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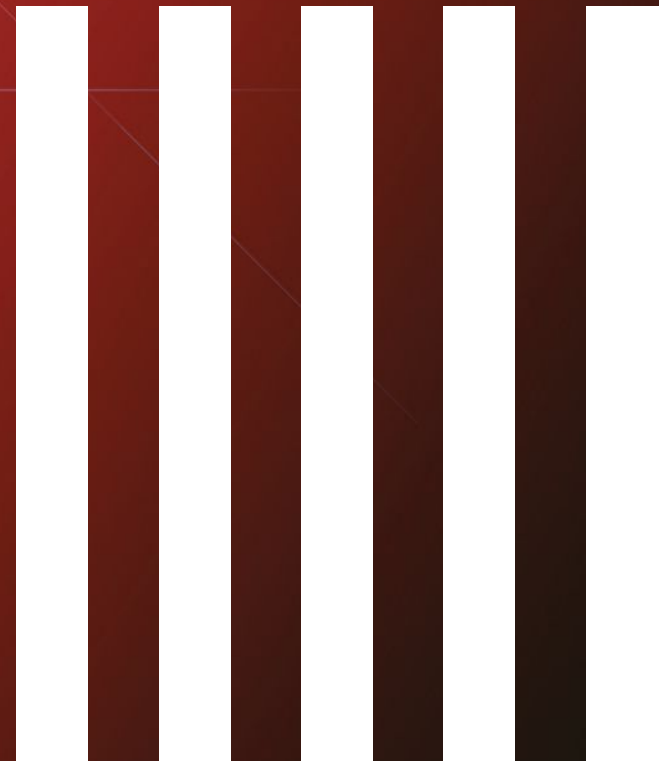
MAY 2024 | \$15 U.S. | LBMJOURNAL.COM

100

RECOGNIZING 100 TOP U.S. DEALERS AND THEIR WINS

DOES AI FIT IN THE LBM INDUSTRY?

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MARKETING TOOL**



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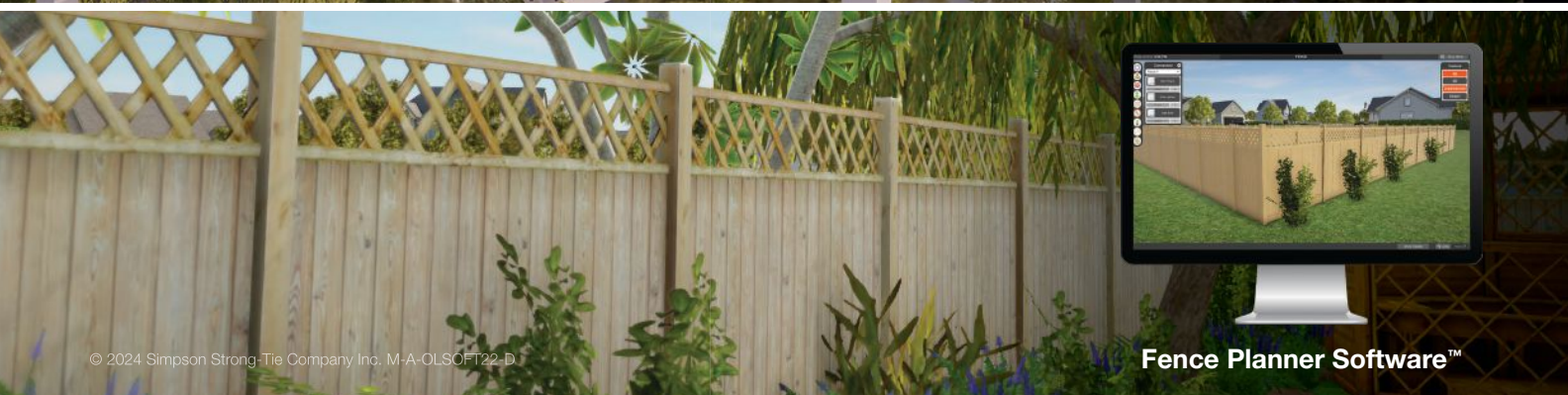
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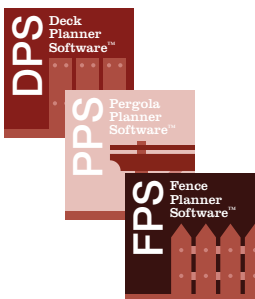


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INSIDE

MAY 2024



FEATURES

- 26 INNOVATORS**
Arnold Lumber Company harnesses YouTube as a powerful marketing tool.
- 28 REAL ISSUES. REAL ANSWERS.**
Does AI fit in the LBM industry?
- 36 LBM 100**
As the economy continues to find its “new normal,” the LBM industry is no exception to these changes. Our team kept that in mind this year as we kicked off gathering data for this year’s LBM 100, a ranking of the top lumber and building materials companies in the U.S.
- 44 IN DEPTH | WINDOWS + DOORS**
Bold aesthetics dominate today’s fenestration segment.

DEPARTMENTS

- 8 THE BUZZ**
LBM updates, news, and events. Plus, the latest from lumberyards across the country, and responses to our March issue Tough Call survey.
- 48 PRODUCTS**
Our editors’ picks that are sure to pique your interest.
- 56 TOUGH CALL**
A young sales rep does a great job with customers, but his invincible attitude is rubbing colleagues the wrong way, with some threatening to quit. What would you do?

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Leading Suppliers Council



INDUSTRY LEADERS

14 BUILDING SALES

I'm sick of the pain.
 RICK DAVIS

16 SALES + OPERATIONS

The power of consultative selling.
 BILL LEE

18 CREDIT Q+A

When not to waiver.
 THEA DUDLEY

20 MERGERS + ACQUISITIONS

Pre-close inventory counts.
 JOHN D. WAGNER

22 LEADERSHIP

When work gossip can prove helpful.
 RUSS KATHREIN

LBM EXTRAS

24 40 UNDER 40 Q + A

Featuring Aaron Park of Main Street Lumber and Millwork, and member of LBM Journal's 2023 40 Under 40 class.

34 SUCCESSION PLANNING

TRUSTED ADVISORS: Essential for smooth succession planning.
 SAM BROWNELL



FROM THE PUBLISHER

“If you are not willing to learn, no one can help you. If you are determined to learn, no one can stop you.”

THAT TIMELESS GEM from the legendary Zig Ziglar is among my favorite quotes. A framed version of that quote hangs on our 16-year-old son’s bedroom wall—my one contribution to a room that’s otherwise all his.

That determination to learn and to share drives everything we do at LBM Journal. There are a couple of notable examples in this issue that are packed with opportunities to learn from innovative members of the LBM community.

The most obvious is the LBM 100, which begins on page 36. Lots of information can be gleaned from the listings themselves, but in my view, the real takeaways are in the accompanying article written by Associate Editor Wendy Sturges. Her analysis includes verbatim quotes from many of the LBM 100 companies, sharing what they view as their challenges and opportunities as we move further into 2024.

If you look over the listings and believe we missed some companies, you’re likely correct. Participation in the LBM 100 is 100% voluntary. We don’t pull numbers from other sources or “guesstimate” what a company’s revenues might be. There are some companies we know would have earned a spot on this list—but they prefer not to share their topline revenues. And we respect that. If your company isn’t included and you’d like to be notified for 2025, just email Rick@LBMJournal.com, and I’ll make sure we reach out to you directly.

Another learning opportunity is “Lights, Camera, Action!” on page 26. This piece by Editor Mike Berger details how the team at Rhode Island’s Arnold Lumber Company is leveraging YouTube videos as a marketing tool. The family-owned company—which comes in at #75 on the LBM 100, and whose founding in 1911 earned them membership in the LBM Century Club—uses their “Breaking Ground” videos to promote their builders, while showcasing their products and supplier partners.

This story came to being when Thom Cafaro, Arnold Lumber’s director of sales and marketing, reached out to me to see if LBM Journal would be interested in sharing what they’re doing with other members of the LBM community. That was the easiest question I’d been asked all day. Thanks to Thom and the Arnold Lumber team for sharing.

If your company has an innovative approach to serving its customers and market to share, feel free to drop me a line.

— Rick Schumacher
Executive Editor & Publisher



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

HAVE A QUESTION FOR RICK?
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Request a sample at [AdvanTechXFactor.com](https://www.AdvanTechXFactor.com).



FROM THE EDITOR

HAVE YOU EVER stopped to think about how the months of our calendar got their names? Take this month—May—as an example. Its name comes from the Roman goddess Maia (meaning “mother”), who oversaw the growth of plants. The name Maia is also associated with the Greek goddess Maia, who was one of the Pleiades, companions of Artemis, the goddess of the hunt.

For us, the month of May is far more than a time of returning plant growth and blooming flowers; it’s also a month to honor and remember those important to us. For example, Mother’s Day is celebrated this month. Begun in 1907 by Anna Jarvis of Philadelphia to honor her mother who had organized women’s groups to promote friendship and health. Within five years of its founding, virtually every state was observing Mother’s Day, and in 1914 U.S. President Woodrow Wilson made it a national holiday.

Interestingly, what had originally been primarily a day of honor became over time associated with the sending of cards and the giving of gifts, and, in protest against its commercialization, Jarvis spent the last years of her life trying to abolish the holiday she had brought into being.

An even more solemn day of remembrance this month is Memorial Day, originally called Decoration Day. Three years after the Civil War ended, on May 5, 1868, Maj. Gen. John A. Logan, the head of the Grand Army of the Republic (GAR), established Decoration Day as a time for the nation to decorate the graves of the war dead with flowers. The first large observance was held that year at Arlington National Cemetery, where the ceremonies centered around the mourning-draped veranda of the Arlington mansion, once the home of Gen. Robert E. Lee. Various Washington officials, including Gen. and Mrs. Ulysses S. Grant, presided over the ceremonies. After speeches, children from the Soldiers’ and Sailors’ Orphan Home, along with many veterans, made their way through the cemetery, strewing flowers on both Union and Confederate graves, reciting prayers, and singing hymns.

Here at *LBM Journal*, the month of May also marks an opportunity for us to recognize and honor the LBM 100, a ranking of top lumber and building materials companies in the U.S. For the fourth year in a row, dozens of companies participated in our survey, providing insight and hard data into how they fared in 2023 despite challenging economic conditions. (You can see the complete listing of these top LBM dealers starting on p. 36.)

As you page through this month’s issue, remember to set aside some time to honor those most important to us and to thank them for their sacrifices. Aside from stopping at a couple of cemeteries to pay my respects—both to family members who were veterans of the armed forces and to my mom, I plan on stopping in at my local lumberyard to verbally offer my thanks to the owners who have managed to persevere through difficult times.

So to our mothers, our fallen veterans, and the innovative LBM dealers, we at *LBM Journal* offer our sincere thanks.

— Mike Berger
Editor



Michael J. Berger

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▶▶ Read how Mike and Brenda MacKay built for growth at doitbestonline.com/Vassar.



PARR LUMBER



TWO RIVERS LUMBER CO.

BY THE YARD

Parr Lumber has broken ground on a new location in Damascus, OR, which will showcase the company's full range of products and services. Along with its headquarters based in Hillsboro, OR, this will be the 47th location in the Pacific Northwest and the third location in East County for the company.

Two Rivers Lumber Co. plans to invest \$115 million to build a state-of-the-art sawmill in Coosa County as the company's second operation in Alabama. Demopolis-based Two Rivers Lumber will create 130 jobs at the new Alabama sawmill, which will specialize in the production of Southern Yellow Pine dimensional lumber. The company opened its first sawmill in Marengo County in 2017. The facility has an annual capacity of 200 million board feet and 145 full-time employees.

Mark II Lumber opened a new downtown showroom in Emporia, KS. This new location will act as an ancillary location for Mark II. Since 1968, Mark II Lumber has serviced Emporia and the surrounding communities for its homebuilding and home improvement needs.

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INDUSTRY UPDATES

NAHB has released a new mobile tool called the NAHB Jobsite Safety Handbook. This application, available in both the Apple and Google Play app stores, was built to help home builders, contractors and workers identify safe work practices. The information is meant to provide a basic guide to understanding and conforming with the federal safety and health requirements of the Occupational Safety and Health Act and OSHA standards and regulations.

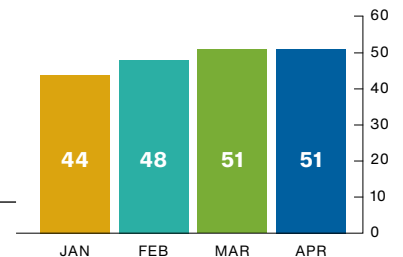
Structural Building Solutions will open a new manufacturing, distribution plant in North Carolina. The newly built, 120,000-square-foot plant was developed by Crescent Communities of Charlotte to service residential builders primarily in that region, as well as the Raleigh area.

Aluminum railing manufacturer **Keylink** released a brand new railing series, Keylink Discovery. The new railing has a sleek, modern design and is engineered for a quick installation.

Richmond, VA-based **Lansing Building Products** has opened a new location in Greenville, SC. This is the fourth South Carolina location for the company, which also operates branches in Columbia, Charleston, and Myrtle Beach.

Beacon has opened new locations in Dieppe, New Brunswick, Canada and Spring Lake Park, MN to serve residential and commercial roofing contractors. Beacon has opened five new locations, completed two acquisitions adding seven branches, and signed a purchase agreement for a third acquisition to date in 2024.

Following Woodgrain's acquisition of **Trimco Millwork**, the company will now be known as **Woodgrain**, with legacy Trimco locations joining Woodgrain's Distribution Division.



Builder confidence holds steady in Q1

Builder sentiment was flat in April as mortgage rates remained close to 7% over the past month and the latest inflation data failed to show improvement during the first quarter of 2024. Builder confidence in the market for newly built single-family homes was 51 in April, unchanged from March, according to the National Association of Home Builders (NAHB)/Wells Fargo Housing Market Index (HMI). This breaks a four-month period of gains for the index, which nonetheless remains above the key breakeven point of 50.

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PEOPLE IN LBM

Central States has named **Ahmed Abdelaal** to the new role of vice president of engineering and operations for the Central States Building Works division. The company also has announced the appointment of **Jigisha Desai** and **Scott Deakin** to its board of directors.

Wellborn Cabinet's board of directors has appointed **Dennis Easter** as CEO. Previously, Easter held pivotal roles including vice president of global commercial operations at Koch Engineered Solutions and vice president and general manager at Georgia-Pacific Chemicals.

Ambassador Supply has added the following new team members: **Toby Taylor** joins as HR generalist, and **Brandon Yoder** has joined as an accounting manager.

Western Specialty Contractors announces the opening of a new Austin, TX branch and the promotion of **Aaron Williams** as branch manager. In his new role as branch manager, Williams is responsible for overseeing sales, daily operations and field personnel at the new branch, plus developing new projects within the branch's territory.



WILLIAMS

LBM Advantage has hired **Bryan Baker** as member sales manager for their Southwest region. Baker has dedicated his entire career to the lumber and building industry, having held positions in the accounting and sales divisions at Louisiana-Pacific and the sales division at James Hardie.



BAKER

Simpson Strong-Tie has promoted **Annie Kao** to a newly created position of Vice President of Strategic Partnerships and Engagement. Kao has been a member of the Simpson Strong-Tie team for 18 years, most recently serving as Vice President of Engineering.



KAO

Roseburg announced that **Tony Ramm** will step into the role of senior vice president of manufacturing. Ramm will drive an increased emphasis on the sustainable, long-term success of the manufacturing side of Roseburg's wood products business. The company also announced that **Nadine Orozco** has been promoted to director of strategic business development. Orozco has served as manager of strategic business development since Jan. 1, 2022.



RAMM

Eastern Engineered Wood Products has made organizational moves to support continued geographic expansion: **Mike Ocker** has joined the company as outside sales representative in the Carolinas; **Marcus Dixon** has been promoted to operations manager for the company's new South Carolina Distribution Center; and **Nancy Dixon**, previously controller, is taking on a newly defined role as director of administration.

IN MEMORIAM

The Midwest Building Suppliers Association announced the passing of **Jim Andrew**, owner and president of **Henry Poor Lumber Company**. James A. "Jim" Andrew, 74, of Lafayette, died peacefully on Thursday, April 11, 2024, at IU Health Arnett Hospital surrounded by his family. In lieu of flowers, memorial contributions may be made to the Wabash River Enhancement Corporation, 200 N 2nd St C, Lafayette, IN 47901 in Jim's memory.



TOUGH CALL SOLUTIONS

THE MARCH ISSUE SURVEY RESULTS FROM LBMJOURNAL.COM AND LINKEDIN.

TRUST, BUT VERIFY

You took a chance on a new-to-you direct mail opportunity after hearing an exciting sales pitch, but found the flyers were never mailed. Here's how readers responded to this Tough Call.

DEMAND A REFUND

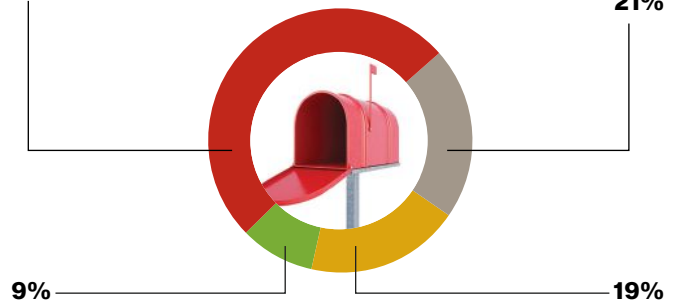
You paid to have your message delivered to your audience, and it's clear that didn't happen. Insist on a refund, and if they refuse...

51%

LESSON LEARNED

Moving forward, don't take a salesperson's word at face value. Invest your precious marketing dollars with a company that has a proven track record.

21%



TAKE 'EM TO COURT

This situation was tailor-made for small-claims court. While you may not get your money back, at least you'll have done what you can before moving forward.

BE PATIENT

It's a good product, but the company producing it is just getting started. Trust that they'll get their act together and start getting you results.

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KOOPMAN LUMBER



R.P. LUMBER CO.

MERGERS + ACQUISITIONS

Koopman Lumber is expanding its operations with a new location in Pembroke, MA. Acquired from **Sampson Lumber**, Koopman's new location will immediately provide additional capabilities alongside the same products and services Sampson is known for. Over the course of the next year, Koopman will begin to expand the showroom to include doors and windows from top brands.

R.P. Lumber Co. has announced the acquisition of **Golden Rule Lumber**, a family-owned retailer of hardware, building and landscaping materials, and rental equipment located in Ottawa, IL. Already operating a retail location in Ottawa, R.P. Lumber aims to extend its service across a wider swath of LaSalle County and its neighboring communities by merging the two locations.

Manufactured Housing Buyers Group (MHBG), an association of independently-managed manufactured housing and modular housing producers, is joining **LMC**. A new division will be created at LMC, called the Modular Building Division, to support this manufactured housing channel. The team at MHBG will join the LMC team in this new division.

Cameron Ashley Building Products has acquired **Appalachian Insulation Supply, Inc.** and **Wolf Pak Transport, LLC** in a stock purchase agreement.

United Treating & Distribution, a producer of pressure-treated wood and distributor of building products serving residential and industrial customers, has acquired **OSA's** wood treating plant and its associated assets located in Ringgold, GA.

Beacon has completed the acquisition of **General Siding Supply** headquartered at its Omaha, NE branch, with four additional branches located in Lincoln, NE, Grand Island, NE, Sioux City, IA, and West Fargo, ND. The company has also signed a purchase agreement to acquire **Smalley & Company**, headquartered in Denver, CO, with eleven locations in Colorado, Arizona, California, Nevada, New Mexico, and Utah.

ABC Supply Co., Inc. has entered into a definitive agreement to acquire **Herman's Supply Company**, a supplier of both residential and commercial roofing products, siding, and related accessories. The company has also acquired the assets of **All Canadian Building Products** in Surrey, British Columbia, Canada. This acquisition marks the eighth company location in British Columbia and the second in Surrey.

Cornerstone Building Brands, Inc. will acquire **Harvey Building Products**, a manufacturer of high performing windows and doors, and its portfolio of industry-leading brands: Harvey, SoftLite, and Thermo-Tech. Headquartered in Waltham, MA, Harvey has approximately 1,200 employees at four manufacturing facilities.

The Home Depot has entered into a definitive agreement to acquire **SRS Distribution Inc.**, a leading residential specialty trade distribution company. With this acquisition, The Home Depot now believes its total addressable market is approximately \$1 trillion, an increase of approximately \$50 billion.

Johnson Paint, a Ring's End brand, will acquire **Wilmot's Decorating Centers**, located in Middleboro and New Bedford, MA.

United Hardware and **Do it Best** announced an approved merger, reshaping the home improvement industry landscape. United Hardware shareholders voted in favor of the merger on April 5. All United Hardware store locations will maintain their independent brand identities, allowing them to retain their autonomy and individuality within the co-operative framework.



DISTRIBUTION NEWS

Accsys has added two U.S. distribution partners: **Keim**, based in Charm, OH, and **Saroyan Hardwoods**, based in California.

Do it Best announced it will stock **Paslode** products in its warehouses. Paslode is a leading manufacturer of cordless and pneumatic nailers, staplers, and fasteners. The company's latest initiative to stock Paslode products marks a strategic decision that follows the success of last year's exclusive partnership with BFG Supply Co., which gave members exclusive access to a comprehensive catalog of lawn and garden products.

CO-OP + BUYER'S GROUPS

Do it Best is unveiling two new innovative, technology-based tools to drive member growth: the Inventory Productivity Analysis (IPA) Tool and Tracula. The IPA visually and intuitively identifies performing and underperforming areas of retailer stores and proactively offers customized action plans for improvement—driving efficiencies and sales. Additionally, Tracula is a precision-focused inventory tracking system that's specially designed for Do it Best members. It uses point-of-sale data and a sophisticated algorithm to select SKUs based on critical factors, and to ensure purposeful and impactful cycle counting, making every count matter.

INDUSTRY EVENTS | 2024

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

SEPT 25-27

CONSTRUCTION SUPPLIERS
ASSOCIATION CONFERENCE
& TRADESHOW
Miramar Beach, FL | gocsa.com

OCT 6-8

WORLD MILLWORK ALLIANCE
59TH MILLWORK CONVENTION
& TRADESHOW
San Antonio, TX
worldmillworkalliance.com

OCT 16-18

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

OCT 23-25

LMC EXPO 2024
Philadelphia, PA | lmc.net

OCT 28-30

LBM ADVANTAGE FALL PLANNING
CONFERENCE
Boston, MA | lbmadvantage.com

NOV 13-15

NAWLA 2024 TRADERS MARKET
Uncasville, CT
nawla.org/events/tradersmarket

DEC 11-12

LBM EXPO
Uncasville, CT | lbmexpo.net

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- Maximized inventory efficiency and increased SKU count by over 15%

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BY RICK DAVIS

I'M TIRED OF hearing about the pain. One salesperson after another insists that you must “find the pain.” It’s a gimmick introduced by a popular sales training franchise and, yes, it makes some sense, but it is certainly not applicable in all situations.

I have problems with this concept on both practical and philosophical levels. The concept of looking only for pain is akin to a doctor examining a patient only to profit. It denies the idea that a doctor can simply tell the patient that they’re in great health while perhaps making exercise and dietary recommendations.

Additionally, the intention to get to the pain presumes that the salesperson is a miracle worker with a solution. As the industry legend (and *LBM Journal* columnist) Bill Lee says, “It’s about resources”—a referral to a subcontractor, a recommended app, a marketing suggestion, a consultation to help manage project flow, intel on future price hikes, a suggestion on recruiting new talent, and so on and so forth. Salespeople can provide solutions to problems (pain), but many times the best thing a salesperson does is simply enhance rather than fix.

Pushing to expose pain is an inadvertent insult to the successful entrepreneur who should instead be complimented for their initiative and success.

My first client of my consulting career (after I left a lucrative job) came when I met Merle Beck, the founder of a polyurethane millwork manufacturing company which he eventually sold. He had been referred to me and wanted help launching an architectural sales campaign. Some might call this pain; I prefer to think of it as a growth dream. Either way, it would have been easy for me to quickly close a sale because he overtly told me what he believed he needed.

After interviewing him and three of his key employees, he asked what I would recommend. I assured him, “Mr. Beck, I’ve never built a business like yours. I think it’s amazing you started this business and created a \$25 million enterprise. So far be it from me to say that something is wrong.”

After those words, I told him that his company was not well positioned for an architectural sales program because (A) the product wasn’t a significant enough factor in the housing design and, more importantly, (B) his company was going to market with independent manufacturer reps who

I'M SICK OF THE PAIN

On a practical level, pushing to discover the pain is poor salesmanship. We work in an industry of entrepreneurs, risk takers that gave up a job to launch a business. They often sacrificed a steady stream of income to start a business. Many used their personal home as collateral to launch.

wouldn’t be candidates to fulfill that mission. I did suggest that I might be able to help them hone their sales and sales management processes ... but added that I probably needed to learn more before delivering specific advice.

Mr. Beck asked me to wait for them in the lobby while he and his son (and partner in the business) talked. Ten minutes later, his son came to tell me I was hired and that he knew my price would be fair. That relationship became a starting point to which I can attribute decades of business relationships and customers that spun off from that initial meeting. I closed my first sale as a consultant by expressly stating that I saw no “pain” in the business.

The best lesson I learned from that experience was to include a statement in almost every proposal written to prospective clients since. In the opening section of the proposals I write, “Nothing is broken.” I follow that up with the reasons why I admire the business and then the observations I have about their goals and objectives. Only after all that is it time to offer some insights that might help.

There might be pain, but the real goal for any business is to find success and joy in the process. Try tapping into that and you’ll have a lot more success discovering ways you can contribute positively.



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



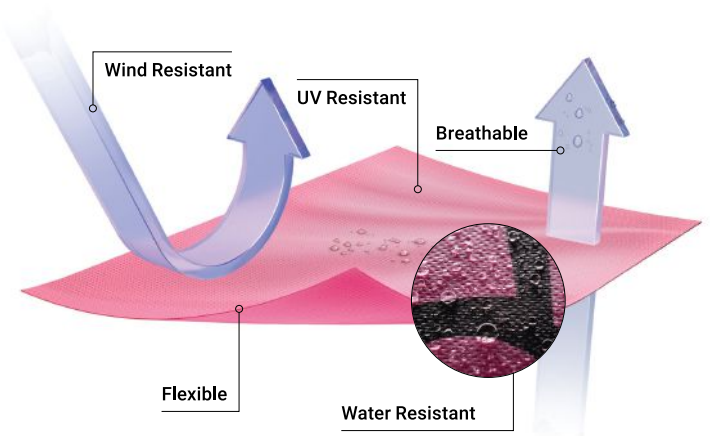
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BY BILL LEE

IN THE WORLD of building material sales, success is often measured not just by the sales and gross margin a salesperson can achieve, but by the relationships built with clients. A seasoned salesperson understands that earning a prospect's respect goes beyond simply discussing price. This is a story of a building material salesperson who embraced a consultative approach and prioritizing problem-solving over immediate sales pitches to build lasting relationships.

THE POWER OF CONSULTATIVE SELLING

The consultative approach: Our protagonist, let's call him Alex, realized early in his career that doing material take-offs and quoting jobs alone wasn't enough to make him stand out in the competitive building materials market. He decided to adopt a consultative approach, focusing on understanding his prospects' needs and providing tailored solutions. Instead of bombarding potential clients with a list of products and prices, Alex initiated conversations by asking open-ended questions. By actively listening to his prospects he gained valuable insights into their challenges, goals, and priorities. This approach not only allowed him to showcase his expertise, but also his commitment to helping his clients succeed.

Building relationships through problem-solving: One key aspect of Alex's strategy was to refrain from discussing price until he had thoroughly explored the prospect's sources of discomfort as he went about his day-to-day activities. He

realized that by addressing the prospect's most pressing business problems first, he could establish trust and position himself as a valuable resource. Here is an example: if a builder expressed concerns about the environmental impact of construction materials, Alex would focus on recommending sustainable and eco-friendly alternatives. By providing solutions that aligned with the prospect's values and concerns, Alex showcased his commitment to understanding and addressing their needs.

Educating the prospect: Another integral part of Alex's approach was to educate his prospects about the latest trends, innovations, and industry best practices. Instead of bombarding customers and prospects with technical details, he translated complex information into accessible insights, empowering clients to make informed decisions. Through educational discussions, Alex positioned himself not just as a salesperson, but as a knowledgeable partner invested in the success of his clients.

Earning respect before discussing price: By the time the discussion turned to pricing, Alex had already established a solid foundation. Prospects were more receptive to his style and approach. This approach not only increased Alex's closing rate, but also led to repeat business and referrals. Customers appreciated the fact that Alex prioritized their needs over immediate sales, fostering long-term relationships built on mutual respect and understanding.

Lunch and learn programs: Another innovative service Alex offered his customers and prospects is sales training classes in a "lunch and learn" format for the home builders who use their own sales personnel to market their homes. This was especially effective because most of his customers and prospects had never before been exposed to formal and regular training programs.

In the competitive world of building material sales, a consultative approach that prioritizes problem-solving and relationship-building can set a salesperson apart. By understanding the prospect's challenges, offering tailored solutions, and earning respect before delving into price discussions, salespeople like Alex can create lasting partnerships and contribute to the success of his clients. This story serves as a testament to the power of putting the customer first in the sales process.

Consultative selling is a proven concept in marketing. The time it takes to perform these services for your customers and prospects can generate lasting friendships.



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

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BY THEA DUDLEY

Hey there Thea, I have a lien waiver question. We have some cash account customers—who either don't want a credit account or can't qualify—who put money on their cash account and only use a portion of the funds (at the moment) to purchase materials. They are asking for a waiver that includes the full amount of money they put down. In the past, my now-retired credit mentor said no-go. Only provide for what was purchased. The request keeps coming up and I have held firm, but I am second-guessing myself. Has anything changed in the industry, or should I stick to my decision?

— Waivering Materially

or job final balance. Returned materials, price adjustments, overages, etc.—anything can happen. You have no way of fortune telling if the numbers will match.

There's the chance the customer could use that money-on-account to pay for materials totally unrelated to the job the money was originally intended for. Where does that leave you if there is no more money coming?

You cannot give a waiver for what has not been purchased. In this case, you couldn't even offer a conditional final as the payment will most likely clear the bank before the remaining materials are purchased and the money applied. Upon clearance of the check with the bank, conditional flips to unconditional.

WHEN NOT TO WAIVER

Dear Material Waiver,

Have you ever been too nice and ended up in a situation that could've been avoided if you had just held the line? This is where you are now. My dear Waivering, you already know the answer. Someone got in your head and now you are second-guessing yourself to the point that they live in your head rent-free.

You can only give for what ya got. Meaning you can only provide a materialmen or mechanics lien waiver for the amount (and through date) of what was purchased and received by the customer. How are you going to give a waiver for money received against ... what? They haven't actually purchased the materials for the job that uses all the money. Intentions are not actions.

Anything can happen. You cannot provide your customer with a waiver for money minus what the money is for. Very little or nothing at all has been purchased. You need details like the project name or address, invoices to reference, total amount of the job. Rarely does prepayment match the project

The risk of the unknown, unexpected, or anticipated exposure is not worth the risk of being nice and accommodating the request. You will live to regret it. Maybe not this time, but it will come back to bite you, these are the situations that always do. Stick to your guns. You can offer a partial (progress) waiver that covers what was purchased.

My guess is your customer needs or wants proof to show the project owner they have used funding to pay suppliers or subs. If the partial waiver idea is not appealing to your customer, offer to call or have him share your contact information with the owner or funding source. They can call or email you to confirm you have received a certain dollar amount on the account that is earmarked for this project but the materials have not been purchased to date. It is a nice compromise and keeps you safe.

Your mentor may have retired but that voice is still in your head. Let those lessons and knowledge be the items that occupy space upstairs. Listen to that voice in your head, just start to worry if it becomes a group chat.



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



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BY JOHN D. WAGNER

PRE-CLOSE INVENTORY COUNTS

THE VAST MAJORITY of acquirers require an inventory count, or “hard count” just before the closing. The acquirer typically pays for this service, which is often provided by a 3rd party, and both the acquirer and seller are entitled to have an observer or auditor on-site for the count.

There are four reasons for this hard count:

1. The seller’s closing balance sheet must reflect the inventory on the ground that’s being passed to the new owner.
2. The new owner needs an opening balance sheet, not only to comply with GAAP accounting, but for general “financial hygiene.”
3. The net working capital (NWC), which is the working cash the seller must leave in the business, is typically calculated on a trailing 12-month basis; the value of the inventory over that period is central to the NWC calculation. An inaccurate assumption of the inventory value at close could easily skew the NWC, to favor the seller ... or the acquirer. An accurate count assures fairness.
4. Most deals have a “true-up” 90 days post-close to ensure *retrospectively* that the NWC at closing was correct, e.g. that all the accruals and pre-pays were in the calculation. If the true-up reveals that the NWC at close was inaccurate, the acquirer may owe the seller some money, or the other way around.



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

A very active topic of conversation for any hard count focuses on these three inventory categories:

Shrinkage: There is inventory in your ERP that doesn’t exist in your yard or store. It’s been stolen or thrown out, without a deduction of the item from the ERP. The value of shrinkage discovered in a hard count is a dollar-for-dollar reduction in purchase price. If the count discovers \$1,000 in missing fasteners, the purchase price is docked \$1,000.

Slow moving: With his permission, I’m using an example of slow-moving inventory from Kodiak Building Partner’s Matt LaScola. If you sell house numbers, you have to buy them in sets of 0 through 9. You will use up the 1s, 2s, and 3s faster than the rest of the numbers. Yet you have to keep a full complement of numbers on-hand.

Now apply that to 200 SKUs from SST or MiTek. You’ll sell far fewer triple beam hangers than you will hurricane ties, but you have to keep the hangers on-hand to maintain a full range of products. That’s slow-moving inventory; most acquirers recognize that some things sell faster than others but that the inventory has value to them.

Obsolete: Of the items that get negotiated near a deal closing, the definition of obsolete inventory is the No. 1 topic. The standard today is that something that doesn’t sell for more than 12 months is obsolete. Say your hard count (when compared to your ERP) discovers \$5,000 of inventory that fall into this slow-moving category. You, the seller, will be docked \$5,000 from the purchase price (*unless* you have accrued for obsolete inventory in your financial model). The inventory ruled obsolete reverts to the seller.

The costs of preparing for an inventory: Even though a third party is probably doing the pre-close hard count, and the acquirer is paying for it, there is still some prep (and costs) that you, the seller, will have. Given that acquisitions can happen at any time in the year, a pre-close hard count may take place outside of the cycle when you’d traditionally do a hard count. That may mean staying open late into the night or bringing in your own staff for organizing the inventory ahead of the count, and then sending in staff to audit the process in real time.

When negotiating your deal structure, lean heavily on your investment banker to sort out the inventory distinctions and get the categories defined as early in the process as possible.

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BY RUSS KATHREIN

HAVING RECENTLY attended a show earlier this year, it had me thinking about a show I attended years ago in Chicago. That evening, while having a cold drink with my team, a woman and a cameraman approached us and asked if we had gossiped that day. I told her we just finished up at an industry trade show, and just about everybody there was sharing information ... or gossiping. That's when they told us they were from the Oprah Winfrey Show and they were interviewing people about the negative connotations of gossiping. I'm not one to shy away from voicing my opinion, so that's when I mentioned that gossip at trade shows can be good.

You're probably thinking, how can gossip be good? Well, think of it as networking with like-minded members of the industry to find out information about the market, competitors, vendors, and more. It's a way to quietly discuss what is going on without making any ruckus and to potentially get the inside scoop on how other companies are holding up. We were doing it to gain knowledge, and as we all know, knowledge is power. Here are some of the ways sharing information can be insightful and productive:

WHEN WORK GOSSIP CAN PROVE HELPFUL



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

Sharing information on:

Markets: We have our own perspective on how business is going, but information from other people in our markets can either validate what we are seeing or point out that we are possibly missing the boat. For competitors, you always want to be on the lookout for what your competitors are doing right, as well as what they are doing that is not working as well. You don't need to invent everything you do. Sometimes just taking an idea and improving the concept can be much more powerful.

Vendors: Finding out what vendors are doing with their other customers can help you ensure that you are getting the deal you deserve. What vendors are you not doing business with that you should be?

Products: What products are new or close to launching? Which ones are taking market share? Which ones are not living up to their promise?

Learning information on:

Who is buying and who is selling: Understand who your new competition could be. Is there an opportunity for you to grow by buying a competitor or a complementary business?

Who has been hired or promoted: Do you have a connection with someone who is at a new company? Will a past relationship help you now that the person you know is in a leadership position elsewhere?

Who has left a company or been fired: They say a friend in need, is a friend indeed. Find out when someone you know is on the market looking for a job. Call that person and see how they are doing. Offer to help with leads or a reference. You never know when you may be on the other side hoping that your industry friends will do the same for you.

The Oprah story continued after our camera interview. It just so happened that the information we shared resonated with their production team and Oprah herself called and asked my wife and me to be on her show. We got picked up by a limo, did the whole green room thing (the room is really green), and then got called up on stage with Oprah Winfrey herself.

The funniest part was weeks later when we stayed home to watch our episode on TV. Our phone started ringing and multiple friends called to ask if we knew we were on the Oprah Winfrey Show. While we were tempted to say no and question how they got interviews with us without our permission, we were pretty sure that our friends weren't that gullible. But it did give us some new gossip to share with our other friends.

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AARON PARK

OUTSIDE SALES REPRESENTATIVE
MAIN STREET LUMBER AND MILLWORK

Since joining Main Street Lumber and Millwork in 2015, Aaron Park has steadily made a name for himself in the Dallas-Fort Worth Metroplex. In addition to being named one of LBM Journal's 40 Under 40, in 2019, Park was named as "One to Watch" by the National Association of Home Builders, and is also a member of the Dallas Builders Association. Park is also involved with the Collin County Community College, serving as chairman of the board on their Trim Carpentry Advisory Committee to help advance the college's Construction Management program.

How did you become involved in the LBM industry?

I got into the LBM industry in the summer of 2016. I was in the oil and gas industry living out of a 5th wheel camper and traveling around the country from job to job. I met a girl and she gave me an ultimatum, "Come back home for good, or I'm coming with you." I knew I wanted to settle down and start a family, so I chose the former. I had to call an audible and make a career change. A good family friend owned a lumberyard, so I threw out a Hail Mary and asked if they had anything available in sales. The rest is history. Main Street Lumber has been nothing but a constant blessing to me and my family ever since.

What is your favorite part of your job?

Working in lumber and building materials sales means that each day brings a new set of challenges and tasks. Whether it's assisting customers with their specific needs, working on estimating, or coordinating deliveries, the variety keeps my job interesting and prevents monotony. The nature of the job brings elements of excitement. This could be related to handling different types of materials, working on unique projects, or being part of the ever-evolving construction and building industry.

Building relationships with clients, understanding their requirements, and helping them find the right solutions not only contributes to your professional growth, but also adds a social element to the job. This constant interaction with new people brings fresh perspectives and experiences.

As a salesman in the lumber and building materials industry, you play a crucial role in the construction process. Knowing that your efforts contribute to the realization of various building projects can be gratifying. It provides a sense of accomplishment and pride in being part of the construction ecosystem. Overall, my favorite part of the job is the variety of seeing what each day brings. It offers a blend of excitement, variety, social interaction, and a sense of accomplishment. These factors make my job not only enjoyable, but also fulfilling on a daily basis.

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

The lumber industry is archaic, not necessarily in a bad way, but should be open to change. Identify the needs of the younger generation and figure out how they can fill potential gaps by changing the norm. The industry is changing rapidly with growth and technology that is available in today's world. Let the younger generation lead on identifying ways to keep up with current market trends.

What is your personal mission statement?

To remember where I have been and where I will go through maintaining positive relationships with my team, my builders and my homeowners. To choose the ethical way by making a personal commitment to honesty and integrity. To find confidence within myself by continually learning and looking inward as to not ever think I know all the answers to questions or obligations. To content myself in my surroundings and existing business so I can always serve my customers to the best of my ability while always keeping myself from getting too comfortable. To build a reputation of being dedicated to every goal I choose to pursue while having successes in both my personal and professional life. To enjoy every moment along this journey finding laughter, love, and happiness with each job, task, and day that passes. ■

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LIGHTS, CAMERA, ACTION!

Arnold Lumber Company harnesses YouTube as a powerful marketing tool.

BY MIKE BERGER

The famous Austrian-American author, mentor, and consultant Peter Drucker is often attributed with saying “Innovate or die.” For an LBM dealer such as Arnold Lumber Company that’s been around since 1911, it would be easy to simply do what’s in its comfort zone. Instead, the family-owned operation out of Rhode Island has embraced the innovate-or-die philosophy in a unique and innovative way: a YouTube video show entitled “Breaking Ground.” Part marketing piece for the LBM dealer, part promotion for its builder customers, and part product showcase, the video series is positioned to show Arnold Lumber as a leader in its market while simultaneously marketing the builders who participate in production.

Thom Cafaro, director of sales and marketing, was recently brought on to reinvigorate the company’s marketing efforts, and he explained how “Breaking Ground” came to be. Just this past December, he explains, the marketing department was tasked with the mission of not just gaining market share but amping up marketing in new ways. “Not just the typical

flyers and newspaper ads, but what can we do that really shows us in the light of what we really are and how we can provide a unique service,” Cafaro says.

Arnold Lumber had already been experimenting with video for social media, using the services of a local video production company to create short reels, so video wasn’t an alien concept to them. “We started to strategize about what if we didn’t hold back and instead put in all the production, with dual camera shots, good post production and graphics, drone shots—the whole deal to make it a show? What would that take?”

Thanks to Arnold Lumber’s relationship with the third-party video company, they had already learned that they wouldn’t need to purchase scads of expensive cameras and production gear or hire a video producer—these were assets that could be provided by the video company.

This didn’t mean however, that some heavy lifting wouldn’t be required. “It didn’t take us long to realize it’s going to take effort and initiative,” Cafaro explains, “but if we do it right, we would get a lot of participation and willingness to collaborate, because if we are the anchor that puts the package together, others would be very willing to participate—an ‘if you build it, they will come’ strategy.”

Beyond not needing to invest in any additional equipment, another part of Arnold Lumber’s strategy involved working with product suppliers to fund the show production itself. “There’s a little bit more credibility when [the show] comes from the people who are actually buying and using it in a real life setting,” Cafaro says. “So when you see

that product, whether it's decking or railing or house wrap, it's actually something that was already bought and being installed and you're getting to witness the build process. It's very organic and real, so our supply partners are happy to help participate. They get some recognition, generally some type of feature about their product tied in with the builder, and at the end of the show their logo pops up for a little appreciative thank you note. But instead of it just being a flat out commercial, it's a real organic product being used in a real life situation."

The third facet of the show's plan is the builder. Arnold Lumber leveraged their existing relationships with the pro customers to bring authenticity to the production of "Breaking Ground" while also giving those builders an opportunity to highlight their work to the viewer. "Not only are they [the builders] excited about the opportunity to tell their story, but you get to see and meet the personalities there," Cafaro says of the show's builder participants. "So the homeowner who is viewing this gets a chance to really get to know the builder and understand their attitude."

shortcut, and not being afraid to fail. Not every episode is going to be a gem, and that's okay. But being willing to take a risk and having a company—from ownership to senior management—that has your back and is willing to support you and help you get there is important. And I would just say, do what you do, and do it with the people you care about. By that I mean your supply partners and your builders. If you really have solid relationships with them, it should just be natural."

All of which comes full circle to being willing to innovate. It's how Cafaro says LBM dealers can stay relevant in this changing market and differentiate themselves from the competition. "You need to push the boundaries of what a lumberyard really is, Cafaro points out. "A lumberyard can't just be selling lumber anymore. You've got to be able to be everything you can possibly be for that builder, so that they

Arnold Lumber had already been experimenting with video for social media, using the services of a local video production company to create short reels, so video wasn't an alien concept to them.



The benefits to the pros who appear in the show go far beyond the public awareness the show generates, Cafaro explains. Arnold Lumber can serve as a marketing machine for the builder, helping them build their business in a way no other dealer can. "So now we are a LBM company that's not only selling sticks and shingles, but offering marketing resources. So when we are trying to position ourselves as a leader in our in our market, it's one more reason why a pro might want to choose our lumber over somebody else down the street. Because not only will they get top-of-the-line building materials and very reputable sales reps, we can actually help promote their business through this show. We'll even help them with their social media."

For other LBM dealers who would like to emulate this model, Cafaro points out that they will need to be dedicated to the process. "I don't want to say that it was easy, because it isn't. You need to be committed to it, and by committed, I mean that you're going to dedicate resources as your own internal investment even if it is just resources—although some of it is financially—to doing it well and not taking a

can just focus on doing what they do best which is building great homes. Let us be the product knowledge people. Let us teach you about the upcoming changes in the code. Let us handle your social media. Let us do everything we can do, because we're your partner to get you the stuff you need to be a successful business. We're not building the home, but we are the ones that will get you the things you need to be the best possible builder you can, and now part of that is marketing." ■

PHOTOS COURTESY OF ARNOLD LUMBER

 **WATCH THE FIRST EPISODE OF "BREAKING GROUND" HERE:**
<https://bit.ly/3Q51mJP>

BY LBM JOURNAL READERS

By now you've likely heard of ChatGPT, an artificial intelligence app that can be used for a number of personal and business tasks, such as generating content ideas, editing documents, and creating Excel formulas. More and more, we're seeing new AI tools pop up, often with the promise of making our day-to-day workload lighter. But how does it fit in for the LBM industry?

DOES AI FIT IN THE LBM INDUSTRY?



Nearly 90 readers responded to our Real Issues survey email (let us know at operations@lbmjournal.com if you'd like to be on the list). **THE QUESTION:**

Q What insights would you share with the LBM dealer who posed this question: "With all the attention on ChatGPT and other AI programs, we decided to test the waters and see if it might be a good thing for our company. After a year or so of tweaking, we now have an AI-powered live chat solution that can assist customers, upsell on our ecommerce platform, and even collect leads, while still allowing customers to connect with one of our people. Since this is working well, we're thinking of other areas that AI may make sense for our business. I'd love to learn whether other LBM pros view AI as a tool for their business—if yes, how are they using it? Or do they view it as something that has no place at their company?"

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

"I'm sure it has a place. Manufacturers are using it. I don't like it when my phone company uses it to diagnose my problem when I just need to talk to a person to get a work order started. I've already went through the trouble shooting steps. Maybe other consumers are used to it/resigned to it?"

"We are right there with you in testing."

"We think it will have a place in the future as more software solutions that utilize AI are introduced to the LBM market. Examples could include product pricing algorithms and assistance with purchasing and order entry. There are AI tools available with some of the phone and meeting platforms that use AI to summarize meeting notes. This is intriguing to us."

"Looking at the same areas you have implemented."

"AI has no place at our company, YET. We're uneasy with the lack of rules around data privacy."

"Nothing yet, but interested."

"We view AI as a viable and valuable tool for our business."

"I don't think the technology is to a point where you can trust it. What kind of controls are in place to ensure the AI does what you want it to do and nothing more?"

"Can see some advantages in using AI. Not using it today. Still curious about it and where all it can be used."

"We do not use it, but I have spoken to a few older owners that do use it in other states."

"We have little interaction through 'chat,' etc. Most of our customer interaction is through email and/or telephone order placement with individuals that understand what they want and speak to us directly when they have a need outside of the day-to-day."

"ChatGPT is what we use, but in a very limited way."

"I know as a customer, AI chat can be frustrating. If you have something that works well we would be interested."

"We are currently not using AI programs. I view it as a possibility as with all new technology. The scary part from my view—is what I am seeing real or fake, what do I trust?"

"I don't think there is any significant AI touching our business yet."

"I think our location and demographic would be less accepting of a full chatbot, but I do see the value of utilizing AI for other areas in our business to improve our internal efficiencies." ▶

TOOLS TO TRY

FOR THOSE INTERESTED IN GIVING AI TOOLS A SHOT, THERE ARE A NUMBER OF FREE OR LOW-COST APPLICATIONS TO IMPLEMENT IN YOUR BUSINESS, INCLUDING SOME MENTIONED FROM THIS MONTH'S SURVEY TAKERS.

CHAT GPT

Perhaps the most well-known AI tool, Chat GPT can be used as a starting point to quickly write documents, emails, and social media posts that can be edited. chat.openai.com

ZOOM AI ASSISTANT

This app can be used to take notes and write summaries during meetings and candidate interviews conducted via Zoom. zoom.us

ZAPIER

Compatible with a number of platforms, such as Facebook, MailChimp, Gmail, and Salesforce, Zapier helps to create automated tasks like communicating with sales leads and creating contact spreadsheets. zapier.com

GEMINI

Formerly known as Bard, Gemini from Google can be used to generate images, explain concepts from long documents, and complete tasks. gemini.google.com

HUBSPOT CHATBOT BUILDER

This software can be used to add an automated chatbot to a company website to qualify leads, book meetings, and provide customer support. hubspot.com

CANVA AI IMAGE GENERATOR

Expanding on Canva's capability to create images for social media and marketing, the AI Image Generator allows users to add images by typing in specific requests. canva.com

“It definitely has a place and will, in the future, remove repetitive jobs.”

“Much further along than we are, and good to hear it’s working.”

“Wait and see.”

“Too much tech. Not enough actual thought.”

“No insights at this time. Curious about their distribution of training and tech support across their manpower.”

“Definitely a tool for our business and the chatbot that can assist with general inquiries is a great start.”

“Very skeptical.”

Responses from wholesale distributors, manufacturers, and service providers:

“Experiment with it and see if it follows what you are doing today.”

“We are still exploring options and available AI tools. It is a bit overwhelming. We feel that it can really help our teams be more efficient. We expect productivity gains by our sales and administrative staffs.”

“We are still behind the times on our website. This is over our heads right now.”

“If you are using an AI to chat with YOUR client, then you don’t deserve your client. If you don’t have time for them then they shouldn’t have time for you.”

“We think it has a place for gathering info on potential customers and suppliers: geographic info, risks, research in general.”

“It’s just another ‘rabbit hole,’ Alice...”

“Not sure, I am currently educating myself to share with the owner. Would love more insight.”

“We are going to continue to do business as we have for the last 78 years, with highly-skilled outside and inside sales staff. We continue to post record numbers without all the next best technology. We have updated equipment and IT which is all we need! Not broken so why fix it?”

“No for us. We still like the human touch.”

“Don’t limit your view, look at every manual process and see if it can be automated. AI isn’t a tool, it’s a technology. It will become as ubiquitous as the internet.”

“We hate the idea of ‘upselling.’ We want our salespeople to get to know the customer and their application and then provide them with the most economical product and solution.”

“So useful! We use it to help inform customers on building codes, on best practices, and use it to train sales force.”

“It has its place and will be the future.”

“We are looking into automating online sales with Zapier. It is a service that collects data and inputs into a CRM. Kind of interesting. Any repetitive operation for data is a candidate for this programming.”

AI PITFALLS

EVEN WITH THEIR INCREASING POPULARITY, AI TOOLS ARE FAR FROM BEING PERFECTED, MEANING HUMAN WORKERS WILL NEED TO OVERSEE THE WORK BEING COMPLETED THROUGH THESE APPS.

tone

For companies that already have a strong online presence, using AI to generate social media posts and website language can often sound stilted and won’t match previous tone and style, and will need to be edited to sound more natural and conversational.



fact checking

As with everything else on the internet, just because it’s online, that doesn’t make it true or correct. Content generated by AI still needs to be checked by a human to ensure accuracy.



individualized content

Because there are companies and individuals all over the world using AI, the content generated from AI programs may not be unique if someone else makes similar requests.



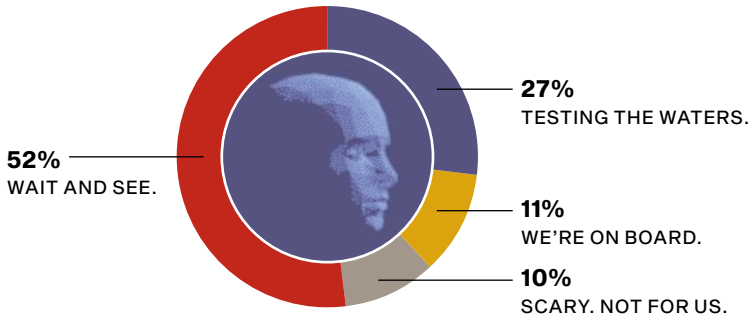
responsibility

Although many of these programs are free, there are still requirements to use AI responsibly, meaning users must agree not to compromise the privacy of others or spread misinformation. There are a number of resources on the ethics of AI from trusted sources like the Harvard Business Review, Forbes, and LinkedIn.



Q

Which one of the following best describes your company's view on Artificial Intelligence (AI)?



"I really don't know much about it; I've never looked into it. I'm not sure how I would use it, or if I'd want to. Do you realize that wind chimes are actually the bones of robots that tried to dominate humanity? We hang them on our porches as a warning."

"We don't understand the power of AI and how it works and what it can do. Therefore we aren't utilizing it."

"We're in the beginning phase of introducing use of AI in multiple parts of our business."

"We have had a few users try some queries in browsers with integrated AI. Still researching and waiting for some products that utilize AI that we could use in our business."

"We know AI is available. We'll wait and learn."

"Have not yet identified any applicable use cases."

"Using it to write social media posts."

"We are working on a load management system to assist our yard guys with efficiencies."

"AI has no place in our workplace. Personal contacts are the best."

"Doing research now to get familiar with possible AI applications in manufacturing."

LBM JOURNAL 40 UNDER 40

The LBM Journal 40 Under 40 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.

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"We are aware that AI will likely influence a part of our future business soon. Our industry seems slow to adopt these things in the field and we want to see where we can best deploy our resources."

"We have used outside help for some applications, and are bringing on new personnel to do this in-house."

"We are actively engaging with AI companies to bring new tools into the business."

"Sometimes we use it to create catchy phrases, but that's it."

"Haven't found a program for my needs. Others are testing for their roles."

"We have not done anything yet with AI, but we are exploring what there is out there to help us out."

"We're a Mom and Pop operation; no time to get up to speed with a new technology. We don't do any social media, and we like it that way. We have solid customers we've done business with for 28 years; don't need any new customers."

"We're utilizing it with our website."

"We see it as an opportunity to grow our company. Our team can have more knowledge at their fingertips to better serve customers efficiently."

"It's the future and if we don't adopt it we won't survive in tomorrow's business environment."

"We are looking at how best to use it. Right now, the most use we've gotten out of it is job descriptions/postings and coming up with working for procedures or manuals."

"Projects are underway and we are optimistic about their impact."

"We are currently using AI as a resource when creating marketing messages. When used properly, it can be a great tool."

"We're considering AI to create time efficiencies in our business functions. Successfully leveraging AI in appropriate applications will make our business sharper."

"We are experimenting with AI to determine its degree of accuracy. By nature, we are skeptical of anything that everyone is jumping on."

"We are being cautious due to the potential security risks, including sharing information that might end up available to those outside our company."

"We don't use it in full capacity to replace a job or anything like that, but have used it as a reference/ starting point for internal policies, job descriptions, and forms/agreements."

"Not set up with protocols for using AI at this time."

"ChatGPT is good for social media. You can't write a book with it for instance (copyright issues, etc.) but it can be helpful for directions on how to be more effective in social media."

"We've played with ChatGPT and Bard to streamline repetitive tasks."

"Not sure how it fits into our business model. There's a lot of negative press because of unknowns."

"We are looking into it and running it through scenarios to determine if it suits our best interests." ■

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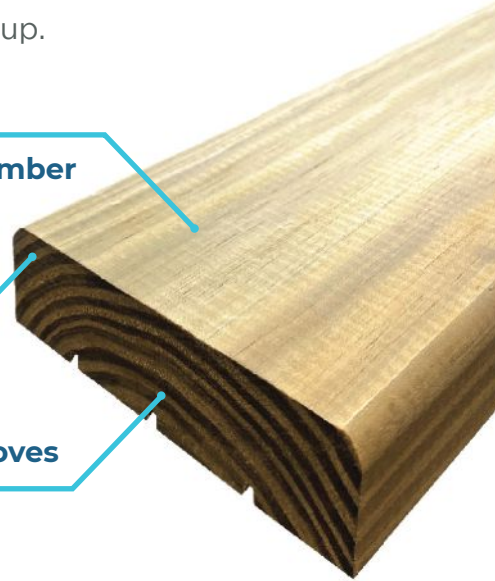


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BY SAM BROWNELL

TRUSTED ADVISORS:
**Essential for Smooth
Succession Planning**

But should you ask your Uncle Steve to draft your buy-sell agreement?

AS WE FREQUENTLY discuss in our articles and webinars for *LBM Journal*, succession planning is a critical process for LBM dealers as well as their families, employees, and customers. During the succession planning process, dealers will need ongoing guidance from trusted advisors with ownership transition expertise. However, complications may arise when a family member assumes this role without the requisite expertise. While familial ties provide trust and familiarity, they may not align with the industry and transaction-specific knowledge crucial for effective succession planning. Despite potential cost savings and the comfort of involving relatives, the mismatch in expertise and underlying personal biases can undermine the succession plan's effectiveness.

Engaging trusted advisors with transaction expertise such as a tax or corporate attorney, CPA, valuation analyst, or financial planner familiar with your business's intricacies, is a practical investment that can yield long-term benefits for all stakeholders. However, there are pitfalls that can occur if a family member without specific industry and transaction expertise is engaged to lead the succession plan. Below is an outline of the potential complications that may arise during the transition process from relying on a family member lacking specific expertise.

LIMITED KNOWLEDGE OF THE LBM INDUSTRY

Family advisors without experience in the LBM industry may find it challenging to offer guidance on intricate subjects such as supply chain management, lumber inventory, pricing, or regulations. This lack of expertise could lead to subpar advice, and possibly overlooking important trends or opportunities for business growth and innovation, which ultimately drive business marketability and value.

INSUFFICIENT SPECIFIC FINANCIAL EXPERTISE

Even if a family member excels in another field, they might lack the financial acumen needed to evaluate the business' financial health or to identify growth opportunities. This deficiency could create a risk to the business's long-term viability and value, as crucial financial aspects may be overlooked. Keep in mind that a more profitable business is typically a more valuable business.

STRATEGIC MISALIGNMENT

Family advisors may prioritize goals that differ from those of the business owner, resulting in resistance to necessary changes. This resistance can obstruct effective succession planning tailored to industry and company specific needs, thus impeding innovation and adaptation. Further, misalignment of strategic objectives can lead to the business owner spending more time and money throughout the succession planning process than if they had hired transition specific advisors.

CONFLICTS OF INTEREST

Personal biases or family obligations might influence judgment, leading to decisions that are not in the business's best interests. Disagreements between family advisors, third-party advisors, and the business owner regarding transition plans could escalate into conflicts extending beyond the workplace and affecting family and customer relationships, which can compromise the integrity of the succession plan.

LACK OF FAMILIARITY WITH TAX PLANNING STRATEGIES

Inadequate understanding of tax planning strategies can expose the business to unnecessary financial liabilities and hinder wealth preservation and transfer across generations. Even a leading estate attorney will likely not be well versed in the tax implications related to the ownership transition of your business. Ultimately, we need to understand the net, not gross, value of the business and this is impacted by specific decisions such as the structure of the sale (e.g., asset sale, stock sale, or sale to an ESOP or cooperative).

LACKING EXPERTISE IN OWNERSHIP TRANSITION STRATEGIES

Without an advisor proficient in ownership transition strategies, the family may encounter difficulties in smoothly transferring ownership of the business, risking its continuity and stability. For example, owners can directly grant shares of stock to key employees as part of their incentive and succession planning strategies. However, many high-quality CPAs and attorneys who work with business owners are not familiar with this transition strategy because their expertise is not in selling privately held businesses.

While involving family members as advisors in executing a succession plan for your LBM business may seem convenient due to existing trust and potential cost savings, the lack of industry and ownership transition expertise can pose significant challenges. To ensure a smooth transition and effective succession plan development and implementation, investing in trusted, transition-focused advisors who understand your business's specific needs and goals is essential. By doing so, you can mitigate potential complications, save valuable time and resources, and preserve important relationships. ■

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



LBM JOURNAL[®] 100

2023 SALES TAKE A HIT, BUT TOP DEALERS SHOW NO SIGNS OF SLOWING

Economic forecasting has been a tough task for the past few years, given supply chain disruptions, changes in the labor market, and other long-lasting effects of the COVID-19 pandemic. As the economy continues to find its “new normal,” the LBM industry is no exception to these changes.

Our team kept that in mind this year as we kicked off gathering data for this year’s LBM 100, a ranking of the top lumber and building materials companies in the U.S. For the fourth year in a row, dozens of companies participated in this year’s survey, providing insight and hard data into how they fared in 2023.

While 2022 saw nearly all companies in the LBM 100 post sales gains, 2023 data showed the majority of companies in the LBM 100 saw gross sales drop. While just six companies reported a year-over-year decrease in gross sales revenue in 2022, more than 70 companies reported drops in 2023.

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“THIS YEAR-OVER-YEAR softening may not be as bad as it seems,” states John D. Wagner, managing partner of 1stWest Mergers & Acquisitions. “Many companies’ 2022 performance saw strong sales, coupled with the higher gross profit dollars they earned from selling over-priced lumber. In some product categories in 2023, dealers may have actually sold the same amount (or more) material than in 2022 (especially commodities) but sold it at a lower price.”

“Secondly, high interest rates have put a crimp on new home construction growth—as well as the companion activity of repair and remodeling—or, at the very least, higher rates have slowed the rate of new housing growth,” he said. “The bright side for 2024 is that sales that seem to be ‘missing’ from recent months in 2023 may likely return when interest rates dip to the high 5% - low 6%, something we all know is coming ... we just don’t know when.”

However, sales are just one part in the overall picture of the industry. The LBM 100 also aims to show the growth, investment, and innovations in the LBM world, which are rarely in short supply. Dozens of companies reported expanding operations, making acquisitions and mergers, and celebrating milestone anniversaries in the past year—all signaling investments for the future.

“[We want to] ensure we maintain a positive culture and stay directed towards the right path, especially as we are coming off the highest peaks the industry has ever seen,” said Jacob Dufrene, owner of Dufrene Building Materials in Louisiana (No. 48).

Of those that responded to our question on how they planned to grow, 51 companies indicated they planned to grow through acquiring existing companies, and 38 said they expect to open new locations. Nearly 20% of survey respondents said their company had made at least one acquisition in 2023.

Much of the investment seen in 2023 took place in the physical space as opposed to online. This year’s LBM 100 saw a slight drop in the number of companies that offer online sales, dropping to 30% from 32% in 2023. Some companies recognized that while they expect to implement new processes in the future, for now, they choose to focus on a more human approach. ▶

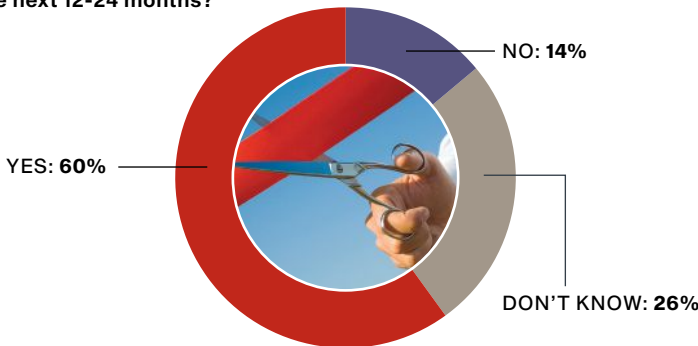


PLANNING FOR INVESTMENT

Despite 2023 declines, a majority of dealers in the LBM 100 indicated they still expect to grow in 2024 and beyond. Nearly a quarter of the LBM 100 added one or more new locations in the past year. Colorado-based Kodiak Building Partners (No.4) led the pack, adding 20 locations in 2023.

When asked if they have plans to expand in the next 12-24 months, nearly 60% of companies said yes, with only about 14% of companies saying they did not have plans. That 60% is about 10% higher than the previous year’s respondents, according to past data.

Is your company planning to expand in the next 12-24 months?



“While we have to adopt processes or procedures that keep us efficient and relevant as we grow, we still try to maintain that personal touch that often gets lost with our corporate competitors,” said Orlando Alamano, general manager for Northwoods Lumber in Blackduck, MN (No. 97).

Additionally, LBM 100 dealers indicated interest in adopting new technologies now or in the near future, with nearly 40% of companies expressing interest in takeoffs and inventory management systems, and 36% interested in GPS delivery management.

In addition to more common programs, some companies reported unique upgrades, such as inventory robots to scan for retail outages and pricing at Stine in Sulphur, LA (No. 26), and AI-powered tech to sell to commodity buyers at Lenco Supplies in Buffalo, NY (No. 90).

Some companies are also looking at expanding other parts of their business as a means to continue growth. Mark Ely, director of marketing for Carter-Jones Lumber Co. in Kent, OH (No. 5) said the company plans to focus more on production and multi-family business in 2024.

“Relative to custom builder business, these are new areas of opportunity for us, and both have shown tremendous growth over the last several years,” he said. “We have good teams in place to manage the opportunity here, we’re

What technologies have you recently updated/adopted or what technologies are you considering updating/adopting in the next 12 months?

TAKEOFFS	40%
INVENTORY MANAGEMENT	40%
ERP (Primary business management platform)	36%
GPS DELIVERY MANAGEMENT	36%
CRM (Customer Relationship Management)	31%
POS SYSTEM	18%
CAD/Design	8%
BIM (Building Information Modeling)	4%
*OTHER	17%

***Other responses include:** Purchased inventory robot to scan outages and correct pricing at retail; Customer experience tracking/resolution; Fleet management system; Investigating our options on inventory management and GPS delivery management through WMS; Exploring updating our website for more e-commerce; AI assisted, cloud-based tech that prices, markets, and sells to commodity buyers across various markets.

now a known commodity with the builders, and we’ve proven our worth to them. We feel that the hundreds of millions of dollars and sales to these customers in 2023 are just the tip of the iceberg of what we are capable to doing.”

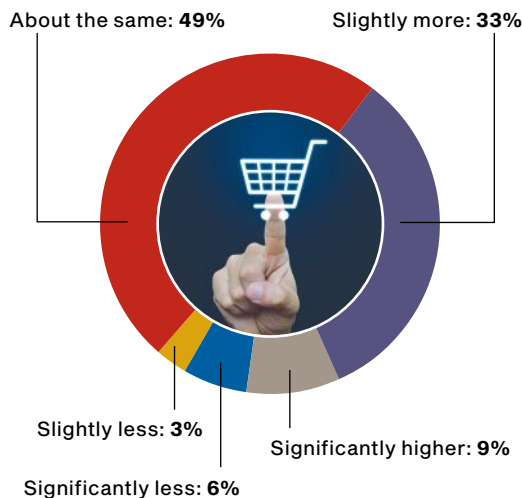
INDUSTRY CHALLENGES

Despite optimistic outlooks for the future, a number of challenges still remain for the present, one of the biggest concerns being labor shortages. As of March 2024, U.S. unemployment measured at 3.8%, largely unchanged from the 3.5% recorded in March 2023, according to data from the U.S. Bureau of Labor Statistics. This has resulted in a continuation of the tight labor market seen during the past year, making hiring an ongoing challenge. Of the 100 companies in this survey, 72.4% reported that recruiting, hiring, and retaining talent remained a major concern—down only 0.4% from the previous year.

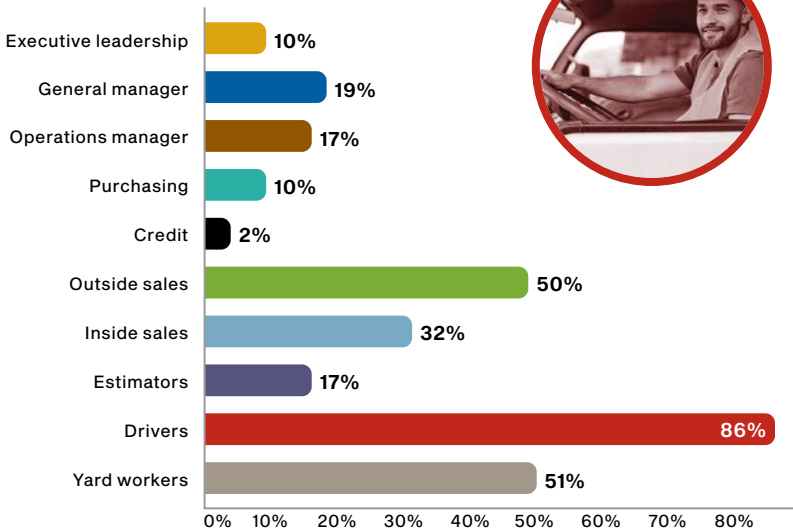
Drivers remained the hardest position to fill, with yard workers and outside sales representatives trailing close behind, also similarly to 2023 results.

However, as with many of the economic obstacles seen in the past few years, innovating new solutions is often the answer. Several dealers reported utilizing online job sites such as LinkedIn and social media, while others are investing in their human resources team to help in recruiting.

How did online sales from 2023 compare to 2022?



Which positions are hardest to fill?



Note: Respondents could choose more than one answer.



with the forecast of a possible housing slump, we are still gearing up for the next rush. We feel if rates take any decrease and inflation stabilizes, there will be many opportunities for new construction in 2024.”

Many companies wrote that sticking to their core values is what carried them through 2023, and is the key to taking them through 2024 and beyond.

“We care about people—both our people and our customers as people,” said Michael Weekley, CEO of HT Building Products in Houston, TX (No. 91). “Our core purpose is to improve the lives of our team and to make a difference to our customers, and we live that purpose every day.” ■

**DEALER RANKINGS
REVEALED PAGE 40**

“[We have a] dedicated recruiter on our HR team, external recruiters, [and we’re] working with local organizations and school counselors,” said Rachel Huntman, president of Preston Feather Building Centers in Petoskey, MI (No. 74).

As these challenges have been an issue for the past few years, some companies are looking to adapt to changes in the labor market.

“Our manufacturing capabilities provide a competitive advantage given our scale down to the market. This enables us to support our customers in the most effective way given the labor challenges [they] are facing,” said company officials with Builders FirstSource in Dallas, TX (No. 1). “We believe we will maintain this advantage even after the labor markets normalize. New adoption of manufactured products was born out of customer necessity; and now many customers have commented that they will never return to the old ways of constructing a home. Customers that consume our manufactured products are freed from labor challenges, job site waste, and job site delays.”

Companies are also focusing on retention and development for existing employees, a hot topic as the industry faces the retirement of Baby Boomers and the need to train the next generation.

“One of our biggest opportunities in 2024 is training and development of our staff,” said company officials with Koopman Lumber in Whitinsville, MA (No. 22). “We have been working really hard on this, since they are our asset. To accomplish this, we have been working on implementing a learning management system. This platform is helping us manage and track all of our training materials and assignments, and helps us map out paths to promotion for our emerging leaders.”

Several LBM 100 dealers expressed similar sentiment, signaling optimism not only in the face of current challenges, but for the future as well.

“[There is] still an underbuilt housing market in our area,” said Jeremy Hammel, corporate operations manager for Morsches Lumber in Columbia City, IN (No. 89). “Even with rising interest rates and inflation pressure, there still is not enough available housing in our area. Even



	PRIOR RANK	2023 GROSS SALES (in millions)	2022 GROSS SALES (in millions)	% CHANGE	LOCATIONS		EMPLOYEES	
					2023	2022	2023	2022
1 Builders FirstSource Dallas, TX	1	\$17,100.00	\$22,700.00	-24.7%	560	570	30,000	29,000
2 US LBM Atlanta, GA	2	\$8,210.00	\$11,476.00	-28.5%	443	487	14,000	15,500
3 84 Lumber Eighty Four, PA	3	\$6,306.95	\$8,754.34	-28.0%	320	310	6,583	6,597
4 Kodiak Building Partners Englewood, CO	4	\$2,824.20	\$3,202.70	-11.8%	128	108	6,471	6,094
5 Carter-Jones Lumber Co. Kent, OH	5	\$2,582.00	\$3,100.00	-16.7%	172	171	4,400	4,153
6 McCoy's Building Supply San Marcos, TX	6	\$1,283.57	\$1,689.65	-24.0%	93	92	3,519	3,415
7 Matheus Lumber Company, Inc. Woodinville, WA	9	\$857.00	\$1,026.00	-16.5%	9	9	155	142
8 Parr Lumber Company Hillsboro, OR	8	\$776.00	\$1,045.00	-25.7%	45	46	1,517	1,508
9 Ganahl Lumber Co. Anaheim, CA	10	\$756.00	\$782.00	-3.3%	12	11	1,060	980
10 Riverhead Building Supply Corp. Calverton, NY	11	\$637.00	\$673.00	-5.3%	21	20	801	764
11 Mead Lumber Company Columbus, NE	12	\$581.70	\$606.67	-4.1%	53	52	1,416	1,289
12 Central Network Retail Group Collierville, TN	13	\$546.17	\$579.44	-5.7%	145	144	3,254	3,259
13 Hammond Lumber Company Belgrade, ME	17	\$416.00	\$438.00	-5.0%	22	22	930	890
14 R.P. Lumber Co., Inc. Edwardsville, IL	18	\$416.00	\$435.00	-4.4%	84	84	840	830
15 Idaho Pacific Lumber, Inc. Meridian, ID	15	\$392.47	\$557.59	-29.6%	1	1	82	84
16 Mill Creek Lumber & Supply Company Tulsa, OK	16	\$392.25	\$502.07	-21.9%	36	29	876	818
17 Nation's Best Holdings, LLC Dallas, TX	n/a	\$384.15	\$376.20	2.1%	51	43	1,060	950
18 Sunpro Spanish Fork, UT	14	\$346.28	\$559.14	-38.1%	17	17	535	537
19 Hancock Lumber Company, Inc. Casco, ME	21	\$339.92	\$348.99	-2.6%	12	12	359	360
20 Curtis Lumber Ballston Spa, NY	23	\$302.47	\$325.78	-7.2%	23	23	715	708
21 Erie Materials, Inc. Syracuse, NY	25	\$301.85	\$298.07	1.3%	10	10	361	364
22 Koopman Lumber Whitinsville, MA	27	\$255.92	\$277.08	-7.6%	12	11	455	420
23 TAL Building Centers Vancouver, WA	31	\$255.00	\$244.00	4.5%	31	28	588	607
24 HPM Building Supply Keaau, HI	32	\$251.00	\$240.00	4.6%	19	17	570	520
25 Franklin Building Supply Boise, ID	20	\$242.83	\$290.75	-16.5%	17	17	680	706
26 Stine Sulphur, LA	24	\$234.52	\$299.42	-21.7%	12	11	814	817
27 Tibbetts Lumber Co. Clearwater, FL	22	\$231.00	\$339.60	-32.0%	12	13	425	n/a
28 Bliffert Lumber & Hardware Oak Creek, WI	28	\$230.78	\$265.52	-13.1%	13	10	347	295
29 Lezzer Lumber Curwensville, PA	n/a	\$228.77	\$254.00	-9.9%	13	13	475	460
30 Keim Home Center Charm, OH	37	\$222.87	\$218.30	2.1%	4	3	620	589
31 Western Pacific Building Materials Vancouver, WA	35	\$218.01	\$228.78	-4.7%	6	6	381	416
32 Star Lumber & Supply Co. Wichita, KS	30	\$209.79	\$246.81	-15.0%	9	7	401	432
33 Western Building Center Kalispell, MT	33	\$203.97	\$235.90	-13.5%	13	13	387	380
34 The Building Center, Inc. Pineville, NC	29	\$199.70	\$260.88	-23.5%	13	8	482	452
35 Spahn & Rose Lumber Co. Dubuque, IA	34	\$197.75	\$228.60	-13.5%	28	26	410	340
36 Reliable Wholesale Lumber Huntington Beach, CA	26	\$192.00	\$283.00	-32.2%	2	2	144	165

	PRIOR RANK	2023	2022	% CHANGE	LOCATIONS		EMPLOYEES	
		GROSS SALES (in millions)	GROSS SALES (in millions)		2023	2022	2023	2022
37 Friedman's Home Improvement Petaluma, CA	40	\$191.00	\$201.00	-5.0%	4	4	402	531
38 Gleckler LLC Jacksonville, FL	38	\$191.00	\$217.00	-12.0%	6	5	395	300
39 Homer T. Hayward Lumber Co. Monterey, CA	42	\$166.00	\$190.00	-12.6%	8	8	241	236
40 McCray Lumber & Millwork Overland Park, KS	39	\$164.85	\$212.45	-22.4%	7	7	227	255
41 Belletetes Inc. Jaffrey, NH	46	\$161.00	\$174.00	-7.4%	10	10	325	324
42 Zuern Building Products Allenton, WI	54	\$161.00	\$149.50	7.7%	7	7	240	233
43 Mans Lumber & Home Trenton, MI	47	\$160.69	\$171.72	-6.4%	5	5	235	225
44 Big C Lumber Company Granger, IN	45	\$160.16	\$184.16	-13.0%	19	19	318	323
45 Builders Warehouse, Inc. Aurora, CO	n/a	\$155.00	\$200.00	-22.5%	6	6	450	435
46 Howard Lumber & Hardware Statesboro, GA	44	\$154.31	\$187.74	-17.8%	4	4	180	175
47 Harbin Lumber Company, Inc. Lavonia, GA	43	\$150.91	\$188.21	-19.8%	6	6	313	287
48 Dufrene Building Materials Luling, LA	48	\$148.00	\$185.00	-20.0%	8	7	348	300
49 Your Building Centers Inc. Altoona, PA	50	\$145.16	\$160.63	-9.6%	20	20	436	457
50 Graves Lumber Co. Copley, OH	62	\$141.90	\$128.00	10.9%	1	1	112	107
51 Russell Do it Centers Alexander City, AL	51	\$139.05	\$153.91	-9.7%	9	9	220	225
52 Jackson Lumber and Millwork Co. Inc. Lawrence, MA	56	\$137.32	\$147.07	-6.6%	5	5	198	195
53 Talbert Building Supply Roxboro, NC	55	\$137.13	\$148.45	-7.6%	6	6	232	207
54 The T.H. Rogers Lumber Company Edmond, OK	49	\$136.49	\$164.72	-17.1%	40	39	230	230
55 Builders Discount Center Rocky Mount, NC	n/a	\$136.00	\$132.00	3.0%	11	11	200	190
56 Wilson Lumber Huntsville, AL	57	\$129.46	\$159.45	-18.8%	4	4	319	276
57 Millard Lumber Inc. Omaha, NE	58	\$129.00	\$129.00	0.0%	2	3	360	300
58 Southeast Building Supply Interests Cullman, AL	n/a	\$128.95	\$172.80	-25.4%	11	11	214	280
59 Scholl Forest Industries, Inc. Houston, TX	68	\$128.07	\$122.69	4.4%	1	1	45	43
60 The Lester Group Martinsville, VA	63	\$126.00	\$108.00	16.7%	5	5	101	98
61 Gillman Home Centers Batesville, IN	66	\$118.00	\$122.00	-3.3%	16	15	400	380
62 Beisser Lumber Company Grimes, IA	60	\$113.18	\$134.85	-16.1%	3	3	162	160
63 Cassity Jones Building Materials Longview, TX	53	\$112.97	\$151.42	-25.4%	9	9	164	161
64 Big D Lumber Company LLC Richardson, TX	n/a	\$111.71	\$153.37	-27.2%	3	3	62	58
65 Central Valley Napa, CA	52	\$110.00	\$152.00	-27.6%	8	8	213	209
66 Garris Evans Lumber Company Greenville, NC	59	\$109.55	\$139.14	-21.3%	4	5	165	164
67 Arlington Coal & Lumber Co. Arlington, MA	n/a	\$105.00	\$122.00	-13.9%	7	7	133	136
68 Griffin Lumber & Hardware Perry, GA	67	\$101.68	\$125.61	-19.1%	10	10	192	188
69 Advantage Lumber LLC Sarasota, FL	n/a	\$100.00	\$96.00	4.2%	4	4	155	145
70 Webb Concrete & Building Materials, Inc Heflin, AL	64	\$99.02	\$104.41	-5.2%	7	7	169	159
71 Tindell's Building Materials Knoxville, TN	67	\$96.90	\$118.32	-18.1%	6	6	263	243
72 Louis J Grasmick Lumber Co., Inc Baltimore, MD	75	\$87.23	\$92.24	-5.4%	1	1	59	59

	PRIOR RANK	2023 GROSS SALES (in millions)	2022 GROSS SALES (in millions)	% CHANGE	LOCATIONS		EMPLOYEES	
					2023	2022	2023	2022
73 Randall Brothers Atlanta, GA	69	\$87.00	\$100.00	-13%	3	3	140	160
74 Preston Feather Building Centers Petoskey, MI	78	\$86.64	\$85.37	1.5%	4	4	120	117
75 Arnold Lumber Company West Kingston, RI	77	\$85.27	\$91.49	-6.8%	4	4	151	147
76 Associated Truss and Lumber Sunnyvale, TX	86	\$80.00	\$62.00	29.0%	1	1	160	170
77 Guthrie Lumber Livonia, MI	74	\$79.60	\$99.40	-19.9%	1	1	87	87
78 Goldsboro Builders Supply Co. Inc. Goldsboro, NC	76	\$77.31	\$92.87	-16.8%	7	7	135	125
79 Kellogg Supply Company Manteo, NC	80	\$76.00	\$82.80	-8.2%	5	5	151	158
80 Frisco Wholesale Lumber Frisco, TX	71	\$70.44	\$108.28	-34.9%	1	1	65	60
81 Maximus Building Supply Collierville, TN	79	\$69.00	\$85.00	-18.8%	5	4	128	110
82 Walker Lumber & Supply Nashville, TN	84	\$68.93	\$77.32	-10.9%	1	1	80	76
83 Lyon and Billard Lumber Meriden, CT	87	\$68.00	\$72.00	-5.8%	5	5	82	88
84 Ziegler Lumber Company Spokane, WA	82	\$65.83	\$78.14	-15.7%	6	6	193	200
85 Lummus Supply Co Atlanta, GA	83	\$65.30	\$77.64	-15.9%	5	5	85	85
86 Nichols Lumber Baldwin Park, CA	n/a	\$65.00	\$60.00	8.3%	1	1	75	71
87 Associated Building Supply Oxnard, CA	85	\$58.43	\$61.73	-5.3%	8	8	49	41
88 Coastal Sash and Door Savannah, GA	n/a	\$51.00	\$40.00	27.5%	7	7	31	28
89 Morsches Lumber Inc. Columbia City, IN	92	\$49.34	\$52.57	-6.1%	5	5	98	93
90 Lenco Supplies Buffalo, NY	93	\$49.22	\$50.28	-2.1%	4	3	75	75
91 HT Building Products Houston, TX	n/a	\$39.68	\$8.24	381.5%	1	1	13	27
92 Hamilton Building Supply Hamilton, NJ	96	\$38.99	\$38.09	2.4%	1	1	74	73
93 Rice Lumber Company Shelburne, VT	n/a	\$34.37	\$35.87	-4.2%	1	1	38	35
94 Dakota County Lumber Co. Farmington, MN	100	\$31.05	\$32.71	-5.1%	1	1	38	37
95 Brown Lumber Columbiana, AL	95	\$30.00	\$40.00	-25.0%	1	1	45	50
96 Norcross Supply Co. Peachtree Corners, GA	n/a	\$27.11	\$26.51	2.3%	1	1	27	26
97 Northwoods Lumber Company Blackduck, MN	n/a	\$26.54	\$37.29	-28.8%	2	2	35	35
98 Nabors Home Center Houston, MS	n/a	\$23.00	\$21.00	9.5%	4	4	55	55
99 The Deck Supply Kansas City, MO	n/a	\$21.48	\$20.82	3.2%	7	6	47	44
100 Protec Panel and Truss Bremen, IN	n/a	\$20.85	\$16.06	29.5%	1	1	74	63

Thank you to all the companies that participated in the fourth annual LBM 100. We take pride in knowing that all numbers and answers came directly from each company, with zero estimating from our team, creating a significant and accurate snapshot of the industry.

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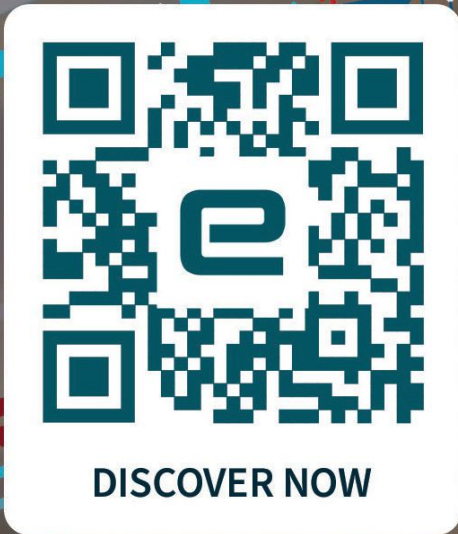
ABOUT THE SURVEY

The 2024 LBM 100 survey was conducted from March 2024 through April 2024. The resulting list ranked companies based on self-reported 2023 total gross sales. An intentional decision was made to not include estimated figures if a company chose not to participate, and as a result, some companies do not appear on the list despite qualifying with sales.

The survey data, quotes and charts are based on respondents who completed the survey. Not every question was mandatory, therefore not all results are based on 100 responses.

If you have questions about the survey or would like to participate in next year's survey, please contact Wendy Sturges at wendy@lbmjournal.com, or sign up to receive our emails at lbmjournal.com.

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YKK AP's new StyleView Classic window series for new construction was launched earlier this year. According to the manufacturer, a special exterior NEAT glass coating option makes the windows virtually self-cleaning.

WINDOWS +

Bold aesthetics dominate today's fenestration segment.

BY MIKE BERGER

IT'S EASY TO TAKE windows and doors for granted. They're both such an integral part of our day-to-day lives that we tend to overlook how lucky we are to have them in their current form. Take windows for example—we didn't always have glass. Originally, windows were simply openings in walls that could be sealed over with shutters. They worked well at letting in light, but they did little to block the outside conditions from entering the home.

Over time, windows that could transmit light and keep out the elements began to be constructed from small flattened pieces of translucent animal horn, paper sheets, or thin slices of marble. It wasn't until the 17th century that glass windows became commonplace.

Similarly, doors weren't always the insulated barriers for the entrances into our homes that they are now. While originally consisting of nothing more than hides or textiles hung in front of a doorway, a 5,000-year-old door excavated in Switzerland was little more than a slab of wood that used loops of rope as hinges.

We've come a long way since then, with today's windows and doors delivering not only light but security, energy efficiency, and high levels of aesthetics. And while the fact that they are (and will always be) a much needed building commodity, continued economic worries have left many LBM dealers concerned about what to expect for the fenestration segment. Yet government statistics seem to point to positive signs. According to the United States Census Bureau, privately-owned housing units authorized by building permits in February were at a seasonally adjusted annual rate of 1,518,000. This is 1.9% above the revised January rate of 1,489,000 and is 2.4% above the February 2023 rate of 1,482,000.

"As interest rates have risen, demand for doors and windows within the remodel market has remained strong as homeowners choose to invest in their current home," says Jake Calhoun, executive director of marketing for ProVia. "We expect that changing design styles, improved functionality, and increasing energy efficiency will also help sustain demand as consumers see tangible ways to upgrade their homes."

This isn't to say that everything is blue skies. Continued patterns of severe weather across the country are slowing product availability while simultaneously bolstering product demand, explains Colleen Pritchett, president of Aperture Solutions - U.S. at Cornerstone Building Brands. "During

the first quarter, weather conditions have notably influenced housing and construction project timelines, resulting in delays for both deliveries and the processes of building or renovating," she points out. "However, the National Association of Home Builders (NAHB) projects a promising increase of 5% in single-family homes new construction starts this year. This is bolstered by a limited inventory of resale homes, which continues to drive demand for new constructions. Plus, with the current high interest rates, a lot of homeowners are deciding to improve their living spaces rather than entering the market. So, we're looking at an optimistic outlook for the new construction and remodeling sector through the remainder of the year."

Dark colors, big sizes

Not that long ago, windows and doors simply needed to block out the elements while letting in light. It's no longer enough, however, for windows and doors to be functional; in today's market, they need to bring a sense of style.

For example, one of the leading product trends door and window manufacturers point to is the use of darker colors. Color trends are important to watch to stay in tune with what homeowners are looking for, says ProVia's Calhoun. "There will always be a need for tried-and-true colors but also demand for more contemporary options," he says. "At ProVia we support both needs; we have a lineup of trending colors which changes every few years and a set of classic standard colors. Over the past few years, we refreshed our entire paint and stain offering to ensure our customers can offer the colors homeowners are looking for no matter their preference; classic or contemporary." ►

DOORS

RIGHT: According to ProVia, its Signet fiberglass entry door is a highly energy-efficient fiberglass front door that looks like authentic woodgrain. Shown here in a cherry finish with a Natural Leather Glaze along with Waterfall privacy glass sidelites, the door comes with Energy Star certification for maximum performance in energy efficiency and durability.

Nick Board, digital marketing and communications manager for MITER Brands, also sees dark colors as growing in demand. “A trend in the window space is the color black to offset white or gray exteriors and to enhance the popular black trim we see on houses,” he explains. “Co-extruded frames with a black capstock finish continue to enhance the color vibrancy and durability, making this color option more practical and desirable across all climate zones.”

Cornerstone’s Pritchett agrees. “Interior and exterior black windows and doors are still very popular,” she says. “We’re excited to be adding this color choice to more of our offerings to meet customer demand, including the Ply Gem West Pro Series windows and doors and the Prime Series 720 windows.”

Says Jamilla Walcott, director of marketing at YKK AP America, “We continue to see strong interest in dark colors as well as larger glass openings for enhanced aesthetics and more modern home styles.”

It’s not just color that’s getting bolder. As Walcott pointed out, there’s a growing demand for bolder, bigger sizes as well, and other manufacturers agree with that observation. “There’s a growing demand for more natural light, which means people want bigger windows and larger sliding patio doors,” says Cornerstone’s Pritchett. “Cornerstone Building Brands is responding by making our Ply Gem Perspective Multi-Slide Vinyl Patio Door up to 10 ft. tall or 30 ft. wide. Additionally, these doors will



be available this spring with either black or bronze exteriors.”

“Customers say they prefer more expansive views for windows and patio doors, including glass walls up to 10 ft. tall x 20 ft. wide that let in an abundance of natural light, MITER Brands’

FAR RIGHT: New from Cornerstone Building Brands, the Ply Gem Perspective Multi-Slide Vinyl Patio Door (shown here in white) is now available in exterior black and bronze color options. According to the manufacturer, this patio door’s robust construction can meet rigid coastal building codes including requirements for High Velocity Hurricane Zones (HVHZ).

RIGHT: MITER Brands’ new 4SG spacer system features the latest energy-efficient technology. According to the manufacturer, the one-piece, warm-edge spacer replaces the spacer bar, primary seal, and desiccant common on competitive spacer systems with a permanently flexible edge that is more forgiving under heat, pressure, and other environmental conditions.



Board points out. “This is especially true of the Southeast and West, where the weather is more conducive to the trend of blurring the lines indoors and outdoors.”

Listen to the customer; understand the need

Understanding product trends is only part of the equation, however, to sales success in the fenestration segment, door and window manufacturers stress. Equally, if not more importantly, LBM dealers need to be able to identify the actual needs of their customers, and only *then* can they best present product solutions that actually fulfill those needs.

“From our experience, the most effective sales organizations deploy a question-based approach that is consistent within the enterprise’s customer-facing departments, i.e., outside sales, inside/counter sales, and customer service,” says Beard. “These companies invest time and energy in training and coaching, striving for a consistent customer experience. The outcome of this approach results in additional revenue streams by uncovering additional needs and opportunities to create value for the customer.”

He goes on to point out that occasionally, customers can confuse what they want with what they need, and that’s where the LBM dealer comes in. “In pursuing effective solutions, the best LBM sales teams strive to understand the application, installation, and environmental conditions to match their client with the best product solutions through a series of questions,” he explains. “Questions like, ‘When will you be starting your project?’ ‘Other than price, what else is important to you?’ or ‘What other projects do you have coming in the next several weeks?’ Starting with these questions can create additional revenue opportunities for the dealer while demonstrating value and competency to the customer and creating a truly consultative, solution-based, world-class experience. This value creation model truly separates the best-in-class LBM [dealers] from the more transactional, ‘order taker’ enterprises who traditionally lead with price.”

Another way LBM dealers can help their customers—both the pro and the homeowner—understand their needs is by making it easy for them to visualize the end result. “Seeing is believing; the more you can visualize the finished product on the home the better you can help homeowners envision the home exterior

of their dreams,” says ProVia’s Calhoun. “This is why ProVia continues to invest in our entry-LINK system, in-home presentation solutions, 3D modeling technology, and visualization tools.”

Of course, part of that visualization strategy includes making sure every employee at the dealer is as educated on the products as possible, and that part of the equation can be challenging to implement in the face of staff turn-overs or shortfalls.

“Over the past three years, our industry has welcomed a significant number of new employees, explains Matt Gibson, director of marketing, aperture solutions—U.S. at Cornerstone Building Brands. “As a response, dealers have prioritized equipping their teams with comprehensive knowledge. They need to ensure their employees are knowledgeable about the products they sell so they can be a go-to resource for contractors, installers, and homeowners. In a market where choices abound for contractors and builders, establishing themselves as the primary source of expertise is essential for cultivating loyalty.”

And as YKK AP America’s Walcott points out, the manufacturers can significantly help LBM dealers with this educational challenges. “Dealers can work hand-in-hand with manufacturers to best position the product within their lineup and understand the target customer for which it is designed,” she says.

WHILE NOTHING is a given, if history proves anything, doors and windows will continue to be not only a necessary element of whatever the building forecasts predict, but a growing one as well. And while economic uncertainties will continue to be a challenge for the LBM industry, door and window manufacturers will continue to stand ready to help LBM dealers create their own successful history. As MITER Brands’ Nick Board puts it, “Supply chain has been a challenge in the past few years but it is now abating as things normalize. We got through it by optimizing and streamlining our product lines. We continue to invest in our supply chain and distribution channels as we strive to deliver 100% on-time and accurate orders.” ■

YKK AP recently introduced the newly designed StyleView Classic window series for new construction. Key features include precision-welded corners for a cleaner, quality look, flat frame design for integration into a wider variety of materials, modern brickmould and sloped sill nose to create a thinner profile, easily removable top sash for easy drywall pass-through, stronger pivot bar retention to ensure easy sash removal and replacement, and fusion-welded sill nose and clear shadow line to mimic a wood window.



PHOTOS COURTESY OF MANUFACTURERS



WESTLAKE ROYAL BUILDING PRODUCTS' ROYAL WOODTONE STYLES

Made of cellular PVC, Royal WoodTone Styles from Westlake Royal Building Products lend sophistication and function to porch ceilings and soffit applications. According to the company, the new product line is low-maintenance, moisture and insect proof, and easy to install due to its hidden nailing hems. Royal WoodTone Styles also offer the elegant look of stained wood in six trending colors, including American Walnut, Oak Ridge, Natural Cedar, Smoke Grey, Weathered Oak, and Charred Timber. westlakeroyalbuildingproducts.com



GROOVED PROFILE AND UPDATED COLORS TO WOLF SERENITY DECKING

Wolf Home Products announced that its popular Wolf Serenity Decking with High-Density Cellular Technology is now being offered in two new colors and a brand-new grooved profile, suiting a variety of design styles and giving installation preference back to the contractor. This expansion gives customers 13 total colors to choose from, with the newest additions to the Wolf Serenity Decking line being two neutral shades: Ashland and Beechwood, both protected by the company's proprietary COLORWATCH100, which it says helps block harmful UV rays to maintain color. wolfhomeproducts.com

DECKWISE HARDWOOD WRENCH JR.

The Hardwood Wrench Jr. self-locking cam locks deck boards straight when installing hidden deck fasteners. According to the manufacturer, this board bending tool is light, economical, and simple to attach onto joists. Notably this tool has no uncooperative wheels, dials, clamps, or flexible tubing that can slip or spin off the board or joist, making the installer stop fastening just to reset the tool. Instead, the tool utilizes a rotating, locking cam coupled with an elongated dog-leg which stabilizes and locks this tool into place. Its hardened steel handle is strong and the solid steel gripping joist pins provide anyone installing a deck the ability to straighten deck boards from both left- or right-hand direction. This is especially useful when straightening a board on the outside of the deck frame. hardwoodwrench.com



SIPLAST WALL INSULATION PRODUCTS

Siplast, a Standard Industries company, announced the addition of two high-performance polyiso wall insulation products to the company's existing WALLcontrol Air & Water-Resistive Barrier (AWB) Systems, offering an exterior continuous insulation solution. According to the manufacturer, the new wall insulation solutions include Siplast WALLcontrol Polyiso Foil-Faced Insulation board, which combines high R-value, Class A foam core, and durable aluminum facers in a high-performance rigid wall insulation. siplast.com



MILLBOARD ENVELLO DÉCOR

Typically, metal accents on the exterior of homes and commercial buildings are restricted to features like copper roofs, gutters, windows, and doors. The new trend in metallic outdoor finishes for 2024 is vertical metallic siding inlays. The new Millboard Envello Décor is a decorative and structural aluminum trim that is designed to enhance siding installations, creating a premium feel and overall finish. Available in bronze, carbon or gold, the Envello Décor fits into the groove of the Envello Shadow Line+ Millboard composite siding adding a metallic band between each vertical board that can be used to accent pop outs, roof lines, or as a whole house eye-popping shiny statement. millboard.com

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HARTMANN grew up in a lumber yard, trained as a carpenter’s apprentice, and built more than 1,000 homes before becoming a purchasing manager at Pulte Group. With his unique perspective working for both builder and supplier, **Hartmann has been helping LBM firms improve their sales performance for the past 13 years.**

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Pat Clancy,
Vice President

“A lot of the topics that you teach... I just don’t see in the people that are contacting me. It’s very useful and this training will help you out tremendously.”



Mike Barrett,
Owner

“The OSR Academy gives everyone a different perspective to sales. Instead of just taking orders, I find myself working with customers and finding ways to add value.”



Derek Santos,
Outside Sales



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THERMA-TRU ADVANTA

Advanta lite frame provides an innovative, plugless solution that the manufacturer says helps streamline operations and increase efficiencies in pre-finishing, assembly and inventory, reducing overall costs and time. Plus, the Advanta lite frame offers valuable inventory benefits: the lite frames are interchangeable across IG units, making them easier to inventory and assemble, and the IG units can be stocked separately from the bulk frame covers, resulting in improved inventory efficiency and flexibility. thermatru.com

FASTENMASTER DECK FRAME COATING

FastenMaster, a division of OMG Inc., has introduced its Deck Frame Coating, a water-based sealant that is reported to help extend the life of decks by creating a lasting moisture barrier.

The new coating is designed to be rolled or painted onto the top of deck joists, ledger boards, stair stringers, posts, beams, and other framing components, and serves to deter wood rot and decay. After application it's workable in 20 minutes, so it won't slow down decking pros during installation. Once dry, the coating creates a durable seal around deck fasteners. In addition, it is highly effective for use in corners and other hard-to-reach places where joist tapes have difficulty providing full coverage. FastenMaster Deck Frame Coating is available in 1-gallon buckets, which covers up to 450 linear feet of 2x framing. fastenmaster.com



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BRAVA ROOF TILES

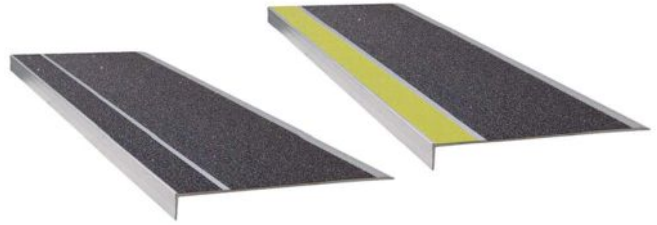
Brava Roof Tiles has introduced an updated Slate Roof Tile profile, a redesign of the brand's composite tile. According to the manufacturer, this addition represents a notable upgrade to the existing composite slate tile with a distinct focus on the redesigned edge. Unlike the original tile's manicured edge, the updated tile introduces a more authentic and natural appearance, setting a new standard in roofing aesthetics. Brava's composite Slate Tile offers the look of natural slate without the need for heavy substructure modifications, making it a cost-effective alternative. The innovative tiles are made from recycled plastic and sustainable materials, offering a green alternative that can compete with the design appeal of traditional slate. bravarooftile.com

**NEW COLOR FOR
CLIPSTONE PROPANEL
AND COLUMNWRAP
SERIES**

The ClipStone ProPanel and ColumnWrap series by Ply Gem have been revitalized to incorporate a crisp, modern white color to its lineup. With larger panels that the manufacturer says



delivers quicker installation and a stair-stepped design that hides joints, the ProPanel series of mechanically fastened stone panels are ideal for remodelers and contractors who wish to bring the beauty of stone into their projects without changing their tools, crews or schedules. Each box of ProPanel includes a mix of two panel sizes to conceal seams and add variation, making it well suited for both residential applications as well as larger-scale multifamily and commercial projects. ColumnWrap eliminates the need to frame around the post or column with two mechanically fastened points per section. plygem.com



FLEXMASTER SAFETY RENOVATION TREADS

Wooster Products' FLEXMASTER Safety Renovation Treads offer an economical and easily applied anti-slip surface to improve the safety of interior or exterior stairs. According to the company, an extruded aluminum base that's covered with Flex-Tred anti-slip tape provides a much higher coefficient of friction, whether wet or dry, significantly reducing the risk of slips or falls. They are available in lengths to 12 ft. and with a variety of tread depths and colors which extend uniformly over the entire surface for a consistent coefficient of friction. Coordinating or contrasting colors are available, including fluorescents and NITEGLOW Glow in the Dark technology. woosterproducts.com



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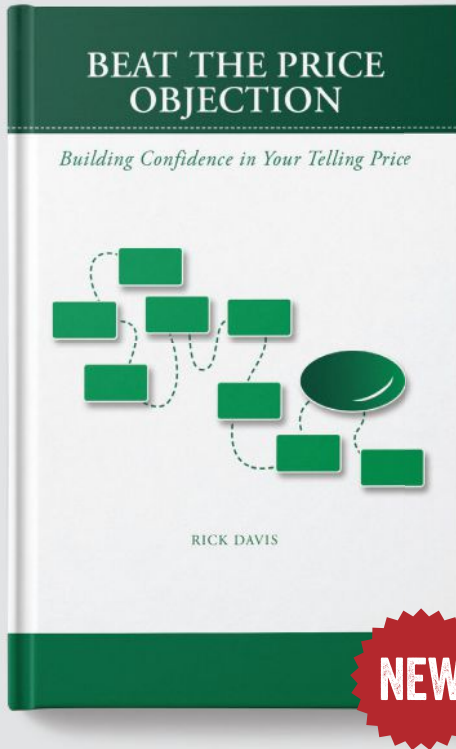
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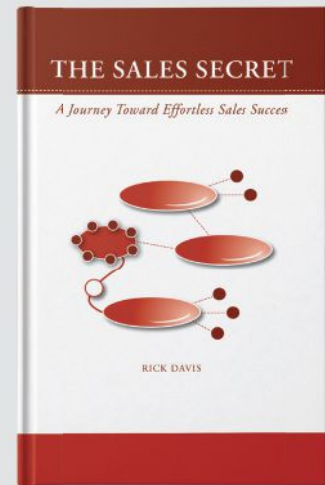
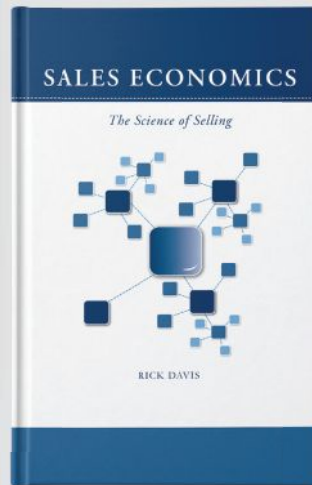
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ABOUT THE AUTHOR

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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* Denotes regional distribution.

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

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

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LBM JOURNAL 100

THE ARROGANT YOUNG SALES STAR

A young sales rep does a great job with customers, but his invincible attitude is rubbing colleagues the wrong way, with some threatening to quit. What would you do?



LIKE MANY LBM dealers, your company has struggled with attracting, hiring, and retaining high-performing young pros. As some of your key team members near retirement age, this situation is becoming increasingly urgent. Finally, your involvement with the local university's job fair led to several interviews and two successful hires.

The first hire is a young woman with a degree in finance with an emphasis on accounting. She is fitting right in with your back-office team, learning how to transfer what she's learned in school to the real world of running a business. She is respectful of the people on your team who've been there for decades and wants to understand how things have always been done before offering suggestions on how to accomplish tasks more efficiently.

The second one is a young man who studied marketing and sales. He's a very quick study and is doing a great job with your builder customers. In fact, he was assigned some accounts that hadn't bought from you in years—and managed to get them going again. "He's young and doesn't know everything about our business," one builder told you. "But he asks a lot of questions and seems to really care about doing right by us. And that means a lot."

As positive as the impact is on your clients, he's having a strongly negative impact on your existing team. "He's been out of school for less than a year, but thinks he knows everything," one of your top inside salespeople told you. "It's a good thing the customers like him, because his arrogant attitude isn't winning him any friends among his coworkers."

It's now been nearly a year since adding these two members of Gen Z to your team, and while your back-office team

is working together better than ever, your customer-facing team is disintegrating. You assumed that time would resolve these issues—but if anything, they've gotten worse over time.

One of your top sales-support team members recently told you, "I've been here more than five years, and honestly thought I'd be here forever. But this new young man is making things so miserable, I dread coming to work. I'm hoping you can move me to a different area—one where I wouldn't work directly with him. Otherwise, I'll likely start looking for a new job."

The last thing you want is to lose good people over a personality conflict with a new hire, especially when that new hire is winning back long-lost clients. What would you do?

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Let him go. It doesn't matter how good the new person is. If top performers on your team are willing to leave because of him, you have no choice but to let him go.

Let them leave. If people on your team are making you choose between them and the new guy, wish them well.

Make it work. Sit down individually with your new sales star and the unhappy existing members of your team, learn what it would take to get them all to work together, then make that happen.

Counseling. Bring in an employment counselor to work with your team, individually and as a group, to try to get them all on the same page.

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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.

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