

The Link



The Newsletter of the Hardwood Manufacturers Association

February 2014

Diverse NatCon agenda in store for membership

Planning to be in Savannah and curious about the business session topics on the program schedule? Take a look.

A panel of Human Resource experts, moderated by the Human Resources Director of Georgia's Effingham County Board of Commissioners, Rushe Hudzinski-Sero, will be providing best practices information and education regarding **"Managing Your Company's Most Valuable Resource,"** i.e. employees.

Introducing Thursday afternoon's Industry Confab, is Scott Norton, Operations Manager-Optimization Division of USNR. Always a burning question from HMA members, "What's the latest?" Scott will address **"Innovative Sawmilling and Yard Technologies"**, touching upon the latest in industry advancements to assist all of our members in their day-to-day operations.

Scott will continue the conversation with HMA members and associates at the Industry Confab. This final session of the afternoon provides a venue for direct interaction with presenters from the day's learning sessions. It is a great way to receive answers to your questions from the pros that are the experts in their fields. And while you are talking, enjoy a taste from the Beverage Bar sponsored by **Taylor Machine Works**, Booth #25

Plan on an update and look ahead at the **Industrial Lumber Products** market, all from the expert perspective of industry analyst,

Judd Johnson. By no means a stranger to HMA events, Judd's *Hardwood Market Report* publication has for decades been a trusted source of industry information.

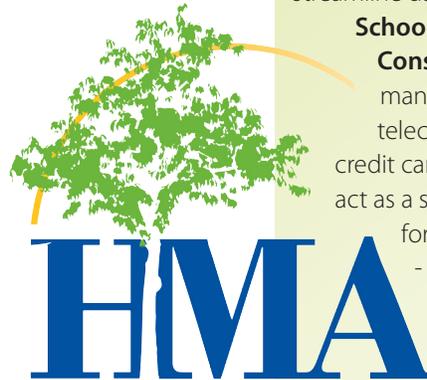
We've asked the Hardwood Forest Foundation's Crystal Oldham to present

"The Truth About Trees" to a class of Savannah fifth grade students.

Not important, you think? On the contrary. Our industry has an important story to tell, and what better audience than the open and active minds of a group of 10 year olds.

Don't forget that our keynote presenter, Robert B. Tucker, in his presentation entitled, **"Driving Growth Through Innovation,"** will be discussing innovation as a mindset, a skillset and a toolset. And on Friday morning, the economic forecasting expertise of economist and ITR Economics CEO, Brian Beaulieu, will help us get **"Ahead of the Curve: 2014-2017"**

So plan on being in Savannah to take part in this industry event! The networking opportunities will be endless. Visit www.HMAmembers.org for all of the details.



A win-win Member Service

By now you've received information regarding a cost savings program designed to enhance bottom lines **plus** streamline daily operations. Here's how.

Schooley Mitchell Telecom

Consultants specializes in managing and reducing telecommunications and credit card processing costs. They act as a single point of contact

for all management issues - new service orders, billing questions, trouble resolution, general account maintenance.

Fees are contingency-based, so no up-front cost or obligation for an analysis. And in most cases, savings can be achieved without changing service providers.

HMA was introduced to their unique business model by HMA member, Frank Miller Lumber Company, Union City, Indiana. Currently in the third quarter of utilizing Schooley Mitchell's services, Frank Miller Lumber is already realizing significant savings.

This opportunity can be a 'win-win' all around. Your company can experience a significant cost savings. And when Schooley Mitchell realizes a profit through participating HMA members, a quarterly dividend check will be issued to the HMA. **In many cases, the cost of your HMA dues will be recovered from the monies you will save on this program.**

Expect an introductory call from Schooley Mitchell, or reach out to HMA, 412.244.0440, to learn more.

Hotel deadline is fast approaching-Act Now!

Don't be locked out of the Hyatt Regency Savannah! The **February 10th** hotel reservation deadline is just days away. And we cannot guarantee room availability after that date.

[Click here](#) to make your reservations online. Or call the Hyatt Regency, 888-421-1442 and be sure to mention **Hardwood Manufacturers Association** to secure the \$172 (single/double) rate for stays March 12-13. Don't delay!

And the List gets longer and longer!

We're talking about the growing list of National Conference and Expo sponsors. You know, those generous HMA members and industry suppliers that have gone the "extra mile" in their support of the HMA and the work that the association does, not only for its membership but for the industry, overall.

Thank you to our most recent sponsors.



Unable to attend, but with us in spirit is **Gold Sponsor** and industry friend, Corley Manufacturing Company, Chattanooga, Tennessee. Suppliers of rugged, up-to-date, dependable sawmill machinery for over 100 years, their mantra is "wood is wonderful!" And we couldn't agree more.

(www.corleymfg.com)



At the **Silver Sponsor** level is Haessly Hardwood Lumber Company, Marietta, Ohio. Family owned and operated since 1941, the company has been an HMA member since 1989. Thank you for your decades of confidence and now, this "extra" show of support. Looking forward to seeing you in Savannah!

Visit www.HMAmembers.org for a listing of all Conference sponsors. Then call the HMA Office, (412) 244-0440, to discuss adding your company name to this impressive list of HMA supporters.

Getting Creative with Hardwood Flooring

The recovering U.S. housing market has led to increased demand for certain luxury items, including hardwood flooring. Exciting trends are influencing the marketplace and for today's consumers, there are more hardwood flooring options than ever before."

That quote is from a recent press release issued by the American Hardwood Information Center. Entitled "**Hardwood Flooring Trends – A Touch of the Creative**," the release explores some of the more contemporary trends being tracked and spotlighted by independent market research firm, Market Insights Torcivia, and the National Wood Flooring Association.

Trends on the **hot list** include:

- Using multiple wood species
- Incorporating hardwood with other flooring options like stone or tile
- Installing wood floors in a non-linear format
- The casual look of random width planks
- Distressed flooring to achieve an antiqued look
- Gray stains and finishes and metallic finishes

Distributed by content-based marketing



Photo: National Wood Flooring Association

expert, Brandpoint, the release experienced almost immediate pick-up. And in two short weeks it realized a 35.5 million available audience in 1200+ online placements. That translates into an 83 to 1 return on investment! How's that for performance?

You'll find the release in its entirety at the American Hardwood Information Center, www.HardwoodInfo.com, the authoritative resource for consumers and professionals seeking information about American Hardwoods.

Take a look and be inspired!

More than just talk

by Linda Jovanovich

HMA Executive Vice President

I don't know about you, but I find it isn't always easy juggling finances to cover all the opportunities and necessities that arise here at the HMA. And although we make it work, we can't help but wish for a little extra windfall at the end of the month to enable us to make improvements to our operations or just provide a cushion for a darker day.

HMA recently announced a cost savings program that might be your answer! Offered by **Schooley Mitchell Telecom Consultants**, the program is designed to enhance your company's bottom line as well as alleviate the hassle of managing telephone, cellular and merchant services.

HMA was introduced to Schooley Mitchell by HMA member, Frank Miller Lumber Company, Union City, Indiana. At the close of the first year of their resource purchasing arrangement, Frank Miller Lumber has realized close to a fifty percent savings off their telecom expenses. That is huge!

And what's even better, this program offers a financial benefit to the HMA too. How's that? Not only will your company realize significant cost savings; as **Schooley Mitchell** realizes profit through participating HMA members, they will share a portion of these profits in the form of quarterly dividends to the HMA.

To say this is a valuable program offered to members of the HMA is no exaggeration. A member could very realistically save the cost of their annual dues and more by participating. And, as you discuss benefits of HMA membership to prospective counterparts in the industry, remind them that this resource purchasing program alone could cover the cost of their annual HMA dues. Alleviating the need for juggling funds to cover the added expense! **WINNING!**

I encourage you to speak with CarolAnn of **Schooley Mitchell** when she contacts you. AND, if you want to talk to a satisfied participant, feel free to give Bob Miller a shout!

Gotta run, heading North to hunt down a groundhog!

HMA TrendTracker Report

Economy: Mixed Signals Remain

by Art Raymond

At long last the U.S. economy is showing some signs of a real recovery. GDP in the 3Q2013 grew by 4.1 percent, its fastest pace in two years and marked only the second time since 2009 that the output of goods and services expanded by more than 4 percent. That's good news.

Other indicators followed by *TrendTracker* also suggest that our economy may be strengthening at a rate that could begin curbing the woes in the labor market:

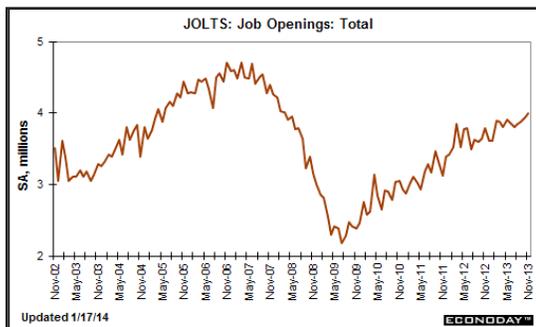
■ **Retail Sales:** The December report shows a moderately healthy consumer sector, which accounts for roughly two-thirds of our economy. While auto sales slumped during December, total retail purchases finished the year up a solid 4 percent over 2012. This performance will boost 4Q2013 GDP.

■ **Housing:** December starts dropped nearly 10 percent most probably affected by bad winter weather. But following on November's 23 percent surge, this sector continues to add to growth. For the year through December, starts grew by 18 percent to an estimated total of 923,400 homes and apartments. That figure is well above the 554,000 started in 2009 at the bottom of the downturn.

The weak spot remains the **labor market**. On the positive side, initial jobless claims are down to 326,000. Another healthy report

comes from the Job Opening & Labor Turnover Survey (aka the JOLTS Report) which details three important metrics: (1) job openings for which employers are actively recruiting, (2) labor turnover including voluntary separations ie, quits, and involuntary ie, layoffs and terminations, and (3) the so-called quits rate which affords a measure of workers' willingness or ability to leave jobs. Through November, JOLTS data were moderately positive.

On the other hand, with only 74,000 new jobs created in December, the employment report was disappointing. Yes, the employment rate dropped to 6.7 percent but primarily because 374,000 people quit seeking jobs. The workers-population ratio remained at 58.6 percent, well below the 59.4 percent reported in at the end of the recession in June 2009. Economists fear that the lack of job creation is a sign the U.S. may be developing a structural unemployment problem like Europe's.



one month's numbers don't make a trend. Solid uptrends in the economy begin with choppy performance in the key data. Keep your fingers crossed for better jobs numbers.

As *TrendTracker* has consistently mentioned, our economy will not build a steady recovery until strong demand for workers returns.

Bottom Line: On balance, the good news is that

Other Economic News

by Art Raymond

Two recent announcements by foreign-owned wood products companies suggest that the economics of manufacturing are shifting to the benefit of U.S. businesses and workers.

Foreign Firms Invest in the U.S.

A Chinese furniture manufacturer is establishing a subsidiary, New Ridge LLC, in Marion, VA, to produce components for the Chinese market and finished furniture for the European markets. In addition, the company will source and export lumber to China. The company is a major supplier of solid wood bedroom furniture to Ikea. The new operation will locate in an existing furniture production facility and will create 125 jobs. Incentives valued at \$700,000 are being provided by Virginia and a local agency as part of the \$2.1 million project cost.

Another supplier to Ikea, Vietnamese manufacturer of storage and kitchen cabinets, has announced the investment of \$5 million in a new facility in Morrilton, AR. The operation, to be known as Vinh Long-Arkansas, will utilize a shuttered wood audio speaker plant and employ 75 workers when it begins production this summer.

Both companies were attracted to their new locations by the availability of competitively-priced labor with woodworking experience as well as the sustainable, local supplies of lumber.

A New Use for Wood

A collaborative effort by Ford and Weyerhaeuser will soon result in a tree-based alternative to fiberglass for use in auto parts. The new material, called *cellulose reinforced polypropylene* (CRP), uses wood fibers in place of conventional glass-based fibers to provide a lighter, greener fiberglass substitute.

CRP will be used in production of the 2014 model year Lincoln MKX. While utilized only in the car's console, Ford aims to employ the material in larger parts in the future. Weighing 6 percent less than conventional fiberglass, CRP can provide significant weight reduction, which directly benefits fuel economy.

JUST FOR LAUGHS

GRANTLAND®



Hardwood Federation Update

Hardwood Federation updates on the Farm Bill

by Dana Lee Cole
Hardwood Federation Executive Director

I'm pleased to report, as we go to press, the House passed a long awaited 5-year extension of the Farm Bill on a strongly bipartisan vote. The Bill will move on to the Senate where it is expected to be passed as well and on to the President's desk for final approval. HF is very pleased with where everything came out and below we have highlighted the hardwood provisions that we have been working hard on:

■ **Trade:** Includes full authorized annual funding of \$200 million for MAP and \$34.5 million for FMD through 2018.

■ **Forest Roads:** Compromise language allows EPA authority to take measures if future circumstances demonstrate the need to address adverse impacts to water quality caused by discharges of storm water from silvicultural activities.

■ **Bio-based Labeling and Procurement Program:** Language clarifies that forest products are eligible for the program if they have bio-based content and "apply innovative approaches in the growing, harvesting, sourcing, procuring, and manufacturing of the product."

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.

Hardwood Manufacturers Association

665 Rodi Road, Suite 305
Pittsburgh, PA 15235
Phone: (412) 244-0440
Fax: (412) 244-9090

Websites: www.HardwoodInfo.com
www.HMAmembers.org

Darleen Licina-Tubbs

Editor
Darleen@hardwood.org

Follow us @AmericanHardwds



■ Forestry:

○ **Good Neighbor Authority** – The program is expanded to all 50 states. The conference report allows "the Secretary to enter into cooperative agreements with state foresters nationwide to engage in management activity, otherwise known as Good Neighbor Authority."

○ **Stewardship Contracting** -- The bill permanently authorizes stewardship contracting on federal lands. There is also language which provides the same fire liability provisions utilized under the current timber sales program to be available for Stewardship Contracts.

○ **Insect and Disease Infestation on Public Lands** -- The bill designates treatment areas in at least one National forest in each state.

○ **Federal Timber Supply** – timber related language did not make it into the final deal.

■ **Energy:** The following renewable energy programs supporting thermal energy from biomass were reauthorized and provided mandatory funding:

○ **The Rural Energy for America Program (REAP)** which helps finance efficiency upgrades for biomass boilers. Conference report provides \$50 million in mandatory funding each year.

○ **The Bio-energy Program for Advanced Bio-fuels** which provides direct payments to advanced bio-fuel producers. Program eligibility currently includes densified biomass fuel (pellets) and sawdust. This program will receive \$15 million per year in mandatory funding.

■ **Green Building:** Encourages research on wood as a green building material as well as life cycle assessment (LCA). Research will be conducted through the Forest Products Laboratory.

History has shown that what appears to be final one day can evaporate overnight. So until a final bill is on the President's desk, we will remain vigilant and active!

Visit www.hardwoodfederation.com for more.

Headlines for Cypress

Consumers across the country are learning how cypress can add beauty, style, and extreme curb-appeal to their homes, thanks to a recent press release from the Southern Cypress Manufacturers Association (SCMA).

In the News

The release entitled, "[The Best-Kept Secret for Your Home's Exterior](#)," examined the use of cypress in siding, decking, and ceiling applications, and featured interviews with architects, builders, and homeowners. In less than a month, the article received over 1,200 placements in print and online news outlets, and reached a potential audience of 37.1 million consumers!

Building on this exposure, and to keep cypress top-of-mind, the SCMA plans two additional press releases for 2014. The first will again discuss the superior qualities of cypress for exterior applications, while the other will discuss and illustrate the desirability of including the beauty of cypress indoors as cabinetry, paneling, and flooring.

On the Web

The SCMA also developed a case study on the newly built Usonian House at Florida Southern College. Originally designed by architect Frank Lloyd Wright in 1939, the [home](#) is the latest addition to the campus' collection of Wright-designed buildings, which now stands at 13, and is another timeless masterpiece that showcases the famed architect's affinity for cypress.

And the Association is getting 'social' with homeowners, design professionals, and lumber industry veterans through its recently launched Facebook page. Like us on Facebook by searching for "[SouthernCypress](#)."

To learn more or to get on board with the promotion of cypress building products, visit www.CypressInfo.org. And while you're there, sign up to receive the SCMA's electronic newsletter, *The Cypress Exchange*.