



May 2013

The

Link



The Newsletter of the Hardwood Manufacturers Association

Planning to attend the Regional in Tennessee?

Facility tours have been finalized. Meeting registration is up and running. And fellow HMA members hope to spend time with you. So why not finalize your plans today?

By now you've received your meeting flyer but as a reminder, here's what we'd like you to know about the Central Regional

Stave Mill and Hermitage Hardwood Lumber Sales. The detailed meeting agenda is available at www.HMAmembers.org. (And be sure to keep reading to learn about Tuesday's **optional tours** and BBQ.)

And not to worry. There will be more than a few opportunities to share a meal of two



Meeting, June 12-13, in Tennessee.

The Embassy Suites Hotel, 1200 Conference Center Boulevard, Murfreesboro, will serve as our base of operations. Room reservations can be made by calling 1(615) 890-4464. Be sure to mention **group code HWM**-Hardwood Manufacturers Association-to secure the special room rate of \$129 single/double. Room cutoff is **Monday, May 20**.

As mentioned previously, we're mixing it up a bit. To expand the networking pool of industry peers, plans have been made for the former NOFMA manufacturing members of the National Wood Flooring Association to join us. That's an opportunity to connect with old friends and to make a few new ones. And here's where we'll be going.

The Wednesday/Thursday meeting itinerary includes a tour of five facilities: Cumberland Lumber and Manufacturing Company (flooring manufacturer), Mayfield Lumber Company, Thompson Appalachian Hardwoods, Inc., Brown-Forman Cooperage

with meeting participants. Early morning risers will be able to help themselves to the Breakfast Buffet and share a cup of coffee (or two) with other early birds. Be sure to sign up to ride the bus in order to take advantage of that **'one-on-one'** time between tour stops. And of course, Wednesday evening's Reception/Dinner provides the perfect venue to relax, refresh and be informed.

So don't delay. Online registration at www.HMAmembers.org is quick and easy. Or call the HMA office, (412) 244-0440, and we'll be happy to handle the registration for you. If Darleen and Linda aren't available, speak with HMA's new staff member, Courtney Nickle. In her position as Communication Coordinator, Courtney will handle website content and updates, social media postings, membership and media communiqués and numerous other tasks. She'll be assisting Linda in Tennessee and is looking forward to meeting you. Be nice. Chances are we've already told her about YOU!

Hotel deadline is May 20

Tick-Tock, Tick-Tock! The hotel registration deadline is fast approaching and hotel sources tell us that big things are touted for Tennessee in June, and not just a visit from the members of the Hardwood Manufacturers Association.

The Embassy Suites, Nashville SE/Murfreesboro, is going to be a very busy spot and it's critical that you reserve your room by the **May 20** reservation cutoff date. [Click here for easy online hotel reservations](#) or call 1(615) 890-4464. Either way, be sure to mention **group code HWM**-Hardwood Manufacturers Association-to secure the special room rate of \$129 single/double. Again, the hotel Room Reservation cutoff date is **Monday, May 20**. Don't delay.

Even More at Regional

Not satisfied with just two days of fun? Then plan to arrive early so that you can join us for the 'optional' **Tennessee Distillery Tour**, Tuesday, June 11! The Registration fee of \$65/per person includes bus transportation, tours of the Jack Daniel's and George Dickel distilleries and a Barbecue Buffet dinner. (Cash Bar will also be available.) The bus will leave the Embassy Suites at 1pm and seating will be limited. Register online at www.HMAmembers.org.

And one more thing! Think you've seen it all? How about butt-cut white oak logs all quarter-sawn from the inside-out? That's what you'll miss if you're not with us in Tennessee. Come on along.

Member website touting new Equipment Center

Considering an equipment upgrade and looking for unbiased and 'honest' feedback from trustworthy, HMA members? Not a problem. The new Equipment Center at www.HMAmembers.org



has been designed to answer just that kind of information need.

Sounds like a great resource doesn't it? It certainly will be, but it requires your input.

Every HMA member company has received an **Equipment Inventory Questionnaire** to be completed regarding the equipment running in each of their operations. As each questionnaire is returned to the HMA, the information will be made available in the Equipment Center at www.HMAmembers.org.

Participating HMA members can then log into the secure area to review what

types and models of equipment are running where; gather information on vendors; then confidentially communicate with other HMA members/owners for his or her opinion, insight, and overall expertise.

What does **Participating** mean? In order to gain access to the HMA Equipment Center, you must return your completed questionnaire. Be sure to include Company Name and Facility Location, found at the top of page one, AND remember that a separate equipment questionnaire must be completed for each facility location.

That's how it's all going to work, so get on board! Simply email your equipment lists to ljovanovich@hardwood.org or fax them to the HMA office at (412) 244-9090.

Our future leaders – HMA's Millennial Council

Today's businesses are being hurt by the communication or generation gap that exists between 'seasoned' and younger employees. To bridge that gap, HMA has taken action.

At the direction of HMA President, Jack Shannon, and the HMA Executive Committee, and with approval of the Board of Directors, HMA is pleased to announce the formation of its **Millennial Council**.

The purpose of the Council is to engage and develop our next generation of leaders and to seek their ideas and insights as to how the HMA can better serve their needs and the needs of other up and coming leaders in our member companies.

To accomplish this, Council members will be invited and encouraged to attend and participate in all HMA Board Meetings, HMA's National Conference and Expo, HMA Regional Meetings, Hardwood Federation Fly-In events and all Millennial Council conference calls. Plus, opportunities for involvement in HMA projects, activities, and meeting planning will be made available.

HMA past president, Terry Brennan of Baillie Lumber Company, Hamburg, NY, is the

Council Coordinator and inaugural **Millennial Council** members are:

- **Matt Reynolds**, Baillie Lumber Company, Hamburg, NY
- **Thomas Battle**, Battle Lumber Co., Inc, Wadley, GA
- **Julio Alvarez**, Bill Hanks Lumber Company, Inc., Danbury, NC
- **Matthew Netterville**, Fred Netterville Lumber Company, Woodville, MS
- **Jack Shannon, III**, J. T. Shannon Lumber Company, Memphis, TN
- **Kerra Kendrick**, Kendrick Forest Products Inc., Edgewood, IA
- **Claire Thompson Getty**, Thompson Appalachian Hardwoods, Inc., Huntland, TN

While still in the beginning stages of the initiative, anticipated discussion items include USGBC coordination/collaboration and effective association/industry communication.

Franklin D. Roosevelt said, "We cannot always build the future for our youth, but we can build our youth for the future." And we can also learn from them.

A message from HMA President, Jack Shannon

I'm absolutely thrilled with the attendance and participation at HMA's recent National Conference and Expo. And I'm thinking Charleston may still be rocking from the energy and enthusiasm elicited at both of the evening receptions.

And I hope you agree, the take-away value and ROI of the presentations offered there are without limit. Hats off to Linda for bringing Don Hutson, Terri Murphy and Alan Beaulieu to us! Not to mention the group of industry experts and the valuable information they shared during the Industry Confab.

I am scratching my head wondering how we can top this year's Conference and Expo. But planning for the 2014 National meeting will begin shortly, and I encourage interested members to contact Linda to get involved.

I am also impressed with the formation of HMA's Millennial Council, a result of the progressive thinking of HMA members and their enthusiastic willingness to encourage our younger generation of hardwood professionals to step forward and get involved. Not only will we learn from them, but their interaction with HMA's leadership and the relationships they'll form with industry peers will last a life time. More about the Council, including the names of its inaugural members, can be found in this issue of the *Link*.

Before closing, I want to emphasize the importance of becoming more knowledgeable about the situation surrounding the Indiana Bat, an endangered species, and what affect this is having on logging in many areas of our country. Click here to learn more. It's important to our industry and to many HMA members.

Now, if we weren't able to speak in March, I look forward to seeing you this year at an upcoming HMA meeting. Perhaps it will be in June, in Tennessee. Take advantage of this great HMA member benefit. Looks like it's going to be action packed, as usual.

TrendTracker Update – Is Furniture Production Coming back?

by Art Raymond

Recent headlines claim the end is near for China as the cheap workshop for the world. Costs there are rising, and other factors, like fast delivery, are calling for the manufacture of many products in the U.S. Companies like Caterpillar, GE, Apple and others are re-shoring processes and jobs to the U.S. **Will this trend include wood furniture manufacturing?**

Before giving last rites to Chinese furniture manufacturing however, look at recent economic data. Supplying 43.7 percent of wood furniture imports, China remains the number one source for this product category. Second place Vietnam accounts for only 19.4 percent.

More importantly, the share of the U.S. wood furniture market held by foreign producers grew to 74 percent last year versus 71.5 percent a year earlier. At the same time domestic production of wood furniture in the first three quarters of 2012 declined 1.4 percent. In the face of this falling market share, more U.S. wood furniture producers like Henkel Harris, Craftique, and Thornwood recently closed shop. Lincoln Furniture, a 2012 start-up with the latest in equipment, lasted less than a year. **The U.S. wood furniture industry is far from healthy.**



Photo courtesy: Harden Furniture



Photo courtesy: www.GatCreek.com

The tidal wave of Chinese furniture shipments was driven by low wage rates combined with the excellent productivity of workers there. Now, Chinese wage rates are rising by double digits while U.S. wage increases are in the low single digits. The wage gap is closing.

China's declining competitiveness has resulted in plant closures and a shift from exporting to supplying their domestic market. Savvy export factory owners are correctly shifting from reliance on low wages to investing in labor saving equipment. And remember, labor productivity in China trumps that in other foreign countries. Plenty of head-room exists for cost reduction.

Combined with the country's excellent infrastructure and network of well-developed material/component suppliers, China should remain an important producer of wood furniture for the world's consumers for years to come.

China is not alone in supplying our furniture market. Joining Vietnam, Indonesia and Malaysia are growing their export wood furniture industries. In 3Q2012 shipments to the U.S. from these two countries rose by 5.3 and 8.4 percent respectively. Viable alternatives to China exist. Some believe the U.S. should be considered.

Those mulling possible re-shoring to the U.S. must first face the shortage of competitive U.S. capacity for wood furniture production. Over 250 U.S. furniture factories have been shuttered since 2000. Few efficient plants remain. And building new facilities here can be hindered by a myriad of regulations not to mention the high cost of construction and equipment. Skilled workers to man today's sophisticated machinery are also scarce.

No one can say with certainty where the industry will move next. Without question, the sourcing decision is becoming more complicated. Beyond wages, many strategic elements must be considered:

1. Length of the supply chain – Orders to Asian factories typically take 120 to 150 days to land in the U.S. Higher inventories are often required to satisfy consumers now expecting Amazon-like fast delivery.

2. Sensitivity to transport costs and disruptions – The cost of shipping a 40-foot container from the Far East to the U.S. is historically volatile. Labor unrest at U.S. ports of entry can disrupt supply chains.

3. Product development time – With designers and factories separated by thousands of miles, time required to develop new products can be lengthened.

4. Required customization – Consumers now demand more choice of fabric, finish, hardware, and other product attributes.

5. Reliance on independent factories – Without an ownership interest, little, if any control can be exerted on suppliers' cost efficiency and delivery reliability. Often too, competitors buy from the same plants.

6. Disintermediation Risk – Many foreign factories are selling direct to retailers. Importers can find themselves squeezed out of the value chain.

Bottom Line

Off shoring is no longer a no-brainer. Our marketplace is demanding product and service attributes that provide advantages to U.S.-based producers. Are these benefits enough to drive significant re-shoring? Hardwood lumber producers must stay tuned.

JUST FOR LAUGHS

GRANTLAND®



Leveling the playing field for Am. Hardwoods

During a learning session at HMA's recent National Conference and Expo, AHEC Executive Director, Mike Snow, and sustainability consultant, Rupert Oliver, updated attendees regarding the **Science** behind AHEC's Life Cycle Assessment (LCA) studies and discussed the importance of communicating the environmental profile of the U.S. hardwood industry. We offer the following highlights of their presentations.

- AHEC's LCA on Rough-sawn Kiln-dried Hardwood Lumber, which forms the basis for valid comparisons between materials, is complete and available for review at www.americanhardwood.org. AHEC's LCA on U.S. hardwood veneer is nearing completion.
- AHEC's Environmental Product Declarations (EPDs), showing data on various environmental impact categories and used as a tool in the overall LCA process, will be available in the next several months.
- An i-report modeling tool can be made available to members needing to gener-

ate project specific data and/or a specific environmental profile.

- Coming soon – DNA finger printing of American Hardwood and incontrovertible proof of U.S. origin.
- 'Green Building' is presenting the forest products sector with a magnificent opportunity. **SCIENCE**, through Life Cycle Assessment (LCA) is identifying American Hardwood products as perhaps the most environmentally friendly building material on the planet.
- Our industry's biggest competitors are products masquerading as wood, and those who, with extremely questionable claims, tout themselves as environmentally preferable to wood – plastics, glass, metals and concrete.
- Ongoing LCA studies are revealing the environmental preference of hardwood. And as our industry gets more involved with LCA, EPDs, and other scientific studies, the false claims of steel, concrete, and the like, will not withstand scientific scrutiny.
- Communicating the American Hardwood environmental profile and successfully engaging those architects and designers interested in utilizing environmentally preferable building materials is the ultimate goal.

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

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Bottom Line

The American Hardwood industry needs to adopt a universally used promotion program that shouts the good news about American hardwood products.

HMA members can view and listen to both presentations at www.HMAmembers.org. And a hearty thank you to both Mike and Rupert for joining us in Charleston.

Representing companies and trade associations engaged in the export of U.S. hardwood products, the American Hardwood Export Council (AHEC) provides the global hardwood industry – importers, specifiers and end-users – with promotional assistance, technical information and sources of supply for American Hardwoods. Visit www.americanhardwood.org for more.

Hardwood Federation ROI

by Dana Lee Cole

Hardwood Federation Executive Director

I'm sure you would agree that there's a direct correlation between the size of an organization and its efficiency. Logically then, as Executive Director, one of my principal job responsibilities is to grow the Hardwood Federation's membership because greater membership means not only increased resources to share responsibilities, but a longer reach and a louder voice in Washington.

When I ask people to get involved in the Hardwood Federation (HF) – either personally or through their company or association, or all three – I'm often asked, "Why should I join? What's in it for me? What's the ROI?"

Those are indeed legitimate questions. (After all, I'm asking for your time and money – two personal and very precious possessions.) Here's the **ROI**:

- Active HF members have access to valuable information about government policies, regulations, rules, and laws often well before the general public and even the media. Information that helps our industry focus resources to support or fight a policy issue that will directly impact your bottom line.
- HF has a hard-fought, positive reputation on Capitol Hill, which translates to HF members enjoying critical access to their Members of Congress and other leaders through our annual Fly-in and other PAC-sponsored events.
- HF provides members with networking opportunities that often result in business success, the sharing of best practices for companies and associations, and a sense of 'community' amongst industry leaders taking an active role in shaping our collective futures.
- We maintain excellent relationships with influential Members of Congress, key Congressional staff, and Administration officials – reaching out and touching our government every single day to ensure our industry always has a '**seat at the table.**'

Please contact me, dana.cole@hardwood-federation.com, for more information about the Hardwood Federation, becoming an HF-PAC supporter, or any hardwood industry issue.

There's strength in numbers and I encourage you to join us in our efforts. Stand with us. Support us. Help us to be more effective on your behalf.