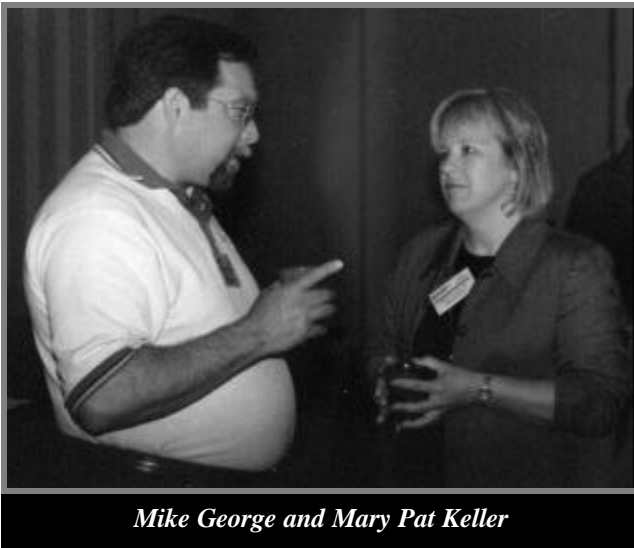


Machine Stress Rated Lumber Producers Council MSR Update

Spring Issue

June 1999

MSRLPC Annual Workshop Heads South



Mike George and Mary Pat Keller

The MSR Lumber Producers Council's Fifth Annual Workshop moved south this year, to Pine Mountain, Georgia. **Jim Kaake**, past president, was very happy with the results. "I expected attendance to be considerably lower than last year since less of our members are from the South, but I ate my words! Attendance was great. The program surpassed our expectations. People enjoyed the opportunity to get away and enjoy the beautiful Callaway Gardens."

Again, MSR producers, suppliers, and customers had the opportunity to get together and benefit from meaningful educational programs, and discuss issues of concern to all involved. See page 3-4 for a more detailed update on the Workshop.

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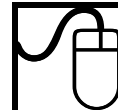
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To receive the MSR Update electronically instead of through regular mail, please email Kathy James at msrlpc@msrlumber.org for a PDF version.

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President's Message—by Mike George

I would like to thank **Jim Kaake** for his excellent year in 1998-99 as the President of the MSR Lumber Producer's Council. Jim has brought a new dimension to the leadership of the Council with his experience in Spruce and Southern Pine MSR Sales. Jim has also started a new trend (which I hope continues) where the Annual Meeting rotates between manufacturing geographies. If the Eastern Canadian Manufacturers are ready, we would like to see the Annual Meeting move to Quebec next year. Our Planning Committee will need some active participation from our Northern Producing Neighbors! If not next year, we will go to Eastern Canada soon.

We had a great year since our last workshop, culminating with this year's workshop at Callaway Gardens. To name a few accomplishments, we added 13 new members and will continue to actively pursue member-

ship development in the coming year. On the marketing front, we attended the BCMC show and will be attending Wood Solutions Fairs this year in San Francisco and Houston. Our web site, www.msrlumber.org, is available for viewing. Once again we provided the Annual Production Survey, and this Newsletter has been an excellent marketing tool for the Council.

In the coming year, our top priority will be marketing the use of MSR. We have contracted **Don Jaenicke** of Jaenicke Marketing Works to assist the organization in developing a marketing plan. We are looking forward to this year and to providing more and more member benefits. Please remember that in order to be effective on behalf of our membership, we need your input. Feel free to contact me with any comments or feedback. I look forward to working with you in the coming year! 

Top 10 Reasons to Use MSR—by Jim Logan of Metriguard

For the past 35 years, Machine Stress Rated (MSR) lumber has provided a cost-effective way for builders, contractors and other end users to ensure they receive top-quality wood. The MSR system, which mechanically tests each individual board, is a more accurate, efficient and definitive way to grade the quality of lumber. In 1998, just under 1.3 billion board feet of MSR lumber was produced.

Weak boards cause the majority of problems in lumber applications and the bending stress measurement is the state-of-the-art way to weed out weak lumber. A direct physical measurement of lumber's mechanical properties is more reliable and accurate than estimates based on visual inspection alone.

Following are ten reasons why building professionals, distributors and other end users should turn to MSR lumber.

1. Higher quality, fewer failures. Lumber that passes the bending stress MSR inspection is less likely to fail under its rated stress than visually inspected lumber.

2. Fewer repairs = Lower costs. If a piece of lumber fails during or after construction, a suitable repair can be a labor-intensive hassle that wastes wood and incurs additional expense to the contractor and homeowner.

3. Less waste. Machine stress grading reduces the percentage of lumber that must be discarded at the job site. When a shipment of MSR lumber arrives, the builder knows virtually all of it is going to be of a high enough quality to be used. This reduces the board feet that a builder must purchase to finish a job.

4. Reduce inventory. MSR grading provides a higher-grade yield, or more lumber that meets grade. As a result, builders can keep less lumber in stock.

5. Improve capabilities to provide a longer span. Due to the MSR grades' improved control of stiffness and strength, truss builders can design and build longer spans into their trusses.

6. Better performance over lifetime. With MSR lumber, it is easier to control the E-value of the wood, resulting in better control over the bounce in floor systems and better reliability in roof structures.

7. Better load sharing. Less variability in the E-value translates directly into better load sharing between components in a wood structure. The assumed Coefficient of Variation (COV) for MSR lumber grades is 0.11 (11%), compared with 0.25 (25%) for visually graded lumber.

8. Better uniformity between suppliers. Because MSR lumber uses a consistent rating system throughout the industry, an end user can work with multiple suppliers without worrying about compromising lumber quality. An MSR grade is produced to the same quality standard by all the producers.

9. Ability to substitute species. Except for minor differences, one can substitute one species for another in a design without difficulty, and the end user may switch to a less expensive supply without worrying about compromising quality.

Continued on page 4

Calendar of Events

June 23-26: *PCBC, The Western Building Show*, San Francisco, Calif. Contact 800/956-7469 or www.wbs.org for more information.

June 24-26: *Expo '99, The 25th Forest Products Machinery & Equipment Exposition*, Atlanta, Ga. For more information, call SPPA at 504/443-4464.

June 27-30: *Forest Products 1999 Annual Meeting*, The Grove Hotel & Boise Center, Boise, Ida. Call 608/231-1361 or email conference@forestprod.org for more information.

July 15-16: *Southern Pine Inspection Bureau Meetings*, Pensacola Beach, Fla.

August 5-7: *WTCA Board/Committee Meetings*, Madison, Wis. Call 608/274-4849 for more information.

September 12-17: *International Code Expo '99*, Sponsored by BOCA, ICB and SBCCI, America's Center Convention Center, St. Louis, Mo. Contact 800/423-6587 or www.sbcci.org for more information.

October 5: *Wood Solutions Fair*, San Francisco, Calif. Contact Audrey Mattila at 613/747-0466 for more information.

October 20-22: *Building Components Manufacturers Conference*, H. Roe Bartle Hall, Kansas City, Mo. Contact Kim Swartzendru-ber at 785/843-3781 for more information.

October 23: *WTCA Board Meeting*, Kansas City, Mo.

UPDATES

Marketing Update

The MSRLPC has contracted with **Don Jaenicke** to help develop a marketing plan for the association. We handed out a survey at the Workshop, and Don has received approximately 40 responses. He has also talked to several other individuals in the industry. He has almost completed the first draft of a marketing plan for **Jim Kaake** and **Mike George** (Marketing Committee Co-Chairs) to review. After review, it will be distributed to the Board of Directors and then to the general membership. If you have any comments or questions, please contact Jim at 404/652-5750 (jakaake@gapac.com) or Mike at 501/624-8453 (georgem2@wdni.com).

Starting with this issue, *MSR News* will be mailed to all members of the Wood Truss Council of America. The Board decided at its last meeting that, with the approval of WTCA's Executive Committee, the Council should use this newsletter as a marketing piece to the truss industry customer base. **WTCA Members:** We would appreciate your feedback on this newsletter, comments you may have for the association and suggestions for how we can work with you more closely. Email **Kathy James** at msrlpc@msrlumber.org or contact any one of the Board of Directors listed on page one.

The MSR Lumber Producers Council is featured in the Spring 1999 Issue of *Wood Design and Building Magazine*. See page 13, following an article about MSR Lumber by a member company.

Representatives from MSRLPC attended the Wood Solutions Fair in Cincinnati, Ohio, on May 26. Over 550 specifiers were in attendance. Wood Solutions Fairs have proven to be an excellent opportunity to market MSR.

The BCMC Show is coming up from October 20-22, and MSRLPC will again have a booth.

The Board has decided to have a drawing at every trade show MSRLPC attends. Visitors at the booth will have the opportunity to sign up to attend next year's MSRLPC Sixth Annual Workshop free of charge.

MSRLPC will provide a booth at the International Builders Show in January of 2000 in Dallas, Texas. **Craig Steele** of Schuck Component Systems is coordinating this effort. Please contact him at 623/931-3661 for more information or to participate.

Technical Update

At the last Board meeting, there was a discussion about having an In-House Grade Survey. We are interested in completing a survey of all MSR producers to determine what their "In house" grade rules consist of. This would be done in the same independent and proprietary forum as the Production survey. **Ross Theilen**, MSRLPC Technical Committee Chair, said that the Council has initiated a quick survey to find out if producing members are willing to participate in the larger survey. Results from the initial survey are being compiled at this time.

Web Site Update

The web site is up and running. The committee will be establishing priorities for additions and revisions to the web site this year. Check it out at www.msrlumber.org. This newsletter will be placed on the web site on an ongoing basis.

Trussway alone could eat up half of the current MSR production.

Mike Casey emphasized that the MSRLPC's focus is on how to get across to its customers the benefits of MSR, and to use this organization as a focal point. His message to the truss industry was, "You have our ear, and we encourage you to communicate your needs to us."



Cathy Marx and Lavoyd Hudson

Lumber Sales Forum

In the Lumber Sales Forum, representatives from four customer groups were on hand to discuss MSR. **Mike Momb** of Apex Roof Truss looked at growth in post frame opportunities and **Ken Kellams** of Fbi Buildings covered truss industry issues. **Matt Myers** of Trus Joist MacMillan talked about the use of MSR in their product, and **Kerlin Drake** of Anthony Forest Products discussed opportunities for glulam.

Momb said that the MSR industry has a huge untapped potential. He estimated that there could be a demand for an extra billion board feet of MSR lumber if customers knew its potential. He said that after his presentation, "the sales people will love me, and the production people will hate me!" He said that the MSRLPC should market the product to builders and code enforcement agencies. There is still the perception that a 2x6 is a 2x6 is a 2x6. This just is not true. The MSR product has given him the competitive edge.

Speaking to the MSR producers in the audience, Kellams said, "There are things you can do for us, and a lot of them include MSR lumber. There is a huge opportunity there. In our area, building codes are extremely stringent, and MSR is critical."

Myers said that as MSR continues to improve and producers work with the users of MSR, there will continue to be a niche for it at Trus Joist.

Our Industry's Future



Al Hopkins

Al Hopkins, Vice President of Lumber for Georgia-Pacific, concluded the Workshop with an interesting view of the forest products industry's future. He pointed out that two key problems are the crisis in the Pacific Rim and Asia, and excessive government regulations. He

said that the building products portion of the forest industry has been more profitable than the paper side. He said, "We have to listen to our customers, and figure out ways to take the volatility out of lumber pricing." He emphasized that it is critical for companies to invest in technology where it makes sense to get more margin. The Southern

Forest Products Association reports that production has gone from 15.26 billion in 1996 to 16.15 billion in 1998. The forecast for 1999 is 16.3 billion, and for 2001 it is 16.4 billion.


Hopkins talked about the environmental benefits of wood. "We haven't run out yet," he said. "We need to spread the word that there is going to be enough forest resource to meet the demand. We are growing more than we did five to ten years ago. What people don't realize is that trees are tenacious. Cutting a tree is not a bad thing!" He continued that it is essential for the forest products industry to go on the offensive, and work in local communities to spread the truth about wood.

Hopkins ended his remarks by touching on the U.S./Canada Softwood Lumber Agreement. "I'll be the first to admit that the Agreement is cumbersome. It has as many down sides as up sides," he said. He pointed out that while current market conditions exist, there will continue to be controls on the amount of lumber shipped from Canada. ▀

Top 10 Reasons, continued

10. Savings for distributors. For a lumber retailer or distributor, stocking MSR lumber can reduce losses. With MSR lumber, consumers know they will be getting lumber that will perform physically no matter what it looks like. As a result, more stock is sold, reducing the loss for the retailer or distributor.

If you are a builder, contractor or other end user who is interested in raising profits and reducing cost while improving quality, MSR lumber is the way to reach that goal. By assuring a quality level unmatched by other lumber grading systems, MSR lumber can reduce waste, virtually eliminate costly repairs and provide unsurpassed confidence in your end product. ▀



MSRLPC performed a production survey again this year. Contact Kathy James for a copy.

Workshop Highlights

Economic Forecast

The Workshop program began with an economic update by **David Crowe** of the National Association of Home Builders and **Al Schuler** of Norbord Industries. Both provided a meaningful perspective on the current and future economy. David Crowe said that the U.S. has now maintained the longest peace-time sustained growth in history. He said that based on a monthly builder survey, 1999 home sales have declined a bit from 1998. There will not be a big downturn, but NAHB expects that home sales will continue to decline until 2000.

Al Schuler said that offshore markets have had a major impact on Canada's economy. The wild cards in terms of economic recovery are the timing of the Asian recovery and the sustained stock market correction. He gave three scenarios:

1. We have a soft landing.
2. The economy overheats in 1999 as offshore economies rebound.
3. The deflationary boom continues.

He pointed out several reasons why the U.S. economy is so much better than anywhere else in the world:

1. Transparency: The U.S. has more transparent accounting rules, typically makes stricter/sounder investments and typically does not over invest.
2. Domestic Competition is 65-70% of the economy.
3. Last year, there were 17 million new jobs. As a comparison, Europe lost 1 million.
4. Alan Greenspan's "tough love" policy has kept the U.S. on track.
5. The country is high tech.
6. Exports are not primarily commodities, as opposed to Canada.

Schuler also touched on trade issues. He said that the US/Canada Softwood Lumber Agreement has not had too

much effect on total shipments. The non-quota region (Maritimes) lumber sales are up 125%. He pointed out that the Canadian lumber discount is \$50-60 in the first quarter and goes up to \$100 by the fourth quarter. He said that Canada may opt out of the quota. In response to a question on the subject, Schuler said that it would be safe to assume there would be some form of restriction on Canadian lumber shipped to the U.S. There has been some type of restriction for the past 100 years.

Competing Products

Rick Ignelzi of Trussway, **Barry Dixon** of True House, **Mary Pat Keller** of Truss Components and **David**

Crowe of NAHB talked about competing products to lumber. Ignelzi pointed out that Trussway started manufacturing steel trusses one year ago, and since then, the company has bid \$6 million of sales in 13 states. Two million dollars were canceled and \$3.5 to 4 million are pending. Keller said that her company began manufacturing with steel in 1997. At this point, 15% of her company's total sales budget is in steel. Dixon said that the steel industry has realized

that they need to get smarter about marketing their product, and have begun to focus on making their product more efficient and cost effective. In response to the question, "Why did you get into the steel business, and are you going to stay?" Keller answered, "My company began steel truss manufacturing with the knowledge that we would protect and defend our core business in wood truss manufacturing, but we are planning to stay in and grow the steel portion of our business."

Dixon said that his company was taking a hard look at MSR/MEL products. He was not completely aware of the characteristics of MSR, and he benefited from attending this workshop. He said that the main issue his company is concerned with is obtaining a straight product, and they are willing to pay more for quality.

Mike George said that in the last nine years, MSR production has doubled. Ignelzi commented that

Continued on page 5



l to r: Al Schuler, Mike Casey and Don Pelling

The Machine Stress Rated Lumber Producers Council has been formed to promote the benefits of Machine Stress Rated lumber for the purpose of increasing the usage and acceptability of our product.

It is the intent and mission of the Council to improve, promote and advance the common interest and general welfare of all phases of the Machine Stress Rated lumber industry.

We intend to engage in market promotion, collection of information, product research, and aid our grading agencies in forming proper rules and standards which will further the business of the general membership of the Council.



As mentioned in the last Newsletter, the MSR Board is in the process of establishing an annual recognition award for someone who has promoted MSR or put a great deal of work into the industry. To make suggestions, please contact **Craig Steele** of Schuck Components at 602/931-3661.

WTCA's Business Plan for Creating "Smart Components™"

WTCA is working on a business plan that we need to develop the analytical methods to:

- Perform 3-dimensional full building structural analysis.
- Allow us to create, modify and develop new component concepts and techniques to create products that expand the manufactured components our members can build and sell.
- Perform best economic systems analysis.
- Define the optimum lumber products we need to design and manufacture the components that we create. Focus on using high value, high volume lumber products.
- Create a lumber demand profile so the lumber industry can plan better for the products they need to supply our industry.

Why will WTCA Undertake This Project?

Our group feels this project is absolutely mandatory to undertake for the following reasons:

- Our industry has not made dramatic technological improvements in the last 47 years.
- We believe that this approach to the market will provide greater profitability for us and our partners - the lumber industry and plate suppliers.
- The only way to ensure success in our markets is to maintain a competitive advantage and economics leads the way.

For more information on our work please contact WTCA.▶



MSR Lumber Producers Council

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