

NOWHERE BUT UP:

WTCA Past Presidents & the State of the Industry

by Emily Patterson

In 2005, **SBC** began a three-part series focusing on WTCA past presidents' reflections on the industry and their predictions on what the future holds for the structural building components industry. The first article chronicled a fledgling association's coming of age (September/October 2005) and was followed by a second installment that examined industry advancements (March 2006). Here, in the third and final installment, WTCA past presidents discuss the current state of the industry, market trends and what lies ahead for the industry.

Industry Overall

Reflecting on the industry and its future, our past presidents said that the signs are evident that component construction is destined to make up a larger share of the construction market. "It's amazing," said 2000 President Roger Gibbs (SpaceJoist TE). "I see a lot of areas in the country that still stick frame roofs and floors, and I see that changing. I talked to a builder recently who said, 'We can design more complex roofs [with trusses] than they can possibly stick frame.' In 20 years, a lot of stick framing could be eliminated," Gibbs said.

Many past presidents credit the business acumen of the industry's leaders for component construction's strong performance today and its positive forecast for the future. "I am proud of the fact that we are very entrepreneurial. Our plant owners and managers are problem solvers and they do an incredible job of assembling materials, information and manufacturing know-how into a valuable product that makes housing more affordable," said 2005 President Kendall Hoyd (Idaho Truss & Components).

While celebrating the industry's current strong performance and its potential for future success, past presidents stressed the need to remain vigilant in watching market demands. "It's imperative that we look down the road five to ten years to predict the needs and makeup of our membership, suppliers and our members' customers," said 1992-1993 President Don Hershey (Imperial Group).

Consolidation

One of the biggest areas where past presidents stressed the industry's need to remain vigilant was the trend toward consolidation, and with it, the gulf this could create between large and small operations. "I think there'll be two types of fabricators [in the future]: the small fabricator versus the larger mass producers," said 1990 President John Herring (A-1 Building Components). 1996 President Merle Nett (Richco Structures) expressed concern for the impact that consolidation could have on smaller companies. "Unfortunately, I see a trend toward conglomeration. The big are getting bigger. The small and mid-sized companies are going to decrease, and the big players will become a bigger force," Nett added.

Continued on page 52

at a glance

- ❑ The future of the industry is cemented in the simple truth that by using trusses, manufacturers can design more complex roof lines than with stick framing.
- ❑ The industry is entrepreneurial.
- ❑ Past presidents noted the far-reaching effects that consolidation could have on the industry and its leadership.
- ❑ Development and involvement of leadership from the larger companies in the industry is essential.



Multi-Function Bridge



Automated Panel Stacker



CNC Component Builder

Profit from the automation promise.

Production lines employ a significant amount of investment. Weinmann automated production lines from Stiles Machinery employ a promise—increased production capacity and increased product quality at a lower cost. Only the precision engineering offered by Weinmann can deliver on that promise. The only truly software driven production line available, Weinmann consistently builds exterior wall panels at a rate of 16 feet every 2.5 minutes while reducing manpower requirements by 75 percent. When you work with Stiles you are automatically connected to our Total Production SolutionsSM delivering superior equipment, technology and expertise. Employ the automation promise. **For more information, contact Mike Miller, sales consultant, at 616.698.7500 or mmiller@stilesmachinery.com**

Automated Panel Lines

- CNC-driven automation
- Engineered customization
- Precision controlled quality
- Guaranteed product consistency



software | leasing | education | service | parts | e-tech

www.stilesmachinery.com

stiles
Your success is our business

For reader service, go to www.sbcmag.info/stiles.htm

Nowhere but Up

Continued from page 50

Past presidents also noted the far-reaching effects that consolidation could have on the face of the industry and its leadership. "I see a lot of consolidations, with larger companies eating up the little guys," said 1999 President Richard Brown (Truss Systems). "Years ago, the industry was made up of entrepreneurs and influenced by the owners and presidents of smaller companies who provided guidance for the industry. With acquisitions, we have a serious problem down the road. We won't get leaders involved in the industry, we will get administrators, and I think we'll see a leadership vacuum in 10-15 years. I think that's the biggest drawback right now," he said.

Looking ahead to the next decade, Brown stressed that, "we have to do a better job of developing leaders. That means getting the larger companies to understand that their leaders need to be involved."

Market Growth & Engineering

Past presidents also noted that the emergence of larger component manufacturers is yet another indicator that the industry is permeating the construction market. Gibbs commented on how components are changing the old-guard ways of framing, saying, "I see framers getting into the truss business. They are creating one-stop shopping in some parts of the country with turnkey operations. In other parts of the country, builders want to control a project and use all components because it saves time and is a faster turnaround," he said.

Along with changing framing in the construction industry, past presidents felt that component construction will continue to play a larger role in the engineering of a structure. "Engineering is becoming more of a facet of our industry. With whole house [design], manufacturers will be doing everything. I see great opportunities," said Herring.

Past presidents pointed to the emergence of whole house design as another factor influencing engineering and the use of components in a structure. "Engineering design is headed into the construction industry more fully than ever before. There is more sophistication in the market and builders are seeing a greater need for an engineer and a need for an engineer's seal to complete the job," said Gibbs. "Fifty or even just 30 years down the road, they may need an engineer's seal or review on the design of the complete structure," he added. Gibbs commented that such a trend could be an opportunity for the industry to make its voice heard, noting, "Our industry can be proactive in this because we identified that whole house design and construction is the way to go."

Some past presidents questioned the impact that whole house design could have on larger versus smaller component manufacturers. "My concern is that large companies will

have their own whole house engineer, and smaller companies may have to change their business structure because they can't afford to have their own engineer on staff," said 2003 President Scott Arquilla (Best Homes, Inc.). "There will be a challenge for the smaller companies to remain competitive, but I feel they also have an advantage because they have the ability to move faster and change direction," he noted.

Partnering with Associations

Envisioning increased demand for structural building components in the future, past presidents said they saw component construction's growing market share translating into the industry's growing influence in the construction industry overall. With that increased influence, past presidents also predicted increased opportunities for WTCA. "Cooperative efforts among allied associations are bound to increase our industry's influence and opportunity and strengthen marketing opportunities as we learn to work together and not waste resources on duplication of efforts," said 1991 President Bob Ward (Southern Components).

"I would never have envisioned where this association would go," said 1989 President Rip Rogers (retired from Trussway Ltd.). "It has exceeded my wildest thoughts and hopes in terms of its influence in the marketplace, the quality of products it provides to the membership, and the sheer volume of activity in the industry to support component manufacturers," he added.

Past presidents credited the association's track record for setting the stage for WTCA's continued success into the future. "By taking the lead position with facts rather than emotional rhetoric, WTCA has earned a position of respect and trust, thereby giving our industry a voice when a matter of industry interest occurs," Ward said.

Along with the respect WTCA has earned over the years, Ward also points to the association's financial health as a major reason why it can move forward and pursue new projects. "WTCA's strong financial position will allow us to take advantage of industry promotional opportunities as they arise," Ward commented.

What Lies Ahead

Looking ahead and seeing a bright future for the structural building components industry, past presidents took a moment to reflect on how far the industry has come. "I'm proud of the professionalism [the industry] has achieved, and the way it fits a need in overall construction in the country," said 1994 President Lee Vulgaris (retired from Reliable Truss).

Indeed, the structural building components industry can look forward to a bright future thanks to the dedication and entrepreneurial spirit of component manufacturers and WTCA's past presidents. Continuing that tradition, component manufacturers can look forward to a future that Gibbs predicts can go "nowhere but up." **SBC**

"I was really impressed with how much the Legislative Conference had to offer. This was my first time there, and while I live nearby in Virginia, I had never been to a Congressional office before. Not only were the meetings with the lawmakers exciting, I felt I had a significant chance to voice the concerns I have with the railroad service. I'm definitely coming back next year."

—Brian Johnson, Structural Technologies, Inc.



Join with your
industry and make a difference!

MAY 10-12, 2006 • WASHINGTON, DC
SBC Legislative Conference
BUILDING RELATIONSHIPS

Visit www.sbcleg.com for more information or to register online!

STRUCTURAL BUILDING **COMPONENTS**TM

THE FUTURE OF FRAMING

www.sbcmag.info

Dear Reader:

Copyright © 2006 by Truss Publications, Inc. All rights reserved. For permission to reprint materials from **SBC Magazine**, call 608/310-6706 or email editor@sbcmag.info.

The mission of **Structural Building Components Magazine (SBC)** is to increase the knowledge of and to promote the common interests of those engaged in manufacturing and distributing of structural building components to ensure growth and continuity, and to be the information conduit by staying abreast of leading-edge issues. SBC will take a leadership role on behalf of the component industry in disseminating technical and marketplace information, and will maintain advisory committees consisting of the most knowledgeable professionals in the industry. The opinions expressed in SBC are those of the authors and those quoted solely, and are not necessarily the opinions of any of the affiliated associations (SBCC, WTCA, SCDA & STCA).



6300 Enterprise Lane • Suite 200 • Madison, WI 53719
608/310-6706 phone • 608/271-7006 fax
www.sbcmag.info • admgr@sbcmag.info