

Plywood concrete form selection...

Why MDO is a Better Buy

The world of wood-based concrete forms sometimes seems clouded and confusing. Many items are selected for purchase based only on familiarity, with little or no consideration given to the options. Important purchase criteria include:

1. **Availability**
2. **Past Experience**
3. **Reliability**
4. **Cost**
5. **Durability**
6. **Performance**
7. **Product Knowledge**
8. **Supplier service**

These are in no particular order, though the first two factors seem to dominate.

Availability

No matter how much sales effort you put into a panel, the customer can't buy it if he can't find it in the distribution system. For instance, the dominance of BB systems can probably be traced largely to its availability, rather than any performance or cost advantage.

Past Experience

Any experience a customer has had with a supplier or supplier's product will certainly influence his eagerness to purchase that panel again.

Reliability

Reliability has several dimensions including supplier responsiveness, product consistency, product

durability, and perhaps even availability. In summary, a reliable form is one that you can repurchase repeatedly with the same result.

Cost

Cost is a perception. Cost also varies from application to application. Usually, cost per pour is a reasonable indicator of overall annual form cost (see example below). Where jobs require forms cut-to-size, cost per pour can be minimized by purchasing the lowest cost form material that

will do the job. Conversely, where the same formwork is used repeatedly, some attention to surface durability and form longevity can pay off.

Durability

Durability is reflected in the number of pours that you can get from a panel before the surface quality of the concrete deteriorates.

Performance

Performance of a panel includes the quality of the concrete surface, as well as the durability and reliability of the system.

Product Knowledge

Product knowledge reflects the purchaser's familiarity with the product. Product knowledge can be gained from past experience or from listening to the experience of others.

Supplier Service

Service has a number of dimensions, including not only responsiveness to problems, but also the ability to communicate critical use information, answer technical questions and work with users on ways to improve costs and quality.

Availability, Product Knowledge, Supplier Service and to some extent **Cost, Reliability and Past Experience, are variables influenced by a supplier's or an industry's marketing approach.** For that reason they are areas that a company can tweak to compete more or less effectively.

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Example:

A 10-story building may require as many as 2,500 panel pours.

- Assuming five pours per BB panel, this job would require 2,500/5, or 500 BB panels.
- Assuming 12 pours per MDO panel, the same job would require 2,500/12, or 208 MDO panels.
- Assume MDO and BB sell for about the same price, around \$1,100/MSF. The cost per panel would be \$34.38. (*MDO often sells for less than BB*)
- The cost of this job using BB would be 500 x \$34.38 or \$17,190.
- Using MDO, the cost would be 208 x \$34.38 or \$7,151.
- **The savings for MDO would be \$17,190 – \$7,151 = \$10,039, a savings of nearly 60%!**
- **With several jobs of this type per year, the added profit to the contractor is significant.**

continued on page 2



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continued from page 1

Reliability, Cost, Durability and Performance tend to be more influenced by the choice of product, and can be better quantified and approached in a technical framework.

One aspect that is most important to a contractor is cost effectiveness. Contractor labor is not always able to realize the benefits of a higher quality product. Assuming MDO and BB are selling at about the

same price (BB is often higher these days!) you can test the economics of when to buy a BB and when to buy an MDO panel. Refer to the example in the box on page 1 for an analysis. From this example, if BB and MDO are similarly priced and if economics were the driving factor, you would wonder why anyone would ever purchase BB over MDO.

The answer to this question seems to lie in the realm of the marketing approach. BB, because

of its high availability, is a product that you can depend on finding at a local distributor. It performs, for the most part, predictably because more people understand it.

In addition, BB has in the past been priced lower relative to MDO and has occupied a lower quality, lower price niche. With lower availability of face veneers, the price balance has recently shifted to favor MDO.

As long as that continues, it may be time to re-consider form purchase decisions.



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