

Plywood in Retrospect

HARBOR PLYWOOD CORPORATION

No. 14 in a series of
monographs on the
history of West Coast
plywood plants

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E. W. Daniels

Plywood in Retrospect

This monograph is dedicated to the memory of E. W. Daniels, who in 1925 assisted Harry Knox in forming Harbor Plywood, directed its sales until 1939, and then served as its President until 1949. Under his imaginative leadership, Harbor attained a position of preeminence throughout the industry and the nation.

As Chairman of the Douglas Fir Plywood Association (DFPA) Management Committee for nearly a quarter of a century, Dan, as he was fondly known, displayed genuine statesmanship in helping to solve industry problems, smoothing industry rivalries, and paving the way for a unique esprit de corps among DFPA mill managements. This was a significant factor, especially during World War II and the chaotic postwar period, in establishing Douglas fir plywood as a basic building material.

Salesman, organizer, diplomat, Board Member of the National Association of Manufacturers, tireless leader in civic organizations, E. W. Daniels was one of the great pioneers in the plywood industry. It was a privilege and a pleasure to have known him.

Nelson S. Perkins

Nelson S. Perkins, Secretary-Treasurer
Plywood Pioneer Association
1119 A Street
Tacoma, Washington

HARBOR PLYWOOD CORPORATION

Among the many prominent plywood pioneers who contributed significantly to the success of the Harbor Plywood Corporation, four stand out as preeminent. They are Harry Knox, the founder; Bob Wuest, General Manager during the formative years; E. W. Daniels, merchandiser and inspirational leader; and Martin Deggeller, expert administrator. The early association of Knox and Daniels was a quirk of fate, resulting from mistaken identity.

Knox, an eastern distributor operating out of Chicago, had purchased the John A. Gauger & Co. there in 1909. They were large millwork and door distributors. Knox had pioneered the volume sales of fir doors throughout the Midwest during the following decade, and by 1921 was having difficulty getting enough doors to fulfill his customers' demands. Accordingly, on his annual trip to the Northwest in 1921, when his regular supplier refused to sell at a fixed price for the entire 1922 season, Knox ended up buying the Schaefer Co. door plant in Hoquiam.

E. W. Daniels, whose path was to cross Knox's, was born in Hartford, Connecticut, and had started as a salesman with Armour & Co. in Chicago. After World War I, in which he served overseas as a Major, he returned to Armour, but soon set up a sales company to market packing house products with a fellow employee, Charlie Wood. They called it the Daniels-Wood Sales Co. Although moderately successful, the long hours – often 4:00 a.m. to 8:00 or 9:00 p.m. – discouraged the young entrepreneurs and they closed down after a year or so.

In early 1920, Daniels wrote to Harry Knox, then President of John A. Gauger & Co., suggesting employment. Knox, seeing the Daniels-Wood Sales Co. letterhead assumed Dan was connected with wood products, invited him to Chicago, laughed over the misunderstanding, and ended up hiring him. Before long, Dan was assigned the job of investigating the promotion and sale of plywood, possibly in carload lots,

although it was available then only in small amounts as surplus from door plant requirements. Nevertheless, within a year, Dan made what is reputed to be the first sale of a full carload of fir plywood.

When Knox decided in 1921 to buy a West Coast door plant he sent for Daniels, already manager of Gauger's plywood division, to take charge of the financial aspects of the transaction and in a short time installed him as manager of the plant. It was named the Knox & Toombs Door Company of Hoquiam. Toombs, who died in 1924, had the Roy L. Toombs Sash & Door Co. in Fort Worth, Texas, a sales outlet for John A. Gauger & Co.

Knox & Toombs operated successfully under Daniels' management until December 1, 1924, when fire destroyed its main source of supply for plywood door panels, the Sedro Box & Veneer Co. in Sedro Wooley, Washington.

Before the fire had been extinguished, as Daniels related, other plywood panel suppliers had doubled the price from \$40 to \$80 a thousand square feet. Most plywood was earmarked for other door plants and Knox & Toombs had to pay the premium. Daniels immediately jumped into action to get their own plywood plant.

First, Knox was approached and agreed to put up \$95,000. Then Dan in a speedy campaign, sold \$143,000 worth of bonds to citizens in Hoquiam and Aberdeen. Bob Wuest, part owner and Manager at the burned out Sedro Woolley plant was prevailed upon to run the proposed plywood mill and Art Welch came in as Superintendent, along with Ben Iben and some 40 or more other workers from the burned plant.

Within three weeks, construction was started on a muddy site leased from the Port of Grays Harbor authorities on the port dock, but actually just within the city limits of Aberdeen. Since so many bonds had been sold to the citizens of Hoquiam, however, the company decided to use a Hoquiam post office address.

Mud was the big problem at the plant site. Duckboards and heavy planking were laid for cars and trucks while foundation piling was being driven and a railroad spur constructed. A workman who fell into the mud had to be dragged out with a rope to escape drowning.

Construction was pushed rapidly, however, using many of the men from the Sedro Woolley plant who helped install machinery and assemble equipment. Later they became part of the Harbor Plywood Company's production team.

On May 25, 1925, a whistle blew, production commenced, and with a crew of 78 men and women, Harbor Plywood was on its way.

Officers of the company on that memorable date were:

President	Harry S. Knox
Vice President & General Manager	A. R. Wuest
Secretary–Treasurer	E. W. Daniels
Superintendent	Art R. Welch

By that fall, 180 were on the payroll and production had risen to 65,000 sq. ft.* daily, or better than 1-1/2 million per month. This was more than sufficient to meet their door company requirements, as Knox and Daniels had planned. While selling for the John Gauger Company in Chicago, Daniels had uncovered several potentially large plywood markets, especially for trunks and furniture and was devoting his energies and skills toward creating still further outlets. He had learned that inaccurately cut panels, often 1/2 inch out of square, were a big handicap in the trade, but Art Welch quickly corrected that practice at the mill.

Meanwhile, since 1924, a man named Charles W. Buckner had been selling fir panel doors for Knox & Toombs, mostly on a commission basis, and had developed a market for both doors and plywood in England.

When Harbor Plywood started, Buckner was one of the first salesmen sent out. Over the years, Charlie became Harbor's most effective sales representative, introducing Harbor's new products into a host of industrial applications as fast as they were developed. Buckner's sales ability, along with his imagination, practical and technical know-how, plus tremendous perseverance, was for years a vital element in

*Square feet on Standard 3/8" rough basis.

the phenomenal expansion of Harbor Plywood's markets.

Business was going well when suddenly in October, 1928, fire, an occupational hazard in any forest products mill, wiped out all of the plant except the green end. The loss, including inventory, was placed at \$300,000. Despite this staggering blow, management started reconstruction and ordered new and better equipment, even before the fire was extinguished. Within eight weeks, on December 19, plywood panels were again being turned out.

One improvement after the fire was a lathe for peeling 16 foot logs, as well as other new equipment for producing panels 8 ft. by 16 ft. This included spreader, press, cut-off saw and sander, plus a second dryer. Further plant expansion occurred in 1932 when a third dryer and a third lathe were installed.

Meanwhile, in 1929, several managerial changes had occurred. Harry Knox and another large holder sold their majority stock to A. G. Becker & Co. of Chicago which honored its oral commitments to purchase the stock despite the stock market crash that October, and took over control. The company name was changed to Harbor Plywood Corporation, with Knox continuing as President. Under a broad expansion program fostered by the Becker interests after a market survey, three local door plants were taken over (including Knox & Toombs) and even more important, also the John A. Gauger & Co. and several eastern distributors. This provided national distribution for Harbor's production through branch warehouses, but the expansion was unfortunately timed and the depression of the early thirties necessitated a large curtailment program.

In 1931, Daniels became Sales Manager and also Manager of Harbor's numerous sales branches. Two years later (1933) when Knox moved up to Chairman of the Board, Bob Wuest became President and Daniels, Vice President.

Bob Wuest, Vice President and General Manager of Harbor since its start in 1925, and now its President, was a vital factor in the development of the company during the vicissitudes of its first decade. He had an unspectacular but highly effective administration.

Almost on the eve of Christmas in 1934, Wuest startled the plywood world by announcing the successful development



“Better than average load”
Harbor Plywood

of a new type of Douglas fir plywood made with a waterproof hot-pressed resin adhesive. It was to become famous as Super Harbord, the most significant development in the entire history of Douglas fir plywood.

This new product marked the culmination of several years of painstaking and often frustrating research by several of Harbor Plywood’s chemists and technicians, who had been strongly supported and encouraged by Wuest, Daniels and Welch.

Michel Pasquier, a young chemical engineer graduate from the University of Washington, after six months in Harbor’s mill, had been assigned to laboratory work to try to develop a waterproof adhesive for plywood. In studying various formulas and patents, he learned that a Dr. James Nevin held a patent on a water-soluble phenolic resin.

At Mike’s suggestion, Art Welch, production Vice President, who at several plants had tried out all kinds of animal and casein glues in search of a waterproof type, got in touch with Nevin and hired him. Nevin, evidently at that time doing glue research for Pacific Lumber Co., brought with him Bill Martin, a University of Southern California graduate chemist. Although Nevin’s patent didn’t work well with fir plywood, a modification developed by Nevin’s research group at Harbor did, and before long a new kind of fir plywood was born.

A high temperature of about 35° F was required to set the cresylic resins employed in this new plywood, and this created a severe warping problem. Pasquier realized that humidifying was necessary and was able to get Archie Knauss, wood technologist and dry kiln expert at the U. S. Forest Products Laboratory, to help develop a practical solution. Knauss did this, and a number of years later, after World War II, returned to Harbor to assist with a similar problem in new products being developed there.

Exterior plywood heralded a new era for plywood as it slowly gained nationwide acceptance for all kinds of severe exposure uses – exterior siding, refrigerator car lining, boat planking, farm structures, and many others.

As Bob Cour* states in *The Plywood Age*, “At Harbor, Wuest and Welch could turn out any kind of plywood needed.

Daniels and Buckner (Charlie) could sell any kind they could make. It was a fabulous historymaking combination. . . .”

Production of Super Harbord began in January, 1935. Soon after, M&M Woodworking Co. bought hot press equipment for producing Exterior plywood, using a film glue with a German press, but without much success. In January, 1937, Pasquier was induced to organize and manage its Exterior plywood department and M&M became an important producer. With the outbreak of World War II, other mills followed the trend to Exterior plywood which soon became a standard plywood product wherever severe exposure conditions were expected. Industry test standards were adopted under the 1942 U.S. Commercial Standard, and panels meeting these requirements were classified as “Exterior.”

Bob Wuest, elected as Harbor’s President in 1933, had courageously and competently guided the company during the lean depression years that followed, with gradually increasing profits up to 1936. Then a dispute with the Board prompted Wuest to resign, taking Art Welch with him, to establish their own mill, the West Coast Plywood Co. at Aberdeen with Bob as President and Art as Vice President.

Welch’s departure left a big gap in the production department but Ben Iben, with more than a decade of plywood experience, moved smoothly and efficiently into the job of General Superintendent. Ben continued to run the plant until his retirement in January, 1960.

John J. Long, member of the Board of Directors was elected President to succeed Bob Wuest, serving through 1938. These were three rugged years for Long and Harbor Plywood. Inexperienced in the plywood industry, plagued by labor problems and chaotic marketing conditions in a highly competitive industry, faced with a decreasing log supply and steadily declining earnings, and with operational losses in 1938-39, Long resigned.

With his leaving, Daniels became Harbor’s President, a post he held with distinction until February 28, 1949.

*For many years a feature writer for the Seattle Post-Intelligencer. He passed away in November, 1973.

Dan had been active in industry affairs, as well as a leader in various civic organizations for a number of years. He had helped form and became the first President of Pacific Forest Industries (PFI). This was a corporation established under the Webb-Pomerene Act to handle plywood export sales, a field in which Harbor had already built a market. Dan had also been prominent in reorganizing the Douglas Fir Plywood Association in 1933. Then in 1937, when the DFPA was tottering, Daniels was one of the eight-man industry group that wrote a historic sales promotion contract. This paved the way for industry cooperation and resulted in an unprecedented and profitable expansion under the leadership of W. E. Difford, appointed Managing Director of the DFPA in March, 1938.

Daniels at that time became Chairman of the DFPA's Management Committee, or Board of Directors, where he served unselfishly to the great benefit of the entire industry until 1955.

Harbor's Phenomenal Growth of 1939-1949

In this decade, which included the war years 1941 to 1945, under E. W. Daniels' guidance and direction, Harbor Plywood grew to be the largest and one of the most respected plywood mills in the world. New markets, formerly inaccessible, had been opened up by the advent of Super Harbor's Exterior panels in 1935. These markets were enlarged as more and more competing fir plywood mills followed Harbor's lead by producing their own brand of Exterior.

Fortunately, all the Douglas Fir Plywood Association mills supported the DFPA quality control program with its rigid inspection, sampling and testing, plus issuance of copyrighted grade-marks to mills conforming to industry standards.

Harbor was the pioneer in establishing many of the Exterior markets through aggressive technical salesmanship, best exemplified by Charlie Buckner, its California Sales Engineer. Half a million feet for concrete forms on the Bay bridges! Hundreds of refrigerator cars, boxcars, boats, and building exteriors to name only a few of the ever increasing Exterior uses.

In 1939, successful pilot plant runs had been made on "Super" Harborite, a plastic overlay with a smooth, dense

surface. Commercial production had started but World War II interrupted this specialty item until the spring of 1945, after Germany had been defeated. Harborite soon became another popular and profitable item.

An improvement in scarfing equipment for Exterior panels was developed by Harbor in 1942, permitting panels up to 50 feet in length, and 8 feet in width. Scarfs were made on a 1:12 slope to develop virtually the full strength of the panel at the joint. The oversized panels were used in considerable volume in boat construction.

High grade "marine plywood" with solid core was developed by Harbor as a specialty boat-panel grade which other mills also learned to make. Harbor had employed a 12 foot lathe to peel 12 foot veneer for some boat panels but discarded this lathe in 1956 when the first veneer scarfing machine in the industry was installed. This had been recommended in a report to the mills in late 1955 by a DFPA team* which had witnessed its successful use in Finnish birch plywood plants.

Need For a Log Supply

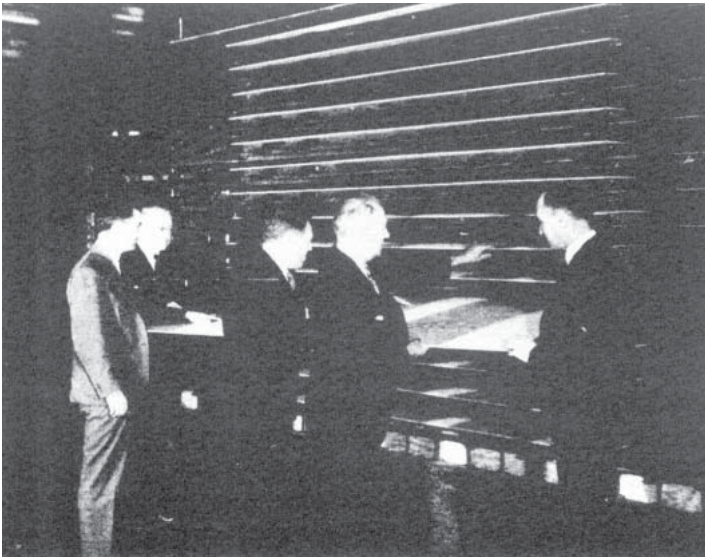
Harbor's new products were well merchandised and with rapidly expanding markets, brought into sharp focus the necessity for large, assured sources of peeler logs.

Log shortages had been a problem all through the depression but now as promotion and research kept uncovering new plywood uses, the market demand grew, production was increased, and log supply became critical.

The wisdom of acquiring suitable timber and having company-owned logging operations was obvious.

Daniels was well aware of this situation when he became President in 1939, and he implemented ocean rafting and rail shipment of Oregon logs as a partial remedy. These measures helped to increase earnings substantially to over \$400,000 in both 1940 and 1941. During the war years raw material shortages grew ever more acute, and earnings dropped off by half or more through 1944. It was a critical period for Harbor. Strenuous efforts to acquire a suitable timber supply

*Harold Evans and Nelson Perkins



James V. Nevin, PHD, PHC, Chem. Eng., (second from the left) explains to officials of the Harbor Plywood Corporation some of the superior qualities of Harbord Plywood. At extreme left, A. R. Welch, plant manager, Hoquiam; Mr. Nevin; Hubert F. Wise, secretary-treasurer; E. W. Daniels, vice president and sales manager; A. R. Wuest, president. (December 14, 1934 photo)

finally paid off, and on April 1, 1944, Harbor Plywood announced acquisition of Pacific National Company's holdings near Mt. Rainier. The purchase involved 165 million board feet of prime timber with a railroad and a logging highway. This put Harbor in the logging business, with Vice President Frank Hobi in charge.

In a short time, this operation was delivering nearly 2-1/2 million board feet – about 80 percent peelers – each month to the Harbor Plywood mill. Purchase of this timber provided Harbor with a substantial log supply over the next few years and relieved immediate worries, but it was not the solution to the future growth requirements of the huge forward-looking organization.

1945

The evening papers of July 14, 1945 carried headlines, "U.S. Fleet Blasts Northern Japan." A long-planned gala celebration the next day marked the 20th anniversary of the founding of Harbor Plywood. The theme was "20 Years of Progress." Congratulations poured in from notables all over the country, lauding Daniels and Harbor Plywood for their leadership in industry with special emphasis on their contribution to the war effort. "Everything was coming out roses."

The next morning the Hoquiam "Washingtonian" in a special edition devoted to Harbor Plywood's 20th anniversary, carried a short boxed article labeled "A Tribute to Huber Wise." It reported that Mr. Wise had died two years before, and continued, "from 1933 until his death, Mr. Wise was Secretary-Treasurer of Harbor Plywood Corporation and from 1939 he was also Production Manager. He was an authority on corporate structure, and an organization, management, and financial expert of wide experience." The article ended, "His passing was deeply mourned. It would have been good to have been able to have him in the ceremonies today."

Capacity

It should be noted that Harbor's capacity (optimum) was currently reported as 10 million square feet* of plywood a month. The plant covered about 5 acres. Equipment included

three lathes, three dryers, six glue spreaders, three hot and two cold presses, six sanders, two trim and two cut-off saws, plus various auxiliary equipment for patching and repairing panels.

Total assets were reported at \$4.7 million.

Sales Policy

Harbor sales were on a strict jobber policy, through their own warehouses, jobbers, and a few large industrials.

Their branch warehouses, ten in number, were scattered strategically in proven plywood market areas.

Aberdeen, Washington	Jacksonville, Florida
Atlanta, Georgia	Los Angeles, California
Chicago, Illinois	Miami, Florida
Cincinnati, Ohio	San Francisco, California
Indianapolis, Indiana	Tampa, Florida

Two former warehouses, at Milwaukee and Pittsburgh, were closed during the lean years of 1938 and 1939.

Sales offices also had been established in eight other large cities and in Chicago.

Expanding Plywood Demand

With the end of World War II in 1945, plywood demand became stronger than ever. Harbor's production couldn't keep up with orders, although after the purchase of Pacific National timber in 1944, production rose from 77 million* feet annually in 1943, to 82 in 1944 and to over 100 million in 1945.

Profits also skyrocketed from \$207,000 in 1945 to \$915,000 in 1946. The future looked bright. To meet increasing demands required still more production capacity and this in turn meant acquiring an assured supply of timber for peeler logs.

Timber and Logs

The open market for peeler logs, although in existence for many years, disappeared in 1945. War restrictions and sawmill demand for high quality logs contributed, but primarily log scarcity was the result of large timber purchases by the

*Square feet on Standard 3/8" rough basis.

expanding lumber and plywood industries. A survey (by Sanderson and Porter) for Harbor quoted a report that from 1938 to 1944, plywood manufacturers alone had increased their *timber* holdings some twentyfold, from 500 million board feet to ten billion, with the trend still continuing.

The prediction was that surviving mills would probably have to own or control an adequate timber supply.

Lewis River Timber

Numerous mills and groups were on the prowl for virgin timber. Harbor got the inside track on one of the choicest blocks, 28,000 acres owned by the Northern Pacific Railway Co., along the Lewis River, Skamania County, Washington. This had been contracted for by the astute Al Peterman of Tacoma, several years before he died. But in 1946, Harbor was able to buy the contract from his heirs, although it was March, 1947, before the deal was closed.

The contract provided, however, that a sawmill, plywood plant, door plant, planing mill, and shingle mill had to be built and in operation at the site within stipulated times set some two to three years hence, and that products from these plants were to be shipped over Northern Pacific lines.

An "emergency agreement" was entered into giving Harbor the right immediately to log some 90 million board feet of timber and to ship the peelers to their Aberdeen plywood plant for processing. The low stumpage price in the Peterman contract and the high percentage of peelers were counted on to bring enough profit to start construction without additional financing.

With the demand for Harbor products exceeding the company's production capacity, acquisition of the Lewis River timber and construction of expanded manufacturing facilities, seemed logical steps in a long range expansion plan.

A bank loan of two million dollars had to be arranged to finance the deal and to expedite site preparation and other preliminary work. It would be at least a year and probably longer before the timber could be converted into merchantable products at the Lewis River site.

Meanwhile, Harbor contracted for purchase of a billion feet of ponderosa and sugar pine timber near Redding, California

to be converted into plywood in a new Harbor Plywood mill at Anderson in Shasta County. This would alleviate some of the pressure for saleable products from Harbor's branch offices, especially with pine plywood commanding a \$15 premium over fir plywood.

The Riddle Project

In 1946, an opportunity was presented to Harbor to purchase 18,000 acres of timber with 350 million board feet, mostly of Douglas fir, together with a somewhat decrepit sawmill and surrounding acreage, near Riddle, Oregon, the nearest convenient railhead. A large scale operation was visualized – modernize the sawmill, erect dry kilns and a green-end, a power plant, and employee housing – to complete a dream.

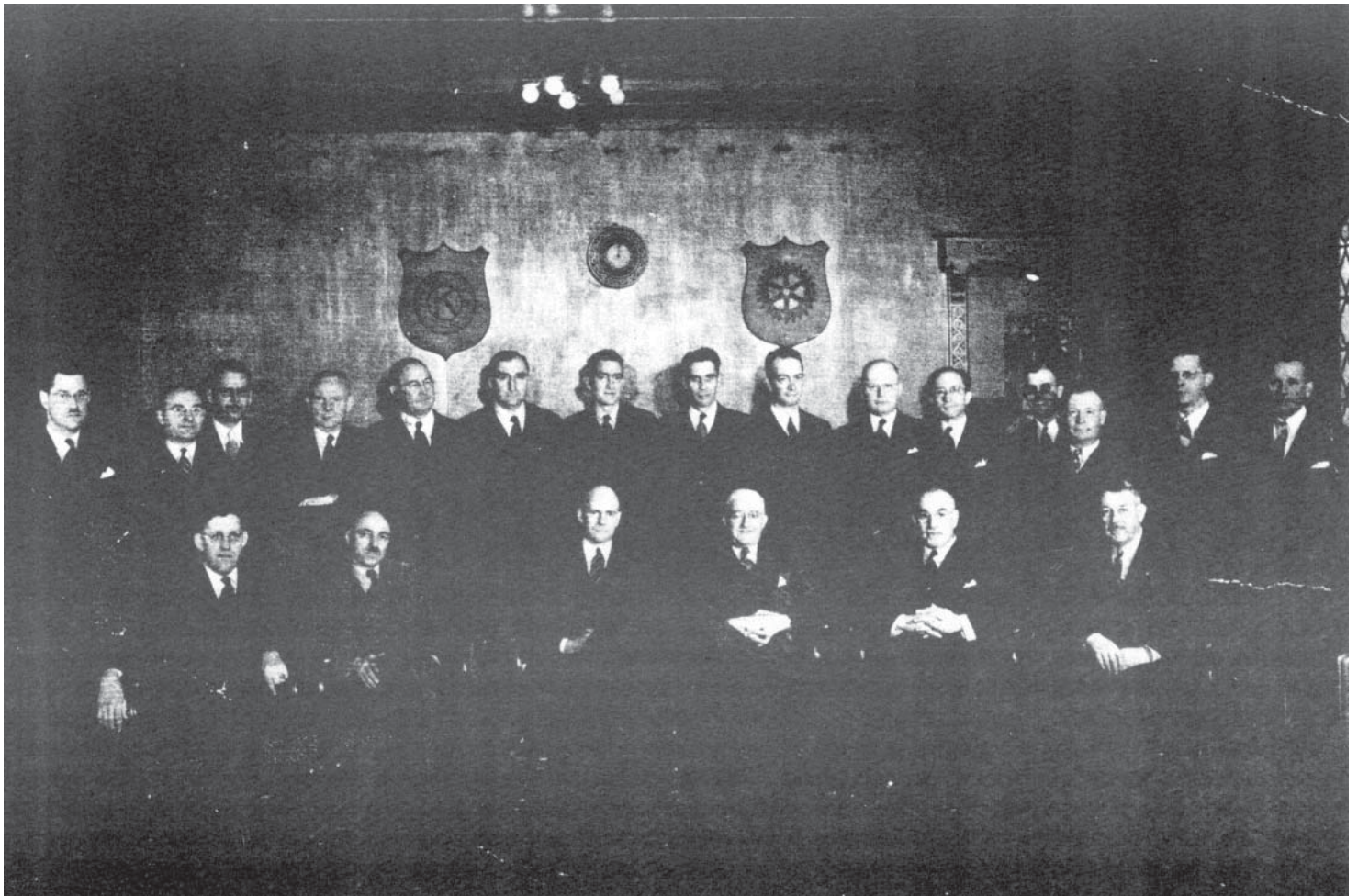
Harbor, with its timber near Mt. Rainier and at Lewis River in Washington, at Shasta in California, and now at Riddle, Oregon, would become one of the largest timber owners in the plywood industry. It would produce plywood of fir and pine, lumber, fir doors, shingles, and maybe millwork, enlarge its distribution system, and reap the profits developed by courageous, future planning.

In 1946, Harbor entered into a contract to buy the Riddle timber and sawmill, and started its construction program. Before long though, troubles developed and costs started rising with alarming rapidity. Harbor's annual reports for that period reveal part of the story.

In the 1946 report dated April 9, 1947, contract costs for Riddle timber are footnoted as "aggregating approximately \$550,000."

"Construction in progress" – a capital asset – is listed at \$390,000, with a note that company estimates to complete construction in progress were about \$1,375,000. Total Riddle costs then for timber and construction were believed to be around \$2.3 million.

Costs kept mounting, however. Suggestions from a couple of Daniels' loyal staff for a closer check on Riddle costs went unheeded. By the end of 1947, Riddle buildings, improvements, machinery, etc., were listed in the annual report at \$2.275 million, plus "construction in progress" at \$595,000



HARBOR PLYWOOD CORPORATION OFFICERS, DIRECTORS & DEPARTMENT HEADS. AUGUST 1944.

Front Row, left to right:

Jack Rehm	Director–Vice President & Production Manager
Frank Hobi	Director–Vice President & Timber Manager
Bill Birkeland	Director
E. W. Daniels	President & Chairman of Board
A. L. Roth	Director–A. T. Becker & Co.
Pat Pattison	Director–Secretary-Treasurer

Back Row, left to right:

Harold Wilson	Architect & Engineer (Promotion Dept.)
Russ Austin	Sales Manager
Don Birmingham	Director–Research and Lab.
Frank Chapman	Traffic Manager
Charles Buckner	Sales Engineer
Ben Iben	Mill Superintendent
Bob Cox	Mill Foreman
R. L. (Ned) Davis	Manager–Log Department
Bob Goodrich	Log Buyer
Louis Crane	Labor Relations & Personnel
M. S. Munson	Promotion & Advertising Manager
Dick Reynolds	Purchasing Agent–Logging Division
Jesse Hurd	Manager–National Logging Operation
Russell Anderson	Comptroller
Chas (Chick) Murray	Manager–Door Sales

with a footnote that the estimated expenditures after March 9, 1948 to complete Riddle construction would be about \$575,000. These figures total close to \$3-1/2 million.

The rise in the timber purchase contract was more startling, with the item of \$1,180,000 as "balance payable subject to upward adjustment biennially based on prevailing stumpage." The possible effect of this "escalator" clause apparently had not been fully realized at the time of purchase.

Valiant efforts were made by Harbor's management to overcome these unexpected developments. New stock was authorized and sold to net over \$4-1/2 million. Proceeds were used to retire bank loans of some \$3.2 million, with the balance earmarked for Riddle completion, and the construction contemplated on the Lewis River tract. Also an agreement was secured for loan of additional funds up to \$2-1/2 million.

Disposal of California Operation

Another important move at this time was Harbor's transfer of all its interests in the California pine operation near Redding – timber and plywood mill – to U.S. Plywood. Larry Ottinger, President of U.S. Plywood and a good friend of Daniels, had asked for a share in this venture at its inception and had acquired a 10 percent interest which also gave him 10 percent of the plywood production to sell. Ottinger also offered to take over any or all of the remaining 90 percent of the entire operation if Harbor ever wanted to sell out.

With financial pressures already building up from the timber contracts at Lewis River, near Mt. Rainier in Washington, and at Riddle, Oregon, the California pine operation was too much. Harbor was top heavy with timber. Since the pine deal was the farthest from Aberdeen and presented the greatest operating hazard, Harbor gladly accepted Ottinger's offer and transferred the entire operation to U.S. Plywood.

Further on the brighter side was the P&L statement for December 31, 1947, showing a net profit of nearly \$1-1/4 million after taxes, a new high in company history. The high earnings trend continued into 1948, and at year's end showed an even larger profit. Prices, however, had plummeted as much as 50 percent in the closing months indicating the possibility of financial troubles ahead.

The Board of Directors was concerned over the Riddle expenditures, as well as bank obligations for timber purchases, and early in 1949 a proxy battle, led by Harry S. Grande*, Board member from Seattle, resulted in a severe shake-up in Harbor's management and its directing Board.

On January 18, 1949, E. W. Daniels, Chairman of the Board, announced his resignation as President and General Manager, effective February 28, 1949, and the election of Martin N. Deggeller to succeed him as President and General Manager, as of March 1, 1949. Dan continued as Chairman for a short time but took little part in management except as "consultant." He devoted his attention chiefly to problems of the industry as Chairman of the DFPA management committee. Deggeller became a Director, along with Chris Kreienbaum, Vice Chairman, on Simpson Logging Company's Board.

Deggeller, a Vice President and Director of Rayonier, Inc., was an experienced and highly effective administrator with many years as an executive in forest management and other forestry activities. His first steps were to effect some radical changes in management and in department organization, and to ease financial pressures by renegotiating timber purchase contracts and terms of bank loans.

In addition he developed cooperation with Long-Bell Lumber Company. In all these accomplishments, Gil Baker, Controller and Treasurer, was an indispensable aide.

Two important changes were negotiated in 1950 in the Lewis River timber contract with the Northern Pacific; 1) payments for timber were to be made only when it was removed and, 2) elimination of the obligation to construct various manufacturing plants at Chelatchie Prairie, thus permitting delivery of logs to Harbor's mills at Aberdeen for processing. A primary temporary agreement already mentioned had allowed Harbor to ship 90 million board feet of logs, on an emergency basis, direct to its plant.

Following the renegotiation of the Northern Pacific contract, Harbor built a 35 mile high speed truck road (completed in 1951) from the Lewis River logging site to their Chelatchie Prairie log pond, where logs were stored

*Fred Niendorff's column in December 9, 1949, Seattle Post-Intelligencer.

temporarily. They were then dispatched to Harbor's mill over a newly constructed railroad, owned and operated by Harbor, from the Chelatchie pond to a connection with the N.P. Railway at Yacolt.

New sales warehouses were established in Louisville, Oakland, and Philadelphia, and ten or more new distributors and sales representatives were appointed in various key cities to broaden Harbor's marketing coverage.

At Riddle, improvements were made in the veneer plant and small dry kilns were installed to provide kiln dried lumber products, thus converting a dead load into a profitable operation and opening up distant markets. Also contributing to the improved Riddle showing, was the abandonment of a costly company logging operation in favor of contracted operations.

The Board of Directors was also completely replaced with independent executives including E. J. Evans, H. S. Grande, Tom Murray, R. D. Merrill, Roy F. Morse and Ernest G. Swigert of Hyster Co. who served a year as President of the National Association of Manufacturers. All of these contributed outstanding experience and direction to the management. Officers under Deggeller were veteran Vice Presidents Jack Rehm (Production) and Frank Hobi (Logging) with G. O. Baker, Controller and Treasurer.

These changes and accomplishments resulted in the abolishing of rigid financial control imposed by Harbor's banking creditors, giving the new management a free hand to work out Harbor's problems.

Favorable results were soon forthcoming, helped by a strengthening of plywood prices in late summer of 1949, "bringing to a close one of the most drastic price declines in the history of the industry – from \$115 to \$68 since recovered to around \$88 a thousand."

Added to steps already noted, "drastic operating economies cut costs between \$350,000 to \$500,000 annually."*

In the last quarter of '49, Harbor emerged from the red ink to show a token profit. Its business kept improving, and 1950 saw a whopping profit of just over \$2 million. This was in spite of an \$841,000 increase (due to the escalator clause) in

Riddle's "balance due on timber" shown in the 1948 Annual Report.

Mechanical improvements brought a 19 percent increase in production at Aberdeen and a 14 percent rise at Riddle, even with a severe car shortage. These, along with rising prices and heavy demand for defense purposes, played an important part in restoring the financial stability of the company.

Harbor in the 1950's

Under Deggeller's regime, Harbor maintained a successful course. Profits, although varying considerably with war conditions and the usual fluctuating market, were generally high.

In production and sales, emphasis was on specialties such as Medium Density Overlays of Douglas fir and "Royal Harborite," a similar overlay but made with hemlock and white fir.

In the mid-fifties, Harbor also began producing its own High Density Overlay, the first such product to use an impregnated sheet on only one side of the panel.

At that period, all production was converted to use of 100 percent phenolic resin adhesives, and the old high temperature setting "super glue" was replaced with lower temperature phenolics, thus eliminating the need for the old and costly humidifying process.

Veterans of the industry well recall Harbor's use of a green dye in the glueline of "Super Harbord" to assure identification, if needed. It also was a costly item so was eliminated. Their customers, however, thought Harbor had cheapened the glue quality and complained vociferously. So, the green dye had to be added again, and quality, in the customer's eye, was restored.

Merger Offers

During the 1950's Harbor was eyed by several companies. Georgia-Pacific made three separate merger offers, and

*Fred Niendorff, Seattle Post-Intelligencer Financial Editor, December 9, 1949.

Vancouver Plywood, one, but after consideration by the directors, all were rejected. Harbor preferred to go it alone, unaware of what was brewing.

Simon Gets Control

When Deggeller was negotiating with the Northern Pacific Railway Co. in 1950 for better contract terms, Harbor's management became aware of a quiet, steady movement by an outside agency to buy considerable blocks of Harbor's stock. By 1953, they learned who it was when Norton Simon, Board Chairman of Hunt Foods and a Director of the N. P. Railway Co., having accumulated enough shares, was elected to Harbor's Board of Directors. By late 1955, Simon announced he controlled 80 percent of Harbor's stock, became Chairman of the Board, and took over the management. The Board of Directors was reorganized, with Deggeller continuing as President.

Board members R. F. Morse of Long-Bell Lumber Co., L. T. Murray, President of West Fork Timber Co., and Ernest G. Swigert, President of Hyster Co., all resigned and were replaced by Simon's Hunt Foods employees.

So did Jack Rehm, Vice President and long-time Production Manager, to be replaced in the latter capacity by his able assistant, Wayne Hagen. Wayne resigned three years later (1959) for a similar position with Grays Harbor Veneer where, with other duties, he now serves as Treasurer and Board member.

Another veteran staff member to leave was Russ Austin, long-time Sales Manager.

E. W. Daniels severed his "consulting" connections with Harbor Plywood in 1955. He had been Director of Sales for about two years under the new management but was replaced by Henry Van Natta from Harbor's Atlanta office. Thirty years had passed since Daniels had helped Harry Knox establish the company and heard the starting whistle blow in May 1925. During the next twenty-five years, Daniels had built a nationwide sales organization for Harbor, served ten years as its President, and helped it grow into one of the largest, most successful and most respected companies in the plywood industry.

Fate had not been overly kind to Dan in those last few years at Harbor, but when he moved to Tacoma and resumed his sales activities with the Plywood Research Foundation, he carried on with his old courageous smile and determination – and the admiration and respect of his friends and colleagues. He could be proud of his accomplishments. E. W. Daniels passed away on November 11, 1966.

Final Growth and Liquidation

Beginning in 1956, there was an intensive growth in Harbor's branch warehouses and sales offices, and also an increase in their sale of plywood from other mills, and of other building materials; formerly these sales outlets had handled mostly Harbor products.

The Annual Report for fiscal year ending March 31, 1956, emphasized the depletion (by 108.8 million board feet) of Harbor's low-cost timber reserves, and the "utmost importance" of increasing its reserves, and further modernizing its plant facilities. Profits that year were \$1-1/4 million.

The next year was a poor one for plywood with Harbor's profits down to \$604,000, and a further 90 million board feet depletion of its timber reserves. Their own sales outlets, however, were again increased.

Fiscal year ending March 31, 1958, saw the beginning of the liquidation of Harbor Plywood Corporation. Profits had fallen to under \$30,000. Their Lewis River contract and holdings were sold to International Paper Company and Pacific Power and Light for \$17 million on February 14, 1958.

Later that year, on September 18, the Riddle operation and timber were sold to Stomar Lumber Company of Eugene.

A year and a half later on May 6, 1960, Harbor sold its complete Aberdeen plant and eighteen company sales warehouses to Mon Orloff's company, Aberdeen Plywood & Veneers, Inc. of Aberdeen, Washington, thus ending an era of plywood manufacturing. By then, Harbor Plywood Corporation was operating as a registered investment company. This was merged in 1962 into Hunt Foods & Industries, Inc.

Harbor Plywood had disappeared.