

# The Yardstick



A Publication of The Hardwood Distributor's Association

Spring 2011

## Letter From the President

Welcome to the Spring Hardwood Distributors Association newsletter. March has passed and marked the official start of spring, and with it renewed hopes for 2011. Here in the Carolinas, the Bermuda grass is starting to turn green, trees are starting to bud, and allergy season is in full swing. I hope every member is doing well and looking forward to 2011. In this issue, you will find a convention update, By-Law Changes, and regional reports. I look forward to seeing everyone in Nashville in September. Special thanks to Jeff Leonard, Skip Holmes, Jeff Neidert, and Chuck Bice for their regional reports.

Sincerely,

Eric Burchett, HDA President

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## HDA Annual Meeting

Dan Caldwell is in the planning stages of having a HDA Dinner on Thursday evening September 22<sup>nd</sup>. Atlanta Hardwood Corporation is providing a yard tour at their AHC Clarksville Lumber facility and at the Hardwoods Incorporated of Tennessee distribution center, both of which are located in Clarksville, TN on Friday, September 23<sup>rd</sup>, following the General Meeting. A barbeque luncheon will be provided on site. As details get finalized, updates will be provided to members on both upcoming events.

## By-Law Changes

All three By-Law Changes were passed by the membership. To refresh everyone's memory, this included the current fiscal year was changed to September 30<sup>th</sup> thru October 1<sup>st</sup>, to coincide with the meetings of HDA. The Board of Directors was reduced to nine members, with six members present for the Board Meetings constituting a Quorum, and the elimination of the role of the 2<sup>nd</sup> Vice president passed also, establishing a Membership Chairperson.

## Congratulations to New HDA Member

We have a new member company to introduce, ENDEAVOR HARDWOODS, INC. located in Lyndon Station, WI. Keith Renneberg joined this April and we look forward to seeing you in Nashville in September.





## Regional Reports

### Southwestern Report

**Chuck Bice**, Sweeney Hardwoods, Fort Worth TX

Hello fellow HDA Members. Sales are still off about 20% here in Texas. There is a lot of optimism for the spring of the year in residential building but the commercial end is still lagging again this year. We are still keeping inventories low due to sales. Supply seems to be short in some species and regions, but we have been able to get what we need and in the time frame allotted for the particular business. We have seen some shrinkage in customer base with competition taking some large receivable debt, but no competition shrinkage. I look forward to seeing everyone in Nashville this year and wish everyone good luck this year.

### Midwestern Report

**Chuck Holmes**, Thomas & Proetz Lumber Co., St. Louis, MO

Greetings to all HDA members from the Midwest. Have we finally broken the 2 week syndrome? We've all been working through this to a certain extent for the last 5 months. Think about it – November 2010, deer season and Thanksgiving. There goes 2 weeks in November. Christmas – There goes 2 weeks in December. New Years holiday and a severe early January winter. There goes 2 weeks in January. February, 2 weeks lost to extreme weather, (and maybe Mardi Gras?). – There goes February. March, more bad weather – There goes March. What a disastrous 5 months for most if not all of us in the distribution business.

Now, what about April, May, and on? Spring at minimum is about change. Most of our customers are carrying little to no inventory and are skeleton lean in the way of personnel. Unlike some of our competition we have plenty of inventory to weather the Spring rains that are hampering logging operations currently and for the upcoming months. We're taking a hard look at how we can be more valuable to our customers and in some cases partnering with our customers with in-house manufacturing to gain the upper hand for both on the big jobs that lately are few and far between. We've invested in equipment recently that is paying dividends in both efficiency and customer satisfaction. All we need now is the economy to cooperate a little more for the financial side to be an active partner once again.

Stubbornly we still think there is good opportunity in the coming months and finally with the winter of 2010 behind us we think we have a chance at proving just that. Frankly it doesn't take much now to keep us busy. We're actually looking at additional yard personnel if all progresses as planned. Best of luck to all and I hope to see you in Nashville at the HDA general meeting.

### Eastern Report

**Jeffrey Neidert**, Prime Lumber Company, Thomasville, NC

The housing slump continues and American business people tied to the Hardwood Lumber Industry are starting to realize that the trillions lost in home values since 2008 is making this recession deep and prolonged. Now, the cost of gasoline and diesel fuel is up over 30% than it was in April 2010 just as the economy started to add jobs. The fuel increases have impacted the remodeling market as consumers put off their projects. The above situations affect their discretionary income as well as their psyche.



## Regional Reports (continued)

Clients are ordering less per order but more often. Overall business is better now than the 4th quarter of 2010, as the oversupply in stock as become more evenly matched with demand. The clientele our association serves have put massive pressure on distributors to keep large and diverse inventories. They don't order in many cases until they have a down payment on their end but expect 24-48 hour turn around for distributors to machine and deliver the lumber. This lack of lead time for our HDA members creates inefficiencies in production, as well as in deliveries.

The price increases over the last 45 days will peak by late spring/early summer for most species and grades. The big unknown for the rest of 2011 is: Will the Chinese market keep taking the volumes of lumber that they are currently buying?

The distributors that we are in weekly contact with all agree on the following:

1. There won't be any major changes in the housing market for quite some time.
2. We have to learn quickly how to make a fair profit with high fuel costs, higher inventories, less sales volume.
3. Embrace the good business that we do have, gain efficiencies where possible and "Work IN not Work ON" our individual companies.

### Northeastern Report

**Jeff Leonard**, Leonard Lumber Company, Durham, CT

Following one of the toughest winters in recent memory, business appears to be slowly improving. Here in southern New England, many businesses had to deal with feet of snow, canceled deliveries and building and roof problems caused by snow - lots of snow.

In January alone, we had three days when we couldn't send out trucks. We might have three cancelled runs in a winter, if that many. We, along with our customers, had building problems. While Leonard Lumber didn't lose any buildings, as others did, we had to evacuate our order prep area because steel purlins were twisting. And the building was only built six years ago. After we had the snow shoveled off, most of the purlins recovered but we are currently involved in reinforcing the roof.

Despite all the bad weather, (where's global warming when you need it), business in January was decent but modest, followed by a slower February. March was much better with improved sales but April is starting out slowly. Customers seem to be a bit more optimistic than last year but not all areas are experiencing increased business. One customer recently said he is doing fine but he does not turn any job away, while another said he had had the worst two years of his life. So, while we are all hoping business improves in coming months, it probably will be uneven. And when business improves, companies may be ill prepared because of staff and inventory cuts. In conclusion, business is up a little, customers' moods are better and spring is coming.

## HDA Officers

President - Eric Burchett, Huntersville Hardwoods, eburchett@hardwoodweb.com

1st Vice President - Dan Caldwell, Atlanta Hardwood, dcaldwell@hardwoodweb.com

Secretary/Treasurer- Craig Forester, Rex Lumber, craigf@rexlumber.com