



The Time is Always Right to “Think Contrarian”

- Al E. Bavry, President Emeritus, Kimal Lumber

An undeniable fact about our industry is its very nature of inconsistency...Another way of saying it is how we move from cycle to cycle. In my fifty-five plus years, it's pretty easy to identify at least six and probably seven distinct cycles. The last “down” cycle began about 2005 and turned into a real recession...Guess that's why they deemed it “The Great Recession.” Of course, nothing great about it! So, where does “contrarian” come into the picture? Kimal's real experience...We were about two years into it, and still dropping like a rock. Of course we'd gone through the “normal” layoffs. In fact, at the very bottom, we'd gone from a peak of about 250 associates down to 61!

Before it began to get better...*Here was the real turning point in how we survived*...There was much, much talk among the owners of Kimal that “We couldn't afford the high paid associates anymore.” These were the managers, key associates, owners, etc. There was a plan proposed (not by me!) to cut all of these people loose (layoffs), and we who were owners would be the ones to run the branches, etc., to hold it together. I'm of course describing a “Bean Counters” approach to handling the severe drop in revenue...Attacking the problem with a machete, rather than a surgeon's blade. Translated another way, “to dramatically further cut expenses!”

My approach was different...(Contrarian.) I had a meeting with these managers and key associates...My message was simple: I said to them, “All of us are the basically the core of our company...the Brain Trust, if you will. But all of us are the highest paid. So my deal is simple...I believe we can make it to the other side, and survive, but it's going to take all of us. The deal is, we'll all have to work much harder, wear many more ‘hats,’ learn tasks we hadn't even thought of doing before, and by the way, we'll all have to take very substantial cuts in pay, starting with myself...If you're game for this tougher assignment, willing to work harder for less, etc., my promise is two fold. One, I feel we'll be able to make it through and survive ...and second, when we begin to emerge, I'll make sure that all of us are made ‘whole’ again.” That was my offer, and every single associate stayed!! Eventually...And to that, I kept my word, and about six years after the recovery started, we in fact were kinda back to normal.

I tell that personal story to highlight two things. One, conventional thinking was just “cut expenses”...Which we did, but didn't eliminate all those in the Brain Trust. Think “People Power!” And two, we “saved” the company, which, I believe wouldn't have survived without that approach. But secondly, Contrarian thinking applies in many other ways.

We've had several pretty good years going now. Some argue, because we dropped so low, that we still have a lot of “catch up” yet. Translated...Probably up to three or four more good years. My sense is, the winds of changes are already happening! And to Contrarian thinking...Assuming the slowdown will occur (sooner, rather than later), now is the time to build some new initiatives into the program. Perhaps some new products. Maybe a service item or two that we hadn't tried yet. If we feel we're going to add another salesman or two, perhaps not to wait a few years till “we have to *do* something” but do it now! Of course you can't just load up your plate and try a lot of new things. But Contrarian thinking might save the day.

A simple analogy...In the world of stocks and the stock market...People that tend to do the best, “Sell when others are buying and Buy when others are selling.” And a final thought...We (KIMAL) planned, worked together and started our drive-through branch in Sarasota, *well ahead* of the beginning of the real recovery. If we had waited till the recovery was strong and then started planning...I think you know how that story would have gone. Just might still be “Planning!” 'Nuff said...Good selling and Contrarian thinking probably only means just trying to always think and be...Just a little ahead of the curve...Never be behind it!