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FEBRUARY 2023 \$10 U.S.

ANNUAL SALES
\$50-\$100 MILLION

DEALER
OF THE YEAR **2023**

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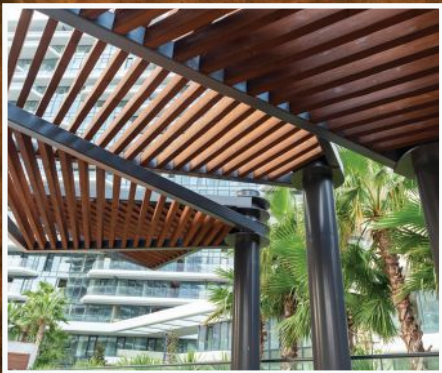


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INSIDE

6 FROM THE PUBLISHER

A cautionary tale
BY RICK SCHUMACHER

8 FROM THE EDITOR

We're recognizing young leaders
BY JAMES ANDERSON

10 THE BUZZ

Industry updates, news, and events.
Plus, the latest from lumberyards across
the country, and responses to our
November/December Tough Call survey.

16 SALES & OPERATIONS

If quoting isn't selling, what is
selling?
BY BILL LEE

18 BUILDING SALES

Build good salespeople
BY RICK DAVIS

20 BUILDING CULTURE

The financial impact of a
poor culture
BY DENA CORDOVA-JACK

22 LEADERSHIP

It's all about the relationships
BY RUSS KATHREIN

24 CREDIT Q & A

Do I need more protection?
BY THEA DUDLEY

26 MERGERS & ACQUISITIONS

Watch the spread between
GPMs and OPEX %
BY JOHN WAGNER

56 TOUGH CALL

LESS THAN FRIENDLY

The once-positive environment
among the staff at Friendly
Building Supply has gotten
negative, marked by whispers
and backstabbing. What would
you do?



DEALER OF THE YEAR 2023

36

14 COMMENTARY

The three-year window for gifting
BY SAM BROWNELL

36 2023 LBM JOURNAL DEALER OF THE YEAR: ANNUAL SALES OF \$50-\$100 MILLION

Walker Lumber & Supply in Nashville, Tennessee
BY JAMES ANDERSON

30 REAL ISSUES. REAL ANSWERS.

BATTLING BIG BOX COMMODITY PRICING
BY LBM JOURNAL READERS

40 IN DEPTH

TRIM AND MOULDING
In the face of economic uncertainties,
decorative trim remains a steady player.
BY MIKE BERGER

48 PRODUCTS



30



40



48



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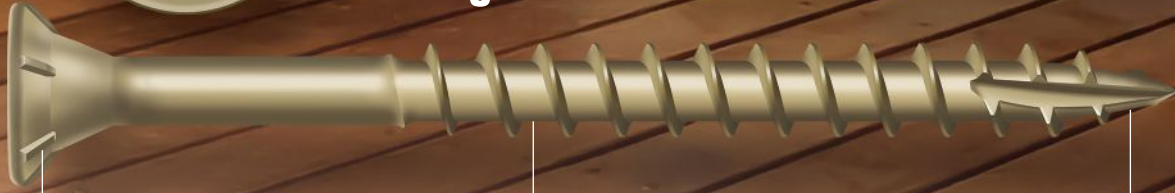


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Executive Editor & Publisher

Rick Schumacher
Rick@LBMJournal.com

Editor

James Anderson
James@LBMJournal.com

Managing Editor

Michael Berger
Mike@LBMJournal.com

Creative Director

Richard Hart
Design@LBMJournal.com

Contributing Sales Editor

Rick Davis

Contributors

Sam Brownell, Dena Cordova-Jack,
Thea Dudley, Russ Kathrein, Bill Lee,
John Wagner

Controller

Nancy Frazer
Nancy@LBMJournal.com

Director of Operations & Events

Michelle Fischer
Operations@LBMJournal.com

Administrative Coordinator

Tina Saucke
Tina@LBMJournal.com

ADVERTISING SALES

NORTHEAST & SOUTHEAST

Jodie Cook Redwood
Jodie@LBMJournal.com
Ph: 800.324.3492

CENTRAL & WEST

Michele Randazzo
Michele@LBMJournal.com
Ph: 904.310.9540

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A cautionary tale

IN MY COLLEGE English courses, I remember studying Greek tragedies. We learned that these plays were compelling entertainment to the extent they leveraged two emotions: pity and fear. Pity for the protagonist whose life was in shambles, and fear that a similar fate may befall the audience members. The end of each play was marked by a catharsis—a realization by the protagonist that his troubles are a direct result of his actions, and the knowledge of how to make things right moving forward.

Like most businesspeople, I love stories of successful companies as well as those whose decisions lead to their demise. The best stories are those with distinct watershed moments, turning points that either lead to great success or serious setbacks. Virtually every company can identify at least one of these situations in its past, and thanks to the benefit of 20/20 hindsight, the correct path is always crystal clear.

Because real life requires timely decisions when we sometimes feel like we're flying blind, that's what makes it so important that we learn from other companies' victories and missteps. In a piece published on January 20, Bradley Hartmann does an exceptional job exploring Southwest Airlines and its Christmas 2022 epic technology meltdown. You can read Bradley's entertaining and informative deep dive here: shorturl.at/nrzBN.

In a nutshell, Southwest Airlines says it cancelled more than 16,700 flights between December 21-31, 2022, which could cost the company more than \$825 million. While there were a number of factors at play, the company's outdated technology is in the spotlight. President and CEO Bob Jordan addressed this specifically when he wrote on January 17, "We are currently budgeted to spend more than \$1 billion of our annual operating plan on investments, upgrades, and maintenance of our IT systems."

As Bradley points out, Southwest Airlines' leadership probably delayed investing in a major technology upgrade for the same reason many of us delay upgrading our obsolete systems. "Costs a ton of money. Takes forever to implement. Employees resist change. It frustrates your customers."

While our business may seem very different from an airline, it's a fact that we're both in the logistics business (they move people; we move materials). And technology is allowing us to work better and smarter than ever before. For me, the takeaway from this story is that technology is a tool, and it's up to us to make sure we have the right tools in the right hands. If we rely on a tool past its expiration date, we do so at our peril.

Thankfully, we're part of a community that's known for sharing both its successes and its cautionary tales. That's why the LBM Strategies Conference continues to grow, and how it enables and empowers LBM pros like you to thrive in a wildly competitive market. Here's to working together, and to learning from cautionary tales from other industries.



Rick@LBMJournal.com

— Rick Schumacher
Executive Editor & Publisher

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We're recognizing young leaders

IN THE EIGHT YEARS that I have been covering the LBM industry I've heard more and more often that one of the biggest challenges faced by our readers is recruiting and retaining the next generation. Over the years I've written a lot of stories about business owners and operators who are looking to make sure they've got fresh leadership in place as they plan for retirement.

Sometimes the succession plan includes younger family members who, with sawdust already in their veins, just need a few more years of experience. Some businesses have worked to move department managers up the ranks, while still others have found themselves hiring leadership from outside the company.

No matter how they get there, it's important to recognize that the next generation of LBM leaders are likely already among us. They're the next in line at the family company learning all they can on the job; they're the budding sales rep looking to step into a manager position, and the dispatcher increasingly taking on more operations duties.

For many, years will pass before we get to publish an announcement of their new leadership or even ownership role. But we don't want to wait that long to give our industry's young prospects the recognition they deserve. As you've probably seen in this magazine, on our

website, and over our social media channels, we've introduced the LBM Journal 40 Under 40 program. Our goal is to recognize and celebrate the growing class of strong, young leaders in the LBM community, and to provide them with space to share ideas, build relationships, and grow in their professional roles.

The award program is designed to recognize 40 LBM pros under the age of 40 who demonstrate leadership and exemplify commitment and excellence in service to their companies, their customers, and the LBM community. 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 are eligible.

Nominations are open at LBMJournal.com/40U40. And it's okay to nominate yourself. In fact, many of the questions are written specifically with that in mind. There is no cost to enter. The deadline for the LBM Journal 40 Under 40 is March 31, 2023.

The inaugural list will be published in the June 2023 issue of *LBM Journal* and on LBMJournal.com, social media, podcasts, and everywhere else you get your LBM news. If you have any questions about the program or the nomination process, please don't hesitate to ask. You can reach me at James@LBMJournal.com.



james@LBMJournal.com

— James Anderson
Editor

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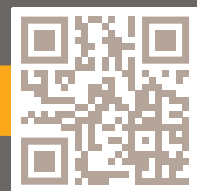
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UPDATES

PEOPLE

Boise Cascade senior vice president of sales and marketing, **Rich Viola**, will retire on March 1. **Nathan Sikes** has been named sales and marketing director.

Javan Lapp has been promoted to CEO at **Key-Link Fencing & Railing** and **Superior Plastics**.

Matt Kenton is now COO at **Nova USA Wood Products**.

VERSATEX has promoted **Matt Baumeister**, **Jeff Dahdah**, **Josh Diaz**, **Kris Fornuto**, **Cole Hedlund**, **Benjamin Kitchens**, **Nick Leugers**, and **Patrick MacRae** within the sales team.

International Forest Products has promoted **Michael Collins** senior vice president.

Arrow Fastener has named **David Donald** as its new VP of operations.

Snavelly Forest Products promoted **Carl J. Lamb** to executive vice president.

BlueTape has hired **Keith Foxx** as senior sales executive.

DISTRIBUTION

Lumbermen's, Inc. has moved all existing supplier rebate programs to **ABMDA**.

G Wood Pro has expanded **Tantimber** distribution through **US Lumber Brokers**.

Caleb Grothaus has assumed the new role of director of business development and **Dave Wall** was promoted to regional director of distribution at **Palmer-Donavin**.

Distributor **C.H. Briggs** is ceasing operations in the coming months.

Palmer-Donavin is now distributing **Malarkey Roofing Products**.

INDUSTRY

Simpson Strong-Tie has expanded its Construction Trades Program in partnership with **Habitat for Humanity**.

Accoya USA has broken ground on a Tennessee facility on track to open in early 2024.

Great Southern Wood has announced a \$5.9 million expansion of its Avoyelles Parish, Louisiana facility.

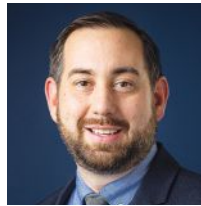
Trex has sold its commercial products division to **Sightline Commercial Solutions, LLC**.



RICH VIOLA



NATHAN SIKES



JAVAN LAPP



MATT KENTON



DAVID DONALD



CARL J. LAMB

ASSOCIATIONS

The **NLBMDA** has released its 2023 National Policy Agenda, a comprehensive advocacy agenda for 2023, focused on boost the housing and construction industry and support continued job creation across the U.S. economy.

Hawaii Lumber Products Association has announced its closure.

BUYING GROUPS & CO-OPS

At the halfway point in its fiscal year, **Do it Best** has announced that company net profit is up 10%. New member signings are up 13%. Also at Do it Best, **Eric Knox** is now director of business development and **Mike Melchi** is the director of field sales. **Ty Surrell** and **Tony Miner** have been promoted into the open regional manager positions, **Chris Beach** is now director of national accounts/mergers & acquisitions, **Christian Parra** is the director of INCOM and international sales, and **Rob Schmiedel** is the director of sales operations.

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

BUILDER CONFIDENCE SHOWS UPTICK

A modest drop in interest rates helped to end a string of 12 straight monthly declines in builder confidence levels, although sentiment remains in bearish territory as builders continue to grapple with elevated construction costs, building material supply chain disruptions and challenging affordability conditions.

Builder confidence in the market for newly built single-family homes in January rose four points to 35, according to the National Association of Home Builders (NAHB)/Wells Fargo Housing Market Index (HMI).

"It appears the low point for builder sentiment in this cycle was registered in December, even as many builders continue to use a variety of incentives, including price reductions, to bolster sales," said NAHB Chairman Jerry Konter. "The rise in builder sentiment also means that cycle lows for permits and starts are likely near, and a rebound for home building could be underway later in 2023."

All three HMI indices posted gains for the first time since December 2021. The HMI index gauging current sales conditions in January rose four points to 40, the component charting sales expectations in the next six months increased two points to 37 and the gauge measuring traffic of prospective buyers increased three points to 23.

Looking at the three-month moving averages for regional HMI scores, the West registered a one-point gain to 27, the South held steady at 36, the Northeast fell four points to 33 and the Midwest dropped two points to 32.



UPDATES

MERGERS & ACQUISITION

Oldcastle APG has acquired Grant County Mulch's bagging assets.

Simpson Strong-Tie has acquired EstiFrame Technologies.

Mendocino Companies has acquired Utah Wood Preserving.

Metar Capital acquired Ready Made Builders Supply.

Specialty Building Products has acquired distributor Amerhart.

Pella Corporation has acquired Win-Dor, LLC.

Beacon has acquired Whitney Building Products in New England and First Coastal Exteriors in Mobile, Alabama and Pearl, Mississippi.

Masonite has completed its acquisition of Endura Products.

EVENTS | 2023

FEB 9-11

ORGILL SPRING DEALER MARKET
New Orleans, LA | orgill.com

FEB 27 – MAR 1

LBM ADVANTAGE ANNUAL
BUYING SHOW
Orlando, FL | lbmadvantage.com

MAR 8-10

LMC 2023 ANNUAL
Charlotte, NC | lmc.net

MAR 11-13

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

MAR 16-19

TRUE VALUE SPRING REUNION
Chicago, IL | truevalue.com

SEP 8-11

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

OCT 11-13

LBM STRATEGIES 2023
Charlotte, NC | lbmstrategies.com

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

TOUGH CALL ANSWERS

ANSWERS TO OUR NOVEMBER/DECEMBER TOUGH CALL SURVEY:

PRODUCT QUALITY VERSUS VENDOR LOYALTY

YOU'VE LONG BEEN LOYAL TO YOUR LOCAL CABINET SHOP, BUT THE QUALITY OF THEIR PRODUCT HAS DECREASED SIGNIFICANTLY. NOW YOUR BIGGEST CUSTOMER WANTS NOTHING TO DO WITH THEM. HERE'S HOW READERS WOULD HANDLE THIS TOUGH CALL.

SURVEY RESULTS FROM LBMJOURNAL.COM

9.9%

BE PATIENT. Ride it out with the vendor you know and plead with your builder customer to give them one more try.

2.7%

MOVE ON. Switch to the new vendor and let the previous company know they've lost your business.

73.9%

TEST DRIVE. Give the job to the new vendor. If it's quality work in a reasonable timeframe, they may be your new go-to.

13.5%

EXPAND YOUR SEARCH. Let your builder know that if they can share in delivery costs, you'll look far and wide to find the right vendor.



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JCHS PREDICTS SLIGHT GAINS FOR REMODELING IN 2023

After several years of double-digit gains, expenditures for improvements and repairs to the owner-occupied housing stock are expected to grow only modestly in 2023, according to the Leading Indicator of Remodeling Activity (LIRA) released by the Remodeling Futures Program at the Joint Center for Housing Studies of Harvard University. The LIRA projects a steep deceleration in annual gains of home renovation and maintenance spending from 16.3% at the close of 2022 to just 2.6% by year-end 2023.

“Slowdowns in existing home sales, house price appreciation, and mortgage refinancing activity coupled with growing concerns for a broader economic recession will cool home remodeling activity this year,” says Carlos Martín, project director of the Remodeling Futures Program at the Center. “Homeowners are likely to pull back on high-end discretionary projects and instead focus their spending on necessary replacements and smaller projects in the immediate future.”

Yet, the release of new benchmark data from the American Housing Survey recalibrates the overall market size. “The massive pandemic-induced changes in housing and lifestyle decisions fueled remodeling and repair spending in 2020 and 2021, growing 23.8% over these two years compared with the 12.5% originally estimated,” says Abbe Will, associate project director of the Remodeling Futures Program. “While the pace of expenditures is expected to slow substantially this year, we’ve raised our projection for the remodeling market size in 2023 by about \$45 billion, or 10.2%, to \$485 billion.”

SINGLE-FAMILY HOUSING STARTS EDGE HIGHER IN DECEMBER

Single-family housing starts posted a double-digit percentage gain in December, but production is running well below a rate of 1 million units annually, indicating ongoing weakness in the housing market as high construction costs and elevated interest rates continue to present affordability challenges.

Led by a decline in multifamily production, overall housing starts decreased 1.4% to a seasonally adjusted annual rate of 1.38 million units in December, according to a report from the U.S. Department of Housing and Urban Development and the U.S. Census Bureau.

The December reading of 1.38 million starts is the number of housing units builders would begin if development kept this pace for the next 12 months. Within this overall number, single-family starts increased 11.3% to a 909,000 seasonally adjusted annual rate, but are down 25% compared to December 2021. The multifamily sector, which includes apartment buildings and condos, decreased 19% to a 473,000 pace.

Total housing starts for 2022 were 1.55 million, a 3% decline from the 1.60 million total from 2021. Single-family starts in 2022 totaled 1.01 million, down 10.6% from the previous year. Multifamily starts (5+) in 2022 were up 14.5% compared to the previous year and exceeded a 500,000 annual pace for the first time since the Great Recession.

On a regional and year-to-year basis, combined single-family and multifamily starts are 5% higher in the Northeast, 5.7% lower in the Midwest, 1.6% lower in the South and 7.2% lower in the West.

Overall permits decreased 1.6% to a 1.33 million unit annualized rate in December and are down 29.9% compared to December 2021. Single-family permits decreased 6.5% to a 730,000 unit rate and are down 34.7% compared to December 2021. Multifamily permits increased 5.3% to a 600,000 pace.

Looking at regional permit data on a year-to-year basis, permits are 13.6% lower in the Northeast, 3.4% lower in the Midwest, 2.4% lower in the South and 8.3% lower in the West.

EXISTING-HOME SALES DIP 1.5% IN DECEMBER

Existing-home sales retreated for the eleventh consecutive month in December, according to the National Association of Realtors. Three of the four major U.S. regions recorded month-over-month drops, while sales in the West were unchanged. All regions experienced year-over-year declines.

Total existing-home sales, completed transactions that include single-family homes, townhomes, condominiums and co-ops – decreased 1.5% from November to a seasonally adjusted annual rate of 4.02 million in December. Year-over-year, sales sagged

34.0% (down from 6.09 million in December 2021). Total housing inventory registered at the end of December was 970,000 units, which was down 13.4% from November but up 10.2% from one year ago (880,000). Unsold inventory sits at a 2.9-month supply at the current sales pace, down from 3.3 months in November but up from 1.7 months in December 2021.

The median existing-home price for all housing types in December was \$366,900, an increase of 2.3% from December 2021 (\$358,800), as prices rose in all regions. This marks 130 consecutive months of year-over-year increases, the longest-running streak on record.

BY THE YARD NEWS FROM LUMBERYARDS AROUND THE COUNTRY

Dave Rush named CEO of Builders FirstSource

Builders FirstSource, the top supplier on the 2022 LBM 100 list, has announced that Dave Rush has been named chief executive officer. Rush has served as interim chief executive officer of Builders FirstSource since November 18, 2022, when he was also appointed to the company's Board of Directors.

Joe Hardy, founder of 84 Lumber, passes away at 100

Joe Hardy, 84 Lumber founder passed away on Saturday, Jan. 7, his 100th birthday.

Hilltop Lumber acquires Northland Lumber in Minnesota

Hilltop Lumber has acquired a fourth location, this one in Park Rapids, Minnesota, with the purchase of Northland Lumber. For 35 years, Hilltop Lumber has served the central Minnesota area. The company started in Glenwood, Minnesota in 1988.

Kodiak Building Partners introduces Tom Allen as new president of Forest Tek

Tom Allen has joined Forest Tek as president and will oversee all operations for Forest Tek Lumber, Overseas Lumber Supply, and Keys Mercantile in the Florida Keys. Allen will report to Pat Flood, executive vice president of operations for Kodiak's retail lumber and gypsum sectors.

Ambassador Supply acquires Continental Carpentry Components

Ambassador Supply has announced the acquisition of Continental Carpentry Components based in Wanatah, Indiana. Ambassador also announced that Paul Gilbert will lead the company's continued focus on leadership and management development, and Zach Higgins has been promoted to CFO.

Leadership changes at Kodiak's Christensen Lumber

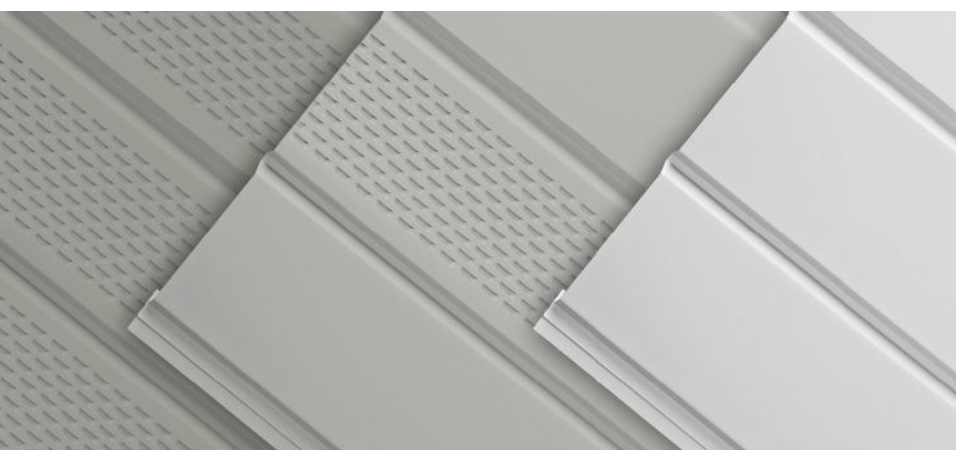
Kodiak Building Partners has announced that Christensen Lumber's Vice President of Sales & Marketing, Tim Ferguson, will now be the president of Christensen Lumber following Tom Christensen's transition to chairman.

George Wilkins promoted at American Builders Supply

American Builders Supply in Sanford, Florida, announced the promotion of George Wilkins to senior vice president of operations. He will be responsible for overseeing and leading both the millwork and lumber products divisions for the company.

DEALERS, GOT NEWS?

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THE THREE-YEAR WINDOW FOR GIFTING

BY SAM BROWNELL

WHEN CONGRESS passed the Tax Cut and Jobs Act (TCJA) in 2017, the lifetime gift tax exemption doubled. Because it is tied to the cost of living, the 2023 lifetime gift tax exemption is \$12.92 million for individuals and \$25.84 million for married couples. Based on this increase, a married couple who had maxed out their lifetime exemption in 2022 could gift an additional \$1.72 million in 2023, which could be a big benefit for families whose business and real estate assets have appreciated significantly over the past few years.

Beginning in January of 2026, however, the lifetime exemption will be reduced by 50%. Based on the 2023 lifetime exemption, this means an individual could shield \$6.46 million from federal estate and gift taxes, while a married couple could shield \$12.92 million. This change will significantly impact how a family plans for the ownership transfer of their business and real estate and leaving them asking, “How do I plan for a future that is so uncertain?” It would be great if Congress amends the tax law to push back the “sunset” date on the lifetime gift tax exemption, but relying on Congress for your succession planning is not a good strategy. Instead, here are three ideas to get you started.

1. Get a valuation of your business and real estate from objective appraisers who understand the LBM industry. For the business valuation, the appraisal should begin by answering these questions:

- **Q:** What is the purpose of the valuation? **A:** Gift/Estate Tax.
- **Q:** What is the type of value? **A:** Equity Value.
- **Q:** What is the valuation date? **A:** The month-end for which you have the most recent financials.
- **Q:** What discounts are allowed? **A:** In a Gift/Estate Tax valuation, discounts for lack of marketability should always be considered and discounts for lack of control should be considered based on the specific interest to be valued.

2. Conduct a post-ownership cash flow analysis to determine if your assets can fund your lifestyle. What we need to determine is how to make your current lifestyle sustainable following your exit from the business.

3. Make gifts to family members. Each time you make a gift that exceeds the annual gift tax exclusion (\$17,000 per person in 2023 for individuals and \$34,000 per person for married couples), you will need to have the business valued and file a gift tax return along with a report that defends the valuation. If you are married and the aggregate value of your initial business and real estate appraisals are close to or exceed \$12 million, the next three years are critical because you could end up with assets that exceed the lifetime exemption in 2026. Potential gifting ideas include:

- Setting aside a portion of the business or real estate in a Spousal Lifetime Access Trust (SLAT).
- Begin transitioning ownership to the next generation. Based on age and competence, the use of share classes or voting and non-voting shares can be used so that you can maintain control regardless of the percentage interest gifted.
- If an intrafamily transfer is not an option, you could sell at least 30% of your business to an ESOP or cooperative and reinvest the proceeds in a Family LLC that invests in stocks and bonds of U.S. corporations. This may allow you to defer paying capital gains taxes on the sale while teaching future generations about prudent asset management.

Knowing where your net worth stands today allows you and your advisors to make the best decisions for an unknown future. If you have not considered gifting, it is worth spending time talking to a knowledgeable advisor so you can protect your business and your net worth. ■

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





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



If quoting isn't selling, what is selling?

BY BILL LEE

LAST MONTH I WROTE that quoting prices on initial sales calls is illogical and ill timed. On your first several sales calls, the objective is to earn trust and respect. I don't believe either trust or respect are achieved by quoting prices. Quoting low-ball prices actually hurts you because savvy builders usually know when you are trying to "buy" an order.

Salespeople who open conversation by leap-frogging the specificity involved in a sale as complicated as building a house are overlooking the key obstacle to achieving a win-win between supplier and builder.

I see this obstacle as a combination of relationship and trust. It takes time to build relationships. This is the reason why I designed the Six-Step Prospecting Process. It's no accident that pricing is rarely discussed until near the end of the process.

Insightful, gross margin-minded salespeople will resist quoting prices until they are convinced their prospects have satisfied their concerns that are more important purchasing criteria than the price. Think about it: what is the benefit of buying below the market when the material you bought is not on the job when the subs arrive?

Salespeople don't always realize how valuable services can be to home builders. Depending on the size of the jobs their builder customers manage, salespeople are frequently the builders' eyes and ears to the outside world. Many builders rely upon supplier salespeople to stay abreast of new products, new construction techniques, and in many cases their supplier salesperson is one of their builders' key resources for dependable subcontractors.

But make no mistake: through an incentive compensation plan, most salespeople are dependent on making sales to earn their living. It's one thing to have high economic values and thus be highly motivated by an impressive income, but it's another thing altogether to allow greed to let customer care take a backseat to income.

When nine out of 10 salespeople are hired, they are taught product knowledge. They may even be taught how to do a blueprint takeoff, but it is rare that they are taught the principles of selling, how to deal with price objections and how to prospect for new business. Selling building materials is a complicated business, so especially in the first few years of selling, using price as a marketing tool is frequently all a rookie salesperson knows to do to get an order.

Servant salespeople don't dwell on their own accomplishments as much as they dwell on the successes their customers have achieved. The words servants use are unique to their mentality. Here are some examples:

Example 1:

Supervisor: "Philip, would you mind going over to Acme Supply Co. and picking up the special order millwork we ordered for the Underwood job?"

Employee: "I would be happy to." (If you're going to do something for someone, do it cheerfully.)

Example 2:

Builder: "Hey Mike, about half the screens for those windows you ordered for us are missing and I promised the homeowner we would have those missing screens on the job by tomorrow at noon. Can you make that happen for me?"

Sales Rep. (Right Answer): "Yes sir. I can do that. If I get the screens to the job by 9 a.m. tomorrow morning, will that work for you?"

Sales Rep. (Wrong Answer): "I have a golf match with a buddy of mine tomorrow morning that I have had set up for two weeks. How would it work for you if I get them out there by day after tomorrow?"

A servant mentality is a powerful selling tool (more on that next month). Servants not only enjoy servicing their customers, they equally enjoy pleasing the people they serve." ■



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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Build good salespeople

BY RICK DAVIS

THERE IS CONSENSUS in our industry that our workforce is aging. This consequently leads to the question, “Where can I find good salespeople?” To that I respond, stop trying to find good salespeople. Just find good people and then build a salesperson.

Picture a 23-year-old kid out of college who realized a path as an apprentice chef was not for him. Instead, he created a resume and drove from one car dealership to the next, seeking his first sales job. One manager after another told him they would only hire experienced salespeople. After the fifth or sixth rejection, the kid expressed his frustration with the Oldsmobile sales manager, “For Pete’s sake! Didn’t any salesperson start without experience?!? Surely someone teaches the startup salesperson how to sell.”

Obviously, that kid was me. I got the job and did learn from that sales manager. I followed a script and quickly became one of the more successful salespeople. I was off to a great career selling cars, but simply didn’t care for the tactics I was being taught. The lesson learned, however, is that selling skills can be taught.

We see many salespeople without the fundamental skills of business-to-business sales, skills that can be taught. For example, better dialogues about expectations could reduce the ubiquitous emergency fires that occur every day. Instead of lamenting the price objection and promising to “see what can be done,” salespeople can be taught to negotiate effectively. Instead of lamenting the loss of business, a high caliber salesperson recognizes that lost accounts are par for the course and proactively uses prospecting skills as the only solution.

It’s not enough to train; you must coach. This is the reason I first emphasized sales management training as part of my company curriculum decades ago. It was inspired by a study from two University of Minnesota PhDs in education, Mary Broad and John Newstrom, that sought to analyze quality transfer of training.

“Transfer” is said to have occurred when the lessons in the classroom are transferred—i.e.,

effectively utilized—after a training event is concluded. Broad and Newstrom studied the roles of the trainer, manager, and participant to produce interesting conclusions. They found that the role of the manager prior to any training event is the most important factor for success. This means that the right person was hired; the environment is conducive to success; the manager understands the required performance of the job; and so forth.

Not surprisingly (to me), the role of the manager after training has been completed is nearly as important. The manager must reinforce optimum behaviors; continue to foster an environment for success; and provide constructive feedback in a manner that positively affects performance without diminishing enthusiasm. In short, the manager must observe and validate training success.

I’ve conducted hundreds of training sessions in my career. The modules, although constantly improving, at any time frame are identical. Of course, there is anecdotal success from individual performers, but it is the organizational differences that are more revealing.

One organization I worked with put their young and ambitious beginner salespeople through continuous training, and the outcomes were considerable. A new emphasis on prospecting and skills to build new business relationships worked due to the positive reinforcement from managers; emphasis on performance metrics; and constructive feedback. Conversely, another organization, receiving the identical training content, achieved only anecdotal success simply because the management team sat back and waited for the performance improvement without intervention.

The simple morals to this tale are a) if you want great salespeople, hire good people, and b) build them with the right coaching. The bad news is that there are no shortcuts to building great sales teams. The good news is that, because there are no shortcuts, it can become your competitive advantage if you’re willing to invest the long-term energy for success. ■



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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The financial impact of a poor culture

BY DENA CORDOVA-JACK

HAVING THE OPPORTUNITY TO WORK in Fortune 500 companies, family-owned businesses, and extensive industry operations has afforded me a unique view into various company cultures and their overall effect on profitability, with just as many lessons learned about success as failure.

Earlier in my career, I worked in a company that prided itself on its values of trust, transparency, empowerment, and employee appreciation. At the time, the company was a shining beacon of the industry, but it was about to learn an expensive lesson about poor leadership.

The division leader believed that if he hired the right sales director—an ace, if you will—market share and profitability would skyrocket. Enter the new sales director. He placed his desk in the middle of the trading floor and set a time limit on phone calls. If a trader remained too long on the phone, or the conversation didn't track with what the director thought was correct, that trader would be reprimanded, usually while still speaking to the customer. If quotas weren't met, traders risked being excoriated in front of the team. Employees were spoken to disrespectfully, differences in opinions were not tolerated, and the employees felt they played a daily game of whack-a-mole. If you popped up, you likely would get a strong bop on the head.

In a few months, company culture collapsed. High-performing traders left, morale sunk, and market share fell along with profits, losing a stunning 15% of market share and 2.25 basis points of profitability. The remaining employees were disconnected and demoralized. Thankfully, division leadership saw the error of their hire. The sales director was invited to leave the organization, sanity returned, and company culture was regained.

What did this teach me? Many otherwise-great companies have destructive mid-level leaders, usually due to a combination of political rather than competency-based promotions, a rushed hiring process, or placing people in leadership positions who aren't effectively trained to lead under pressure.

While continuous core competency improvement is vital in increasing efficiencies and profitability, culture needs to be top of mind. Consciously creating a positive workplace culture takes far less effort than fixing a poor one created by unconscious means. A survey from Deloitte of 200 companies found those that intentionally managed their culture significantly increased revenue by 682% compared to 166%, and net income by 756% versus 1%.

Deloitte's survey also found in companies with effective cultures, "engaged managers and employees are much more likely to remain in the organization, leading directly to fewer hires from outside the organization. This results in lower wages for talent, lower recruiting, hiring, and training costs, and higher productivity. Higher employee continuity leads to better customer relationships that contribute to greater customer loyalty, lower marketing costs, and enhanced sales."

Here are simple ways to create a positive, supportive, and productive work environment.

- Define your company's mission, vision, and values. Culture begins at the top; the leader must set the tone and own the cadence.
- Hire for your culture. Hiring for different competencies and skill sets is necessary, but the underlying decision to bring an employee aboard should align with the company culture.
- The line between life/work balance is becoming blurred today. Encouraging employees to take accrued vacation days and have flexible schedules is critical.
- Express thanks for your employees' contributions to the company. Appreciation for their efforts ranks high in good cultures, much more than pay.

Business doesn't cause cultural problems. Leadership creates cultural problems. A positive workplace culture affects the bottom line substantially and must be your highest priority. It's time to discuss positive workplace culture and the rewards it will bring. ■



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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It's all about the relationships

BY RUSS KATHREIN

IN THE EARLY 1990s, one of the must-read business books was “Made in America,” by Sam Walton, the founder of Walmart. In it he detailed things that made him successful, like engaging with his people, finding ways to make them successful, and challenging them to dream big.

One rule Sam had for his purchasing people was they meet with vendors in bare rooms with card tables, and vendors could not bring in anything. His intention was to keep a buyer from being influenced by a bribe from the vendor. What a lot of business leaders took from that rule, however, was in order to be successful, your people should not have relationships with their vendors. Everything needed to remain at a transactional level.

I once worked for a company that embodied this principle. The funny thing was that everyone involved in purchasing realized vendor relationships were absolutely necessary, so we just hid our relationships and played along with the idea that the business would always go to whoever had the best price.

At another company I worked, the head of purchasing believed the exact opposite. He wanted us to invest heavily in vendor relationships, but with trust and integrity. We did not accept gifts or free trips, but we did invest our time and energy into making the vendor and us successful. If that meant bringing customers to the vendor’s plant and maybe doing something fun along the way, that was fine because during those trips you got to know your vendors and build relationships. When times were tough, these relationships mattered because the vendors did not feel obligated to help you—they *wanted* to help you.

The same holds true with one’s employees. Maybe the handbook says to not get involved in their lives, but having successful relationships

with your team members is all about establishing trust. And how do you establish trust if you’re not willing to show interest in their lives or aren’t willing to share something about your own? Maya Angelou said, “I’ve learned that people will forget what you said, people will forget what you did, but people will never forget how you made them feel.” Every time you interact with the people you lead, that interaction will potentially be something they’ll remember by how it made them feel. That doesn’t mean you can’t be demanding or passionate. Just be intentional about how and what you do, and when in doubt, choose kindness and compassion over anger and indifference.

In my career, I have had people on my teams who left, and I have had to leave my teams for new or better opportunities. One thing I always told people was that, once you were on my team, you were always on my team. What I meant was that I had invested in those individuals and I would keep doing so even after one of us left. A number of my former teammates have taken me up on this, and not only does it make me feel good that I can still help contribute to their success, but at times it’s come full circle and has helped me.

Recently I worked with a company where both a former peer and a former employee from different pasts also worked. This did not give me any sort of free pass, but it gave us all a tremendous advantage because we were starting our new relationship from a position of trust that had been earned in our old jobs. This allowed us to make progress much faster than would have happened if we were all strangers. The best part was, as we left, they both showed why relationships matter. Without thinking twice, they each gave me a big hug and said, “It’s great to be working together again.” ■



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

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Do I need more protection?

BY THEA DUDLEY

Dear Thea,
What is the purpose of a personal guarantee? What protections does it offer and who should be signing a personal guarantee? Is it mainly sole proprietors? I am not convinced of the value of obtaining them.

— **Should I get personal?**

Dear Personal,
 Just as I have a deep love of a parade—any parade—I have a deep love for the personal guarantee for many reasons. Let's count a few:

- 1) It shows me the applicant is willing to put his mouth where our money is.
- 2) Gives my company another pocket(s) to go after if something goes horribly wrong and the company can't or won't pay.
- 3) Allows me an opportunity to offer credit for a newly formed business that, being newly formed, has no credit history to evaluate.
- 4) Affords me another way to increase a credit line to a company that may be at the top of its credit limit.
- 5) Could be the tipping point if I am on the fence about extending credit.
- 6) Allows me to check the applicant's personal credit. How do they pay their personal bills? Have they filed for bankruptcy at some point?
- 7) The adoration from my attorney when I tell him to send a demand letter to the company *and* the guarantors for the outstanding debt.
- 8) The opportunity to have a gentle discussion with the guarantors reminding them they are on the hook for the debt. If we have to sue, they are included.

What does it offer, you ask? Have I not given you enough to convince you the personal guaran-

tee is worth your time and effort in offering you protection in addition to what you have on your credit application? Maybe protection isn't the correct word. I prefer the descriptive word here to be "options."

I like having options. The option to help my company make sure we get our money. The option to hold additional people accountable for the debt. No need to waste your time getting a personal guarantee from a sole prop. They are already on the hook just by definition of the entity type they have chosen. Partnerships—yes, you really want a personal guarantee from every partner in that ship. Based on experience, the majority of partnerships do not hold water long and turn into a bizarre version of the Titanic with everyone looking for a lifeboat and blaming others as the ship starts to list.

Corporations are typically tougher to get personal guarantees from, but not impossible. The common response is, "they incorporated for a reason." Yes, Slick, I am aware of why you incorporated: to insulate yourself from the company debt in case some unforeseen event keeps you from fulfilling your commitment to me.

Consider adding the personal guarantee to your credit application. The guarantee should state that the guarantor is subject to the same rules and regulations as the business as stated in the credit application. If you approach it as a normal course of business, others will as well. It is optional. It doesn't mean I won't give someone credit, but without it for some, it may mean you are offered our COD club membership.

Will you get all your credit applications back with that beautiful, signed personal guarantee? Nope, but you will get a good number signed just by having it on the application.

Personal guarantees are like parades—even as one passes, another drum can be heard in the distance. Lead that parade. ■



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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Watch the spread between GPMs and OPEX %

BY JOHN WAGNER

IN A TYPICAL SUMMARY financial statement, the key items are sales, total cost of sales, gross profit (and resulting gross profit margin, or GPMs), operating expenses, operating income (and other income), and—after calculating interest, taxes, depreciation, and amortization—EBITDA.

Most investors focus on EBITDA, or adjusted EBITDA, which adds back one-time credits and adjustments. The efficiency with which you deliver EBITDA to that bottom line is expressed as an EBITDA margin. For instance, if your EBITDA margin is 10%, that means \$100 of every \$1,000 in sales ends up as EBITDA.

When considering an acquisition, buyers will focus on the difference between the GPMs and the operating expenses as a percentage of sales (OPEX %), which translates to the operating income margin (OI %). OPEX % is a key performance indicator, and every buyer analyzes it closely. Those same buyers know what the OPEX % should be, and they are quick to pick up when you are out of the “swim lanes,” either in a good sense with low OPEX %, or when OPEX % is above the norm.

Why would an investor focus on that differential? Because a seller that is producing strong GPMs yet falling down on EBITDA presents a genuine opportunity for the buyer. Here’s why: Deals are priced as a multiple of EBITDA (or adjusted EBITDA). Let’s say that the EBITDA multiple in our example is 5X. A company with \$50m in sales and a 10% EBITDA margin or \$5m in EBITDA would be worth \$25m in an acquisition.

But let’s say the acquirer has noticed that OPEX is out of line and the seller is overspending on OPEX as a percentage of sales. This overspending in controlling OPEX has suppressed EBITDA, and therein lies the opportunity.

The buyer sees where he can cut OPEX and feed the EBITDA line more efficiently. Whereas the seller may have an OPEX % of, say, 23%, the buyer does some math, sees some cuts, and thinks he can drive that down to 21%. A \$1m decrease in OPEX represents \$1m in additional EBITDA (a 20% increase). Without even driving up sales figure or GPM, the buyer can get a 20% improvement on EBITDA by controlling excess OPEX.

The buyer sees that the \$5m EBITDA, which at a 5X drove an enterprise value of \$25m, can move after the acquisition to an EBITDA of \$6m. At 5X \$6m, the seller should have gotten \$30m, but ended up with \$25m. The buyer will pocket \$5m “extra” in enterprise value through OPEX reductions.

Now, think in terms of multiples when examined in retrospect after the buyer’s improvements to OPEX. The buyer purchased the company for an effective multiple of 4.16X instead of the 5X they paid. That’s approximately a “one full turn” (5X to 4X) reduction, and on the basis of a \$5m EBITDA, it’s truly meaningful money.

Where can OPEX savings be found? Sharpen your own pencil before you even think about selling your company, and take a critical look at each of these categories: Salaries and wages, officer compensation, rent, employee benefits, sales and marketing, outside trucking, office expenses, warehouse expenses, rolling stock repairs, bad debt expense, dues and subscriptions, travel expenses, as well as advertising, and credit and collection expenses. Can you see savings?

If you can improve your OPEX spending in any of these common OPEX line items before you go to sell your company, you’re taking giant steps toward pushing up that EBITDA to where it needs to be and achieving top value for your company in an acquisition. ■



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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Because of the growth and acceptance of thermally modified wood products in the U.S. and worldwide, Tantimber increased production capacity with a new and expanded manufacturing facility located in Turkey, just outside Istanbul. Before its official opening, the manufacturer hosted its premier U.S. distributors at the new facility in December 2022.

"Our U.S. partners have invested substantially in Tantimber ThermoWood and G Wood Pro to showcase the next innovation in wood products," said Mehmet Zenginler, managing partner at G Wood Pro. "We are so thrilled to introduce their customers to ThermoWood products," Zenginler added.

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BATTLING BIG BOX COMMODITY PRICING



BY LBM JOURNAL READERS

Navigating an unpredictable cycle of spiking then plummeting commodity prices is made that much more daunting when your big box competition responds quickly and aggressively to dramatic drops in the market. This month's Real Issue question came from two different size dealers in very different markets who both are wrestling with this challenge.

As we do in each issue, we share a question that dealers sent *LBM Journal* editors with our readers who have opted in to receive our emails (if you'd like to be on the list, contact us at operations@lbmjournals.com).

This month, we heard from more than 150 readers who reached out with answers in response to a brief, three-question survey. Here's what we asked...

HOW WOULD YOU ADVISE A DEALER FACED WITH THIS PROBLEM?

"Our biggest challenge right now is dealing with big box pricing on commodity goods to market. They move with the market even when the drop is dramatic. Smaller yards, and even large nationals, have to work inventory down off of average cost. I suspect that mills play different contract games with box stores because of their size. Either way, we're still shipping lumber for projects, but no panels. Are yards still providing individual pricing for items on estimates, or a lump sum project price, so as not to be shopped by each item? Since the box stores are in most every market, we'd love to know how other dealers navigate this challenge."

RESPONSES FROM LUMBERYARDS/FULL-LINE BUILDING MATERIAL DEALERS, AND SPECIALTY DEALERS/DISTRIBUTORS:

"We provide individual pricing to our customers and re-quote every two weeks."

"We do our best to keep with the pricing, sometimes that means keeping less stock on hand to keep up with the dropping prices."

"Challenge your vendors and/or buying group to find the pricing and service level you need to stay being a viable supplier in your market area."

"We're still pricing by the line for most of our customers. If a contractor gets a reputation of 'cherry picking' we'll start quoting them lump sum or explain that it's 'all or none.'"

"We are in drywall distribution, some of the box stores sell \$50 to \$75 MSF below market. We don't match numbers; we can deliver the product where they cannot."

"Our customers have been taking our line item quotes to the big boxes in town for price match guarantees. We do the work, they get the sale. We recently started not showing line-item quantity and pricing on quotes to see if that helps."

"Bite the bullet and be competitive even if it means losing on panels or lumber. We determined what percentage lumber and panel sales were and decided it was best to lose on those items in order to keep selling all of the other better-margin materials. It also cleans out the high-priced inventory, which the sooner you unload the better."

"We sell the lump sum package. The package price does not apply for items that are broken out and prices for EWP and long lengths not carried by the boxes is significantly higher. We also remind the customer that we do not have a delivery charge for full project deliveries, including fill-ins."

"Individual pricing items."

"We've had customers quote us against Home Depot or Lowe's often. We tell them we don't compete with them as our service is much different than the big box stores. We'll still sell to them but if they are going to use us up on little detailed items that the big box stores can't provide, then we're not interested. For one-time buyers you can take a tougher stance but regular customers you don't want to alienate and lose in times like we are coming into or some of us are already in."

"Line-item pricing for each item locked in once the job starts regardless of market movement or other jobs starting."

"With the huge increase in all our expenses, (wages are the most) we have to maintain a larger profit margin. If we lose a bid, it is what it is. If we don't maintain our profits, we will be out of business anyway."

"Do you offer free shipping? Do you sell mostly to builders or homeowners? A few framing packages will wipe out a big box store's inventory."

"People need to realize that these big box dealers lower their prices to put small businesses out of business then jack their prices back up. Ordering online is out of the question for me. I support local businesses and will continue to do so. I offer lump-sum pricing but also service my customers. The way I purchase gives me decent discounts so I can be competitive."

"Yes, we provide individual pricing. We have always been able to turn inventory fast enough that we can stay with the market as it falls for the most part. You definitely have to lose some margin but you're going there anyways with the other items. Try to train your customers that you are not only selling a product but also service. We more often struggle during a rising market than in a falling one."

"I feel you have to follow the market down. Turn that inventory sometimes at a loss, but pick up again at lower price."

"We offer our totals if we are quoting anyone other than a loyal customer. We do it with windows and doors as well. They don't get our work. We'll also note that pricing is based on the entire material list if they provide one."

"When the market is high, I buy little to none. When the market is low, I buy more. The products I buy are generally better quality than a box store's, and I run circles around the box store when it comes to service and knowledge. Customers who shop in my store realize you get what you pay for, plain and simple." ►

“When going up against the box stores and their pricing, we push our customer service in the will call area as well as prompt delivery service. If a customer wants to load a cart, go through check out, then load their trucks, we let them. We just remind them how much more work it is and how much time and money it takes away from actual work at the jobsite.”

“Quote as a full package deal only. Point out that box stores are not very good at deliveries.”

“We still do individual pricing. I try to buy better and stay competitive with pricing. We offer different products that we specialize in. We offer better service.”

“Offer a 5% discount to contractors who pay on time.”

“Promote and up-sell the things that you can do for the customer—things that the big box stores don’t typically do.”

“We are watching price changes from the Lowe’s website and listening to customer feedback. We are adjusting pricing on blind commodity items while giving up some loss on OSB and studs.”

“At this time, we still provide estimates with piece pricing. Our contractor base will not accept estimates without individual items being priced. On more than one occasion recently we have been approached on our OSB pricing on projects that we had sold and pressed to either lower our price or lose that item to one of the boxes. When we have compromised on the OSB pricing we have been able to salvage the sale almost every time. Margins can get very tight. We would rather accept a small margin and keep the sale along with keeping them out of the box store, versus losing the sale and giving them all the more reason to go to the box store.”

“We’ve had builders purchase their panels from the box stores due to extremely low price when the market drops. But we have found that on a lot of occasions, the box stores do not have the inventory to supply the complete job.”

“In our market the big boxes price their materials on a four-week rolling average of costs which means they lag the changes in the market by a short window. We have been most successful when we can out-maneuver them within that window. When the market moves up, we adjust up with it right away. Let your customers buy out the big box at low prices and then sell your low-cost stock for a better profit when they move up.

“On the way down, move off your high-dollar stock as fast as you can by lowering your price first to get ahead of them and scoop their business. Cue the cliché...‘your first loss is your best loss.’ But now that you’re behind them you have to match their sell price to get out of your overvalued stock. Then rebuy at a better price point to get back in the game.

“You mentioned that you are still selling other items but not sheets so you must be doing okay with your sell prices there. If your customer is willing to split their order, you are likely below the big box sell on those items and might be able to move your numbers up a bit and still make the sale while offsetting your loss on the sheets. That’s just my \$0.10 from having been in the same position.”

“Step it down slowly per project to show market reaction, and be ready to override as need be to get the sale!”

“Work through inventory, losing some margin, but stay profitable.”

“This is truly challenging. What works for some may not work for others. I serve a very small area and take pride in the quality of lumber that I purchase from distributors. I have to work down inventory before buying as there is no extra warehouse space. Many of the local people come in because of the product I have, and they have been great during this time of fluctuating prices. I still get calls from some people who are shopping around and willing to drive the 75 miles to the box store for their pricing. I tell them that I cannot sell at the same price as the box store. If a customer comes in with an itemized list for me to price, I will do so. I have very rarely gotten people to buy all the items on the lists.”

“We have found that by riding the market up and down helps us stay competitive. As the market increases and you have inventory that you paid less for, you will make more money on that. But when the market falls, you drop your price and lose money on current inventory. Take the hit on the high price commodities so you can purchase at lower prices. This way you are staying competitive and lowering your loss. When prices increase, we just try and keep a lower inventory, so we don’t get caught with a lot of high-dollar inventory.”

“We have been using a blended average/ market cost in these scenarios to set our retail pricing. Then for larger projects, evaluating the quotes to see if we need to make any further adjustments to ensure that we are priced correctly in the market and still maintaining our standards.”

“This is a challenge in all markets that have one of the three big box stores; ours is no different. Having once been a buyer for one of these chains, I know that they are able to react more quickly based upon most of their inventory being VMI (vendor managed) meaning that their costs adjust with market changes. As noted, most independent yards (ours included) have to sell through ‘owned’ inventory before being able to react to dramatic market changes.

“We are fortunate to have a customer base that we have been able to explain the situation to and while we have had the same issue of some jobs being shipped without panels, overall, we have been able to rely on the relationships that we have built with our customers to be able to sell most jobs complete. We have worked hard to do what we can to keep our overall pricing in line with the boxes and our customers realize the value that we, as local members of the community, who support many local organizations, bring to our area.

“I think that it is also helpful to point out to customers that there are certain items (7/16 OSB, studs) that box stores don’t care if they lose money on, as long as they can sell the 70,000-plus other SKUs that they have and aren’t necessarily market price leaders on.”

“It so depends on the commodity and the timing and many more factors to consider before a decision is made.”

“We are selling premium material instead of #2 and better. We’re also selling our service along with the higher quality of material.”

“We still provide individual pricing on our estimates. However, if we know the customer is going to shop us with the boxes, then we’ll do lump sum. As for pricing, we also go up and down with the market, even if it means losing money on some items. It’s the only way to get rid of high-priced material in order to get your average costs in line with the markets. You take the good with the bad. You made a lot of money when markets are up and sometimes you have to give some of that back when the market goes down. However, I’m betting over the course of the year you did okay.”

“Yes, we’re still reluctantly providing individual item pricing on estimates because our sense is that contractors in our area expect it. We have, on occasion, provided an estimate showing line items but only a total price emphasizing that it’s only an estimate and not a quote. Our rationale is that estimates are not intended to be precise, so indicating the price of line items should not be necessary. The contractor can check line items to see that they’ve been included. I think we will strongly consider following the practice of providing only a total in the future. We purposely do not provide ‘quotes’ except for immediate purchases. We only provide ‘estimates’ for upcoming projects.”

“Even though it is painful, we move with the boxes. We try to sell through the high-cost product as quickly as possible and buy back in at lower costs.”

“We do lump-sum pricing, but we’re competitive on those items that have high counts, like 2x4x16, OSB, studs, etc.”

“I believe it’s the service that the smaller yards offer to their contractors.”

“We price to market on all commodity pricing as well. Average cost plays no part in our pricing model. We do well in a rising market and lose a little on the ride down. The material is worth what it is worth. We want to move high-priced inventory as quickly as possible in order to repurchase at lower prices. You have to anticipate market trends and adjust your inventory level as required. We will vary from 3-26 weeks of inventory on hand in order to achieve our target return.”

“We provide individual prices for each item on our bids. Currently, the box stores in our market are running a little higher on their panels.” ▶

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Storing millwork can be tough. Size variation, custom orders, temperature sensitivity—all can add to the challenges suppliers face as they seek efficient onsite storage solutions.

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- 50% faster pick times
- \$8MM more in deliveries with fewer trucks and drivers
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“We do some lump-sum pricing. It depends on the scope and what we are doing on the job. When it comes to buying piecemeal from us as in your question, we will not ship lumber if we are not shipping the panels. Let them buy the whole package from the box stores and do not ship any fill-in orders. Hold your ground and let them get the full experience from buying from the box. Don't do the hard stuff and let them have the easy stuff. Nine times out of 10, they'll come back.”

“First of all, we bought heavy to average our panels down. Secondly, if we make a material list, we protect our time and only give a job total estimate. Exceptions are made to our committed customers.”

“We very, very seldom price out projects by 'individual' items. We most always give a 'lump sum' project price.”

RESPONSES FROM WHOLESALE DISTRIBUTORS, MANUFACTURERS, AND SERVICE PROVIDERS:

“I would generate a complete estimate without the individual pricing. I believe we would get picked to death on the cheaper items.”

“My advice would be right size the pricing as much as possible to be perceived as competitive then lean into your competitive advantage over the big box. This has, and will continue to be, overall customer experience and service platform.”

“Personal contact is crucial. Get to know the customer. Sports, clubs, community all give you a chance to maintain contact with the customer.”

“Yards are still providing individual pricing on items. Box stores are not reducing prices on specialty items aggressively.”

“It's pretty hard to combat this problem. I can only speak to OSB, but some larger producers that contract with the Big Box stores likely provide them better pricing than everyone else. They will then take product in and sell it for less than their cost to get builders in the door, putting further pressure on market pricing. They are also slow to respond to market changes even if they are getting a margin, so in a up market a lot of builders will be buying their OSB from the big box and only utilize their go-to yard in a down market.

“One way to combat this is to work with your buying group as a whole, to put pressure on manufacturers and work on contracts as a group. This is extremely difficult, however, because every buyer at every lumberyard has to prove their worth and thinks they can buy better than everyone else. The best thing a dealer can do is keep pricing commitments short. It's not easy as other yards will go out longer to get business when things slow down. What can I say—it's a crazy business!”

“We have plenty of small independent dealers who when the markets start to fall rapidly will actually purchase their panels from the big boxes. I thought this was crazy until I watched it play out for them. Yes, the big boxes do get much more special pricing on most items than what a small dealer could get for only a handful of units. Most of the dealers that do this have sales between \$3 million and \$10 million. Sometimes it's better to join than try to beat them in the commodity game.”

“As a truss manufacturer, I've moved to the model of following the market rather than my inventory. It hurts when the prices go down but pays off in an escalating market. It's on me to purchase correctly to take best advantage of market swings.” ■

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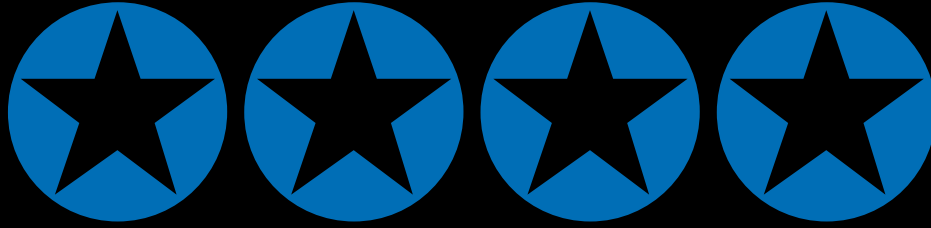
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LBM JOURNAL DEALER OF THE YEAR 2023

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 is 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



WALKER LUMBER & SUPPLY

You'd be hard pressed to hear a boastful word from the ownership team at Walker Lumber & Supply in Nashville, Tennessee—unless it's about their staff. While Ray Hayles and Scott McMillan have increased the company's annual revenues from \$22 million when they bought it in 2016 to \$77 million in 2022, they'll only thank their team for getting them there.

Ray and Scott are just the third owners of the 73-year-old company. Prior to purchasing Walker Lumber in 2016, Scott served 17 years as in-house counsel at Goldman Sachs in the real estate division, and Ray owned a manufacturer's rep and distribution business serving the construction equipment and oil and gas industries. When the brothers-in-law purchased the company in 2016, Walker Lumber had 32 employees. In the time since, it has grown to over 70 team members. The company has continued to focus on pro builders and contractors, which make up around 95% of their business.

HIGH-END NASHVILLE

Walker Lumber is one of the few remaining independent dealers located within Nashville city limits. The single location just a few minutes south of downtown strategically serves not only pro contractors, but also do-it-yourselfers and homeowners from surrounding neighborhoods.





While Ray Hayles and Scott McMillan have increased the company's annual revenues from \$22 million when they bought it in 2016 to \$77 million in 2022, they'll only thank their team for getting them there.

PHOTO COURTESY OF WALKER LUMBER & SUPPLY

"Having five acres in the middle of the city, we have an advantage," Scott says. "Our competition can only grow along the periphery."

Since Walker Lumber's core customers are high-end custom homebuilders and remodelers, the company is probably one of the only lumber dealers that isn't able to showcase, or reference in detail, many of its customers' building projects. With Nashville's legendary music scene, professional sports teams, and health care industry corporate headquarters, many of the clients require non-disclosure agreements to protect their privacy.

"Our economy isn't focused around just one thing, and Nashville is in the top three cities in the U.S.," Ray says. "We have a lot of high-end, high paying jobs here." As such, the group isn't experiencing the same recession fears that dealers in other cities face. "We haven't slowed down at all," he says. Since buying the business in 2016, the partners have experienced double-digit percentage revenue growth every year. In their seven years of ownership, revenue has increased over 300%. ►

“We have seen first-hand the number of businesses and people moving here over the last several years, particularly since the onset of Covid and the ability of people to work remotely from anywhere. The high-end custom home build/remodel market has continued to stay extremely strong even as the production/tract builders have started to slow down,” Ray says.

“We attribute this first and foremost to having great employees and a very strong management team at Walker Lumber, all of whom are fully aligned with our company’s mission statement, which is “To Serve Others with Excellence,” says Scott.

CUSTOMER—AND EMPLOYEE—CARE

Ray and Scott have maintained the business’s success by taking care of their customers, but they know that begins with taking care of their staff. In the seven years since they purchased Walker Lumber, payroll has increased more than 400%. Some of this increase is the result of headcount growth, but consistent with the company’s mission statement, the owners strive to serve their team members by paying them well. As a result, a large part of the payroll increase has been increased compensation for all team members.

“One of the new initiatives we have is the alignment of our compensation structure with the company’s mission statement. Our goal is to fully align our team members with our mission statement and reward them for fulfilling it each and every day,” Scott says.

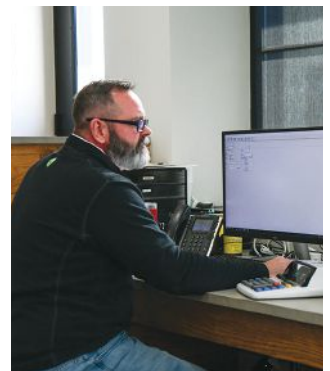
Unlike many companies, the ownership team at Walker Lumber doesn’t manage the business based on an annual budget or have countless meetings to make decisions, Ray says. “We make informed decisions based on what is best for the business and our customers in the long term. If decisions need to be made, we can typically make them within 30 minutes, even decisions such as capex purchases. We show up every day and keep our fingers on the pulse of the business daily, keep our heads up looking to the future while, at the same time, focusing on the things we can improve each day.”

Agile decision-making affords Walker Lumber innovative value-adds to serve customers such as the company’s proprietary logistics and dispatch software. When a customer places an order, the order isn’t picked by just one forklift driver. The lumberyard is divided into five sections and pickers in each of those sections pull the items from their area for each order. All the items are pulled, staged and ready for the customer to pick up in one convenient location.

“By leveraging technology and implementing systems to optimize workflows, we have made order pickups and deliveries more efficient, allowing us to put most of our customers’ orders in their hands within 24 hours,” Ray says. “The process has also provided extra data points we can use to improve overall operations.”

Unlike many lumberyards, more than half of Walker Lumber’s employees work in the yard or drive delivery trucks.

Walker Lumber management team. From left: Jim Walker, logistics manager; Tim Roach, operations manager; David Blair, yard & safety manager; Dave Willis, EWP & design manager; Russ Vantrease, store manager.
 PHOTOS BY OLIVIA ADAM, NHPA



This allows customers to load materials in minutes without getting out of their vehicles, or, if they prefer to have their order delivered, to get delivery within 24-36 hours after placing their order. “When we purchased the business seven years ago, the company was completing, on average, 20 deliveries per day. Since that time, deliveries have grown to 70 to 80 per day,” Scott says.

SERVICE WITH STYLE

If customers do need to wait while their orders are picked, they have a luxury setting in which to do so. Walker Lumber’s 2021 purchase of an adjoining lot and subsequent building expansion allowed the company to move from a 6,000 square foot store to a new 30,000 state-of-the-art facility housing both retail and office space. In planning the expansion, each of the company’s department heads was asked for input on how to best utilize the new space, from office, to retail, to yard.

“Our management team came through in spades, providing ideas that have made Walker Lumber a destination to shop for building materials and supplies,” Rays says. “In fact, just this week one of our customers commented ‘This place is like a toy store for contractors!’”

The facility now features 100-year-old reclaimed barn wood accents and forward-thinking design. “We wanted a new, updated facility but also desired that the facility be warm and welcoming and feel like a hardware store and lumberyard,” Scott says.

Since the neighborhood behind Walker Lumber is residential, trees were planted along the boundary with the neighborhood to not only provide a buffer between Walker Lumber and the homes, but also to provide some natural beauty for the community. One very intentional aspect of the new build was to make the restrooms and lunchroom up to the standards of a five-star hotel, Scott says.

“When we moved into the new facility, most of the old store was converted to warehouse space; however, a section of the building was converted into a locker room for the yard employees and drivers. The locker room was modeled after locker rooms of sports teams and has been very well received by the yard employees and drivers,” he says.

CONTINUED IMPROVEMENT

Scott says the primary goal of Walker Lumber has never been to just get bigger. Rather, the goal has been to get better, every day. And that philosophy has served them well as Walker Lumber has grown substantially. In growing, the company has continued to give back to the community.

“Taking a humble approach to philanthropy, we are highly involved with community and nonprofit organizations behind the scenes, donating money and time,” Ray says.

Giving back to the community also comes in the form of hiring from non-traditional groups. Nearly 10% of the workforce at Walker Lumber are people who needed a second chance in life, Ray says. “We believe that everyone deserves a second chance, and we are willing to give them an opportunity for a fresh start.”



Each of these employees is matched up with a mentor to guide and encourage them, not only in the workplace but also in their life outside of work, and to show them they have a long-term career path at Walker Lumber.

“There is a common saying heard at Walker Lumber: ‘We are in the relationship business; we just happen to sell lumber and building materials.’ We really feel this way. We know that if we focus on nurturing our team and our customers, success and growth will follow. We have and always will look for opportunities to take calculated risks in our business to help us become better at serving our customers and each other. In fact, if the anticipated recession arrives, we view this as an opportunity to add more quality people to the Walker Lumber team. We have and always will continue to build for the future,” Scott says. ■

GET TO KNOW WALKER LUMBER & SUPPLY

FOUNDED	1949
OWNERSHIP	FAMILY
LOCATIONS	1
EMPLOYEES	70
BUYER'S GROUP/CO-OP	ORGILL
SOFTWARE PLATFORM	EPICOR
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TRIM AND MOULDING

IN THE FACE OF ECONOMIC UNCERTAINTIES, DECORATIVE TRIM REMAINS A STEADY PLAYER.

BY MIKE BERGER

ONE COULD ARGUE there's no better way to make an architectural statement than with moulding and trimwork. Take for example the famous Amber Room. Given as a gift in 1716 by the King of Prussia, Frederick William I, to Russia's Tsar, Peter the Great, and eventually installed in the Catherine Palace, the 180 square-foot room was constructed from six tons of amber and other semi-precious stones. The amber wall panels were backed with gold leaf, and historians estimate that, at the time, the room was worth \$142 million. Sadly (and rather mysteriously), the room was dismantled and stolen by Nazi forces in WWII and has never been seen again.

While such opulent materials are far out of reach for most, trim and moulding nevertheless remain mainstays of architectural individuality, so much so that the U.S. trim and moulding market is predicted by some sources to grow by more than \$3 billion by 2026. And while that statistic appears to hold the promise of growth, trim and moulding manufacturers say LBM dealers need to put plans into place today to ensure that the promise of future profits bears fruit.

CAUTIOUS OPTIMISM HOLDS SWAY

When compared to the last two years, the construction market forecast bodes significant differences. According to the U.S. Census Bureau, housing starts in the U.S. declined 4.2% month-over-month to a seasonally adjusted annualized rate of 1.425 million in October of 2022, after falling by a downwardly revised 1.3% in September, and compared to market forecasts of 1.41 million. Single-family housing starts dropped 6.1% to a rate of 855,000 while the rate for units in buildings with five units or more decreased 0.5% to 556,000. Compared to October 2021, housing starts fell 8.8%.

Still, the numbers don't tell the entire story. While housing starts may be down, manufacturers see the potential for significant wins in other sectors. "I expect the repair and remodel sector to grow in the coming year, even in the case of a potential dip at the beginning of the year," says Cameron Bailey, Sr., corporate brand manager of siding for LP Building Solutions. "Trim and moulding are important products in those segments, so when they're strong the need for trim and moulding tends to be as well. All in all, I predict that the segment has room to grow in the next year."

Other industry experts agree that the repair and remodel segment holds potential. "In 2022, the housing market experienced record-low inventory mixed with higher prices and mortgage rates," explains Steve Booz, vice president of

marketing for Westlake Royal Building Products. "The 30-year fixed-rate mortgage broke 7% for the first time since April 2002, causing many consumers to put a pause on their home-buying process. Instead, some homeowners began shifting their focus to improving their current homes versus buying a new one. So while there may be less demand for home buying or home building, we expect remodeling activity to continue into the next year, albeit at a slower rate."

ALTERNATIVES GAIN GROUND

While manufacturers seem to share a cautious optimism when it comes to growth, some suggest that alternative materials may lead in sales. PVC, polymer, aluminum, and other non-wood options are growing in demand, and they offer the LBM dealer additional options for their product portfolio.

"Due to shortages of skilled laborers and supply chain instability, builders and contractors are increasingly willing to substitute materials that are easy to install, more accessible and cost-effective," says Booz. "We'll likely see the popularity of alternative materials like PVC trim products to continue into 2023. As beautiful, sustainable alternatives to wood, interior and exterior PVC trim and mouldings products are ideal for building pros and DIYers who appreciate clean installs, little maintenance and high-end design."

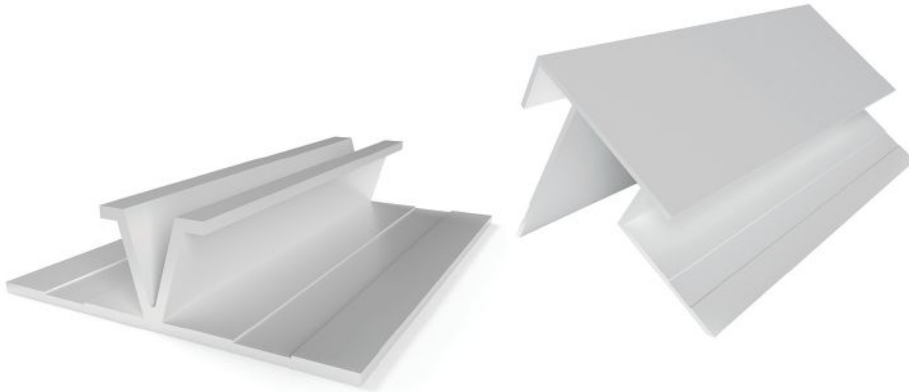
OPPOSITE PAGE:

Westlake Royal's smooth-texture Tapered Column Wraps are available in 5' and 6' lengths and are ready-to-assemble in 10" x 6", 12" x 8", and 16" x 12" tapered widths. According to the manufacturer, they are designed with a durable 1/2" thickness for quality and long-lasting performance and are available in Traditional and Craftsman capital and base styles.



FAR LEFT: LP Building Solutions' SmartSide ExpertFinish portfolio continues to expand with an ever-evolving color collection and accessories such as J-blocks, mini-splits and outside corners. These accessories come ready to install and are available prefinished in LP SmartSide ExpertFinish colors (with J-blocks and mini-splits also available primed).

LEFT: UFP-Edge Pro Column structural posts are available in 4x4, 6x6, and 8x8 sizes in lengths up to 12' (with longer lengths available for special order.) According to the manufacturer, they feature the look and feel of solid wood, are engineered to be straight and consistent, and come with a 15-year limited warranty.



Tamlyn has recently added new profiles to its XtremeTrim line of extruded aluminum trim, including the PV100 projected vertical and the XOCAS asymmetrical outside corner profiles shown here. XtremeTrim is available in thousands of design and color options, the company says, allowing architects and users to dramatically improve their building aesthetics and create modern architectural lines.

“One of the most appealing benefits about PVC trim is that maintenance costs and efforts are low,” Booz goes on to explain. “Unlike traditional wood millwork, which needs to be painted or repaired every couple of years due to cracking, splitting, or warping, PVC millwork needs almost no attention after the initial installation and painting. With products like Celect PVC trim, Spec Series trim, TruExterior poly-ash trim and Klear PVC that offer the authentic look and similar workability as wood, homeowners can focus on design without worrying about the issues and hassles that come with wood.”

Booz isn’t the only one predicting growth in PVC products. Rick Kapres, vice president of sales and marketing for Versatex Building Products, also sees rising demand for the low-maintenance material, predicting PVC will continue to take share away from traditional materials such as wood. “Even if the overall demand weakens some, we are confident that the category shift to low-maintenance exterior

building products like ours will continue,” he says. “Furthermore, we expect the repair and remodel segment, which is a large part of our business to be strong even if new construction slows.”

Dan Gibbons, director of marketing for Azek, agrees with the growth potential for alternative trim products, especially due to their low-maintenance properties and overall resiliency. “Since standard materials absorb water that leads to cracking, splitting and hidden damage due to constant exposure to rain, wind, and water pooling at the ground, repairs are inevitable,” he says. “Unlike typical materials, Azek products are made from state-of-the-art proprietary engineered polymer that does not absorb water like porous materials and is completely rot-resistant inside and out.”

Like PVC, the use of aluminum trim is also on the rise, delivering decreased exterior maintenance. As Dana Madden, vice president of marketing for Tamlyn explains, “Aluminum trims are being utilized on single-family homes outside of metro areas. This means national home builders are seeing the value that Tamlyn brings. From a non-compressible WRB that can achieve a 25 year warranty to aluminum trims that decrease maintenance on the exterior Tamlyn is making big waves in all facets of the building industry.”

And it’s far from a static product world, with more options than ever available to LBM dealers. “The building materials space is ripe for innovation, and products like Acre are systematically changing the industry,” says Kim Guimond, chief marketing officer for Modern Mill, a manufacturer of trim boards made from upcycled rice hulls. “In the beginning, wood offered beauty and easy workability. Then, PVC and composites introduced durability and low maintenance. Now, Acre offers the performance of alternatives while bringing back the same warmth and workability as real wood.” ▶



According to Versatex Building Products, its Canvas Series cellular PVC trim provides the beauty of wood with the low maintenance of PVC. Suitable for porch ceilings, soffits, and exterior and interior accent walls, Canvas Series is available in nine wood grain-looking colors and two tongue-and-groove profiles with two associated mouldings.

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RIGHT: Made from upcycled rice hulls, Acre trim boards from Modern Mill are a sustainable trim option that the manufacturer says has the look and feel of wood. Suitable for both interior and exterior applications, Acre is water-, weather- and pest-resistant and guaranteed not to rot or splinter. According to Modern Mill, Acre is lightweight, easy to cut and can be installed and treated just like wood. It accepts paint or stains, accommodating different styles and color schemes.

FAR RIGHT: Westbury columns from Digger Specialties are available with aluminum, composite, fiberglass, and vinyl support posts. A variety of aesthetic designs—both structural and non-structural—are available that include round, raised, and recessed panels, as well as craftsman, square, and fluted columns. They come in 12 standard columns and include a lifetime limited warranty.



STYLES STAY THE COURSE

When compared to the last few years, aesthetic trends in trim and moulding seem to be holding a steady course, with modern farmhouse styles along with darker color palettes continuing to hold sway. “Due in part to the ongoing popularity of modern farmhouse styles, board-and-batten siding brings both charm and a modern edge, allowing some traditional designs to lean a bit more contemporary and fresh,” says Westlake Royal’s Booz. “For styles calling for wider or customized spacing than a panel product can provide, it’s easy to create the board-and-batten look with trim, such as TruExterior poly-ash trim, which provides the look of wood alongside high performance and dimensional stability to stand up to extreme weather, ground contact, and insects.”

“We’re also continuing to see interest in dark exteriors, including trim and mouldings,” he continues. “Colors such as navy blue, olive green, dark brown and charcoal, as well as black and white color palettes continue to trend. These deep, saturated hues have the ability to make a house stand out and look more surprising and modern. For accenting, trim within the same color family continues to be a popular trend. For example, dark gray siding with gray trim.

LP’s Cameron Bailey agrees. “Board and batten style continues to be a strong trend for homeowners seeking a sleek, trendy farmhouse style. Homeowners are also looking for more choices when it comes to color. There’s momentum behind shades of blues and grays because

they tend to be timeless, safe choices. But then you also have homeowners who want a different look and might choose bolder colors.”

Dark, bold colors aren’t the only on-trend hues, manufacturers point out. Consumers are showing growing interest in nature-inspired, earthy tones. “We’ll continue to see an interest in warm neutrals, such as shades of dark brown, caramel/tan and off-white, that brings comfort and warmth,” says Booz. “Various shades of red and blush will be increasingly popular, providing a greater sense of self-expression in 2023. These warmer earth tones are versatile, working seamlessly with just about any design or architectural style of home. Pair warm neutral exteriors with white trim for a classic look or opt for colored trim for a bolder statement.”

RELATIONSHIPS BUILD PROFITS

When faced with labor shortages that continue to impact both product availability and job-site delivery, production capacity, the before-mentioned slowdown in housing starts, and the threat of an oncoming recession, it’s small wonder LBM dealers may be feeling a bit shaky when it comes to being able to fulfill their customers’ orders. “Builders are dealing with a number of external challenges, from labor constraints to delays in the supply chain,” points out Westlake Royal’s Booz. “Product availability issues, which took root in 2021 and continued into 2022, may still be an obstacle in 2023. Builders will have to make decisions about how to complete projects that are halted due to delayed materials and thus costing them money.”

What all this means is that LBM dealers need to put into place today strategies to not only provide product in a timely fashion, but be able to offer alternatives when a given trim product may not be available. “With builders now, more than ever, willing to switch companies/brands or try new substitutions for desired materials, there are opportunities for building product manufacturers who are capable of filling those gaps,” says Booz.

For example, being able to effectively explain a premium product’s benefits such as ease and speed of installation can make the difference between providing product versus losing the sale altogether. “From a labor perspective, time is money,” says LP’s Bailey. “That means efficiency on a jobsite is paramount. This makes it important for LBM dealers to carry products that save time and labor onsite. For example, one study by RS Means found that LP SmartSide Trim and Lap siding installs 30% faster than fiber cement trim and lap siding. COVID-19 highlighted labor constraints in the building industry, underscoring the need to find solutions and products that help alleviate some of that pressure.”

Being able to follow through on these strategies hinges on effective communication, say manufacturers, both between the LBM dealer and its customers, and more importantly, with the manufacturer. “Make sure you know the manufacturer you are working with regarding lead times and supply issues,” recommends Versatex’s Kapres. “We love when dealers come to the plant and see how we do things the Versatex way, as they depart with great confidence in our ability to service them.”

Relationship development that enables effective communication is critical, says Brett Collins, business manager for UFP-Edge. “Establish and grow relationships with customers and suppliers, and continue to educate the customer with alternative solutions that bring equal or better performance and value to the project.”

“Partner with your regional distributors who tend to have a good sense of how to support dealers and their

unique market conditions in each region,” recommends Modern Mill’s Guimond. “These distributors also have close relationships with manufacturers to ensure their customers stay supplied and competitive.”

It’s through these relationships that the successful LBM dealer will be able to best communicate with its customers, Booz points out. “Because they’re on the front lines with customers, dealers must be able to deliver clear, transparent information about product availability, cost and potential delays. Make sure the latest supply information is up-to-date on websites and portals as well. This level of communication has become especially critical in light of the current supply chain conditions.”



UFP-Edge primed trim and fascia with XTP (exterior topical preservative) is warranted for 20 years against peeling, flaking, rot, and termites. The trim is available as engineered finger-jointed lumber (Premium Primed) and sawn SPF lumber (Primed SPF).

Captivate Prefinished Siding and Trim from Azek Exteriors is a new line of prefinished siding and trim developed in collaboration with Russin, a distributor and pre-finisher of building material. The Captivate line includes a range of siding and trim profiles complementary to a variety of architectural design styles, including shingle siding designed to duplicate the look of natural cedar shingles, board and batten siding for either accent areas or an entire elevation, and dozens of trim profiles.



KNOWLEDGE RESOURCES ON THE RISE

One of the most effective ways to build these aforementioned relationships, say manufacturers, is through education. By taking advantage of the many product knowledge resources that trim and moulding makers offer, LBM dealers can serve as go-to resources themselves for their customers.

For example, in the case of LP Building Solutions, its online LP Skillbuilder platform serves as a resource for product trends along with installation tips and tricks, plus building professionals who enroll in LP Remodelers Edge can access exclusive content, marketing tools, homeowner client leads and other rewards.

Westlake Royal Building Products' Home-Play, Virtual Remodeler, and Trim Visualizer tools can help builders and homeowners see what products will look like on home designs by allowing users to preview a variety of trim and moulding options, along with other exterior elements, to virtually customize a home.

In the case of Versatex, it offers an in-depth two-day plant training program called Versa-

textpert. "This is an in-depth, hands-on classroom and plant tour program that all our top dealers take advantage of," says Kapres. "With so many products, there is no way a dealer salesperson can be an expert on all of them, so we ask they send one or two people to our program and make them their Versatexperts. They are becoming an all-knowing lead source for them on all things Versatex."

Azek has a variety of online education options including trim installation videos, live training videos with step-by-step installation instructions, painting resources to aid in following Azek painting guidelines and recommended color lists, and its new Azek Exteriors digital learning center (at azeklearning.com). "This is a singular, comprehensive digital location that houses our installation resources," explains Azek's Gibbons. "New installers, distributor reps, dealers' showroom staff and more can find installation and product information via videos, install guides, interactive learning modules, and other educational courses. When adopting a new building material, not understanding the subtle differences can lead to callback or errors. This will serve as another resource to help educate our installers and customers toward the right technique and standards to avoid future call backs."

UFP-Edge offers an AIA course entitled "Real Wood Building Materials as Primed/Pre-Finished Options," while Modern Mill has launched a new AIA course with two green build credits available to help our community consider ways to scale biophilic design, along with online training videos and a woodworker in residence who is available for consultations, product knowledge, and events.

While it can be easy for LBM dealers to feel concerned by today's market, especially in light of the Federal Reserve raising its benchmark interest rate and continued worries of a recession, there's many signs that 2023 has the potential to be a strong one when it comes to trim and moulding sales. As product availability eases and manufacturers ramp up production, LBM dealers can expect to see increased profits and better days when it comes to getting product to their customers. Even more importantly, LBM dealers should remember they're not alone. Trim and moulding manufacturers are eager to help their dealer partners. And while they can't aid in locating the long-lost Amber Room, the treasures they can unearth come in the form of tangible profits and enhanced product support for dealer and installer alike. ■



New for 2023, Westlake Royal's 8" reversible beaded plank is suitable for both interior and exterior applications. With one surface created in traditional bead board style and the other in classic v-groove, the planks feature a full PVC skin, a hidden nailing hem designed for seamless installation, and are available in 16' and 18' lengths.

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TruStile Resilient Wood Entry System

New from TruStile, its Resilient Wood Entry System was designed and developed in partnership with Marvin. According to TruStile, the system utilizes innovative materials, including resilient Accoya, an acetylated wood product with unprecedented reliability and durability, while the system's Tricoya top layers provide exceptional stability, durability, and paintability for challenging outdoor environments. Most configurations are delivered pre-hung with a premium prime finish, ready to paint to match any design. Resilient entry doors come with a 10-year warranty for limited to no overhang applications, depending on system design specifications. trustile.com



Simpson Strong-Tie Aluminum Concealed Beam Hanger

According to Simpson Strong-Tie, its new Aluminum Concealed Beam Hanger (ACBH) is designed for mass timber structures and engineered to support loads up to 20 kips (equivalent to 20,000 pounds of force). Designed to provide a concealed connection for fire performance and architectural aesthetics, the ACBH joins the existing CBH concealed beam hanger as part of a family of connectors and solutions for mass timber construction. Fabricated from machined aluminum, the ACBH allows for the use of 45° countersunk fasteners, delivering significantly higher loads and stiffness per screw. For situations where a single ACBH is still not sufficient for the design loads, two connectors can be used on a single beam end to achieve twice the allowable download of a single connector. strongtie.com



Westbury VertiCable Railing

According to manufacturer Digger Specialties, Inc., its Westbury VertiCable railing offers the blend of lasting beauty and resilient strength deck builders and contractors are looking for. Available in multiple colors and textures, VertiCable railing is USA-made, with an architectural-grade coating that ensures a lasting finish. As well, VertiCable is compliant with IBC, IRC and Florida building codes, is reported to save up to 60% on labor costs compared to traditional horizontal cable systems, and can boast faster delivery in pre-assembled and tensioned sections for easy installation. VertiCable is available in section heights of 36" and 42", with lengths of 4', 5', 6', 7' and 8', and is backed by a lifetime limited warranty. diggerspecialties.com



Hover Doors magnetically-levitating doors

Like something from science fiction, Hover Doors' magnetically-levitating sliding and bi-fold doors utilize magnets to support the door panels, thus eliminating bearings, pulleys, and other typical door hardware. According to Hover Doors (a research and development firm), magnetic levitating doors operate via the principles of opposing magnetic poles. When a negative pole of a magnet comes within range of the field of another negative pole, it generates a force of repulsion over short distances. Hover Doors' idea is to leverage this physical law to oppose the force of gravity, eliminating the need for conventional moving parts in its door sets. Unlike conventional doors which only have the illusion of hovering in space, Hover Doors remain levitated without any anchoring or supporting structure. hoverdoors.com



Pro Series Heat Pumps and Air Conditioners from Allied Air Enterprises

Allied Air Enterprises recently introduced two new Pro Series heat pumps along with a Pro Series air conditioner. Available exclusively through the Armstrong Air and AirEase brands, the new 4SHP22LX and 4SHP18LX heat pumps offer up to 22 SEER (20.9 SEER2) and 20 SEER (19 SEER2) respectively, while the new 4SCU23LX air conditioner features up to 23 SEER (21.5 SEER2) efficiency ratings. Allied Air's new Pro Series products work with existing indoor components to simplify the 2023 regulatory transition for their distributors and dealers. According to the manufacturer, these units operate at less than half the sound of traditional 14 SEER equipment, and they will allow qualifying consumers to take advantage of new federal incentives available through the Inflation Reduction Act. alliedair.com



KEEN Utility Insulated Dover boot

KEEN Utility's outdoor-inspired medium-duty Insulated Dover boot is designed with 600 grams of KEEN.WARM insulation for cold-weather use. It features the KEEN KONNECTFIT Heel Locking System along with the KEEN Utility LUFTcell midsole comprised of nearly 100,000 air bubbles per cubic centimeter for lightweight all-day wear. Non-metallic and weighing nearly 15% less than traditional steel, the carbon fiber asymmetrical safety toe caps offer a roomier and unobtrusive fit. An ergonomically-designed, removable PU footbed provides underfoot support while a Cleansport NXT antimicrobial liner offers natural odor protection. The Dover boot also features a waterproof leather upper, KEEN.DRY breathable waterproof membrane, and an EH-rated abrasion-, oil- and slip-resistant non-marking rubber outsole. keenfootwear.com



Storage Systems for LBM Dealers

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



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SPAX Engineered Fasteners' interactive whole-home feature

New from fastener manufacturer SPAX, its online interactive whole-home feature, found at spax.us/products, enables builders to quickly find the correct fastener for specific jobsite applications. The SPAX interactive whole home feature showcases 11 clickable areas within a home where fasteners may be used, from deck ledger attachments to multi-ply sawn lumber assemblies. For each project, options are given to provide guidance as to which fastener is best for that application. spax.us



Tando Beach House Shake composite shingle

New from Tando, its 5" architecturally precise Beach House Shake is designed as a low-maintenance alternative to natural cedar shake. According to Tando, these shakes won't discolor, fade or stain, never need painting, and are significantly faster to install when compared to natural cedar shakes. As a 5" re-squared and rebuted shingle, Beach House Shake is available in four natural cedar shades that include white cedar Sandcastle, silver gray Atlantica, deep gray Hatteras, and western red cedar Pacifica. beachhousesshake.com

Stainless Steel Intermediate Pickets from Feeney

Feeney, Inc. recently introduced Stainless Steel Intermediate Pickets for its DesignRail aluminum railing systems. Offering a sleek alternative to square, powder-coated pickets, the new pickets provide a lower profile alternative for DesignRail with CableRail infill where posts are spaced more than three feet apart. Available in three configurations including 36" Level, 42" Level, and Universal Stair, the 5/8"-dia. 316 stainless steel tubes are available pre-drilled for 1/8"-dia. cable at 3" spacing, and are field trimmable for quick installation. According to Feeney, the Stainless Steel Intermediate Pickets are compatible with all DesignRail rail heights, all Top Rail profiles, and all mounting options, and can be used on frames with or without a bottom rail. They have no visible fasteners for a clean, streamlined aesthetic. feeneyinc.com



Permalatt aluminum lattice

Exclusively available from Permalatt Products Inc., its new aluminum lattice is designed to enhance outdoor lifestyles with elegance and distinctive aesthetics. Permalatt's decorative 3-D aluminum lattice panels can be used for a myriad of applications including pergolas, creating patio rooms, skirting for decks, enclosures for HVAC systems, and patio covers for protection from the sun and elements. Permalatt's lattice panels are available in nine different colors including black for an impressive accent to outdoor living spaces. permalatt.com



CAMO Structural Screws

Fastener manufacturer CAMO's new full line of code-compliant structural screws are engineered to start fast, drive smooth, and hold strong. According to CAMO, the screws feature a flat head for a flush finish, a chamfered neck and underhead nibs that reportedly help with countersinking, along with a straight knurl that reduces driving torque, aggressive thread TPI and angle, and slashes for reduces splitting. The structural screws require no pre-drilling and feature proprietary coating for superior corrosion resistance. As well, CAMO's structural screws have been third-party tested, audited, and certified as IBC and IRC code-compliant. camofasteners.com

MoistureShield Solid Core Composite Series Railing

MoistureShield (part of Oldcastle APG), recently launched its new Solid Core Composite Series Railing. Made in the USA, it's available in three series: Traverse, a traditional T-Rail profile with a smooth, glossy finish in White, Clay and Gray can be paired with Square Composite or Round Aluminum infill options; Discovery, a traditional bread loaf profile with a smooth glossy finish in White, Clay and Gray with color-matched infills as well as black; and Navigator, a premium composite railing in Capital, Contempo and Graspable Stair top rail styles with an acrylic satin white finish and look and feel of natural wood. Each Solid Core Composite Railing kit includes top rails, infill options and hidden brackets. Accessories include post sleeves, gate kits, wired or solar lighting options and ADA components. All MoistureShield railings are code-approved for safety and security and include a Transferable Limited Lifetime Warranty. moistureshield.com



DEWALT FLEXTORQ Square Drive Modular Right Angle Attachments

DEWALT has released new FLEXTORQ Square Drive Modular Right Angle Attachments, available in a 1/4" or 3/8" square drive. According to DEWALT, the benefits of these new attachments include sockets that seamlessly attach without the need for additional adaptors, forged gears withstand tough applications and provide up to ten times longer life, a design that allows users to quickly switch between standard and ultra-compact attachments, and a 1-1/2" head height for increased accessibility. dewalt.com



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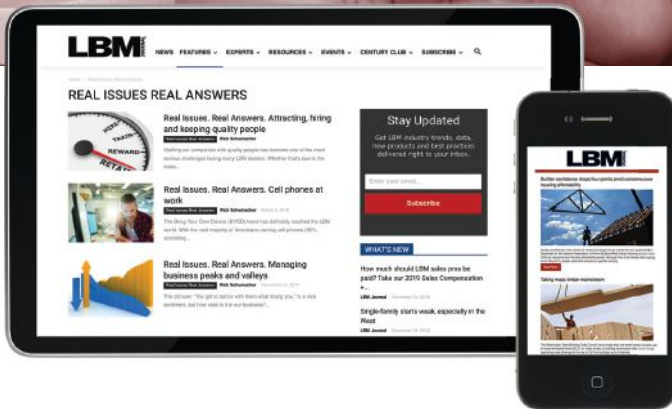
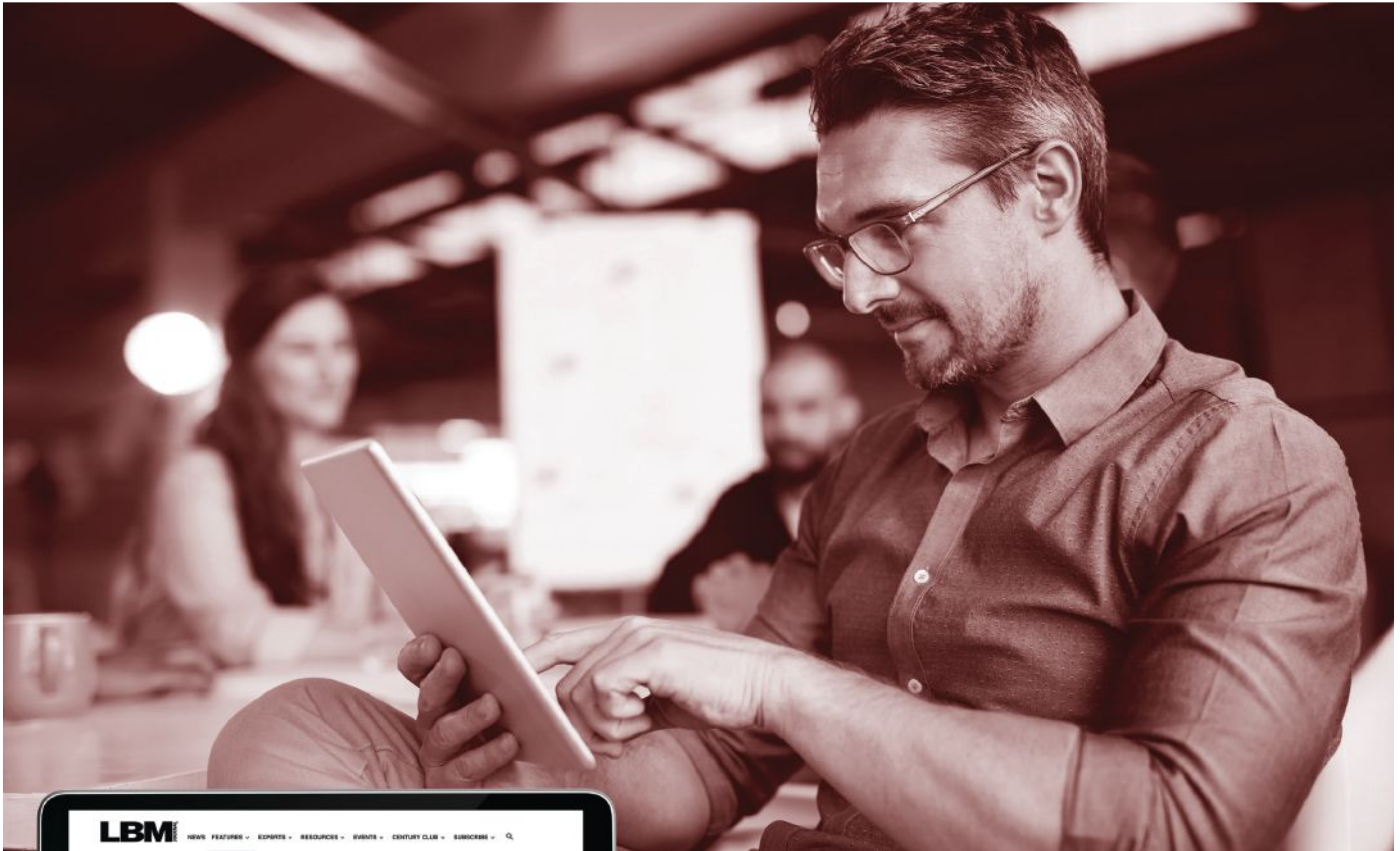
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IBC=inside back cover, IFC=inside front cover, OBC=outside back cover, BB=belly band, INS=insert, PB=polybagged, WP=white paper.



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LESS THAN FRIENDLY

THE ONCE-POSITIVE ENVIRONMENT AMONG THE STAFF AT FRIENDLY BUILDING SUPPLY HAS GOTTEN NEGATIVE, MARKED BY WHISPERS AND BACKSTABBING. WHAT WOULD YOU DO?



IF THERE'S ONE THING you've come to pride yourself on in all your years of operating Friendly Building Supply, it's the fact that no matter how hard times can get, you approach each day with a positive, can-do attitude and determination to do right by others. It's brought you a long way, this simple philosophy handed down from your grandfather. In fact, you attribute everything from your successful business to your happy marriage and well-rounded children to the fact that you smile first and treat others well.

For years you thought that you could see the positive impact of your attitude in your colleagues and employees at Friendly Building Supply. From the top down, your team members have learned that the key to doing good business is in how you present yourself to customers, coworkers, and everyone around you. It had gotten to a point where you didn't even have to remind anyone to greet customers who come in through door with a big hello and a warm smile. That is, until recently.

Maybe it happened during the pandemic, when your operations were temporarily turned upside down while you sorted out how to best help your customers while also keeping employees safe. Maybe it's the constant political nit-picking and arguing that seems to be everywhere you look these days. No matter what the cause may have been, your team members have turned into what your grandpa would have called "a bunch of Negative Nellies."

This all came to a head when, for the first time in years, you decided to conduct an exit interview when one of your top sales reps turned in their resignation. When asked why he was leaving, Steve told you in confidence that it was the attitude of the people he worked with. "I just can't take it here anymore," he said. "It seems the only thing anyone talks about around here is other people, and most of it isn't at all polite."

When you asked for examples, you nearly had to pick your jaw up off the floor. Your general manager was among

the worst of the offenders, Steve said. In what had quietly grown into some sort of hazing ritual, your GM assigned very unflattering nicknames to every new hire. Beyond that, there was a serious rift between yard staff and inside/counter sales. One day, it had gotten so bad that Steve said he left work wondering if there were going to be fisticuffs in the parking lot.

Clearly you had no idea this was happening, you told Steve. And when you asked him to stay while you fix the situation, he said he'd rather work overnights at the local vegetable canning plant—for less money—than stay at Friendly Building Supply.

What would you do?

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- **FIX THE GM.** From what Steve had to say, this all starts with your general manager. Get him in line and the rest will surely follow.
- **STAFF MEETING.** Though it will be obvious that it came from Steve's exit interview, bring the whole staff together for pizza and a good talk. Maybe it will work itself out that way.
- **PRIVATE CHATS.** Instead of waiting to hold exit interviews once someone has decided to leave, why not hold "retention interviews?" Meet separately with team members and ask them how they like their job and what you can do (within reason) to help them like it more.
- **INVESTIGATE FURTHER.** Steve unloaded a lot of frustration on his way out the door. That doesn't mean it's that bad for everyone, right? Time to plug in and learn where your team is at.

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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