

## Recovering From the Housing Slump

An Interview with Maggie Hardy-Magerko,  
President and Owner, 84 Lumber Company, and Nemacolin Woodlands Resort

**EDITORS' NOTE** In 1992, Maggie Hardy-Magerko was appointed President of 84 Lumber Company. Early in her career, she worked at the Bridgeville, Pennsylvania 84 Lumber store and gradually moved into roles of increasing responsibility. She also serves as the President of Nemacolin Woodlands Resort.



Maggie Hardy-Magerko

### COMPANY AND PROPERTY BRIEF

Founded by Joe Hardy in 1956 in the town of Eighty Four, Pennsylvania – where the original store continues to operate – 84 Lumber Company ([www.84lumber.com](http://www.84lumber.com)) is the largest privately held building materials supplier to professional contractors in the country. The company operates more than 280 locations in 33 states across the United States, including four component-manufacturing plants. With nearly 3,800 associates nationwide, 84 Lumber Company provides professional contractors with quality building materials and industry-leading services, such as risk insurance, financing, and builder plan services.

Nemacolin Woodlands Resort is situated 70 miles southeast of Pittsburgh, Pennsylvania and features 335 luxurious guest rooms, suites, townhomes, and single-family homes, 125 of which are located in the spectacular Chateau LaFayette, with 42 more in the AAA Five Diamond Falling Rock boutique hotel and clubhouse, which serves the Pete Dye-designed Mystic Rock golf course. The resort is also home to the Woodlands Spa, offering more than 100 treatments. The property has more than 31,000 square feet of meeting and banquet space; 16 dining venues and lounges, including the AAA Five Diamond and Forbes Travel Guide Five Star Lautrec; and a private airfield. Nemacolin's outdoor attractions include two championship golf courses, a 30-station sporting clays facility, the 18-mile Jeep® Off Road Driving Academy, the new Nemacolin Woodlands Pet Resort and Spa; and the large, Hawaiian-style Paradise Pool.

### How has 84 Lumber managed to work through the U.S. housing slump?

The one thing we, and everyone in the industry, learned was that the way we used to weather downturns was not going to work this time. To survive required far more than closing unprofitable stores or exiting mature, low housing start markets. As we worked through this, we also laid plans to expand our

business offerings into construction areas where we had traditionally done little if any work and, thus far, we've been pleased with the results and see strong growth for our company coming from these sectors.

### Would you provide an overview of the services 84 Lumber offers and the strength in each service area?

In addition to our traditional material supply and services for single family home builders through our Construction Services Group, we have

taken an aggressive approach to commercial construction, such as hotels, college housing, retail, and professional office construction. Part of this is turnkey installation where the builder or general contractor can come to 84 Lumber and have us manage the entire process from materials management to labor to on-site installation supervision. The advantage to our customer is a package price and the knowledge that every step of this process is being handled by one company and one point person. The most common turnkey installation products are framing, roofing, windows and doors, and interior and exterior trim, but we will consider any turnkey application. The other advantage is that we can provide this service virtually anywhere, not just in markets where we have stores.

We have also aggressively moved into supplying energy related companies with a variety of products such as storage buildings, housing, and environmental products. We are located in the heart of two of the largest natural gas fields in the world – Marcellus Shale centered in Pennsylvania and Utica Shale in Ohio – and can quickly source and deliver products for these energy related companies.

### Where is the housing market in terms of recovery and are you seeing signs that we are pulling out of the slump?

This has been a four-year down cycle, and at various points, we saw what we thought might be the light at the end of the tunnel only to hit yet another slump in the industry. Over the past several months, I have been more optimistic that we are pulling out of the slump, but it has been and will continue to be a slow recovery process for our industry. A so-called normal housing market is about one million single-family housing starts per year and we are running at about half that level right now. Foreclosures continue

to be a significant problem as these homes flood the market with cheap, although often damaged homes, and the continuous haggling in Congress over budgets, taxes, and financial matters keeps consumer confidence down.

### With 85 percent of your business being derived from professional contractors and the bulk of that from single family home building, how will you expand your reach to the consumer market?

Since the early '90s, we have focused primarily on professional contractors and that will not change. However, there is a significant share of the consumer market that we have not pursued and now plan to. We started this push in 2011 and will ramp that up as we move through 2012. This includes resetting or remodeling about one-third of our stores, offering more homeowner installation programs – such as doors, windows, and decks – and further promoting our consumer online services, which include project quotes and an online store offering more than 55,000 products.

### Are there opportunities for women in the industry and what further action should be taken to attract women into senior roles?

There are opportunities, but as an industry, we need to do more to educate young women about them. At 84 Lumber, we aggressively pursue younger women, especially as it relates to corporate positions, because they can learn all facets of our company from those positions. Over the past four years, the opportunities have not been as great but, as we recover from the housing slump, we will put more of an emphasis on attracting both entry-level and experienced women into our company.

### What are you most focused on for the future to ensure that 84 Lumber remains a leader in the industry?

First and foremost, our focus is on retaining associates who are with us today – these people weathered the downturn and are the best of the best in the industry. We as a management team need to show them that, as we recover, the opportunities for promotion and stability are there for them. Continuing our diversification into commercial construction, project management, turnkey installation, and homeowner installation is equally important. Ours is a cyclical industry – it always has been and always will be. The mission for our management team is to maintain our base in the single-family residential sector while expanding into these other areas so that we are better positioned to deal with future cyclical turns. ●