



**TO TAKE COST OUT
MEASURE & MANAGE THE “BUY”**

BuyMetrics[®]

**The Data-Driven Platform for
Commodity Procurement**

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LUMBER is Component Manufacturers' #1 COST

- **65%** of Cost of Goods (CoG)*
- **2.7x** direct labor (Manufacturing)*
 - Lumber@cost ÷ Manufacturing@cost
- **1/2** the **VALUE** of your product!
Lumber@cost ÷ (Revenue – PreTax Profit)

* Source: **SBCA** 2019 Pro Forma Income Statement (pre-pandemic data).

*Today we build faster, cut faster, design faster --
thanks to technology.*

Isn't it time we put technology to work to optimize
how we source, and *what we pay*, for
LUMBER?

The Opportunity to SAVE is HUGE!

Measuring and Managing the COST of lumber is key to CM Profitability

Methodology:

Measure the impact of a 1% change in the cost of LUMBER. Simulation uses **SBCA** 2019 Pro Forma Income Statement (pre-pandemic data).

Link: <https://sbcindustry.com/pro-forma-income-statement>

Assumptions:

- Lumber = **85%** of material cost. (Plates, staples, banding, etc. = **15%**)
- The BF/LF of lumber purchased remains the same. The \$ cost of lumber is the **ONLY** value changed. There is no change lumber use, materials handling or production cost. Revenue is held constant.

▶ Every 1% Reduction in Lumber \$ Cost
Produces a 10% Increase in Pre-tax PROFIT!

1% decrease in lumber cost produces a **10.36%** increase in pre-tax profit

2% decrease in lumber cost produces a **20.73%** increase in pre-tax profit

3% decrease in lumber cost produces a **31.09%** increase in pre-tax profit

4% decrease in lumber cost produces a **41.46%** increase in pre-tax profit

Source: SBCA pre-pandemic Pro Forma Financial data. Calculation detail on following slide.

	A	B	C	D	E	F	G	H	I	J	K	L
1	SBCA ProForma Spreadsheet											
2			2019 Actual		4% Savings		3% Savings		2% Savings		1% Savings	
3			Total		Cost of Lumber		Cost of Lumber		Cost of Lumber		Cost of Lumber	
4												
5	NET SALES	\$	12,243,291		\$ 12,243,291		\$ 12,243,291		\$ 12,243,291		\$ 12,243,291	
6												
7	COST OF GOODS											
8	Materials	\$	6,447,458		\$ 6,228,244		\$ 6,283,048		\$ 6,337,851		\$ 6,392,655	
9	LUMBER	85%	\$ 5,480,339		\$ 5,261,126	-4.00%	\$ 5,315,929	-3.00%	\$ 5,370,733	-2.00%	\$ 5,425,536	-1.00%
10	Plates/Banding/Staples	15%	967,119		967,119		967,119		967,119		967,119	
11	Manufacturing	\$	2,020,340		\$ 2,020,340		\$ 2,020,340		\$ 2,020,340		\$ 2,020,340	
12	Total Cost of Goods	\$	8,467,798		\$ 8,248,584	-2.59%	\$ 8,303,388	-1.94%	\$ 8,358,191	-1.29%	\$ 8,412,995	-0.65%
13												
14	Gross Margin	\$	3,775,493		\$ 3,994,707		\$ 3,939,903		\$ 3,885,100		\$ 3,830,296	
15	GM %		30.84%		32.63%		32.18%		31.73%		31.28%	
16												
17	EXPENSES											
18	Delivery Expense	\$	630,695		\$ 630,695		\$ 630,695		\$ 630,695		\$ 630,695	
19	Selling/Customer Service Expense	\$	488,234		\$ 488,234		\$ 488,234		\$ 488,234		\$ 488,234	
20	Administrative Expense	\$	2,006,839		\$ 2,006,839		\$ 2,006,839		\$ 2,006,839		\$ 2,006,839	
21	Total Expenses	\$	3,125,768		\$ 3,125,768		\$ 3,125,768		\$ 3,125,768		\$ 3,125,768	
22												
23	Net Operating Profit	\$	649,725		\$ 868,939		\$ 814,135		\$ 759,332		\$ 704,528	
24												
25	Interest Expense	\$	121,754		\$ 121,754		\$ 121,754		\$ 121,754		\$ 121,754	
26	Other Non-Operating Expense	\$	(815)		\$ (815)		\$ (815)		\$ (815)		\$ (815)	
27												
28	Income/(Loss) Before Taxes	\$	528,786		\$ 748,000	41.46%	\$ 693,196	31.09%	\$ 638,393	20.73%	\$ 583,589	10.36%
29	% of Revenue		4.32%		6.11%		5.66%		5.21%		4.77%	
30												

Of course, the opposite is also true...

Every **1%** *increase* **↑** in Lumber Cost
produces a **10%** *decrease* **↓**

Pre-tax **PROFIT**...

(All other inputs held constant)

The cost of lumber is key driver of CM profitability.

SBCA Construction Industry Workflow Initiative:

“Lumber is an integral raw material to every CM’s operation when manufacturing wood trusses and wall panels. It is a necessary input but very much a **commodity in which species and grades can be substituted for one another based on supply limitations or spikes in pricing**. Given the open markets on which it is traded, most CMs base their purchasing decisions on lowest delivered costs and not strictly on specific relationships or brand/mill loyalty. As a result, little interaction exist between CMs and lumber mills outside of a **transactional** nature - unlike other key suppliers to the CM industry.”

<https://www.sbcmag.info/news/2019/oct/how-dependent-are-you-your-lumber-supplier>

Technology is the link between data and automation. BuyMetrics automates and informs the purchase of lumber

- Lumber **buyers** consistently tell us they want the ability to: process RFQs faster, easily evaluate competing quotes and execute purchase orders. They say the best way to help them is to free them of activities that eat time (e.g., collecting quotes, crunching numbers, entering data).
- **Owners/managers** want lumber purchasing to be managed just like every other core business process (vs a “black box” with details known only to the buyer). They want to mitigate the risk of supply disruption by expanding sources of supply. They want purchase performance measures, exception reports, trend analysis, information that will help them stay ahead of the market (and the competition).

Technology is the link between data and automation

BuyMetrics automates and informs the purchase of lumber

***Buyers, on average, SAVE one-third (33% or more)
of their time.***

*As impressive as that is, BuyMetrics real pay-off is in
Lumber COST SAVINGS*

***Clients, on average, reduce lumber cost by 2-4%
(some up to ~10% by their measure).***

Not a hub or exchange - BuyMetrics works for **YOU** - in private

- BuyMetrics encompasses a whole toolbox of easy-to-use software solutions, each custom-built to bring the power of data to the ever-changing dynamics of real-world lumber procurement.
- The easy-to-deploy subscription service delivers: (1) **immediate efficiency savings** - driven by online connectivity, automated workflows; and (2) **sustained effectiveness savings** - driven by the data, tools and context-specific information buyers need to optimize purchases, measure outcomes. The insight CMs need to systematically hone procurement strategy.
- With BuyMetrics, there is never a transaction fee. Payback is measured in days/weeks – **BuyMetrics pays for itself** – and you keep saving!

Discover, Evaluate, Learn

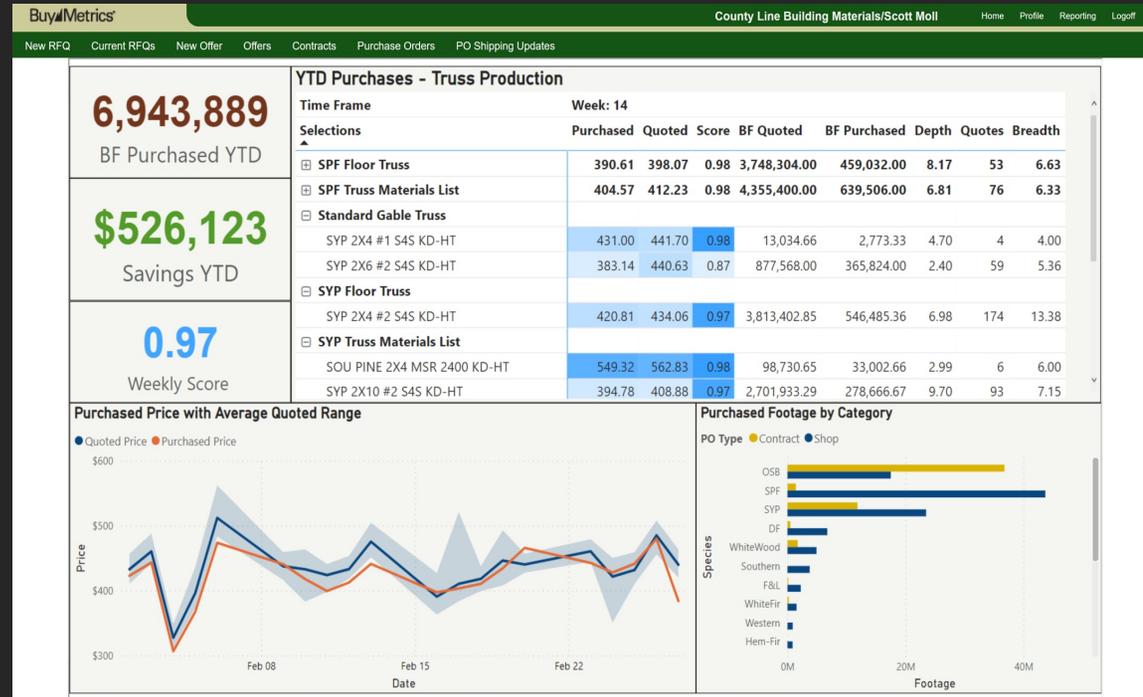
Knowledge: A Sustainable Competitive Advantage



The Learning Resources To Stay In Front of Change

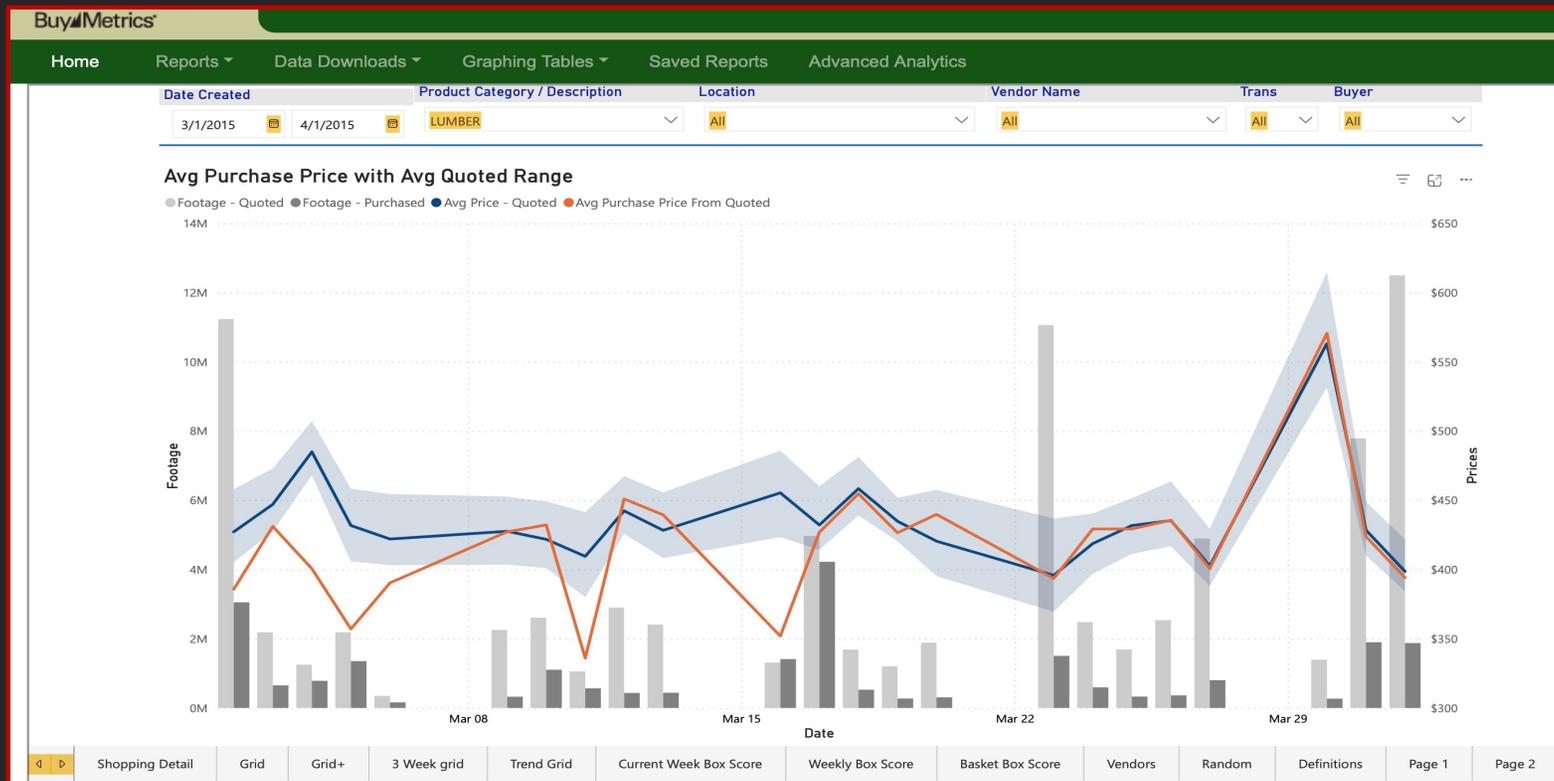
BuyMetrics' dashboards, business intelligence (BI) and advanced analytics tools transform your shop/purchase data into mission-critical information.

Measure depth, breadth, price, in *your* market. Purchasing is the leading-edge of market information.



Visually display your mission-critical information

BuyMetrics' *configurable* **business intelligence (BI)** tools provide deep drill-down capabilities – sort by a single item or *user-defined* basket of items, by category, specie, grade, dimension; by date or range of dates; by location/plant; by vendor and/or buyer and/or transport type (T/L, car).



Measure Your Local Lumber PRICE in Relation to Published Market Price

With Advanced Analytics its easy to compare the cost of your lumber to an externally-reported market price (e.g., Random Lengths' Friday print, digital subscription required).

BuyMetrics automatically graphs the comparison and captures the value of the difference as an **index value**.

BuyMetrics

Home Reports Data Downloads Graphing Tables Saved Reports Advanced Analytics

Saved Reports

Report Name	Date Created	
SPF Floor Truss	3/23/2023	Delete
SPF Truss Materials List	3/23/2023	Delete
Standard Gable Truss	3/23/2023	Delete
SYP Floor Truss	3/23/2023	Delete
SYP Truss Materials List	3/23/2023	Delete

With BuyMetrics its easy to re-price a materials list (and export it for use). Specify **BF** and/or **LF** pricing.



Self-Service Intelligence

With BuyMetrics' Advanced Analytics you specify the RL gateway tag and the item(s), location(s), period(s) of time (including *multi-week rolling averages*) to compare. BuyMetrics efficiently captures the value of the relationship in a single (easy to apply) **index value**.

- Long-time users describe BuyMetrics' as having their own 24/7 **buying assistant** collecting vendor quotes, crunching the numbers, keeping up with data entry.
- BuyMetrics' new **Advanced Analytics** technology is akin to adding a 24/7 **data analyst** to your team – a **virtual assistant** to scrutinize your commodity shop data, produce reliable, time-sensitive information (proprietary intelligence). Giving you the learning resources to stay ahead of change.

*With volatile commodities like LUMBER,
it's never enough to measure against
plan or budget, to stay competitive,
you need to measure against the market.*

www.buymetrics.com

Discover what BuyMetrics can do to improve your ROI.

Serving the Structural Building Components Industry Since 2000.

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