



# Catching the Digital Transformation Wave in the LBM Industry

---

How LBM businesses can gain by embracing the digital economy

**EPICOR**<sup>®</sup>

# What's Inside

- Catching the Digital Transformation Wave in the LBM Industry .....3
  - BCG predicts that four themes will shape digital transformation: .....4
    - Disrupters Win .....5
- How to Improve LBM Supply Chain Relationships Using Digital Technology .....6
- Capture the Online Searchers and Shoppers .....7
- Open the Gatekeepers' Gates .....8
- Impress the Construction Manager .....9
- Enable Digital Efficiencies With Suppliers .....10
- Making Your Digital Transformation Happen .....11



# Catching the Digital Transformation Wave in the LBM Industry

Digital strategies abound in the lumber and building materials (LBM) industry. As a distributor or pro dealer of LBM products, you're literally stuck in the middle of the LBM producers trying to establish channels directly to consumers. And, customers are increasingly looking for the convenience and perceived bargains of buying online.

Boston Consulting Group (BCG) has this advice for LBM producers—aka your suppliers: "Although building materials producers have thrived in the past by following a conservative strategy that did not chase the latest trends, such an approach could become a recipe for failure in the near future. Simply put, sticking with the traditional distribution model is no longer an option in the digital economy."

Online shopping habits of consumers has upped the ante for LBM pro dealers and retailers alike. There has been a clear shift and strong interest demonstrated for buying building materials online. The Census Bureau reports that Lumber & Other Construction Materials eCommerce grew from 2% of all sales in 1999 to 13.4% by 2016. That's more than the general average of 9.3%--and too large a chunk of sales to ignore.

<sup>1</sup>Burfeind, Heck, Gross, and Rahne, "Bringing Digital Disruption to Building Materials – Reinventing the Customer Journey," Boston Consulting Group, Nov. 2015.

<sup>2</sup>Salandro, Vincent. "E-Commerce: The Future of LBM?", *ProSales Magazine*, Sept. 17, 2018.



[Click here to read Overcoming the Amazon Effect: How LBM businesses can win big by doing what the online retailers can't](#)

# BCG predicts that four themes will shape digital transformation:<sup>1</sup>



**Mobile and Real-Time Information**—the ability to access information about products, stock, and deliveries from the jobsite—anywhere, anytime.

**Multichannel Customer Journey**—access to information at a physical location—by phone, on the web, and on mobile devices.

**Quick, Direct Access**—fast in-store and online access to information.

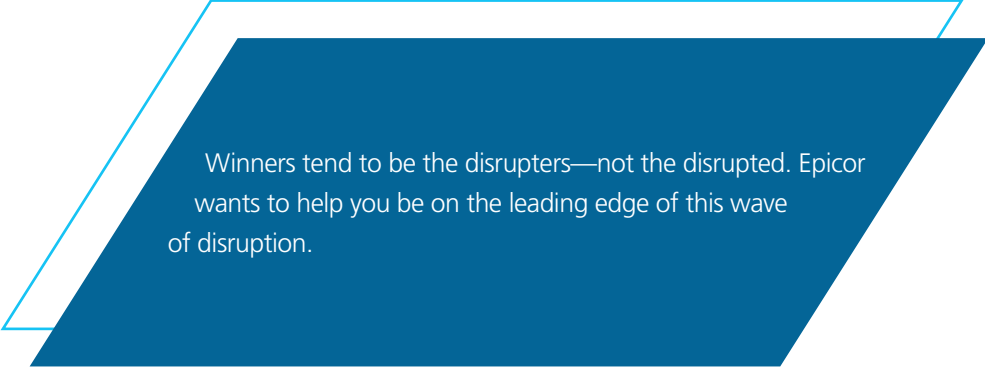
**BIM in the cloud**—Building Information Modeling (BIM) accessible by anyone on browsers or mobile devices.

## Disrupters Win

In a transforming marketplace, the winners tend to be the disrupters. Epicor is uniquely positioned to help push you to the front of the line of this disruption by offering our insights, advice, and capabilities to help you navigate the digital transformation.

This eBook explores multiple paths to going digital, provides words of advice from experts, and offers examples of successful digital implementations. We also look at two prerequisites for going digital in your operations:

- 1. Relationships**—Your personal, one-to-one relationships with the people up and down the supply chain are critical to the success of digitization initiatives.
- 2. Platform**—The right computing infrastructure is the foundation for your digital initiatives and helps improve those critical personal relationships.



Winners tend to be the disrupters—not the disrupted. Epicor wants to help you be on the leading edge of this wave of disruption.



# How to Improve LBM Supply Chain Relationships Using Digital Technology

Effective communication is key to good personal relationships and involves listening and understanding a person's needs. It requires accurate, thorough, and timely information and quick responses. That's essentially what business and automating through digitization is all about.

A good digital platform can help your company strengthen the buyer-seller relationship and personal relationships you have with customers to build loyalty. And, your digital platform will better engage with your potential buyers—the general contractors, builders' staff, and the DIYers who decide whether to buy your products and services.

Remember, Amazon treats all customers the same, but you don't have to.

Effective communication—it's what automating through digitization is all about.

“We've even given our contractors Epicor® BisTrack™ analytics, because we believe we can help them attract new business.”

—Leah Borsting, HPM Building Supply

# Capture the Online Searchers and Shoppers

“Investing in their digital presence is one of the best things LBM dealers can do,” says Kristie Vincent of Therma-Tru. “So many consumers start their search online for product information and to find stores to visit, so it’s critical for LBM dealers to show up in that initial search.<sup>3</sup>”

With online wholesalers like BuilderPro and BuildersChoice, it’s easy to find product information and retail pricing for most building materials. And your customers—and potential customers—will do just that. Your challenge is to make it just as easy for online searches to find your company and products and demonstrate the benefits they’ll get by buying from you.

Your digital strategy for eCommerce should include a website that’s accessible from various devices, product and product descriptions, pricing, easy-to-use shopping carts, delivery or ship-to-store options, and payment options to help complete a good customer experience.

Don’t forget to put some effort into search engine optimization (SEO) techniques and use targeted social media and online advertising to improve search rankings and drive the right traffic to your website.

Investing in their digital presence is one of the best things LBM dealers can do.



[Click here to learn how Sunpro integrates with a co-op shop online and ship-to-store service to give their customers access to tens of thousands of items online.](#)

<sup>3</sup>“Five Questions with: Kristie Vincent, Therma-Tru Corp.” LBM Journal, Oct 22 2018.

“Another great aspect of BisTrack software is the ability to integrate with third parties. It saves us time, reduces errors, and allows us to give customers a look and feel that they’re familiar with. Whether it’s a window quote or a whole house take-off, it gets delivered on our letterhead in the same manner with the same information that we always present.”

—Michael Sonderman,  
Ridgefield Supply Company

<sup>4</sup>Tobias, Michael, “Improve Relationships Between LBM Pro Dealers & Engineers,” ProSales Magazine, July 8, 2019.

## Open the Gatekeepers’ Gates

The gatekeepers in your builders’ inner circle decide on construction methods, select the materials, and cut the purchase orders. Their influence on purchasing selection comes early and is difficult to change. It’s important that you foster good relationships with them and communicate regularly about how your products and services—including digital capabilities—will make their jobs easier.

Don’t ignore the architects, engineers, and designers involved in home building and renovation. They often specify modular components, energy efficient and green products, and architectural structures and finishings. Michael Tobias put it this way: “A successful pro dealer needs to formally target engineers outside the project, drawing attention in a passive way to information about products.”<sup>4</sup>

LBM companies should also make a point of selling to a builder’s purchasing manager, as they are also a gatekeeper and look for new ways to differentiate their company’s latest offerings, be more cost-effective, and minimize loss.

Differentiate your business to gatekeepers by demonstrating your strengths in:

- ▶ Product knowledge and local service
- ▶ Take-offs and estimating
- ▶ Value-added services such as precutting, pre-hanging, and panelizing
- ▶ Fast and accurate orders through seamless interfaces with door, window, and kitchen ordering tools
- ▶ Better pricing and mutual benefit due to Customer Stratification analysis
- ▶ Digital capabilities that will make their jobs easier

“Our goals with Customer Stratification are to better engage our customer so that their relationship with us—and ultimately their purchasing—increases as time goes on.”

—Michael Townsend, Townsend Building Supply



## Impress the Construction Manager

The construction manager may not select materials, but they may have a say in which suppliers are selected, because a great supplier makes their job easier in countless ways. To satisfy a construction manager is to get materials to the right jobsite, in the right quantities, at the right time. Digital capabilities make it easy for you to impress your customers and quickly become their preferred supplier.

Helping to reduce loss is equally valuable to a construction manager who may be responsible for cost control and accounting for materials consumption. Precutting and packaging or kitting materials can help reduce jobsite waste, and your digital capabilities can help you provide these services and coordinate deliveries.

Construction managers are bound to inundate field sales reps on construction sites with questions. Be sure to arm your sales team with mobile devices and access to real-time information on your business system to answer questions immediately—without having to make a call or promise to send the information later.

“With Epicor BisTrack, we can send emails, notifications of when a delivery is going to arrive, and keep track of all crucial delivery data. Our customer satisfaction levels have really improved with the enhancements to our delivery process.”

—Brandon Rucker, Moscow & Pullman Building Supply



“Equipped with BisTrack Cloud on tablets, our salespeople are able to immediately respond to customer questions on product availability, pricing, and delivery status. It has proven to be a valuable sales tool.”

—Rick Vancil,  
Alexander Lumber

# Enable Digital Efficiencies With Suppliers

Five of the most commonly implemented supplier digitization strategies you can implement to make your supply chain management more efficient, collaborative, and mutually beneficial to your suppliers and your company include:

- 1. Co-op and Buying Group EDI Interfaces**—Epicor® BisTrack™ provides seamless EDI interfaces to the major LBM co-ops and buying groups so that your purchasing and receiving staff are efficient.
- 2. Purchasing Automation**—For LBM purchases not conducted through an EDI interface, Epicor BisTrack AP Automation can help. The module uses OCR on scanned supplier invoices to extract information and automatically match invoices to purchases—saving hours of data entry and filing time.
- 3. Rebate Management**—Supplier rebate management can be complex—often requiring full-time management. Epicor BisTrack automates the process, and you can build the anticipated rebate into your pricing, do cost averaging adjustments, and quickly match rebates to each order in BisTrack.
- 4. Market Value Intelligence and Purchasing**—Speed negotiations by providing your purchasing staff with the latest market intelligence on commodity pricing. Epicor BisTrack provides interfaces to services such as BuyMetrics® and Random Lengths.
- 5. Vendor Inventory Collaborations**—Epicor BisTrack supports inventory locations and status at your vendors' sites so that you can implement inventory management strategies such as Vendor Managed Inventory (VMI) and Advance Shipping Notice (ASN).

“Because we interact with thousands and thousands of suppliers to support our various businesses, it’s important for us to adopt efficiency wherever possible. BisTrack AP Automation has saved each AP team member as many as eight hours per week on invoice entry. I don’t know why any business would hesitate to do it.”

—Leah Borsting, HPM Building Supply



“Managing our rebates in Epicor BisTrack software saves us a whole lot of work and effort in spreadsheets. We have been able to reallocate much of our AP and rebate management staff.”

—David Archutick, Consolidated Gypsum and Roofing Supply



# Making Your Digital Transformation Happen

This eBook has laid out digital initiatives you can undertake to improve business relationships and supply chain efficiencies—both upstream and downstream of your role in the LBM supply chain. BCG lists five imperatives for success in your digital transformation:

- 1 Make digital transformation a C-level priority
- 2 Establish an independent digital unit
- 3 Become agile to innovate
- 4 Implement digital ideas effectively—including cloud-based analytics, augmented reality, tracking technologies, and more
- 5 Measure the results

<sup>3</sup>Burfeind, Heck, Gross, and Rahne, "Bringing Digital Disruption to Building Materials – Reinventing the Customer Journey," Boston Consulting Group, Nov 2015.



**Epicor can help you develop your digital strategies. We can share the experiences and benefits achieved by hundreds of your colleagues—including dozens of LBM businesses—with business models, digital ambitions and growth objectives just like yours.**

## About Epicor

Epicor Software Corporation drives business growth. We provide flexible, industry-specific software designed to fit the precise needs of our manufacturing, distribution, retail, and service industry customers. More than 45 years of experience with our customers' unique business processes and operational requirements are built into every solution—in the cloud or on premises. With this deep understanding of your industry, Epicor solutions dramatically improve performance and profitability while easing complexity so you can focus on growth. For more information, [connect with Epicor](#) or visit [www.epicor.com](http://www.epicor.com).

**EPICOR**

Contact us today



[lbm@epicor.com](mailto:lbm@epicor.com)



[www.epicor.com/lbm](http://www.epicor.com/lbm)

The contents of this document are for informational purposes only and are subject to change without notice. Epicor Software Corporation makes no guarantee, representations, or warranties with regard to the enclosed information and specifically disclaims, to the full extent of the law, any applicable implied warranties, such as fitness for a particular purpose, merchantability, satisfactory quality, or reasonable skill and care. The results represented in this testimonial may be unique to the particular customer as each user's experience will vary. This document and its contents, including the viewpoints, testimonials, dates, and functional content expressed herein are believed to be accurate as of its date of publication, January 3, 2020. Use of Epicor products and services are subject to a master customer or similar agreement. Usage of the solution(s) described in this document with other Epicor software or third-party products may require the purchase of licenses for such other products. Epicor, the Epicor logo, and BiTrack are trademarks or registered trademarks of Epicor Software Corporation in the United States, and in certain other countries and/or the EU. Amazon is a registered trademark of Amazon.com, Inc. Copyright © 2020 Epicor Software Corporation. All rights reserved.