



NAME: Craig Francisco

TITLE: COO

COMPANY: The L.E. Smith Co.



New this year to NBMDA's board of directors, Craig Francisco has a background not only in building materials distribution but also in manufacturing. His particular skill set serves him well in his current role as COO of The L.E. Smith Co., which primarily manufactures laminate and solid-surface countertops but also distributes a choice selection of products. Parallel experiences in manufacturing and distributing also give Francisco a critical angle on the challenges that are unfolding before the industry – competition and consolidation, notably – and how to convert them into opportunity.

Although he sees distributor-manufacturer ties as solid right now, Francisco points out that the market is heating up with new competition as more merger and acquisition activity takes place. That, in turn, may fortify relationships even further. “For the manufacturer, in order to be able to realize the benefits of growth by market, you have to partner with someone that knows the different landscapes of the country and can help drive the value of that product,” he says. “I think distributors play a key role in that.” The challenge, on the other hand, is reining in the “self-distribution” that is emerging in some corners of the market. “We’re seeing movement from manufacturers that are actually bypassing traditional distribution models and going direct to the end client,” Francisco reveals. “I think the reason some are doing that is that they’ve lost, or have a blurred vision, of where the value is that the distributor brings to the table.” But he also believes through demand-creation models that showcase their value, distributors have the power to turn a disadvantage back into a positive. “You’ve got to look at your business, and you have to do it differently than in the past decade,” he counsels. “We’ve got to really embrace social media, embrace what’s happening online, and really start investing in those areas so that you can fold new products into your sales and marketing wheel in a way that allows manufacturers to see the benefit of partnering with you versus trying to take on that direct.”

In addition to the emergence of bigger and stronger players through consolidation, distributors are grappling with a wave of new product lines. This saturation of merchandise also contributes to a more competitive – and somewhat chaotic – marketplace, but Francisco bets that distributors who can “see through all the noise” will be rewarded with mutually beneficial relationships and opportunities. “As a distributor that wants to bring on a certain product line, you might find 20 to 100 companies that manufacturer something similar. It’s difficult at times to understand the message a manufacturer is delivering – what are its values, its goals – so you have to spend a lot more time digging through some of the marketing messages to find out who you want to partner with,” he says. “There are so many choices. All you have to do is open your email and there’s somebody requesting a chance to talk with you about a new product.” Social media has blown up, too, adding to the flood of information out there, Francisco adds.

In this and numerous other ways, email, the Internet, and social media all are having a growing impact on the industry; and Francisco reiterates the importance of embracing change, having a presence on these platforms, grabbing the opportunities that are there, and navigating them all the way through the sales process. The L.E. Smith Co., for example, has developed software that lets customers go online to track their purchases from order processing through installation date. Although that may not sound innovative these days, it’s a big leap for a highly customized business. Under Francisco’s direction, the company hopes to build on that efficiency



model. “Just a simple online ordering system doesn’t work for us, but our goal is to create something where people will be able to do quoting and ordering online 24/7, 365 if they choose,” he says.

The 65-year-old family-owned firm also has remained competitive and relevant in the industry through its adoption of a culture of “continuous improvement” and lean manufacturing. It even has monetary incentives in place to reward employees who help develop better, safer, faster, less expensive ways of doing things. “For us to be around another 65 years, we need to run our business differently than we did 10 years ago,” Francisco says, practicing what he preaches. That means expanding geographically from core markets and growing the company’s product base in order to deepen its relationship with customers. While The L.E. Smith Co. service area currently stretches as far west as Chicago and as far east as Pittsburgh – with parts or all of Ohio, Michigan, Indiana, and Kentucky in between – the firm is looking to branch out, perhaps to the south or east. And while the manufacturer was known for one or two products in particular in the past, more options and perhaps seven a bundle-type offering could be in the works for the future.

These are just a sample of some of the ways that one manufacturer/distributor is tackling the evolving market and its associated growing pains. One positive change that Francisco says many firms nationwide can look forward to, however, is resurgence in the remodel and reconstruction segment for multifamily construction. The momentum is being driven by a trend of renting, rather than owning, among American families; and there also is a shift toward the upscale. “You’re seeing people now that are owners that are putting quartz in a multifamily setting, whereas before it would always be the lowest-end product possible,” according to Francisco. “And now people are really seeing the value and opportunity within the MF housing segment. I do believe that’s going to be a great growth potential for all of us that have products that go into a setting like that.” He also has confidence in the ongoing market turnaround. “There’s some good upside for all of us,” he asserts, but it’s going to be a gradual improvement across the various sectors rather than an instant “snapback.”

In the meantime, one of Francisco’s first pieces of advice as a director at NBMDA is for the group’s members to truly embrace the opportunities membership affords. “You really want to be able to glean best practices from one another, share market information, hopefully refer one another to a manufacturer if they’re looking for new distribution in a certain area,” he shares. “So the networking piece that comes the week of the [NBMDA annual conference] is great – it’s very enjoyable and you get to meet a lot of people – but the key is it shouldn’t stop there.”

“I’m looking forward to bringing as much value as I can to the organization and its members,” Francisco enthuses. “I’ve received a lot of benefits from being a part of NBMDA, and I’m looking forward to giving back and helping others to experience the benefit of this association. I’m excited to really bring what I have to the table – which hopefully will be unique and different and refreshing to the rest of the group.

About NBMDA

NBMDA is a trade association representing the leading wholesale distributors of wood panels, surfacing materials, cabinet hardware, finishes and related products. Membership is comprised of distributors and manufacturers that serve the independent kitchen and bath dealer, as well as those that serve production companies involved in cabinetry, architectural woodwork, stock woodwork, store fixtures, solid surface fabricating, plastics fabricating, general and specialty woodworking industries. For more information, visit www.nbmda.org.

