



May 2017

A message from HMA's President

By Richard Wilkerson

What a way to kick off HMA's Year! South Carolina has always been one of my favorite states because of its beauty, climate, and the good friends that call it home. HMA's recent National Conference and Expo in Charleston reinforced my opinion of the state. And the Conference's overall success totally fortified the tie that binds HMA with South Carolina as a favorite destination for our annual event.

We could not have scripted a more perfect couple of days in Charleston.

- Weather was perfect!
- The staff of the Francis Marion Hotel was wonderful.
- The hotel property situated perfectly among restaurants and shops.
- Member attendance was the best in ten+ years.
- And likewise for Vendor participation.

I've received many positive comments/reviews about the Conference - the majority of them focusing on the quality panels and presenters, and how informative and on-point they were. In fact, many have told me that NatCon 2017 was the best they've ever attended. All great news!

To Linda and Amanda, it was an amazing Conference! Congratulations and 'thank you' for a job well done! Speaking for all HMA member companies, we've been fortunate and spoiled by-and-with the quality products and services that this great Association delivers. And we recognize and appreciate everything you do!

To all who attended the National Conference, one more item. If you have yet to complete the **post-Conference questionnaire**, please do so. That's how Linda and the HMA staff get ideas for future presentations and programs. Your feedback, positive or otherwise, will aid in the planning of future events. So, let them know what is most important to you.

More Good News

Most of the members I've spoken with, over the past several months, are fairly **optimistic** about 2017. Yes, there is growing concern regarding lack of markets, lack of new market research for our hardwood residual waste, and the struggling crosstie and industrial timber markets. However, many are seeing stronger domestic orders for hardwood. And while the financial markets are looking for resolution to health care and tax reform, one cannot help but feel optimistic when the Dow soars above 20,500.

Employment is up across the country. Remodeling-an important grade hardwood market-has been strong. Housing is poised to make a good run. And for the first time since 2008,

HMA is **one** 'new member company' shy of hitting the 100 mark. (Based on recent membership trends, we should surpass that number this year!)

On a Personal Note

Later this month, I hope you will be joining us in Grand Rapids for the **Lake States Regional Meeting** - the first of two premiere Regionals in 2017. And while Charleston is in the review mirror, I'm already looking ahead to NatCon 2018 and HMA's return to South Carolina. Greenville will be our host city and I personally cannot wait to return to the Palmetto State.



A Unique HMA Member Benefit

Check your email, please. All HMA member companies have been sent the "tools" to participate in HMA's proprietary **Manufacturing Costs and Wage Survey**. Redesigned and implemented by Oregon-based, The Beck Group, the streamlined questionnaire will be easier to complete, and will provide important business management information. How?

The survey will:

- Compare your operating costs to those of other companies in the industry, show if your departments are running efficiently, and identify areas that could be adjusted to provide significant financial savings.
- Provide a break-out of your cost-of-sales to compare how much is allocated to logs, lumber and other expenses.
- And for everyone competing for workforce talent, or experiencing excessive turnover, the survey's "wage" data will compare your company's employee compensation and benefits information - hourly and exempt - to regional and national compensation averages.

Two reminders

The survey results will be made available to only those who participate. And this '**members only**' survey will not be offered again until 2020. Should you have questions, please call the HMA office, 412.244.0440.

On Tap for Regional Meeting Agenda

HMA members and industry colleagues will soon be gathering in Grand Rapids for our 2017 **Lake States Regional Meeting, May 24-25**. If you are wondering whether this 36 hour event will benefit you, take a look at what's being planned.

Wednesday, May 24

If you're looking to buy lumber or sell timber, then Richard and Kenneth Grubaugh are the guys that can help. They head up the experienced team at **Maple Rapids Lumber Mill Inc.**, in St. Johns, Michigan. This family-owned operation, in business since 1973, will be tour stop number one. And we're looking forward to it.

Tour stop number two will take us to Pewamo, Michigan and a visit with **Devereaux Saw Mill Inc.** One of the largest manufacturers and distributors of Michigan hardwoods, their mantra is integrity, honesty, hard work, and great people. And while "Sawmill" is part of the company name, they tell us that their facility is much more than just that.

After Devereaux, it's on to Sunfield, Michigan and a visit with HMA member **Quality Hardwoods, Inc.** After a hearty lunch – be sure to thank Quality's president, Luke Brogger, for arranging the accommodations for us - prepare to walk-off those calories with a tour of Quality's extensive operation. Established in 1973, Luke tells us they house a modern, high-production band mill that produces approximately 12 million board feet per year.

We'll wrap up Wednesday's activities with an evening reception/dinner. As in past years, anticipate great networking opportunities, plenty of delicious food, and several hours of good old hardwood industry comradery.

Thursday, May 25

After an early breakfast, all roads lead to the yard facility of HMA member **Northwest Hardwoods**. Driven by a "pioneering spirit" and employing the most advanced technology, the Northwest name is synonymous with high quality and commitment. Special thanks to Delton Moore and company for opening their doors to the HMA.

Then before making our way to the Gerald Ford International Airport, we'll visit the corporate location of industry supplier, **Stiles Machinery, Inc.** Inside sources tell us to be prepared for a series of equipment demonstrations, Q & A, and much more. Sounds like a fitting end to an action packed Regional.

Register to attend, today. You'll not want to miss this HMA '**members only**' event!

Meeting Sponsors get the Spotlight

Looking to differentiate your company from the rest of the field? Being a **Regional Meeting Sponsor** will do just that! As we go to press, HMA would like to spotlight the following Sponsors for their extra show of support!



Thank you to industry supplier and **Gold Sponsor** Piché, Daveluyville, Quebec. The safety vests that all meeting attendees will be donning are compliments of these fine folks. Be sure to catch up with them and thank them for their generous support. (www.picheinc.com)



Also at the **Gold Sponsor** level is HMA member Thompson Appalachian Hardwoods, Inc., Huntland, Tennessee! They are hosting Wednesday's lunch. Nordeck Thompson and son, Nick, plan to be in attendance in Grand Rapids. Please make every effort to find them and offer your thanks. (www.thompsonappalachian.com)

To learn more about being a Sponsor, visit www.HMAmembers.org. And then call the HMA office, 412.244.0440, to get the ball rolling.

HMA's talking red oak needs a new home

After nearly ten years of greeting visitors at the Furniture Heritage Museum in High Point, North Carolina, **Harvey Hardwood** - HMA's 'talking red oak' - is in need of a new home. And we're hoping you know of the perfect venue for our unique friend.

A great educational tool!

- Made of solid red oak and approximately six feet tall, Harvey Hardwood was created as the travelling "**spokestree**" for the Hardwood Manufacturers Association. Exclusively funded by the HMA, Harvey has "lived" in a variety of locations, but home has always been in the vicinity of High Point.

- Over the years, Harvey's tape-recorded messages have been refreshed, but his **message focus** has remained the same – to inform about America's hardwood forests, the many ways they benefit the environment, and how hardwood lumber, made into flooring, furniture, cabinets, and other great products, improves the way we all live.

Time is of the essence.

Because of changes taking place at the High Point Furniture Heritage Museum, Harvey is no longer needed as part of the gallery. But he just may be the creative, informational tool the Children's Museum in your city is looking for. To discuss Harvey's many attributes, please contact the HMA office – 412.244.0440.

Hardwood Federation Update

By Dana Lee Cole

Hardwood Federation Executive Director

The Farm Bill, the five year, comprehensive legislation that governs everything from forestry to row crop and dairy price supports, to nutrition programs, to trade, expires in 2018. And the process of crafting new authorizing legislation is already well underway. There are several areas of focus that are critical to our sector and upon which the Hardwood Federation (HF) is targeting our lobbying activity.

Trade - first and foremost!

Funded by the Farm Bill, both the Market Access (**MAP**) and Foreign Market Development (**FMD**) programs have a successful, proven track record of helping us open up markets for U.S. made hardwood products overseas, particularly in the Pacific Rim. (The American Hardwood Export Council derives its funding from these two programs.)

While MAP and FMD enjoy broad support, they are not without detractors. The Heritage Foundation - arguing that the programs smack of corporate welfare and crony capitalism - is a regular critic, and every year introduces legislation to eliminate or defund them. HF and other groups have successfully beaten back the attempts to kill these programs, arguing that they represent an excellent return on investment, and help U.S. producers keep up with the considerable resources which competing nations spend promoting their own exports.

Our lobbying efforts in support of MAP and FMD are two-pronged. Not only are we advocating reauthorization, but also mandatory funding. This latter aspect is critical, as mandatory funding provides the highest level of certainty that programs will be sustained throughout the life of the five year Farm Bill. If a program is only authorized - without having mandatory funds - it forces supporters into the unenviable position of having to work the Congressional appropriations process to seek funding. Given the unpredictability and dysfunction of the appropriations process over the last few Congressional sessions, this is an outcome we are trying to avoid.

On the Forestry side

A priority issue for our sector is the growing crisis on federally owned forestlands. It is likely, assuming that Congress does not act before next year, that some form of federal forest reform legislation - which was almost enacted by Congress the last two years - will find its way into the Farm Bill.

- Federal timber sales need to be executed more efficiently so that project work can keep up with the forest management needs of our increasingly overgrown federal forest tracts.

- This needs to be coupled with a fire borrowing fix that will end the Forest Service's current practice of draining funds from other budget line items to supplement its wildfire suppression budget.

In the Energy Title

Several initiatives are authorized in the Farm Bill that promote **biomass** energy and deployment of heating and power systems that rely on wood-based biomass fuel. An emerging issue for our industry is the decline of markets for wood residuals. Warm winters and relatively low fossil fuel prices have reduced demand for biomass heating fuels, a sizable share of the market for our mill residuals. And so, HF is taking a good look at the biomass programs in the Farm Bill, and discussing ways they may be altered to better address our needs, going forward.

- One of these programs is the **Community Wood Energy Program** (CWEP.) The policy goal of CWEP is to encourage schools, hospitals, community centers and other institutions, primarily in rural areas, to convert to highly efficient biomass thermal heating systems that rely on either wood pellets or wood chips.
- Right now the program is in place holder mode, with an authorization but no mandatory funding. A proposal is on the table which would seed this program with considerable mandatory money, with the objective of accelerating deployment of biomass systems around the country.

Bottom Line

HF is leveraging our lobbying capacity by collaborating with the **Forests in the Farm Bill Coalition** - a diverse league of landowners, industry, and conservation groups that are advocating for a Farm Bill that will bring robust markets to rural America, and keep working forests working and the forest products value chain thriving. We serve on a subgroup of this coalition, currently discussing policies to promote markets. We welcome your input and will keep you apprised of our progress on this critical Bill.

Advancing Hardwood Processing Technology

During the Thursday morning session of HMA's National Conference and Expo, industry suppliers Duncan Ferguson of **Sawmill MD** and Federico Giudiceandrea of **Microtec** presented information on the technologies that are and will be advancing hardwood processing.

Duncan Ferguson was first up, and the 'meat and potatoes' of his presentation, "**What's New? What's Coming?**" was a summary of information obtained via interviews with industry vendors regarding their technology innovations. Ferguson began by updating attendees regarding electronics that are no longer supported, then provided information on replacement technology, and advised regarding system security measures. His presentation then moved to the heart of the matter ... **What's Up and Coming?**

Ferguson said to look for:

- The Improved/Expanded use of **Machine Vision** in the areas of sequencing, Cross up Detection, and Safety - with many improvements and new applications to come.
- **Machine Grading/Inspection advances** like "stepped up scanners to include HD color, more measurements, including end cameras.
- **Optimization Developments** such as denser and more accurate measurements, faster solution times, increased computer power, simpler designs, and scanning in sun-lit environments.
- Advances in **Controls** that include improved connectivity, speed and functionality, smaller and smarter devices, and less hardwiring.

- And coming down the **Tallying** pike, the ability to measure each board in a layer being placed at the Stacker.
- **On the Mechanical side**, look for a push towards all electric, (a fully electric resaw is available) improved speed of optimization and controls, concerted efforts to eliminate hydraulics, and more throughput using more Machine Vision.

Attendees then heard from Federico Giudiceandrea, CEO of Microtec, regarding “**machine vision**” and automated hardwood lumber scanning and grading technology.

- Emulating the capabilities of the human brain and eyes is tricky business. However, progress has been made, and continues to be made, in the development of “super eye” technology that analyzes and provides information on the overall quality of hardwood.
- **Multisensory scanning** uses five technologies – Color, X-ray, 3D Laser Triangulation, Laser Scattering, and Grain Deviation technologies - to measure density, coloration, defects, and other factors in determining wood quality and grade.
- Improving the detection and grading process is the dream of every sawmiller. The good news is that many vendors, including Microtec, are doing much to further the automation of the hardwood industry.

Questions from the audience were addressed by both presenters. HMA would like to thank them for their participation, along with Robert Slater of **Stiles Machinery**, who graciously and ably conducted an Industry Confab roundtable on Wood Processing Technology.

Visit the **Members Only** section of www.HMAmembers.org to listen to the audio recordings and to download the PowerPoint presentations of each presenter.

NAWLA Special Series Attracting Students

How do we, as an industry, inform “young people on just how far a wood-focused degree can take them?” Ask the experts. That’s what our industry colleagues at the North American Wholesale Lumber Association (NAWLA) did in their “Thinking *Ahead*” series found in *Building Products Digest*.

In the article, “**Attracting students to a wood products education – How to improve enrollment among the young**,” Chris Knowles, Oregon State University (OSU), and Dr. Robert Smith, Virginia Tech (VT) discuss our industry’s recruitment challenges, as well as action needed to help resolve the problem. The following is a brief summary.

The Reality ...

- “According to a study conducted at Virginia Tech, students form a strong interest, early on, of what they want to be when they grow up; and that perception is shaped by the influences of their circle.
- The reality simply is that the vast majority of high school and post-secondary students are greatly unaware of the multitude of opportunities available in the wood products industry.
- Those with an intimate connection to the industry ... understand that the possibilities awaiting them in this far-reaching industry are practically unlimited, with focuses including everything from sustainability and life-cycle analysis, to building and energy. This is the exception rather than the norm.”

What can be done?

“College recruiting efforts must start in the prospects’ prime decision years: grades 10, 11 and 12. At the corporate level, firms would do well to establish strong ties with high schools

and universities.” And industry associations “should consider supporting a committee or campaign focused on” student recruitment in order to educate “young people on just how far a wood-focused degree can take them.”

To read the article in its entirety, visit www.building-products.com.

Important reminders for members & NatCon participants

Your input matters! So if you’ve yet to respond to the National Conference and Expo **Post-Meeting questionnaire** that was emailed several weeks ago, please do so. We’d like to hear from you regarding what was good, what could have been better, and what information would help you manage your businesses more efficiently. Your feedback is important to us, especially since planning for the 2018 National Conference and Expo will soon be in the works.

And, if you would like to ‘tune-in’ to the 2017 National Conference presentations, you’re in luck. PowerPoint presentations and audio recordings of the Conference business sessions have been posted to the **Members Only** section of www.HMAmembers.org, and are available to HMA members, as well as the industry suppliers who participated in the Conference in Charleston.

For HMA members who may have misplaced your login, simply click on **Register for this site** and provide the required information to secure login credentials. Participating 2017 industry suppliers should call the HMA office, 412.244.0440, and we’ll provide you a temporary login.

Protecting your Business

Did you know that “sending a text message takes a driver’s eyes off of the road for an average of five seconds? That’s similar to driving the length of a football field at 55 mph with your eyes closed.” Got your attention, yet?

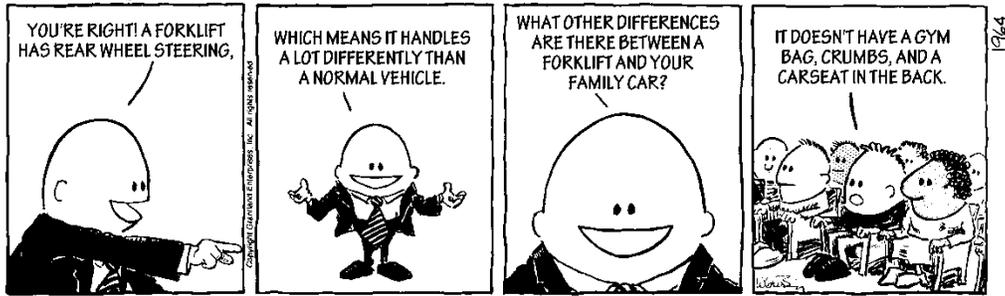
“Commercial Fleet Managers in all industry groups, including the wood and lumber industry, have growing concerns regarding the issue of distracted driving.” And the Loss Control experts at Pennsylvania Lumbermens Mutual Insurance Company (PLM/ILM), in a safety brochure entitled, “**Distracted Driving – Protecting your Business**,” are providing information to raise awareness.

Did you know that:

- “Engaging in visual-manual subtasks (such as reaching for a phone, dialing and texting) associated with the use of hand-held phones, and other portable devices, tripled the risk of getting into a crash.
- A total of 76.6 percent of commercial vehicle accidents occurred on a clear day. And the highest percentage of accidents occurred just before lunch, between 11 a.m. and noon, for both sales and fleet drivers.
- The relative risk of being in a traffic accident while using a cellphone is similar to the hazard associated with driving with a blood alcohol level at the legal limit.
- A recent study estimated nine percent of drivers (or 1.2 million) are visibly speaking into either a handheld or hands-free mobile device.”

PLM/ILM is a property and casualty insurance provider to the lumber, woodworking and building material industries. For further information, contact the Loss Control Services Department at 800.752.1895.

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