



Time to Be Truthful

-- Al E. Bavry, CEO, Kimal Lumber & Hardware

Ok...You're going to say, "Well, I'm truthful all the time. What's different now?" I read this the other day, said by Billy Wilder: "If you're going to tell the truth, be funny....or they'll kill you!" I believe we're in a new and evolving period at this stage of post-recession recovery. This is something I'm talking to our team about a lot. It starts out pretty amusing. Simple back story is, our contractor customers are mostly very busy...Loaded for Bear! Some have more contracts than they've had in almost forever. We all remember when some of those survivors were more efficient pre-recession than they are now. Before, many of them had key folks in their offices...Strong field supers. A stronger team, if you will. Now post-recession, many (maybe most) lost those key staff folks that did the scheduling, organizing, research on products, product ordering, etc. Of course we know how "Organized" and systems-oriented these folks are. I'm making a joke of course! I see a pretty disjointed, loose group working out there. So jobs aren't going as smoothly as they could or should.

But that's not the biggest issue I see. With these huge order files, it's becoming very evident that homes aren't going to be built within the timeframe either the builder or customer feels they should be...and of course we have the huge issue of not enough trades to spread around. Many that I observe are now starting homes much later than they thought they would. So, we are probably in an era of "Creeping Paralysis" regarding costs starting to inch up. It could be the framer that bid the job "cheap" to tie up the work twelve months ago is now going where the money is, rather than remaining loyal to that cheap bid. Commodity prices are going up... (Yes, they do come down, but rarely as low as they were.) And at least early on, many of these contracts inked were taken with not enough margin. Dare I say profit? And I hope that isn't happening today! So my punchline and summary is this: I'm beginning to see some cracks in that builder's foundation--the sudden need to get more bids to try to find that "cheaper" price. For example, back charges that are increasing for silly stuff...Holding up a ten thousand dollar check you're due, over a five hundred dollar "problem." You hear trades out there grumbling that the check they always got Friday is now delayed till next week. And so on. Let me be clear...There's no panic out there...No epidemic...Yet! Things really are (almost) normal. But those early signs are there.

So, this "truthful" thing I started with...When you get that back charge that you didn't expect; that sudden intensify to shop your prices where he/she hadn't before; that berating of the Sales Team for bad service that was considered super two weeks ago...I guess I'm just describing those organic things that are pretty easy to pick up on with eyes and ears wide open. It means it's time for you or your designated Associate (Sales person, GM, Credit manager, President, whomever) to sit down and discuss this new condition with that customer...kind of at the speed of light!! If good old Joe-the-Builder is only a week late now paying you and is now "shopping" you, don't wait another week...or month to have that dialog. And it has to be factual, truthful and maybe even a little "lite"...Funny? Even a little humor at the front end won't hurt. Because I believe that if we don't start to respond now to these signs and get the true flavor for what may really be going on, we're setting ourselves up for something much worse down the road...And maybe it's just smart, appropriate management at this point in time.

Good selling, good luck, and good collecting.