

NEWS & INFO FOR
BOAT BUILDERS
CONTRACTORS
WOODWORKERS

BIRDSEYE VIEW

FEBRUARY 2010 ISSUE:

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- IMPORTING LUMBER
- MEET LARRY RANSHAW
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MORE THAN A PENNY FOR YOUR THOUGHTS

Give your opinion...get a chance to win a \$100 gift certificate.

With this issue we are celebrating our newsletter's 2nd birthday. It's amazing, all the change we've realized in the past two years. It's even more amazing all the change that is planned for 2010.

With advanced sales and product training, new product offerings, and improvements to our communications systems, we're busy improving upon our efforts to bring you what you need to be successful woodworkers.

During the months of February and March, we will be polling customer groups to assess our current offerings and some new possibilities. We will be continuing the products and services that still bring value to customers and bringing on new ones to meet customers' changing needs.

Beginning February 1, we will have four ways for you to express your opinions, wishes, and observations to us and enter the contest. There will be a link to the survey on our website home page; there will be survey forms mailed out in our statement mailings and also available at our retail store and lumber sales counters for walk-in customers, or call us and we'll be happy to mail a survey form to you. Your suggestions will be placed in two drawings for a \$100 gift certificate. The first will be drawn March 1, and the second on April 1, 2010. One entry per customer per drawing.

Our whole existence is justified by you. Please take this opportunity to let us know what you currently value, and of any new ideas, products and services you wish we offered.

Mark Johnson



Contrast in boats shows the massive size of container ships.

THE UNCHARTED WATERS OF IMPORTING LUMBER

The journey from an overseas mill to a distribution yard in the U.S.A. is a long and often inconsistent process.

It all starts when an order is placed with a mill or agent in a foreign country. The amount of time necessary for a load to be ready will vary dramatically by country of origin, proximity of the mill to a port, and lumber species, grades, and sizes being ordered.

When an order is placed, the mill assigns a projected due date. Once the order is filled, a representative from the importing entity inspects the stock for grade and quantity. This step can be done at either the producing mill or a 3rd party warehouse. After the inspection is complete, a freight company is contacted (such as Maersk or Hyundai) to schedule a delivery from the mill to a port.

Freight companies have pre-contracted rates established for port-to-port destinations. The freight company will book a vessel and arrange dray-

age (transportation of containerized cargo between ocean ports and shipping docks). The timetable is typically 7-10 days for drayage and then 16-21 days (from South America to U.S. east coast ports). Add 7-10 days if the shipments are going to west coast ports.

Paperwork is another important part of the process. Twenty-four hours before loading the ship at a foreign port, a 10+2* customs document is generated by the mill. Even with all the proper documentation, a container is still subject to a random custom's inspection once it arrives at the port.

The vessel will send a receiving report to the buyer once the U.S. port arrival date is known. With the vessel in port the container is unloaded and, again subject to a random custom's inspection. A delay of 2-5 days can be expected if the container is flagged for inspection. The freight company generates a release document when the container has cleared customs.

(continued on page 3)

INDUSTRY NEWS



THE INDICATORS

What Do the Global Industry Indicators Say About Where We are Heading?

As I read the December issue of *Hardwood Matters*, a monthly National Hardwood Lumber Association publication, I was reminded of how global our hardwood industry has become. And as a result, how vulnerable. The forest industry practices of each and every country will significantly impact our own future.

There are several resources available today promising a 'feeling' for where our industry may be headed. Let's take a look at some of those indicators used by our industry.

In March 2009 there was an International Flooring Conference held in Changzhou, China. At that conference the history of many global indicators were presented and reviewed. The information presented was from United Nations UNECE/FAO databases and statistics along with U.S. Census Bureau data.

North American, European, and Japanese housing start trends were of special interest. While North America has plunged deeply into its current housing recession, Europe and Japan, while they have lost some ground, still maintain healthy levels.

North America, led by the U.S., has experienced a dramatic downturn from approximately 2.1 million starts in 2005 to 900,000 in 2008 with the plunge continuing through 2009. Europe, during the same period, has also

realized a downturn but only from their high of 2.3 million starts in 2006 to 1.9 million in 2009. Japan went from a high of 1.3 million down to 1.1 million during the same period.

As you can surmise, housing starts indicate the U.S. is grossly trailing other developed countries. In addition, it will be some time before the inventory of unsold new homes in the U.S. is converted and new construction recovers. Jobs in the U.S. forest products and construction industries have been forever changed.

Exports of wood and paper products presented some interesting trends as well. China's 2006 exports were valued at \$5.3 billion, Russian at \$10 billion, South American at \$10.2 billion, North American at \$45 billion, and European exports at \$102 billion. Clearly European exports dwarf the rest of the world currently, but with the forest reserves in Russia coupled with their growing infrastructure and neighboring China's growing thirst for forest products, the landscape is soon to take on a very different shape.

Over the last ten years Russian wood and paper exports have increased 160% while North America's have increased a mere 10%. In addition, Russia holds 8,085,986 square kilometers of forest while North America, which includes the U.S. and Canada, holds 6,135,410 square kilometers of forest land.

With Russia's untapped forest reserves and China's rapidly growing manufacturing base, it's not difficult to see where the greatest potential for growth in our global forest products industry resides during the next generation.

With the growth occurring in the BRIC countries (Brazil, Russia, India, and China), increased demand will compete against sustainability. Sustainability will continue to be a challenging goal to achieve and maintain worldwide.

Other forces are at work, and have been for some time, namely legal protection of sustainability of the World's forest resources. The Forest Stewardship Council (FSC) and Sustainable Forestry Initiative (SFI) are at work and have made great strides in selling the idea of forest certification as well as certification of the processes that occur between our forests and a product's end use.

Passing of the U.S. Lacey Act Amendments and their enforcement is another great stride toward leveling the playing field by not allowing the importation of illegal wood into the U.S. There is a faction of the market requesting, if not demanding, low prices, and good quality, while complying with new sustainability and legal policies. These standards are not achieved cheaply so when another producer, or distributor, is allowed to bring products to market outside these regulations, consumers typically will buy the cheaper products.

Currently there is incompatibility between the movement for low prices and the high costs of complying with legal and sustainability regulations. At the same time, there is a significant difference between the legal and sustainability regulations being applied around the globe.

Going forward, continued efforts toward aligning the global forces controlling the world's forest resources in support of sustainability is crucial. Countries need to join together in sharing developed technologies. And dare we hope that our governments will allow us to develop these business relationships without excessive regulation and taxation? Our ability to balance the present economy with the necessary long term goals is key to our industry's success. ■

(Contributed by Mark Johnson)

The landscape is soon to take on a very different shape.

MAKING THE SMART MOVES

Several weeks ago I revisited a small Michigan town to attend a wedding. As I reconnected with many old, and -- I'm sorry to say -- some forgotten acquaintances, I learned that the only factory in the community had been on strike for over a year. I also learned, that many of those out of work, in their 30s, 40s, and 50s, had gone back to school for 'increased training' and 'to develop new skills'. Several had found new employment as a result.

Recently those two phrases surfaced again while reading a business blog. The author recommended focusing efforts on improving and documenting

a business' best practices, and implementing them throughout the entire organization. This effort leads to 'increased training' and 'development of new skills' for employees.

Business owners Mark and Tim Johnson agree, "Companies should never lose sight of serving their customers well...to do everything in their power to keep them satisfied with the products and services. Well trained, knowledgeable employees are essential in achieving that goal."

Recently our employees participated in Freud's product training program

and Sauers Veneer training program. Sales specialist Earl Breen commented, "In these times, customers are shopping around more than ever to maximize value with their limited budgets. Enhancing employees' skills and knowledge allows them to help customers obtain the most benefit with their purchases."

Whether you are gainfully employed, or unemployed, whether your business is flourishing or stagnant, a focus on increased training and development of new skills is always a smart move. ■

(Contributed by Sherry Johnson)

"Everything comes to him who hustles while he waits."

Thomas Edison

EMPLOYEE PROFILE

After high school, Larry Ranshaw studied at Lansing Community College and in January of 1970 joined us full-time. Larry's father, Bob, was a long-time employee with us, now retired.

Larry worked his way up to become a lumber inspector on our Sawmill green chain, and our kiln dried lumber sorting machine. Larry, anxious to keep learning, was then trained as our sawmill head sawyer. This very demanding position requires an exceptional knowledge of lumber grades as well as what to expect as you saw down into a log.

In most mills, the head sawyer sets the pace for the entire mill as is true in

ours. The edger operator, resaw operator, trimmer operator, inspector, and lumber pilers all follow the headsaw.

When not sawing, Larry has filled numerous positions including order pulling, lumber pricing, specialty lumber purchasing agent, lumber receiving inspector, and customer service in our Charlotte retail outlet.

His skill with lumber identification and valuation coupled with his exceptional sales and people skills set Larry on a very high plane. Larry has been a very valuable part of our Company for forty years. His exceptional good humor, and unquestionable skills are



highly valued by all who work with him. Thank you, Larry, for being on our team and for being a friend. ■

(Contributed by Mark Johnson)



Imported Lumber Continued

Now it is time for the buyer to order a truck container chassis to pick up the container. Normally it requires 4-7 days from the time the vessel docks in the U.S. until the container arrives at the 3rd party warehouse. The container is drayed and stripped** at the warehouse and stored until another truck

is brought in to take the material to a distribution yard, such as L.L. Johnson Lumber.

Once the lumber arrives at LLJ it still isn't ready for sale until our inspectors have checked it in. Each package is checked for quality, quantity and moisture content. Occasionally we run into problems that have to be cleared with

the importer before releasing the lumber for sale. This delay can add hours to weeks depending on the severity of the problem.

There are many steps involved in getting lumber from overseas to our customers and each one can add days to weeks to the final arrival date. Some delay variables not previously mentioned include bad weather, mechanical problems and even sinking of the vessel. While most containers arrive in a timely manner, we do receive several containers every year that have run into one or more of the delays mentioned. ■

(Contributed by Bob Laurie)

*A 10+2 document requires 2 verifying elements within 48 hours of sailing and 10 elements within 24 hours of vessel departure from last foreign port.

** The process where dunnage (loose materials used to protect and support the cargo in a ships hold) is removed from the container.

Gantry Cranes unload containers from the shipping vessel.

L.L. Johnson Lumber Mfg. Co. & Johnson's Workbench

563 N. Cochran Ave.
Charlotte, MI 48813

**YOUR
BIRDSEYE VIEW
HAS ARRIVED!**

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Fax: 517-543-7180



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South Bend, IN 46637
Phone: 574-277-8350
Fax: 574-272-8798



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Grand Rapids**

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Grand Rapids, MI 49509
Phone: 616-245-9545
Fax: 616-245-9546

CUSTOMER SPOTLIGHT

HABITAT FOR HUMANITY OF MICHIGAN

**Today,
3,225
Michigan
families live
in a Habitat
home.**

"Habitat for Humanity of Michigan" (HFHM) is a statewide, nonprofit organization that supports 78 Michigan chapters of Habitat for Humanity International. Through training, consulting, and fundraising, its mission is to help chapters build simple, decent homes for people of need in the State of Michigan. Last year, HFHM, with the help of numerous partners, built or restored more than 235 homes in Michigan. Today, 3,225 Michigan families live in a Habitat home.

With so many homes to its credit, HFHM relies on many state agencies for assistance. One such agency is the Michigan Department of Corrections (MDOC). Together with HFHM, MDOC has developed the Prison Build Program, which helps HFHM, local units of government, and other nonprofit organizations to provide housing and related components for low-income families through the use of inmate labor.

The Prison Build Program provides



hands-on-training for inmates interested in pursuing a career in the building trades or horticulture industry. Inmates must complete a vocational training prerequisite provided by MDOC to qualify for the program. Once qualified, inmates learn how to build walls, cabinets, trim, and other housing-related

products and landscape design. Eventually the students build entire homes, design and create interior products, and develop landscape designs.

By applying a systems approach to teaching inmates how to build houses and their components, and design landscaping, the Prison Build Program works closely with trade contractors to help create career opportunities for inmates. After release from prison, inmates are matched to potential employers to secure jobs, apply their new skills, and continue their aftercare program of rehabilitation to aid them in re-entering society.

As a result, Habitat for Humanity offers more than just housing for those in need. Through its partnership with MDOC, HFHM also builds opportunities for those who have paid their debt to society. ■ *(Contributed by Earl Breen)*

For more information visit:
■ habitatmichigan.org/
■ michigan.gov/prisonbuild.