



November 2013

The Link

The Newsletter of the Hardwood Manufacturers Association



"Breaking Through the Mediocrity" in 2014

Wondering who will be gracing the dais at HMA's upcoming National Conference and Expo? Business trendsetters and providers of valuable information, that's who.

Growth Through Innovation

"Profit from change rather than be blindsided by it," is the mantra of **Robert B. Tucker**, author, speaker and president/founder of The Innovation Resource, a global consulting and executive development firm devoted exclusively to strategic innovation. For Tucker, innovation is a mindset, a skill-set, and a toolset. And whatever



your position, "your ability to innovate – to problem solve, experiment, ideate, dazzle customers, drive growth, collaborate, think ahead of the curve, and otherwise add value – gives you and your organization a competitive edge that can never be taken away."

In his **keynote** presentation entitled, "**Driving Growth Through Innovation,**" Tucker will detail how innovation can benefit you, your employees, and your businesses. Plan to be in Savannah for this high-energy and deeply nourishing keynote presentation. And there's more!

Getting Ahead of the Economy

Is it possible to lessen economic uncertainty? Asking the action-oriented economists at **ITR**

Economics is a smart start. For years, organizations across the country, including many HMA member companies, have relied on "ITR Economics" forecasting to identify key economic trends, to pinpoint when changes will occur, and to determine what actions to take to position themselves for future growth."

Joining us in Savannah is economist, business analyst and ITR CEO, **Brian Beaulieu**. His

insightful presentation entitled, "**Ahead of the Curve: 2014-2017,**" will include business cycle forecasts as well as strategic action items to help business owners increase their competitive advantage. Don't miss this great opportunity.

Early Responders will Save

Calling all HMA members! Register to attend now, and experience a \$50 savings on your Registration fee. That's right, be an 'Early Bird' registrant and take advantage of this **members only** savings. Online registration is up and running at www.HMAMembers.org or call the HMA office, (412) 244-0440, and we'll take care of business for and with you. (It's always great hearing from you.)

Plan to be a participant in HMA's National Conference and Expo. The event is the epitome of 'maximum value in minimal time.' And March will be upon us before we know it.

Meeting your expectations

A call to participate in **HMA's Membership Assessment Survey** will soon be issued to all HMA member companies. The goal is to identify and better satisfy the needs of our members. But for that to happen, we need you to complete the online questionnaire.

Conducting the survey is Ohio-based professional services firm, Industry Insights, Inc. Early in November they will be emailing the survey questionnaire to each member company's designated 'Main Contact.' We hope that you will participate.

Industry Insights will be receiving responses through November, and once they've tabulated the survey results, HMA will receive a final report. So please, watch your email. And even check your "junk email," just in case the survey gets misdirected.

Bottom Line: Your feedback is important to HMA's strategic planning. And not to worry, all responses to this association assessment are anonymous.

Welcome 'new' member!

Joining the ranks of the HMA is **Tigerton Lumber Company** and their facility in Tigerton, Wisconsin. Mike Schulke will serve as the company's Main Contact, and we hope to see Mike and others from Tigerton in Savannah at the National Conference. How about giving Mike a hearty HMA welcome? He can be reached at mike@tigertonlumber.com

2014 National Conference & Expo sponsorships

For the 2014 National Conference and Expo, HMA is once again offering industry suppliers and HMA members the opportunity to “**put some skin in the game**” through event sponsorships. By now you should have received all of the details. But if not, here’s a sampling of what’s available.

Supplier Opportunities

For exhibitors seeking the MAX in support and recognition, **EVENT SPONSOR** is the ticket. This level of participation includes an Exhibit booth with up to three company representatives, reduced registration for additional attendees, one **complimentary** registration and **bus pass** to each 2014 Regional Meeting, and company recognition throughout the conference events, online at www.HMAMembers.org and in *The Link*.

Or, choose the **Platinum Sponsor** level – Exhibit booth with up to two company representatives, recognition throughout the conference online at www.HMAMembers.org and in this newsletter, plus your choice of one of the following:

- One 2014 Regional Meeting registration & bus pass
- NatCon events guide inside cover advertisement
- **Lanyards** advertising your company name and website (**No longer available**)
- Coffee Break or Beverage Bar Sponsor
- Conference Learning Session Underwriter



Member Opportunities

HMA members can also step up. At the **Diamond** level, help underwrite our Keynote Speaker, Robert B. Tucker and/or Economist, Brian Beaulieu. Your assistance in securing these quality presenters will be acknowledged throughout the Conference, this publication and our member website, www.HMAMembers.org.

Platinum sponsors, select from the above list of opportunities. (Act soon, some opportunities are limited!) And for members interested in the **Gold** (\$1000), **Silver** (\$500), and **Bronze** (\$250) levels of sponsorship, your extra effort will help reduce event overhead, plus assist in our American Hardwoods education/promotion programs.

Come on! Show confidence in the HMA.

Put some skin in the game! Looking forward to your call!

Will you be joining us in Savannah, March 12-14

HMA's 2014 National Conference and Expo is heading south of the Mason-Dixon Line. Savannah is our destination city. And the **Hyatt Regency Savannah** will serve as our home away from home.

Now is a great time to secure your accommodations. Reservations can be made online at www.HMAMembers.org or by calling The Hyatt at (888) 421-1442. Mention the **Hardwood Manufacturers Association** to secure the discounted room rate of \$172 single/double. Don’t delay. We’ve been warned that the city is a favorite spot for St. Patrick’s Day.

Why Savannah?

Broad avenues, magnificent mansions, cobblestone streets and shaded public squares – it is Georgia’s first and oldest city, chosen as one of the 10 Most Beautiful Places in America by *USA Weekend Magazine*, and it offers a charm and level of hospitality unique to the ‘old’ South. Won’t you join us?

More than just talk

by Linda Jovanovich
HMA Executive Vice President

Later this month, hordes of building professionals head to Philadelphia for the U.S. Green Building Council’s (USGBC) *Greenbuild 2013*. The annual event is a call to the design/build community to “join thousands of other people who agree that green building is a good idea and good for business.” (And we all know that the USGBC is all about business.)

Pennsylvania’s lumber and wood products industry, a provider of nearly 40,000 jobs essential to the PA economy, will be represented at Booth #1461 in the Wood Pavilion section of the exhibit area. In preparation, an array of industry stakeholders met to provide a succinct and factual ‘industry’ message to help dispel the misinformation regarding the use of American Hardwoods in green building.

Paring our BIG story into five or six talking points was interesting work. Yet, our industry’s green building challenges were discussed in great detail, and those soon to be manning Booth #1461 are prepared to discuss why specifying American Hardwoods is indeed a good idea for the environment, a good idea for green building and a good idea for business!

Anticipating LEED-driven comments like **“I only specify certified wood,”** we offered these ‘pushback’ comments:

- Why? Why is wood the only material required to demonstrate environmental and social responsibility in management, extraction, production, and other building materials are not? Science documents the unfavorable environmental impact in steel, aluminum, concrete, plastic, glass, bamboo production, yet lesser requirements pertain to them.
- Our government confirms the sustainability of our forests and recognizes the responsible extraction and production practices of our industry. Why is certification important?
- Life-Cycle-Analysis clearly demonstrates the environmental preference of wood. Why is certification important?
- I share this experience because throughout the year, similar architectural and design events may take place in your backyards. When that opportunity arises, get involved, just as these hardy Pennsylvanians have done. Gather other industry stakeholders and make a similar investment to ensure that our unified industry message is heard!

HMA TrendTracker Report on employment

by Art Raymond

Jobs are available

Per late September's New Jobless Claims report, layoffs are at or near their lowest point since the recovery began in 2Q2009. At that time initial claims hit 675,000 versus the recent four-week average of 305,000. Continuing claims also hit a new recovery low of 2.837 million.

While this favorite

TrendTracker metric is moving in the right direction, the problem is not layoffs but rather lack of job creation. Yes, the unemployment rate has fallen nicely from 10 percent in October 2009 to the mid-sevens today. But that measure does not include those who have stopped searching for work. A better indicator, the employment rate, has dropped to 58.5 percent from a pre-recession high of 63 percent. Look too at the **labor force participation rate**, the measure of those working and looking for work. It's dropped to 63.2 percent in August. Not since 1978 has the proportion of employed Americans to total working age population been so low. These measures of our economic health are moving in the wrong direct.

What's the problem? In a recent interview in *The Wall Street Journal*, Bob Funk, president of Express Employment Services, offered his opinions:

- Government regulations are creating a strong disincentive to hiring, especially of full-time workers.
- Too many potential workers are functionally unemployable due to attitude, behavior, lack of basic skills. Only one in four applicants to his company can even pass a drug test.



- Welfare programs often pay more than entry-level jobs. Over 47 million Americans receive food stamps. Fourteen million are on disability insurance. Unemployment insurance benefits cover the jobless for up to 90 weeks.
- Too many unemployed see entry-level jobs as dead ends rather than an opportunity to show their abilities and move up to higher-paying positions.
- Schools have failed to provide needed vocational and practical skills training.

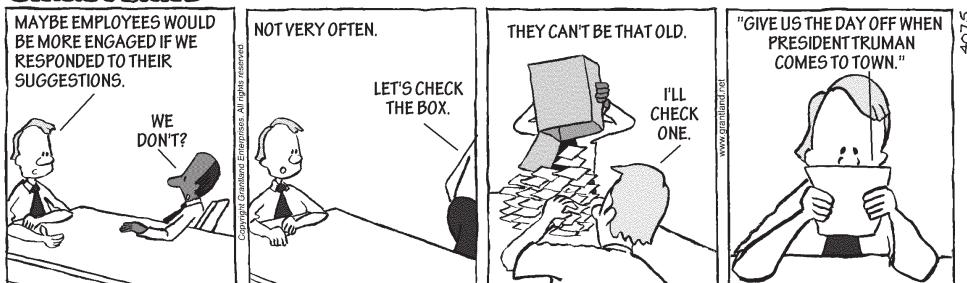
Mr. Funk's company will place almost half a million workers in temporary jobs this year. He knows full well that if someone has integrity, a strong work ethic, and is able to pass a drug test, that person can find an entry-level job. A job, he believes, is the best social program that our government could provide.

Bottom Line

Our economy won't prosper again until working age Americans are prepared to work. Our real challenge is to rebuild the quality of our work force so that the American dream can continue. Don't wait for someone else to lead that effort.

JUST FOR LAUGHS

GRANTLAND®



Anti-dumping duties hit U.S. Cabinetmakers

by Art Raymond

In 2005 the U.S. Department of Commerce (DOC) hit Chinese producers with import duties for selling wood bedroom furniture below cost. Commerce's purpose was to level the playing field that had been tilted by China's labor cost advantage. Alas, the action saved few, if any, U.S. jobs but rather prompted the development of a vast bedroom furniture industry in Vietnam where duties are not levied.

But the DOC is at it again. This time the target is Chinese hardwood plywood. As a result of a petition filed by six U.S. hardwood plywood makers who already control 80 percent of the domestic market, duties totaling about 73 percent are now being levied on imported value.

Cabinetmakers argued to no avail that imported and domestic plywood were fundamentally dissimilar materials used for different purposes in cabinet construction. The U.S. producers' share of an expanding market has held steady.

As a result of higher landed plywood cost, KraftMaid Cabinetry, a division of cabinet giant Masco, will increase their prices by as much as 12 percent. Others will surely follow. No doubt such higher prices will enable cabinetmakers from Canada, Mexico, and the Far East to capture U.S. market share.

Bottom Line

Needless to say, this trade sanction will inflate the cost of cabinets and other plywood-based products to the U.S. consumer, drive jobs out of the U.S., and grow the plywood industries in Indonesia, Russia, and elsewhere. These unintended, negative consequences will trump any advantages to the immediate beneficiaries. In such cases an old axiom usually applies: the more you try to make things fair, the less fair you make them.

Hardwood Federation Update

EPA Carbon Emissions Rule Looming

by Dana Lee Cole
Hardwood Federation Executive Director

Soon, the Environmental Protection Agency (EPA) will take action on carbon emissions. And as we know, when it comes to environmental regulations, anything can happen.

In 2010, EPA's Tailoring Rule was issued to focus the regulatory burden of the Clean Air Act on large-scale greenhouse gas emitters – coal-fired plants and the like. Because the draft rule didn't include provisions dealing with biomass energy, it came as a shock that the final rule would take a "carbon debt" approach.

The "carbon debt" approach, potentially disastrous to our industry, treats a tree harvest as an emission that must be "repaid" with new growth on the same plot or in the same region. Public outcry over the flawed approach, led by the Hardwood Federation (HF) and others, prompted EPA to delay the

rule implementation while it more rigorously studied the science of tree harvest, carbon sequestration, and how they relate to the Clean Air Act and Tailoring Rule. The Biogenic Carbon Emissions Panel, a scientific advisory group, was created to assist EPA.

Former Bush (43) Under Secretary of Energy and Assistant Secretary for Energy Efficiency and Renewable Energy, David Garman explains that while, "The Clean Air Act is not the optimum tool to regulate greenhouse gas emissions, it is the only tool EPA has." And EPA's advisory panel "found that the frame-

work had 'conceptual and scientific deficiencies' as well as implementation challenges," and has yet to agree upon a standard carbon accounting method. What will EPA do?

The **common sense** approach, which would encourage biomass use and grow wood markets, would be to exclude biomass energy from the Tailoring Rule and the Clean Air Act. A more extreme approach would discourage wood use and threaten long-term forest sustainability by making the cost of using wood and biomass far too great – especially for those small businesses and landowners at the core of the hardwood industry. Adding to the confusion is the DC Circuit Court's ruling that EPA doesn't have the authority to delay implementation of the Tailoring Rule.

EPA is under pressure to come up with a new regulatory framework by July 2014. If there is no new regulatory framework in place by then, biomass will be treated the same as coal, and the impact will be devastating for our industry.

HF is on top of this. Industry advocates, Senators Jeff Merkley (D-OR) David Pryor (D-AR), Ron Wyden (D-OR), Max Baucus (D-MT), Debbie Stabenow (D-MI) and Amy Klobuchar (D-MN), signed onto a letter to EPA urging common sense rules that would create a simple and practical regulatory framework addressing carbon emissions from biomass combustion.

Going forward, HF anticipates we'll need your help and hope we can count on you when the time comes.

For more information, contact Dana Lee Cole at dana.cole@hardwoodfederation.com.



HMA LINK is published each month exclusively for members of the Hardwood Manufacturers Association. Views expressed are not necessarily those of the HMA; *HMA Link* welcomes comments and questions.

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A big "step" for Hardwood on an international stage

Showcasing the innovative use of tulipwood (poplar) in cross-laminated timber technology (CLT) is **Endless Stair**, an American Hardwood Export Council (AHEC) project recently on display at the London Design Festival 2013. The towering structure of 15 interlocking staircases demonstrates the potential for using tulipwood – an abundant, relatively inexpensive and structurally impressive American Hardwood – to build walls and floors of buildings.

What's so exciting is that cross-laminated timber (CLT) is typically made from softwood. But the innovative Endless Stair, designed by dRMM Architects and engineered by Arup, pioneers the use of hardwood in CLT, adding new dimension to timber in construction. Andrew Lawrence, Arup's timber specialist said, "Tulipwood CLT offers the potential to combine the advantages of CLT with the strength and appearance of tulipwood. It's a great addition to the pallet of wood based materials."



Endless Stair at Tate Modern
Photo by Ed Reeve, courtesy of AHEC

The landmark application has gotten the attention of the design, architectural, engineering and wood trade media around the world. Thrilled with the international attention is AHEC's Executive Director, Michael Snow. "This project has given us a very high profile platform to convey several of our main messages, not only related to the material and the potential structural applications for tulipwood and cross-laminated timber technology, but also related to our work in Life Cycle Analysis and raising the issue of the environmental performance of wood in general, and American Hardwood in particular."

Join the thousands who have experienced the Endless Stair.

[Click here](#) for a brief video of the project, then visit www.americanhardwood.org to learn even more.