

January
2002
NEWS

APPALACHIAN

The Height of Beauty

Newsletter of APPALACHIAN Hardwood Manufacturers, Inc.,
serving the lumber industry since 1928

Reserve Your Room Today!

To reserve your room for the 2002 AHMI Annual Meeting at The Cloister, please call 1-800-732-4752. The cut-off date for AHMI's room block is Jan. 21, 2002. Room rates vary from \$286-\$476.

APPALACHIAN

Future Meetings

2002 Annual Convention
Feb. 21-24, The Cloister,
Sea Island, GA

2002 Summer Meeting
July 14-16 - The Home-
stead, Hot Springs, VA

**2002 Inter-Industry
Meeting**
October, Hickory, NC

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Domestic, International Markets Highlight Annual Meeting Agenda

HIGH POINT, NC - The 2002 Annual Meeting of Appalachian Hardwood Manufacturers, Inc. will offer timely information on both industry and national affairs.

"This will be a meeting that will offer something for everyone," reports AHMI Executive Vice President Mark A. Barford. "We have speakers who will discuss the domestic furniture industry, domestic wood promotions, international markets and updates on national and international affairs.

"Each session will offer the latest in reports from these areas and expectations for 2002," he said. "This is a terrific way for AHMI members and guests to receive these updates and see their customers and friends in the industry."

The meeting is set for Feb. 21-24 at The Cloister on Sea Island, GA. It will begin with committee and board meetings on Thursday afternoon, and a welcoming social that evening. Friday will be business sessions, golf and tennis tournaments, and a social reception.

The Saturday Morning Session will include breakfast and informative meetings. Saturday afternoon will include a golf tournament and skeet shooting event. The convention will end with the

President's Banquet that will include the passing of the gavel from President Jim Hamer to Gary White.



**John D.
Bassett, III**

A keynote speaker for the weekend is Vaughan-Bassett Furniture Industry President and CEO John D. Bassett, III. He was recently honored with the American Furniture Manufacturer's Association's 2001 Distinguished Service Award.

Bassett has been instrumental in the success of Vaughan-Bassett through his commitment to invest in machinery and processes that keep plants competitive. The company uses a mix of domestic and imported components in its products.

He will detail Vaughan-Bassett's success and their plans for the future. "Mr. Bassett should have a challenging message that will be of interest to everyone," Barford said.

Other confirmed speakers are

(See Meeting on page 3)

Contact AHMI:
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e mail: ahmi@northstate.net
website: www.appalachianwood.org



Mark my words.....

By Mark A. Barford, CAE
Executive Vice President

You just can't help but be optimistic about the year 2002. As one observer put it, "If 2002 isn't any better than 2001 than we are all out of business."

But the news trickling in from various lumber markets shows signs of relief. Many furniture plants have been closed over the past year, but there has also been consolidation of manufacturing which increased demand at other locations. Due to cash flow and market uncertainty, these factories will be needing fast orders of lumber. It is not uncommon for lumber orders to be on a MUST HAVE next day basis.



Mark A. Barford

The distribution yards report that the business to the smaller shops and custom work continues strong, with most carrying backorders. Flooring continues strong, despite the reorganization of Piedmont Hardwood Flooring, and in fact, November housing starts showed a recovery which should only increase demand further. Cabinet sales have continued strong, and overseas producers have not had a significant impact on domestic production....key word, yet.

Overseas demand for lumber has remained weak, but European yards and factories have lower stocks than usual, and of course the Chinese know well the advantages of our wood in their exploding furniture industry. The world economy will have to improve overall to see a significant increase, and a consensus is building that later this year we will see a strong recovery, with great expectations for 2003.

On the association front, we had a strong 2001 with great expectations for 2002. Our membership remains stable with 205 companies, and we recently welcomed two new sawmills (listed in this Newsletter). The association completed an aggressive new set of promotion programs in 2001 detailed in our December Newsletter, and the Promotion Committee and board will review at the annual meeting ideas staff and members have suggested for 2002.

You don't want to miss the 2002 Meeting, with industry information and the best chance to meet with other Appalachian owners and operators about how soon and where the recovery of 2002 will take place.

Happy New Year! and Welcome to a year to remember...2002. Bring it on!



MEMBERSHIP

HIGH POINT, NC - Appalachian Hardwood Manufacturers, Inc. welcomes the following new members to the association:

Producer

Dallison Lumber, Inc.
Ed Dallison
HC 79 Box 50
Jacksonburg, WV 26377

Producer

Roy Anderson Lumber Co.
Lowery Anderson
P.O. Box 275
Tompkinsville, KY 42167

AHMI Mails 2002 Membership Info

HIGH POINT, NC - Appalachian Hardwood Manufacturers, Inc.'s recently mailed its 2002 Membership and Directory listing and advertising materials to current and prospective members.

The package includes a brief description of achievements in 2001 and a listing of the benefits of membership:

1) **"Appalachian Hardwoods, The Height of Beauty" promotion campaign** provides regular and repeated direct contact with 8,500 consumers.

2) **Community Involvement Program (CIP)** education program.

3) **Export Promotion** - participation in overseas tradeshows and technical seminars.

4) **Exhibits at Industry Tradeshows** - including International Woodworking Fairs in Atlanta, GA and Anaheim, CA, and various regional shows.

AHMI conducts three meetings each year: Annual Convention in late February; Summer Family Conference; and Inter-industry meeting with the furniture industry in fall.

The materials included the 2002 Membership Directory Information Form; a 2002 Membership Directory Advertising Form; and an Exporter Listing Form. If you did not receive your materials or have questions, contact the AHMI office at (336) 885-8315.

Tournaments Test Golf, Tennis, Sporting Clay Skills

HIGH POINT, NC - Participants in the 2002 Annual Convention will have a chance to enjoy three tournaments during the afternoon hours.

Appalachian Hardwood Manufacturers Inc. will have golf tournaments Friday and Saturday afternoons. Friday's round is Medal Play at the Plantation Course and the fee is \$125. Saturday's round is Captain's Choice at the Retreat Course and the fee is \$95. Saturday teams are based on Friday's scores.

Tennis players are invited to participate in the annual tournament on Friday at 2 p.m.

AHMI will offer a sporting clays tournament on Saturday from 2 to 4 p.m. The Cloister offers two skeet and one five-stand field and participants will shoot and be scored on each. Registration fees for the skeet tournament are \$100 and includes gun rental, shells, skeet and field reservations.

Prizes will be awarded for all tournament winners. Fees will be billed by The Cloister to the individual participant's account.

Sponsorship opportunities are available for many of the convention activities. Please contact AHMI Executive Vice President Mark A. Barford immediately at 336-885-8315.

Meeting from page 1

Wood Promotion Network President Kelly McCloskey. He will report on efforts to change Ford's support of environmental groups who oppose the forest products industry.

A third session will be lead by American Hardwood Export Council European Office Director David Venables. He will discuss worldwide markets for Appalachian hardwoods.

A fourth speaker has been invited from the Bush Administration to discuss America At War. Social activities will include golf tournaments on Friday and Saturday afternoon, a tennis tournament and a sporting clays tournament. There are also receptions planned each evening.

The Cloister ranks as one of the top destinations for AHMI members. The facility, food and events combine to make each convention special.

The deadline for the AHMI room block is Jan. 21. To make a room reservation, please call The Cloister at 800 -SEA ISLAND (or 800/732-4752).

A meeting registration form is on page 6 of this newsletter. For more information, contact the AHMI office at 336-885-8315.

2002 Annual Meeting Agenda

Thursday, Feb. 21

- Registration.....2-6 p.m.**
(Plantation Lounge)
 - Committee Meetings.....2:30-4 p.m.**
Promotion - Cedar Room
Membership - Dogwood Room
 - Board of Trustees.....4-6 p.m.**
(Cumberland Room)
 - Welcoming Reception.....7-8 p.m.**
(Beach Club Ocean Room)
 - Board of Trustees Dinner.....8:15 p.m.**
(Colt & Alisons)
- Dinner on your own

Friday, Feb. 22

- Distributors Division Meeting.....7:45-8:45 a.m.**
(Cumberland Room)
 - Registration.....8-11 a.m.**
(Plantation Lounge)
 - General Session9-11 a.m.**
AHMI Annual Meeting *(Ballroom South)*
Vaughan-Bassett President John D. Bassett III
AHEC European Director David Venables
 - Golf at Plantation Course1 p.m.**
Prizes by Aurora Timberland Whls. Lbr.
 - Tennis Tournament.....2 p.m.**
(Resort Courts)
 - LUA Reception.....7 p.m.**
(Solarium)
- Dinner on your own

Saturday, Feb. 23

- Breakfast General Session.....8:30-11 a.m.**
(Ballroom South)
Wood Promotion Network's Kelly McCloskey
Bush Administration official *(invited)*
- Golf at Retreat Course.....1 p.m.**
Prizes by Aurora Timberland Whls. Lbr.
- Sporting Clays Tournament.....2 p.m.**
(Cloister Gun Club)
- President's Reception.....7 p.m.**
(Plantation Lounge)
- President's Banquet.....8 p.m.**
(Ballroom)

*President Jim C. Hamer presiding
Entertainment by Record Breakers Entertainment*

Sunday, Feb. 24 - No activities planned

J. Bruce Barnes Protests Bag Ads

CROZET, VA - An advertisement on a grocery bag was a call to action for J. Bruce Barnes, Inc.

Donna D. Conley, J. Bruce Barnes corporate secretary/treasurer, received a plastic grocery bag from the Great Valu/Richfood store in Crozet with an advertisement from the Sierra Club. It asks consumers to use a cloth bag or reuse store-supplied bags for carrying groceries and listed the address and phone number for the Sierra Club.

Conley complained to the advertising manager of Richfood stores in Richmond, VA. "The Sierra Club is made up of a radical group of environmentalists that resort to tactics such as the practice of spiking trees, which in turn, result in the death of loggers and forest industry personnel every year," she wrote. "The forest industry is one of the biggest employers in Virginia and the Sierra Club constantly tries to undermine and sabotage the forest industry resulting in the loss of income to thousands of families every year."

Conley asked the store to reconsider the advertisement. "There are many good environmental groups that have the welfare of our planet in mind who are also concerned about not endangering people," she said.

"As a personnel and business customer in your Crozet store, I find it extremely hard to take home a bag with the Sierra Club logo on it, knowing that they



MEMBER NEWS

have so little concern for the lives of decent, hardworking people."

AHMI salutes Conley for taking the time and effort to write to Richfood. More information about ways to be involved in community affairs in your area is available from the AHMI office at (336) 885-8315.

Neff Lumber Named SHARP Worksite

BROADWAY, VA - Neff Lumber Mills Inc., recently achieved the SHARP certification from the Virginia Department of Labor and Industries.

The designation stands for the Safety Health Achievement Recognition Program and honors companies that have a history of safety in the workplace. Neff Lumber established a safety committee to develop a program ensuring safety in the future.

The designation rewards their work and allows Neff Lumber to receive a reduction in workers compensation rates and exemption from Occupational Safety and Health Administration inspections.

"I would like to congratulate the employees for the job they have done," said Neff Lumber President Bonnie N. Hoover. Neff is one of 36 companies in Virginia to become SHARP certified.

Ford Offers Support To Counter Anti-Wood Ads

CHICAGO - The Ford Motor Company announced a plan to address forest industry concerns and rebuild confidence, reports the Wood Promotion Network.

The concerns raised were the result of Ford advertorials and previous grants by the Ford Fund that damaged the reputation of wood and the wood industry on product and environmental issues. Ford apologized for the advertorials and committed to seeking WPN and other industry assistance in the future.

The Ford strategy involves a minimum two-year commitment to work with the industry on a "business-to-business" basis. WPN reports that Ford has committed \$200,000/year in promotional support (i.e. vehicles) and \$125,000/year in a cash contribution via their many dealers who expressed an interest in

joining the WPN.

This is in addition to the three pro-wood advertorials they already agreed to place in the Family Handyman magazine where recent anti-wood advertisements were published.

The plan also involves revising the Ford Fund guidelines for environmental grants and the establishment of a Rural Market Partnership. The Ford Fund revisions will ensure that future environmental grants are relevant to Ford's core business and not negative to the forest products industry.

The action follows a three-month nationwide effort to pressure Ford to change its position on wood and wood products. WPN took the lead in correspondence and meetings with Ford. Appalachian Hardwood Manufacturers, Inc. is a supporting member of WPN.



CONSUMERS

AFMA Improves 2002 Furniture Forecast

HIGH POINT - The American Furniture Manufacturers Association has updated its manufacturing forecast for furniture in 2002 to show anticipated increases.

The projections for 2002 are all positive, the report states. Consumer prices for furniture are expected to rise 1.9 percent while disposable income should rise 3.4 percent.

These factors should increase consumer demand for furniture by 3 percent. Manufacturers shipments are predicted to rise 7.2 percent, with wood furniture shipments forecast to increase 7.3 percent.

The study was completed by the Research Seminar in Quantitative Economics at the University of Michigan.

Stanley Furniture Closes NC Plant, Expands Import Plans

STANLEYTOWN, VA - Stanley Furniture Co. announced plans in December to close a North Carolina manufacturing facility and increase import sourcing.

Production at the West End, NC, plant will end in the first quarter of 2002 with warehousing continuing until the middle of the year, said Albert Prillaman, Stanley Furniture president. "We believe this realignment of our manufacturing operations is absolutely essential for Stanley Furniture to remain a highly competitive manufacturer and industry leader," he said.

The company began an offshore sourcing initiative two years ago, officials reported in December. Stanley will integrate the import of selected component parts and finished items in its product lines to lower costs, provide design flexibility and offer a better value to customers, officials said.

The company announced its revised outlook for fourth quarter 2001 sales and earnings. Sales are expected to be down 15-19 percent and earnings for the quarter of \$.26-.31 per share.

Center Studies Low-Grade Hardwood Markets, Issues

BLACKSBURG, VA - A recent study of low-grade hardwood lumber issues in the United States found while production has increased drastically in recent years, manufacturers have done little to develop markets for this lumber.

The Center for Forest Products Marketing and Management at Virginia Tech recently surveyed hardwood sawmill owners about low-grade lumber issues. The respondents had an average annual production of 7.2 million feet of hardwood lumber in 2000.

The majority of participants defined low-grade as No. 2 Common and below and 3A Common and below. A smaller percentage of respondents identified low-grade as 3B only.

The group sells more than 50 percent of its low-grade lumber to a single market and invested approximately 10 percent of their 2002 capital expenditures to maintaining and/or developing markets.

Low-grade lumber markets were identified as: pallets, packaging and dunnage, dimension products, railroad ties, upholstered furniture frames, flooring, cabinets, furniture, millwork, chipping operations, and company-owned secondary processing facilities. Pallets topped the list with 54 percent of the market.

The survey asked respondents what action they were taking to maintain or develop markets. The most common were enhanced communication with customers, personal sales calls to potential customers, improving product quality by sorting, and offering custom products and services.

Study results revealed that market stability and market profitability were important factors in deciding to enter a new market for low-grade lumber. The initial cost to enter the market may be more important to single facility manufacturers compared to multiple facility manufacturers.

The survey found that the majority of study respondents were not considering any additional value-added activities regarding low-grade lumber.

For more information or a copy of the study "Low-grade Hardwood Lumber Production, Markets and Issues," contact the Center for Forest Products Marketing, Department of Wood Science and Forest Products, School of Forestry and Wildlife Resources, 1650 Ramble Road, Virginia Tech, Blacksburg, VA 24061-0503.

APPALACHIAN Hardwood Manufacturers, Inc.



74th Annual Convention The Cloister, Sea Island, GA February 21-24, 2002

To accurately plan the functions and make sure all members and guests are included on the Registration List, please complete this form and return it with your check for registration to: AHMI, P.O. Box 427, High Point, NC 27261.

To reserve your room at The Cloister, please call 1-800-732-4752. The cut-off date for AHMI's room block is Jan. 21, 2002. Room rates vary from \$286-\$476.

REGISTRATION FEE:

AHMI MEMBER - \$295 per person
MEMBER SPOUSE - \$150

GUEST - \$395 per person
GUEST'S SPOUSE - \$250

Full registration fee will be refunded on cancellations received by Jan. 15, 2002. Cancellations received after that time will be subject to 50% forfeiture.

PLEASE REGISTER THE FOLLOWING FOR AHMI'S ANNUAL CONVENTION

Name: _____ Badge Name: _____ FEE: \$ _____

Name: _____ Badge Name: _____ FEE: \$ _____

Name: _____ Badge Name: _____ FEE: \$ _____

Name: _____ Badge Name: _____ FEE: \$ _____

Company: _____

Address: _____

City/State/Zip: _____

PLEASE REGISTER FOR GOLF (Friday Medal Play - Saturday Captain's Choice)

Name: _____ Hdcp _____ Name: _____ Hdcp _____

Name: _____ Hdcp _____ Name: _____ Hdcp _____

PLEASE REGISTER FOR TENNIS (Friday afternoon)

Name: _____ Name: _____

PLEASE REGISTER FOR SPORTING CLAYS (Saturday afternoon)

Name: _____ Name: _____