

Townsend Lumber: A Leader in the Hardwood Industry

Serves As Base to Expand and Diversify into Other Wood Products Businesses

By Tim Cox
Contributing Author

TILLSONBURG, Ontario – Townsend Lumber had small beginnings. The business was started by two tobacco farmers with time on their hands during the winter. They began logging and running a portable sawmill during those off-season winter months.

Today, decades later, the business is a major player in the hardwood lumber industry. It has diversified into a number of related markets and also has an industrial lumber products division that supplies pallet and packaging manufacturers in Canada and the U.S.

Townsend Lumber is based in Tillsonburg, which is located in southwestern Ontario, north of Lake Erie and roughly mid-way between Toronto and Detroit. The company has 170 acres with a grade sawmill and a scragg mill. The scragg mill operations produce lumber and components for the pallet and container industry and other businesses that use industrial lumber products.

Kitchener Forest Products, a subsidiary, is located just west of Kitchener, which is about 60 miles northeast of Tillsonburg, toward Toronto. Kitchener Forest Products also operates a grade sawmill.

“At any given time, we have up to two million board feet of kiln-dried grade lumber in inventory,” said Mackenzie “Mac” Troyer, Townsend Lumber’s industrial sales manager. On the industrial side, between cants, pre-cut components, timbers and other material, it may have about 500,000 board feet of lumber on site.

Although the company has rebounded considerably from the recession, it is still not running at full capacity. Mac expects the company this year will cut about 8 million board feet at its parent mill, another 4 million at Kitchener, and roughly



Forklift operator Larry Slater and Yvan Robidas, General Manager.



The Townsend family involved in the business includes (left to right) daughters Kristen and Laura, with parents Brenda and David Townsend (son Andrew is absent).

4 million in pre-cut industrial lumber – a combined total projected at about 16 million board feet. The company currently employs about 150 people, down from about 240 employees in 2008 before the economy took a downturn.

About 75% of Townsend's industrial lumber production is sold to Canadian customers and the remaining 25% to U.S. customers.

The scragg mill can produce both standard and specialty components and sizes, and supplies specialty items in both hardwood and softwood. For example, it can manufacture components in lengths ranging from 23 inches to 32 feet.

"We focus production on non-standard and non-commodity sizes," said Mac, such as large diameter timbers and blocking and long lengths ranging from 16-32 feet. Also, the company is increasing production of heat-treated wood packaging material.

The business originally was started by the late Robert Townsend – the father of current company president David Townsend – and a partner, Bert Abbott. They were tobacco farmers, and in 1958 they began logging and operating a portable sawmill during the winter. They continued this way for more than 10 years before building a permanent sawmill in Glen Mayer (near the company's current location) in 1971. At this time, David Townsend travelled to Memphis Tennessee to attend the NHLA Lumber grading school, for a 16 week course. He graduated in the 49th Class. After this, David worked at numerous sawmills and graded lumber across Ontario, gaining valuable experience for his future career. In 1978, David Townsend purchased the business, and ran the mill until it was destroyed by a fire in 1984. The new sawmill, lumber yard and dry kilns were built in 1985 in a new location, on a vacant piece of land, 3 kilometres from Tillsonburg. The new mill began operations in 1986, and today Townsend Lumber continues to operate out of the same facility.

The purchase of the Kitchener Forest Products sawmill was completed in 1991, positioning the company to embark on a path of steady, continuous growth that also has taken it into value-added products.

More drying capacity was added in the



Industrial sales manager Mackenzie 'MAC' Troyer (left), and yard supervisor Shaine Hall standing in front of heat treated hardwood export packaging lumber and timbers. Absent from picture, Jeff Pace, kiln manager/operator.

mid-1990s. In 1994 David Townsend developed Breeze Dried stacking sticks. They are made with a profile that is successful in eliminating stick shadow, the discoloration caused by stacking sticks on lumber. The company Breeze Dried

Inc. was formed the following year, and today the sticks are trademarked and protected by Canadian, U.S. and European patents.

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with another business unit, Breeze Wood Forest Products. It began manufacturing unfinished hardwood flooring and kiln-dried cut stock.

Just a few short years later it launched Breeze Dura Coat to finish flooring, staining and coating it with a new flooring finish which uses state-of-the-art nanotechnology to deliver industry leading durability and phenomenal finish clarity. Retail stores in Tillsonburg, Kitchener and Orillia (one hour north of Toronto) now sell Breeze Wood prefinished and unfinished hardwood

flooring products, as well as online marketing at www.woodfloorsdirect.ca.

Townsend Lumber also operates a planer mill, has value-added moulding operations to make wood mouldings and trim, and also has a forestry division – its own log buyers, logging crews and log trucks. And it operates a fleet of trucks to deliver residual wood products – chips, mulch and sawdust.

Now, in all, the Townsend family manages six companies plus its retail flooring stores.

The scragg mill was purchased at auc-

tion in 2003 and operated at its former location for two years. Then the equipment was moved and installed in Tillsonburg in 2005.

The scragg mill at Townsend's Tillsonburg location has enough space to add a second line of equipment for processing logs into low-grade lumber and industrial wood products. In fact, the company already has the equipment, but is waiting for the right time to set-up another line.

The scragg mill operates at about one-third or one-half of what was originally envisioned for the industrial wood products division. "I think David is interested in expanding the scragg mill by installing the other equipment when the economy recovers further" said Mac.

All pallet logs are sorted at the landing in a wood lot. All low-grade logs are sent to the scragg mill, including red pine from plantations.

"That increases efficiency at our grade mills," said Mac, because average log sizes are bigger and the logs are better grade. "We get a second payback," he said. "So it's a good fit."

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company's yard, they are sorted by species and length. Sorting the logs by length in the yard enables the company to achieve a key marketing strategy, Mac explained: quick response. "When we put logs on our log deck into the scragg mill, they're almost always one length of log."

The scragg mill currently is cutting about 40% Appalachian hardwoods, such as soft maple, white ash, beech, hard maple, hickory, cherry, red oak and white oak, about 40% poplar, including eastern cottonwood, aspen and basswood, and about 20% plantation red pine and some spruce and hemlock.

First the logs are put through a Morbark rosserhead debarker. The scragg mill has a Helle head rig - Helle is a name plate manufactured by Illinois-based Sawmill Hydraulics Inc. - a circular sawmill and three-bunk carriage. It is coupled with a Helle three-saw vertical edger for slabs and flitches coming from the log. The sawyer controls both machines. "That is very efficient," said Mac.

The cants feed to a Brewer single-head cut-up line. From there, the sized cant

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material goes to either a Brewer double-bay gang saw or a Brewer single-bay gang saw. Each bay is a double-arbor gang with a planer head on the outfeed to size the material. The Brewer single-bay gang saw was added last fall.

"We can cut three different items at one time," said Mac. Having three bays available on the gang saws reduces the need to stop cutting and change over to cut something different. "We can do changeovers on breaks or after the shift."

The gang saws feed to a rubber belt where workers manually pull the lumber, grade it and stack it. The mill is also equipped with an in-feed deck for additional cants it buys from other mills. If

there is downtime on the head rig, production can continue by processing cants. That is another marketing strategy, said Mac: security of supply.

The mill is equipped with a few other pieces of equipment, notably a double-head notching machine that can notch stringers up to 6 feet long and a five-head multi-trim saw.

Since the mill only has one cut-off saw, the Brewer single-head machine, that area can be a bottleneck, Mac acknowledged. However, he works around it. The grade mill is equipped with a Holtec cross-cut package saw for cutting bundles of lumber, and when necessary he can use the Holtec to cut cants to

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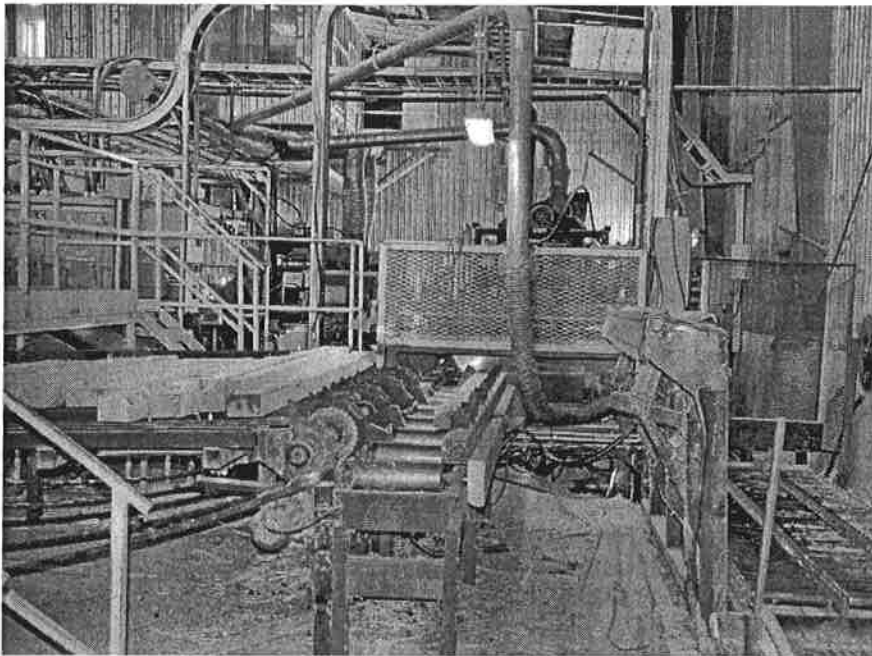
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Cants from both the headsaw and other mills can be fed into the Brewer gang-saw line at the same time.

length and have the pieces moved to the scragg mill to finish processing them.

Both grade sawmills use band saws to break down hardwood logs. The company runs Simonds blades on both head

saws.

The grade mill at Townsend Lumber is equipped with a Corley carriage and a PHL 6-foot double-cut vertical band mill for primary breakdown. The double-cut

blade allows the head rig to make a cut as the log travels in either direction. The most significant improvement in recent years has been the addition of an Inovec optimizing networks system with 3D scanning. Once squared up, the logs go to a PHL linebar resaw to finish removing grade material. Both machines feed to a standard edger and grading table. As in the scragg mill, all lumber is graded and pulled by hand. The company has a grading shed with about 100 carts for various types of lumber according to species and dimension.

At the Kitchener grade mill, primary breakdown is accomplished with a McRae carriage a Forano band mill. It is optimized with a Silvatech networks system that was used at the Tillsonburg mill before it was upgraded with the Inovec system.

Edgings and trimmings go to a chipper. Bark is processed by a grinder into mulch, and sawdust is screened for sale. The company also sells shavings, a byproduct from the planer mill.

The affiliated flooring plant Breeze Wood, is located next door to Townsend Lumber in Tillsonburg, and the finishing

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plant is only about a mile away. In addition to selling at its retail stores the company also sells some flooring wholesale through distributors.

Townsend Lumber has considerable drying capacity with several dry sheds and 12 large capacity dry kilns and a Nardi heat-treating kiln. Several kilns are certified for additional heat-treating.

Townsend Lumber has become a leader in heat-treating wood packaging material. It was the first hardwood mill in Ontario to be ISPM-15 certified to heat-treat wood products in 2005, and it was the third hardwood mill in all of Canada to become certified. The company's heat-treating operations are certified by the Canadian Lumbermen's Association, an affiliate of the Ontario Forest Industries Association.

With its heat-treating capability, the company supplies material and components for export packaging – cut stock, dunnage, timbers, and other industrial wood products.

The company's main domestic market for industrial lumber products is southern Ontario although it also ships into Quebec and Eastern Canada. It also ships loads of lumber into the Great Lakes region, New York, Pennsylvania, Michigan, Ohio, Indiana, and Illinois. On occasion it has shipped products as far east as the U.S. Eastern Seaboard and as far west as the Canadian oil patch region.

"We've had lumber go just about everywhere," said Mac, and have also sold containers to Asia, Europe and the Middle East. "I always keep an open mind," he added.

Besides the wood packaging industry, other markets include manufacturers, the construction industry, mining, railroads, the marine shipping industry, and timber frame home builders. Within those sectors the company serves a lot of niche needs, said Mac.

The company offers a lot of value-added remanufacturing services, such as beveling, notching, drilling, and contour sawing. It even assembles mats and panels for some customers. For example, it supplies a dunnage product used to ship pipe on railcars. "Value-added products are very important to our business," he said.

In addition to David and Mac, another key person is Yvan Robidas, Townsend Lumber's General Manager, who over-



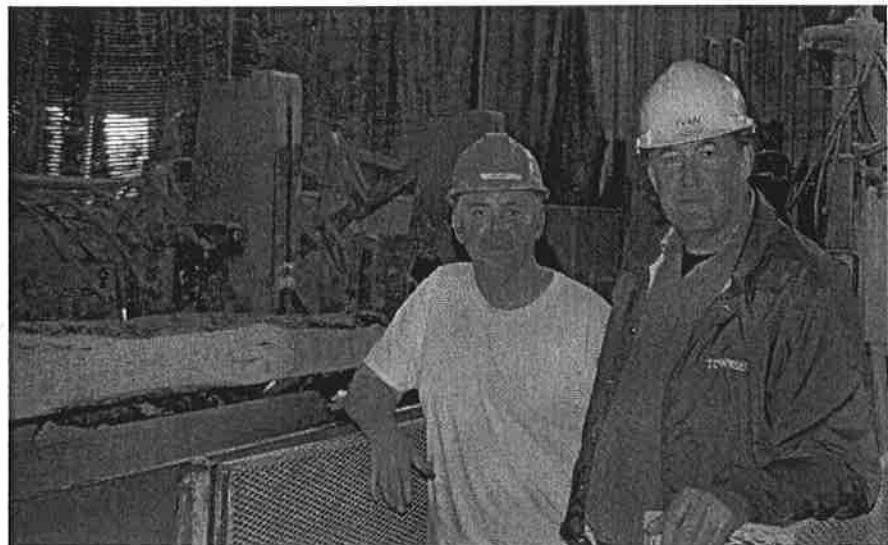
Brodie West inspecting finished precut stringers at the Brewer gang-saw outfeed belt before they are stacked for shipment.

sees the scragg mill, by-product sales, maintenance and the trucking department among other responsibilities. Besides sales and marketing of industrial wood products, Mac's duties also include scheduling at all three mills, overseeing operations related to value-added industrial products, quality control and deliveries.

Mac began working at the sawmill in 1986 during summer vacations throughout his high school and post-secondary school years. He joined the management team after graduating from university in 1994.

Married with two young children, his hobbies include hockey, canoeing, woodworking, gardening, and military history. He also is an active member of a local Baptist church.

Townsend Lumber offers many employee benefits such as group health and dental plans, an employee RRSP retirement plan with employer contributions and an allowance for safety boots. An hourly bonus is offered to workers to encourage them to become trained in hardwood lumber grades. The company also sponsors a number of social events for employees, including an annual golf



Head saw operator Terry Wilson (left) and Townsend Lumber general manager Yvan Robidas (right) standing in front of the Helle circular scragg mill with three-bladed vertical edger in the background.

event, barbecues, and a Christmas dinner. All the company's divisions have been certified under the Safe Workplace Ontario program. The company encourages the hiring of candidates who are family members of employees or recommended by employees and promotes from within.

Townsend Lumber is a member of a number of national and regional trade organizations, such as the National Hardwood Lumber Association, the Canadian Wood Pallet and Container Association, the Canadian Lumbermen's Association, the Indiana Hardwood

Lumbermen's Association, and others. Today, David is still an active member of the NHLA, as the Canadian representative on the NHLA Board of Directors.

Before the recession the company was cutting over 25 million board feet per year. "We have really had to scale back and cut back," said Mac. "Since markets weakened, we just slowed everything down."

David implemented a number of strategies to emerge from the economic downturn. "He has been much more cautious, reducing production and striving to avoid unnecessary risks" said Mac.

Another strategy was to focus production on confirmed orders, and avoid sawing on speculation.

"We have added new clients, increased sales to existing customers, and we focus on customers who are solid and can pay in full and on time", said Mac.

"Mixed truckload shipments are most common now as many of our clients want a specific mix of components on each load," said Mac. In addition, many customers, because of storage space limitations, or to help control costs, keep inventories low, so Townsend Lumber keeps them supplied on demand under ongoing 'just-in-time' agreements. Townsend Lumber offers delivery and freight options as well as loading customer trucks.

"Rush and last-minute orders can be handled efficiently because we sort logs to length in the yard and we have the three-bay gang saw layout in the mill," added Mac.

Although the economy has strengthened and Townsend Lumber's business has improved since the fall, Mac is still wary.

"We are far from out of this recession," he said. "It is still a really tough go." But Townsend Lumber is cautiously optimistic for the future of the hardwood lumber industry and looks forward to improved economic conditions.



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