Editor’s Message
It’s 2011. What Will You Do Differently?
by Joe Hikel

Our industry has been trying to add value to its offerings to the builders for many years. Most component manufacturers (CMs) started out by making roof trusses and many still focus on that product. Others have been trying to get more market share by offering floor trusses or engineered wood products for floor systems and beam applications. Some CMs have expanded to making wall panels, subcomponents, and distributing or manufacturing proprietary shear wall products for wall applications. Others have combined loose lumber supply or field labor to component packages to provide turnkey framing solutions. Our software providers are trying to advance the state of the art by providing value engineered whole house designs that optimize material. They feel that the CM is in the best position to add value by saving material and eliminating waste by controlling the entire material list using the tools they are developing.

The challenge for all CMs is developing the business model that works for today and tomorrow’s market. These days, predicting tomorrow’s market is a tremendous feat. Being a vertically integrated turnkey framer that employs the latest technology is an endeavor that creates the need for many more skills than the average truss manufacturer has. How do we proceed? Do we try to acquire the skills? Do we form strategic alliances to bring different skill sets together? Will the customer actually pay us for the value we create? The answers to these questions are ever-changing and finding the “sweet spot” for your business will be the key to your success.

Let’s talk about the first step in expanding the product offering for many CMs: wall panels. To give you some perspective I think it is important to understand my experience with panels. The first job I had in the industry was working on the sheathing side of a Triad panel table in 1975. The company I worked for was a lumber yard that provided roof trusses, floor trusses, wall panels, pre-hung doors, loose lumber, interior and exterior trim, windows, siding, and anything else a builder might need from a lumber yard. We made panels for production builders that were designed by the company I worked for. The second job I had in the industry was working for a company that provided roof trusses, floor trusses, wall panels, pre-hung doors, loose lumber, interior and exterior trim, windows, siding, and anything else a builder might need from a lumber yard. We made panels for production builders that were designed by hand. When we opened Shelter in 1976 we started with roof and floor trusses and quickly added wall panel capability by 1979.

The biggest obstacle in selling panels then and now at a profitable price is getting the builder and the framing contractor to recognize the value the product creates. I remember my dad telling me stories of framing contractors actually coming after him with a hammer at the thought of getting the customer to use panels instead of stick framing. The framers need to give a credit of somewhere between 25-40% in order to compensate for the labor, freight and profitability of the wall panel manufacturer. The biggest obstacle in selling panels has always been getting builders framers to recognize the value.

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Price pressure makes wall panels a tough sell in today’s market. Is it time to explore other products?

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SBC Magazine encourages the participation of its readers in developing content for ideas with colleagues. At BCMC will help answer these question by benchmarking and sharing demand increases? Don’t forget that your participation in SBCA and the in today and how nimble will you be at making the necessary changes as builders? How will you reinvent your business for the new era we are operating manufacturing and design expertise match up with your targeted custom business from your competition to meet their needs? How does your attack? Who are your target customers? How will you differentiate your options you may not have in the past. What markets do you want to ness. In many ways, today’s market is the best time and place to explore different products do. We are really talking about here is strategic planning for your busi...
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