

Dude! Where's My Truss Industry?

by Carl Schoening

A new builder demographic means increased profit for the component manufacturer. The key is for the manufacturer to sell value in each step of the project.



Value, value, value. That is what we must sell to keep the industry strong.

Get to see a lot of the country and meet a lot of component manufacturers. Mostly it is an enjoyable experience. Sure, sure, there are a lot of things that are the same in many parts of the country, but there is change afoot.

In the last few years I have been asked the same question many times: "Where is the industry headed?" I am the very first point out that I am by no means an authority on the direction of the component industry. Nor do I have a crystal ball that will pull back the veil and allow a brief glimpse of the future. But I do see changes and can make an enlightened guess as to where we are headed.

The founders of our industry would be asking a slightly different question, "Where's my truss industry?" It is still here, but has grown (and continues to grow) into something beyond what most of us ever imagined it could be. And, now as we contemplate our individual futures in the throes of change, we are also as an association contemplating our identity as an industry. We are no longer just trusses. We have grown to be more inclusive. I remember a few years ago the outrage that many long-time wood truss manufacturers felt at the sight of light gauge steel trusses at BCMC. Along with light gauge steel we are now seeing more and more truss manufacturers producing wall panels, supplying beams, lumber packages, I-Joists, hardware, and even installation labor. The trend has proliferated to a point that consideration of renaming our industry association has been prompted. The goal is to make it all-encompassing, so it reflects the diversity of products and services component manufacturers now offer.

I've seen many trends to back up my statement that the industry is changing. We see two-step markets going the direct sales route. Many parts of the country are seeing framing contractors buying all materials for projects or they are key influencers in the decision to purchase. We are beginning to see more and more framing contractors enter the wall panel and/or truss manufacturing arena. More and more integration every day.

In part, this is due to a change in the general contractor/developer profile. Not too many years ago, builders or general contractors were traditionally people who came up through the trade ranks with some knowledge of the construction process. It seems that once a broader demographic realized the profitable nature of the industry, construction experience was diluted. We now see more frequently real estate agents or brokers, MBA graduates, lawyers, doctors, accountants and anyone else entering the market as a builder or at a least part time builder. With their lack of trade experience to fall back on, these new era builders rely heavily on suppliers to provide the experience and expertise needed to profitably complete the construction of the project. This is not necessarily a bad thing for our industry. It has opened the door for truss manufacturers to become more closely aligned with these customers and become one-stop service and products suppliers.

Component manufacturers now have whole house design software available to pro-

vide the value that the new generation of builder is looking for. The builder wants someone to understand and take control of the project and have a high level of confidence that it will come together as designed. Want truss design? Just print the output. Oh, you want panels? No problem, a little more output. Hardware and material list? Got it. Engineering for the structure? Not a problem. And, now installation of the products. There is value in every step for component manufacturers. And, profit!

Component manufacturers are beginning to be more selective about customers based on their ability to provide the service and derive the most profit from the services provided. When talking about whole house design and supply, most component manufacturers realize that while they have the ability to provide more products for the structure, they may not have the physical resources to provide all products to an unlimited number of customers. Evaluating customers for profit potential and if they fit the direction and company culture is becoming more regular than in the past. In the past component manufacturers scrambled to get to every customer possible when they were selling a single product line. Now with the broad number of products component manufacturers can provide, no one wants all the business. I recently spoke to a component manufacturer that told me they had fired one of their largest customers. The customer was high maintenance, a price buyer, and generally only purchased part of the products offered. This component manufacturer gave up millions of dollars in business to focus on more profitable prospects that understand this component manufacturer's culture and value proposition.

The only possible negative is if component manufacturers begin to dilute the value of the components by not "up-selling" the value provided. This will result in turning components into commodity products. Based on the new builder demographic, the value proposition focus must continue to be cycle time improvement, construction process improvement, and a better, stronger, safer structure. The installed labor piece adds additional value to the builder by negotiating one deal for the project, streamlines accounting and other financial processes. Value, value, value. That is what we must sell to keep the industry strong.

So, back to the question, "Where's my truss industry?" To all those that have gone before us, your truss industry is still here. It has grown into the component industry, but trusses are still the heart and soul of the industry founded on value. And, to all of those founders I would like to say thanks. Thanks for providing all of us an industry we can be proud of, an industry that is interesting and fun, an industry full of great people and a career choice that can take you anywhere. Thanks and look for us to nurture your idea and continue to improve and grow the industry and our association. **SBC**

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at a glance

- The founders of our industry are probably asking, "Where's my truss industry?"
- We must continue to sell value in order to keep this industry strong.
- One of the only possible negatives to selling more engineering and integrated services is if component manufacturers begin to dilute the value of components by not "up-selling" the value provided.

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