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Wall Panel Success Is All About the Customer

by Libby Maurer



Two veteran wall panel manufacturers share some of their strategies for success.



Carey (pictured) and Blenker gave their wall panel presentation to many interested component manufacturers at the 2007 BCMC Show in Columbus, OH.

at a glance

- ❑ Wall panel manufacturers, equipment and education had a big presence at BCMC 2007.
- ❑ Demonstrating the cost savings and increased efficiency of using panels is how one manufacturer sells builders on the product.
- ❑ By viewing every aspect of his operation through the eyes of his customers, one manufacturer has discovered the key of wall panel success.

One thing was clear from BCMC last October. Wall panels remain at the top of the list of emerging products in the industry. As a developing segment of the industry, the key to manufacturers' success often lies in creative marketing, intimate knowledge of their customers' business models, and working diligently to meet those needs. Easier said than done.

Enter Jason Blenker and Casey Carey, both of whom head up successful wall panel operations. The two teamed up at BCMC to offer their expertise on what it takes to get jobs, keep customers and make money with wall panels. By focusing on the keys to their success—Blenker on marketing and Carey on production processes—attendees got plenty of tips to take home. In comparing how they got where they are now, it is interesting to draw one parallel that is integral to wall panel manufacturing success: customer service.

One of the most important things panel operations should be warned of, says Blenker, is not to get too comfortable with wall panels' simplicity relative to roof and floor trusses. "Wall panels are a very unique business, with their own quality, material handling and jobsite delivery issues," he said. A big part of nailing down the "uniqueness" of this product is being so closely tied to the customers' needs that it can be demonstrated in black and white. Here's how he did it.

For Blenker, coming up with ways to market his product as a surefire way to increase builders' productivity is key. Growing up in a family-owned homebuilding business, he knew exactly what he would want to hear (as a builder) to be convinced that wall panels are the way to go. "We feel as though our 'framers point of view' gives us an advantage. We can serve our customers better because we understand what they want; we've done it ourselves," he said.

With this experience in tow, he created a side-by-side study comparing the traditional method of building walls on site to factory-built wall panels. With the cooperation of one long-standing builder customer, he broke down the labor, material and associated miscellaneous costs of framing a 2-floor 13,400 sq. ft. apartment building with panels built at his Amherst, WI plant. He did the same for the traditional approach of building walls on-site and compared the two.

What he found came as no surprise.

Figure 1 on page 38 breaks down all the labor costs for plant and framing crews, their wages and miscellaneous expenses. Since not all workers on this project worked the same hours (as they do in the field), Blenker broke out each function. He pointed out that some costs, like insurance, are lower in a controlled manufacturing environment than on a jobsite. As for the framing labor, it took the four-man crew three eight-hour days to complete the interior and exterior wall installation for the building. The total labor is shown at the bottom of the chart.

In Figure 2 on page 40, Blenker calculated the cost of the building traditional walls on the jobsite. It took a six-man crew two full work weeks to cut the first and second floor walls. He also included miscellaneous expenses (similar to those in Figure 1).

Continued on page 38

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Adding up the total shop and field labor (and their associated expenses), the cost savings overall for factory-built walls (just over \$13,000 in total costs for the job) compared to the traditional on-site framing method is over one-quarter—25.5 percent. “Even if there was a need to adjust some of the numbers (to account for additional hours or transportation), there is a substantial cost savings when using wall panels,” Blenker said. And that makes the builder more efficient, he added. When builders become more efficient, it means one thing: they can put up more units in a year.

“It’s my version of serving my customer,” he said. “Showing him that I can make him faster while reducing his costs is what marketing our product is all about.”

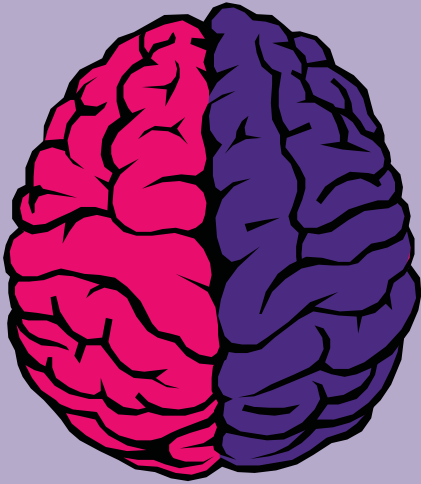
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Yes, going to this length to convince even one builder to use panels might be considered extreme. But this comparison is what Blenker needed to do to serve his customer well. “One way or another, that builder needs walls to be built. Might as well be you,” he offered the group of 150. Continued on page 40

Design & Production Crew	Hours	Total Cost (hours x hourly wage)	Wall Panel Framing Crew	Hours	Total Cost (hours x avg hourly wage of \$18.25)
1 technician for layout and shop drawings (\$21/hr)	16	\$336	1 lead carpenter	24	\$438
2 people building walls (\$14/hr)	98	\$1,372	1 experienced carpenter	24	\$438
4 people sheathing/housewrapping walls (\$10/hr)	82	\$820	2 helpers	48	\$876
1 sawyer cutting parts (\$13/hr)	14	\$182			
1 material puller (\$10/hr)	2	\$20			
TOTAL LABOR	212	\$2,730	TOTAL LABOR	96	\$1,752
Miscellaneous Costs			Miscellaneous Costs		
Workers' comp		\$160	Workers' comp		\$249
Unemployment		\$102	Unemployment		\$61
Social Security		\$209	Social Security		\$123
Insurance		\$750	Insurance		\$553
Overhead (as a percentage of sale price)		\$3,750	Overhead (as a percentage of sale price)		\$1,538
Savings on materials due to reduced waste		(\$1,400)	Forklift rental (1 week)		\$750
Added transportation expense to deliver load		\$500	Crane rental		\$1,200
TOTAL IN-PLANT & MISC COST		\$6,801	TOTAL ON-SITE CREW & MISC COSTS		\$6,226
TOTAL WALL PANEL COST FOR JOB = \$13,027					

Figure 1. Blenker Plant & On-Site Labor & Miscellaneous Costs.

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On-Site Crew	Hours	Total Cost <small>(hours x avg hourly wage of \$16.85)</small>
1 lead carpenter	80	\$1,348
1 experienced carpenter	80	\$1,348
4 carpenter helpers	320	\$5,392
TOTAL	480	\$8,088
Miscellaneous Costs		
Workers' comp		\$1,357
Unemployment		\$330
Social Security		\$670
Insurance		\$1,200
Overhead (1/12 th of \$40,000 total for the year)		\$3,350
Forklift rental (1 month)		\$2,500
TOTAL	480	\$8,088
TOTAL LABOR & MISC COSTS FOR SITE-BUILT WALLS = \$17,495		

Figure 2. Traditional Framing Labor & Miscellaneous Costs.

Wall Panel Success...

Continued from page 38

Carey, who worked his way up from working at a truss plant during college in the early '80s, firmly believes in defining processes to ensure success. But the way to get there, he told the audience, is to get to know your customer—both externally and internally. He says thorough evaluation of their needs actually defines how the shop is set up. Boasting as much as 50,000 lineal feet of panels produced in one week (in two shifts) at one of his former operations, this approach clearly holds water.

"Everything starts at the customer," he said, "because they define what operations you're going to perform." A good example is wall height—knowing if that customer needs standard 8-foot walls or tall walls (9- to 12-foot), is a key factor in everything from equipment choice to how it is arranged in the shop. "So once I understand that, I can come inside the facility and make good decisions. And that makes me effective," he said.

Once the builder's needs are fully defined, the focus turns to serving the needs of internal customers. "The cutting department's customer is the production [department]," Carey explained. "Every piece of material going to the 'production customer' should be cut with precision and presented in order and on time," just like you would present finished product on the jobsite, he said.

Executing this model of internal customer service does not happen overnight; it takes patience. Carey said it also requires reinforcement of the concept over and over again. "The best way to look at it is you have to develop the sort of culture internally that you want to exude on the outside," he advised.

Whether or not you choose to take this broad approach to understanding and serving the customer, Carey advises that every company (not only wall panel manufacturers) frame its business with an overall system perspective instead of viewing it as a series of individual processes. "A big mistake operations tend to make is thinking it works to bring people into an environment without a defined process," he said. In order to develop a process that works for you, he added, you have to invest time and energy into your people. "The essence is giving people what they need to succeed."

No matter your company size, market niche or business model, one thing is clear. If your focus is always centered on the customer, you've got a good shot at success. **SBC**