

Plywood in Retrospect

AIRCRAFT PLYWOOD COMPANY

No. 15 in a series of
monographs on the
history of West Coast
plywood plants

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Plywood in Retrospect

The Aircraft story is the 15th in a chronological series of historical monographs on the early Douglas fir plywood mills. Aircraft faced ruin soon after starting when a favorable contract with a large automobile body manufacturer was canceled. Bill Bailey, Aircraft's General Manager, salvaged the situation by arranging an exclusive sales contract with Larry Ottinger's U.S. Plywood and two other large plywood distributors. Within three years Ottinger, intrigued by the success attained in sales of fir plywood, was persuaded, again thanks to Bill Bailey, to purchase control of the Aircraft mill.

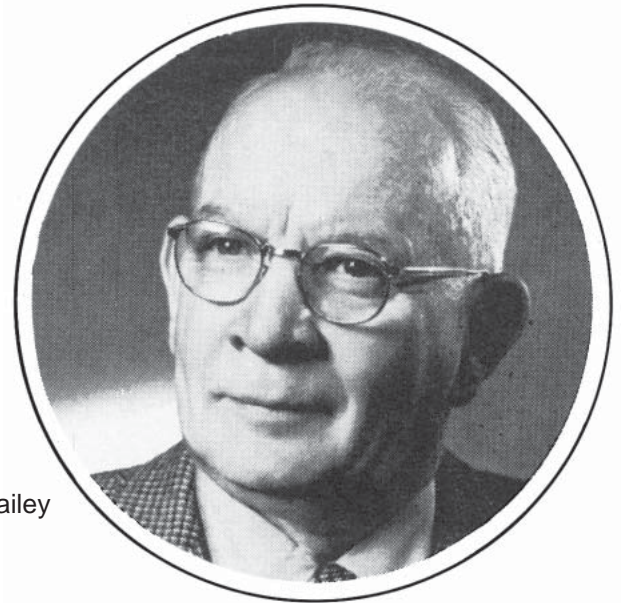
This was an historic move for U.S. Plywood as it marked the first acquisition of a manufacturing plant by the sales-minded Ottinger, and led to the huge future expansion of U.S. Plywood to a permanent position in the industry.

I am especially indebted to Al Schweppe for valuable records and data from early Aircraft history, to Tony Antoville for details after U.S. Plywood acquired control, and to Herb Williams for information collected from Gene Brewer and others. Thanks are also due to Bob Quinn of U.S. Plywood, Seattle, for lending us some interesting historical photographs.

Again, my sincere appreciation for American Plywood Association's contributions toward printing and to their ever helpful staff, especially Hugh Love, Director of Communications and Charla Bengel.

Nelson S. Perkins

Nelson S. Perkins, Secretary-Treasurer
Plywood Pioneer Association
P.O. Box 11700
Tacoma, Washington 98411



Bill Bailey

AIRCRAFT PLYWOOD COMPANY

The spring of 1929 saw another fir plywood mill blossom into reality, this time in Seattle. Joe Peters, astute Olympia promoter and a partner in the real estate firm of Sams and Peters, had watched Olympia Veneer's successful venture starting in 1919, and in 1924 helped organize and finance Ed Westman's profitable Washington Veneer Company in Olympia.

As the plywood industry expanded during the 1920's, Peters decided Seattle was a likely place for another plywood plant, and joined forces with A. H. (Dad) Gould of the Gould Lumber Company in Seattle to organize the Aircraft Plywood Co., incorporated July 1, 1929.

Gould's sawmill and site were purchased by the new corporation and a bond issue floated to construct a plywood plant. This was completed late in 1929 when labor and material costs were high, and just after the October stock market crash that touched off the violent great depression.

Choice of a Name

The company was named Aircraft Plywood because originally it was planned to produce spruce plywood, popular for decorative paneling but especially for wood airplanes on which the U.S. Forest Products Laboratory had done a great deal of research in both design and construction. Spruce plywood was favored because of its high strength-weight ratio.

Peters and Gould, however, had firm assurance of a contract with the Fisher Body Company for all its fir plywood requirements for floor boards and other auto body parts. This included not only Fisher's Seattle plant but also their several midwest plants, and involved a huge, continuing fir plywood business, so spruce plywood was more or less forgotten.

Appointment of Westman and Bailey

Experienced plywood men were needed, and Peters was

able to persuade Ed Westman, co-founder of Olympia Veneer and president of Washington Veneer, to assume also the presidency of Aircraft. Westman in turn brought in W. C. (Bill) Bailey, an able and ingenious production man, as superintendent. Both choices were fortunate for the future of Aircraft Plywood.

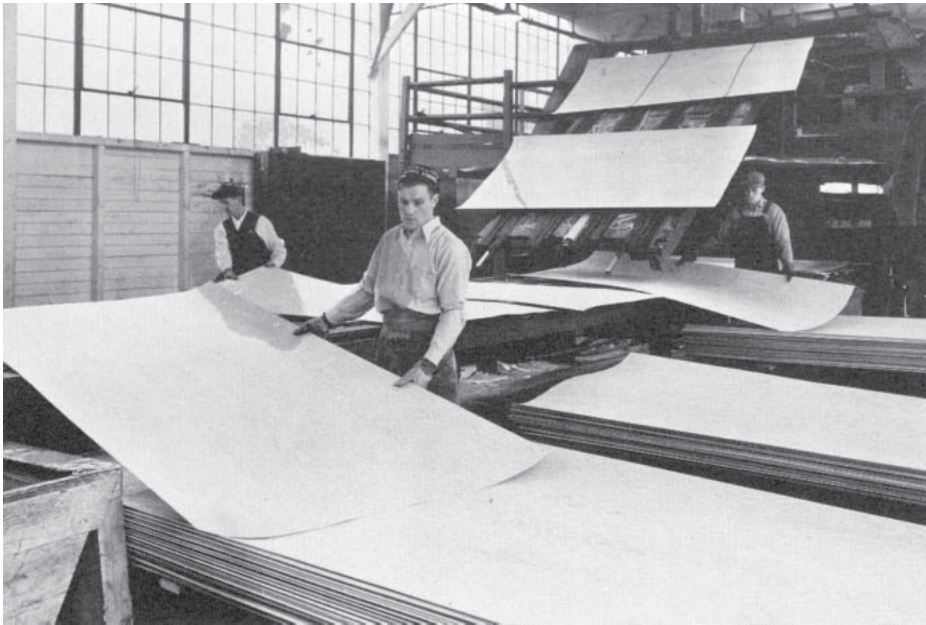
As related in the Washington Veneer Company story,* when Westman took over, he was faced almost immediately with the proposed Fisher Body contract and given 20 minutes to decide on a sales price for 3/4-inch rough five-ply panels for floor boards. Ed shrewdly figured he could peel one thickness – 1/7-inch "heavy" – continuously, night and day, and set \$53.50 as the price for the five-ply panels, \$6.50 under the existing market price.

When Aircraft was awarded the contract, their competitors thought Westman would go broke. Instead, Aircraft made \$26,000 the first month, was kept busy on a three-shift production schedule for more than a year – apparently until the spring of 1931 – and diverted part of the order to Washington Veneer Company's No. 2 plant in order to meet the Fisher Body's requirements.

The Seattle and Olympia plants worked around the clock peeling the 1/7-inch veneer. The continuous peeling made an efficient and economical operation.

Just prior to this, Gould's Aircraft Plywood had bought control of Washington Veneer Company (2,005 shares out of 4,000) for \$300,000. With this new capital, Washington Veneer Company took over Westman's Capitol Plywood Company, completed it, and started producing spruce plywood for the German luxury ship, the Bremen. Getting part of the Fisher Body fir plywood order enabled Washington Veneer to keep its Plant No. 2 at full capacity.

*No. 11 in this Historical Monograph series.



Although Aircraft found the plywood contract with Fisher Body quite profitable, its sawmill was a losing proposition and shut down in 1930. It reopened a few months later, but with the depression in full swing, it couldn't be operated at a profit and was closed finally in August 1932. That winter the sawmill was dismantled and the machinery sold to pay delinquent taxes.

Meanwhile, with Aircraft Plywood going full blast, Ed Westman resigned in the fall of 1930, returning to his Washington Veneer Company and its two busy plants.

Gould had control of Washington Veneer through the common stock, but the preferred stock was in default. By 1939, the preferred stock was paid off and at that time the 2,005 shares were sold to Weyerhaeuser.

Bailey, who had been superintendent of Aircraft Plywood, was then promoted to General Manager, a move that turned out to be vital to the success of the company.

Bill Bailey, when 17 years old, had started working for his father in the box division of the old Portland Manufacturing Company. As he developed skill, he was soon placed in charge of their veneering.

There followed two years at Sedro Veneer & Box in Sedro Woolley, further box manufacturing experience in Oregon, and four years at Coos Bay Lumber. When Olympia Veneer was looking for help, he was hired on a "30-day trial basis" to see if he could save the struggling infant co-op. As related in the Olympia Veneer Story,* he quickly spotted a bottleneck at the dryers and pioneered the separation of heart and sap wood in veneer drying. This doubled the production and turned a loss into large profits.

Bailey stayed some five years at Olympia, until 1926 when Harry Nicolai persuaded him to do another production reorganizing, this time at the old Tacoma Veneer Company which was in serious difficulties. It was another astounding success story. Within a few months, stockholders were getting 5 percent monthly dividend checks regularly over a period of three years when Bailey decided to leave to run his own sawmill near a modest timber holding in Oregon.

Shortly after, while Bill was on his honeymoon, fire burned the mill down "slick and clean," as he described it. It was not properly insured, so Bill returned to Portland to look around for an opportunity. It came soon in an offer from Ed Westman for Bill to move to Seattle and run the Aircraft mill. There his performance was so creditable that when Westman resigned, Bill Bailey was the logical choice for General Manager.

Bailey was well fitted for the job. His 25 years in veneering, lumber, and plywood had accustomed him to meeting and solving all kinds of production problems. In his new position, however, he was soon faced with an entirely new and critical situation.

Early Financial Troubles

Other fir plywood mills were suffering and apparently envious of Aircraft's monopoly of Fisher Body's plywood business at \$53.50 a thousand for 3/4-inch five-ply rough. Overnight his competitors cut the price to \$39 and then to \$37, evidently undercutting any Aircraft offer by \$2. One mill even offered in writing a bid at zero, if necessary. The Fisher manager, Bailey reported, said, "Hell, they're going to drive you out of business." And they did temporarily.

Aircraft struggled on for 15 months "pitifully broke," as Bill described it.

Troubles got even worse, when Fisher's Seattle plant was closed, thus ending even what was left of orders from the plant's major customer. Aircraft shut down, the only time it was to be down until the dark days of late 1974, when it closed for several days in October.

Bill called a directors' meeting and offered to resign, but they wanted him to stay and help. Then he came up with an idea. He would go East – first to Detroit – to find a market, a novel attempt by a production man, but there was no money available for his expenses. Finally, the First National Bank advanced the funds and Bill took the next train east.

His trip was to be far more successful than any of them dreamed. The plant reopened in 1932 and went on to be one of the major steps in the development of U.S. Plywood into one of the nation's leading plywood producers.

*No. 7 in this series.



Larry Ottinger

Ottinger's Key Role

In Detroit, feeling, as he put it, "like a sheep among wolves," Bill called on several large industrials without success until finally one, the Chrysler Corporation, suggested Bill contact their chief plywood supplier, U.S. Plywood in New York, and arranged a meeting for him with Larry Ottinger, president and founder of U.S. Plywood Company. The results of this Bailey-Ottinger meeting were far-reaching, as events proved.

Larry Ottinger, although an astute businessman, was primarily a master salesman. After experience at the U.S. Forest Products Laboratory in Madison, Wisconsin, and as chief government inspector for aircraft plywood during World War I, he had become interested in casein glue, widely used in aircraft plywood, and was promoting it for the Casein Company of America, subsequently purchased by the Borden Company.

Larry learned of some surplus aircraft plywood, usually 1/8-inch and less in thickness. In 1919, borrowing \$500 from his mother, he rented a store 25 x 100 feet in size on 14th Street in New York City. He stored plywood in the back and glue in the front, where he also established his office as the U.S. Plywood Company. He hired three salesmen to call on woodworking shops where they soon learned that the trade required 1/4-inch, 3/8-inch, and 3/4-inch plywood thicknesses.

Ottinger thereupon visited plywood plants in the East and the Northwest, selling casein glue, but more important, learning the sources for both fir and hardwood plywood in the thicknesses required.

With this background and aggressive salesmanship, he soon established a small distribution business requiring larger warehouses and as sales increased, he set up branches in Detroit, Boston, Philadelphia and Rochester, New York.

During the expansion decade of the 1920's, U.S. Plywood bought large quantities of Douglas fir plywood from several quality-conscious Northwest mills. Even in 1932, near the bottom of the depression, Larry was going strong and ever alert to new opportunities.

When Bill Bailey proposed that U.S. Plywood undertake to sell all of Aircraft's potential production – capacity estimated

at about 40 million square feet annually on the usual 3/8-inch rough basis – Ottinger became intrigued. The volume Bailey quoted amounted to about 10 percent of the total capacity of the nation at that time. In 1930, total production in the United States was 305 million feet and in 1935 it was 480 million.

Feeling that three or four million feet monthly was too much to handle alone, he brought in two Wisconsin hardwood plywood manufacturers, Algoma Plywood and Veneer Company with a large branch in Chicago, and Roddis Lumber & Veneer Company of Marshfield, Wisconsin, with distributing branches in Kansas City and four other large cities.

Aircraft Links With U.S. Plywood

These three distributors then signed a virtually exclusive one-year sales contract with Aircraft under a date of July 27, 1932, for its entire production.

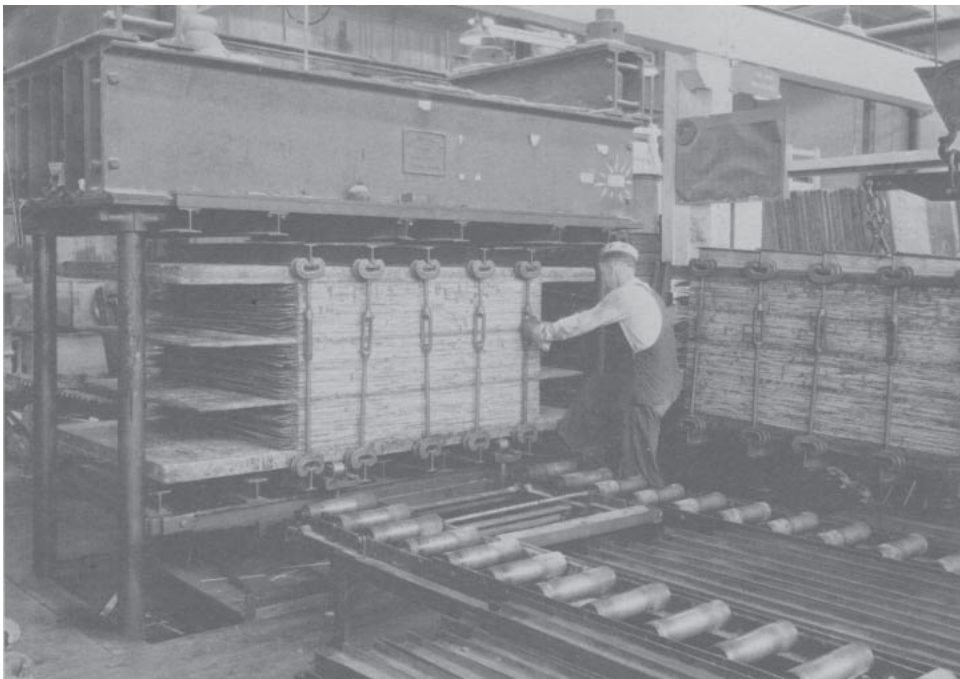
The three distributors, owning a total of 15 warehouses, were handling a plywood sales volume estimated at 60 percent of the national plywood market. While none of them guaranteed to sell any specific quantity of Aircraft's production, each distributor pledged its best effort. Also, each individually had an option to renew its part of the contract for five years. Furthermore, since U.S. Plywood was already supplying a number of the larger automobile manufacturers in Michigan, Aircraft agreed to quote them only through U.S. Plywood.

Bill Bailey had proved himself a capable salesman. He convinced U.S. Plywood that the proposed Aircraft arrangement would be profitable to them and, when Ottinger suggested bringing Algoma and Roddis into the deal, Bill sold them, also, on its advantages. Back home he also won over his directors, who had Al Schwappe draw up a final contract which all parties agreed to and signed. It was a turning point in Aircraft's fortunes.

With the new sales setup, Aircraft immediately increased the size of its factory and added equipment to handle a diversified production. First a 60-foot by 240-foot structure for both veneer storage and a sander department with two new sanders was added, followed in July 1933 by a warehouse and shipping room 50 by 200 feet.



The Aircraft plant quickly established a reputation for high quality plywood like the "clear" veneers shown here.



A typical cold press in the Aircraft plant of the Thirties using the old clamp process.

These improvements, including the two sanders and "other equipment," cost approximately \$35,000.*

The Aircraft plant was then considered one of the most modern plywood mills on the coast with a capacity of 40 million feet annually.

Importantly, the company was making a good profit each month, with its assets finally getting ahead of its liabilities. The continuing volume of high-grade sales under their three-way contract was a prime factor in this. Other contributing causes cited in Middeke's report were an adjustment with their bond holders, Gould's ability to purchase logs under the going market price, and the excellent cooperation from all employees as well as the First National Bank of Seattle.

During that period (1933-34), the National Recovery Administration was in full sway.

Late in 1934, an industry committee, acting under NRA authority, had fixed Aircraft's production at 7.41 percent of the 40 million foot monthly allotment for the entire fir plywood industry.

Aircraft immediately protested to Washington, D.C. After some discussion, an arbitration board, on January 5, 1935, increased Aircraft's allocation to 7.91 percent. This allowed the mill to increase its production by 200,000 feet a month, a significant amount in those troubled times. This assured almost full production and constituted an important milestone in Aircraft's growth.

The combination of Aircraft Plywood's production under Bill Bailey's management and of U.S. Plywood's aggressive selling under Larry Ottinger's leadership was gratifying to both organizations.

Both parties wanted to assure the continuity of such an arrangement. Just how or when Ottinger got the idea of buying control of Aircraft is uncertain, but it appears likely that Bill Bailey was responsible.

At any rate, Dad Gould granted Ottinger a 30-day option, which Larry himself had prepared on an Aircraft letterhead

dated September 23, 1935, to purchase all of Aircraft's interests and stock for \$150,000 cash. Bailey induced Gould to sign the option and presented it to Ottinger. Just before the 30 days expired, Gould became dubious that his personal option could bind the Gould Lumber Company, but Bailey, after a long session, was able to persuade him to go through with the deal. Gould then got his company's approval and on October 21, 1935, Larry exercised his option, thus giving U.S. Plywood 51 percent control of Aircraft Plywood Company.

In appreciation of Bailey's critical role in convincing Gould to make the sale, Ottinger cut Bill in for one-fifth of the stock. Bill put up \$5,000 in cash and a \$25,000 note to the bank for the balance. The note was endorsed by Ottinger, but Bill readily paid it off.

"Sales First"

The purchase of Aircraft Plywood marked a decisive step in U.S. Plywood's growth and a complete change in Ottinger's philosophy, not only regarding the Douglas fir plywood industry, but also any ownership of "brickbats and machinery." His slogan was "First come sales." Back in 1932, he had remarked to Al Schweppe, "This business (that is, fir plywood) is so demoralized that I never want to be in it except with a rented warehouse and an inventory I can liquidate tomorrow morning."

This attitude changed when he saw what his sales organization could do with Aircraft Plywood's production. Gould, in financial straits due to heavy stock market losses, was being pressed on some notes, and needed the money. His willingness to sell Aircraft control was too tempting for Ottinger to pass up, and so U.S. Plywood acquired its first manufacturing plant, a profitable transaction they never regretted.

Two years later, in 1937, Ottinger purchased the balance of Aircraft's outstanding stock and merged Aircraft with his New York and Delaware sales companies into the United States Plywood Corporation. Aircraft became a subsidiary, U.S. Plywood (Washington) with Bailey as vice-president and general manager.

*Secretary John Middeke's report of December 31, 1933, to Aircraft Plywood Corporation's annual meeting.



Jim Walby

Bailey had demonstrated his sales ability on the trip to the East. He was also a superb manager. He had the high respect of his crews. They admired him for his ability to do almost anything in the mill, which he inspected twice a day.

He carried a large inventory of parts and so had far less down time than many mills, which had to go out for parts. This was one of his secrets of making substantial profits when other mills were operating marginally.

As Al Schweppe said in talking of Bailey's sixth-grade education, "Education is a fine thing for some, but there's no substitute for brains for those who apply them."

Schweppe adds that Bailey was a key person in the fabulous growth of U.S. Plywood.

"Bailey was a genius in getting timber tracts," says Schweppe. One of the most important was the purchase of the extensive holdings of Bob Fox in Lewis and Skamania counties. This land held 700 million board feet of timber, much of it high quality peelers. The logging headquarters were at Kosmos.

This was a joint venture with Soundview Pulp. U.S. Plywood had 31 percent, Soundview 10 percent, while Fox kept 59 percent. But under the terms drawn up, Fox couldn't act without the agreement of the other two parties. Nevertheless, he almost sold his Kosmos stock to a large lumber company which tried to enforce an alleged option to buy.

This transaction was challenged in court and finally settled in favor of U.S. Plywood in the Washington State Supreme Court in October 1946.

The Kosmos site is under water now from a Tacoma City Light dam, but a logging operation still exists there, along with a veneer mill.

This Kosmos timber operation kept the mills in logs through the 40's and 50's. In addition, the plant was able to buy a lot of timber peripheral to Fox's holdings.

Bailey was also responsible for the acquisition in 1945 of 51 percent of Siuslaw Forest Products Company, owner of large stands of timber and timber rights near Mapleton, Oregon. U.S. Plywood established a green end there and

three years later converted it to a fully equipped plywood plant, the second in a series of mills destined to come under the corporation's ownership. In 1952, U.S. purchased the remaining 49 percent of Siuslaw.

Bailey also had a number of patents, including the one for Weldtex, a striated plywood, one of *the* most important specialty items the industry has ever produced. Weldtex had many uses in its day, and made a decorative product of fir plywood.

Industry "Training School"

A number of men who attained success in the plywood industry, trained under Bailey. Two of the best known were Vic Olson and Gene Brewer.

Vic served as superintendent at Aircraft for fourteen years, leaving in 1940 to establish his own mill at Bellingham, Washington. Later he sold out to Georgia-Pacific where he became a vice president. He was recognized as one of the most knowledgeable production men in the industry.

Gene Brewer started at Aircraft in 1937 as a "flunky" as he puts it, feeding the dryer. "Bill Bailey was my first teacher," he says, recalling how Bailey would tell him, "Get your hands out of your pockets."

Brewer worked at Aircraft for six years, moving up the production line and into the specialty department. When World War II came along, Ottinger asked Bailey to recommend a capable man to manage their Orangeburg, South Carolina, plant and Brewer got the job. He returned to the West Coast in 1949, to their Anderson, California plant. In 1954 he was put in charge of U.S. Plywood's West Coast operations before going to New York where later he became president.

He retired from U.S. Plywood in 1970 and joined Southwest Forest Industries in Phoenix as assistant to the Chairman of the Board.

Diversification

Brewer points out that the Seattle plant (the name Aircraft was dropped in 1937, but many continued to refer to it as Aircraft) was a pioneer in developing many specialties. One

World War II slogan
dominates this veneer
layup scene



Top photo: Al Schweppe
Bottom photo: Harry Schrader

was Crezon, a Crown Zellerbach trade name for a phenolic resin impregnated overlay sheet on panels used in highway signs. "Much of the research was done right there in the Seattle plant," Brewer recalls.

The plant had started producing specialty items just prior to World War II, but they were all scrapped because they were nonessential. Wartime production included scarfed marine plywood for landing craft and other boats. Some pieces were 40 feet long. Special plywood for ammunition boxes and other shipping cases was also produced.

With the end of the war, the plant continued making marine plywood for boats, but also got back into specialty items. At that time, about 25 percent was marine items.

By the late 1950's it was almost 100 percent marine, but then in the 1960's fiberglass took over the boat hull market, ending most of the production of marine plywood for boat hulls.

The plant had also been making decorative marine plywood; however, with faces of birch, walnut, cherry, oak, teak, and mahogany for interiors, as well as structural plywood.

This part of the business was increased and by the 1970's, the plant was the largest producer of marine plywood in the United States, according to Bob Quinn, who became plant manager in 1963.

Bailey retired in 1951 to his beautiful farm near Duvall, Washington. Jim Walby, widely experienced in plywood sales and management, then replaced Bailey. Meanwhile, Larry Ottinger persuaded Dr. O. Harry Schrader to leave his position as managing director of the DFPA and join U.S. Plywood (Washington) as sales manager of their western division under Walby. When the latter retired, about 1954, Harry Schrader became manager of the Washington operations, with Bill Bennet as plant manager. Harry served until his retirement in 1963 when Bennett replaced him. A year later Bennett was transferred to Eugene as division manager for Oregon, and Bob Quinn became head of the Washington operations. In 1969, when U.S. Plywood consolidated its three western state divisions into one, Quinn



assumed the title of plant manager in the Seattle plant, a position he still holds today.

Conclusion

This historical monograph on Aircraft Plywood, like others in the series, is devoted to the earlier West Coast mills. Nevertheless, in view of Larry Ottinger's impact on Aircraft as well as on the entire plywood industry, a brief outline of U.S. Plywood Corporation's development after that initial manufacturing investment seems in order.

Under Ottinger's brilliant and aggressive leadership and his guiding slogan "First come sales," U.S. Plywood continued to expand. At first they sold plywood of both Douglas fir and hardwoods. Then came doors of various species, particleboard, lumber and numerous specialty building products, including plastics and glues.

As markets grew, U.S. Plywood entered into contracts to sell the production of more and more plywood mills. Moreover, where prospects for a full order file appeared sound, U.S. built or purchased plants. This required scores of distribution warehouses, either owned or rented, across the country. The plants, in turn, needed raw materials to operate, so large tracts of timber were acquired, mostly on the West Coast, but also in the East and in Canada. Operations were also extended to the Belgian Congo and Latin America, all under Ottinger's guidance.

U.S. Plywood was listed on the New York Stock Exchange as early as 1940. Larry became Chairman of the Board in 1953 when he released the presidential reins to the capable hands of S. W. (Tony) Antoville, one of the three original salesmen. In a little over a year, late in 1954, Larry Ottinger passed away. Always respected, even by his bitterest competitors, Larry was popular with most who knew him, but truly beloved by those few who were aware of his warmhearted, anonymous generosity to friends and employees in trouble.

Under Tony Antoville, U.S. Plywood continued to grow and flourish. Tony, in turn, became Chairman of the Board in 1958, when Gene Brewer was elected president. Later, after U.S. Plywood and Champion Papers merged, Gene retired.

Today the company is known as Champion International and continues to be a powerful force in the industry operating as the U.S. Plywood Division. The chairman of Champion International is E. Roger Montgomery who started his career under Jim Walby at the Seattle plant of U.S. Plywood as an auditor in 1949. He eventually became vice president of Weldwood of Canada – a subsidiary company – and in 1970 was made president of Building Materials Division (U.S. Plywood) of Champion International – then in 1973 vice chairman and in the spring of 1974 chairman of Champion International.

John A. Ball, Jr. is Executive Vice President of Champion International and President of the U.S. Plywood Division. He is also the current Chairman of the Board of American Plywood Association.

As we have seen, the Seattle plant today is far different from the operation that existed shortly after the agreement between Bailey and Ottinger. Then it was one of the most modern plants in the world. Today other plants around the nation with high degrees of automation have that distinction. Not that the Seattle plant is outmoded. By developing and making specialty items, it has kept filling needs of the market.

"We have to keep on with the specialty items. That's the only way we can compete with automation in other plants," says Bob Quinn.

Thus the old Aircraft plant, which never did produce plywood for aircraft, has continued to keep in step with the times.

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