



The Standard

Monthly Newsletter of APPALACHIAN Hardwood Manufacturers, Inc.

Demand the Appalachian Standard

April 2004



Politics, Promotion Highlight Summer Meeting

HIGH POINT, NC - The 2004 Campaign and the hardwood industry's role will be the key presentations during the 2004 Summer Family Conference of Appalachian Hardwood Manufacturers, Inc.

The meeting is planned July 18-20 at the Grove Park Inn, Asheville, NC. The Inn recently completed an extensive renovation and expansion including a new spa.

"The Grove Park Inn has made major improvements and I think our members will be pleased with the look," said AHMI President Mark Barford. "Our summer conference is a family gathering and we encourage members to bring their entire family to Asheville for this meeting."

The conference begins with welcoming social sponsored by Volvo Construction Equipment North America. The equipment maker has offices and manufacturing facilities near Asheville.

The Monday morning business session will have a political flavor with representatives from Bush-Cheney'04 invited to participate again. A representative was scheduled to attend the 2004 Annual Meeting of AHMI but cancelled because of weather.

Hardwood Federation Lobbyist Grace Terpstra of Terpstra & Associates, Washington, DC, will discuss key legislative issues for 2004. AHMI is a member of the Federation.

AHMI has also invited a wood industry executive to speak on markets. More information will be available when that speaker is confirmed.

AHMI members and guests are encouraged to make your room reservations immediately by calling the Grove Park Inn at 800-438-5800. The room rate is \$199 and the AHMI room block cut-off is June 17.

For more information, contact the AHMI office at 336-885-8315.

AHMI Receives Support From ALC, Penn-York

HIGH POINT - Appalachian Hardwood Manufacturers, Inc. recently received financial support for education programs from the Appalachian Lumbermen's Club and the Penn-York Lumbermen's Club.

The two groups gave \$2,000 each to support AHMI's Community Involvement Program (CIP). The effort educates the public about the forest products industry and forest management. Since 1998, AHMI members and staff have educated thousands of students and adults across the Appalachian Region.

"AHMI thanks both of these groups for their continued support of our work on behalf of the industry," said AHMI President Mark Barford. "Their financial assistance allows us to reach more communities with our positive message about forestry."



AHMI President Mark Barford (left) receives donation from ALC President Todd Nelson

CIP information is available to all AHMI, ALC and Penn-York members. For more information, contact Tom Inman at 336-885-8315

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e mail: ahmi@northstate.net
web: www.appalachianwood.org

APPALACHIAN Future Meetings

2004 Summer Meeting

July 18-20 - The Grove Park Inn, Asheville, NC

2004 Inter-Industry Meeting

Oct. 20 - The Village Inn, Clemmons, NC

2005 Annual Meeting

Feb. 24-27 - The Sanctuary, Kiawah Island, SC

Mark my words.....

By Mark A. Barford, CAE, CF
President

Although we all know there are just a limited few "big" players in the Appalachian Hardwood business, there is one major player on the West Coast that has just had to pay a large fine for maybe being too big. The company is Weyerhaeuser, and the hardwood species in question is Red Alder.

Weyerhaeuser just recently agreed to \$34.5 million in damages to several smaller alder sawmills that claim they were damaged by Alder log prices being artificially inflated by Weyerhaeuser's activities. This isn't too much of a stretch when you consider that Weyerhaeuser is said to produce about 50 percent of the Alder. The plaintiffs, which included two companies in Washington, and two in Oregon, were satisfied with the amount, and said it made up for their financial losses.

This may not be the end of the issue. In April 2003, Weyerhaeuser lost a suit brought by the Ross-Simmons Lumber Co., which went out of business in 2001, and won a \$78 million judgment.

Through it all, the company has been adamant that they have done nothing improper in the marketplace. In fact, in this most recent settlement, Weyerhaeuser did not admit guilt or liability (guess the payment was for good faith purposes only?) Two other antitrust suits are waiting later this spring.

The company is worried that a failure to fight these lawsuits would set a bad precedent that could cost the company a lot of money. Much of the lumber industry on the West Coast has suffered over the past few years, and many companies may be looking for a big company to bail them out. Weyerhaeuser has 58,000 employees in 18 countries, a big target indeed.

The saga of big business having difficulty operating in the predominately family-owned hardwood business continues. With a few notable exceptions, most of our industry remains relatively small and flexible, and better able to adjust to the fast changing hardwood markets. Stay adaptable, produce quality, use Appalachian hardwoods... your easy formula for success!



Mark A. Barford



MEMBERSHIP

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

Distributors

Jim Cash Lumber Company
Steve Cash
PO Box 3041
Hickory, NC 28603

CK International, LLC
Steven S. Sievers
14 Consultant Pl., Ste. 220
Durham, NC 27707

Tom Mason Lumber Sales, Inc.
Tom Mason
PO Box 6373
High Point, NC 27262

Consumers

Armstrong Wood Products/Bruce Flooring
Mike Mallow
PO Box 160
Beverly, WV 26253

Columbia Flooring
John W. Link
PO Box 821
Shady Spring, WV 25918

AHMI Seeks Survey Help

HIGH POINT - Appalachian Hardwood Manufacturers, Inc. is asking members to help survey wood usage at the Spring Furniture Market.

AHMI is seeking volunteers to walk through furniture showrooms and tally the species, the design and its manufacturing origin on scoresheets. AHMI compiles the data and publishes an annual report which is used by the media and industry to track trends.

The survey dates are Monday, April 26 and Tuesday, April 27 beginning at 8 a.m. Participants are paired with another volunteer and assigned a block of showrooms. A training session is held each morning.

The survey dates precede Supplier Days at market. To register, please contact Inman at the AHMI office at 336-885-8315 or e mail to tom@appalachianwood.org.

Barford Represents AHEC At Korean Fair

SEOUL, S. KOREA - Appalachian Hardwood Manufacturers, Inc. President Mark Barford recently represented the American Hardwood Export Council on a hardwood lumber promotion trip to Korea.

The AHEC trip was in conjunction with the 10th Seoul Living Design Fair. Barford participated in AHEC sponsored press meetings, discussions with local industry, a seminar for furniture designers, and meetings with the wood using industry.

"AHEC Korea has been in the very capable hands of Mr. Ahn for 14 years, and his efforts continue to be very strong," Barford said. "Mr. Ahn knows American hardwoods, and clearly is well-respected with Korean hardwood users."

The Seoul region of Korea has about half the population of South Korea. The city is modern and clean, with well dressed businessmen, and many fine restaurants and clubs.

Traffic is heavy, but without the incessant horn honking of other SE Asian cities. The South Korean economy has been hard hit and changing over the past few years with much major manufacturing leaving the country.

They do still bring in some American lumber and logs, but most of their use of American hardwoods is in veneer form, with laminated flooring growing in use, Barford said. Some of that flooring utilizes American species, but more and more is coming from suppliers in eastern Europe and Russia in the forms of

AHMI Publishes Resource Guide

HIGH POINT - Appalachian Hardwood Manufacturers, Inc. has published its first Appalachian Hardwood Lumber Resource Guide in 2004.

The book replaces the annual Membership Directory as the association's main promotional piece for Appalachian hardwood lumber. It details the key aspects the Demand the Appalachian Standard promotion that began in late 2002.

It also lists company and contact information for all AHMI members and advertisements. This same information is posted on the AHMI website, www.appalachianwood.org.

"Members should expect to receive their copy in the mail soon," said AHMI President Mark Barford, CAE. "We have also sent this to wood consumers across the U.S. to guide their wood buying decisions."



EXPORTS



AHMI President Mark Barford details American hardwood lumber production for Korean media in Seoul

Beech and Birch.

The good news is that wood is very much a part of the Korean culture and heritage, and will be continued to be used in the future.

"As with many of our more mature overseas hardwood markets, there is American hardwood being used in their society, but a reduced amount of primary manufacturing," he said. "Our promotion efforts in Korea have changed to reach designers and specifiers instead of manufacturers, as much of that work has moved offshore primarily to China."

Appalachian Hardwood Manufacturers, Inc. remains an active member of AHEC, which is based out of Washington, DC and has promotional offices all over the world.

IWF'04 Booth Sales Rise; Optimism Up

ATLANTA, GA - Interest in the 2004 International Woodworking Machinery & Furniture Supply Fair in Atlanta has been strong in recent weeks, reflecting optimism in the industry, show officials report.

IWF 2004 is set for Aug. 26-29 in Atlanta and brings together the most advanced technology available to the marketplace. More than 1,000 exhibitors from North America, Asia, Europe, South America and the Middle East have already committed.

Appalachian Hardwood Manufacturers, Inc., will again exhibit at IWF. "This is a great show for AHMI because we see thousands of wood consumers and tell them about Appalachian," said Mark Barford, AHMI president. An IWF registration form is included with this newsletter. For more information, contact the AHMI office at (336) 885-8315.

Environmentalists Take On Imported Species

ANAHEIM, CA - Appalachian Hardwood Manufacturers, Inc. Producers expressed concerns at a recent meeting that imports are taking a larger share of the U.S. market for lumber.

The industry has for the last several years seen an avalanche of wood furniture, kitchen cabinet parts and some flooring coming into the U.S. primarily from Asian markets. More recently, there were reports that imported woods were starting to compete with domestic hardwoods at manufacturing facilities in this country.

With those thoughts in mind, AHMI President Mark Barford recently attended the annual meeting of the International Wood Products Association to learn about their industry, and to determine common interests and competition.

"The surprising news is that hardwood importers are suffering many of the same problems globally as we are domestically," Barford said. "Their issues center around misinformation from environmentalists and government agencies that do not tell the whole story

about how their product is harvested. They also are having trouble with shipping, trucking and transportation of their product, very similar to the domestic industry."

One of the big issues facing overseas wood suppliers is the move within governments around the world to eliminate "illegal logging." The problem is, no one is sure what illegal logging is, yet some environmental groups have said that many countries are getting over half their logs from illegal sources.

"Imported woods are in our market, and may continue to grow at a small rate," Barford concluded, "But most imports are a different species than we offer, and there is still only a small portion of industry that utilizes these species.

"The biggest concern is probably not imported woods coming into the USA, but being utilized in other parts of the world that will reduce the amount of lumber and product we export to them," he said

For more information, contact Barford at 336-885-8315 or e mail him at mark@appalachianwood.org.

Funding Questioned For Healthy Forests Act

WASHINGTON - The Interior Department will not support a Senate budget plan to fully fund the Healthy Forests Restoration Act, a spokesman said recently.

The House Budget Committee in March passed a resolution authorizing \$2.4 trillion in federal spending next year. But the measure did not contain a similar forestry provision, likely setting up a showdown in conference with the Senate.

The Senate plan, sponsored by Sen. Ron Wyden, D-Ore., would carve out an additional \$343 million to pay for hazardous-fuel reduction and other projects authorized by the forests law, which passed late last year. President Bush's proposed budget for 2005 meets the \$760 million spending level set by the law, but draws all except \$80 million of that amount from existing programs administered by the U.S. Forest Service and Interior Department.

John Wright, a spokesman for the department, said the administration would not support Wyden's plan because it could not find enough qualified contractors to justify more spending. Mark Rey, agriculture undersecretary, did not take a position on the Senate plan, but he agreed that the Forest Service could not ramp up its fuels-reduction work in time to use the additional money.

G-P Sells Building Products Distribution

Georgia-Pacific has agreed to sell one of its oldest operations — the building products distribution business — to a New York investment fund for \$810 million. The buyer is Cerberus Capital Management LP, which specializes in acquiring operating companies that continue in business under existing management and staff.

Georgia-Pacific Chairman and Chief Executive A.D. "Pete" Correll described the sale of the distribution business as "another major step forward" in "sharpening the focus of Georgia-Pacific." That focus has increasingly been away from building products and commodity-based businesses and toward consumer products such as paper towels and toilet tissue.

With \$4.3 billion in sales last year, the distribution business accounted for about 21 percent of Georgia-Pacific's total 2003 revenue of \$20.3 billion. The business employs about 3,400 people — about 950 in metro Atlanta — and operates 63 U.S.-based warehouses and one location in Canada. Georgia-Pacific will continue to sell structural panels, lumber and other building products to the distribution business under a five-year contract that is part of the sale agreement.

AHMI Contacts Consumers At Carolinas Expo

GREENSBORO, N.C. - More than 5,000 attendees participated in the Carolinas Industrial Woodworking Expo recently here.

The show offers participants a chance to preview, peruse and purchase the newest in woodworking, furniture and upholstery machinery and supplies. Appalachian Hardwood Manufacturers, Inc. staff worked the show by visiting member and prospective member booths and distributing AHMI literature.

"This is a great show for us to go and work the floor because we have a variety of people to see," said AHMI President Mark Barford. "While wood consumers are coming to look at equipment and supplies, we brought the Appalachian message to them."

AHMI is promoting its "Demand the Appalachian Standard" campaign to wood consumers. It focuses on the key characteristics of Appalachian Hardwoods: sustainability, consistent quality, greater yield and made in the United States.

The Expo attracted an estimated 5,000 guests



Associated Hardwood's Rick Jordan talks with AHMI's Mark Barford at Greensboro Expo

and more than 2,100 exhibiting personnel. Guests came from 38 states and 7 foreign countries.

2004-06 AHMI Officers & Trustees

Chairman J. Ed Ramsey, Taylor-Ramsey Corp., PO Box 11888, Lynchburg, VA 24506 Tel. 434-929-7443

Chairman-Elect John W. Crites, Allegheny Wood Products, Inc., PO Box 867, Petersburg, WV 26847 Tel. 304-257-1082

Vice Chairman-Finance Richard Armstrong, Homer Gregory Co., 620 Ky. Hwy. 519, Morehead, KY 40351 Tel. 606-784-4707

Immediate Past Chairman Gary G. White, Gilbert Lumber Co., PO Box 1210, Gilbert, WV 25621 Tel. 304-664-3227

Trustees

Fred Blackmon, Heritage Forest Products, P.O. Box 2460, Deland, FL 32721 Tel. 386-738-2811

John R. Graybeal, McCloud Lumber Co., PO Box 128, Hampton, TN 37658 Tel. 423-725-5410

Steve Hamer, Jim C. Hamer Co., P.O. Box 418, Kenova, WV 25530 Tel. 304-453-6381

Michael S. Hoover, Neff Lumber Mills, P.O. Box 457, Broadway, VA 22815 Tel. 540-896-7031

Stephan J. Houseknecht, Wagner Lumber Co., 4060 Gaskill Rd., Owego, NY 13827 Tel. 607-687-5362

Pat Kenny, Georgia-Pacific Corp., 55 Park Place, 15th Floor, Atlanta, GA 30303 Tel. 800-285-4393

Robert Kessel, Kessel Hardwoods, Inc., HC 84, Box 4, Keyser, WV 26726 Tel. 304-788-3371

Christopher R. Keziah, Oak Ridge Hardwoods, Inc., PO Box 5715, Oak Ridge, TN 37831 Tel. 865-435-0054

Michael B. Parton, Gilkey Lumber Co., Inc., 2250 US Hwy. 221, North Rutherfordton, NC 28139 Tel. 828-286-9069

John H. Patterson, Begley Lumber Co., Inc., PO Box 2800, London, KY 40741 Tel. 606-877-1228

Bob Radspinner, Plum Creek Timber Co., P.O. Box 1109, Lewisburg, WV 24901 Tel. 304-645-1542

Dennis H. Teague, Kincaid Furniture Co., Inc., PO Box 605, Hudson, NC 28638 Tel. 828-726-2810

Mark Vollinger, W.M. Cramer Lumber Co., P.O. Box 2888, Hickory, NC 28603 Tel. 828-397-7481

VA Tech student Garrett Norman (left) receives AHMI



scholarship certificate from AHMI's Tom Inman

AHMI Awards Wood Marketing Scholarship

BLACKSBURG, VA - Appalachian Hardwood Manufacturers, Inc. recently awarded a \$500 scholarship to a Virginia Tech student.

The award was presented to Garrett Norman, a junior from Augusta County, VA. He is majoring in forest products marketing.

The grant is part of AHMI's education program to assist students in the school's Department of Wood Science and Forest Products. The association works closely with the Center for Forest Products Marketing program which is designed to help the forest products industry by "improving the management of their operations and the marketing of their products."

The center held its annual meeting recently and heard from Merillat Corp. Plant Manager Rick Lovorn. The operation recently received the Shingo Prize from Utah State University for manufacturing excellence.

Lovorn said much of the plant's success comes from the empowerment of its employees. In the past six years, employees have:

- reduced lead time from six days to 14 hours;
- improved overall quality by 80 percent;
- increased plant safety by 98 percent;
- and reduced work in progress by 80 percent.

Lovorn said the Atkins plant produces 23,000 cabinet parts daily and up time exceeds 99 percent.

The CFPMM key accomplishments for 2003 included three research updates, three market reports and four focus publications; consulting services to four companies on value stream mapping and manufacturing improvements; and increase in membership to more than 70 companies and associations.

For more information, contact Bob Smith, CFPMM, at (540) 231-5876 or e mail to rsmith4@vt.edu.

WV Wood, Timber Show Set

FLATWOODS, WV - The 2004 West Virginia Timber and Wood Products Show is set for May 22-23 at Holly Gray Park, Flatwoods, WV.

The annual show attracts equipment suppliers to the timber and wood products industry. It also features forestry, logging and sawmill demonstrations and competitions. The park is located just off I-79 in Flatwoods. For more information or to register for the show, contact the West Virginia Forestry Association by telephone at (304) 372-1955.

Federation Offers Website

The Hardwood Federation recently announced its website to assist Federation members in staying informed about key legislative issues.

The website is www.hardwoodfederation.com and is adding new information each week. Eleven national, regional and state hardwood industry associations, including AHMI, formed this coalition to protect and promote the hardwood industry's interests in public policy.



COURSES

Lean Manufacturing Workshop Set At VA Tech

BLACKSBURG, VA - The Center for Forest Products Marketing and Management at Virginia Tech will conduct its annual workshop on Lean Manufacturing May 6-7.

The program is designed for upper and mid-level production managers who want to learn how to successfully implement Lean Manufacturing concepts in their business. Participants should possess knowledge of value flow through their operations and have identified a particular product to be value stream mapped.

The program will be held in the Donaldson Brown Hotel and Conference Center. Lodging rooms are available by calling the hotel at 1-877-200-3360 and mention the name of the short course for the discounted room rate of \$76.

For more information or registration materials, contact Bob Smith, CFPMM, Department of Wood Science and Forest Products, 1650 Ramble Rd., Blacksburg, VA 24061-0503 or (540) 231-5876 or e mail to rsmith4@vt.edu. You may also register online at www.conted.vt.edu.