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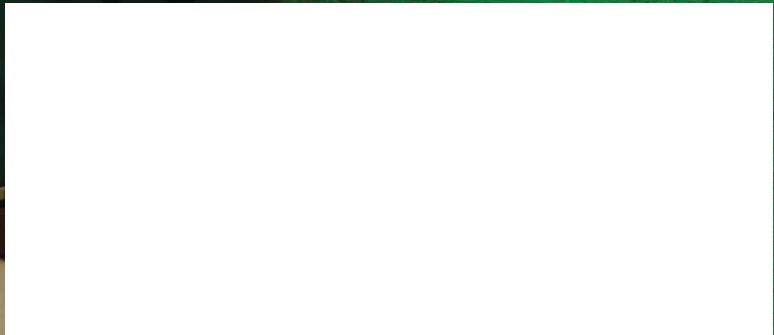
NOVEMBER/DECEMBER 2023 | \$15 U.S. | LBMJOURNAL.COM



## EMPLOYEE OWNERSHIP LEADS BENDER LUMBER INTO THE FUTURE

BY EMBRACING TECHNOLOGY, LBM DEALERS  
CAN INCREASE EFFICIENCIES FOR THEIR  
CUSTOMERS AND THEMSELVES

READERS RESPOND ON HOW TO MANAGE THE  
“I NEED IT NOW” MENTALITY



JOHN BENDER, OWNER OF BENDER LUMBER

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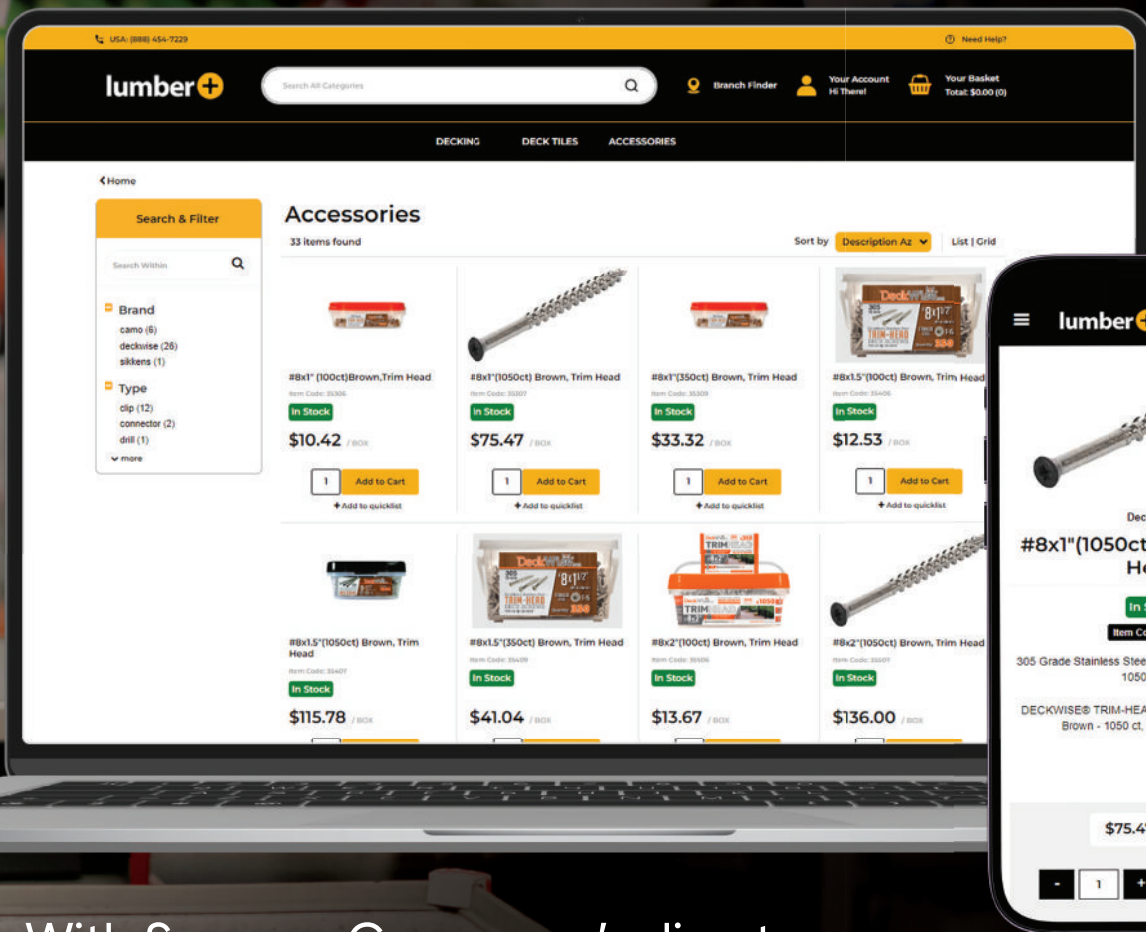


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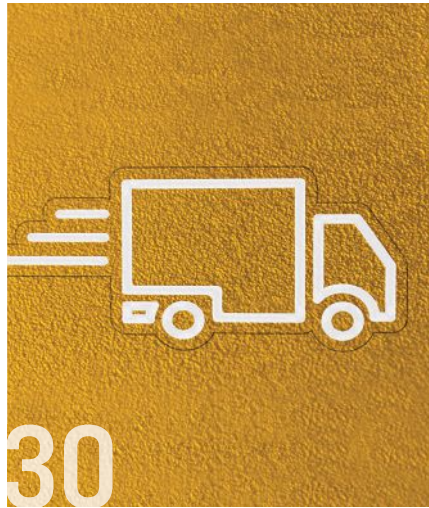
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NOV/DEC 2023



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More than 200 LBM pros traveled from across the U.S. to connect in Charlotte, North Carolina for the LBM Strategies Conference 2023 on Oct. 11-13. Hosted by LBM Journal, the conference is an annual opportunity for dealers, distributors and industry members to hear from speakers in the LBM world and to network with peers and LBM suppliers.

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**LBMJOURNAL.COM**

## FROM THE PUBLISHER

**I WAS 27** when I applied for a two-month contract position as an assistant editor with *Building Material Retailer* magazine. Not only did I have zero knowledge of or experience with the lumber/building material sector, I was amazed that this mysterious industry had its very own magazine. Like many people in their mid-20s, I had no real idea what my future held. My career trajectory was effectively a process of elimination. I'd try something, and when that wasn't a fit, I moved to the next thing.

After two months, I still knew very little about this strange new world of LBM. But somehow, the hook was set. The longer I stayed, the better I understood what makes this industry the amazing outlier that it is. Yes, we do the very real and important work of providing materials for homes. But as it turned out, what hooked me wasn't what this industry does. It's about who we are, and what drives much of what we do.

I was fortunate to witness an excellent example of this in September when I visited Walker Lumber and Supply in Nashville, a 2023 LBM Journal Dealer of the Year. Their operation is very impressive, with a welcoming, well-thought out showroom, cutting-edge technology developed in-house, and yard logistics engineered to get builders in and out as efficiently as possible, all contributing to more than tripling their sales volume from \$22M in 2016 to \$77M in 2022.

From a business perspective, it was clear that co-owners Ray Hayles and Scott McMillan are sharp business owners. Yet, what impressed me the most wasn't what they did but how they did it. For example, in an era where companies take pride in running as lean as possible, Ray and Scott are proud of the fact that they often have more workers in

the yard than they absolutely need. And nearly 10% of the workforce at Walker Lumber are part of the company's Second Chance program. As Ray explains, "We believe that everyone deserves a second chance, and we are willing to give them an opportunity for a fresh start."

In fact, they agreed to take the stage and share their story at LBM Strategies 2023, provided two members of their team could join them. That's why the two owners shared the stage with David Blair, yard manager and leader of the Second Chance program, and store manager Russ Vantrease.

As a business owner and a human being, I love the Walker Lumber story of doing well by doing good. The best part of the story is that they aren't the only ones in our industry doing amazing things. The LBM community has earned a reputation as an industry that gives back.

At 27, I had no idea where that two-month position with *Building Material Retailer* would lead. At 60, I'm thankful every day for the opportunity to serve and spotlight this amazing community.

— Rick Schumacher  
Executive Editor & Publisher



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

HAVE A QUESTION FOR RICK?  
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FITCH LUMBER & HARDWARE



DAVIS-HAWN LUMBER



DO IT BEST

## BY THE YARD

**Fitch Lumber & Hardware** marked its 100-year anniversary in October, marking the occasion with a celebration in Carrboro, N.C. that was open to the public, with proceeds going to benefit the Fitch Family Comprehensive Pediatric Rehabilitation Program.

**Joanne Corum**, Senior VP and CIO of **McCoy's Building Supply** was awarded the 2023 ORBIE for organizations with over \$1.5 billion in revenue.



**Bliffert Lumber & Hardware** has again been named a 2023 Future 50 company by BizTimes Media. The Future 50 program recognizes the fastest-growing privately-owned companies in the Milwaukee region.

**Hammond Lumber Company** has been named one of the Best Places to Work in Maine for the third year in a row and a Best Company to Work For in New Hampshire for the first time.

**HPM Building Supply** and The HPM Foundation made a five-year pledge totaling \$100,000 to the University of Hawai'i Foundation to provide college scholarships for students enrolled at UH campuses.

**Lugbill Supply Center** celebrated its grand reopening in Archbold, OH, with a special event featuring live entertainment, giveaways, and storewide sales.

**Davis-Hawn Lumber** celebrated 100 years of business in the Dallas-Fort Worth community in October. The company operates a retail store and a full-service lumberyard and offers custom doors, windows, trim and more for residential use.

## CO-OPS + BUYER'S GROUPS

Indiana Gov. Eric Holcomb presented **Do it Best** President and CEO Dan Starr with the Sagamore of the Wabash award—bestowed to exemplary Hoosiers in recognition of distinguished statewide service.

**LMC** marked its 88th anniversary on Oct. 1. LMC is represented in all 50 states and the Bahamas.

## ASSOCIATIONS

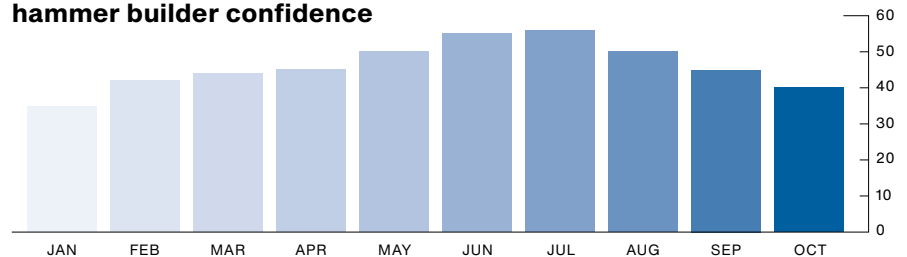
The **Northwestern Lumber Association** announced the organization's rebranding to **BLD Connection**.

**Mark Zemrowski**, COO of Indiana-based Von Tobel, has been elected chair of **NLBMDA**. Other officers include:  
**Vice Chair: Frank Addiego**  
 President, All Bay Mill & Lumber Co.  
**Immediate Past Chair: Jim Bishop**  
 Owner, Vesta Lee Lumber Company  
**Treasurer: Sandy Zelka**  
 CFO, Curtis Lumber Company, Inc.

## INDUSTRY UPDATES

**LP Building Solutions (LP)** announced the opening of its new LP SmartSide ExpertFinish prefinishing facility in Bath, N.Y.

## Mortgage rates well above 7% continue to hammer builder confidence



Stubbornly high mortgage rates that have climbed to a 23-year high helped push to the lowest point since January 2023. Builder confidence in the market for newly built single-family homes in October fell four points to 40 from a downwardly revised September reading, according to the National Association of Home Builders (NAHB)/Wells Fargo Housing Market Index (HMI). This is the third consecutive monthly drop in builder confidence.

FIND US HERE



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And send us your feedback to [Rick@LBMJournal.com](mailto:Rick@LBMJournal.com). Letters may be edited for length and clarity.



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## PEOPLE IN LBM

**ECI Software Solutions**, has named **Riz Karim** as chief customer officer.

**1stWEST Mergers and Acquisitions**, a leading investment bank and M&A advisory in the building material sector, has named **Courtney Painter** and **Dan Swift** as managing directors.

**Superior Plastic Products and Key-Link Fencing & Railing** announced three internal promotions: **Ezekiel Harnish** to COO, **Raj Pathak** to Director of Engineering, and **Dave Lechlitner** to Director of Information Systems.

**Do it Best** announced the following additions to its team:

- Joe Burcham** as a Retail Performance Manager
- Whitney Bullion** as a Forest Product Trader
- Rachel Drummond** as an Human Resources Coordinator
- Chris Hale** as a POS Support Specialist
- Joel Hernandez** as an Audit Intern
- Jasmine McClanahan** as a Consumer Marketing Specialist
- Steve Poole** as a Territory Sales Manager

Promotions within **Do it Best's** corporate office team include:

- Sam Huff** as Store Operations Manager
- Cody Klimkofski** as an IT Software Engineer
- Jake McGee** as a Building Materials Trader



Huntsville, Alabama-based **Wilson Lumber** appointed **Gordon Staley** as director of sales.



**Callie Baser** is the new regional human resources manager for **Ambassador Supply**. The company also named **Chad Urban** as national sales manager for the PFC/Steel Vertical.



**Paul Redwood**, Director of Strategic Procurement for **Accent Building Materials**, has been elected as Chairman for ISANTA (International Staple, Nail and Tool Association).

**James "Jimmy" Porcelli** retired from **Builders' General Supply Company** after 45 years of employment.

**APA-The Engineered Wood Association** announced changes to its Board of Trustees:

- Chair: Doug Asano**, Roseburg Forest Products
- Vice-Chair: Chris Degan**, Weyerhaeuser
- Trustee: John Murphy Jr.**, Murphy Company
- Trustee: Rich Babcock**, Rosboro

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

## DISTRIBUTION NEWS

**Coastal Forest Products**, is distributing **RDI Railing's** products in the New England region.

**Bozarth Sales**, Chehalis, Washington, is distributing **Envision Outdoor Living Products** throughout Washington, northern Oregon, Alaska, and Hawaii.

**Kebony North America** announced that **Hardwoods Inc.** and **International Wood Products** will jointly handle distribution of Kebony products throughout the Western U.S.

**Lumberman's Wholesale Inc.** is distributing **Envision Outdoor Living Products** from its location in St. Louis, Mo.

## MERGERS + ACQUISITIONS

**US LBM**, has acquired **Manning Building Supplies**, which serves builders throughout Eastern and Central Florida.

**Kodiak Building Partners** has acquired **Don's Appliances**, which operates 12 locations in Pennsylvania and West Virginia.

**Henery Hardware Inc.**, has acquired **Hadlock Building Supply** in Port Hadlock and **Deer Park Ace Hardware** in Deer Park, growing to six locations across Washington state.

**US LBM** announced that **Platinum Equity** will acquire a stake in the company from **Bain Capital Private Equity**.

## TOUGH CALL ANSWERS

THE SEPTEMBER 2023 ISSUE SURVEY RESULTS FROM LBMJOURNAL.COM

### THE SPECIAL-ORDER DILEMMA

Builders aren't required to prepay for special orders, but now you've been burned twice—because their homeowner clients had a change of heart. Here's how readers would handle this Tough Call.

#### TALK IT THROUGH

Talk with your builders and explain that this happened twice in one year, and ask for their input on how to prevent it from happening. They may have the answer.

41%

#### UPDATE YOUR POLICY

It doesn't matter who's at fault, the only thing that matters is that you fix it. Moving forward, no special orders from anyone without 100% prepayment.

39%

#### EAT IT

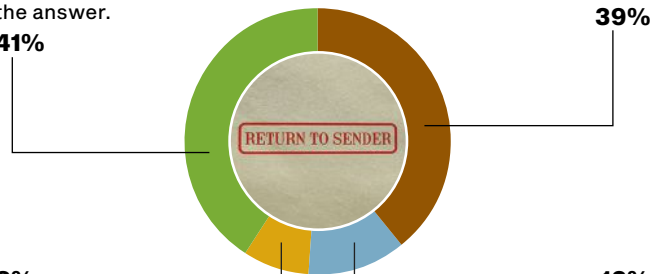
These aren't the first times you've been stuck with a special order, though it is the first and second time there was no prepayment. Accept it, try to sell the doors at cost, and move on.

8%

#### MAKE THE BUILDER PAY

There's a reason you don't require your builder customers to prepay special orders: because you know they're good for it. The responsibility falls squarely on Sam.

12%



## INDUSTRY EVENTS | 2024

**JAN 10-12**

ALLIED BUILDING STORES  
WINTER MARKET  
Nashville, TN | [alliedbuildingstores.com](http://alliedbuildingstores.com)

**FEB 6-7**

BLD CONNECTION-BIZCON NORTH  
Bloomington, MN | [bldconnection.org](http://bldconnection.org)

**FEB 7-8**

BMSA ANNUAL LEARNING EXCHANGE  
& LBM EXPO  
Hickory, NC | [mybmsa.org](http://mybmsa.org)

**FEB 20-22**

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

**FEB 21-22**

BLD CONNECTION-BIZCON SOUTH  
Altoona, IA | [bldconnection.org](http://bldconnection.org)

**FEB 22-24**

ORGILL 2024 SPRING DEALER MARKET  
Orlando, FL | [orgill.com](http://orgill.com)

**FEB 27-29**

INTERNATIONAL BUILDERS' SHOW  
Las Vegas, NV | [buildersshow.com](http://buildersshow.com)

**MAR 5-7**

LMC ANNUAL 2024  
Houston, TX | [lmc.net](http://lmc.net)

**MAR 21**

BLD CONNECTION-WISCONSIN  
CONNECTION CONFERENCE  
Baraboo, WI | [bldconnection.org](http://bldconnection.org)

**MAR 23-25**

DO IT BEST SPRING MARKET  
Houston, TX | [doitbestonline.com](http://doitbestonline.com)

**APR 28 - MAY 1**

LBM ADVANTAGE 2024 NEXTGEN  
LEADERSHIP CONFERENCE  
Denver, CO | [lbmadvantage.com](http://lbmadvantage.com)

**JUL 25-28**

BMSA 2024 SUMMER CONFERENCE  
Chattanooga, TN | [mybmsa.org](http://mybmsa.org)

**AUG 14-16**

ALLIED BUILDING STORES FALL MARKET  
Grapevine, TX | [alliedbuildingstores.com](http://alliedbuildingstores.com)

**SEPT 6-9**

DO IT BEST FALL MARKET  
Indianapolis, IN | [doitbestonline.com](http://doitbestonline.com)

**OCT 16-18**

LBM STRATEGIES CONFERENCE 2024  
Costa Mesa, CA | [lbmstrategies.com](http://lbmstrategies.com)

**OCT 23-25**

LMC EXPO 2024  
Philadelphia, PA | [lmc.net](http://lmc.net)

SEND INFORMATION ABOUT YOUR COMPANY'S EVENTS TO [WENDY@LBMJOURNAL.COM](mailto:WENDY@LBMJOURNAL.COM)






# PIVOT!

Griffin Lumber & Hardware was thrilled with CT Darnell's comprehensive design for their newest yard in Warner Robins, GA. Things were humming, ground had been broken, and CT Darnell was overseeing the construction. And then everything changed. Find out how Griffin and CT Darnell turned a design curve ball into an operational home run.






» Scan for the full story and video



**CT-Darnell.com ■ Sunbelt-Rack.com ■ 800-353-0892**

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BY RICK DAVIS

**WHAT MAKES** a great salesperson? When hiring a new salesperson, what are the characteristics that predict future success? As our older workforce ages into retirement and younger salespeople are required, these questions facing sales leaders will be more important than ever when hiring decisions are made.

Too often, salespeople are hired only to be later criticized and eventually jettisoned for lack of performance, leaving the question of predictability unanswered. My decades of experience have proven that there is never a 100% guarantee of any hiring decision, but there are ways to improve your percentages. West Point Academy faced a similar challenge.

Approximately 14,000 students go through the rigorous application process to be one of the 1,200 students accepted each year at West Point. Each applicant must graduate near the head of their class and demonstrate initiative through extracurricular activities. Finally, each application must be accompanied by a recommendation from a U.S. congressional representative.

One would think, given the strident requirements to enter the academy, student retention would not be a problem. Instead, about 15-23% of cadets who are accepted do not graduate, according to recent data. To solve the problem, West Point called in psychologist Angela Duckworth. Her work was featured in a popular TED Talk and the publication of “Grit: The Power of Passion and Perseverance.”

After studying not only the cadets at West Point Academy, but also teachers, salespeople, and other students, Duckworth concluded that the defining characteristics of

successful people were not health, looks, or intelligence. The defining factor is *grit*. “Grit,” Duckworth said, “is passion and perseverance for very long-term goals. Grit is having stamina. Grit is sticking with your future, day in and day out...for years.”

Austrian psychiatrist Viktor Frankl pioneered his concepts in logotherapy, his psychological theory that finding meaning in your future is the key to surviving difficult challenges. He wrote about his work in “Man’s Search for Meaning.” Astoundingly, his “research” was based on observations he made of prisoners in the German concentration camp at Auschwitz. He observed that people who could envision their future by finding meaning even in their abject circumstances were more likely to cope and survive the ordeal.

Frankl didn’t know at the time that his work would later be validated by studies in neuroplasticity of the brain. Studies have shown that intentional firing of the frontal cortex through abstract thinking, future planning, and self-discipline rewires the brain and fosters intentional positivity. The work of Duckworth, Frankl, and scientists in the field of neuroplasticity provide answers that might predict better ways to hire salespeople.

Hiring experts will argue that the best predictor of future behaviors is past performance. That is to say, a leopard doesn’t change its spots. This means that answers to hypothetical questions during an interview—e.g. what would you do if...?—are not predictors of future performance. The salesperson will often have the right answer, but one that is not necessarily likely to match actual performance.

## HIRE FOR GRIT, TRAIN FOR SKILL



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).

The only way to know what a performer will do in the future is to determine whether grit has been demonstrated in the past. It is for this reason that I have always placed high emphasis on past experiences in goal achievement as a primary predictor of future performance. The top salespeople are usually focused on high levels of personal achievement, and yes, this means they want to make money. But the desire for money is not enough.

The best sales performers are those with a history of personal achievement and “stick-to-itiveness.” If you are a salesperson, develop grit by deciding on your plan of action and pursuing relentlessly. If you are a manager looking for your next generation of talent, hire for grit and train for skill. This approach might not yield perfect results, but it is the high percentage play.

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BY BILL LEE

**ONE OF THE MOST** successful seminars I ever presented was “How to Protect the Bottom Line.” At this particular time in the history of our industry, the managers and salespeople were especially concerned about a prediction that the U.S. economy was poised for a correction. And to make matters worse, few of the U.S. salespeople had ever experienced a downturn. Residential construction had been booming for a number of years.

The salespeople’s immediate concern was how their performance-based compensation plan would be affected. Of course, it’s not unusual for commissioned salespeople to become concerned when they begin to calculate the effect a downturn is going to have on their take home pay.

I believe much of this kind of tension between management and salespeople can be avoided if everyone concentrates on the real enemy—the competition.

I suggest to my clients they put their strengths and weaknesses in writing and establish a plan that allows their company to reach its objectives in both good years and bad.

I asked the attendees to jot down a half dozen benefits their company offers that their competitors do not. They struggled with this assignment. When salespeople struggle to name specific reasons a prospect should do business with them, I figure they are too dependent on the vitality of their current customer base.

Noticing how the salespeople in the room were struggling, I decided to take a different approach, this time asking them to imagine that they were suddenly working for the competition, and they were preparing for a sales call on one of their old customers. Can you name a half dozen reasons why this builder should switch his loyalty and do business with you?

## DON'T FORGET WHO THE ENEMY IS!

**The marketing plan.** After some discussion among the seminar attendees, it became obvious that every company represented at the seminar that day was in the same boat. While a written marketing plan is not as vital when home construction is at the peak, every company should put together a marketing plan when they can see rough seas up ahead.

This list represents your weaknesses, the chinks in your armor. Your marketing plan should also include how you are going to overcome these obstacles until such time that they are corrected.

The competition is the real enemy. No matter how much in-fighting occurs in your company, you can’t change that fact. Until everyone concentrates their energy and their attention on beating the competition, you’ll never capture an optimal level of market share.

**Vital options.** Are your salespeople happy with their work? Do they believe beyond the shadow of a doubt that they work for the best company and deliver the best service in your community? Are they motivated and competitive?

I read an alarming statistic recently that four out of five people in America are unhappy with what they do for a living. Seventy-eight percent of U.S. workers feel cynical about their work, resulting in low performance and morale, decreased productivity and shoddy goods and services.

It’s hard enough for salespeople to fight the competition every day when they are committed, but when they’re just going through the motions, they will fight like they know they are going to lose.

Sales is a profession that relies heavily on emotion to keep its professionals pumped. Don’t take a salesperson’s performance for granted. When they perform at a high level, let them know how much you share in their joy.



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 THEA DUDLEY

Hey Thea,  
We are a small business and have found engaging a collection agency to be time consuming and not cost effective. Do you have any suggestions on how to collect? We have one customer in particular—he purchased \$5,000 from us on his account and since has not made any effort to make a dent in that bill. We have suspended his charging privileges and sent reminders and made calls. He also gets a monthly statement. He still comes in occasionally and always pays cash for purchases, usually less than \$100. HELP!

— Good Account Gone Bad

## WHEN TO CONSIDER SMALL CLAIMS COURT

Dear Gone Bad,

The love/hate relationship with collection agencies rages on for most of us. I know exactly where you are coming from and was firmly in your camp until I had the pleasure (if you could call it that) of getting to know some really good ones. Interview several agency representatives and see who you click with. The new breed of agencies is refreshing. I understand the frustration. I am not patient, don't want to "calendar" anything for 60 days or have to dog someone to tell me what the heck is going on and next steps. Just hit me with the 411. If it is not collectible, then just tell me I am up a creek. Those serving it straight are the ones I connect with.

An option to consider: small claims court. I LOVE a good rodeo and small claims court fits the bill. The limit in your state appears to be \$3,500, so you would have to cap the amount you sue for, which takes \$1,500 off the top but gets you to court quick, and serving him with a lawsuit will get his attention. When you consider that a collection agency charges approximately 25% to collect without filing suit and civil litigation is not realistic for that amount, shaving some debt makes sense.

The added bonus, if you have never been to small claims court, it is a killer experience. Typically, once your bad actor gets served, they reach out to "see what they can work out" or tell you why this is not cool. The amount of pushback they spew is a true work of art. A word of caution: Don't release the suit without getting paid. I mean cold hard cash. Payment clears the bank. No need to pretend. We have already established the level of trust.

You mentioned he comes in occasionally. Let the team know to give you a heads up next time Mr. Wonderful strolls up to the counter, then hotfoot it over and engage in a convo about his account. It doesn't have to be public; ask if you can a step away from the counter. Then it's game on. You can be open about having to "take some next steps on the account. If we can't get a deal done, we have to move the account along."

Tell him, "While we are at it, Big Shot, we are a 'no-go' on those cash purchases." You are at a defining moment in your relationship. We go to next steps (court, collections) or we work it out. And by work it out, I mean you get some money right there on the spot. A good faith payment, no matter how small, at least shows intent. There is no waiting to see if he does the right thing. He already told you in a nonverbal way, he is not worried about you or your debt.

You don't get to dine and dash then show up and pay for coffee. For your good account gone bad, practice tough love.



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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BY JOHN WAGNER

**IN MOST OF THE** acquisition offers we see for our clients, the letters of intent, mainly drafted by the buyer, contain provisions for bad debt, a.k.a. *dated accounts receivable* that have not been written off the seller's books.

In a process a little like the game hot potato, the buyers don't want to assume dated accounts receivable, yet the seller wants to pass it off under the assumption that the buyer can collect it when the company is under new ownership.

However, no buyer wants to take on the onus of these collections. So, here is how buyers typically address the matter:

In the vast majority of deals, at the closing, the accounts receivable become the property of the buyer. However, the value of the accounts receivable reflects *collectible* sales amounts. Typically, any accounts receivable that is not collected within 180 days post-closing reverts to the seller to collect. The bad news for the seller is that the value of the uncollected bad debt becomes a dollar-for-dollar reduction in purchase price.

For example, let's say you, the seller, have an account that stuck you for \$10,000 and the account holder mysteriously stops answering their phone or responding to emails. As much as this leaves you with a sinking feeling, it's rare that an LBM dealer has not had this happen; bad debt is par for the course.

When the seller closes the acquisition, and the business comes under new ownership, that \$10,000 is hanging out there. But who assumes it? The buyer might briefly assume the risk of collecting it, but if it goes out more than 180 days post-close, the buyer no longer considers that an asset of the deal, and the seller takes ownership of it, a.k.a. *debt repurchase*. At that point, the buyer gets to reduce the purchase price by \$10,000, because the seller owes the buyer that sum.

How does the buyer collect on the \$10,000 if the deal has closed? After all, funds have wired at the closing, and buyer and seller have already celebrated a successful closing.

Well, that's where one of two deal elements comes into play. The first is an escrow arrangement. The vast majority of deals have escrow, which is between 5% and 10% of the total enterprise value. The escrow is held by a third party (usually a bank, designated by the buyer) for between 12 and 18 months, post-close. If the seller owes the buyer \$10,000 for the uncollectable accounts receivable, and the seller hasn't voluntarily written a check for that amount after the 180-day period, that \$10,000 would get settled out of the escrow.

The second deal to address this potential liability is an accounts receivable hold back. In that situation, as much as 25% of the accounts receivable value at closing would be

## ESCROWS AND AR HOLDBACKS

withheld from funds paid to the seller at the closing. After an agreed-upon period, the seller would repurchase uncollectable accounts receivable, and the holdback would be reduced by that amount. The math is quite simple: If the accounts receivable is valued at \$200,000 at closing, the accounts receivable hold back would be 25% of that, or \$50,000. If the \$10,000 gets repurchased by the seller, then the net yield to the seller would be \$50,000 minus the \$10,000, or \$40,000.

It is not unusual for an accounts receivable holdback and an escrow to co-exist in the deal terms. The accounts receivable holdback would be exclusively used to address bad debt, and the escrow—a much larger dollar amount—would be used to address other matters that may arise post-close, like an unexpected seller's liability.

Deal terms announced in the LOI, and spelled out in the purchase and sales agreement, don't leave much to chance. They should be welcomed, because it keeps both sides of the deal honest, and avoids potentially messy legal issues later down the road.



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).

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SINCE 1948

BY RUSS KATHREIN

# ARE YOU SPENDING YOUR TIME ON THE RIGHT THINGS?

**TIME IS THE ONE** commodity we cannot replace. How we use our time determines how we succeed in our careers and in our relationships. As a young man, I had the opportunity to sit in on a sales training session by David Sandler, founder of Sandler Sales Institute. He was commenting on how people he knew were bragging about the quality time they had spent with their kids. Sandler told us something that has stayed with me ever since. He said, “At work, it is about quality time. At home, it is about quantity time.”

Every one of us has worked with that person who felt that they were succeeding as long as they spent most of their waking time at work. Conversely, we all have been guilty of making up for lost time with our family by dedicating some intentional quality time with them. So we tend to ignore Sandler’s sage advice, and end up doing things in reverse.

While how we spend quantity time with our families is up to us individually, how we spend quality time at work is something we can all share and learn from.



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

## Here are some pitfalls to avoid:

**Poorly prioritizing our day.** Often we spend our day knocking off all of the C-priority items, while we let the A-priority items languish until we have time or are forced to address them. We do this because at the end of the day, it feels good to be able to check a bunch of items off of our to-do-list. It is also a lot easier to quickly handle small items than it is to sit down and tackle the complex ones. The reality is getting the quick and easy things resolved may not be what your business needs, whereas finding solutions to your big issues may really help.

**Falling in the “Perfect is the Enemy of Good” trap.** Too many times people will delay completing a project or making an important call because they want to make sure they have all of the information or that everything they have looks just right. One can always justify spending more time or effort on something, but one has to ask, “Is the juice worth the squeeze?” The Marines have their 70% Rule that says having 70% of what you need you should make it happen. The Pareto Principle says that 80% of the outcome comes from 20% of the work. Spending extra time and resources to fill in the missing blanks at some point becomes worthless, if not detrimental.

**Holding ineffective meetings.** There are many things about meetings that we could get into, but first ask yourself, “Do we really need to have this meeting?” Don’t hold a meeting just because it’s on your calendar. If you do have the meeting, have a plan and make it quick. And just because you had the meeting slated for 30 minutes, if you get done after 10 minutes, end the meeting and give people back their time.

**Take time out of your day to just think.** This is probably the most important, but most overlooked action. Having your schedule jam-packed with meetings and calls can feel effective, but are you really solving anything or moving forward? Something as simple as shutting the door and doing some quiet reflection can often be one of the most effective ways of solving problems, gaining insight, and identifying opportunities. Add some time engaging with people outside your normal network, then you’ll really start to get the juices flowing.

Quality time in your job and career doesn’t just happen. You have to be intentional about it and not let the little things get in the way or distract you. Quantity time in your relationships is much easier. Listen to what Nike says and “Just do it.”

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**ORGILL**

# CONFERENCE RECAP

BY WENDY STURGES

**MORE THAN 200 LBM PROS** traveled from across the U.S. to connect in Charlotte, North Carolina for the LBM Strategies Conference 2023 on Oct. 11-13.

Hosted by LBM Journal, the conference is an annual opportunity for dealers, distributors and industry members to hear from inspirational speakers in the LBM world and to network with peers and the LBM industry's premier suppliers.

**DAY 1** of the conference kicked off with a tour at Professional Builders' Supply's new Continental Warehouse. The company's 93,000-sq.-ft. facility holds interior and exterior doors, windows, moulding, siding, lumber panels and more for residential use in North Carolina, South Carolina and Virginia. Attendees split into small groups and were given the opportunity to ask questions and see how the company organizes and ships its inventory.

The day continued with the Women of LBM Session, discussing the opportunities and challenges of being a woman in the LBM industry.

PHOTOS BY LIGHTSAIL VIDEO



**LBM STRATEGIES**   
**2023** CONFERENCE

Speakers from the session included Dena Cordova-Jack, Thea Dudley, Christi Powell, Jason Blair and Lisa Geth, each touching on their experiences in the industry as well as how to make workplaces more inclusive and productive for women.

Additionally, the day included a panel discussion—moderated by Buildxact’s Jennifer Castenson and featuring CJ Young from Ward Lumber; Jenny Vasquez from Kodiak Building Partners; and Sallie Keene Denton from Wilson Lumber—touching on a number of different topics, ranging from discrimination and communication to finding resources and support in the industry.

A popular topic during this year’s conference was how to attract and retain younger employees in today’s tight job market. Vasquez, who works as a vice president of human resources, said employers looking to reach younger employees may want to shift expectations that were previously geared toward older generations.

“Employee experience is huge, and [that’s] how you attract the newer generations, because they want the work/life balance, and they want to know that you as their employer care, not only about the work that they are providing, but also that you care for them as a human being,” Vasquez said. “We had to learn a lot of things during COVID, and it made us learn that some jobs can be remote. I think you’re going to see a lot more of that, unfortunately, and I know, it’s really hard for our industry, but we’re going to see a lot of movement in that direction.”

**“The networking opportunities are unbelievable. I can just go on and on about people who are not in my market that I’ve met and feel very comfortable with, and it’d be very easy to reach out to after this conference to get ideas that aren’t from a competitor. And so that’s invaluable.”**

— RAY HAYLES, CO-OWNER, WALKER LUMBER & SUPPLY

**DAY 2** of the LBM Strategies Conference 2023 had a jam-packed schedule of speakers, panels, and networking where LBM professionals discussed the issues and recent wins in the industry as well as overall leadership strategies.

Attendees heard from Building Leaders, Inc. founder and LBM Journal columnist Rick Davis; Rachel Huntman from Preston Feather Building Center and Jon Newbury from Newbury Homes; Cassie Detering Milam from The Detering Company; Ray Hayles, Scott McMillan, David Blair and Russ Vantrese from Walker Lumber & Supply; and LBM Journal Executive Editor and Publisher Rick Schumacher.

Another popular topic this year was how to navigate companies through tough transitions, such as leadership transfers between generations, or selling a business altogether. Dennis and Wendy Stine from Stine Lumber talked about how their family created a succession plan; Jim Sobek from New South Real Estate Partners shared exit options; and John D. Wagner and Ted Rieple from 1stWEST M&A discussed the process of selling a company. ▶





**MORE THAN HALF OF THE INAUGURAL CLASS OF THE LBM 40 UNDER 40 WERE RECOGNIZED DURING THE CEREMONY:**

- |                     |                               |
|---------------------|-------------------------------|
| Mark Blickenstaff   | Moore Lumber & Hardware       |
| Sunny Bowman        | Dakota County Lumber Co       |
| Sallie Keene Denton | Wilson Lumber Company         |
| Lindsey DiGangi     | PLM                           |
| Caleb Drenning      | YBC                           |
| Kari Gaviria        | Madison Wood Preservers, Inc. |
| Matt Goebel         | Star Lumber & Supply          |
| Caleb Grothaus      | Palmer Donavin                |
| Jeff Hills          | Preston Feather               |
| Jeffrey Hopfenbeck  | Simple Homes                  |
| Lance Latkiewicz    | Mans Lumber and Home          |
| Grant Leavitt       | Marcus Lumber                 |
| Tim Lucas           | GBS Building Supply           |
| Jace Mattinson      | Nation's Best                 |
| Marshall Maurer     | Yesler Solutions              |
| Andy Mitchell       | Mitchell Lumber Co            |
| John Muzzy          | Hancock Lumber                |
| Aaron Park          | Main Street Lumber & Millwork |
| John Perna          | Hamilton Building Supply      |
| Crystal Pieschel    | Mid-Cape Home Centers         |
| David Qualls        | Parr Lumber                   |
| Jenny Vasquez       | Kodiak Building Partners      |
| Alan Walters        | Miller Lumber                 |
| Nick White          | Gilcrest Jewitt Lumber        |
| Jamie Lee Wright    | Wright Building Center        |
| CJ Young            | Ward Lumber                   |

**DAY 2** also included an awards ceremony featuring honorees from the 2023 LBM Journal 40 Under 40 inaugural class, the Century Club honoring companies that have been in business for 100 years or more, LBM Journal's Dealers of the Year, the LBM 100, and a lifetime achievement award for industry leader and longtime LBM Journal columnist Bill Lee.

**A NUMBER OF CENTURY CLUB MEMBERS WERE IN ATTENDANCE, INCLUDING:**

Davis-Hawn Lumber	est. 1923	100 years
Marcus Lumber	est. 1920	103 years
Henry Poor Lumber Company	est. 1918	105 years
Preston Feather Building Centers	est. 1915	108 years
Nelson-Young Lumber Co.	est. 1913	110 years
Arnold Lumber Company, Inc.	est. 1911	112 years
Keim Home Center	est. 1911	112 years
Mead Lumber	est. 1910	113 years
Spahn & Rose Lumber Co.	est. 1904	119 years
Foxworth-Galbraith	est. 1901	122 years
Mans Lumber and Millwork	est. 1900	123 years
Mid-Cape Lumber and Millwork	est. 1895	128 years
Ward Lumber	est. 1890	133 years
Siewers Lumber & Millwork	est. 1884	139 years
Morches Lumber, Inc.	est. 1871	152 years
Gilcrest Jewett Lumber Company	est. 1856	167 years
Hancock Lumber	est. 1848	175 years
Maze Lumber	est. 1848	175 years

**Total Century Club in Attendance: 2,296 years**

**CURRENT AND PAST LBM JOURNAL DEALERS OF THE YEAR ALSO ATTENDED, INCLUDING:**

**2023 WINNERS:**

- Henry Poor Lumber
- Koopman Lumber
- Walker Lumber & Supply

**PAST WINNERS:**

- Hamilton Building Supply
- Keim Home Center
- Main Street Lumber & Millwork
- Parr Lumber
- Spahn & Rose
- Your Building Centers

**REPRESENTATIVES FROM 27 MEMBERS OF THE LBM 100 COMPANIES WERE ALSO IN ATTENDANCE:**

- No. 3 84 Lumber | Eighty Four, PA
- No. 4 Kodiak Building Partners | Highlands Ranch, CO
- No. 5 Carter-Jones Lumber Co. | Kent, OH
- No. 8 Parr Lumber Company | Hillsboro, OR
- No. 12 Mead Lumber Company | Omaha, NE
- No. 20 Franklin Building Supply | Boise, ID
- No. 21 Hancock Lumber Company, Inc. | Casco, ME
- No. 24 Stine Lumber | Sulphur, LA
- No. 27 Koopman Lumber | Whitinsville, MA
- No. 30 Star Lumber & Supply | Wichita, KS
- No. 31 TAL Holdings LLC | Vancouver, WA
- No. 34 Spahn & Rose Lumber Co. | Dubuque, IA
- No. 37 Keim Home Center | Charm, OH
- No. 47 Mans Lumber and Millwork | Trenton, MI
- No. 50 Your Building Centers | Altoona, PA
- No. 56 Jackson Lumber & Millwork Co Inc. | Lawrence, MA
- No. 57 Wilson Lumber | Huntsville, AL
- No. 59 Garris Evans Lumber Company | Greenville, NC
- No. 60 Beisser Lumber Company | Grimes, IA
- No. 73 Ashby Lumber | Concord, CA
- No. 77 Arnold Lumber Company Inc. | West Kingston, RI
- No. 78 Preston Feather Building Centers | Petoskey, MI
- No. 84 Walker Lumber & Supply | Nashville, TN
- No. 91 Moore Lumber & Hardware | Pine, CO
- No. 92 Morsches Lumber Inc. | Columbia City, IN
- No. 96 Hamilton Building Supply | Hamilton, NJ
- No. 100 Dakota County Lumber | Farmington, MN

**“LBM Strategies Conference is heads and shoulders above other ones I’ve been to. The topics are better, the boots-on-the-ground folks who are speaking are fantastic. It’s real life, real world information. If you want to grow and develop your business, this is the conference to come to.”**

**— JEFF TRESSLER, VP/COO, YOUR BUILDING CENTERS**

**AT THE END OF DAY 2**, attendees traveled to the nearby NASCAR Hall of Fame—which is celebrating its 75th year as an organization—to enjoy an evening of dinner, drinks, exhibits, interactive experiences, and networking.

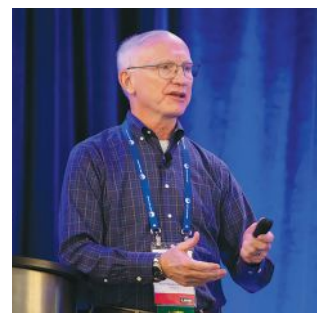
**DAY 3** capped this year’s conference with insightful presentations from Spahn & Rose Lumber Co.’s Dave Davis; Curtis Lumber Co.’s Doug Ford; and Bradley Hartmann from Bradley Hartmann & Company.

Hartmann spoke on how to recognize and avoid the Bikeshed Effect, which is the tendency to spend too much time on trivial issues.

The term “Bikeshedding” comes from the coding and programming world, Hartmann said. “It depicts a team of leaders that are responsible for approving, reviewing, and implementing very complex [plans]. There’s lots of details. There’s so many decisions to be made. They don’t focus on

those; they focus on something minor. Over time, they are focusing on the simple instead of the complex or focusing on the trivial instead of the important.”

In his session, Hartmann talked about how innovation is key and how recognizing that can help move businesses forward. “I think our industry in general, when it comes to innovation, I think we’re bikeshedding. I think we’re focusing on ways that are going to help us do a little bit better and still compete head-to-head on the same goals as all of our competition,” Hartmann said. “Why don’t we celebrate some things that are working really well? New, innovative ideas. Let’s also celebrate things that didn’t work but were also good ideas.” ■



**LBM Strategies Conference 2024 is scheduled for October 16-18 in Costa Mesa, California, and will include a tour of a Ganahl Lumber location. Scan the QR code to register now.**



## CODY MILLER

PURCHASING/MERCHANDISE, LUMBER & BUILDING MATERIALS  
HARTVILLE HARDWARE & LUMBER



BY WENDY STURGES

**AS PART OF THE** fourth generation to work at Hartville Hardware & Lumber, Cody Miller is helping to navigate his family's business through unprecedented changes, while keeping the heart of Hartville Hardware & Lumber the same as it's been for more than 50 years.

Located in Hartville, Ohio, that hardware store has since grown into a complex of businesses, a design center, a marketplace and flea market, and even a kitchen and restaurant. In one of the store's farm and pet department, shoppers can still see a sign for the livestock auction house, started by Miller's great-grandfather in 1939.

Miller said the business' tradition of serving the community has helped make the campus a mainstay in the area. The business hosts classes for professionals and the public, as well as community events, such as their annual Grillfest barbecue competition.

"We're definitely heavily involved in the community, that's been one of the anchors of our business, and something we really strive to do," Miller said. Giving back to the community is a big part of who we are as a family business, it has been cemented in our business philosophy that has been passed down through our generations."

In 2020, the family added to its portfolio, buying a lumberyard in nearby Middlefield, an area with another family connection.

"My grandma was actually from the Middlefield area, so having the chance to add that yard was a unique opportunity for us. That location aligned really well with us on

the product side, but also aligned with our values of being heavily involved in the community and treating others as we want to be treated. It's been a really good fit with good people and it's been fun to be a part of."

But despite the family's deep ties to the area, Miller said, like most other businesses during and after the pandemic, Hartville Hardware has had to adapt. As manager for purchasing and merchandising for lumber and building materials, he's seen a number of challenges with supplies and the economy.

"Obviously the economy is the big talk right now with interest rates being where they are, customers seem to be holding on to their money a little more, which raises some uncertainty for us looking into next year" he said. "Coming out of COVID with supply chain issues, that was a nightmare. Sourcing product is still a challenge in some categories, then also working to figure out where pricing needs to be. I think the market is trying to figure that out."

Another challenge faced by Hartville and others has been the changing workforce, Miller said. As the Baby Boomer generation retires, he said the business is working to attract new workers, while holding onto the institutional knowledge that helped the business succeed.

"We've had a lot of long-term team members, who were also family friends, who have been a big part of building our store that have now started to retire. It's hard to replace all of that knowledge and experience. We have great onboarding and training programs to go along with leveraging our campus of businesses that have helped us attract and grow a younger generation. It's still a challenge, but we feel like we are performing well in this area and that's a testament to our team."

**"WE HAVE GREAT ONBOARDING AND TRAINING PROGRAMS TO GO ALONG WITH LEVERAGING OUR CAMPUS OF BUSINESSES THAT HAVE HELPED US ATTRACT AND GROW A YOUNGER GENERATION."**

Miller said his nomination to LBM Journal's 40 Under 40 inaugural class came as a surprise, but credited his family's faith and the support of the employees at Hartville Hardware.

"My faith is important to me, and it's something that has been passed down through our family and I hope to continue to use as an example to my kids. That goes hand in hand with treating others as you'd want to be treated," Miller said. "This opportunity is definitely humbling for me. A good family to work with, a unique store, and amazing team members has made this all feel like the perfect situation. It's a good environment to work in. Showing up and working hard is the kind of culture that my family set. I was thankful to accept the nomination as part of Hartville Hardware." ■

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## Employee ownership leads Bender Lumber into the future

BY JAMES ANDERSON

**J**ohn Bender didn't intend to get into the lumber and building materials business. In fact, he was on vacation when it happened.

In 1962, as one of the three founders of the Pizza Hut Co., John was visiting back home in Bloomington, Indiana. He had explained to his father, Harold, that he had developed quite an interest in business ownership as Pizza Hut expanded from a single location in Wichita, Kansas. Together with Harold, John asked if the lumberyard where his father had worked for 27 years as general manager might be available for purchase.

It turns out that it was. And while John thought he was in town just a short time to visit family, he instead stayed in Indiana and sold his interests in the original Pizza Hut Co. "I was in the lumber business from then on," he says.



**Bloomington history**

Bender Lumber was originally founded in 1931 by builder Harold Wegmiller and business partner Sylvester Davis. Known then as Wegmiller-Davis Lumber, Wegmiller bought out Davis in 1936 and the company name was aptly changed to Wegmiller Lumber Company.

As a replacement for the departing partner, Harold Bender was hired as the first new employee of Wegmiller Lumber Company. Harold became a key part of the company’s growth over the next 27 years.

“The success up to that time was largely a reflection of my father’s effort,” John says.

**Family business**

“We started in a small yard,” John says. “It was a modest business, but in the second year we relocated that store to a better facility.”

The 1970s brought with it several significant challenges to the company, including a major

fire. The company also changed its name to Bender Lumber and opened a second location. Later, John’s younger brothers Paul and David joined the business and Harold retired. David later died of a heart attack in 1998.

Most of the expansion to additional locations happened during the 1980s and early 1990s. All the while, John had been involved in numerous other business ventures, including a 25-store Pizza Hut franchise group in central Indiana that was sold to Pepsi-Cola in 1990.

As John’s family grew along with the business, two sons worked for the company but have since retired.

**Growth to ESOP**

Today, Bender Lumber is made up of eight locations in southern Indiana and generates revenues in the \$60 million-plus range and is trending slightly upward for this year. John, at 85 years old, is still active in the business. “They don’t let me drive trucks much anymore,” he jokes.

The Bender family still has controlling ownership of the company, but Bender Lumber is on track to become a fully employee-owned business. Currently a partial ESOP, the 2008 housing market crash and Great Recession slowed the process, but plans are again in place to convert to full employee ownership. ▶



Bender Lumber is made up of eight locations in southern Indiana and generates revenues in the \$60 million-plus range and is trending slightly upward for this year.

“The company is doing well and that’s our next move,” John says. “We have an awesome team headed by Ben Watters, our company president. My brother and I have always been interested in ESOP because we think employee ownership is good for the company and we’d like for everyone to have a piece of the pie.”

John says he’s always considered Bender Lumber to be a “bottom-up” company. “Our organizational chart has always been drawn upside down. Management’s job is to support the people—not only to be a boss, but to be supportive,” he says.

### Core values

While Bender Lumber faces some of the same challenges with finding good employees as any other lumber dealer may, what stands out at Bender, John says, is the organization’s commitment to its core values and how those values build strong teams and retain good staff.

Developed over several months involving key contributors, the company’s values touch on: Safety, Respect, Commitment, Integrity, Service, Pride, and Innovation. A complete reading of the company’s core values can be found on its website at [benderlumber.com](http://benderlumber.com).

“These are core values that we aspire to. We use them in recruiting, and in every meeting we hold we talk about at least one core value.” Through developing core values, John says the company’s hiring managers have since learned to ask “What makes good employees? What type of people would you like more of?”

John says that throughout the recruiting and hiring process the company is clear about its shared values and sometimes potential hires realize “we may not be right for them.”

“We’re also trying to make sure our culture is obvious to everyone involved,” John says “so we share these core values with our customers.”

Once onboard, John says employees are usually inclined to remain at the company. Employee recognition is important, he says. “When someone does something special, we go out of our way to recognize that.”

### Extra mile

Bender Lumber established the Extra Mile Club in which employees are recognized for outstanding contributions to the company. Recognition includes cash prizes, a plaque, and a special hat to wear. Employees who make the Extra Mile Club more than once are then referred to as members of the Road Warrior Club.

“We make a lot of effort to recognize our employees in a variety of ways,” John says. As an example, John cites an August 2020 incident in which an employee had gotten married on a Saturday morning and later that day still made a delivery. “The bottom line is that successful employees do whatever it takes to get the job done,” John says.

### Looking ahead

Recent store location mergers have created “a wildcat out of two dogs,” John says, and over the last several years the company has also relocated some yards, choosing optimization over new store expansion.

Bender Lumber has a new location opening in the future, John says, adding that beyond the one location on the calendar, the company’s expansion plans have slowed for now. Instead, leadership is focused on upgrades of both equipment and facilities. “As things become prosperous after a tough business climate during the pandemic, we’re upgrading.”

As for John, he’s still going to work at 85 years old and isn’t calling it quits soon. He plans to stay around to see the company through the full ESOP transformation and even a bit beyond that. ■

Bringing significant LBM industry experience, James Anderson is a contributing writer for LBM Journal.



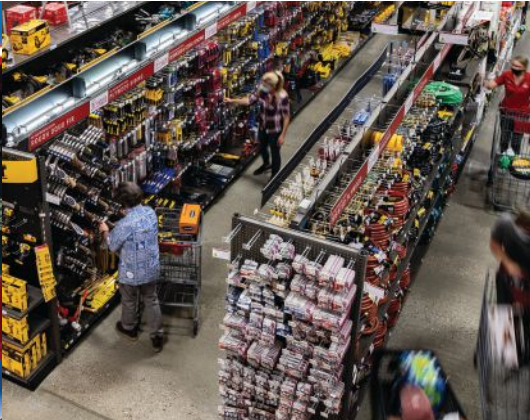
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Locations:	Eight
Employees:	150
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REAL ISSUES. REAL ANSWERS.



# MANAGING CUSTOMER EXPECTATIONS

With two-day shipping now seen as the gold standard of online shopping, customers can often be surprised by the weeks or even months it can take to source certain materials when working on a project. Years after the start of the pandemic's effects on shipping and supply chains, many of those in the industry still struggle when faced with long lead times.

BY LBM JOURNAL READERS

We asked readers who have opted in to our emails—let us know at [operations@lbmjournals.com](mailto:operations@lbmjournals.com) if you'd like to be on the list—and more than 170 readers responded to our prompt: What advice would you have for the dealer who posed this question?

“Our biggest issue is managing the expectations of customers in an age of ‘I need it now!’ During the pandemic, customers were understanding about longer-than-usual lead times. But now we seem to be back to an ‘Amazon Prime’ universe, where they expect nearly instantaneous service, and they seem to lack the patience to wait. We’re working to implement an ecommerce system that will hopefully speed up our response times. How are other dealers managing customer expectations that just aren’t realistic?”

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

“Honesty is the best policy. Instant service can only be provided at a considerable cost unless the best service is reserved for the A-list or priority group. Making customers and sales associates knowledgeable of reasonable lead times is imperative. No way around it.”

“We hired more people, which was difficult to find just to keep up with customers’ demands.”

“The bulk of my customers are not in the ‘need it now’ camp. The few that are head for the big boxes. Lead time of 4-6 weeks on special orders seem to be the new norm.”

“We try to always provide quality products and service. We do a lot of special orders and inform our customers that while we submit the orders by the next day, we have no control over our suppliers’ response time in shipping the order to us. Our customers are usually very understanding. We also try to keep our customers updated on changes to delivery dates if any delays are encountered.”

“Start by sourcing the product and then calmly explain when the materials will arrive. The customer can decide if that date will work for them or not. You can offer suggestions of products that might be a substitute if the timing might be better.”

“The only way is to set the expectation up front. Once you do this you are better placed to provide a higher level of customer service.”

“Be very transparent with current product lead times. Some products have better lead times than others. If time is a critical factor, you need to get that out of your client at the outset of the conversation. In order to meet time constraints, you may need to refocus the product specification.”

“Don’t over promise the timeline. I always add 5-7 days to delivery times for any unforeseen circumstances. This way, if material comes in sooner, you look like the hero and customer is happy.”

“We focus on timely communication and real information. At the beginning of each project, our team lays out the timeline for the entire project. Our supply is scheduled months in advance to mitigate the emergencies. Things come up, they always will, but we simply communicate realistic expectations and timelines. Back to the basics of lumber life.”

“Have OSRs visit the site on a regular basis and talk to the subs. OSRs must have regular, frequent conversations with builder or job superintends. Emergencies are often the result of poor planning.”

“We are working as a staff to try to manage customer expectations, starting at the front counter, all the way through delivery. We are utilizing new technology to help with communication with the customer and between staff. This means that multiple people are working on a project and no work is duplicated, meaning less waste and downtime.”

“You need to first confirm if the expectations are unrealistic. Many of our vendor partners are actually not performing at the levels of their competition. You need to have a ‘pandemic is over and get it done’ attitude or you will be left behind by those that have already adapted.”

“We’ve had more instances of customers sending over reasonable delivery dates on mostly special-order steel framing packages, then bumping up the date and wondering why I can’t make it appear out of thin air. I’m not a genie, so I have to break the bad news that they’ll have to wait on the steel truck. Then, they usually also underestimate their material needs, so that compounds the issues.”

### “TELL THE TRUTH ALWAYS!”



“Transparency, and options. Communicate product knowledge and potential challenges up front, and highlight challenges and how you’ll manage expectations with delays or product substitutions.”

“Commitment to promoting products that manufacturers and product suppliers have chosen to establish adequate inventories and logistics that can satisfy our customer needs is one way we are resolving this problem.” ▶

“Failure to plan on your part does not create an emergency on my part. We will be happy to look over your project and help you with a time frame to complete it.”

“We assure them that the manufacturer is making their product, or the wholesaler is not stocking as many products as costs have gone up, leading to special orders and longer production and shipping times. We ask for down payments to confirm that they are allowing us to order products for their needs. With that said, we give them an estimated ship date and then stay in contact with our customers until the order is delivered.”

“We try to give our customers the best estimated arrival window we can. Never give an exact date. Generally our customers are still understanding that even though things are getting back to “normal” there are still certain things that carry longer lead times still. For those that are impatient and not willing to wait, we just ‘wish them luck’ finding product sooner elsewhere. Not that we like to lose the sale but we can only place the order. We are not making the products they are ordering. Many of our loyal customers have become used to communicating their needs with plenty of time allowing for the extended lead times to get special order materials.”

**“CLEAR COMMUNICATION.”**



“We customarily offer same-day to next-day service on stocked products. We will substitute a higher quality if need be to make that delivery window. Products are pretty much the same from one competitor to another, so service is what differentiates us from our competition.”

“Sounds corny but practice the golden rule sincerely. Successful customers know they need you almost as much as you need them.”

“If the wait for service is on the front-facing customer service side, then would definitely recommend increasing staff to accommodate the customers or cross-train existing staff. We ran into a similar issue, and made it a requirement for every hire to be trained to service customers at the counter. If we have call outs, short staffed, or simply feel a rush then we know we can pull from a reserve to avoid losing sales. If the issue is tied to a specific department, you probably need to reevaluate how that area is staffed (kitchens, doors, etc.). If the service you are talking about is product related, then offering alternatives for faster arriving products could be the solution. We brought in a lower level kitchen vendor recently that operates on a more limited line, but with a fast turnaround. It allows us to have the customer choose between their dream kitchen in eight weeks or a really nice new kitchen in four weeks. It’s their choice and they are bought into the time frame.”

“Speed creates higher chances of human error. Stand on quality—quality borne of deliberate actions taken with accuracy and common sense. Quality delivered through a passion to get what the customer needs as soon as humanly possible. Great outcomes are worth the wait.”

“We are upfront with lead times at the time of order. Even Amazon Prime delivery in our area has lengthened (We’re rural PA and now it’s four days for Prime for the most part). I always tongue-in-cheek ask customers if they would like it ‘yesterday’ or if they would like me to use my magic wand to help the situation. Most take it well and it gives them a chance to breathe and think more rationally. I will also gladly refer them to another independent in the area or even make a phone call for them to another dealer to see if they have the item in stock.”

“We explain to customers that quality takes a bit more time, and with the labor shortage, the processing of goods is longer than pre pandemic. We try to be up front by letting customers know what the lead times are so that they can plan accordingly. We sometimes add on a week as a safe harbor. That way if we are early, everyone is happy.”

“Same day service for deliveries in a lumber and building materials company is an unrealistic expectation. Better planning is needed by those who think things can just appear overnight.”

**“TRAIN YOUR CUSTOMERS.”**



“I feel we are seeing a different side of it. During the pandemic, lead times were outrageous. Windows got up to 15 weeks, composite decking was six weeks ... now I feel like people are thrilled when we tell them we can get them a window in three weeks. Honestly, I don’t feel we have seen the impatience come back at this point.”

“Face reality. We can get it this date. If you can find it faster, go buy it.”

“Some manufacturers are recovering faster than others so we suggest they look at options that will provide them with faster lead times while providing similar quality.”

“We are in a rural area but serve customers in every state from our single location in MI. I feel that mentality of ‘need it now’ is a regional thing: NY, NJ, and CA. Sorry if you’re from there! Our customers from all other states are surprised that we have items in stock and wait times for most items are low. We are not having a big issue with patience now, but there was certainly a lot required from 2020 through 2022. Labor has been and still is an issue and is causing some of the problems with longer wait times. I think you should ask questions of those with little patience. How is their work log and wait time of getting their customers’ jobs done? Labor is an issue nationwide and turning the tables on them makes them realize it. Builders in our area are booked one-to-two years out; emergency jobs are done on weekends. If they are making their customers wait, then they should understand that they may have to wait for supplies also.”

“Communication. Weekly emails to builders with lead times and scheduling through supply portals with realistic ship dates.”

“We express to them that there is no possible way to get the material quicker.”

“Do the best you can and communicate with the customer.”

“Set the expectation when they place an order.”

“We try to accommodate at the speed they need. If not, suggest they try Home Depot down the street, to see what slow and late delivery really are.”

“The strategy is to set your lead times and then make sure your organization successfully hits your lead time. The issue is when you miss the lead time.”

“‘I need it now,’ means ‘mistakes tomorrow.’ The need is an urge, thought and planning is wisdom. Avoid ping pong email/text matches. Pick up the phone, do some discovery, have a conversation. Don’t be a hero, be the guide.”

“We combat this by having our outside sales staff in constant communication with customers throughout the month and cycle of build. This helps manage the expectation and corresponding lead times by making sure we are accounting for that and not the contractor. If we leave it all to the contractor, we will always be operating as firefighters. Albeit some contractors are better than others.”

“It is what it is. We tell our customers up front how long a product will take to come in and they are generally OK with it as long as it isn’t outrageous.”

“We offer different companies’ quotes with different prices and different lead times.”

“Our strategy was to get the reps to be proactive with the builder on all products with long lead times that still exist. We have also constantly sent emails to builders to keep them informed about products that could cause delays on their projects due to lead times and encouraged them to order these products. Builders and homeowners have this mindset that the pandemic is all over and everything should be easy to get what they need and when they need it. I would encourage you to keep builders informed about long lead time products through emails and account reps. Us being pushy and proactive about ordering these products for the builders has minimized any hardship with the builders.”



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REAL ISSUES. REAL ANSWERS.

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

“Builders need to communicate with their suppliers with their time tables and keep them updated and realistic. Dealers should not expect wholesale distributors to have everything in stock every day. Distribution relies on ‘on time’ shipments from manufacturers, but we know that is a wishful thought. Mill schedules, natural disasters, trucking issues, to name a few, can, and will change inventory levels. Distribution gets hit hard with orders each and every day from customers, who in turn are getting hit hard by builders. It’s a two-way street ... none of these ‘outages’ are on purpose. Staying ahead in inventory levels is a challenge. Forecasts from the builder, to the dealer, to their suppliers must be in constant conversations to lessen the failures in the supply chain.”

“Do what you say you will do. Be honest.”

“Tell the customer/prospect the truth. Whatever the lead time is, it is. Be honest. There may not always have to be a ‘why.’”

“Being honest about the situations as they arise. Inquiring about other parts of the job to ensure that the needs are real. Improving our processes to improve lead times.”

“With kid gloves, but transparency. Don’t push the date to far out to try to make yourself look good for beating the delivery date either.”

“We’re pointing out that having to answer five different ‘compliance’ personnel is taking away our ability to get items shipped and invoiced!”

“We are in the millwork segment of our industry, which is far removed from ‘Amazon mentality,’ and have met our customer’s needs throughout the pandemic and beyond with very few issues or delays. All which have produced extreme loyalty!”

“We have to deal with big suppliers that carry large inventories and can deliver in 48 hours.”

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“Begin with clear and complete communication from the start, letting customers know when they need to place orders and why. Document via the quote, order acknowledgement and through email. Issues arise when we haven’t been clear and consistent with our messages. Whenever we can meet their unrealistic expectations, we do. Then when we cannot, they trust our message that we cannot. We follow-up with any delays on our customers’ part so we can encourage more timely actions. For some, we do a debrief on the last transaction to prepare for better future transactions.”

“Distributors should go back to stocking materials.”

“You can’t manage if the manufacturers are not keeping up with demand. We do our best to satisfy our customers.”

“Explain to your customers their schedule may not align with your company’s and they need to get on board with creating a reasonable schedule. Quit catering to your customers without setting the expectation of a real lead time. Your company must be realistic with its lead times and once orders begin to push out lead times, you have to communicate that to the customers who you know are higher maintenance.”

“Tell the truth.”

“Overcommunicate.”

“By utilizing technology to help speed up the process, produce more efficient, accurate, and standardized results.”

“Working hard to help customers understand the pressures that still exist.” ■

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## JASON NIEMI

VICE PRESIDENT OF PRODUCT STRATEGY | DMSi

### How can technology tools help LBM dealers grow businesses and better manage territories?

It's about being available to your customers wherever and whenever they do business. So that means if the only time a contractor can review invoices is 9 p.m. on a Saturday, then you should offer a way for them to do that. Outside sales reps should be able to provide the same level of service in the field as they would at the service counter; they should be able to check inventory, get pricing, and submit an order when meeting with the customer at a jobsite. For multi-location dealers, customers should be able to walk into any branch and easily get an answer about invoices, past orders, and open quotes created in other branches. Don't make customers come to you; you should go to them. Offering that level of convenience, accessibility, and immediate responsiveness, that's an immense value and it builds loyalty.

### How can a robust Enterprise Resource Planning system help create efficiencies for labor-strapped dealers?

With the current labor shortage, it is crucial to have systems in place to organize work for each day and assign your staff accordingly. Dealers must be able to anticipate the workload, especially when it comes to yard staff and drivers. A robust ERP allows managers to have access to the information needed to make essential decisions and keep things moving. The full scope of inventory and transactions is available immediately. Systems must be in place to show if orders are off track due to backorders or a production delay. Having a process with an ERP allows dealers to make plans to get orders shipped on time and keep commitments made to customers.

Jason Niemi, Vice President of Product Strategy for DMSi, explores new technologies and identifies way to leverage them for DMSi customers. He was instrumental in bringing Frameworks, DMSi's web-based ERP offering, to the U.S. He also works closely with students from the Raikes School at the University of Nebraska-Lincoln on projects where they apply their new skills and knowledge to solve real-world business problems.



### When it comes to warehouse and order management, how can technology help streamline processes and improve accuracy?

It's about improving clarity. A good warehouse management solution creates clarity around processes so team members know what they should do. For instance, if your solution provides descriptions and images of products, employees—especially new employees, are more confident they are getting the right item. A good solution guides users through your processes by giving prompts about the next step the person should take. This not only improves consistency and accuracy for the business, it also improves employee morale. When people are confident in how to do their jobs and can perform their jobs quickly and efficiently, they feel more positive about their place of work.

### Where do you see the future heading for e-commerce or self-service technology and its impact on LBM dealers?

In the future, online services will be expected by every customer; simply having a website will no longer be a competitive differentiator.

At that point, dealers will compete on the quality of their online service. So, dealers with sites that are very easy to use, that have a lot of self-service tools, that provide supporting content such as videos or product sheets, those dealers will have the edge. That might sound "techie" and intimidating to some, but competing on online service-quality is the same as competing on in-store service-quality. Online service is service. Dealers that understand that and approach online service as a way to provide value will build stronger relationships with their customers.

Now, even if online service will be standard and expected, that doesn't mean dealers should have to bring on web teams. E-commerce/self-service sites should be easy for customers to use *and* easy for dealers to manage. Your existing sales team should be able to add products, create a landing page, or set up a marketing campaign on your site without having to go to coding school. That's a reasonable standard to expect from your technology vendor.

### When it comes to technology, what's out on the horizon and what can we look forward to?

Advances in technology have led to increased demands for quick and easy access to information across the board. Around the clock accessibility through web-based software solutions is the standard that customers have come to expect. In the future, we will certainly see continued growth and improvements in software solutions and integrations that make processes faster, and easier, and benefit your business. ■



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# TECH TOOLS

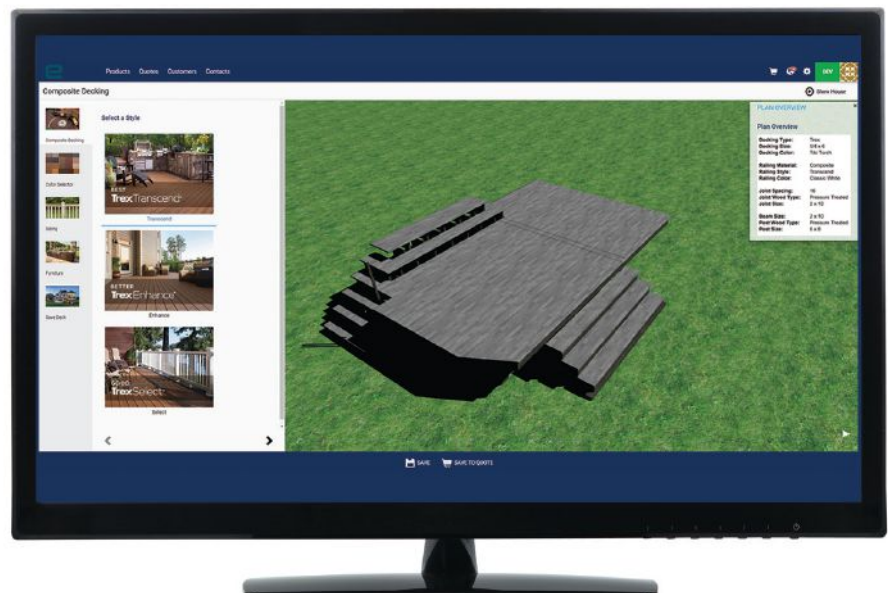
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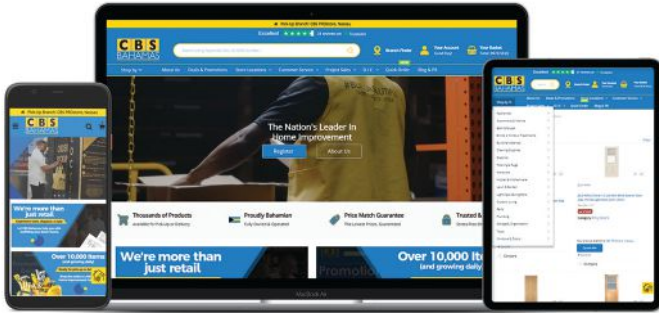
**H**aving the power to predict catastrophic events such as economic downturns or product shortages would be the dream of any LBM dealer, but it's far from a modern desire. For example, in ancient China in 132 AD, an astronomer, mathematician, engineer, and inventor called Zhang Heng constructed a device to predict earthquakes—possibly the most catastrophic event known to man.

Zhang's creation was a giant bronze vessel almost 6 feet in diameter. Eight dragons, each marking a primary compass direction, wound down along the outside of the vessel, and each one held in its mouth a small bronze ball. Directly beneath the dragons sat eight bronze toads, with their broad mouths gaping to receive the balls. The sound of the ball striking one of the eight toads would alert observers to an earthquake and would give a rough indication of its direction of origin.

We're not that different from Zhang. Although we still cannot accurately predict earthquakes, we have come a long way in creating technology that can gather data which can be used to predict business upheavals and better plan for future action. And while detecting earthquakes may not be high on the list of problems LBM dealers daily face, having the ability to identify areas of potential growth and better provide a seamless transaction for customers is what technology platforms for the LBM industry are poised to provide.

Epicor recently released Epicor CPQ, an end-to-end configure, price, and quote (CPQ) solution optimized for the LBM industry. According to Epicor, CPQ simplifies and automates sales, engineering and manufacturing, and the dynamic 2D and 3D product configurators benefits sales teams, distributors and website visitors. The easy-to-use and powerful rules engine automates the development of CAD drawings, and drafting proposals, cut sheets, BOMs, and more.





In July 2023, ECI Software Solutions launched Spruce eCommerce, an ecommerce solution designed for the needs of LBM and hardlines businesses. ECI's Spruce eCommerce integrates with its Spruce business management software, combining professional website design with a customer portal to simplify online shopping. According to ECI, Spruce eCommerce allows users to build a sleek, professional storefront website and customer portal without needing any experience in coding or web development.

**Access to data**

In the world of LBM technology, nothing stays the same for very long, and emerging tech trends point to increasing the availability and accessibility of the data the various tech platforms are amassing.

“One constant that we have identified is not technology-based per se, but rather the need for real-time access to enterprise-wide data,” says John Carrico, vice president of product management for Epicor. “Data that’s managed by functional areas within businesses that may be hosted in various disparate systems. The need and speed to this information facilitates decision-making, helps identify areas for improvement and growth, and helps gain an overall view of the company’s health.”

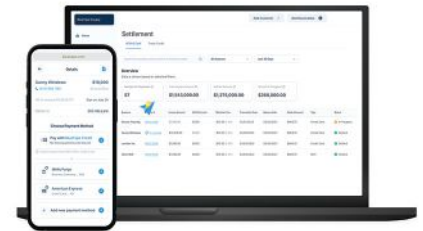
Carrico goes on to explain how LBM dealers are looking for technology solutions that store critical business information, aggregates data, and presents the information in an intuitive, user-friendly format that is accessible to all areas of the business. “Capabilities such as dashboards and reports are necessary to deliver a clear picture of all business operations that enable day-to-day and strategic decision-making. The overarching mantra is translating data to insights to meaningful action.”

The critical factor, he says, is to democratize data. “Democratizing data doesn’t just make data available to everyone. It helps build that culture where data is valued and used effectively. It helps train employees to understand and use data and provide them with the necessary tools and support. This can lead to a more informed and engaged workforce that can drive organizational innovation and improvement.”

Along with the technology providers we interviewed for their insights, there is an array of tech options that bring unique solutions to the table for building materials distributors. While we covered some of these in our June 2023 In Depth technology feature, these should stay top of mind for LBM dealers looking to stay ahead of the game.

**BlueTape** | BlueTape is a payment and trade credit company serving LBM dealers, distributors, and manufacturers. It allows LBM dealers to automate their AR systems and offer their customers a wide range of payment options, including extended terms. BlueTape customers can leverage its easy-to-use solution to get paid fast, reduce their risk, and lower their DSO to one day.

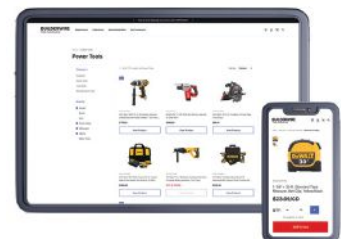
In the past year, the company introduced BlueTape lines of credit to enhance the customer financing experience. In the upcoming months, it plans to introduce several new initiatives, a new feature enabling BlueTape suppliers to offer consumer financing, special project financing for solar, commercial and public projects. [bluetape.com](http://bluetape.com)



**Builderwire** | As the LBM industry’s oldest supplier of ecommerce and digital integration solutions, Builderwire is engineered to integrate with virtually all of the major ERP providers. According to the company, Builderwire is unique in providing key vertical industry segments with an integrated business-to-business ecommerce system that aims to increase productivity, improve operational efficiencies and reduce cost.

Since its inception in 2000, Builderwire, Inc. has been focused exclusively on providing business-to-business ecommerce solutions integrated with its clients ERP back-office systems, allowing companies to market and sell more effectively through direct customer relationship channels. In addition, it offers complete digital marketing services for its customers that provides one-on-one consultations coupled with metrics, goal setting and performance analysis.

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Jason Niemi, vice president of product strategy for DMSi Software, also sees the importance of accessibility as a growing technology trend. “The theme is accessibility; giving businesses easier ways to access and use their own data,” he says. “Accessibility can come from leveraging the web to a greater extent. Web-based software can revolutionize service levels. Instead of being tied to office computers, employees can log in wherever and whenever they need—from the yard, the showroom, the field ... any location on any device with a browser.”

### Better experience, less work

Rather than shoehorning existing tech tools into the LBM world, tech creators are busy developing custom applications built specifically for LBM dealers.

“The modern customer has unique shopping and purchasing process needs—especially in today’s evolving online buying space, and there’s a gap between what customers expect from websites and what’s available,” John Maiuri, division president of LBMH at ECI Software Solutions, points out. “Spruce eCommerce supports the idea of an ‘endless aisle,’ helping SMBs [small- and medium-size businesses] extend their customers’ in-person shopping experience without having to do more work.”

He also mentions how better flexibility is another benefit. “Typically, LBM dealers are stuck in their stores after hours getting caught up on those things that have to be finished before the next day. But if their system is in the cloud, they can access it from anywhere that has an internet connection. This creates so much more flexibility.”

That flexibility can enable LBM dealers to quickly pivot, says Epicor’s Carrico, to adopt new technologies and business models, adapt to supply chain dynamics, and optimize their work environments and practices. “Both Epicor BisTrack and LumberTrack are purpose-built solutions specifically for the building supply and lumber manufacturing industries,” he explains. “Our deep industry expertise and customer partnership is reflected in the development of each solution that integrates capabilities from all business functions into a single platform. Capabilities that support sales, inventory management, shipping and logistics, invoicing, financials, purchasing, and production management.”

Jason Niemi points to DMSi Software’s new ERP, Frameworks, that’s completely web-based so that it can provide flexibility through what he describes as “anytime, anywhere, any device” accessibility. Instead of being tied to office desktops, he says employees can do their jobs from any place inside or outside the building. For instance, if a customer is out in the yard and has a question about a product, any nearby employee can check availability, locations, or alternative items on the spot. All they need is a smart phone (and user permissions).

## TECH TOOLS FOR SUCCESS

**Buildxact** | Technology is making it easier to manage accounts, which is critical at a time when good, reliable labor is hard to find. As a leading technology provider, Buildxact is launching a convenient, easy solution for dealers to deliver services to pros who are not managed by an existing sales team. Those unmanaged accounts represent a large opportunity and include custom builders and remodelers who have to create a new project scope and associated bill of materials with quantities for each project.

Buildxact’s solution comes at no cost to the dealer and does not require any organizational change management, plus it allows the dealer to compete with other dealers that are investing heavily to develop proprietary solutions. Here’s how it works: A pro can go to a dealer’s ecommerce site to shop for product. There they will see a link to a free tool from Buildxact they can use to do takeoffs and calculate quantities for a project. There is no cost and no sign in required to use the tool. After entering the project’s specifics in the tool, the pro will receive an email with all the quantities that they can then use to complete an order on the dealer’s site.

[buildxact.com](https://buildxact.com)



**BuyMetrics** | According to BuyMetrics, its new Advanced Analytics module gives users the learning resources to stay in front of change by automatically scrutinizing your purchase and market data, developing reliable, fact-based insights; instantly responding to complex, multi-dimensional user-defined queries; generating time-sensitive business intelligence (BI) and your most important measures (KPIs) in an easy-to-comprehend, visual format.

Valerie Hansen, BuyMetrics’ Founder and Chairperson, notes: “BuyMetrics’ data is clean and ready for use in advanced AI/ML models. Anyone would be hard-pressed to find data this comprehensive to make predictions, to measure and manage purchase performance, to shape procurement strategy.” [buymetrics.com](https://buymetrics.com)



Similarly, he describes DMSi's Agility Commerce Cloud as a fully integrated self-service/ecommerce solution. "It's a turnkey, out of the box solution that lets our customers quickly get up to speed on online service without needing to hire a web team. We also offer a full suite of APIs, so customers who want to build their own integrated sites can do so using their existing database; they don't have to maintain inventory records in two places."

### AI on the rise

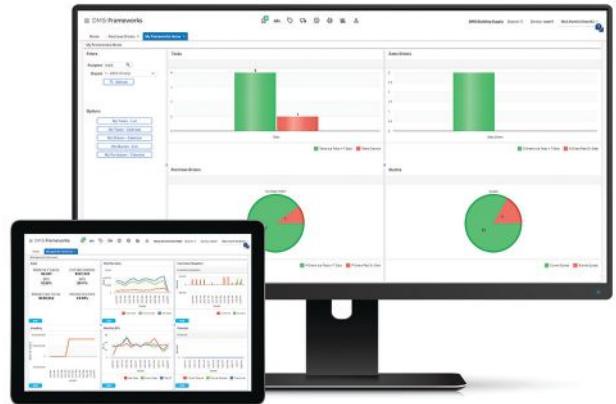
It's all the buzz right now: artificial intelligence (AI) and machine learning (ML). Rightly so, these technologies bring concerns to many, but they also hold benefits for the LBM industry. "AI is becoming part of the technology conversation and starting to make its way into cloud solutions," says ECI's Maiuri. "For example, at ECI Software Solutions, we already have advanced analytics incorporated into our ERP software, which is probably the first place we'll see this kind of technology impact the LBM industry. Additionally, we're leveraging AI in our ecommerce offering today with a feature that uses ChatGPT to develop blog posts for customer marketing needs. It's all about streamlining processes and strengthening data for SMBs."

Epicor's Carrico also sees potential benefits for LBM dealers. "We believe that the use of both AI and ML is rising across all industries," he says. "We're beginning to see benefits from both in LBM to streamline operations by automating routine tasks and improving sales performance by analyzing sales trends and identifying cross and upsell opportunities. AI can also extend to the supply chain by helping to forecast demand, manage inventory levels, and automate purchasing. Applying AI and ML to the supply chain can result in a stronger customer experience—imagine providing customers with product recommendations based on past purchases and preferences. Being an early adopter of AI and ML also enables LBM dealers to stand out in a highly competitive market."

Some industry experts also see AI as a potentially providing help with labor shortages. As Niemi explains, he sees DMSi's customers using AI to streamline time-consuming tasks, especially tasks that require experience or background knowledge.

"Tight labor markets mean contractors are working longer hours than ever before; expectations for online access and self-service tools will keep going up," says Niemi. "Customers want to request a quote, check an order, and pay invoices from their phone while sitting in their car over their lunch break, because that's the only 15 minutes of free time they have. Dealers who can provide that level of service will be seen as better partners."

In short, cloud and AI have the potential of removing the burden of having to manage business processes onsite, and an integrated ERP and ecommerce software solution brings the best of both worlds. "For consumers and tradespeople, this means unlocking the ability to shop online for delivery or in-store pickup, browse products, create accounts, build



DMSi's newest offering is Frameworks, a 100% web-based point of sale/ERP system for LBM dealers. It's a complete, end-to-end solution for retail point of sale, contractor sales, eCommerce, purchasing, inventory control, dispatch, accounting, and reporting.

self-service quotes, pay invoices and more," ECI's Maiuri points out. "For LBM and hardlines businesses, this means help in avoiding over-stocking since inventory counts, transactions, pricing, invoices and other information are directly connected between systems."

### Don't succumb to fear

If there's one issue that prevents LBM dealers from embracing new technology, industry experts all point to fear, both of the cost and of the potential upheaval that a technology change can bring to a business.

Many people associate change with fear. As an emotion, fear exists to let us know that danger is near. Unfortunately, fear can also bring about paralysis, a state of being that can be deadly. Our fears can keep us safe, but they can also prevent us from evolving, and if you don't evolve, you run the risk of becoming extinct.

As Epicor's Carrico explains, the key to making a technology switch is for LBM dealers to remove the fear barrier by defining their needs, identifying their goals, researching technology providers, and identifying the one provider and solution that meets their needs today and in the future.

"Recognizing that LBM is a highly competitive market with tight margins, it's understandable that some dealers may be reluctant to switch technologies," he says. "Nevertheless, taking a sensible approach when evaluating technologies is the first step. For example, LBM dealers should define what their needs are and identify the gaps with their current technology. Next, map this to their present and future goals to quantify success—if one objective is to increase profitability by XX% over the next five years, does their current technology offer the ability for the dealer to offer both retail and online experiences? Finally, based on

current sales forecasts and future projections, the dealers need to identify the investment amount that they're comfortable with and research to ensure that this is a realistic amount."

Once an LBM dealer's technology requirements have been identified and their objectives have been defined, the next step Carrico recommends is to research providers offering technology solutions.

"Once the list has been narrowed down, interview the technology providers as you would a job candidate," he says. "Provide them with your requirements, have them sell to you, and don't be afraid to ask questions. You'll know soon enough if they understand the LBM industry, the challenges you face on a daily basis, and the goals you're trying to achieve. When you do reach the point to discuss costs, be realistic about your expectations, and be flexible differentiating between the 'need to have' and the 'nice to have'."

Making the decision to upgrade technology may not be as expensive as an LBM dealer might think, and the upgrade can bring a wealth of benefits, says ECI's Maiuri. "With technology in their corner, dealers can turn lost time managing data in multiple systems into a singular, streamlined online order process," he points out. "By modernizing old static offers with dynamic promotions, loyalty programs, item merchandising, and in-house marketing and design services, dealers and retailers can leverage their technology to expand sales.

He goes on to say that it's a common misconception that moving to the cloud is expensive, but for small to medium size businesses, it's actually bad business to stay on premise. "Considering all the costs of maintaining IT personnel, getting hacked, dealing with ransomware and the risk of natural disasters, the cost of moving to the cloud is less expensive in a lot of cases. In fact, by our estimate, a completely integrated technology can save more than \$3,797 per month or \$45,564 per year."

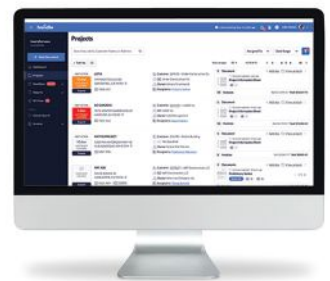
**T**hank goodness we're not tasked with predicting earthquakes (although if you have the desire, by all means have at it). Still LBM dealers are tasked with the challenge of doing more with fewer boots on the ground. Technology packages specifically designed to deliver data no matter where they're working while also creating a more seamless experience for the customer can go a long way towards preventing business upheavals, say industry experts. And while it can be easy to fall into the trap of avoiding new technologies on the basis of "that's not how we did it in my day," technology is here to stay, and the successful LBM dealer will seek out its benefits. As DMSi's Jason Niemi puts it, "Technology is present in almost every area of our lives. It's something younger generations expect and embrace. Dealers who want to attract and retain good employees entering the workforce need to provide the tools this generation considers essential." ■

**CAI Software** | By connecting Shopify's all-in-one ecommerce platform to the Ponderosa ERP solution from CAI Software, LBM and millwork customers have a powerful combination to help ensure their order information aligns with their billing. This enables companies to make more informed and timely business decisions in an ever-changing business environment.

Shopify's built-in Application Programming Interface (API) allows the Ponderosa system to query, update, and import specific data for orders placed. Ponderosa users can quickly and easily synchronize cost, price, and available stock between the Ponderosa ERP and their Shopify Storefront. Additionally, companies can automatically import orders placed in the Shopify Store into the Ponderosa ERP system, helping to ensure clear communication across departments. [caisoft.com](http://caisoft.com)

**Handle** | Specifically designed for material suppliers like LBM dealers, Handle manages online payments and lien management for construction. According to the company, its electronic parcel map ensures accurate owner verification, even when precise addresses for certain projects are not available. In addition, Handle provides individual state-specific documents, offers mail tracking and delivery verification, and can integrate with an LBM dealer's current accounting system.

"LBM dealers face many challenges within every aspect of their businesses," says Chris Woodard, CMO at Handle.com. "Companies like Handle are working closely with these dealers to leverage technology and develop the most efficient process improvements possible (and in Handle's case, specifically within the finance and credit departments)." [handle.com](http://handle.com)



**Run Payments** | Run Payments creates custom payment workflows that are designed to work for you and your customers. The company develops a customized payments architecture for its clients that spans in-store, in-app, ecommerce and anywhere else your potential customers might be. [runpayments.io](http://runpayments.io)

**TECH TOOLS FOR SUCCESS**

**Paladin Data Corporation**

Paladin Data Corporation provides LBM dealers with a framework for retail success and best practices through its easy-to-use point-of-sale and business intelligence software. Paladin is described as a complete business management solution, which provides a suite of lumber-specific smart features, and offers over 150 integration add-ons.

In the coming year, Paladin customers can anticipate a major expansion to the PaladinN insight offerings, as well as enhancements to the CloudDocument storage, mobile applications, B2B customer portal, RF gun functionality and its integration with electronic shelf tags. Plus, the ability for independent retailers to implement their own NPS [Net Promoter Score] system to better understand and manage the dynamics that contribute to their customer success. [paladinpointofsale.com](http://paladinpointofsale.com)



**O2 Web** | O2 Web is a digital agency that specializes in developing integrated, flexible and innovative ecommerce solutions for manufacturers, distributors, major retailers and large businesses.

O2 Web has worked with numerous players in the building materials sector, as well as B2B businesses in similar sectors, such as automotive and electrical components. O2 Web has created an eBook for the Building Materials industry to share best practices on thriving in the digital age. [o2web.ca](http://o2web.ca)

**TOOLBX** | TOOLBX is an ecommerce platform designed specifically for the lumber and building supply industry. Integrating seamlessly with major ERP systems, the company make it easy for independent building suppliers to sell online, manage quotes, accept payments, and communicate with their contractors—all in one platform.

According to TOOLBX, it's ERP agnostic and integrates with all popular ERP systems used in building supply, allowing dealers to connect their existing ERP to their storefront enabling automated synchronization of pricing, inventory, quotes, and orders between your online store and ERP system. It recently introduced Quote-to-Order. Now dealers can allow customers to accept, convert, and complete payment for quotes online, speeding up the purchasing process and reducing tedious back-and-forth communications. [toolbx.com](http://toolbx.com)



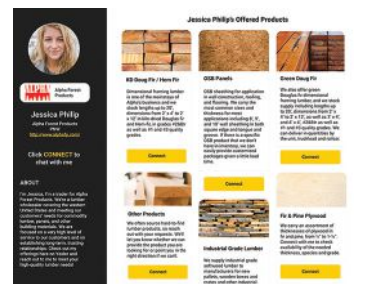
**Levelset** | The product suite from Levelset offers construction financial professionals payment solutions along with risk management and financing tools. Levelset Lien Rights Management software helps contractors and suppliers solve payment challenges by simplifying the notice process, reducing risk, and managing compliance in a cloud-based platform, while Levelset Materials Financing enables contractors to purchase materials for projects and pay for them without affecting their cash flow.

According to Levelset, materials financing is beneficial for both suppliers and contractors. It removes the additional risk for suppliers by providing cash for materials right away. Contractors can start the project, keep cash in the bank, and have more time to pay off balances. Both parties can use the added cash they have available for other projects or to expand their business. [levelset.com](http://levelset.com)

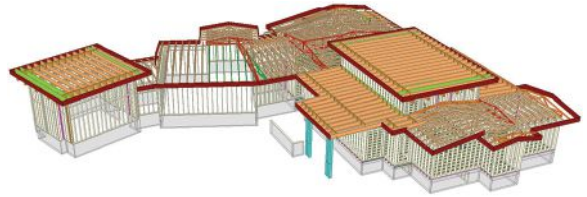


**Yesler** | Marketplace from Yesler is designed to speed and organize communication between buyers and sellers of lumber and building materials. According to Yesler, Marketplace creates instant communication and negotiations with multiple trading partners simultaneously, organizing all quotes and market information, while capturing the history of quotes, negotiations, and trades. Recently-launched new profiles for sellers (shown here) enables them to take their offering online to enhance their reputation, build trust, and grow their business using Yesler as their digital channel to market.

“Yesler is built for LBM users, so it has specific tools to help buyers and sellers that other platforms do not,” says Matt Meyers, founder and CEO of Yesler. “We’ve recently expanded features to help sellers digitally merchandise products directly to their buyers and amplify their professional profile and reputation online. Yesler Marketplace empowers LBM sellers to bring their trusted relationships into the future and increase speed and efficiency.” [goyesler.com](http://goyesler.com)



Software makers aren't the only ones providing technology solutions to the LBM industry. Building materials manufacturers are just as invested in creating tools to help both the dealer and the product end user. Some leading manufacturer technology tools include:



**Boise Cascade** | Boise Cascade offers LBM customers a suite of integrated estimating, design, workflow management, and automated material processing tools designed to help improve productivity. BC FloorValue, part of BC Framer 3D design software, helps identify and fix potential floor performance problems before they get built. Web-based BC Connect workflow management software combines project, file management, inventory, and material cut optimization to give dealers a single platform that starts with the initial project request and ends with pre-cut and labeled job packs ready to ship to the jobsite via the company's SawTek automated processing saws. Optimized, pre-cut job packs from SawTek systems give LBM dealers a premium offering to their customers that help set them apart. Job packs not only help reduce waste, but with optional pre-cut holes for mechanical, electrical, and plumbing chases, they also help reduce the builder's cycle time.

According to Chris Brandt, director of EWP value added solutions for Boise Cascade, the company recently invested in a new role, the Customer Advocate, whose primary focus is to listen, observe, and collect feedback on all current and potential features across our software suite. Seeing the software and workflows through the eyes of the customer helps guide the company's efforts to create or enhance features that make a difference. [bc.com](http://bc.com)



**Weyerhaeuser** | Weyerhaeuser offers a suite of software that helps dealers and their customers implement high-quality structural framing solutions and optimize material use while reducing construction cycle time, cost, and waste. For example, the company's Javelin software models an entire structural frame, allowing dealers to optimize combinations of residential engineered wood products and dimensional lumber in layouts for floor, wall, and roof systems—all in a single file. To further add value for the builder, dealers can use Weyerhaeuser's NextPhase Site Solutions to integrate the design data from Javelin with saw technology to create pre-cut and pre-labeled JobPack framing bundles.

"Having access to data helps inform decision-making," says Matthew Smith, Weyerhaeuser's software development manager, about the importance of technology tools. "For example, Weyerhaeuser's Stellar software gives dealers information to make decisions about when and what to order as well as make the best material and labor optimization decisions. From creating an optimized shipping list with jobsite cutting instructions to automated cutting equipment producing precision-cut framing packages as part of the NextPhase Site Solutions program, Stellar software easily scales to the needs of each business." [weyerhaeuser.com](http://weyerhaeuser.com)

**Simpson Strong-Tie** | Simpson Strong-Tie's Pipeline LBM is a cloud-based material management and estimating system that is designed to pull data from multiple applications into a single information set for driving all processes. According to the company, Pipeline LBM solution from Simpson Strong-Tie bridges the gap between design and estimation for real-time, automated takeoffs by simplifying estimates with bills of materials for each plan while managing options-driven changes and updating construction documents and back-office data. Says Sam Hensen, vice president of building technology and digital product development for Simpson Strong-Tie, "We've focused more resources than ever before on partnership with our LBM pro dealer customers and understanding their specific needs as residential construction supply chain experts as they transition to an ever-increasing digital way of doing business."



Also available from Simpson Strong-Tie, its Outdoor Living Solutions platform suite includes three free software applications—Fence Planner Software, Deck Planner Software, and Pergola Planner Software—that gives DIYers and other retail customers the ability to quickly design outdoor living structures. "For builders and contractors, the software offers a way to expand value-added services, increase customer satisfaction, and line up more projects," explains Michael Heisler, director of outdoor living solutions for Simpson Strong-Tie. "Lumberyards, pro dealers and retailers can additionally participate in a licensing program offering three tiers of co-branded or fully branded visibility within each app, increasing their own brand awareness and driving product sales." [strongtie.com](http://strongtie.com)



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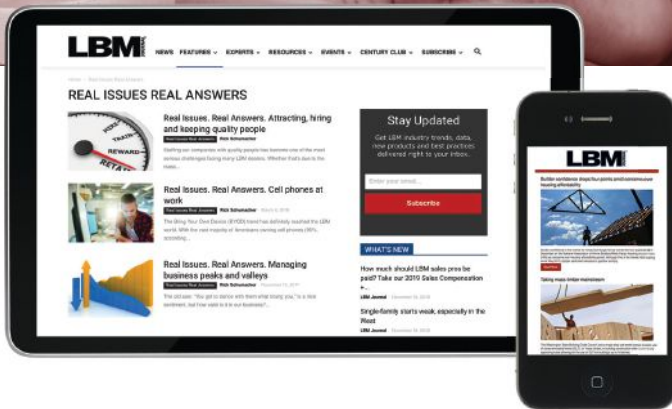
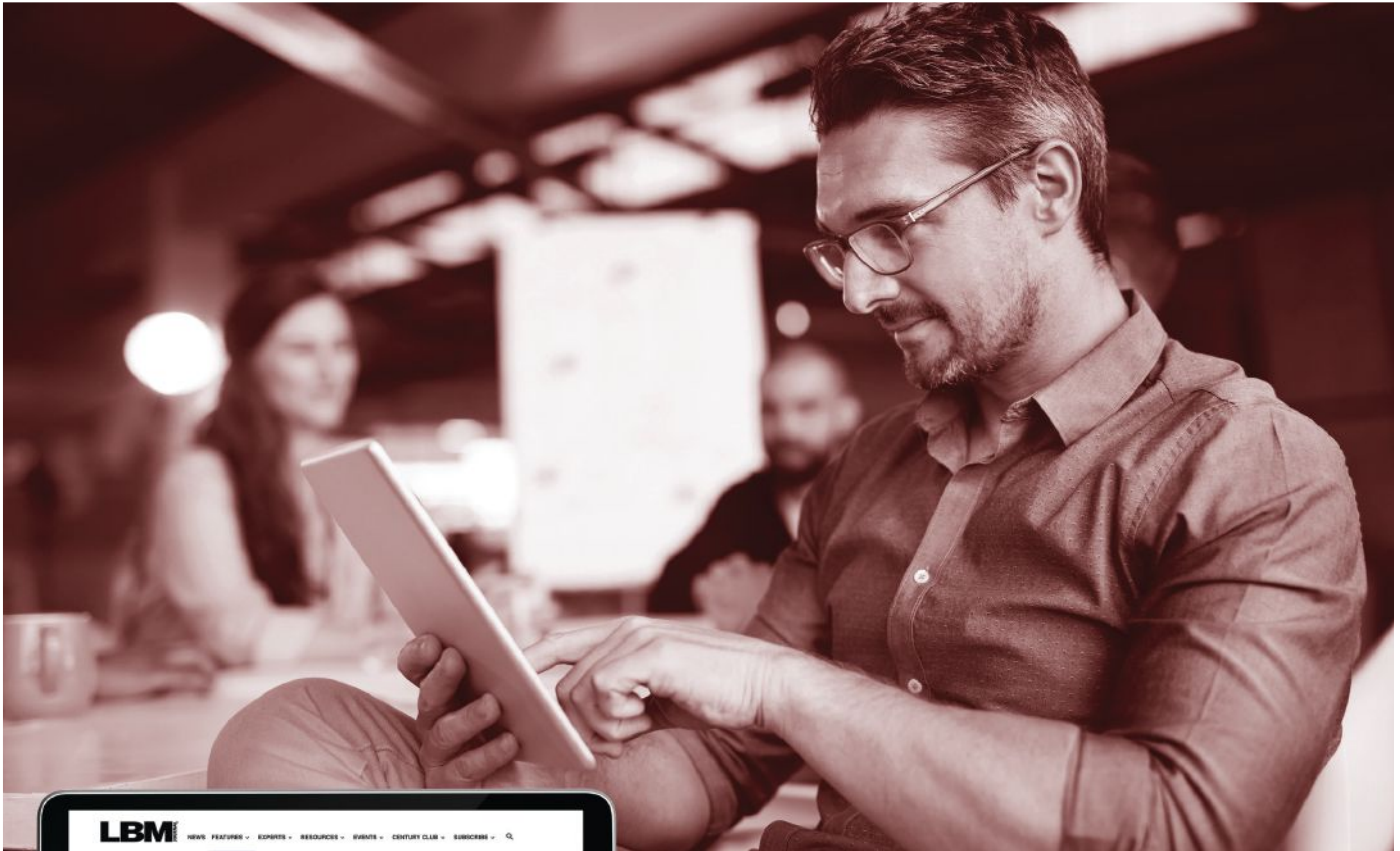
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# THE CASE OF THE TOXIC CUSTOMER

You've built your business on a solid foundation with a great team serving a growing lineup of loyal pro customers. One of those customers, however, is poisoning the well for others. What would you do?



**IT WAS EARLY** 2007 when you were promoted to manager of the LBM company you'd worked at since opting for work over college in 2000. Then the Great Recession hit—and everything changed. With sales at a fraction of what they were, and debts piling on, the company filed for bankruptcy. Since there were no serious competitors in your market, and since the economy would have to rebound at some point, you bought the assets out of bankruptcy. Several former co-workers joined you in the adventure, and Shoestring Building Supplies was open for business.

It wasn't easy. You and your team worked overtime to forge relationships with your local builders, remodelers, and DIYers, going out of your way to earn their business and their loyalty. As the economy rebounded, your company grew steadily. Today, Shoestring Building Supplies is on a solid foundation with a great team serving a growing lineup of loyal pro customers. And then there's Don.

Don is disappointed with your company, and he seems determined to spread his discontent among your other customers. You know this because otherwise happy customers are sharing that Don is making a point to complain to them about you. "I ran into Don picking up a load of materials, and he went off on the poor service here at Shoestring, and how it used to be so much better under the former owner," said one customer. Another said, "I'm not sure what Don's problem is, but there's something in his craw. Everytime I see him, he's stirring the pot, trying to get me to agree that you and your team are not providing good service."

Then you witnessed it first-hand. He was talking to another customer, when he turned to you and said, "This is awful. I needed some fasteners and caulk to finish a project, so I called and explained that I needed the products delivered ASAP this morning, and I was told that the deliveries

were all booked for the day, and it wouldn't go out until tomorrow morning. Not only that," he continued, "you expect me to pay a service charge when I pay with my credit card. The warehouse yards an hour away don't penalize me for doing business with them. Why don't you treat your customers better?"

The last thing you want is to turn away a customer. But the last thing you need is one unhappy customer working to poison the well for everyone. What would you do?

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

**Fire him.** You've heard of companies firing customers who aren't worth the trouble. Tell Don to take his bad attitude—and his business—elsewhere.

**Talk it out.** Tell Don that his constant complaining is making other customers uncomfortable. Explain that you're happy to listen and talk with him, but if he continues, he'll no longer be welcome.

**Accept it.** There's always one complainer. Just accept that this is who Don is, and continue to serve him with a smile.

**Surcharge.** If you don't want to fire him, at least make him pay more. Explain that his prices just went up 10% across the board and will remain there until he turns off the toxicity.

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**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.



## 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).

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

<b>PARKES LUMBER CO.</b> Lawrenceburg, TN	est. 1896	<b>INTERSTATE + LAKELAND LUMBER</b> Greenwich, CT	est. 1922
<b>GRIFFITH LUMBER COMPANY</b> Manhattan, KS	est. 1911	<b>BADGER LUMBER COMPANY</b> Parkersburg, WV	est. 1922
<b>WOODS LUMBER</b> Independence, KS	est. 1889	<b>BERONIO LUMBER</b> San Francisco, CA	est. 1911
<b>BIG JOHNS BUILDING SUPPLY LLC</b> Cedaredge, CO	est. 1904	<b>DAVIS-HAWN</b> Dallas, TX	est. 1923
<b>POWELL ACE HOME CENTER</b> Covington, IN	est. 1886	<b>SMITH LUMBER COMPANY</b> Valley City, ND	est. 1923

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