

# STRUCTURAL BUILDING COMPONENTS MAGAZINE

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## Editor's Message



### WTCA's Latest Milestone by Kendall Hoyd

*WTCA has recently experienced major growth on several different fronts. How will the industry benefit from the association's positive growth?*

Our association has covered a lot of ground over the seven years that I have been involved, and I am pleased to use this space to announce to you that we have reached another major milestone.

At the October Board meeting, right after another hugely successful BCMC, the Board voted to reclassify one million dollars of our current funds balance to the Reserve Fund of WTCA. This meets, a little ahead of schedule, a goal that was approved by the Board of Directors in February of 2002. That goal was to have the Reserve Fund balance equal to 150 percent of the association's annual operating expenses by 2005. This is a momentous achievement for our industry because of what it will do for our ability to make investments in projects that enhance the position of the truss industry in the years that come.

The Reserve Fund is an account that is intended to cover future "rainy day" situations that WTCA might face, due to industry downturns, or other events that affect the normal flow of revenues into the association. Funds in this account can only be increased, or reduced, by an approval of a two-thirds vote of the Executive Committee or a two-thirds vote of the WTCA Board of Directors. Since I have been involved in this association, WTCA operations have been funded in a small part by dues and publications or product revenues, and in large part by BCMC revenues and other sources, such as the short-lived industry insurance arrangement we had with CNA in the late 1990s.

As we saw in 2001, when the terrible events of 9/11 disrupted the travel plans of the entire nation right before BCMC, and as our CNA insurance program experience shows, these sources of funding can be unpredictable and can make planning for long-term industry projects dicey at best. It has always been difficult for our board to devise and commit to fund projects that have ongoing expenditure levels that could in any way threaten the normal operations of the association should BCMC or any other funding source get temporarily disrupted.

The idea is that it would be very unfortunate to have to dismantle what has been shown to be a very effective and productive industry association because of a temporary disruption of the flow of funds. It is in accordance with this consideration that the board set the goal of having 150 percent of annual operating expenses set aside in the reserve fund.

Due to the mutually beneficial success of our publications program with TPI, and a series of extremely successful BCMC shows, we are at a juncture that the Board envisioned three years ago. We can now set aside enough money to ensure that our association's organization would not have to be dismantled in an off year. Right now, we also have enough annual revenue from dues, publications and our industry services to conduct our operations without dependence on BCMC or the need for other outside sources of revenue. I say "right now" because we have not yet experienced one full year of publications revenue under the agreement we have with TPI, so we don't know with certainty if the success we've seen is partially due to the fact that the new BCSI 1-03 documents are replacing old inventories of the documents that they replaced. As each month goes on, it appears that the success of the program is due to the enhanced usefulness of the documents, and once we have experienced a full annual cycle, we will know that for sure.

This puts us in the fortunate position to be able to use each year's BCMC revenue for industry projects. After we have counted up the inflows and outflows for each BCMC, we will budget the net to be used in the component industry-benefiting projects that are available and timely as we go through the budgeting process for the following fiscal year. The Board can make commitments to fund major projects with much greater confidence knowing that the flow of funds to those projects won't disrupt our normal operations if we have a down year.

We are in the excellent position of having a uniquely productive and effective industry association—look at the real, tangible benefits that have been made available to our members over the last several years—and now we have the ability to increase WTCA's overall impact by being able to grow the size and scope of projects that we can undertake. It is a truly exciting prospect.

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[SBC HOME PAGE](#)

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