

Knowledge Is Power

A Look at the Industry's Financial Structure by Kirk Grundahl

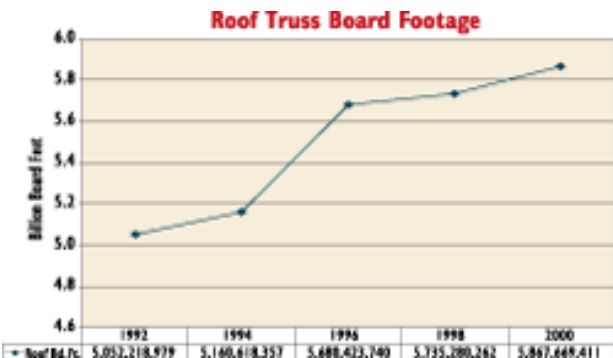
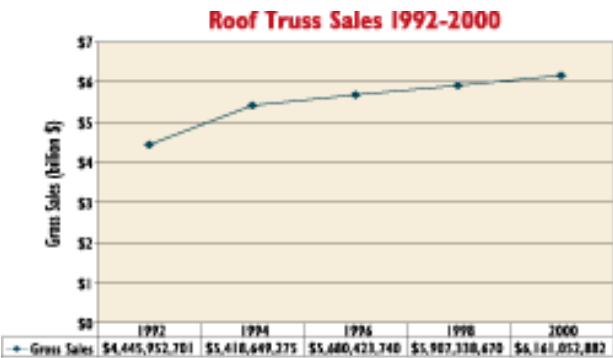
In the [August 2001 issue of WOODWORDS](#), we did an analysis of the size of the component industry marketplace. This was the first time that this was completed using WTCA's Financial Performance Survey data. To keep this up-to-date and continue learning about our market, I have added to it by including the numbers we have for the year 2000 to the original work. Here is what I used to create the component market graphs and data that follows:

- The Financial Performance Survey Data produced by WTCA—the sample size for this analysis is 145 for 2000, 119 for 1998, 115 for 1996, 109 for 1994 and 36 for 1992. Obviously, the data for 1992 is the least reliable.
- This data was normalized, taking into consideration the make up of the data, our membership and the industry as a whole. This was extrapolated to generate the charts provided.

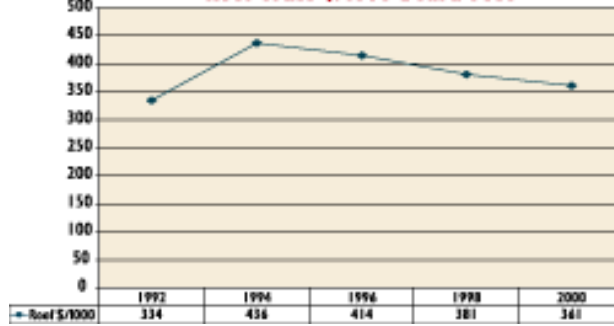
We have gone back and looked carefully at all the data and believe that this set of graphs is a fair representation of our industry's financial structure. Our hope is that it is a conservative view of the industry. We believe that over the next few years, as we get more data, our reporting will be even more accurate. This is definitely not perfect, so as you use this information please use your best judgment along with it. Should anyone in the market have data that we could use for additional benchmarking purposes, we'd appreciate being able to improve the accuracy of what we produced by integrating it into this analysis.

TRUSS SALES & HOUSING STARTS

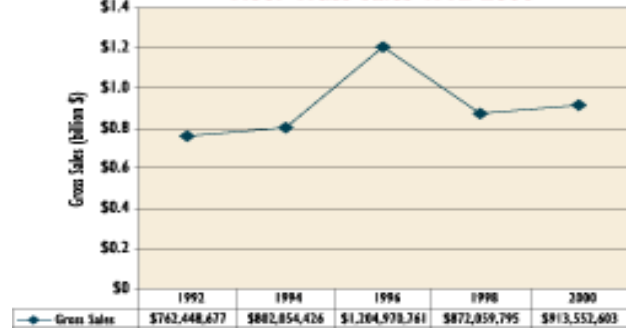
Observations: The 1996 data is probably a bit skewed due to the extreme lumber price increase that year resulting from the implementation of the Softwood Lumber Agreement. Take this into account when viewing all these graphs. Since this is based on gross sales dollars, a significant price increase like the one in 1996 can cause other values to be skewed also.



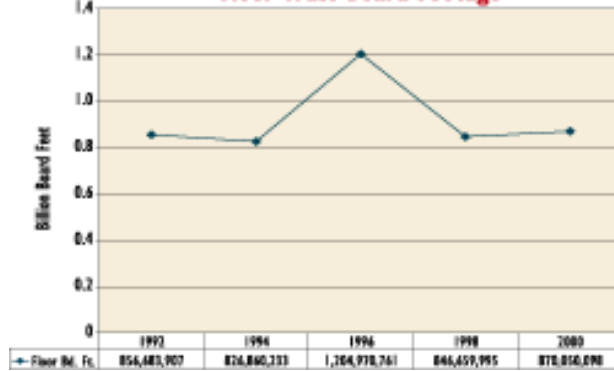
Roof Truss \$/1000 Board Feet



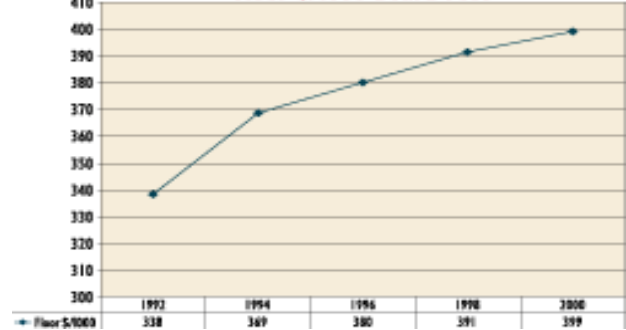
Floor Truss Sales 1992-2000



Floor Truss Board Footage



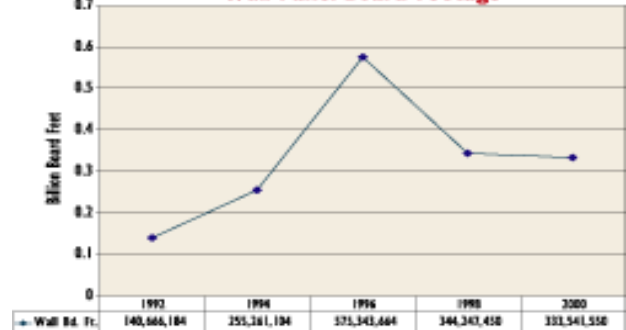
Floor \$/1000 Board Feet



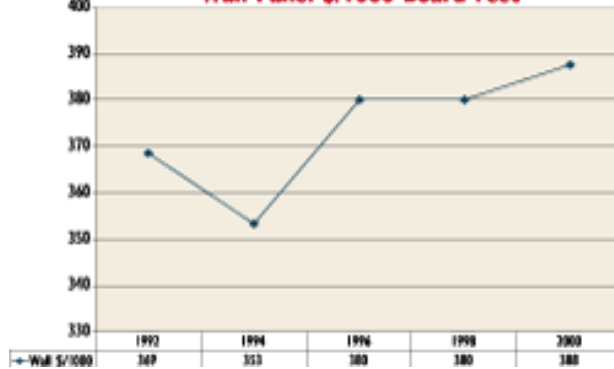
Wall Panel Sales



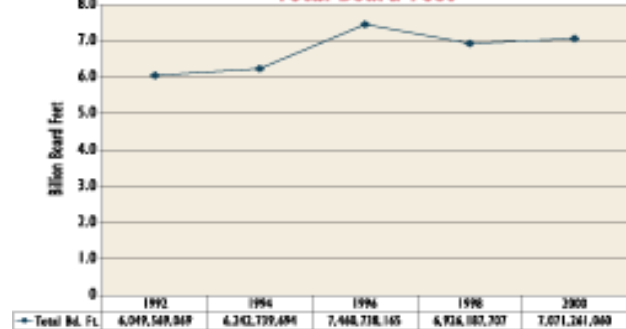
Wall Panel Board Footage

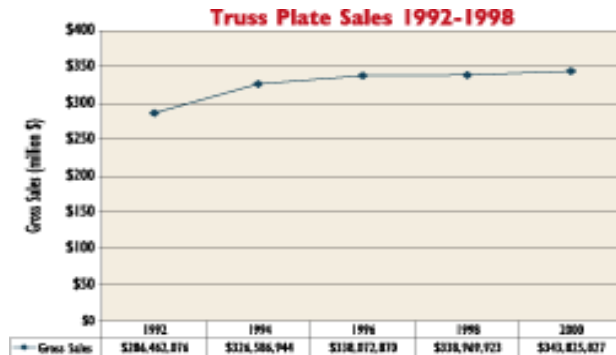
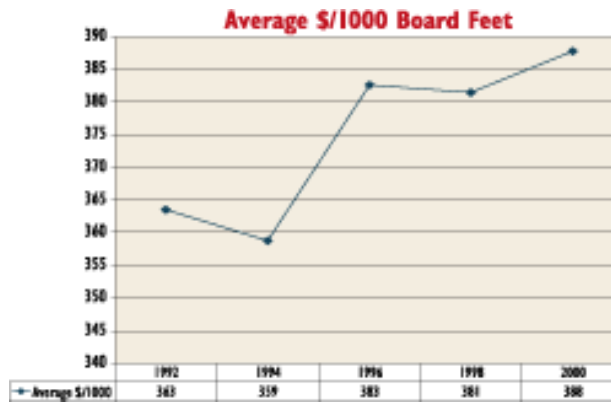


Wall Panel \$/1000 Board Feet



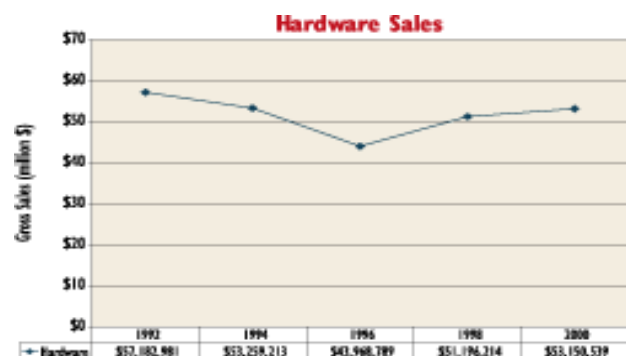
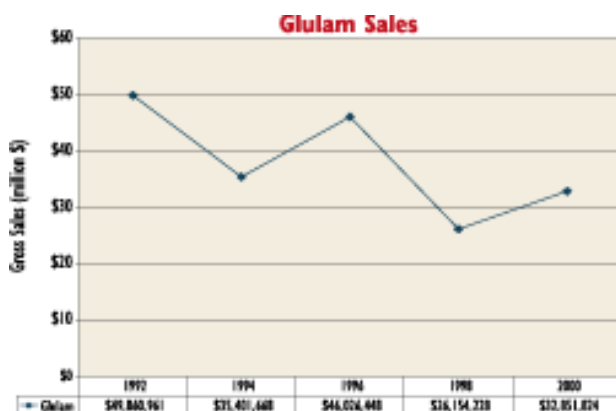
Total Board Feet

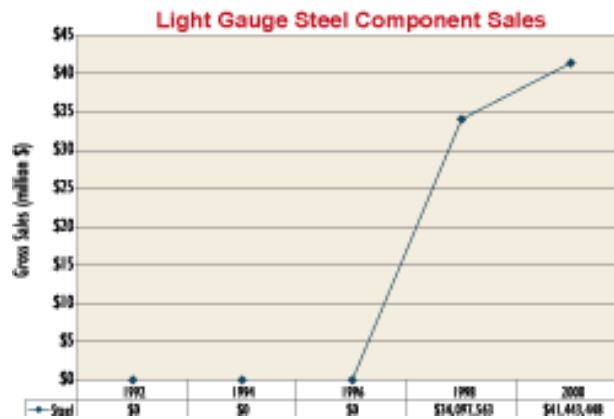




Observations (left): The difficulty with truss plate sales is that the percent of cost changes as the lumber price fluctuates, so the dollar sales amount appears to be overstated somewhat in 1994 and 1996, returning to a reasonable percentage in 1998 and 2000.

Observations (below): These are going to be the least accurate graphs as the reporting of these numbers seems to be the least consistent. The survey can weight too heavily one direction or the other for each of these product lines. View these graphs carefully and with skepticism.>





CONCLUSIONS

The most significant conclusion that can be drawn from this data is that there appears to be significant sales growth opportunities in the I-joist, LVL, glulam, hardware and steel component categories. Not every manufacturer who participates in the FPS sells these product lines so it is obvious that this is an area that could grow in significance. Finally, to reiterate, these graphs are based on the very best information we have available to us. Any help we can get in improving this view of the market would be greatly appreciated.

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