

STRUCTURAL BUILDING **COMPONENTS**TM

THE FUTURE OF FRAMING

December 2015

www.sbcmag.info

informative

BCMC 2015: The IN Place for Industry Education

inside this issue

EFFICIENCY • AUTOMATION • LUMBER
TURNKEY FRAMING • OPTIMIZATION
DISASTER RECOVERY • FINANCE

Permit No. 2223
Madison, WI
PAID
U.S. Postage
PRSRT STD

SBC Magazine • 6300 Enterprise Lane • Suite 200 • Madison, WI 53719

FRAMING THE
AMERICAN DREAM



NOTHING SOFT ABOUT THIS NEW SOFTWARE



MiTek®

Better Technology. Better Building.™

SAPPHIRE™ ENGINEERING IS THE NEXT EVOLUTION

in truss design software. It's faster, easier to learn, seamless to use and built for truss designers in every type of truss business. Launching in January 2016, the upcoming generation of MiTek software is built with MiTek passion: for speed, for the future and for you.

Learn more at MiTek-US.com/Sapphire

Publisher

Truss Publications, Inc.
 6300 Enterprise Lane • Suite 200
 Madison, WI 53719
 Phone: 608-310-6706 • Fax: 608-271-7006
trusspubs@sbcmag.info • www.sbcmag.info

Editor

Jess Lohse
 Rocky Mountain Truss Co. • editor@sbcmag.info

Managing Editor

Sean Shields
 608-310-6728 • sshields@sbcmag.info

Assistant Editor

Dale Erlandson
 608-310-6737 • derlandson@sbcmag.info

Art Director

Melinda Caldwell
 608-310-6729 • mcaldwell@sbcmag.info

Editorial Review

Kirk Grundahl
 608-274-2345 • kgrundahl@sbcmag.info
 Suzi Grundahl
 608-310-6710 • sgrundahl@sbcmag.info

Advertising Sales & Marketing

Melinda Caldwell
 608-310-6729 • mcaldwell@sbcmag.info
 Peggy Meskan
 608-239-2608 • pmeskan@sbcmag.info

Accounts Receivable

Mike Younglove
 608-310-6714 • myounglove@sbcmag.info

Staff Writers for November

Molly E. Butz • Lena Giakoumopoulos
 Jon Nelson • Matt Tanger • Larry Wainright

**Send all ad materials, insertion orders,
contracts & payments to:**

Truss Publications, Inc.
 6300 Enterprise Lane • Suite 200
 Madison, WI 53719
 Phone: 608-310-6706 • Fax: 608-271-7006
trusspubs@sbcmag.info • www.sbcmag.info

contents

Implementing BCMC

7 EFFICIENCY

Getting to the Buzz Behind the Buzzwords

by Dale Erlandson

10 AUTOMATION

Fundamentally, Automation Is About People

by Molly E. Butz

12 OPTIMIZATION

Re-evaluating the Role of Your Inventory

by Larry Wainright

14 LUMBER DESIGN VALUES

Why Lumber Variability Is a Problem for CMs

by Sean D. Shields

18 MSR LUMBER

Machine Rated Lumber Makes a Lot of Cents

by Sean D. Shields

22 TURNKEY FRAMING

Diversify Your Sales Revenue: Try Turnkey!

by Matt Tanger

24 DISASTER RECOVERY

Backing Up Your Data Isn't Enough

by Jon Nelson

26 FINANCE

Let Your Numbers Give You Better Insight

by Lena Giakoumopoulos

Editor's Message

5

Parting Shots

30

The mission of *SBC Magazine* is to inform those engaged in the structural building components industry, which includes the membership of the Structural Building Components Association (SBCA), in an effort to promote their common interests. Further, *SBC Magazine* strives to ensure growth, continuity and increased professionalism in this industry by staying abreast of leading-edge issues and serving as the industry's primary source for information. The exclusive focus of *SBC Magazine*'s editorial content is on the products and issues of importance to manufacturers and distributors of structural building components. The opinions expressed herein are those of the authors and those quoted, and are not necessarily the opinions of Truss Publications or SBCA.

Copyright ©2015 by Truss Publications, Inc. All rights reserved.

A-to-Z

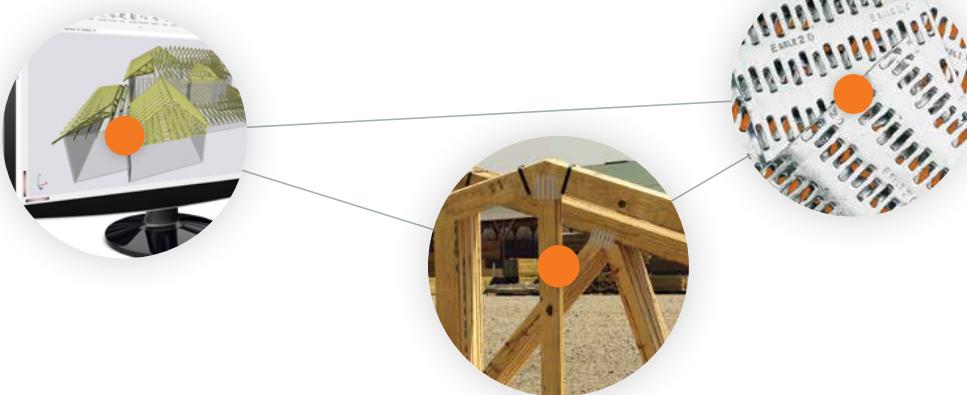
the Eagle Metal advantage: every management solution, under
one [build it true every daySM] roof

Manage your business your way by utilizing our comprehensive suite of products, services and solutions. It's a strategic decision to make your production more efficient and your plant more profitable in the future.

This end-to-end approach simplifies your efforts and reduces your costs. So we're able to bring your organization's profitability to life with maximum results.

It's everything you need, in one place making the combination of the whole a complete integration that gives you the most bang for your buck.

Call us today for a free demo and how to put Eagle Metal's solution suite to work for your business, your way.



CONNECTOR PLATES | ENGINEERING | DESIGN SOFTWARE | SUPPORT | EQUIPMENT

EagleMetal.com | 800-521-3245 | 12300 Ford Road, Suite 110, Dallas, Texas 75234



editor's message

by Jess Lohse

Take Advantage of Your Time with Old Man Winter

**Challenge yourself
and your team to look for
opportunities for improvement
this winter so you can weather
many winters to come.**

As the calendar turns to December, the temperatures are undoubtedly getting cooler in most parts of the country, and business is probably pulling back a bit as well. When I first ventured into the truss business, I dreaded the long dreary winter months Montana is known for. I didn't like the uncertainty of not knowing when spring would hit and we'd be flooded again with jobs. Orders would come through the door, each more important than the last, with customers expecting them to be delivered as quickly as possible whenever spring arrived.

Yet after a couple years, I found myself looking forward to winter and the opportunities the slowdown in business created. Not only did I spend a few more days on the ski hill, but I also started looking critically at my business and the areas that needed improvement. In winter, we can relocate machinery to improve efficiency, look at our processes to enhance our designs and conduct training sessions to better educate our employees.

I anticipate this winter will allow us to do more of the same after a very hectic summer and fall. I have a long to-do list that includes implementing many of the ideas I picked up at BCMC, both on the show floor and in the educational sessions. If you didn't get a chance to come to the show in Milwaukee this year, or you attended but didn't get to go to all the education sessions you wanted, this month's issue is jammed full of useful information from the presenters of the most popular sessions.

This winter I also plan to take advantage of some of the programs and services offered by SBCA. While we've put a few of our employees through the Truss Technician Training (TTT) programs, I want to go through the training myself in hopes of picking up a few additional tips and tricks. I also plan on implementing the QC program and look forward to the information it delivers. On top of that, the relationship SBCA has formed with Lockton for an industry insurance program has me intrigued at the potential cost savings on our annual premiums.

The idea of continuous improvement has driven my business forward over the last several years through some lean times and into the better market we're experiencing now. When business wasn't so good, we survived by improving everything we could to increase efficiency and drive down costs. Now that business is better, I look for areas in which we can maintain our competitive advantages and find new ways to stay ahead of the market. I encourage each of you to do the same.

Complacency is tempting when business is adequate, but it will result in a great deal of anxiety when the market inevitably takes another turn downward. Challenge yourself and your team to look for opportunities for improvement this winter so you can weather many winters to come.

SBCA's programs allow my company, a relatively small component manufacturer in rural Montana, to use the same best practices as the goliath national truss companies out there. I don't have the time or expertise to craft similar, quality training materials for my employees, nor to develop tools to improve my business. SBCA programs are one of the ways that we, one of the small guys, compete with the big guys.

WISHING YOU & YOURS
a safe, joyful

**HOLIDAY
SEASON**

FROM ALL OF US AT
SBC Magazine



Continued on page 6

BUILDING Innovation FRAMING SUCCESS

The 35th BCMC welcomed 1174 attendees to Milwaukee, WI, more than 400 of whom were able to attend one or more of 13 educational sessions. The following articles summarize and expand upon the topics covered in this year's most popular sessions. If you attended a session and need a refresher, if you missed a topic due to concurrent sessions, or if you weren't able to join us for BCMC, these articles are for you. Take a look at what your peers are doing in their markets and how you can put their best ideas into practice.

Editor's Message

Continued from page 5

Take a look at the various programs SBCA offers to determine how they can help your business. It will be well worth your time. If you're struggling with where to start, give me a call (406-265-5140) or send me an email (jess@rockymountaintruss.net), or contact SBCA staff for guidance. I'm eager to talk with any of you interested in improving your business and eager to explore the options. **SBC**

SBC Magazine encourages the participation of its readers in developing content for future issues. Do you have an article idea for an upcoming issue or a topic that you would like to see covered? Email your ideas to editor@sbcmag.info.



My dad came to BCMC this year, and he was surprised by how many people knew me by name (and pronounced our last name right). I made the mistake of telling this to my friend Jason Blenker, this year's BCMC Chair. To have some fun, and to "reward" me for presiding over my first SBCA Board meeting, Jason presented me with this shirt from the movie *Anchorman*. Thanks, buddy!

SBCA™

Board of Directors

Officers & Executive Committee Reps.

- **President:** Jess Lohse • Rocky Mountain Truss Co.
406-265-5140
- **President-Elect/Treasurer:** Jack Dermer • American Truss Systems, Inc. • 281-442-4584
- **Secretary:** Jim Finkenhoefer • Truss Systems j
770-787-8715
- **Past President:** Rick Parrino • Plum Building Systems, LLC
515-978-6269
- **Barry Dixon** • True House, Inc. dba True Truss
904-423-0464
- **Joe Hikel** • Shelter Systems Limited • 410-840-5602
- **Scott Ward** • Southern Components, Inc.
318-687-3330

At-Large Representatives

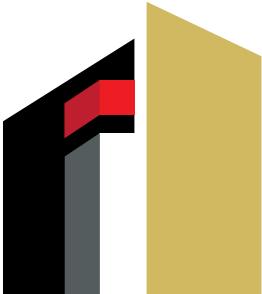
- Gene Frogale • Allied Systems • 703-817-7715
- Greg Griggs • Builders FirstSource • 770-659-6045
- Don Groom • Truss Ops LLC • 903-657-7000
- Dwight Hikel • Shelter Systems Limited • 410-840-5600
- Eric James • Hart Components • 210-337-6464
- Steve Stroder • California TrusFrame • 951-657-7491

Directors Representing Chapters

- Dallas Austin • Big C Lumber Truss & Panel • 269-782-5900
- Keith Azlin • U.S. Components, LLC • 520-882-3709
- Michael Balliet • Builders FirstSource • 205-610-0312
- Jimmy Broach, P.E. • Atlantic Building Components & Services, Inc. • 800-475-3999
- Taft Ketchum • PDJ Components, Inc. • 845-469-9195
- Kelly LaBlance • Builders FirstSource • 813-305-1320
- David Motter, P.E. • Louws Truss, Inc. • 425-516-5964
- David Raasch • Lloyd Truss Systems • 507-387-4250
- Mike Ruede • A-1 Roof Trusses • 772-409-1010
- Jeff Taake • Millard Lumber Inc. • 402-896-2807
- Javan Yoder • Stark Truss Company, Inc. • 330-478-2100

Associate Member Directors

- John Branstetter • Vaagen Brothers Lumber, Inc. • 509-684-5071
- Steve Cabler • MiTek USA, Inc. • 314-851-7435
- Kenny Shifflett • Ace Carpentry, Inc. • 703-335-9000
- Jonathyn Truax • Do it Best Corp. • 260-748-5591



Based on the 2015 BCMC Educational Sessions

ACHIEVING MAXIMUM EFFICIENCY: THE BIG PICTURE & THE REAL WORLD

Greg Griggs, Builders FirstSource • BJ Louws, Louws Truss

Getting to the Buzz Behind the Buzzwords

by Dale Erlandson

This is the first thing to understand about lean Six Sigma, according to Greg Griggs of Builders FirstSource: The two concepts—"lean" and "Six Sigma"—are simply formal terminology for things that most people are regularly trying to do anyway.

"Lean is basically identifying and eliminating waste," explained Griggs. This principle can apply to any process. A lean company, for example, doesn't produce reports that no one reads. Its employees don't waste time searching for supplies. As BJ Louws of Louws Truss explained, lean encompasses all the ways you try to increase the amount of time staff spend adding value to your product. In an eight-hour shift, a lean company gets nearly eight hours of productive staff time, instead of only six or seven.

Lean Six Sigma is just jargon for common-sense ways to improve your operation.

Six Sigma is quantifying processes in order to identify effective lean strategies. A company implementing Six Sigma strategies collects data to evaluate the results of process changes. For example, you analyze data to determine whether buying a new piece of equipment has increased production or decreased defects. Data is a way to track improvement and measure change so that you can see how each step of a process affects productivity. Data can show, for example, when more time spent on one task increases overall production efficiency even though it slows down the work of a handful of staff.

"Everybody practices this in their daily activity," Griggs explained. "Lean is the part people are already doing in their head." Whether you're running a company or getting a cup of coffee, you try to avoid wasting time. You don't want employees walking all over the facility searching for tools. You don't want to wander all around your house or office searching for a misplaced mug.



Continued on page 8

Lean is a mindset that helps a leadership team determine which processes can be eliminated and which need to be improved.

What people aren't already doing in their heads, Griggs explains, is documenting their improvement. It's probably not critical for you to know you get ten more minutes of work done on a day when you know exactly where your coffee mug is. It is critical for you to understand how many additional trusses are assembled when truss plates are easily accessible. It's critical to know how many designs are finalized in a week when design staff don't have to spend time searching for the right files on the server.

"I don't want anyone to be scared of Lean Six Sigma," Griggs said. Lean is simply a mindset that helps a leadership team determine which processes can be eliminated and which need to be improved. Six Sigma is just a way to measure processes so managers can track changes and evaluate whether they improve efficiency. Griggs sums up the value equation of Lean Six Sigma this way: "Speed," which you get from an efficient, lean-optimized process, "plus accuracy," which you get from a standardized, Six Sigma-optimized process "equals better delivery, better quality, satisfied employees, satisfied customers, and a pile of money." **SBC**

speed + accuracy =

BETTER DELIVERY, BETTER QUALITY,
SATISFIED CUSTOMERS & EMPLOYEES

+ (a pile of money)



LEAN:

Increasing speed with process improvement

A lean business works efficiently. It's continuously eliminating tasks that don't contribute to the value of the product customers buy. The goal is to improve processes by making necessary steps easy and avoiding activity that slows things down.

SIX SIGMA:

Increasing quality with robust data

A business using Six Sigma methods collects data for everything it does. The data show which processes reliably add to your bottom line and act as a baseline measurement so that you can evaluate whether your lean efforts are successful in making your production process more efficient.



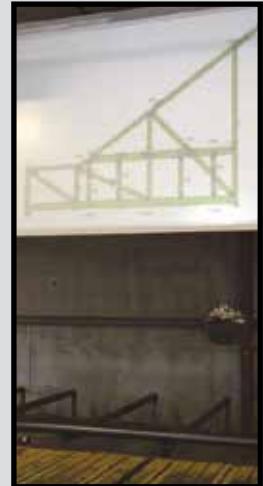
CASE STUDY: Lean at Louws Truss

Production staff had a terrible time finding brooms. There was never one around when needed. When the company made an effort to set things in order, dozens of brooms were discovered in a supply closet. The change was simple: put the garbage cans on wheels so they could be moved to each station and attach the broom.

Productivity went up.

Printing-related costs were constant: paper, toner, time lost to restocking. The trickle of expenses was stopped with a one-time outlay for going paperless. "This is a really cost-effective investment for anybody," Louws argues. Today, projectors on the production floor minimize the need for printing.

Costs went down.



by keeping our
most popular products

in stock,

we are typically
able to ship

within days

as opposed to weeks*



Helping your customers get their engineered lumber faster is easy with our FasTrack™ platform.

We strategically build inventory of our most popular products based on our customers' past history of ordering and future projections. By keeping our most popular items in stock, we are typically able to ship within days as opposed to weeks*. This helps our customers re-order and re-stock more quickly, so they have less inventory cost and more happy customers. Georgia-Pacific also has an extensive distribution network, which is just one more way we help you build a better business.

To find out how FasTrack can benefit you, call 877-437-9759 or visit buildgp.com/FasTrack.



Georgia-Pacific
Engineered Lumber

WHAT YOU DON'T SEE MATTERS™

* delivery times may vary

Georgia-Pacific, What You Don't See Matters, and the Georgia-Pacific logo are trademarks owned by or licensed to Georgia-Pacific Wood Products LLC. ©2015 Georgia-Pacific Wood Products LLC. All rights reserved.

FUNDAMENTALS OF SUCCESSFUL AUTOMATION

Buddy Raney, Raney Construction • Dana Rector, Universal Forest Products

Fundamentally, Automation Is About People

by Molly E. Butz

Talking about manufacturing automation often leads to discussions about new equipment, software or other technology. But Buddy Raney of Raney Construction and Dana Rector of Universal Forest Products are quick to point out that what's critical is workflow planning and people.

Evolve Slowly

Adding new, more advanced equipment and software can drastically change the dynamics of the manufacturing process, but it doesn't have to happen all at once. "This ain't your grandpa's equipment anymore. There's new stuff emerging every day," Raney pointed out. "But if you take small steps, like replacing carts with a conveyor, it's doable for any facility, big or small." As you and your team prepare for the impending changes, remember to think about plant-wide material flow, even if you're only making changes to one aspect of your operation.

Evolution is manageable when you take the time to outline your motivation for upgrading and define the probable outcomes. This can range from improving just-in-time (JIT) techniques to lowering labor costs. "You need to examine your equipment, plant—everything—to make changes," said Raney. Keeping everything in mind is especially important when you start thinking about maintenance.

Invest in Your Staff

As the level of automation increases, finding the staff with the knowledge and experience necessary to maintain it can be difficult. And since the technology will likely be new to your current employees, they'll need to get up to speed. "Taking your maintenance [staff] and operators to the next level is so important," said Raney.

Rector wholeheartedly agreed. "Today's automated equipment is more challenging to operate," Rector said, pointing out that advances in electronic and programmable logic controller (PLC) technology have a profound effect on the maintenance game. The maintenance teams at many component manufacturing facilities are more mechanically minded and, therefore, ill-equipped to prevent or correct maintenance issues that revolve around complicated automation, programming and software.



Getting the right people in the right positions is a huge part of the automation investment. "Better uptime, less downtime: your [maintenance] department is a savings," Rector emphasized. And at the crux of the matter? Training. "Our goal is to take the people we have and make them more knowledgeable and purposeful," he said. "If someone ever tells you they don't want to train their people," what that person is ignoring is that those same people "are still going to be there, but they will not have the skill set to help."

Rector's strategies include training from a variety of resources, including vendors, third-party workshops and community college courses. "For any new purchase, we write into the contract that the vendor will provide us with in-plant training, following the installation, at 30-, 60-, and 90-day increments," he said, "that way the training stays fresh in the minds of our staff." However, he also likes to get his maintenance teams out of the manufacturing environment and into off-site classes so they can have focused learning time without the interruption of service calls.

Ensure Management Commitment

All of this requires a commitment from your team, and not just the operators, maintenance staff and middle management. "You need a top-level management commitment," said Rector. He further explained that there needs to be buy-in at every level to ensure you have the manufacturing, maintenance and administrative staff in place to get the various jobs done. These changes, big or small, require additional time, training and, probably, a little patience.

It's not about the technology, it's about the team you have to support that technology.

The message must be clear: your people are the most critical part of your automation investment. "If I could give one piece of advice to everyone, it would be this: all of you need to go back and evaluate your current maintenance staff. You need to make sure you have the right manager, the right amount of maintenance staff and that they have the skill set to succeed with your desire to add more automation to your plant," said Rector. "It's not about the technology, it's about the team you have to support that technology."

Plan Your Future

So, what's the bottom line? If you're thinking about upping the automation at your component manufacturing location, you'll certainly be investing in new equipment, software and technology. But it's less about complex saws, sophisticated software and LED laser systems than it is about planning your workflow and getting the right team in place to manage and care for your investments. Planning to automate means planning to evaluate, train and invest...in your people. **SBC**

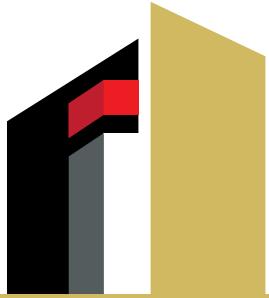


Machinery. Parts. Service.

- ✓ **New, state-of-the-art** component manufacturing & material handling systems *by the industry leading manufacturers.*
- ✓ **Used & Reconditioned** machinery. Eide's warranty on reconditioned equipment meets or exceeds the new machine warranty.
- ✓ **Installation & Operator Training** included or available with any equipment purchase.
- ✓ **Table Retrofit** and upgrades for WizardPDS®.
- ✓ **Parts & Supplies.** Our parts department stocks thousands of parts and supplies for most brands of cutting and pressing systems. Custom and obsolete parts fabrication is our specialty.
- ✓ **Service & Repair.** Our service department offers complete repair, rebuilding & retro-fit services; in-house or on-site.

We know machinery.

EIDE
MINNEAPOLIS
Machinery ~ Supplies
~Since 1927~



Based on the 2015 BCMC Educational Session

OPTIMIZING YOUR INVENTORY/DESIGNS

Dan Morris, True House, Inc. • Kevin Riesberg, Plum Building Systems, LLC
Steve Szymanski, Truss Systems, Inc. • Garry Tebbens, UFP San Antonio LLC

Re-evaluating the Role of Your Inventory

by Larry Wainright

The obvious reason you should optimize your inventory and design process is cost. However, within that word are a myriad of processes and procedures to consider. The objective is not necessarily to obtain the lowest cost in terms of materials, but to balance that goal against potential efficiencies in design and manufacturing, which lead to lower personnel costs and quicker production runs. How does spending extra time on the design side to standardize truss designs affect the efficiency of production? How does the lumber and plate inventory available to the designer affect the efficiency of the plant? How have changes in building codes and design standards affected designs and associated inventory needs? Dan Morris of True House, Kevin Riesberg of Plum Building Systems, Steve Szymanski of Truss Systems and Gary Tebbins of Universal Forest Products shared the questions behind these big ideas that can help guide your decisions about altering your inventory.

There is no better time to re-think how you can streamline your processes. Answers to the questions outlined here can have a dramatic effect on your bottom line.



Lumber Inventory

The concept is simple: Use the lowest grade lumber necessary to design components, because lower grade means lower cost. Right? Not so fast.

Take, for example No. 2 grade SPF lumber, which is pretty common for those in the northern and western portions of the United States.

- What is the cull rate for rejecting chord material due to wane, knots or twisted lumber? Sure, you can re-use it in floor truss webs, but what is the cost to handle those pieces multiple times?
- MSR 1650 may have a higher initial cost, but likely has a lower cull rate and better appearance. Does it make sense to switch to the higher grade? At what cost difference would it make sense?



If you haven't taken a close look at your plate inventory recently, you should. Is your current inventory still effective for your plan?

- What if switching meant you were able to eliminate a grade from inventory—how would that affect the productivity of those selecting materials for production?
- Consider the extreme case: what if you stocked only one lumber grade and size? How would this affect the efficiency of your designers? Of your plant personnel? Of your production? No one would go to this extreme, but what if you had two or three grades of 2x4 instead of four?

Consider also the use of high grade 2x4. Maybe you use MSR 2400.

- How do truss designs differ when using high grade 2x4 vs. 2x6 No.2 in truss chords?
- How many webs can you eliminate by using the 2x6?
- What is the perception of your customer when they receive trusses with 2x6 materials rather than 2x4? Do they consider it a better product?

It's hard to put a price on this, but if the end result is similar-cost trusses that are perceived as a better product, using more expensive raw material might garner goodwill and place you ahead of competition in bids for future work.

Plate Inventory

Building codes and standards are constantly changing. With few exceptions, state building codes are updated every three years and changes to the truss design standard, TPI 1, are incorporated into those codes. Design software is constantly changing as software developers learn more about the flow of loads through buildings and update their products accordingly.

All of these changes affect component design. For example, if you haven't taken a close look at your plate inventory recently, you should. We have all installed new truss design software only to find that designs we were manufacturing previously no longer work. Maybe a different plate size or lumber grade is necessary. Sometimes, small changes in the software are difficult to detect and only show up in very specific circumstances.

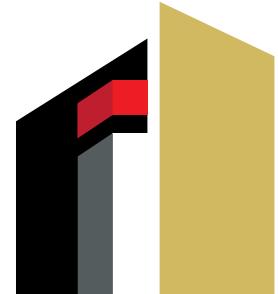
It is a good idea to periodically run comparison analyses to identify whether your current inventory is still the most effective for your plant.

The comparison is simple—take a representative sample of your production as designed and then re-run them using all plate sizes available from your supplier:

- What are the differences?
- Do you see any trends with heavy usage of a plate size that is not currently in stock?
- Can you replace another plate with this one?
- Are there plates in your inventory that have low usage and could be eliminated?
- Can the number of plates sizes inventoried be reduced?
- How would such a change affect the efficiency of personnel as they select plates?
- How would it affect the assemblers as they produce the trusses?

Also, think about the effect of the design process on plate size. For example, consider the plates that are at the top chord pitch break of a hip truss. Compare the plate size needed when using plumb cuts to the size needed when using a mitered cut. Consider also your default plate settings. Does your software setting force plates to be horizontal for this condition or does it allow the plate to be rotated and evenly placed across the mitered joint? If you are not sure how to check these items or how to change the settings, consult your software representative for help.

The industry is rebounding after the long economic downturn, and there is no better time to re-think how you operate your business and can streamline your processes. Answers to the questions outlined here can have a dramatic effect on your bottom line. The decision you make based on those answers determine the productivity of your plant, the efficiency of your design staff and ultimately the profitability of your company. **SBC**



Based on the 2015 BCMC Educational Session

HOW LUMBER DESIGN VALUE VARIABILITY AFFECTS LEGAL RESPONSIBILITIES

Kent Pagel, Pagel, Davis & Hill, P.C.

Why Lumber Variability Is a Problem for CMs

by Sean D. Shields

Few issues have demanded the attention of the SBCA Board of Directors more over the past five years than the variability of lumber design values. SBCA Legal Counsel Kent Pagel provided guidance to component manufacturers (CMs) on ways to mitigate the potential risk and liability that have arisen in the market as a result of how the lumber industry has chosen to deal with the issue of variable design properties.

Visually Graded Lumber

While it is impossible to get around the fact that lumber is an organic substance, and therefore has inherent variability, it has always been used as the primary raw material of the residential construction industry. In fact, the growing reliance on the structural design properties of lumber by the US housing industry led to the development of lumber grading processes and grade stamps in the 1920s. The process today assigns global strength properties to an individual stick of lumber by a visual inspection of qualities like knots and grain.

ALSC's PS 20-15 has fundamentally changed what this grade stamp represents.



This process works well as long as the global strength properties assigned to a particular species, size and grade of lumber exist for each particular stick of lumber. As Pagel made clear, that's not always the case. The Southern Pine Inspection Bureau (SPIB), the entity responsible for establishing the global strength properties of Southern Pine (SP), determined the published design values that existed in 2010 were dramatically overstated. In turn, they published both Supplement Numbers 9 and 13 to the *Standard Grading Rules for Southern Pine Lumber*, recommending design value reductions of 25-30 percent for almost all sizes and grades of SP.

It has been well documented in the pages of **SBC Magazine** the lengths to which SBCA went to protect the best interests of CMs throughout SPIB's process to change

the design values of SP lumber (see September/October 2014). Indeed, the SP market transitioned to the new lumber design values rather seamlessly, but the process did create a problem for CMs that has quietly festered.

Strength Properties Represent a Range of Values

While they did not publish this fact, Pagel pointed out that SPIB realized it had created a problem for SP lumber producers. If a structure failed due to an individual stick of lumber not having the strength properties published by SPIB, the lumber producer could be held responsible. SPIB added the following language to Appendix A of the *Standard Grading Rules for Southern Pine Lumber* in an effort to disclaim or avoid any warranty with respect to published design values:

Wood is a natural product subject to variations [...]. Each piece or lot of visually graded lumber is not mechanically tested to verify strength properties. Since the stress ratings are representative of the entire producing region, lots from a specific location may have physical properties at the extremes of the property range or statistical distribution representing that range of strength values.

This change was immediately adopted by the American Lumber Standards Committee (ALSC), the body created by the U.S. Department of Commerce to oversee the lumber writing agencies such as SPIB. The new SPIB language essentially states visually graded lumber design values are not reliable for any particular stick of lumber.

This language creates a problem for CMs, Pagel said, as there is a growing reliance on the structural properties of visually graded lumber, and lumber producers rarely provide any type of express warranty with respect to the strength properties defined by the grade stamp on their lumber. The concern that arises is whether this renders CMs responsible for the performance of the engineered products they manufacture, even when the lumber design values on which that engineering depends don't accurately represent the actual strength of

the lumber CMs use. As the lumber industry refuses to accept responsibility for design properties in visually graded lumber, responsibility appears to shift to any vendor or entity that assumes the accuracy of the design values, including CMs, their suppliers and their customers.

This tactic of the lumber industry was further solidified last April when ALSC adopted the latest version of its *American Softwood Lumber Standard*, also known as PS 20-15. PS 20-15 now defines design values as "published design data that are representative of the strength and stiffness of specific grades and species/species groups of lumber." In practice, this definition means engineers who use lumber design values in NDS equations are working with approximate numbers. The design values that should be ensuring structural components provide resistance to code-defined loading conditions are now merely representative of the strength and stiffness of actual materials.

SBCA advocated for many changes to PS 20-15 that would have created greater transparency in how lumber design values were determined and the inherent limitations of that approach. These recommendations were summarily rejected by ALSC, but are now under appeal by SBCA.

Define Your Scope of Work

In response to the lumber industry's attempt to shift liability, Pagel recommended CMs clearly define their scope of work and utilize language for their customers, project design professionals and building inspectors in their contracts, submittal cover letters, truss design drawings and truss placement diagrams. SBCA has developed template language for all these documents clarifying how CMs rely on lumber grade stamps and use the corresponding design values in their design software. Pagel stressed that incorporating this language into their documentation is one of the most effective things CMs can do to limit their legal responsibility in the future. **SBC**

**WE HAVE ALL
THE COMPONENTS**
— *to help make* —
**YOURS MORE
SUCCESSFUL.**



We've been matching the right equipment to a wide variety of production facility needs for nearly three decades. And we still do so every day with unmatched experience, industry contacts, and forward thinking. Why not let us see how we can help you be more productive, more efficient, and more profitable, too?

Wood Truss Systems

MANUFACTURERS' REPRESENTATIVES

www.WoodTrussSystems.com • 765-751-9990



A pause from building homes





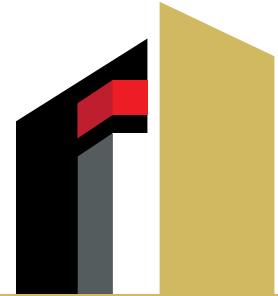
to spend time in our own.

For a short time at the end of each year, we turn off the lights and pause to connect with family and friends. And because 'tis the season for reflection, we want to thank you for your friendship and wish you prosperity. We hope the new year brings you happiness and stories of success.

Warm holiday wishes, from your friends at MiTek.

MiTek®

© 2015 MiTek, All Rights Reserved.



Based on the 2015 BCMC Educational Session

HOW MSR SAVES ME MONEY

Jess Lohse, Rocky Mountain Truss Co. • Jack Littfin, Littfin Lumber
Dennis Westhoff, Lumber Specialties • Tim W. Riegel, Rigidply Rafters

Machine Rated Lumber Makes a Lot of Cents

by Sean D. Shields

It's one thing to have a salesperson from an MSR producer tell you the advantages of using MSR lumber in your production process. It's an entirely different thing—and much more persuasive—to have four veteran component manufacturers (CMs) give you the reasons they're convinced it's better than visually graded lumber.

Jess Lohse, president of Rocky Mountain Truss Co.; Jack Littfin, CEO and founder of Littfin Lumber; Dennis Westhoff, President of Lumber Specialties; and Tim W. Riegel, PE, Engineering Manager for Rigidply Rafters, provided their perspectives on when and why they use MSR instead of visually graded lumber. They focused on three main areas: the gains in efficiency in their production processes, the opportunities MSR creates due to its quality and consistency, and the advantages of having known and reliable lumber design values.

With MSR lumber, CMs find they can more effectively deal with lumber defects that can affect connector plate teeth embedment at critical joints.



The Efficiency of MSR

"I think one of the greatest advantages of MSR is how it makes my production process more efficient," said Littfin, who uses MSR lumber in almost all of his roof trusses. All the CMs agreed that more consistent lumber quality not only increased the amount of lumber they could use in the manufactured products for which it was purchased, but it also reduced production times due to less material handling. Westhoff explained, "one reason we use only MSR lumber is because it has drastically reduced the rate at which we have to cull lumber or rebuild trusses due to lumber defects."

In addition to improving production efficiency, MSR also can contribute to the efficiency of the trusses themselves. "Because of the improved quality characteristics of MSR lumber, such as reduced

Continued on page 20

FASTENERS SIMPLIFY WIND-UPLIFT RESTRAINT

SIMPSON

Strong-Tie

Building homes and structures with a continuous load path in regions of the country susceptible to high winds can now be accomplished from inside the structure with easy-to-install fasteners.

Tried-and-true metal connectors, fasteners and anchors are traditionally used as a system to connect the roof, floors and foundation together. But now there's another choice. Simpson Strong-Tie offers two structural fasteners designed for wind-uplift restraint: the Strong-Drive® SDWF Floor-to-Floor screw and the Strong-Drive® SDWC Truss screw.

There are several key benefits to using structural fasteners for continuous load path connections, including:

- Fast installations (*significantly faster than traditional methods*)
- No predrilling
- No interference with finish materials
- Floor-to-floor framing alignment is not critical
- Ease of installation: The SDWC and SDWF install from inside the structure, eliminating exterior work on upper stories

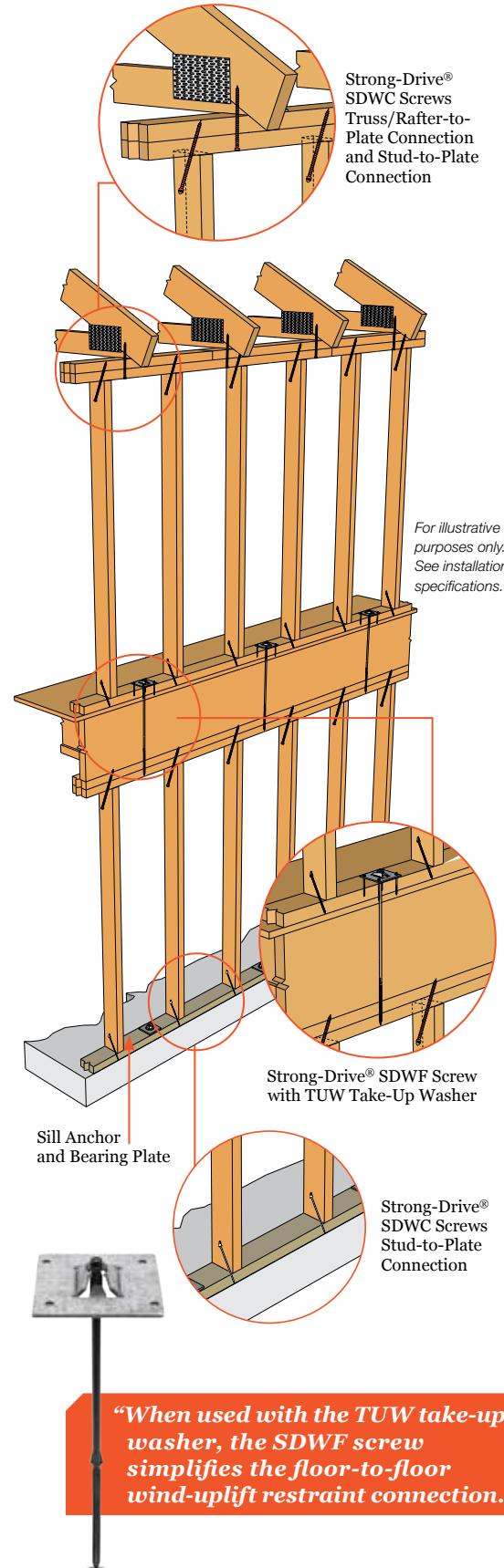
Wind-Uplift Restraint

The Strong-Drive SDWC Truss screw provides a stud-to-bottom-plate or stud-to-top-plate connection and can be used to fasten trusses and rafters to top plates. It is designed to simplify continuous load path connections at the roof and foundation. The SDWC is available in a kit that includes 500 screws, two driver bits and two metal installation guides. The SDWC screw is code compliant (IAPMO-UES ER-262) and is for interior use only.

The Strong Drive SDWF Floor-to-Floor screw attaches upper and lower walls together from the top, spanning the floor system to create a strong connection between floors. When used with the TUW take-up washer, the SDWF screw simplifies the floor-to-floor wind-uplift restraint connection.

The patented TUW take-up washer plays a key role in the long-term performance of the SDWF Floor-to-Floor screw when installed between the screw and the sole plate of the upper floor. As the structure settles because of shrinkage and construction loading, the threaded portion under the head of the screw ratchets up through the tabs of the TUW. The interlock between the tabs of the take-up washer and the threads under the head of the SDWF screw prevents the screw from sliding back under load. This provides a simple yet reliable means of shrinkage compensation for up to $\frac{3}{4}$ " per story. The SDWF screw is code compliant (ICC-ES ESR-3046), as is the TUW take-up washer (ICC-ES ESR-2320)—both are for interior use only.

When used together as a system with anchor bolts at the foundation, the SDWC and SDWF screws are a reliable, safe and economical solution for creating a continuous load path and resisting wind uplift. To learn more, call (800) 999-5099 and visit strongtie.com/sdwc.



wane of lumber at the joints, we are less likely to upsize our plates at the jig and our plate costs are accurate to design," said Lohse. The CMs agreed that while the cost of MSR is higher, there were many ways to make back that cost, including the consistent ability to use smaller plates.

The Quality of MSR

Beyond lowering production costs, one of the biggest factors these CMs identified as a benefit of using MSR is reduced truss bracing. "Savings in the cost of bracing material for our customers, not to mention the reduction in the risk of injury from having to install less bracing, is one of the major reasons why we use MSR," said Riegel. "It takes some time, but it isn't difficult to convince your customers to embrace and pay for trusses made from MSR when they realize the cost benefits on the jobsite."

Related to this is the increased bearing capacity MSR realizes through higher F_{C1} (compression perpendicular to grain) values. "This does require working with the customer, but we can usually convince them to use MSR in the top plate of the walls and eliminate a ply in a multi-ply girder truss in the process," said Riegel.

There's one last benefit the CMs have found to the quality and consistency of MSR. "When we looked at it, we found our rate of field repairs went down significantly when we switched to all MSR lumber," said Westhoff. "I think a big part of that was we had less breakage from roll-off deliveries."

The Reliability of MSR

The CMs agreed the value of having known and reliable lumber strength properties could not be overstated. "The lumber

MSR Benefits to CMs

- Reduced production time
- Reduced plate costs
- Reduced truss bracing & risk of injury
- Increased bearing capacity
- Less breakage & reduced field repairs
- More accurate designs
- Higher quality finished product

industry has gone down the path of trying to shift the risks of the structural performance of visually graded lumber onto end users like us," said Lohse. He pointed out this has been a major challenge for members of the SBCA Board of Directors and is an ongoing battle. "The problem is we aren't lumber graders, and that is far outside our scope of work."

In the end, the CMs agreed that MSR allows them to achieve more accurate truss designs. "In most cases, you have greater assurance that what you are asking the lumber to do in a particular truss design [is possible] because each piece of lumber has been tested and verified to have at least the bending and elasticity strength properties printed on the grade stamp," said Littfin.

When to Use MSR

Though the CMs agreed these were the advantages they realized through the use of MSR versus visually graded lumber, no two CMs took exactly the same approach to using MSR. "We use only MSR lumber in all applications because it's easy for us to get and it makes our entire process more efficient than if we carried more grades," said Westhoff. "We use primarily MSR in our roof trusses, particularly wides in our top and bottom chords of our longer span trusses," said Littfin. "We still use visually graded in webs and smaller trusses like jacks," he adds, "because the savings really isn't there for those applications." Riegel, too, uses both. "We use two main grades of MSR for most products," said Riegel, "though availability and price can play a role in what we purchase and use."

In the end, these CMs choose to use MSR the way they do because they've found it reduces their costs and allows them to produce a more consistent, higher quality product, to the satisfaction of their customers. **SBC**

Precision Equipment MFG

Precision Equipment manufactures standard, extendable and gooseneck roll off truss trailers with your ROI in mind by using name brand components and the latest manufacturing procedures. With air ride suspension and the lowest ride height; Precision Equipment has been helping our customers increase their bottom line year after year.

Toll Free: 800.237.5161 / Phone: 701.237.5161
sales@precisionequipmfg.com
www.precisionequipmfg.com

SBCA MEMBER

Impressive... any way you measure it.

3 Assemblers
+ 1 WizardPDS
1717 Board Ft/
Table Hr

3 Assemblers
+ 1 WizardPDS
525 Lineal Ft/
Table Hr

3 Assemblers
+ 1 WizardPDS
341 Pieces/
Table Hr

See our
numbers
in action



[www.eideintegratedsystems.com/
take-a-look-at-the-numbers/](http://www.eideintegratedsystems.com/take-a-look-at-the-numbers/)



Think green.
Retro fit.
Save green.

WizardPDS® ChannelS® Your Table, automated.

WizardPDS®
Automated Perimeter Definition System

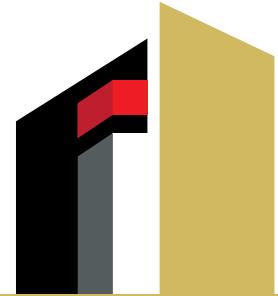


Eide Integrated
Systems, LLC



We bring the best together!

Toll free 800-344-3433 Ph. 612-521-9193 Fax 612-521-9307 www.eideintegratedsystems.com
Eide Integrated Systems, LLC PO Box 11397 / 3219 North Second Street Minneapolis, MN 55411-0397



Based on the 2015 BCMC Educational Session

TURNKEY FRAMING: THE CM EXPERIENCE

Michael Balliet, Builders FirstSource • Bill Sauder, Holmes Lumber

Diversify Your Sales Revenue: Try Turnkey!

by Matt Tanger

Michael Balliet of Builders FirstSource and Bill Sauder of Holmes Lumber argue that turnkey framing has the potential to significantly alter the component manufacturing business model while providing component manufacturers (CMs) the opportunity to positively diversify sales revenue.

They point out that CMs have for years sold products directly to entities operating directly on jobsites, such as general contractors (GCs) or framers. This one-to-one sales relationship works because it's driven by simple supply and demand economics. Turnkey framing alters that model by adding services to product sales for CMs. The CM sells both the product and the labor that is currently supplied by framers and GCs.

Following the turnkey framing model leads to diversification on the part of CMs, who sell a wider array of products and framing labor all in one package at a competitive rate. Balliet said the ability to widen the scope of sales is what makes turnkey a successful venture for his company.

Turnkey can be an effective way to increase sales revenue and ensure prolonged success through more diverse product offerings.

"In order to sell products to certain types of builders you're going to have to do it," Balliet said. "It's certainly the reason I do it. My customers want it."

Balliet explained that in all his years in the industry he had never considered offering turnkey framing until a client asked that it be an option. He soon realized not offering it could cost him clients over time and perhaps paint his business into a corner.

Balliet confessed there are myriad reasons to offer turnkey framing, and each CM may be facing a different scenario. With that in mind, he and Sauder see profitability and efficiency as the main benefits of getting into turnkey. The more products you offer, the more potential revenue streams are contributing to your bottom line. The more direct control you have over labor and its associated costs, the more you can control your profit margins. Critically, in a timeline-driven industry, taking the lead on installation

means you can directly manage the production, scheduling and communication that keep a project on track.

Sauder's experience over the years has taught him that the more these things are under a CM's control, the more that CM can focus on growing the company. That happens in time, he said, and when one client requests turnkey, others typically follow suit. "If you can widen your offered products, that expands the footprint of your company and creates new chances to gain customers," he said.

Balliet and Sauder agree the biggest obstacle to success can be the current lack of demand for turnkey framing in a given market. Without an existing demand, this approach can be a little like pushing a rope: impossible. So where is demand greatest? Regions where the framer is willing to work with the CM, as opposed to seeing the CM as a competitor. In markets where framers work on their own and buy directly from CMs, turnkey framing can be difficult to implement. Turnkey threatens to take business, or at least profit margin, away from the independent framer.

Balliet is quick to point out this dynamic isn't related to city size, as one might think. "It's simply because we don't sell to framers in our market, so we are not competing with our own customers when selling turnkey."

If the CM isn't directly competing against its own customer framers, the key to implementing turnkey framing is developing relationships with not only your customer GCs, but also framers who you, as a CM, will hire through subcontracts to handle the installation.

Kenny Shifflett, owner of Ace Carpentry in Manassas, VA, said it must be appealing to subcontractors to work for you. "You have to keep in mind, a turnkey framer in today's market is a broker, contracting the work and gathering all the research and information to build the product correctly," Shifflett said. "For it to work, the CM now has to do what is necessary to ensure the subcontractor—the framer—is successful."

Shifflett said there are so many variables a CM has to be aware of and willing to overcome. Whether it's ensuring the correct products are on the site or scheduling deliveries, to ironing out traffic control in inner-city jobs or coordinating crane usage between jobsites, the CM must prove to subcontractors that he can be trusted. "If you can control all of that, then more than likely your subcontractor is going to be happy and will continue working with you," he said.

Turnkey framing will likely grow in popularity because it gives CMs an opportunity to grow in new market segments within the building industry while also

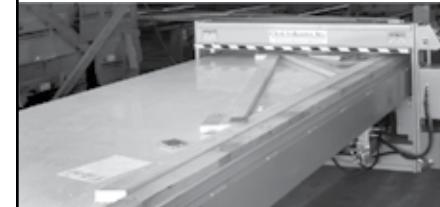
Considering Equipment? Consider Clark.

Stacking Systems? No Problem!!!



We Offer **Fully Electric** Horizontal & Vertical Truss Stacking Systems

Big Plates on Little Trusses?



Try Our New **60 Ton** Jack Table!!!

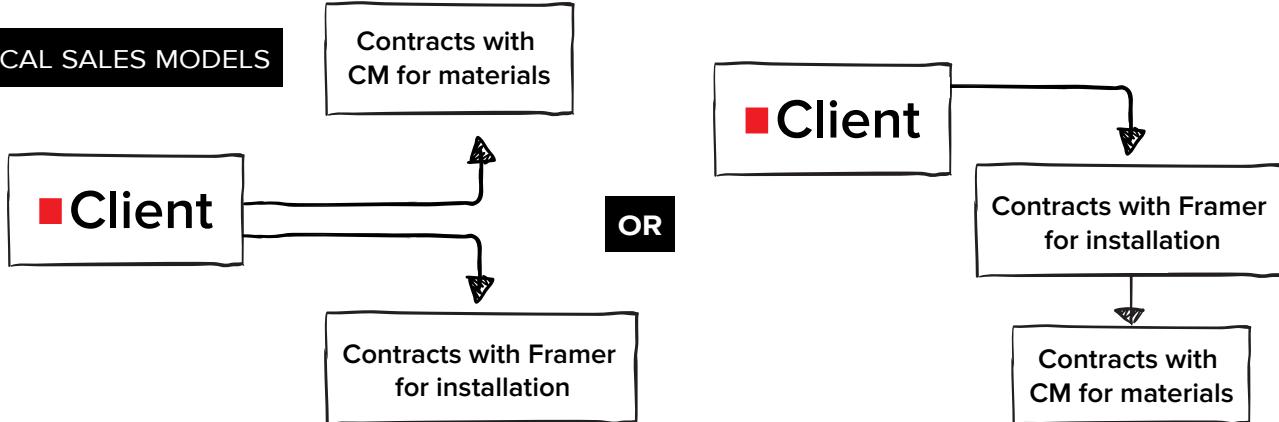


Clark Industries, Inc.

816 Callan Street, Monett, MO 65708
Phone: 417-235-7182 • www.clark-ind.com
Email: general@clark-ind.com

answering an existing demand. The CMs who are ready to accept the challenge of pursuing a new process and are willing to tackle the obstacles along the way will learn that turnkey can be an effective way to increase sales revenue and ensure prolonged success through more diverse product offerings. **SBC**

TYPICAL SALES MODELS



TURNKEY SALES MODEL



IT FOR MANAGERS: WHY “BACKING UP” ISN’T ENOUGH

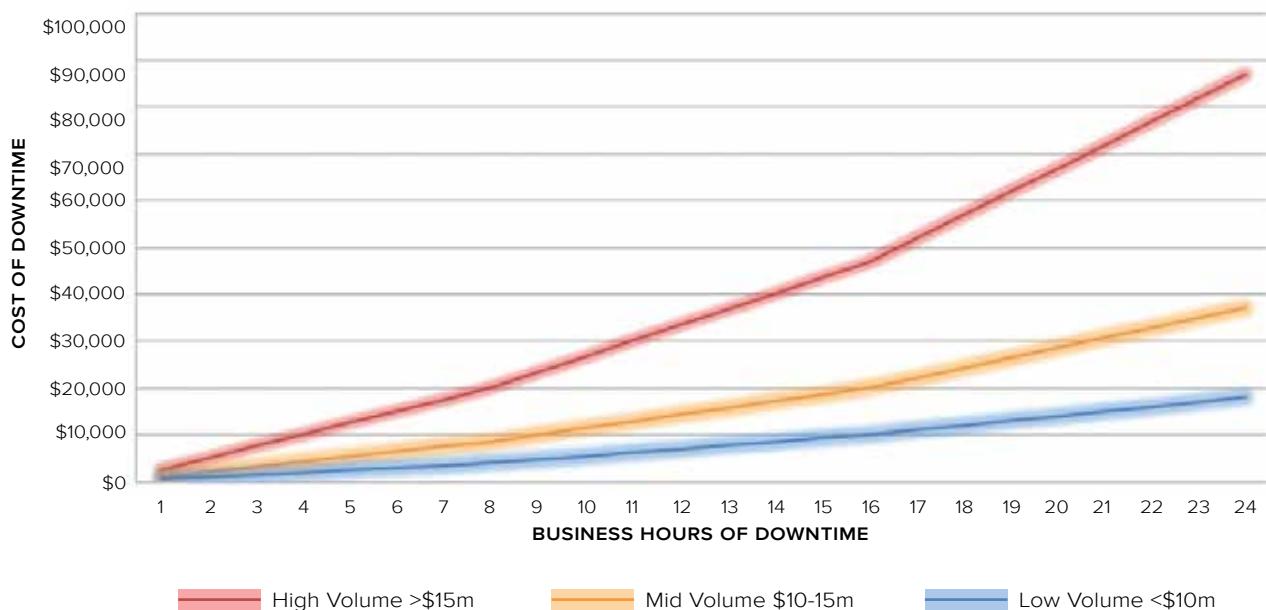
Chris Alderink, Zeeland Lumber & Supply • Chris Cozart, Builders FirstSource • Greg Dahlstrom, Villaume Industries, Inc. • Jason Hikel, Shelter Systems Limited • Dan Holland, Clearspan Components, Inc.

Backing Up Your Data Isn’t Enough

by Jon Nelson

When it comes to protecting your company and its data, it is essential to have a well-rehearsed disaster recovery plan. Five component manufacturers with extensive IT experience, Chris Alderink of Zeeland Lumber & Supply, Chris Cozart of Builders FirstSource, Greg Dahlstrom of Villaume Industries, Jason Hikel of Shelter Systems Limited and Dan Holland of Clearspan Components, warn that infrastructure or data loss can trigger the collapse of an organization if it lacks key safeguards to mitigate the effects of such catastrophic failures.

The more business you do, the higher the cost of downtime.



Infrastructure or data loss can trigger the collapse of an organization if it lacks key safeguards to mitigate the effects of such catastrophic failures.

The root cause of data loss is often simple internal communication failures. It's important for IT staff to facilitate regular discussion about disaster recovery preparedness and ensure uniform expectations across all departments.

Assuming you have a functional disaster recovery plan can be more dangerous than not having a plan at all. Work with IT staff to understand what is currently being done to protect your systems and data in the event of a disaster. Continually analyze the current plan and discuss how it would hold up in various situations, from a single system failure to a regional natural disaster. Augment or replace any weak links you find with more robust systems that better suit your company's needs.

When planning for disaster recovery, start by defining your recovery time objective. This goal is simply a target deadline for the complete recovery of the company and all of its day-to-day operations. Depending on your business, you can set your recovery time objective for days, hours or even minutes. Establishing this goal will help you select systems and software to accommodate your needs without over-buying or under-spec'ing. For example, a 100 Mbps fiber internet connection might seem like overkill for the day-to-day activity of a small company with five users. However, that connection might be necessary to replicate 300 GB of CAD files offsite every night. Be sure to plan for future capacity and identify other potential bottlenecks such as network speed, resource usage and budget limitations.

Once the proper plan and systems are in place, it is critical to fully test on a regular basis to ensure all parts are functioning correctly. While the plan might seem simple on paper, there are often issues that surface only during a real world test. Update your records and plans after each test to reflect lessons learned and to streamline future tests. Keep in mind that as your IT footprint grows, so will your disaster recovery needs. Regular testing of your systems will help you stay up to date as your company and technology changes. **SBC**

LAKESIDE

TRAILER MANUFACTURING, INC.

SERVING THE TRUSS INDUSTRY SINCE 1987



For almost 30 years, Lakeside Trailer has led the way in the component trailer industry with innovative ideas to assure your delivery operations remain efficient in today's competitive market.



"Customer service is our top priority. We focus on manufacturing trailers for the components industry so that we can provide a top quality, affordable trailer that meets all of your delivery needs!"

— Lee Kinsman, Owner

MANY THANKS TO THIS YEAR'S ATTENDEES FOR MAKING THE BCMC SHOW A GREAT SUCCESS!

Congratulations to the winner of the 2015 Lakeside Trailer Giveaway



BJ Jones from Huskey Truss & Building Supply in Franklin, TN

SBCA **WORK FORCE DEVELOPMENT**

build your skilled workforce at wfd.sbcindustry.com

FINANCIAL DECISION-MAKING: HOW SBCA CAN HELP WITH YOUR TOOL KIT

Kendall Hoyd, Residential Design Services • Sharon Hoyd, Sharpen Business Analytics

Let Your Numbers Give You Better Insight

by Lena Giakoumopoulos

The in-depth financial analysis that leads to good decision-making isn't easy, especially for component manufacturers (CMs), who encounter significant variability in the work that they do and the customers they serve. Chartered financial analyst and SBCA Past President Kendall Hoyd, currently the chief financial officer at Residential Design Services, believes analyzing financial data begins with asking the right questions. Looking at the numbers needs to give you insight, he stresses, not just raise more questions. "What you measure drives how you think," he said. "How you think, drives how you manage your company."

Reorganize Your Income Statement

Hoyd suggests CMs start by examining the values for operational variables that lead to financial results. For example, how many hours of work were needed per board foot produced? According to Hoyd, "making an income statement with answers can be more proactive, to allow for a more productive conversation leading to quicker and better reactions by management."

Improving the presentation of your income statement helps you make sense of the financial data you're assembling.



Hoyd proposes turning financial accounting into management accounting to show CMs the effect of variability in the work. "Financial accounting statements are typically arranged in a way that makes them very difficult to use for management purposes. However, regrouping the costs helps us see the true effect of variability in the work," said Hoyd.

Financial reporting combines balance sheets, profit and loss statements, financial notes and disclosures. It is the language that communicates information about the financial condition of a company. The procedures and the guidelines under which that language is written are generally accepted accounting principles (GAAP). GAAP practices typically mix variable and fixed costs. Hoyd contends CMs need to see the income statement reorganized to make a clear distinction between these costs.

	Line Item	Examples	Key Driver
All vary directly with production/delivery	Net Revenue	Net of discounts given	Board Feet Delivered
	Material Costs	Net of discounts given	Board Feet Delivered
	Value Added		Revenue
	Direct Labor	Cutting and fabrication	Board Feet Produced
	Indirect Labor	Material handling and stacking	Direct Labor Hours
	Labor Taxes & Benefits	Payroll, medical, workers compensation	Direct & Indirect Labor \$
	Maintenance	Repairs, staff, small tools	Direct Labor Hours
	Variable Overhead (1)	Plant consumables, general liability insurance, electricity	Board Feet
	Variable Delivery	Fuel, labor, tolls, auto insurance	Delivery Miles
	Sales Commissions (1)	Often a big variable cost	Value Added
Generally don't vary with production	Contribution		
	Fixed Production Overhead	PP&E depreciation, building rent or depreciation	Investment in PP&E
	Fixed Delivery Costs	Delivery equipment depreciation, lease payments	Investment in Delivery equipment
	Gross Profit		
	Design	Design staff, taxes & benefits, computers & software	Value Added
	Sales	Expenses, advertising & promotion	Value Added
	Administration	Accounting, HR, contracts, office expenses	Value Added
Operating Income			

Separating fixed costs from variable costs allows you to more quickly understand how each variable cost contributes to the bottom line.

Continued on page 28

WHAT MAKES MUTUAL INSURANCE A BETTER CHOICE FOR BUSINESS OWNERS?

FOR STARTERS, THERE ARE NO SHAREHOLDERS – SO THAT MEANS WE PUT THE NEEDS OF OUR POLICYHOLDERS FIRST.

And that results in better service... suggesting ways to minimize risk... settling claims more fairly and quickly. No wonder business owners large and small choose mutual insurance.

With PLM/ILM, you get an established MUTUAL insurance company that specializes in the lumber, woodworking and building material industries. We understand your business, your needs and your values.

Other benefits of working with PLM/ILM:

- Focused on the lumber, woodworking and building material industries since 1895
- Risk Management and Loss Control Specialists on staff help reduce your chance of loss
- Enhanced products that provide unique, comprehensive coverage
- Open brokerage – we can work with your local agent or broker of your choice
- Financially strong – we carry an A- (Excellent) rating from A.M. Best, the industry leader in the independent rating of insurance carriers

Become a part of something bigger. Become a member of a mutual.



PENNSYLVANIA LUMBERMENS MUTUAL INSURANCE COMPANY

INDIANA LUMBERMENS MUTUAL INSURANCE COMPANY

MAIN 800.752.1895 WEB WWW.PLMILM.COM

Member of the National Association of Mutual Insurance Companies

"SHARED PURPOSE, MUTUAL VALUES™" is a registered trademark of the National Association of Mutual Insurance Companies. All rights reserved.
© 2014 National Association of Mutual Insurance Companies.

SHARED PURPOSE. MUTUAL VALUES.™

Looking at the numbers needs to give you insight, not just raise more questions.



Reorganizing the income statement gives you better plant-to-plant or period-to-period comparisons.

To answer many of the questions that a typical GAAP income statement raises, reorganize your numbers to examine each cost in terms of dollars per board foot (BF) delivered and dollars per production hour (DPH). This organization shows which costs go up with production and how much revenue and margin are generated per production hour. Reorganizing the income statement gives you better plant-to-plant or period-to-period comparisons.

Improving the presentation of your income statement helps you make sense of the financial data you're assembling. In a nutshell, improved financial statement means you can "look at your business and use the right combination of financial and operating data to make better pricing, and ultimately, better sales decisions," says Hoyd. **SBC**

Direct Production Hours (DPH)	Total	Total
Board Feet Delivered	Total	Total
Board Feet Produced	Total	Total
Line Item		
Net Revenue	Total	Total
Net Material Costs	Total	Total
Revenue Value Added	\$ Per BF Delivered	\$ Per Production Hour (DPH)
Material Cost Value Added	\$ Per BF Delivered	\$ Per Production Hour (DPH)
Direct Labor	\$ Per BF Delivered	\$ Per Production Hour (DPH)
Indirect Labor	\$ Per BF Delivered	\$ Per Production Hour (DPH)
Labor Taxes & Benefits	\$ Per BF Delivered	\$ Per Production Hour (DPH)
Maintenance	\$ Per BF Delivered	\$ Per Production Hour (DPH)
Variable Overhead (1)	\$ Per BF Delivered	\$ Per Production Hour (DPH)
Variable Delivery	\$ Per BF Delivered	\$ Per Production Hour (DPH)
Sales Commissions (1)	\$ Per BF Delivered	\$ Per Production Hour (DPH)
Contribution (Revenue – variable costs)	\$ Per BF Delivered	\$ Per Production Hour (DPH)
Fixed Production Overhead	\$ Per BF Delivered	\$ Per Production Hour (DPH)
Fixed Delivery Costs	\$ Per BF Delivered	\$ Per Production Hour (DPH)
Gross Profit (Revenue – variable and fixed costs)	\$ Per BF Delivered	\$ Per Production Hour (DPH)
Design	\$ Per BF Delivered	\$ Per Production Hour (DPH)
Sales	\$ Per BF Delivered	\$ Per Production Hour (DPH)
Administration	\$ Per BF Delivered	\$ Per Production Hour (DPH)
Operating Income (Revenue – all costs)	\$ Per BF Delivered	\$ Per Production Hour (DPH)

Classified Ads

JOB OPPORTUNITIES - RECRUITING SERVICES

Truss & Wall Panel Industry
www.theJobLine.com | 800-289-5627
STRICTLY CONFIDENTIAL!

YOUR AD HERE: REACH THE INDUSTRY WITH A CLASSIFIED IN SBC!
 Contact Mindy at mcaldwell@sbcmag.info to place an ad in print or online.

JOBSITE PACKAGES



**They're
your golden
defense.**



Educate your customers. Protect your company.

Boost your commitment to safety.

Follow the industry's best practices.

"Being able to document that a JOBSITE PACKAGE was duly received by your customer and the truss erector is a risk management tool that can provide significant protection to component manufacturers."

Kent Pagel
SBCA Legal Counsel

SBCA



JOBSITE PACKAGES are available for wood, cold-formed steel, long span trusses, floor trusses and wall panels. To learn more or order, visit sbcindustry.com/jobsite.



parting shots

by Dale Erlandson

Share your stories and photos with us! Send submissions to partingshots@sbcmag.info.



Gary Weaver (left), the new addition to SBCA's Hall of Fame. "He certainly deserves it; he's just a good guy," says SBCA Treasurer and President-Elect Jack Dermer (right).



Dan Holland (left), with the Industry Leadership award. "He's always thinking. It's just amazing how smart he is," says SBCA Past President Rick Parrino (right).



Jerry Vulgaris (left) receives the Industry Enthusiast award from Mike Ruede (right). Jerry's passion for what he does is still growing: "It seems like every few years you find something else that's rewarding in the industry," he says.

SBCA's 2015 award winners never envisioned how successful they would be in this industry. "I was studying mechanical engineering and had no idea where I would work," says Gary Weaver. Component design "was just a part-time job." Dan Holland's start in the industry was even less glamourous: "I was unemployed," he admits. "And fathers-in-law like their sons-in-law to be employed." So Dan joined his father-in-law's company. Jerry Vulgaris also entered the industry by joining the family business, but when his dad told him that it was a great place to make a career because there were so many good people to work with, Jerry brushed that idea aside. "As a young man, I thought, 'yeah, whatever,'" he says.

Since those humble beginnings, Gary, Dan and Jerry have been all-in.

When Timber Tech Texas expanded in the late 1970s, Gary drove around the state seeking the right spot for a second location. He found San Antonio, pulled a small construction trailer behind an El Camino pickup to make the move, oversaw construction and had his plant running less than six months later.

Dan joined SBCA's Hall of Fame in 2009 and joked that he'd need to do something noteworthy to keep his award. He promptly convinced an industry in the depths of a recession to start a major charity event. This year, BCMC Build expanded on a young but cherished tradition. Two homes, built side by side, made homeowners of two wounded veterans and provided new data for the Framing the American Dream initiative.

Jerry's initial skepticism about working with others in the industry didn't stop him from helping found the SBCA – Northeast chapter, joining the SBCA board and chairing the BCMC committee, helping with BCMC Build projects, and remaining active in SBCA even after leaving his position at a component manufacturing plant to join Trussed, Inc.

Jack Dermer, Rick Parrino and Mike Ruede presented awards at BCMC in October, and they couldn't say enough about Gary, Dan and Jerry's contributions to the industry. Gary has been SBCA's top recruiter for years. "Even after he retired, he's still recruiting people for the association!" says Jack, in awe.

Rick says Dan is consistently one step ahead of the rest. "He's always the guy who comes up with 'Why aren't we doing this?' ideas," says Rick. "He's the kind of a guy that says, 'Let's make this happen!' and 'I'll start out by making a donation!'"

Mike was the one who first appointed Jerry to the BCMC committee, and the fact that he was the one to present this award, "just speaks volumes to the friendships in the industry," Jerry says.

In fact, Gary, Dan and Jerry all credit their achievements to fellow SBCA members. Component manufacturing is "a hard livelihood," Gary says, "and a hard livelihood depends on the industry." No one can do it alone, Dan agrees. His best ideas, he says, come from working with others, "and the value that I receive from being a part of those meetings and discussions is far greater than anything I think I've contributed."

Jerry has come around to his dad's way of thinking—he now says his dad was spot on in recognizing how many good people make up this industry. It's especially apparent, Jerry says, at BCMC Build projects, when everyone works side by side for a good cause. "You go back to your hotel tired and wet and muddy," Jerry says, but it's a good feeling. One that leaves you

thinking, "This is why I do what I do." **SBC**



**Many thanks to our exhibitors for
making BCMC 2015 an
incredible show!**



4Ward Consulting Group*
Alamco Wood Products, LLC*
Alpine, an ITW Company*
A-NU-PROSPECT*
Apex Machine Works*
BCMC Build
Beadles & Balfour, LLC*
BlueLinx*
BlueTarp Financial*
Calculated Structured Designs Inc.*
Canadian Wood Products
Canfor Wood Products Marketing*
Cedar Creek
Clark Industries, Inc.*
Combilift USA
Component Runner, LLC*
Composite Panel Systems LLC*
Cresswood Shredding Machinery
Eagle Metal Products*
Eide*
Enventek LLC
FastenMaster*
Framing the American Dream (FAD)
Georgia-Pacific Softwood Lumber*
Georgia-Pacific Wood Products*
Gilman Building Products*
Gould Design, Inc.*
Hiab USA, Inc.*
hsbCAD North America
Huber Engineered Wood*
Hundegger USA*
Integrated Stealth Technology*
Interfor*
International Beams, Inc.
Klausner Trading USA, Inc.

Lakeside Trailer Mfg., Inc.*
Lamco Forest Products*
Lignum Forest Products*
LMC Lumbermens Merchandising Corporation*
Lockton Companies, Inc.*
Metriguard
Metropolitan Lumber Company*
Metsa Wood USA*
MiTek*
Monet Desauw Inc.*
MSR Lumber Producers Council*
Norbord Inc.
Nordic Structures
North Star Forest Materials*
Operation Finally Home
PANELS PLUS*
Paslode - An ITW Company
Pennsylvania & Indiana Lumbermens Mutual
Insurance Companies*
PRATT Industries, Inc.*
Precision Equipment MFG*
Quick Tie Products Inc.*
Randek
Rex Lumber Company*
Robbins Lumber*
Semmler Systems Inc.
Sherwood Lumber
Shuqualak Lumber Company*
Simpson Strong-Tie*
SL-Laser Systems *
Square 1 Design & Manufacture/Spida*
Stark Forest Products*
Stiles Machinery, Inc.*
Structural Building Components Association
Structural Technologies, LLC*
Swanson Group*
T. Poutanen Oy
T.R. Miller Mill Co., Inc.
Tecolam Inc
Todd Drummond Consulting LLC*
Trebnick Tags & Labels
Truss Assembly Templates*
Truss Machinery Connections, Inc.
Truss Plate Institute*
Trussmatic Oy*
Universal Fastener Outsourcing LLC*
Vaagen Brothers Lumber
Vekta USA*
Viking Forest Products
Wasserman & Associates*
WEIMA America, Inc.
West Fraser*
Weston Forest*
Weyerhaeuser Company*
Williams Robotics, LLC*
Wood Truss Systems, Inc.*
WorkSafeWorkSmart.com

*SBCA Member

**See you next year!
Mark your
calendar for
BCMC 2016,
October 18-21 in
Knoxville, TN.**

**BUILDING
Innovation
FRAMING SUCCESS**

BCMC
BUILDING COMPONENT
MANUFACTURERS CONFERENCE



I'M FOCUSED ON
GROWTH, SO
I NEED A PARTNER
WHO'S FOCUSED ON
HELPING ME SUCCEED.

I can count on Alpine.

Call it a partnership ... a resource ... my ace in the hole. Alpine provides solutions to the many different challenges that can stand in the way of my success. As a leader in the building components industry, I count on Alpine for the latest engineering, software and equipment efficiencies. What's hampering your productivity and growth? Turn to Alpine for the knowledge and support you need to succeed. Experience the Alpine way of building partnerships.



(800) 521-9790 | alpineitw.com