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# Dreyer's Triangle Rings Up Profits

WHY DOES A WHOLESALER CROSS THE ROAD? TO FIND SUCCESS ON THE RETAIL SIDE.

BY CARLA WALDEMAR

**B**ecause it was there, I guess. Like climbing Everest. Or bungee jumping, to go from the sublime to the ridiculous. Walt Dreyer has been on the wholesale side of the industry for 34 years, "all my life," he says. Five years ago he bought a failing retail yard.

Why? "A number of yards I'd been calling on had owners looking to pick up another site. I brought three, four over to see this place" in Chatham, N.J. Others had turned it down without even a drive-by. They all told him, "It's run-down; forget it."

They hadn't understood the potential of the first couple of things they teach you about real estate: location, location. "It was in an upscale neighborhood, just down the road from one of the top malls in the country—Tiffany's, Neiman-Marcus, Nordstrom's," he reports on the business climate in which he now basks.

He found himself belaboring the obvious at the dinner table to his two sons, college grads who had gone into different occupations. Finally they bit: "Why don't we do it? Let's give it a shot." And they all lived happily after. The end.

True, given a few challenging hikes along the learning curve.

In the first place, the place had been neglected. "It took money to redo; we didn't just walk in and do business," Walt makes clear. And good will was not included in the purchase price. "They'd been in business 28 years and had kind of run out of steam. Their prices were out of line, and they didn't have the right products—customers wanted Douglas fir; they carried spruce dimension—all



*A yard that's neat and inviting in appearance attracts the area's DIY customers, Walt Dreyer has discovered; it's a nice niche to market.*



*Cleanliness is next to—well, if not godliness, then Mammon. It drives sales at Dreyer's Lumber, located in Chatham, N. J.*

that had alienated people," Walt allows without rancor.

The Dreyers, father and sons, walked in with no lumberyard experience, although the boys had spent summers with their father on the wholesale side, so they knew product. "You can spend four years in college," allows their dad, "but you'll never learn the lumber business till you're really in it. You have to ask the right questions, pick up what product mix to carry, listen to your customers and get to be just as valuable a support for them as you can."

Dreyer entered his new career armed

with an important bit of business savvy: "You have to gear your business to the market, and every market is different." He'd visited many similar yards over the years, and he didn't hesitate to pick these operators' brains. "Competitors? Sure." He knows that. "But, number one, they're friends. We have to recognize that we're all in the same business"—and one with a sobering number of OOB announcements. "In the last 15 years around here, 100 yards have shut down. That's scary," he's aware.

He rests his future—and it promises to be a bright one—on three key dimensions.





*When crossing the fence from wholesaler to retailer, Walt Dreyer had to learn about 15,000 new products. He hires a cleaning crew to tidy them.*

First, he says with no room for compromise, “quality products. Product is the key ingredient to success. You can sell quality product to everybody (maybe not always at the price you’d like, but you can sell it). If it’s marginal material, you’ve got a smaller customer base, like the big boxes. In the yards I’d called on, they based their success on this kind of reasoning, and I learned from them. As a wholesaler, I’d become familiar with 500 products; now I had 15,000 items to stock. I needed to know what to buy.

“We aligned ourselves with the better suppliers. Rather than using three for the same product, which is a waste of your employees’ time, instead I use one supplier: one phone call, one truck to unload, one bill at the end of the month: Keep it simple,” this dealer advocates.

Dreyer’s second mandate is to charge fair prices, but not necessarily the lowest in New Jersey. He factors in the whole package—things like “the type of personnel at the counter (my two sons, myself and one other guy): knowledgeable people, interested in a customer’s needs. Offering services the big boxes can’t. There are things they do we can’t compete with—the number of hours they’re open; 40,000 SKUs in inventory.” And he’s OK with that, “because they can’t compete with our quality of service. And to provide that, you’ve got to do your homework—look at the competition, evaluate their strengths and weaknesses” and act on them.

Dreyer’s Lumber & Hardware isn’t niched to death. “We deal 50 percent with contractors and the rest divided between industrial and homeowners. With a 16,000-

sq.-ft. warehouse and 8,000-sq.-ft. showroom, we appeal to the DIYers because we have the space to stock a lot of hardware items—plus, good parking: That’s a tremendous advantage. And,” especially in this upscale neck of New Jersey, “people want to shop locally, not at the mega-stores.” So if we must attach a “niche” label on it, here it is: “We’re the ‘right’ size—large enough inventory to satisfy them, but not overwhelming.”

He’s given DIYers another good reason to remember his operation: It’s clean. And by design. “Who spends the money these days? Who makes the buying decisions? Women,” he answers a question he’s thought a lot about. “And they don’t want to walk in some-

### **Dreyer’s niche: “We’re the ‘right’ size—a large enough inventory to satisfy but not be overwhelming.”**

place filthy. Builders’ [less tidy] yards, historically, didn’t cater to homeowners, but we saw the opportunity, so our store is clean, bright and well-lit. We’ve hired a cleaning service to come in twice a week and clean the shelves, dust the inventory.”

Ask him about on-time delivery, and he’ll be honest with you. “We do pretty well, but we’re at a fork in the road. Business increases when more people come in because we’re doing it right. But,” he adds, “you can’t do it right all the time with that increase in business. Physically, you can do just so much. And with zero unemployment, finding help is our number-one problem. So,” he says, “we depend on our computer system. It does the work of five, six people.”

In this affluent neighborhood, a straight

shot down the highway to midtown Manhattan’s Wall Street, there are acres of older homes undergoing renovations and additions—“and more landscaping businesses than anywhere else in the world,” he laughs. “People don’t mow their own lawns. And they certainly don’t renovate their own kitchens.” So he’s formed alliances with top contractors. “I recommend two or three to people, ones who are reliable, who do the job right. It’s a partnership: It works well when we work together. Many contractors are coming to realize that, with yards going out of business, it’s better to work with the ones who are left rather than fight them. They’ve got to understand that our margins are small. And that we need to get paid.”

Which brings us to the third point in what Dreyer calls his triangle of business-strategy: getting paid. “Our basic system is, an account here is a courtesy. It’s offered so you don’t have to bring in a check every day. Payment is due at the end of the month. We’re not a bank,” he emphasizes. “If you’re

over your limit we stop it,” just like dealing with a credit card. “If they’re over by the 10th, we ask for a check. If they’re credit-worthy, they’ll write one. If not, do you want to get in deeper?” he asks. And, Dreyer adds, “we trade credit references with other yards; dealers need to cooperate these days.”

Installed sales is an area Dreyer isn’t eager to jump into. “It would alienate our contractors. It’s another whole new business, with other liabilities.” And who needs another new business right now? Turning from dealer to wholesaler isn’t all that tough, in Dreyer’s opinion, but the transition from supplier to retailer “is much harder,” he attests: “longer hours, many more products to learn.” And many rewards as well: “Business is growing very nicely.” The end. ■