

### PROBLEM

From 2007 to 2012, the Swedish market for wooden single-family houses was characterized by an enormous downfall. Produced units per year decreased from 12 100 to 4 800, i.e. 60 %. Yet, firms seem not to have adjusted their businesses or costs accordingly, since production costs per m<sup>2</sup> housing area increased by 20 %. Looking back to 2001, costs even increased by more than 60 % (Schauerte *et al.*, 2015). These numbers might point on serious problems related to the firms' overall performances.

### AIM

To investigate the performance of 49 Swedish firms producing wooden single-family houses off-site.

### METHOD

The performance ration  $P = \text{turnover}/\text{total assets}$  measures a firm's asset's sales generating capacity, as well referred to as the manufacturing capacity of the firm's assets (Taurell and Augustsson, 2012) or the management's capacity to compete on the market (Altman *et al.*, 2014). All data was collected from the firm's balance sheets.

### RESULT AND CONCLUSION

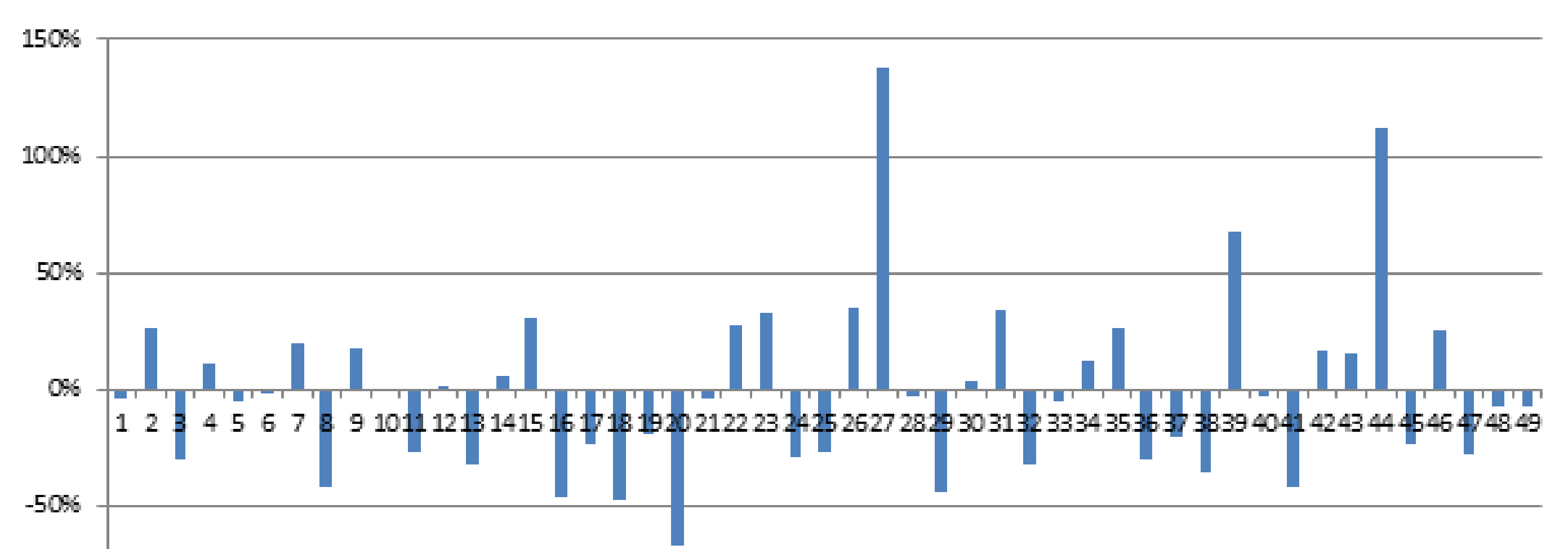
	2010	2011	2012	2013	2010-2013
average firm performance	2,24	2,40	2,44	2,21	-1%
total industry turnover*	8,2	8,8	8,1	7,6	-7%
total industry assets*	9,2	9,3	8,6	8,5	-8%

Table 1: Total turnover, assets and average performance in the industry (\* in billion Swedish kronor)

From 2010 to 2013, the total industry turnover decreased by 7 %, the total industry assets by 8 % and the average industry performance by 1 %. Thus, looking at the industry as a whole, it seems that firms try to adjust their fixed costs, here total assets, to the market development.

Looking at the firm level, wide differences exist with changes in P ranging from -67 % to +138 %. In total, 20 firms improved their performance and 29 firms downgraded it.

Figure 1: Changes in P in % from 2010 to 2013 for 49 firms



Since production costs per m<sup>2</sup> for the whole industry have increased, yet, average industry performance according to P just slightly decreased, rationales for the production cost increase need be found in other types of costs like e.g. salaries and wages or variable costs that are not included in total assets in the firm's balance sheets. Despite those types of costs, further research should investigate other factors potentially affecting production costs like e.g. value stream efficiency.

#### REFERENCES

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