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JANUARY 2024 | \$15 U.S. | LBMJOURNAL.COM

**DEALER
OF THE YEAR
2024**

CATEGORY: \$100MM+

STAR LUMBER

LOOKING FORWARD IN '24

OUR READERS SHARE THEIR BIGGEST CONCERNS FOR THE COMING YEAR

THE BUILDING ENVELOPE

CHANGING CODES SPUR PRODUCT DEVELOPMENT IN THIS EVOLVING SEGMENT



STAR LUMBER PRESIDENT PATRICK GOEBEL

You can't stop time...



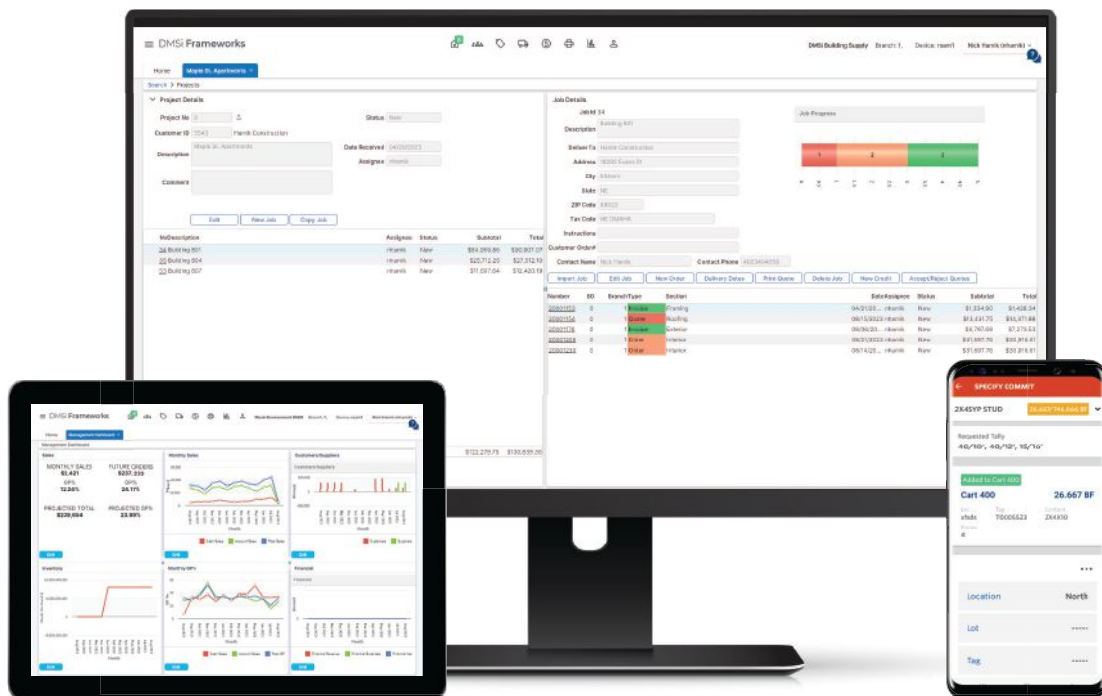
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CATEGORY: \$100MM +
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LBM JOURNAL VOLUME 22, NO. 1 (ISSN#1930-5516) is published monthly with the exception of the combined November/December issue by Custom Built Publishing, LLC. Copyright 2024 by Custom Built Publishing, LLC, 10880 175th Court West, Ste. 240, Lakeville, MN, 55044, 952.892.7793. All rights reserved. Annual subscription rate: \$48 U.S.; \$60 Canada; and \$120 all other countries. Single copy price \$15 + S&H. Periodicals postage paid at Lakeville, MN, and additional mailing offices. Printed in the USA.

U.S. POSTMASTER: Send address changes to LBM Journal, 10880 175th Court West, Ste. 240, Lakeville, MN, 55044.

DEALER OF THE YEAR 2024

CATEGORY: \$100MM+



PUBLISHER / EXECUTIVE EDITOR
Rick Schumacher
Rick@LBMJournal.com

EDITOR
Michael Berger
Mike@LBMJournal.com

CREATIVE DIRECTOR
Richard Hart
Design@LBMJournal.com

ASSOCIATE EDITOR
Wendy Sturges
Wendy@LBMJournal.com

CONTRIBUTING SALES EDITOR
Rick Davis

CONTRIBUTORS
Thea Dudley
Russ Kathrein
Bill Lee
John D. Wagner

DIRECTOR OF OPERATIONS & EVENTS
Michelle Fischer
Operations@LBMJournal.com

ADMINISTRATIVE COORDINATOR
Tina Saucke
Tina@LBMJournal.com

MEDIA CONSULTANTS

ASSOCIATE PUBLISHER
Jodie Cook Redwood
Jodie@LBMJournal.com
800.324.3492

NORTHEAST + SOUTHEAST

Michele Randazzo
Michele@LBMJournal.com
904.310.9540

CENTRAL + WEST

SUBSCRIPTION CHANGES

For subscriptions or address changes call 612.888.5261

e-mail Operations@LBMJournal.com or visit lbmjournals.com/subscribe

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Operations@LBMJournal.com

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Featuring David Qualls of Parr Lumber. A 2023 40 Under 40 inaugural award winner.

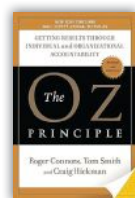
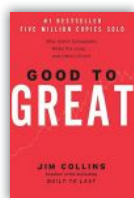
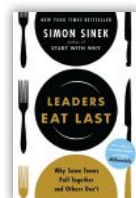
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Leading Suppliers Council



FROM THE PUBLISHER

THE HEADLINES ARE WRONG

“Why This Country’s Housing Market Could Absolutely Implode”

“U.S. Economist Predicts 2024 Will Bring ‘Biggest Crash of Our Lifetime’”

IF IT SEEMS like negativity dominates the headlines like those above, that’s because it does. And sadly, there’s a business reason for media companies focusing on bad news: more clicks. The Harvard School for Public Health recently published a piece entitled, “Lessons Learned: A negative headline makes it more likely you’ll click.” In our industry, there’s no shortage of “experts” declaring that the sky is falling. Typically, it’s either a looming recession, impending housing crash, or some other form of doom. In case you’re wondering, those headlines above are real.

I’ll never forget talking to an LBM dealer in 2008 who told me that his company chose not to participate in the economic downturn (now known as the Great Recession). When I asked what that means, he explained that instead of buying into the bad headlines, he and his company focused on finding or creating opportunities to serve their market. No easy task, but people who want easy should not be in the LBM business.

Here’s the thing: even in good times, we face serious challenges. The secret sauce that makes the LBM community unique is your ability to power through the tough times and find a way to serve your teams and your markets. In my travels to visit LBM dealers, I love hearing the stories of how companies of all sizes, throughout the U.S., have not only survived, but thrived.

As I write this, we’re days away from starting a new year. Just as I have no doubt that our community will face fresh challenges, I am fully confident that we will navigate any obstacles that come our way. There’s a reason most states classified LBM dealers as “Essential” during the early days of Covid-19. *LBM Journal* columnist Rick Davis best explains that reason: “We help build the homes that people live in, work in, play in, and pray in.”

While *LBM Journal* doesn’t supply materials to build homes, we’re honored to serve you and the entire LBM community. You can count on me and the entire LBM Journal team to make sure that, regardless of what the future holds, we will do all we can to help you do what you do for you, for your team, and your market.

Here’s to ignoring the negative headlines and working together to make 2024 a positive and productive year.

— Rick Schumacher
Executive Editor & Publisher



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

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FROM THE EDITOR

LIFE IS FULL of surprises and opportunities. One of my yearly January duties is to replace the pages in my Day Runner-style planner. (Yes, I'm a luddite; I still use paper and pen instead of electronic methods.) I've had this thing since 1992. It's battered, scarred, and not very pretty to look at, but I'd be lost without it. Not only does it give me a place to keep track of everything going on in my life, it holds phone numbers, addresses, business cards, and at times, memories. When I swap the calendar from the past year for the new year's pages, I go back through and transfer to the new calendar certain yearly dates and events that I don't want to forget, birthdays and the like. And in doing so, I read over all the notes I'd made during the past year. Sure, there's mundane stuff like weekly meetings and work deadlines, but there are a lot of other notes about co-worker get-togethers, fantastic industry events that constantly fuel my passion for our industry, and so many other notations that it leaves me shaking my head wondering how I managed to fit it all in.



Michael J. Berger

There are other New Year practices I indulge in, many based on my Irish heritage. For example, to bring about twelve months of good luck, an old Irish custom dictates you thoroughly clean your house top to bottom, as a dirty residence only invites disaster throughout the coming year. Another Irish New Year tradition involves banging on the doors and walls of your house with, of all things, bread from Christmas. While it may sound odd, it was widely believed that this practice chased away evil spirits and encouraged only good spirits to take up residence in the house. Before this was done, a place was set at the dining room table and the front door was left unlatched—that way, any family members who had passed on during the previous year could easily enter the house and feel welcome. Finally, the old Gaelic name for the New Year celebration in Ireland—“Oíche na Coda Móire”, or the Night of the Big Portions—literally meant that you were required to eat a big meal on New Year's Eve, as it would ensure plenty in the coming year.

Similarly, in this month's issue, we explore what the coming year might bring and what concerns you, our readers, the most. In “Real Issues. Real Answers.” we asked what is your No. 1 business challenge for 2024 and why, and you responded with a slew of responses that included finding quality help, building growth in a suppressed market, maintaining inventory, and so much more. Hopefully, with smart advanced planning and a little forethought, you'll be able to conquer these challenges and turn them into opportunities, without the need for smashing bread all over your house.

Likewise, in this issue's “In Depth,” we take a look at the future of the building envelope segment, its code changes, and the related new product launches that LBM dealers should be aware of to better serve their clients.

Whatever challenges you face, here's to a new year filled with plenty!

— Mike Berger
Editor

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WILSON LUMBER



84 LUMBER



GILLMAN HOME CENTER

BY THE YARD

Wilson Lumber plans to celebrate its 75th-anniversary milestone throughout 2024. The story of Wilson Lumber began in 1949 with Clyde Wilson bringing his family to Huntsville to start a lumber business to provide for his family. Today, Wilson Lumber has grown to six locations in Alabama and Tennessee, a workforce of more than 350 employees, and annual sales exceeding \$140 million.

84 Lumber announced its first truss plant in the state of South Carolina, just outside of Columbia. The plant is tentatively set to open in January 2024. The company is opening a facility in Cartersville, Ga. The company continues its expansion plans in the Western division with the opening of a new door shop in Denver, Colorado.

McCoy's Building Supply in Lubbock, TX located at 11801 Quaker Avenue opened on Nov. 20. The company previously had a store in Lubbock from 1971–1995.

Lumbermen's Inc. will expand its building materials service to customers in the Minneapolis market beginning early 2024. Currently operating in Michigan, Ohio, Indiana and Kentucky, expects to open sometime during the first quarter of 2024.



Gillman Home Center celebrated the grand opening of its 16th location in Shelbyville, IN. The new, ground-up home center features 17,500 square feet of retail space and an expansive lumberyard.

DISTRIBUTION NEWS

AGS Stainless, Inc., introduced a stainless steel railing system for private label distribution through the LBM channel.

Westlake Royal Building Products announced an expanded partnership with **U.S. LUMBER** and **Amerhart**, that will encompass multiple products and locations.

Specialty Building Products, LLC announced that it will expand its distribution partnership with **James Hardie Building Products**.

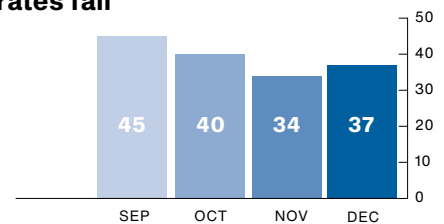
Envision Outdoor Living Products has entered an agreement with **Warren Trask Company** to distribute Envision's Fairway Railing throughout the Northeast and New England.

Palmer-Donavin announced its distribution center in Grove City, Ohio will now distribute **RigidLam LVL** and **RFPI Joist** products to customers in Ohio. The company now offers design services, sales support, and developed special trucking with dedicated delivery routes to support the new category.

Wolf Home Products announced a key partnership with **UFP-Edge** whose products will be distributed out of Wolf's three facilities, encompassing the Mid-Atlantic, Northeast, and Midwest regions.

Builder confidence up as interest rates fall

Builder confidence in the market for newly built single-family homes rose three points to 37 in December, according to the National Association of Home Builders (NAHB)/Wells Fargo Housing Market Index (HMI). With mortgage rates down roughly 50 basis points over the past month, builders are reporting an uptick in traffic. The housing market appears to have passed peak mortgage rates for this cycle, and this should help to spur home buyer demand in the coming months, with the HMI component measuring future sales expectations up six points in December.



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And send us your feedback to Rick@LBMJournal.com. Letters may be edited for length and clarity.

PEOPLE IN LBM

Do it Best announced the following appointments:

Emily Mudd as a Consumer Marketing Specialist

Peggy Chen as an Associate Merchandise Manager in Electrical

Kendall Cooper as an Associate Merchandise Manager in Cleaning & Storage

Danielle Gonzalez as a Merchandise Coordinator in Farm and Ranch, Rental, and Store Supplies

Tyler Mosher as an Associate Merchandise Manager in Outdoor Living

Kari Roemke as a Receptionist in Sales and Business Development

Tando Composites announced **Aaron Sims** has been named Regional Sales Manager—Southeast, covering Maryland to Florida.

Derby Building Products has appointed **Patrick McKernan** as Territory Sales Manager—Home Improvement Retail (HIR) for the Mid-Atlantic Region.



HAYES



BORREGO



SHIMER

Kodiak Building Partners has promoted three leaders: **Beau Hayes** to Senior VP, Gypsum division; **Chris Borrego** to Senior VP, Midwest & South regions, while continuing his role as President of Premier Building Supply; and **Cliff Shimer** to Senior Vice President, Southeast region, in addition to his current role as President of American Builders Supply.

Kodiak also announced leadership transitions within its northwest lumber sector. **Willie Hertford** has been promoted to President of Miller Lumber Company, succeeding Charley Miller, while **Scott Peacock** has been named President of Albeni Falls Building Supply.

Bobby Parks has joined **IG Railing** as a Business Development Specialist.

Ambassador Supply has named **Alex Johnson** as regional operations component manager.

Arnold Lumber Company announced that **Matt Semonik** has been appointed to Chief Operating Office.

After 45 years at **Cascade Lumber**, **John Noonan** became the last of the founder's four sons to retire from the business founded in 1953 by Ray Noonan Sr. and passed into the hands of his four sons: Ray Jr., Mike, Pat and John, as well as his son-in-law John Althoff, the husband of his daughter Mary Beth.

SEND NEWS AND UPDATES ABOUT YOUR ORGANIZATION TO WENDY@LBMJOURNAL.COM

MERGERS + ACQUISITIONS

US LBM has acquired **Holderness Supplies**, and the Dallas-Fort Worth operations of **ZyTech Building Systems**, a building product manufacturer and distributor.

Woodgrain announced the acquisition of **Trimco Millwork**. The transaction closed in mid-December. With the acquisition of Trimco Millwork, Woodgrain will increase its distribution center network to 35 locations expanding Woodgrain's national footprint.

JS Wilson, has been acquired by **ABC Supply Co., Inc.** John S. Wilson was founded in 1881 and is located in West Friendship, Maryland. The acquired John S. Wilson Lumber Company will operate as an ABC Supply location offering roofing, siding, decking, windows and related trim products.

Masonite announced that its U.S. subsidiary has acquired **Fleetwood Aluminum Products, LLC**, for \$285 million in cash.

TOUGH CALL SOLUTIONS

THE OCTOBER 2023 ISSUE SURVEY RESULTS FROM LBMJOURNAL.COM

WEIGHING THE CREDIT RISK

A small builder can grow his business (and his purchases from you) exponentially—if you're willing to risk expanding his credit limit into dangerous territory. Here's how readers would handle this Tough Call.

CANDID CONVERSATION

Utilize preliminary lien notices for each house. File a mechanics lien against the property in case of payment issues. Lengthy, but protects you and your customer.

START SMALL

What's the point in having a credit manager if you're not going to let her do her job? And her job, frankly, is to help your company make wise decisions. Offer a 20% increase.

64%

23%



2%

11%

GO ALL IN

No risk. No reward. This is your opportunity to take the company your parents' built and make it succeed beyond their wildest dreams. This is your chance. Take it.

WAIT AND SEE

Decide nothing yet. If this builder and this developer are the right combination and aren't willing to let it go, wait and see what you can work out with them to dilute the risk.

WANT TO SEE MORE TOUGH CALLS? CHECK OUT PAGE 56 OF THIS MONTH'S ISSUE, OR FIND MORE AT LBMJOURNAL.COM/CATEGORY/TOUGH-CALL.

MORE TOUGH CALL SOLUTIONS

In our September issue, we asked readers in our monthly Tough Call feature about a special order dilemma faced by a dealer and their client, “Sam Shoestring.”

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. What would you do?

While we had a number of responses in our multiple-choice survey, a number of LBM readers responded personally, each weighing in on how they would approach the issue.

“IN THE ARTICLE, there was no mention of signoffs. We have either the builder or, if working with the builder’s homeowner, we try to get a signoff. Again trusses or engineered lumber, we make the contractor give the thumbs up on the order. We do sell to builders and homeowners alike and realize that everyone is not perfect. In your article you said the No. 1 [option] was “eat the cost” and yes, it would not be the first time we “ate” a door. Usually it is our fault but, realize that the customer, builder, or homeowner can be at fault and will work with them to continue being the choice supplier of the customer. A good PR campaign is hard to beat. Especially when you’re in a smaller community like us. 30K is about our county size.”

— MARK WOODY, SPENCER HOME CENTER, LEXINGTON, VA

“WHY NOT OFFER to sell the special order on behalf of Sam on a consignment basis with a 10% per month mark down from cost? Sam pays the difference in what you can get for the item and his original cost. This way, Sam has up to 10 months to pay it off interest free. After 10 months, the item is donated to Habitat for Humanity. This might even get Sam to help you sell it to another customer.”

— CRAIG EDINGTON, BUILDERS WAREHOUSE, INC., AURORA, CO

“SUGGESTION on Tough Call special orders: Document the purchase, with pictures signed by customer’s or contractor’s signature, or even both.”

— ANONYMOUS

“HERE’S WHAT we did at a lumberyard I use to work at: the first option was to try to return to the vendor with the understanding that there would be some kind of restocking fee or cancellation fee. Vendors were often willing to take back something they felt could be sold rather quickly.

The second option was to take the product back to our warehouse but keep it on the customer’s account. We would not give credit until the doors were sold. Our staff would present these items as options to other customers to help the original customer. Oftentimes, the customer would try to work the products into a future job. Being able to provide quick turnaround and availability that nobody else can for a custom product has worked in their favor.”

— ANONYMOUS



“USUALLY our vendors let us return special orders as long as it’s within a timely basis. So we return the item, and once we receive our credit from our vendor, we credit the customer. However we pass along to the customer the 20%-25% re-stock fee we were charged by our vendor.”

— SHERRI JONES-TEACHOUT, MICHIGAN LUMBER, FLINT, MI

“WE’VE HAD to work through similar challenges in our masonry supply business, especially with custom-fabricated pieces of stone that are even more project-specific than a specialty door. We implemented a policy requiring deposits on special orders three or four years ago. It took some time to train our customers to understand this, but we’ve learned that when we require a deposit, the customer gives the order closer scrutiny, where they used to be far more casual about signing off on a special order. This has the dual benefit of collecting partial (and non-refundable) payment in advance, and reducing the number of cancelled orders.

We like to search for solutions that respect his current finances, but also don’t leave us on the hook for an error like this. We’ll usually do one of two things:

1. Make him pay now, but offer him an attractive discount on future purchases until he’s ‘reimbursed,’ e.g. for a \$2,000 piece of stone, we might offer an additional 10% discount on his next \$20,000 in purchases with us, or;
2. Explain that we can’t be expect to absorb the cost of this error, but we understand that he can’t handle it as a one-time event, so we ask for a temporary surcharge on all activity until we’re repaid (similar to the above, just in reverse.)

Our goal here is to deliver a message that it’s unfair for our company to be stuck with the bill for something like this, but to find a solution that feels manageable to the customer, and that is only solved by 6-12 months of additional activity, so that we have a good opportunity to mend fences and strengthen our long-term business relationship.

Assuming this works out, we also reduce the temptation to keep these super-special products in our inventory, hoping that some magical future customer will come along and buy it (which never ever happens). Then we donate or discard the product in question and don’t add it to our graveyard of clearance inventory.”

— JOHN MCGRANN, PENNSTONE, LANCASTER, PA

“I HAVE worked at a full-line lumberyard in Arkansas. for 25 years, and yes things change. We have had several special orders that we have had to eat or sell at cost over the years. We have implemented a policy that we send the special order quote to the contractor for his approval, and we ask that he and his customer both sign off, before we order. Two sign offs, and we do not require payment up front. [For] John Q. Public, we do require payment up front, and a sign off.”

— ANONYMOUS

“WE HAVE faced the same dilemma with very similar situations as mentioned in your article. We do job accounts for our general contractor customers who have credit terms; this allows us to retain lien rights if they order product on behalf of their clients and something goes sideways with the client not accepting what has been ordered. What we are doing for all of our millwork orders (windows and doors which are all special orders) is utilize Dropbox for signoff and approval of orders. We can request signatures from whichever party is paying for the order, and in the case of a homeowner client signing off and paying. Require signatures from both the homeowner and GC to approve the order before we place the order with our suppliers.

We still have situations where homeowners dispute credit card charges for things they thought they wanted but change their mind or say the product delivered is not what they ordered, but getting signatures from both parties lessens the chance of a dispute as both parties in the specification and design of the product have signed off and approved the order.”

— ANONYMOUS

INDUSTRY NEWS

The North American Forest Foundation has received a \$6,000 grant from the **Weyerhaeuser Giving Fund** to support its Truth About Trees App project.

Weyerhaeuser is investing \$96.2 million to modernize and decarbonize its Winn Parish lumber mill. The investment will allow the company to retain 157 direct jobs and maintain an associated annual payroll of more than \$13 million.

GAF Energy, has completed the construction of the company’s manufacturing facility in Georgetown, TX. The facility will produce the Timberline Solar Energy Shingle, a solar product which integrates with traditional shingles.

Masonite, a maker of doors for residential and commercial use, recently opened a new, 630,000-square-foot fulfillment center in Mesquite, TX. The center combines production and distribution under one roof—a first for Masonite.

ASSOCIATIONS

The **Western Building Materials Association** announced a new president. WBMA’s 2024 President is **Rick Lierz** from Franklin Building Supply. Other WBMA Members include:

- 1st Vice President: Kelly Fox, Kodiak Building Partners
- 2nd Vice President: Dana Cowart, TAL Building Centers
- NLBMDA Director: Jeff Newenhof, City Lumber Company

Associated Builders and Contractors announced that Buddy Henley, president, Henley Construction Co. Inc., Gaithersburg, Md., was elected the 2024 ABC national chair

The **National Kitchen and Bath Association** announced its 2024 Board of Directors. Ken Williams, President & CEO of Caesarstone The Americas, has been elected Board Chair, effective Jan. 1.

INDUSTRY EVENTS

FEB 6-7

BLD CONNECTION—BIZCON NORTH
Bloomington, MN | bldconnection.org

FEB 7-8

BMSA ANNUAL LEARNING EXCHANGE
& LBM EXPO
Hickory, NC | mybmsa.org

FEB 20-22

LBM ADVANTAGE 2024 ANNUAL
BUYING SHOW
Orlando, FL | lbmadvantage.com

FEB 21-22

BLD CONNECTION—BIZCON SOUTH
Altoona, IA | bldconnection.org

FEB 22-24

ORGILL 2024 SPRING DEALER MARKET
Orlando, FL | orgill.com

FEB 27-29

INTERNATIONAL BUILDERS' SHOW
Las Vegas, NV | buildersshow.com

MAR 5-7

LMC ANNUAL 2024
Houston, TX | lmc.net

MAR 21

BLD CONNECTION—WISCONSIN
CONNECTION CONFERENCE
Baraboo, WI | bldconnection.org

MAR 23-25

DO IT BEST SPRING MARKET
Houston, TX | doitbestonline.com

APR 28 - MAY 1

LBM ADVANTAGE 2024 NEXTGEN
LEADERSHIP CONFERENCE
Denver, CO | lbmadvantage.com

JUL 25-28

BMSA 2024 SUMMER CONFERENCE
Chattanooga, TN | mybmsa.org

AUG 14-16

ALLIED BUILDING STORES
FALL MARKET
Grapevine, TX | alliedbuildingstores.com

SEPT 6-9

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

OCT 16-18

LBM STRATEGIES CONFERENCE 2024
Costa Mesa, CA | lbmstrategies.com

OCT 23-25

LMC EXPO 2024
Philadelphia, PA | lmc.net

SEND INFORMATION ABOUT YOUR COMPANY’S EVENTS TO WENDY@LBMJOURNAL.COM

BY BILL LEE

HOW DO YOU IMAGINE most independent builders go about pricing their jobs? Do you know any of your customers who are in a markup rut, meaning that they arrive at their bid by marking up their cost? Regardless of what their costs are, they generally target a similar gross margin.

The reason so many contractors choose this approach to pricing may vary, but one of the big reasons is because of its simplicity.

The price is more likely to become an issue when the customer says something like, “You can do better than that,” or, “Is there any way you could sharpen your pencil on this quote?”

Or maybe the salesperson answers with, “Where does my price need to be to get the order?”

And price is also more likely to become an issue when the salesperson opens conversation with a prospect with a statement like, “Would you like for me to put together some prices for you so you can get an idea how we stack up against the competition?” While price is only one aspect of cost, price is the most likely variable that salespeople and buyers zero in on, at least initially.

IS THERE A BIG DIFFERENCE BETWEEN COST AND PRICE?



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

As a general rule, most salespeople put their prices in writing before the contractor commits to buy. This is especially the case with relatively new customers and prospects. If it is important to list your prices, it should be even more important to also list the values your company commits to provide in the course of servicing the customer’s business.

There are service issues that can occur during the construction process that a lot of builders and salespeople never address. Consider these examples:

- Potential damage to large, high-value trees with delivery equipment.
- Damage occurring when delivering bulky material through second story windows.
- Dropping material on the wrong job that could delay construction for several days.
- Salespeople failing to special order products, thereby delaying the closing of the home by sometimes several weeks.

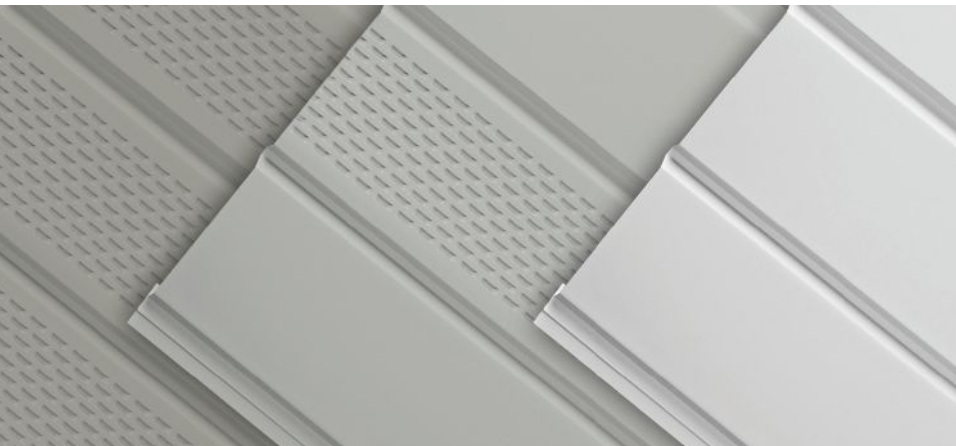
By documenting the added cost of such service snafus, builders are in a position to put a price tag on dysfunctional operations at the store level. The store’s track record over a measurable period of time all of a sudden becomes a documented selling tool or a documented warning.

The typical approach to buying building materials leads the buyer to shop prices to save relatively few dollars while the big bucks are frequently lost to oversights on the blueprints, mistakes, delays in the flow of materials from the manufacturer to the local LBM dealer to the jobsite, etc.

As a salesperson, your *mentality* is critical to the price you are able to sell your products and services for. Based on my experience working with my clients in the field, salespeople in our industry frequently leave money on the table when they price a job. Down deep inside, a lot of salespeople are scared to death that they are going to lose a sale to a lower-priced competitor.

My recommendation is that you begin listing your company’s service commitments in addition to your product commitments. As we all know, *all service is not equal*. If you are conscientious enough to dot all of your i’s and cross all of your t’s, you are worth full price for the products you sell and the services you and your company render.

Salespeople with the lowest price are always going to get some of the business, but certainly not the lion’s share. Builders pay top dollar for dependable service and well-trained and conscientious salespeople. The key to your effectiveness is in your mind and your belief system. Believe in your personal worth and that of your organization.



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BY THEA DUDLEY

Hey Thea,
Hoping to get insight on how to handle some issues. We have been receiving pushback from potential customers when we have made the decision to not extend them credit. If a report comes back as high-risk, we are setting them up as collect on delivery. I also had customers reply to our request for a credit application, stating they do not fill out applications and don't understand why we won't set them up with a credit limit. The other problem we run into is customers dictating terms. They want way more time than we allow. Any advice is appreciated. The current economic setting is a huge concern for us.

— Perplexed at the pushback

But most people know when their credit is a cornucopia of crapulence so they start the bullying process. The louder they yell or the harder they push, the less likely it is that they are creditworthy. I am pretty direct. I explain what the issues are—exactly. Low credit score, negative data, collection items, tax liens, whichever of the 31 flavors are on their report, let's discuss. I am a reasonable capitalist, tell me the backstory and maybe we can work something out. If they would like to provide a personal guarantee, I can run a report that way and see if we have better results.

If that comes back looking ugly as well, then we are COD. You can soften that blow by offering to work with them COD for six months, if all goes smooth, no insufficient funds

WEIGHING CUSTOMER CREDIT RISK

Dear Pushback Perplexity,
Wouldn't it be great if we could just add a line to the credit application that simplified life? Like a note you passed in middle school—How would you describe yourself as a credit risk:

- Made in heaven
- Adorable
- Not bad
- Need help
- Really hurting

Check a box and let's get on with the discussion.



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.

checks, credit card disputes, then we can reevaluate and try a small line of credit. The tough call here is the “not enough to love/not enough to hate” when evaluating creditworthiness. Consider a small line or taking things one project at a time. Secure with lien rights where you can. Give them a chance to put up or shut up.

Requiring credit apps is a cleaner conversation. Straight up: we are lending you money in the form of product. Even the cashier at Target requires a completed, approved credit application if you are taking merchandise out of the store without paying up front.

Terms quandary: Cut them off at your terms mark—that usually gets their attention if they pull that after you have opened the account. If they push back at the start of your relationship, push back with questions. Why the need for extended? Is it project-based or is that how they run their business. Is your company prepared to walk away if they stick to their guns?

Offer concessions: Increased terms may cause price adjustments (increases). Eliminate discounts and eliminate the credit card payment option to balance the extension. You gave them what they wanted, maybe not how they saw it, but you tried to accommodate.

It's really about the cost of money. This conversation usually goes beyond the person completing the application and you will have it with several people at their company before you get it settled. At the core, what is driving the “voluntelling” of terms?

I am still trying to get that “check this box” option on credit apps. Apparently when discussing credit risk, people are sensitive.

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BY JOHN D. WAGNER

HAS LUMBER PRICE VOLATILITY DISAPPEARED?

FOR THE LAST TWO YEARS or so, through the run-up and run-down in commodity lumber prices, our firm has tracked weekly commodity lumber prices and regularly updated a proprietary “Price Effect” model we created in Excel.

What do lumber prices have to do with the acquisition value of your company? In every M&A deal we have been involved with, we have encountered acquirers who want to discount the EBITDA—earnings before interest, taxes, depreciation and amortization—achieved during high commodity lumber price periods. Acquirers apply—some say “inflict”—this discount because lumber prices have come off extraordinary highs of the Covid/supply-chain-disruption period.

This link, <https://bit.ly/commoditylumber> will take you to the latest commodity prices at TradingEconomics.com. As of this writing in early December, it was just over \$530 per 1,000 bd. ft. Contrast that with the spike in mid-2021, where lumber topped \$1,600.

During that time, if you, as a lumber dealer, showed discipline in your operating expenses (OPEX), you likely maintained your historical gross profit margins from before the price run-up. So, your OPEX did not go up, but you made more gross profit dollars on every commodity sale.

For example, let’s say you had been selling an 8ft. SPF 2x4 for \$4, and your EBITDA margin was 10%. You were making a profit of \$0.40 per stick. If the retail price of that 2x4 doubled,

and your OPEX costs had not increased, your gross profit dollars doubled, and your EBITDA doubled to \$0.80 per stick. Your EBITDA margin also doubled for that sale.

If you enjoyed the same higher gross profit dollars across tens of thousands of sticks, you reaped extraordinarily high EBITDA dollars in the period of higher prices. It was common for our clients to have EBITDAs almost twice what they are today, especially for commodity-heavy operations. (Universally, every LBM dealer we work with has shown YTD 2023 performance lower than 2022, by the way.)

If acquirers were valuing your company in that time of volatility, they justifiably doubted that the \$0.80 per stick would be a sustainable EBITDA or that the 20% EBITDA margin was realistic. Since they buy companies on a multiple of EBITDA (and they typically look at the trailing twelve month’s performance or “TTM”), they would have been overpaying if they acquired you by applying a multiple to the unsustainably high EBITDA. They knew that prices would settle back down eventually; we all knew that. And acquirers were discounting the higher EBITDAs to account for this *for the commodity lumber portion* of your sales.

We saw 15% to 20% EBITDA discount requests, which we were able to negotiate to our clients’ advantage because we had been tracking prices all along with our Price Effect model; we could calculate, to the dollar, what the effect would be at the time the EBITDA was “pegged” and the multiple was applied.

Our Price Effect model has already been accepted by the major private equity groups that we do business with in the LBM sector. Now, back to our initial question in the title of this article: Has lumber price volatility disappeared? Recent prices indicate that high prices and the volatility are out of the system. For now.

The gross profit dollars, EBITDA, and EBITDA margins you are experiencing today—even in a trailing 12-month perspective—would not have to be adjusted (discounted) to account for so-called unsustainability. This can change, of course. Forest fires, the effects of climate change, supply chain disruptions, undependable access to labor, the effects of war ... all of these factors can show up again, and prices can spike.

That said, we are having fewer and fewer discussions about the sustainability of EBITDA in the valuation formula for our clients, and acquirers are buying with confidence that the TTM EBITDA is likely to repeat for the next twelve months, which is more or less the contemporary definition of “sustainable.” That’s *not* to say that deal values and deal structures have remained that same as they were a year or two ago, but that is a subject for a future column.



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

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BY RUSS KATHREIN

RECENTLY, I WAS TALKING WITH Rick Davis, who writes a sales column for *LBM Journal*, at the LBM Strategies Conference 2023 held in Charlotte, North Carolina. We were talking about how leaders need to give salespeople tools to use when they call on their customers. I called it “arrows in their quiver.” Rick responded by pointing out that similarly, leaders need to also have arrows in their own quiver to be effective.

So after giving each other advice on what the other guy’s column was based on, we decided that this month we would both write within our own areas of expertise about the arrows needed to ensure success.

Good leaders possess an array of essential traits that empower them to hit the mark and guide their teams toward success. These leadership arrows, when honed and employed strategically, can be the catalyst for positive change and growth within a team.

The arrows that a good leader needs can be developed over time and carried with each team.

Accountability: As a leader you’re accountable for your team’s overall success ... and failures. The best way to foster an environment of accountability is to lead by example. Great leaders hold themselves accountable while providing clear goals and expectations for the team. You get to share in the successes, but you have to take ownership of the misses too. Every good leader knows that a miss is an opportunity for growth.

Humility: Hold your ego in check. Humble leaders empower their teams, trusting them to make decisions and share in the successes, while leaving the leader to take ownership of failures. Don’t look to have your own words or actions define you. Let your results, and those of your team, speak to your abilities and success.

Willingness to let others fail up: Continued success breeds confidence. Failure imparts wisdom. People need a healthy dose of both in order to grow and be successful. As a leader, you need to create environments for people to safely fail and learn from it.

Trust: Like a forest, trust takes years to grow, but it can be destroyed in a day. Leading a successful team is about building relationships, and all successful relationships are based on trust. Fostering a safe place for growth and failure is key to continued success. As a leader, you need to create a safe environment for people to fail and grow from it.

To continue growing as a leader, it’s important to learn through provided resources and others’ experiences.

Seek insight into personality traits: You can’t get to know and understand people until you know and understand yourself. Personality assessments can offer insight into how your team works best, especially when working together.

Enhance your emotional intelligence: Emotional intelligence is what keeps your aim steady even when the winds are blowing. As a leader, you need to be the calm in the storm,

handling one’s emotions and learning how to pick up the team when things look bleak. Likewise, not getting too enamored with a short term success. Keep an even keel in all situations.

Support in recruiting and hiring team members: Having access to finding good people and hiring them at a competitive wage is just as important as their onboarding experience. Ensure the process is seamless to continue building their excitement in being part of the team.

Provide opportunities to take chances, and fail: Taking risks is great until things go sideways and everyone goes looking for a scapegoat. Encouraging people to be creative, stretch their limits, and even occasionally fail, reminds them that it is okay to take a swing and miss. This makes your team want to take more swings.

And last, but most important of all, a good leadership column shares all the mistakes the author, and sometimes others have made, so the reader doesn’t have to make the same mistakes themselves.

LEADERSHIP ARROWS IN YOUR QUIVER



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

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BY RICK DAVIS

RUSS KATHREIN, fellow contributing editor, suggested we write on the same subject this month after having a dialogue about the metaphor of arrows in the quiver. Thus, we agreed that leaders and salespeople both need to accumulate a library of skill sets.

Know first that Russ is a Michigan State grad, and I attended the University of Michigan; thus, he always promises he'll speak slowly and not use big words which might confuse me. Second, it is often said great minds think alike, to which I reply, "So do mediocre ones." You be the judge!

The ubiquitous question I face as a mentor to salespeople begins with the words, "What should a salesperson do when ... ?" In other words, situations pop up for salespeople to ask which arrow should be pulled for the unique situation. Here are the categories—i.e., skill sets—I believe a salesperson needs for long term success.

BUILDING A REPERTOIRE OF SKILLS

Ears and Questions. Notice that "ears" were listed before "questions." A fallacy of many sales trainers and managers is that asking open-ended questions is the foundational skill of selling. I disagree, and instead believe that proactively seeking and hearing the right information is infinitely more important. One salesperson asks a perfectly phrased question about a buyer's current challenges with their suppliers, to which the buyer says, "Truthfully, we don't have any. We're good."



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.

Another salesperson across town simply hands out a business card and, before she can ask a question, hears the buyer lay out a laundry list of complaints. "Wow. Your timing was perfect. I've had it with our current lumber supplier. Materials are left strewn at the job site, my projects are delayed, and that is not good for my cashflow or relationships with my customers. I want to see if you guys would take me seriously as a customer, because my current supplier sure doesn't!"

Any sensible salesperson would rather have the second conversation, which proves that the answer is more important than the question.

Scripts and Phrases. Words are the stock-in-trade of superior sales leaders. They build a library of phrases for prospecting, handling negotiations, scheduling future meetings, and developing proposals. Each one focuses on delivering the right presentation for the situation.

Consider the car dealer who greets the walk-in customer. It would be ridiculous for the salesperson to initiate a presentation by using the owner's manual. The 700-page document in 8-point font on ultra-thin paper would only confuse and potentially scare a buyer. Instead, they go to great lengths to produce brochures that illustrate a lifestyle for potential buyers.

It should be no different for the product vendor of building materials. There is a right presentation for the right audience at the right time.

Communication Assets and Third-Party Apps. There are samples, sales brochures, and other promotional assets a salesperson must leverage with mastery. Additionally, salespeople should become familiar with the apps and software that enable contractors to sell effectively and manage their operations. Finally, there are texting, social media, and e-mail apps that require proficiency with communication tools.

There is a little dot (.) at the bottom of the keyboard; it's a great tool for ending a sentence. There are two "Shift" keys; they're great to use at the start of a sentence after the dot. (Did you catch the semicolon to link two congruent thoughts that could also be independent sentences?) We've all seen enough communication with run-on sentences without punctuation this is not a good way to establish professionalism and in fact probably makes the person seem less smarter than they really am ... like this last sentence!

Prepare yourself with the arrows for success. Build your repertoire of skills; it's the differentiator between sales mediocrity and excellence.

By the way, Russ, what's a quiver?

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DAVID QUALLS

REGIONAL SALES MANAGER
PARR LUMBER

How did you become involved in the LBM industry?

My background was originally in retail. I accepted a job as a store manager for Lowe's in 2016 and that is when I began to learn how fun the LBM industry can be. In 2020, I was recruited by Parr Lumber to run a lumberyard. This was my introduction to the full LBM business. I learned a lot about the business early on and became involved with as many LBM organizations as possible to help learn.

I found this industry sort of by accident but I have never looked back as it is an incredible industry to build a career. I was surrounded by a wonderful group of mentors that helped me learn and grow, which helped move my career forward where I now lead sales teams. I am having so much fun—I plan to be in the LBM industry for the rest of my career.

What is your favorite part of your job?

The relationship part of the business is my favorite part. From vendors and customers to employees, I have built more long-lasting relationships in the LBM industry than I have in my previous career. There is something special about the LBM industry and the relationships we build.

What advice would you give to companies looking to attract young professionals like yourself?

Don't be turned away by someone because they don't have experience in our industry. Look for prospects that are outgoing, smart, and ready to learn. It is much easier to train someone in product knowledge and processes than it is to be a leader or a sales professional. Recruit from other industries. Retail professionals are quick learners and can add value quickly. Get to know your local Career Technical Education programs, it has been a great recruiting tool for Parr.

What is your personal mission statement?

I lead with the idea that my legacy won't be defined by my personal accomplishments and the awards that I have won throughout my career, but rather by how many people I have positively impacted and helped to achieve their goals and dreams. I have a true servant leadership's heart and I get great joy from helping people succeed in their life and their career. We are only given one life on earth and my mission in life is to help as many people accomplish their goals as I can and to have a positive impact on anyone that I have the pleasure to know. I believe that growth never stops and I owe it to myself to continue to educate myself and my team and grow every day. ■

David holds a bachelor's degree in business administration with a dual concentration in leadership and marketing from Eastern Oregon University. As a former employee at Lowe's, David won the chairman's circle award while a store manager back in 2017.

Before joining the LBM industry, he worked for a national furniture company and finished as the No. 2 store in the nation out of over 600. David is also a graduate of Leadership Salem, a year-long leadership program put on by the Salem Chamber of Commerce.

Since taking over as Regional Sales Manager for Parr, the team's sales volume has grown by 71%.

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WALKER LUMBER & SUPPLY'S **SECOND CHANCE** PROGRAM PUTS PEOPLE FIRST

BY WENDY STURGES

FOR THE ONE IN SEVEN PEOPLE in the U.S. that struggle with addiction or substance use disorder, getting sober is often only one part of recovery. For many, overcoming the stigma around addiction and rebuilding their lives can be just as big of an obstacle.

Fortunately, many companies allow people to work while supporting their sobriety journey and recovery. Located in Nashville, Tennessee, Walker Lumber & Supply created and strongly

supports a Second Chance program for the past several years since owners Ray Hayles and Scott McMillan took ownership of the company.

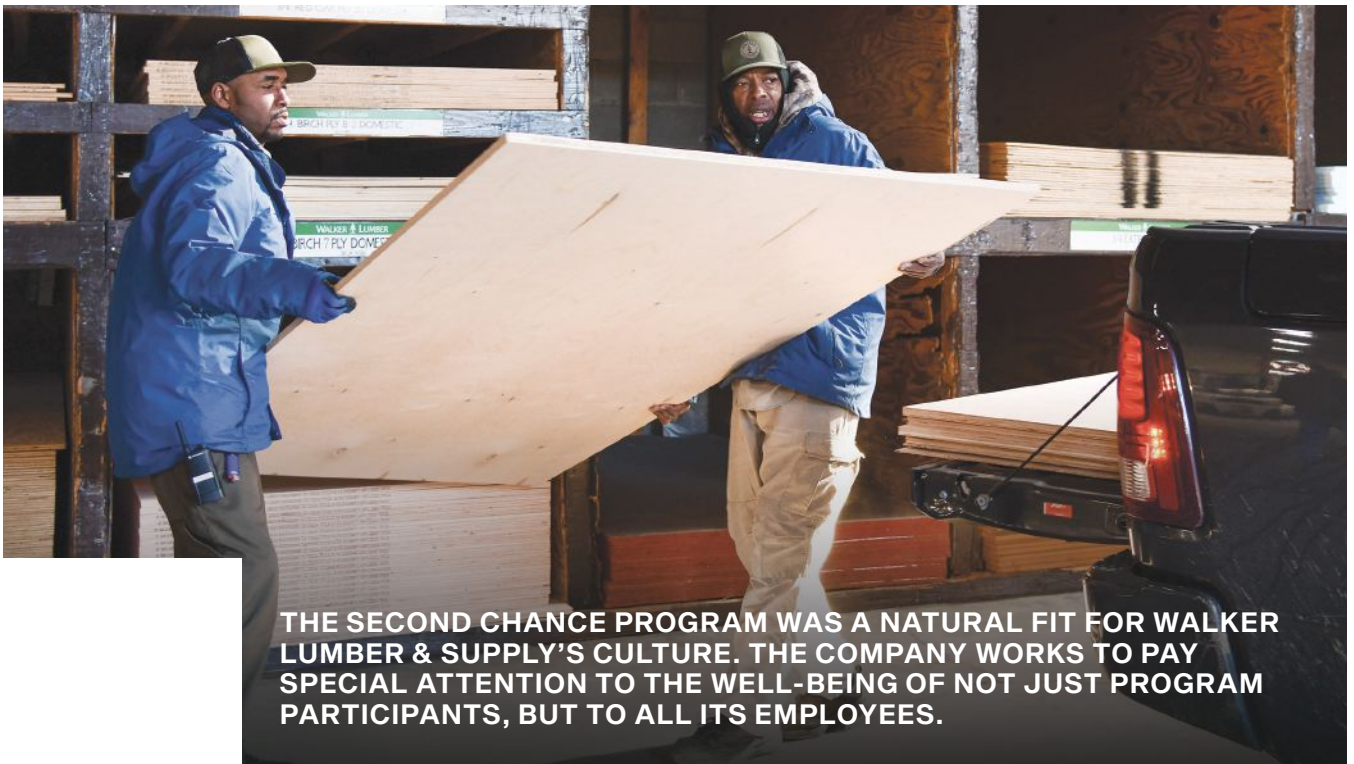
After struggling for years with drug addiction, David Blair said he found the Second Chance program at Walker Lumber & Supply in 2019.

"I was dealing with trying to figure how to do a life without the use of any type of substance. It's challenging. The program really allowed me to have responsibility, accountability, and purpose. It really drove me to be the best version of myself. It really had a pivotal role in my life to what I have now."

More than four years later, Blair is now yard manager and oversees Walker's Second Chance program for the approximately 20 people currently participating. The benefits of the program are two-fold, Blair said. Participants have a place to work and receive support, and the company gets dedicated workers, many who stay long-term.

"If we invest into people, they invest back into us, and that's always been our mindset," Blair said.

Hannah Baldwin, human resources and payroll manager for Walker Lumber, said the company has had more than 100 participants



THE SECOND CHANCE PROGRAM WAS A NATURAL FIT FOR WALKER LUMBER & SUPPLY'S CULTURE. THE COMPANY WORKS TO PAY SPECIAL ATTENTION TO THE WELL-BEING OF NOT JUST PROGRAM PARTICIPANTS, BUT TO ALL ITS EMPLOYEES.

go through the program to date from a variety of different backgrounds and regions.

“Drug addiction, alcoholism, all that, it affects everyone in every ZIP code and every income level—it does not pick and choose who it goes after,” Baldwin said.

Participants in the program undergo random drug screenings as well as part of the state’s Tennessee Drug Free Workforce Program requirements to help keep them accountable, Baldwin said. But more than that, she said the most important thing is having compassion for those going through the program.



David Blair oversees Walker’s Second Chance program for the approximately 20 people currently participating.

Baldwin said those who violate the requirements of the program can be terminated. “We are part of a drug free workplace, in Tennessee there are requirements from the state,” she said. “But even if it does lead up to termination, we’ll still give them the help they need. The doors always open as long as they seek the help that they need.”

“Patience and understanding are the two most important things,” she said. “We try to put ourselves in peoples’ shoes, because it’s an adjustment at first when you’re learning all these things, learning how to deal with people and handle people. There’s a lot of mental health that goes in with addiction. Being patient is important because when you’re dealing with those type of situations, they can shut down real quick, because they don’t know how to communicate.”

Blair said that kind of support can be life-saving and can make a big difference in someone’s recovery.



“I’m really passionate about recovery,” Blair said. “I’d probably be in jail or dead right now if it weren’t for recovery. That’s a win for a second chance program and somebody looking at me and not judging me on my path. It’s really important to me.”

The Second Chance program was a natural fit for Walker Lumber & Supply’s culture, Baldwin said. She said the company works to pay special attention to the well-being of not just program participants, but to all its employees. Baldwin said she works with each employee to make sure they are taking full advantage of the company’s insurance program, especially for those who don’t have primary care physicians. This initiative recently helped to save the life of one employee who learned he had cancer after a routine screening, she said.

“Ray and Scott brought me in to love on our people, and that’s what I do and I learn from them, so much every day,” Baldwin said. “It doesn’t matter what pops up—we’re going to get through it and we’re going to show them love. If people do stumble, and they do hit bumps in the road, that doesn’t mean that they drop them. It just means they just need a little more love than somebody else in that season.”

Blair said in the future, he hopes to expand the program to reach more people in need of a fresh start and a safe place to recover.

“Everybody deserves a second chance; that’s what we really have to focus on, giving somebody a second chance to be the best version of themselves, regardless of their past,” he said. “The hardest part is looking past that individual’s past, and loving them without even knowing them and giving them a chance.” ■

CONCERNS HEADING INTO

2024

We're continuing to ring in the New Year by focusing on what is coming down the pike in 2024. As worldwide economic issues persist, we've heard from many in the LBM industry who have worries heading into the next 12 months.

To close out 2023 and kick off 2024, we decided to try something new with this Real Issues survey. Instead of asking for insights on someone else's challenge, we asked what concerns you the most for the coming year.

BY LBM JOURNAL READERS

Nearly 190 readers responded to our Real Issues survey email (let us know at operations@lbmjournals.com if you'd like to be on the list). The question:



WHAT IS YOUR NO. 1 BUSINESS CHALLENGE FOR 2024 ... AND WHY?

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

“Inventory, logistics and infrastructure.”

“Labor, labor and labor. No one wants to work anymore.”

“Organized retail crime because it is growing.”

“Growing in a suppressed market.”

“Finding and attracting capable help.”

“Inventory issues, both my own and supply. Cash is good and we have little to no debt, but my inventory is too high because demand is still there and so are supply issues. I somewhat fear being caught with too much cash tied up in a market that takes a sudden turn.”

“Finding quality help. Seems no one wants to work anymore.”

“Employees. We are in a profession where we need to evolve and promote, attract and retain staff and to do this on a generational basis as one generation phases into retirement and another comes along.”

“The economy needs to improve.”

“Workforce/Labor. This is not a new problem; however, it has become more challenging post-COVID due to many other groups facing the same problem. Our industry has done a poor job educating counselors and students about the lucrative and rewarding career opportunities our industry offers. That appears to be changing but it will take years to fix.”

“I have an aging workforce with no good options on the horizon. We also have an aging contractor base with difficulties maintaining crews.”

“Hiring at all levels. Current workforce is getting older. Finding good quality help (regardless of compensation) is difficult.”

“Getting quality personnel going into the future. I’ll say it, getting able young people who actually work. I believe the work ethic of previous generations has disappeared, maybe that will change.”

“Labor. We need employable people to fill our open positions.”

“Slowing economy—keeping work there for the employees.”

“Finding enough employees to continue to grow and labor for construction jobs.”

“Recruiting and hiring new employees.”

“Supply, getting products from vendors in a timely manner.”

“Finding potential employees who are trainable, have a strong work ethic and can help the company continue to grow and be successful.”

“We have captured many jobs in the last couple years without a lot of extra effort. The challenge will be to motivate my employees to win jobs and serve our customers better than ever with competition ramping up.”

“Housing affordability and interest rates, plus the shortages of housing in the USA.”

“Labor shortage and high increased wages.”

“Rising interest rates stifling new home purchases and renovation home loans on existing houses.”

“Qualified employees to help with high-end customers. We have a small work force available in our area.”

“Skilled labor for our supply business, and in our customers’ construction business. In an industry steeped in tradition, and traditional methods, it is an uphill struggle to address changes in the workforce, and the deficit of skilled labor, as aging out and attrition take its toll.”

“Slowing economy because of high interest rates.”

“Getting better at the things we must do well to be successful over the long run. Shorter delivery lead times, on-time-in-full consistency, estimating turnaround time, getting to know the needs of the people who run the companies we do business with, faster turnaround time for our will-call customers, having the right products and right quantities on-hand in all our yards before the delivery or will call, and, and, and. Yes, it’s about the details.”

“Election woes.”

“Will building be a boom or bust? 2023 is finishing strong but all indicators are pointing towards a downturn.”

“Concerned about actual core strength of the economy.”

“I think interest rates will drive everything in 2024.”

“Some of the governmental regulations coming in the next year are anti-small business. For instance, the one on a new governmental agency requiring personal information on all business owners with less than 20 employees.” ▶

"Hiring and maintaining quality employees."

"I believe it will be the interest rates."

"Less demand due to a drop in housing starts."

"It will be a wait-and-see year. With interest rates, it could be set up for a great remodeling year."

"In the industry, we see a significant amounts of consolidations with the wholesalers and manufacturers. That is creating another set of problems as these new owners are paring back inventory and removing products that we sell, forcing us to find new distributors that may be three for four states away and with mandatory amounts of minimum purchases before products are shipped. That in turn will mandate higher prices, slower shipping schedules. That affects our business model and supply chain."

"Changing software and getting caught up in our tech side of business."

"Getting inventory, lower interest rates, employee retention."

"Staffing. It's getting more and more difficult to fill the staffing needs for each department."

"Predicting how to buy for a very uncertain year ahead."

"Employee retention is our No. 1 concern. We have been working on it for three years and made little progress. Time to try some new things."

"High interest rates if houses are already high in price."

"Rising costs to run the business in contrast to shrinking revenues."

"In our world, it is finding equipment and qualified employees for our area."

"Many things, but I think we are pretty dialed in."

"Applicants that actually show up for interviews and/or work."

"Really just what the market is going to do. we are having a good upswing in sales but it seems like the downturn/ interest rates rising is slowing us down."

"Finding younger workers with the passion and work ethic that soon-to-be retired workers have had through their career. Keeping employees engaged is always a struggle."

"To consistently improve our efficiency and service level. We know we are good but we strive to be great."

"World events and macroeconomic challenges out of our control will be the main headache. There will still be opportunities though."

"Finding and retaining key employees and ensuring we have the procedures and tools required to scale the business."

"We have two individuals that have been with our team 15-20 years and they are both retiring next year. Replacing solid sales people with today's generation is the challenge."

"Balancing the need to 'run lean' but still provide for employees growth and provide good service."

"Local market share decline with arrival of a national home builder. They show no interest in local supplies, local labor, local banks, local realty agents, local schools. It's very disturbing that they arrive and saturate a slow market."

"Seeking commercial business."

"Replacing aging staff who are very talented with people who are just as good."

"Update all of the products that we handle."

"At this point, I view our biggest challenge for 2004 to be higher interest rates and the negativity put out by the media about the economy, recession, and interest rates. Thus far, the higher interest rates and recession talk have not stopped new home construction in our area, but I fear over time it will have a negative effect even if a recession does not actually happen. Will be interesting to see how that plays out, especially in an election year."

"Employee retention. There really don't seem to be any replacements available."

"Housing affordability, interest rates, world political climate and the current leadership in our country are all huge concerns. There are more red flags right now than we have had in many years."

"Government control of interest rates."

"Construction volume decrease in our markets."

"Retail walk-in."

"Supply chain performance—consistent quality, schedule performance, communication and overall execution. Compared to any other industry, construction materials suppliers (manufacturers and distributors) as a whole, accept an unreasonably high level of product issues, fill rate problems, schedule delays and transaction errors. This leads to build cycle delays, slower sales and higher dealer costs. Dealers end up being the buffer. We must to be more pro-active with suppliers to improve performance."

"CDL drivers. They are in high demand, while wages are increasing. No one wants to work Saturdays."

"Increasing gross profit dollars."

“Affordable customer financing.”

“Focus on more affordable housing!”

“Demand due to economy.”

“Human resources: People, retention, and recruitment.”

“Hiring remains tough. It’s difficult to get full timers in a college heavy area. Lack of experience and poor work ethic are two daily challenges.”

“Getting financing.”

“Getting better at what we do, and finding new ways to reach folks that need better service, but aren’t willing to look for it.”

“Predicting where we will be so we have the right staff in place. Should we hire or stand pat?”

“People. Finding strong and committed employees is a constant challenge.”

“Competitor price pressure.”

“Trying to find competent help that is willing to learn and work.”

“Hiring and retention. Plenty of opportunity to grow, but most of our limitations are in terms of our capacity to take advantage. Traditional (and even more modern) hiring processes do not seem to be reaching the right people. The challenge is how to find a way to make hiring work again.”

“Maintaining sales, budgets.”

“Wages are the biggest challenge, we are in a resort town and entry level workers are \$22-\$25 per hour. We are figuring out how to keep overhead down with that.”

Responses from wholesale distributors, manufacturers, and service providers:

“The misguided energy policies of our federal and state governments. These set the stage for exponential cost increases, economic stagnation, unnecessary dependence on foreign countries and loss of free markets on which our country was built and flourished.”

“If interest rates don’t drop, there will be an even slower 2024 than 2023 where we dropped 20%!”

“Controlling costs and supply chain reliability.”

“As our workforce gets closer to retirement age, we are struggling to get younger qualified recruits to learn the woodworking business.” ▶

Great Minds Build Alike

Before Naples Lumber & Supply began designing their newest location in Venice, Florida, they brought in the only team they could trust to know what they were thinking – and then seamlessly bring it to life.

“Clint and his team took my vision and rolled with it. Without much explanation, they understood what I was looking for and made it even better.”

Ron Labbe, Owner - Naples Lumber & Supply



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"I am concerned for small businesses and their access to capital to grow and maintain their business; banks can do more."

"Uncertainty in the economy. We've prepared for most other contingencies but can't control what happens with the current morons in charge of monetary policy and the criminally high national debt. Something will give at some point."

"Keeping sales volumes high enough to maintain enough work to avoid layoffs of manufacturing employees and to cover overhead expenses."

"CDL drivers, business succession planning, and options for owners."

"Our business may rebound by the mid-2nd quarter. My concern is if interest rates move up, the softness will extend."

"Market share and competition."

"How to bridge the gaps between busy periods. We don't want to layoff good employees when we know we are going to need them."

"Retention."

"Opportunities to expand and staffing."

"Maintaining our current customer base."

"Continued inflationary pressures and high interest rates will have a negative impact on our industry. We hope we can see a shift in the economy that will offer some relief."

"Falling prices and economic conditions."

"Labor—finding people to work with a work ethic and skills."

"Coming out of the pandemic, we are in uncertain times. We will earn our market share, but it is very difficult to forecast or plan what the market will be in 2024."

"Product supply. Manufacturers are curtailing production shifts at their plants due to the lack of qualified labor."

"Inflation and interest rates. People are having a hard time keeping up with the increased cost of living, which takes them off the market for building projects—both new construction and remodeling. Prior to the inflation skyrocketing, the industry was the best I've ever experienced in my 34 years even with increased material costs, but now the math just doesn't add up."

"In the area of north Indiana and southwestern Michigan, I see the influence of the RV/mobile home/marine industry slowdown impacting the construction segment for remodel, DIY, and starter home segment in a negative direction."

"Trying to bring some products that have been discontinued during the past three years."

"Low sales prices and high costs."

"When to retire. I'm 75 years old."

"Revenue generation, margin management and reducing costs."

"Interest rates and tariffs driving costs upward."

"Clients making decisions versus the status quo."

"Consistent lead times into the market."

"Keeping inventories at a good balanced level."

"Rapidly declining economic conditions."

"Cash! Give me the best plan in the world, but if you do not have the cash bridge to get you to the plan, we've got nothing."

"Qualified labor shortage and disinterest."

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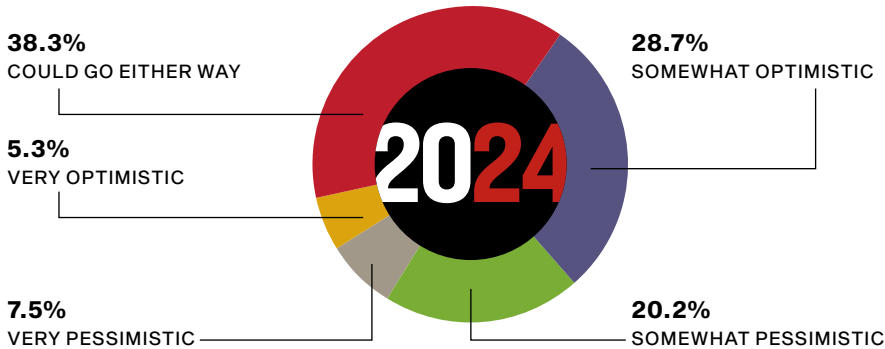
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HOW OPTIMISTIC ARE YOU THAT 2024 WILL BE BETTER FOR YOUR BUSINESS THAN 2023?



“Higher interest rates and fewer custom homes by market share being built hurt our solid unfinished flooring and custom cabinet supplier business.”

“Election years are always tough. Current market rates are slowing home buying/resale. However the jobs that do land for business are larger in sale but less available. Relationships will become more important than ever in tighter market.”

“We believe that the inflationary pressures will continue therefore the Feds will likely not reverse course on interest rates. In addition, we expect further credit tightening which will continue to impact consumer spending. Finally, the commercial mortgage reset will likely create further pressures on small banks thereby causing additional recessionary concerns.”

“2023 was stronger than expected in some areas but weaker in others. As we move toward the close of the year turbulence is increasing and the possibility of headwinds thus increasing as well even as elements of the overall macroeconomic environment remain robust.”

“There are headwinds to increased sales in 2024. Interest rates are up and inflationary pressures on labor and material costs are increasing new construction prices and also increasing costs to buy an existing home. We operate in a custom home market and the majority of our customers are booked for next year, which is good news. We shall see ...”

“I don’t think 2024 can beat 2023, but I’m also not worried. There is still a backlog of needed buildings and those that need financing will quickly get comfortable with high interest rates especially with the opportunity to refinance.”

“I think the housing market has inventory that is too low, and will remain this way as buyers pull back from high prices and interest rates. If house prices correct 15-30% to compensate for higher interest rates, and the economy doesn’t crater, I see a very busy year for 2024.”

“Our economy has been slowing down during 2023. I am concerned the trend will continue particularly in the first half of 2024, which is traditionally our best part of year.”

“We’re not good at predicting the future and we’re not paid based on the accuracy of what the future will bring. Our shareholders do expect us to be positioned for whatever comes our way.”

“Construction spending seems to be holding up in both residential and commercial. Even though interest rates are much higher historically, they are still reasonable.”

“Many signs pointing to a downturn. I am afraid to buy inventory at current prices for fear of the value going down.”

“We predict our region will see growth. It is being facilitated by the development of manufacturing in our areas. We also believe that growth could be hampered by geopolitics and the lack of labor in our region.”

“The labor force is still a hindrance as finding qualified people is still a significant problem for the job openings we have. High interest rates will affect the building business as people and businesses pull back and that is the ‘X factor.’”

“2023 was an amazing year—full of growth and setting records with sales! People are over-paying for homes right now and it has to catch up with them.”

“Hopefully, we will be surprised again on the upside. Nobody thought 2023 was going to be as good as it has been. The pipeline is mostly empty, which was not the case at this time last year.”

“Tracking all kinds of forecasts, economists, and data and there isn’t solid evidence for one or the other. The optimist in me wants to believe that there will be an increase, but a small increase, mostly focused on remodeling for existing single and multifamily residential.” ■



HAVE A REAL ISSUE?

Contact: Rick@LBMJournal.com
The reader who suggests the “Real Issues” topic will receive an LBM Journal prize pack.



CONGRATULATIONS ARE IN ORDER

There's no question that the entrepreneurial spirit is alive in the lumber/building material industry. A hearty congratulations to **LBM JOURNAL'S 2024 DEALER OF THE YEAR** award winners.

CATEGORY: \$100MM +

STAR LUMBER

Wichita, KS

CATEGORY: \$50-\$100MM

PRESTON FEATHER BUILDING CENTERS

Traverse City, MI

CATEGORY: \$10-\$50MM

NABORS HOME CENTER

Houston, MS

CATEGORY: \$10MM

MITCHELL LUMBER CO.

Belfair, WA

LBM^{JOURNAL}
DEALER
OF THE YEAR
2024

Star

Project Showroom



STAR LUMBER CONTINUES COMMITMENT TO COMPANY, EMPLOYEES

Star Lumber & Supply Co. executive team members are lock-step, collaboratively evaluating new opportunities for growth and guiding the company toward continued success. From left to right: Randy Chippeaux, Sr. VP of Building Materials Division; Chris Goebel, CEO & Chairman of the Board; Patrick Goebel, President & COO; Dan Goebel, Sr. VP of Truss Division; and Ryan Walker, Sr. VP of KS Flooring.

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

BY WENDY STURGES

After more than 84 years of business, Star Lumber is showing no signs of slowing down as the family-owned company invests in expansion and future generations.

Founded in 1939 by Earl Goebel, Star Lumber can trace its roots to a chicken coop in Wichita, Kansas, where the company found unlikely success in a time of economic turmoil and war.

"In 1939, we had [World War II] going on, so my grandpa became very good at acquiring sources for used lumber, and so people started asking him where he was getting his lumber," Star Lumber President Patrick Goebel said. "So the story in our book kind of goes that he just started selling lumber out of a chicken coop."

Since that time, Star Lumber has grown to offer lumber and building materials, flooring, and trusses across Kansas and Oklahoma, with locations in Wichita, Hutchinson, Salina, Manhattan, Oklahoma City, and El Reno. The company also carries a wide selection of siding, custom millwork, windows, doors, countertops, carpeting, tile, decking, and more.

Star has seen tremendous growth over the years as the company expanded and now offers a wide array of products, including Anderson Windows & Doors, James Hardie Siding, and LP Building Solutions' LP SmartSide.

"We aim to be the preferred distributor of our products and we want to make sure that we have the best brands," Goebel said.

Goebel said the company has evolved to cater primarily to professionals, which makes up approximately 98% of their business. This, he said, has allowed the company to be strategic in choosing its locations for ease of transportation, rather than relying on foot traffic.

"We just do what we've got to do to serve that type of customer. I'm really not focusing on somebody needing to come in and pick stuff up, and that becomes a strategic advantage. We are either going to deliver or install 95% to 97% of what we sell."

Today, third, fourth, and now fifth generations of the Goebel family are working at Star Lumber as part of its 410-person team, making the company one of the largest locally-owned building materials company in Kansas.

Star Lumber is also led by a board of directors that includes six family members and three industry-related members from outside the company. Goebel said while there are about 25 family members working in the company, outside advising and a commitment to treating all employees equitably has made a difference in being able to grow.

"We've done a really good job of developing good leaders, both non-family and family. We've got 410 employees, and most of those are not family members and they all want to make a good career here as well, and we've got to make it a great place for them to be," Goebel said. ▶



LBM JOURNAL

DEALER OF THE YEAR 2024

CATEGORY: \$100MM+

Innovation and growth

In 2023, Star Lumber estimates the company will bring in \$215 million in revenue. While that figure is down from 2022, it's an overall increase from a few years prior, when revenue was half of that.

"We had been half of that for five years—I call it the stagnant years," he said. "We decided that we were tired of being stagnant, and so we did some new initiatives."

From 2018-20, Goebel said the company has doubled in size through a number of new initiatives as part of the company's 2020 Vision Plan. Out of those investments came Star's truss and wall panel manufacturing facility in El Reno, Oklahoma, and a solid surface countertop plant. Star also invested in various facility remodels, replacing equipment fleets, adding warehouses and even a new mechanics shop, allowing Star to bring more maintenance in-house while doubling its mechanic team.

That attitude toward growth is only expected to continue, Goebel said, as the company makes use of the success from the post COVID-19 pandemic building boom. The company is currently investing in a new corporate office to support this growth, featuring key culture emphasis elements, including a tree wall with leaves honoring longtime employees to celebrate their contributions.

"We've been trying to reinvest the success from that wave into growth in the future. And so that's been a huge focus for our team. We don't want to revert back to the stagnant years."

Another focus in the past several years has been the company's investment in technology. Goebel said a key aspect to introducing the

software has been working to gain buy-in from employees in order to help the software work for them. Star uses Epicor's BisTrack including warehouse management system (WMS), which has helped guide their whole approach to improving efficiency companywide.

"I actually can't name a role at Star that it doesn't guide their day," Goebel said. "From sales to a guy on a forklift. We became obsessed with what I call the 'Two Second Lean' thinking. You're just going to get two seconds better every day, and over time, if everybody's doing that, that adds up. I love where we're at today versus where we were at 10 years ago on that whole subject of efficiency."

Investing in people

Goebel said another area Star Lumber has made investments in is hiring. With a tight labor market in the industry, the company is continually looking to improve how it attracts and retains talent. Recently, the company surveyed employees during the company's open enrollment period, asking people for candid feedback on what benefits they'd like to see added. Responses ranged from pet insurance and wellness options to continuing education and retirement planning.





“Last year, we changed our 401K match to 50% on 8%, which was a pretty significant increase in our investment there, but that sets us apart from some of our competitors, [showing] that we’re going to invest in their retirement feature. We look really hard at our benefits outside of that, making sure we have the basics covered.”

In addition, the company recently launched the University of Star, in which the company selected 12 employees for leadership training throughout a year of bi-monthly meetings. Goebel said feedback thus far has been positive and he hopes it will play a part in training the next generation of leaders.

“After five years, we’ll have had 60 people go through that program,” he said. “What we’re

hoping is that it’s building this bench of new leaders. We’ve got a lot of really important people that are going to be retiring over the next five to seven years. So I’m trying to make sure I’ve got experienced, qualified people prepared to step up to the plate and take on that next challenge.”

In addition to their business, the Goebel family and Star Lumber have also committed to improving and supporting the community. The company gives 8% of pre-tax profits back to the community through the Goebel Family Star Lumber Charitable Foundation. This foundation is led by a mix of family owners and employees and supports a wide range of organizations, from the Wichita Children’s Home and the Kansas Food Bank, to Habitat



PATRICK GOEBEL SAYS, GOING FORWARD, THE COMPANY WILL CONTINUE ITS MISSION OF STEADILY GROWING WHILE MAINTAINING THE HUMILITY WHICH HAS BROUGHT THE COMPANY SUCCESS.

GET TO KNOW STAR LUMBER

Founded:	1939
Ownership:	Family
Locations:	7
Employees:	410
ERP Software:	Epicor BisTrack
Top Three Brands Sold Based on Revenue:	Andersen Windows & Doors James Hardie Siding LP Building Solutions’ LP SmartSide

for Humanity, and the YMCA. The family also contributes to the Star Family Cares Fund in which employees can apply for hardship grants during a qualified time of need.

“We encourage people to serve on boards, and give back to the community,” Goebel said. “I like my leadership team to be involved. I think it’s just good for them for their development, as well as it’s great for our community.”

Goebel said going forward, the company will continue its mission of steadily growing while maintaining the humility which has brought the company success.

“Our team has been pretty passionate, especially in the last five years. We feel like we’ve quietly been just working on a lot of things, and we’ve had a lot of fun doing it. We don’t think we’re that special, but we’re pretty proud of the progress we have made. We know we still got a long ways to go.” ■

THE BUILDING ENVELOPE

Changing codes spur product development in this evolving segment.

BY MIKE BERGER

WHEN IT COMES TO SYMBOLS OF WINTER, there are few that are as ubiquitous as the igloo. Although often associated with all native Inuit people, igloos were traditionally used only by the people of Canada's Central Arctic and in the Qaanaaq area of Greenland.

It seems counterintuitive that these dome-shaped structures that are made of snow can keep a person warm, but because snow is filled with miniature trapped air pockets—up to 95% of snow is air trapped inside tiny ice crystals—it actually can make an effective insulator and barrier against foul weather. On the outside, temperatures may be as low as -49°F, but on the inside, the temperature may get as warm as 61°F when warmed by body heat alone.

Thankfully, we don't have to rely on snow to insulate our houses. Modern insulation and weather barrier products do a much better job of keeping us toasty in winter, cool in summer, and dry year-round, and building envelope product manufacturers are constantly developing new products that deliver even better performance.

"The building envelope is an essential area of focus for building teams when it comes to managing performance risk and timelines," explains Kristin Michael, growth marketing director for Huber Engineered Woods. "We see interest in this product category only continuing to accelerate. From online content to building science events, the dialogue on the best way to apply control layer management unique to climate zones and designs is always a highly-engaged topic."

Codes bring change

For the building envelope segment, the coming year has the potential to bring wins tempered with headaches for LBM dealers. Variations in code requirements across the country can bring uncertainties, depending on what codes are currently enforced, say industry leaders.

"It depends on the building codes where you are and if any updates are due to take effect," says Neil Freidberg, building science manager at LP Building Solutions. "Some in our segment may see little-to-no change while others may see sweeping changes. For example, if your state already uses 2018 codes and is moving to 2021, a lot has stayed the same. That is the same for areas abiding by IECC 2009 and set to continue under those regulations. But for those who are moving from IECC 2012 to IECC 2018 or 2021, for example, there are some major changes ahead."

As Freidberg explains, a good example would be if there was a ceiling height change from 12 ft. to 10 ft. "The two-foot section would need some sheathing to prevent airflow from an attic down the wall and into the conditioned spaces. Air sealing requirements stipulate that more insulation is needed in attics and walls, and so some may require continuous insulation. The ICC tracks the most recent code changes and state variances on its page and is a great resource for builders." ►



Xtreme Corners from Tamlyn are ridged corners for the flashing of window and door sills. Used in conjunction with a single piece of self-adhered flashing, the manufacturer says these corners provide a cost effective, simple, water-tight solution for window and door openings. These corners also offer an alternative to the traditional method of using multiple layers of flashing to properly cover a sill.



Huber's newest product within its ZIP System portfolio is ZIP System Rainscreen. Engineered to help meet new code-required 3/16" air gap requirements in stucco and adhered stone assemblies, ZIP System Rainscreen consists of a rigid drainage mat covered by a heavy-duty fabric that can be used as a secondary water-resistive layer required for "absorptive" or "reservoir" cladding assemblies.

LEFT: To address thermal bridging, LP Building Solutions has launched LP NovaCore Thermal Insulated Sheathing. LP NovaCore sheathing provides an R5 per inch and a modified shear table based on PR-N139, a report that provides two different nailing options with individual shear values.



RIGHT: According to LP Building Solutions, its WeatherLogic water-resistant sheathing can be used for both roof and wall applications, is available in 4-foot nominal widths and 8-, 9- or 10-foot lengths, and comes with a 30-year limited warranty.



Considering the dynamic nature of building codes, manufacturers advise LBM dealers to invest in creating close partnerships with knowledgeable code experts. “My recommendation is for all dealers to either work with someone who is knowledgeable on codes or attend their local Home Builder Association (HBA) meeting to gain the necessary knowledge,” says Freidberg. “There are a lot of resources that they bring in, from local code officials and other subject matter experts to provide general updates for the areas that can affect your business.”

Labor woes

At the risk of sounding like we’re beating a dead horse, the lack of labor is a major concern for the building envelope industry—especially properly trained labor. At the time of this writing, the number of open construction sector jobs currently averages between 300,000 and 400,000 every month, and the most recent U.S. Bureau of Labor Statistics’ Job Openings and Labor Turnover Survey showed that there were 374,000 construction job openings.

“Trained labor and conflicting industry information remain a challenge for quality execution on the jobsite,” explains Xuaco Pascual, director of building science for Tamlyn. “The best of products may not perform well if they are not utilized, installed and detailed as intended. This starts with executable details at the design phase and proper jobsite implementation with trained labor. To avoid confusion, simple product selections and installations are essential for proper execution on the jobsite.”

Conflicting market information by manufacturers, trade associations, consultants, codes, and standards as a whole creates confusion and frustration at the jobsite level, Pascual explains about the need for trained labor. “Some manufacturers offer so many different options and requirements that they become overwhelming and daunting to execute properly on the jobsite. Contractors are having a hard time deciding what to use where and when. As a consequence, builders and contractors are frustrated by no simple or clear way to execute measures on the jobsite. We find builders and contractors moving away from manufacturers who are difficult to work with or have very rigid requirements that are difficult to navigate.”

David Delcoma, operations manager for MFM Building Products Corp., agrees about the impact of the lack of labor. “Labor, labor, labor,” he laments. “Finding and developing good employees with a hardworking attitude has been tough to come by. There definitely is a different mentality in some of today’s younger generation as witnessed by our production manager, who has been with MFM for more than 30 years. Things have certainly changed. That is one of our #1 problem areas.”

MFM’s WindowWrap PSX-20 is a patented, self-adhering 25 mil waterproofing flashing tape constructed of an aluminized, multi-layer polymer film coated with a specially formulated rubberized asphalt to stand up to UV exposure. According to MFM, the aggressive adhesive securely bonds the window flange to the exterior wall, and the rubberized asphalt self-seals around nails and staples.



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This year, Tamlyn launched TamlynWrap Elite, a new WRB specifically targeted at the residential market. According to the manufacturer, the product offers a cost-effective alternative for the residential market.

OX-IS from OX Engineered Products is a structural insulated sheathing panel with built-in air and water barriers. Engineered to meet or exceed ever more stringent residential building and energy code requirements, the manufacturer claims OX-IS is the industry's tightest air barrier for lower air infiltration, with air exchange per hour performance that's 15-20% better than standard OSB with housewrap.

To mitigate these challenges, Delcoma recommends hiring young people who are hungry for work. "Mold them how you want them—it is a lot less difficult to train than to un-train," he advises. "Once again though, the younger workers are hard to get motivated. We offer a bonus program that rewards our employees for increased efficiencies, which definitely has helped. Perhaps other incentive plans can help overcome retaining a good employee."

It's because of the lack of labor that it's become so important for LBM dealers to provide products and solutions that simplify the job for their customers. "Multi-functioning exterior wall products are becoming more and more in demand for a variety of reasons," says OX Engineered Products' director of marketing, Todd Gluski. "Most evident is that builders are looking to embrace new technology that allows them to simplify the build process. All-in-one products such as OX-IS that provide structural, insulation, and WRBs in one product will continue to drive growth in the segment. Builders are always looking to build faster and easier and the products that allow them to do this will continue to be an area of growth in the segment."

Better performance, increased sustainability

In order to meet the requirements these new code updates require, product manufacturers are increasingly releasing building envelope products that are higher performing.

"This trend bodes well for manufacturers who make quality systems and provide opportunity for significant growth even if the market stagnates or even retracts," says Tamlyn's Pascual. "Over the last two decades there has been a significant shift towards more energy-efficient measures for the building envelope that have been implemented by code in recent years."

These energy efficiency measures have resulted in consequences, say industry experts, when it comes to water intrusion and a reduced level of tolerance for it by the building envelope. "Buildings fail quicker today from moisture intrusion because they can only handle small amounts of moisture," Pascual points out. "We are seeing building failures show up within 3-5 years due to the use of inferior or code minimum products. This is a common challenge we hear in all climates and there is a shift towards managing that moisture effectively with better performing systems. This means using better, stronger products (and systems of products) that demonstrate better water management and mitigation of these issues."

Along for the need of house envelope products that deliver better overall performance, trends are pointing towards consumer desires (and code demand) for products that offer greater sustainability and resiliency.

"Energy codes are generally updated every three years," LP Building Solutions' Freidberg explains, "and recent updates have continued to push the industry toward a more sustainable



future with the overall goal of reducing the energy needed to heat or cool a building. As these changes are implemented throughout the industry, the efficiency of a home's building envelope will continue to become more of a focus for builders. To that end, LBM dealers should consider the [solutions] on the market that help their builders meet these new requirements."

Manufacturers point out that, for LBM dealers, there are green building envelope options that can help achieve higher ratings within certification programs like the U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED) and the WELL Building Institute's WELL Building Standard. In addition, resiliency requirements continue to find new inclusion in codes, as states adopt

codes promoting practices that give homes a better chance of withstanding wind-driven rain events.

"Higher performing systems of products remain front and center," says Tamlyn's Pascual. "Systems are tested together for compatibility and optimal performance. This generally translates to reduced issues and liability to the builder and contractor but also a better final product for the client. It is all too common to use an ad hoc mix and match approach to product selection or use value engineering measures to reduce first costs at the expense of performance. It is important to involve manufacturers when making these decisions to avoid compatibility and performance issues that may surface several years down the road." ▶

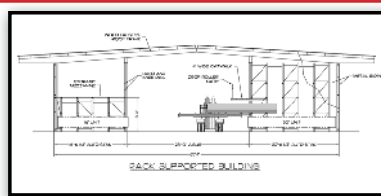


According to the manufacturer, TRUFAST Walls manufactures energy-efficient solutions for attaching continuous insulation while saving labor. It has partnered with leading insulation, building wrap, and air/moisture barrier manufacturers to develop fasteners and tools to rapidly install the material.



Storage Systems for LBM Dealers

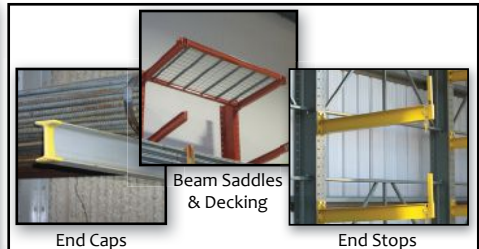
- The Auto-Stak System
- Cantilever Rack Systems
- Metal Buildings
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Eliminating infiltration

As wall systems become more efficient, they also become less tolerant of even small levels of moisture that can lead to product failure or damage to the structure. Therefore, good air sealing and drainage have become much more important. As Tamlyn's Pascual explains, "One trend that is causing issues in the building envelope is the use of exterior insulation for the energy benefits without consideration for moisture management or its effects on sheathing material performance. Utilizing products with integrated drainage, a non-compressible structure, proper vapor permeability, good air sealing, capillary breaks and even rain-screen systems is much more important today than just a few years ago."



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

Another trend related to water management is driven by building codes for plaster or stucco systems. Pascual points out that the requirements for enhanced drainage and 60 minute rated water resistive barriers behind these systems is the new standard. "Dealers should advise their clients that 10 minute rated barriers will no longer be allowed in marine or moist climate zones which account for about 70% of the country," he says. "Code officials are flagging projects using inferior WRB and sheathing products that were previously accepted but no longer allowed in these applications."

Of course, the flipside of water management is air management. According to building envelope product manufacturers, the biggest challenge is improving the envelope to perform better as energy codes are changing, and LBM

dealers need to be prepared to offer product choices that deliver these solutions. "Consider the value of an integrated systems approach to managing water, air and thermal dynamics with fewer trips around the house and products that are engineered to perform effectively under a single manufacturer's warranty," recommends Huber's Michael.

LP Building Solutions' Freidberg agrees with the idea of treating barrier products as a system. "The envelope should be sealed to prevent air infiltration to maintain performance and improve homeowner comfort," he says. "The building envelope is no longer just the individual components in a pile on the floor of a construction site where you build a wall. The components become a system as you build the envelope and should be looked at as a system. Yes, the components have different properties and different jobs in the envelope, but in the end they all work together to improve home performance."

Pennywise, pound foolish

If there's a common pitfall building envelope product manufacturers report, it's the mistake of builders choosing the wrong products due to lack of product understanding or due to initial costs.

"The labor challenges and confusing information can only be resolved through education and by considering what is best for each individual case," says Tamlyn's Pascual. "Unfortunately, in the absence of knowledge or the presence of confusion, builders and contractors revert to their usual ways or will default to a first cost analysis—probably the worst thing a contractor can use today when trying to avoid building envelope or moisture intrusion issues."

You only get one shot at doing it right, he points out, because the envelope is costly to retrofit or fix several years later. "Often, a small or marginal premium in costs will translate to reduced liability, much higher performance and value for their customers. Dealers should align themselves with manufacturers who can help with this consultative approach."

The knowledge gap and confusion is driving a growing segment of Building Envelope consultants. I would encourage every dealer to be familiar with some of the Building Envelope consultants in their market. We are certainly seeing more Building Envelope consultants on multi-family, custom and semi-custom developments who reach out to us for solutions.

OX Engineered Products' Todd Gluski echoes these recommendations for LBM dealers. "Working closely with builders and providing products that help them save time and money on the building envelope will be the best way to stay on the forefront of building best practices," he advises. "Suppliers that offer the types of products that help builders reduce cost, meet code requirements, and are readily available in the marketplace will continue to see growth."

The power of knowledge

With all these aforementioned code changes combined with the need for products that offer better performance and resiliency, it's more important than ever for LBM dealers to stay atop of product knowledge. "There are a lot of options for builders to find educational resources, LP Building Solutions' Freidberg points out. "I always recommend dealers reach out to manufacturers as they often have an internal group that will work with them to provide the best training."

In the case of LP, it utilizes its team of sales representatives to assist LBM dealers by connecting them with a variety of training resources such as lunch-and-learn style training where they can earn continuing education credits.

Huber Engineered Woods offers a technical library, blog, how-to-installation videos, and product specs on its website. "If seeking information on particular applications or details not on our website, teams can access our technical experts on our Technical Hotline," says Michael. "We also post and link to frequently asked questions from this hotline on our social media channels @huberwood. We actively support and host a variety of training and education events through our tradeshows, mobile hands-on product experiences at lumberyards and seminars throughout the year. Details and schedules for these events can also be found on our website."

Tamlyn offers a Design and Spec Team that focuses on educational forums for the design community, developers, and other influencers. As well, it offers product knowledge training to help with product selection criteria, explain the benefits of different mitigation strategies, detail installation principles, as well as customizable programs. "One example would be mockup training sessions where we review all the key details on a project and go through step by step on how these should be executed on a



MFM SubSeal is a 40- or 60-mil-thick self-adhering sheet-type waterproofing membrane composed of a multi-layer high-strength polymer film that is coated with a layer of specially formulated rubberized asphalt adhesive. According to MFM, SubSeal is suitable for use under siding, exterior plaster, as a through wall flashing, or in sub-grade applications where the membrane is protected from long-term ultraviolet exposure.

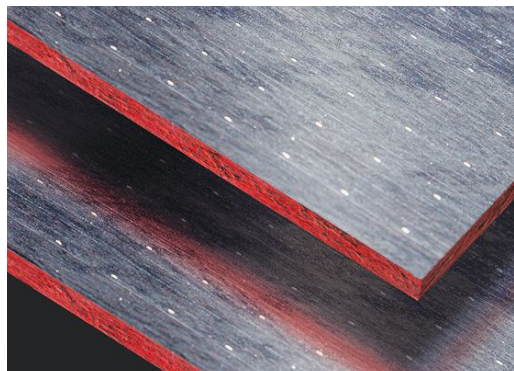
project mockup wall," says Tamlyn's Pascual. "This ensures specific crews are trained, but the mockup also provides a point of reference throughout the project that helps avoid issues. The building envelope requires a consultative approach to solutions and it all starts with good training and a dialog regarding what is best for each individual project."

OX Engineered Products offers a variety of installation and product literature as well as videos that LBM dealers and their employees have access to, plus OX experts are available to visit a jobsite and train teams on the latest products and installation methods.

Likewise, MFM offers on its website information on its products, installation instructions, warranties, and technical data. "Our job is to provide our customers with whatever they need to be successful," explains Delcoma. "We can provide product samples, sample rolls, literature, etc. at no cost to the dealer. We have even provided custom literature and marketing materials for our customers to assist in the selling cycle."

If all of this sounds a tad confusing, it's understandable. With the dynamic nature of codes, new product releases, and evolving needs for higher-performing products, building envelope products can seem a daunting segment to effectively sell. With the help of product manufacturers, however, LBM dealers can not only boost their own bottom lines, but also serve as true resources in the coming year for their customers without forcing them to rely on snow and glooms. ■

PHOTOS COURTESY OF MANUFACTURERS



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

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

HIGH-CAPACITY, LOAD-RATED CONCEALED BEAM HANGER

Simpson Strong-Tie has introduced the HSKP heavy seated knife plate, a new high-capacity, welded concealed beam hanger for mass timber structures designed to meet heavy loads while providing a hidden-connector, wood-only design aesthetic. Engineered specifically to meet some of the heaviest mass timber beam loads, the HSKP is a code-listed connector that can accommodate larger mass timber beams while still providing a strong, secure wood-to-wood or wood-to-steel connection. Installed in the factory with Strong-Drive SDCF Timber-CF structural screws, the HSKP is reported to provide valuable time savings on the jobsite, and offers generous fit-up tolerance for easy beam placement. The HSKP is code listed for high-capacity loads up to 32 kips, and is ideal for a range of heavy beam applications where loads range from 20 to 32 kips. strongtie.com



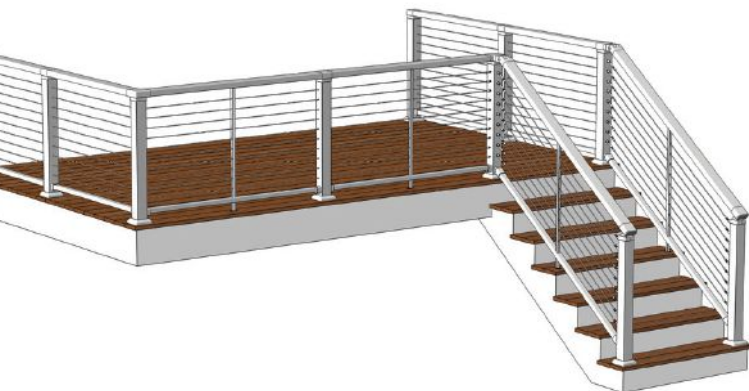
WESTLAKE ROYAL WINDOW SOLUTIONS FOR ENERGY STAR 7.0 STANDARDS

New requirements for Energy Star-rated windows have now gone into effect, and Westlake Royal Window Solutions (Westlake Royal Windows) is offering a range of options across all three of its window collections. Under the Energy Star Version 7.0 Residential Windows, Doors, and Skylights Final Specification, windows, doors, and skylights must meet higher benchmarks of energy efficiency to earn the Energy Star certification and label. This includes more stringent requirements for U-factor and Solar Heat Gain Coefficient ratings in each of the four Energy Star climate zones. Westlake Royal Windows now offers several window and sliding glass door products that meet the new Energy Star 7.0 requirements in the Southern, South-Central, and North-Central climate zones in which the company's windows are sold. Qualifying products are available within all three of Westlake's window collections—Magnolia, Krestmark, and Legacy—and in standard, impact-resistant, and STC (Sound Transmission Class) grades. westlakeroyalwindows.com



ORION II CABLE RAILING SYSTEM

Atlantis Rail Systems has launched a new cable railing system featuring a powder-coated aluminum framework combined with horizontal stainless steel infill. Dubbed the Orion II System, the framework is made up of 3" x 3" posts, a standard bottom rail, and a flat continuous top rail. The cable infill consists of HandiSwage fittings and 1/8" cable. According to the manufacturer, Atlantis Rail Systems presents a cable railing system with a simple design that allows installers to handle a variety of rail transitions using a small set of adaptive rail fittings. atlantisrail.com



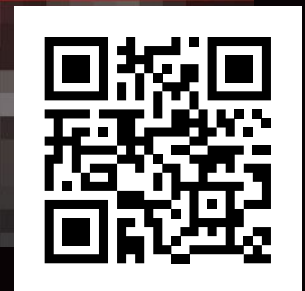
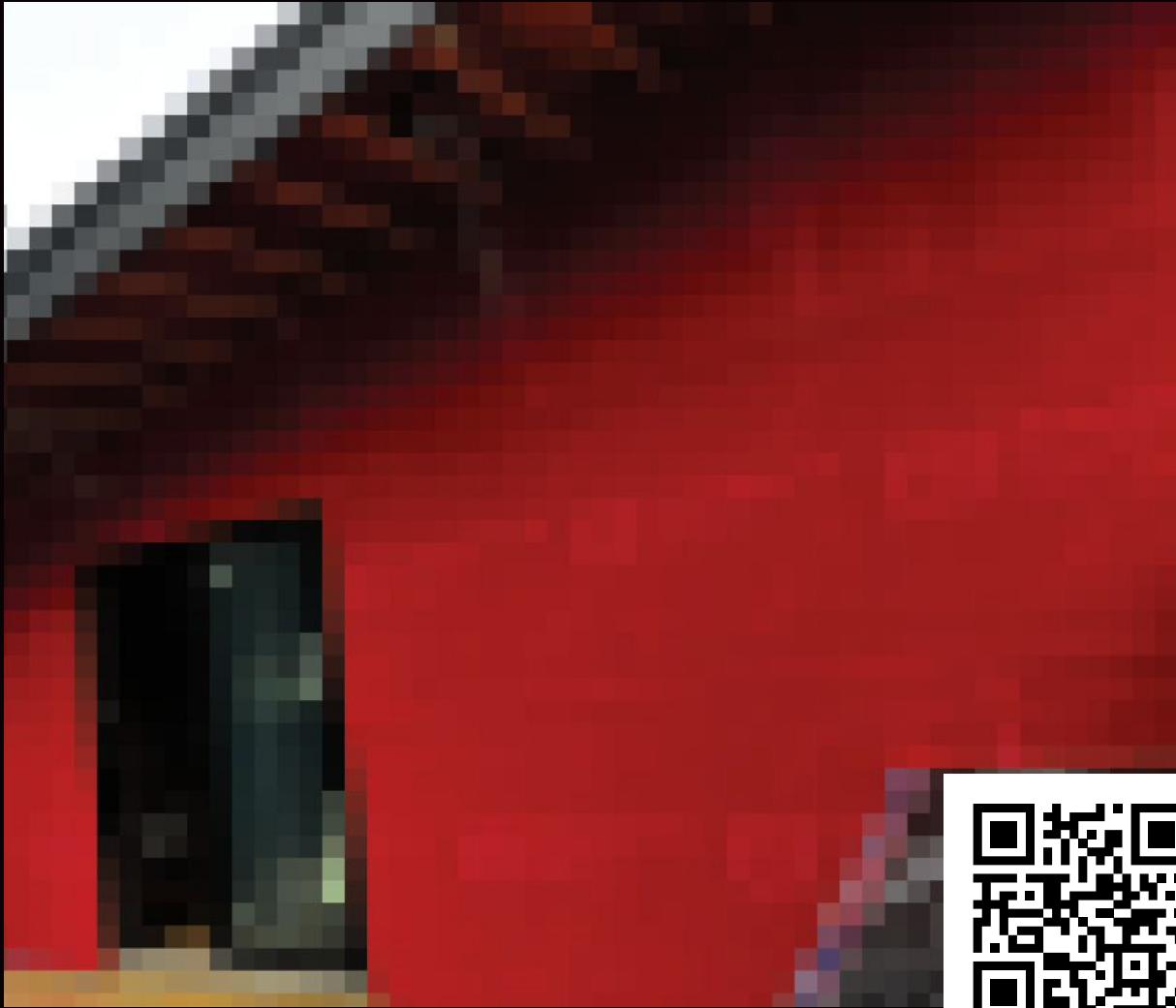
TEMPO SERIES CABINETS

Wolf Home Products has launched its Tempo Series cabinetry line. Part of the Builders Mark line, the series is available in four popular finish options: White Paint, Pewter Paint, Grey Stain, and Dark Sable Stain. The Tempo Series features include standard overlay mortise and tenon doors, high-density fiberboard drawer front and door with recessed medium-density fiberboard center panels for paint finishes, maple drawer fronts and door with recessed veneer center panels for stain finishes, 3/8" furniture board sides, top and bottom with 1/2" bullnosed medium-density fiberboard shelves, side-mounted epoxy drawer guides, and six-way adjustable, self-close hinges. wolfhomeproducts.com



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PERSONALIZED PROJECT MANAGEMENT

When you have decided to invest in and implement a new ERP system, CloudPMservices (cPMs) provides project management along with help in software selection, implementation, and support. According to the company, it has decades of experience in LBMH retailing, and it offers consulting services to help LBM dealers decide what software package that is right for their company’s needs and to keep them on track to meet critical targets. cloudpmservices.com



TITEGRAB PLUS CONSTRUCTION ADHESIVE

New from Titebond, TiteGrab Plus construction adhesive is reported to instantly grab and hold even heavy building materials on vertical surfaces, significantly reducing installation time and can reduce or eliminate the need for bracing, mechanical fasteners or mortar. According to Titebond, the advanced polymer formula ultimately achieves a durable, strong bond to porous and non-porous materials, for both interior and exterior projects. The cartridges work in any regular caulk gun, and the construction pro need only apply a 2.5" line of adhesive per pound of material. It allow material to be repositioned for up to 10 minutes, and the advanced polymer formulation can be applied in wet and cold conditions; it is waterproof, will not freeze, and has a low VOC content. titebond.com



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New from National Nail’s Camo brand, the Wedge and Wedgemetal universal deck clips are designed to fit any board in any deck pattern. The clips, for use on grooved composite, PVC, and hardwood deck boards, are reported to stay in the deck board’s groove until you’re ready to fasten (for one-handed installation), universally fit in all deck board brands, have the ability to install in any deck pattern, and the pre-assembled clips mean one-pass fastening. Warranted for use with Trex, TimberTech by AZEK, Fiberon, MoistureShield, Deckorators, and other leading brands. camofasteners.com

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FISCHER UNDERCUT ANCHOR FSU

The Fischer Group of Companies has launched its new undercut anchor FSU for fastenings in concrete when a particularly high load and safety level is required. In addition to its performance characteristics, the new anchor offers added advantages through secure and convenient installation thanks to self-undercutting.



As well, the FSU anchor is the company's first product to feature an integrated DMC (Data Matrix Code) to identify and read product data. It is made for heavy-duty fixings to anchor steel structures, heavy pipe systems and industrial machines as well as many other indoor fixtures and attachment parts in cracked and non-cracked concrete. fischer-international.com

XCEED CELLULAR PVC LAP SIDING

Versatex has just introduced XCEED Lap Siding, an advanced cellular PVC cladding for residential construction and remodeling. Available in 16' lengths to minimize butt joints, the panels are produced to guarantee 16" OC spacing at butt joints. A unique, self-leveling feature, VZ Drop-Lock is claimed to maintain a level line course



to course, and a heat-resistant acrylic capstock that minimizes fade while ensuring color hold. XCEED comes with a realistic woodgrain surface texture in traditional white or a selection of fade-resistant colors: Sequoia Green, Heritage Blue, Mojave Tan, Monument Gray and Centennial Stone, and it's backed by a limited lifetime warranty. versatex.com

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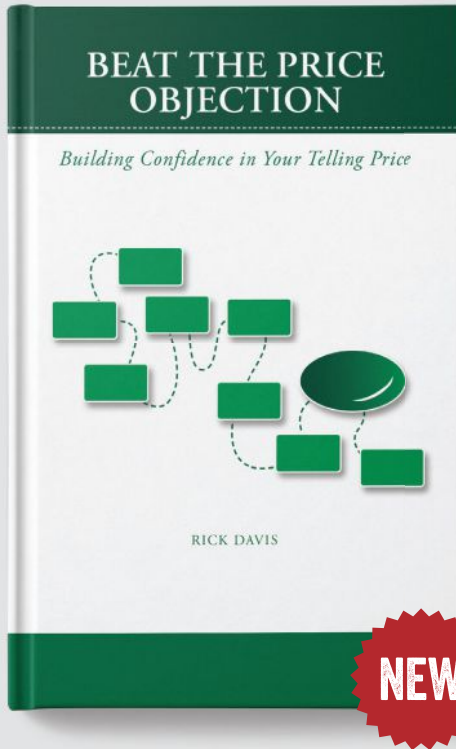
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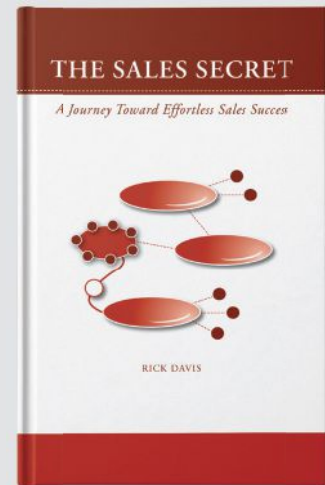
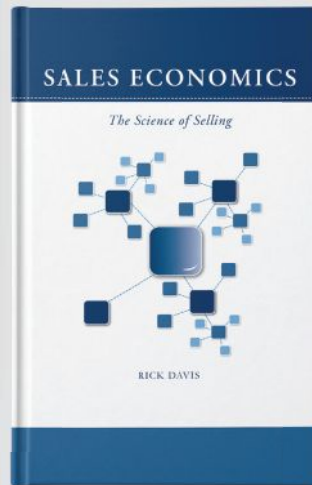
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ABOUT THE AUTHOR

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



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WHETHER READING more was on your 2024 New Year’s resolution list, or you’re simply always looking for something new to add to your nightstand, there are a number of book options to broaden your horizons.

LBM Journal columnists and industry experts made several recommendations during the 2023 LBM Strategies Conference in Charlotte, NC, ranging from how to be a great leader to how to empower your teams.

BY WENDY STURGES

RECOMMENDED BY

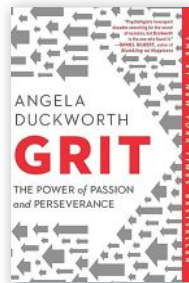
RICK DAVIS

Founder and Principal of Building Leaders, Inc.

Grit: The Power of Passion and Perseverance

BY ANGELA DUCKWORTH

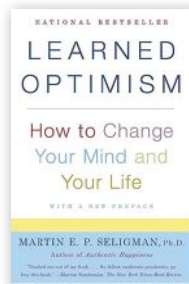
Psychologist Angela Duckworth breaks down how success is determined not by raw talent, but through a combination of persistence and passion known as grit, and how that trait can be learned.



Learned Optimism: How to Change Your Mind and Your Life

BY MARTIN SELIGMAN

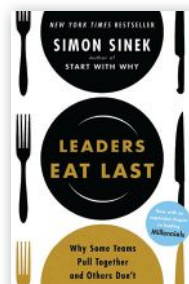
A former president of the American Psychological Association, Martin Seligman holds a Ph.D. in psychology and details in this book how the power of “positive psychology” can help improve optimistic behavior at work and beyond.



Leaders Eat Last

BY SIMON SINEK

Inspirational speaker, podcaster, and best-selling author Simon Sinek explains why some organizations perform better than others and how leaders can impact their business, as well as the people making it run.



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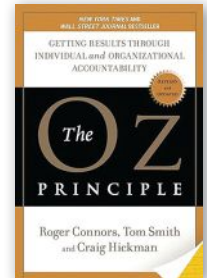
JASON BLAIR

CEO of TAL Holdings

The Oz Principle

BY CRAIG HICKMAN, ROGER CONNORS, AND TOM SMITH

Published nearly 20 years ago, more than 600,000 copies of this book have been sold, advising companies on creating personal and organizational accountability to achieve results.



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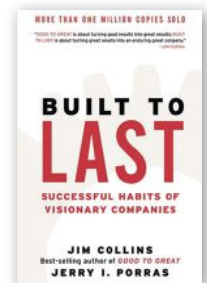
BRADLEY HARTMAN

CEO of Hartmann & Co.

Built to Last: Successful Habits of Visionary Companies

BY JIM COLLINS AND JERRY I. PORRAS

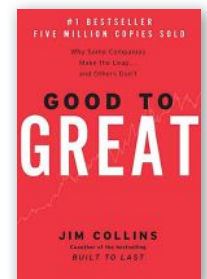
Inspired by their research work at Stanford University’s Graduate School of Business, the book examines 18 long-lasting companies, studies how each stacks up to their competitors, and determines what makes each exceptional, laying out a roadmap to inspire leaders and entrepreneurs.



Good to Great

BY JIM COLLINS

Based on research over five years, this next book by Collins takes a look at concepts like “Level 5 Leadership,” “The Hedgehog Concept,” and “The Flywheel”—each strategies employed by companies meant to take them to the next level.



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* Denotes regional distribution.

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

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LBM JOURNAL DAILY

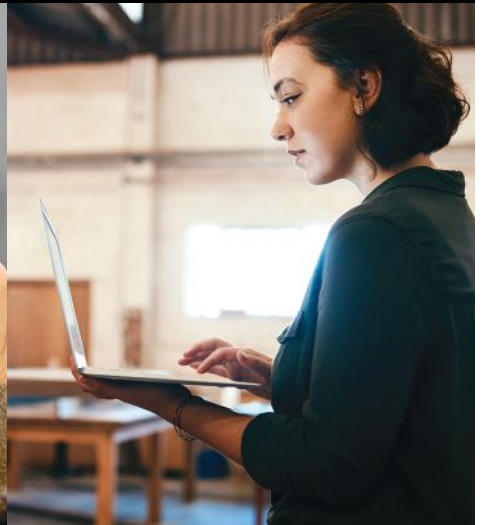
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THANK YOU TO OUR PREMIUM PARTNERS



QUALIFIED BUT UNPREDICTABLE

A former coworker is a perfect fit for a job opening. But a negative experience from the past has you wary. What would you do?



YOU WORKED in a few different businesses before landing a job with an LBM dealer 10 years ago. That job evolved into your career, and now you can't imagine doing anything else. Though you knew nothing about building materials when you started at the aptly named Career Lumber, the owner recognized and appreciated your attitude and work ethic and rewarded you by making you the manager of the company's second yard. While this location is new to you, it used to be a head-to-head competitor whose owner decided to sell and retire.

Most of the employees agreed to stay on under new ownership, but you do have a few positions to fill, including one for operations manager. Immediately after posting the job, you received an application from someone with solid LBM experience. Since their experience came during a stint with your company, you know exactly how good this person is. And no question about it, they're good at what they do. But you also know that they were let go for a very good reason, and you're not sure you want to work with them again. Here's the story:

About five years ago, when you were well-established with Career Lumber, you got to be friends with Pat, the operations manager. Pat was well-liked, good at his job, and seemed on a similar path as you—headed toward a leadership role. One day, a long-time builder customer named Joe was talking about helping out with his local precinct of a certain political party. Pat overheard the conversation and made very clear that he didn't approve.

Pat was so angry, he sent an email to the owner of your company, and to Joe's partner in his company. "Joe has no

business talking about his political views or how he's helping to further them," Pat exclaimed. "Political beliefs are very sensitive topics, especially during an election year, and he has no right to discuss anything about what he does, or how his party's platform is better for our industry!" This email caused major drama in your company, with people wondering what horrible thing Joe said.

Then, a mutual acquaintance reached out and said, ominously: "Big-time consequences are coming your way, unless you and Joe apologize for talking about politics." You were there, and you know that Joe said nothing disrespectful. There's nothing to apologize for. After a number of phone calls and emails, you learned that there were no consequences coming after all. Nobody was outraged ... except Pat. And he wasn't backing down. Despite his abilities, Pat was let go for creating this toxic drama.

After applying for the position with your new location, Pat reached out and apologized. "I made a mistake, and I'm sorry," he said. "If you give me a chance, I'd like to rebuild our friendship and move forward doing good work for you as your operations manager."

Pat's a good person, and you believe he sincerely regrets his actions. But having experienced Pat's rage, you know what he's capable of, and you have zero interest in a replay. You don't hold a grudge ... but you're not sure you can trust him enough to hire him. Is the risk worth the potential benefit? What would you do?

CAST YOUR VOTE ONLINE AT: LBMJOURNAL.COM

Hire Pat. As a proven operations pro, Pat has the expertise you need. And you're unlikely to find another candidate with the same skills. Give Pat another chance.

Keep looking. Pat created a full-blown crisis out of nothing, and his outrage was so extreme that many don't trust him. Better to hire someone without the baggage.

Talk it out. Have a heart-to-heart talk with Pat, share your concerns and why you're hesitant to work with him again. Decide what to do after having a good conversation.

Short leash. Hire Pat on a trial basis, with the understanding that the smallest sign of unprovoked outrage toward your team or customers will mean immediate termination.

PHOTO: @ISTOCK.COM/OATAWA

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



NOMINATIONS ARE OPEN!

CELEBRATING YOUNG LEADERS

The LBM Journal 40 Under 40 is a yearly list of 40 pros who have achieved success in the lumber/building material industry before turning 40. This program recognizes and celebrates the growing class of strong, young leaders in the LBM community, and provides them with a space to share ideas, build relationships, and grow in their professional roles.

WHO IS ELIGIBLE?

Employees or owners of a lumberyard, specialty dealer/distributor, wholesale distributor, manufacturer, or service provider who are over 20 years old and under 40 years of age during the 2024 calendar year.

THROW YOUR HAT IN THE RING

If this sounds like you, nominate yourself. We encourage self-nominations, and would love the opportunity to recognize you.

NOMINATE A COLLEAGUE

If you know of someone—be it a fellow teammate, a manager, or owner—deserving of this recognition, nominate them, and we'll take it from there. The process only takes a couple of minutes.

THERE IS NO COST TO ENTER!

DEADLINE FOR ENTRIES: FEB. 26, 2024

FOR A NOMINATION FORM VISIT:

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