

## Smallwood venture anticipates growth

Written by Bill Rautenstrauch November 21, 2007 12:52 pm



GENERAL MANAGER: Ben Henson, initially a Community Smallwood Solutions investor, now runs the plant for Upstream 21. - The Observer/BILL RAUTENSTRAUCH

**WALLOWA** — An adage in the timber industry says that every job in a mill equals two in the woods.

If that's true, then a minimum of 28 people in Northeast Oregon have forest-related jobs thanks to Community Smallwood Solutions, a busy little post-and-pole mill in this small and economically troubled Wallowa County city.

"As long as the shift is running well, we can put out four loads of hops poles a week," Ben Henson, the mill's general manager, said during a recent tour of the facility.

Nobody pretends that small wood products can take the place of the big stuff, and there's no question the indefinite closure of the Wallowa Forest Products lumber mill last July hurt the city and the entire region.

About 50 people lost family wage jobs, and the true effects, according to Wallowa Mayor Ron Gay, have yet to be tallied.

"We're surviving, but the economy is soft and I think it will get worse next year," Gay said.

Community Smallwood Solutions, though no panacea, has a positive impact in these troubled times. Employing 14, it also makes work for contract loggers and truck drivers, supports the hops industry in Washington and sells to numerous retail outlets in the Willamette Valley and other markets.

And with a recent major change in the business plan, Henson and others believe the company has no where to go but up.

"We anticipate growing significantly in the next year," Henson said. "There are plans to bring in more equipment and expand some of our product lines, and that could mean going to another shift."

The company was established nearly four years ago, with technical support from Wallowa Resources, a non-profit group that works to promote community, forest and watershed health while creating family wage jobs and business opportunities.

Joseph Timber, a mill in the upper Wallowa Valley that has since gone out of business, also was a partner in the beginning.

About a dozen local investors pooled resources to start the mill up; later, as Joseph Timber bowed out, four more investors, including Henson and his wife Georgena, joined.

The idea was to manufacture products from small-diameter trees harvested mainly in salvage and thinning operations. "Small diameter," as defined by Henson, refers to trees that measure less than eight inches at the base.

"The supply is adequate for our needs. The challenge has always been to find logging contractors who are set up for small diameter," Henson said.

Eight-foot fence poles, marketed mainly in the Willamette Valley, have always been the mill's bread and butter. Hops poles, sold to growers around Yakima, are also an important part of the business mix.

"A disease outbreak there has necessitated the re-planting of a large number of fields," Henson said, adding that the mill will be filling orders for hops poles for at least the next two years.



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Last year Community Smallwood Solutions got into the local firewood business, though reluctantly. Henson said the mill had stayed out of that market so as not to compete with local suppliers.

Firewood supply, however, was not keeping up with demand. A decision was made finally to sell firewood in bulk to local residents.

But thousands of people elsewhere stay warm with wood cut here. Firewood also is shipped in small bundles to retailers in the Willamette Valley.

"They're sold to campers, and I think a lot of people who have fireplaces in their houses and just want a little comfort fire buy them, too," Henson said.

Bark peeled from logs represents another source of income for the mill. It is shipped by truck to a co-generation plant in Prairie City.

"We waste as little as possible," Henson said. "We would like to see every piece of wood converted to something of value before it leaves the country."

There's always been a certain measure of economic uncertainty about the Community Smallwood venture, but some of that was dispelled last summer when Upstream 21 acquired the mill.

The Portland-based corporation buys small, locally owned companies and operates them as wholly-owned subsidiaries. Benefits for businesses like Community Smallwood include management expertise and access to capital.

Upstream 21 says it is committed to developing businesses that sustain employees, communities and the environment. That has always been the aim of the investors, said Henson.

"The entire reason for starting the mill was to help the community. For the investors, this is a good fit. They can feel good about letting it go and watching it grow," Henson said.

More and better equipment is in the offing, and so is an increase in hiring. Henson said he expects working conditions to keep improving.

"Currently we don't offer benefits, but that's something Upstream 21 has on the table," he said.



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