

PARTNER PERSPECTIVE

FALL 2024

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LUMBER MARKET UPDATE

Market update provided by
David Fowler, *Three Oaks Trading*

Another quarter and still not much has changed. We are still in an over supplied market at this date to say the least.

A lethargic pace encompassed a broader portion of the North American framing lumber market last month. Mills have sold enough volume to stay ahead of buildups but rarely extended order files. S-P-F (Spruce) sales slowed, and upward price momentum eased. Many traders sensed prices had either reached or neared a peak. We are still at the lower end of the price range. With that being said, at some point, with the curtailments already in place and more shut down announcements likely to come, we will be off to the races on price increases if the demand changes. As of now 2x4 remains flat to weak, and I would be looking to buy any further drop in pricing. The 2x6 has been strong over the last couple months but wait for the gap to close back closer to the 2x4 price before buying. Look for a pullback of around \$70/m before considering purchasing.

Short studs remain flat for the time being so buy as needed seems to be ample supply for now. Stay in touch with suppliers this could change rapidly with any uptick in demand. If there is a trouble spot on shed trim studs it looks like 2x4 72" and 75" are a little hard to come by at this time, so keep enough in stock as not to be caught waiting on a late truck load.

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Protecting Your Business From Fraud

By Ryan Polczynski
General Counsel

A man stole over \$100,000,000 from Facebook and Google. His scheme? He simply sent them invoices that impersonated a vendor but linked to his bank account.

Every day, millions of dollars are transferred at the push of a button. This convenience saves trips to the bank, time waiting on mailed checks, and generally speeds up the pace of business. It also opens the door for fraud. Bad actors are constantly trying to slip into this process and redirect payments; money that once diverted will never be seen again.

Below are common schemes that we see:

1. Using rent-to-own contracts to steal assets.

Rent-to-own enables a customer to put a shed in their backyard for a fraction of the purchase price. It also enables a thief to sell

a shed on Facebook Marketplace by paying a fraction of the purchase price. How do you distinguish the good from the bad?

- **Train your dealers to spot fraud.** Is that customer taking pictures to remember a building, or are they posting it on Marketplace? Your dealer is in the best position to get a "feel" for the customers and what their intentions truly are. Your best dealers understand the risk that fraud poses to our industry and will tip you off when a customer is suspicious.

- **Train your contract processors to spot fraud.** Recognize the same names being used as references? Different customers using the same email? Buildings being delivered to similar, but not quite exact, street addresses? Your contract processors can spot inconsistencies that tell you there might be more to the story.

- **Be active in the resale market.** Don't

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just check the market to price your repos. Take the time to review the secondary market and see if your assets are showing up before you even know they are gone. If you see someone else's building, give them a heads up! The better our industry does in stopping all forms of fraud, the less of a target our industry will be for these crooks.

- **Limit the amount of product that can be on contract to one person or one address.** Face it, we are all going to get hit eventually. By limiting the amount of assets at one address or with one person, you limit the amount of damage a crook can cause.

2. ACH and Wire Fraud.

No day feels worse than the day you wire \$100,000 to a vendor, only to realize you have been scammed. You paid \$100,000 and you still owe your vendor \$100,000. Wire fraud scams are on the rise. Several companies in our industry have already been hit. Here are steps every company

should take to protect itself:

- Verify by phone before you send the wire;
- Match the payment to a legitimate invoice;
- Use multi-factor authentication;
- Be wary of a false sense of urgency;
- Limit staff who can originate a wire to a few well-trained employees.

3. Phishing.

I recently received an email from another attorney with the subject line "Invoice" that contained an Excel spreadsheet. This attorney has never sent me an invoice before. Had I clicked on the link, malware could have been downloaded onto my computer. This malware could have exposed my login credentials or even granted the hacker control over my network, requiring I pay to get that control back (ransomware).

Here are signs that a message might actually be a phishing attempt:

- Tone does not match prior communications (suddenly formal/informal);
- E-mail addresses that do not match the organization;
- Emotional appeals or urgent language;
- Unexpectedly receiving billing or shipping instructions;
- Suspicious links or attachments (.zip, .exe, .scr, etc.)

Phishing is not limited to your work computer. Phones are increasingly targeted by text messages asking to confirm a package delivery or offering a prize. If it seems suspicious, it is suspicious.

Ryan Polczynski is General Counsel for Heartland Capital Investments, LLC. His first experience with fraud investigations was working for the U.S. Securities and Exchange Commission after the 2008 financial crisis.

MEET THE CHIEF REVENUE OFFICER

For this newsletter, we are highlighting someone many of you know and some of you have known for years, Brian Dorsey, our Chief Revenue Officer at Heartland. Brian has been at HCI for four years but ventured into the shed and RTO industries in 2011 with BLI Rentals.

Brian has been involved in everything from dealer support, to sales, to marketing, so we are grateful to have his experience, and the insight that comes with it, for our teams. Brian and his wife live in Kansas with their four kids who keep them busy with sports, school, and church activities that take them all over state during the year.

Q: What do you like about your job?

A: "People I work with, partners/dealers, and that there's something new every day."

Q: What do you like to do when you're not working?



A: "Hang with the family, go to the kids' sports, involved in church. I like to hunt, fish, and train bird dogs when I can, and try to slip in a round of golf."

Q: Given Brian's tenure in sales, we had to ask - what makes a good salesperson?

A: "Someone who listens really well, asks good questions, and definitely tries to apply the 80/20 rule - prospect talks 80%, salesperson talks 20."

Q: Is there a difference between a manager and a leader? If so, what?

A: "I think a manager is someone who handles day to day situations and a leader is more of a visionary, looks at the market, adjusts to changes coming

down the road and helps the team adjust well too."

Q: Is there something you've noticed a lot of successful dealers do?

A: "Take advantage of all marketing platforms available, social media, Google, etc. Also, dealers who are really responsive and get back to people quickly tend to get the "first mover" advantage."

Q: Where do you think the RTO industry headed?

A: "There could be consolidation coming. And adjustments might need to be made on how customers are approved and how they're brought on to improve quality of paper."

Q: Anything else you want the dealers to know?

A: "I appreciate the true partners that have everyone's best interest in mind so it's a win-win-win for all parties involved."

BEST PRACTICES FOR EXCELLENT CUSTOMER SERVICE

In today's competitive market, excellent customer service can set a business apart, driving both customer loyalty and business growth. To consistently exceed in customer service, it's essential to adopt key strategies that foster trust, satisfaction, and loyalty. Here are some best practices companies can implement to provide exceptional service and stand out in their industry.

1. Understand Your Customer's Needs

A fundamental principle of great customer service is understanding the specific needs and preferences of your customers. Invest time in learning about their expectations, pain points, and behaviors. This can be done through surveys, customer feedback, and by analyzing patterns in customer behavior.

Best Practice Tips:

- Use personalized interactions that acknowledge a customer's history with your brand.
- Tailor responses based on customer preferences or prior interactions.

2. Train and Empower Employees

Your customer service team is the face of your business, and their ability to solve problems effectively is critical. Ensure that employees are well-trained, not only in the technical aspects of their roles but also in soft skills like empathy, patience, and communication.

Best Practice Tips:

- Provide continuous training on both product knowledge and customer handling techniques.
- Empower employees with decision-making capabilities to resolve issues promptly.

- Encourage active listening and empathy to make customers feel valued.

3. Maintain Clear Communication

Clear and effective communication is key to preventing misunderstandings and building trust. Be transparent about processes, policies, and any potential delays. Whether communicating in person, over the phone, or through email or chat, ensure that your message is easy to understand and provides solutions.

Best Practice Tips:

- Use simple, jargon-free language.
- Ensure quick response times to inquiries—aim for under 24 hours, or shorter in urgent situations.
- Proactively update customers when there are delays or changes to their service.

4. Go the Extra Mile

Exceeding customer expectations often means doing more than what's expected. Small gestures, such as a follow-up call or a personalized thank-you note, can make a lasting impression on customers and encourage loyalty.

Best Practice Tips:

- Anticipate customer needs before they even ask (e.g., reminding them of renewal dates).
- Provide after-service follow-ups to ensure continued satisfaction.

5. Be Responsive to Feedback

One of the best ways to improve customer service is by listening to feedback—both positive and negative. Encourage customers to share their experiences and opinions and use this feedback to make adjustments to your service or product

offerings.

Best Practice Tips:

- Implement a system for responding to customer feedback, demonstrating that it's taken seriously.
- Use feedback as an opportunity to coach staff and improve processes.

6. Deliver Consistent Experiences

Consistency is crucial to building trust and reliability with your customers. Whether a customer reaches out via phone, email, or social media, they should receive the same level of service every time. This consistency builds loyalty and encourages repeat business.

Best Practice Tips:

- Ensure all communication channels are integrated to avoid information silos.
- Standardize processes across teams to ensure uniformity in responses and service delivery.
- Regularly audit customer service quality to ensure standards are being maintained.

7. Be Adaptable

Customer expectations and needs evolve over time. To stay ahead, businesses must be adaptable and open to change. Regularly review customer service strategies and be willing to adjust based on new trends, customer feedback, and business developments.

Best Practice Tips:

- Stay updated on the latest customer service trends and technologies.
- Regularly revisit service policies to ensure they align with customer expectations.

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All Southern Yellow Pine and treated products in my opinion are strong buys right now with not much downside potential in market. We are bouncing along

the bottom now. Panel markets seem to be on the lower end of the scale also, would buy as needed with a close eye on buying any further downward price breaks. Keep an eye on 7/16 OSB the least little bit of news of an uptick in

demand will create a major buy from all sectors of the market.

Happy trading and hoping all are having a successful year.