# ProSales

Strategies for Today's Construction Supply Leaders / May 2014

The ProSales 100

# Pace Setters

PS100 dealers report 18% jump in sales, fastest growth since 2004

Gary Powell's Matheus Lumber grew sales 71%. Its secret? Diversification.

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Gary Powell, president of Matheus Lumber, Bellevue, Wash.

PHOTO: JOSE MANDOJANA

The ProSales 100

# Steady as She Goes

## Cautious optimism and paced growth mark another year of LBM gains. See who gained the most, and what's working across the market.

This was another year of solid growth, representing steady progress in an economy slowing emerging from recession. Only four dealers among the ProSales 100 saw sales shrink year-over-year from 2012 levels. The mood is optimistic, but cautious.

As housing starts slowly ascend, dealers have one thing on their minds: sustainable growth. It wasn't a great year for everyone—some dealers were treading water—but the numbers illustrate decent gains and hint at good times to come.

This year's ProSales 100 members logged total revenues in excess of $35 billion, up 18.2% from $29.7 billion in 2012. That's the highest level of sales growth since 2004. When making sales, dealers sold to professional builders and contractors 87% of the time. In the past year, dealers added 103 new locations to bring the total to 3,674, a 2.9% increase from 2012. And the number of workers at those yards increased 8.6% to 74,985.

Last year's ProSales 100 showed a favorable shift toward smaller dealers, some of which grew organically in the triple digits. This year, that trend continued, albeit at a slower pace—the top 10 dealers earned 62.6% of the year's total sales on $21.99 billion. The big guys also lost ground in the total number of yards. Top 10 dealers owned 56.1% of the total number of locations (2,060), a 1.8 point decrease from 2012.

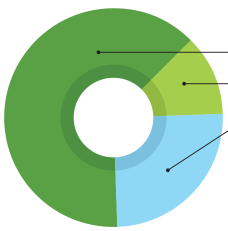
Even so, LBM's titans dominated the market: This year's top 10 dealers include almost all the same familiar faces as last year, and only one Top 10 dealer earned less than $1 billion in total sales. Driven by double-digit growth, BMC, Stock Building Supply, and SRS Distribution rocketed past Roofing Supply

By Tim Regan

**POWERFUL MINORITY**

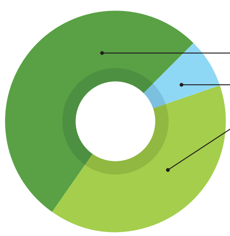
The dealers with manufacturing operations dominate the 2014 ProSales 100, where they hold a 63% share, compared with 25% for dealers who don't manufacture. In terms of sales, dealers with manufacturing claimed 53% of sales to pros, while specialty dealer/distributors held 40% of pro sales. Dealers who don't make things rounded out the list with 12% of pro sales.

### Primary business emphasis of the ProSales 100



**63%** Dealer with manufacturing capabilities
**25%** Dealer without manufacturing capabilities
**12%** Specialty dealer/distributor

### The ProSales 100 measured by each group's share of ProSales 100 total pro sales



**53%** Dealer with manufacturing capabilities
**40%** Specialty dealer/distributor
**7%** Dealer without manufacturing capabilities

SURVEY BASE: PROSALES 100; TOTAL RESPONSES: 100

## About the ProSales 100

The ProSales 100 is comprised of the nation's top professional-oriented full-line lumberyards and specialty dealers ranked by the dollar value of their sales to pros and based on information they submitted to the 2014 ProSales 100 survey.

The data contained in the list and subsequent graphs and charts are not estimates made by ProSales of sales, facilities, or personnel, but actual information submitted by individual companies, or, gleaned from publicly available earnings documents. Where a company was unwilling to provide information, the missing data is marked as n/a, or not available.

Percentages shown in the tables and charts throughout this report are based on the number of dealers responding to its related survey question. Participants needed to make at least one-third of their sales to professional builders, remodelers, or other contractors in order to be included. Results were collected either online by The Farnsworth Group, of Indianapolis, or emailed directly to ProSales staff.

To be included in next year's ProSales 100 survey, please contact ProSales editor Steve Campbell at scampbell@hanleywood.com or 202.736.3308.

Group, which dropped out of the Top 10 to rest at the No. 11 spot. ABC Supply, which has dominated the top of the list since 2011, continues to out-earn its closest rival, ProBuild. But ProBuild is keen on recapturing the throne—it narrowed the total sales gap between the two companies from $1 billion in 2012 to a bit less than $700 million in 2013. Following close behind on the leaderboard is Carter Lumber (12) and US LBM (13), which grew sales 8% and 42%, respectively, against 2012 totals.

Despite the gained ground, only one dealer—Kodiak Building Partners, in Denver—managed to grow in the triple digits this year, and those gains were primarily driven by acquisitions. (More on Kodiak and its rapid growth on page 60.) Last year, small dealers flourished in a thawing market. This year, growth among smaller companies held steady, with growth a little less dramatic. Only seven dealers managed total sales growth above 50%.

That's not to say that growth was stagnant. Just the opposite: Nearly three quarters of this year's ProSales 100 list posted gains in total sales above 10%, and almost half of the list grew by 20% or more.

**87%**

ProSales 100 members' average percentage of gross sales sold to professional builders and contractors

# ProSales 100

| | | Primary business emphasis* | 2013 pro sales ($ millions) | As percent of total 2013 sales | 2013 total sales ($ millions) | 2012 total sales ($ millions) | Total sales percent change (2013 vs. 2012) | Total number of locations 2014 | Total number of locations 2013 | Total number of employees 2014 | Total number of employees 2013 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | **ABC Supply,** Beloit, WI | S | **4,941.1** | 99% | 4,991.0 | 4,650.0 | 7% | 459 | 455 | 6,784 | 6,553 |
| 2 | **ProBuild,** Denver, CO | L | **3,870.0** | 90 | 4,300.0 | 3,600.0 | 19 | 414 | 423 | 10,230 | 9,233 |
| 3 | **Beacon Roofing Supply,** Herndon, VA | S | **2,279.1** | 100 | 2,279.1 | 2,040.0 | 12 | 240 | 228 | 2,946 | 2,802 |
| 4 | **Allied Building Products,** East Rutherford, NJ | S | **2,090.0** | 95 | 2,200.0 | 2,000.0 | 10 | 193 | 184 | 3,350 | 3,350 |
| 5 | **84 Lumber,** Eighty Four, PA | M | **1,821.6** | 85 | 2,143.0 | 1,690.0 | 27 | 252 | 250 | 4,020 | 3,500 |
| 6 | **Builders FirstSource,** Dallas, TX | M | **1,490.0** | 100 | 1,490.0 | 1,070.0 | 39 | 100 | 97 | 3,300 | 2,750 |
| 7 | **L&W Supply,** Chicago, IL | S | **1,232.6** | 99 | 1,245.0 | 1,145.0 | 9 | 145 | 142 | 2,200 | 2,100 |
| 8 | **BMC,** Boise, ID | M | **1,140.0** | 95 | 1,200.0 | 880.0 | 36 | 85 | 85 | 5,100 | 4,500 |
| 9 | **Stock Building Supply,** Raleigh, NC | L | **1,137.2** | 95 | 1,197.0 | 942.0 | 27 | 70 | 59 | 3,025 | 2,445 |
| 10 | **SRS Distribution,** McKinney, TX | S | **940.5** | 99 | 950.0 | 785.0 | 21 | 102 | 85 | 1,200 | 1,050 |
| 11 | **Roofing Supply Group,** Dallas, TX | S | **900.0** | 90 | 1,000.0 | 950.0 | 5 | 68 | 59 | 1,200 | 1,100 |
| 12 | **Carter Lumber,** Kent, OH | M | **832.2** | 87 | 956.5 | 808.4 | 18 | 145 | 170 | 2,700 | 2,550 |
| 13 | **US LBM Holdings,** Green Bay, WI | M | **712.5** | 95 | 750.0 | 530.0 | 42 | 70 | 53 | 2,235 | 1,625 |
| 14 | **McCoy's Building Supply,** San Marcos, TX | M | **447.3** | 71 | 630.0 | 560.6 | 12 | 85 | 84 | 1,922 | 1,817 |
| 15 | **Harvey Building Products,** Waltham, MA | M | **385.0** | 100 | 385.0 | 355.0 | 8 | 35 | 35 | 1,350 | 1,375 |
| 16 | **Golden State Lumber,** Petaluma, CA | M | **276.5** | 95 | 291.0 | 236.0 | 23 | 6 | 6 | 310 | 298 |
| 17 | **Parr Lumber,** Hillsboro, OR | M | **262.7** | 85 | 309.0 | 242.0 | 28 | 31 | 31 | 610 | 538 |
| 18 | **National Lumber,** Mansfield, MA | L | **229.5** | 90 | 255.0 | 209.0 | 22 | 8 | 8 | 550 | 525 |
| 19 | **Matheus Lumber,** Bellevue, WA | L | **211.9** | 99 | 214.0 | 125.0 | 71 | 6 | 6 | 85 | 68 |
| 20 | **Riverhead Building Supply,** Calverton, NY | M | **198.1** | 78 | 254.0 | 220.0 | 15 | 13 | 13 | 466 | 446 |
| 21 | **Ganahl Lumber,** Anaheim, CA | L | **197.6** | 80 | 247.0 | 201.0 | 23 | 10 | 10 | 660 | 630 |
| 22 | **Foxworth-Galbraith Lumber,** Plano, TX | M | **194.1** | 85 | 228.3 | 197.6 | 16 | 25 | 24 | 619 | 556 |
| 23 | **E.C. Barton & Co.,** Jonesboro, AR | L | **191.3** | 75 | 255.0 | 291.0 | -12 | 123 | 114 | 730 | 785 |
| 24 | **Shelter Products,** Portland, OR | L | **184.1** | 70 | 263.0 | 191.0 | 38 | 4 | 4 | 102 | 109 |
| 25 | **Erie Materials,** Syracuse, NY | S | **182.7** | 99 | 184.5 | 182.5 | 1 | 10 | 10 | 260 | 255 |
| 26 | **Meek's Lumber & Hardware,** Springfield, MO | M | **177.1** | 70 | 253.0 | 243.0 | 4 | 55 | 55 | 918 | 840 |
| 27 | **Mead Lumber,** Columbus, NE | M | **170.3** | 75 | 227.0 | 205.0 | 11 | 39 | 38 | 800 | 769 |
| 28 | **Kodiak Building Partners,** Greenwood Village, CO | M | **157.0** | 100 | 157.0 | 70.0 | 124 | 6 | 5 | 420 | 288 |
| 29 | **Samuel Feldman Lumber,** Brooklyn, NY | L | **148.2** | 95 | 156.0 | 125.0 | 25 | 4 | 4 | 180 | 176 |
| 29 | **Ridout Lumber,** Searcy, AR | M | **148.2** | 95 | 156.0 | 148.0 | 5 | 14 | 14 | 329 | 321 |
| 31 | **Alpine Lumber,** Westminster, CO | M | **146.7** | 90 | 163.0 | 125.0 | 30 | 24 | 24 | 301 | 349 |
| 32 | **Lampert Yards,** St. Paul, MN | L | **144.5** | 77 | 187.6 | 153.5 | 22 | 34 | 33 | 442 | 411 |
| 33 | **R.P. Lumber,** Edwardsville, IL | M | **140.8** | 70 | 201.2 | 194.2 | 4 | 51 | 46 | 556 | 520 |
| 34 | **TW Perry,** Gaithersburg, MD | M | **128.3** | 95 | 135.0 | 123.0 | 10 | 6 | 6 | 400 | 355 |
| 35 | **Kuiken Brothers,** Fair Lawn, NJ | L | **127.8** | 94 | 136.0 | 116.0 | 17 | 8 | 9 | 252 | 241 |
| 36 | **Idaho Pacific Lumber,** Boise, ID | L | **126.0** | 75 | 168.0 | 106.0 | 58 | 11 | 10 | 137 | 134 |
| 37 | **Professional Builders Supply,** Morrisville, NC | L | **118.8** | 99 | 120.0 | 76.0 | 58 | 4 | 3 | 157 | 119 |
| 38 | **Burton Lumber,** Salt Lake City, UT | M | **113.9** | 99 | 115.0 | 92.0 | 25 | 7 | 7 | 375 | 325 |
| 39 | **VNS Corp.,** Vidalia, GA | M | **112.9** | 99 | 114.0 | 85.0 | 34 | 13 | 13 | 260 | 223 |
| 40 | **Lezzer Lumber,** Curwensville, PA | M | **110.6** | 96 | 115.2 | 107.8 | 7 | 11 | 11 | 385 | 385 |
| 41 | **Honsador Group,** Kapolei, HI | M | **110.4** | 79 | 139.7 | 121.2 | 15 | 16 | 16 | 281 | 264 |
| 42 | **Rosen Materials,** Sunrise, FL | S | **110.0** | 100 | 110.0 | 57.0 | 93 | 15 | 10 | 176 | 144 |
| 43 | **Hammond Lumber,** Belgrade, ME | M | **109.7** | 85 | 129.0 | 121.0 | 7 | 12 | 12 | 465 | 445 |
| 44 | **Forge Lumber/Sims Lohman,** Erlanger, KY | M | **109.0** | 100 | 109.0 | 82.0 | 33 | 14 | 6 | 415 | 325 |
| 45 | **Kenseal Construction Products,** Baltimore, MD | S | **108.0** | 100 | 108.0 | 103.5 | 4 | 14 | 14 | 130 | 130 |
| 46 | **Scherer Bros. Lumber,** Brooklyn Park, MN | M | **104.4** | 90 | 116.0 | 102.3 | 13 | 5 | 6 | 249 | 239 |
| 47 | **Curtis Lumber,** Ballston Spa, NY | M | **102.8** | 60 | 171.3 | 163.7 | 5 | 21 | 21 | 570 | 567 |
| 48 | **Graber Post Buildings,** Montgomery, IN | M | **101.6** | 90 | 112.9 | 120.0 | -6 | 1 | 1 | 225 | 220 |
| 49 | **Star Lumber & Supply,** Wichita, KS | M | **101.5** | 92 | 110.3 | 96.5 | 14 | 7 | 8 | 305 | 289 |
| 50 | **Hancock Lumber,** Casco, ME | M | **100.2** | 86 | 116.5 | 101.5 | 15 | 13 | 13 | 404 | 378 |

* **L**=Pro dealer without manufacturing capabilities; **M**=Pro dealer with manufacturing capabilities; **S**=Specialty dealer/distributor; **n/a**=Not available or not applicable

# ProSales 100

| Rank | Company | Primary business emphasis* | 2013 pro sales ($ millions) | As percent of total 2013 sales | 2013 total sales ($ millions) | 2012 total sales ($ millions) | Total sales percent change (2013 vs. 2012) | Total number of locations 2014 | Total number of locations 2013 | Total number of employees 2014 | Total number of employees 2013 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 51 | **Franklin Building Supply,** Boise, ID | M | **97.9** | 89% | 110.0 | 92.0 | 20% | 17 | 17 | 371 | 325 |
| 51 | **Bridgewell Resources,** Tigard, OR | L | **97.9** | 95 | 103.0 | 83.0 | 24 | 158 | 150 | 189 | 186 |
| 53 | **The Building Center,** Pineville, NC | M | **97.0** | 98 | 99.0 | 76.0 | 30 | 4 | 4 | 231 | 185 |
| 54 | **Guy C. Lee Building Materials,** Smithfield, NC | L | **92.0** | 100 | 92.0 | 66.0 | 39 | 8 | 8 | 162 | 132 |
| 55 | **Hayward Lumber,** Monterey, CA | M | **86.8** | 90 | 96.4 | 72.3 | 33 | 8 | 7 | 226 | 179 |
| 56 | **Drexel Building Supply,** Campbellsport, WI | L | **86.2** | 95 | 90.7 | 71.6 | 27 | 5 | 4 | 200 | 155 |
| 57 | **McCray Lumber & Millwork,** Overland Park, KS | L | **84.3** | 98 | 86.0 | 66.0 | 30 | 6 | 6 | 160 | 180 |
| 58 | **Sunroc Building Materials,** Orem, UT | M | **82.4** | 80 | 103.0 | 86.0 | 20 | 9 | 9 | 230 | 230 |
| 59 | **Spahn & Rose Lumber,** Dubuque, IA | L | **78.3** | 70 | 111.9 | 106.5 | 5 | 27 | 27 | 255 | 260 |
| 60 | **Big C Lumber,** Granger, IN | M | **77.6** | 92 | 84.3 | 69.0 | 22 | 18 | 18 | 252 | 239 |
| 61 | **Stine Lumber,** Sulphur, LA | L | **69.3** | 42 | 165.0 | 150.0 | 10 | 12 | 12 | 692 | 669 |
| 62 | **Robert Bowden,** Marietta, GA | M | **69.1** | 98 | 70.5 | 45.8 | 54 | 3 | 3 | 265 | 180 |
| 63 | **O.C. Cluss Lumber,** Uniontown, PA | M | **66.2** | 90 | 73.5 | 75.0 | -2 | 9 | 10 | 210 | 220 |
| 64 | **Central Valley Builders Supply,** Napa, CA | M | **65.7** | 71 | 92.5 | 71.0 | 30 | 5 | 5 | 166 | 154 |
| 65 | **Your Building Centers,** Altoona, PA | M | **65.1** | 85 | 76.6 | 70.4 | 9 | 15 | 15 | 323 | 319 |
| 66 | **Bailey Lumber & Supply,** Gulfport, MS | M | **60.4** | 97 | 62.3 | 58.9 | 6 | 8 | 8 | 285 | 274 |
| 67 | **Consolidated Lumber,** Stillwater, MN | L | **58.5** | 90 | 65.0 | 51.0 | 27 | 14 | 14 | 160 | 142 |
| 67 | **Jackson Lumber & Millwork,** Lawrence, MA | M | **58.5** | 90 | 65.0 | 59.0 | 10 | 3 | 3 | 149 | 143 |
| 69 | **Mans Lumber and Millwork,** Trenton, MI | M | **55.2** | 90 | 61.3 | 46.7 | 31 | 2 | 2 | 114 | 101 |
| 70 | **Builders,** Kearney, NE | M | **54.9** | 79 | 69.5 | 59.8 | 16 | 5 | 5 | 250 | 242 |
| 71 | **Big Creek Lumber,** Davenport, CA | M | **52.2** | 85 | 61.4 | 51.4 | 19 | 6 | 6 | 190 | 190 |
| 72 | **Viking Lumber,** Belfast, ME | M | **52.0** | 80 | 65.0 | 64.0 | 2 | 9 | 9 | 198 | 193 |
| 73 | **The Lester Group,** Martinsville, VA | L | **51.8** | 96 | 54.0 | 38.0 | 42 | 3 | 3 | 108 | 89 |
| 74 | **Ellsworth Builders Supply,** Ellsworth, ME | L | **51.1** | 75 | 68.1 | 61.5 | 11 | 10 | 10 | 240 | 230 |
| 75 | **Cassity Jones Lumber,** Longview, TX | M | **48.9** | 96 | 50.9 | 49.4 | 3 | 18 | 18 | 147 | 153 |
| 76 | **Higginbotham Brothers,** Comanche, TX | L | **45.6** | 60 | 76.0 | 70.0 | 9 | 38 | 35 | 320 | 300 |
| 76 | **GBS Building Supply,** Greenville, SC | M | **45.6** | 97 | 47.0 | 40.4 | 16 | 5 | 5 | 101 | 95 |
| 78 | **Gutherie Lumber,** Livonia, MI | M | **45.4** | 99 | 45.9 | 36.4 | 26 | 1 | 1 | 73 | 60 |
| 79 | **Central Network Retail Group,** Memphis, TN | L | **44.8** | 40 | 112.0 | 88.0 | 27 | 43 | 41 | 750 | 650 |
| 80 | **Garris Evans Lumber,** Greenville, NC | M | **44.7** | 95 | 47.0 | 41.5 | 13 | 5 | 5 | 125 | 115 |
| 81 | **Koopman Lumber,** Whitinsville, MA | L | **44.0** | 78 | 56.4 | 45.0 | 25 | 7 | 6 | 186 | 148 |
| 82 | **Building Solutions,** Tulsa, OK | M | **43.5** | 95 | 45.8 | 24.6 | 86 | 4 | 2 | 89 | 49 |
| 82 | **Zarsky Lumber,** Victoria, TX | M | **43.5** | 75 | 58.0 | 54.0 | 7 | 10 | 10 | 179 | 130 |
| 84 | **DuBell Lumber,** Medford, NJ | M | **42.8** | 90 | 47.6 | 41.4 | 15 | 6 | 6 | 145 | 135 |
| 84 | **Christensen Lumber,** Fremont, NE | M | **42.8** | 98 | 43.6 | 31.4 | 39 | 2 | 1 | 160 | 129 |
| 86 | **Moynihan Lumber,** North Reading, MA | M | **42.0** | 70 | 60.0 | 52.0 | 15 | 3 | 3 | 110 | 125 |
| 87 | **Western Building Center,** Kalispell, MT | M | **41.3** | 81 | 51.0 | 40.5 | 26 | 12 | 11 | 195 | 182 |
| 88 | **Louis J. Grasmick Lumber,** Baltimore, MD | M | **40.5** | 90 | 45.0 | 42.0 | 7 | 1 | 1 | 54 | 54 |
| 89 | **Tibbetts Lumber,** St. Petersburg, FL | M | **35.6** | 90 | 39.6 | 27.4 | 45 | 5 | 5 | 180 | 137 |
| 89 | **Texas Plywood,** Grand Prairie, TX | S | **35.6** | 100 | 35.6 | 26.1 | 36 | 1 | 1 | 101 | 127 |
| 91 | **Ashby Lumber,** Berkeley, CA | L | **33.6** | 70 | 48.0 | 42.0 | 14 | 2 | 2 | 118 | 110 |
| 92 | **Keim Lumber,** Charm, OH | M | **33.3** | 33 | 101.0 | 91.0 | 11 | 1 | 1 | 420 | 400 |
| 93 | **Potter's Ace Home Centers,** Jamestown, TN | L | **32.5** | 80 | 40.6 | 41.3 | -2 | 19 | 19 | 215 | 215 |
| 94 | **River City Building Supply,** Sacramento, CA | S | **32.4** | 100 | 32.4 | 24.0 | 35 | 3 | 3 | 52 | 52 |
| 95 | **Yoder's Building Supply,** Fair Play, SC | L | **30.4** | 95 | 32.0 | 29.0 | 10 | 1 | 1 | 76 | 68 |
| 96 | **B.R. Johnson,** East Syracuse, NY | S | **30.3** | 92 | 33.0 | 27.1 | 22 | 2 | 2 | 80 | 73 |
| 97 | **Gordon Lumber,** Fremont, OH | M | **29.6** | 80 | 37.0 | 31.0 | 19 | 11 | 11 | 105 | 95 |
| 98 | **Wilson Lumber,** Hunstville, AL | M | **28.9** | 85 | 34.0 | 34.0 | 0 | 1 | 1 | 125 | 125 |
| 99 | **Timberland Lumber,** Brazil, IN | M | **26.1** | 95 | 27.5 | 23.2 | 19 | 3 | 3 | 115 | 105 |
| 100 | **Prince Lumber,** New York, NY | L | **24.8** | 85 | 29.2 | 23.7 | 23 | 2 | 2 | 52 | 51 |

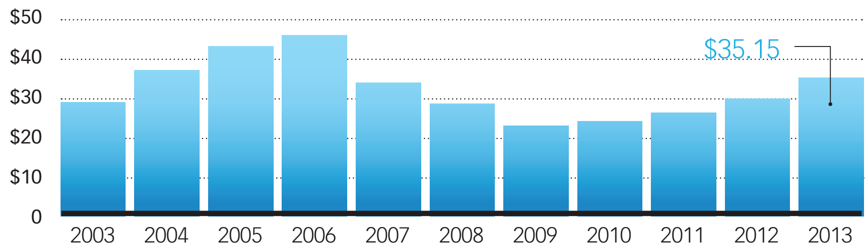
* **L**=Pro dealer without manufacturing capabilities; **M**=Pro dealer with manufacturing capabilities; **S**=Specialty dealer/distributor; **n/a**=Not available or not applicable

# ProSales 100 | Steady as She Goes

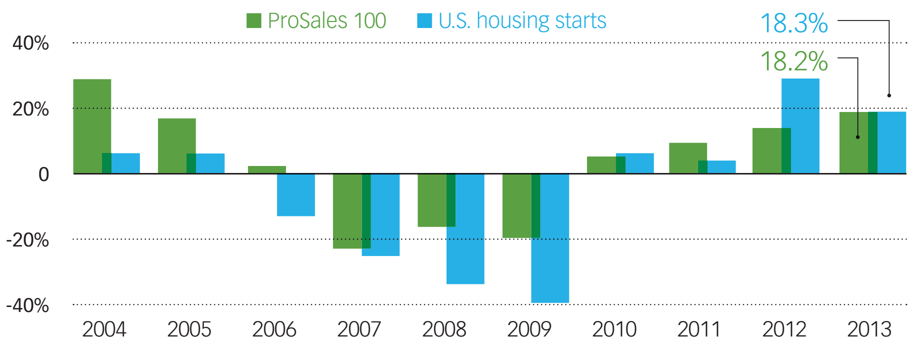
## STEADY GROWTH

For the fourth year in a row, total sales of ProSales 100 companies demonstrated solid growth. Sales for 2013 totaled $35.15 billion, an 18.2% increase over year-ago sales of $29.74 billion. The Top 10 companies on the list held $21.99 billion in sales, a 62.6% share of the total, but smaller than the 63.6% share the top companies held in 2012.

### Total sales of the ProSales 100 ($ billions)




### Annual changes in ProSales 100 total sales and in U.S. housing starts




SOURCE: PROSALES 100 (SALES TOTAL); U.S. CENSUS BUREAU (STARTS DATA). NOTE: PERCENTAGE CHANGES ARE BASED ON WHAT EACH PROSALES 100 GROUP REPORTED FOR THE MOST RECENT YEAR. PS100 MEMBERSHIP CHANGES ANNUALLY.

### ProSales 100 Top 10's market share through the years

| Year | Total sales of PS100 ($ millions) | Total sales of PS100 top 10 ($ millions) | PS100 top 10 percent of total sales | PS100 total number of yards | PS 100 top 10 number of years | PS100 top 10 percent of total yards |
|---|---|---|---|---|---|---|
| **2013** | 35,146.2 | 21,995.1 | **62.6%** | 3,674 | 2,060 | **56.1%** |
| **2012** | 29,736.1 | 18,897.5 | **63.6** | 3,473 | 2,012 | **57.9** |
| **2011** | 26,235.6 | 17,201.0 | **65.6** | 3,376 | 1,994 | **59.1** |
| **2010** | 24,075.1 | 16,311.5 | **67.8** | 3,282 | 1,988 | **60.6** |
| **2009** | 22,967.2 | 15,220.8 | **66.3** | 3,141 | 1,902 | **60.6** |
| **2008** | 28,491.0 | 19,633.0 | **68.9** | 3,149 | 2,170 | **68.9** |
| **2007** | 31,280.1 | 21,424.9 | **68.5** | 3,672 | 2,467 | **67.2** |
| **2006** | 45,841.9 | 31,637.0 | **69.0** | 4,964 | 3,442 | **69.3** |
| **2005** | 40,320.0 | 24,216.4 | **60.1** | 3,792 | 2,279 | **60.1** |
| **2004** | 34,282.5 | 19,552.3 | **57.0** | 3,387 | 1,949 | **57.5** |
| **2003** | 26,296.4 | 14,378.1 | **54.7** | 3,318 | 1,818 | **54.8** |
| **2002** | 23,877.0 | 13,160.9 | **55.1** | 2,792 | 1,704 | **61.0** |

Even dealers that ended the year with shrinking total sales, such as E.C. Barton in Jonesboro, Ark., lost ground only because it shuttered unprofitable locations.

If 2012 was a year of new growth, 2013 was a year of keeping pace with that growth. Though the market hasn't bounced back to pre-recession levels, it's on its way to recovery, provided housing starts continue to show gains.

Nobody knows what the LBM landscape will look like in just five years, and dealers are open to new strategies. The next three companies we examine—one near Seattle, one near Portland, Ore., and one in Denver—represent three solid strategies you might consider in years to come.

## Shotgun Effect

Matheus Lumber grew sales by 71% last year. Its secret? Diversification.

Matheus Lumber president Gary Powell believes the source of his company's success is its reputation. Like many dealers around the country, the company thrives on a decades-old reputation that spans the family business's history. But what else does a company need to succeed? To Powell, the best recipe for success includes a little pinch of

**Matheus Lumber**
**Sales growth:** 71%
**2013 total sales:** $214 million
**2013 total sales per location:** $35.7 million
**2013 total sales per employee:** $2.5 million

## TOP 10 DEALERS ON THE PROSALES 100 BY TYPE

The ranks of ProSales 100 dealers with billion-dollar manufacturing operations grew by two in 2013 to include Stock Building Supply and BMC with about $1.4 billion in sales each. The billion-dollar club of specialty dealers remained unchanged with ABC Supply, Beacon Roofing, Allied Building Products, and L&W Supply topping the list.

### Top 10 specialty dealers

| Overall PS100 rank | | 2013 pro sales ($ millions) |
|---|---|---|
| 1 | **ABC Supply,** Beloit, WI | 4,941.1 |
| 3 | **Beacon Roofing Supply,** Herndon, VA | 2,279.1 |
| 4 | **Allied Building Products,** East Rutherford, NJ | 2,090.0 |
| 7 | **L&W Supply,** Chicago, IL | 1,232.6 |
| 10 | **SRS Distribution,** McKinney, TX | 940.5 |
| 11 | **Roofing Supply Group,** Dallas, TX | 900.0 |
| 25 | **Erie Materials,** Syracuse, NY | 182.7 |
| 42 | **Rosen Materials,** Sunrise, FL | 110.0 |
| 45 | **Kenseal Construction Products,** Baltimore, MD | 108.0 |
| 89 | **Texas Plywood,** Grand Prairie, TX | 35.6 |

### Top 10 dealers without manufacturing capabilities

| Overall PS100 rank | | 2013 pro sales ($ millions) |
|---|---|---|
| 19 | **Matheus Lumber,** Bellevue, WA | 211.9 |
| 21 | **Ganahl Lumber,** Anaheim, CA | 197.6 |
| 23 | **E.C. Barton & Co.,** Jonesboro, AR | 191.3 |
| 24 | **Shelter Products,** Portland, OR | 184.1 |
| 29 | **Ridout Lumber,** Searcy, AR | 148.2 |
| 32 | **Lampert Yards,** St. Paul, MN | 144.5 |
| 35 | **Kuiken Brothers,** Fair Lawn, NJ | 127.8 |
| 36 | **Idaho Pacific Lumber,** Boise, ID | 126.0 |
| 37 | **Professional Builders Supply,** Morrisville, NC | 118.8 |
| 51 | **Bridgewell Resources,** Tigard, OR | 97.9 |

### Top 10 dealers with manufacturing capabilities

| Overall PS100 rank | | 2013 pro sales ($ millions) |
|---|---|---|
| 2 | **ProBuild,** Denver, CO | 3,870.0 |
| 5 | **84 Lumber,** Eighty Four, PA | 1,821.6 |
| 6 | **Builders FirstSource,** Dallas, TX | 1,490.0 |
| 8 | **BMC,** Boise, ID | 1,140.0 |
| 9 | **Stock Building Supply,** Raleigh, NC | 1,137.2 |
| 12 | **Carter Lumber,** Kent, OH | 832.2 |
| 13 | **US LBM Holdings,** Green Bay, WI | 712.5 |
| 14 | **McCoy's Building Supply,** San Marcos, TX | 447.3 |
| 15 | **Harvey Building Products,** Waltham, MA | 385.0 |
| 16 | **Golden State Lumber,** Petaluma, CA | 276.5 |

this and a little dash of that.

"You need to be as diversified as possible to survive," he says. To Powell, whose company weathered the recession without losing any yards, the key to bouncing back quickly from the downturn is having your hand in many pots. That's why the company opened new locations in Texas, Arizona, and Idaho—far from its headquarters near Seattle.

Multifamily and commercial sales compose nearly all of Matheus Lumber's business. But Powell isn't attached to the idea. If there's one thing he's learned while steering the ship through rough seas, it's that change can come quickly, and unless you're careful, you may hit rocky shoals.

"Sooner or later, [multifamily] will slow down, and [the growth] will be in residential or something like that," Powell says.

The company saw most of its new growth in its blooming drop-ship business. To date, the company ships materials to jobsites in 35 states.

"People call us from all over the place—different states than we're set up in—to furnish materials for their projects," Powell says. "That's also why this has gotten a lot bigger in a hurry."

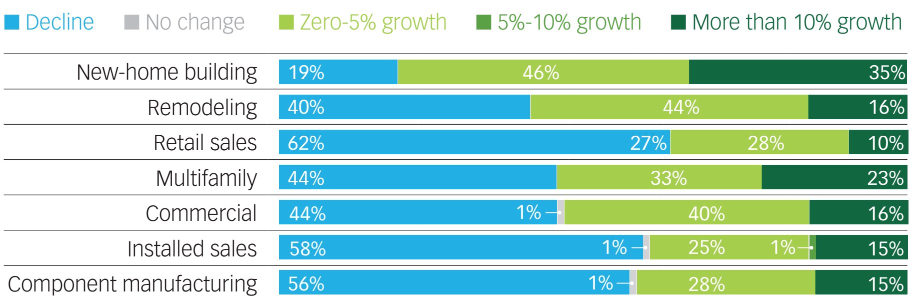
The strategy is clearly paying off. In 2010, during some of the darkest times of the downturn, Powell and his company clung to plummeting annual sales totaling just $60.4 million. Three years later, the company's total sales figures have more than tripled to a total of $214 million.

"I think that for the next couple of years we'll continue to grow," Powell says. But he humbly attributes some of his company's success to the favorable market outlook: "The building environment is really good at the moment.

## GROWTH EXPECTATIONS

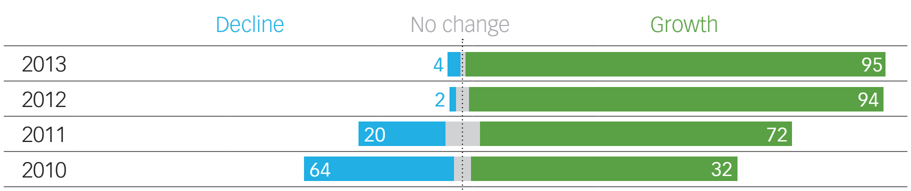
Reflecting continued optimism about the U.S. economic recovery, 35% of ProSales 100 companies expect new-home building growth in their markets and 23% expect multifamily to grow more than 10% in the next five years. That's down from 2012 when 47% expected new-home building growth, but a slight improvement for multifamily. Expectations for the remodeling segment also cooled a bit with just 16% expecting that book of business to grow by greater than 10%; whereas in 2012, 24% of dealers saw remodeling growth coming. Also, the percentage of dealers reporting increases in revenue came to 95% in 2013, a slight improvement over 2012.

### How ProSales 100 dealers expect segments of their business to perform over the next five years



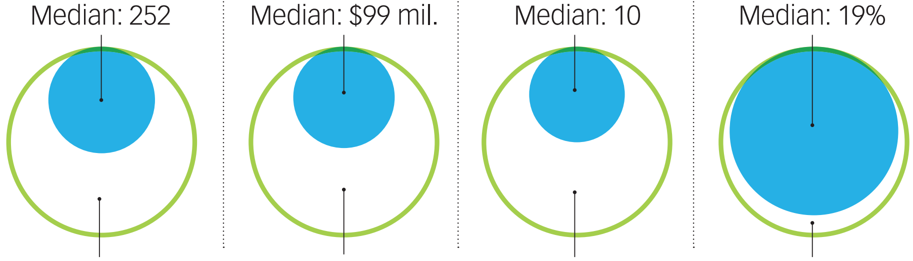

SURVEY BASE: PROSALES 100; RESPONDING: 93 TO 94; DUE TO ROUNDING, NUMBERS IN SOME BUSINESS SEGMENTS DON'T TOTAL 100%

### Number of dealers reporting increases, decreases, or no change in gross revenue




SURVEY BASE: PROSALES 100; RESPONDING: 100

| Number of employees at ProSales 100 dealers in 2013 | Sales by ProSales 100 dealers in 2013 | ProSales 100 dealers' locations in 2013 | Percent sales change, 2013 vs. 2012 |
|---|---|---|---|
| Median: 252 | Median: $99 mil. | Median: 10 | Median: 19% |
| Average: 750 | Average: $322 mil. | Average: 37 | Average: 22% |



It's one of the best it's been for a long time."

And despite the explosive sales growth, Powell knows from experience that it's still too early to declare victory. "If the economy's good, we'll do well," he says. "But if it goes in the crapper … then everyone struggles."

# Land Grab

Kodiak Building Partners gobbled up smaller dealers and specialty distributors to grow 124% last year. And it doesn't plan to stop anytime soon.

If Kodiak Building Partners had a motto, it might be work smart, not hard. Though the company is only relatively young, it's already earning more than $157 million in annual total sales, with six locations and 420 employees. It owes most of its success not to organic internal growth—though it had plenty of that this year—but to acquisitions made by the company's founding partners led by former ProBuild CEO Paul Hylbert.

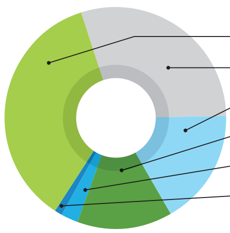
"We're very optimistic about the marketplace," Hylbert says. Optimistic is one way to put it, but CFO Steve Swinney has another word for it: bullish. In 2013, the company acquired New England Building Supply, based in Boston, and in April this year it bought the assets of Factory Builder Store, in

**Kodiak Building Partners**
**Sales growth:** 124%
**2013 total sales:** $157 million
**2013 total sales per location:** $26.1 million
**2013 total sales per employee:** $245,238

## EXPANDING BUSINESS

For the second year in a row, half of all ProSales 100 dealers that provide component manufacturing expect to see that portion of their business expand in 2014. While slightly more than a quarter of dealers currently build wall panels, 12% say their future plans include adding that component to their offerings. A smaller segment plans to expand into pre-built stairs, roof trusses, and floor trusses.

### Growth expectations for ProSales 100 component operations



**36%** Gradually expanding
**30%** Do not currently offer component manufacturing
**21%** No change
**12%** Rapidly expanding
**1%** Gradually reducing
**0%** Rapidly reducing

SURVEY BASE: PROSALES 100; RESPONDING: 95

### Component manufacturing activities by ProSales 100 dealers and future plans to expand offerings

| Service | Already offer | Future plans to offer |
|---|---|---|
| Pre-hung doors | 48% | 1% |
| Roof trusses | 41% | 3% |
| Floor trusses | 38% | 3% |
| Wall panels | 26% | 12% |
| Pre-built stairs | 21% | 4% |
| Windows | 15% | 0% |
| Assembled railings | 11% | 0% |

SURVEY BASE: PROSALES 100; TOTAL RESPONDING 95

### Contractor services offered by ProSales 100 dealers and future plans to expand offerings

| Service | Already offer | Future plans to offer |
|---|---|---|
| Blueprint takeoffs | 87% | 2% |
| Construction services | 42 | 4% |
| Co-op advertising | 56% | 5% |
| Volume discounts | 90% | 0% |
| Financing programs | 41% | 6% |
| Installed sales | 61% | 2% |
| Rebates | 58% | 2% |
| Same-day delivery | 95% | 2% |
| Showrooms | 91% | 1% |
| Training programs | 70% | 11% |
| Whole-house design | 25% | 7% |
| Whole-house engineering | 26% | 7% |

SURVEY BASE: PROSALES 100; TOTAL RESPONDING 95

Houston. Hylbert says that the newly acquired businesses should add $75 million to its annual sales totals.

The idea is simple. Kodiak acquires—or as it would say, partners with—dealers that do their job well.

"We buy the company," Swinney says, "but typically the seller takes a portion of that deal payment in interest and ownership in Kodiak. We think it's the best way to do business."

And with so much growth in the market, Hylbert compares the company's acquisition strategy to a land grab. Kodiak is a hungry beast, and there's plenty to eat.

"We see a very strong opportunity for investment over the next several years," Hylbert says.

One challenge that the company might face isn't finding opportunities to grow, but finding the *right* opportunities to grow. How does one find the right company to buy? Hylbert and his team think the key indicator of a strong company is its management.

"The largest hang-up to our growth is finding good management teams. We've got to have the right management teams because we're not the geniuses that are going to run [our acquired] businesses," Hylbert says.

On the flip side, it's prime time to buy, and Swinney says that his company wants in before that window closes. "We're very cautious and considerate in terms of not getting overly excited," he says. "As a result, sometimes the deal isn't going to come together."

If the market was a baseball game, Hylbert says there's plenty of game left to play, and plenty of runs left to score: