

Knowledge is Power



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"Structural Building Component Manufacturers Council (SBCMC) Under Consideration" by Kirk Grundahl

There is no question that the business world as we know it is changing rapidly, primarily due to prosperity and technology. This is forcing our industry to consider how we fit and what actions we need to take to best help our members meet the challenges and find the opportunities this changing world presents.

A question that we have struggled with over the last five years is: "Should the focus of our industry be on the primary raw material we have used for the last 40 years to make our products or on the components that we make out of whatever raw material we have available to make them from?" A corollary question is: "Are we a lumber business (association) or a component manufacturing/distribution business (association)?"

Over this period of time, with the active involvement of our Past Presidents' Council and our 32-member Board of Directors, we have been evaluating the future direction of WTCA. This activity falls squarely within WTCA's Mission Statement to formulate policy that protects and advances the interests of member manufacturers.

Efforts in this regard became more formalized in February 1999 with the first meeting of WTCA's Strategic Issues Planning Committee. This committee was formed by our Board of Directors in response to the recommendation of our Past Presidents' Council for action in that area.

WTCA's Executive Committee, in review of the findings, observations and conclusions of the Strategic Issues Planning Committee, unanimously concluded that, without a doubt, WTCA needs to lead an effort to form an organization that WTCA will be associated

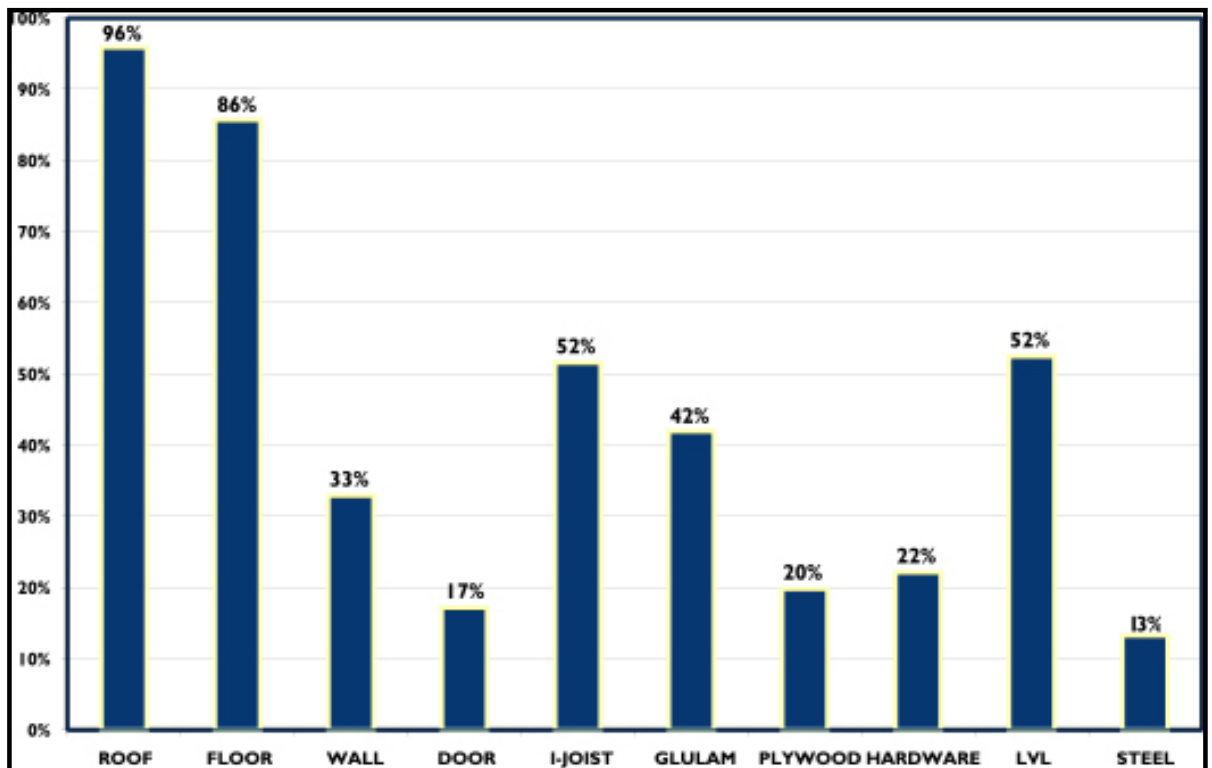


FIGURE 1

with, that represents, protects and grows those manufacturers and distributors who are in the business of providing economic structural framing solutions for builders and framing contractors. Such a structure would provide one association representing in a broad way all the interests of component manufacturers and allow WTCA to continue to focus on the interests of component manufacturers with respect to wood trusses and components. The name recognition, accomplishments and goals of WTCA would therefore remain intact and continue in the future. WTCA's commitment to this vision of the future is reflected in the title of the recent Building Component Manufacturers Conference—Solutions 2000.

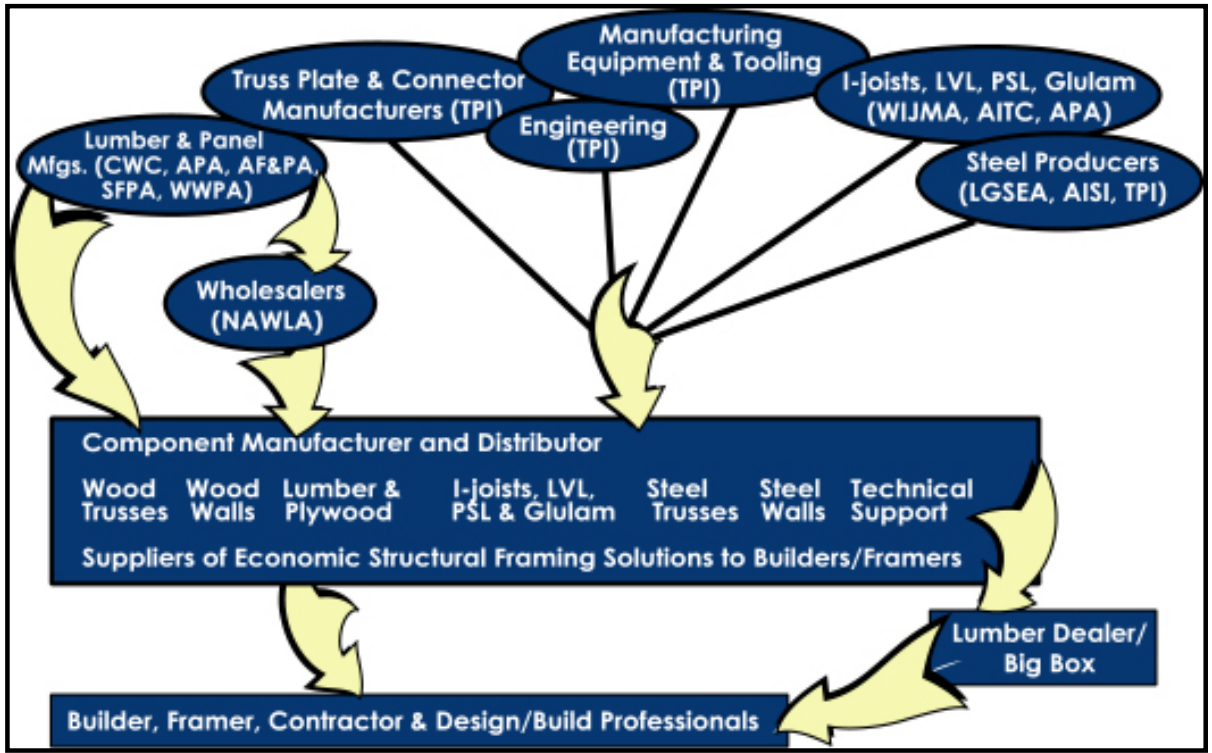


FIGURE 2

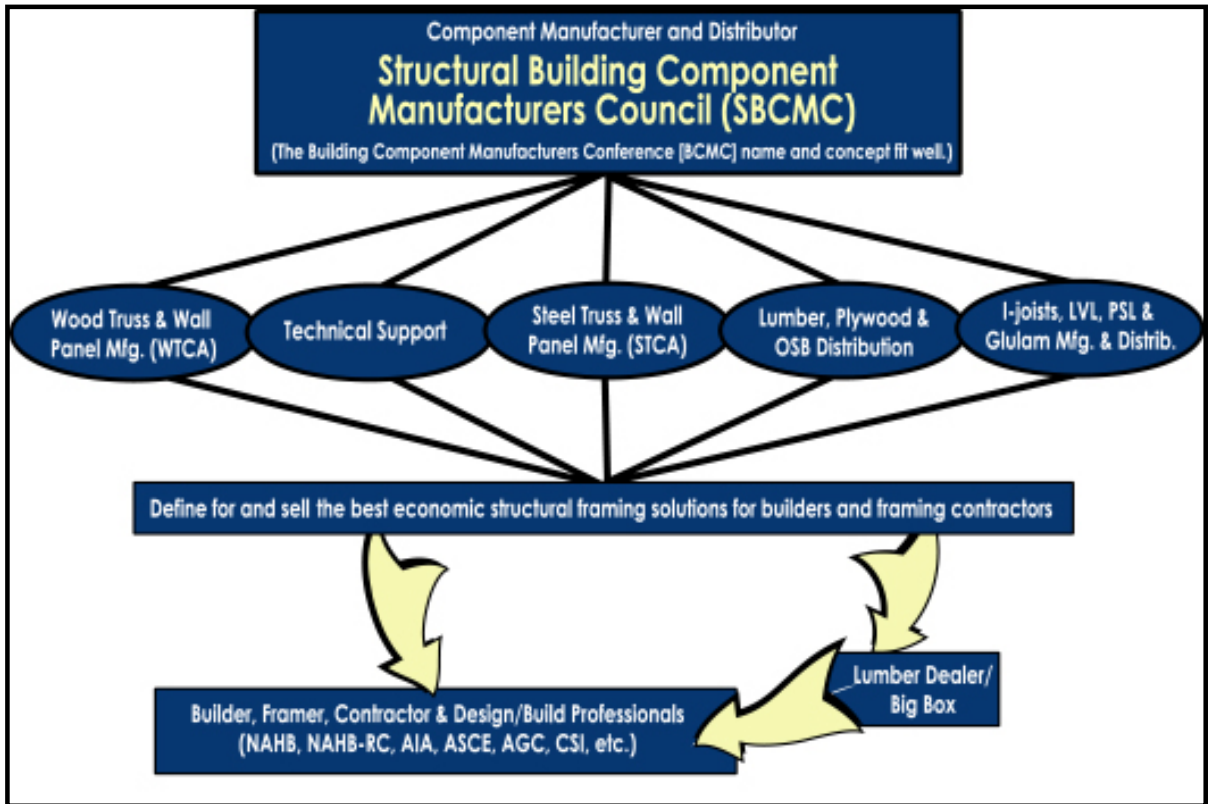


FIGURE 3

In reaching these conclusions, our committees took into account those products currently being sold by our component manufacturer members. Despite what some may perceive, many of our component manufacturer members are not solely in the business of manufacturing and selling wood trusses. Figure 1 represents a sample survey and defines the percentage of manufacturers making or selling a given product, based on companies that

responded to our 1998 membership verification form.

As the statistics demonstrate, many of our member component manufacturers are significantly wood truss and wall panel manufacturers. On the other hand, many of these same members are also significantly serving customers with a full range of product lines. A great deal of the growth in product lines other than wood roof and wood floor trusses has been quite recent as evidenced by those members who are now involved in the steel truss and component manufacturing business. This growth has occurred in the last two to three years, which exemplifies how quickly a new product line can be introduced and gain wide acceptance. Compare this with the slower growth over the past 30 years with such product lines as I-joists, LVL and plywood/OSB. The combined penetration of such product lines that are not wood-based has been quite substantial and we predict this penetration and growth will continue.

We also must not overlook the origin of WTCA as part of the process of evaluating the future. When truss manufacturers first formed their trade organization, they called themselves the Component Manufacturers Council, which at the time was a sub-group of the Truss Plate Institute. The one common ground for each member of this group was that they manufactured structural components. Eventually, with the joint involvement of TPI, an annual trade show was hosted, referred to as the Building Component Manufacturers Conference (“BCMC”). The BCMC shows, now hosted by WTCA, have grown over the years as exhibitors continue to show new products and services. In the last two shows exhibits have included prominent displays for light gauge steel trusses and components.

As we have viewed the future within the context of how business is transacted currently, we have examined how the component manufacturing business is transacted globally, and in this process we have overlaid how the various trade associations are represented. Consider the graphical depiction in Figure 2.

Based on the current realities and the future prospects of the marketplace, the committees have determined that those companies involved in the business of component manufacturing and distribution will best be served by an association that represents and advances their interests on a more global level but at the same time allows for an emphasis on individual product lines. Figure 3 demonstrates how this is feasible.

Marketing professionals will pose the one fundamental question that every organization has to ask itself: What business are we in? The reason one asks this question is partially over the risk of becoming obsolete if it is not addressed with a proactive vision. If an industry takes an active role in its future, it has a greater chance to move forward in a very positive manner as stated in the book, *Built to Last, Successful Habits of Visionary Companies*:

“The continual stream of great products and services from highly visionary [industries] stems from them being outstanding [industries], not the other way around. Keep in mind that all products, services, and great ideas, no matter how visionary, eventually become obsolete. But a visionary [industry] does not necessarily become obsolete, not if it has the organizational ability to continually change and evolve beyond existing product life cycles.”

Any change has the potential to be uncomfortable and resisted. Our goal with this plan is to address the future in a very positive way on behalf of all component manufacturers and increase the ability of our industry to have a strong voice in the changes that are taking place in our market place. As builders’ customers today demand a unique and stylish yet affordable home, the demands placed on component manufacturers increase significantly. We are relied on to provide the information and vision they need to meet their customers’ demands—becoming the builder’s framing consultant. As such, we are asked to find economic component solutions for the builder’s structural building application needs. In direct response to the demands of builders and their customers, the question that is asked of us with increasing frequency is: “Is the most economic framing solution for the future going to be lumber, steel, reconstituted wood fiber, fiber reinforced plastic, a new laboratory developed product or some combination thereof?”

A few of the questions we all need to consider include:

- Do the foregoing concepts make good or bad business sense? Why?
- Do they match up with the marketplace realities that we are operating in today? Why or why not?
- Do these concepts improve or hinder our ability to serve component manufacturer needs as our industry goes

through the changes that are currently taking place? Why?

We want your feedback. Please let us know of questions and comments you have on these concepts. Any good change will not take place overnight, and if it is going to have the greatest positive impact, these concepts need to be nurtured, refined and improved, so all perspectives are important. Our goal is to make a positive difference and work hard on behalf of the entire component manufacturing industry because all who are involved in our industry believe that components are the future of framing.

Please contact WTCA to obtain a current DRAFT entitled "Implementation Plan for the Establishment and Integration of the Structural Building Components Manufacturers Council (SBCMC)."

[SBC HOME PAGE](#)

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