

WOOD digest

Productivity solutions for manufacturer

millwork and specialty wood products.

COVER STORY

32» **Component Source Guide:**
Diversity, capacity and
creativity drive components
manufacturers

14» **Education in Print:**
Wood Products Engineering
and Management

58» **Consultant Report:**
Spray like a pro

70» **CM&F:** Contemporary
cabinetry, a breath of fresh air



By Steve Ehle

PRODUCT FOCUS

PRODUCT DIVERSITY, CAPACITY, CREATIVITY DRIVES **GLEN OAK**

Component manufacturer sets itself apart in highly competitive market.



Overall, Glen Oak is one of the largest hardwood lumber and millwork manufacturers in the U.S. Its Somerset, Ky. operation (about 160,000 sq. ft. under roof on 24 acres) is so productive that, if measured on its own, it would rank as one of the 10 largest hardwood moulding producers in the nation.

Glen Oak spreads its manufacturing capacity across several mills in several states. This not only provides for significant capacity, but also the flexibility to shift production, should an act of God (like tornado or hurricane damage) hamper production in a particular region. In the mills' present configurations, Glen Oak can produce approximately 300,000 bd. ft. of hardwoods per day. Distribution centers, like the 22,000-sq.-ft. custom-built clear span facility in the Atlanta metro market, complement Glen Oak's service capabilities. The company practices full grade utilization which contributes to its broad product mix. In fact, 98 percent of the wood fiber that comes in Glen Oak's door goes back out in the form of saleable product.

Glen Oak founder and CEO, Tom Talbot, was recently interviewed by Wood Digest editor Steve Ehle.

Wood Digest: How do you compete successfully in a market that to a large degree is commodity-based?

Tom Talbot: We compete by adding value and by giving the customer a superior product at a competitive price. In all price points and commodities there are "good, better, and best" offerings. Our goal is

Glen Oak Lumber & Milling Inc.

Established: 1979
Location: Montello, Wis.
of employees: 300
Products: Hardwood mouldings, boards, jambs, shutter components, specialty-shape shutters, wood shavings and more.
Sales volume: \$100 million
Market area: Nationwide
CEO/founder: Tom Talbot
President: Bo Smith

to be the best product in each of our categories, sold at a competitive price which reflects that quality.

Along with that comes a commitment to ship in a timely manner and to shorten that window for the customer. This is possible in large part due to program sales. If you buy exports, you experience six-



Defect-free blocks are positioned for finger-jointing into long, straight lengths for top-quality components.



Market changes and customer needs present opportunities for developing and pioneering new products like these value-added Prime Poplar mouldings and boards.



eight-week lead times, but if you are into our program sales, you get weekly deliveries. This is an inventory management advantage for our customers. We turn our program customers' inventory 20+ times a year.

WD: Why would it be advisable for an end-product manufacturer to outsource components and dimension rather than produce them in-house?

Talbot: Depending on the species and the dimensions (thickness and width) that an end-product manufacturer needs, production of certain components might better fit a supplier's component cutting order and yields than their own. For someone whose component needs fit our target cuts and yields, we are typically far more efficient than they could be at producing those components.

Take a door manufacturer for example; they need stiles. We can make that work because we can fingerjoint the remainders into our primary product. Cutting the stiles fits our overall spectrum of products. Where we have 10 or 12 targets and someone else may have one or two targets, their waste factor is significant, especially if that's the only target they have and they have no place to go with the guts and feathers.

We don't fit everybody, but for customers who do fit us, we can save them money because of our better utilization of wood.

WD: Describe the process from when a customer brings a new order (a new moulding profile, for example) to Glen Oak to when it is shipped. What are the major manufacturing processes that are utilized? What is the order-to-ship timetable?

Talbot: When we receive or make the original contact, we talk to the customer and see if the blank size fits us. We might want to have them change a dimension to get a better yield out of our standard blanks. A product must fit our blank parameters or we will pass on the opportunity. We have to be self-disciplined and try not to be all things to all people.

Once we are in agreement on what will yield out of that blank size, we prepare a CAD drawing at our corporate headquarters in Montello. The CAD drawing can be done in a couple of days. During this time we run a credit check because all orders are subject to credit approval. After the customer signs off on the profile drawing, we tool it. We generate all of our own tooling in-house. The new profile goes to our profile grinder and then to our moulder where blanks are manufactured into mouldings.

We schedule the order to run within a natural rotation of species and thicknesses that maximizes our manufacturing efficiencies. We run certain species and certain sizes at certain times of the month. So, depending on whether the order is for oak, maple or poplar, the entire development/approval/production process can take up to 30 days.

As a general rule, our order-to-ship timetable is 30 days. We always have trucks scheduled. Also, we like program sales, not single orders. For us a good customer relationship is more like a marriage than a date.

WD: You recently invested over \$4 million in new facilities and equipment. What caused you to decide to expand and build upon your automated production systems?

Talbot: We have recently added a third mill and new equipment at both our Kentucky and Wisconsin manufacturing campuses but for different reasons.

In Kentucky we had to adjust our facilities to make a new product we wanted to paint-prime: shutter components. Shutter components must be a furniture-grade quality so we had to build a paint production line that could produce a furniture-grade quality product.

In Wisconsin, we had outgrown our dust collection system in Mill #2 and needed additional dust collection capacity. At the same time, we wanted to upgrade our maple product line and expand that end of the business. We listened to our customers and developed a category based on their color specifications. It made sense to build and outfit a new facility in order to meet both of these objectives.

WD: How do you justify such large investments when most other woodworking companies are taking a more conservative approach to expansion and investment?

Talbot: It's been our nonstop investment in facilities and people that has driven our growth and made it possible to handle bigger national accounts, like a large manufactured housing producer and a huge pro-market dealer. To serve these big customers you need horsepower and you get horsepower by making capital investments.

We're constantly reinvesting our profits and updating our equipment. For example, last week

we spent upward of half a million dollars on two high-speed state-of-the-art moulders to increase capacity in Kentucky. A lot of our competitors aren't investing back in their businesses. The way we look at it, we're not risking capital; we're investing in everyone's future.

Most of our growth has been self-funded. If you're not willing to do that, you can't be profitable in this business. You have to have that kind of discipline to keep ratios and debts in place. This industry is so competitive that it's good to have low debt.

WD: What differentiates Glen Oak from your competition in terms of products produced, manufacturing systems, company culture, etc.?

Talbot: What we do at Glen Oak is not about any one thing; it's the whole package and how we bring it all together.

- We continually set new industry standards in all aspects of our business.
- We pioneer new products for the industries we serve.
- We build and maintain bright and clean plants.
- We utilize and custom-configure the best manufacturing equipment available.
- We have a clear vision, core values and goals which team members understand and support.
- We provide our team members with a very competitive wage, superior benefits and unlimited opportunity and encouragement for career growth and advancement.
- We're first and foremost a marketing company because we are in tune to customers' wants and needs. Everything we do is based on that. In fact, that's how we got into business in the first place: Twenty-five years ago, when I was a lumber broker, my customers wanted clear S4S oak boards. Nobody was making them, so we started Glen Oak to meet this need.

WD: Over the years, customers are becoming more sophisticated about available products and materials. They're also becoming more demanding. How do you meet those new challenges?

PRODUCT FOCUS

At right, a double-bladed Ferrari re-saw splits heavy 6/4 into three separate blanks for production of 16-ft. long finger-jointed components. Pictured far right, team members evaluate each piece of rough lumber. If they spot something offgrade, they kick it out of the system.



Talbot: We make continuous efforts to raise the bar on product quality, without being asked to do so. For example, we came out with a sanded board without our customers asking for it. Most recently, we saw issues with the colorful minerals inherent in poplar products and the problems customers can face in battling bleed-through when finish-painting. So we developed SB43 — a unique stain-blocking paint-primer that makes our customers' problems go away. We believe that if we do our job well, our customers will have fewer problems and make more money.

WD: One of the biggest challenges that anyone in the wood industry has is finding, training, retraining and retaining good employees. How have you cracked that code?

Talbot: At Glen Oak, people who want a career and not just a job have ample opportunity. Everybody's job description includes training their replacement so that they themselves can grow into more responsibility. We believe in empowering people. It's not only about finding good people, training and empowering them; it's also about rewarding them financially.

WD: Is lumber grading a science or an art? Voodoo? Why?

Talbot: Lumber is a standardized industry. The product parameters are established by the National Hardwood Lumber Association. We buy kiln-dried lumber, and we expect to get the grade and tally we are paying for. We hold our vendors accountable for that. We send our people to lumber short-courses. If they see something off-grade, they will kick it out of our system and have the saw mill come and look at the rejects. Also, if we see a fluctuation in our yield numbers, that may also indicate a problem with the lumber we purchased; it raises a flag.

When I buy #1 common FAS or 2A lumber I expect to get it. For us, the trick is how to get more value out of every grade. We convert the lumber as efficiently as possible and get as many dollars out of it as possible.

WD: How have your products and markets changed over the years? Are you feeling the effects of global competition? If so, how?

Talbot: Our markets have changed as other events have impacted the industries we serve. For example, improper legislation of the Endangered Species Act shut down softwood timberlands

for all the wrong reasons and moved the supply and production from U.S. Western states off-shore to Chile and New Zealand. When manufacturing went offshore, poor quality and lead times created a nightmare for customers who needed quality paint-primed products. This created an opportunity for us to step in with a superior quality product and better service. It is the reason we developed and pioneered paint-primed fingerjointed poplar.

Importers' poor quality and poor service will continue to provide us with business opportunities. Everybody keeps shortening that window defined as service. As long as that continues to happen, it will keep the imports from being the solution, and our business will continue to grow.

It's all about price, quality and service . . . Imports have a tough time delivering all three; usually they have a problem with quality and service. A lot of customers can't afford the risk of poor quality and late shipments — especially with how busy things are in the building industry.

Global competition is always going to be there, but the off-shore suppliers can't pull the rabbit out of the hat.



Computers communicate laser marking data to the saw blades which rip the boards for optimal widths with very little waste.

In a nutshell,



we have it all.

GLEN  AK[®]
LUMBER & MILLING