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STRATEGIES FOR LUMBER/BUILDING MATERIAL DISTRIBUTION PROS

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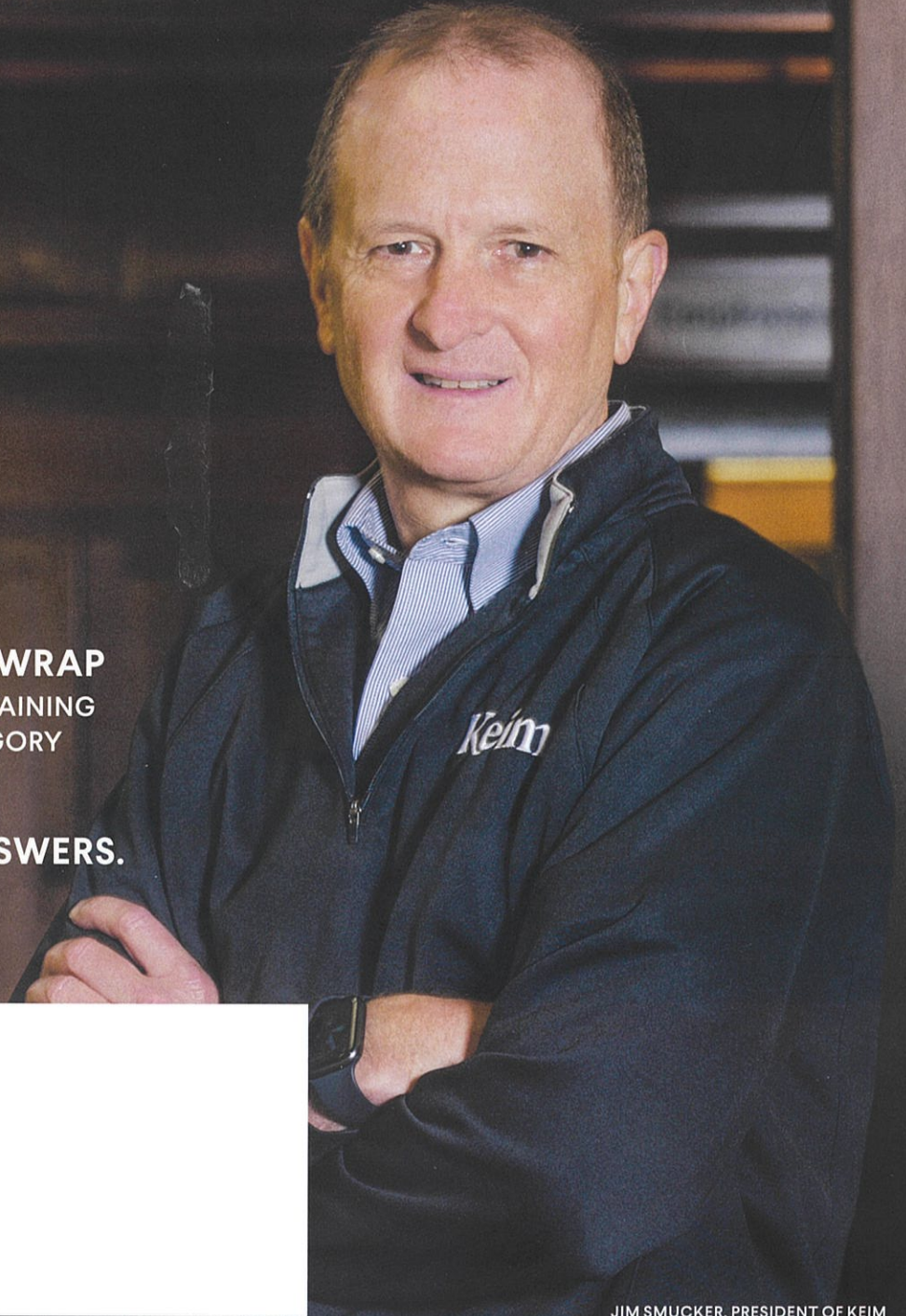
**DEALER
OF THE YEAR 2021**

ANNUAL SALES: \$100 MILLION +

KEIM

**IN DEPTH:
INSULATION & HOUSEWRAP**
RISING CONCERNS FOR MAINTAINING
A HEALTHY HOME SPUR CATEGORY
GROWTH

REAL ISSUES. REAL ANSWERS.
STAYING CONNECTED



JIM SMUCKER, PRESIDENT OF KEIM

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KEIM

TRADITIONAL SERVICE YIELDS MODERN RESULTS

FOR AS LONG AS HOMES AND COMMUNITIES have been constructed, a building materials supplier has been essential to the area's growth. While many lumber dealers have taken on that responsibility and have advanced through new technologies to serve their customers, Keim has done it while keeping itself firmly grounded in the traditions and culture of its community.

Located in the unincorporated town of Charm, Ohio, in the heart of one of the country's largest Amish populations, Keim has adapted to the modern challenges of serving a market that includes cities such as Pittsburgh, and Cleveland with a more traditional employee base made up of 70% Old Order Amish. The results are a \$150 million company that is both grounded and growing.

HISTORY IN CHARM

Founded in 1911, Keim is now in its fourth generation of family ownership. What started as a lumber mill grew through the generations as a building materials supplier. In 2007, the company's current store was built, incorporating 125,000 square feet of retail space.

Operations were kept within the Keim family until the summer of 2019, when Jim Smucker signed on as company president.

"The third generation, Bill Keim and his wife Eva, changed the look of the company," Smucker says. "They grew the business in a big way."

The small-town lumberyard is now a destination store, Smucker says. Located about 150 miles from Pittsburgh, Cleveland, and Columbus, Keim is known for quality and service in those areas where big box competitors are plenty.

Bill Keim involved his son, Robbie, in the business from a very young age. Bill's stepson, Eric, also began working in the company in 2010. As Bill battled cancer, Robbie and Eric rose to leadership and ultimately took over the operations completely when Bill died in 2014. For various reasons both decided that they wanted to move on from those day-to-day positions, and now take on more active ownership roles. >





Co-owner Robbie Keim and President Jim Smucker. Founded in 1911, Keim is now in its fourth generation of family ownership. What started as a lumber mill grew through the generations as a building materials supplier. Operations were kept within the Keim family until the summer of 2019, when Smucker signed on as company president.

As the first non-family member to lead the operations, Smucker says he was in-part selected for the role because of his own personal experience growing up Mennonite. With a professional background in his family's hospitality business, then service in higher education as an academic dean, Smucker was brought aboard because he understood both the essence of family business operations and Amish culture.

"A lot of managers say that it's the people who make a company successful, but I'm saying that here it's the absolute truth. Our team is outstanding. They care deeply about providing service and great products. That's why customers will drive past 10 big box stores to buy Trex decking here that they could have bought at any of those stores. Our slogan is 'Build on trust' and that fits us."

BUILD ON TRUST

Customers will drive a long way to do business with people they trust, and they'll keep coming back when that trust is renewed with each experience, Smucker says.

Nearly three-fourths of the Keim's 550 employees are Amish, and Smucker says that's a big part of the company's strength in building a loyal customer base. The employees are trusted, he says, because they're not paid on commission. They're selling quality products and helping customers understand how the products are best used.

"Compared to big box stores, we have a lot of expertise in our stores. Many of our people come with building or woodshop experience," Smucker adds.

Keim employees are loyal as well, he says. The company provides 20% of pretax earnings split among the staff. Everyone works hard to serve the customers because when Keim does well, so do the employees.

In fact, the company is doing so well that it cleared \$150 million in revenue last year, and this year is projected to be even better. What stands out from many other lumberyards is the customer mix that drives sales at Keim. While one third of the customers are professional builders and another third are retail and DIY customers, the other third is made up of artisan furnituremakers. As a result, lumber for furniture and cabinets sells well, as does milling, varnish, and paint items that aren't typical to a lumberyard's inventory.

And when it comes to inventory, Smucker says Keim has also built a solid reputation as the place to find what you need.

"Bill Keim always said, 'You've got to have it to sell it.' Our customers know if they're going to drive an hour to Keim, the chances are very good that we'll have it in stock," Smucker says.

The philosophy runs counter to some of the "just in time" inventory practices taught in business school, but in the



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The Keim family: Karen Keim, Robbie Keim, Eva Keim, and Eric Schlabach.

months during the COVID-19 pandemic, Keim's inventory reputation worked well for them.

"Contractors and pro builders are more willing to shop with us because we have the materials," Smucker says.

LOOKING FORWARD

Building on the foundations of service and tradition aren't just a mission statement goal at Keim. Smucker has laid out a new strategic plan which involved the purchase of a hardware store in Mount Hope, Ohio, an Amish community about 10 miles away from Keim's Charm location.

Beyond the hardware store, which Smucker says is best referred to as an "outpost," there aren't plans for expansion in the near future. Instead, Smucker says he relies on honoring Bill Keim's commitment to the area community.

"Bill helped other businesses locally, and had always said that one of the main reasons we exist is to empower more businesses in the community. There are numerous examples of how the family helped support local businesses and helped them to succeed."

As a result, Keim's community focus helps other businesses launch and to share in Keim's market that reaches a wider area.

"With all boats rising, ours rises with it," Smucker says.

That philosophy has never been more evident than during the COVID-19 pandemic in Keim's area of Ohio. As

the region faced severe outbreaks of the virus, Smucker says he was reminded of his company's ability to help promote area builders and craftsmen. The executive team initiated a next-day guarantee on deliveries, not only on builders' orders, but for retail customers in need of products such as hand sanitizer and paper towels. Keim staff members even created a catalog from which customers in the area could place orders.

The bottom line for Smucker and Keim is the employee and the customer experience, not profit. But that doesn't mean the company isn't focused on the future and serving customers in a modern way. The company is installing a new ERP system, and has developed what it calls Keim University, a training center for employees as well as customers and members of the larger community.

Keim also encourages its employees to get involved in the community and in their homes. The company holds rather unconventional hours. On weekdays, Keim closes at 4:30 p.m., and on the weekends is just open Saturday mornings.

"We want our employees to have family time. That's important for the community," Smucker says. "Some people may think we're leaving profits on the table, but we're looking more holistically, and it means that last year we only had 9% turnover. We believe that profit is a byproduct. You take care of your coworkers well and they will take good care of your customers. Profit is a byproduct, not our focus." ■



GET TO KNOW KEIM

FOUNDED:	1911
LOCATIONS:	ONE, WITH HARDWARE OUTPOST
OWNERSHIP:	FAMILY
EMPLOYEES:	550
BUSINESS SOFTWARE:	EPICOR BISTRACK
CO-OP/BUYER'S GROUP:	DO IT BEST
TOP THREE BRANDS SOLD:	COLUMBIA PLYWOOD PROVIA ANDERSEN