

## Customers First Issue:

This edition of Timberline is focused on you, our customers. You are implementing innovative and creative ideas to drive business forward in this unique economic time, and this issue shares a few of your stories. We hope this information is helpful to everyone and, as always, we thank you for your business and support.

## Lean on Suppliers When Times Are Tough

By Mario Serra, Regional Sales Manager,  
Timber Products Company



During my visits with customers all over the country, conversations with sales managers, production managers and owners ultimately turn toward the current economic times. Our

customers want to talk about how a supplier like Timber Products Company can help streamline operations, make it easier for them to retain customers, grow market share or even just survive this economic downturn.

This year in particular, and while times are challenging, it's vital to look at your suppliers as partners that you can count on to come up with new ideas on how to stay competitive and be prepared for when the market turns around.

Here's a rundown of the top five things I believe you should look for in your suppliers, and a few tips on getting the most value from your business partners.

### 1. Align yourself with a vendor that takes your success personally.

Many companies will call and offer to sell you the cheapest materials available, but remember that a cheaper cost does not necessarily mean a better price. Our philosophy has always been to work *with* you and determine your needs before selling you any of our products. We take great pride in helping you order the grade of plywood that you really need for the job, and providing a consultative service to determine exactly what you and your clients want. Utilization cost should always trump purchasing cost. No one wants to end up with a warehouse full of panel parts—no matter what you paid for them.

### 2. Align yourself with a supplier that is insulated from market volatility.

We've all seen big changes in our industry, and it's important for your business to work with suppliers that will be there in the long run. Be sure to ask your suppliers questions about changes such as mill closures and personnel moves. They owe it to you to be frank and open. Personnel reductions, cost cutting, the need for increased efficiencies and environmental issues have all taken a toll on many companies' production volumes and service. A great supplier might stumble as it negotiates this turbulent economic time, but it must always be able to maintain a strong inventory, uninterrupted access to the best raw materials, have enough

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## Case Study: Building Beds a Better Way

The next time you see a wall cabinet or dresser, take a closer look. It just might be a fine piece of furniture that doubles as a pull-down bed from the Bedder Way Co.

Founded in 2000 during the dot-com boom as an Internet-based company, Bedder Way has made its name building and delivering high-quality, furniture-like wall beds to designers and homeowners all over the country.

A big part of the company's success, says Director of Sales Chris Fahy, is that it solves a problem faced by many of today's homeowners: limited space.

"We've found a need from individuals who are faced with space challenges," said Fahy. "Many customers want to convert their only guest room into a useful computer room, home office, hobby room or exercise room, and still have a space for incoming guests. That's where our product comes in."

To construct its high-quality beds, Bedder Way opted to order Timber Products' GreenT™ hardwood plywood from its distributor, Frank Paxton Lumber, to achieve the look and finish its customers need.

"We were searching for a material that finished with a high degree of quality and we found that with GreenT," said Fahy. "The panel construction just provides a better working surface."

GreenT also helps Bedder Way comply with the new California Air Resources Board (CARB) formaldehyde emission standards. California is one of the company's biggest markets, so instead of stocking compliant and non-compliant hardwood plywood, it made the switch to GreenT for its entire inventory.

"We sell a lot of beds in California and to other areas that are considering similar regulations, so

all of the raw material we purchase needs to meet the standards," said Fahy. "Timber Products makes it easy because all of its hardwood plywood is CARB certified. Not only is the hardwood plywood we use certified, our stains and lacquers are also."

Beds that double as furniture need to fit elegantly into a home's décor. That's why Fahy stays on top of style and design trends and constantly monitors what species and finishes sell the best.

"Because our beds are like pieces of art, we are influenced by retailers like Pottery Barn that market heavily to consumers," said Fahy. "For example, espresso color is very popular now, and customers are looking for that identification, so we offer espresso finishing."

As for species, Bedder Way customers are selecting maple by a two-to-one margin over oak.

"We used to sell all oak beds, but now the market is switching to maple with a traditional cherry finish," said Fahy. "It helps to have partners that can get us the materials to meet these orders and move our business forward."

The partnership with Timber Products is extending outside the stock room and into some of the company's social media marketing plans as well. On the agenda for this year is a blog on the Bedder Way corporate Web site with posts on CARB and sustainable products, something that Fahy is asking Timber Products representative Pat Nosler to help with.

"Pat lives nearby and is always ready to help out with whatever we need and answer questions," he said. "The partnership between the Bedder Way Co. and Timber Products is an excellent formula for success in today's changing marketplace." 🍷



The Bedder Way Co. of Indianapolis is using Timber Products' GreenT hardwood plywood as the base material for many of its pull-down bed designs.

## CARB Influence Felt Nationwide, Even in Kansas

When the California Air Resources Board (CARB) formaldehyde regulations kicked in this past January, cabinet companies all over the country took notice. Some, like Wichita, Kan.-based Custom Cupboards, had to make some major operational adjustments to ensure its processes and products were compliant with the new standards.

“We made some big changes in the way we track our raw material purchases, label our finished cabinets and ship them to customers,” said Lance Johanson, vice president of operations at Custom Cupboards. “It wasn’t easy and was a departure from the way we used to operate. But our company decided that California was a viable market, and we were determined to keep that part of our business.”

Johanson first heard about the CARB regulations from Timber Products Company about three years ago, but didn’t really take notice until the state approved the requirements and set a Jan. 1, 2009, deadline for the changeover.

“I didn’t worry about it until the day it passed,” he said. “But my first call was to Timber Products Company to ask what to do. They were involved

much sooner than we were and they helped us get through the changes.

One major shift Custom Cupboards made in response to CARB was its inventory mix. At first, the company considered stocking compliant material and non-compliant material. It even thought about leaving the California market to avoid the formaldehyde regulations altogether. But in the end, Johanson said the company decided to make the switch to 100 percent domestic inventory that is CARB-certified, and remain committed to the country’s largest cabinet market.

With the help of Timber Products Company, Custom Cupboards transitioned its inventory to CARB certified materials, and feels confident that it is well positioned to answer any CARB question that comes its way.

“We relied heavily on Timber Products experts to show us how a new system would work and to educate us on the regulations,” said Johanson.

“It was very valuable to have that resource behind us. We asked other companies but nobody else would talk to us in detail.”



Custom Cupboards of Wichita, Kan., switched its hardwood plywood inventory to 100 percent domestic, CARB-certified material to meet California’s new formaldehyde regulations.

## Sustainable Inventory Key to Success for Metro Hardwoods

Steve Koves, sales manager of Metro Hardwoods in Jackson, Wis., has a pretty simple strategy when it comes to green products: stock it all.

That’s what he suggested to his company two years ago when he saw more requests for sustainable products were coming into the sales office.

“Green products have been around for years, but the timing was never quite right to have them in stock. They

were always special orders,” said Koves. “Then in 2007, we started getting more orders for sustainable products and it caught our attention. We thought there was real momentum behind these products, and the building climate in our area was ready for them.”

As more customers called with green product orders, the more Koves was convinced he needed additional inventory. So he turned to Timber Products Company and its sister business, SierraPine, to get Metro Hardwoods fully stocked with GreenT hardwood plywood and SierraPine’s Encore and Arreis panels, which would be immediately ready to ship to his customers.

“The demand was definitely customer-driven, but I had a gut feeling that there was a real need in the market, so we put nearly \$1 million of sustainable products in our inventory,” said Koves. “Customers aren’t willing to wait six weeks for a special-order product. At the end of the day, what we’ve found is that we’re getting a lot of business because we have a great variety of environmentally sustainable product in stock, ready to go.”

Working closely with Timber Products and SierraPine sales representatives, Koves rounded out his in-stock inventory with a variety of offerings.

“We bought every size and thickness from Timber Products and SierraPine that was available. That proved to be the key to success because we were the first in the region to do that,” said Koves.

### Market Shifts

Chicago’s drive to be one of the country’s leading cities when it comes to sustainable building



Children’s Hospital of Wisconsin in Milwaukee opened its new 12-story west tower in March 2009.

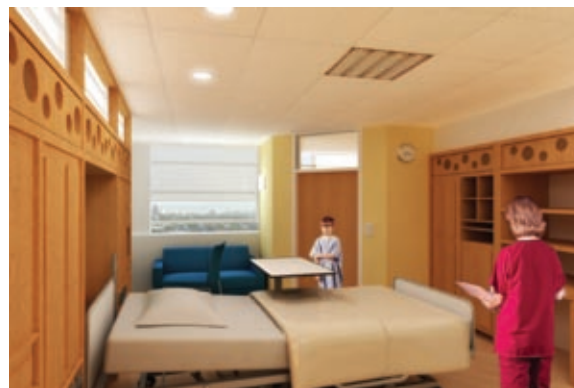
helped Metro’s push into eco-friendly products. Koves said many of his Midwest clients are involved in health care facility construction, which requires sustainable cabinetry with low-VOC emissions.

“One large project that we worked on was the Children’s Hospital of Wisconsin and its 12-story, 425,000-square foot expansion,” said Koves. “Our inventory played a big role in supplying all the necessary materials that were required in that high-profile building.”

### Shipping Savings

Working with both Timber Products and SierraPine afforded additional shipping cost savings for Metro, as well.

“Because they are affiliated companies, we were able to have product shipped from Timber Products and SierraPine and get everything we needed, from raw particleboard to MDF to melamine all in one railcar or on a truck,” said Koves. “It helped lower our cost and made it easier to fill railcars in a pinch.”



By investing in a sustainable inventory that features Timber Products’ GreenT hardwood plywood, Metro Hardwoods was able to supply the material for the cabinetry in the Children’s Hospital of Wisconsin’s new west tower.

### Marketing Support

To help educate its customer base and foster additional sustainable material sales, Metro worked with Timber Products on customized marketing tools, like brochures, that contained the necessary information for customers. In the end, Metro was able to put together a solid combination of inventory, marketing materials and a distribution system that was a win-win for all parties.

In addition, the company hired Kay Stoebe, LEED AP, as its sustainable product brand manager to organize training sessions every month and work directly with customers who want to know more about green products.

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capacity to be ready when times change and have the ability to offer a wide breadth of products to satisfy all your needs competitively.

### 3. Work with partners that think “outside the box.”

What new ideas have your suppliers brought to you recently? Are they proactive in passing along cost-saving information that can help you? Do they call to ask how you are doing or how they can help? Well, they should, and we at Timber Products are focusing on bringing new ideas to the table this year more than ever before. We know it takes a team effort to survive, and you need and deserve more than just a price quote. Look for versatility, adaptability and imagination from those with whom you do business.

### 4. The basic principles that make or break a sale—price, quality and service—are that much more important.

In addition to these three, there’s one more that should be added to the equation: *environmental impact*. It is crucial to align yourself with a supplier that can provide you with all four basic building blocks since they are all integral to your success. To make ordering easier for you, we’ve moved our hardwood plywood lines all under the GreenT banner, which means everything you order from us is certified to meet the most stringent green building regulations. Since we control our raw materials, you know you’ll receive your order in full when you need it.

### 5. Are your partners stuck in the past or are they looking ahead?

Are you aligned with a company that is retreating and running scared, or with one that has a plan, is investing in the future and is running full bore toward the light at the end of the tunnel? In times like these, you want to align your business with people and companies who will pull you forward with them and not with those who will drag you down or simply watch from the sidelines.

Timber Products Company has no magic answers for weathering the challenging times. However, we know that these five principles are important, and we stand ready to be your partner in your business’ success.

# Inventory, Personal Touch Set Tulnoy Apart

Because most of its business comes from the remodeling and commercial sectors in the northeast, building products distributor Tulnoy Lumber and its sister company, Chelsea Forest Products, didn't feel the housing crunch of 2008. However, when the U.S. financial crisis hit late last year, the 78-year old company that services New York, New Jersey, Connecticut, Massachusetts and Pennsylvania took notice and turned its attention to positioning itself for success.



Tulnoy Lumber works with larger suppliers like Timber Products Company to ensure it has a consistent supply of hardwood plywood.

"Business really started to turn when Lehman Brothers filed for bankruptcy," said Tulnoy Administrative Manager Steve Tulchin. "That's when we saw a lot of the remodeling activity start to go down. Now, the northeast market is suffering along with the rest of the country. We've been working to scale our operating resources to the marketplace."

Since the economic decline, Tulnoy's strategy for survival has reached across all areas of the company—everything from customer service to sales to inventory levels.

## Sales Staffing

A longtime Timber Products Company customer, Tulnoy has always valued personal business relationships. To ensure the company's 10-person sales staff is dialed in with the right connections, Tulnoy stresses personal contact, site visits and always asking what else a customer might need.

"We need to make sure we know our customer's supervisor and other key personnel," said Peter Tulchin, sales executive. "Companies are making changes and we do not want these changes to adversely impact our business relationships. We tell our people to get to know everyone."

Tulnoy's sales staff also has worked hard at getting more sales from existing customers.

"Every hardwood plywood customer is buying other items like nails, screws or plexiglass," said Tulchin. "It's our job to identify those opportunities. Companies like Tulnoy need to make sure we understand our customer's needs and offer alternative items that could save them money."

## Added Services

To stand out from other competitors in the marketplace, Tulnoy spreads the word about its extra services that add value to an order. For example, the company offers custom cutting and has promoted that benefit to customers who might want to outsource this kind of work.

Sometimes, staying a little later to provide extra service is a small step to showing customer commitment. "We recently expanded our office phone hours," said Tulchin. "If customers call after 5 p.m., the call will be answered. When our clients are trying for just-in-time buying, they need to place that order."

## Keeping Inventory

While other competitors have scaled back inventory levels, Tulnoy has maintained its philosophy of having a healthy supply of product on-hand.

"We've made a commitment to keep our three distribution yards stocked," said Tony Ginese, General Manager. "We've always believed in inventory as way to set ourselves apart. We don't have to pay for storage, so we've invested our capital in wood."

## Supplier Partnerships

Tulchin says that the company's own business relationships with its suppliers is an important part of weathering the economic storm. Timber Products Company, and its area sales representative Mike Lyon, have made sure Tulnoy has access to hardwood plywood material on a constant basis and receives exactly what it orders when it needs it.

"It's important to have ample supplier coverage in the significant product areas," said Tulchin. "We do not want to be impacted by a mill closure. That's why we work with larger companies like Timber Products."

## Managing Change

With profits coming from cost control rather than sales growth in 2009, Tulnoy is focusing on streamlining its procedures and turning to automation to increase efficiencies.

"Since we have a little time to think, we can review our procedures and processes," said Tulchin. "We're looking at overtime levels, our truck tracking software and sales reports more closely. Our managers have that extra time to utilize information technology to help profits."

"All employees have been asked to look for things to do on quiet days," added Tulchin. "The extra effort to call a customer and thank them for their business, update e-mail lists for the company newsletter and search for prospects on the Internet are small steps that can add up to a big impact. Today, everyone needs to go that extra mile." 📍

## Follow Us on Twitter

For those of you who use the microblogging site Twitter, you can follow Timber Products and read the latest updates about our GreenT hardwood plywood line, conferences we'll be attending and other interesting trends from the cabinet and millwork industries.

Follow us at [www.twitter.com](http://www.twitter.com) and keep in touch with the environmental leader in hardwood plywood. Our user name is TimberProducts.



# CARB Phase II Products on the Way

Timber Products' GreenT hardwood plywood currently meets or exceeds CARB Phase I formaldehyde levels for panels made with MDF, veneer core and particleboard cores, as well as our raw particleboard. CARB Phase II requirements for veneer core hardwood plywood begin to take hold Jan. 1, 2010, with lower formaldehyde emission levels. To make the transition to Phase II products as smooth as possible before the deadline, Timber Products is aiming to introduce some Phase II-certified hardwood plywood panels by the middle of 2009.

"Our goal is to ensure that customers can order Phase II material well in advance so they won't have to worry about complying with this last phase of the rule," said Timber Products Vice President Roger Rutan. "This will make the Phase II sell-through provisions a non-issue as our customers will have more than adequate time to work through Phase I material."

Raw particleboard and MDF have an additional year, until Jan. 1, 2011, to comply with Phase II emission levels. Hardwood plywood with a composite core has a deadline of July 1, 2012. 📍



## GreenT Tops *Wood Digest's* Reader's Choice Awards

Timber Products Company's GreenT line of hardwood plywood struck a chord with readers of *Wood Digest* last year as it was named the number one product in the magazine's 2008 Reader's Choice Top 25 Products awards.



The awards are based on the total number of responses generated throughout the year from reader inquiry cards. GreenT received more than any other product, according to the publication.

"The marketplace continues to demand more sustainable products so this award shows that cabinet companies and furniture manufacturers are interested in learning more about hardwood plywood like GreenT," said Timber Products Vice President Roger Rutan. "We're thrilled there's such a high level of interest in our products."

Introduced in mid-2007, GreenT gathered several prestigious awards from the industry's leading architectural publications last year.

A panel of architects, designers and specifiers selected GreenT for an *Architectural Record* Product Choice Award as one of the best new products of 2007. In addition, the readers of *Architectural Products* chose GreenT for a Top 50 Reader's Choice Award, and *Professional Builder* named it one of its 100 Best New Products.

## Save Time, Money with Pre-Finished Panels

Timber Products Company is pleased to announce the introduction of pre-finished hardwood plywood panels from our Spectrum Division. We have invested in state-of-the-art equipment and expert personnel to offer a finish that is second-to-none. Our initial offering is a clear finish, available in different gloss levels.

Finishing panels can be an expensive and time-consuming ordeal, especially for drawer components and cabinet interiors. That's why Timber Products Company provides pre-finished hardwood panels for woodworking manufacturers that want to improve their efficiencies.

Timber Products Company's new RhinoCoat™ pre-finished hardwood plywood reduces production times and increases your productivity by offering you a finished panel that can be used in a wide variety of low-wear applications. Since these pre-finished products are ready for processing upon arrival, they give woodworkers the ability to complete a project faster and more efficiently.

All pre-finished panels meet AWI, KCMA and miscellaneous ANSI standards.

Contact your Timber Products sales representative for a custom pre-finishing consultation or e-mail us at [prefinishing@timberproducts.com](mailto:prefinishing@timberproducts.com).

## New Hardwood Plywood Resource Available

With all of its hardwood plywood now produced under the GreenT label, Timber Products Company has introduced a new informational resource for architects, designers, woodworkers and builders to learn more about the line of environmentally certified panels.

The company's new Hardwood Plywood guide details GreenT's many high-quality veneer selections, grain patterns, grade choices, decorative laminate options and core centers to meet any design or environmental solution. Information about Timber Products' new pre-finished option also is included for those looking to save time and enhance quality in the manufacturing process.

"With hardwood plywood, there's no such thing as one-size-fits-all," said Timber Products Vice President Roger Rutan. "This new resource provides background information on the vast number of GreenT core, veneer and cut choices and the environmental certifications it meets. It's a good introduction to what our company offers, and reflects our 90 years of leadership in the hardwood plywood industry."

The Hardwood Plywood guide can be requested by calling Timber Products directly at 800-747-4577. It is also available as a PDF on the Timber Products' Web site — [www.timberproducts.com/Products/Hardwood\\_Plywood](http://www.timberproducts.com/Products/Hardwood_Plywood).



## timberline

*Timberline* is a publication for our employees, families and customers.

Requests for additional copies, or to be included on the *Timberline* mailing list may be sent to [timberline@timberproducts.com](mailto:timberline@timberproducts.com).

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