

Providing Value to the Builder

An Interview with Mike McCrobie,
Vice President-Installed Sales, 84 Lumber



Mike McCrobie

EDITORS' NOTE Mike McCrobie assumed his current post in 2007. He started with 84 Lumber in March of 1998 as a part-time yard associate in Star City, West Virginia. He moved into a manager trainee post in 1999 and became a co-manager in 2000. Later that year, he was appointed Manager of the Star City store and became an area manager in 2002.

COMPANY BRIEF Today, 84 Lumber Company (www.84lumber.com) maintains its corporate headquarters in Eighty Four, Pennsylvania, where the original store continues to operate. The company operates 251 stores and four component-manufacturing plants, and employs 3,500 associates nationwide.

How critical is the focus on sustainability for 84 Lumber and what are some of your initiatives in that area?

Our experience with LEED to date has primarily been in the commercial segment of the building industry – that's where we've seen it grow the most. Based on the categories that we work within, there are two areas where we feel we can help: materials and energy.

Our industry needs to focus on energy and evolving energy codes. This is not only affecting commercial business but it is also affecting residential business, which is what we would traditionally be involved in day in, day out.

In terms of materials, we prioritize qualifying our store locations for FSC (Forest Stewardship Council)-certified materials, which are primarily commodity products. We currently have 53 stores that are certified with FSC.

The U.S. General Services Administration (GSA), which oversees the buying methods of the federal agencies, is the biggest supporter of LEED right now. We understand there may be some changes to the credit

system coming in June or July of 2013 that may drastically impact how LEED works with the material side and their biggest customer, the GSA.

When it comes to FSC, we're primarily focusing on making sure stores have the ability to purchase wood locally and can work with builders to ensure that the chain of custody remains intact.

We focus on selling our customers the features and the benefits of using sustainable products. Although they may cost a bit more up front, the product is often more environmentally safe and requires less maintenance. Sustainable products like composite decking and siding have demonstrated that they stand up better in the elements and the overall extended life of the product is superior.

Do you find that your customers understand this new imperative?

In our business, we deal with three basic customers: home owners, residential builders, and commercial builders and/or general contractors.

If you get in early enough with home owners, they're likely to choose a sustainable product because their houses are something that they're going to have to take care of in the future.

With a general contractor, a lot is based on the specification that is given by the building designer and/or architect, although we can sometimes make substitutions. However, those may not always be within the budget.

Often, residential builders will focus on being consistent with their product offering through the designs of their houses. So in offering 5 to 10 different model types, they will work with vendors to determine the best sustainable product in the marketplace to sell to their customers, the home owners. We work a lot with those builders.

So we've seen an evolution over the past few years in sustainable products and that will continue to increase over the next few years.

In 2007, when the residential housing market was in steep decline, you established a construction services division. What was the impetus behind this and what role does this division play?

In 2007, we had a lot of locations and as business started to decline, we had to determine how to diversify.

We were focused in the early 2000s on single-family, residential material-only supplies for home building. We had a lot of builders that needed materials, so we were taking their orders, building the material loads, and shipping them out. We knew when single family home construction starts dropped below 500,000 annually, we needed new programs to replace the decline in homes being built.

We realized that we needed to come up with a model that allowed us to increase the sales dollars available out of each start.

We have been installing since the late 90s/early 2000s, but it was a very store or market specific program, not something offered system-wide.

In 2007, we developed processes and procedures to take the basic construction services division global across all of our stores.

Over time, our company continued to right-size based on the economic climate. Right now, we're at 255 stores, including our manufacturing facilities.

We focused on developing a program that allowed our stores to offer a managed program to the builders that was market competitive and allowed builders to reduce overhead. We could take phases of the management out of it for the builders because we were installing; we were in control of the budget and construction process and, as a result, we started to grow those programs.

We toured all of our stores to speak with customers about this opportunity and to train our people to get the message to our builders. We did, however, consider that it would not work in every market.

What is it about 84 that has made it so successful in this industry?

What we try to do every day is hire and develop good people and let them service our customers to grow our business.

We also make sure we drive home the value proposition we bring to our customers.

From a construction services perspective, we are responsible for the budget control and the schedule, as well as the quality – that is how we differentiate ourselves.

On top of that, we are adamant that we manage our construction services and that sets us apart in the space because we make it as easy as possible for the builder to run his job. ●