

# THE WOOD WORLD MONITOR

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## Why Outer Space?

In 1961 President Kennedy committed the U.S. to the goal of landing a man on the moon. This goal was set only 20 days after Alan Shepard became the first American in space on a flight that lasted only 15 minutes. JFK's vision was reached on July 20, 1969, with the landing of Apollo 11 and Neal Armstrong's first moonwalk.

Over the ensuing years NASA fell from the national scene except when tragedies struck the Space Shuttle. With its two vehicle landings on Mars however the bright minds at NASA have retaken center stage. President Bush has used this moment to promote renewed space exploration.

Many complain about the cost of such a mission and the need to spend those scarce funds on other programs. Before you fall for that argument, remember:

- NASA has received less than 1% of the Federal budget since 1977.
- That measly 1% has returned billions of dollars back to our economy. Benefits in computers, medicine, and the like are too many to mention here.

Type "benefits of the space program" into your favorite search engine and be overwhelmed.

- Americans are put to work producing these innovations. Every dollar spent by NASA has yielded \$7 in corporate and personal income tax revenues from these jobs.

What does the space program have to do with the wood products industry? Consider the future of this country. The U.S. is now immersed in an economic transition with no apparent, visible end. We are experiencing the dramatic job loss and change that has accompanied globalization. This transition will not end without cutting-edge innovation and the ensuing flow of new, now unknown products. Such inventions will generate jobs for Americans.

Is this government's role? Countless programs for stimulating job growth already exist. States throw

millions at businesses like Mercedes and BMW to build plants. Most of these schemes have dubious paybacks. The space program, on the other hand, has a proven track record of driving the innovation and job creation we need. And don't forget that the King and Queen of Spain sponsored Columbus' search for America.

We should not grieve over the loss of low-value manufacturing sectors like furniture. Rather we must move forward into a new economy of higher-paying jobs producing high-value products that the world will demand. Those workers and the businesses that employ them will want kitchen cabinets, custom millwork, and other wood products best made in the U.S.

*Bottom Line* - We will all benefit from further exploration of outer space.

Art Raymond  
President



A. G. Raymond &  
Company Inc.

Consultants to the  
Wood & Forest  
Products Industry

302 Jefferson Street  
Suite 200  
Raleigh, NC 27605  
USA

Telephone  
919/831-0070

Fax  
919/831-0072

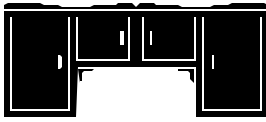
Email  
info@  
raymondnet.com

Web Site  
http://www.  
raymondnet.com

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# Kitchen Remodeling Sees Great 2004

“Kitchen & Bath Business forecasts an increase of 11.1% in spending on kitchen remodeling...”

Cabinet makers' recent investments in customization and fast delivery are propelling continued growth in 2004. *Kitchen & Bath Business* forecasts an increase of 11.1% in spending on kitchen remodeling, well above the 4.7% increase predicted for overall consumer spending. Kitchen projects worth over \$10,000

will account for over 50% of spending.

With nearly three out of every four new kitchens installed in existing homes, remodeling's impact on the cabinet industry is substantial. Over the past decade spending on kitchen remodeling has more than doubled to over \$47 billion.

**Bottom Line** - Follow the cabinet industry's lead. Make the consumers' desire for choice and instant gratification a key driver of your company's strategy.

Source: *Kitchen & Bath Business*, January 2004

## Old Leads Could Mean Good Business

Turns out that most prospective customers are in the market for a long time before making a purchase. According to a Cahners Business Information Study, nearly half of all leads take a year or longer to buy:

- 11% of prospects bought within three months
- 17% bought within four to six months

- 25% took seven to 12 months to buy
- 47% purchased more than 12 months after first requesting information

For that reason smart marketing and sales managers nurture prospects even after negative initial contact reports from their sales forces. Remember that salesmen concentrate on

landing immediate sales, those that may occur within 30 to 60 days, and often relegate slower-developing prospects to the back burner.

**Bottom Line** - Keep working your prospects well beyond your initial contact.

### Business Quote...

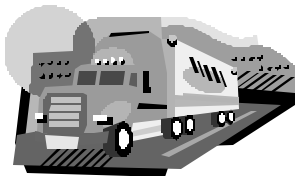


“Every man takes the limits of his own vision to be the limits of the world.”

Arthur Schopenhauer

## Freight Rate Hikes Ahead

Shippers using all modes of transport should prepare for higher freight costs in 2004:

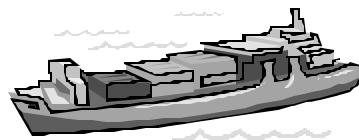


Motor carriers are facing the higher costs brought by new government regulation of drivers' hours of service and

engine emission standards. Capacity has not significantly increased in several years. Add the improving economy to the tight supply of drivers, and experts are predicting four to seven percent rate hikes this year.

Ocean container rates, which jumped by \$700 to \$900 last year, are poised to rise another \$300 to \$400. Capacity especially

on Far East-to-U.S. lanes is relatively tight. Peak season traffic later in the year may add another \$400.



Source: *Logistics Management*, January 2004

**“The emerald ash borer has killed more than five million trees in southeastern Michigan alone.”**

## Ash - A Threatened Specie



### Golf Quote...

“You don’t have to be a good golfer to be a good putter, but you have to be a good putter to be a good golfer.”

Tony Lema



A new insect pest, native to the Pacific Far East, is attacking ash trees in Michigan, Ohio, Maryland, and Canada. The emerald ash borer has killed more than five million ash trees in southeastern Michigan alone. No North American species of ash has been found resistant to the borer. No symptoms are seen in infected trees in the first year after attack. Infected trees typically die in one to three years.

The borer’s ability to fly has led forestry authorities to predict the demise of ash throughout North America in an epidemic similar to the chestnut blight and Dutch elm disease.

In response Michigan has quarantined all ash trees and products in 13 counties including and surrounding the infected area. The transport of trees, branches, lumber, firewood, or large wood chips outside

these counties is now illegal.

Ash is a relatively low cost species whose grain and appearance characteristics make it useful in decorative products like furniture, cabinetry, and millwork.

Source: *Southern Lumberman*,  
February 2004

## Where Will You Be In Ten Years?

Ten years can bring lots of change and limitless possibilities. Think how your life and business has changed since 1994 with the advent of the Internet. Remember that landing a man on the moon took only nine years and developing atomic power only five. Here are technologies that futurists see emerging in the next decade:

■ **Artificial Intelligence** making it impossible to tell whether you are talking to a

computer or a real person on the telephone.

■ **Hydrogen Fuel Cells** generating energy at the competitive cost of \$400 per kilowatt hour without pollution.

■ **Expert Systems** assisting decision making in management, engineering, and medicine.

■ **Optical Computers** replacing electrons with photons to run at the speed of light.

**Bottom Line** - Pay attention to the edge of your radar-scope where innovation and change agents first appear. Think about what emerging technologies may mean for your business.

Source: *The Futurist*,  
Special Report

### Philosophy Quote...

“Imagination is more important than knowledge.”

Albert Einstein



## Economic Factoid

A quarter of all U.S. workers are now employed in jobs that were not listed in the Census Bureau’s 1967 occupation codes. That’s the miracle of the U.S. economy – the ability to create new jobs making new products. Displaced furniture workers will move to new jobs just like those workers who used to make wagon wheels or work on the farm.

A. G. Raymond & Company Incorporated  
302 Jefferson Street, Suite 200  
Raleigh, North Carolina 27605  
USA

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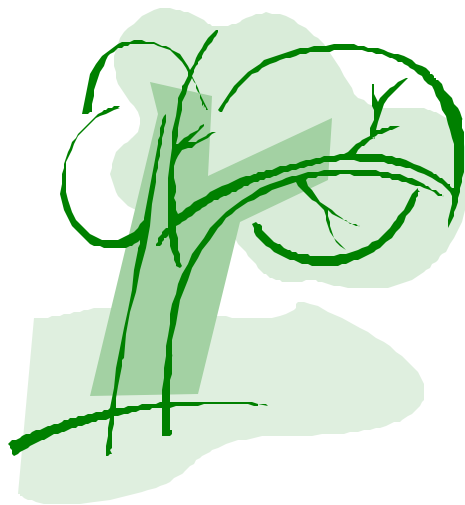
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