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President's Message



MARY PAT KELLER

"New Year, New Opportunities to Further WTCA Projects" by Mary Pat Keller

Just as BCMC is a great opportunity to come together as an industry to share ideas and new innovations, it is also an important time for WTCA and our members to think about the year ahead. In the wake of a record-breaking BCMC, it is with this in mind that I prepare my first message for what I hope will be yet another successful year for WTCA.

LOOKING BACK

Before we look to the future, however, it is important to reflect on the past and take stock of where we are presently. The work that has been done in this association over the past few years has laid a solid foundation on which we will continue to grow. I have been involved with WTCA for about four years and have been amazed by how this organization has gone from simply being a "good" resource to being an "incredible" source for information, training, publications, marketing and services—not to mention a strong voice for the industry at large.

I would specifically like to thank Roger Gibbs for his exceptional work over the past year as the 2000 President of WTCA. Roger's emphasis on the synergies that exist between the different structural systems concepts and his leadership in developing the Structural Building Components Council (SBCC) has paved the way for a more united structural building components industry and an exciting future for WTCA. I intend to continue Roger's work in this area as well as to further the work that has been done to strengthen relationships with supplier groups and others that affect our industry.

FOCUSING ON THE FUTURE

In addition to continuing this focus, I have two main priorities for 2001:

- **Putting a Human Face on the Component Industry:** While this concept has been at the forefront of WTCA's mission in the past year, it is my goal to take this concept and move it even further down the road. The past year has seen some great examples of chapters and individual companies making strides in grassroots initiatives and local education; however, this type of work needs to envelope the industry and the markets we serve. The only way to continue the growth we've enjoyed in recent years is to reach the market with a common message that promotes the understanding of and relationship with our industry. Plant tours, Truss Technology Workshops and legislative awareness/involvement are just a handful of ways

- for WTCA members to start putting a human face on the component industry in their regions.
- **Research & Testing:** This is another area in which Roger has shown great leadership in the past year. I believe that further emphasis on Research & Testing is paramount to the continued success of the component industry. R&T that furthers quality assurance and structural performance issues (such as the truss quality testing that was started in July and is ongoing) must be given a high priority from both a financial and strategic perspective in order for WTCA to continue to effectively provide manufacturers with the information they need to answer their customers' questions. These answers are necessary for our customers to plan their business strategies and to grow the markets they serve. Therefore, I intend to make sure that this is an area that maintains a place of importance within WTCA during the coming year.

As for this particular means of communicating with our membership, I intend to do my best to use this column to deal with broader industry issues and what we are doing within WTCA to address these topics. I also want to write about subjects that interest me or are things I am currently working through in my own plant. Let's start this off with a topic that has plagued me since I started in the truss industry in 1985.

WHAT DOES A TRUSS COST?

I went to work in the accounting department of Truss Components 15 years ago, so I suppose it makes sense that this is one of the first questions I asked. I know there have been articles and seminars through the years that attempt to address this question. There are probably as many formulas for costing trusses as there are truss plants. When I began my quest for the answer to what seems like a simple question, my company was still costing trusses from a list and a calculator. That was the way it had always been done. About this time, trusses moved away from straight runs to more complicated "chopped up" orders.

The "1 through 10" and "10 and over" pricing failed to account adequately for the constant barrage of one-sies and two-sies. If you weren't careful, you would have a shop full of short runs costed out as production runs.

Since then, we have all become more aware of what inaccurate costing can do to the financial performance, reputation and value of our business in the marketplace both on a daily basis and over the long term. We all have competitors that we swear are giving trusses away at below their cost. Perhaps some are. Lumber and plate costs can be traced more easily than labor. Benchmarking is one way to assign labor to a truss job. Simply take all your truss plant labor and all your lineal feet, board feet, or other factor and develop a ratio, such as labor \$\$\$ per board foot. Many people have spent a lot of money for time studies and have a system that uses "realistic expectations" or RE's. Still others use minutes of labor per joint multiplied by the average \$\$\$ per hour for labor. Pick your favorite. But, whatever standards are set, time studies need to be re-evaluated on a regular basis. We have learned that simple changes in procedures, equipment, labor, engineering, etc. can have a bigger effect on the cost factors than meets the eye immediately, because by themselves on a daily basis, they are not necessarily large cost items.

The real barrier, I believe, is that the industry perceives itself as unusual or at least different from other businesses. Actually, the truss industry is the same as any other job shop. We buy

parts, we make some parts, and we re-sell some parts and add manufactured value to other parts. These “parts” can and should be tracked through the manufacturing process with costs being accumulated along the way. Once those costs are evaluated they should be fed back through costing system to provide an accurate and fair price for our customers.

Two of the cost elements that are rarely considered as fully as they should be are the cost of risk and the “brand” value (i.e., the reputation that our company brings to our customer's business). This is hard to accurately quantify but really needs to be assessed and added to our costing equation or we will be selling our product truly below our actual costs of doing business.

By studying this issue thoroughly and understanding all our costs fully, what we really are saying is that we care enough about our businesses and the people we employ to ensure that we are fairly compensated for the value we bring to our customer's business and their bottom line. Costing is not a necessary evil; rather, it is the lifeblood that allows our businesses to survive and prosper.

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