Come and Up Your Game at BMSA's Summer Conference!

The 2018 Summer Conference will provide you with the answers to these questions:

- What does the home look like in the game of LIFE for Millennials? Market Researcher Edsel Charles will give you a CLUE.

- ARE YOU SMARTER THAN A 5TH GRADER when it comes to Social Media in business? Savvy Social Media Professional Natalia Dittmer will test your smarts.

- What does the WHEEL OF FORTUNE show for the Economic Outlook of 2019? Economist Dr. Ed Seifried will give you his predictions.

- How do I manage FAMILY FEUDs in my business? Hear the experience of Paula Ervin of Randall Lumber, where a dozen family members work in the business!

All of this in addition to our exhibit program, fun social activities, and time to spend with family and friends!

Call BMSA at 800.849.1503 to learn how you can be a part of this great conference!
Many Thanks To Our Spring Roundtable Sponsors!

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(as of 6/6/18)

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Cedar Creek/BlueLinx
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Diamond Hill Plywood
ECi Spruce Computers
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BMSA Member News

BlueLinx has completed its previously announced acquisition of Cedar Creek.

Diamond Hill Plywood has hired three new salespeople. Will List works out of the Darlington branch and covers the Columbia territory. Frank Binkley works out of the Knoxville branch and covers the Nashville territory. Trent Wright works out of the Greenville branch and covers the Charlotte and NC Mountain territories.

ECMD acquired Klumb Lumber Company in March. ECMD will continue with the Klumb Lumber & Forest Products name, as well as all five Klumb distribution centers—Loxley, AL; Covington, GA; Gulfport, MS; Greeneville, TN; and Tyler, TX.

Mike Kerr, of Owatonna, Minnesota, was elected to the Board of Directors of the Federated Insurance Companies. Kerr is also the President and Chief Operating Officer of Federated Insurance Companies.
Ohio Scholarship Winners

Kira Nicholson and Samuel Sarfo were awarded BMSA’s Ohio Student Scholarships for the 2018-2019 academic year. Both of these outstanding students will receive $1,000 toward their education.

Kira Nicholson is the daughter of Glen Nicholson, of BMSA member Palmer-Donavin Manufacturing Co. She plans to study Mechanical Engineering at Penn State’s Eberly Campus. In high school, Kira was ranked third in her class and was a long-time member of the Marching Band and Track Team. Chemistry Teacher Mike Busato said, “Kira has demonstrated to me the work ethic, determination and desire to be exceptional in all she does.”

Samuel Sarfo is the son of Amos Sarfo, also of BMSA member Palmer-Donavin Manufacturing Co. He plans to major in Psychology at The Ohio State University. While in high school, Samuel was a member of the Interact Club, the National Honor Society, French Club, ran track and played soccer. “The fact that Samuel can participate in all of these extracurricular activities and still maintain a very high cumulative grade point average proves that he has excellent executive skills. He can focus, prioritize and manage his time wisely,” said Laura Carder, Samuel’s Guidance Counselor.

Congratulations to both Kira & Samuel!

The scholarship selection committee evaluates applicants anonymously based on academic merit, extra-curricular activities, work history, essays, and recommendations. Applications for next year’s Ohio Student Scholarship will be available in early January 2019.

2018 Calendar of Events

- **July 26-29:** BMSA’s Summer Conference, Virginia Beach, VA
- **September 10-11:** Leadership Graduate Roundtable, Wilmington, NC
- **September 12-14:** Leadership Development Roundtable #2, Wilmington, NC
- **September 17-19:** CFO Roundtable, Traverse City, MI
- **September 30-October 2:** Roundtable #1, Greenville, NC
- **October 11-12:** Operations Manager Roundtable A, Wilson, NC
- **October 17-19:** NLBMDA Pro Dealer Industry Summit, Chicago, IL
- **October 17-19:** Roundtable #3, New Bern, NC
- **October 25-26:** Operations Manager Roundtable B, North Charleston, SC
- **November 7:** BMSA Executive Committee & Board of Directors Meetings, Columbus, OH
- **November 7-8:** Ohio Education Summit, Columbus, OH
- **November 15-16:** Sales Manager Roundtable, Charleston, SC

The BMSA offices will be closed on **Wednesday, July 4** in recognition of Independence Day.

BMSA Mission:
To strengthen independent building material dealers through advocacy, communication & education.
The Many Faces of BMSA: Meet Your Fellow Members

In each issue of TimberTalk, we feature members to help you get to know the many faces of your Association.

Joseph Williams – Brunson Building Supply

Tell us about your company. Brunson is a 3rd generation business that was started in 1948. A large retail expansion done with Ace in 2010 has led us to offer so much more to our community. A vast variety of inventory has helped increase sales and grow our business. In addition to hardware and building materials, we also offer sporting goods and gift items to our local patrons.

What is your current role/responsibility at the company? My current job title is Building Supply Manager. I do all the buying for the building supply, manage employees, deal with a lot of the special orders, visit job sites, try endlessly to keep customers happy, and promote my team to be the very best.

What do you like most about your job? What do you like least? The thing that is most rewarding about my job is being able to help people. On the downside, being retail-oriented, we work long hours, weekends, and some holidays.

Where are you from? I have lived my whole life in the low country of South Carolina. The Hampton area has always been my home. Being a hometown guy has really helped me develop wonderful relationships with our customer base.

What’s the one thing about you few people know? One thing few people know is that I am a volunteer fire man. I joined and got certified to be the Chaplain in our department. I have been a bi-vocational pastor at a small church in a neighboring town for the past five years.

Tell us about your family. My wife of 15 years & I have a beautiful 10-year-old daughter. Most recently we were the host family to a 17-year-old girl from Japan through a Rotary exchange program.

Toby Newcomb – Red Bolt Promotions

Tell us about your company. Red Bolt Promotions provides marketing materials and promotional products of all types that are customized with your logo. We also specialize in providing customized company stores, corporate-wide marketing solutions and inventory management.

What is your current role/responsibility at the company? I am Red Bolt’s President and am responsible for sales.

How and when did you become involved with your company? I created Red Bolt Promotions in 2014.

What do you like most about your job? It’s rewarding working with companies to help them promote their organization in a positive light.

Where are you from? Where did you grow up and go to school? I grew up in Chase City, Virginia and graduated from Bluestone High School. I received my bachelor’s degree from Longwood University in Farmville, Virginia.

What are your favorite books and movies? My favorite movies are Butch Cassidy & The Sundance Kid and Cool Hand Luke. My favorite books are the Lonesome Dove series by Larry McMurtry.

What are you reading now? My most recent Sports Illustrated!

What are you most proud of? I am most proud of being a father and my children.
How would you like to be remembered? I’d like to be remembered as a good father and an honest entrepreneur.

What’s the one thing about you few people know? I walked on the golf team at Longwood College and played several semesters.

What are your pet peeves? Inconsiderate people!

Tell us about your family? I have been married for 19 years and have two girls, ages 13 and 11.

What is your favorite vacation location and why? Wrightsville Beach, NC. I have lots of precious memories there with my girls.

What is your favorite way to unwind after a hard day? Doing some gardening or coaching my junior Olympic volleyball team.

Based on what you’ve learned in your career, what advice would you give a young person entering the building products industry today? Be honest! If you don’t know – say so! People will respect you for it.

What does belonging to BMSA mean to you? How have you & your company benefitted from membership in BMSA? It has been a great partnership. I have met lots of new clients and made lots of great friends!

Ensure Safety Through Effective Pallet Rack Design

The correct calculation of upright capacity is critical to pallet rack design. Capacity is calculated by adding the number of beam levels and the load per beam level. If there are two pallets per beam weighing 4000 pounds the load would be 8000 pounds per level. With four beam levels (for an 18’ tall upright) the non-seismic load for the section is 32,000 pounds. One fact commonly left out of the calculation is the height of the first beam level, which is critical to the calculation. A manufacturer’s chart showing 34,830-pound capacity for an upright section with the first beam level at four feet is lowered to 27,870 pounds if the beam is raised to five feet high. This is especially critical in garden areas of stores where mulch and soils are inventoried. With pallets as tall as seven feet high and the first beam level at 8 feet, capacity plummets from 34,830 pounds per section at the four foot level to 11,980 pounds per section at the eight foot high level. Overloading pallet rack capacity can cause a rack collapse resulting in injury or fatality.

Source: Bill Lawson of BMSA Member LJS Solutions

Advocacy Update: EPA Finds No Changes Are Needed for Renovation of Homes with Lead-Based Paint

By Ben Gann

The Environmental Protection Agency (EPA) has published its review of the Lead: Renovation, Repair, and Painting (RRP) rule as required under Section 610 of the Regulatory Flexibility Act (RFA). The report was required to address whether provisions should be modified or rescinded to minimize adverse economic effects on small businesses. In its findings, EPA concluded that the rule should remain unchanged without any actions to amend or rescind it.

NLBMDA, along with other remodeling industry stakeholders, have met regularly with EPA officials regarding the ongoing challenges with RRP rule compliance. Although the agency’s findings are disappointing, they are not surprising. EPA defended the rule despite acknowledging in the report that the lead paint test kits approved by the Agency for compliance do not meet the rule’s false positive standard.

The conclusion in the report states that the RRP rule’s goal of protecting pregnant women and children under six from lead exposure outweighs certain compliance issues. EPA used five statutory factors in evaluating changes to the rule. In addition, the agency responded to 35 comments it received during the review of the rule and its evaluation of test kits that took place in 2015 and 2016.

EPA states that it will continue working with “small-entity representatives” such as NLBMDA to minimize any potential unfavorable impacts while continuing to discharge the Agency’s statutory mandate of eliminating lead-based paint hazards in housing and child-occupied facilities as expeditiously as possible.

Release of the report comes as the RRP rule is under scrutiny. The U.S. Court of Appeals has given EPA until June 29 to propose an update to its standard for lead dust hazards and the regulatory definition of lead-based paint, which could affect the RRP rule. In addition, last month EPA’s Office of Inspector General (OIG) announced that it is beginning preliminary research to evaluate implementation and enforcement of the RRP rule. EPA’s OIG conducted a similar review in 2012 and found that the agency used limited data to develop the rule’s cost and benefits estimates.

Ben Gann is Vice President of Legislative and Political Affairs at the National Lumber & Building Materials Association (NLBMDA).
Protect Yourself From the Four Most Disruptive Credit Risks

By Scott Simpson

Underestimating credit risk can turn a healthy business upside down quickly, so there’s a lot riding on your ability to minimize your exposure. When it comes to assessing risk, looks can be deceiving. You’ve heard stories of customers who looked big and sounded solid but ended up being insolvent – causing a nightmare for the companies left holding their unpaid invoices.

Credit screening is the best way to minimize your credit risk and weed out applicants whose good first impression may be covering financial flaws. But, there’s more to credit screening than collecting a credit application. Effective credit screening is a mix of science and art and is a skill you can hone with attention to a few key details.

Know the Four Key Credit Risks

When it comes to minimizing your exposure, you want to eliminate or mitigate the impact of these four most disruptive credit problems:

Bankruptcy: While some companies may be fine doing business with a customer who has a bankruptcy in his past, no one wants to be stuck holding the bag when a current customer goes under. Do you know the red flags that can help predict bankruptcy?

Slow Pay: Customers who chronically pay you 30 or 60 days late increase your risk and cost you money. Are you checking applicants’ payment history with other companies as a predictor of how they will pay you?

Disputes: Customers who consistently eat up your time and energy with disputes can also impact your bottom line. Do you know how to identify a customer who may be prone to this behavior before he becomes a customer?

Fraud: Fraud can turn a great sale into a major business loss. Do you have a way to vet applications and monitor customer purchases to help identify potential fraud?

Use Your Risk Assessment Tool Kit

So how do you identify the potential for these risks in credit applicants? There are lots of tools available to help you identify and manage potential risk that otherwise might not be visible.

A good place to start is to pull commercial and consumer credit bureau data for both the company and its owner. This information will tell you how well this business and individual pay bills, as well as allow you to gauge stability and see payment trends. Where there is conflicting information – for example, strong business credit but a more checkered individual rating – dig deeper to better understand your potential customer.

If commercial credit bureau data is thin or non-existent – which is not unusual for a small or new business or single proprietor – then you’ll have to rely on consumer credit bureau data. Some companies may skip this step and just secure a personal guarantee, but this isn’t a good idea. A personal guarantee is only as good as a person’s ability to pay, and that’s what you’re looking for in their credit bureau information.

Your next tools are bank and trade references. Ask for 1-2 bank references and 3-4 trade references, and follow up on them all. Look at the length of relationship with each of the references – you want to talk to banks and companies that have a history with the applicant, not ones that are all new.

Look for references that have extended comparable or larger credit and similar terms to what the customer is seeking from you. If you have a customer asking for a $35,000 line, you want to understand whether he’s previously handled this level of loan, as well as what cash balances he has on hand. Also pay attention to his payment terms for that line and whether he met that obligation.

Be sure to have a conversation with trade references about what type of customer an applicant has been. Ask about disputes around deliveries or quality and find out if he’s been a reasonable and good partner. Chances are, he’s going to treat you the same way he’s treated other companies.

Google and public record searches can provide a wealth of information that can, directly and indirectly, tell you a lot about an individual or company. You should consider this kind of research a must before you sign off on any sizable credit line. A quick search can uncover both positive and negative information about the applicant:

• Active or past lawsuits, liens or other legal activity
• Press coverage of company and its owners
• Support of community and trade initiatives

Lastly, don’t forget the importance of getting the word on the street – especially in small markets or for new businesses looking for credit. At the end of the day, your credit screening should be based on solid information rather than a rubber stamp approach.

Mitigate Risk Before It Hits

The next step in credit screening is to assess all your information, looking for signs of the four key credit risks: bankruptcy, slow pay, disputes and fraud. The screening
process used by many professional credit management services offers some rules-of-thumb that can help you in your assessment.

**Bankruptcy:** Proceed with caution when extending credit to new companies. Applicants with FICO scores <685 should be watched, along with those who are bumping the limits of their lines of credit with the bank and other companies.

**Slow Pay:** If a customer pays slowly with other companies and vendors, chances are he’ll be slow with you. If this trend exists, set credit lines and terms that protect you, and use pricing and fees to help reduce the impact of slow payment on your bottom line.

**Disputes:** When trade references uncover a tendency to dispute invoices, return merchandise or chronically complain about products and services, think long and hard about whether this customer will be worth the effort.

**Fraud:** Believe it or not, the perfectly filled-out application can be a big warning sign of potential fraud. Look for these red flags on a credit application:

- The company claims sizable revenue but doesn’t show up in commercial credit bureau reports.
- The company is located far away – why are they buying from you? Generic email addresses, such as: info@abc.com.
- References are typed and not on bank letterhead.
- Immediate responses from references.

**Stay Vigilant**

Credit screening is not a one-time activity. Once you’ve set a customer’s credit line and terms, you need to pay attention to their purchasing and payment patterns. With new customers, make sure you follow up to see if they bought what they said they were going to buy and paid when they said they would. If they didn’t, talk to them and understand why.

An existing customer who always uses 20 percent of his credit line comes in and unexpectedly uses 100 percent of his line. Did you notice and do you know why? This change, combined with slow pay, could signal that the customer is in trouble.

Maybe you have a new customer open a line and immediately maxes it out in an online purchase. Are you sure you know they are who they say they are and not fraudsters buying hot items to resell and leave you holding the bill?

In addition to monitoring buying and payment trends, pull a new credit report on existing customers every year or two. The information provided by a fresh credit report can give you a full picture of a customer’s current credit worthiness.

“Trust but verify” is a good motto to keep in mind as you follow your credit screening process. In addition to collecting information, you really need to review it closely and ask yourself – does this seem reasonable? With this approach, you’ll be in a good position to minimize your credit risk and focus on growing sales.

Scott Simpson is the President and CEO of BMSA Member BlueTarp Financial. Re-printed with permission from Mid America Lumbermens Association and BlueTarp Financial.

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**Welcome New Members!**

BMSA is pleased to welcome the following new Dealer member:

**Berkeley Locksmith**
Ladson, SC
Willie Gamble
843-572-7602
www.berkeleylocksmith.com

BMSA is pleased to welcome the following new Associate member:

**ResiCAD**
Fennimore, WI
Jesse Wood
608-822-4320
www.resicad.com

**ResiCAD provides estimating services for LBM Dealers.**

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**ONE STOP SHOPPING...**

Would you like to have pens, carpenter pencils, insulated cups or nail aprons to give to your customers? Lunch boxes and company shirts for employees? BMSA can help you with all of your branded, promotional needs! There’s no mark up or hidden costs for members.

For more information or a free quote, please contact Jane Gillespie at 800-849-1503, janeg@mybmsa.org or Toby Newcomb at 844-RED-BOLT or toby@redboltpromotions.com.

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