



Building People

An Interview with Joseph A. Hardy III, Founder and Chief Executive Officer, 84 Lumber Company, and Founder, Nemaocolin Woodlands Resort, Farmington, Pennsylvania; and Maggie Hardy Magerko, President and Owner, 84 Lumber Company, and President and Owner, Nemaocolin Woodlands Resort, Farmington, Pennsylvania



Joseph A. Hardy III



Maggie Hardy Magerko

the original store continues to operate, 84 Lumber Company is the largest privately held building materials supplier to professional contractors in the United States. The company posted 2004 sales of \$3.5 billion with 95 percent of sales to the professional market. 84 Lumber Company operates more than 500 locations, including 16 component-manufacturing plants from coast to coast. The company has plans to add 84 new stores and 10 component-manufacturing plants this year, with operations expanding to 40 states. With more than 8,000 associates nationwide, 84 Lumber Company provides professional contractors, remodelers, and do-it-yourselfers with quality building materials and supplies.

Situated 61 miles southeast of Pittsburgh, Pennsylvania, Nemaocolin Woodlands Resort features 335 luxurious guest rooms, suites, townhomes, and single family homes, 125 of which are located in the spectacular Chateau LaFayette, with 42 more in the new Falling Rock, the incomparable clubhouse and boutique hotel serving the Pete Dye-designed Mystic Rock course. The resort features the acclaimed Woodlands Spa, offering more than 100 treatments; more than 31,000 square feet of meeting and banquet space; 14 dining venues and lounges; and a private airfield. The property's outdoor attractions include two championship golf courses, a 30-station sporting clays facility, the 18-mile OffRoad Driving Academy featuring Hummer vehicles, an equestrian center, a downhill and cross-country skiing facility, and the large, Hawaiian-style Paradise Pool.

Did you ever imagine in 84 Lumber's early days that it would grow to achieve its current levels of success?

Hardy: Never. Honest to God, I did not think it would take off. I was just hoping it would make it, and it did. But looking back, I think we could have been successful at anything, because we had the intensity and the focus. We thought of nothing else.

To what do you attribute the success of 84 Lumber?

Hardy Magerko: Interest rates have been very low, and that's a driving force in the housing market. That has definitely helped us. However, we create our own destiny. We've been in expansion mode for the last couple of years, and that will continue for the next five years. Our people are confident right now. We still have a family-style, one-on-one approach to dealing with our customers. We know them, their wives, and their children. We offer financing to builders, we do land acquisitions with builders, and we have a travel agency for builders. So we become almost another employee of the builder, and once that relationship is built, we become true partners in what they are trying to accomplish. We have wonderful momentum right now, not only in the expansion of our geographical reach but in the growth of our individual stores. It's just fantastic.

Did the entrance of new players into the market over the years force your business to evolve?

Hardy: Absolutely. When Home Depot entered the market 25 years ago, with their 150,000-square-foot warehouses, we thought, "What are we going to be when we grow up?" We were already a national company with good exposure, but we have been building our business extensively. Three years ago, our volume was \$2 billion. Then two years ago, it was \$2.5 billion and last year it was \$3.5 billion. I think we have a pretty good product now and we are really stepping into an expansive mode. We want to open about 35 stores in May, and then another 35 by the end of the year. I hope next year we'll have 100 openings. We have the product, the funding, and the geographical reach to do it. We're also looking at Canada and Mexico. We're really on a high. We're very confident in our product – almost arrogant – and in our business selling to contractors.

Hardy Magerko: When I joined the company, we were like a little Home Depot or a little Lowe's without the glitz. We had no heat, no air conditioning, and

EDITORS' NOTE After graduating with a degree in industrial engineering from the University of Pittsburgh, Joe Hardy joined his family's jewelry company as a salesman. In 1952, he left the family business to open Green Hills Lumber, founding his second business, 84 Lumber Company, in 1956. The company has since grown to become the largest privately held building-materials supplier to professional contractors in the United States. Hardy bought the land now occupied by Nemaocolin Woodlands Resort in 1987, and developed the property in the years that followed. In addition to his responsibilities at the resort, Hardy serves as one of three Fayette County commissioners.

Maggie Hardy Magerko, appointed president of 84 Lumber Company in 1992, is responsible for day-to-day operations for the company her father, Joe Hardy, founded in 1956 in Eighty Four, Pennsylvania. In her early career, Maggie worked at the 84 Lumber Store in Bridgeville, Pennsylvania, and has been with the company ever since, in roles of increasing responsibility. She also serves as the president of Nemaocolin Woodlands Resort.

COMPANY AND PROPERTY BRIEF

Founded by Joe Hardy in 1956 in the town of Eighty Four, Pennsylvania, where



want to be more visible out there and to have a lot of support people there.

Even though 84 Lumber was enjoying brisk business, you chose to open the Nemaocolin Woodlands Resort in the late '80s. What made you feel it was the right time to do that?

Hardy: I have traveled around the world and seen beautiful places. From working at my grandfather's jewelry store, I had developed a taste for the finer things. And at age 64, I was ripe to do something new. One day, the Nemaocolin property came across my desk and I thought I would get into it.

Hardy Magerko: Nemaocolin is where I learned how to deal with and manage people. I had no clue about hospitality, and at that point, I didn't even know that

84 Lumber operates more than 500 locations, including 16 component-manufacturing plants from coast to coast.

we had about 4,000 SKUs [stock-keeping units], in comparison to Home Depot's 150,000 or so. We had to make a drastic change. We looked at our stores that were surviving against the Home Depots and the Lowe's, examined their success stories, and then modeled our other stores in their image. Even today, we're still improving, but we are certainly a more sophisticated company than we were even just a few years ago.

When your daughter assumed the role of president, how did your involvement with the company change?

Hardy: I'm now focusing on the expansion and she's focused on the operations. Maggie has done a magnificent job in the last 13 years and has built a very competent operational staff. I was remiss in that, so it has worked out well. Maggie has done a magnificent job in putting the guts into the operations and that's certainly an essential thing.

What are your key goals for the 84 Lumber Company as it continues to grow?

Hardy Magerko: My concern is maintaining the company's relationship with its

8,500 associates – not to mention the 1,200 at Nemaocolin Woodlands Resort. Keeping in touch with them is my biggest concern, because that is our strength. I want to make sure that we continue our town meetings twice a year, during which I sit down one-on-one with all of our managers. We go over their profit-and-loss statements, their customers, and the

much about lumber. But I realized hospitality is all about the people you have. So that business has turned out to be very natural for us, and has been a great benefit even to 84 Lumber's business, since we can host the 84 Lumber Classic, a stop on the PGA TOUR, there.

Has the tournament been important to the resort's success?



A typical 84 Lumber Store (top left) is basic and straightforward, developed to meet the demands of the professional contractor. Most stores feature a showroom area with warehouse and outside shed areas devoted to stocking lumber and other building supplies. 84 Lumber also operates 16 component-manufacturing plants across the country (example above), supplying builders with floor and roof trusses and floor and wall panels. 84 Lumber's dedicated delivery fleet (left) quickly delivers loads directly to the building site.

other issues they may have. I want to make sure that the company never gets so big that we can't do that. That's really what I'm trying to figure out. Actually, right now, we're thinking about establishing another headquarters out west, because we're expanding so much there. I

Hardy: We have had it at the resort for two years. Last year, almost 175,000 people came to the tournament, and I hope to have at least 200,000 this year. I'd love for the resort to host a Ryder's Cup. My life has always been about raising the bar.

Are you convinced the property will continue to be a success?

Hardy Magerko: It has to be. There's

no option for failure on this one. We've invested too much money, time, and love into the place. It has grown immensely every year. I'd put Nemacolin Woodlands against any resort in the United States, if not the world.

The resort has also acted as a great showcase for your personal art collection.

Hardy: Yes. It's on display for the



public, because Nemacolin is certainly a public place.

You said Nemacolin is a public place.

Hardy: Yes. You know, you have to enjoy life with somebody and you get the most enjoyment out of things by seeing others enjoy them. That's the essence of life. So that's why I choose to show the art to the public – so they can come to the resort and say, "Look at this!" You have to share life with somebody to get the full experience.

Is Nemacolin a family-oriented resort?

Hardy: Yes. First and foremost, it is a family resort. We have a very active kids' club and a downhill ski slope that kids can handle. We have all kinds of activities for kids – horseback riding, rock-climbing walls, swimming, tennis, and golf instruction. At first I thought Nemacolin Woodlands would be an adults-only resort, but kids are really the ones that dictate where a family goes on vacation. Any resort that wants to be contemporary needs to be a family place, because today's affluent parents go on vacation with their children.

Hardy Magerko: People say you can't be everything to everyone, but I'll tell you that we're trying. We definitely want to attract corporate executives and families, and it is certainly a family-oriented resort, more so than we ever imagined it would be.

Your Hummer obstacle course is one of the resort's unusual recreational features.

Hardy: Yes. Because we want to stay contemporary, we have put in things like the Hummer course, and we have kept traditional things like the clay-shooting course, which is one of the best in the

country, with 30 stations. But the Hummer course is very exciting. We'd love to build an X Games hall of fame there. The resort itself is about 3,000 acres, so we have room to build something that appeals to anyone; we even have an antique car showroom. No one would be bored at Nemacolin.

Is the spa also an important component of the resort?

Hardy: Oh, absolutely! The spa is an integral part of the property. There's nothing like it. After I got a facial there – which I once thought was a sissy thing – I was in seventh heaven! It helps the mind, the body, and everything else.

Hardy Magerko: You just can't beat our

When you reflect on your career and all the success you've had, did you have mentors or other people you looked up to who really helped guide you?

Hardy: I certainly try to read anything written about successful entrepreneurs. I just gravitate toward that. I'm not too much into fiction. But, yes, I study anybody who has done anything impressive. I was the oldest of three sons and my mother was sort of from the other side of the tracks. My dad was rather the aristocrat. His family owned Hardy & Hayes and he had to elope, because I'm sure my mother's family couldn't afford a big wedding. So if my mother saw me screwing around with some jerks or undesirable types, she'd say, "What are you going around with those people for?" I'd say, "Hey Mom, they're fun! They're fun!" She'd respond, "Hey, knock it off. You're something spe-



Joe Hardy toasts 2004 84 Lumber Classic Champion Vijay Singh. Singh is sponsored by 84 Lumber.

spa product. It's funky and contemporary, and soothing and relaxing. And the talent within the facility meets the standards set by the physical facility itself. So I'm more than pleased. It's a very profitable entity for us.

How important is the food-and-beverage operation for the resort?

Hardy: We have the largest wine cellar in Pennsylvania, and our restaurant Lautrec is amazing. We actually have eight restaurants. So the food-and-beverage operation is very significant.

Are you happy with the resort's accessibility from major metropolitan areas?

Hardy: It's ideal! Baltimore, Cleveland, Cincinnati, Columbus, and Washington, DC, are all within a three-and-a-half-hour drive. Approximately 25 percent of the nation's population is within three to three and a half hours.

cial and you're going to amount to something." That was my instruction. And so she put the sting on me, because I have taken care of my two brothers. That has broadened into taking care of the employees. She's the person who put that notion in my brain: That you're on this earth, you're something special, and you're going to amount to something.

I think that, in raising kids today, parents should let their kids know they are something special, rather than asking them what they want to do, then telling them, "Go ahead – get out of my hair," just to make them happy. My mother didn't worry about whether we were happy or not. She said, "Wait a minute. You're something special and you're going to amount to something." I think that, since she was sort of born on the other side of the tracks, she had to prove that her offspring could be something. So

Falling Rock serves as the exclusive haven of PGA TOUR professionals during the 84 Lumber Classic.



PGA TOUR players warm up on the Pete Dye-designed practice range in the shadow of Falling Rock, a Frank Lloyd Wright-inspired 42-room boutique hotel and clubhouse for the Mystic Rock course. Among the many amenities are 24-hour butler service, private cabanas along the infinity pool overlooking the 18th green and fairway, 24-hour room service, a private spa in the adjacent Horizon Point meeting and banquet center, and, of course, luxurious rooms and suites.

that's where it all started for me. That was my motivation. Sure, I read those other things, but at an early age I was told, "Hey, you're something special. You're going to amount to something." That was powerful, as far as I was concerned.

Has that made it personally satisfying to see the success of your employees?

Hardy: Oh, yes! My mission certainly is to have a venue where a common person can achieve uncommon performance. I strive to have a venue and an environment where a calm person is very motivated. I say that if someone really believes in himself, then he can be something. And that really turns me on. When I see what some of these people at 84 have been able to do, boy! That really is great. Material things are fine, but to see an individual in an environment that you have created really achieve is special. I remember there was one individual who, after he left here, created something that, within two or three years, became an \$80-million phenomenon. I use that as an example when I talk to the recruits we get



in here almost every Monday. About 50 recruits come in and the first thing I say is that we will keep up with them, as we do with the employees who are already here. Then I go into specific examples of people who are still with 84, and some who have left, who have all done very well. And, you know, that's significant; that's important to me. Absolutely. I let them know that they are significant and the reasons why.

Considering your involvement, it seems that you have no plans to slow down.

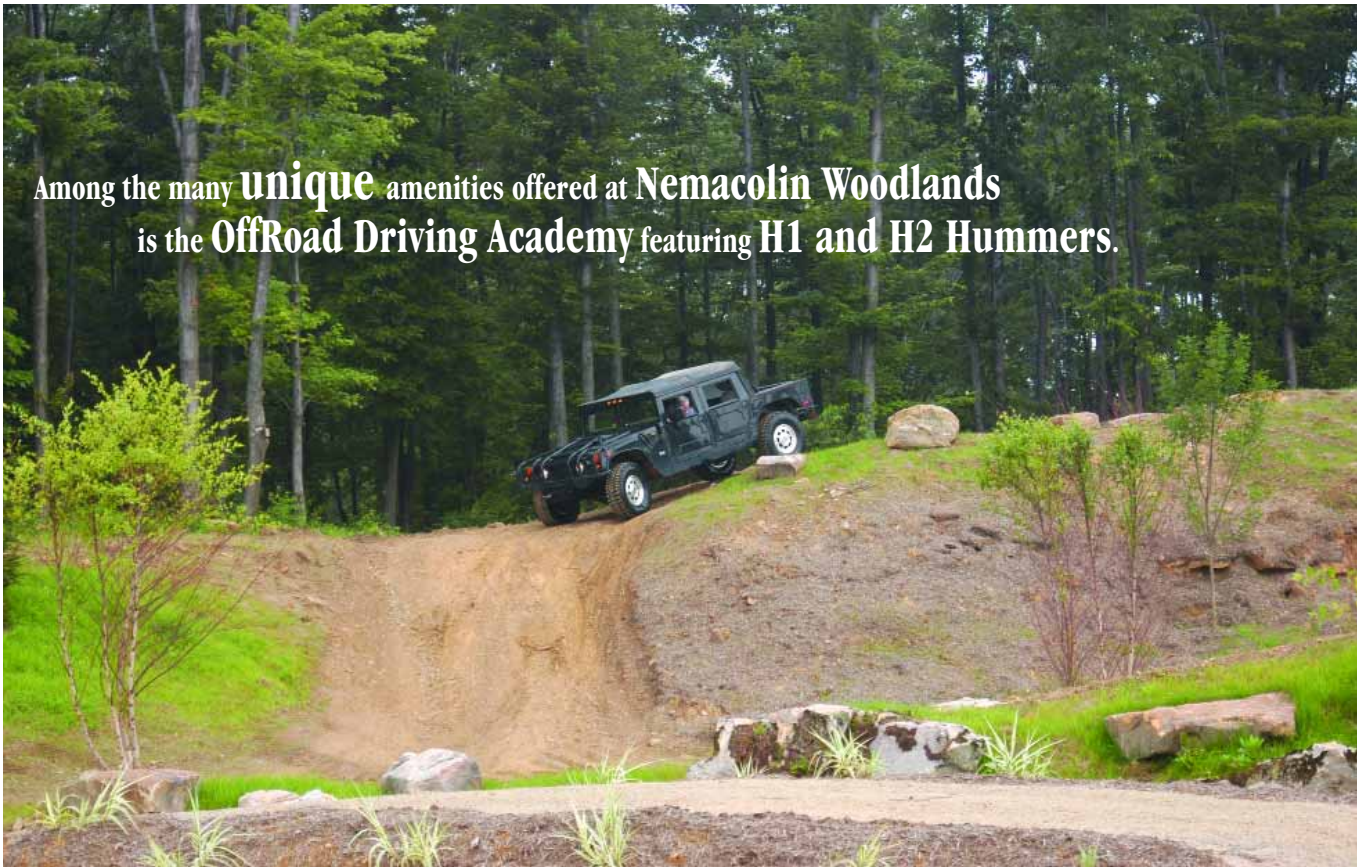
Hardy: Oh no! You know there are people who say you can only do so much. Hey, cut the crap! Hey, I can't wait to do

more. For instance, I just found out there's a place for sale down in Atlanta. So I'm leaving at three o'clock to go down to see that place in Atlanta. Hey, it might be something really good. Sometimes, I leave Monday morning to go to a certain place but end up out in California, at a golf event there, and then I go on and look for more sites. I just believe that today and tomorrow are going to see the greatest accomplishments. I can't tell you what they're going to be, but I guarantee they will happen.

Is it important to you that your daughter is doing a great job? It must be a great feeling.

Hardy: It's awesome! It's the greatest

Among the many **unique** amenities offered at **Nemacolin Woodlands** is the **OffRoad Driving Academy** featuring **H1 and H2 Hummers**.



An H1 prepares to descend a 60° slope in The Crater. The resort has its own fleet of H1s and H2s, and guests may also use their own Hummers.

feeling I can have. Family businesses are tough to run. It's not all fun and games, but there is so much enjoyment in my relationship with Maggie. It's just so much fun to plan things together.

Do you two have very different ways of doing things?

Hardy: Maggie might have a little more flare than I do, but I would say we think in the same way. It's scary. I gave her all these genes. Even her husband says, "Oh my God! I'm talking to Joe Hardy when I'm talking to you, Maggie."

Hardy Magerko: My dad and I have always had a neat and very trusting relationship from the beginning. I understand him and I'm a lot like him, fortunately or unfortunately. We don't even have to explain things to each other. But because we are so much alike, we're extremely competitive with each other, and it seems that the older we get, we definitely get even more competitive. My dad has such vision, and he has been like that for 50 years. Expanding the business is his love. He handles the development and the construction, and then turns it over to operations and that's when my team gets involved.

As Nemacolin and 84 Lumber have expanded, how have you managed to budget your time?

Hardy Magerko: First, I have the right people. You have to have people who give a damn and want to make something out of themselves. I can give

them the tools, resources, love, patience, and kindness to get them to aspire to reach beyond their own expectations for themselves. Once you can do that, you can almost sit back and orchestrate. At least that's how I am. I do not micromanage at all. I like to give people some room to grow. I might not agree with all the suggestions they have, but if they are passionate about their beliefs and they believe it's the right thing, I'll let them do it. I'll support them 100 percent. I find that once you get that momentum going and get them to believe in themselves, it's fairly easy. I know when I need to be at Nemacolin and I know when I need to be at 84. The people often tell me when they need me. So it has been very easy to balance.

Part of the culture you have instilled in those organizations has been the importance of corporate citizenship.

Hardy Magerko: For me personally, it's huge. That's what it's all about. I am blessed to be in the position that I am in, and I probably did not deserve to be put on this earth in this position. I barely graduated from high school. But I have about 500 donation requests on my desk that I'll get through today, and tomorrow there will be that many more. That makes me feel good. It makes me feel good to have the opportunity to help those who are not as fortunate. I honor those requests from people who have tried, but who have just

had a lot of bad luck. It makes me feel good to embrace them and to help them out. With the tsunami – my gosh – when I thought about the little babies or the parents that lost their entire families, I couldn't even imagine getting up the next day in their position. It puts life in perspective very quickly. Money is money; I am not greedy. So if I can help someone and make their life a little better, I will. That's probably my weakness. I really feel for people.

Are you ever able to step back and appreciate the success these businesses have had under your leadership?

Hardy Magerko: I don't think I'd ever do that, because I think it would demotivate me. That's not really what motivates me. What motivates me is what is ahead – tomorrow's sales and helping tomorrow's employees. So no, I'm afraid that if I think too much about our successes, my head might get big. I'm not in it for me. I'm not in this to make money. I'm in this for bigger and greater reasons. I'm here to develop people and make an ordinary person extraordinary. I do stop and reflect when that happens, but that's the only reason I'm in this game.

You seem to have a true passion for life.

Hardy: Oh absolutely. I'm nuttier than a fruitcake. Life is so short and it's so beautiful. I enjoy the ups and downs almost equally. ●