

March  
2002  
**NEWS**

# APPALACHIAN

## *The Height of Beauty*

Newsletter of APPALACHIAN Hardwood Manufacturers, Inc.,  
serving the lumber industry since 1928

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## APPALACHIAN

### Future Meetings

**2002 Summer Meeting**  
July 14-16 - The Homestead, Hot Springs, VA

**2002 Inter-Industry Meeting**  
October, Winston-Salem, NC

**2003 Annual Meeting**  
Feb. 27-March 2 - The Hilton Sandestin, Destin, FL

## Bassett: Leadership Required For World Class Business In 2002

SEA ISLAND, GA - "People ask if we are going to survive? I say NO, we are going to thrive."

These were the words of keynote speaker John Bassett at the 2002 AHMI Annual Meeting Feb. 21-24 at The Cloister, Sea Island, GA. More than 175 AHMI members and guests attended the conference.

The president of Vaughn-Bassett Furniture Co., Galax, VA, told the audience, however, he was going to say some things they would not want to hear.

"These are things that I don't want to hear either but they are things we must hear and discuss if we are going to compete tomorrow," said the president of Vaughn-Bassett Furniture Co. "You will have to pick and choose what applies to your situation, but we are all in this together."

The remarks were the opening business session for the meeting and his topic was "How to Compete in a Global



**John D. Bassett, III**

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**"The first thing you have to have is the right attitude and it starts at the top...It has got to be a passion."**

**John D. Bassett, III**

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Market." Bassett asked how many people were in family-owned business. The majority of respondents raised their hands and then he asked how many want to pass the business on to the next generation in their families.

"We've got the same problem and we've got to come up with some solutions," he said. "I've got a sign in my office that says bring me the solution, don't bring me the problem."

"That's the problem with this country right now is everyone wants to (gripe) about everything," Bassett said. "That is not what made this country great, we've got to solve the problems and get out of this."

Vaughn-Bassett operates four manufacturing facilities and employs 1,800 people. Bassett can relate to  
**(See BASSETT on page 3)**



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## Mark my words.....

By Mark A. Barford, CAE  
Executive Vice President

All of us who had the pleasure of listening to John Bassett, president of Vaughn-Bassett Furniture, speak at the AHMI annual meeting were treated to a good old-fashioned tent revival.

Bassett succeeded in energizing the crowd with the assurance that the domestic furniture industry is here to stay. He finished up his comments with advertisements for their new "ELVIS" line of furniture which will be made available this spring, and Elvis is a big draw.

Bassett noted that Audi recently handed out 3 million Elvis dolls for a promotion they undertook where they had planned to give away 250,000. It will be fun to follow the progress of the Elvis promotion and the future of Vaughn-Bassett Furniture.



**Mark A. Barford**

Many of Bassett's comments were applicable to all U.S. manufacturing companies who are struggling to survive. These are outlined in the convention report on page 1.

I want to draw attention to one attribute he highlighted... patience. This may be our biggest test as we begin to come out of recession, and see the return to growth of the hardwood industry.

It is becoming clear that the turn around, which many of us think has already begun, may not be as explosive as in the past. No one segment of the hardwood using industry seems ready to burst. The competition from suppliers around the world, and the continued strong dollar will tend to limit demand for lumber and prevent sudden increases in the market.

Over the past few weeks, anecdotal information from the industry indicates that the demand is picking up at the same time that supply has reduced dramatically. Some observers see a permanent reduction of 20% of hardwood lumber, with the knowledge that companies can easily return to double-shifting and quickly out produce demand.

Patience. Appalachian hardwoods are unique around the world, and will always be in vogue and in style. Over time, our markets will return and the survivors will prosper.



**Jim C. Hamer hands gavel to Gary White**

## AHMI Elects White, Trustees For 2002-03

SEA ISLAND, GA - The membership of Appalachian Hardwood Manufacturers, Inc. elected Gary White as president for 2002-03 and selected the new board at its Annual Meeting recently.

White is president of Gilbert Lumber Co., Gilbert, WV. Other AHMI officers include: President-Elect: Ed Ramsey of Taylor-Ramsey Corp., Lynchburg, VA; and Vice President of Finance: John Crites, president of Allegheny Wood Products, Petersburg, WV; Past-President: Jim C. Hamer, Jim C. Hamer Co., Kenova, WV.

The AHMI Board of Trustees are:

**Timothy D. Bowman**, Cranberry Hardwoods, Inc., Beckley, WV; **Richard W. Burnett, Jr.**, Rossi American Hardwoods Inc., Augusta, GA; **Ronald L. Elliott**, Gilbert Hardwood Centers, Inc., Trinity, NC; **Stephen J. Houseknecht**, Wagner Lumber Co., Owego, NY; **Trenor L. Hypes**, MeadWestvaco Corp., Rupert, WV; **Christopher R. Keziah**, Oak Ridge Hardwoods, Oak Ridge, TN; **Michael B. Parton**, Gilkey Lumber Co., Rutherfordton, NC; **John H. Patterson**, Begley Lumber Co., Inc., London, KY; **Amyas Player**, Georgia-Pacific Corp., Enfield, NC; **J.T. "Jimmy" Powell, III**, Canton Hardwood Co., Canton, NC; **Edward G. "Ted" Rowe, Sr.**, Aurora Timberland Wholesale Hardwood Lumber Inc., Aurora, Ontario, Canada; **J. Jack Swanner**, T&S Hardwoods, Inc., Sylva, NC; **Dennis H. Teague**, Kincaid Furniture Co., Inc., Hudson, NC; **Ray D. White**, Harold White Lumber Co., Morehead, KY.

## Bassett from page 1

the lumber industry beginning at Bassett Furniture Industries at age 16 stacking lumber in the air-dried yard and then became a lumber grader. In the past 40 years, he moved up through manufacturing at Bassett Furniture and then onto Vaughn-Bassett Furniture.

Bassett surveyed the lumber producers and distributors about their past and present. He asked how many used to have furniture companies as the majority of business; how many were exporting today; how many have exports making up at least 25 percent of their business; and how many had been to China and Russia in the past 12 months.

The responses began with a majority and steadily decreased to about 10 percent of the audience. "I ask these things because that is where we have been and now it is where we are headed," Bassett said. "These are our new competitors."

The furniture industry has gone through major changes in recent years with four trends emerging. These are:

- 1) Furniture manufacturers operating their own retail stores
- 2) Furniture manufacturers are developing recognizable brand names
- 3) Furniture companies are closing factories and becoming importers
- 4) Furniture company owners are taking steps to continue to operate profitably in the United States

Bassett said Vaughn-Bassett is in category four, trying to keep factories operating profitably here. He said companies can compete.

"The first thing you have to have is the right attitude and it starts at the top," Bassett said. "It has got to be a passion."

He related the story of one furniture manufacturing company chairman who stated recently at an investment bankers meeting that his company would not operate any manufacturing facilities in the United States in five years. "How would you like to be a plant manager working for (him)?" Bassett asked.

"The CEO has said they will not be operating in the United States in five years," he said. "Don't expect that guy down the line to have the right attitude if you don't have the right attitude."

Company leaders today need to lead the company, Bassett emphasized. "We don't want George Bush behind Congress, we want him out front, leading the way."

A problem facing much of industry today is fear



**Jim C. Hamer (left) with John D. Bassett, III**

of change and what tomorrow may bring. Bassett said he recently returned from the Tupelo, Mississippi market and saw a tremendous amount of Chinese furniture.

"Don't panic. In the Super Bowl, who panicked?" he asked. "Settle down and use your head."

Making the right decisions will lead to change. Then it will change again and face repeated changes.

"Everybody at your organization has got to sit back and look at their work and be willing to change today," he said. Vaughn-Bassett installed a computerized rough-end seven years ago and have changed it three times since installation.

"We have spent millions of dollars not because we want to but because we had to figure out a better way," he said. "If you are going to stay in business, you have got to change."

To compete in this global economy, the wood industry must be patient, Bassett advised. With growing competition from China, U.S. manufacturers must understand that the Asian mind is patient.

"They know we are impatient and they (Chinese) can actually be losing money, but they will wait us out," he said.

Vaughn-Bassett has adopted a strategy that business today is war. Employees understand that teamwork is required for success.

The next major promotion for Vaughn-Bassett Furniture is a merchandising program featuring Elvis Presley. The furniture line will be unveiled at the April 2002 market.

"The most underused asset in America today is not technology, it's not computers, it's not the Internet," Bassett said. "It's people. We've got to energize our people and get the most from them. That's how we do it at Vaughn-Bassett."

## Hamer: State Of AHMI Continues Strong

SEA ISLAND, GA - The following is the transcript of the State of the Association remarks from President Jim C. Hamer on Feb. 23:

We have suffered through one of the worst years ever for the hardwood industry. American furniture companies have closed operations and had to lay off many employees. They have worked hard to reduce furniture inventories and taken it on the chin to empty warehouses.

Our lumber manufacturers have done the same and it has been tough to work through it.

But all of this suffering pales when compared to our nation's catastrophe of Sept. 11. It is a year of much suffering by all Americans.

Yet we have so much to make us PROUD!

We have the blessing of great leadership by our administration in Washington. We have discovered that Patriotism is still alive in the American people.

We have taken seriously the threat of terrorism and have a resolve to combat it. We have seen strong bi-partisan effort in Washington; something we thought a year ago was impossible.

We have experience an unbelievable response by our citizens to help those whose lives have been destroyed because of the terrorists acts.

Your Association has also felt the effects of the hard times in the lumber industry. And again we have much to make us proud.

Although income is down because of lower production, our membership numbers have changed little. We have a strong \$257,000 in reserves. Our loss for 2001 was minimal.

We have continued our promotion effort as planned. We have an excellent promotion planned for Year 2002 and Tom will be giving more detail on this later.

Over 9,000 hardwood lumber buyers received personal letters four times last year with pertinent information about Appalachian Quality and information they can use. More than 462,000 impressions were made through our advertising effort.

We have a terrific staff that has done a great job during a tough year.

AHMI is strong financially and continues to have strong membership. And next year will be the 75th year that the good news about the quality of Appalachian Hardwoods has been told.

I think we all can be proud of our association and its dedicated staff.



## 2002 MEETING

## Vaughn: Change Can Mean Success

SEA ISLAND, GA - Whoever said the one thing that remains constant is change probably was not talking about the lumber industry.

The phrase is certainly applicable to the past 20 years in the industry, reports AHMI Past President Emmet P. "Buck" Vaughn, Jr., during remarks at the 2002 AHMI Annual Meeting.

While most AHMI members are competitors, Vaughn said, it is the type of competition that makes America great. "We compete in a gentlemanly fashion and it is a nice way to go," he said.

Vaughn looked back at the past 15 years in the industry. He began with the good times of the 1980s and recession in 1991.

"That recession stunk, you remember it," Vaughn said. It was followed, however, with a boom time that exceeded projections.

"From 1992 to mid-2000, things were wonderful," he said. "Furniture plants were making money, sawmillers were making money. The high price of logs didn't matter.

"But there was one problem during that time that we didn't pay attention to and that was more plants should have been closed," Vaughn said. "The furniture industry had too many plants and too many employees."

That changed in 2001 and the industry is still reeling from layoffs, closings and reductions. Most companies have seen decreases in sales and profits.

"Companies are doing what they have to do to survive," Vaughn said. "A bunch shut down because they were not needed, others headed to China and others were revamped into more efficient operations.

"Every bit of that plays on you," he said. "They had large inventories of hardwood lumber and they said 'cut it.' Your sales and profits fell."

The business losses have been felt in both domestic and export markets.

"Will that change? Yes because you people will do the things you need to do to make it happen," Vaughn said. "And it will come back better and stronger. It's headed uphill now. Lumber is moving again.

"The first step out of a downturn every time in the United States is lumber," Vaughn said. "I think we are going to see great business through 2010."



## 2002 MEETING

### Thank You To Sponsors

HIGH POINT, NC - Appalachian Hardwood Manufacturers, Inc. would like to thank the following 2002 Annual Meeting sponsors for their assistance in funding activities associated with the convention:

**Friday Coffee Break:** Progressive Solutions Inc., Richmond, BC, Canada

**Friday Reception:** Lumbermen's Underwriting Alliance, Boca Raton, FL.

**Saturday Breakfast co-sponsor:** Keiver-Willard Lumber Corp., Newburyport, MA

**Golf Tournament Prizes:** Aurora Timberland Wholesale Hardwoods, Ontario, Canada, and Corley Manufacturing Inc., Chattanooga, TN.

**Friday Golf Tournament refreshments:** SII Dry Kilns, Lexington, NC.

**Tennis Tournament:** U\*C Coatings, Buffalo, NY.

**Skeet Tournament:** Volvo Construction Equipment, Asheville, NC.

**Saturday Reception:** Western Pocahontas Properties, Huntington, WV

### Tournament Winners

The winners in the 2002 Annual Meeting Golf Tournament were:

**Men's:** Low gross - 1st Edgar Gray, 2nd Steve Jeffers, and 3rd Joe Pryor

Low net - 1st Steve Jeffers, 2nd Brian Agee and 3rd John Crites

Long drive - John Crites

Closest to the pin - Edgar Gray

**Women's:** Low gross - 1st Carol Mollish, 2nd Barb Brenneman and 3rd Susan Smith

Low net - 1st Linda Rowe, 2nd Susan Smith and 3rd Carol Mollish

Long drive - Linda Rowe

Closest to the pin - Carol Mollish

The winners in the Skeet Tournament were:

**Skeet** - 1st Matt Begley, 2nd Steve Houseknecht, and 3rd Mark Haddix

**Five Stand** - 1st Bill Sutherland, 2nd Kenny Greene and 3rd Joe Pryor.

The winners in the Tennis Tournament were:

**Men:** Kent Carr and Brett Herron

**Women:** Lauren Burnett and Iris Carr

## AHMI Board OKs '02 Budget, Work

SEA ISLAND, GA - The Board of Trustees approved a spending budget of \$391,620 for Appalachian Hardwood Manufacturers, Inc. to complete its Program of Work for 2002.

After reviewing reports and recommendations from committees and staff, the board launched an aggressive Appalachian promotion strategy, endorsed an active forestry promotions program, and supported an expanded Community Involvement Program (CIP) begun in the mid 1990s.

"The 2002 promotion strategy will be a combination of our current successful programs, and some new ideas that will be unfolded this year," said Executive Vice President Mark Barford. "The basis of the strategy is that the Appalachian forest is naturally sustainable and naturally reforested, and that is a message our customers need to hear."

Staff is developing a public relation campaign that will begin in early spring. This will be followed by advertising and visits to wood consumers.

The promotion program for 2002 includes exhibiting at the International Woodworking Fair (IWF) in Atlanta in August.

"The association has reserved the same fantastic location where we gave away 1,000 membership directories, and took hundreds of business cards in 2000," Barford said. "We will again be asking members to help us man the booth."

To pre-register for the IWF, please use the registration form included with this newsletter, which gives the association credit.

The board received the Membership report for 2002. There are five new members in the associate category while producer membership has remained the same.

The board approved the Nominating Committee report. This was presented and approved at the Annual Meeting. The list of officers and trustees is on page 2 of this newsletter.

The new Board of Trustees next meeting is tentatively scheduled for the AHMI Summer Family Conference at The Homestead, July 14-16. More information about this meeting will be announced in coming weeks.

For a room reservation form, please call the AHMI office at 336-885-8315. A copy of the form will be included in the April newsletter.

## Distributors Discuss Business Outlook

SEA ISLAND, GA - The Appalachian Hardwood Manufacturers, Inc. Distributor Division held an open discussion at its meeting during the 2002 Annual Convention.

Division co-chairs Ron Jones, Ron Jones Hardwoods, Union City, PA, and Ron Elliott, Gilbert Hardwood Centers, Trinity, NC, arranged the session with a three-man panel of distributors. The three were Bob Keiver, Keiver-Willard Lumber Co., Newburyport, MA; Ted Rowe Sr., Aurora Wholesale Hardwood Lumber Co., Aurora, Ontario; and Ben Forester, Rex Lumber Co., Englishtown, NJ.

The three discussed current business and offered short term forecasts for the future.

Keiver talked about the recovering and improving business in the northeastern US. He said distributors have faced recent disruptions in mahogany shipments from South America.

Keiver added that changes in demand continue to fluctuate for all species. He concluded by noting that they remain committed to the team concept and making people their number one asset.

Rowe said there is increasing demand for hardwood lumber in Canada. He noted that interest rates are at the lowest level in 40 years.

The monetary exchange rate between the U.S. and Canada is also low, Rowe said. Many Canadian businesses are beginning to prosper, including small furniture plants and moulding manufacturers.

Forester said better economic times are coming to the areas served by his lumber yards. He empha-



**Wendell Cramer offers input during meeting**

sized that difficult times continues for sawmills supplying his lumber.

After the three presentations, the floor was opened and representatives from other areas commented on their short term outlooks.

"The meeting provided an open forum to learn about some of the challenges that yards and wholesalers of Appalachian hardwoods are facing," said AHMI Executive Vice President Mark Barford. "This was a chance to learn new strategies and that is the basis for the association and why a separate division to assist distributors specifically was designated by the board many years ago."

The Distributors Division elected Rowe to serve as co-chair of the division with Elliott. The two will represent distributors on the AHMI Board of Trustees for the next two years.

## Barford Speaks To Penn-York Lumbermen

ELLCOTTVILLE, NY - Appalachian Hardwood Manufacturers, Inc. Executive Vice President Mark Barford recently addressed the February meeting of the Penn-York Lumbermen's Association.

The meeting was sponsored by AHMI member Fitzpatrick and Weller Lumber Co. in Ellicottville, NY. Barford was invited to update the group on the demand for hardwood lumber demand by the furniture industry.

Barford also talked about significant changes taking place in both furniture and hardwood sawmilling.

The keynote speaker for the evening was Henson Moore, president of the American Forest Paper Association. He spoke of the major changes

in the softwood lumber and hardwood pulp markets.

Both industries are reporting increases in imports. These changes could have a radical effect on how the big companies buy hardwood residues.

Moore also addressed the problem that the strong dollar is creating for all manufacturing by stunting overseas markets. He asked attendees to contact their representatives in Washington, DC to request their intervention on the issue.

"Because of many factors, this meeting had a record attendance, and the mood was generally upbeat," Barford said. "Penn-York and Fitzpatrick and Weller have been strong supporters of AHMI, and I always look forward to speaking to this group."

## European Markets Offer Mixed Opportunities

SEA ISLAND, GA - The European market for Appalachian hardwoods is as mixed as the countries that make up the Union, reports the European director of the American Hardwood Export Council.



**David Venables**

David Venables spoke at the 2002 Annual Meeting of Appalachian Hardwood Manufacturers, Inc. He reported Europe is the leading importer of American hardwoods with more than 800 million board feet in 2001. The value of those imports were more than \$450 million.

"But that is less than 5 percent of the hardwood consumption in Europe and less than 10 percent the hardwoods imported," Venables said. "There are lots of opportunities."

White Oak is the top species going into Europe with more than 300 million board feet exported in

2001. Filling out the top five are Poplar, Red Alder, Cherry and Maple.

Venables said major factors influencing the European market for American hardwoods are: currency exchange rates; contraction of the wood working industry; competition from European hardwoods.

The good news from the region is that hardwood consumption is increasing. There is a growing base of consumers who want the look and feel of temperate hardwoods.

Venables reported that Europeans understand the environmental friendliness of wood and are beginning to realize that it is truly a renewable resource.

In 2002-03, AHEC Europe will target architects and specifiers of wood. They will also seek an audience with manufacturers, consumers and importers/distributors throughout Europe.

Promotional activities will include public relations and advertising, trade shows, seminars, design competition and market research.

## WPN Touts Success

SEA ISLAND, GA - The wood producing industry must target its education and promotion efforts at the people making decisions about wood - many times it is not the end consumer.

The focus should be builders, designers and architects, reports Kelly McCloskey, president of the Wood Promotion Network. His remarks came at the 2002 Annual Meeting of Appalachian Hardwood Manufacturers, Inc.

The WPN, which began in 2001, is an effort by all aspects of the forest products industry to promote wood. The group has raised \$12 million in its first year and targeted most of its efforts at the building trade.

WPN has partnered with associations, like AHMI, to spread its theme "Be Constructive: Wood." A major victory for all of the associations in 2001 was turning around an anti-wood advertising program by Ford Motor Co.

WPN benefitted directly by receiving a vehicle that it gave away at a builder show. The promotion attracted hundreds of people who wanted to win the truck but learned a great deal about wood.

More than 130 forest products companies are partners in the WPN. These include 20 AHMI members. McCloskey reported on advertising and promotion successes in 2001 including airtime on local and network television news programs.



**AHMI Executive Vice President Mark Barford (left) holds the "President's Gift" while President Jim C. Hamer opens it during the 2002 Annual Meeting. Hamer was given a wooden tackle box for his service.**

## Thanks To McEwen

HIGH POINT - AHMI sends special thanks to McEwen Lumber Co., High Point, NC, for donating lumber recently for use as wood sample kits.

The kit, made of the 12 commercial species of Appalachian lumber, is sent to schools and wood consumers around the world. The donation enables AHMI to produce and ship additional kits in 2002.

Thanks again McEwen Lumber!

## Furniture Managers Talk About Impact Of Imports

GREENSBORO, NC - Purchasing personnel in the furniture industry learned recently that imports are not the solution for everything that ails the domestic manufacturing community.

The American Furniture Manufacturers Association's Purchasing and Materials Management Division held a program on "The Impact of Imports on the Furniture Industry." There were more than 200 people in attendance, including AHMI Director of Communications Tom Inman.

"The program is obviously a hot topic now in the industry as the volume of imports grows," he said. "What we learned from the speakers though, is imports are not the solution to every problem.

"Most can find a price reduction and these speakers spoke about that," Inman said. "But they also discussed the added problems of delivery time, product quality, product liability and the morality of working people in these conditions.

"It was very educational for all," Inman said.

Jeb Bassett, vice president of global sourcing for Bassett Furniture Industries, Bassett, VA, said companies must first know who they are and who their customer is before they research imports. He said companies who import typically seek high volumes that are not available domestically at a competitive price.

Imports have advantages for labor intensive operations like carvings and detailed finishings. These companies also provide large quantities of smaller parts.

Domestic manufacturing has advantages with just in delivery, flexibility in design, custom orders and simultaneous manufacturing of products in demand.

Lee Houston, an industry consultant from Abingdon, VA, said companies must rethink their business in 2002. "It is time for designers to work with manufacturing and the production floor to make things better and less expensive," he said.

"We can compete internationally."

## AHMI Seeks Help At Furniture Market

HIGH POINT - Appalachian Hardwood Manufacturers, Inc. is asking members to help survey wood use April 22-23 at the Spring International Home Furnishings Market.

The AHMI Promotion Committee recently approved a plan to take over the furniture market survey from another association. The survey tracks wood trends and dates back to 1934.

AHMI is seeking volunteers to walk through furniture showrooms and view all wood furniture on display. The participants tally the species and its manufacturing origin and AHMI compiles the data and will publish an annual report.

To register, please contact Tom Inman at the AHMI office at (336) 885-8315.

## Virginia Tech Offers Workshops

BLACKSBURG, VA - The Center for Forest Products Marketing at Virginia Tech will offer sales and wood technology courses in April and May.

The marketing workshop will introduce the basics of marketing to new personnel and update current staff on changing factors affecting the industry. The workshop will be held at the Virginia Tech campus in Blacksburg April 16-17.

The program will concentrate on the fundamental principles of marketing and salesmanship as they apply to the forest products industry. Instructors are Bob Smith, Bob Bush, and Tom Hammett from the Department of Wood Science and Forest Products.

The 16th annual short course in Wood Technology is May 6-8 at the Donaldson Brown Hotel and Conference Center at Virginia Tech. The short course is designed for people who make technical decisions regarding the processing of wood. The instructor for this course will be Fred Lamb.

For registration materials or additional information on either course, contact: Bob Smith, Center for Forest Products Marketing and Management, Department of Wood Science and Forest Products, 1650 Ramble Road, Blacksburg, VA 24061-0503 or telephone 540-231-5876 or e mail to rsmith4@vt.edu.