

# Oregon Wood Innovation Center

Connecting people, ideas, resources

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2006

## COMING OWIC EVENTS:

- October 24-25, 2006: [Northeast Utility Pole Conference](#), Binghamton, NY
- December 4-7, 2006: [How to Dry Lumber for Quality and Profit](#), Corvallis, OR
- February 25-28, 2007: [Forest Products Management Development](#)
- April 26-27, 2007: [Selling Forest Products](#)

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## Who Will Own the Forest 3? Conference overview

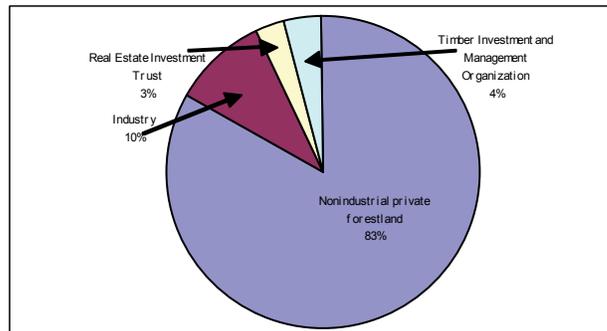
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The [World Forest Institute](#) hosted [Who Will Own the Forest 3](#) in Portland on September 11-13, 2006 at the [World Forestry Center](#) in Portland, OR.

Approximately 300 people from all sectors, including the USFS, BLM, the New Zealand ministry of agriculture, forest companies, academia, banks, TIMOs (timber investment management organizations), and NGOs (non-governmental organizations) attended. Speakers provided a holistic view of the topic.

Speakers gave an overview of the trend for vertical divestiture taking place in forest

companies in the US, Oceania, and Europe, examining the role TIMOs are playing. Speakers also discussed the emergence of new players such as conservation funds and trusts, organizations that have taken on the task of safeguarding forest land from being converted to other uses such as developments. The financial/taxing characteristics of these operations were also outlined. Steve Hobbs, the executive associate dean of the College of Forestry at OSU discussed



United States forest ownership by ownership type. *Who Will Own the Forest 3?. World Forestry Institute Conference Proceedings. Portland, OR. September 11-13, 2006.*

the future directions of University research and education.

The following points were discussed:

1. When will we change our view from timberland to forestland? That is, will the market/society ever assign value to all components of the forest ecosystem? Carbon sequestration, although just emerging in the US, is seen as a successful example of this.

2. How will reduced research and training funding from large companies impact education? Will it be replaced by a short term trial/error approach?

3. Will TIMOs take more accountability and integrate into the forest sector by joining associations, consortia, cooperatives, certification standards, etc.?

Proceedings from World Forest Institute conferences are available at: <http://wfi.worldforestry.org/publications-3.htm>

# Statistical Process Control (SPC) for the Wood Products Industry

Scott Leavengood  
OWIC Director

This past April, the Oregon Wood Innovation Center and Willamette Valley Chapter of the Forest Products Society presented a 2-day short course titled *SPC: Path to Quality in Wood Products Manufacturing*. Approximately 70 participants attended from various sectors of the wood products industry in the U.S. and Canada.

SPC was developed in the late 1920s as a means to more economically monitor and improve quality. SPC relies on statistical methods to ensure that production processes are stable and repeatable

and hence capable of producing product of consistent quality. The tools and techniques of SPC have been used for decades in the electronics, automotive, and numerous other manufacturing sectors. However, they have seen relatively limited use in the wood products industry other than for lumber size control.

The purpose of the short course was to introduce participants to SPC and encourage more wood products firms to explore its use. Knowing that participants often struggle to implement new tools and techniques once they return to the day-to-day challenges of work, a web-based discus-

sion forum was established to facilitate communication among those interested in using SPC in wood products manufacturing. See <http://owic.oregonstate.edu/bboard> if



you're interested in participating in the forum and <http://owic.oregonstate.edu/spc/workshop/> for more information on the course.

## OWIC Forest Business Briefs

Chris Knowles  
OWIC Program Assistant

The Oregon Wood Innovation Center announces the OWIC Forest Business Briefs, a new series of publications that will provide information on a wide array of business related topics that are relevant to firms in the forest products industry.

The first publication in this series is "An Overview of Starting a New Business" will be available on the OWIC website in November. This article provides an overview of the steps involved in starting a new business with links to links to more detailed articles that focus on each of the steps involved in the process.

Topics for future OWIC Forest Business Briefs include how to find marketing information, how to write a business plan, and an overview of strategic branding. If you have a topic you would like us to cover in a future OWIC Forest Business Brief, please submit your idea to:

[chris.knowles@oregonstate.edu](mailto:chris.knowles@oregonstate.edu)

## Global Markets and Western Forests

Chris Knowles  
OWIC Program Assistant

The May/June 2006 issue of [West-ern Forester](#) was devoted to the impact of global markets on western forests. The issue includes articles from researchers at Oregon State University, the University of Washington, and Forintek Canada Corp. and an industry manager at

Weyerhasuser Corp.

The issue begins with an overview written by Dr. Eric Hansen, OSU Professor of forest products marketing. Dr. Hansen discusses the competitiveness of Pacific Northwest operations, log and lumber exports, the major trade flows to the U.S., and what the future may hold. Also included are articles

about Japan, South America, India, Canada, and China. The issue also includes an article by Scott Leavengood, Director of the Oregon Wood Innovation Center, on how the industry can remain competitive through innovation.

The full issue can be viewed at: <http://www.forestry.org/pdf/june06.pdf>.



# Declining housing market: How does it impact the industry?

Chris Knowles  
OWIC Program Assistant

A recent [report](#) from the [National Association of Realtors](#) forecasts that home sales will decline for the remainder of 2006 resulting from an inventory and price imbalance.

The report indicates that the most immediate impact will be on pricing, with a temporary dip in house prices likely. Forecasts show that 2006 existing home sales will fall 7.6%. New home sales for 2006 are forecast to be the fourth highest year on record, despite a forecast of a 16.1% decrease. New housing starts are also projected to decline by 9.6% in 2006.

According to the [Softwood Lumber Markets Forecast in 2006 Following Record Demand Year](#) report recently released by the [Western Wood Products Association](#) (WWPA), housing construction used a record 27.8 billion board feet of lumber in 2005, representing nearly 44 percent of total lumber demand. Repair and remodeling accounted for more than 20 billion board feet. The total demand for lumber in 2005 was 63.9 billion board feet, up 3.45 from 2004. The slowing housing construction market has resulted in a forecasted 2.1% drop in total lumber demand to 62.6 billion board feet.

While the demand for lumber for use in new housing construction is forecast to decline in 2006, the forecast shows that lumber use in other markets (i.e. industrial and nonresidential construction) will continue small levels of growth in 2006. The report forecasts production will decline in 2006 in the west (18.8 billion board feet in 2006 down 2.6% from 2005) and the south (18.5 billion board feet down 2.4% from 2005).

Despite a new softwood lumber deal between the US and Canada, lumber prices have decreased sharply since January, according to a (cont. on Pg. 4)



The National Association of Realtors forecasts a drop in new home sales for 2006.



Declining home sales will impact many types of wood products.

## Featured Researcher: Eric Hansen

Each month we will feature a researcher from the Wood Science and Engineering Department at OSU.

This month's featured researcher is [Eric Hansen](#). Eric is a Professor in the Wood Science and Engineering Department with a specialization in Forest Products Marketing and is the Director of the Forest Business Solutions Team. Eric's primary research interests are innovation management and innovativeness of firms in the

forest products industry. Eric currently has five graduate students working in the areas of innovation management, innovativeness, lean management, corporate social responsibility and strategic branding. More information on Eric's research can be found here:

- [Research Briefs](#)
- [Corporate Social Responsibility](#)
- [Strategic Branding](#)

In addition to his research, Eric also

hosts two annual industry focused short courses:

- (1) [Forest Products Management Development](#)
- (2) [Selling Forest Products](#)

Eric Hansen's home page can be viewed at: <http://woodscience.oregonstate.edu/faculty/hansen/>



## What's new with OWIC?

Chris Knowles  
OWIC Program Assistant

A regular feature of the OWIC newsletter will be to provide an update on new OWIC activities.

Based on feedback we received from the September newsletter,

we've created a new discussion forum on Woody Biomass Utilization. This discussion forum will provide a format for the discussion of ideas about how to utilize woody biomass. Forum users may remain anonymous if they chose.

The new discussion forum is available under Networking on the OWIC web-

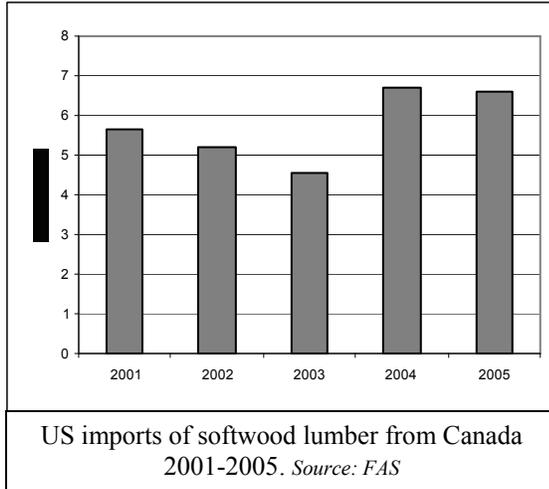
site or you may go directly to the forum at <http://owic.oregonstate.edu/bboard/forumdisplay.php?fid=9>

On the discussion forum you can find information about the 2007 US Forest Service Woody Biomass Utilization Grant Program.



## Declining housing market (cont. from pg 3)

report by Reuters. A surplus of lumber is accumulating in the US as a result of Canadian manufacturers shipping wood to the US to beat the October 1 deadline in the new agreement. This surplus in supply, combined with decreased demand has resulted in declining prices.



Lumber shipments prior to implementation of the new deal will be subject to a 10.8 percent duty, with approximately

80 percent returned to Canadian producers. However, once the new deal is imple-

mented, the export tax will increase to 15% when U.S. prices drop below a composite index set by Random Lengths.

Full versions of the reports can be viewed at:

National Association of Realtors:  
<http://www.realtor.org/PublicAffairsWeb.nsf/Pages/SeptemberForecast07>

Western Wood Products Association:  
<http://www.wwpa.org/newsroom.htm>

Reuters:  
<http://today.reuters.com/> and search for softwood lumber prices

### Ask the Expert

Have questions related to wood? The faculty of the Wood Science and Engineering Department at OSU have the expertise to handle almost any question about wood. Simply submit your question using the [Ask the Expert form](#). Please be as specific as possible.

The following are examples of recent 'Ask the Expert' questions:

**Q:** Do you have information on drying Douglas-fir lam stock (material used for making glu-lam beams)?

**A:** The Dry Kiln Operators Manual available on the web at <http://www.fpl.fs.fed.us/documnts/usda/ah188/ah188.htm> states that lam stock is to be treated as upper grades and the schedule for drying is in Table 7-19 in Chapter 7 beginning on page 166.

**Q:** When cutting large timbers, say 12x12, is it better to 'box the heart' or try to avoid having the heart center (pith) in the timber?

**A:** Given the smaller logs generally available to sawmills today, we most often see large timbers with boxed-

heart (that is, timbers that contain the pith). Given normal shrinkage in wood, heart checks can be expected to develop in such timbers; research has shown that such checks result in relatively minor reductions in strength. That said, past experience with using large timbers has shown that logs that are "free of heart center" (FOHC) are more stable in use. Consult a licensed structural engineer to be sure the timbers you are using are sufficient to carry the planned load for a structure.



## OSU lumber drying workshop

Michael R. Milota  
 Professor, OSU Wood Science and Engineering

In its 58th year, the OSU Lumber Drying Workshop is designed for personnel who operate, load, maintain, or manage lumber kilns. New personnel and experienced personnel will benefit as will personnel who use dry lumber and need to understand the process. Course materials include the Dry Kiln Operator's Manual, kiln

schedules for hundreds of species, and other publications that mills will find useful.

**Topics covered over the 3-1/2 days:**

- Wood—what it is and how it dries
- Moisture content determination
- Kiln design and operation
- Kiln control
- Schedules and how to avoid degrade and stains
- Equalizing and conditioning to avoid warp

- Cost of drying, reducing costs, saving energy
- Monitoring and improving quality
- Hands-on work with moisture meters, temperature sensors, air velocity meters, and kiln samples

For more information and to register:  
<http://oregonstate.edu/conferences/lumberdrying2006/> or call (541) 737-6439 or Toll Free (800) 678-6311

For more information on course content:  
 Mike Milota: (541) 737-4210

To subscribe to this newsletter send an email to [Chris.Knowles@oregonstate.edu](mailto:Chris.Knowles@oregonstate.edu) with 'subscribe to newsletter' in the subject line.

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