

Reman Revamp

A BC reman company has utilized the technical support of wood products research organization Forintek to look at different and better ways to manufacture products and develop effective equipment solutions.

By Tony Kryzanowski

If secondary manufacturing of wood products was like a shootout in hockey, today's survivors are probably the players you'd pick as your top shooters. That's because to survive in today's competitive secondary manufacturing market, it takes a lot of stick handling.

Just ask Don Friesen, the co-owner of Coldstream Lumber Remanufacturing Ltd, of Vernon, BC. Friesen and business partner Dean Yakura made a conscious choice to stay in business when competitors all around them were closing their doors after the United States slapped a devastating tariff on Canadian softwood lumber.

According to the Canadian Lumber Remanufacturers' Alliance, exports from Canadian independent remanufacturers to the US dropped on average by up to a stunning 80 per cent from 2001 to 2006. The US started countervail duties on Canadian lumber exported to American markets in 2001.

Roland Baumeister, secondary manufacturing manager at wood products research organization Forintek Canada Corp, says this industry sector is not out of the woods yet. "I think the remanufacturing sector is still in the process of rationalization and consolidation," says Baumeister. "There are still companies closing their doors, but on the other hand, there are remanufacturing businesses that because of their product mix are managing to weather many market fluctuations. If you look at the remanufacturing sector, there's quite a range of products being made."

For example, some suppliers of product to the housing market are currently experiencing some challenges, while suppliers of raw material to manufacturers of higher value products such as windows and doors are doing much better.

The US tariff on Canadian softwood lumber was the low point for Coldstream Lumber Remanufacturing, which at the time was producing cedar wood products for a single customer. Almost overnight, the company went from 40 employees to as few as seven.

"What made me stay in it were just the people we had working here," says Friesen. "There was no other work for them at the time. I had one fellow who was deaf who contacted me after six months, wondering when he was coming back to work. He wasn't even trying to find work anywhere else."



Coldstream Lumber Remanufacturing is a case in point that secondary manufacturing is not a straightforward process, and that a significant amount of “stick handling” is required for the efficient utilization of the wood fibre.

The company kept all of its options open during those challenging times. “We did aspen for snowboards in China,” says Friesen. “We did quite a bit of birch for a couple of years because, being a hardwood, it was duty free. We also did aspen paneling.”

With a new softwood lumber agreement now in place—and its more favourable treatment of remanufactured wood—as well as the extensive technical support that the company has received from the Solutions for Wood program delivered by Forintek through working with one of its industry advisors, Friesen has a clearer picture of the company’s potential future.



“The new softwood lumber agreement will help quite a bit because they’ve now put the duty on what’s called ‘first mill’,” he says. “The custom processing fees are not included in the duty now, and that makes a big difference.”

Friesen was also aware of the technical support available to secondary manufacturers like Coldstream through Forintek, which has been mandated to assist remanufacturers through the Solutions for Wood program in Western Canada. Forintek has 32 experienced industry advisors located in nine Canadian provinces who work directly with Canadian secondary manufacturers.



Friesen says growth within the secondary manufacturing sector is an important aspect in maintaining Canada’s wood products industry.

He speaks from experience, given his extensive background as a manager at BC’s Riverside Forest

Products. He says despite growth in the American residential housing market, Canada is losing market share to foreign competitors. He knows of one BC equipment broker that recently sold a number of sawmills to offshore buyers, and now Canadian companies are having to compete with products manufactured from those sawmills.

“The only saving grace for us is that the quality of our lumber is so much higher,” Friesen says, “but we are going to have to supplement that with remanufacturing.”

Coldstream produces about 700,000 board feet per month. It consists of 70 per cent custom work and 30 per cent wood products manufactured internally.

Wood arrives in a variety of dimensions, from timbers down to 1x3s. Almost all of it is green fir, SPF, cedar, or hardwood fibre. The company uses a 54inch Yates bandsaw as its main breakdown unit, is able to kiln dry the wood, plane it using its 610 Stetson Ross planer, chop it to its required dimensions, package, and finally ship the product. Many of its services involve production of tongue-and-groove wood panels, flooring, siding, and a variety of other remanufactured wood products.

Within its own product line, Coldstream manufactures such products as SPF bed frames, wood

crating products for wine and specialty container companies, small runs of flooring, aspen paneling, and clear hemlock, and fir or pine components for window and door manufacturers.

A significant amount of stick handling is required in secondary manufacturing for the efficient utilization of the wood fibre. "Wood is not an exact science," says Friesen. "The challenge is to come up with a list of customers and products where you can use the whole pile of wood. From one load, you might get 20 per cent of one product, 30 to 40 per cent of another product, etc."

The challenge is not only to achieve maximum utilization, but also to secure contracts, and preferably longer term contracts and products with longer term potential, for each grade of lumber produced. Friesen says it's tough to secure these types of contacts because the market is extremely competitive. However, finding longer term contracts in Canada and products with longer term potential is definitely a company objective.



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Coldstream maintains regular contact with Forintek's industry advisor network. Improvements to the company's productivity have largely focused on doing more with the company's existing equipment through adjusting production flow, as well as making affordable capital investments that have a significant impact.

Friesen says adjusting production flow and seeking out opportunities to become more efficient is constant and ongoing. "It's like a house," he says. "You are always renovating."

Baumeister says the success of Forintek's interaction with clients is greatly dependent on their receptiveness to investigating different and better ways to manufacture products and provide service. In the case of Coldstream, he says the company was very receptive and it shows in the results. For its part, Forintek invested considerable time upfront to identify the company's needs and their constraints to determine a solution that would work for them.

Among the changes, Coldstream designed and installed a new lumber stacker purchased from Timber-Pro Industries Inc. It was a prototype built from a concept Coldstream developed with help from Forintek that is capable of handling wood of different lengths and widths, and was a lower cost alternative to other products on the market.

"As remanufacturers are defining their products better, they are looking for unique solutions and equipment that is not overbuilt but very task-specific and affordable so that the machine performs very well on a specific task, rather than having a general machine that performs numerous tasks, but few of them very well," says Baumeister.

Friesen estimates that they saved about \$150,000 taking this route. Furthermore, the new stacker has improved production by 40 to 50 per cent, while allowing the company to reallocate two employees to other areas within the production line.

"We're actually looking to install some new higher tech equipment in the late spring," says Friesen. "We're investigating an automated chop saw line with scanners. I could probably get three to four times more production with the same people with that investment."



Within its own product line, Coldstream manufactures products such as SPF bed frames, wood crating products for wine and specialty container companies and small runs of flooring.

From a customer service standpoint, Coldstream has included more of its technical employees in meetings with clients, so that the customer sees that the company is making a significant commitment to understanding their exact needs. Friesen has also recommended Forintek's industry advisors to other remanufacturers. While Forintek doesn't have all the answers, Baumeister concludes that it can often bring in other resources or

point the client in the right direction where they can obtain the information to help them achieve their specific objectives. "They get a feel for what we can do and can't do," says Friesen, "and our guys realize what the customer needs. From that, we come up with a solution."

There is also more communication among the remaining remanufacturers in the business—even though they remain competitors—resulting in a greater exchange of ideas to solve specific technical challenges. In some cases, good personal relationships have developed to the point where wood resources are redirected to another plant when a load does not meet the needs of one plant. Friesen has also recommended Forintek's industry advisors to other remanufacturers. While Forintek doesn't have all the answers, Baumeister concludes that it can often bring in other resources or point the client in the right direction where they can obtain the information to help them achieve their specific objectives.

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