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## "Technology Improves Truss Plant Success" by Alan Kosse

When it comes to accurate product pricing, the truss manufacturing business can seem like an unwieldy beast compared to other forms of building material distribution. Labor production costs, for example, account for nearly one-third of the total truss manufacturing expense. Next to managing lumber purchase prices, tracking labor inputs accurately can go a long way to maintaining greater truss pricing flexibility.

Unfortunately, a fragmented software industry hasn't always been kind to inventory, component and labor cost tracking. Renewed eagerness by truss manufacturers to improve efficiency and change "business as usual" is encouraging more computer software companies—and their respective products—to start talking to each other. In essence, truss manufacturers are finding appeal in the new wave of vertically integrated, industry-specific software that lets them leapfrog old-style accounting and business management procedures for improved profit margins.

It boils down to making a commitment to the industry. For example, a finished ceiling or floor truss isn't something that a manufacturer simply buys and then re-sells. It's a consortium of pieces and parts purchased separately, taken out of inventory, then transformed into a single value-added end product. The new value is in the totality of a finished product—and the labor it took to produce it. Today's technology helps address this.

Lumber generally accounts for 50 to 60 percent of truss inputs. Plates account for another five percent. Labor, as we already mentioned, constitutes about 30 percent of total costs. But more and more, today's technology is allowing re-manufacturers to pinpoint significant savings opportunities for each project by transforming the art of accounting into sound science.

Today's truss manufacturers are demanding some of the same things already being taken advantage of within the millwork industry. And that's vertically integrated software interfaced with inventory databases to adjust component counts and the involved labor for a nice, neat price per truss per job. While engineering software will continue to be used to generate design layouts (as well as determine cuts, scheduling and other manufacturing specifics), accounting and business management software must fit like a glove to track inventory, re-manufacturing processes, accounts payable, accounts receivable and related tasks.

It wasn't all that long ago when tracking true costs were haphazard estimates, based on what was left over in inventory at the end of the month. If you had one big project and three medium-sized projects, then costs were rarely allocated with precision. Often, you might be surprised to find a little less lumber in the warehouse than planned at month's end with no explanation as to which project it went to. That constitutes the growing appeal in systems that can show shrinkage as it occurs, plus distinguish between culls used in re-manufacturing and culls resulting from re-manufacturing.

Down the road, it will become increasingly important to be able to make new bids accurately, plan accordingly for any custom pieces, and accurately set profit margins. So the ability to accurately track each piece you put into a component, each board-foot taken from inventory and the labor involved, will go a long way toward improving efficiency and boosting profits.

And in the future, enhanced integration with truss design software will allow all the components in a truss design to be uploaded into business management and accounting software—automatically updating existing inventory and general re-manufacturing orders for the plant. The long-term upshot will be the ability to do more business faster electronically.

More truss manufacturers may begin getting their on-line feet wet by sending and receiving engineering design blueprint acknowledgements across the Internet to save time. And when builders and contractors believe they'll get the same customer service they've come to expect in face-to-face discussions with their distributors, they'll begin ordering on-line like in other industries.

Integrated industry-specific software means not having to re-enter information, which takes time and offers a greater chance for human error. Each product in inventory, or remanufactured piece, should be able to be easily and accurately referenced for an explanation when it's time to balance the books. For that reason, vertically integrated software that addresses specific industry needs will continue to find merit over more generic, homegrown customized systems.

So while you cannot control what you pay for lumber, improved software technology does pave the way for significant savings in labor and lumber inventory management and it gives you a much better handle on the true cost of your product which will result in more profitable pricing.

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