

# STRUCTURAL BUILDING COMPONENTS MAGAZINE

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## STCA Update

[www.steeltruss.org](http://www.steeltruss.org)

### Producing CFS Components by Brigit Frank

*The use of cold-formed steel (CFS) building components is relatively new. The industry began in earnest in 1995 and since then its growth has been consistent and significant. The promise for future growth in this area is causing a lot of manufacturers of wood components to consider adding these products to their operations.*

*To answer some questions about adding the production of CFS components to an operation that only manufactures wood structural building components, we have asked some people who do both for their insights. To begin this series we asked Keith Kinser, STCA President and Vice President of Business Development for Kintec, LLC for his perspective. (Look for other CFS component interviews in future issues of SBC.)*

#### **What are the typical project's material decision based on?**

Typically these decisions are made due to the code/design requirements for noncombustible construction and where fire retardant treated wood (FRTW) does not meet the criteria for noncombustible in the local code or zoning regulations.

#### **What drives your material selections for building trusses? Customer demand? Cost? Etc.**

Yes, any or all of the above. Our experience allows us to provide information as to what might be the best alternative whether it is wood, FRT wood, CFS, or something else. We approach these questions from the perspective of a "Component Supplier" who has choices of materials to use. We can also easily provide the cost comparisons for the various product lines, to make the best economic decision. Our customers are very appreciative that we are able to provide them with a variety of alternatives to meet their specific budget and application needs.

#### **Why did your company decide to begin manufacturing steel components in addition to wood components?**

We saw that there were many projects that were going to be built with the CFS truss sections, researched the available options and the cost to get into the business, and decided that it would be a good addition to our product line. We felt strongly about our being component manufacturers first and foremost and that to do this effectively for our customer base over the long term we needed to be able to supply a complete line of component technology. It also gives us the maximum economic flexibility, given that the basic raw material costs are such a large percentage of the cost of the product we manufacture. For instance if the economics of steel

becomes more stable and more cost competitive than wood or vice versa, we are prepared to provide the best economic solution for our customers.

### **What are the challenges in manufacturing steel components?**

As these tend to be larger commercial jobs, the complexity of the design can be an issue. By that I do not mean the truss shapes, but the various loading conditions that must be addressed. It is not that much different from commercial wood truss jobs; however, the steel tends to require a more specific application of load conditions than wood because the CFS sections are not as forgiving of loads applied between panel points. As a result, load conditions that might be accounted for as uniform load in wood, might be point loads in steel.

In addition, inventory is more of a challenge with steel. It is still a fledgling industry and so the production tends to ebb and flow more than wood, causing more of a fluctuation in inventory demands. Couple this with the limitations in the lengths of raw material that we can purchase and it just adds to the challenge.

One of the advantages of having our wood truss operation is that we are not completely dependent on steel truss production for all our revenue. This really smooths out the inevitable ebbs and flows and allows us to be profitable with our steel operation.

### **If you had to start all over again what would you do the same and what would you do differently?**

We started out of the assumption that our existing sales force could promote the CFS truss product to our existing customer base. Over time we have realized (and this has been borne out by other fabricators across the country) that you have to dedicate a sales/marketing effort specifically to the steel truss market if you want to be truly effective.

The same applies to manufacturing. The steel operation has to be treated as a separate and distinct business and profit center. The synergy really lies in the management and administration functions.

### **What is the most efficient way to produce steel components?**

That's a loaded question. I don't think anyone knows that yet because everyone has better ideas of how the whole process could be handled. I can only say that I expect our efficiencies to improve dramatically over the next few years as innovation in the industry continues.

### **What is your current market for steel components? Where do you see future growth for this product line?**

My experience is that the current market and near future for CFS trusses is commercial and institutional projects. We are still only getting access to a small portion of the work that is out there. There is a lot of education to be done of developers, architects and engineers as to the

viability of CFS in traditional red iron construction. The more education that occurs, the more market potential that we will likely see.

Additionally, people worry that steel will cannibalize some of their residential work. While that may be true in time if steel becomes more cost competitive and efficient to manufacture, right now there are significant cost issues that will need to be resolved before CFS components can effectively compete in most residential markets.

The real key to steel getting into the residential market lies with the lumber industry. If they continue to neglect, as they have ever since I have been in this business, investing in their wood component customers, failing to assist us in becoming more efficient and cost competitive at using wood, then steel has a golden opportunity at a very large market. Being the President of STCA and on the Board of WTCA has allowed me a great opportunity to view both raw material supply industries. It amazes me that both the lumber and steel industries spend millions of dollars on advertising and government litigation, but relatively zero on an industry that buys most of its MSR and high value structural lumber and a good deal of the light gauge steel. The industry that decides to devote resources to its customers and their association for market and product development will hold onto or capture significant shares of the residential market. The next few years will be interesting to watch as many changes are taking place in the market.

If I had to guess, the steel industry will figure this out before the wood industry does and will make significant investments in their customers. They have already taken funding actions, with the limited resources that they currently have, to do this very thing that are greatly appreciated. On a percentage basis the steel suppliers have been very generous to STCA.

**What is your marketing strategy given that some would say that steel components compete with the other product lines you sell?**

As noted above, I think that for the most part those people are wrong. CFS trusses do not compete effectively with wood trusses. They are competitive with FRT wood, however. The relevant question with these projects is to determine what the other materials in the project may be. Often times this becomes the deciding factor between FRT wood and CFS trusses.

As to a marketing strategy, ours has been primarily a strategy of education. We have found that educating architects and engineers about the product does more to get it specified than anything else that we have done.

**From your perspective are the product lines complementary or competitive? Why or why not?**

Definitely complementary. The cost comparison between wood trusses and CFS trusses does not allow the CFS to compete in most applications. What we have found is that the CFS product has given us access to projects that previously would have been designed with red iron and bar joist or stick framed with "C" section steel materials.

**What do other wood structural building component manufacturers need to know about**

**adding cold-formed steel components to their businesses?**

You have to make a commitment of resources in order to be successful. Not just in production, but also in design, sales and marketing. You will not be successful if you sit back and wait for this business to come to you. You will have to create it.

**Has your company specialized in one type of wood/cold-formed steel component (e.g. just roof trusses or wall panels)? Why or why not?**

We have only supplied CFS trusses. I have looked at the possibility of supplying CFS wall panels but have not been able to convince myself that this would be good move for us at this time because all of the information that I have received to date is that any structural CFS wall panels will have to be engineered by me. That, combined with the relatively low level of acceptance of wall components in my immediate market, makes this a tough sell at this time. At this point I think it is important to pick my battles and concentrate on the areas where I think we can have the most success.

**What are the challenges of integrating these operations?**

Mainly in the handling of materials. You have to be more careful with a bundle of steel sections than with a bundle of wood.

**What type of supplier support do you get for your steel product line? Are your suppliers meeting your expectations?**

Our supplier is doing a good job for us. This market is basically new to all of us. Certainly I could ask for more (and I do). But I also realize the constraints that they are under. The important thing I think is to be clear at the outset what you expect from your supplier and what they will expect of you. With that resolved you can both move forward to meet the needs of your market.

**In what area do you see the future success on the wood side of your business?**

This I think is more a matter of continuing to improve the level of service that we are able to provide at a competitive price. My experience has been that you can be one of two things in the wood component business, low cost or best service. You cannot be both. I prefer to concentrate on service.

**Are there synergies to your business by doing both wood and steel? What are they?**

I think that the work we have done in steel has made us better at the commercial wood jobs. It has also introduced us and our wood products to potential customers that would never have looked at us before.

**Do you find that your customers are informed about structural building components or is there more education to be done?**

Yes, there is more education to be done, but sadly there is still a fair amount of misperception as to what component suppliers can and should do. Additionally there is still a lot of work to be done so that our customers can get the full benefit of the time/labor savings that components afford.

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