



February 2013

The *Link*



The Newsletter of the Hardwood Manufacturers Association

National Conference & Expo offering 'BIG' agenda

HMA's 2013 National Conference and Expo is heading to Charleston, March 11-13. As always, expect maximum value in minimal time. **Everyone is welcome** to attend and we hope you plan on being with us. Here's what's on tap.

Kick-off is Monday evening's **Welcome Reception**. That's when HMA members, suppliers and industry colleagues will browse the Expo, make new contacts, and connect with old friends. It's an evening of endless networking opportunities topped off with some of the best food Charleston has to offer. And it's **'the'** place to be and be seen.



Tuesday morning starts off with a **bang** as **Don Hutson**, author, speaker, sales growth specialist and CEO of U.S. Learning, LLC, takes center stage with his presentation entitled "Leadership in Challenging Times." It's no secret that in this time of tight margins and market contraction, our mills, the office, and all sales people need to be functioning at maximum efficiency. Don Hutson's valuable tips on performance improvement will get us there.

Terri Murphy, speaker and CIO of U.S. Learning, LLC will join Don. Her presentation, "4 Easy Communication Strategies to Make More Money and Outsmart the Competition," will show how to build community, deliver a unique service strategy and create raving loyal fans in the process!

After the lunch break and HMA's business meeting and association update, Rupert Oliver of the American Hardwood Export Council (AHEC) will bring us up to date regarding AHEC's efforts in leveling the playing field for American Hardwoods, Life Cycle Analysis and Environmental Product Declarations (EPDs). And another **Industry Confab** of round table discussions is set to wrap up the afternoon before we make our way to the Tuesday evening cocktail reception.

Wednesday morning promises a **big finish**. Back by popular demand is noted economist and President of ITR Economics™, **Alan Beaulieu**. As in past years, he'll present the global economic outlook with the clarity that will enable decision makers to plan with confidence, position their company for success and prepare for the changes that are coming over the next few years.

In his presentation entitled, "Fiscal Reality," he'll take a look at what's really going on in the U.S. and in markets that impact our industry, and answer questions like – What will Washington do? Will Europe pull through? Is China a problem? Then, **Hardwood Federation** Executive Director Dana Cole will bring the Conference to a close with a Federation outlook/update.

Maximum value in minimal time! Visit www.HMAmembers.org to register to attend.



An important Association Update

Thinking you won't miss much IF you're absent in Charleston? Think again!

Ours is an association embracing change and moving forward. So, if for no other reason, be in attendance to hear the HMA 'Association' Update on Tuesday afternoon. It's a must for each and every member. And here's why.

The HMA Board will be introducing some exciting changes that will benefit all HMA members. You'll want to learn about the revised dues structure, HMA's interactive Equipment and Technology Center, the details surrounding HMA's membership Drive, and so much more.

Plus, Tuesday's **Industry Confab** and moderated roundtable discussions will enable you to continue the conversation(s) with Conference presenters, Board members and other HMA members. Don't miss this opportunity to 'talk.'

Remember. HMA is unique in that our membership is limited to hardwood sawmills and lumber concentration yards located in the United States. Our members, bound by that common thread, embody an extraordinary "community" that shares information and industry experiences for the benefit of all. Your input is vital.

National Conference & Expo event sponsors

As we go to press, the following companies have signed on as National Conference and Expo event sponsors:



Exhibitor Event Sponsor

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Frank Miller Lumber Company, Inc, Union City, Indiana!

Thank you! Your conference sponsorships not only assist in reducing meeting overhead, but also enable the HMA to expand our valuable member services as well as continue our American Hardwoods educational and promotional efforts.

And the word is 'additional' Sponsors are stepping up to the plate. Please stay tuned! 😊

Cypress making headlines nationwide

Well-known in the southern United States as a natural and durable siding material, cypress is gaining popularity among homeowners and design professionals from Maine to California. Part of the increased interest in building with cypress can be attributed to the Southern Cypress Manufacturers Association's (SCMA) media relations campaign.

The SCMA recently wrote and distributed a press release targeted towards consumers, entitled "**Cypress Siding is a Natural Choice for Today's Homes.**" The release detailed the natural durability, versatility, and beauty of cypress siding, and featured interviews with prominent architects who explained their use of cypress on residential projects which included a beach home, a mountain retreat, and a rustic log cabin.

After just one week, the release appeared in nearly 1,000 newspapers and websites, and reached an estimated 22 million consumers across the country. That's success.

The SCMA also recently worked with the editors of *Architectural Products* and *Building Design + Construction* magazines. The articles, which highlighted SCMA case studies on Jackson Hole Airport in Jackson, Wyo., and the North Carolina Chapter of the American Institute of Architects' Center for Architecture and Design in Raleigh, N.C., detailed the unique attributes of cypress, and examined the reasons why the projects' architects specified cypress over other materials.

The publications reach over 113,000 design professionals. And that's an extremely important audience.

To learn more about the SCMA or to get on board with the promotion of cypress building products, please visit www.CypressInfo.org.

While you're there, sign up to receive the SCMA's electronic newsletter, **The Cypress Exchange**.

More than just talk

by Linda Jovanovich

HMA Executive Vice President

Yep, it's that six-letter "C" word again, which more often than not evokes anxiety and angst in the best of us!

Sadly it's true. **Change** is viewed as a negative reaction to an existing, challenging situation. But not for me and certainly not for the HMA!

I am confident that upcoming *changes* in the HMA will not be looked upon negatively, but rather embraced as opportunities to strengthen your Association while at the same time positively impacting your businesses and ultimately the hardwood industry.

Hopefully you have read the emails and seen the announcements that effective March 1, 2013; HMA member dues will be re-calculated (*changing*). Based on the previous 12-month production figures, the new dues structure will assess all members on an equitable basis – an even playing field. I believe it is the best option in today's environment, and should result in reduced annual dues for 90 percent of HMA's membership.

Your dues calculation form should be on its way to you in the next several weeks.

Complete it accurately and **return** it in a timely fashion so that your dues will be **changed** accordingly.

And that's not all! In our effort to exert additional concentration on Member Services, we will soon be rolling out a redesigned (*changed*) member website – www.HMAmembers.org. Not only will it house the usual meeting details and registrations, it will focus on member interaction.

A secure member area will feature a **blog** so that you will be able to converse with industry professionals on key topics affecting your business, a **bulletin board** to post concerns and questions facing members in their operations and an interactive **technology center** to assist you in your search for the latest and greatest saw-milling products.

Yep, HMA is *changing*, but it's all good! We are moving forward...together, for the benefit of all!

See you in Charleston!

The TrendTracker Report

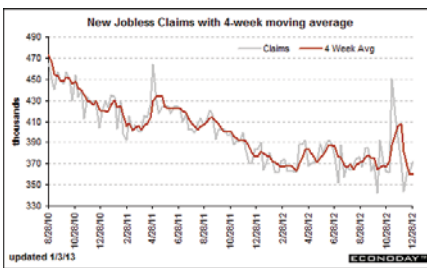
Housing contributing to recovery

by Art Raymond

Slow job growth continues to bode badly for the economy. Employers added only 155,000 jobs in December, a level even with the full-year 2011 and 2012 averages. The result was a 7.8 percent unemployment rate. The average rate for the last half of the 20th century was 5.7 percent. While we are well below the 9.5 percent plus rate experienced from June 2009 through November 2010, over 4.7 million jobs remain lost from the employment peak of January 2008. As reported in earlier *TrendTracker* Updates, a full-blooded recovery must await much stronger job growth.

Historically the chart of new **jobless claims** has given clear signals of the tops and bottoms of the economic cycle and the future of the job market. However since the first quarter of 2012, the four-week moving average of claims has reflected uncertainty among employers and one-time impacts like Hurricane Sandy. The best that can be said is that no sign of a turn upward in claims is evident.

Chart 1

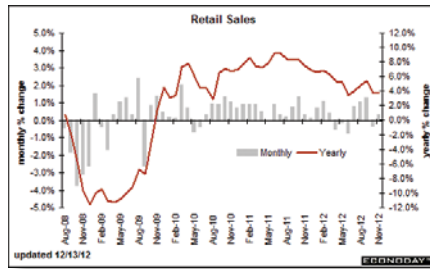


On a positive note, the private sector created about 1.9 million jobs last year. Other positives are: (a) the 0.3 percent increase in hourly earnings and (b) the rise in the average workweek from 34.4 to 34.5 hours in December.

What are the **retail sales** data showing us? The November report was positive. In spite of declining gasoline prices, sales rose by 0.3 percent that month and have risen

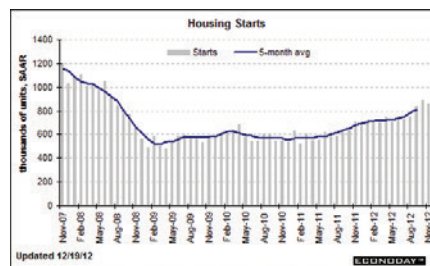
3.7 percent from a year ago. Sales of many components including auto, electronics, appliances, building materials, furniture, and clothing rose. With the consumer being two-thirds of the U.S. economy, this increase is a positive.

Chart 2



Housing, while far from shining as brightly as it did before the recession, is the only real bright spot in our economy. Starts through November came in at a 0.86 million annualized rate, up 21.6 percent versus a year ago. Growth of this critical metric seems to be accelerating as shown by the chart below.

Chart 3

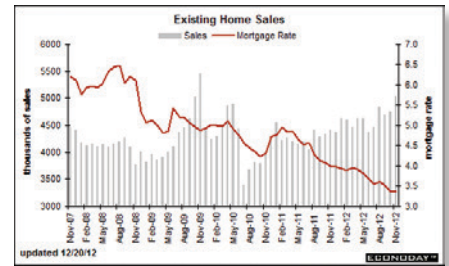


New home sales rose by 4.4 percent to an annual rate of 0.377 million, up from 0.340 million in January 2012.

Sales of existing homes jumped 5.9 percent to 5.04 million in November and are now approaching the post recession peak attained through tax incentives for first-time buyers in the fall of 2009. This metric has only surpassed the five million mark three times since July 2007. While chart four shows a choppy month-to-month performance

over the last year, the trend remains up and to the right.

Chart 4



Home prices in 2012 look to show their first yearly gain since 2006. Through October prices are up 6.9 percent according to the widely-quoted Case-Shiller Index so far this year. This gain came on the back of significant reductions in supply of homes for sale. The supply of new homes was at 4.7 months in November and near the lowest rate in 50 years. The inventory of existing homes on the market dropped to 4.8 months in November, an eleven-year low. It is no longer a buyer's market in many areas.

Rising home purchases are also being driven by mortgage rates below 3.5 percent (see the Existing Home Sales chart) and rising rents. Just like construction of single family homes, apartment building declined during the recent bust. The ratio of rents to after-tax mortgage payments was 107.8 percent in 3Q2012. A ratio over 100 means that mortgage payments are cheaper than rent for the median homeowner. However, with qualifying for mortgages still difficult and the job outlook remaining weak, some experts say the market is approaching equilibrium.

Bottom Line: The U.S remains mired in the slowest economic recovery in recent memory. But we are growing. Housing looks to be resuming its usual role as a key engine of growth. Look for signs of improvement in the labor market to confirm a break from the doldrums. Consumers with jobs make our world go round.

Driving employee motivation in stressful times

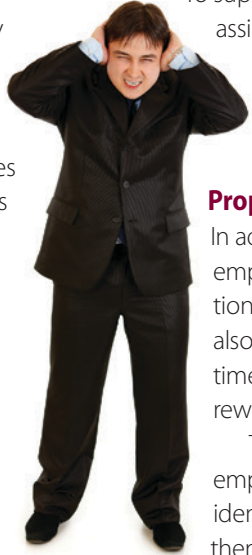
by Sharon Daniels
President, CEO of AchieveGlobal

Motivation is essential to any successful workforce and it is critical that business owners and their managers create an environment that encourages it. By understanding the sources of motivation and providing effective recognition, leaders can ensure their employees avoid becoming negative and unproductive.

More than 40 years of research has revealed that people share three psychological needs that, when fulfilled, result in intrinsic motivation. Those psychological needs are:

- **Competence:** the need to feel valued as knowledgeable, skilled and experienced.
- **Relatedness:** the need to collaborate with colleagues and co-workers.
- **Autonomy:** the need to exercise self-regulation, within guidelines, to achieve business goals.

Keeping these needs top of mind and identifying ways for employees to tap into them is key to ensuring people are motivated during hectic times. For example, by engag-



ing the team in strategy planning, leaders can help them tap into their need of competence. To support relatedness, encourage team assignments or incorporate team-building projects. Lastly, establishing a policy on teleworking is an extremely impactful way to promote autonomy.

Proper rewards and recognition

In addition to creating opportunities for employees to meet their internal motivational needs, leaders and managers can also help mitigate the impact of stressful times by giving proper recognition and rewards.

To effectively reward and recognize employees, managers should focus on identifying new opportunities that allow them to engage employees' intrinsic needs. Additionally, managers should not forget the impact of a kind word. Providing verbal recognition is a great way to promote competence and relatedness in the employee. Effective recognition is:

- Genuine and Timely
- Interactive
- Frequent and Specific

It's important to realize that there is no one path to employee motivation.

Visit www.achieveglobe.com to learn more about AchieveGlobal, a provider of learning-based solutions.

Personal devices in the workplace

According to a recent *Wall Street Journal* article, more small businesses are letting employees use personal laptops, tablets and cellphones on the job. Most often it's a win-win situation. Workers are "more comfortable" using their own equipment and employers are experiencing big savings in their IT bottom-line. But what about the down-side?

Lost or stolen devices can be a problem if the employer "doesn't have the legal authority or systems in place to remotely wipe information from them." And if an employee is terminated or changes employers, "using personal devices may make it easier for employees to take information to competitors when they leave."

And don't forget about the pain associated with viruses and other malware. It takes only one personal laptop, without up-to-date antivirus software, to paralyze a network and infect all of the other devices sharing it.

Yet despite the security risks and the potential for lost work time, it's anticipated that personal devices will continue to be welcomed into the workplace. It's cost-effective. And smart employers will avoid problems by having the appropriate safeguards in place.

The new face of marketing

Small business owners may come from all walks of life, but research tells us that today's successful leaders "have a lot in common." Over seventy percent come from middle-class backgrounds and less than one percent had ultra-rich or ultra-poor beginnings. Almost seventy percent were married when they took the business plunge, and more than half were the first in their family to start a business. And while more than half feel that luck plays a significant role in their success, nearly half have advanced degrees and almost all have bachelor's degrees.

So what does your business need to propel it to the top?

In every business, there is a direct relationship between profits and company **leadership**. It's not the campaigns, media buys or the "top 50 ways to increase sales" that will sustain your business long-term; it's **your** leadership qualities and the culture instilled in your team.

- Leaders are the face, personality and culture of the company. Their beliefs are marketed through their profiles in the community and through their teams' interactions with customers.
- Leaders have visions of the kind of success they want for their companies and develop plans to reach that success. They are acutely aware of their company's position in the marketplace and no matter how successfully the company operates, they're readily prepared to face the threats of competitors with better offerings. For that reason, good leaders work on competing for tomorrow rather than for today.

The degree of success for your business rests solely within you and your leadership qualities. **Leadership** – how you lead the business or the department you manage – is **the new face of marketing**.

Information Sources: Ewing Marion Kauffman Foundation, *The Wall Street Journal*, *Yearick-Millea 60 Second Impact Newsletter*

Hardwood Federation Update

by Dana Lee Cole

Hardwood Federation Executive Director

The 113th Congress, made up of many new faces, is well underway. Twelve new Senators and 67 new Representatives have begun work on a multitude of issues – from tax policy and environmental regulations to trade and energy initiatives. Many are familiar with our industry and the important roles we play as manufacturers, employers, and family-owned businesses. But many are not. And that's where we come in.

The Hardwood Federation (HF) exists and works to ensure all Members of Congress, no matter their political affiliation or the make-up of their home districts, understand and consider our industry before taking action. And Congressional committees are where all the action is.

Laws are written, unwritten, and rewritten there. And most significantly, committees set the agenda for Congress and the entire U.S. Government by deciding what policy ideas will be discussed, and what will simply fade away. Committee chairs wield great power and influence – deciding which versions of bills are presented to sub- and the full committees, which issues will receive public hearings, when the hearings will be, and who will be invited to testify.

That's why we're pleased many hardwood allies are populating these Congressional Committees:

Long-time industry friend and HFPAC-supported Senator Ron Wyden (D-OR) is assuming the chairmanship of the **Energy and Natural Resources Committee**. Senator Wyden has a keen understanding of the

forest products industry and how public lands can play a role. He's also been a strong critic of what he sees as overregulation of the forest products industry. With oversight of the Departments of Interior and Energy, and the U.S. Forest Service, the committee will be poised to impact our industry significantly.

Also on the committee are industry friends, Senators Bob Corker (R-TN), Joe Manchin (D-WV), the newly-elected Martin Heinrich (D-NM), and Debbie Stabenow (D-MI).

Senator Stabenow also will remain as Chairwoman of the **Senate Agriculture Committee** where the Farm Bill will loom large this year. We're pleased she'll be joined by newly elected Senator Joe Donnelly (D-IN), a long-time hardwood industry ally, and an original co-sponsor of H. Res. 81, the resolution supporting the American hardwood industry.

HF will soon be introducing our industry to new Members of the **House Agriculture Committee**. Still chaired by HFPAC-supported Congressman Frank Lucas (R-OK), industry allies populate the important committee on both sides of the aisle with Members such as: G.T. Thompson (R-PA), Dan Benishek (R-MI), Reid Ribble (R-WI), Jim Costa (D-CA), Kurt Schrader (D-OR), and Ranking Member Collin Peterson (D-MN), among many others.

The **House Energy and Commerce Committee**, that regularly impacts policies important to our industry, is also made up of many hardwood-friendly Members. This includes Democrats John Barrow (GA) and Mike Doyle (PA) and Republicans Gregg Harper (MS) and Greg Walden (OR), and many more.

It's going to be an interesting year. Help us represent you by staying engaged and letting your voice be heard through us.

Final Boiler MACT Ruling

On December 20, 2012, the Environmental Protection Agency (EPA) issued final changes to Clean Air Act standards for major and area source boilers and commercial/industrial solid waste incinerators. These adjusted standards, while increasing the rule's flexibility and addressing concerns raised by industry and labor groups, will maintain extensive public health protections by reducing toxic air pollution as well as maintain the dramatic cuts in the cost of implementation that were achieved in the final standards issued in March 2011. Visit www.epa.gov/airquality/combustion/actions.html for the important specifics of the final adjustments.

The Hardwood Federation, in their summary of the rule, notes that:

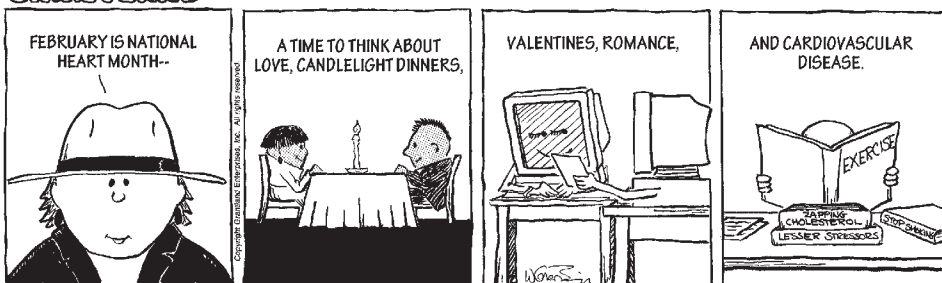
"The Boiler GACT (area source) rules divide boilers into 7 subcategories, including a category for boilers that burn biomass. For existing boilers that have capacity of 10 million BTUs per hour or greater, the rule lays out work practices that must be performed. For example, owners/operators must minimize the boiler's time spent during startup and shut down following the manufacturer's recommended procedures. Owners must also conduct an initial tune up of the boiler and conduct tune ups biennially going forward. New sources are simply required to perform tune ups biennially but no more than 25 months may elapse between these tune-ups."

"Specific emissions limits are also established for certain new biomass boilers. For instance, new boilers with capacity of 30 million BTUs per hour or greater must comply with a particulate matter limit of .03 pounds per million BTU of heat input as measured through a stack test. This limit is relaxed to .07 for boilers with capacity of between 10 and 30 million BTUs per hour. Particulate matter is the only pollutant specified for new biomass boilers in the final GACT rule."

For questions about the rule, contact Ms. Mary Johnson of the EPA's Office of Air Quality Planning and Standards, Sector Policies and Programs Division, Energy Strategies Group, at (919) 541-5025 or by e-mail at johnson.mary@epa.gov.

JUST FOR LAUGHS

GRANTLAND®



Hotel reservation deadline is February 8!

Known for its beauty and unique cultural experience, Charleston provides the perfect entrée into our historical South. Pedestrian-friendly and overflowing with history, it's a city of museums and galleries, antebellum mansions, pastel-painted homes and exquisite gardens.

In the heart of Charleston sits the **Charleston Place Hotel**, oozing with history and the perfect blend of 18th century charm and 21st century comfort. Twenty minutes from the Charleston International Airport, the hotel is famous for its timeless grace, three superb restaurants and endless amenities. Join us there!

Reservations can be made by calling 1 (800) 831-3490 and be sure to mention the



Hardwood Manufacturers Association, HMA, to secure the discounted room rate of \$260 single/double.

Hurry! Hotel reservation deadline is **February 8, 2013!**

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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