



# Hardwood Matters

National Hardwood Lumber Association  
June 2007

**Annual Report:  
Year in Review**

**E.D. Bessey Lumber Products:  
Finding a Niche**

“My column this month touches on a subject near and dear to my heart. In my tenure as Chief Inspector, I have been constantly frustrated by members of the hardwood lumber industry who continue to quote gross pricing and footage on kiln dried lumber, even when the need to change this archaic practice is obvious and our industry’s reputation is at stake. I applaud the following company for showing the guts and foresight to make the obvious choice regarding net/gross tally, and hope other companies will decide to take a leadership role in ending forever this still too common practice.”

Net measure – the point of view of the distributor

Many readers of *Hardwood Matters* are familiar with Upper Canada Forest Products and Sierra Forest Products. They’re one of North America’s largest hardwood and panel product distributors. Together with their import/export division, UCS Global, the group is commonly referred to as the UCS Forest Group.

This is an organization that has always prided itself on being on the cutting edge, known for conducting their business with some very strong ethics and values. In keeping with this, four years ago owner and President Warren Spitz made the decision to buy and sell all their products on a net tally basis.

To get the ball rolling, Spitz forwarded a copy of an article written by NHLA Chief Inspector Mark Horne to the general managers of all seven distribution yards for discussion. The group raised concerns:

“We’ll be the only ones selling net tally in our markets.”

“Price conscious customers won’t buy in.”

“Customers don’t understand net tally.”

After some discussion, everyone in the group recognized it was the right thing to do. The question was how would the market take it? With

some anxiety, the announcement was made and customers were approached.

The customer reaction was wide ranging. Customers who didn’t tally wondered what shrinkage was. Surprisingly, some customers who claimed to tally commented, “Let me get this straight. You’ve been adding eight percent to my footage?” The educated customers praised the decision.

UCS found the key to the process was education. When Spitz opened his first yard in Mississauga (just outside Toronto) 20 years ago, one of the first things he did was hand out tally sticks to customers. Back then, he received some criticism from the competition about how he would “ruin the distribution business” with tally claims.

Well, that didn’t happen. Today, every order leaving a UCS warehouse has attached to it a “tally checker,” a basic five step process on how to check tally including the calculator.

In addition, the group developed a Purchasing Handbook for customers which outlines the right questions to ask when purchasing lumber, including how the lumber is being tallied.

Adding value by ensuring customers are educated is just good business. Differentiating yourself from your competitors is another axiom of a successful business. By going net tally, UCS took another step towards accomplishing both.

Initial concerns about losing business evaporated as customers began to understand the tally process and the importance of having a standard without an “estimated” shrinkage number added.

How’s business these days? UCS prides itself on constant growth for more than 20 years. Yes, sales continue to grow even in today’s challenging market. Today, the group buys 95 percent of their products and sells all their customers on net tally.

It makes one wonder what all the fuss was about. 

