



Since 1928

The Standard

Monthly Newsletter of APPALACHIAN Hardwood Manufacturers, Inc.

Demand the Appalachian Standard

November 2004



Research Finds Higher Grades Improve Yield

HIGH POINT, NC – A bottom line improvement for manufacturers using Appalachian hardwood lumber can be found in their next lumber order.

A Wood Products Extension researcher has discovered profit gains can be made by manufacturers who specify the top grades of lumber. The remarks came at the Appalachian Hardwood Manufacturers, Inc. 2004 Inter-Industry Meeting at The Village Inn, Clemmons, NC.

This annual meeting is an opportunity for Appalachian hardwood consumers to meet with Appalachian hardwood suppliers and discuss common issues. More than 80 AHMI members and guests attended.

Dr. Phil Mitchell, North Carolina State University Wood Products Extension manufacturing specialist, has researched the impact that lumber grades have on production yield. His work finds that depending on the cutting order, yield improves in almost every circumstance.

“When yield improves, profits increase because you are gaining more product,” Mitchell said. “It is often very easy to find increases in yield by reviewing the grade of lumber purchased.”

The research found that for FAS lumber, most of the cutting is done to size the parts. It discovered that for 2A and 3A Common lumber, the majority of the cutting is to remove defects and that higher reject rates of parts are found in downstream processing.

“As we have seen, a higher grade of lumber will generally result in a higher yield,” Mitchell said. “Manufacturers should remember that while the purchase price for upper grade lumber is higher, the processing cost of lower grade lumber is always higher.”

**YIELD
MATTERS**
www.appalachianfas.com

When utilizing Appalachian FAS lumber, the processing time and costs are reduced because FAS grade lumber requires fewer saw cuts and fewer boards are processed. Another factor that is often overlooked, he said, is that optimization errors are reduced with the top grade and there are less downstream rejects.

Mitchell analyzed yield results using FAS and 1A Common grades in three cutting bills (easy, moderate and difficult) for an average wood manufacturing company. The results were:

- 1) FAS grade lumber produced more parts for each cutting order.
- 2) FAS grade lumber required less board feet to fill each order.
- 3) Processing time, an ever-increasing expense for manufacturing, was less for the FAS grade than 1A Common.

Mitchell said manufacturers should use FAS grade lumber to obtain long length and wide parts. The top grade also:

- Reduces reject rates in downstream processing

(See Inter-Industry on page 2)

AHMI, P.O. Box 427, High Point, NC 27261
phone: 336-885-8315 fax: 336-886-8865
e mail: ahmi@northstate.net
web: www.appalachianwood.org

APPALACHIAN Future Meetings

2005 Annual Meeting

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

2005 Summer Meeting

July 24-26 - The Nemaquin, Farmington, PA

Mark my words.....

By Mark A. Barford, CAE, CF
President

Two quotes of interest in the paper just after the furniture market. Fred Schuermann, former president of LADD furniture, said "I cannot think of an issue in my 25 years in this industry that has created this much animosity." Russ Childress, a furniture industry consultant, said, "We used to be good old boys and friendly competitors who would slap each other on the back... well, this ain't no fun anymore. There are trenches and gulfs that will never be repaired."



Mark A. Barford

Such is the status of the furniture industry on tariffs placed on imported bedroom furniture from China. The tariff issue has turned very contentious, and threatens to overshadow the other very serious challenges that face the domestic furniture industry. More than 71,000 furniture workers, including nearly 17,000 in North Carolina, have lost jobs in the past five years.

Many will blame the influx of Chinese furniture (55% of the furniture sold in the US), the real problems are much deeper than the recent tariffs.

Geoff Beaston of Fine Furniture and Design & Marketing, a Chinese importer says, "I don't see where fighting among ourselves and building a wall around the U.S. is the answer." Jeff Cook of Magnussen Home furniture says "It's not competition from China that is the problem for U.S. plants, it's being part of the world economy."

The fight over tariffs is not over. Current tariffs range from 4% to 200%, and the successful petitioners don't think they are high enough.

How will all this effect the lumber business? The domestic furniture industry is one of the top markets for hardwood lumber, and its success is tied to our's.... but with the expansion of the Chinese furniture industry, we have significant increases in exports to China. Does the hardwood industry enter into this divisive issue, and take a risk of fracturing us along lines of who supports imports and who doesn't?

I'll close my comments with a quote from well known furniture analyst Jerry Epperson who says, "Furniture doesn't look at imports as us versus them, they view imports in an opportunistic way.... and let's face it, imports are a fact of life, and those try to fight them will lose."

Inter-Industry from page 1

- Makes fewer cuts and requires workers to handle fewer boards
- Improves cut-up optimization
- Quickly meets Just-In-Time demands
- Reduces lumber inventory required for processing and work-in-process inventory
- Is suitable for smaller shops that cannot process volumes of lumber
- Quickly finishes off cutting bills
- Avoids excess overtime labor expense

Following the presentation, AHMI Director of Communications Tom Inman gave an update on the "Yield Matters" promotion which began in August. The program is designed to remind wood consumers that purchasing higher grades of Appalachian hardwood lumber will improve yield on specific cutting orders.

The promotion centers on the website www.appalachianfas.com and details the benefits of higher grades. It uses testimonials from companies who have had great success in utilizing the higher grades of Appalachian hardwood lumber.

The program follows the association's successful Demand the Appalachian Standard promotion that details the four characteristics of Appalachian hardwoods: sustainability, consistent quality, greater yield and made in the United States.

For more information about the promotion, contact the AHMI office in High Point at (336) 885-8315 or visit its website at www.appalachianwood.org.



Georgia Tech Design Students

AHMI recently hosted a group of furniture design students from Georgia Tech. The group toured the International Home Furnishings Market in High Point. Pictured with the students are (left) AHMI President Mark Barford and (second from right) Alan Harp, professor. The students have been invited to help with the Wood Species and Design Survey at market.

Hardwood Federation Candidates Win Big

WASHINGTON, DC - It was an incredible night for the Hardwood Federation, the HFPAC and the Hardwood Industry on Election Night 2004.

Candidates sponsored by the Federation won 186 of their races while eight were defeated. Federation Director Chris Allen thanked individuals who financially supported candidates and the Federation this year.

The following is the list of who won and who lost from the Appalachian Region. For a complete list, please contact the AHMI office:

U.S. Senate seats won:

Richard Shelby (AL)
Jim Bunning (KY)
Richard Burr (NC)
George Voinovich (OH)
Jim DeMint (SC)

US House seats won:

Alabama - Jo Bonner, Terry Everett, Mike Rogers, Robert B. Aderholt, Robert "Bud" Cramer, Spencer Bachus, Artur Davis

Georgia - Jack Kingston, Sanford Bishop, Jr., Calder Clay, John Linder, Charles Norwood, Nathan Deal, Phil Gingrey, Max Burns, David Scott

Kentucky - Edward Whitfield, Ron Lewis, Anne Northup, Geoff Davis, Harold Rogers, Ben Chandler

Maryland - Wayne Gilchrest, Roscoe Bartlett

New York - John Sweeney, John McHugh, Sherwood Boehlert, James Walsh, Thomas Reynolds

North Carolina - Walter Jones, Jr., Virginia Foxx, Howard Coble, Mike McIntyre, Robin Hayes, Sue Myrick, Patrick McHenry, Charles Taylor

Ohio - Steve Chabot, Rob Portman, Michael Turner, Michael Oxley, Paul Gillmor, Ted Strickland, David Hobson, John Boehner, Patrick Tiberi, Steven LaTourette, Ralph Regula, Bob Ney

Pennsylvania - Philip English, Melissa Hart, John Peterson, Jim Gerlach, Curt Weldon, Bill Shuster, Don Sherwood, John Murtha, Joseph Pitts, Tim Holden

South Carolina - Henry Brown, Joe Wilson, J. Gresham Barrett, John Spratt, Jr.

Tennessee - Bill Jenkins, John J. Duncan, Jr., Zach Wamp, Lincoln Davis, Bart Gordon, Marsha Blackburn, John Tanner

Virginia - Jo Ann Davis, Randy Forbes, Virgil Goode, Bob Goodlatte, Eric Cantor, Frank Wolf

West Virginia - Alan Mollohan, Shelley Capito

Stanley
Furniture's
L.A. Powell
(left) talks
with AHMI's
Mark Barford
at the fall
furniture
market in
High Point



Furniture Market Down, Outlook Good

HIGH POINT - Furniture manufacturers had mixed reviews of the Fall 2004 International Home Furnishings Market in High Point.

For several manufacturers, attendance was up 6-15 percent in showrooms compared to one year ago. For others, attendance was off from the spring and equal or just below tallies from 2003.

The common denominator was new product at market got attention and retailers were shopping. The semi-annual market was held Oct. 14-20.

The market continues to expand with new showrooms opening within walking distance of the main buildings downtown. As market branches out, the crowd continues to be dispersed so the packed hallways of the past may remain a thing of the past.

"It was a good market in High Point, not a great market, although some manufacturers had a good show," said AHMI President Mark Barford. "We continue to see more foreign product on display and additional foreign manufacturers showing finished goods. That is a growing trend."

AHMI staff attended the market and talked with AHMI member companies and others manufacturing wood products.

AHMI again sponsored the Pinnacle Award for Juvenile Furniture by the American Society of Furniture Designers. The Achievement Awards were presented during the ASFD program on Oct. 15.

Four entries were vying for the award and the winner was Powell Company and David Walker for the Monster Bedroom. The judge's comment were "cool and edgy with industrial functionalism."

AHMI has sponsored the Pinnacle Award for five years. The presentation allows AHMI staff the opportunity to speak to ASFD members about the benefits of Appalachian hardwood lumber in their designs.

Foresters Learn Of AHMI's Yield Promotion

FLATWOODS, WV - Forestry Division members learned about Appalachian Hardwood Manufacturers, Inc.'s promotion programs at its fall meeting.

The session was held Oct. 26 at the Days Inn in Flatwoods, WV. AHMI President Mark Barford and Director of Communications Tom Inman explained the sweeping changes taking place in the current markets for hardwoods, and the impacts those changes have on the demand for hardwoods.

Barford has researched current and future trends in markets for hardwood lumber. He explained the shift in domestic markets for Appalachian hardwood lumber and what trends are emerging for the future.

The forecast included short term declines in production that should cause prices to rise. Distribution yards and millwork continue to increase in demand and the cabinet industry should remain strong.

Inman presented details of AHMI's aggressive promotion campaigns to increase demand for Appalachian hardwoods. The association began its "Yield Matters" promotion earlier this year to focus on the benefits of Appalachian FAS lumber.

The campaign includes advertising, printed material and a new website www.appalachianfas.com.

West Virginia State Forester Randy Dye told participants that state budget cuts have impacted the department. He said the department has been forced to keep salaries down and district forester positions are open and they have no candidates.

West Virginia Forestry Association Executive Director Dick Waybright gave an update on the November election. He said the association has been educating all candidates about the forestry products industry and key issues like property taxes and assessments.



Forestry Division Chairman Bob Radspinner (right) addresses meeting recently in Flatwoods, WV. More than 30 foresters attended.



AHMI Studies Research Proposal

FLATWOODS, WV - A group of representatives from forest industry, large forest landowners, forestry universities and the U.S. Forest Service met recently to look at ways to come together and strengthen research of the Appalachian forest.

The meeting was organized by Phil Durham of MeadWestvaco, Summerville, SC. Participants discussed ways to share years of research completed on the Appalachian forest as a basis for future work.

The representatives bring more than six decades and millions of dollars worth of research to the partnership. The work has tremendous value for future forest management.

"The first role of the partnership would be to bring together all of the research to date completed by the various partners," said AHMI President Mark Barford, a certified forester. "By pooling that research and determining as a partnership what future research needs to be done, there will be a great strength in numbers in trying to receive outside funding directed towards the Appalachian forest.

"The group is aware of thousands of dollars in research grant money that would be available to carry on much of the on the ground research activities," he said.

Appalachian Hardwood Manufacturers, Inc. serves as a logical part of the partnership, as many of the large landowners are members of AHMI's forestry division. Since the 1930s, part of the AHMI mission has been the promotion of active forest management.

"At the end of this first meeting there was unanimous support for continuing this dialogue and putting some structure to a formal partnership and that should take place before years end," Barford said. "AHMI will continue to assist in whatever way to continue to guarantee the long term sustainability of the Appalachian forest and our industry."

For more information on the Appalachian forest research proposal, contact Barford at the AHMI office at 336-885-8315.

AHMI President Mark Barford (kneeling, right) and Fred Hardin (kneeling, second from right) of Gilkey Lumber Co., Rutherfordton, NC, welcome a group of furniture, door and cabinet makers from Kosovo to High Point. The group toured the furniture market and visited lumber manufacturers across the region.



AHMI Hosts Kosovo Wood Manufacturers

HIGH POINT, NC - Appalachian Hardwood Manufacturers, Inc. recently hosted a luncheon for eight managers and owners of wood manufacturing facilities in Kosovo.

The companies included makers of doors and windows, furniture, parquet flooring that represented a total of 350 employees in eastern Europe.

The group began its tour with a luncheon hosted by AHMI and a visit to the International Home Furnishings Show in High Point. The participants were impressed with the magnitude of the show.

The manufacturers also expressed interest in meeting suppliers of wood for their factories in Kosovo. While in the United States, the group visited AHMI members E.N. Beard Lumber Co., Greens-

boro, N.C.; Gilbert Hardwood Centers, Trinity, N.C.; and Allegheny Wood Products sawmill facility in Princeton, WV.

"As part of our export promotion program, AHMI staff looks for these opportunities to educate factories around the world about the advantages of Appalachian hardwoods," noted AHMI President Mark Barford. "The visitors are given general information, and a directory of where to buy lumber.

"Although this group was on a fact finding mission, the potential for future business in this part of the world seems high," Barford said.

For more information or the contact list of manufacturing companies, please contact the AHMI office at 336-885-8315.

Insecticides Hurt Ash Borer

There is encouraging news about the effectiveness of insecticidal treatments to combat the emerald ash borer in landscape ash trees. Tests at several sites this summer showed insecticides reduced the larvae population by 45 percent to 96 percent, depending on the site, the age and condition of the trees and the application methods used.

Garrison Named VA Forester

Virginia Governor Mark Warner has appointed Carl Garrison as the new State Forester. He is the sixth State Forester of Virginia.

Garrison was formerly an assistant regional forester and regional forester for the Virginia Department of Forestry. He also operated a private consulting forestry company.

Oak Drying Workshop Set Dec. 6-7 At VA Tech

BLACKSBURG, VA - The Department of Wood Science and Forest Products at Virginia Tech will conduct its 22nd Annual Oak Drying Workshop for beginning operators drying hardwood lumber.

The workshop is Dec. 6-7 at the Hotel Roanoke and Conference Center in Roanoke, VA. The program is designed for new and beginning dry kiln and pre-dryer operators and supervisors.

Topics will include the basics of lumber drying, air-drying, lumber handling, predryer and kiln operation, schedules, conditioning and quality control procedures. For more information or to register, visit online www.conted.vt.edu/oakdrying or contact Brian Bond at 540-231-8752 or e mail to bbond@vt.edu.

AHMI Trustees, Staff Seek Membership Help

HIGH POINT, NC - The trustees and staff of Appalachian Hardwood Manufacturers, Inc. asks all AHMI members to supply the office with the name of one prospective member.

Each fall the staff emphasizes membership for the coming year. Any company of individual that joins the association after September is also a member through the next year.

"We have had a very successful year in 2004 with membership retention and I believe that tells us that our members appreciate what we are doing," said AHMI President Mark Barford. "We do not rest on that and have new programs we have introduced in recent weeks and more plans for 2005 to serve our membership."

In 2004, the association launched a promotion to educate wood consumers on the benefits of utilizing the higher grades of Appalachian hardwood lumber. Titled "Yield Matters," the effort has proven successful in showing manufacturers where yield increases can be found by specifying Appalachian FAS lumber.

The campaign continues into 2005 with an advertising buy to attract consumers to the AHMI website www.appalachianfas.com. The site receives thousands of hits monthly and new information is added regularly.

"AHMI is the only trade association that promotes Appalachian hardwood lumber to the world," Barford said. "Our members know that is important and will-

ingly support our efforts."

The membership emphasis for 2005 will be on companies that advertise and sell Appalachian hardwood lumber. These companies will be visited by AHMI trustees and staff.

"We appreciate every company that recognizes the benefit of promoting what we believe is the finest hardwood lumber in the world, Appalachian," Barford said. "We want to help them by partnering with them as a member of our group and keeping their name and products before potential customers."

AHMI trustees are asking members to provide the name of one potential member company that can be contacted in the coming weeks. The potential member can be in any of AHMI's membership categories: producer, distributor, consumer, forestry or supplier.

AHMI staff will compile this data and begin contacting these companies with membership information.

"If every member will give us the name and contact information for one prospective member, we will have a greater potential for growth in 2005," Barford said.

Members are asked to complete the form below and fax to the AHMI office at 336-886-8865. Please copy the form to recommend as many companies as possible.

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

Yes, I want to help AHMI grow in 2005

AHMI member : _____

Prospective company: _____

Prospective company contact: _____

Prospective company phone: _____

I would be happy to contact this company on behalf of AHMI

Please print and fax this form to AHMI at 336-886-8865