



# ANACORTES VENEER COMPANY

No. 18 in a series of  
monographs on the  
history of West Coast  
plywood plants

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## **Plywood in Retrospect**

This Monograph on the Anacortes Veneer Company is No. 18 in a historical series describing the founding and development of the early Douglas fir plywood mills.

Considerable information on the events that led to establishing "Anacortes Veneer" has been obtained from Bob Cour's book, "The Plywood Age" (1955).

Interviews and correspondence with several former general managers – John Martinson, Hal McClary, and Gus Arneson – have been especially helpful. I am indebted to Hal McClary for reviewing and correcting copy, and particularly to John Martinson who not only arranged a meeting at Anacortes with his staff, including Arlene Peters, highly efficient secretary to the various managers, and a number of plywood veterans still connected with the mill, but also helped with the final manuscript.

As with former monographs, the assistance of the American Plywood Association personnel, Hugh Love, Director of Communications, Charla Bengel, Senior Secretary, and others, is sincerely appreciated.

A handwritten signature in cursive script that reads "Nelson S. Perkins".

Nelson S. Perkins, Secretary-Treasurer  
Plywood Pioneer Association  
12501 Gravelly Lake Drive SW.  
Tacoma, Washington

# ANACORTES VENEER COMPANY

Anacortes Veneer Company in northwest Washington was the second of the worker-owned cooperative plywood mills in the United States. They started production November 27, 1939.

More than eighteen years before, the Olympia Veneer Company had pioneered the way as the first of such worker-owned mills, and by 1939 had become eminently successful and prosperous.

Olympia struggled desperately through its early years, but enjoyed happier days during the "silk shirt era" of the late Twenties. Then came the bitter fight for survival in the depression years of the early Thirties. Knowledge of these experiences discouraged wouldbe promoters of "co-ops."

One exception, however, was J.J. Lucas who, with Ed Westman, had promoted and organized the original Olympia Veneer Company as early as 1934. Lucas began investigating possibilities for a second workerowned plywood mill. He had gone to Washington Veneer when Ed Westman organized that company and was dryer foreman there. The unions had called a strike and a number of the workers were unhappy at being out of work. They talked with Lucas and decided the time was ripe for a new mill they would own themselves and be free from any union or other domination.

At first they considered the Seattle area as a likely site and later even considered Forks, Washington. When, however, an experienced plywood man, Al Ericks, reported that Port Angeles was far better, Lucas and his cohorts decided to proceed.

In 1937, he and his group optimistically filed incorporation papers for "Port Angeles Plywood, Inc." and then tried to sell stock to local businessmen.

Unfortunately, the choice by Lucas' group of Port Angeles as a site for a co-op mill met with a cool reception. Money was tight in 1937 and few were willing to risk their savings.\*1

Further, apparently the price of the stock originally offered at \$500 a share was increased to \$1,000. Since that didn't work, Lucas appealed to the Port Angeles Chamber of Commerce, but the City fathers wanted no part of a worker-owned plant in their community. "A wild socialistic idea!" "No socialists and no communists," they said, and so no "co-op" plywood mill for Port Angeles then.\*2

## Community Involvement

The disappointment to Lucas and his co-promoters was soon dissipated. The "ill wind" blew the rejection news from Port Angeles over to Anacortes, only 50 miles eastward on Puget Sound. There, a resourceful, energetic, and dedicated citizen, Paul Luvera, had been elected president of the Chamber of Commerce. As soon as he heard the news, he saw the opportunity for a master stroke to bolster the sagging economy of his adopted town.

Luvera immediately called Lucas in Olympia, told him of Anacortes' interest in the proposed mill, and arranged for Lucas and some of his board of directors to meet with several Anacortes businessmen, including Luvera, at the Olympia Oyster House Restaurant. He told Lucas they had an offer he couldn't refuse – a site where an obsolete wooden box plant had burned down, but with a complete electrical installation "ready to go" and an owner wanting to sell.

Then Paul put on the personal touch, inviting them to come up some Sunday with their wives and all have dinner. "My wife," he said, "is Yugoslav and an outstanding cook. I'm Italian and we'll have a spaghetti dinner and some red wine I made myself."

So they came, were wined and dined, and taken out to the site. There they met Bill Morrison, the owner, where a deal was soon arranged, contingent on selling a stipulated amount of stock at \$1,000 a share.

As in Olympia Veneer Company and later cooperative plants, at least at their start, each worker owned a share and all were paid at the same rate, regardless of duties or jobs. Although a handful of Anacortes men were willing and able to put up the \$1,000 required, most of the future owners were Scandinavians from Olympia and vicinity, with knowledge of Olympia Veneer Company's success. Several hundred of them – carpenters, mechanics, plumbers, and unskilled laborers – bought stock. Various contracts for tools and equipment were sign. ed, and it looked as if work could get started.

## Early Difficulties

Numerous legal difficulties soon developed. The stock sales proved illegal because of failure to get Securities Exchange Commission approval. Contracts were cancelled, shares became worthless, and the newly incorporated Anacortes Plywood Company faced complete disaster.

Lucas, Harold Fors, and others on the new Board of Directors persisted, however. Legal barriers were overcome, and site clearing and construction began, only to find new obstacles. Stock sales had almost stopped and money was running short. New funds were imperative.

Faced with this dilemma, the Directors appealed optimistically to the Reconstruction Finance Corporation (RFC) for a loan, but met still another roadblock. Before the RFC could make a loan to such a new plant, their policy required a substantial amount of machinery and equipment to be in place. At this point, the Star Machinery Company of Seattle came to the rescue and installed items such as a veneer clipper, glue spreader, motors, conveyors, saws, tables, etc., and although some of this was secondhand, the RFC made the loan.

\*2 The soundness of Lucas' choice of sites was demonstrated only four years later. In 1941, the third in a series of worker-owned plants in the plywood industry received a warm welcome in Port Angeles as Peninsula Plywood started production there. It proved highly successful.

\*1 See "The Plywood Age" by Robert M. Cour.



**Fred Johnson**

The reorganized Anacortes Veneer Company, incorporated on April 4, 1939, with Charles Carlson as President, had finally overcome the series of heartbreaking setbacks and started production November 27, 1939. It might be noted that early contracts with Star Machinery Company are dated from one to three months later (December 1939 to February 1940) indicating the faith that company had in the new plant. H.A. Wilson signed as President of Anacortes and Theodore Newell as Secretary.

The first carload of plywood, some 58,000 feet of Plywall, was shipped December 21, 1939, to Aetna Plywood, a well-known jobbing company owned by Don Davis and Art Schwanke of Chicago.

Shortly after production began, the Board of Directors hired Harley LaPlant from a sawmill in Lyman, Washington as General Manager, and Ernie Lindell as Plant Superintendent. In addition, they selected "Armorbond" as the company's trade name, and joined the Douglas Fir Plywood Association (DFPA), the industry's highly successful trade promotion organization.

The Directors also arranged with Fred Johnson, who had considerable experience selling plywood for other mills, to handle Anacortes' sales. He organized his own small but effective company, with an office above the quarters of the Anacortes Veneer Company, and handled all their sales, for the most part under a general "jobber policy."

With production underway, the plywood company began to flourish. Nationwide, due primarily to the vigorous and varied promotional activities of the DFPA, plywood was being established as an economical and reliable material for both construction and industrial uses. As demand grew and sales increased, Anacortes Veneer soon put on a second shift (early in 1940) with a corresponding increase in the number of shareholders, then reported at 233.\*1

In January 1942, word was received of the passing at 82 years of J.J. Lucas who had been the principal promoter of Anacortes Veneer Company. Also in 1942, after two years' service, Harley LaPlant resigned.

### **Production Increases**

Some of the developments during those two years as reported by "The Timberman" were: a production increase to 5 million feet a month; a payroll of nearly 300; a new 14,000 foot warehouse; installation of an 8-drum sander, with a similar one ordered; a new brick-lined stack for the power house and a new barker.

E.A. Backman was President of the mill which had, as of January 1941, a single lathe, two dryers, and one cold press. Peeler prices ranged from \$25 to \$40.

With the departure of Harley LaPlant, the Board invited Fred Johnson to take over as General Manager. N.H. Jacobsen was mill Superintendent. One of Fred's first steps, taken with the Board's approval, was to abolish the Anacortes Sales Company and to place all sales under the General Manager.

In January 1943, annual production was reported\*2 as 65 million feet with two lathes operating. Probably Johnson's most significant contribution to Anacortes Veneer was his persistent advocacy of a timber acquisition policy. He evidently believed the optimistic predictions about plywood's future and realized that an adequate supply of timber might be the lifeline to survival.

As in most co-ops, there was a minority faction generally not too well-informed and generally opposed to management policies. The story goes that each year at the company's annual meeting in Eagles Hall, some of the more unruly dissidents would "raise hell" with planned comments about "Fred's Follies," aimed primarily at the policy of timber

\*1 See Cour's "The Plywood Age."

\*2 "The Timberman"



**Hal McClary**

purchase and land acquisition. The critics sincerely believed they could continue to buy on the open market all the timber they needed, a view that was soon to be disproved. Fortunately for Anacortes Veneer, its Directors usually went along with Fred's recommendations and a number of important timber deals were made.

One of these was a purchase of capital stock and control of the old Cascade Timber Company in the Seattle Cedar River watershed. At that time, they were logging and dumping logs in Tacoma for \$11.50 a thousand.

### **Timber Acquisitions**

Another block of timber was acquired along the Nooksack River from St. Paul & Tacoma Lumber Company. There were others, but the one that made Fred Johnson famous overnight was when he outbid Jamison Cedar Company and others from Everett with a call of \$60.50 and thus obtained some high grade Douglas fir in the Darrington area. With current prices for Douglas fir stumpage at \$30 and less, Fred's high bid was courageous and to many appeared fantastic. It turned out to be a wise move. At any rate, Jack Robinson (elder son of the founder of Robinson Plywood & Veneer), who bid \$60, is said to have thrown his hat in a corner, yelling, "I came within four bits of going broke!" Anacortes didn't.

One other much discussed opportunity for timber purchase was presented in a huge tract of California redwood. Anacortes was interested and actually sent a truck down to bring back a load of redwood logs for experimental peeling. Andy Isaacson, logging accountant at that time and former company president, considers that was a big mistake as peeling the logs after the long trip north evidently exposed a lot of ring shake, a longitudinal shear failure between the annular rings. A prompt decision was necessary as California competitors were interested in the tract. A quick vote by the

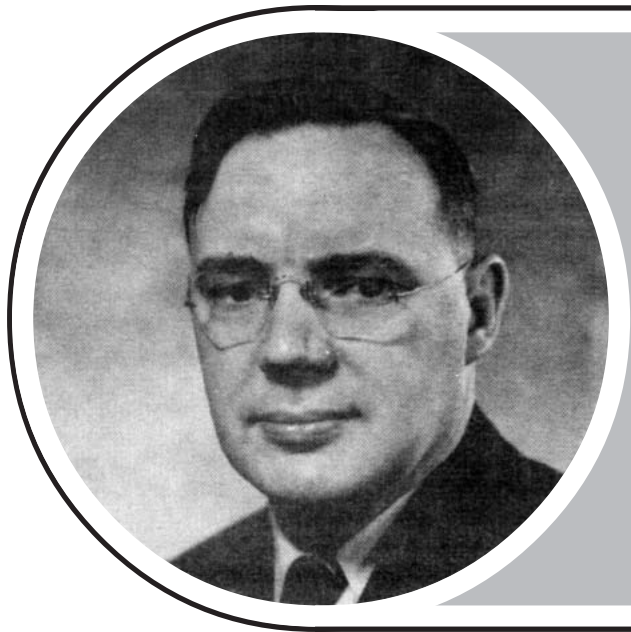
shareholders was taken out in the mill, with about 80 percent in favor of buying. The Board, however, realizing they'd have to float a loan among the shareholders, vetoed the proposal and that ended the matter.

Another milepost in Anacortes' progress under Johnson was passed when they became the first mill to be licensed by Plywood Research Foundation to manufacture its newly developed dry felted hardboard. The mill to produce this was started under Johnson but was unfinished when he left at the end of March 1950 to operate his own plant, Columbia Plywood in Kalama, Washington.

### **Hal McClary's "Reign"**

Hal McClary succeeded Johnson as Anacortes' General Manager on April 1, 1950. Hal was an experienced and favorably known plywood executive, with ten years in Wheeler-Osgood's Tacoma plants, followed by one and a half years at Northwest Door Company and eight years at Washington Veneer Company in Olympia. He became General Manager there in 1946 upon Ed Westman's retirement.

Hal remained with Anacortes for nearly five years – a long term for a co-op general manager – finally leaving at the end of 1954 to go with Simpson Timber Company in Shelton as Product Manager, with the responsibility for both production and sales of lumber, plywood, and doors.



**Gus Arneson**

Under McClary's guiding hand, Anacortes maintained its progress with a number of significant steps. These included revamping the sales "department," completion of the hardboard plant, production of "specialty products" such as plastic overlaid plywood and long-length scarfed panels, and bringing in some outstanding personnel for various key jobs.

As General Manager, Hal had inherited the job of Sales Manager. He set up two sales offices, one in the East with Tom Bentley as Eastern Sales Representative, and one in Wisconsin with Art Schade succeeding Ted Thompson as Midwest Sales Representative. In the office, Arleene Peters, long-time highly efficient secretary to various general managers, coordinated sales orders under Hal's general supervision. Importantly, Hal established a strict "jobber policy," much appreciated by jobbers throughout the country.

### **Hardboard**

This plant was completed and put into operation in 1951, using a semi-dry patented process developed by the Plywood Research Foundation by Harold Evans, A.H. DeMeerleer and Dr. Earl Holenquist. The new hardboard product was marketed under the trademark "ARMORBORD," which became highly popular and was successfully used in a host of applications. Armorbord was produced under the skillful technical guidance of Kjell Stordalen whom Hal had brought in from Chapman Hardboard Company to become the plant's first superintendent.

### **Specialty Products**

As the general plywood market was experiencing one of its major cyclical depressions, McClary started the production of both overlaid plywood and long-length panels to help boost profits and thus maintain the rather high co-op wage scale. The overlaid panels using the proven phenolic

resin-impregnated faces were increasingly in demand, especially for concrete forms, while panels also with waterproof gluelines, scarf-jointed to 12 feet, 16 feet and longer if desired, were utilized by boat builders in another growing and lucrative market.

### **Executive Personnel**

Although the general manager of a co-op company functions under the policies prescribed by its Board of Directors, McClary was able to bring in a number of key personnel, including:

Cliff Pearson – General Plywood Superintendent

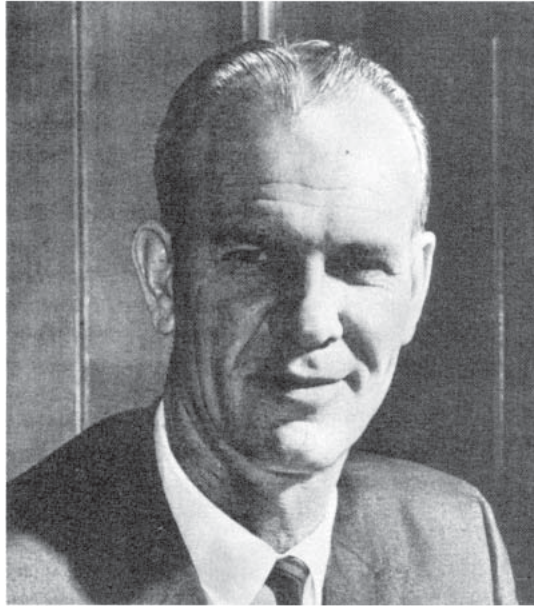
John Connors – Technical Superintendent (Connors moved up to Pearson's job when the latter was hired away by Ken Ford to become Roseburg Lumber Company's Plywood Manager)

Tom Bentley – Eastern Sales Representative (Bentley later became Sales Manager and still later, as we shall see, moved up to General Manager)

Doug Mavor – Timber and Logging Manager (he still holds this position despite changes in mill ownership)

The first hot press at Anacortes, a Williams-White 5'x10'-20 opening, was installed during McClary's tenure. The press was necessary, of course, in producing overlaid plywood, either high or low density, as well as in bonding long panels for marine use.

During McClary's five years (from 1950 through 1954) at Anacortes, the company prospered, as did the entire fir plywood industry. Improvements in equipment and production techniques were part of the transition toward a 100 percent hot press mill using only the waterproof phenolic resin adhesives.



**Tom Bentley**

Anacortes' plywood products were well-received in the markets, so it was not surprising that the giant Simpson Timber Company induced General Manager McClary to join its organization.

In 1954, when Hal was leaving Anacortes Veneer, he made two recommendations to the Board of Directors: Gus Arneson for General Manager and Tom Bentley for Sales Manager. The Board approved both.

#### **Arneson As General Manager**

Arneson had an excellent technical background, as well as broad plant experience as executive in several plywood mills. He was General Manager of the Columbia River Log Scaling & Grading Bureau in Portland when Anacortes invited him to replace Hal McClary. Gus accepted, hoping, he said recently, to smooth out differences in the factions within the mill, but without much success.

During the two years Arneson was at Anacortes, a new office building was erected, while plant additions included a Mann-Russell splicer and a wide belt sander, a new design at that time.

The stockholders, having heard of some timber down in Campeche Province, Mexico, sent Arneson and log-buyer Doug Mavor to investigate. Gus and Doug decided it was a sure bet to lose a lot of money, and the project was dropped.

Later, Everett Plywood sent Arneson to the Philippines to try to extricate them from a bad investment. He couldn't help them, but from that exposure he was offered the position of Technical Director of a Philippine company about to build a plywood mill there. The offer was too attractive to refuse, so in mid-April of 1957, Gus resigned from Anacortes Veneer Company and Tom Bentley moved up from Sales Manager to General Manager.

#### **Tom Bentley's Contributions**

During Bentley's more than five years as General Manager at Anacortes, there was considerable plant expansion involving new machinery, equipment, and additions to the buildings.

Bentley also undertook to increase the company's sources of veneer. An arrangement was made with Richmond (B.C.) Plywood & Veneer Company whereby Anacortes Veneer obtained exclusive sales rights in return for financing. Trans American Plywood Sales Limited was formed and handled the sales of all Richmond production until October 1962. The sales company was sold to Richmond Plywood upon repayment of financing to Anacortes Veneer.

Also, Anacortes entered into a tri-party contract (dated December 22, 1959) with North Pacific and Puget Sound, both "co-op" plywood producers in Tacoma. Apparently veneer and profits were to be divided equally among the three companies. A plant (Mt. Adams Veneer) was built at Randall, Washington. It is still in operation, owned jointly by Publishers and Puget Sound Plywood.

Tom Bentley resigned in late summer of 1962 to go with Menasha Plywood at North Bend, Ore. as General Manager. Later he spent several years with Publishers Paper Co., Portland, where he urged the purchase of Anacortes Veneer; the deal was finally consummated on June 27, 1969. Later Bentley served as General Manager of Puget Sound Plywood, Tacoma, Wa., where he died February 6, 1977.



**John Martinson**

### **John Martinson Appointed**

Shortly after Bentley left Anacortes, the Board of Directors invited John Martinson to become General Manager. He took over November 1, 1962. Martinson appointed Harvey Moen as Plant Superintendent. Harvey was one of the original stockholders.

One of the most critical problems John Martinson encountered involved timber. Anacortes had acquired large tracts of Douglas fir under various foresighted managers. This timber had greatly appreciated in value as industry production steadily increased from just under a billion square feet (on the standard 3/8-inch rough basis) to nine and a half billion in 1962.

The number of plants had grown also, from 20 in Washington and only three in Oregon in 1939, to 37 in Washington, 90 in Oregon and 26 in California reported\*<sup>1</sup> in 1962. Furthermore, numerous old plants had modernized and greatly increased their capacity.

Moreover, softwood plywood production from Oregon and California mills, surpassing that of Washington for the first time in 1952, had grown to 80 percent\*\*<sup>2</sup> of the total by 1962. The trend southward was clear and so was the message.

Washington timber was less plentiful than that to the south, and those who owned it had a valuable raw material that would become scarcer and much more valuable, at least during the next few decades.

Nevertheless, many of the Anacortes shareholders, believing an ample supply of peeler logs would be available "for a long time," wanted to sell their timber and logs at higher and higher prices.

Fortunately, John Martinson stood firm against any selling of mill timber, and the directors supported him. Later, as profits

increased, all recognized the wisdom of owning their own timber.

Under Martinson, production soared. In December 1965, the magazine "Plywood" reported Anacortes was operating three hot plate presses, one a 20-opening 4'x8' from Washington Iron Works; also a 20-opening 5'x10' and a 30-opening 4'x10', both made by Williams-White.

A cold press was available for cable spools and a few other industrial items. During the early 1960's, they were reported to be the largest single producer under one roof of sanded and specialty plywood.

In June of 1969, as we have noted, Anacortes Veneer was sold to Publishers' Paper Company, with headquarters in Portland, Ore. Martinson was transferred to Portland as Sales Manager, then back in 1972 to manage the Anacortes Division for the company. In 1977, John again was transferred to Portland as Manager of all of Publishers' "Cladwood" particleboard operations.

The plywood plant at Anacortes, with a number of the original personnel still working, has a capacity of something over 150 million square feet annually on the standard 3/8-inch rough basis. The actual annual production varies with market conditions from about 90 to 142 million feet, using 100 percent exterior glueline with a high percentage of specialty items such as overlays, siding, and marine grades.

\*<sup>1</sup> Bulletin No. 3151 to Fir Plywood Manufacturers, issued by H.A. Peterson, Director of Financial & Administrative Services Division, DFPA.

\*\*<sup>2</sup> Includes 2-1/2 percent from other states.