



A Publication from the
Center for Forest Products Marketing and Management
Department of Wood Science and Forest Products
Virginia Polytechnic Institute and State University
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Director's Message

Well, I've done it again. A perfectly good year has went bye and I am wondering where it went. It seems like I just wrote and said the students were coming to campus and now I will let you know they are leaving in two weeks. Since I last wrote, we had major changes in Washington DC, along with numerous state elections, the housing industry has slowed to about 1.6 million homes, and our industry continues to face challenges from numerous fronts. And yet, I am pleased to let you know that Universities across North America

are preparing students to battle the continuing challenges we face. During our Center's annual meeting, we had numerous former students that went through our program and now hold middle and upper management positions in the industry. Your support of our program makes it possible for us to have one of the largest and most productive student bodies in the country.

In October of this year, we held our annual meeting with 30 members, faculty and guests attending. We heard from students who had internships this past summer (and you can read about them later in this newsletter), and we heard of current opportunities and issues from our advisory board members. Don Bright of Morgan Lumber Company accepted the Chairmanship of the Center advisory board and Brent Wood of Rex Lumber was elected vice-chair. We awarded Pat Altham of AHC Export Group a plaque for serving the past two years as Chairman of the advisory board. During the Department and Centers reception, our Center celebrated 15 years in the department by awarding \$18,000 dollars in scholarships to 12 students focusing in marketing and management. Along with the other Centers and the Department, over \$40,000 was awarded in scholarships to students in our program. The picture below shows the students with their scholarship awards.



FOREST PRODUCTS BUSINESS NEWS

- The Fraenkel Company, a furniture company located in Baton Rouge, LA, reports increases in inventory accuracy and decreases in warehouse overtime with their implementation of radio frequency technology. Source: *Manufacturing Business Technology*
- The *Vancouver Sun* reported that the Conference Board of Canada forecasted that low prices and weak demand would decrease profits until 2010 for the Canadian forest products industry.
- *Wood & Wood Products* magazine reported that hardwood flooring shipments in 2006 are on pace to exceed 2005 shipments despite a decrease in June.
- Accsys Technologies, PLC raised € 9.8 million in a share offering in London. The company who is poised to begin production of acetylated solid wood, will use the funds to develop its engineered wood product business. Source: *Regulatory News Service*.
- According to *Business Wire*, CHEP opened a new customer service center in Orlando, FL. The customer service center processes over 9,000 contacts each week with only 23 full time employees.
- *Knobias* reported that BlueLinx and Columbia Forest Products entered into a distribution agreement. BlueLinx will distribute their products in the Midwest, Mid-Atlantic, New England and the South.
- *Material Handling Management* reported that the Reusable Pallet & Container Coalition is studying the economics of using radio-frequency identification technology in conjunction with reusable packaging.
- Carter Holt Harvey was fined \$NZ 900,000 for falsely labeling lumber MGP10 (truss grade) when the lumber did not meet the requirements of the grade according to the *New Zealand Herald*.
- According to the *Associated Press*, the Rough & Ready Lumber Company in Cave Junction, OR will build a combined heat and power plant which would provide steam and electricity to the plant and electricity to 700 homes in the surrounding community.
- The *Charleston Gazette* reported that Appalachian Precision Hardwood Flooring in Logan County, WV is employing foreign workers as a result of the lack of local workers who often work in the mines during coal mining booms.
- Governor Mike Easley of NC announced that Continental Components will open a hardwood mouldings plant in Alamance County employing 34 people. Source: *US Fed News*
- *Environmental Building News* reported that Collins Pine will be registering some of their forestland with the California Climate Action Registry.

Forest Products Business News is a new feature in the *Center Focus*. It has been designed for educational and outreach purposes only. The intention is to report news that affects various business segments of the forest products industry. Any comments or questions should be referred to: cf.editor@vt.edu

Center Focus



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What is Green Building?

Green building is an international movement, comprised of elements from the design, construction, real estate development, facilities maintenance, and environmental toxicology disciplines, which seeks to lessen the environmental impact of the construction and operation of new and existing buildings. The movement began in the late 1980's and early 1990's and today there are more than 30 green building programs nationwide. The largest and most widely ac-



cepted green building program is Leadership in Energy and Environmental Design (LEED[®]) which was developed by the U.S. Green Building Council (USGBC). LEED[®] is a tiered rating system that focuses on five areas of environmental performance: site development, water usage, energy efficiency, materials selection, and indoor environmental quality. The LEED[®] program has been criticized for its inherent bias against wood and toward "rapidly renewable materials." Currently, wood must be certified by the Forest Stewardship Council in order to gain a point in the rating system. The USGBC is considering modifications to its ratings system so that it wouldn't be biased against wood. However, some amount of bias would be grandfathered into the rating system without any clear scientific justification (See Bowyer).

Other rating systems such as The Building Research Establishment's (BRE) EcoHomes recognize multiple certification schemes. The BRE is a British green building rating scheme. The Green Building Initiative's (GBI) Green Globe[™] rating system is designed to assess environmental impact of commercial construction. This rating scheme does include credits for multiple wood certification systems. These green building rating schemes give preference to certified wood or recycled wood. The question for forest products companies has been and for some time will continue to be: is this market niche profitable for my company?

According to a report by BCC research the U.S. market for green building products will total \$22 billion in 2006 and is growing at 5%⁵. Wood products likely account for a small proportion of this market. However, structural materials account for most of the green building material market. This indicates market opportunities for structural lumber and engineered wood products. Many progressive forest product companies have already incurred the associated costs of certification and this will pay dividends in the form of first mover advantage as the green building market grows.

¹ http://cityofmissionviejo.org/depts/cd/green_building/green_building_history.pdf

² <http://www.usgbc.org/DisplayPage.aspx?CategoryID=19>

³ Bowyer J. et al., 2006. Designation of Environmentally Preferable Building Materials: Fundamental Change Needed Within LEED. Dovetail Partners, Inc. <http://www.dovetailinc.org>

⁴ Anonymous, 2006. U.K. Homes Rating System Recognizes FSC and SFI. Environmental Building News. Vol. 15 No. 9. September. 20 p.

⁵ <http://www.bccresearch.com/env/ENV007A.asp>

Internship Recapitulation

Editor's Note: Two students from the Department of Wood Science & Forest Products spoke at the Center's annual meeting about their preferences and aversions of their internship experience. One student, Jesse Paris, has supplied a posterior summary. My notes from the meeting indicate that students need a challenging, structured internship program with reasonable housing accommodations.

I am a junior taking the manufacturing systems option in the Department of Wood Science and Forest Products at Virginia Tech. This past summer I had an excellent internship with Atlanta Hardwoods Corporation. The internship was designed to expose students to actual wood products companies, and the day-to-day operations and challenges they face. The internship program also allows companies to evaluate potential future employees before the hiring process following college graduation.

Atlanta Hardwoods has several different companies around the southeast, and specializes in hardwood lumber production as well as importing and exporting of wood products, and specialty mouldings. My internship took place in Northern Georgia at North Georgia Hardwoods and White County Mouldings. I lived on location and worked 6 AM to 4 PM, Monday through Friday. I gained experience with lumber production, including drying and sales, and the manufacturing processes involved with creating decorative mouldings. I learned about the managerial skills necessary to keep fast-paced production operations running efficiently and the marketing skills involved with acquiring and maintaining good customers. The internship program gave me a real world example of the topics I've been learning in my courses, as well as exposure to complex situations no classroom could prepare me for. The greatest thing I can take away from this internship, however, is the head start I have on deciding my career path from this point on, through the help of the internship this past summer.

Jesse Paris

Director's Message (continued)

Since we know that change is inevitable, a valued friend of the Center, Mark Barford has moved from his role as President of the Appalachian Hardwood Lumber Manufacturers, Inc. to Executive Director of the National Hardwood Lumberman's Association. Tom Inman was promoted to President of AHMI. We wish both men the best in their new positions and look forward to working with them in producing a strong workforce for the industry and promoting the advantages of domestically grown hardwoods.

On a personal note, I was asked by the Dean to serve as the Interim Associate Dean of Outreach and Extension, while they conduct a national search for a replacement for Dr. Jim Johnson who took a similar position at Oregon State University. I have a strong belief in the Extension mission of our land grant university and I am looking forward to the new challenges. One of the major reasons I joined Virginia Tech 13 years ago, was to be able to work with the wood products industry in my extension and research role. Working with you as supporters of the Center is one of my greatest rewards. I will close with wishing you all the very best of holidays and a great new year. As always, if there is anything I can do please feel free to contact me at any time: 540-231-9759 or rsmith4@vt.edu.

Best wishes

Bob

Calendar of Events

Center for Forest Products Marketing & Management

December 5-6, 2006

Special Guest Seminar & Book Signing

John Perlin the author of "A Forest Journey: The Role of Wood in the Development of Civilization" will appear on campus on December 5 and 6, 2006. He will give seminars and have book signings in Roanoke at the Science Museum of Western Virginia, where there is an exhibit on his work, and on campus. Contact Tom Hammett at 540-231-2716 or himal@vt.edu.

December 5-6, 2006

Lean Transformation Workshop

Virginia Tech is co-sponsoring a lean manufacturing training workshop with Mississippi State and the Wood Education and Resource Center. The workshop uses simulation technology to allow managers and engineers to test, evaluate and compare different lean manufacturing strategies. For more information, please visit <http://ios.msstate.edu/leansim/> or contact Earl Kline at 540-231-8841 or kline@vt.edu.

December 7-8, 2006

Oak Drying Workshop

This workshop provides practical information on the techniques and procedures for the quality drying of oak and other hardwood lumber in steam and dehumidification dry kilns and in predryers. This program is designed for new and beginning dry kiln and predryer operators. Supervisors of drying facilities will also benefit from this course. The program assumes no experience in lumber drying. For additional information, please contact Brian Bond, at 540-231-8752 or bbond@vt.edu.

December 11-13, 2006

Lean Manufacturing Workshop for the Wood Products Industry

This 3-day workshop in Bayport, MN will bring the latest in Lean Manufacturing technologies to managers in wood products businesses. We will tour Anderson Windows, a local wood products manufacturer who has successfully adopted the lean philosophy to improve their operations. For online registration information and program details, please visit <http://www.forestindustries.vt.edu/workshop.html> or contact Earl Kline at 540-231-8841 or kline@vt.edu.

March 28-29, 2007

Advanced Selling Skills for Forest Products Personnel

Personal selling methods provide most forest product companies the differentiation strategy necessary to be successful in the marketplace. As the forest products industry becomes increasingly competitive, personal selling skills increase in importance. Those attending this course will learn how to increase their effectiveness in their sales jobs. Specific topics include territorial management, self-motivation, sales negotiation techniques, time management, communication skills, value-added sales techniques and keeping a positive attitude. For additional information please contact Bob Smith at 540-231-7107 or rsmith4@vt.edu