

Inside: Lumber Industry Forecast

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Man Of The Year

Jim Quinn President and CEO Collins Pine Co.

A progressive outlook that emphasizes sustainability and a cutting-edge approach to product marketing have made Collins Pine Co.'s Jim Quinn *Timber Processing's* 1998 Man of the Year.

Searching For Sustainability

By Dan Shell

CHESTER, Calif.

Operating a wood products business in what is now a global timber economy requires smart, innovative business instincts just to survive—and a true, strategic vision of the marketplace to thrive. For his successful work with The Collins Companies of Portland, Ore., which includes a variety of wood processing facilities and nearly 300,000 acres of timberland, and for his vision of delivering a message of true forestland sustainability and finished products environmental awareness to his customers and the public, *Timber Processing* has named Jim Quinn its 1998 Man of the Year.

Background

The 60-year-old Quinn was born and raised in Moberly, Mo. and graduated from the University of Kansas in 1960 with a degree in mechanical engineering. After graduation, he joined the Navy, entered Officers Candidate School and served three years as an engineering officer on a gasoline tanker and an oceanographic research vessel.

He returned to the Midwest to work for an engineering firm that did a lot of civil-type projects. "It was a good job, but I really wanted to be in an operations-type of engineering," he remembers.

Quinn moved west, and in 1965 took a project engineer job with Crown Zellerbach at its Antioch, Calif. paper mill. At the facility for seven years, he worked in a variety of areas, including a major new recycling facility, production planning

and human resources. While in California, he also received a masters in business administration from J.F. Kennedy University in 1970.

In 1972, Quinn moved to Crown's Northwest regional office in Portland, Ore. and began working as an operations analyst in Crown's finance department. He found his way into the solid wood products end of the business by performing an operations study on Crown's Rainier, Ore. sawmill.

Otto Leuschel, then Crown's operations manager and a well-known industry figure who also worked for Weyerhaeuser and Hampton Lumber (Quinn describes him as "my mentor in the wood products business."), read Quinn's report and asked him to join Crown's wood products group. Quinn jumped at the chance.

"I had never really cared for the pulp/paper side of things, never was that excited about it," he says. "But when I saw my first sawmill it was great. You can see everything working and the product as it's being processed, plus you have a better idea about the product's final destination. And I definitely want-



ed out of the finance department."

Quinn's first assignment was a quality control supervisor position at Crown's Omak, Wash. regional office that served four sawmills, a plywood plant and a cut-stock and furniture plant. In six years at Omak, he worked his way up to sawmill production manager and then to production manager for the region.

He's proud of the work he did in improving the mills' accuracy and quality, especially in percentage of higher-grade lumber. "But we had four sawmills and not enough resources," Quinn recalls, noting the region was reduced to one sawmill and one plywood plant.

Quinn then moved back to Portland and worked as operations manager of Crown's wood products group. One of his last major actions was the acquisition work for Dant & Russell's Warrenton, Ore. sawmill, which Crown purchased in 1983.

Two years later, in 1985, Quinn had his first run-in with corporate raider Sir James Goldsmith, when the 1980s takeover artist's financial organization purchased Crown Zellerbach. In order to pay off takeover debts, Goldsmith turned Crown's northwest Oregon timberlands into a cash machine. Things like log exports were taking priority over investments in domestic sawmill facilities.

"I didn't like the logging practices, didn't like the log exports and wanted to do more domestic processing, but that didn't fit with their plans. So I looked at where it all was going, and I submitted a report that my job be eliminated so I

could get a severance package," Quinn says with a laugh.

After Quinn left Crown, his brother, Carl Quinn, offered him an opportunity to work in the oil industry for Celeron Corp., a subsidiary of Goodyear that

was embarking on a major, \$2 billion project for a pipeline to be constructed from Santa Barbara, Calif. to Houston, Tex. Quinn says his brother was "very instrumental" in helping his career along. "He provided me with a great

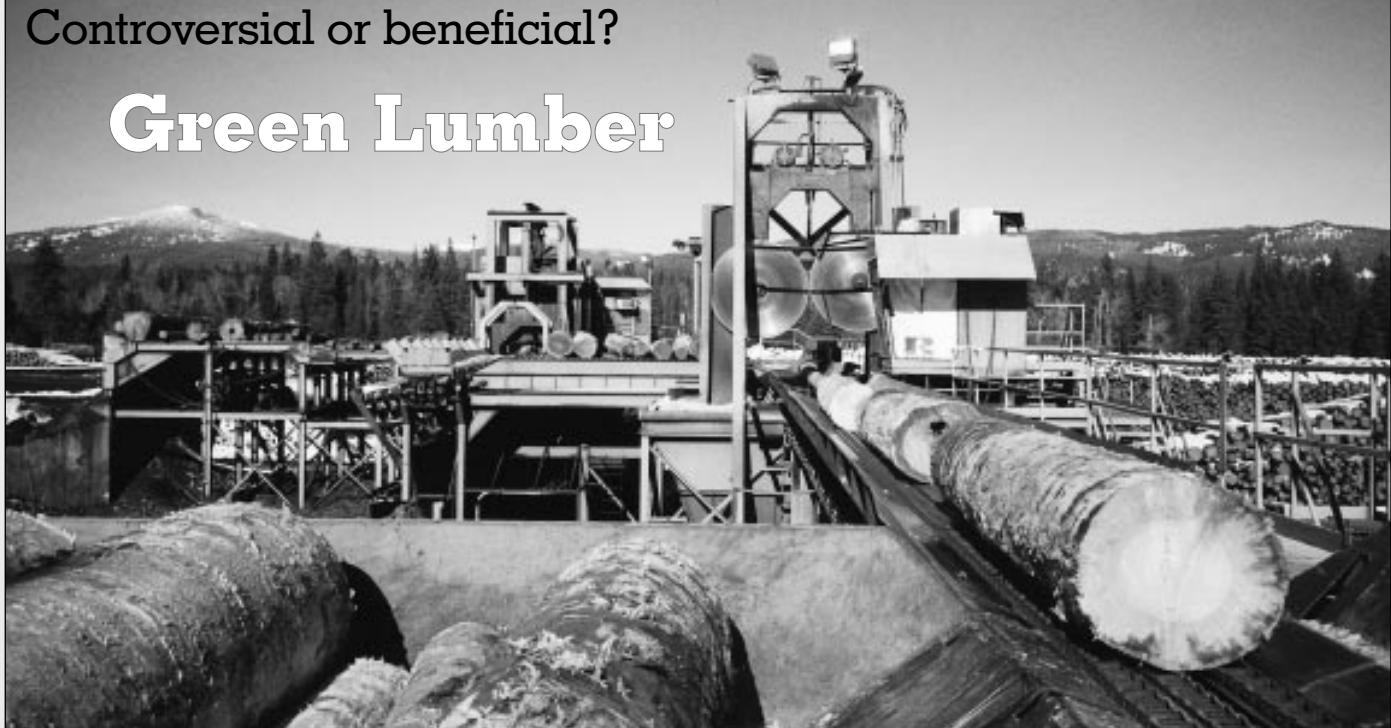
opportunity after my departure from Crown."

Quinn initially moved to Belgium, where most of the pipe was being manufactured, to oversee quality control and

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Controversial or beneficial?

Green Lumber



Seeking to find ways to differentiate their products in the marketplace, executives with The Collins Companies were quite interested when Vice President of Marketing Wade Mosby came back from a 1992 trip to Europe, where he had learned about the Green Cross product certification program.

President and CEO Jim Quinn saw the concept of marketing certified environmentally friendly wood products as just the kind of market differentiation he had been looking for. "We were hoping to do a couple of things," he says. "We wanted to create market differentiation, but we also want to be able to carry a story to the public that industry is doing a good job of forestry and protecting the environment."

Since Collins Pine Co.'s 95,000 acre Almanor Forest in northern California had been managed on a select-cut basis for more than 50 years, "We figured it ought to be certifiable," Quinn relates. He also recalls how the Collins foresters didn't like the idea at first, but were quickly won over when a group of "forest auditors" (including professionally trained foresters) came to review their forestry practices.

The foresters—and the whole organization—were especially happy when the Almanor Forest passed with flying



Demand for certified lumber is growing, according to The Collins Companies.

colors, receiving a score of 256 out of a possible 270 in three major categories: timber resource sustainability, forest ecosystem element and socio-economic benefits.

Collins is certifying its forests and subsequent products under the Green

Cross label, which states that Collins' forest management practices meet or exceed standards set forth by the Forest Stewardship Council (FSC)—an international umbrella group which has a goal of setting worldwide standards for good forest management. The FSC doesn't certify

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Collins: A Profile

The Collins Companies story began in 1855, when Truman D. Collins began the first Collins forest products operation at a site in northwestern Pennsylvania near the present Kane Hardwood facility. Operations expanded westward in 1900 with the purchase of timberland in Washington and Oregon. Additional purchases in 1902 became Collins' California timber base. In 1918, his son, Everell S. Collins, established headquarters in Portland, Ore. Truman W. Collins, who succeeded his father Everell in 1940, articulated and implemented a long term vision of stewardship in sustained yield forest management when he hired foresters to manage the company's 94,000 acre northern California Almanor Forest to provide jobs "in perpetuity."

Today, The Collins Companies, still owned by the family, remain headquartered in Portland and consist of:

- Collins Pine Co., Chester, Calif., includes a sawmill, plus a cutup plant that's operated as a separate business, CP Specialties. Facilities include the 95,000 acre Almanor Forest. Produces primarily pine and fir lumber in shop, industrial and common grades, plus cut stock.

- Ostrander Resources, Lakeview, Ore., consists of Fremont Sawmill plus 74,000 acres of timberland. The operation produces pine, fir and incense cedar products in shop, industrial and common grades, plus cut stock. Ostrander also owns 42% of Mull Drilling Co., a gas and oil exploration and production joint venture in Wichita, Kans. that has 200 gas and oil wells in Kansas and Colorado.

- Kane Hardwood, Kane, Pa., includes a dimension mill and cutup plant that produces a variety of $\frac{1}{4}$ through $\frac{1}{2}$ hardwood lumber products, plus edge-glued panels and stair rail components. Assets include 125,000 acres of prime hardwood forests.

- Collins Products LLC, Klamath Falls, Ore., has a western softwood plywood plant, particleboard plant and hardboard siding plant that produce sheathing and industrial plywood, industrial and commercial grade particleboard and lap and panel hardboard siding.

- Collins Resources International, Portland, Ore., is an import/export firm.

- Three Builder Supply retail stores in California.

Sustainability

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shipping. He then moved to Santa Barbara to begin work on the pipeline project, but that's when Goldsmith came calling again. This time Goldsmith's target was Goodyear, but unlike Crown Zellerbach, the rubber and tire giant was able to sell off enough assets to repel the takeover attempt.

In the process, though, Goodyear sold almost everything, including all of Celeron except the pipeline project. In 1987, Quinn moved to Houston as vice president of administration for Celeron.

"It was a great job and paid well, but I knew it wasn't a major part of Goodyear's business," Quinn says. "At the time, I thought I was done in the forest products industry."

That same year, Leuschel had given Quinn's name to a recruiter for Collins Pine. Quinn interviewed, then didn't hear anything for several months and was happily surprised in fall 1988 when he was offered a job.

Quinn joined the Collins Companies in December 1988, initially as an executive vice president overseeing the sawmills. In July 1989 he was elected President and CEO of Collins Pine Co., and the following October was elected to the same positions for Ostrander Resources. (Following the acquisition of Weyerhaeuser panel plants in Klamath Falls, Ore., Quinn was named President and CEO of Collins Products LLC, which produces plywood, particleboard and hardboard siding.)

Plan Of Action

The mill at Chester was the company's top priority when Quinn signed on, and the 1943 facility, the oldest in the company and still running plenty of original equipment, needed plenty of modernizing and streamlining.

To begin with, the mill was still using a 40 acre log pond and bull deck feeder into the mill, where unsorted logs of all species were sawn as they came out of the water. "At first we just went back to basics, then we really started focusing on quality and accuracy," Quinn says.

The operation began sorting in the woods and on the yard, began sawing pure species runs and got rid of the log pond. Further upgrades included a cooling tower for a cogeneration plant.

Since the mill still receives plenty of large logs thanks to Collins' forestry practices, most upgrades have been downstream of the headrigs and edgers: In 1997 a new Wellons kiln was started

up, but a grading, trimming and sorting line was added in 1990; a new planer mill was added in '92 in a building that had formerly housed a particleboard plant; a Schurman 12 in. double arbor gang went in in '93; and a cutup plant was started up in '94 in the original planer mill building.

"We wanted to add more value to the product and further process a whole host of items," Quinn says of the secondary processing facility, which is operated as a subsidiary company, CP Specialties.

Also in 1992, Collins Pine Co. eliminated its company logging operation, which was running on old equipment. "Since all the logging equipment had to be upgraded and we were also trying to upgrade the mill, we decided to go to contract loggers instead of recapitalizing our own operations," Quinn says.

Operations were also altered at Kane Hardwood in Kane, Pa., which is also owned by the Collins family. Cutting more than a dozen species, in 1994 the mill refocused its efforts on a few species, primarily black cherry, red oak and maple, and went from two to one shift. "We just sort of simplified things to get a better focus on the hardwood side," Quinn says.

As a result of the changes in operations, the Collins Companies had gone from 900 employees to less than 500 in 1994. At about the same time, fluctuating lumber markets helped lead Quinn and Collins into a new direction.

New Direction

"In 1993 and '94 a fundamental change in the timber industry really hit home," Quinn says. "Forest Service lands had been pretty much cut off by then, and when lumber prices really spiked up, log prices went up. When lumber prices hit those high levels in '93, a lot of other countries began riding the strength of our pine markets, but within months prices went down as customers sought alternate products and materials."

During that time, dramatically changing lumber markets and the vulnerability of Collins' older mills led the Collins board to begin talking about new directions for the mills and companies. What emerged was a consensus to aggressively pursue value-added products and market differentiation through its certified "green" lumber products (see sidebar).

The biggest impact of the board's decision, however, came when Quinn was contacted in 1996 by executives from U.S. Timberlands to see if the company

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Green Lumber

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products; instead, it sets international standards to which certifying companies must adhere when evaluating any company's forest practices.

Collins Pine's certifying company is Scientific Certification Systems of Oakland, Calif. A five-person SCS evaluation team, composed of a forest economist, a logging and forest health specialist, a professional forester, a biologist and the SCS project manager, visited the forestry operation and conducted three field investigations over eight months.

The team interviewed foresters and mill managers, analyzed data compiled by Collins' forestry staff, conducted forest surveys, interviewed employees and members of the community and reviewed the company's financial information and safety records.

In March 1993, SCS issued this executive summary of Collins Pine Co.'s forest management: "Overall, the evaluation team was quite favorably impressed with the Almanor Forest management practices and the care taken for wildlife and the general forest ecosystem. Collins' commitment to focusing on the *quality* of what remains rather than simply the *quantity* of timber removed has impressed the team members...Overall, the team is quite favorably impressed with the extent to which the Collins Almanor Forest is being managed in a manner consistent with pertinent principles of sustainable forestry."

Almanor Forest became the first industrial forestland in the U.S. to be certified for sustainable forestry under FSC standards. The Collins Companies' 122,000 acre Pennsylvania Forest was certified in 1994 (see story on Kane Hardwood, page 16) and efforts are under way to certify 75,000 acres of forests in southern Oregon.

Quinn says the certification process for the Almanor Forest cost less than a basic company books audit by an outside accounting firm. But maximizing pay-back of the certification effort through selling and marketing certified, environmentally sensitive products requires plenty of work also.

"It requires education and explanation, and a lot of companies aren't interested in (certification) because they want immediate payback. But we don't look at it that way because we're looking at the long-term," Quinn says.

"Our view is that forest (and product) certification gives you a great idea of what you're doing; it's a great motivator because all our people are proud of what

we're doing; and it really helps the public image of industry because it's a third party doing the certifying."

In fact, Quinn is hard-pressed to decide what's more important: the competitive edge forest certification might provide, or the positive public image and real benefits to the environment. But as an executive who likes to take the long view, Quinn believes the overall benefits are more important.

In fact, efforts such as the American Forest & Paper Assn.'s much-publicized Sustainable Forestry Initiative might have great intentions, but since it lacks a third-party component, it will always be viewed by a skeptical public as vested interests patting themselves on the back, he believes.

"I don't think an industry that's already in trouble can create a self-regulating mechanism," Quinn says. "A lot of people in our industry are still in denial, but the truth is almost everyone outside of our industry thinks we're damaging the environment."

Mention the FSC at a gathering of sawmillers and somebody is sure to react with great concern about the FSC's intentions. (In recent months *Timber Processing* has received calls and correspondence expressing such concern about the organization, which is apparently viewed by some as a harbinger of a "new world forestry order.")

To those who believe the FSC is only a preservationist front organization and that its guidelines are only a foot in the door for worldwide forestry regulations, "I'd reply that you haven't read the material, and you're thinking too much about yourself," Quinn says.

"We haven't been handicapped in any way at all by going through certification," he emphasizes, adding that even some environmental groups are scared of the FSC certification process because it provides a market-based solution to forest issues instead of the government edicts that preservationists love so much.

"Some people in our own industry are scared of the concept, but we'd like to see more people join us," Quinn says, noting that in some cases The Collins Companies have had trouble filling orders because they couldn't produce enough certifiable products.

Currently, all The Collins Companies' certified forest products are sold under the CollinsWood brand name. Successful projects have included supplying Lexington Furniture Industries with specialty hardwoods for its "Keep America Beautiful" furniture line, providing certified door and window stock for Andersen Corp., and supplying Home Depot with a specialty line of certified lumber. A new

initiative has the both Chester and Kane mills sending certified lumber samples to the Martin guitar company, which is planning a line of environmentally sensitive instruments.

The marketing and promotion of certified forest products requires lots of work and educating of customers, but Quinn says he's seeing more interest all the time. In fact, according to the newly formed Certified Forest Products Council (CFPC), a non-profit business initiative to bring customers and suppliers together and promote responsible purchasing habits that will improve forest practices worldwide, the market for certified forest products is rapidly expanding.

Recently, Duke University, Dartmouth College, the U.S. Postal Service and The Gap have initiated projects to use certified wood products for construction or as raw materials. Turner Corp., which oversaw \$3.3 billion in construction in 1996, has also begun working with the CFPC.

In addition to certified forests and products, The Collins Companies are taking the green operating concept even further with the adoption of Natural Step programs at its Collins Products LLC facilities in Klamath Falls.

The Natural Step is a business operations program that provides an additional decision-making process to any capital project decision. The Natural Step encourages planners to seek alternate approaches that reduce a given company's dependence on products and processes that cause pollutants and are non-renewable in nature.

"This has resulted in some really neat projects," Quinn says, citing a new cooling tower project and heat recovery system project and the current analysis of a hardboard recycling center at the Klamath Falls facilities.

Eventually, the practice will spread throughout The Collins Companies. "We believe the integration of these principles into our daily business practices will provide us with long-term environmental, social and financial benefits that we could not obtain by other methods," Quinn states.

For Quinn and The Collins Companies, this progressive thinking about certified forests and environmentally sensitive products and business operations is really old hat, starting in the 1940s when third-generation company president Truman Collins hired foresters to manage the Almanor Forest with a vision "to provide jobs in perpetuity."

Thinking green, even if it may go against industry's grain, gives the company traction, Quinn believes. "We find this way of operating to be individually and collectively motivating," he says with a smile.

TP

Mixing Old With New

Collins Pine Co.'s Chester, Calif. sawmill, built in 1943, seems caught in time in some respects: The mill still processes large logs from its certified Almanor Forest, yet fee lands only provide 50% of the mill's needs while the balance of logs from Forest Service and private lands are becoming increasingly smaller.

The mill produces 75MMBF annually, primarily in white fir and pine lumber in $\frac{1}{4}$, $\frac{3}{4}$, $\frac{1}{2}$ and $\frac{5}{8}$ sizes. Pine cuttings focus on $\frac{1}{4}$ and $\frac{1}{2}$ commons and industrial grade items, while a high percentage of white fir is in dimension lumber.

The facility, which includes a cut-up plant and 13 mile short-line railroad, sits on 200 acres and employs 225. Hourly workers are union, represented by the Western Council of Industrial Workers.

"We've built and upgraded all around the sawmill, and we'll get to it eventually," says General Manager Larry Potts of the mill's past decade of upgrades, which has touched almost every sawmill segment except the two old headrigs and primary edgers. In fact, a sorter line installed in 1994 was laid out with a new sawmill building in mind, but timber supply worries are keeping Collins' management from pulling the trigger on a new mill project.

"It's always a tough decision whether to re-capitalize," Potts says. "We may still go ahead with a new mill project, but it would help if we had more assurance the Quincy Library Project will go through."

(The Quincy Library Project is a precedent-setting process in which local interests in and around Quincy, Calif., including preservationists and timber interests, have come together and helped develop mutually-satisfying management plans for parts of the Plumas National Forest. If the project moves forward it would give Collins Pine and other mills an added, consistent level of timber supply they could count on, but several

major preservationist groups are trying to scuttle the project since it dilutes their influence at the national level.)

Logs coming to the Chester mill are scaled by the Timberline Log Grading/Scaling Bureau, then unloaded, sorted and decked by a LeTourneau log handler; a Cat 966C wheel loader and two Cat 980C wheel loaders, plus a Cat 235 excavator-type machine on a Pierce carrier.

Logs are sorted by source, species and length. Log specs are lengths from 8-40 ft., with a 5 in. minimum top. Some short logs are pulled into separate sorts, and some peeler logs are sent to Collins plywood facilities in Klamath Falls, Ore.

Logs are fed through a Nicholson 60 in. ring debarker, through a guillotine-type cutoff saw and on to the headrigs.

The headrigs are a matched set of two 9 ft. Filer & Stowell bandmills fed by Salem carriages. The #1 headrig, which saws more grade material in logs from 12 in. and up, features Inovec scanning and optimization systems. The #2 headrig, which saws logs up to 12 in. primarily for production, operates manually.

Each headrig feeds sideboards to its own edger, both Portland Ironworks 4-saw units with stack-cylinder networks. Cants are fed to a 12 in. Schurman double arbor gang with Ukiah-type guide system, while doubles and triples are fed to an 8 ft. McDonough bandmill vertical linebar resaw.

Boards from the machine centers converge on a line feeding a USNR trimmer/sorter system, which features Applied Theory scanning and optimization and a Lucidyne 10-character grade mark reader.

Boards are moved to the mill's extensive network of 21 kilns, which provide a total of 2.2MMBF in drying capacity. A new Wellons zone-controlled unit was started up last year, while the others are the old, shotgun-type kilns (six have been fitted with Wellons controls).

Lumber that needs surfacing is fed to a



Chester General Manager Larry Potts

25 in. wide, 16 knife Stetson-Ross planer, which features all-hydraulic feed, planer drive and transfers. Finished lumber flows past graders and under a Lucidyne grade mark reader, then on to an Irvington-Moore 20 ft. trimmer and down to a manual green chain, where 21 pulls are made. All packages are bar-coded and moved to finished goods inventory.

Though the mill had been making some value-added products with a dip chain gang saw and a couple of chop saws, a separate cutup plant was formally added in 1994. Today, the cutup plant, operated as CP Specialties, features a line of six Industrial manual chop saws; a back-rip saw; edge sorter; Portland Ironworks 4-saw selective rip saw; and a precision end-trim saw. The plant is also starting up a new Dimter optimized chop saw line this month.

Potts says the mill moved into value-added items slowly, at first making finger-joint blocks, then cut stock, then the rip saw was added to do even more custom work.

The CP Specialties plant hasn't done any gluing yet, Potts says. "That would be a big decision for us, because right now we're a non-competitive supplier, and in some areas we could become competitive with our customers."

Even so, the value-added capacity is bound to rise because it fits so well with The Collins Companies philosophy, Potts says. "Our core business strategy is to take the product as far into the marketplace as possible. We're doing that with the cut-up plant, and when you throw in the certified products issue, you can find some real interesting niche products." **TP**



Secondary processing plant is expanding...



...with addition of new Dimter optimized chop saw line.

Sustainability

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would be interested in any of the Weyerhaeuser facilities for sale in Klamath Falls. As a result, the Collins organization purchased the plywood, particleboard and hardboard plants.

Adding the capability to produce composite and value-added products fits well with all the companies' long-term interests, Quinn believes. "We're always interested in extending the resource and finding ways to make the fiber go farther," he says. "Plus, the three panel plants are situated well with our other assets near Lakeview, Ore. and in northern California."

Acquiring the panel facilities instantly doubled both Collins Companies sales and employee numbers to more than \$200 million and 1,000, respectively. The deal included an agreement with U.S. Timberlands (which bought Weyerhaeuser's 600,000 acres of timber in the area) to supply the mills with logs for 10 years. Also included as a term of sale was the continued involvement of Weyerhaeuser's distribution group with the hardboard facilities' products.

Quinn says the arrangement suits Collins Products just fine. "We're a small company, so network sales and service of hardboard would have been hard for us to take on, but the relationship has helped us in other ways, since we also sell some of our other products into their distribution group."

The arrangement reflects the philosophy of Collins Companies that "we can't capitalize and do everything," Quinn says. Such thinking has made the Collins facilities prime examples of operations that have turned the term "strategic alliances" from a buzzword into reality.

Kane Hardwood sells many of its green-certified veneer grade logs through Freeman Corp. in Kentucky, which does the marketing and brokering. Collins also works with States Industries in Eugene, Ore., which along with Freeman were the first U.S. companies to sell green-certified plywood, Quinn says.

The Collins Companies' emphasis on green certification, strategic alliances and other progressive thinking haven't gone unnoticed by others in and outside of industry. Recent awards include the President's Award for Sustainable Develop-

ment in 1996 and a whole slew of awards in 1997, including an Oregon Business Excellence Award for Strategic Alliances Development; the Governor's Challenge of Change Award for a Sustainable Oregon; and a Green Cross Millennium Award for Corporate Environmental Leadership.

Quinn says that with his management style, he "tries to focus more on the long-term than short-term; I try to focus on building the fundamentals to make things better; and I try to lead by the example of thinking strategically."

As for the Collins Companies, "There's a lot of autonomy in these operations," Quinn says, adding that though the green-certification emphasis was "sort of a top-down decision," managers meet regularly and reach consensus on projects.

Quinn describes an operating environment in which managers are empowered to make plenty of decisions and are strongly encouraged to continually analyze and study procedures and look for new ways to approach them.

"I try to help create an atmosphere of people who enjoy what they're doing and can be proud if it," he says. **TP**

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For Fast, Free Info Circle #55

For Fast, Free Info Circle #56

Kane Hardwood in Pennsylvania believes it has gotten better by undergoing a third-party certification process to document its proper forestry practices.

Right Program, Right Time

By Mike Tankersley

KANE, Pa.

Certification's not for everyone, insists Blaine Puller, Lands Manager for Kane Hardwood, a Div. of Collins Pine Co., based here. But it's the right program at the right time for a company that wants to have its forest management procedures and principles given an independent stamp of approval.

That's the case for Kane Hardwood, which was awarded certification of a well-

managed forest in October 1994 by Scientific Certification Systems (SCS), which operates under the auspices of the Forest Stewardship Council. Kane management believed its forest management practices were pretty good back in 1993, but there was no real verification of that fact. "It was just a simple matter of our foresters making that claim," notes Puller.

So, Kane Hardwood followed the lead of its sister division on the West Coast, Collins Pine Co., Chester, Calif., and turned to SCS, one of only two certifying agencies in the U.S. SCS provides third-party confirmation that a company is actually doing what it is claiming to do, such as managing a sustainable forest. To attain certification status from SCS, Kane had to prove it was meeting the principles, criteria and standards set forth by the Forest Stewardship Council in managing its 122,000 acres.

The task was grueling, costly and time-consuming, but Kane emerged in late 1994 with the SCS seal of approval. This meant that wood produced from Kane's forestland could carry the Collins-Wood® tag, signifying that it was documented to have come from a sustainable forest—a crucial element in the company's marketing plans.

"We're shooting for a niche market," Puller says. "We want to target those customers who want to buy wood from a sustainable source."

Puller says Kane Hardwood and the other Collins compa-

nies are offering another ingredient—finished products coming from well-managed forests—into the traditional American buying habits involving product quality and cost.

CollinsWood gives wood consumers a choice in the marketplace, and Puller believes his company is on the leading edge of a worldwide trend.

"We're real excited about it," he says. "Certification is not for everybody. Each owner has his own objectives for owning his land, whether it's short term or long term or some combination. And I would not condemn anyone for the way they do business."

"But I think this is a great program for forest sustainability. This is voluntary, not mandated."

And that's exactly as it should be, according to Puller. He's against more government rules and regulations, and he's for private property rights. To his way of thinking, this is simply a segment of the forest products industry responding to an emerging market need.

"There will always be people in this country who buy the best possible product at the least cost," Puller says. "But there are other people in this country who want to buy a quality product and be assured the product came from a well-managed forest."

Certification Process

Collins Pine Co.'s commitment to sustainability began in the first half of the 20th century in the Collins Almanor Forest near Chester, Calif. This ethic was extended to forest management on the Collins Pennsylvania Forest.

When the Almanor forest was certified in 1993, Kane was ready to follow. Two SCS representatives spent a week at Kane Hardwood in the fall of 1993, touring company lands, asking questions and requesting a variety of documents that they would analyze over the winter. Kane staffers prepared the documents, which among other things detailed how much timber the company had been cutting in recent years, what its land base was, what its species mix was and what the mill needs were.



Kane's dimension plant adds value to low-grade material.

In June 1994, a team of three SCS forestry experts returned to Kane Hardwood and spent seven days there, field-scoping the analysis done over the winter and gathering more information.

The certification program has three main elements, and a company must pass all three elements to attain certification. They are:

- Forest ecosystem maintenance, which deals with such issues as how the company controls erosion, maintains water quality, wildlife and diversity, etc.

- Forest sustainability, which deals with how the company balances growth and removal of trees and how it maintains its species mix.

- Community relations, which deals with how the company treats its contractors, other residents and people who want to use the company's lands for recreational purposes.

Kane Hardwood didn't need to make sweeping policy changes to attain certification, since it was essentially on the right track, as management believed. But it has made many improvements, mostly in the area of documenting its policies and procedures already in place, according to Puller.

"We had been doing well or we wouldn't have passed," Puller says, noting that SCS essentially approved Kane Hardwood's procedures. "But since our certification, we've come to realize that we need to analyze more data and be a lot more formal in our documentation of procedures and practices. That's been a lot different, and we've had to add more people."

And that means more expense. "This adds significantly to the cost of doing business," Puller concedes. "There's the initial cost of the (SCS) audit itself, plus we have opportunity costs, where we lose out to competitors because of the way we do things."

But there have been actual benefits as well. "During this process, we gained a lot of ideas on how to manage our lands better," Puller says. "We



Kane Lands Manager Blaine Puller displays CollinsWood product.

also got a report (from SCS) that pointed out, not only our successes, but also some shortcomings in our procedures."

The 18 logging crews that contract with Kane Hardwood were not affected greatly by the certification process, though their performance is evaluated, Puller says. Mostly, it's a case of the loggers working when ground conditions allow, and not working when there's a chance that harvesting would harm the ground.

"The loggers in this area want to work so they can get paid, but they have their own sense of pride and stewardship," Puller says. "They don't want to be known for messing up the land for a long period of time for short-term dollars, so it was no real problem for them."

As for the mill operation, Kane has had to maintain higher log inventories than are ideal during the spring and fall,

when loggers are most likely to be kept out of the woods because of the weather and ground conditions.

Kane Hardwood produces approximately 10MMBF annually, about 50% of which is black cherry, followed by soft maple, red oak and hard maple. The mill also produces smaller percentages of ash, beech and poplar. Majority of production is $\frac{1}{2}$ and $\frac{3}{4}$, with some $\frac{1}{4}$ and $\frac{5}{8}$, especially in cherry.

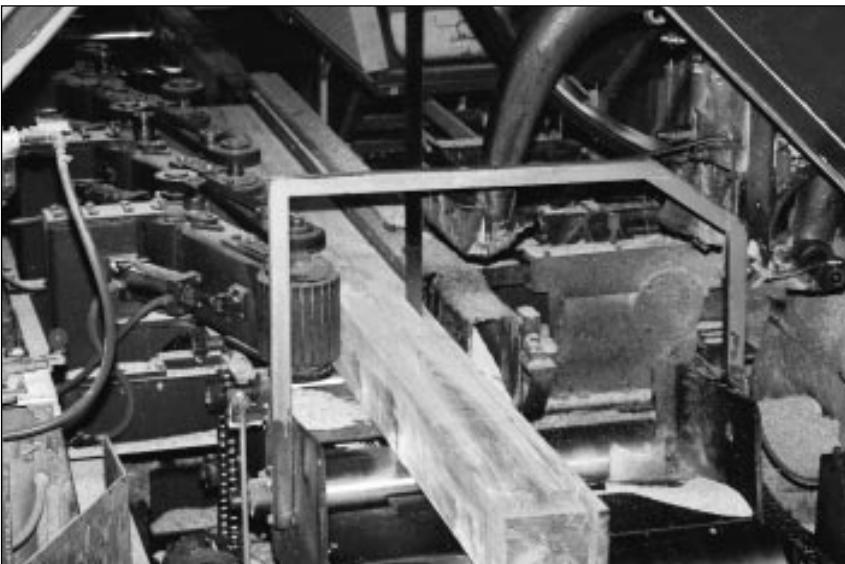
Kane typically had shipped its production into high-end furniture markets in the North Carolina area and to

distributors. But because of the emergence of the CollinsWood brand, the company is finding it necessary to develop some smaller-scale markets, according to Bruce Duncan, Mill & Maintenance Supervisor.

"Many of the big furniture manufacturers aren't really interested in buying a certified product because of the need to keep it separate from their typical product," Duncan says. "However, companies building custom pieces of furniture are more willing to use an environmentally friendly source for their product."

About 40% of the mill's production is CollinsWood, according to Duncan, who adds, "We're looking to increase that in the future."

Mill Operations



Most grade is taken off at resaw station.

Logs entering the yard are separated depending on their source. Logs purchased on the open market are kept separate from logs removed from company land to assure a chain of custody for wood ultimately tagged as CollinsWood. Within each separation, logs are also divided by species and length (8 ft., 9-12 ft., 13-16 ft.), with 16 ft. lengths being the longest the mill can handle. Veneer logs are sorted and laid out for buyers to look through (Kane does not process any veneer material;

Pennsylvania Follows Kane Hardwood's lead

Since *Timber Processing* visited Kane Hardwood in October, the state of Pennsylvania successfully completed the rigorous certification process to have about 1.2 million of its 2.1 million acres of forestland certified by Scientific Certification Systems (SCS). The land is located in the north-central part of the state.

Pennsylvania is one of only three

states in the nation to undergo and pass a forest certification process. Because of the number of acres receiving certification, Pennsylvania now has the largest certified forestland in the nation (including the Collins Pennsylvania Forest).

This development is important for Kane Hardwood as well. Previously, Kane could tag as certified only wood removed from its own forestland, since that was the only wood it could document as having come from a certifiably well-managed for-

est. Now, lumber produced from the logs Kane purchases from the certified Pennsylvania forest can also carry the Forest Stewardship Council (FSC) logo.

In another development, Kane Hardwood on October 18 received national recognition as one of only three companies worldwide to be nominated for the National Hardwood Lumber Assn.'s 1997 Forest Stewardship Award. This award recognizes NHLA member companies that exemplify excellence in forest stewardship.



Mill & Maintenance Supervisor Bruce Duncan

some sawlogs are sold on the open market as well).

A pair of Caterpillar 950s feed the mill and separate logs on the yard. Separations are important because the mill continually processes runs of particular species and/or lengths; there are also runs of logs earmarked as CollinsWood.

Diameter and length of all logs that go through the log deck are inputted into a hand-held Omnidata polycorder, which tracks the the logs that go through the mill in cubic volume.

"What we get from that is, at the end of each shift, a lumber recovery factor (LRF), which is a ratio of the cubic volume going into the mill versus the lumber coming out," says Duncan. "This gives us a better indication of what our actual yield is (compared to overrun figures traditionally used by most mills)."

Logs go through a Salem 35 in. ring debarker and proceed to an accumulation deck ahead of the headrig (bark is sold as mulch except during the winter, when it is used for fuel in the mill's wood-fired boiler). From there, logs go through a Coe slab chipper ahead of a Filer & Stowell 8 ft. bandmill with Filer & Stowell four-knee carriage. There is no scanning at the headrig, but Lewis Controls networks allow the sawyer to make a best opening face (BOF) on each log.

"The sawyer can set the log edge out to a laser light, and the computer controlling the networks computes the di-

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ameter of the log and can give him some sawing solutions that are possible from that diameter, depending on what we're cutting that day," Duncan says. "The (headrig) sawyer is basically four-sided the log for the resaw, though he can take some grade off if the resaw gets backed up."

The resaw is a similar bandmill as the headrig and is accompanied by a McDonough linebar and turner system. The resaw removes grade with a runaround system bringing pieces back to the resaw until they're sawn down to a 6 in. cant. Those cants, as well as slabs from the headrig and resaw, proceed to a Schurman combination edger, which has a set of thin-kerf guided gang saws on one side and a three saw edger system on the other.

Defective spots on pieces are marked by graders and removed by a Irvington-Moore drop-saw trimmer. Trimmed pieces are sorted manually by length, thickness and grade, stacked and stickered for the dry kilns.

Kane has 500MBF drying capacity in 10 Irvington-Moore kilns, five of which are package units (60MBF capacity each) and five tracked kilns (35-40MBF capacity each, depending on species and thick-

ness). Most red oak is pre-dried in a 400MBF Irvington-Moore-based pre-drying building.

After drying, lumber goes through a shipping process that is centered around a Lucidyne Color-Scan 300 grade mark reader and also utilizes a West Coast Systems trimmer. High-grade lumber is strapped and packaged and shipped out either by rail, container or truck.

The filing room consists of mostly Armstrong equipment.

Dimension Plant

Lower grade material, typically 1 and 2 common lumber, is routed to the dimension plant, which remains it into a higher-grade panel or specialty item, such as handrail pieces, balusters or newel posts. Depending on what the sawmill is producing at a particular time, the dimension plant may have to buy wood on the outside market to fill orders.

Lumber entering the reman area goes first through a Timesavers TBO 36 in. dual-headed sanding machine to uniform the size. Pieces proceed to a Tyler MR



Cat units move logs and lumber.

(multi-rip) saw, then to a pregrading/pre-marking station for the Grecon 2004 automated chop saw, which has a computer control system that maintains a customer cut list so pieces can be optimized to fill particular orders.

Chopped pieces can be glued into panels up to 8 ft. long, using either of two Taylor glue clamps. Those panels proceed to a Timesavers 37 in. single-headed planer for finish planing.

A Wadkins six-head molder—purchased two years ago—produces handrail and flooring pieces.

Kane employs 108, including 15 in the sawmill and another 50 in the dimension plant (two shifts).

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Opening Faces

By Rich Donnell
Editorial Director



Certification?

In this issue we name Jim Quinn, President and CEO of Collins Pine Co., Portland, Ore., as our Man of the Year for 1998. He is our tenth selection for the award since it was created. He is the first recipient to not own the company he works with.

Quinn, like the previous nine men, has demonstrated tremendous leadership and innovation. Other pages of this magazine well-document his specific efforts and accomplishments. One of those efforts—his push for third-party certification of his company's forestland and products—is somewhat controversial because of some of the participants in the certification governing body, which is called the Forest Stewardship Council (FSC). Also, though the certification process is voluntary, it still has a regulatory ring. Finally, outside certification is new to this industry, and few understand how it works or if it has benefits.

The potential bottom line benefit is that consumers will pay more for finished products which have earned chain-of-custody certification, meaning that the product has gone through a tracking program, from the forest, through production and distribution to the point of sale, and that the product was produced from a certified "well managed" forest. All of this provides a kind of finished product environmental awareness. The consumer feels better about himself. Sure he'll pay another dime.

Or maybe he won't. In the U.S. it's too early in the ballgame to make this general assessment. Not enough forest products companies have been selling products from certified forests for long enough. Quinn's operations, Collins Pine and Kane Hardwood, appear to be having some success in niche softwood and hardwood markets.

FSC lists 56 other companies in the U.S. besides Collins Pine that are selling chain-of-custody certified products, including Besse Forest Products, Bohlke Veneer, Colonial Craft, Gibson, U.S.A., P&M Cedar Products, States Industries and other very niche oriented firms. The companies on this list are selling prod-

ucts that have been documented to originate from certified forests, though not necessarily their own forests since some of the companies don't own forestland.

But say that in the end the consumer doesn't buy into the idea and there's no additional money to be made by selling certified products. Are there are other advantages?

One could be simply that the certification process, which is time-consuming and rigorous, may provide a company and its employees an internal sense of doing the right thing. The land-owning companies who go through the ordeal already have demonstrated wise and skilled forest management or they wouldn't have opened their books and their forests to a third party. Nevertheless, they don't always hear from the auditors what they want to hear. It's not easy to suck up such criticism. But if the company acts on all the conditions of the auditor, and certification is granted, there's a feeling among the employees that "hey, we've got our ducks in a row."

As of November 20, FSC-accredited certifiers had issued 25 forest management certificates in the U.S. encompassing 3.4 million acres. Among the recipients: Seven Islands Land, Bangor, Me., 975,000 acres; Kane Hardwood, Kane, Pa., 117,000 acres; Collins Pine, Chester, Calif., 94,000 acres; Menominee Tribal Enterprises, Neopit, Wis., 220,000 acres; Pennsylvania State Bureau of Forestry, 1.2 million acres; Minnesota Dept. of Natural Resources, 361,000 acres; Big Creek Lumber Co., Davenport, Calif., 7,000 acres.

As I'm writing this, J.D. Irving Ltd., which operates a bundle of sawmills in New Brunswick and owns more than 2 million acres of timberland, is going through the certification process on a chunk of its forestland.

The specific certification case I'm most familiar with is the certification of 1.2 million acres of Pennsylvania state-owned forestland, which happened last year. In this instance, FSC's-accredited auditor was Scientific Certification Systems. SCS apparently rounds up a diverse team of natural resource professionals who are familiar with the region undergoing the audit. The most familiar name on the SCS interdisciplinary team in this project was Lloyd Irland, consulting forest economist from Winthrop, Me. He's also involved in the certification at J.D. Irving.

For seven months they interviewed state personnel, scrutinized records and inspected forest sites. They gave the state passing scores for timber resource sustainability,

forest ecosystem maintenance, and financial and socioeconomic considerations. Their final report offered numerous commendations, such as: "Timber management operations are skillfully implemented and follow a very thorough, scientifically based silvicultural process." The report provided several observations, such as: "The silvicultural systems are dominated and severely limited by the challenges of overabundant deer."

Also, they listed conditions that the state must act upon to maintain its certification status, such as: "The BOF will expand its current program of even-aged silviculture to include uneven-aged and several-aged systems, longer and more varied rotations..."

Of course you're probably wondering, who is FSC anyway? Here's the official definition: "The Forest Stewardship Council is an independent, non-profit, non-governmental organization. It was founded in 1993 by a diverse group of representatives from environmental and conservation groups, the timber industry, the forestry profession, indigenous peoples' organizations, community and economic development associations and forest product certification organizations from 25 countries... The FSC promotes responsible forest management by evaluating and accrediting certifiers, by encouraging the development of national and regional forest management standards, and by providing public education and information about independent, third-party certification as a tool for ensuring that the world's forests are protected for future generations."

FSC is composed of 255 members from more than 40 countries. There are nine board members. Here's what causes some of us in this industry to get a little edgy. Member groups in the U.S. include Natural Resources Defense Council, Sierra Club and the Wilderness Society. One of the board members is listed as the contact at the Natural Resources Defense Council. Membership also includes Home Depot and the United Methodist Church. And there's Collins Pine, Colonial Craft and Seven Islands Land Co.

There's always the question of hidden agendas on the part of some of these notorious preservationist groups. Then again, a company's forest management certification wouldn't mean much to the public if it was simply granted by an organization within the forest products industry.

Our Man of the Year, Jim Quinn, may be proven wrong in the end. But he's taking the risk. That's why he deserves the honor.

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