

## Executive Director's Message

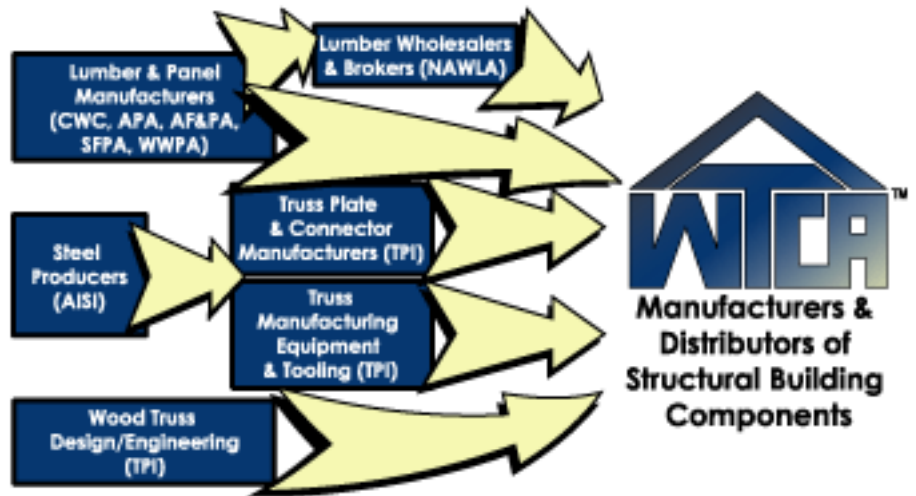


KIRK GRUNDAHL

### "Lumber Industry Policies: An Open Door" by Kirk Grundahl, WTCA Executive Director

Over the last few years there has been confusion over who WTCA represents. This is primarily due to the word "Wood" in our name. Hence, most lumber supplier associations apparently thought that we were another lumber association and really an extension of them, with the objective of promoting lumber use. However, when one looks at a rendering of our industry and how the various trade associations fit, one quickly sees a very different picture of WTCA:

It is obvious from this graphic that the Truss Plate Institute (TPI), North American Wholesale Lumber Association (NAWLA), Canadian Wood Council (CWC), APA-The Engineered Wood Association, American Forest and Paper Association (AF&PA), Southern Forest Products Association (SFPA) and Western Wood Products Association (WWPA) are all associations that represent suppliers to the structural components industry. As such, we expect they would be very supportive of the work that WTCA undertakes, given the fact that if we are successful in advancing the wood truss market all of us will, by definition, be successful.



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To this end, at the Board of Directors meeting held at BCMC, two lumber industry policies were approved unanimously:

1. "CONCEPTS THAT THE TRUSS INDUSTRY WOULD APPRECIATE CONSIDERATION OF FROM OUR LUMBER SUPPLYING INDUSTRY."

**Fundamental Precepts:** The mission of the various lumber trade associations in the U.S. and Canada is to engage in activities that their members deem useful to advance and protect lumber

interests. More specifically it is to advance and protect primarily Southern Pine use if part of SFPA, western species use if part of WWPA, primarily SPF use if part of CWC, primarily plywood and OSB with some I-joist and glulam representation if part of APA-The Engineered Wood Association and provide technical support for all uses if part of AF&PA's American Wood Council (AWC).

The truss industry purchases more than 7.0 billion board feet of lumber and currently a significant amount of plywood, OSB, LVL, I-joists and glulam annually. Fundamentally, the mission of WTCA is to promote, protect and advance the common interests of those engaged in manufacturing trusses and related components to ensure growth, continuity and increased professionalism in our industry. Lumber makes up between 45 and 55 percent of the overall cost of the products we manufacture. Therefore, it has a significant influence on our ability to be successful in accomplishing our mission as an industry.

Currently, we find ourselves in the midst of a skilled labor shortage in the construction trades, and this appears to be a trend for the future. Component construction has proven to provide substantial labor and material savings to builders over more traditional methods of construction. Advancing the use of component construction will help our customers meet the demand for new construction with dwindling skilled personnel. The benefits of this to the truss industry and the suppliers that assist us in meeting marketplace needs and demands are certainly obvious.

#### Considerations:

- Given that there are marketplace challenges such as termites and combustibility that directly involve the lumber raw material that truss industry predominately uses, the truss industry appreciates any involvement from executives of the lumber companies that we purchase lumber from to:
  - Inform our industry of the opportunities that exist for growing our industry and jointly develop strategies from this customer base to aid in expanding markets for the lumber we purchase.
  - Educate our industry about any risks that may exist and what actions the lumber industry is undertaking to minimize the impacts of these risks for this customer base as well as what assistance we need from this customer base to deal with these risks.
- We would appreciate lumber company participation in WTCA meetings, as these meetings appear to be the best venue to have a focused discussion on lumber issues that face the truss industry. The meetings are also where the greatest number of senior truss industry executives are assembled who have a background in the industry issues we are faced with at the time, and who, through discussion, will provide solid feedback that should be valuable to the lumber industry.
- WTCA meetings bring awareness of and discussion about legislative, marketplace and technical issues that may positively or negatively impact the use of lumber within the truss industry. The truss industry's objective would be to provide perspective and assistance on any issues brought to our forum and to help formulate plans of action to facilitate their best chances for success.

The foregoing can be summed up by saying that WTCA and its members desire a close working relationship with the lumber industry, a relationship of partnering that is founded on the lumber

industry considering the best interests of what we hope is an important lumber customer market segment. We also hope that the lumber industry will respect truss industry strategies that seek to make a sustainable gross margin on sale and a suitable return on investment, whether that be with wood or some other raw material. Our use of any raw material will be a function of the continued cost effectiveness, quality and other criteria demanded by our customers of the products we manufacture and supply.

## **2. "JOINT SFPA/SLMA/WTCA POSITION PAPER ON JOINT ACTIVITIES DRAFTED FOR SFPA & SLMA REVIEW"**

[The following was developed based on a request by SFPA for WTCA to create a position paper on our joint working relationship.] Our joint understanding is that SFPA and Southeastern Lumber Manufacturers Association (SLMA) members will work aggressively to protect their business interests through legislation and governmental action. There will be times when SFPA, SLMA and WTCA can work together on common issues such as ergonomics and access to federal forest lands, and there will be times that we will be on opposite sides of an issue such as the Softwood Lumber Agreement with Canada. Where we can forge a common legislative approach we will do so, as there is strength in numbers and a united voice.

SFPA and SLMA members are commodity-based suppliers of lumber products for their customers. The supply and demand conditions for lumber are based on multiple factors, including market demand, stumpage supply and sawmill production decisions. Pricing is reflective of a number of factors; therefore, price volatility is likely to continue in the future. SFPA and SLMA have the following primary expectations of WTCA and its members. They are to:

- Empathize with the needs of all lumber manufacturers to make business decisions with a view toward profits and returns on investment; and
- provide market feedback to SFPA and SLMA so that decisions regarding lumber use can be made and appropriate market strategies developed.

WTCA is not a lumber association. Even though this is probably obvious, it sometimes gets lost in discussions. It is, however, fundamental to all discussions that we have. WTCA is an association of manufacturers that is situated within an industry that purchases more than seven billion board feet of lumber products each year. WTCA members produce a product from wood that, through engineering technology, efficiently uses wood fiber. This has some marketplace advantages within the environmental movement that exists today. WTCA members manufacture and supply any of a variety of wood trusses, I-joists, LVL, glued laminated beams, plywood, lumber, trimmable end trusses, steel trusses, wall panels, tees, corners, stairs and related structural building components.

WTCA members will work aggressively to advance their interests in serving the structural building component needs and demands of their customers to provide them with the best economic framing solution. These products may quite possibly incorporate lumber, steel, plastic, or other raw materials that provide economic value and profits.

WTCA and its members have the following primary expectations of SFPA and SLMA members:

- Understand and monitor WTCA needs and take aggressive action to serve the truss market to advance the use of lumber within the truss industry;
- Provide WTCA members with lumber products that will enhance our ability to provide economic lumber solutions for our customer base (e.g. working on solutions that will allow continued cost-effective use of lumber within truss fire endurance assemblies and within those markets where termite infestation is an issue, reduction of lumber waste in a truss plant, use of finger jointing technology to reduce warp, twist and crook, etc.), recognizing that one of the key criteria of commerce in the markets we serve is cost of the products we sell.
- Annually share with the WTCA Board of Directors the SPFA and SLMA plan of action that is intended to advance lumber industry objectives within the wood truss industry and where WTCA's input and action may be needed with respect to plan implementation.
- Work directly with WTCA on all its programs that relate to growing the wood truss market, thereby building a united approach. This will maximize industry dollar resource utilization and ensure that the potential for market confusion is minimized.

Where wood truss market expansion is at issue, WTCA, SFPA and SLMA share common interests that should be worked on collectively, with WTCA taking the lead in implementation.

Where lumber utilization, economics and market expansion is at issue, SFPA and SLMA will establish its strategic plan and will take a lead in implementation. SFPA and SLMA may ask WTCA for a customer perspective if desired.

## CONCLUDING THOUGHTS

It is the intention of the WTCA Board of Directors to provide an open door for a close working relationship with each of our key supplier industries—lumber and metal connector plates. It just seems to make good business sense that our suppliers would want to listen closely to WTCA's needs and figure out creative and supportive ways to meet them.

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