "To keep pace with market demands, we expect builders to continue to search for solutions that streamline jobsite

installation to help keep jobs on track, which is why we keep a keen focus on innovating products that can support jobsite efficiency with easy-to-install methods," explains Kristin Michael, growth marketing manager for Huber. "We've seen continued growth in our new product users and growing adoption of products that complement our panel products such as ZIP System liquid flash and AdvanTech adhesive products that help building teams get the most out of wall and subflooring assemblies."

Neil Freidberg, building science manager for LP Building Solutions, agrees about the growth potential of products that deliver efficiencies. "Builders are increasingly looking for a system application," he says. "Builders are realizing that the more efficient a home is, the more the envelope matters. Going into the next year, the building envelope segment will need to respond to builders' calls for those more efficient envelope options. I predict that envelope systems that are designed for compatibility and with the same goals in mind—like efficiency and sustainability—will experience growth. Solutions like LP WeatherLogic Air & Water Barrier sheathing that are proven to create a tighter and more energy-efficient building envelope are well positioned to grow." ▶

OPPOSITE PAGE:

Huber Engineered Woods recently introduced its ZIP System Peel and Stick Underlayment. Applied as a self-adhered waterproofing roof underlayment, Huber says it helps prevent water intrusion due to ice dams or wind-driven rain. When installed in combination with ZIP System sheathing and tape, a Leak-Free Guarantee is available for registered projects.



MFM Ultra HT Wind & Water Seal is a 45-mil, self-adhering roofing underlayment composed of a white, non-slip, cross-laminated polymer film, laminated to a high-temp rubberized aggressive asphalt adhesive. According to MFM, it can be used under shingle, tile, shake, and metal roofing systems. It bonds to the substrate and seals around fasteners to limit damage caused by water penetration or leaks.

LP NovaCore Thermal Insulated Sheathing is an insulated OSB panel made with Owens Corning FOAMULAR NGX XPS foam. According to LP Building Solutions, the sheathing provides continuous insulation without the long-term R-value deterioration associated with other foam insulation products. The panels can be cut and drilled the same as regular OSB and installed vertically or horizontally, provided all panel edges are supported and fastened to wall framing or blocking.

LP Building Solutions says its WeatherLogic water-resistant sheathing installs like regular sheathing, delivering potential labor savings while keeping jobsites cleaner and more professional. It can be used for both roof and wall applications, is available in 4' nominal widths and 8-, 9- or 10' lengths, and comes with a 30-year limited warranty.



And while statistics might be signaling a possible R&R slowdown, some manufacturers see growth potential in the category. “As we likely see a shift away from new construction and towards R&R, look for the exterior of the house to be a focal point,” recommends Doug Sloane, director of product management, building materials group, for PrimeSource. “Upgrades and updates will be a key driver, and there will be a trickle down to the envelope. Unless the homeowner was involved in the construction of their current home, there is a good chance they’ve never seen what’s behind the exterior or underneath the roof. We see a surge coming as homeowners now have the ability to upgrade their homes with weatherproofing and vapor barriers.”

HIGH PERFORMING LEADS TRENDS

Unlike other building materials where trends are often driven by changing aesthetics, trends in the insulation and building envelope segment are more often than not driven by changes in codes and increased demand for products that deliver on those updates. “Codes are driving

builders to construct tighter homes,” says LP’s Freidberg. “Dealers should look to carry more accessories that aid builders in achieving more energy-efficient homes.”

One way in which codes are driving product trends is in water management, says Huber’s Kristin Michael. “The need to prioritize resilient building practices continues to receive more attention and interest each year. We’ve seen increasing response to FORTIFIED Home standards influencing codes around sealed roof deck requirements across the country. As an inherently ‘sealed’ roof deck with taped panel seams and transitions, ZIP System sheathing and tape is creating a simplified path for builders looking to meet this important criteria in the FORTIFIED Roof designation requirements.”

The roof deck isn’t the only surface where improved water management is a growing trend. Products that deliver increased moisture performance for walls are also on the rise, manufacturers say. “Use of enhanced drainage behind cladding systems continues to grow as do energy efficient measures,” says Xuaco Pascual, director of building science for Tamlyn. “Drainable

ZIP System VP Flashing Tape from Huber Engineered Woods is a high-performing vapor-permeable tape for panel seam sealing and flashing applications. According to Huber, the tape offers all the benefits of standard ZIP System flashing tape with a high-powered acrylic adhesive and broad temperature application range, with the added feature of a higher permeance for teams seeking to increase this factor for unique designs or environments.



wraps with a non-compressible structure are gaining momentum as moisture management is becoming more important.

“The non-compressible nature is essential to providing consistent drainage behind different cladding systems,” he goes on to explain. “Some regions (marine and wet climates) are moving towards rainscreen cladding systems where unrestrained drainage and ventilation is required behind certain cladding systems. The 2021 code requirement changes behind stucco are driving this use but also applicable behind any claddings that store moisture such as stucco, stone, fiber cement and wood systems. Several jurisdictions are requiring rainscreen systems and some cladding manufacturers are recognizing them as a best practice so this trend is expected to continue and eventually become the standard nationwide.”

Because of these changes—and in no small part due to the continued shortfalls in the workforce—insulation and housewrap products that increase efficiency are increasingly in demand. “The market is trending towards products that require less labor-intensive installations which goes a long way as we continue to see labor shortages,” points out Alex Barrego, product manager of Grip-Rite branded building materials for Primesource. “One example is self-adhering weather resistive barriers...AKA housewrap. Traditional rolls take two to three people to install, while the new self-adhering rolls may be installed by a single person, which also saves time on install. On the roofing side we see the same trend in the market. Installers are embracing self-adhering underlayments to save time, and reduce labor, given these products are geared to a single person install.”

CHANGING LIFESTYLES, CHANGING PRODUCTS

This isn't to say that codes are the only influencer of building envelope and insulation trends. Homeowner behavior is also having an impact on products that are in demand. For example, insulation products that can aid in sound deadening are also on the rise, driven in no small part by the percentage of people now working from home, either full- or part-time. According to the new 2021 American Community Survey (ACS) 1-year estimates released in September of 2022 by the U.S. Census Bureau, the number of people primarily working from home tripled from 5.7% (roughly 9 million people) to 17.9% (27.6 million people). And according to Gallup's September 2022 poll on employment trends, that number may be even higher. It reports 45%



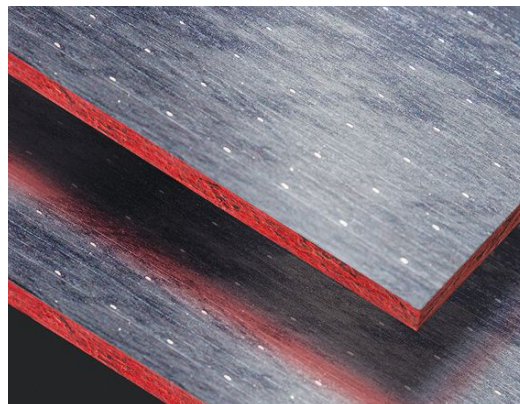
Tamlyn XtremeCorners are prefabricated, seamless corners intended to facilitate proper flashing of window and door sills. According to the manufacturer, XtremeCorners create a watertight, seamless corner that is easily integrated with standard self-adhered flashing. As well, they provide a cost-effective option that facilitate easier detailing of sills versus multiple flashing pieces or premium sill pan systems.



TamlynWrap Rainscreen 6.3 and Rainscreen 10.1 offer a non-compressible gap of 6.3 mm and 10.1 mm respectively. According to Tamlyn, they may be used over standard WRBs, drainable WRBs, coated sheathing products, insulated sheathing, and other substrates and provides vertical and horizontal ventilation with superior drainage and drying capabilities.

of full-time U.S. employees worked from home either full-time (25%) or part-time (20%).

Says PrimeSource's Doug Sloane, “You're certainly seeing a focus on soundproofing and acoustics—both from room to room internally and to reducing outside noise coming in. In a post-Covid work environment where a large percentage of the working population is still working from home at least part of the time, the need to reduce noise from the landscape company or the neighbor's barking dog has certainly increased.”



According to RoyOMartin, its Eclipse OSB Radiant Barrier Panels are a cost-effective and energy-efficient roof sheathing solution, reducing attic temperatures in the summer by as much as 30°F. All RoyOMartin products are available Forest Stewardship Council (FSC) certified.

LABOR AND SUPPLY STILL UNCERTAIN

Knowing the trends insulation and building envelope products are headed in is one thing; being able to provide them to your customers is another, and it should come as no surprise that labor shortages and supply chain disruptions aren't going away in the near future. "This is a big problem right now," MFM's Delcoma laments. "Some raw materials are still on allocation or have extended lead times. With the recent storms, some items may become even more difficult to find and stock. Our lead times have remained relatively short, but some items have been pushed out like 3-4 weeks. In terms of the labor force, there is a big lack of tradesman and people willing to work in a factory setting. We continually advertise for production people and if they have a decent level of skill, we'll hire them."

Kelly Harmon Sr. national product manager of OSB for LP Building Solutions, shares Delcoma's concerns. "There are still some lingering effects of the supply chain strain that builders and dealers are having to factor into their lead times," Harmon says. "Weather is another huge factor. As severe weather events, often causing \$1B+ in damages, become more frequent, the need for more resilient, energy-efficient, and combined-use products will only increase."

PrimeSource's Sloane also sees recent storm activity as a supply chain disruptor. "From a supply chain standpoint, recent hurricane damage will likely create some supply issues," he cautions. "Consider that in a given year the asphalt shingle industry banks on 10MM squares of shingles for storm damage, and one hurricane has created the need for 12MM squares."

Product manufacturers, however, have been doing their collective best to offset these labor

and supply challenges. "While we haven't been immune to the supply and labor shortages that has plagued our industry over the last 18 months, because we are nimble, we were able to pivot quickly to maintain production and were able to avoid being held hostage by the supply chain," explains Bobby Byrd, executive vice president of Romex L.L.C., the sales, marketing and R&D agent for RoyOMartin. "Since the three RoyOMartin facilities lie amongst almost 600,000 company-owned acres, we have the unique ability to source from our own forest that are sustainably managed and Forest Stewardship Council (FSC) certified. This ensures that we can continue to provide quality products to our customers when they need them."

PLAN TO PROVIDE SOLUTIONS

Considering the current shifting nature of the LBM industry, it may feel like LBM dealers need a crystal ball to plan how best to provide product to customers. Rather than relying on some arcane divination system, however, manufacturers recommend LBM dealers work closely with them and their suppliers to manage their customers' expectations.

"Forecasting is extremely important for all involved so that projects are produced and supplied in a timely manner," suggests Tamlyn's Pascual. "Labor shortages are easing in some markets but continue to be an issue for skilled trades in general. Tamlyn specifically has adjusted inventories to maximize availability of popular products and has managed supply well. We can typically deliver products to a jobsite within days. Larger companies with complex supply chains and global raw materials have struggled with delivery of similar product lines so it is important to communicate often and manage expectations."

It equates to having a plan that can be easily implemented by your customers—one that's driven by the products you offer and delivers both efficiencies and performance. "Have a clear vision of what products *have* to be on the floor," MFM's Delcoma points out. "No product equals no sale. Purchasing needs to find out lead times for items and order accordingly."

Don't, however, sacrifice quality simply because another, lower-priced option is available, manufacturers recommend. Instead, they suggest offering high-performing product options as opposed to those that require more labor to install or of less quality. "Dealers should work closely with manufacturers to ensure compatible systems are being installed," says Tamlyn's Pascual. "They should also promote high per-

Grip-Rite's ShingleLayment-HT from PrimeSource is an all-synthetic 8-layer lamination underlayment that combines a non-woven non-skid walking surface with high-performance hot-melt butyl. According to the manufacturer, ShingleLayment-HT is for use on sloped roofs to protect against moisture infiltration from ice buildup, wind-driven rain, and under primary roofing materials as a secondary water shedding device.





With 20 integrated sheathing panels and over a dozen flashing options, Huber Engineered Woods' ZIP System building enclosure panels offer building teams the freedom to find the advanced, integrated roof and wall air and water management system that works for their build.

formance and reputable brands over stocking low cost and often low performance alternatives. Manufacturers offer compatible system components that are tested to work together and offer enhanced warranties that benefit the contractors. For reference, Tamlyn offers a 25-year system warranty for our water management system. Full system components can easily be ordered from Tamlyn and typically delivered to a jobsite within days."

Of course, customers may have an inherent fear of switching products, especially if there is a higher price involved, and LBM dealers need to be prepared to mitigate those fears with sound product information. "As builders continue to consider higher-performance products to help streamline installation time, we find reducing risk of trying new products like promoting manufacturer rebates, samples or training help build confidence for trials," explains Huber's Michael. "We also offer enhanced guarantees for combined products that are engineered to work together for long-term performance. For instance, builders can receive a leak-free guarantee when using ZIP System sheathing, tape and peel and stick underlayment in roof applications or a squeak-free guarantee for subfloor assemblies using AdvanTech subfloor paired with AdvanTech subfloor adhesive."

Similarly, PrimeSource's Sloane suggests not missing out on the opportunity to upsell based on the benefits they deliver, pointing out that builder education is key. "How often do you take your car in for a specific repair, but are not asked about replacing or repairing something else on your car as well?" he asks. "There's a similar opportunity for dealers and their builder partners in exterior work. As a builder, I'm removing and replacing the old exterior. While I'm going through the process, especially on homes 10+ years old, there is an opportunity to upgrade vapor barriers, weatherproofing, insulation, acoustics, etc."

DON'T JUST SELL—TEACH

If, as manufacturers point out, builder education is the key, it's more vital than ever for LBM dealers to stay on top of product education so that they can serve as an educational resource to their customers. "Dealers can play a critical role in educating their customers on good system practices to avoid growing compatibility and suitability issues exacerbated by mix and match, off-the-shelf purchases," says Pascual. "Dealers can promote best practices like non-compressible drainage products, WRB permeability of 15-30 perms for suitability in all climates, proper application of self-adhered flashing with a hard roller or applicator, air barrier detailing and a full system components approach. Contractors are looking to dealers as a resource for information rather than just transactional."

In the case of Tamlyn, it offers LBM dealers PK training sessions, AIA CEU Lunch & Learns, online training courses and installation videos, and downloadable product literature. In addition, it works with contractors for on-site mock ups, observations, and general support. ▶



TamlynWrap Drainable Wrap has a patented drainage pattern that Tamlyn says works in any direction and offers the largest integrated physical gap for drainage (1.5 mm). The gap is created by non-compressible filaments which ensure the proper drainage and enhanced drying behind any cladding system.

UV-resistant EXO Underlayment from STINGER is made from 100% polypropylene synthetic woven fabric. According to STINGER, the EXO line (EXO25-SB, EXO-STORM, EXO35, and EXO50) deliver high-tear strength and can be left exposed to the elements for up to six months. They feature a preprinted fastener pattern and overlap lines to speed up installation, as well as proprietary non-skid additives for enhanced slip resistance.



LP Building Solutions provides installation manuals and offers onsite training opportunities, along with technical teams that can assist with product recommendations and feedback, training that can include mill trips or site visits, and education on specific product installation. As well, the company's online LP SkillBuilder program provides free tools and resources on everything from distribution and installation to maintenance and trends, which can expand the knowledge set of dealers to enable them to be better partners to their customers.

Huber also takes education seriously, offering a variety of resources to LBM dealers. "We are fortunate to partner with some of the leading voices in the

industry to offer top-of-mind education on building science through our Home Building Crossroads seminar series offered in person and through webinars," Huber's Kristin Michael points out.

PrimeSource has recently made serious investments in a training platform that includes a virtual library of educational material for its customers, along with product knowledge sessions. And with RoyOMartin, it has been investing in education as well, working with the building science community and with the building trade in general on a best practices for building multi-story buildings in unique marine layer climates. "In the challenging market we will endure in over the next year, it is important that builders understand the products that they are utilizing, and are abreast of the best installation practices," explains Byrd. "We are continuously researching ways to improve our products and experimenting with installation methods so that the builder can build better, build smarter, more efficient, and more confident."

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Considering the various and constantly shifting components of the building envelope market, it's difficult to say with certainty what the next twelve months will bring. The potential of a recession, along with the continued challenges of a diminished workforce and supply chain bottlenecks may make 2023 a year that's difficult to navigate. "While current housing market conditions and projections are all over the news today, it is no doubt that the next 12 months will look quite different than the previous 12 months," muses Byrd. "Every metric is down year over year, including starts, permits, and home sales."

Nevertheless, manufacturers are doing everything they can to ensure LBM dealers can effectively meet the needs of their customers. And when used together like the clothing components of Shackleton's crew, the individual elements of smart planning, product education, and strategic selling can mean the difference between foundering in treacherous waters and a successful year that's one for the history books. ■

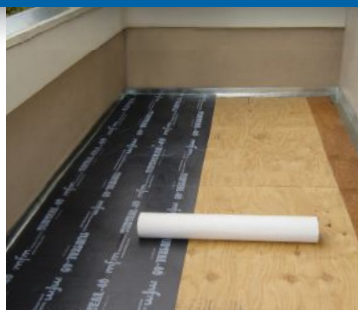
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EACH MONTH, HUNDREDS OF PRODUCTS AND SERVICES VIE FOR INDUSTRY ATTENTION. HERE ARE SOME THAT OUR EDITORS THINK WILL INTEREST LBM JOURNAL READERS.

Therma-Tru Impressions integrated storm and entry door system

In partnership with LARSON, Therma-Tru recently released its Impressions integrated storm and entry door system. According to Therma-Tru, this integrated storm and entry door system is the first of its kind, with the storm door integrated flush into the brickmould portion of the door frame, thus creating a seamless look. The storm door comes with an interchangeable screen, allowing ample fresh air into the home, and is available in a selection of colors that are matched to Therma-Tru PrismaGuard paint or stain. thermatru.com



TruExterior Siding's Craftsman Collection

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



LP WeatherLogic Seam and Flashing Sealant

WeatherLogic Seam and Flashing Sealant from LP Building Products is a liquid-applied flashing material certified to AAMA 714-19 and is reported to be the only liquid-applied sealant approved to seal the panel seams between LP WeatherLogic panels as part of the LP WeatherLogic system. The sealant can also be used to flash window and door openings, material transitions, and penetrations of any shape. According to LP, the product boasts quick tooling and cure time to better service the fast-paced environment of a construction site. The sealant has a 10 - 15-minute tooling time, 110-minute surface tack time and, depending on conditions, will fully cure in 24 hours. Other benefits include being VOC compliant and having joint movement of ±50% for added flexibility. lpcorp.com



Barrette Outdoor Living Elevation Rail

New from Barrette Outdoor Living (a division of Oldcastle APG), Elevation Rail is a horizontal cable railing that the manufacturer claims can be installed 38% faster than the leading competition. The cable rail system is available as pre-assembled kits with pre-installed brackets and pre-strung, stainless-steel cables, and it features Barrette's patent-pending OneTen built-in centralized tensioning system that is reported to eliminate the need to tension each cable individually and decrease the need for seasonal adjustments. Elevation Rail offers a continuous top rail for both stair and level applications, and adjustable panels that span up to six feet, enabling the railing to be installed indoors or outdoors without obstructing views. barretteoutdoorliving.com

Deckorators Vista Composite Decking

New for 2023, Vista Composite Decking from Deckorators features vertical grain variegation with enhanced traction and slip resistance. Available in four colors (Ironwood, Driftwood, Silverwood, and Dunewood) and in 12', 16', and 20' lengths in solid- and grooved-edge profiles, Deckorators reports the Vista line as offering ultimate design flexibility, including the option to mix-and-match two or more colors to create a custom outdoor space. Vista Composite Decking also features a scratch-resistant cap with a strong, dense composite core, a 25-year structural warranty, a 25-year stain and fade warranty, and a 25-year removal and replacement warranty.

deckorators.com



DryerWallVent

DryerWallVent from InOvate Dryer Products is a new low-profile, zero-airflow resistance vent wall for a home's exterior. The low-profile unit is designed to be visually unobtrusive while still providing protection against harsh elements and curious wildlife. According to the manufacturer, because of its zero-airflow resistance that decreases the build-up of flammable lint, DryerWallVent is more efficient compared to traditional dryer vents. The DryerWallVent is available in four colors, is paintable, and meets or exceeds all code requirements for safely venting a dryer. dryerwallvent.com



CertainTeed RoofRunner AIR breathable roof underlayment

CertainTeed's RoofRunner AIR is a breathable synthetic roof underlayment with a multilayer coated structure that the manufacturer says promotes rapid roof deck drying. According to CertainTeed, RoofRunner AIR is designed with unique permeable layers that allow moisture to pass through to help prevent mold, rot, and structural damage overtime. The product is made for use on roof decks as a water-resistant layer beneath asphalt roofing shingles, helping to maintain a dry and healthy roof deck. In addition, RoofRunner AIR has a flexible grip to the deck, helping to reduce the chance for fastener pulls as installers maneuver on the roof during shingle installation. certainteed.com

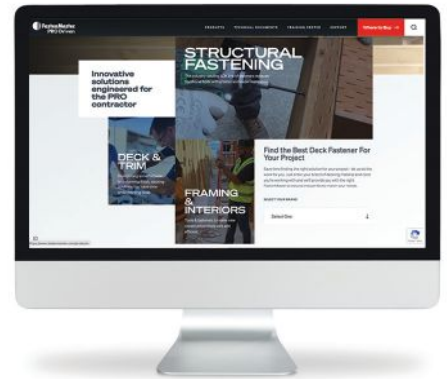
Westbury Columns

Digger Specialties Inc. recently introduced its new Westbury line of columns that include aluminum, composite, and fiberglass as well as aluminum and vinyl support posts. A variety of aesthetic column designs—both structural and non-structural—are available that include round, raised and recessed panels, craftsman, square, and fluted columns. Westbury aluminum columns are available in 12 standard colors. According to the manufacturer, they're designed for ease of installation and can also serve the function of providing a wrap over existing wood or other structural supports for a classic and more beautiful, weather-resistant, and durable upgrade. Westbury columns come with a lifetime limited warranty from DSI. diggerspecialties.com



FastenMaster website

FastenMaster, a division of OMG, Inc., has launched a newly reimagined online destination for PRO contractors. According to FastenMaster, its new site has been designed to provide professional contractors, specifiers, engineers, and framers with quick access to product information, technical documentation, product support content such as the popular “Ask the FastenMaster” videos, as well as purchasing information at thousands of locations nationwide. In addition, the new website platform enables unique interactive experiences, such as the all-new and exclusive Decking Color Match tool that enables PROs and lumberyards to select from hundreds of composite decking boards supported by FastenMaster and instantly see which plugs, clips, and screws are a match for the specific board and color. fastenmaster.com



MoistureShield Meridian decking

MoistureShield Meridian capped composite decking from Oldcastle APG offers enhanced moisture and scratch resistance while maintaining an authentic wood aesthetic. According to the manufacturer, its proprietary Solid Core manufacturing process protects against moisture absorption, warping, rotting, and damage from insects. Meridian’s premium colors include Catalina (a soft gray-beige tone), Citadel (a cool gray shown), Shoreside (a variegated golden sandy blonde), and dark-brown Mariner. Catalina, Citadel and Shoreside include MoistureShield’s proprietary CoolDeck technology that is claimed to reduce heat absorption by up to 35% compared to traditional capped composite boards in a similar color. Meridian decking is offered square-edged or grooved, and in 12’, 16’, and 20’ lengths. moistureshield.com



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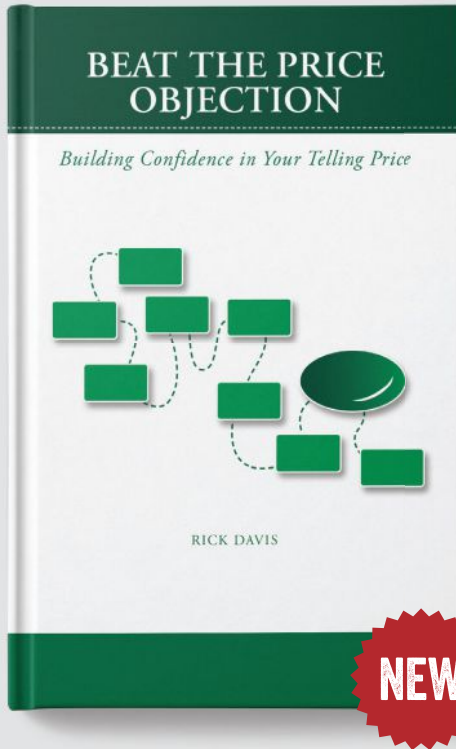
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UFP-Edge Pro Column structural post

The UFP-Edge Pro Column is an engineered structural post made from finger jointed SPF lumber. This structural support post can be used for a variety of interior and exterior applications in both new construction and repair/remodeling projects. According to the manufacturer, the posts are made with the look and feel of solid wood, come primed and end sealed, and with a combed or resawn surface. They’re available in a variety of sizes and lengths up to 12’ (with special orders up to 16’ for 6x6 and 8x8 widths), and come with a 15-year limited warranty. ufpedge.com

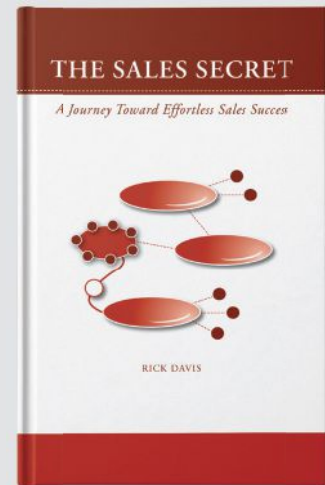
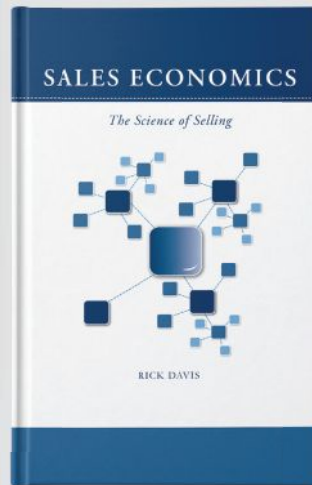
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ABOUT THE AUTHOR

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



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Millboard decking from Outlive

New from Outlive, Millboard decking combines the natural beauty of real wood with the performance of polyurethane. Hand-molded from natural timbers, Millboard decking features a polymer core reinforced with fiberglass. According to the manufacturer, these boards require minimal maintenance, are slip-resistant, and won't warp or rot from moisture decay, algae, or insects. Available in a variety of colors and textures, each board is hand-colored in the realistic tonal shades and grains in three collections: Enhanced Grain is molded from actual oak boards for a textured look and feel; Weathered Oak is molded from oak boards that are over a century old; and Lasta-Grip combines the appearance of the Enhanced Grain collection with the addition of a unique slip-resistant texture. outlive.info



ToughSkin HT Ice and Water Guard

Ox Engineered Products' new ToughSkin HT Ice and Water Guard is a self-adhered, slip-resistant roof underlayment that the manufacturer says can last for 75 years. It features a rubberized asphalt adhesive base layer, woven and non-woven reinforcement layers (laminated together), a UV-shielded waterproof layer, and an anti-slip top layer. The product also features overlapping adhesive sealing strips at the seams for enhanced water resistance along with a lightweight split release liner made from siliconized film for easier installation. According to Ox, ToughSkin HT will not soften or degrade under high heat, and it can be used as an underlayment on all sloped roof coverings including under slate, tile, cedar shakes, metal, and traditional asphalt shingles. oxengineeredproducts.com



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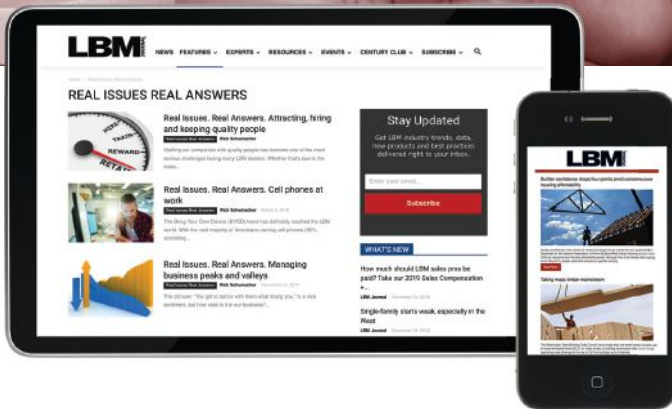
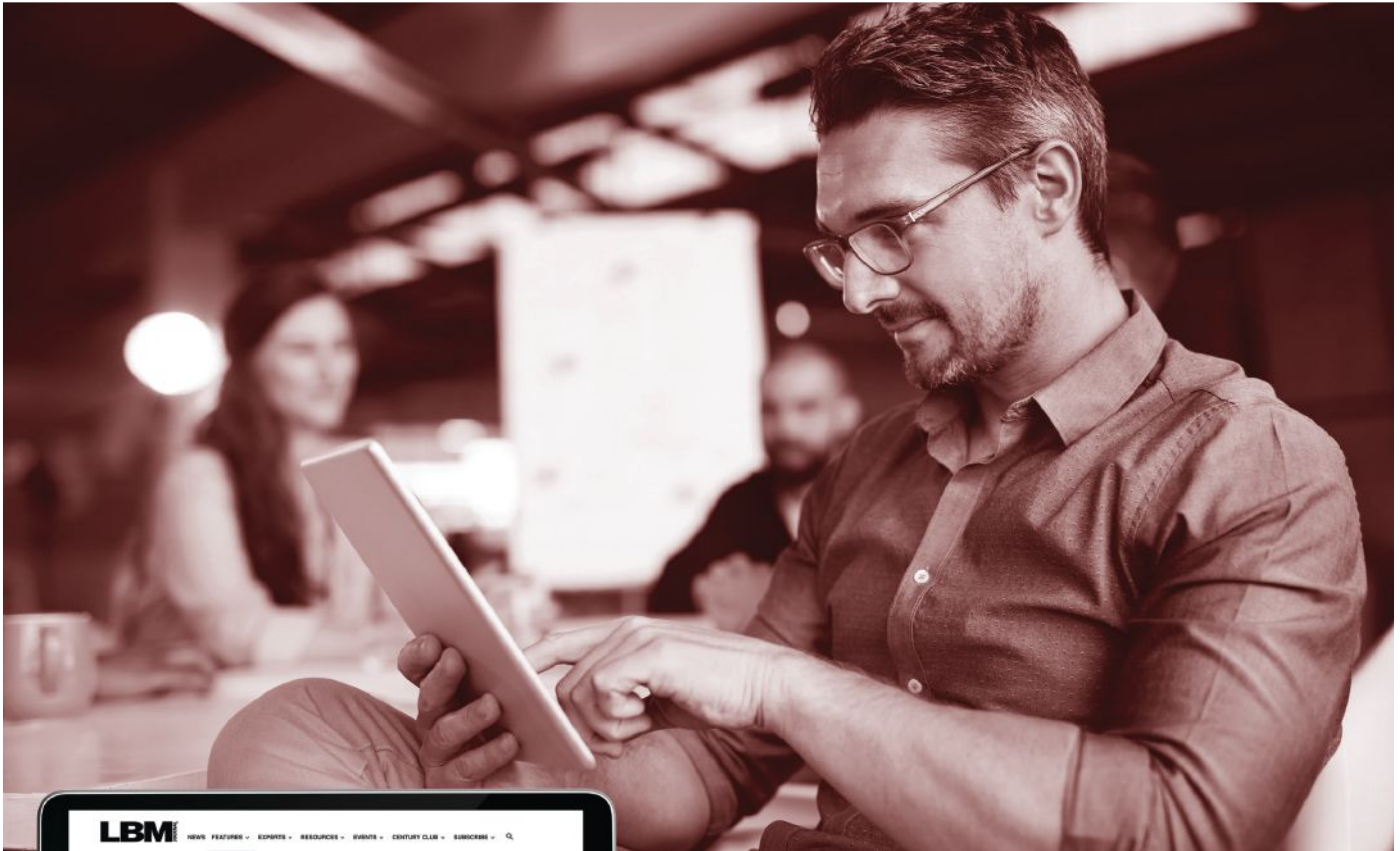
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YOU'VE BUILT A STELLAR REPUTATION at Handshake Lumber. Custom builders big and small trust your company to supply their projects. Business is so strong, that you recently expanded your outside sales team. One of the salespeople you recently brought on is a little different than the others—mainly, he's young. That's what you liked about him. The kid grew up in construction, and he blew you away in the interview process when he name-dropped all the next-generation builders he knew in the area. "We're on a first name basis," he said about the son of one of your best customers. "In fact, we text all the time."

That texting, it turns out, has a downside. It was great, at first, when he'd turn in orders from builders who haven't done business with you in a while. Tyler was able to connect with them in ways that your current salespeople just weren't trying. Tyler caught on quickly and within the first few months, could hold his own in sales projections. Then came the phone call.

Builder Brian, a longtime customer of yours and a guy who you consider to be a close friend, asked why he was looking at a load of materials for a project he had yet to order. His crew was still tied up with a current project and when Brian noticed a truck delivering materials to a nearby lot for his next house build, he thought there had to have been a mistake. But no, your driver showed him the bill of sale and delivery instructions, and that Tyler from your company had signed off on it.

When you brought Tyler into your office, he explained that Builder Brian's son, Bobby, had texted him a link to a materials list for their company's next project, and so Tyler treated that as an order and entered it into the system.

Builder Brian laughed when you shared what you thought was a quick explanation. "Your company does business with me, not my wet-behind-the-ears son," Brian said. "The materials might be right, but I don't want them for two weeks yet at the earliest. Plus, my son is still learning the ropes here and is in no way authorized to place an order this size."

You apologized to Brian, let him know that your driver will be out today to pick up the order, and assured him that this wouldn't happen again. Tyler, meanwhile, is pushing back on any restrictions to his sales process—insisting that he did nothing wrong. What would you do?

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- **NO TEXTING.** Tell Tyler that texting is too new and causes too many problems. No more texting with clients.
- **SIGNED P/O.** Texting didn't cause this problem, Tyler did. Explain that a signed, dated P/O from an authorized purchaser is required before an order is official.
- **SET SOME RULES.** Tyler is clearly onto something. Meet with your entire sales team, and talk about Tyler's successes, and brainstorm and agree on ground rules for texting as a sales tool.
- **LESSON LEARNED.** You clearly need to handle Builder Brian's account personally, but since that's the only problem, there's no need to restrict Tyler with his other accounts.

SOMETHING ELSE?

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



LBM CENTURY CLUB HONORS 100-YEAR-OLD BUSINESSES

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

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

THE MOST RECENT INDUCTEES INTO THIS EXCLUSIVE CLUB INCLUDE:

HERMANN LUMBER COMPANY Hermann, MO	est. 1922	WOODS LUMBER Independence, KS	est. 1889
BARDEN LUMBER Boyne City, MI	est. 1922	BIG JOHNS BUILDING SUPPLY LLC Cedaredge, CO	est. 1904
MAZE LUMBER Peru, IL	est. 1848	POWELL ACE HOME CENTER Covington, IN	est. 1886
PARKES LUMBER CO. Lawrenceburg, TN	est. 1896	INTERSTATE + LAKELAND LUMBER Greenwich, CT	est. 1922
GRIFFITH LUMBER COMPANY Manhattan, KS	est. 1911	BADGER LUMBER COMPANY Parkersburg, WV	est. 1922

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