

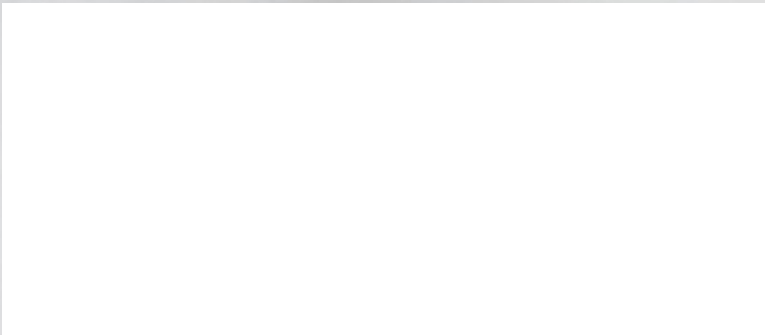
# LBM JOURNAL<sup>®</sup>

AUGUST 2023 | \$15 U.S. | LBMJOURNAL.COM

LBM JOURNAL EXCLUSIVE REPORT

## SALES COMPENSATION + BENEFITS 2023

RESULTS FROM AROUND THE COUNTRY REVEAL  
WHAT LUMBER DEALERS ARE EARNING





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Leading Suppliers Council



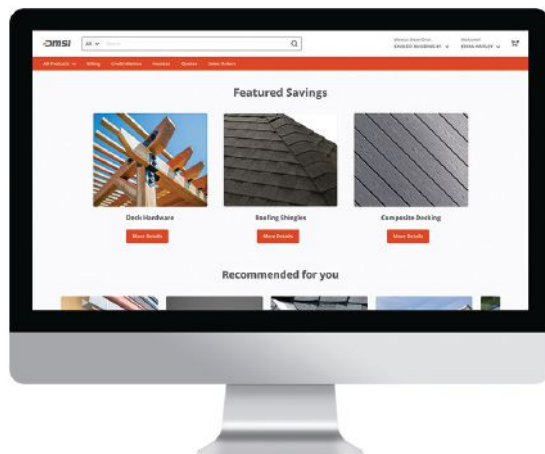
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## FROM THE PUBLISHER

### ALCHEMY IS REAL

**IN EARLY JUNE**, I visited Preston Feather Building Center, which has been supplying its markets in upper Michigan for more than a century. Once inside the company's Petoskey location, I saw something that I've been seeing more and more in my travels: enthusiastic young LBM pros working together or alongside a more experienced colleague. Rachel Huntman, president and owner, drives a culture that actively recruits and nurtures young talent. I also met custom home builder Jon Newbury and toured a stunning 10,000-sq.-ft. home and accompanying 3,500-sq.-ft. carriage house, which were both started and finished in 10 months. Despite the labor shortage, supply chain restraints, etc., Newbury Homes is proving how efficiently homes can be built—provided the supplier performs like Preston Feather.



Last week, Peter Ganahl showed me around three of Ganahl Lumber's 10 facilities—including an amazing, new-from-the-ground-up yard in San Juan Capistrano that was just getting ready to open its doors. While the design, flow, and detail of the yards are truly impressive, the company shares something key with Preston Feather: a healthy mix of smart, young LBM pros working at learning and mastering their career. Ganahl Lumber, an LBM Journal Dealer of the Year in 2021, is perfecting a pit-stop concept to get builders into and out of their yards as quickly and efficiently as possible.

While it's impossible to be unimpressed with companies like Ganahl and Preston Feather, they're not alone. Far from it. Instead, they're just two examples of the hundreds

A handwritten signature in black ink, appearing to read 'Rick Schumacher', written in a cursive style.

of LBM dealers and distributors who are killing it in their markets. My goal with these visits, our dealer profiles and Dealer of the Year awards, and the programming at the LBM Strategies Conference, is to capture and share some of the magic that helps these companies outperform their competition. As it happens, there is no single magic bullet. It is always a complex recipe of attributes that somehow combine to turn people and processes into gold.

One definition of alchemy is “a seemingly magical process of transformation, creation, or combination.” As a student of the LBM industry for more than a third of a century, I believe alchemy is real. It happens when a company's leaders don't accept conventional views on obstacles and “reasons why we can't.” It happens when they accept the limitations and devise strategies and tactics to achieve their objectives—despite the obstacles. The best part: it happens at LBM dealers and distributors across the U.S. every day.

Amelia Earhart said, “Never interrupt someone doing what you said couldn't be done.” I couldn't agree more.

By the way, if you like the idea of helping your builders construct more homes—and selling more material in the process—Rachel Huntman and Jon Newbury are among more than 20 industry pros taking the stage at LBM Strategies 2023, October 11-13 in Charlotte, N.C.

— Rick Schumacher,  
Executive Editor & Publisher

HAVE A QUESTION FOR RICK?  
RICK@LBMJOURNAL.COM

First we went above.

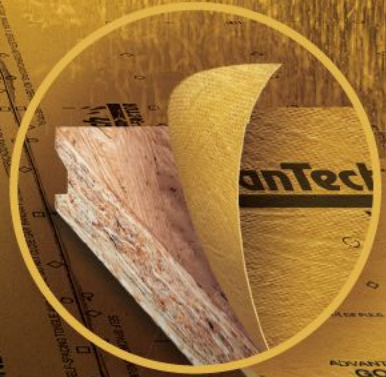
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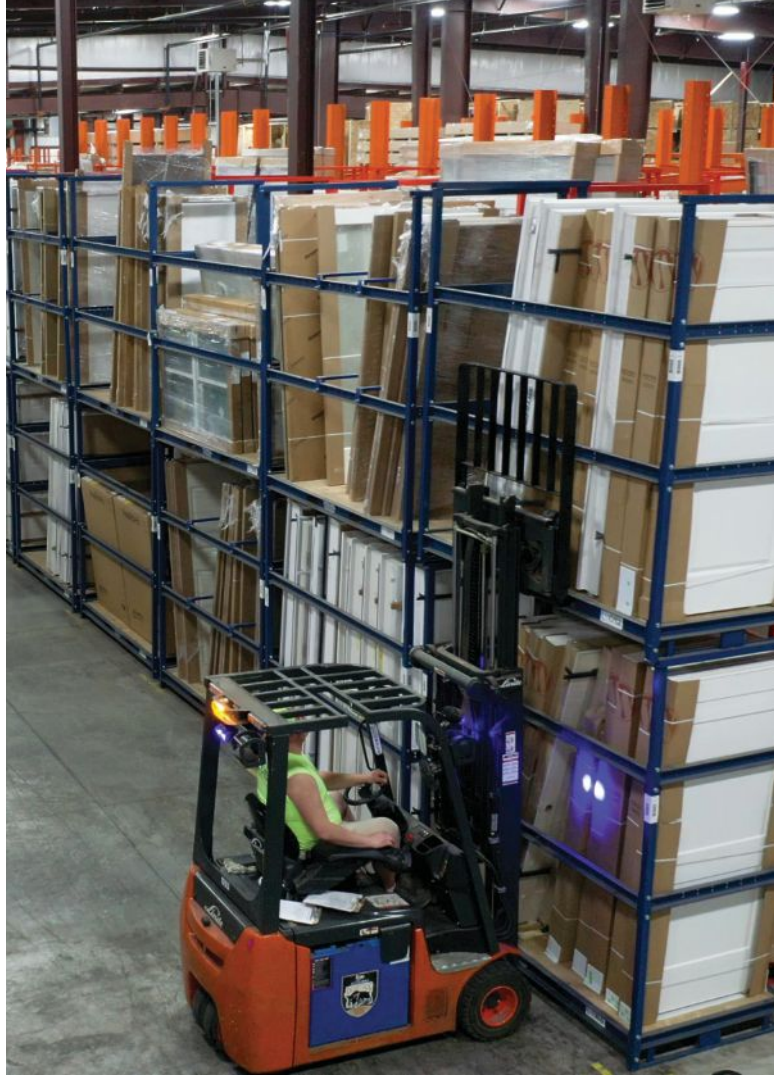


# One. Stop. Shop.

Storing millwork can be tough. Size variation, custom orders, temperature sensitivity—all can add to the challenges suppliers face as they seek efficient onsite storage solutions. **Utilizing Sunbelt Rack's millwork stack racks, Zuern Building Products consolidated all their millwork into one reimagined building for maximum efficiency.** The results speak for themselves.

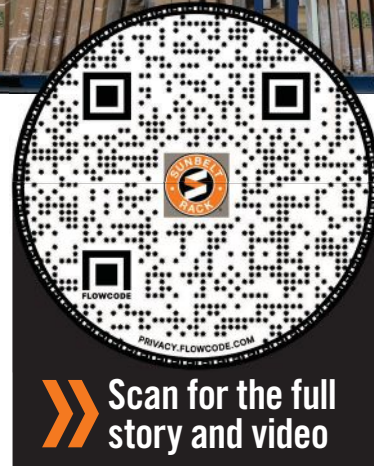
## The Under-One-Roof Advantage

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



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

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



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LAKE COUNTRY LUMBER GRAND OPENING



TRACTOR SUPPLY COMPANY FOUNDATION  
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LMC EMPLOYEES VOLUNTEER

## BY THE YARD

**Lake Country Lumber** in Minong, Wisconsin, celebrated its grand opening in June with a week of events, giveaways, and savings opportunities.

The Greenville, Michigan, location of **Big L Lumber** celebrated its 40th anniversary in July.

On June 23, **Bliffert Lumber & Hardware** held a grand re-opening in Germantown, Wisconsin.

**Southeast South Dakota Rough Sawm Lumber** broke ground on a new location in Lennox.

**Kodiak Building Partners** donated \$20,000 to Tunnel to Towers through the Patriot Project to help with long-term support and mortgage-free homes for fallen first responder families with young children.



**Tractor Supply** and the **Tractor Supply Company Foundation** donated \$100,000 to Farmer Veteran Coalition's (FVC) Fellowship Fund. Tractor Supply's contribution will benefit 60 farmer veterans.

**84 Lumber** accepted the 19th annual National Preferred Partner Award from David Weekley Homes, one of the nation's largest privately held homebuilders. This is the fourth year in a row that 84 Lumber was selected with this honor.

**Studs Lumber Company** opened its second location in Pagosa Springs, Colorado. Studs is an independent and locally focused full-service building material supplier based in Durango, Colorado.

**Mead Lumber** launched a rebranding initiative which includes a new logo, website, and web address. Some locations will also be changing their name to Mead Lumber, while others will keep their name but will follow the new logo and design scheme.



## CO-OP NEWS

**LMC** and its employees donated over \$7,500 to To Love a Canine Rescue, Inc. (TLC). A team of 40 LMC employees volunteered their time and expertise at TLC's adoption center over the span of two days.

## DISTRIBUTION NEWS

**Digger Specialties Inc.** (DSI) has partnered with Alexandria Moulding to expand distribution of its Westbury Aluminum Railing into the Pacific Northwest. The Westbury expansion will include the states of Washington, Oregon, Idaho, and Montana.

**Sunbelt Forest Products** has integrated Deckorators, a composite decking, railing, and accessories brand, into its portfolio. The company will begin including a core mix of the Deckorators line for enhanced distribution into the greater Nashville market.

**Vista Railing Systems** added Carolina Atlantic Forest Products in northern Georgia to its distribution network.

**BlueLinx Holdings Inc.** and **LP Building Solutions** expanded their distribution partnership to include LP's Siding Solutions brands and prefinished solutions in the Southeast Region, specifically Jacksonville, Tampa, and Lakeland.

**Tando Composites** is expanding its partnership with Parksite to distribute the TandoStone product line within its Maryland and North Carolina distribution markets.

## Construction workforce education investment slips

The Associated Builders and Contractors' 2023 Workforce Development Survey indicated that member contractors invested more than \$1.5 billion to provide nearly 1.3 million course attendees with craft, leadership, and safety education in 2022, down from \$1.6 billion in 2021. Safety education for more than 700,000 course attendees accounted for the greatest share of spending, at 59%, up from 56% in 2021. The percentage invested in workforce education also increased: for example, ABC contractors invested an average of 8% of payroll on workforce development in 2022, up from 7.4% in 2021.

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# 2002

The company's timberland-management operations attain certification by the Forest Stewardship Council® (FSC®). Today, RoyOMartin continues to produce FSC® certified products (FSC-C022036), which have a profound impact on the future, playing a part in protecting forest life cycles and ensuring green building practices.



# 2007

RoyOMartin's state-of-the-art southern yellow pine OSB-manufacturing plant begins production in Oakdale, Louisiana.



# 2012

**A tree nearly as old as our country dies.**

At 232 years old, RoyOMartin's state champion loblolly pine tree dies in LaSalle Parish. The company presents a ring to state officials in honor of Louisiana's bicentennial celebration.



# 2017

RoyOMartin's wholly-owned subsidiary, Corrigan OSB, L.L.C., ventures outside the home state of Louisiana to open a pine OSB-manufacturing facility in Corrigan, Texas.



## PEOPLE IN LBM

**James Brookover** has been named vice president of purchasing at **Tibbetts Lumber**.

**Del Westmoreland** has moved into the role of vice president of **The Detering Company**, Houston Market. He will oversee and be responsible for Detering Millwork and Lumber operations and growth in Houston markets.

**James “Jamie” Crawford** from Salisbury, Maryland, and **Charles “Chuck” Morgan** from Lynchburg, Virginia are the recipients of **ABC Supply’s** annual Ken Hendricks Award. The award is given in honor of ABC Supply’s late co-founder and recognizes associates who demonstrate a commitment to the company’s character and its seven core values.

**Envision Outdoor Living Products** hired **Stephen Crane** and **Joe Stubler** as regional sales managers and **Shane Palmateer** as business development manager. The company manufactures Envision composite decking and Fairway deck railings.

**LMC** has promoted **John McKenna** to purchasing manager for the entire LMC millwork department. John has been department manager of millwork since 2017, and with LMC since 2011.



**Johnny Murphy** has been appointed general manager of **Davis Truss**. Murphy previously spent a total of 18 years with the Red River Lumber family of companies.



**Vaibhav Vohra** has been appointed chief product and technology officer at **Epicor**. The product development and product management teams will be unified under Vohra’s leadership.



**Frank Torresy** has been appointed as general counsel for **Collins**.



**Jacques Vauclein** is the new vice president of finance at **LMC**.

## TOUGH CALL ANSWERS

THE JUNE 2023 ISSUE SURVEY RESULTS FROM LBMJOURNAL.COM

### TRAINING NOT INCLUDED

Though the LBM industry is hungry for young talent, a company’s lack of formal training and a “sink or swim” attitude has a new employee questioning his decision to go to work for the local lumberyard. Here’s how readers would handle this Tough Call.

#### SPEAK UP

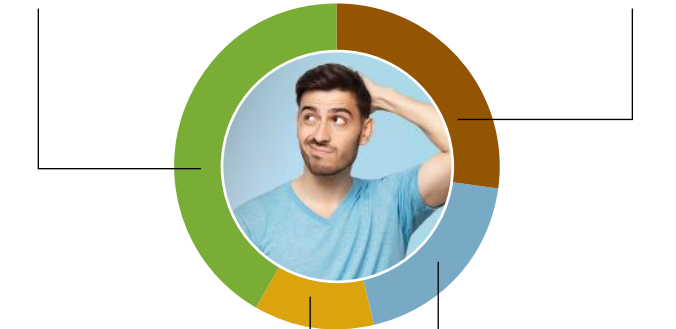
Tell the owners that you understand business, and truly want to learn the LBM business, but your coworkers aren’t helping. Unless they provide some training, they’re wasting their money and your time.

41.67%

#### ENGAGE WITH BUILDERS

Since your coworkers won’t help, get permission to spend time with builder customers. Learn their pain points and what they want from your company, and your training is underway.

27.38%



11.9%

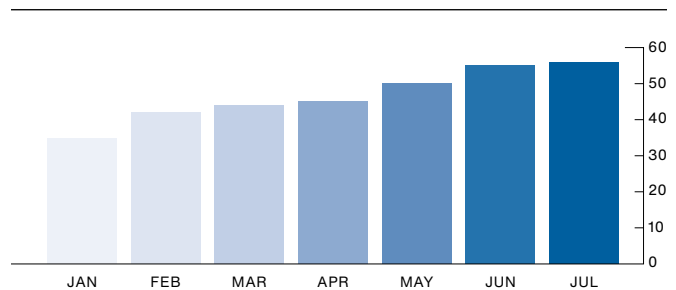
#### WALK

There are LBM companies that are a good place to learn and build a career, but this isn’t one of them. When you put in your notice, wish the owners the best of luck. They’ll need it.

19.05%

#### HAVE PATIENCE

Accept that LBM businesses don’t always operate like the companies you studied in school. Earn the trust of your coworkers, and eventually they’ll share their secrets.



### Continuing solid demand and low existing inventory pushed builder confidence up in July for the seventh month in a row

Builder confidence in the market for newly built single-family homes in July rose one percentage point to 56, according to the National Association of Home Builders (NAHB)/Wells Fargo Housing Market Index (HMI). This is the highest level of confidence since June 2022.

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## INDUSTRY UPDATES

As of July 13, **American Southern Homes** is now **Evermore Homes**. The newly renamed holding company, established in 2017, had previously acquired regional brands Grayhawk Homes in Columbus, Georgia, Stoneridge Homes in Huntsville, Alabama, and Dorn Homes in Prescott, Arizona.

**FastenMaster**, a division of OMG, Inc., is celebrating 25 years of serving professional building contractors.

**MITER Brands** won a Best of Houzz Award in Design for Milgard Windows and Doors and a Best of Houzz Award for Best Customer Service for MI Windows and Doors. This is the ninth such award for Milgard and the first for MI Windows and Doors.

**Bill Staley**, president and CEO of **Belco Forest Products**, has established the Staley Family Endowed Excellence Scholarship. The scholarship will be awarded annually to a first-generation student in the College of Natural, Human, and Natural Resources Sciences at Washington State University.

**KB Home** and **Simpson Strong-Tie**, with 65 of their employees, worked with Sleep in Heavenly Peace (SHP) to build 100 beds for underserved families in Phoenix, Arizona.

**Key-Link Fencing & Railing** announced its first year of PCI 4000 certification. The PCI 4000 Certification Program, administered by The Powder Coating Institute (PCI), is an extensive audit program that evaluates an OEM's coating-related business practices, process elements, equipment, maintenance practices and quality control capabilities.

**Carlisle Construction Materials** opened a new 500,000-square-foot production and manufacturing facility for energy-efficient insulation products in Sikeston, Missouri.

**OrePac Building Products** purchased a 40-acre/130,000 square foot facility near Roseburg, Oregon for the purpose of manufacturing moulding and millwork products.

**ABC Supply Co.** opened a new location in Gilroy, California. Alexandra Dionne will manage the new branch.

SEND NEWS AND UPDATES ABOUT YOUR ORGANIZATION TO [MIKE@LBMJOURNAL.COM](mailto:MIKE@LBMJOURNAL.COM)

## MERGERS + ACQUISITIONS

**Nation's Best** has acquired **B&S Hardware and Lumber** in Gilmer and Pittsburg, Texas.

**Beacon** acquired **Silver State Building Materials, Inc.**, based in Gardnerville, Nevada.

**SRS Distribution** has acquired **Washoe Building Supply Inc.**, a Nevada distributor of residential and commercial roofing products.

**Ambassador Supply** acquired **Straight Line Metal Buildings**, a Brookshire, Texas-based company that manufactures and installs pre-engineered metal buildings.

**Simpson Strong-Tie** acquired assets of Arlington, Texas-based **PIERESearch, LLP**. PIERESearch offers a range of tested products for the deep foundation and earth retention industries.

**ProVia** purchased the assets of **Premier Profile Lamination, Inc.** (PPL) of Youngstown, Ohio, a laminator of PVC components for the door and window industry. The two companies have worked together for many years in support of the ProVia patio door and window product lines.

## INDUSTRY EVENTS

**SEP 8-11, 2023**  
DO IT BEST FALL MARKET  
Indianapolis, IN | [doitbestonline.com](http://doitbestonline.com)

**SEP 19-22, 2023**  
LMC LEADERSHIP SUMMIT  
Columbus, OH | [lmc.net](http://lmc.net)

**OCT 11-13, 2023**  
2023 LBM STRATEGIES CONFERENCE  
Charlotte, NC | [lbmstrategies.com](http://lbmstrategies.com)

**OCT 23-25, 2023**  
LBM ADVANTAGE FALL PLANNING CONFERENCE  
Boston, MA | [lbmadvantage.com](http://lbmadvantage.com)

**NOV 6-8, 2023**  
LMC EXPO  
Philadelphia, PA | [lmc.net](http://lmc.net)

**DEC 6-7, 2023**  
LBM EXPO 2023  
Uncasville, CT | [lbmexpo.net](http://lbmexpo.net)

**JAN 10-12, 2024**  
ALLIED BUILDING STORES WINTER MARKET  
Nashville, TN | [alliedbuildingstores.com](http://alliedbuildingstores.com)

**FEB 20-22, 2024**  
LBM ADVANTAGE 2024 ANNUAL BUYING SHOW  
Orlando, FL | [lbmadvantage.com](http://lbmadvantage.com)

**FEB 27-29, 2024**  
INTERNATIONAL BUILDERS' SHOW  
Las Vegas, NV | [buildersshow.com](http://buildersshow.com)

**MAR 5-7, 2024**  
LMC ANNUAL 2024  
Houston, TX | [lmc.net](http://lmc.net)

**APR 28 - MAY 1, 2024**  
LBM ADVANTAGE 2024 NEXTGEN LEADERSHIP CONFERENCE  
Denver, CO | [lbmadvantage.com](http://lbmadvantage.com)

**AUG 14-16, 2024**  
ALLIED BUILDING STORES FALL MARKET  
Grapevine, TX | [alliedbuildingstores.com](http://alliedbuildingstores.com)

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# LBM STRATEGIES

## 2023 CONFERENCE

OCTOBER 11-13 • HILTON CHARLOTTE UPTOWN

### 2023 SPEAKERS...MORE TO COME!



**JASON BLAIR**  
CEO  
TAL Holdings



**JENNIFER CASTENSON**  
VP of ambassador &  
industry partner programs  
Buildxact



**DAVE DAVIS**  
President & CEO  
Spahn & Rose Lumber Co.



**RICK DAVIS**  
Founder and Principal  
Building Leaders, Inc.



**CASSIE DETERING MILAM**  
Owner & Marketing Director  
The Detering Company



**THEA DUDLEY**  
Credit Overlord &  
Cashflow Specialist  
Pocket Protectors LLC



**DOUG FORD**  
VP Sales & Purchasing  
Curtis Lumber Co.



**KARI GAVIRIA**  
President  
Madison Wood Preservers



**LISA GETH**  
Director of Operations  
Frensko Building Products



**BRADLEY HARTMANN**  
CEO  
Hartmann & Co.



**RAY HAYLES**  
Co-Owner  
Walker Lumber & Supply



**SCOTT McMILLAN**  
Co-Owner  
Walker Lumber & Supply



**RACHEL HUNTMAN**  
President and Owner  
Preston Feather



**SALLIE KEENE DENTON**  
Business Development  
Representative  
Wilson Lumber Company



**JOHN PERNA**  
President & CEO  
Hamilton Building Supply



**CHRISTI POWELL**  
Senior Lead, Women's  
Business Enterprise  
84 Lumber Company



**DAVID QUALLS**  
Regional Sales Manager  
PARR



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



**JOHN D. WAGNER**  
Managing Director  
1st West M&A



**JIM SOBECK**  
CEO  
Sobek Holdings & New  
South Real Estate Partners



**DENNIS STINE**  
CEO  
Stine Lumber



**JENNY VASQUEZ**  
Senior Director of  
Human Resources  
Kodiak Building Partners



**C.J. YOUNG**  
Operations Manager  
Ward Lumber



**RICK SCHUMACHER**  
Executive Editor &  
Publisher  
LBM Journal

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## 2023 AGENDA AT A GLANCE\*

### WEDNESDAY, OCTOBER 11

#### BONUS EVENT: OPEN TO ALL ATTENDEES

#### TOUR: PROFESSIONAL BUILDERS SUPPLY NEW CHARLOTTE FACILITY

Includes pre-tour breakfast and transportation.

#### BONUS EVENT: OPEN TO ALL ATTENDEES

#### WOMEN OF LBM

Christi Powell | Jason Blair | Alex Iocovelli | Thea Dudley  
Dena Cordova-Jack | Lisa Geth

#### CLOSING THE GAP: ATTRACTING WOMEN TO YOUR WORKPLACE

Jennifer Castenson | CJ Young | Jenny Vasquez  
Sallie Keene Denton

#### WELCOME NIGHT COCKTAIL RECEPTION

Enjoy appetizers and cocktails as you reconnect with  
old friends and make new ones, before enjoying dinner  
on your own.

### THURSDAY, OCTOBER 12

#### KICK-OFF KEYNOTE: CERTAIN RESULTS IN UNCERTAIN TIMES

Rick Davis

#### THE POWER OF SCHEDULING: UNLEASH PRODUCTIVITY BY MANAGING VARIABLES

Rachel Huntman | Jon Newbury

#### HOW TO MAKE YOUR COMPANY A GREAT PLACE TO WORK

Cassie Detering Milam

#### SERVING OTHERS WITH EXCELLENCE

Ray Hayles | Scott McMillan | Russ Vantrease | David Blair

#### PLANNING & EXECUTING SMART, STRATEGIC GROWTH

Dave Davis

#### CHANGING WORK VALUES: HOW TO ATTRACT AND RETAIN THE NEXT GENERATION

Jennifer Castenson | Kari Gaviria | John Perna | David Qualls

#### EXIT STRATEGIES 101: EVALUATING THE OPTIONS

Jim Sobeck

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BY BILL LEE

**THERE IS WISDOM** that applies to all professions. In many ways, sales is a science, and its effective execution certainly benefits from an ample injection of wisdom. The Oxford English Dictionary defines wisdom as the quality of having experience, knowledge, and good judgment; the quality of being wise.

## SALES WISDOM

For example, wise salespeople believe in the value contained in what they are selling. They exude confidence when they are asked to present their price. Don't apologize for the price you are quoting; don't be so insecure that you believe your price is too high, because your customers will pick up on it every time. Be so conscientious, so thorough, so prompt, and so dependable that your customers question what they would do without you. Believe in your heart that your products and your services are a bargain.

Resist making enemies. When you have a disagreement with a manager, customer, or buyer, resist having the last word. It may feel good to "slap the cheek" of someone you believe has wronged you, but it's something like Murphy's Law that causes the enemy you make today to almost invariably crop up down the road and make you pay dearly. Certainly not all, but most executives and buyers stay in the same industry for a lifetime, as do salespeople. This phenomenon occurs so frequently it's almost predictable, so avoid shooting yourself in the foot.

When prospecting for business, how often are your messages returned? For me, it's almost never. I do my part: I make the call, and I leave a pleasant message. My prospects apparently don't understand how to work their voice mail.

It occurred to me, though, that if I want different results, perhaps I should try a different approach. One of the most successful telemarketing trainers in North America, Art Sobczak, is a good friend of mine, and here's an example from him: *"I'm Jay Jenkins with Temco Services. We specialize in helping accountants generate more corporate work during non-tax seasons. I'd like to discuss the type of business you'd like to get more of, to see if it would make sense to speak further. I'll try back Tuesday morning before 10:00 AM."*

You need to be prepared to leave a message every time you call a prospect or customer. Every contact is an opportunity. With a little preparation and lots of practice you can put prospects in a frame of mind where they eagerly look forward to your next call.

Never mention price on a voice mail message. Every day I receive several voice mail messages that sound like the following: *"This is Doug Danielson with Upstate Tree Care. We are going to be in your neighborhood this week, and we can prune your trees and it will save you a substantial amount of money. Give me a call at 555-5555."*

Or maybe it's from your local grocery store, claiming, "We have the lowest prices this week." Every grocery store in town claims to have the lowest prices, and no one believes them. Instead, consider the following claims: "We have cashiers at all of our checkout stations." "We have a butcher on duty until closing time." "We package beef in the quantities you specify." "Need help getting around our store? We'll meet you at your car with an electric cart." "We have customer service clerks in every aisle to help you locate hard-to-find items."

Leave your customers and prospects clear messages so they will know what action to take and what action you are going to take. Don't copy your competitors. Listen to their claims, and be sure to set yourself apart from the masses.



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

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BY RICK DAVIS

**THE MOST POWERFUL SALES** asset ever invented in history to date is the Outlook invitation. I have written over 150,000 words of sales advice in magazine columns in my career and authored four books. In all that work, nothing has resonated with me more than the power of an appointment. I devoted an entire chapter to the subject in my book, “Sales Economics,” and make it the foundation of my sales classes. It’s that important.

Consider for a moment the ubiquitous appearance of manufacturer reps who drive routes and show up unannounced at the branches of their customers. The supposition is that the customer expects and welcomes the visit because it’s a regular Tuesday thing. If you’re an LBM dealer, you know that this is not true; in fact, most consider it a nuisance. If you’re a manufacturer rep reading this and doubt it, just ask your customers for an honest answer.

A cold call has traditionally been considered an approach to a prospect, whereas an unexpected visit to a customer has somehow been translated into a “stop.” In reality, a cold call is any unexpected visit, phone call, or e-mail to a prospect or a customer. You can argue the point, but I assert that any cold call (to anyone) can only have one purpose: to set up a future meeting.

Granted, there might be times when a salesperson makes that physical cold call and finds a welcome recipient of the

visit. They may offer a few moments of time for dialogue, which can be considered a cold call that has quickly escalated into an invitation to meet. If that happens, it’s best to keep the meeting brief so as not to overstay your welcome, and then seek a reason for a next meeting, which leads us back to the power of an appointment.

An appointment is a lagging indicator that demonstrates a level of persistence in the salesperson. Think about Will Smith’s portrayal of Chris Gardner in “The Pursuit of Happiness.” Gardner was a single, homeless father competing for a position with an investment firm. In order to earn the position, he worked for free while cold calling constantly for months to build his initial book of business. It’s a story of persistence that every salesperson should emulate.

An appointment is a lagging indicator because it indicates that a salesperson has developed the skill to write the right script. It is proof that the salesperson identified a meaningful reason for a customer or prospect to invest time. It proves, in short, that the salesperson has demonstrated an ability to influence.

More importantly, an appointment is also a leading indicator. Let’s presume that a salesperson sends an electronic calendar invitation that is accepted by the buyer. The numerous predictable outcomes make it seem silly that salespeople wouldn’t always strive to fill their calendars with

## THE POWER OF APPOINTMENTS

lots of scheduled appointments. Some of the predictive outcomes include a) a prepared client, b) a client who is actually present (unlike a cold call pop-in), c) a potential new business opportunity that the client identifies, d) a defined purpose and outcome for the meeting, e) the likelihood of meeting additional staff members favorably, f) more time allocation for the interaction, and finally g) a level of professionalism and credibility that differentiates the salesperson from the cold calling competition.

The quality of calendar management is the difference between sales mediocrity and sales success. To the salespeople who feel like you just can’t pin down prospects and customers to schedule appointments, I remind them that those same buyers make appointments with their dentist, their customers, their job inspectors, and friends. They make appointments; they just might not be making appointments with you. Up your game by managing your calendar first. It’s the key to long-term sales 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](http://buildingleaders.com).

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Keep things moving.

BY THEA DUDLEY

**Hey Thea, I have a sales rep who is constantly promising customers 60 day terms. It is his signature move. Customer pushes back on pricing or any other issue, he offers to solve it with a terms change. It is killing me. It blows out the customer's credit line, impacts our lien rights, and just plain doesn't make sense. What is he thinking? When I challenge him he tells me, "You do your job, I'll do mine." It's a done deal; the customer has the new term. How would you handle it?**  
— Challenging the terms king

When the customer mentions they have extended terms, ask questions. Who offered those terms? What is the reason for the extra time? If there is a legitimate reason, you can resolve the "misunderstanding" and update the account, supporting both customer and sales. If not, let the customer know you will get with their sales rep to clarify, but for now this is the term: The account is past due and I need a payment commitment. You can bet that before you even reach the sales rep, that customer will have already been blowing up his phone.

## TINKERING WITH THE TERMS

Dear Challenging, It will do you no good to ask said rep what he was thinking. Obviously, he was thinking he will get away with it, and he has, and that you won't call his bluff by calling the customer and walking back the term, thereby embarrassing your company, customer, and the sales rep. So yep, he is feeling good about this plan.

Why are you, dear Challenged, accepting the "throw down?" When said sales rep throws that reasoning on your doorstep like a Molotov cocktail, do you accept the party favor? Not in my world. Pick up that sack of fun and toss it right back at him.

You shot your mouth off there, Slick, so you call the customer and let them know you "misspoke." Still not getting cooperation from your generous sales rep? No problem; we have alternatives. The terms have to be changed on the customer account, and you, my credit managing friend, control that aspect. When you call to let the customer know their account is past due, along with the reflection of terms on their invoices and statements, it will be clear to the customer that something is not right in River City.

Embarrassing for you as a company to your customer? Sure. A tough lesson for you and your sales rep? Absolutely. Effective? Depends on the learning curve of the sales rep. Some learn quickly and you move forward working together. Others take longer for that "Comin' to Jesus" meeting.

Where does your sales manager factor in this story? Have you spoken to him/her about the situation? Are they engaging with you on the reformation of your freewheeling rep, working with you on educating your mutual co-worker on the pitfalls of terms extension, or do they play blind, deaf, and dumb to the matter?

This is a good time to remind your company leadership that the credit culture of any company is reflected by its worst sales behavior, performance notwithstanding. Sales fuel the business but sales growth puts a strain on cashflow. Cashflow is impacted by the rate cash flows—in and out. Extended terms has an impact. Round and round it goes, and where it stops nobody knows. Well, not true. The bottom line knows, profits know, and eventually the tide goes out along with your money, leaving you exposed. Don't let your company be caught swimming naked.



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



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*Creating Life Outdoors.*

BY JOHN WAGNER

## WHAT IS A “BUY-SIDE” ADVISORY?

**OUR FIRM IS A** “sell-side” investment bank. We prepare and advise successful companies and take them to market for acquisition. We get paid a small percent of the total enterprise value (TEV) paid for our client. “Buy-side” investment bank firms typically take a retainer from an acquirer to seek out target companies that might be looking to be acquired.

The buy-side firm works from a “buy-side mandate,” meaning that an acquirer has cleared the decks to start acquiring companies in a certain sector, if the target companies meet certain parameters. The buy-side firm checks the boxes on behalf of the acquirer, examining typical KPIs like sales, OPEX, and EBITDA. Think of the buy-side firm as a group that vets prospective targets; it can also shield the identity of the acquirer, which is sometimes desirable.

The buy-side firm gets a retainer for their research and networking and will very often contact the target, saying that an acquirer might be interested in them, asking, “Would you like to sign an NDA and have a conversation?”

The buy-side firm will typically dish up a number of prospective targets to the acquirer, to see if the acquirer wants to move to next steps. In addition to receiving its retainer, the buy-side firm often gets paid a percent success fee, *if* one of the companies they found ultimately gets acquired.

**Buy-side Advisory:** There is yet another sector of investment banking, and it’s one that our firm engages in. It’s called a “buy-side advisory”. In this case, our client is in the process of trying to buy another company already known to them. They may be unsure of what they should pay, or how the deal might be structured. By the time we start working on this sort of project, the acquirer (our client) is very likely

already in conversation with the target company. The acquirer will say to the target, “Hey, we brought in a firm that’s a very active sell-side bank to do a ‘market check’ on your acquisition value.” When engaging in a “market check,” we do not

determine that value using, say, a discounted cash flow basis, which some consulting firms use. Instead, we rely on the acquisition values we have obtained for similar companies that were (or are) our clients. The market check is the street price of the company if it went to market regardless of the interest of our client (the acquirer). Think of us as a dispassionate third party that can be an honest broker in determining a fair acquisition price.

To arrive at a market value, we examine the usual financial statements, including historical balance sheets and income statements, and we examine EBITDA adjustments and carefully review how the typical KPIs have performed over time (e. g. net sales, OPEX, OPEX as a percent of sales, EBITDA, and EBITDA as a percent of sales).

In buy-side advisory engagements, we charge a flat consulting fee. We issue a report and confidentially advise our client (the acquirer) on how a deal might be structured: how much cash should be paid at close; how much escrowed (and for how long); how much should be financed (with that debt to be assumed by the target company once it is acquired); how much could be earned out (including ground rules for payouts); and how much might be leveraged in terms of a seller’s note (including the interest rate, terms, and duration of that note). We work with our client’s legal team in drafting an indication of interest or a letter of intent, and then we typically bow out of the process to let the due diligence proceed between the two companies, their lawyers, and their accountants.

If you are looking to acquire another company, the initial conversation is the ideal time to bring in a buy-side advisor for their expertise.



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



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

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

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

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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
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REAL ISSUES. REAL ANSWERS.

# CLEARING THE AIR ON LEGALIZED MARIJUANA

BY LBM JOURNAL READERS



**WITH STATES ACROSS THE NATION** creating a potpourri of marijuana legalization laws, LBM dealers are facing questions about how to handle on-the-job influence while meeting state regulations. Safety is a primary concern, but in a state where it's legal, is an employee using marijuana in their off-hours any different than if they're drinking an alcoholic beverage? And what about medical marijuana for those LBM employees whose bodies might be aching after years of lifting lumber?

In this month's Real Issues question, a lumberyard owner who's having trouble enforcing safety policies in light of new state laws needs guidance on how to handle the issue. For help in steering him down the right path, as we do every month, LBM Journal surveyed our readers via email on the topic. Thanks to the 243 readers who responded and shared their insights.

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**HERE'S THE QUESTION:**

"We are a safety-sensitive business, but since marijuana became legal in our state, we are having trouble enforcing our safety policies. We test pre-employment, post-accident, and reasonable suspicion. The reasonable suspicion test is catching users, but the state says we need to prove that they were using during working hours. Meanwhile, OSHA says we need to provide a safe work environment. Marijuana use does not create a safe work environment. With more and more states legalizing marijuana, how are other dealers managing this issue?"

**Responses from lumberyards, full-line building material dealers, specialty dealers and distributors:**

"For non-CDL: Forget pre-employment. Forget post-accident unless there is reasonable suspicion. Keep reasonable suspicion in place and require two trained managers to witness and complete a separate reasonable suspicion checklist. Follow state law on termination and/or use your employee assistance program guidance."

"To us, alcohol abuse is more of a problem. Leave the drama out of marijuana because it is considered a drug."

"We are keeping the status quo and preventing our employees from using marijuana as long as we can do this legally."

"For yard workers, post-accident is all we currently test. If caught using on the job, immediate termination. CDL drivers are on a random rotation."

"To get a clear picture of the usage, test randomly during work hours."

"There are definitely more dangerous drugs than marijuana; however, safety in the workplace is very important. We only test for marijuana after accidents. But if you want to try and eliminate it completely, then regular testing would be required. If you hold out for absolute zero tolerance, then you will not have applicants or may lose very good employees that do it casually outside of work." ►

**“SAME AS ALCOHOL: ZERO TOLERANCE. YOU CANNOT CONTROL WHAT PEOPLE DO ON THEIR OWN TIME, ESPECIALLY IF MARIJUANA IS NOW LEGAL IN YOUR STATE. HOWEVER, THEY CANNOT BE UNDER THE INFLUENCE WHILE AT WORK.”**



ILLUSTRATION: ©ISTOCK.COM/ALEXKAVA

“We drug test our CDL drivers and monitor other employees that operate equipment.”

“We are trying to figure this out, too!”

“I would think it should be handled the same way as alcohol, but that is my personal opinion. Not allowed to drink on work hours or come to work after you’ve been drinking; the same should go for marijuana use.”

“We are in a similar situation, and feel like we are waiting for something to occur statewide that will give us better direction on how we navigate forward. With that said, we can only focus on maintaining a safe environment: testing when an accident occurs, beyond that paying attention for who may appear unable to work due to reasonable suspicion. Fortunately, it has not come up often.”

“Federally, marijuana is still illegal, and we follow the federal laws for our workplace. No exceptions.”

“I think you treat it the same way you would alcohol use. It’s a very nuanced issue steeped in prejudice.”

“Institute a work policy that makes marijuana use illegal for employment.”

“We don’t have this issue yet in Texas, but I would institute a clause that covers it with an automatic termination if found to be under the influence due to safety issues and concerns—let them know when hired that it is in their rules for employment.”

“Marijuana hasn’t been legalized in Tennessee yet, but I do have concerns as to when it does occur. We currently have a computer-generated, monthly, random drug screen that has been beneficial for accountability and safety. I think proving usage during work hours is extremely difficult. Can companies create a range that would be considered safe if marijuana is detected? Considering we have employees on forklifts and boom trucks, safety is a major issue from a liability standpoint. Of course, prescriptions for opioids cause this same concern.”

“Treat it like alcohol.”

“I agree that a safe work environment is hard to maintain with the current legal use of marijuana. To my knowledge, I have several employees that use. The issue of them using at work is hard to prove, especially with the vapes that contain the same chemicals as if you were smoking, but a lot harder to see or smell.”

“Zero tolerance.”

“DOT has made it very clear: no drug use for commercial drivers. For other employees, no drug use on company property. If we see, use, smell or observe any indication, it could be grounds for dismissal.”

“We haven’t had to deal with this issue yet, but were discussing the concept of ‘free from the effects’ of the marijuana similar to being drunk at work, though there are several details to work out.”

“Tough call. Our drivers are in random pools for their CDL, so there is a zero tolerance for them regardless of state laws. The reasonable suspicion and using during working hours is a moving target for the rest of our employees. We do our best to let someone that we suspect of using any drugs move on to other employers.”

“We have been doing randomized drug tests of current employees. It was paused during COVID, the months of work-from-home conditions, but has resumed. Usage during work hours is not the issue; influence of marijuana is the issue.”

“We are a drug-free workplace, which in Washington state means we do not have to accommodate for the medical use of marijuana. I am unfamiliar with the laws in other states, but maybe check to see if your state allows you to establish a drug-free workplace policy.”

“A test to swab the mouth and if the employee fails, then they pay for the test.”

“When it is still a federal law, the state should not have the authority to change! Employers should still have a no drug use policy and use the same standards as before.”

“We only drug test our DOT-regulated CDL drivers and all of our supervisors have reasonable suspicion training required by the DOT, but we utilize testing only for DOT. Our state-legalized medical marijuana law passed several years ago, and the recreational use just passed. I anticipate we will be seeing more issues with recreational use legal now, but haven’t so far. If anyone appears under the influence of any substance they are immediately taken off any safety-sensitive duties and we either take them home or arrange for someone to pick them up and they can come back when not under the influence. Since we don’t test anyone except the required DOT, we stay out of the murky waters that marijuana legalization is creating. As a smaller company, we feel we get to know our employees well and don’t see as many issues with this, fortunately. When we do see it, we deal with it right away.”

“Be clear with your employees: It’s important to communicate openly and honestly about marijuana use and workplace safety. Let your employees know your company’s rules, what you expect from them, and the consequences if they don’t follow the rules. Teach them about how marijuana can affect their ability to do safety-related tasks well. Focus on impairment, not just one drug: Instead of only talking about marijuana, think about all the things that can make someone unsafe to work.

“Make policies that cover impairment from any source, like marijuana, alcohol, prescription drugs, or anything else. This way, you treat everyone fairly. Train supervisors to recognize impairment: Teach them how to spot signs that someone might be impaired. Show them what to look for in behavior or appearance, and tell them what to do if they think someone is impaired. This might include taking notes and doing tests if necessary.

“Make safety a big deal. Create a culture where safety matters a lot. Encourage your employees to report safety concerns right away, without worrying about getting in trouble. Have regular meetings and training sessions about safety to remind everyone how important it is to keep the workplace safe.”

“With reasonable suspicion, we look for the signs that would go along with someone being impaired. Also, do they have the cannabis on them at the time? A urine test goes back 30 days, where a saliva test shows if they have used in the last three days. Just because they may use it off of work doesn’t mean they are necessarily impaired at work. We have found that our opioid use is down because they are using the more natural product of marijuana for their pain or other issues. I recommend watching the training programs on looking for the signs of a person being high; that has really helped our managers to look for the signs.”

“OSHA is federal, which trumps state laws. Get with your elected state officials and have them solve your questions. They got you into this because they did not think it through. Meanwhile, go with OSHA rules.”

“Cannot be under the influence while working. Doesn’t matter when/where they used.”

“With regard to CDL drivers, the federal law is clear. The driver would be terminated immediately if [they] tested positive for marijuana in their system. Medical marijuana use is permitted in the state of Hawaii, but our company policy in our company handbook is very clear and marijuana is one of the substances that will cause a termination of employment.”

“For CDL drivers, it is a federal, not a state issue, so marijuana testing is in play. Regarding in-work usage, marijuana is not allowed—just like alcohol. What employees choose to do on their own time, however, is not in our control. What an employee does on their own time is their business. With that said, the individual is expected to come to work in condition to perform their job based on their job description. Similar to alcohol, the residual effects of marijuana can affect the actions and decisions of an employee. Outlining expectations early can help mitigate these issues.”

**“FOCUS ON IMPAIRMENT, NOT JUST ONE DRUG: INSTEAD OF ONLY TALKING ABOUT MARIJUANA, THINK ABOUT ALL THE THINGS THAT CAN MAKE SOMEONE UNSAFE TO WORK. MAKE POLICIES THAT COVER IMPAIRMENT FROM ANY SOURCE, LIKE MARIJUANA, ALCOHOL, PRESCRIPTION DRUGS, OR ANYTHING ELSE.”**

“We, unfortunately, have been forced to treat marijuana just like alcohol.”

“[I] think all companies should have a ‘clearly defined’ zero tolerance drug policy regardless of state or national laws in place. Your company, your rules.”

“To stigmatize an individual because drugs were found in their bloodstream is counterproductive if the individual wasn’t using it while on duty or before reporting for duty. I believe in a safe workspace, but at the same time what someone does on their off time should be of no one’s concern as long as it doesn’t affect their coworkers or customers, or may harm/damage equipment or property.”

“In my opinion, marijuana use *outside of working hours* does not interfere with a safe work environment. How do you feel about employees who drink alcohol? Obviously, you can’t tolerate employees who drink *while* they are on duty doing safety-sensitive work, but do you tolerate them drinking outside of work hours? Are you applying the same reasonable suspicion standards to drinkers and marijuana users? Moreover, if marijuana use is legal in your state, why would your approach be different for marijuana users than for drinkers? Many industries (LBM included) do need access to a testing protocol that assesses whether an employee was using marijuana during working hours, and if that can become available, then many of these issues should be resolved.”

“Zero tolerance. Any kind of usage around woodworking machines is just asking for injuries.”

“Continue with a zero-tolerance policy for drug use. Someone under the influence of any drug could create an unsafe situation for themselves and others.”

“Just keeping a good level of interaction and an eyes-open approach has been enough so far. As always, nothing beats prompt and clear communication when an issue comes up. Unfortunate that the legislation for this wasn’t well-thought-out and businesses are left to navigate all the gray areas. Another policy of ready... fire... aim. Shocker.” ▶



“Not sure if tests are available that show usage during work hours, but I think marijuana is safer than alcohol.”

“Luckily, our state has not legalized marijuana. If it were [legalized], I would have a ZERO tolerance policy.”

“The law says we send them off the premises if we are aware of safety risks. We enforce it rabidly.”

“We are testing our drivers monthly for safety protocol. Other employees are sent home if under suspicion of using.”

“Our standards are that if there is influence on the job, as detected by random drug tests, there is a policy violation. Our written policy prohibits being under the influence on the job.”

“I would approach this the same as alcohol. If it is in your system at work, you are fired.”

“The rules are the same as alcohol.”

“We don’t allow an employee to have an alcoholic drink on break. Isn’t marijuana smoking giving an employee a similar effect?”

“It hasn’t come to our state, but I’m very concerned so glad this issue is being raised. I would love for the federal and state government to provide better guidelines and get their agencies in sync.”

“Not sure how others are dealing with it. My first thought would be: is alcohol causing any safety issues in the workplace?”



“Common Sense.”

“The state requirement to prove that they are using during working hours does not negate the fact that they cannot be under the influence during working hours. The reasonable suspicion, including observing behavior consistent with substance abuse, still stands—as it does for all substances, including an employee hungover from alcohol—when it affects their ability to work safely and efficiently.”

**Responses from wholesale distributors, manufacturers, and service providers:**

“Reasonable suspicion plus an altered test equals violation of drug policy at multiple places I have worked and worked with. No matter the drug even if you take it before your shift, if you are in an altered state during your shift that constitutes violation of the policy and creating a work hazard.”

“Manage based on behavior of employees.”

“If an employee is using during work hours the manager will be able to see signs such as red eyes, odor, lack of focus, and general lack of usual engagement. A ‘prove it’ mentality is difficult to maintain for those who have earned suspicion. Stick to your policies. These are the same for any mind-altering activity and safety concern. No different than alcohol and prescription drugs.”



“The same way you are, we tolerate no drugs or alcohol. We have too much equipment, forklifts and trucks moving to have the concern of someone under the influence. It is only going to become harder for employers with the cavalier attitude that our elected officials have for the tax grab of legalizing marijuana. Our government cares of only themselves and their desire to enhance their personal wealth at the expense of the taxpayers!”

“I think the only way to do this would be to institute a zero tolerance for all drugs and randomly test employees who work in the yard on trucks, machines, etc.”

“No use on day of work, period. What you do when you get home and on days off is your business. One company’s product detects THC within three hours of use.”

“If you have a no drug use policy, enforce the policy. A safe work environment is paramount for everyone. Until/unless they devise a marijuana test that illustrates short- or long-term use, there is no room for error on the part of the employer. I would use the example of a commercial driver. Those same rules should apply in a workplace with moving equipment.”

“I have the same question!!! We have a policy that requires two supervisors document any observations or behavior that might indicate impairment when we conduct a ‘post-accident’ or ‘reasonable suspicion’ drug screen. If they observe behavior and the test is positive above 50 ng, then they are terminated. We haven’t had a law suit filed yet.”

“Treat it just like alcohol. Can’t do it on the job, but an employee’s personal time is theirs to do as they please.”

“Contact your state elected officials and encourage them to change the laws.”

“If you have a worker who is displaying evidence of being in an altered state at work you need to attack that issue before anything happens. A worker could be using alcohol, marijuana, hard drugs or prescription drugs that would affect their ability to handle material. If a worker is doing that in their free time and they aren’t bringing in the effects of it to work it does not matter. It should be on the managers of those workers to be vigilant that their team is showing up to work with a clear head and are in a good headspace while working to avoid issue.”

“Our company has not addressed this issue yet, and I certainly am not very knowledgeable on the subject. In my opinion, it should be handled very much the same as alcohol is handled.”

“Safety first. Whether the state backs you or not, it’s important to test those under suspicion and reiterate expectations and safety policies.”

“It’s like what you saw happen in New Jersey in 2022. They legalized marijuana and prohibited employers from firing or not hiring based on recreational use alone. However, when it came to their law enforcement officers they added that although it was recreationally legal, hired officers were prohibited from using outside of work and were subject to testing. It probably really depends on the specific state, and their statutes surrounding the law.”

“Don’t fire for reasonable suspicion. Fire because you feel they do not support your company’s culture.”

“Random testing is a possible solution.”

“I think it comes down if an employee is impaired at work. We are considering using a field sobriety type test to determine simple impairment.”

“Replicate whatever your alcohol use policy is. Same issues, different substance.”

“Make sure your company test and re-test before hiring.” ■

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# 2023 EXCLUSIVE REPORT SALES COMPENSATION + BENEFITS **LBM** JOURNAL

**IT HAS BEEN FOUR YEARS** since *LBM Journal* partnered with The Farnsworth Group to present the preeminent LBM industry deep dive into sales compensation and benefits. And what a four years it has been. To say that the industry was a bit out of sorts from spring 2020 to just a few months ago is a major understatement. As the COVID-19 pandemic brought building material production—and some distribution—to a halt, there was no telling for a while what the industry’s sales pros were projected to earn. It all depended, of course, on what demand their customers received in the marketplace. Luckily for the lumber and building materials industry, that demand was near record-setting. So much so, that not even skyrocketing lumber prices could slow down building in many areas of the country.

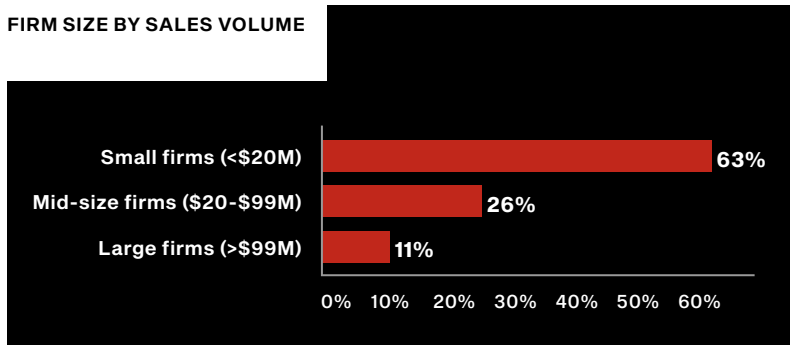
Now that the dust has appeared to settle on both pandemic restrictions and lumber prices (knock on wood, pun intended), we’re taking a fresh look at what lumber dealers around the country are earning, how they’re earning it, and what benefits help keep them driven. Perhaps there’s no better time for an industry assessment than now, when more and more seasoned employees are looking toward retirement, and lumber dealers are looking for the next generation of sales pros to take the lead. The 160 readers who took the time to participate in the survey and share details about their company’s sales compensation and benefits packages will receive a copy of the full report and analysis at no charge. For others, it will be available to purchase for \$295. What follows are some of the survey’s most notable top-line results.



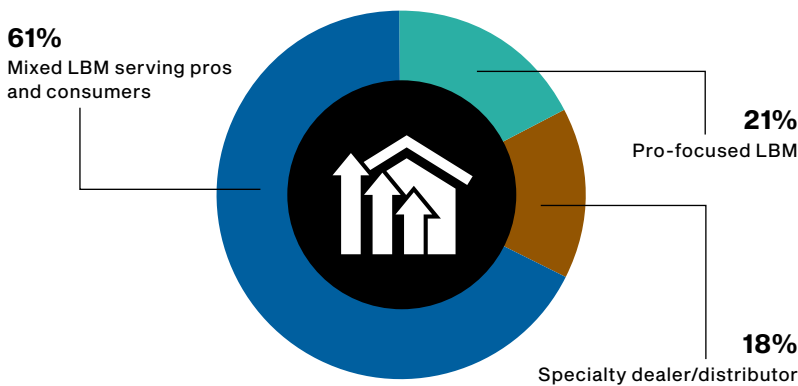
## RESULTS REVEALED ■■■■

PHOTO: ©ISTOCK.COM/RUSLANLYTVYN

**FIRM SIZE BY SALES VOLUME**



**PRIMARY BUSINESS TYPE**



**Who we surveyed**

In this year’s survey, we provide a blueprint to let our LBM community understand how their companies stack up in an increasingly competitive sales market. Thank you to the 160 LBM pros who provided the data for this report. Also, thanks to Rick Davis, *LBM Journal* contributing sales editor and president of Building Leaders, for helping craft the questions and for the commentary throughout this article. While 250 dealers took part in the 2019 survey, the data is weighted to reflect the comparison to the 2023 figures.

Of those surveyed, more than half (63%) consider themselves small firms, which are those with sales volume of less than \$20 million. Mid-size firms, those with sales volume of \$20 million to \$99 million, made up 26% of survey participants. Large firms, those reporting more than \$99 million in sales, made up 11% of survey respondents.

The majority of dealers taking part in the survey (61%) sell to a mixture of pros and consumers. Those specifically focused on pro customers made up 21%, and the remaining 18% are specialty dealers and distributors.

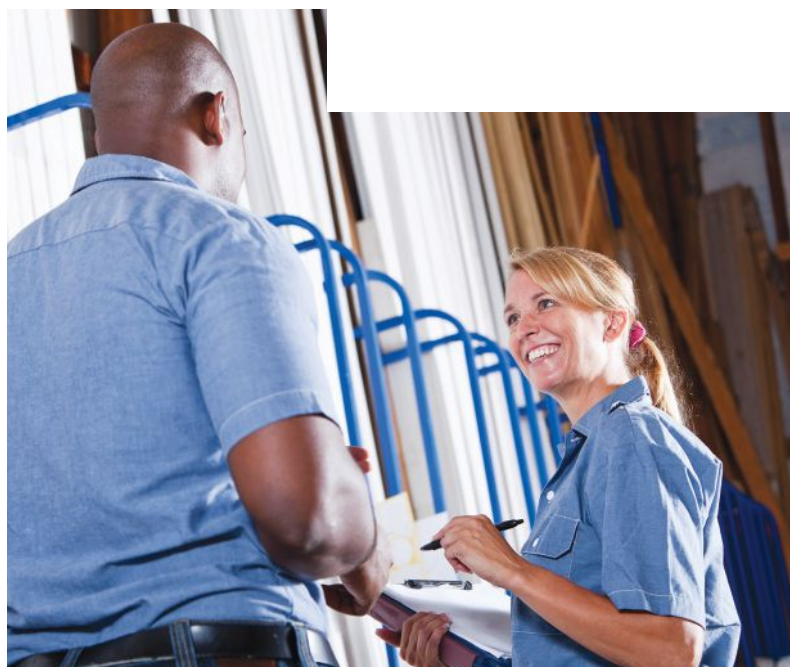


PHOTO: ©ISTOCK.COM/KALI9

**Salary, bonuses, benefits attract and retain the next generation**

Among the many aspects of the LBM business forced into high gear by the recession is the growth in wages and benefits. The Farnsworth Group cites a Bureau of Labor Statistics report that indicates a 5.1% increase in wage costs in the private sector from December 2021 to December 2022.

Clearly, like in nearly every industry, LBM sales reps are making more money. And, as Rick Davis points out, we’re also looking at a market in which 80% of the sales reps are over 40 years old. With more sales roles to fill on the horizon, it is fair to assume that costs of compensation for those roles will continue to increase. For certain, variables such as geographic location, market saturation, and others will help determine the compensation package that is right for your salespeople. We hope that this survey gives you an idea of where you stand in the market, both nationwide and in your own backyard.

Nearly 80% of dealers surveyed indicated that their sales and compensation plans include some form of commission. The remaining dealers, who said they pay hourly or salary, increased 4% from 2019's survey.

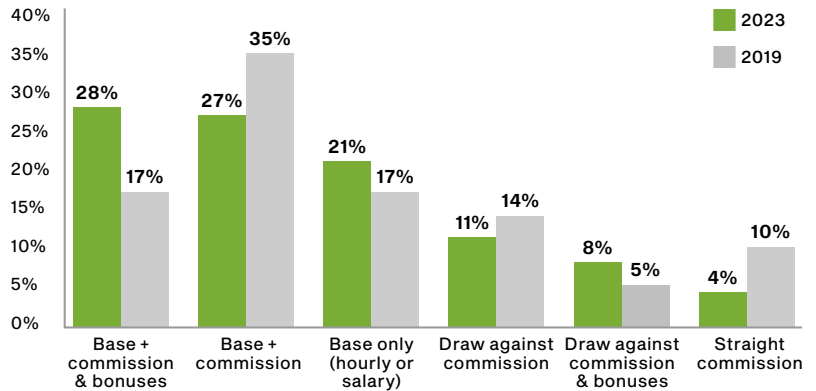
Half of the 160 dealers surveyed indicated that their highest-paid outside salespeople earn in the \$75,000 to \$124,000 range (34%) or in the range of \$200,000 to \$299,000 (16%). The largest increase (4%) from 2019 to 2023 is those dealers paying their reps \$90,000 to \$99,000.

In surveying dealers regarding inside sales reps, our study found that there wasn't a strong preference between hourly or salaried pay. However, since the 2019 survey, base pay with bonuses or commissions has increased in popularity.

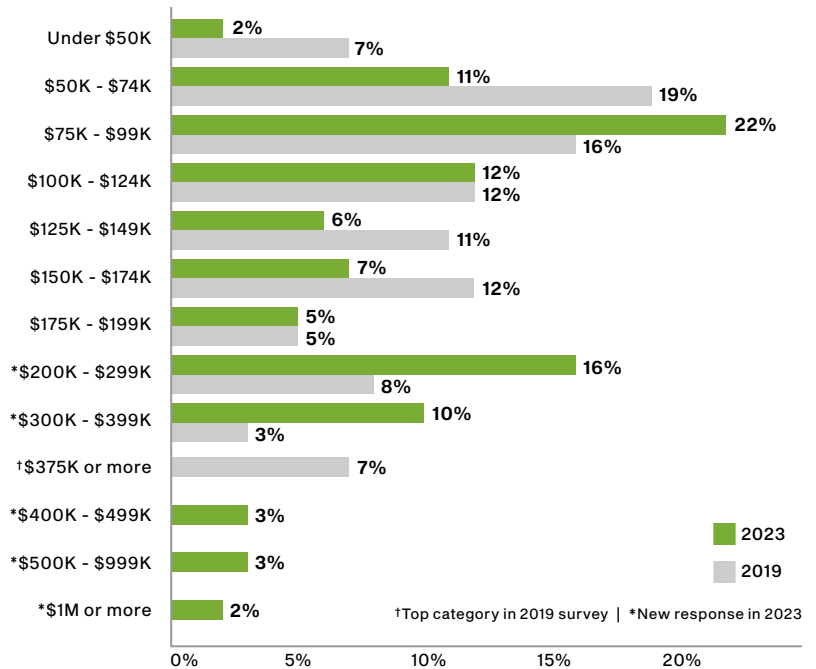
Similar to 2019, the highest paid inside salespeople earn between \$40,000 and \$99,000 in cash compensation. Of the large firms, about a third of reps earn \$100,000 - \$149,000.

**Technology effect:** According to Rick Davis, the rise of technology may subtly hint at the evolving nature of transactions in our industry. "If outside salespeople are being paid less and inside sales more, perhaps this is an indicator that we are seeing builders and contractors leveraging alternative means to place orders. This would justify the reduced costs paid to outside salespeople and the higher wages for inside."

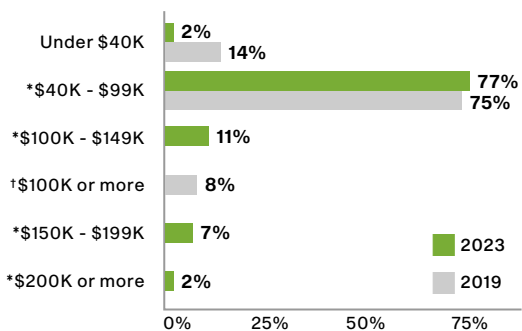
TYPES OF COMPENSATION FOR OUTSIDE SALESPEOPLE



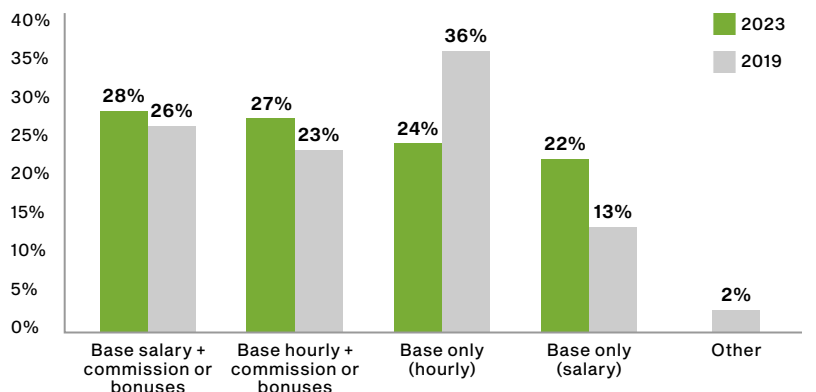
CASH COMPENSATION FOR HIGHEST PAID OUTSIDE SALESPEOPLE



CASH COMPENSATION FOR HIGHEST PAID INSIDE SALESPEOPLE



TYPES OF COMPENSATION FOR INSIDE SALESPEOPLE



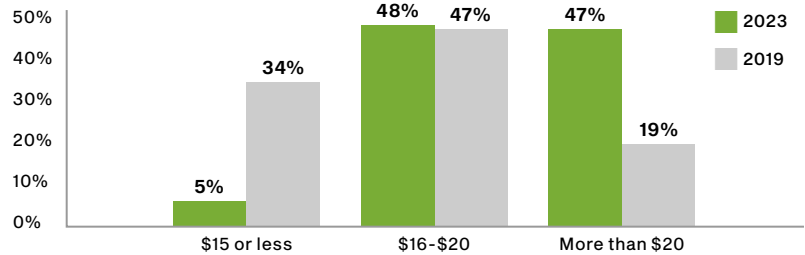


Just over half of the companies surveyed indicated that their inside salespeople earn hourly base pay. The average was \$21 an hour in 2023, a 17% increase over 2019's data.

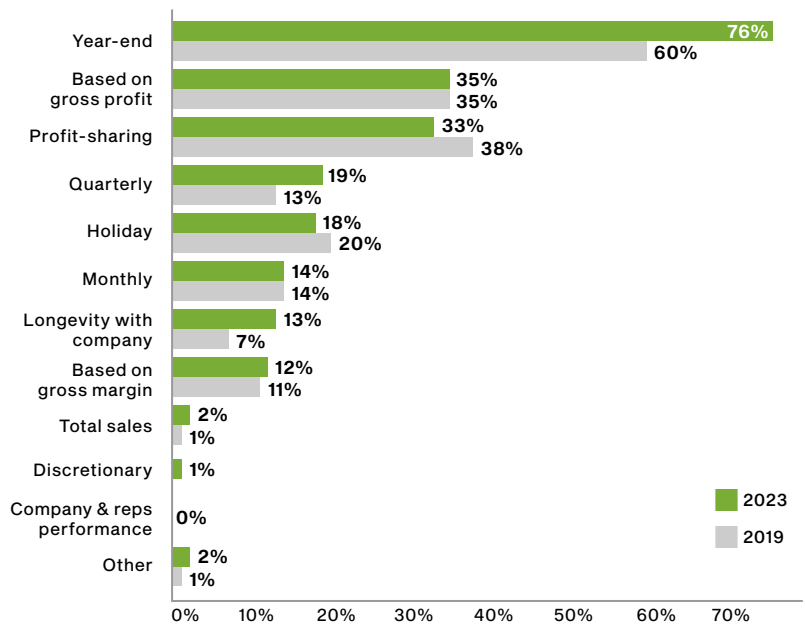
Of inside sales reps earning bonuses, over 75% receive them at year-end, followed distantly by bonuses provided on gross profit and profit-sharing.

Surveying specialty dealers' salespeople (those who focus on specific product categories, like millwork, for example), LBM companies pay \$50,000 to \$124,000 to their highest earners. On trend with increasing salaries is the fact that to earn less \$50,000 as a specialty salesperson is 5% less likely in 2023 than 2019.

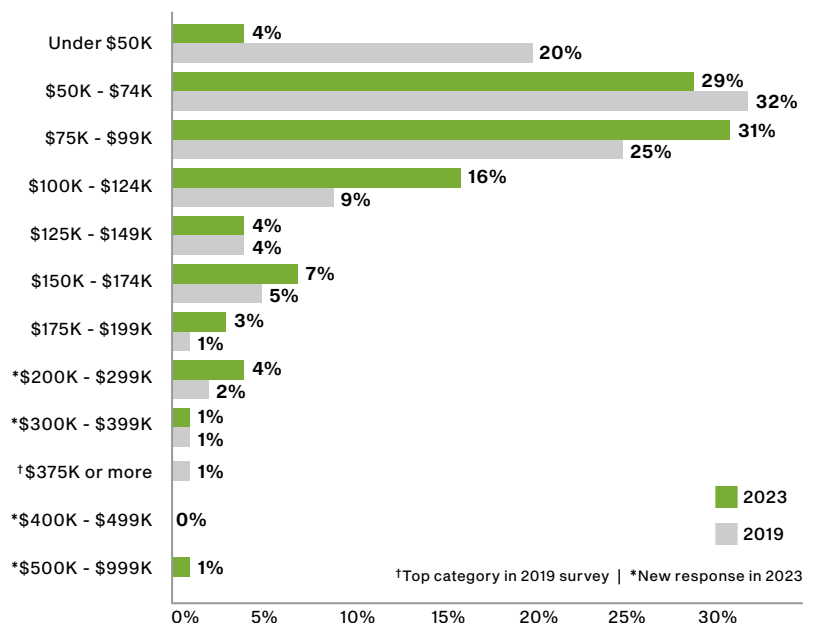
**AVERAGE HOURLY RATE FOR INSIDE SALESPEOPLE**



**TYPE OF BONUSES OFFERED TO INSIDE SALESPEOPLE**



**CASH COMPENSATION FOR HIGHEST PAID SPECIALTY SALESPEOPLE**

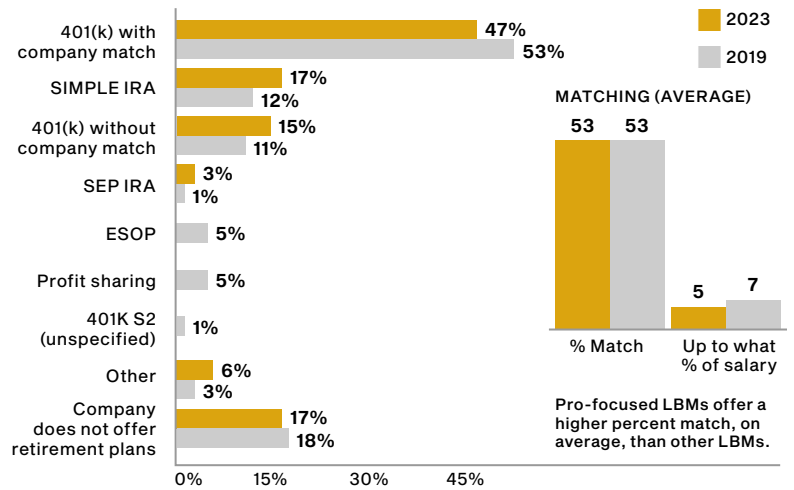


PHOTOS: ©ISTOCK.COM (HOURS) YIN YANG; (SALESPERSON) SERGEYRZHOV

More than 80% of survey respondents indicated that they offer a retirement plan to their salespeople. Around half of those said they offer a 401(k) match. The 2023 averages show that 53% of LBM businesses match up to 5% of a salesperson's salary.



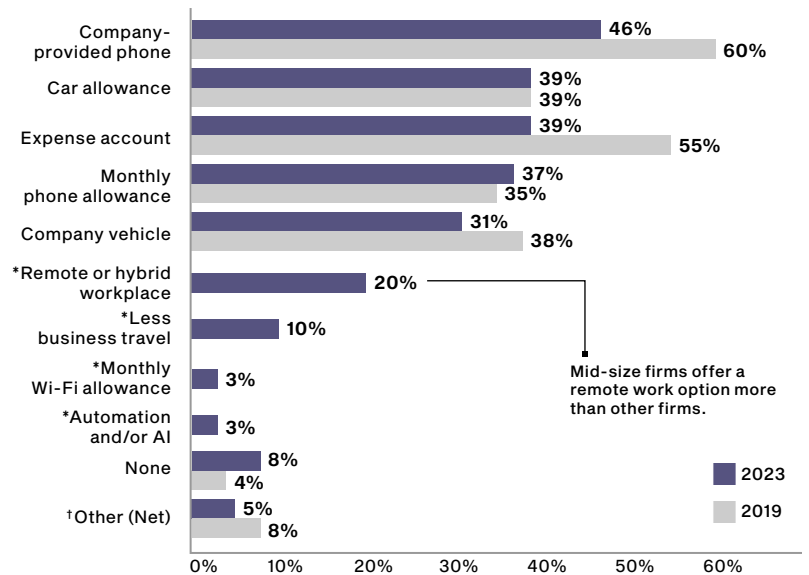
#### RETIREMENT PLANS OFFERED



More than 90% of firms surveyed said that they offer some type of additional perk to their salespeople. The most popular perk is a company-provided cell phone, which are twice more likely to be offered at a pro-focused lumberyard than for other LBM dealers. Other perks include expense accounts and company vehicles or car allowances. A pandemic holdover—remote or hybrid work—is offered by 20% of those surveyed. Mid-size firms are more likely than large or small firms to offer a remote or hybrid workplace.



#### ADDITIONAL PERKS



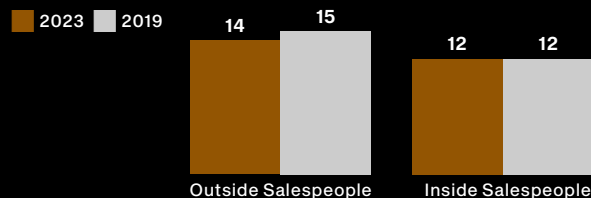
\*New response in 2023

† Other (Net): comprises all remaining responses (each at 3% or less). Includes: At cost materials/merchandise; Credit card; Gas card; Laptop; Mileage reimbursement; Other; Use of company vehicle.

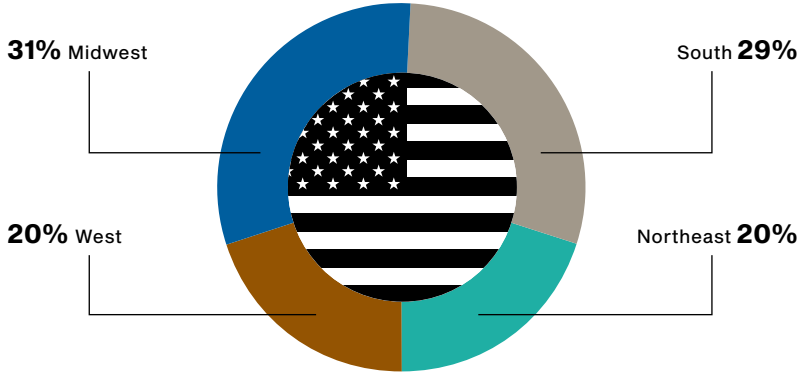
PHOTOS: ©ISTOCK.COM (RETIREMENT) CS0523183; (PHONE) BEREKIN

#### SALES FORCE TENURE (IN YEARS)

On average, LBM salespeople have more than 10 years' experience. From 2019 to 2023 there has only been a slight change in the average salesperson tenure, with outside sales reps dropping from 15 to 14 years average tenure and inside sales reps remaining at 12.

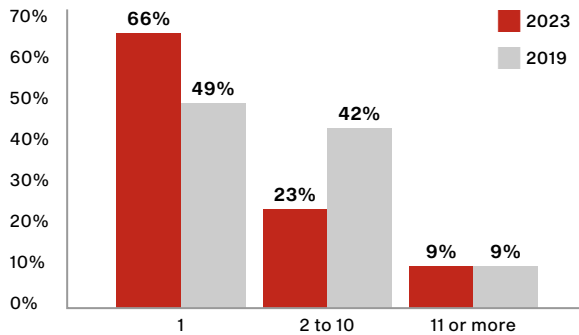


**2023 RESPONDENTS BY REGION**

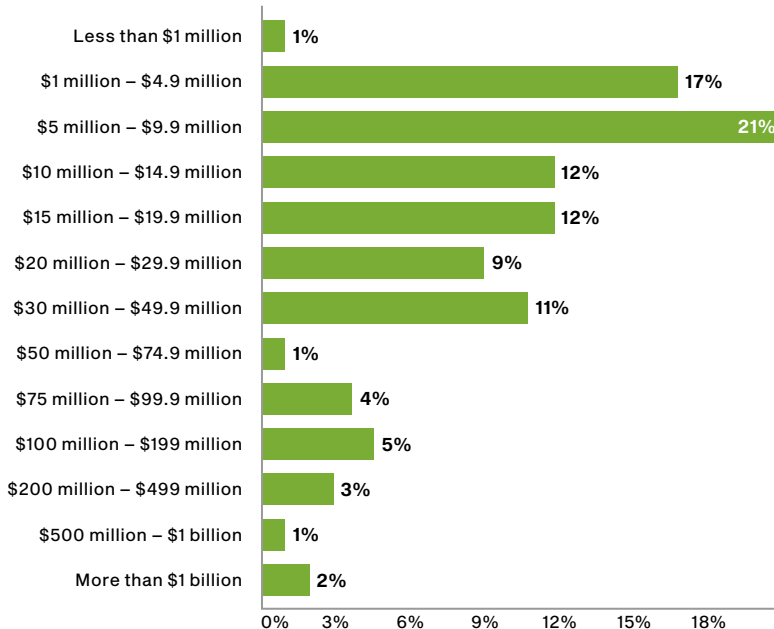


**NUMBER OF LOCATIONS**

This year, nearly two-thirds of firms surveyed are one-location companies. In 2019, that number was closer to 50%. Of the large firms surveyed this year, the average number of locations is 50.



**2023 SALES VOLUME**



**LBM sales force at a glance**

The dealers we studied for the 2023 Sales Compensation + Benefits Report provide a cross-section of today’s LBM distribution industry. Of those surveyed, the most were from Midwest firms (31%), followed by 29% from the South, and a tie of 20% each from the Northeast and West.

While the industry saw a number of changes at a rapid pace over the course of the past four years, some things are changing more slowly.

For instance, only 10% of the industry’s outside salespeople are female. While that is a 4% increase over 2019’s numbers, there still remains a larger portion of the workforce that simply aren’t in LBM outside sales roles. In the inside sales offices and showrooms, 24% of salespeople are women, a 1% decline from 2019.

Outside sales teams remain older by nature (81% fall in the 39- to 75-year-old range). In 2019, 77% of outside salespeople fell into that age range. Of inside salespeople, 66% are aged 25 to 53 years.

While the total number surveyed was considerably smaller in 2023, the annual sales volume of respondents fell into the \$50 million to \$74.9 million range. Almost two thirds of those who responded reported their firm makes less than \$20 million and another 10% indicated sales volume of more than \$99 million. ■

**GET THE FULL REPORT**

Readers who completed the survey received a complete copy of the results of this study, with analysis from The Farnsworth Group, including regional breakouts for many of the questions. The full report is also available for purchase for \$295 at [LBMJournal.com/salescomp](http://LBMJournal.com/salescomp). If you’d like to participate in the next survey, contact: [Rick@LBMJournal.com](mailto:Rick@LBMJournal.com), and we’ll make sure to send you the email invitation.



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## ABOUT RICK

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

**"The best online training I've ever seen and I've seen them all."**

Jeff Hills \_\_ Director of Online Training, Preston Feather

**"It was like a Netflix binge for me. I got so into it, I just couldn't stop watching."**

Geric Potts \_\_ Manager, Jarco Supply

**"There is no question this works. The training is really good."**

Robert Hughes \_\_ President, Hughes Lumber



RICK DAVIS  
CSP, CDT



IN DEPTH

# MATERIAL STORAGE +

**With fewer hands on deck, efficient systems spell success for LBM dealers.**

BY MIKE BERGER

**D**id you know that ancient merchants were just as concerned with efficient ways to store and handle materials and goods as we are today? Take for example the amphora, a large jar with two vertical handles and a pointed base used in antiquity for the storage and transportation of foodstuffs such as wine and olive oil. Used by great Mediterranean civilizations from the Phoenicians to the Greeks to the Romans, these sturdy-walled shipping containers were designed to fit snugly in a ship's hold, where they were packed upright or on their sides in staggered layers, and their pointed bases allowed the jars to stay upright when embedded in soft ground.

We've come a long way since those early cultures, but being able to efficiently store and transport materials is no less important. With the continued headaches of labor shortages plaguing LBM dealers, efficiency has become more important than ever, and modern material handling equipment and storage systems are enabling lumberyards to store and move more while working with fewer people—all while staying in the same square footage of space.



# HANDLING

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

## More product means more storage

While the past year brought with it a slew of recession worries, economic indicators now seem to be pointing to a positive future for LBM dealers. For example, at the time of the writing of this article, the U.S. inflation rate sat at 4.05% compared to 8.58% the same time last year. And according to the U.S. Dept. of Commerce, housing starts rose to a seasonally adjusted annual rate of 1.631 million units in May—the highest rate since April 2022 and the most unit increase since January 1990.

These statistics bode well for LBM dealers, but they also bring problems, namely in the need to store and handle increased amounts of material in order to meet demand. It’s why, industry experts say, it’s more important than ever for dealers to invest in material handling and storage solutions.

“Good lumberyards are still doing well,” says Clint Darnell. “They’re making their long-term plans and not letting short-term economics drive their decisions. They’re not that worried. They’ve had multiple good years, so a couple of bad quarters isn’t going to change their outlook. They are still making operational improvements to their yards that will give them wins day in and day out. Those are efficiencies and savings that they will benefit from. These come from having the right buildings and racking systems that help with increased storage capacity, better traffic flow, reduced material handling, safer operations, and a nicer customer experience, along with reduced cull and labor costs—all resulting in a more efficient yard.”



As Chris Krauter describes, he’s seeing an upswing this year in spite of higher interest rates and recession predictions, although he still sees the need for a touch of caution. “Whether this is a momentum carryover or a confirmation of a sustained firmness in the market remains to be seen, but inflation seems to be leveling off, which is a relief to everyone,” he says. “If interest rates can relax downward, the demand will sustain. If not, we may see a return to a ‘normal’ cycle whereby the summer months see a slowdown in the material handling demand, only to pick up again in the late 3rd and 4th quarters. The past several years has seen demand roar through the months of June, July, August, and September in spite of the historic ‘high season’ of summertime lumber sales. We are cautiously optimistic that the forecast over the next 12 months will remain firm, but admit that a slowdown will be a distinct possibility.”

## Work smarter, not harder

During last year’s so-called “Great Resignation,” over 50 million workers quit their jobs. According to the National Association of Home Builders, the construction industry alone lost 1.5 million workers during that time, and since then has only managed to bring back about 600,000 of those workers. It’s because of statistics like these that it’s more important than ever for LBM dealers to invest in smart material handling and storage systems.

“The lack of labor is an issue that can be mitigated with improved materials handling and increased storage density,” Krauter explains. “The ability to pick and deliver orders quicker improves efficiency. High density and accessible semi-automated lumber storage systems reduce the time required to assemble orders, enabling employees to execute more work orders in the same timeframe. Product accessibility eliminates time wasted in ‘digging out’ items that are buried in an inefficient storage design. Many times a higher density lumber storage system can improve the SKU count by ►



Krauter Auto-Stak’s storage canopy for Alpine Lumber Crested Butte in Colorado won an architectural design award the year it was installed. It’s designed to withstand a snow load of over 200 inches a year.

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

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

**FAR RIGHT:** Built for Shell Lumber, this fully galvanized cantilever drive-thru canopy from Krauter Auto-Stak is in a location with wind loads up to 168 mph.



30-40% in the same area. Many times, this increased volume capacity can offset the need for additional warehouse space.”

Darnell also agrees with the importance of efficient storage systems as a primary method to mitigate the impacts of a reduced labor force. “Efficient designs and modern racking systems

will reduce labor costs,” he points out. “Many of our clients have talked about the efficiencies racking systems and products like millwork stack racks and our Power Bin systems have provided.”

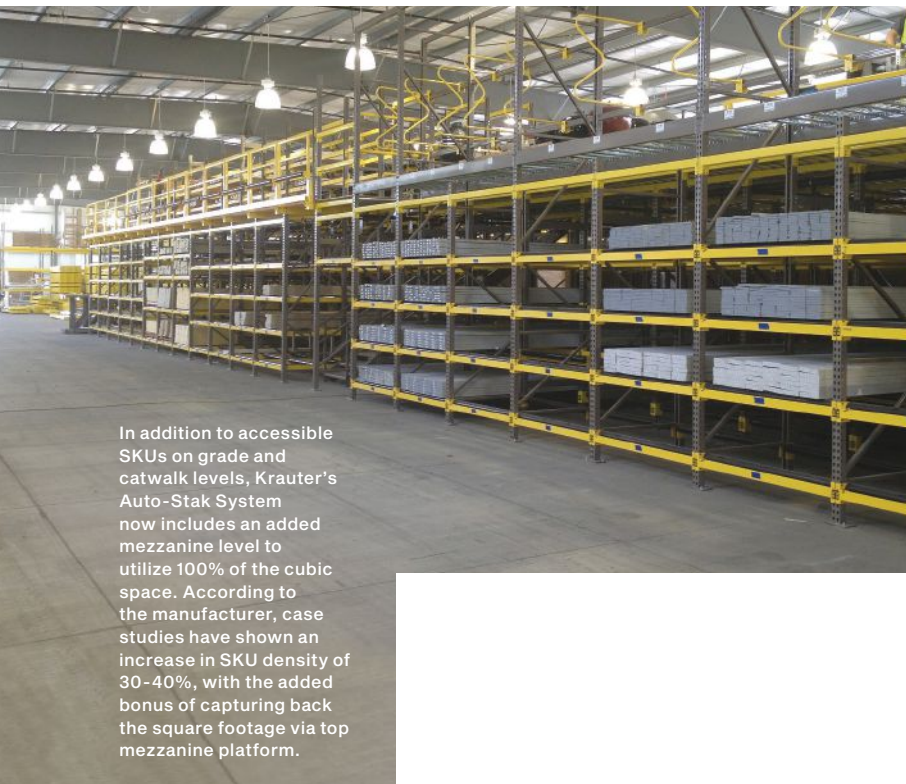
For example, he points to Zuern Building Products and Design Center. “They centralized all of their windows, doors, millwork, and cabinetry into one climate-controlled hub,” he describes. “Millwork stack racks enabled Zuern to create an organized warehouse, saving space by stacking them up to three units high and enabling trim orders to be pulled 50% quicker.”

“Most recently, we built a new greenfield for Griffin Lumber in Warner Robins, Georgia,” Darnell adds. “Its branch manager, Chris Baroni, said that in a typical yard it might take two men 3-1/2 hours to pull a standard 2,000 square-foot framing package, but the way this yard is laid out, it’ll take one guy about an hour.”

### **New methods deliver efficiency**

One leading storage methodology to increase efficiency is referred to as containerization—in essence, the storage of related materials in modular, customizable bins that enable a single employee to quickly facilitate picking and delivery.

“The containerization of product has been a definite trend over the past several years and is accelerating,” Krauter explains. “The use of modular stacking frames for doors, windows, trim packages, cabinets, hardware, and other applications has reduced the handling of special orders. Essentially, these stacking frames



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

are ‘containers’ that enable the orders to be moved via forklift in large lot quantities. These stacking frames, paired with a flatbed trailer and a tail-mounted forklift, enable a single employee to deliver orders quickly and efficiently. We are seeing an upswing in designing custom stacking frames for expanded applications.”

As well, the very nature of the materials being stored is also calling for new storage methodologies. With the increased amount of engineered products—and even more on the way—experts stress the necessity of investing in storage systems that are designed to best meet product need. As Darnell points out, “Certain materials need to be racked, such as engineered materials like composite decking. They need to be stored correctly to maintain their quality/salability/presentability. More and more building materials are becoming engineered (produced in factories vs. mills) and need specific handling/storage.”

“On the same topic, due to these engineered materials, SKU counts are going up,” he continues. “In the past, builders used wood and treated it to give it color/texture. Now with products like composite decking, yards need to have a lot more in inventory in various colors/profiles. The variety of what they’re selling has increased.”

Along with the increased use of engineered materials, building products are also increasing in size. Whether it’s oversized windows, long-span timbers, or multi-paneled door systems, today’s architectural designs require LBM dealers to invest in larger storage and handling systems.

“We continue to see rack systems that are getting larger in size and taller in height,” says Krauter. “Recent systems have had semi-automated picking compartments on the grade and catwalk level, followed by a complete bulk mezzanine floor on top. That design development along with the continuing additions of custom stacking frames for doors, windows, cabinets, trims and moldings are identifiable trends.”

### Invest today for gains tomorrow

When faced with the capital investment that material handling and storage systems often require, it can seem daunting from a cash flow standpoint to pull the trigger on such potentially large purchases. Rather than focusing on the cost, however, industry experts say to keep your eye on the long-term savings these improvements in efficiencies can bring. ▶



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



According to Sunbelt Rack, its board-bin mezzanines are designed to deliver maximum storage in small areas. Built for hand-loading long-length items such as lumber, pipe, and vinyl siding, into pigeonhole-type bins, the racks are available in any number of openings and any height, width or depth.

“There are numerous examples of yards that have gone from disorganized, product-on-the-ground operations to a modern facility that is organized,” Darnell says. “Many owners don’t realize how much more efficient their yards could be, or they assume that these improvements would be cost-prohibitive. The truth is, every owner we’ve worked with has seen multiple improvements from modernizing their materials handling and storage setup. If done well by an expert in lumberyard design, there will be a timely ROI which should make it a no-brainer investment.”

Darnell cites reduced cull, reduced labor due to improved picking times, improved safety, better workflow, and increased storage capacity. “When you add the cost efficiencies of all of these benefits, you can see an ROI on the cost to make these improvements over just a few years.”

Krauter agrees, saying the results of material handling improvements will make a difference in throughput and efficiency. As he puts it, “The pain will be worth the gain. If funding is an issue, we have lending facilities that can finance the purchase to minimize the capital outlay and maintain current cash reserves.”

Like the ancient merchants who relied on amphorae, LBM dealers today need systems that reliably make it easier to store and transport materials. It’s no longer good enough to assume that what worked in the past will continue to work just as well in the future. Instead, it’s the successful LBM dealer who will carefully analyze both current and future market conditions and then make the necessary investments that’s going to reap the most gains. And if the future holds true to predictions, there are gains aplenty to be had. As Darnell puts it, “Due to a lack of housing and pent-up demand for new housing, the feeling is that there will still be new builds. The problem is housing supply, not housing demand, and while interest rates have increased, they are still not horrible. With land being expensive in some areas and permits taking so much time, there’s not enough affordable homes being built.” It’s the smart dealer who prepares best to meet that demand. ■

PHOTOS COURTESY OF MANUFACTURERS



Storage Systems for LBM Dealers

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



Cantilever T-Shed



Bulk Shed



Auto-Stak System



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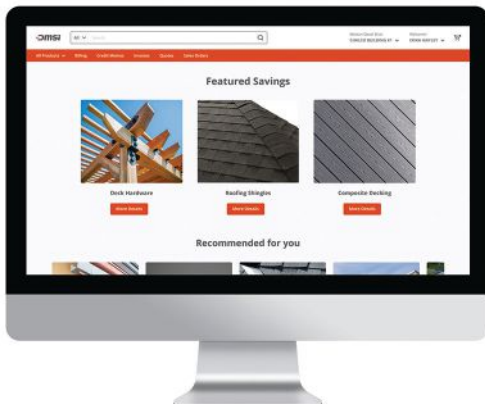
**TREX SELECT T-RAIL**

According to Trex, its new Select T-Rail composite railing system is designed to make the beauty and convenience of Trex’s composite and aluminum railing available to a wider audience with pricing that competes with PVC vinyl railing. It features a T design on top with a choice of square composite balusters in Classic White or round aluminum balusters in Charcoal Black. Full-span top and bottom rails in Classic White are offered in 36" and 42" heights and 6' and 8' lengths. The components are made from a minimum of 40% recycled materials, and the system is backed by a 25-year Limited Residential Warranty and a 10-year Commercial Warranty. [trex.com](http://trex.com)



**AGILITY COMMERCE CLOUD**

The new Agility Commerce Cloud e-commerce solution from DMSi is a comprehensive and mobile-responsive sales and service platform that’s easy to manage. It is designed to have unlimited APIs, allowing dealers to integrate with the third-party tools of their choosing. The built-in content management system makes it easy for anyone to create custom pages with rich content, meaning dealers can create high-quality online experiences without hiring a special web team. [dmsi.com](http://dmsi.com)



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

**PROVIA ART GLASS PROGRAM**

With several new enhancements, ProVia’s Art Glass line promises to give homeowners more opportunities to customize their door and window glass designs. Originally branded as Inspirations Art Glass, the new program will be known simply as Art Glass, and according to ProVia, it will allow for more precise color matching between the glass designs and ProVia’s standard and trending paint colors. The new Art Glass program has an extensive array of tools to help homeowners pick the perfect color combination, and a new “color-by-number” system accurately applies the selected colors to predetermined areas within the design. Applied colors will now be opaque rather than transparent for a more expressive and colorful design, while clear and no-fill options will still be available. [provia.com](http://provia.com)



**ADJUSTABLE SOFT-CLOSE COMPACT HINGE**

Hardware Resources is expanding its soft-close compact hinge line to include the new 9390ADJ Series, an easy-to-adjust, variable-speed soft-close hinge. The hinge features 10 adjustment options to control the speed of the soft-close feature which, according to the manufacturer, makes it the ideal choice for custom cabinetry shops who want to standardize with a single hinge for various door sizes and weights. The 9390ADJ Series also features a quiet glide channel that is reported to reduce friction and noise when the hinges open and close. According to the manufacturer, these features, coupled with the company’s steel soft-close damper, extend the life and reliability of the hinge. [hardwareresources.com](http://hardwareresources.com)



### DIGGER SCREENRAIL SYSTEM

New from Digger Specialties Inc. (DSI), its ScreenRail system allows homeowners to enjoy fresh outdoor breezes on their deck or porch while experiencing a sanctuary from pesky insects, falling leaves and debris, and inclement weather. The ScreenRail system is available in four variations for both deck and porches:

**Structural Railing:** provides safety and security while expanding outdoor living space. With this option, structural aluminum railing is placed inside or outside the screened-in space and is code approved for both ground and elevated applications.

**Kick Panel:** designed for ground floor use, this option offers a full screen with an aluminum kick panel at the bottom to protect the screen from pets, children, or accidental bumps.

**Mid-Rail:** also for ground floor use, this option provides a full screen view with a mid-rail accent while providing extra support to keep your screen taut and secure.

**Frame Rail:** offering a full unobstructed view, this option for ground floor use can attach to existing structures or can be used with Westbury support posts.

In addition, ScreenRail accessories and components include door hardware, mounts, flat spline, and posts. [diggerspecialties.com](http://diggerspecialties.com)

### DeWALT RECHARGEABLE LED TASK LIGHT

The DeWALT Rechargeable LED Task Light helps illuminate low light work areas. It features a powerful LED output of up to 1,000 lumens of brightness and boasts a durable housing with an IP54 rating for dust and water protection. The light's magnetic base allows for mounting on metal jobsite surfaces for hands-free use while providing up to 12 hours of runtime and can be charged in as little as 85 minutes. The Task Light's pivoting light head rotates to adapt to location needs, and a carabiner easily clips on tool belts or bags for easy storage and accessibility. [dewalt.com](http://dewalt.com)





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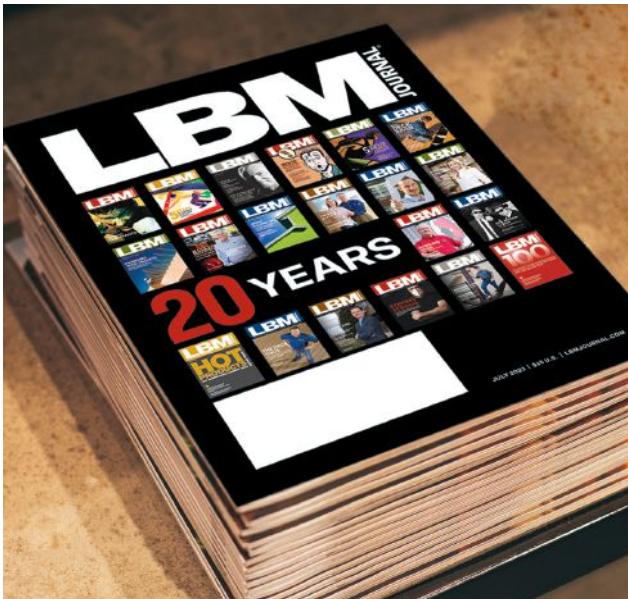
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Weyerhaeuser	11	800.525.5440	weyerhaeuser.com

\* Denotes regional distribution.

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

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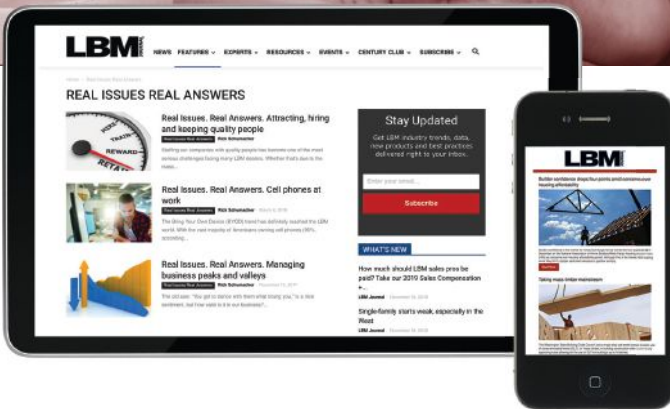
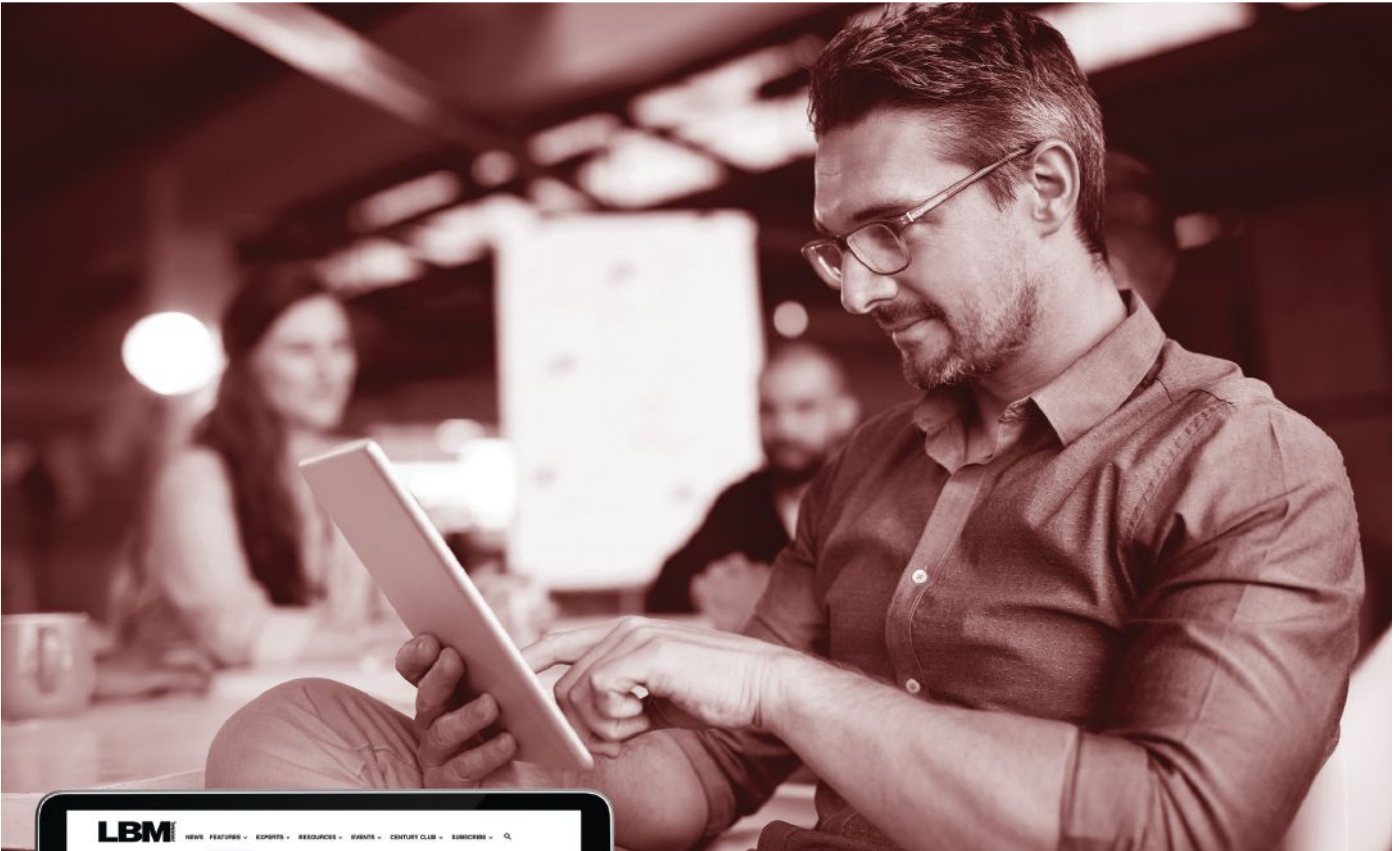
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# EMPLOYEE BENEFITS AND THE SALES ROCKSTAR

Your existing team members learned about the outsized benefits package given to a new hire. They feel snubbed and want what the new guy negotiated. What would you do?

**HAVING BUILT YOUR BUSINESS** from the ground up back in 1998, you've had some success attracting and retaining top people. Your secret: finding out what competing jobs pay in terms of salary and benefits, then offering just a little more. You've found that once people join your company, they tend to enjoy the work, their coworkers, and the fact that you treat them with respect, which has kept your turnover rate very low.

While you don't lose many people, you found yourself in a jam when your top salesperson and his family moved out of state for a new opportunity. There was no shortage of candidates interested in the job, but after going through interview after interview, it was clear you were going to have to pay more to get the right person.

Having little success using your tried-and-true methods of recruiting (primarily "Help Wanted" ads and employee referrals), you decided to engage with a search firm that specializes in the LBM industry. As it turns out, they had a candidate who checked all the boxes—likeable, a proven record of success, and a good fit for your company culture. In addition, this candidate had the one thing you never dreamed you'd find: an existing book of business with leading local builders.

This dream candidate spent the past 15 years working for a local competitor. When that company was acquired and the new owners started taking away from employees in order to boost the bottom line, he decided it was time to go. As the top salesperson at that company, he'd been rewarded handsomely with pay and benefits. Naturally, he wanted any new employer to match what he was accustomed to.

You had no problem matching the pay. After all, the commission structure he came from very closely matched your own. On the benefits side, his requirements closely matched what you currently offer, with one big exception: instead of starting with two weeks of paid time off like everyone else

receives, he wanted four weeks. You thought about it for all of about 10 seconds, then shook hands and welcomed him aboard.

He immediately produced results, getting your yard business from some builders you'd been chasing for years. Plus, he got along well with the rest of your team, who welcomed him and his high levels of performance with open arms.

All was well until this morning, when several of your longest tenured team members asked for a closed-door meeting. "We love the new guy," they said. "He's easy to get along with and is doing a great job for our company. But we don't love that he started with four weeks of paid time off—which is something we have to work 10 years to earn. That's not fair. What about us?"

What would you do?



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**Match it for all.** It's only fair that the members of your team who've been here for years receive the same amount of paid time off as the new guy. Four weeks all around.

**Explain it away.** Let them know that his situation was unique. The only way to get him to come aboard was with the extra PTO. Ask them to understand and accept the exception.

**Revisit your benefits.** You don't believe you can offer the sales rockstar-level benefits to everyone, but it's been a while since you've updated your benefits package. Make some minor adjustments for all and hope that fixes it.

**Get their input.** Take a fresh look at your benefits package, and get everyone's input. If they're part of crafting the solution, they may agree that exceptions are sometimes okay.

PHOTO: @ISTOCK.COM/BRANKOSPEJS

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

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