

IS YOUR DECK READY FOR SUMMER?



RAILING DYNAMICS, INC.
For home, for life.®
www.rdirail.com

Turn to **Metrostudy** for your **Market Studies**
Request a consultation today!



DEALERS

Home > News > Dealers > Can Independent Building Supply Dealers Survive? Yes—Even thrive.

Posted on: May 13, 2015

Executive Decisions

Can Independent Building Supply Dealers Survive? Yes—Even thrive.

Independents have advantages that the big boys lack

By [Don Magruder](#)

There are a lot of big [deals](#) going on in the building supply industry, and many of them are high risk and high reward. Many executives are banking on an American economy and housing market that continues to underperform. For many executives, the bitterness of the Great Recession is still too vivid to push many of their chips on the table. Only time will tell if these big deals will work, but in this new era of consolidation, can an independent building supply dealer survive? I believe that they will not only survive, they will thrive.

First and foremost, no one has cornered the market on success or failure. Because of new [technology](#), the behemoth national dealers cannot crowd the independents out of the marketplace. Innovative entrepreneurs are reaching new customers every day and building million dollar businesses. I compare it to network television news. Twenty-five years ago, the *big three* monopolized news; however, today they are fighting for their lives. All of these independents in America are just like that—slowly eating away at the big guys.

Many argue that big hedge funds and investment banks can clobber independents with money. While there is a definite money advantage, don't forget that smaller, wealthier local investors are looking for sources of good returns. I expect the distrust of Wall Street and the large banks will push the smaller, wealthier investors to local investments where they can be assured their investments are sound. Many forget that the local investor is how most of these independents got started.

Manufacturers, wholesalers, and vendors are targeting independent dealers more, because many of them have been burned by the one-sided, disloyal deals of national dealers. Many vendors see independent dealers as real partners for moving their [products](#), and it appears the spread in pricing and terms have tightened up between national and independent dealers. In the future, expect greater support from vendors to independents as they seek to change the *all-in-one* strategies of the national supplier.

Probably the biggest advantage is the people factor. In the last 10 years, how many times have the national suppliers changed their name, replaced leadership, changed direction, and closed locations? Right now, thousands of people in our industry are on pins and needles because they have no idea whether they will have a job six months from now. Independent [dealers](#) talk in years as to employee retention, and good employees are confident that their job is safe. Stability and security are a big deal in the workplace; something money can't overcome.

The biggest reason why independent dealers will thrive and survive is you cannot create a [business](#) model that works for the national professional industry. It is truly amazing how diversified and different each [construction](#) market is, with their various code interpretations and idiosyncrasies. As much as a national supplier proclaims it will allow each market to have autonomy, the monster in the home office can't help itself.



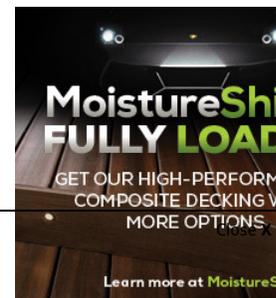
Perfect Balance
The ideal blend of deck railing and accessories from a single source



ABOUT THE AUTHOR



Don Magruder
Don Magruder, CEO of [Ro-Ma & Supply](#), former chairman of the Building Material Association, and former past president of the South Mississippi Home Builders Association. Contact him at don.magruder@romaclumber.com 352.267.5679.



MoistureShield FULLY LOADED
GET OUR HIGH-PERFORM COMPOSITE DECKING WITH MORE OPTIONS.
Learn more at [MoistureShield.com](#)

The graveyard of the supply industry is filled with national providers who failed to understand or could not pull off a national supply model that allows for a real local market service component. An independent dealer's innate ability to accommodate various local contractor best practices, which becomes that area's norm, is the problem. Throw in a manager who has little or no understanding of the market and you have a situation in which the national provider is forced to lead with low price. And so the downward cycle begins.

It is my view that the future looks very promising for the independent dealer. As national suppliers naturally unwind, more independents will spring up. I suspect some of those thousands of people who are on pins and needles about their jobs with the national suppliers are already plotting and planning on opening the next new independent building supply company.

Don Magruder is a contributing editor for PROSALES. don.magruder@romaclumber.com

TRENDING

 **The 2015 ProSales**

House Bill Filed to Lessen Le Rule's Impact

Can Independent Building Su Dealers Survive? Yes—Even t

Advertisement

FSS Will Rent Your Roof!



FirstStepSolar.com

CALIFORNIA HOMEOWNERS:
We are paying home owners just for going solar. Sign Up!

Keywords:

Subject:

Mergers and Acquisitions Construction Trends

The Tapco GROUP

GENUINELY BETTER BUILDING PRODUCTS

Better is just the beginn

Find out what makes us genuine

MORE FROM PROSALES



Editor's Notes
Five Reasons Why ProBuild Failed



ABC Supply Acquires Minnesota Distributor



ABC Supply Acquires Worcester, Mass., Distributor

YOU'RE INVITE

Sign up for ProSales Business the nation's premier weekly report happening in construction su



Beacon Roofing Supply Acquires Portland, Maine, Dealer



Central Network Retail Group Acquires Georgia Dealer

JOIN THE DISCUSSION

Please read our [Content Guidelines](#) before posting

Close X

[Ads by Google](#)

[Pipe Marking Wall Chart](#)

Free wall chart - pipe color coding standards set by ANSI and ASME

www.duralabel.com

[Franchises under \\$10,000](#)

Franchises for less than \$10K. 100's of low cost franchises.

franchise.franchisegator.com

MAY 22: Obama Urges Homeowners To Avoid 30 Year Mortgages

If you owe less than \$625,000 on your home, use Obama's once in a lifetime mortgage relief program. The program is totally free and doesn't add any cost to your refi. The bad news is that it expires in 2015. You'll be shocked when you see how much you can save.

Click Your Age: 18-25 26-35 36-45 46-55 56-65 66-75 OVER 75

[Calculate New House Payment](#)



[NEWS](#) [BENCHMARKS](#) [BUSINESS](#) [PRODUCTS](#) [RESOURCES](#)

Builder

professional

- Does the Nest Thermostat Save Energy?
- Pressure Mounts to Reform RRP
- Home Depot v. Lowes 2015
- Connecticut Adopts Statewide Home Energy Rating Tool
- Hurricane Season-Opener Tropical Storm Erodes Carolina Beaches
- Bethesda Builders Sound Off on Tree Canopy Issue

- 3 Baby Boomer Housing Must-Haves
- The Fastest Growing Cities in America, Served 5 Ways
- Single-Family Built-for-Rent Housing Slows Down
- Deluxe Reduction: Luxury Home Prices Show Little Growth in Q1
- New Growth: Lumber Set to Build on Its Rally
- At Long Last, Builders See First-Time Home Buyers Returning

- Concrete Decks for Coastal Homes
- Installing a Patio Cover
- Faster Deck Piers
- Ipe Decking Finishes
- Building a Commercial Deck
- Better Deck Piers Part 2



2015 DIGITAL EDITION

[Subscribe](#)

ProSales is the authoritative and independent multi-media source of news, information, and expertise for pro-oriented building supply dealers and distributors in the U.S.

ProSales Relevant Sites: [Builder](#) | [Remodeling](#) | [Tools of the Trade](#) | [Custom Home](#) | [Metrostudy](#)

hanleywood

Copyright © 2015 Hanley Wood Media, Inc. All rights reserved.

[About](#) | [Magazine](#) | [Contact Us](#) | [Privacy Po](#)

THE DEAL ON ENGINEERED LUMBER WE'RE CUTTING YOU

AN INSIDE LOOK



Close X