

May 2002

NEWS

APPALACHIAN

The Height of Beauty

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

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Included with this newsletter is The Homestead Reservations Form

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Future Meetings

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

2002 Inter-Industry Meeting
Oct. 24 - Clemmons, NC

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

Low Retail Inventories Increase Attendance At Furniture Market

HIGH POINT - Furniture retailers came to the Spring 2002 International Home Furnishings Market seeking a fresh look for their showroom floors.

They found it and bought it, according to a survey of furniture manufacturers at the April 18-25 market. The bright news for the industry comes as other signs point to a rebound in the U.S. economy in the second half of 2002.

"The report from furniture market was very positive in April," said Mark A. Barford, AHMI executive vice president. AHMI staff attends and surveys its membership at the market on their use of hardwoods and their results.

"Certainly there was not a record crowd in attendance but people were pleased with the volume of buyers who were here and what they were ready to do," he said. "The manufacturers say retailers are ready to rebuild inventories and bring a new look to their stores."

For the past year, many retailers have been taking a "let's sell what we have first" approach in their stores, reports Keith Meriweather, vice president of sales for Keller Manufacturing Inc. The Corydon, IN company produces bedroom, dining room, and casegoods from solid wood.

"I believe retail inventories have never been leaner and these people are ready to change that," he said. "The economy has been sluggish and retailers really have not done anything in a year. They came to market looking for something fresh that they could get their sales staff excited about. They found it at Keller."

Known for its solid oak furniture made in America, Keller received strong business for its existing lines and a new group, *Synergy*, made from sycamore. Meriweather said retailers liked the design and production begins in May.

Bernhardt Furniture Inc. offered new looks in four collections at market produced in oak, cherry and cherry veneers, mahogany and a combination of wood and upholstery. The Lenoir, NC-based company offered dozens of pieces in English styling with medium and dark finishes. Response to all of the new pieces was positive, officials reported.

Unique styling allowed Kincaid Furniture to utilize character-marked lumber in two new groups in cherry and oak. Its *Brookside Cherry* "brings
(See Market on page 3)



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Mark my words.....

By Mark A. Barford, CAE
Executive Vice President

Your AHMI staff is always on the lookout to be sure that we are accomplishing what the members need - and staying relevant to their issues. Tom and I are on the road regularly meeting one-on-one with our members and their customers, and treasure the feed back we receive.

AHMI has the advantage of knowing firsthand the immediate challenges of our member companies, and the freedom to look out at the horizon at future challenges. Below I have listed a few "hot" issues that your association is actively involved with:



Mark A. Barford

- Long term markets: We know with confidence that there will always be a demand for high quality wood products, but we don't know where the markets will be, what species and grades will be preferred, and what new markets may develop. The need for market development and promotion will multiply, and the ability to be flexible in manufacturing will be the difference in success or failure.

- Timber sustainability and availability: Having trees available to our industry remains troublesome, despite the fact that we have a tremendous, expanding timber base. The problem: availability. Encouraging landowners, public and private, to manage forests for the long term is our challenge.

- Forest certification: Certification schemes currently seem to be a way for someone else to tell landowners what to do with their land. We know we have a sustainable resource and these programs may help us sell it.

- Demand for low grade lumber and wood by-products: The international competition for pulp and paper products has exploded in the past few years, and the demand for pulpwood has already declined sharply... are chips next? Can we afford to cut lumber without a strong market for all of the materials that come from a log?

We certainly have a full agenda ahead of us dealing with just these issues, but are there others we don't know about? Let us know, and be prepared, because we want to learn about it. We will see you soon.



Sustainability, Pulp Industry Changes Focus Of Conference

HIGH POINT - Appalachian Hardwood Manufacturers, Inc. will unveil its 2002 promotion "Appalachian Hardwoods: The Sustainable Resource" at the 2002 Summer Family Conference.

The session is set July 14-16 at The Homestead in Hot Springs, VA. The association returns to a Sunday-Tuesday format at Virginia's premiere resort, said Mark Barford, AHMI Executive Vice President.

"The dates give us our choice of meeting space and rooms, all at an attractive rate," he said. "The Homestead is such a great place, this should be a terrific meeting."

The meeting will begin with a welcoming social hour on Sunday evening, July 14, have a Monday morning business session, Monday afternoon golf and tennis tournaments, a reception and a board meeting on Tuesday morning, July 16.

The business session is titled "Adapting to Change" and features Steve Lovett of the American Forest and Paper Association. He will discuss changes in the pulp and paper industry, and the future demand for forest products.

AHMI Director of Communications Tom Inman will unveil the association's 2002 promotion. The effort will enable AHMI members to show existing and potential customers another advantage of Appalachian hardwoods.

"Our research has found very valuable information that will enable our members to market their products in new ways to new customers," Inman said.

There are a limited number of rooms reserved on Saturday. Barford suggests members make their room reservations early (the hotel registration form is included with this newsletter).

A meeting registration form is on page 8 of this newsletter. If you have questions or immediate needs, contact the AHMI office at 336-885-8315.

Market from page 1

to life the unique and naturally flowing grain characteristics of Appalachian Mountain cherry" lumber, reported Steve Kincaid, president of the Hudson, NC company.

"The buyers really liked the lodge look we were offering this time, a variation for us," he said. "If you have the right style, you are able to use different grades of lumber. In these designs, we are using 2 common lumber. The casual lines and overall distress of the finish were very well received."

The company also offered a 37-piece group, *Sierra Country*, in solid oak with a rustic style and finish. Orders were written for this group, too.

"I think retailers are back and everyone is optimistic about the second half of this year," Kincaid said. "We are focused on that and I believe we will see consumers back in the stores and more business for everyone."

Century Furniture offered European styling in a new group named *Consulate*. The French inspired group center offered 60 pieces in bedroom, dining room and occasional tables. Bill Hayes, senior vice president, said the group is produced from walnut and other hardwood solids and veneers with seven multi-layer finishes.

The European theme was also found at Thomasville Furniture in two introductions in the bedroom category, four new groups in occasional tables and additions to its popular *British Gentry* collection. The new pieces are produced from combination of hardwood solids and veneers.

Patriotic themes from the October market continued at the spring show. Keller Furniture offered banners, table tents and other promotions touting "Made in America."

Meriweather forecast sales over the next quarter to remain steady but expects the last six months of the year to see dramatic growth in sales.

Stanley Furniture Company used a patriotic title for its main introduction this market, *American View*. The 50-piece collection is crafted from cherry veneers and solids.

"American View was our biggest success this market and we were placing orders," said Bill Sibbick, Stanley vice president of marketing. "Of course, we had a very good market overall with positive responses for all of our collections, youth, home entertainment and home office."

These categories took a larger portion of Stanley's showroom with more than a dozen intro-

ductions for market. Home theater was an emphasis as consumers spend more time at home entertaining.

"We have grown faster than anyone else in these areas and expect to sell a lot of these units this year," Sibbick said. The units were produced in cherry, oak and maple hardwood solids and veneers.

Stanley also introduced a 25-piece collection in cherry, another 17-piece group in cherry and a 30-piece group in maple and other hardwoods.

"We found most of our retailers need inventory and are getting ready for the rest of this year," he said. "That should help the furniture industry get back to work."

Other introductions at the Spring market:

Broyhill Furniture: The company introduced two 100-plus whole home collections in oak, cherry and maple solids and veneers. Other new items included the 35-piece group from ash burls and pecan.

Lexington Furniture: The company introduced its Susan Sargent licensed group made from maple solids and the Tommy Bahama collection in solid hardwoods and hand-woven materials. The Lexington, NC-based manufacturer offered more than 40 new pieces in wood for its existing lines.

The continued increase in imports to the furniture industry was evident at market. Forty-three percent of casegoods bought in the U.S. in 2001 were imported. The majority of furniture manufacturers have groups or components that are produced internationally and the trend is expected to continue.

"The bad news for our industry is the loss of jobs, but the good news is the value this gives to the consumer in lowering the cost of our product," said Alex Bernhardt, president of Bernhardt Furniture Inc., Lenoir, NC. "We have been importing for 20 years and have maintained price levels by finding new sources."

The furniture industry is looking for the best product for the best price from customers who can deliver and provide the service, Barford said. "As suppliers to the industry, we have to remain focused on delivering the best lumber, Appalachian hardwoods, to the manufacturer whether it is in the United States or around the world."

The American Furniture Manufacturers Association reported at market that residential furniture shipments are expected to climb 4.3 percent to \$23.94 billion in 2002. The industry anticipates another 5.2 percent growth in 2003 to \$25.19 billion.

"The news from the furniture industry continues to be extremely positive," Barford said.

Thanks To Survey Crews At Spring Furniture Market

HIGH POINT - Appalachian Hardwood Manufacturers, Inc. would like to thank the individuals and their companies for participating in the annual wood use and design survey during the spring International Home Furnishings Market.

The AHMI Promotion Committee approved taking over the furniture market survey from the American Walnut Manufacturers Association. The survey tracks wood trends in the furniture industry and dates back to 1934.

The volunteer crews walked through the furniture showrooms and tallied all wood furniture on display. The survey included the species of wood used in bedroom and dining room groups, wall units, entertainment centers and home office. It also tallies the manufacturing origin.

AHMI staff is compiling the data and will publish a report this spring. "The early results are surprising, especially in the species that were used," said AHMI's Director of Communications Tom Inman.

Special thanks go to:

Larry R. Frye, American Walnut Manufacturers Association, Zionsville, IN

Mark Pierce, Cranberry Hardwoods, Inc., Beckley, WV

Dean Alanko, Georgia-Pacific Corp., Atlanta, GA

Steve Staryak, Georgia-Pacific Corp., Atlanta GA

John Morris, GR Woods, Mooresville, IN

Curt Alt, Hardwood Plywood Veneer Association, Reston, VA

Robert Collins, International Veneer Co., South Hill, VA

Joe Glynn, International Veneer Co., South Hill, VA

Mark Taylor, Oaks Unlimited, Waynesville, NC

Tim McGinnis, Taylor-Ramsey Corp., Lynchburg, VA

Mark Vollinger, W.M. Cramer Lumber Co. Hickory, NC



AHMI's Tom Inman (center) and Bruce Griffith (back left) make a forest in a classroom at Woolwine Elementary School

Griffith Shows Students "It's OK To Cut Trees"

WOOLWINE, VA - Griffith Lumber Co. taught more than 250 fourth graders in Patrick County, Va., that it is OK to cut trees.

Bruce and Talley Griffith of Griffith Lumber Co. and Tom Inman, AHMI director of communications, visited five elementary schools in the county. The students learned through AHMI's Community Involvement Program about trees, forestry and forest management.

"The fourth grade is a terrific age to talk with because they know about oxygen and some of the products we get from the forest," Inman said, "but they have also heard that we should not cut trees.

"We use the truth about what goes on in the forest, how forest professionals use management in growing and harvesting trees and point out the 10,000 products they use everyday," he said. "They quickly understand that we need to harvest trees."

The students receive copies of AHMI literature and participate in the Forest For A Day skit. This is the fourth year that Griffith Lumber Company has taught all of the fourth graders in the county's school system.

"This program was designed to teach students annually about the forest products industry," Inman said. "We ask them before and after each program if it is OK to cut trees and it is amazing the change we make in their understanding."

To learn more about CIP, please contact Inman at the AHMI office at (336) 885-8315.

Forest Leadership Forum Examines Certification Plans

ATLANTA, GA - The Forest Leadership Forum recently held in Atlanta, GA, offered discussion on the latest proposals for forest certification by the world's leading groups.

AHMI Executive Vice President Mark Barford attended the conference and learned it was far different than originally proposed. The session was scheduled in late September but was postponed after the tragic events of Sept. 11.

The original forum was organized to look at certification through the eyes of the Forest Stewardship Council (FSC). The new forum was opened up to allow discussion about a number of different certification plans, and how they may or may not work practically on the ground.

The large forest industries of the world were encouraged to sponsor and attend, and were rewarded with a number of places on the program to talk about the state of the U.S. forest. In addition, forest landowners, tree farmers, loggers and end-users were on the program.

"These are the people who have to try to sort out the different certification systems and explain them to their customers," Barford said.

"The meeting was smoothly organized and well attended with more than 1,000 forestry professionals from 40 different countries," he said. "There was plenty of time for both formal and informal discussions."

The topics covered in the general sessions included: an overview of the various certification systems in place; the high levels of illegal logging in other countries; current wood markets; and defining what forests are in need of protection.

"I was very impressed with the openness that most of the participants had in dealing with this issue," Barford noted. "The sponsors are hoping to make this an annual event, and it will serve the hardwood industry well to actively deliver our positive message in the future."

(Note: Attached to this newsletter is an exclusive report on the meeting written for members only. Please contact Mark Barford at 336-885-8315 with further questions or comments.)

AHEC Reviews 2002 Promotion Programs

WASHINGTON, DC - The American Hardwood Export Council (AHEC) recently held its semi-annual board meeting in Washington to review promotional activities.

AHEC is an association of individual exporters and industry associations working together to encourage overseas buyers to use American hardwoods. The 124 members include: 101 direct company members, 11 export associations, eight associate members and four sponsor members.

Despite the recent downturn in the economy, AHEC membership has remained at a constant level over the past year.

"The total administrative budget for AHEC remains at about \$400,000, but those administrative efforts are augmented by government promotion funds, producing a total budget of \$3.8 million," said AHMI Executive Vice President Mark Barford, who also serves on the AHEC Executive Committee. "AHEC, with the government's assistance, has created a fantastic low-cost opportunity to run a very successful worldwide promotion program. With the growing importance of worldwide markets, the demand this program creates is crucial whether or not your company exports lumber directly."

For 2002-03, the largest portion of the AHEC's expenses, about 36%, will be used in the European market. The number two market is China and Southeast Asia with 23%, followed by Japan with 14%. The remaining funds are used for promotional programs in Korea, Mexico, Middle East and Latin America.

One of the great successes of AHEC has been participation and sponsorship of tradeshow, seminars and conventions around the world.

"The AHEC events are all generic promotion of woods, and open to any member of the American hardwood lumber industry that wishes to attend," Barford said. "The experienced personnel that manage the overseas office and are on the front lines do a great job for the industry."

To meet the overseas managers and learn about their efforts, interested industry personnel are invited to participate in the AHEC annual meeting in conjunction with the National Hardwood Lumber Association Convention in Chicago in September.

IWF Offers Services, New Technology For Wood Industry

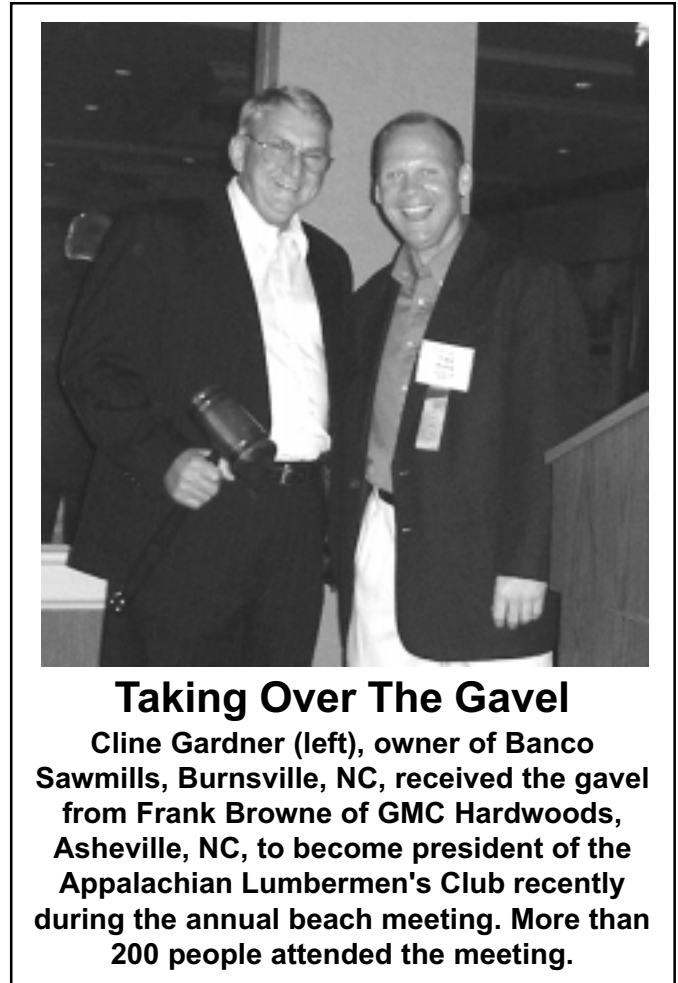
ATLANTA, GA - A great place to learn what the world has to offer the wood products industry is at the International Woodworking Fair, Aug. 22-25 in Atlanta.

Officials report the show will offer ways to operate your business smarter, more efficiently and with less waste. Participants will see live demonstrations of new technology, machinery and supplies that can help manufacture better products, increase profits and stay ahead of the competition.

IWF is making it easier for AHMI members to attend. By completing and mailing the registration form with our association code, you are providing a \$5 rebate to our association to help cover the costs of promotion Appalachian Hardwood Manufacturers, Inc. at IWF.

A copy of the registration form is included with this newsletter. Please copy it to register as many employees or customers as possible.

Each pre-registered person will receive their badge in the mail three weeks prior to IWF 2002. The pre-registration deadline is July 19.



Taking Over The Gavel

Cline Gardner (left), owner of Banco Sawmills, Burnsville, NC, received the gavel from Frank Browne of GMC Hardwoods, Asheville, NC, to become president of the Appalachian Lumbermen's Club recently during the annual beach meeting. More than 200 people attended the meeting.

Virginia Tech Offers Workshop, Online Study

BLACKSBURG, VA - The Center for Forest Products Marketing and Management at Virginia Tech offers two training programs to assist sales personnel in forest products.

The first is Sales Training for the Wood Products Industry on May 16 at the Sheraton Richmond West Hotel, Richmond, VA. The training is recommended for new sales and marketing personnel, those who want to improve sales skills, and sales managers who want to boost the effectiveness of their sales force.

The agenda includes successful personal selling strategies, locating customers, making a successful sales presentation, trends in the industry, relationship building, effective communications, and sales negotiation skills.

The instructor is Dr. Bob Smith, center director and associate professor/extension specialist in forest products marketing. He has 15 years of experience in wood products and eight years of personal selling experience.

To register, please contact the center at phone (540) 231-5182. The short course fee is \$75 for all sessions and registration is limited.

The center, in conjunction with the Virginia Cooperative Extension and Virginia Tech's Division of Continuing Education offers an online short course in selling forest products. The course consists of 10 self-directed modules varying in length from 10-30 minutes.

Upon completion of a module, there is a short exam and an applied project. Students will have up to one year to complete the course and when successful will receive a certificate.

The course fee is \$125 for CFPMM members and \$200 for non-members. To register, go to www.vto.vt.edu. Center members should contact Joanne Buckner at (540) 231-5876 or e mail ctrfpmj@vt.edu for the discount code.

For more information, contact Dr. Bob Smith at (540) 231-5876 or e mail to rsmith4@vt.edu.

Bush Plan Puts Forest Management Into Local Hands

Reprinted from The Associated Press

WASHINGTON — President Bush liked the idea of "charter schools" so much, he has decided to expand the concept to other flunking government entities: national forests.

Tucked deep inside the thousands of pages of budget figures, statistics and financial ledgers in Bush's 2003 budget is an idea to allow some national forests or pieces of them to be taken out of federal control, and instead be run by local trusts.

The concept comes from charter schools, which are public schools permitted by contract to use federal and state funds to meet educational goals as they see fit. The new proposal would allow a local trust, not a federal agency, to decide how best to manage a forest.

The budget doesn't say why, how or when, just that the U.S. Forest Service suffers from "inertia and an excessive decision-making structure" and that "charter forests" might speed up the process of deciding such dilemmas as how best to restore habitat or control forest fires.

U.S. Forest Service Chief Dale Bosworth told the committee a draft might be ready "in the near future." The charter forest plan would take management decisions in selected forests out of the hands of federal officials and put them in the hands of appointed trustees.

Earth Day Emphasizes American Forest Growth

According to a recent survey, nearly two out of three North Americans (62 percent) acknowledge that trees are a renewable resource, yet many remain unaware of how much renewal has actually been recorded in recent decades.

In fact, satellite tracking data and two successive reports on the State of the World's Forests from the United Nations Food & Agriculture Organization (UN FAO) confirm that North American forests have increased in size by nearly 10 million acres in the last decade and have grown in volume by roughly 20 percent since the first Earth Day was celebrated in 1970.

The last 30 years have seen tremendous pro-

Tests Refute Group's 'Tree-Free Paper' Tag

Reprinted from The Oregonian

SACRAMENTO - An environmental group's fund-raising letters to save the rain forests that claimed to be written on "tree-free paper" actually used unrecycled wood, according to two analyses.

John Campbell, a conservative Los Angeles fund-raiser, said he spent about \$100 on a whim for an initial test after noticing San Francisco-based Rainforest Action Network said its materials were "printed on 100 percent tree-free paper."

The solicitations also asked donors to give more to "help compensate for the extra costs of using tree-free paper." The letter and its accompanying reply card turned out to be "virtually all chemical wood pulp" that was not recycled, according to Walter Rantanen of Integrated Paper Services Inc.

"These pulp fibers appear to be from North American tree species," Rantanen wrote. A subsequent analysis of seven additional pieces of Rainforest Action Network literature found two were made of unrecycled North American wood, and a third made from recycled wood fiber.

"The tree-free portion is an extremely small percentage," Rantanen wrote. Campbell asked the U.S. Postal Inspector to investigate the group's claim after he received the first analysis in February. After receiving the second analysis in March, Campbell threatened to sue the group. He's demanding the group offer to return contributions solicited with the letters.

gression in forest management, but the education process is slow, says Dr. Patrick Moore, co-founder of Greenpeace, author and ecologist.

"Unfortunately, many people hold the misconception that our forests are getting smaller," said Moore. "The reality is that the opposite is true - our forests are abundant and growing."

One of the main reasons that growth has occurred in North American forests is due to the sustainable forest management practices employed by industry, private landowners and governments. Forests in North America generally grow at a rate faster than the rate of harvest and average loss due to fire, insects and disease combined, Moore said.

