

Preserving a Legacy

Mark Seigle repurchases a piece of his family's business.

By: John Caulfield



May 2010 — Mark Seigle says most of his friends thought he was “nuts” when he told them last summer that he was getting back into making and distributing products to builders and contractors.

Four years earlier, on Nov. 1, 2005, Seigle and his brother, Harry, had sold their family's business, Seigle's Home & Building Centers, Chicagoland's largest building products distributor, to Stock Building Supply for an estimated \$121 million. After a three-year stint with Stock, Seigle did some volunteer work with nonprofits. And for five months last year he headed the Neighborhood Stabilization program in Elgin, Ill., (his former company's headquarters city), where he witnessed firsthand how foreclosures were impacting that community.

His desire to return to his roots was as much an emotional as a practical decision. Stock had been sold to an investment firm and was shedding branches to confine its operations to 19 markets. Chicago wasn't one of these markets, and Seigle feared Stock's decision to close its Midwest division would mean the end of the Seigle's name in an area where it had been a fixture since his father, Harold, acquired the business in 1942.

So on Sept. 1, 2009, Mark Seigle, with his two sons, acquired his former company's cabinet manufacturing and distribution operations from Stock for an undisclosed sum. But preserving a family legacy is one thing; re-establishing relationships with customers and suppliers for whom business isn't an exercise in nostalgia is something else entirely. Seigle, now 51, recognized the difference immediately.

“Suppliers were looking for surety that the deal [with Stock] would actually close,” Seigle tells Builder, noting that consummating this transaction was complicated by a non-compete clause and by Stock's own volatile situation.

What customers wanted, says Seigle, was “continuity: the same people, the same products, the same prices.” So he's retained the cabinet division's employees and product lines. The deal with Stock included purchasing the assignment of existing vendor contracts, “so we didn't have to rewrite them.”

Seigle Cabinet Center, as the new business is called, includes a warehouse and showroom in Elgin and a sales office in Chicago, which it shares with Pro Build, the industry's largest pro dealer, with which Seigle has an unusual strategic alliance. Seigle says he bought the cabinet division partly because Pro Build wasn't as strong in that category. His company provides the pro dealer with sales and marketing support, as well as customer referrals. His company also distributes lumber, trusses, windows, and doors supplied by Pro Build. As part of this pact, Seigle will open two more cabinet showrooms at yards in Yorkville and Wheaton, Ill., which Pro Build acquired when it bought F.E. Wheaton Lumber.

Seigle projects that his company, with 21 employees, will generate \$10 million in its first full year. As for reentering a housing market decimated by economic recession, Seigle concedes that few old customers are still around. “There are no more regional builders here anymore; only the nationals and custom builders.” But custom builders are Wheaton's strength, and he's hoping to pick up more business through that link.—J.C.