

Long-term view lifts Carter Lumber

By KEN CLARK

AKRON, OHIO — There was some talk that given the current building environment for the housing industry, the annual Carter Lumber managers' meeting would be postponed, scaled back or canceled.

But president and CEO Neil Sackett, grandson of founder W.E. Carter, wouldn't take "no-show" for an answer. "With a tough economy, we believed it was more important than ever to bring everyone together," said Sackett about the Akron event, which brought together all of the company's store managers, executive team, top sales people and about 130 vendors. "It showcases our strength as a company."

The company's "full-speed-ahead" attitude toward its annual meeting reflects at least two of the ideas guiding the \$628 million, 195-unit pro dealer: finding opportunities today and building for tomorrow.

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FULL SPEED AHEAD Jeff Donley (left) and Neil Sackett believe opportunities exist today.

These goals are obviously much easier said than done — even in flush times. But Carter's recent performance is well ahead of the pro dealer average as compiled by the HCN Top 500 Scoreboard. Carter's sales decline of 2.2% is a long way from the list's pro dealer average contraction of 16.4%.

"The turnaround will come, but waiting on this to happen is not an effective strategy," said Jeff Donley, chief operating officer, who stresses the need to focus on those things within Carter's control. "In all of our markets, we have been aggressive in our approach to increase market share with the professional builder."

Among things Carter can

control, according to Sackett and Donley, are the corporate direction, employee motivation, hiring and building customer relationships. And that's where the management focus is. There's no better business strategy than engaging customers, talking to them and listening to them, Donley explained.

The company points to investments in its outside sales force, installed sales program and its continued investment in its Yard Rewards loyalty program. In fact, customer participation in the company's Yard Rewards program increased in 2008 and is tracking even higher in 2009.

Another key principal for Carter is that success begins

with its own people. "The biggest thing we've done is we're continuing to invest in this company during the downturn, even though it may be costing us money," said Donley. "It's going to pay off for us in the long run."

"In every aspect of our business, we have taken the last 18 months to upgrade our personnel," Donley said.

As Donley points out, housing starts are only one part of the business equation for a lumber company — another major factor is the number of competitors in a given market. And in markets where competitors are scaling back, there are opportunities for actual revenue growth.

Still, cuts are just part of doing business in 2009, and Carter Lumber has not been immune, said Donley. "But we are very selective in the areas where we are cutting costs," he said. "There are a lot of areas where we could cut that would help the bottom line today but would hurt the bottom line tomorrow."

"People are the strongest asset that will help carry us through these challenging times," said Sackett. ■