

Wood Remains Good Business Companies Struggle to Find Workers; Professor Spreads Message

Rado Gazo is an evangelist. He is a man with a mission and a message. Rado Gazo, Ph.D., while religious in his zeal, is actually a Slovakian-born Purdue University professor. His congregation is small — about 20 students — but it is growing steadily as he preaches his message to elementary and secondary students and their teachers throughout Indiana. His mantra and message: WOOD IS GOOD.

It is the simple philosophy of this assistant professor of wood processing and industrial engineering. It is also the name of a growing program aimed at broadening the exposure of Indiana students to an industry that is vital to the state's economy. The wood is good program is Gazo's summer course for shop and science teachers and school counselors. He designed it to give them hands-on exposure to Indiana's robust wood products industry and to help them take the message of the opportunities within the industry back to their students.

The program grew 300% last year alone. Thirty percent of the teachers will come back and pay \$500 of their own money to take the course again. Gazo's efforts at spreading the wood is good message begin even before the secondary education level. He starts his wood technology recruiting program with third and fourth graders. In a two-day period, more than 1,500 youngsters will attend a Wood Magic Science Fair to learn about how Indiana's forests fuel our economy and about the opportunities waiting in an industry desperate for educated workers.

Three years ago, Purdue began a four-year college major program in wood products and manufacturing technology. The program was born out of urgent need. For every 200 young people who graduate with a degree in wood products technology, there are 2,000 job opportunities. Those jobs pay well. A student with a bachelor of science degree starting at a wood products company can easily make \$40,000 and up his first year. A graduate degree and/or significant work experience will easily put many engineers and managers into the six-figure income range.

"I talk to parents and kids maybe once or twice a week," Gazo says. "I tell them 'I cannot promise you a job once you graduate. I can promise you 10 jobs!'"

Major industry

The wood products industry offers the jobs but has trouble finding the people to fill them. The processing of lumber and the manufacture and shipping of wood products, furniture and paper products is the sixth largest employer in Indiana. In one year the wood products industry will employ more than 50,000 people and will pump more than \$3.2 billion into Indiana's economy.

The industry is dominant in two areas of the state. In Elkhart, thriving companies cater to the recreational vehicle, or RV, industry, providing cabinet doors, trim, moldings and other wood products.

The heart of the industry, however, is located in southwest Indiana. Dubois County to be precise. In the Jasper-Huntingburg area, thousands of workers produce primarily hardwood veneer, wood office furniture and cabinets. MasterBrand Cabinets, Inc., which manufactures cabinets

By Laura Adams

under the Aristokraft and other brand names, produces 30,000 cabinets every day.

Kimball International is headquartered in Jasper. This public company celebrated record sales of more than \$1.1 billion last year. It operates in 16 states, eight countries and on three continents and is one of the world's leading manufacturers of wood furniture and products for offices, residences and the hospitality and health care industries.

Nancy Eckerle, executive director of the Jasper Chamber of Commerce, shudders at the thought of losing an employer such as Kimball. "If Kimball closed its doors, imagine what would happen?" she asks. "I'm not sure other industry could absorb the people. Not only would Jasper be devastated, but Kimball employs people from eight or nine surrounding counties. It means a lot for those counties to have a place for their people to come to work."

It is not only the large companies that pump the lifeblood into southwest Indiana and the state's economy as a whole. The heart and soul of this area can be found in the smaller businesses, many of them family-owned, that have called this region home for years.

Family business

Hank Menke is the dynamic, 48-year-old president of OFS. The company was founded by his father, Robert Menke, Sr., who has been in the wood business for more than 70 years. After years of making wooden Venetian blinds and wood basketball scoreboards, growing competition and changing consumer demand presented OFS with the challenge facing most wood products businesses.

"This industry is so competitive it's ridiculous," Menke says. "Products were coming into this country for what we were buying materials for ... you can't get started and compete. So you have to make a choice: sell out and get bigger, consolidate or liquidate 25 cents on the dollar, or you take a new direction. So we decided to take a new direction."

That direction was wood office furniture. Menke will now admit, "At the time, had we known what it was going to cost we never would have done it. It was too scary, but you get into it knee-deep and you just work really hard, and it's been an exciting road for us. Back then we had maybe 150 employees. Today we have about 1,300 employees. Our goal, our mission, is not to be the biggest at what we do, just the best at what we do."

That philosophy is serving OFS well. The company, which manufactures products under the Styline brand name, is representative of many companies in southwest Indiana. It is involved from the ground up. The company will dry the wood, mill it, do the veneer, make the products, deliver and

even install them.

Other companies, however, don't offer one-stop shopping. DMI Furniture, Inc., bases its manufacturing operations in Jasper. Rick Rosbottom, vice president of operations, explains that while the company has been in business for 85 years, importation has changed things dramatically.

"When I started with the company, we manufactured every stick of furniture. This year our

imports will probably reach 60 percent of our sales," Rosbottom explains. "That importation's been the biggest change, that and the fact that the consumer is getting smarter and more demanding. When I started, you could tell people eight to 10 weeks. Now you've got to have it on the shelf within 14 days or you're behind the eight-ball."

Menke agrees: "The customer today wants choice. They want a lot of options and they want it tomorrow! They've got the Wal-Mart philosophy."

The consumer is indeed changing and more demanding and Indiana's wood industry is responding. It is still dominant and is striving to maintain its

position. Indiana ranks first nationwide in the production of:

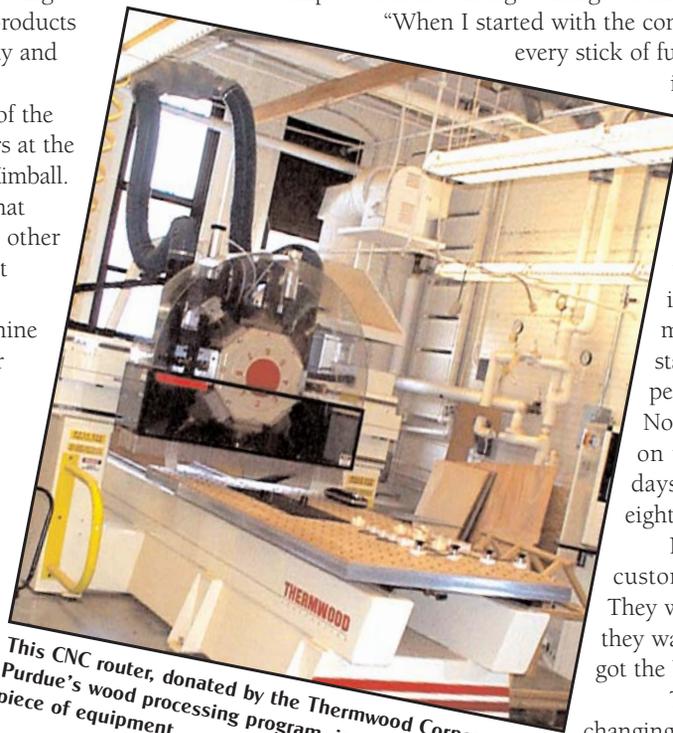
- Wood office furniture
- Wood kitchen cabinets
- Vanities and cabinetry
- Hardwood veneer
- Mobile homes

Indiana also places in the top three in industry lists in the production of doors, cabinetry, public buildings furniture and wood window shades and accessories. Sixty-four of the 300 largest U.S. furniture, cabinet and millwork manufacturers have plants in Indiana.

Labor challenges

The industry, however, faces significant obstacles. Rising health care costs put the pinch on companies. Stronger foreign competition threatens market dominance. Rapidly changing technology constantly challenges this labor-intensive industry to expand and accommodate growth. Proposed OSHA ergonomics standards represent a potentially exorbitant financial burden for the industry.

Ask any person involved with Indiana's wood products



This CNC router, donated by the Thermwood Corporation to Purdue's wood processing program, is a state-of-the-art piece of equipment.

industry what the biggest challenge is and you will hear one word repeated over and over: LABOR.

Labor shortages are not unique to the wood products industry. Almost all economic sectors are struggling to find white and blue-collar employees. Unemployment nationwide is at a record low. In Indiana, the number of unemployed workers is below that national average. In the wood-dependent Jasper-Huntingburg area, unemployment can range from a low 2.9% to a startling 1.8%.

Employers in the wood products industry will tell you that a person who cannot find a job with their firms probably does not want a job. The need is great for all classifications of workers. DMI's Rosbottom is typical of many employers when he discusses the difficulty in attracting and keeping so-called "blue collar workers."

"It's harder to retain good people out on the floor than it is white-collar workers," he said. "Supervising machine operators would rather go to a Toyota or a steel company. A lot of people who run computer-controlled equipment — there's a huge demand for them. It's tough to keep them."

Recruiting is equally tough. Eckerle and the Jasper Chamber of Commerce recently took a job fair on the road to Bloomington. They drew about 85 people in two days. She says she is not out to recruit hundreds of people. "If we can get dozens, in time they will bring their families and their cousins. They will come if they like it here."

Other companies are being aggressive as well. OFS is one of several businesses actively recruiting in communities and in colleges. "Interning is so, so, so critical," says Menke. "You have to have a good company, you have to have the dynamics; just because you're graduating in sociology or political sciences doesn't mean you won't become an engineer tomorrow, or manage a plant. A lot of it is attitude, willingness to learn, people and communications skills."

At a handful of colleges and universities such as Purdue, educators are hoping to



Professor Rado Gazo works with students, teachers and counselors to tout the advantages of the wood processing business.

attract students with those skills and to direct them into specialized wood products programs. Professor Gazo says he hopes bringing the latest technology into the classroom will eventually bring more students.

"One of the great things that happened to us was I was able to negotiate with Cliff Crawford of Thermwood Corporation in Dale, Indiana," he says. "They donated a \$200,000 CNC router. It's the newest wood-processing piece of equipment.

Importation's been the biggest change, that and the fact that the consumer is getting smarter and more demanding. When I started, you could tell people eight to 10 weeks. Now you've got to have it on the shelf within 14 days or you're behind the eight-ball.

This will be our biggest thing in attracting new students. Once you know how to run this router, it's like getting another degree. It's a very valuable skill to employers and a big draw for students."

Image problem

Attracting qualified workers is tough

in an area of work that's not particularly sexy. Some involved in Indiana's wood products industry admit it has an image problem; one that can be traced back to its inception. The work ethic that makes the industry successful can also be a hindrance.

The wood products industry in Dubois and neighboring counties was largely created by an influx of German, Dutch and Swiss immigrants. Famines in southern Germany forced many hard-working stone carvers to come to this country. Upon seeing the dense forests of southwest Indiana, they learned the woodworking craft. To their burgeoning industry they brought a work ethic that lives on today.

"They're very talented, hard-working, determined people," says Eckerle. Menke echoes those sentiments: "It's absolutely ridiculous how low the unemployment is. Believe it or not, it's largely the work ethic. The Dutch-German descent."

Arguably, this ethnic background and work ethic make many wood products companies in the area almost strangely silent when it comes to self-promotion.

"The secondary industry (makers of the finished wood products) has an image problem," says Gazo. "The profit margins published for the secondary

industry are two percent. You're better off opening a checking account than going into business."

Zealous environmentalists vilify employers in the primary industry, which encompasses the loggers who cut the trees down, take them to the sawmill and make boards or veneer. Groups have spent \$100 million in a campaign aimed at convincing consumers the wood industry is decimating a precious natural resource. Experts say, in reality, the wood products industry is in the tree planting business. For every tree cut down, the wood industry plants seven to 10 trees. That, however, is a statistic you will probably not hear the industry vocally and systematically touting. Public relations is not its strongest suit.

Educating the public

Some families in the wood products industry *are* doing a great deal to educate us about our forests and our futures. The Koetter family spent a reported \$8 million of its own money to build the Forest Discovery Center in Starlight, Indiana. Thousands of people, many of them schoolchildren, visit the center to learn "how the wonders of trees extend to thousands of things we touch every day ... and (that) when we renew the forest's majesty, we are the ultimate beneficiaries."

The common denominator in the equation that will ensure the wood products industry's continued success in Indiana is education. It must come from the classrooms. It must come from hands-on interaction with nature and industry at places such as the Forest Discovery Center. It must come from businesses willing to grow and learn, willing to tackle the technology and tough labor issues to expand in a changing economy.

Wood is found in more than 3,000 products we use everyday—from our toothpaste to our tires, our furniture to our fabrics, our paper Big Mac wrappers to our ping pong balls. It is an industry that has brought growth and prosperity to Indiana and has exported quality and reputation worldwide. It is now an industry approaching a crossroads. Its commitment to the future will determine the economic future for tens of thousands of Hoosiers and the generations to come. So, as Professor Gazo puts it, when it comes to Indiana, WOOD IS GOOD.

INFORMATION LINK

Resources: Indiana Hardwood Lumbermen's Association at www.ihla.org

Purdue University at www.fnr.purdue.edu/woodresearch

Jasper Chamber of Commerce at www.jasperin.org.

Do You Know Your Tree-via?

1. **What percentage of the total amount of forestland that existed when Columbus discovered America 500 years ago still exists today?**
 - a. 66%
 - b. 32%
 - c. 53%
 - d. 25%
2. **There are more trees in the United States today than there were:**
 - a. 20 years ago
 - b. 10 years ago
 - c. 70 years ago
 - d. 43 years ago
3. **Who owns the largest amount of forestland in the United States?**
 - a. U.S. Forest Service
 - b. State and local agencies
 - c. Forest products industry
 - d. Private, non-industrial landowners
4. **Timber growth in the United States exceeds harvest and losses due to insects and disease by:**
 - a. 12%
 - b. 23%
 - c. 30%
 - d. 33%
5. **Which country has the most productive forestlands in the world?**
 - a. Canada
 - b. Russia
 - c. United States
 - d. China
6. **What percentage of a tree can be used in the manufacturing process for wood and paper products?**
 - a. Almost 100%
 - b. 76%
 - c. 63%
 - d. 52%
7. **Which man-made fabric is produced from wood pulp?**
 - a. Nylon
 - b. Acetate
 - c. Rayon
 - d. Orlon

Answers to tree-via quiz:

1. a—roughly 731 million acres of the country is forested today
2. c—there are currently more trees than there were 70 years ago
3. d—non-industrial, private landowners own almost 60% of the forestland in the United States
4. d—growth exceeds harvest and loss by 33%
5. c—U.S. forestlands are the most productive because forest products companies employ state-of-the-art, scientifically sound forest management practices that continually increase production
6. a—almost 100% of a tree is used in the manufacturing process
7. c—rayon is made from trees and many cosmetic products are also made from wood products

Source: Indiana Hardwood Lumbermen's Association