

# LMC: A legacy of strength

## Lumbermens Merchandising Corp. enters its 90th year

**E**verything begins with the members. That's how LMC leaders in Wayne, Pennsylvania describe the culture of the \$7 billion strong lumber industry co-operative.

"We work very hard to instill in our dealers the feeling that they come first," said John Keeley, vice president of building materials. "We have the cream of the crop of independent lumber dealers. And it's important for us to provide them with the service that they expect."

One part of that formula is pooled buying power. Another is the synergies fostered by collaboration — site visits, educational events, roundtables and other growth-inducing networking opportunities.

To borrow from Rudyard Kipling: The strength of the co-op is the members. And the strength of the members is the co-op.

Over the decades, LMC has evolved with technology, programs, expansion and expertise. And at the heart of it all is the concept of buying power and efficiency.

"The LMC members are looking for this organization — this corporate office here in Wayne Pennsylvania—to pro-



**Rings End Lumber (top) of Connecticut and J.C. Snavely of Pennsylvania have grown through the decades with LMC. Below: LMC dealers develop leadership skills at Northwestern University's Kellogg School of Management.**

vide that down-the-hall-office concept in overall purchasing," said Vern Dando, vice president of panels, special wood products and logistics. "That remains the key to making our dealers the most successful they can be."

It's an approach that's produced industry-leading success for nearly a century.

**"The strength of the wolf is the pack.  
And the strength of the pack is the wolf."**

— Rudyard Kipling



# Major moments and milestones

From a simple idea, nine decades of growth and success

**D**uring the depth of the Great Depression, a lumber dealer pitched the idea of group buying to his colleagues in the industry. That dealer's name was Jim Buckley. And on Oct. 1, 1935, a collection of visionary lumber dealers formed Lumbermens Merchandising Corp. Today, LMC is a leading forest products and building materials buying group representing nearly 450 Dealers with over 1,900 locations in all 50 states

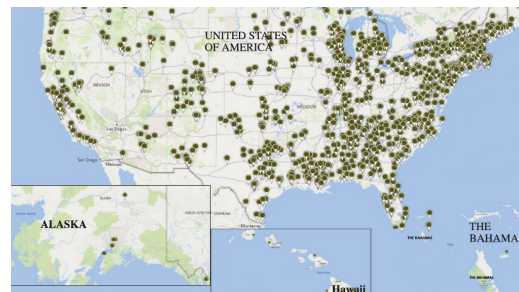
Over the years, LMC has cultivated enduring partnerships with top-tier lumber mills and renowned manufacturer brands in America. The cooperative purchasing model introduced by Jim Buckley during its early years revolutionized the lumber industry, reshaping how business was conducted.

Here's a look back at key events in a 90-year journey of growth and innovation.

- **In the beginning:** 35 lumberyards joined forces with Buckley's model and founded LMC. Buckley was appointed as the first general manager, operating with a staff of two other paid employees.
- **Year one:** LMC held its First Annual Meeting for Stockholders in January of 1936 in Philadelphia. Dividend checks were returned to each stockholder and ranged from a few hundred dollars to well over \$1,000, which generated growth in interest within the industry. Another 35 new stockholders joined from New York and New England bringing the total membership to 70. After one year of operations, purchases reached \$536,000.
- **World War II period:** In a crucial moment during the war, LMC played an important role by becoming the distribution arm for Georgia Hardwood (the forerunner of Georgia Pacific) helping to fulfill the urgent need for lumber in the war effort. This move not only contributed to LMC's growth but also sustained local businesses and communities.
- **Post-war growth**  
LMC continued to expand in the 1950's moving southbound into Florida and West to the Mississippi,



Bellevue Stratford Hotel, Phila, PA.



## Decision point: Sole affiliation

LMC leadership introduced the concept of sole affiliation in 2001. And it was adopted across the full members in 2003.

The bold policy that would require LMC members from belonging to a competing co-op, wasn't universally embraced initially.

But ultimately, the decision led to growth, success and efficiency, embracing what a co-op is all about: maximizing the purchase volume of the collective membership.

"Sole affiliation really got everybody in the organization rowing in the same direction," Ryan said. "It really helped us differentiate ourselves from other co-operatives, and made a big difference with our supplier community."

Vice President of Building Materials John Keeley expands on the benefit of sole affiliation. "It really set us apart from our competition," Keeley said. "It put us in a position where we were able to build up a lot of goodwill with our supplier community. Because we took that stance where LMC dealers could belong to one buying group, it has benefited us over the years leading to unique programs and offerings that suppliers are willing to provide for LMC and our stockholders."

expanding to 56 LMC dealers. LMC celebrated its 25th Anniversary at the Shoreham Hotel in Washington, DC. on Nov. 9, 1960, and purchases reached \$70 million.

- **The seventies**

LMC turned 40 with 120 stockholders across the East Coast and as far west as Mississippi with purchases crossing the \$100 million mark for the first time.

- **Crossing the Mississippi**

In the 1970s and 1980s, further expansion drove LMC into the Southeast and Midwest, and parts of Texas and Minnesota – shifting the buying group’s service area across the Mississippi.

- **The first \$1 billion**

The 1980s and 1990s saw LMC move into its current headquarters in Wayne, Pennsylvania. By 1988, LMC had reached \$1 billion in purchases with 262 stockholder companies. And nine years later, LMC opened up the Rockies as a new Western Region and surpassed 300 stockholders.

- **Into the digital age**

In 1998, LMC entered the modern communications era by launching its website: lmc.net. Before the turn of the century in 1999, LMC achieved another milestone by surpassing \$2 billion in purchases for the first time with 328 stockholder companies.

- **Sole affiliation**

At its 2000 fall market, LMC announced a bold plan: “Sole Affiliation.” Members were asked to



drop affiliations with other co-ops and to purchase through LMC exclusively. The plan was in place in 2003. The move led to record-breaking purchases, pushing LMC across the \$3 billion milestone.

- **Coast to coast, and beyond**

In 2006, LMC expanded internationally with a member in the Bahamas. In 2013, LMC had successfully planted its flag in Hawaii and Alaska, bringing the co-op to all 50 states.

- **The \$7 billion milestone**

In 2021, LMC crossed another milestone: \$7 billion in purchasing power.

## An industry veteran’s viewpoint

Vern Dando, VP panels, special wood products and logistics, is a de facto senior statesman of LMC. He has seen a lot of changes at LMC during his long career. He joined in 1979, and remembers back to the old trucking depot that was remodeled for office work back in the seventies.

Behind the scenes, the systems and technology have also advanced significantly.

“When I started in 1979, we didn’t have quite the handle that we have today on our dealers’ purchasing needs,” Dando ticked off some of the game changing communication tools that he has seen:

the fax machine, computers, e-mail, text. “And yes, all that technology has helped move us along. But success is really about our dealer support and their focus of purchases here at LMC.”

Added value for membership, he says, takes a number of different forms, and as supply chain and logistics head, Dando points to the basics.

“Along with that purchasing element comes service,” he said. “We have to get product to our members on time. It’s got to arrive correctly. We have to make sure our dealers are positioned well to supply their customers.”

Beyond logistics, there are ancillary services that maximize performance of dealers.

Dando explains: “Can we help them with their technology by putting together and amalgamating opportunities in e-commerce? Can we help them if they’re thinking about adding something to their business? Are they adding a door shop, or building a truss plant? Can we provide knowledge through networking?”

By managing and directing these kinds of cooperative services, LMC provides a value and benefit to its members that is both tangible and intangible.

“But you know, our concept of being a purchasing organization, we can’t vary from that a whole lot. We have to be as efficient as possible and take advantage of all the opportunities that help us with that efficiency.”

# The LMC CEO Q&A

Paul Ryan is in it for the membership

**A**s the LBM industry increases in complexity and as LMC approaches its 90th anniversary, CEO Paul Ryan embraces a time-honored and crystal-clear message.

“We start with the dealers,” he told HBSDealer. “Our goal is to try to level the playing field or even tilt it in their favor so that they can continue to be leaders in their markets.”

Ryan joined LMC as senior vice president of finance and technology in 2016, and took over as CEO in 2021. In the following Q&A, the CEO expanded on the Wayne, Pennsylvania-based co-op’s strengths, its goals and its milestone anniversary.

**HBSDealer: How do you describe the strengths of LMC**

**Paul Ryan:** I think our strengths really begin with our dealers. But it’s not just the quality of our dealers, it’s how they work collaboratively with our team. And then also being able to work with best-in-class suppliers across the whole product spectrum that we represent. That’s how it all comes together so that our members are incredibly successful — and even better than they would be on their own.

**HBSD: When you look across your membership, what do you see as common traits of the members?**

**Ryan:** What makes the LMC members special, to me, is their position in their local markets. They focus incredibly hard on customer service, and they have the same expectations of us here at LMC. They’re also not willing to just sit by idly as business evolves. They continue to innovate, grow their business, look for new opportunities and we’re here to help them.



**HBSD: An evolving industry often brings uncertainties, and that’s certainly the case in the LBM industry. How does LMC guide its members in these times?**

**Ryan:** We have a great team here at LMC, and we’re here to provide our views and thoughts on the short term and long term about what’s happening in the markets, and what’s going to happen next. Also, we use the cooperation of our membership. For instance, if a member is looking to evolve from a local warehousing solution to a distribution center model, we have members who are more than willing to help each other and help make those decisions to innovate and improve their companies.

**HBSD: What’s your approach to our 90th anniversary?**

**Ryan:** There aren’t a whole lot of companies that make it close to 100 years in the United States today. So for us to make 90 years, it is a really large landmark for us. And primarily, we’ll use it to celebrate the quality and the longevity of our members.

**HBSD: Since the beginning, what were the big turning points and**

**major decisions that shaped LMC?**

**Ryan:** I think there were a couple of moments that were really important to us as an organization. First, when we decided to service the entire country, and not just the Eastern US. Now we’re in all 50 states, and that opportunity to service dealers across the country has also helped us dramatically with our supplier relationships. Another major event we feel is when we became sole affiliated. About 25 years ago, we asked all of our members to belong to just LMC and not belong to any of the other competing cooperatives. That got everybody in the organization rowing in the same direction. It made a big difference with our supplier community. It helped dramatically in how we manage the business and it really helped us differentiate ourselves from other co-operatives.

**HBSD: And looking ahead, what are your thoughts about the next 90 years?**

**Ryan:** We’re really excited about the future. We have really strong members, and we’re looking to help them sustain and grow their business. From adoption of technologies that are likely to change the future of the industry, to succession planning and moving from one generation to another; or essentially help them compete in a world that is getting much more consolidated and competitive.



# Success by Committee

LMC's foundational structure ensures dealer-centric success

**L**MC's unique governance model, driven entirely by its membership, ensures that the company's decisions align closely with the interests of its members. This member-centric approach is embodied in its committees.

"It starts with our board which is made up of all members. We have no outside directors," said Paul Ryan, CEO. "Our members are guiding the management of the company to make sure we're making the right decisions for other members. We learned a long time ago that if the members don't think it's a good idea, it's not a good idea to pursue."

Supporting this governance framework, LMC has established committees to guide various aspects of the business. These committees are integral to LMC's operations, providing valuable insights and direction.

"We have an array of different committees to guide us on specific aspects of our business," Ryan said. "And it touches really everything we do, whether it be around our development and education programs or each of our divisions, a committee is there to guide them."

"We use them very much as a sounding board," Ryan said. "And we've even just adopted a new technology committee to help us with helping the members adopt technology. What technology is worthwhile to adopt and what may not really hit the mark for them. We try to provide guidance to make sure that our members are investing in technology that will help their businesses."

Sean Tighe, senior vice president of purchasing and business development, emphasized the committees' role in providing a forum for strategic discussions and feedback.

"Our committees are really part of our governance,"

Tighe said. "The easiest way to kind of describe what that means is that we are only going to do things for our dealers that they want us to do. The committees are able to provide a forum where we can talk about everything from strategy to current market conditions to different factors that are affecting their businesses positively or negatively. And it gives us that forum to be able to ask, 'What should we do next?' Or say: 'These are some ideas that we have going forward. How do you think that represents the overall dealer base?' And we get quite a bit of feedback from them."

LMC's committees are designed to be geographically and demographically diverse, ensuring comprehensive representation and input. "So we might have some that are \$20 million a year, retail or less in a room and mixed in a committee that may have somebody that's \$300 million or more. All of them have an equal voice, and they really give us a lot of good feedback."

## Initiatives to watch

Far from resting on its laurels, LMC is playing offense when it comes to investing in its business and its member's success.

- **Created a new Modular Building Division to support the manufactured housing channel.** An alliance with MHBG, the Manufactured Housing Buyers Group, amplifies purchasing power for both groups.
- **Created a team to focus on Components** "LMC has put time and resources into ensuring that our cooperative members, whether a component manufacturer or LBM yard, have access to programs that will support the growth of this important, innovative, prefabricated product," said Rachel Hoops, manager of the Components Department. "This department's sales continue to multiply each year and we're nowhere near capacity."
- **Emphasis on category expansion.** For instance: gypsum. Vice President of Building Materials John Keeley said there is opportunity for attractive margins for many members. "We've worked hard to take a stance in the gypsum category to find ways for dealers to expand that business," Keeley said. "We're not saying that they become one-step drywall yards. But we see the category as one where they can make some money."

# Building Business Together

At the ninety-year milestone, success breeds success

If you had to describe LMC in three words, you won't do better than the official slogan: "Building Business Together."

The combination of quality dealers, multi-billion-dollar buying power, and high-level collaboration between members is the time-honored path to LMC's growth.

Senior Vice President of Purchasing Sean Tighe emphasizes the idea that success starts with the members. "Every dealer that joins LMC is already successful," he said. "It's not as if somebody's coming here because they're under some type of business strife. They're market leaders."

"We're not here to tell them how to run their business," Tighe continued. "They've proven they can do that. So our goal here is to find programs and find strategies and find all of those things that can bring value to an already successful business. And I think we do that really well."

Chris Ford is LMC's Vice-President of Lumber, and leads the co-op's lumber trading floor, consisting of nearly 40 staffers

## Vision for the next 90 years

LMC is guided by a rousing vision statement: To be the essential business relationship in the Lumber & Building Materials Industry. "Enabling best-in-class dealers to be more successful in their local markets. We accomplish this by working collaboratively at scale with leading suppliers, our industry insight, and our commitment to service and innovation."

working on the dealer's behalf. "We're extremely proud of our trading floor," he said. "It's the premier trading floor in the industry."

But the greatest strength of the co-op is the concept of collaboration that permeates the organization, he said.

"We have almost 450 members now," Ford said. "They're already successful companies. But to help them be more successful and more competitive in their local markets, and compete against the largest national companies—that's our job."

## FIND OUT MORE

**LMC brings leaders in the lumber and building materials industry together to increase the purchasing power, profitability, and competitiveness of our members. To learn more, visit [LMC.net](https://www.lmc.net)**

