

ProSales

Strategies for Today's
Construction Supply Leaders

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2020 DEALER OF THE YEAR

Hammond Lumber Company grows
via acquisition, customer happiness,
and employee satisfaction





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DEALER

OF THE YEAR

Hammond Lumber Company

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The Belgrade, Maine, dealer has found success by balancing acquisitions, customer happiness, and employee satisfaction

BY CURTIS SPRUNG

Developing a positive reputation can take years or even decades of hard work. Some of the biggest companies in the world spend millions of dollars to emphasize that they “think different” to their customers. In the LBM world, a bad reputation can be the death knell for any dealer. Relationships between dealers and builders matter, so much so that one poor experience could be the domino that fells a formerly successful titan.

Hammond Lumber Co., headquartered in Belgrade, Maine, has developed a reputation as being the go-to dealer for other dealers to sell their business to. Since its first acquisition in 1983, the company has slowly but surely climbed the ranks of the ProSales 100 list, culminating with the 2018 acquisition of EBS Building Supplies, which helped its annual revenue soar 54.6% to \$252 million. The acquisition brought 10 locations and roughly 320 employees under the Hammond banner, and launched the company to number 25 on the 2019 ProSales 100.

Perhaps most impressively, the acquisition went incredibly smoothly. CEO Mike Hammond attributes this to a team that’s been through acquisitions and has had the chance to complete the process again and again.

“EBS and the acquisition of 10 branches has been our largest acquisition to date. I felt very comfortable with it because we have a very experienced team with which we have done many acquisitions before. We all have mental telepathy with one another. When one acquisition comes to fruition, our ops guy, our inventory person, our human resources, we all know what we’ve got to do because we’ve done it six times before,” Hammond says.

That major acquisition, Hammond’s successful ERP conversion to Epicor’s BisTrack, and an award-winning safety program have all added up to secure Hammond Lumber Co. as ProSales’ 2020 Dealer of the Year.

MAINE COMPETITORS

Only a few of the 2019 ProSales 100 have locations in Maine. That type of tightknit market means you’re interacting and competing with people you know on a regular basis and you’re as likely to discuss the result of a youth baseball game as you are the big builder rumored to come to town.

“My job as president is to be in tune with all of our markets, which is pretty much the state of Maine,” Hammond says. “I want to do the state of Maine well and



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so I need to know from lumberyards to customers to employees to wholesalers to manufacturers, I need to have my hand on the pulse of all those important groups.”

With such a dedication to networking, it’s only natural that talk of big dealers breaking into the state comes up. The last decade has seen some of the biggest consolidations in LBM history, and it’s always a concern for smaller dealers when a national chain comes to town. For Hammond, this means a strategy of proactive growth. It meant taking the knowledge that EBS was being run by a management trust of key employees with no real succession plan and reaching out. It meant laying the seeds over a period of five or six years, just having casual conversation about what the future of EBS looked like. And, ultimately, it meant acquiring EBS and expanding Hammond Lumber’s reach to the entire state of Maine.

THE EBS ACQUISITION

From the perspective of many EBS employees, the acquisition by Hammond was a complete surprise. EBS was successful, ranking 80th on the 2018 ProSales 100 list.

“There was an ownership team at EBS and it was upper management people,” says Hannah Colson, CFO at EBS at the time of the acquisition and currently CFO at Hammond. “I think it was five originally and

JASON PAIGE SMITH

From left to right: Don, Clifton “Skip,” Sadie, and Mike Hammond





it was down to three. The general population just kind of expected that to just continue and hadn't really thought about a change like this. When we made the announcement, it was a big shock to many."

Part of that shock came from the tight lid that Mike and his team were able to keep on the discussions. After years of going through the process, they had learned where leaks commonly came from and were able to avoid news of the decision leaking out. On June 27, 2018, the acquisition was made public and the team at Hammond put into place its proven strategy for making everything go as smoothly as possible: Do nothing.

That's an oversimplification, but for the most part, the former EBS branches were able to continue with business as usual. Instead of forcing a change right away, Mike and his leadership team took the time to sell the change to their new employees. Handouts were printed introducing the new employees to the Hammond family and frequently asked questions were answered so employees could bring something home to share with family members.

"Mike also had all these one-on-one meetings," Colson says. "I don't think he met with every single employee, but it certainly felt pretty darn close! Anybody that wanted to was certainly invited to have a meeting and it was really incredible that Mike took the time to do that. Looking him

in the eye and shaking his hand and hearing how much he valued each person was really great for all the new employees."

A FAMILY AFFAIR

Honoring all employees' requests for a meeting was just part of the bargain for Mike Hammond. Putting the Hammond name on each of the new locations meant that each employee was now under the family umbrella. Hammond knows firsthand how it feels dealing with the uncertainties of a new owner coming in or a disgruntled customer or a problem with a shipment. Instead of having an office that signals who he is, both Mike and father Don work with everyone else in the company in the "pit."

"We like what's called the open pit system," says Hammond. "We do not like back offices. We like setting up what's called a center pod system and everyone can hear what's going on and we work as a team together. My dad sits next to the dispatcher in Belgrade, so when there's a stock outage, he'll interject and say 'We're going to substitute this product and get the customer taken care of.' Any employee or customer can walk up to my desk with no appointment and tell me whatever they would like."

Part of that openness could come from Mike's history with the company. He started working in the family business in high school, working in the yard and driving trucks. He continued in those positions as he attended the University of Southern Maine, purposely close to home so he could continue to learn the business. In 1992, Mike transferred to inside sales, and in 1996 became vice president.

Working your way up the family business isn't that unusual, but at Hammond the path that Mike took is actually the template for internal promotions. A yard worker interested in advancing might come inside and join the merchandising team. From there the path continues to inside sales,

SAFETY FIRST

In July, the Northeastern Lumber Manufacturers Association gave Hammond four 2018 awards for outstanding safety performance at the company's sawmill and planer mill in Belgrade. Mills in the New England states, New York, and Pennsylvania are eligible for the awards.

Hammond won first place in Division 2 (representing mills with 25,000 to 50,000 annual worker hours) for the combined operations of its Belgrade mills. The dealer also won first place in Division 1 (representing mills with less than 25,000 annual worker hours) for planer-mill safety, first place in Division 2 for sawmill safety, and received a certificate for achieving an accident-free year in both mills.

According to safety director Bruce Pelletier, there hasn't been a lost-time accident in the sawmill or the planer mill since 2004 and 2001, respectively. The company established a safety committee in 1985, which meets each month, to identify and correct potential safety hazards.

then outside sales, to purchasing, branch management, and finally senior leadership. The initial shift from the yard to inside isn't always a good fit for everyone and Hammond is aware of that. Those that aren't a good fit are able to re-transition back to the yard with no punishment.

Providing a transparent path to promotion has attracted dedicated workers that sometimes span generations.

"We do not discourage nepotism," jokes Fred Perkins, former truck driver and current sales manager at Hammond. "We have many, many family members, spouses, multigenerational employees that work here at Hammond Lumber Co."

Perkins attributes the number of intergenerational employees to a simple firsthand knowledge that the company is going to succeed. A brother might see the living that a family member has made and decide to apply for a position himself. With so many family members in one company, Mike Hammond understands the significance of keeping the company

science, just treating people fairly."

Part of that fairness is knowing family comes first. When it comes to time off or leaving work early, the one event that trumps all others is a family event. Whether it's a ballgame or a cookout, those moments can be fleeting and the team at Hammond understands that there's always time to work.

"We realize that employees' kids only have ballgames once, they only grow up once," Hammond says. "We have a very liberal policy on allowing employees to watch their children's events."

ONBOARDING

While newly acquired EBS branches were able to operate as they had in the past without much change, behind the scenes the Hammond IT crew was preparing to bring all of the new locations onto Epicor's BisTrack system.

"They had their point of sale system that was running the business on that side of things," Perkins says. "The biggest

was a monumental undertaking that required months of preparation. The IT department needed to improve the hardware, while the inventory team needed to eliminate redundancies, reconcile pricing differences, and add new items. Doug Phillips, inventory manager, wrote in a post-launch email to the company that 12,000 new items needed to be added while 5,500 existed in both systems but with different product codes.

On top of all that, employees needed to be trained on the new system. Continuous training is part of Hammond's culture, with eight staff members dedicated to it and a dedicated training room at the Belgrade location.

"Normally we would allow our training staff to dedicate to one or two locations," Hammond says. "With EBS with 10 locations we had to have groups. We have a beautiful training room here in Belgrade which has 32 computer monitors all set up so we can train salespeople right here."

Employees from legacy Hammond branches were also brought in as part of a mentorship program to answer questions and ensure no one was left in the dark. In the weeks leading up to the go-live date for the transition, these mentors traveled to the former EBS locations and worked, staying overnight. Each mentor was selected for expertise and sent to a branch where that expertise would be put to use.

The go-live date at the beginning of March meant that the company could use the slower winter months to complete employee training. To ensure a smooth final transition, all Hammond Lumber locations were closed for one weekend. This marked the most visible change to customers of the acquisition yet.

Providing a transparent path to promotion has attracted dedicated workers that span generations.

successful; it may be his family's name on the sign, but nearly a thousand people work for him. For him, that challenge is summed up easily in one-word: stewardship.

"The state of Maine has a lot of good lumberyards that carry their family's surname," Hammond says. "You really have to be a good steward to be worthy of carrying on the legacy of which they're very proud of. It's not really rocket

priority was continuity and limit disruption for the customer. It was a goal of ours to maintain customer service and continuity and have a high sensitivity to all of those aspects through the season of 2018. And then we began our computer transition in the fall of 2018."

All former EBS locations needed to switch from an outdated Microsoft DOS-based application to the Windows-based BisTrack software. Transitioning

HAMMOND LUMBER GROWTH

Hammond Lumber was founded by Mike's grandparents, Clifton "Skip" and Verna Hammond in 1953 and has grown steadily ever since. Some major acquisition milestones in the company's history include:

A new planer mill is built and Hammond Lumber's second retail store opens in Skowhegan.

1975

Starbird Lumber in Farmington after a fire

1983

Peter-Allen Lumber in Lewiston-Auburn

1989

Hammond Lumber's store in Greenville is purchased from its previous owner, serving customers in the Dexter, Jackman, Rockwood, and Moosehead Lake region.

1991

BEST OF BOTH WORLDS

With the transition of every location over to the same computer system, the former EBS locations were finally brought into the fold of Hammond Lumber.

“There was almost an excitement to getting onto the same computer system and really becoming one team,” Colson says. “None of the 21 stores are exactly the same but there’s also some nuance between, whether you call them green [for EBS] or red [for Hammond] or legacy and the new stores. The interesting part is all of the newer employees are really excited to put that behind us and just be Hammond.”

With every location on the same system, new operating policies and procedures were put in place to ensure each location had the quality customers associated with Hammond. It also meant that things the EBS locations had relied on for years were no longer available. This friction meant that branch managers started requesting more information and pushing back on policy changes. Where some companies might push back and attempt to force a corporate monoculture, Hammond listened and was able to implement feedback so branches had the tools they needed to succeed.

The goal was to combine the best of both Hammond and EBS policies. For example, branch managers were eager for a sales report by product line. This type of granular feedback was implemented quickly to give each location the best tools for success.

“In the end, what we’re really looking to do is bring the best of both to the top,” Colson says.

Some of the changes reversed long-held customer behaviors but Hammond listened and things were



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restored to how they used to be. For example, EBS customers were originally trained to drive through the warehouse first, pick products, and then get written up at the end, while the Hammond tradition was to go into the store first. A few tweaks to the Hammond method allowed the customers to continue operating the way they always had.

The company’s practice of actively listening hasn’t gone unnoticed by customers. Kevin French, executive vice president of Landry French Construction, has been buying from Hammond for more than 20 years. “I would say it’s the personal connection. ... Their salespeople stop by our offices regularly, stop by our jobsites on a regular basis.”

For French, the EBS acquisition was good news. As a builder throughout the state of Maine receiving daily deliveries from Hammond, he found the company’s expanded presence to be an advantage.

LOOKING AHEAD

With the EBS merger in the background, Mike is looking ahead. Because the

company has several acquisitions under its belt, Hammond has developed a reputation as the go-to company to sell your yard to if you’re looking to exit the business. Mike has fielded a number of calls from owners looking to sell, but maintains a policy of responsible growth.

“This company is in my blood,” Hammond says. “I enjoy the scaling of the business. ... I want to concentrate on Maine. Without throwing out my playbook, we assess each day, day by day. It’s a balance of growing in a reasonable manner.”

Mike has only been CEO of Hammond for three years, but the company’s next CEO could already be waiting in the wings. His daughter, Sadie Hammond, joined the inside sales team only a few months ago. The small business Skip Hammond started in 1953 has grown steadily over the years to dwarf its competitors. Through measured acquisition and growth, Hammond Lumber now spans the entire state of Maine. Who knows what it will look like once the next generation takes over?

Fairfield Lumber
in Fairfield

1997

Former Wickes
location in Bangor

2002

Downeast
Building Supply
in Brunswick

2010

Poole Brothers and New England
Building Materials, adding three
locations in Damariscotta,
Boothbay Harbor, and Pemaquid

2011

Assets of
Dexter Supply
in Wilton

2014

EBS Building
Supplies,
adding 10
locations

2018