A VERTICAL INTEGRATION HARDWOOD BUSINESS

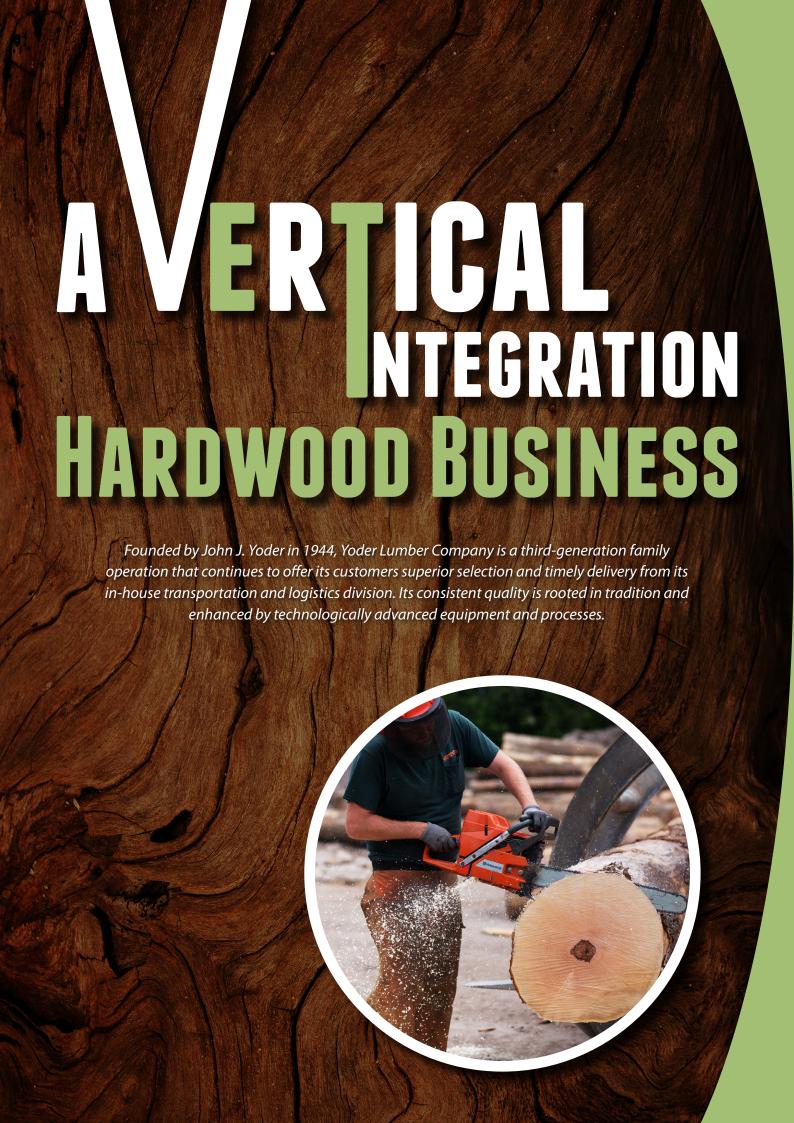








Written by Jessica Ferlaino Business in Focus (Dec 2016 – Jan 2017)



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oder Lumber has come a long way since its humble beginnings of a five-man crew and a portable sawmill, having grown to over 200 employees across four locations in Ohio and West Virginia. Each of these state-of-the-art facilities is strategically located in the heart of the Appalachian hardwood region.

It obtains its logs from local, independent, certified loggers and sawmills, as well as from private and public landowners and its own timberland. Lumber is available in ash, basswood, beech, cherry, grey elm, hard maple, soft maple, hickory, poplar, red oak, sassafras, sycamore, walnut, and white oak. Yoder Lumber

has the sawmills, the production equipment, the drying operations, the automatic grading and sorting to meet any need.

Customers are served across the US and around the world, with an increasing demand coming

from Asia. The company serves the commercial, retail, architectural, custom home, and high-end fixtures market, especially the hospitality and restaurant sectors.

Each year, from its modern sawmills and kilns, Yoder Lumber produces millions of feet of green and kiln-dried lumber, industrial wood products, surfaced-four-side products in red oak, cherry, poplar, hard maple and soft maple, and custom moldings.

In addition to wholesale lumber and millwork, Yoder Lumber also produces moldings with over eight hundred custom profiles. Its Architectural Wood Solutions (AWS) division's products include cabinetry, ceiling trims, beams and extensions, chair rails, wainscoting, columns, cornices, custom paneling, door, window and threshold moldings and trim, and fireplace mantles.

"We've also acquired a slabbing saw," said Robert Mapes, president of Yoder Lumber. "We now have the ability of cutting really heavy, thick slabs of lumber off a log – live edge slabs that can be turned into table tops, desk tops, counter tops, and bars."

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Yoder Lumber also has the advantage of Rolling Ridge Woods, its veneer log merchandising division. Since 2002, it has increased its capacity to distribute the highest quality hardwood veneer logs that is rooted in the

same Appalachian quality as the rest of its products.

The hardwood products at Yoder Lumber are always improving. "We have another product that we just rolled out called live sawn white oak," Mapes noted. "It's more of a rustic look, white oak. It can be larger, wider boards that can be glued together for a table or very wide flooring. The rustic look seems to be in right now, so we're capitalizing on that as much as possible. >>





treated with the greatest respect."

▶ "Yoder Lumber uses only certified master loggers for harvesting its timber to ensure the landowner's property is treated with the greatest respect." It harvests and operates with accountability and integrity, and as a result, has built strong relationships with generations of landowners. The company works with landowners to develop a timber harvest plan for the land to promote sustainability and value for years to come.

It has a deep commitment to responsible business practices that protect the best interests of the environment, the health of its business and its business relationships for generations to come. In addition to ethical and local sourcing policies, Yoder Lumber is also dedicated to green practices across its operations.

To minimize the use of landfills, Yoder Lumber uses all of its wood by-products. Every part of the log is used in the manufacturing process. Sawdust is used to fuel boilers for heat for the company's buildings and kilns, reducing costs and fossil fuel demand. Bark is ground into mulch; wood chips are sold to paper mills, and board cut-offs are sold to the public as firewood.

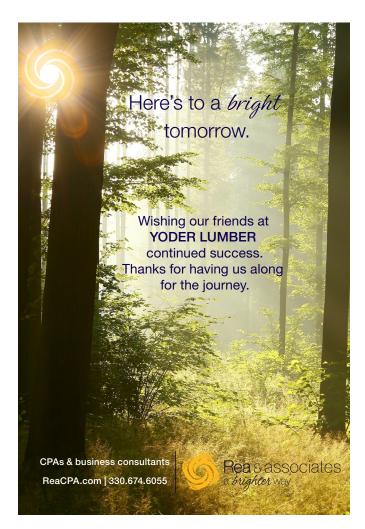
Mapes referred to a WoodEye Scanner and Talon Optimization system. The equipment has bolstered Yoder Lumber's capabilities tremendously. "We have to be able to produce a superior quality product, quicker, better and deliver it and meet the changing customer needs."

Investment in the equipment and processes simultaneously triggered a company-wide culture shift to reflect the increasingly efficient and productive work of the company. The company has embraced Lean Six Sigma (LSS) principles that support this.

"There has been a significant change in the culture," explained Mapes. "We have over two hundred employees, and approximately fifty percent of them are Amish, and most people would tend to think that the Amish are extremely set in their ways and not accepting of change, and that is not true at all."

"Lean Six Sigma is a basic philosophy of common sense, and they are very good at that, and when we introduced the Lean Six Sigma processes, they embraced it very well." The company produces outstanding results by capitalizing on the talents of its people and processes operation-wide, and fully supports the LSS philosophy of continuous improvement.

Lean Six Sigma has had a significant impact on output at Yoder Lumber and a positive influence on the work culture and morale. "We were working significant amounts of overtime, and through the Lean Six Sigma effort, we were able to get our



employees back down to the point where our people could go home and actually start to enjoy longer weekends and enjoy their families," said Mapes. Work-life balance is a critical element for Yoder Lumber Company.

"Every part of the log is used in the manufacturing process."

He praised the work ethic and drive of the employees and their willingness to get the job done. "The Amish Community is very work-oriented, so while they will basically work any amount of overtime that we ask of them, because of their ethics, we have to be very careful not to burn them out."

"We've seen a pretty good increase in production capacity with essentially fewer labor hours," said Tony Yoder, chief production and technology officer. "We've been able to go after a lot of customers that we wouldn't have been able to in the past because we didn't have the hours in a day or the production capacity, and now we've been able to let the salesmen do what they do best, getting new customers and selling new products."

The increase in production was explained by Mapes. "Thirteen months ago, we were probably at 105 to 110 percent capacity."





▶ Currently, we're probably at 85 to 90 percent capacity. Since we have implemented LSS we have increased the amount of throughput and production by a good 20 percent."

One of Yoder Lumber's greatest strengths is its ability to join traditional woodworking craftsmanship with technological innovations. The company has undertaken other initiatives to incorporate the activity taking place at its four locations. It has invested in its business intelligence and data acquisition to create a dashboard through which all four locations can communicate.

Through this technological platform, Yoder Lumber keeps track of enterprise resource planning programs, payroll software and the like. The technology is being led by an information management team that can manage sales, inventory, accounting, human resources, and other vital data related to its daily operations.

A year and a half ago, the company collaborated with Appalachian Partners for Economic Growth (APEG) to take advantage of funding for leadership development. After recognizing a need to train its mid-level management, it enlisted the help of APEG which helped fund an instructor to conduct a three-year program dedicated to leadership growth and improved communication.

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Yoder Lumber is also using technology to increase efficiency and improve communications. A software program called Slack is an instant messaging program that enables company-



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"In addition to wholesale lumber and millwork, Yoder Lumber also produces moldings with over eight hundred custom profiles."

wide communications and engagement. "It's increased morale tenfold," Mapes reported.

"We've also put in place Yoder News Network (YNN)," said Mapes of an all-day news transmission that is broadcasted through TVs to keep employees informed. "We broadcast all day long during the workday – news and events that are going on, and if people have questions, they can post them on there."

YNN was the idea of an employee and originated from the APEG leadership training. Communication and transparency is key to productivity and safety. Yoder Lumber excels at both.

In addition to comprehensive training, Yoder Lumber makes certain that its equipment meets OSHA standards. The wellbeing of its employees is paramount, especially as technology is increasingly incorporated to improve the efficiency of the trade.

Though it has grown substantially over the last seven decades, the company continues to identify news ways to grow. "We can actually add more vertical integration and value to our customers by assuming some of those functions that they may not want to do in the future. We already have the material here, so we don't have to ship it off and move it on to someone else. We are exploring CNC type work, and there are a lot of different things that we keep looking at," hinted Mapes.

Yoder Lumber will continue to focus on its areas of strength, such as Architectural Wood Solutions and the fixtures market to satisfy its ever-changing customer needs and industry trends. "They buy products that look good. They are not looking for commodity type products." As far as quality goes, Yoder Lumber will always have superior quality, aesthetics, and service with integrity.



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