


Surviving Today Toward a Successful Future


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Good to See My WPA Friends

- Missed Last Year
- My First Trip West — 1977
- Beginning of WPA — Suzanne Halstead, Ed Halstead
- Share Few Ideas to Help Keep Our Eyes on the Road to Success



Surviving Uncharted Economic Waters

- **Happened So Fast**
 - Foundation Laid for Years
 - Appeared to Just Materialize
 - Actually Took Years
- **Solutions—Probably Take Time**
- **What? Me Worry?**
 - Dec. '08 PE Letter
2 Timothy 1:7 "The Lord has not given you a spirit of fear, but of love, and courage, and sound mind." **STAY POSITIVE!**




Surviving & Thriving During a Recession

- July 2008 PE — pgs. 16-21
- **Been here before — Remember the early 1980s?**
- **Long Range Business Plan — Execution**
 - Customer Service — Build Relationships
 - Efficient Manufacturing
 - Planning
 - Adjust to Changes
 - Prepare During Good Time
 - Efficient Producers — Pickup Business
 - Auction Bargains



Surviving & Thriving During a Recession

- **Expanding During a Recession**
 - Potomac Supply – early 1980s
 - Brewco – Industry Leaders Expand
 - John Rock at Richmond Show
- **Diversify Product Lines**
 - Odd sizes & unique designs
 - Special Services
 - Heat Treatment
 - History
 - Future
 - Europallets
 - Biofuels – wood Pellets
 - Transportation & Reverse Logistics
 - Small Steps – One Load a Month




Surviving & Thriving During a Recession

- **Know Your Costs**
 - Know When to Hold & When to Fold
 - Fixed vs. Variable Costs
 - Cut Overhead – Don't Hemorrhage
 - IRI Adjustments
 - Be a Low Cost Producer
 - Know Costs – Penn State Study – Average \$4.78 per pallet handled. Range \$1.62 to \$13.14
- **Distinguish Yourself**
 - Pleasant phone service
 - Be professional



Surviving & Thriving During a Recession

- **Watch Cash Flow**
 - Accept Credit Cards
 - Selective Discounts
 - Develop Bank Relationships
- **Trustworthy Information**
 - Lumber Prices
 - Pallet Profile – pass out
 - Unbiased & Industry specific – Low Grade Lumber Prices
 - Special Reports & Articles
 - Nail Prices
 - Customer Oriented Market Reports
 - Recycle Record
 - Pallet Enterprise



Surviving & Thriving During a Recession

- **Pass on Higher Costs**
 - Lumber
 - Fuel
 - Nails
 - Good Time to Retrieve Loss Overhead
 - Know Your Customers



Start Preparing for Tomorrow Today

- **Structure Business to Survive at Lower Break-Even**
 - Asher Tourison's letter



Industry Challenges for 2008 —

(Jan. 11, 2008 Hardwood Review)

- **Green Building & Certification**
- **Shrinking Hardwood Markets**
- **Lack of Liquidity**
- **Logs & Export Competition**
- **Industry Associations**



Hardwood Goals for 2009

Hardwood Review, Jan. 2, 2009

"Little control over market demand, energy costs, or log and lumber costs."
"We retain full control over how we will respond to these externalities."

1. **Market aggressively and intelligently**

- Golden opportunity to become somebody else's preferred customer.
- Partner with existing customers to enhance your value proposition.
- Stand apart by tweaking marketing plan



Hardwood Goals for 2009

2. **Complain Less — Don't allow your own thoughts to be any thing but upbeat.**
3. **Become irreplaceable — Find 3 things you can do to make your company irreplaceable.**
4. **Stay on top of technology**
 - Publications
 - Internet as a sales tool
5. **Experiment with new distribution channels**



Hardwood Goals for 2009

6. Certification — lumber issue
7. Truly understand costs — Enlightened since September
8. Niches
 - Heat Treating
 - History of unique markets & services
 - Pellets
 - Pallet managements
 - Reverse Logistics



Dealing with the Economic Doldrums

Chaille — Nov. '08 PE letter

1. Focus on your balance sheet
2. Prepare worst-case, 12-month cash flow scenario
3. Diversify and launch
4. Increase line of credit
5. Take advantage of tax breaks
6. Review your accounts receivable



Dealing with the Economic Doldrums

Chaille — Nov. '08 PE letter

7. Review discretionary spending — trim fat
8. Alert employees to stay flexible — Keep them posted on issues
9. Review your customers — somebody makes money even in a recession
10. Keep up marketing
11. Consider raising prices to cover higher costs
12. Recognize that the economic slowdown might hurt morale