

# The McShan

# PLANE DEALER

Page One

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McShan Lumber  
Company  
McShan, AL

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We are a family owned and operated company that has produced quality Southern Pine Lumber from our abundant and Sustainable Southern Forests since 1907.

It is our goal to profitably provide products our customers value anywhere on the globe. We believe it is our duty to extract all the value and quality from every log that passes through our mill and to be good stewards of all the resources that are entrusted to us. We enjoy a worldwide reputation for quality and we strive daily to maintain this hard earned status.

#### IN THIS ISSUE

- COC Certification
- Daylight report
- Observations
- Retirement
- Production Reduced
- Predictions

## McSHAN LUMBER COMPANY OBTAINS SFI and PEFC CHAIN OF CUSTODY CERTIFICATION

After much hard work and documentation, we are happy to announce that McShan Lumber Company has received Chain of Custody (COC) certification for the Sustainable Forestry Initiative (SFI) and Programme for the Endorsement of Forest Certification Schemes (PEFC) standards.

We received SFI certification for Fiber Sourcing in 2009. Chain of Custody certification now lets us pass these credentials on to our customers. To our knowledge, we are the only Southern Pine sawmill cutting export sizes and with Chain of Custody certification.

With more than 180 million acres certified across North America, the non-profit SFI sustainable forestry certification program is largest single forest certification standard in the world, based on principles and measures that promote sound forest management including measures to protect water quality, biodiversity, wildlife habitat, species at risk and forests with exceptional conservation value. Through SFI chain-of-custody certification, companies must have a tracking system in place so they can tell customers the amount of certified, uncertified and recycled content in the forest products they buy, use or sell.

“At a time when just 10 percent of the world’s forests are independently certified, McShan Lumber Company joins a growing community of companies, landowners, and social and environmental organizations who have demonstrated their environmental commitment and leadership by achieving SFI certification,” said SFI Inc. President and CEO Kathy Abusow



## THE DAYLIGHT REPORT

Years ago we wrote a little article about how we price our lumber. Rather than rely on market reports, our pricing is determined by how much daylight we have in our sheds. Lots of daylight means not much lumber and therefore the price should go up.

Economists like to use the term scarcity. Unfortunately anyone discussing lumber supplies hasn't needed to use the term much in the last four years. Thankfully scarcity is beginning to creep back into lumber traders' vocabulary.

This photo shows a section of our S4S board storage area. Our daylight report is making vast improvements. Some of this ground hasn't seen the light of day since 2008. Let the light shine!



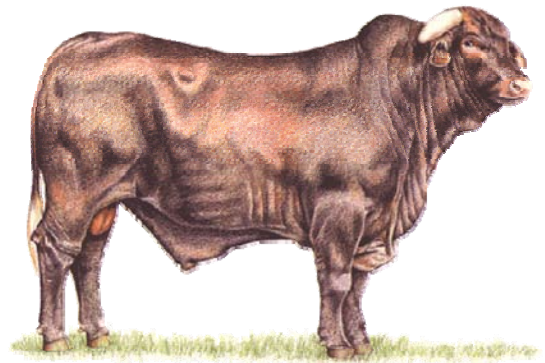
## OBSERVATIONS FROM A GOAT PEN

I know a story about a fellow who was managing a registered cattle ranch in Arkansas years ago. One day he heard about a farmer in the Ozarks who reportedly had raised one of the finest bulls in the breed. The fellow was told he probably could buy the bull pretty cheap. Intrigued, he sought the bull out. Sure enough, the bull was just as good as he had been described and unbelievably, he was being kept in a small lot with a bunch of goats!

To make a long story short, the bull was soon purchased and resold to several investors for several hundred thousand dollars. The point of the story is although the bull was a fine specimen, he would never achieve his full potential and value in a goat pen in the Ozarks.

I often think of that bull as I observe people and organizations. I have noticed:

- Some people are bulls but just don't know it yet and need someone to point out their potential.
- Some people are bulls but never will reach their full potential because they are satisfied staying in their goat pen.
- Some people know they are bulls and will flee their goat pen for greener pastures just as soon as an opportunity presents itself.
- Real bulls don't really like to be penned up with a bunch of goats.
- Some people think they are bulls but are better suited for a goat pen.
- Some bulls have been forced into goat pens over the last few years.
- Some organizations have bulls in their midst but don't realize it.
- Some organizations have created goat pens for their bulls or potential bulls and will never get all the value and potential out of them.
- Some organizations recognize their bulls and create green pastures in which they can flourish.



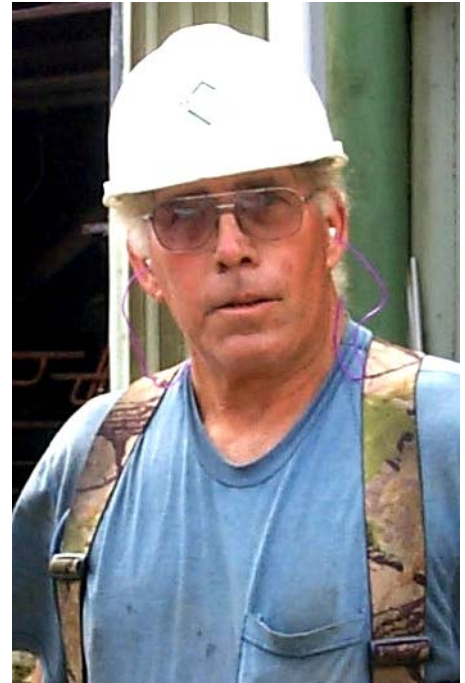
Here's hoping that all the bulls get turned loose in 2010!

*smj*

## VETERAN SAWMILLER RETIRES

Joe Ellis Turnipseed retired last December after almost 43 years of service at McShan Lumber Company. It is hard to comprehend the changes that Ellis witnessed in his time here. The thought of the modern high tech sawmill of today was mere science fiction when Ellis began in 1967.

Upon his retirement, McShan Lumber Company President Hunter McShan said, "Ellis is one of the most hard headed but also hardest working men I have ever been around". We appreciate Ellis' contribution to our company's success and wish him a happy and productive retirement.



## BITTER COLD FURTHER HAMPERS LIMITED LUMBER PRODUCTION ACROSS THE SOUTH

The first two weeks of January brought some of the coldest weather we've seen in these parts in some time. With Southern Pine production already reduced by almost 40%, the cold weather led to even further reductions. Frozen logs, frozen airlines, hard to start equipment and a whole host of other challenges were the order of the day for mills that braved the elements and tried to operate in the below freezing temperatures.

Our production has been off as much as 50% due to the weather and we've talked to other mills who have experienced the same or worse. With production already at reduced levels, the weather induced reductions have no doubt further depleted diminishing lumber supplies.

Thankfully warmer weather is forecast for the coming days and we expect to return to full production soon.



## ECONOMICS AND PREDICTIONS:

At the beginning of a new year everyone likes to make predictions about how they think the market will play out. Here's a few quotes on economic predictions and policy in general.

-“Economics is extremely useful as a form of employment for economists.”

-“The only function of economic forecasting is to make astrology look respectable.”

-“In economics, the majority is always wrong.”

-“Economics is a subject profoundly conducive to cliché, resonant with boredom. On few topics is an American audience so practiced in turning off its ears and minds. And none can say that the response is ill advised.”-

**John Kenneth Galbraith**

-“If you put the federal government in charge of the Sahara Desert, in 5 years there'd be a shortage of sand.

-“Columbus did not seek a new route to the Indies in response to a majority directive- **Milton Friedman**

-“The first lesson of economics is scarcity: There is never enough of anything to satisfy all those who want it. The first lesson of politics is to disregard the first lesson of economics.”

-“People who have time on their hands will inevitably waste the time of people who have work to do.

-“The big divide in this country is not between Democrats and Republicans, or women and men, but between talkers and doers.”

-One of the common failings among honorable people is a failure to appreciate how thoroughly dishonorable some other people can be, and how dangerous it is to trust them”- **Thomas Sowell**

-”Never make predictions, especially about the future”- **Casey Stengall**



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