



How Construction Supply Dealers Can Use the Internet to Serve Customers and Make a Profit



In the late 1990s many construction supply dealers led the Internet charge by creating Web sites and signing up for e-mail accounts. The buzz at a ProSALES Dealers Conference at that time was, "If you [dealers] are not exchanging transactions electronically with your customers you will not be in business next year." Well, that didn't happen and the Internet bubble popped. But at that time, dealers and customers began exchanging information via e-mail.

This same group of dealers that had initiated Web sites and the use of e-mail early on were probably the first dealers to purchase and install fax machines prior to the 90s. But the Internet has trumped the fax machine as the preferred way for dealers to communicate with their customers. Today, almost everybody is connected to the Internet.

What has led to this boom and how can a dealer capitalize? The availability of high-speed wired Internet at homes and businesses, wireless connectivity at coffee shops, truck stops, and restaurants—places where construction supply dealers meet customers and do business—and the availability of wireless connectivity with laptops and smart phones throughout rural America have all contributed. People are connected.

Once connected, search engines have also made it easier for builders to find products and product specifications. The typical small builder works on construction sites during the day and creates material takeoffs after hours. The Internet allows them to work when they want to work.

Since the Internet is now everywhere, the use of personal computers, laptops, smart phones, wireless tablet PCs, and even some e-book

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readers are common in people's business and personal lives. So, as with the fax machine—where everybody had to have a machine in order to communicate via fax to fax—the Internet allows almost any device that can connect to communicate. These devices are now a permanent part of our lives.

BENEFITS

To say that your builder customers are expecting you to do business over the Internet is an understatement. If you are not using the Internet by 2015 you may not be in business. In fact it may be sooner. Keep in mind, though, that just having a Web site is not doing business over the Internet.

Dealers such as Seattle-based Dunn Lumber, Merkley Supply in Ottawa, Ontario, and Sanford & Hawley, anchored in Unionville, Conn., have figured out how to use the Internet to do business. What can be learned from these dealers?

Merkley Supply understands what its builder customers want and it's delivering just that.



PRO-DEALER MODERNIZES FOR INSIGHT, SAVINGS, SERVICE GAINS



Bob Sanford, president of Sanford & Hawley, takes full advantage of bisTrack business software. The online sales portal, e-mail invoicing, and mobile devices that improve customer service are all powered by bisTrack's Internet portal, Web Track. Additionally, Sanford & Hawley gain insight and efficiency using bisTrack's integrated search, scanning, journey planning, EDI, CRM, and BI functionality. Sanford calls bisTrack "cutting edge software" with a "very happy group of users."

Read more in the Case Study.
www.progressive-solutions.com

Merkley allows customers to place orders over the Internet, obtain copies of orders or invoices from the past few years, and access shipping documents with signatures.

In addition to selling products to end users, Merkley also sells to other distributors. It can tweak its Web site format so that it makes sense for different customers. For example, a distributor two-stepping its products may only see its available products with a focus on those lines. But a residential builder may need to see all product lines. Merkley can tailor its site to serve both distributors and builders. Traditionally

Web portals were one size fits all, limited by one portal with one look. This flexibility allows Merkley to appeal to different customer groups.

How is this helping Merkley? Gary Milks, CIO of Merkley Supply, says that the company has seen a significant drop in phone calls coming into their facilities. Customers have stopped calling in for simple items such as requesting copies of prior invoices. Today, if a customer calls and wants a copy of

an invoice, he is directed to the Web site and shown how to log in and find information.

The site is also used by customers to place orders over the Web. Merkley Supply has set up an internal dashboard where it monitors incoming orders every morning; customers get a confirmation e-mail shortly after orders are placed. This type of communication gives customers a chance to review what is actually being shipped, which cuts down on the number of misordered items.



ONLINE SALES CATALOG TIED TO BRICKS & MORTAR INVENTORY

“Shop Online. Your nearest Dunn Lumber is as close as your keyboard” reads the company’s website.

Dunn Lumber manages its Internet product catalog and integrates online sales into their bricks and mortar operations using bisTrack’s online portal, Web Track. bisTrack takes care of integrating transactions and inventory allocations so there’s no confusion or duplication of effort.

Learn more about Web Track.
www.bisTrack.com



Placing orders in the past was done via two-way radios, phone, fax, and e-mail. But customers usually had no way to verify an order until it was delivered. Now, verification is automatic. This reduces the number of entry errors, placing the burden on the customer and not the salesperson.

Merkley has also reduced postage, filing, and sorting costs by simply e-mailing invoices and statements to customers. Plus, its system can e-mail customers at the time of invoice or on a certain day of the week or month. It is up to the customer to decide when he wants to receive an invoice. The rest is automatic.

What is next for Merkley? Currently, the company takes photographs of every delivery and keeps this on an internal server. Soon it will attach these to the sales orders.

Milks believes that anybody with a smart phone, iPad, or other PDA device should be able to place an order with Merkley Supply. “We want to make it as easy as possible for our customers to do business with us,” he says. “We want them to place the order again, and again. While we are only open from 7 [a.m.] to 5 [p.m.], we are actually open all the time.”

While Milks looks at real savings, consider Merkley’s competitive advantage: As it provides

ease and flexibility when it comes to ordering materials, it will gain business on competitors that do not offer these benefits. By the time competitors figure this out, its customer base could have already moved over to Merkley.

In addition to the external advantage of customers being able to access information, all of Merkley’s employees have access to the data via a virtual private network or VPN. For example, if an employee is at a customer’s job site, he or she can log on to the Internet and obtain simple information on the fly such as account balances, shipping dates, or product information for that customer.

While Merkley Supply is at the forefront of capitalizing on transitioning customers from paper and phone calls to the Internet, it is not alone.

“The Internet is an essential part of our lives,” says Bob Sanford, president of Sanford & Hawley. “People purchase an incredible amount of material over the Net. It is more convenient than driving somewhere. We are the bricks and mortar of our community. Today, with two working spouses, our consumers can’t come in during working hours.”

Since many of his customers are double-income families, they are working while his brick-and-

mortar store is open. But, like Merkley, Sanford’s company is open all of the time on the Web. But just showing products on the Web is not enough; Sanford & Hawley also provides a portal for customers to place orders.

Sanford & Hawley already provides photographs on its site of each delivery, a schedule for items being delivered, and a large catalog of products from its vendor, Emery Waterhouse. Customers can select their products, create the order, see when it will ship, and then see a copy of the delivery with a picture of the delivered load.

In addition to using the Web, the company also e-mails invoices. While Merkley looks at the savings, Sanford & Hawley sees additional benefits. “This helps remodeling customers cost their jobs right away as they add the invoices into their accounts payable system,” says Sanford. “The customers don’t have to wait till the end of the month or the postal service.”

Another way Sanford & Hawley uses the Internet is by allowing customers to opt out of receiving printed invoices while at one of its outlets and e-mailing these upon exit. At the company’s drive-through lumberyards, once the customer is loaded and has signed on a wireless hand-held device, the invoice is instantly e-mailed as he drives away.



The Internet gives your mobile sales, picking and delivery staff access to your inventory and order information wherever they are. Give remote sales staff access to customer histories and product information to help

them close the deal. Shown on the left, images of the delivery location can be appended to a sales order. On the right, forklift operators interact in real time with inventory and picking systems.

What's next for Sanford & Hawley? How about an iPhone, Droid, or BlackBerry application where customers won't need a Web browser to order? The phone will function as the browser with the look and feel of Sanford & Hawley on the smart phone application.

Another industry leader on the technology curve is Mike Dunn, president of Dunn Lumber. Dunn believes his company might have been the first construction supply dealer to have a Web site. His site, which was first launched 20 years ago, is designed for many hits. Dunn Lumber, in fact, had a Web site before a point-of-sale computer.

At that time, says Dunn, it was the first company to send out material lists using a modem. "Our customers expect that we have a portal to help with their account and to be used as a communication tool," says Dunn. "They tell us how they want it to look."

Instead of following a "build it [the site] and they will come" philosophy, Dunn asked his customers how they wanted the site to look and function. Then he had it built.

"When I started in the business as a young man I knew about every product we stocked," says Dunn. "And that was expected of me by the customers. Today you're not expected to know

about every product. You stock so many more and the salesperson can't possibly know about all of them."

So while Dunn Lumber was the first on the Web, it has not completely converted all of its business to the Internet. "You still have to have products on the ground and 'snail-mail' some statements," says Dunn.

People like to do business with people, so companies like Dunn Lumber also keep a good selection of products in stock, at a fair price. That makes it easy for customers to do business. But making it easy for your customers to do business means allowing them to do business with you on their time, not just when your store is open.

While search engines such as Google can crawl the Web faster than your computer screen can paint an image, it is somewhat disturbing to the customer looking for products. For example, a person building a home in Denver and looking for clay tile might find a product distributed in the Carolinas and not available in his area.

But that is changing. Instead of searching the entire Net, you can now perform a local search or you can go straight to the site of your local

lumberyard. That assumes that your dealer has its entire product line available.

If you do not provide access for your builder clients to conduct business with you over the Internet, get started now. This may involve upgrading your computer system. Many legacy systems are not able to provide access because they were developed at a time prior to acceptance of the internet. A technical person can dump your data from the legacy system to an external Web server. But you will typically find that it is less expensive to change to a new package than to modify a legacy system. Most of the software developed in the last five years offers Web-enabled packages for your customers to transact business with you. Prior to going on the Web, pilot some programs with a few of your builders and let them test-drive the site before you go all in.

If your company does not provide an easy access portal to place orders over the Net as do companies such as Merkle Supply, Sanford & Hawley, and Dunn Lumber, you will begin losing your customer base to companies like these. Because your customers all have access to the Internet, they're ready.

Are you?

Sponsored by Progressive Solutions

BISTRACK BUSINESS MANAGEMENT SOFTWARE TAKES OFF WITH LBM PRO-DEALERS



DESIGNED FOR LBM PRO-DEALERS

Progressive Solutions' bisTrack™ is business management software designed specifically with LBM pro-dealers in mind. bisTrack's workflow and capabilities match those of LBM dealers with a mix of contractor and retail business. It supports buying groups Do it Best, LMC, and Orgill. That's why bisTrack has won the approval of leading pro-dealers including ProSALES Dealer of the Year honorable mention award winner Sanford & Hawley and Excellence Awards for Technology winner Construction Supply.

bisTrack is now the fastest growing business software solution in the LBM industry, with new users and expanding functionality coming online at an unprecedented pace.

UNIQUE ROLE-BASED "PUSH"

What makes bisTrack unique is its ability to "push" role-based information to users as they need it, from directing workflow to sending credit alerts to flagging low margins or displaying dashboards of KPIs.

"We see mistakes as they happen. We see low margin alerts and fix them before

the order gets delivered to a customer," says Brian King, of Construction Supply in Farmington, N.M. "As well, the dashboards provide us with critical real time information that lets us make better decisions."

BUILT-IN, NOT BOLT-ON

King is referring to bisTrack's role-based dashboards, which, in addition to messaging and quick query technologies, are BI tools built into bisTrack's core that highlight relevant and important information for each user's profile.

bisTrack builds in other functionality, such as EDI, CRM, delivery dispatch, document management, Internet portal, and mobile apps so that all information throughout your business is in sync.

"We very much like the integrated solution," says Bob Sanford, president of Sanford & Hawley. "For example, in AR, bisTrack shows me all the past due accounts. I can drill down into a customer, get all the collections and credit notes, and click 'Generate Late Letter.' It's all in one place. It's giving us hours of productivity and helps make our business more profitable."

UNMATCHED AS A TOOL FOR EFFICIENCY AND PROFITS

bisTrack readily delivers the efficiency gains one would expect from an all-in-one business automation system. But bisTrack's price and margin control is often what makes bisTrack shine.

"When we originally justified the software, I was looking at savings in FTEs, support, and hardware costs. The unexpected benefit turned out to be margin," King recounts. "Within the first eight or 10 months, our margins went up over five points! So the payback from our investment in bisTrack software happened in just months."

The Progressive Solutions Commitment



We're committed to delivering results for our customers. We listen to our users, and we create solutions to provide the best competitive advantage that technology and expertise can offer.



John Matterson, VP bisTrack
Len Williams, President & CEO

UPCOMING EVENTS

BSIA BC Westcoast Building and Hardware Show
May 4-6 | Victoria, BC | Booth 7

Orgill Fall Dealer Market
August 18-20 | Boston

FBMA Gulf Atlantic Building Products Expo
September 23-24 | Kissimmee, Fla. | Booth 419

Details: www.progressive-solutions.com

About Progressive Solutions

For more than 20 years, Progressive Solutions has provided business management software solutions to the lumber and building materials supply chain, earning a reputation for exemplary customer care and product excellence. Its LumberTrack system is used by some of the largest lumber and wood products manufacturers in the world. Introduced in 2002, bisTrack is now used by leading lumber and building material suppliers across North America and the United Kingdom. Progressive Solutions shares our customers' commitment to quality, growth and profitability. We invest for the future. We deliver on our promises.



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Justifying business management software investments

How the experiences of other LBM dealers can help your ROI analysis



Raymond Building Supply's Candy Loweke and Duane Swanson are ready for growth. They believe that the efficiency and process discipline that bisTrack has brought to their company will help them rebuild to previous sales volumes without having to add administrative and many other staff.

Successful LBM dealers invest in business automation technology because they know it can help them achieve their growth and profitability objectives. I have interviewed LBM dealers extensively over the past decade about their investment decisions, and one thing stands out. 'Gut feel' about the product and the vendor play a significant role in making the leap to a new technology—which makes folks who like ROI analysis squirm a little. The fact is it's difficult to estimate ROI at all, let alone in advance, because it's often hundreds of small improvements that all add up to big returns. "I can't begin to put a number on it, but I know it more than pays for itself," says Candy Loweke, Process Analyst at Florida's Raymond Building Supply, who implemented bisTrack software from Progressive Solutions in 2009.

In this article, I'll share the experiences of two building supplies dealers: Raymond Building Supply, a recent PROSALES Dealer of the Year recipient rebuilding in the hard-hit Florida market; and Merkley Supply, a building materials supplier whose philosophy is to employ technology to dominate its market.

In both cases, bisTrack business software is integral to achieving their goals.

EFFICIENCY ALLOWS GROWTH WITHOUT STAFF INCREASE

Raymond Building Supply's timing for the implementation of bisTrack couldn't

have been better. As Florida's housing market sagged, bisTrack helped them re-structure their business to operate more efficiently. "bisTrack helps us do more with fewer people," Loweke reports.

"We've fixed problems we didn't even know we had," says Loweke, who values the way bisTrack's workflow ensures that all steps are completed properly and that everyone has the information they need in a timely manner. "bisTrack's workflow really guides the business model. You don't have to search for what slipped through the cracks, bisTrack points it out to you."

bisTrack does automatically what used to be done manually at Raymond including: re-entering EDI orders; generating daily, weekly, and monthly reports; calculating sales tax; and searching for and re-filing documents. "The Find feature and Related Documents have been surprising time-savers. We've eliminated a lot of redundant administrative tasks and repurposed several full-time employees," Loweke says. "As our market rebounds, we'll be in a great position to grow without having to add staff."

HIGHER MARGINS AND TIGHTER CONTROL

Merkley Supply and Raymond both make extensive use of bisTrack's easy access to information and tools to slice-and-dice data for analysis and tighter financial control. For Raymond's Loweke, the ability to "get anything out of the system" using dashboards and smartviews has saved her

countless hours and given managers insight into their operations they couldn't get before. Further, Loweke praises bisTrack's ability to link related documents and drill down for more information so that employees can quickly find an audit trail or background information.

"Our managers have their bisTrack dashboards up 24/7, constantly monitoring our business operations in real time with much greater efficiency," says Duane Swanson, Jr., President and CFO of Raymond Building Supply. "Whether it's gross margin exceptions, system alerts, you name it, the information is all there so they can be more proactive. That's just huge. It's all about the dashboards to me."

"We're up about a half point of margin because pricing is automatic now," says Robert Merkley, president of Merkley Supply, referring to the fact that bisTrack tracks current product costs to quickly change pricing to maintain margins.

PROACTIVE SALES & MARKETING

Merkley Supply recently used bisTrack to spot a million dollar opportunity in an untapped customer segment for one of its major product lines. They use photographs stored in bisTrack to "sell ideas," and they're using bisTrack's internet portal, Web Track, to offer online sales and account management to customers and two-step dealers, a move they hope will offload counter sales by 10%.

Merkley Supply also makes extensive use of bisTrack's built-in CRM features to track construction opportunities and marketing campaigns. They also manage the team of a dozen sales and marketing employees using a series of bisTrack dashboards and smartviews to track

bisTrack: Real Customers. Real Results.

Raymond Building Supply

- Reduced administrative staff
- Countless hours saved getting information and reports
- Proactive managers
- Positioned for growth without added staff

Merkley Supply

- Margin increase due to price controls
- New \$1 million sales opportunity uncovered
- Online sales to offload counter staff by 10%
- Virtual elimination of delivery disputes, summer overtime, misuse and misappropriation

progress on outstanding quotes and undelivered orders.

“We’re very proactive and try to push the sales and marketing envelope,” says Gary Milks, Merkley Supply’s IT Manager. It’s a strategy that’s paying off for Merkley Supply, which is on the suppliers list for an impressive 80% of local construction projects.

CURBING COSTLY MISTAKES AND MISUSE

Merkley Supply has extended bisTrack’s reach into its yard and delivery trucks with camera-phones, GPSs and mobile inventory, receipt, and delivery apps. In addition to the anticipated efficiency gains, Merkley Supply has virtually eliminated customer delivery disputes, as well as summer overtime delivery hours and truck and inventory misappropriation. “Some results were definitely an eye-opener,” recalls Milks. “We didn’t quite realize that people were taking advantage as much. So that’s been a real good bonus for us.”

Merkley Supply has virtually eliminated customer delivery disputes, as well as summer overtime delivery hours and truck and inventory misappropriation.

Loweke concurs, recounting how bisTrack uncovered issues they never would have known about: mistakes due to “lost paperwork” and kits where inventory was not fully allocated. And more troubling was disappearing inventory and purchases for personal use.

TIME TO REPLACE OBSOLETE TECHNOLOGY

Raymond Building Supply replaced an ECS Pro system. Merkley Supply replaced a custom system on a mainframe.

Both selected bisTrack for its modern platform based on the SQL Server database, which enables easy data access and interchange. Further, the familiar Microsoft user interface makes training easier, as well as raising user competence on MS Office applications.

CHOOSING THE RIGHT VENDOR FOR ONGOING OPTIMIZATION

When software runs your business, it’s so important to be able to count on your software vendor to be a partner in your success. When I talk to Progressive Solutions’ customers, they describe the company using words like: customer-focused, knowledgeable, receptive, supportive, professional, and stable. And phrases like: “people of integrity,” “completely met every representation,” and “great to work with.”

Moreover, Progressive Solutions fosters an independent User Group that Craig Webb, PROSALES’s editor, says are “smart, innovative, creative people looking for quality solutions.”

“They see possibilities in technology helping them run their operations better. They’re eager to share ideas to catapult them to even better things,” Webb continues. “They chose Progressive Solutions as their information supplier which I think is a great credit to Progressive Solutions.”

REAPING THE RETURNS

So, now to the bottom line. What was the return on investment (ROI) at Raymond Building Supply and Merkley Supply? Ask them, and they’ll tell you there are too many variables, too many subtle efficiencies, too many insights and opportunities uncovered to be able to quantify them. But they’ll tell you that bisTrack has easily paid for itself.

How much ROI will your company get from bisTrack? The folks at Progressive Solutions would be happy to help you try to figure that out.

Look for clues in the redundant and repetitive tasks your administrative staff do. Is your supply chain automated or does someone re-enter the order? Ask your staff how often there are inventory variances, invoicing errors, customer disputes, paperwork searches, and how many people do you have chasing these down?

Ask yourself when you last analyzed your margins by product, customer, and salesperson, and how often you change your prices compared to how often your suppliers change theirs. How much would every 1% point of incremental margin be worth to your company?

Ask yourself how you’re going to gain market share. What’s your competitive advantage? How will you regain lost customers? Attract new customer segments? Reward loyal customers? Are you ready for online sales? Remote access and monitoring?

Your ROI answer lies in the answers to these questions. Chances are you’ll only get halfway through the questions before you pick up the phone and call Progressive Solutions.

ABOUT THE AUTHOR

Carole Randle is a consultant and marketing specialist with 25 years experience with technology solutions for industrial and industry-specific applications, in particular the pulp and paper, wood products, and building materials industries.



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