

## The Lowes Connection: How It Developed and What It Might Mean for Indian Country

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How many of you fish big rivers?

Those of you who do know that there are days when you get skunked and days when you catch more fish than you thought possible

But the best, certainly the most memorable days - are the days when something really wonderful happens. Maybe it's the company you're keeping or the weather or the beauty of your surroundings, or maybe, just maybe, it's a tug on your line that tells you the watery kingdom before you is about to explode.

I had a day like that last September 7. It was the day I found a guy named Tim Honeycutt, who, like a big old brown trout, was so well hidden beneath an overhanging bank that I almost missed him – and it was only through dogged determination that I found him and reeled him in.

Tim Honeycutt works for Lowes, North America's second largest building material distributor after Lowes. The most important thing for you to know about Tim, other than the fact that he is a nice guy whose son is a first year forestry student at North Carolina State, is that Tim was running Lowes Diversity and Inclusion Program at the time we met.

Patrice Funderburg now runs the program. Nice lady with a New England twang in her voice that is difficult to disguise around Lowe's Mooresville, North Carolina headquarters. We'll get to her in a moment.

Before I met Tim, I did not know the first thing about diversity and inclusion programs. For that matter, I still don't know much about them, except to say that the purpose of the program is to keep Lowes in the good graces of our federal government.

Until Tim and I talked, I never gave a moment's thought to the billions of dollars our government spends annually with companies like Lowes –

major distributors of products consumed in government offices and government-funded projects all over our nation. But the government extracts a price from its relationships with its major suppliers. It says to companies like Lowes, "We will do business with you only if you are doing business with minorities." So Tim's job at Lowes is, or was, to make sure that Lowe's was allocating an equitable share of its purchasing dollars to minority suppliers of the products that line the shelves of its more than 1,700 North American stores. Given Lowes remarkable growth in recent years, you may be surprised to learn that it is not a new company. It was founded in 1921 by Lucius Lowe at North Wilkesboro, North Carolina.

It took me more than a week to find Tim, mainly because I did not know his *name*, which is a prerequisite for making personal contact in the Lowes corporate structure. Such are the frustrating rules in the company's nearly impenetrable bureaucracy – a bureaucracy that clearly places a premium on the persistence of those who finally crack through its highly automated calling and call forwarding systems.

The truth be told, I never would have found him had a nice young lady in the Lowes public relations shop taken pity on me. But it was only after she had reviewed all of the materials Gary Morishima and I had assembled that she finally agreed to lend me the keys to the Lowes Kingdom.

Once armed with Tim's name and phone number, I placed a call, only to be forwarded to his voice mail system, where I left a message. In reassuring tone, his voice assured me that the real Tim would return my call "just as soon as possible." In my message, I asked that he review the materials that Gary and I had prepared, including "Earth's Gift's," which appears on Page 25 in your program.

Well, "just as soon as possible" turned out to be nearly a month. But to my enormous pleasure, when Tim finally returned my call, he had actually *read* everything *and thought about* everything I had e-mailed to him. In fact, we talked for nearly two hours by phone that first day. I was astonished – and very pleased.

As our conversation wound down he said what I now suspect he had planned to say all along. He said, "Rather than simply respond to your survey, which our lumber guys aren't very enthusiastic about, I want to propose that we in the diversity department meet with you to discuss our enthusiasm for tribal forestry, which we perceive from your e-mails to be both green and sustainable."

Unlike many less sophisticated survey respondents whose opinions appear in Volume II of our final report, Tim quickly grasped the meaning of the Earth Gift's vignette and its significance to Lowes' lumber marketing strategy, which leans heavily on sustainability and third party forest certification themes.

"Stereotypically," Tim said, corporate hat in hand, "you would think that Native Americans are better at caring for the environment."

"It's a helluva brand," he continued, not realizing that, as yet, there is no tribal brand beyond his perception that tribes somehow know how to manage nature better than white guys. "There is great power and leverage here. We just have to develop it."

"We?" I thought to myself. "This is just about the biggest brown trout I've ever hooked!"

Tim then offered to "socialize" tribal forestry within the Lowes corporate structure – meaning, among other things, that he and his colleagues in the Diversity and Inclusion Group would help ITC prepare a business

plan that it can – with Tim's endorsement – take before the group that makes major lumber buying decisions for the entire company. Apparently only those with Tim's blessing ever get the opportunity to make their case before the buying group.

"You will need to bring us an idea, a vision, a plan," he explained. "Not all the tactical pieces that go with such a plan, but a vision and enough of a plan to excite the purchasing guys. We will help you develop it. Big things will start to happen if the purchasing guys get excited."

Tim has never said precisely what "big things" would begin to happen. And in fact, he has no control whatsoever over lumber purchasing decisions. But he did speak in terms of creating a scenario in which Lowes could quickly and efficiently place tribal lumber in most if not all of its stores. Those stores are serviced by 15 strategically placed warehouses.

If you have ever actually hooked a big brown trout, you know that the chase can end badly; and that there is no emptiness that comes more suddenly than the emptiness of a slack line with no leader or fly left to witness the loss. But it can also end in great exhilaration with you finally getting a glimpse of a primeval force up from the basement of time: beautiful orange, red and black dots scattered on green hues that can camouflage even the largest browns in shallow, open water. There is no more beautiful trout than a German brown.

In your still to be flushed out relationship with Lowes, ITC's member tribes obviously have a big one on the line. The question is, "Do you have the skill to land him?" Or will he suddenly swim free beyond your reach?

Here is where we are with Lowes. True to his word, Tim arranged for us to meet with several Lowes executives. The "us" here is Gary Morishima, ITC president, Joe Durglo, and me.

We met last November 10 at the company's headquarters with Tom Dillon, Merchandising Vice President; Michael Chenard, Director of Environmental Affairs; Mike Riley, Vice President of Procurement, Tim Honeycutt, who is now Director of Sourcing Administration for

Procurement and Patrice Funderburg, who took Tim's place as Manager of Diversity and Inclusion.

The meeting, which lasted nearly two hours, went very well. It was businesslike and cordial, as you would certainly expect of world's second largest home improvement chain, but this much is also true: Lowes is clearly very interested in doing business with ITC's member sawmills.

I am pleased to be able to report to you that we did not have to get on bended knee to get the Lowes executives we met to look in your direction. And if you stop and think about it for a moment you will discover why. At the risk of sounding cold or arrogant, which I certainly don't mean to be, it has to do with the fact that ITC member tribes that own sawmills constitute the only minority in the United States that has lumber that Lowes can buy. No other minority in our country can do this. If there was ever a time to be graceful in victory – or at least possible victory – it is now.

You do not have the best wood or the most wood or the cheapest wood. In fact, your competitors are running circles around you day in and day out. But you have something that no amount of hard work or money can buy. You have minority status in a nation that has decreed that businesses that won't do business with you won't be allowed to do business with our governments: federal, state or local. And believe me; they buy a lot of lumber.

At the risk of again sounding cold or arrogant, which I certainly don't mean to be, Lowes needs you as much as you need Lowes. For that matter, so do Home Depot, 84 Lumber and Menard's, the Big Four among our nation's home improvement chains. But Lowes stepped to the plate with a generous and entirely unexpected offer to help you think through how to approach your long time interest in branding and marketing, and I think all of you should look long and hard at this – with some humility and grace - before you walk away because, like so many others today, you simply do not trust corporate America.

And should you suddenly find yourself in the grip of uncharacteristic arrogance, remember what Michael Chenard told us. Chenard, who is

Director of Environmental Affairs, and who comes out of the old Champion International corporate structure in the Northeast, was candid enough to tell us that Lowes very likely would not have met with us if the word "Indian" had not been in our name.

I want to direct your attention to three paragraphs in the report Gary and I prepared for ITC's board.

First, "Lowe's interest in tribes is not lumber supply per se, but rather to embellish and advance corporate policies and objectives related to diversity and environmental stewardship."

Second, "The company clearly has diversity goals that it needs to meet in its lumber purchases, especially when it sells lumber to the federal government or for use in Leadership in Energy and Environmental Design [LEEDS]-certified buildings. Tribes constitute the only abundant "minority" wood source Lowe's can tap for these markets."

And third, "Lowe's corporate leadership appears primed to enter into a pilot program with Indian tribes to work out bugs and assess potentials for longer-term relationships."

After our meeting at Lowes headquarters, Gary and I sat at the Mooresville Airport for several hours talking about what we'd heard. We even had time to rough out a summary that we have since shared with the ITC board.

In my opinion, the most important recommendation we made to your board concerns the need for a Pilot program that would give you – and Lowes – the chance to get to know one another better and work out the wrinkles before you roll out a nationwide program that associates ITC with Lowes and with tribal forestry and wood products.

Now might seem like the worst time to venture forth given the ongoing malaise in the housing industry. But Gary and I will argue that it is the best time because markets are sluggish and whatever mistakes that are initially made won't be fatal.

This is why the best sawmills in the West, which are also the best mills in the world, use recessions to retool and recalibrate their mills. When markets are hot, no mill owner in his

right mind wants to run at any speed other than full speed.

The ball is clearly in ITC's court. You can turn away and accept your fate, whatever it may be, in a world where high speed band mills now run at two to four times the speed of your mills – with overrun rates that surpass three point three to one, excluding re-saw. This is a stunning accomplishment that has opened the door to automation, and the not so unimaginable suggestion that logs may someday be sawn by lasers or high frequency vibration.

I was recently inside a western Oregon mill that had an unmanned HewSaw. There it was spitting out perfectly sawn studs all by itself, 50 yards from the nearest human being, who was sweeping the floor.

In such a world, you will need niches that are profitable and allow you to sustain your traditions and your priceless culture. This, too, is possible, but you must partner with those who understand and respect your story, those who, like Tim Honeycutt, see great power and leverage in your story.

I think the Lowes discussion is huge in the history of tribal efforts to carve out profitable niches for their wood products. No company on earth has a better distribution system and only one home improvement center – Home Depot – has more retail store fronts. Home Depot wasn't interested. I'll take Lowes and let the chips fall where they may.

Are there downsides? Yes, there always are. You will be tethered to a very large company – and in very large companies there is always a tendency to dictate terms and conditions to smaller companies. All I can say is that you constitute the only minority in America that has lumber to sell. Lowes thus needs you as much as you need Lowes.

There is much more to know here, and for that, we must turn to our resident Master of Detailed Analysis, Gary Morishima.