



# The Timberline



## HUNT PLYWOOD COMPANY, INC. NEWSLETTER

July-  
September

Hunt Plywood Company, Inc.

3rd QTR '92  
Issue 5

### RUSTON OFFICE NEWS

#### A Message From . . .

*Trott Hunt - Exec. Vice President*

Hunt Plywood Company continues to have a good year in 1992. Markets are at good levels, log yards are full and mills are operating successfully.

While the plywood and lumber markets are beyond our control, the rest of the business - log procurement and delivery, mill operations, sales, effectiveness and shipping - is definitely what all of our jobs are all about. We have enjoyed continuing improvement, whether it be small or large. As long as this steady incremental progress is a part of what we do, the company will grow and be competitive. This improvement is not limited to just improvements in equipment, although that certainly is a part of the effort. Also, we want to make sure that all employees skill levels are improving, through proper training and instruction. This skill enhancement deals not only with job-related activities but also with communications, safety, and coordination - just to name a few. This sort of instruction and improvement is vital to ensure the future of our operations as well as our continuing ability to compete in the forest products market.

#### 401-K Changes . . .

*J. H. Hough, Jr. - Treasurer*

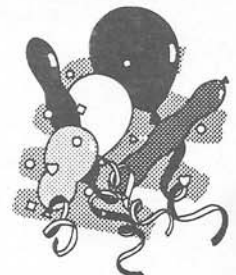
As most of you know, the yield for all types of investments have been lower this year than in any recent years. One example of this is that the rates on certificates of deposit are now at levels last seen 20 years ago. There are several reasons

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for this. Among the many reasons are election year politics and the economy is growing in fits and starts.

Our Investment Manager reports to us quarterly their opinion on the overall economy as well as their outlook for stocks and bonds. The investment approach used recently for the Bond Fund, Option I, has been to favor intermediate maturities to maximize the yield. The election year pressure to reduce short term interest rates has caused longer term maturities to yield proportionately higher returns than historical standards. The yield for the six months ended June 30 was 3.2%. The Balanced Fund, Option II, has experienced lower returns. This is not surprising given the very strong markets of the last year. Our Investment Manager has chosen not to be fully invested in stocks in this fund for quite some time. The philosophy of this fund has been to stay with quality and eliminate marginal or disappointing stocks. This fund declined .4% for the six months.

#### Anniversary Dates in 3rd Quarter



Gary H. Crawford	8-7-78	14 years
James Davis Hunt	7-23-79	13 years
Nina M. Easterling	7-5-83	09 years
Shedrick Green, Jr.	7-8-83	09 years
Herchel N. Frederick	7-1-85	07 years
Mark A. Reynolds	8-15-88	04 years

## The Export Market Is Upon Us

James D. Hunt, V-P Sales/Marketing

For the sales department, fall always brings a dramatic increase in our export sales. So far in 1992, we are almost 50% export in plywood sales and 25% export in lumber sales. At this rate export's percentage of sales will easily be a record in 1992!

Packaging and appearance are very important for our export sales. On average, every export order is handled (loaded or unloaded) at least 10 times versus 4 times for domestic orders. So, each unit going export is loaded or unloaded 2-1/2 times more than domestic units. This increase in handling is why we use special packaging for all export orders. All export units also have a minimum of three straps versus two for domestic. In addition, export units are stenciled in metric and have an order number of "MARK" on each package. This MARK lets the shipline and docks know where the wood is shipping.

We can all be proud of our success in Europe and the Carribean!

## Have you every thought about what all these panels we produce are used for?

Dave Reeg - Plywood Sales Manager, Ruston Division

When you realize that we at Hunt Plywood ship the equivalent of almost 3000 truckloads of plywood annually, which is less than 1% of the panel products produced in the United States every year, you find yourself asking the above question: *What is all this plywood used for?*

We have talked alot in past Timberline about where our wood goes, such as 40-50% to Europe and 25% to California, but not much has been said about what are the major uses of panels.

I've illustrated with a pie chart on this page a percentage breakdown of the 1993 projected major demand markets for structural panels is the U.S. As you can see, it is broken down into six major markets:

- 1) *Residential* - one out of every three panels is used in new residential construction. This is a major shift in demand from when we started alsmot twelve years ago. At that time the residential market accounted for one-half of the demand for panels.

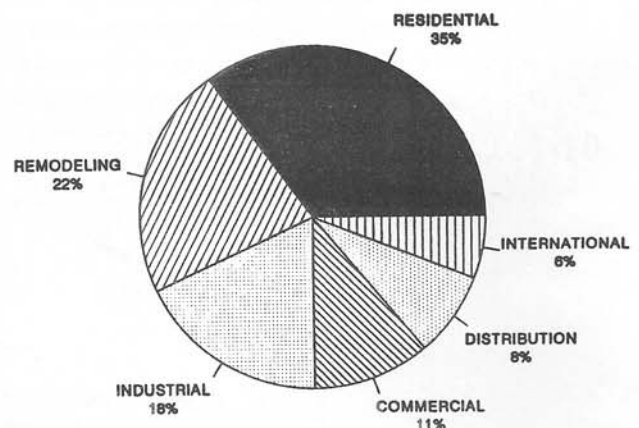
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Residential markets include single family dwellings, multi-family dwelling and also mobile homes.

- 2) *Remodeling* - one out of almost every five panels is used in remodeling or repairing. This market includes both residential and non-residential consumption.
- 3) *Industrial* - This market currently uses 18% of the panels produced. Industrial use includes one of Hunt's largest markets, that being the packaging industry. This category would also include such uses as furniture, pallets, bins, and many more. The industrial market represents a tremendous growth with potential for our industry.
- 4) *Commercial* - Non-residential construction accounts for 11% of the panels used. Although commercial construction has been on the decline, this market offers good potential for increased panel demand by taking market share from steel construction.
- 5) *Distribution* - This market includes do-it-yourself home projects, military consumption and other miscellaneous uses and is projected to use 8% of the panels produced next year.
- 6) *International* - Although this market accounts for only 6% of the demand for U.S. panels, it accounts (as stated earlier) for as much as 40 to 50% of Hunt Plywood's sales. Because of our particular product mix and our closeness to the Gulf of Mexico ports, the international market is an integral part of our marketing plan. The volume of U.S. panels exported in 1992 will be more than four times what they were in 1980.

As you can see, not only are our panels used around the world, they are used in a number of different applications.

MAJOR USES OF PLYWOOD



## A Message From . . .

*Gerry Brucia, Lumber Sale Manager*

This year has developed into one of the best that the lumber market has seen in recent years, proving the Castor acquisition to be a very timely one. Southern Pine boards, the predominant product made at Castor, have seen all-time highs in prices despite the sluggish economy. Southern Pine has gained acceptance in both domestic and export board markets due to the tightening supply of Ponderosa Pine, the major competitive species.

Currently, nearly 35% of our production is shipping to export markets, primarily to the Caribbean basin and to Mexico; we are one of the principle suppliers of finished Southern Pine boards to both markets. The Mexican market for Southern Pine has grown rapidly and should continue to do so, particularly when the North American Free Trade Pact is passed. Our sales volume to Mexico has more than doubled this year and we anticipate further increases in the future.

On the domestic side, we have seen a steady increase in demand for our products, including siding, ceiling, and flooring products, all of which are higher margin items for the mill. We have recently become the primary supplier of board for Furman Lumber Company's Houston Distribution Center, the largest distributor of boards in Houston, servicing Home Depot, Builder's Square, and several other retail centers.

Another exciting project at Castor is the recent purchase of an ink-jet lumber printer. We are

the first Southern Pine mill and only the third lumber mill in the country to use this innovative, high-tech stamping system. This non-impact device ejects microscopic ink drips to form a very clear grade stamp on either the face or the end of each piece of lumber. Several of our customers have expressed great enthusiasm for this project since for the first time, the required grade stamp can be stamped on the edge, rather than marring the face of high grade boards and pattern stock with traditional rubber grade stamps.

From numerous phone discussions and visits with many of our customers, I have been told over and over again of Hunt Lumber Company's reputation for producing excellent quality lumber. And it is due to the mill's history of keeping up with advancing technology and lots of hard work on the part of many employees. Keep up the good work!



*Castor shipping department employees Stan Still, Aaron Crawford, Curtis Gray, and Johnny Henderson pause for a photo beside a truckload of high-grade destined for Furman Lumber Company in Houston.*

## POLLOCK OFFICE NEWS

### Food For Thought

*Larry Manthei - Plant Manager*

This is a story involving communication that has been around a long time. It's the story of the bumble bee. According to the theory of aerodynamics, the bumble bee is not suppose to be able to fly, because the size, weight and shape of his body in relations to his wing span, makes flying impossible. But you see, somebody forgot to tell the bumble bee and he goes ahead and flies and makes a little honey every day. I'm not sure everyone sees the correlation between the bumble bee and themselves. The reason this is

true is because we can communicate, while the bumble bee does not, and if someone who is an authority on the subject tells us it's impossible to do something, we just accept it. Instead of going ahead and trying new methods or something that seems difficult in the beginning, we just pass it off by saying, "Well, you just can't do that."

The principle of this story about the bumble bee should teach us: If what you want to try has potential and merit and will help you achieve your objective, how are you going to know whether you can succeed or not, if you don't try it?

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*continued from Food For Thought*

The bumble bee is not supposed to be able to fly  
-- but he does!

### ***New Records at Pollock***

The logging contractors hauled and our log yard crew unloaded and scaled 106 truckloads of logs (520,332 Bd Ft.) on July 23, 1992! Years ago, we thought 60 loads per day was a milestone!

This is one low number record we are proud to report. During the month of August the absentee rate for the Pollock Mill was only 1/2%. This is a reflection that Hunt Plywood employees realize the importance of having good work attendance so we can achieve the highest quality and lowest cost.

### **Hurricane Support**

*Tammy Malone*



As we are all aware, our neighbors in Southern Louisiana received quite a blow from Hurricane Andrew. They are in need of supplies in all forms. One of the biggest needs at this time is building materials for repairs to damaged homes. By way of assistance, Hunt Plywood donated a truck load of plywood to the City of Franklin, which was one of the hardest hit by the storm. We are proud to lend a hand to our friends in the South that are in need.

### **Quality and Process Control Depart.**

*David Saucier*

The role of the quality control department has been expanded to cover data acquisition and analysis, process control, APA certified inspector duties. Tom McKinley was hired in May and became the third member of our team. Tom has a degree in Production Management from La. Tech and will be an asset in the analysis of production related matters. These are plans to put a full time employee on each shift to assist the production supervisors in quality control and gather more data than is possible now.

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One area that we will be spending a lot of time on in the next months is log studies. The logs are sorted into different diameter and/or grade classes and then run through the lathe and dryer. Recovery, 3/8's per hour, downtime, waste, and grade distribution are recorded for each test. This information is sent to Kevin Hawkins who enters it into a computer program called a linear program. This program was written for our mill and is constantly being updated through our own production data. This is the same program which follows market prices and suggest what grade and quantity panels we should manufacture. From the information supplied by these log test the linear program should be able to put a dollar value on different classes of logs, predict production levels and grade distribution from what is on the log yard, and pick an optimum block size and grade for this mill.

The first phase of our data acquisition system will be installed by the first of October. Our first area of concentration will be the dryers. The system will take data such as speed, temperature, percent redry, etc., and display this information in both a digital and graphical form at each of the three dryer control areas. This information will also be stored by the shift, day and month to be analyzed for long term trends. The system will also have built in alarms to notify the dryer tenders and supervisors of possible problems. This is a long term project that will eventually encompass the whole plant. It will give us a history of what is "normal" and will be an invaluable tool in helping supervision react to problems as they occur instead of after the fact.

### **Congratulations**

Hunt Plywood is very proud of its employees that have, through hard work and determination, received their GED. We would like to congratulate the following:



*Allie Brewer, Robert Frost, Joel Holloway, Charlotte Pettit, Zach Ryland, Scott Roberts, Jerry Hudson, Roger Garrett, Lester Moras, Billy Pennington and Joe Wells.*

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