



SIMPSON TIMBER COMPANY

Five Generations Of Family Management

№. 22

in a series of monographs on the history of plywood manufacturing

Simpson

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PLYWOOD PIONEERS
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This Monograph, twenty-second in a series devoted to the history of plywood mills, is a “first” in several ways. It is the story of Simpson Timber Company, a pioneer, family-owned Pacific Northwest company, producing such products as plywood, lumber, doors, pulp and paper and plastic pipe. Simpson is not generally thought of as a “giant” in America’s plywood industry, except possibly as a producer of overlay panels, redwood plywood, marine panels and other specialty products.

The Simpson story is more than about plywood or other panel products, because the company history is long and colorful. And the company is in the fifth generation of management by the remarkable Simpson-Reed Family. This is an enduring period of ownership and management by a single family.

Also, this Monograph is the first written by Joe Leitzinger whose forest products career of nearly forty years was almost equally divided between DFPA/American Plywood Association and Simpson Timber Company/Investment Company.

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Lastly, I was greatly assisted in people, dates and places of events, by “Family Trees, Simpson’s Centennial Story,” by Robert Spector, 1990. Documentary Book Publishers Corporation. I had the pleasure of shepherding its production before my retirement. “Family Trees” was a wonderful resource for this Monograph!



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Cover photo:

Simpson Timber Company Northwest manufacturing facilities on the Shelton waterfront, Oakland Bay, 1999. Note absence of air emissions. Also, Simpson only transports logs by water to Shelton, where they are bundled and fed to the mills from the land – i.e., no water storage or water infeed.

S. G. Simpson & Company's Humble Beginning

The story begins with trees, majestic trees that pierce the skies and stretch out as far as the eye can see, an arboreal army standing across the verdant wilderness, from the Cascade Mountains, up through Canada and down through the northern part of California.” (*Family Trees, Simpson’s Centennial Story*).

Sol G. Simpson began the story in 1890, when he formed S.G. Simpson & Company, a construction company, whose assets were road graders and horses. His company was located deep in the timber of eastern Mason County, Washington, 15 miles west of Shelton.

Simpson, a Canadian from Quebec, worked as a timber raftsman floating spruce and fir logs down the Ottawa and St. Lawrence Rivers. He came to Nevada in 1865 to work the silver and gold mines. But he soon turned to logging and road grading to make a living. After marriage in 1876 to Mary James Macon Garrard, known as “Tollie”, the Simpsons moved to Seattle, Washington Territory. There, Sol worked as a teamster, grading streets for the growing city, and building railroad beds for the trains that brought coal in from mines around Black Diamond and Renton.

Captain William Renton, founder of the Port Blakely Mill Company noticed Sol’s work, and he was hired to grade the right-of-way for Port Blakely Mill’s Puget Sound and Grays Harbor Railroad in Mason County. In 1887, Sol, Tollie and children, Irene and Caroline, moved about 65 miles southwest to Kamilche, also in Mason County. By 1888, Sol Simpson was in charge of all Port Blakely operations; and as his income grew, he invested in timberlands, and used his horses rather than oxen to move logs – both strategies were revolutionary at that time!

In 1890, the S.G. Simpson & Company was formed as a sole proprietorship, but still closely involved with Port Blakely – as employers, investors, and large customers for logs.

Then in 1895, Sol Simpson incorporated Simpson Logging Company, with investors including two associated with Port Blakely Mill Company, and financier Alfred H. Anderson. The Logging Company’s primary customer continued to be Port Blakely, which had expanded its sawmill operations. Simpson established its headquarters in Seattle, while Shelton was listed as a “subordinate” office.

The new company was an unqualified success, buying timber in Mason, Thurston and Grays Harbor Counties; logging 100 million board feet per year;



*A late nineteenth century
10-horse logging team,
favored by Sol Simpson.*



*Puget Sound and Grays
Harbor Railroad. About 1890.*



*Sol G. Simpson about 1895
Proprietor, S. G. Simpson & Company, 1890; President, Simpson Logging Company, 1895.*



*Mark E. Reed
President, Simpson Logging Company/Simpson Timber Company, 1866 – 1933*

acquiring and building railroads; and shipping to Alaska. With the Klondike Gold Strike in 1896, Sol invested in real estate and banking in Alaska; and started the Whitestar Steamship Company for transportation from Seattle to Nome.

The Reed Connection

Sol Simpson first met Mark E. Reed, a 31-year-old native of Olympia, in 1897. By this time in his young career, Reed had attended a couple of colleges; worked for his father, the state auditor; studied law with an Olympia attorney; and worked in retailing in California. But Mark was still restless!

In 1893, he formed a logging company with Ike Ellis, an experienced logger. It failed in that same depression year. Then an Olympia banker hired Reed to take charge of a troubled logging company in Mason County. Mark Reed turned it around, and was noticed by Sol Simpson.

In 1896, Reed went to work for the Simpson Logging Company. Robert Ficken, author of the biography, *Lumber and Politics, The Career of Mark E. Reed*, observed that the union of Simpson and Reed “brought to an end Reed’s search for meaningful endeavor, and opened the way to business success and political power.”

Mark Reed fulfilled a number of roles in the early years with Simpson, including managing Lumbermen’s Mercantile Company in Shelton; reorganizing Alfred Anderson’s and Simpson’s railroad holdings; and helping the two partners set up the Phoenix Logging Company. The latter remained an important Simpson affiliate company for many years.

Reed had gained Simpson’s personal and professional trust. Their alliance and the future of Simpson Logging Company were sealed in 1901, when Mark Reed returned to Seattle from his post in Alaska to marry Sol’s elder daughter, Irene.

Sol Simpson lived the last years of his life in Seattle, and died in 1906, at the age of 63. Arthur Anderson, occupied with his diverse interests, officially became president of Simpson Logging Company, but Mark Reed managed it. He moved the company headquarters to Shelton, the Mason County seat.

Simpson Logging was then cutting up to 300,000 bd. ft. of timber daily, and had 300 employees. With Anderson’s backing, Reed moved quickly to protect Simpson family interests in logging and railroad operations. He paid off debts and borrowed money to buy Simpson Logging Company stock owned by descendants of the original Port Blakely Mill investors. Following this, Anderson gave Reed a four percent interest in the company – the remaining 96 percent interest was divided evenly between the Anderson and Simpson families.

The San Francisco earthquake and fire of 1906 created a surge in demand for Puget Sound lumber. This enabled Anderson to quickly retire the debt he and the Simpson Investment Company (representing the Simpson family) had incurred when they bought out the Port Blakely investors.

The logging company had some flat years until World War I – except for the business generated by the building of the Panama Canal – but the company maintained a modestly profitable course.

Alfred Anderson died in 1914, and Mark Reed assumed the helm of Simpson Logging Company; Phoenix Logging Company; Peninsular Railroad; State Bank of Shelton; Lumbermen’s Mercantile Company; and the Shelton Navigation Company.

Lumber and Politics

Over the next 18 years, Mark Reed was to take Simpson – and Shelton – into wood products manufacturing. He had made his home in Shelton, and started to build the community in the early 1900s, contrary to most lumbermen of the time, who had “traditionally been interested in the rapid exploitation of the available natural resource”. (*Lumber and Politics, The Career of Mark E. Reed*, by Robert Ficken)

In 1914, after serving two terms as Shelton’s mayor, Reed was elected to the Washington State Legislature, with a desire to find solutions to the logging industry’s growing labor problems. He then became the first native-born Washingtonian to be Speaker of the House of Representatives.

While in the legislature, Reed arranged for the Olympic Highway to go through Mason County; got the state to help pave Shelton’s main street as part of the highway north to Port Angeles; and later negotiated for the state to reroute the Olympic Highway through Shelton.

Reed was reform-minded in regard to the health and job safety of workers, sponsoring the first medical insurance act and other labor reform legislation. And his actions spoke louder than words, as he improved Simpson logging conditions including sanitation and food. In 1920, Reed helped finance Shelton General Hospital, the first hospital in the county.

Simpson emerged from World War I stronger than ever, as the dominant independent logger on Puget Sound. But by the early 1920s, logging companies were faced with dwindling lowland timber supplies and increasing costs, because operations were moving to rougher, higher ground. And Simpson was faced with larger stands of hemlock, which in those days was used to make pulp. There was little demand in the United States for hemlock lumber.

Simpson and Shelton Embrace Manufacturing

Except for a few small sawmills, Shelton had never been a manufacturing community. Local timber was logged and transported up Puget Sound for sawing into lumber at Port Gamble, Port Blakely, Tacoma and Seattle. According to the February 4, 1921 *Mason County Journal*, “While Shelton never slumps to the extent of other communities in dull times, it never gets very high when things are flourishing. This is because it gets only one crack at the logs, which shoot through to the extent of millions of feet every year. With a good-sized mill and some incidental factories, the local payroll would be increased several times, and the town and the people would reach ‘high C’ occasionally.”

Mark Reed conceived a strategy to integrate Simpson’s operations, which would involve friend, colleague and customer Henry McCleary. The Henry McCleary Timber Company (*Plywood in Retrospect No. 4*), located in the town of McCleary, had become the largest door manufacturer in the world. Reed and McCleary had established a shared, long-standing trust, and McCleary supported Reed’s plan for a major industrial building program on Oakland Bay in Shelton.

Starting in 1924, the harbor was dredged and about 30 acres of tideland were converted into an industrial site. Reed Mill, a hemlock sawmill, was built and started up in July 1925. It had a daily capacity of 150,000 bd. ft. and a crew of 50. Later, in 1927, the Reed Cedar Shingle Mill was built, but it showed a profit only one year before it was closed in 1932.

In late 1925, the \$1 million McCleary Mill began to produce lumber and veneer, with a daily capacity of 300,000 bd. ft. A centrally located joint power operation was built to supply these mills. All this was accomplished, it was said, by Reed and McCleary, sealed by only a handshake!

The final piece of Reed's plan was building a pulp mill to utilize hemlock slabs and ends and other waste from the two mills. In 1927, the Washington Pulp & Paper Company (WPPC) was looking to expand. A group of investors, including Reed and WPPC owner, Edward M. Mills, built a sulfite pulp mill having a daily capacity of 120 tons, alongside Simpson's Reed Mill. This completed what Mark Reed's son, William G. Reed, would later term Simpson Logging Company's "developmental stage."

Elwood Maunder, Forest History Society, in a 1977 *Interview with William G. Reed*, called this "an early adventure into integration, but on a multi-ownership basis."

Direct rail connections from Shelton to national markets followed. But the first major buyer of Simpson's hemlock lumber was Japan – still rebuilding Tokyo after the 1923 Earthquake. All of this expansion "brought a new degree of stability to Shelton, assuring the future of the town at a time when other communities totally dependent on logging were slowly falling apart." (*Lumber & Politics, The Career of Mark E. Reed*, by Robert E. Ficken)

The Third Simpson-Reed Generation

Mark and Irene Reed had three sons – Sol Simpson Reed (b. 1902), Frank Campbell Reed (b. 1903), and William Garrard Reed (b. 1908).

Although Chrysogonus H. "Chris" Kreienbaum from Indiana, the first general manager of the Reed Mill, had become general manager of Simpson Logging Company, it was Mark's dream that his two elder sons would succeed him in running the company. His third son, Bill, recalled later that "I wasn't to be in the company at all. I went to Harvard Business School with the intention of becoming a commercial banker – " (per Bill Reed, *Four Generations of Management: The Simpson-Reed Story*, 1977, Forest History Society). Like his brothers, Bill attended Culver Military Academy, but then he grad-

uated from the University of Washington and went on to Harvard Business School.

Sol Reed joined the company after studying forestry at Washington, to eventually manage the timberlands and logging. However, in June of 1930, Sol was shot to death in Shelton by an embittered Simpson logger – after which, Mark Reed permanently moved his family to Seattle.

Mark also moved quickly to hire George Drake, a graduate of the Pennsylvania State College Forestry School to replace Sol in the woods.

Bill Reed's life changed with his brother's death. At his father's request, he left Harvard and returned home to learn the forest products business. After some on-the-ground training and completion of a special "crash course" at the University of Washington Forestry School, Bill joined the company on January 2, 1931, to assist Brother Frank with finance, accounting and administration. The timing was the onset of the Great Depression!

During the next few years, Mark Reed worked with forest products leaders and the federal government to develop a National Lumber Code to "allot shares of the national production quota and set prices" – opposed by Reed! After returning from a meeting in Chicago, Mark became ill and died on September 5, 1933, of amoebic dysentery, contracted while eating dinner at the Congress Hotel.

Frank Reed took over as chief executive of the Simpson Logging Company, and Bill Reed became president of Simpson Investment Company (then a holding company for Reed Family stock; today, the holding company for Simpson's timber and manufacturing operations).

In 1935, Bill Reed married Eleanor Henry of Seattle. Over the next few years three children were born – Susan Henry; William Garrard, Jr.; and Mary Irene.



*William G. Reed, President
Simpson Logging Company*

In 1943, while still in the United States Navy, Bill Reed, the sole survivor of the third generation of the Simpson-Reed family became Simpson Logging Company President. He retired in 1971, after a 40-year Simpson career.



Chrysogonus H. "Chris" Kreienbaum, hired to assist the first manager of the Reed Mill in 1925; later became its manager; was elected to the Simpson Timber Co. Board from 1941 - 1962; president of Simpson Timber Co., 1946 - 1948.



*1948. The last load of logs
hailed down Railroad Avenue
in Shelton to the Simpson mill.*

Simpson Enters the Plywood Business

The Reed brothers got a confidence boost in an upturn in the national economy from 1934 to 1936. And the 1930s passed by quickly, as Bill Reed and his Executive Vice President Chris Kreienbaum pushed for increased integration of logging and manufacturing. Early in 1941, the former Reed Shingle Mill was sold to a group of Simpson and McCleary executives who dismantled it and built Olympic Plywood Mill on-site. Purchased in 1943 by Simpson Logging Company, Olympic Plywood was ALMOST Simpson's first plywood plant. (See McCleary Purchase below.)

Also in 1941, the federal Office of Price Administration (OPA) was formed, as war clouds thickened. In one of its first actions, OPA froze the price of logs low, and product prices high! This argued for Reed's and Kreienbaum's plea that the Simpson Board accept their proposal for more integration. And the Board approved the purchase of the Henry McCleary Timber Company on December 31, 1941.

The Henry McCleary Timber Company Purchase

In the summer of '41, Carl Macke, manager of Olympic Plywood, had told Kreienbaum that McCleary intended to sell or junk his operations before year-end.

Discussions on the McCleary purchase went nowhere, because Simpson was interested only in the door and plywood plants in McCleary, and the sawmill in Shelton. Henry McCleary wanted to sell the whole town, including the houses; the utilities; the hotel and the community – all of which he owned! (*Plywood in Retrospect No. 4*)

On the morning of December 31, 1941, McCleary lawyer Abel phoned Kreienbaum to inform Simpson that McCleary intended to sell the company that day – or junk it! Simpson closed the deal at 11:00 p.m. New Years' Eve – growing the Logging Company

from a few hundred to 1,400 employees in a few hours! And, acquiring its first plywood mill!

Simpson later sold the houses to Henry McCleary's tenants; repaired the water system; and built a new power plant and transformer station. These utilities were sold to the town.

Thus, with the Olympic Plywood acquisition in 1943, Simpson Logging Company owned about 100,000 acres of mostly cutover lands; 2 sawmills; 2 plywood mills; and the largest door plant in the nation. This was a far cry from Sol Simpson's "six men and four horses" (per Bill Reed, *Four Generations of Management: The Simpson-Reed Story*, 1977, Forest History Society).

Sustained Yield Forest Management

December 7, 1941, "A Day That Will Live In Infamy" (Pres. Franklin D. Roosevelt, Dec. 8, 1941), brought America into World War II. Bill Reed joined the United States Navy. After training, he was stationed in the North Pacific, when he was notified that Frank Reed and his family were all killed in a tragic fire at their home. This left Bill Reed as the sole survivor of the third generation of Simpson-Reed Family stewardship. Chris Kreienbaum managed the company until Bill Reed was honorably discharged after the war ended in 1945.

Many foresters including George Drake had been pushing since the late 1930s for legislation enabling sustained yield management of public and private forestland. The Pacific Northwest was the logical focus of this concept, because here were the largest stands of national forest timber. Under Kreienbaum's and Drake's direction, Simpson began planning in about 1938 for some kind of cooperative forest planning with the U.S. Forest Service. The McCleary purchase, giving Simpson an employment base and timber in eastern Grays Harbor County, enhanced the company's chances of success.

The United States Congress passed the Sustained Yield Forestry Act in 1944, making it possible to combine federal and private lands into sustained yield units. The objectives of this act were stabilization of communities and employment; preservation of forests and wildlife, and taxable forest wealth; and an uninterrupted source of forest products.

Simpson was ready, and proposed a plan to combine its fee timber with Forest Service timber for a sustained yield unit in the Shelton Working Circle – an area now consisting of all company operations in Mason and Grays Harbor Counties. Public hearings were held on all proposals, most of which failed. The only exception was Public Law 273, the Shelton Cooperative Sustained Yield Unit (CSYU), effective Jan. 1, 1947. Via the CSYU, Simpson and the Forest Service combined about 160,000 acres of Simpson’s mostly young growth timber, with 112,000 acres of the Federal Government’s old growth timber to provide a perpetual timber supply over the next century.

The CSYU was the linchpin for stabilizing the company and towns of Shelton and McCleary. It enabled Simpson to renovate its mills, add a new Shelton insulating board plant, and increase employment in Shelton and McCleary to 1,800 people! Further, it allowed the company to expand sales outlets for product distribution across the country. Thus, Simpson could move into other areas of the U.S. and internationally for growth and to compete for new markets.

Simpson Moves Into the Redwoods

The need to grow and compete pushed Simpson to pursue acquisitions in Northern California’s Redwood Region. And in 1945, the company secured an option to buy from the Requa Timber Company, in Del Norte County, about one billion board feet of virgin redwood and Douglas fir timber. Simpson wanted to acquire a timber base in California before deciding to log commercially, and/or manufacture products.

Acquisitions of Coast Redwood Company (7,500 acres of forestland and a Klamath sawmill); Sage Land & Lumber Company (12,000 acres of virgin timber, plus cutting rights on 45,000 acres near Requa); Sweet Timber Tract (14,000 acres of young-growth timber along the Mad River); and Northern Redwood Company (30,000 acres of virgin and second-growth timber, a sawmill and a planing operation) followed. This was mostly through the innovative financing of Simpson’s President Tom Gled. (He had been a Simpson director since 1943, and had been named president and treasurer of Simpson Logging Company in 1951. Gled had been president of Seattle-First National Bank since 1945.)

The M & M Wood Working Company Purchase

Further California acquisitions were getting harder to find, or they were being held by operating companies that didn’t want to sell timber assets.

One of the large redwood timberland holders was the M & M Wood Working Company, a family-owned firm based in Portland. M & M controlled the right-of-way into the Requa tract. Bill Reed, well acquainted with J. A. Malarkey and other family majority stockholders, sensed that they were receptive to selling some land.

However, M & M family stockholders decided to hold on to the property, and negotiations ceased. So in 1951, Reed and Gled pursued other timber and pulp and paper interests, acquiring Everett Pulp & Paper Company in December 1951; and in 1955, buying Schafer Brothers Logging Company, Aberdeen, Washington.

Then, Bill Reed thought it might be timely to reopen the acquisition of M & M’s California properties. He reasoned that the only workable approach was to buy the entire company and later sell off its Oregon timber and manufacturing plants. He assigned Tom Gled to negotiate such a purchase with the Malarkeys.

M & M was considerably larger than Simpson, with 11 operating divisions at 9 locations in Oregon and California. It held timber reserves of about 2.5 billion bd. ft – much of it in locations that controlled access to Simpson’s timber. M & M was the largest West Coast producer of plywood! It operated a veneer mill at Idanah, Oregon; plywood mills at Albany, Lyons and Portland, Oregon; and the only large volume redwood plywood mill in the world at Eureka, California. M & M also manufactured glue, resins, flush doors, and wood tanks and pipe in Portland; and had lumber divisions in Portland and Eureka.

This time purchase negotiations were fruitful, and Simpson Logging Company purchased M & M Wood Working Company on August 17, 1956. This was in spite of the fact that M & M was listed on the New York Stock Exchange; and had distribution facilities and offices widespread throughout the U.S..

M & M’s stock had doubled in price since negotiations began. But Reed went ahead with the deal for over \$50 million, because he believed the Oregon timber, in particular, would be attractive for other operators to buy.

This was a huge step for Simpson to take. In fact, the industry was slipping into a recession, and Simpson couldn’t sell the Oregon timber and/or plants for enough money to retire much of the debt.

Another “hidden cost” appeared when the Federal Trade Commission filed an antitrust suit against Simpson, charging that the acquisition of M & M, Northern Redwood and Sage timberlands gave Simpson a monopoly of the world’s available redwood timber. These charges dragged on into the early 1960s, when Simpson and the FTC compromised.

So Simpson organized to operate its expanded company – including the Oregon acquisitions. Simpson Logging Company integrated its plywood and door plants at Shelton and McCleary with the Oregon plants, under Harold W. “Hal” McClary’s manage-

ment. Hal was formerly general manager of Washington Veneer Company. (See *Plywood in Retrospect No. 11.*)

Simpson acquired M & M’s valuable “RED DIAMOND” logo. And the stylized red SIMPSON logo was combined with it to identify plywood, lumber and doors.

Harold Johns moved from Shelton to be plywood and door sales manager in Portland, with 9 regional sales offices across the country. Bill McConnell from M & M, and Bob Fletcher, who transferred from Simpson’s Dallas Office to Portland, joined Johns.

The monthly production capacity of the 8 plywood mills in the enlarged organization was 32-million sq. ft. (3/8” basis). The 2 Simpson door plants in McCleary and Portland could produce 160,000 doors monthly.

In all, the M & M acquisition brought some 1,300 more employees to Simpson, increasing the company’s employment by almost one-third, to about 6,000 persons.

Even though Simpson soon sold its interest in the former M & M “Plylock Mill” back to Portland Mfg. Company (See *Plywood in Retrospect No. 1*), it had briefly owned the “grandfather” numbers 1 and 4 plywood mills in the West – i.e., the Plylock and McCleary Plywood Mills.

Simpson Timber Company is Formed!

In November 1960, Simpson Logging and Simpson Redwood Companies were consolidated into the Simpson Timber Company, headquartered in Seattle. With this move, Bill Reed deemed Simpson’s Pacific Coast expansion essentially complete. However, Reed was just getting started.

Simpson Lee Paper Company Merger

Bill Reed had continued his father’s interest in the pulp business, and had made Simpson a small stockholder in Rayonier Pulp and Paper Company in



Shelton waterfront included Olympic Plywood Mill; Insulating Board Plant; Reed Mill One and Reed Mill Two; also Rayonier, Inc. pulp mill in which Simpson was a stockholder. Year 1950.



*Redwood Logging Operations
Left to right: Starr Reed, Formerly M & M Wood Working Company; later became Simpson's Vice President – Resources; Ed Griffith, logging boss; and Hank Trobits, Simpson's chief redwood forester.*



Everett Pulp & Paper Company acquired by Simpson in 1951 – its first paper mill.

Shelton. He became a Rayonier Board Member, and in that capacity met Maxwell D. Bardeen, president of Lee Paper Company, a small specialty paper company based in Vicksburg, Michigan. Eventually, in 1959, Reed and Bardeen merged the Everett Pulp & Paper Company and Lee Paper Company into Simpson Lee Paper Company. Simpson controlled 60 percent of the stock, and the former Lee shareholders, 40 percent.

Since Simpson had begun amassing its California land base, it had been exploring ways to pulp redwood. This was part of the company's long-range strategy to develop a full utilization, sustained yield program for its lands in Del Norte and Humboldt Counties. So it initiated redwood-pulping research at laboratories, including the Forest Products Laboratory (FPL) at Madison, Wisconsin.

Thus, Simpson became committed to redwood pulping. And, even before all the problems were resolved, the company began a site study for a pulp mill in proximity to Simpson's redwood operations, and to a dependable water supply. The site was narrowed to the Samoa Peninsula, near Arcata, California. And Simpson Lee started a search for a partner to share in the cost, and, to bring the technical expertise on design, construction and operation of a pulp mill. In 1964, Simpson Lee found its partner in Crown Zellerbach, and the Crown Simpson Pulp Company was formed.

The Simpson Research Center

It was during those pulping studies at Madison that Simpson became involved with Robert J. Seidl, assistant chief of the FPL's Pulp and Paper Division. In 1957, Seidl was hired as Simpson's director of research. The company had done product research since 1947, when a small laboratory was set up to assist the Insulating Board Plant in developing products for wood fiber ceiling tiles.

Seidl was directed to spend his first year visiting the company's 21 plants – sawmills, plywood mills, door and insulating board plants – gathering feedback on the kind of research support they needed.

Then, in 1961, Simpson Timber Company opened its new 22,000 sq. ft. Research Center in Redmond, near Seattle. It was built with Douglas fir structural panels and decorative plywoods. Seidl's concern was how to adapt scientific research to basically a commodity lumber and plywood company, with only the ceiling tile and wood door proprietary product lines. Ultimately, the Redmond facility's research was focused on products and processes – wood bonding, coatings, finishes, treatments, overlays, rigid boards, doors and technical services.

Advances were made in specialty overlay panel technology using a resin-impregnated paper overlay sheet that improved the surfaces of plywood, particleboard and other products.

Shelton Modernization

In 1962, Bill Reed named C. Henry Bacon Jr. to succeed Tom Glead as president of Simpson Timber Company. Bacon had served the company since 1945 in many roles, including vice president of operations and vice president and general manager of Simpson Logging Company.

In the early 1960s, Reed and Bacon began a \$21 million modernization of Simpson's Shelton facilities, including conversion of lumber products from green cargo to dry lumber. This would enable Simpson to ship economically overland to most U.S. markets. Gilbert L. Oswald, vice president of manufacturing, and Byrne T. Manson, director of engineering, supervised the project.

In 1964, all improvements were complete, including 15 acres of waterfront fill, 6 dry kilns, and an 800-ft. by 100-ft. dry lumber shed and planing mill.



DFPA took low-cost plywood retirement housing to President Dwight D. Eisenhower. Shown with Eisenhower are Hank Bacon, DFPA President (Simpson director of operations) and W. E. Difford, DFPA executive vice president.



C. Henry "Hank" Bacon, Jr. succeeded Tom Glead as president of Simpson Timber Company from 1962 - 1970; and Director from 1962 - 1979.



Robert J. Seidl was hired as the company's director of research in 1957. Later he was vice president of pulp for Simpson Timber Company, and president of Simpson Paper Company from 1974 - 1979, Director from 1975 - 1996.

In addition, the Shelton Central Veneer Plant was built. It would peel and dry veneer for the plywood mills at Shelton and McCleary, and the Capital Mill in Olympia. The veneer plant helped consolidate the Washington plywood operations. Later, Simpson closed its obsolete Shelton Plywood Mill; and in 1967, it closed Capital Plywood and moved its operation into McCleary Plywood. (In 1985, all of the Washington plywood operations were combined into Olympic Plywood in Shelton.)

Simpson's Specialty Plywood Products Niche

In the decade of the 1960s, a number of factors came together to shape Simpson's niche in the plywood/panel products business, i.e., as a leading specialty product producer.

Those factors included the M & M purchase, with its Albany Plywood Mill making marine-grade scarf-jointed panels up to 24 feet long during World War II for military use (including PT boat construction). And its Plylock Mill, which made 8-ft. x 12-ft. panels (without scarf joints) for General Motors bus floors.

Also, this purchase included a glue and resin plant, and the high-volume redwood plywood mill at Eureka.

And, Hal McClary, an experienced plywood man, came from Washington Veneer Company to Simpson in 1955, just before the M & M purchase. Under his direction, Simpson had been a pioneer producer of "high density" overlay plywood for the military, using "Kimpreg" resin impregnated papers produced by Kimberly-Clark. Later, Simpson began making "medium density" overlay using Crown Zellerbach's "Crezon" papers.

(The terms "high density" and "medium density" refer to the amount of phenolic resin impregnated into the paper fiber.)

Bob Seidl too, had experience with overlay panel products while at the FPL. And work at the Simpson Research Center led to the conversion of the glue

and resin plant to production of high density overlay paper, in competition with "Kimpreg". Later, Simpson began making medium density paper, competing with "Crezon". Eventually, "Kimpreg" production ceased; and Crown sold its "Crezon" line to Simpson.

Medium density overlay panels are used for siding on houses and other buildings (providing an improved paint surface); also for cabinets, signs and other uses. High density overlays, under the Simpson names of "Form Guard" and "Multipour", are used for multiple-use concrete forming; and Simpson "Guardian" for highway signs. Simpson "Skidguard" and "Tuf-Tred" are made for walkways, deck and dock surfacing.

Simpson also made many other paneling, siding and specialty plywood in rough sawn and smooth patterns, and with grain printed surfaces.

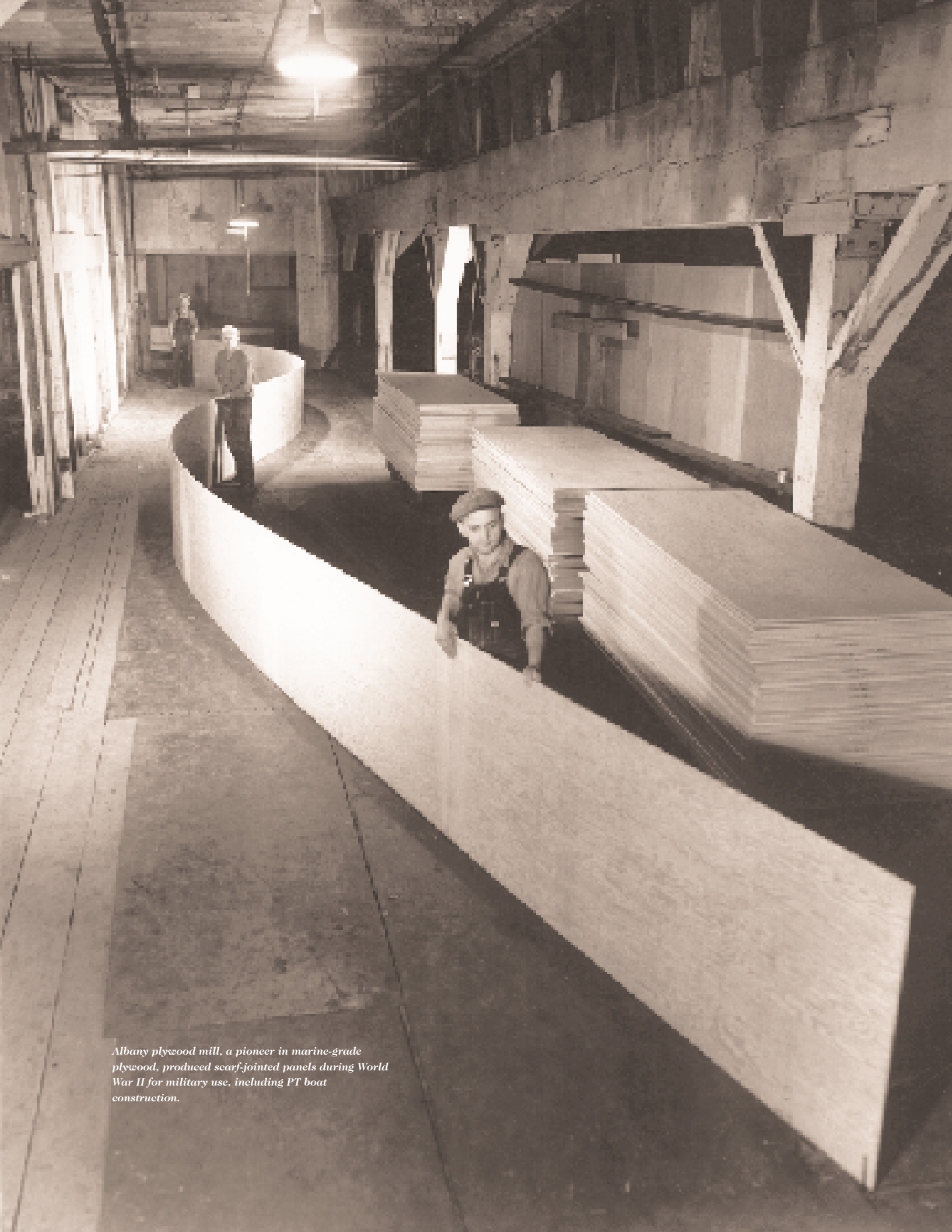
Grooming the Next Generation of Leadership

The early 1960s saw the introduction of Wm. Garrard Reed, Jr. and Furman C. Moseley to Simpson. "Gary" Reed was Bill and Eleanor Reed's only son. In 1958, Furman Moseley married Susan Henry Reed, the eldest of the three Reed children. Mary Irene Simpson Reed is the third sibling.

Both Gary Reed and Furman Moseley were to have strong, interactive leadership roles into the 1990s.

Simpson Broadens Its Horizons

During the 1960s and early 1970s, Simpson really broadened its geographic and product horizons. First, in 1963, Bill Reed bought a minority interest in a Chilean lumber manufacturing company, Bosques E Industrias Madereras, S.A. (BIMA), which owned a large stand of alerce, a member of the cedar family, and somewhat akin to the California redwood. Simpson felt comfortable that its experience in redwood logging and manufacturing practices would stand it in good stead in Chile.



Albany plywood mill, a pioneer in marine-grade plywood, produced scarf-jointed panels during World War II for military use, including PT boat construction.

One of Furman Moseley's first assignments, after his training period of about two years, was to represent Simpson on BIMA's Board of Directors. Then, in 1962, he joined the Simpson team in Puerto Montt, some 700 miles south of Santiago. Its assignment was to cut timber and saw lumber for markets being developed in Portugal, Spain, and Italy and, to some extent, in Northern Europe. In time Simpson increased its holdings in BIMA.

Unfortunately, problems with the remoteness, government "red tape", and timber quality and quantity doomed the venture after only 7 years – just before Marxist Salvador Allende was elected president.

Allende set in motion plans to nationalize private industries. BIMA was taken over by an agency of the Chilean Government. However, the government would not allow Simpson to transfer its remaining funds out of Chile.

After exploring alternatives, Simpson chose to invest its Chilean money in a Chilean pulp and paper company, Compañía Manufacturera de Papeles y Cartones S.A. (CMPC), before exiting the country.

Simpson bought CMPC stock to help that company resist efforts to nationalize; and by 1980 the value of this stock had increased enough to completely offset the entire BIMA venture.

Then in 1987, Simpson Paper Company and CMPC began planning the construction of a large export pulp mill at Mininco, about 400 miles south of Santiago, Chile. The resulting Pacifico Mill was a big venture, and it resulted in one of the most modern and efficient mills in the world. So Simpson's investment south of the border turned out very well!

From Chile to the south, Bill Reed's attention redirected to the north – to Canada. In 1965 Simpson formed a subsidiary, Simpson Timber Co. (Saskatchewan), Ltd.

The company entered into a license agreement with the Saskatchewan government for the harvest of all uncommitted timber in a 6,000 sq. mi. timbered

area, located about 200 miles north of the town of Hudson Bay, population 2,000.

This was followed in 1973 by a successful Simpson bid for a long-term timber harvest agreement in the Canadian Province of Alberta, covering 1.1 million acres of spruce-pine-fir in the Whitecourt Forest. The pact included a Simpson Timber Co. (Alberta) Ltd. commitment to build a sawmill near the town of Whitecourt, population 3,600, about 110 miles northwest of Edmonton. Simpson was required to later construct either a pulp mill or a particleboard plant.

These expansion strategies led Bill Reed to quip, "Although Simpson may not have been the biggest timber company in the world, we certainly were the longest – from Puerto Montt to Hudson Bay!"

Simpson closed its Hudson Bay sawmill in June 1990 due to lack of available timber, after 25 years of steady operation.

In 1981, Simpson Timber Co. (Alberta) Ltd. was sold to Alberta Energy Company Ltd., when Simpson decided not to proceed with the second phase of the project, i.e. the pulp mill.

These diversions into Chile and Canada, although well intentioned, ultimately consumed attention and financial resources from timber acquisitions in the U.S. And during the decades of the 1960s and 1970s, the cost of stumpage in the U.S. South rose so high that Simpson did not invest there.

Strengthening the California Operations

By the mid 1960s, Simpson had successfully completed a decade operating in Humboldt and Del Norte Counties, with about 1,700 employees – the single largest wood products company in the Golden State!

Plywood operations included the Eureka mill, producing more redwood plywood than any other mill in the industry, and a new Douglas fir green veneer mill at Klamath in Del Norte County.

In 1965, Simpson began to strengthen its California position. Simpson Redwood Company acquired 35,000 acres of Northern California timberlands and a plywood mill on the Mad River at Arcata. It also gained cutting rights to more than 100 million bd. ft. of old-growth timber, mostly Douglas fir adjoining Simpson timberlands.

Simpson was “timber rich but cash poor” in 1965, so Bill Reed directed Hank Bacon to sell most of the Oregon assets acquired from M & M Wood Working. Fortunately, Simpson and U.S. Plywood Corporation got together and completed buy and sell agreements. (U.S. Plywood wanted to expand in Oregon, and scale back in California.)

Bacon negotiated the sale of the 30,000-acre Avery Timber Tract and the Lyons Plywood and Idanha Veneer Mills to U.S. Plywood for \$16.5 million and 3,400 acres of second-growth redwood in Northern California. Simpson booked an \$8 million gain and increased its California timberland holdings to more than 248,000 acres! (Simpson kept its Albany Plywood Mill, and it produced continuously until lack of available timber forced its closure in 1989.)

Finally, Simpson purchased U.S. Plywood’s Mutual Plywood Mill at Fairhaven, California for \$1 million and an option to buy about 40 million bd. ft. of stumpage. Simpson modified Mutual Plywood to produce redwood siding; changed its name to Fairhaven Plywood; and closed the obsolete Eureka Plywood Mill. With its Mad River and Fairhaven mills, Simpson became the largest plywood producer in California – annual production of 235 million sq. ft. (3/8” basis) of Douglas fir, redwood and overlaid panels. (*Simpson Diamond*, November, 1968)

These two plywood mills were operated until 1979 and 1981, respectively. This was about when Simpson began the transition to second-growth timber in both California and Washington, requiring adaptation to small-log lumber processing. Old-growth sawmills were also closed. And in 1985, McCleary Plywood was consolidated into Shelton’s Olympic Plywood.

In 1970, Gil Oswald succeeded Hank Bacon as president of Simpson Timber Company. Oswald’s objective was to maximize the return from company timber. He concentrated on the productivity of the building products operations, which accounted for about 78% of company sales. (Pulp and paper and extruded plastic pipe made up the other 22 %.)

The Fourth Simpson-Reed Generation

In 1971, W.G. “Bill” Reed stepped down as chairman of the board of Simpson Timber Company, after 40 years of Simpson leadership. He had taken the company into plywood, doors, pulp and paper, chemicals and plastics. And he had expanded its horizons to California, Chile and Canada.

He was succeeded by Vice Chairman Wm. G. Reed, Jr. as Simpson Timber Company Board Chairman. Other top management included C. Henry Bacon, vice chairman; Gilbert L. Oswald, president; Furman C. Moseley, executive vice president; and Robert B. Hutchinson, vice president of finance, and secretary.

Furman Moseley, having returned in 1969 to Seattle from Chile, had joined the board of the struggling Simpson Lee Paper Company. He fought to keep the company in the pulp and paper business, and in 1971 was named its chairman and president.

Simpson Paper Company On A Roll!

Simpson Lee Paper Company and its successor, Simpson Paper Company (1977), began its period of intense activity in 1972. Then, the company chose to shut down its old Everett Pulp & Paper Mill, rather than to make needed, but costly, improvements.

This left the company with a small text and cover paper mill at Vicksburg, Michigan; half interest in the Crown Simpson Pulp Mill at Fairhaven, California; and a single-machine paper mill at Ripon, California, that was operating at a loss.

Gary Reed and Furman Moseley had made the decision in 1971 to stay in the paper business and pursue other acquisitions. In 1972, Simpson purchased the Kimberly-Clark Pulp and Paper Mill in Anderson, California, near Redding. It was renamed the “Shasta Mill”, and the best paper machine from the Everett Mill was installed there, adding 50,000 tons per year capacity.

Bob Seidl, then vice president of pulp for Simpson Timber Company, was named vice president of western paper manufacturing. Shasta emerged as the paper company’s “Flagship Mill”, and Simpson was on the way to becoming a presence in the fine paper business.

Later, by the time of Simpson’s Centennial Celebration in 1990, under the leadership of Furman Moseley and presidents Bob Seidl and John Fannon (who joined Simpson in 1973 from Champion International), and many others, Simpson Paper Company accounted for about 67 percent of Simpson’s total sales!

The Paper Company operated 10 pulp and/or paper mills and 5 electrical cogeneration plants. The latter produced and sold enough energy to supply 125,000 homes!

Plastics – An Unlikely Business for a Timber Company!

Bill Reed had taken the Simpson Timber Company into plastics in 1967, with the purchase of Gil-Wel Manufacturing Company, Eugene, Oregon. It extruded thermoplastic pipe, used for agricultural irrigation; potable water; sewer; and electrical conduit applications.

Reed believed plastics offered Simpson a way to diversify into a new product that, along with aluminum and steel, had been taking markets away from wood. (Also, Simpson had earlier acquired a wood tank and pipe operation in the purchase of M & M Wood Working Company.)

Under the direction of its president, Jim Rash, Simpson’s Pacific Western Extruded Plastics Company grew into a major western producer of polyvinyl chloride (PVC) pipe. This company contributed about 10 percent of Simpson’s sales by 1990.

Simpson Investment Company

In 1985, the corporate name of Simpson Timber Company was changed to Simpson Investment Company (SIC), which became the holding company for Simpson Timber, Simpson Paper and Pacific Western Extruded Plastics Companies. SIC was also the name of the family holding company back in 1906, when Sol Simpson passed away!

The Fifth Simpson-Reed Generation

As this monograph is written, in the last year of the 20th Century, Simpson has new family leadership. This makes it one of the oldest companies in America still owned and managed by the same family.

Furman Mosely retired as chairman of Simpson Paper and president of Simpson Investment Company at year-end 1995, following a 35-year Simpson career.

And Gary Reed retired in 1996 as chairman of the board of Simpson Investment Company (SIC). He first joined Simpson Timber Company in 1963.

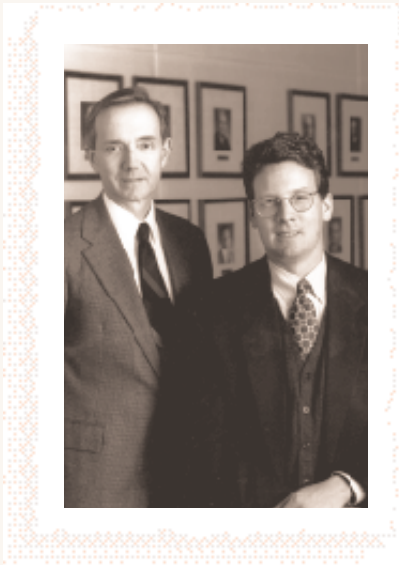
Furman’s eldest son, Colin Moseley, succeeded Gary Reed in 1996 as Simpson Investment Company Chairman. Moseley joined the Company in 1988, and was assigned to Chilean operations. He was elected to the board of Simpson Paper Company in 1990, and was appointed its president in 1993.

Colin Mosely is the fifth generation of direct Simpson lineage to be chairman of Simpson business operations.

Ray Tennison, in July 1997, was named president of Simpson Investment Company, overseeing both timber and paper operations. He had left Boise Cascade in 1989 to join Simpson’s Tacoma Kraft Pulp and Paper Mill as general manager.



(right) Simpson Investment Company Chairman Gary Reed and (left) President Furman Moseley



Passing the corporate baton from the fourth to fifth generations in 1996 are outgoing Simpson Investment Company Chairman Wm. G. "Gary" Reed, Jr. (left) and Colin Moseley (right), the incoming chairman.



Ray Tennison, Simpson Investment Company President from 1997 to date. Formerly he was vice president, then president of Simpson Paper Company from 1992 to 1997. Ray began his Simpson career in 1989 as operations manager of Simpson Tacoma Kraft Company.

The positions of Timber and Paper Company presidents were eliminated in favor of one Investment Company president for all Simpson operations.

Change, Change, Change —

The old adage that “nothing is so permanent as change”, holds true at Simpson as well.

Simpson Timber Company is still producing plywood at the Olympic Plywood Mill in Shelton – general manager Ben Horn is a 26-year veteran. Olympic makes specialty overlay plywood products such as concrete forming high density and medium density panels; sign grade medium density panels; skid-resistant and truck flooring panels; and decorative marine overlays.

And the Oregon Overlays Division, managed by Ted Jones, is still making overlay paper in Portland for Olympic Plywood, and for sale to other customers.

The Simpson focus always has been on its forest resources, and that’s been reaffirmed in restructuring decisions over the last five years. The company owns and manages 868,000 acres of timberlands and wood processing operations in California, Oregon and Washington. However, the 1990s have been a decade of change – not only in personnel, but in Simpson products as well.

As this decade began, Simpson was in the grip of a prolonged downturn in the pulp and paper business – repeating the cyclical nature of Simpson’s financial performance over the years.

As a result, it became impossible to make needed capital investments in Simpson businesses; so restructuring was inevitable. After considerable study, it was decided to focus on a narrower group of Simpson’s core businesses; i.e. forestry and wood products; the integral Tacoma Kraft Pulp and Paper Mill; and fast-growth forests in Latin America.

In 1995, Simpson Investment Company sold its extruded plastic pipe business to Mitsubishi Chemical Co. Also, it has sold its text and cover paper business and 5 mills; and in early 1999, has completed sale of its 3 coated and specialty paper mills. Only Tacoma Kraft and Oregon Overlay remain from its paper business that began in the mid 1920s with an investment in the Rainier Pulp and Paper Mill in Shelton.

It will be extremely interesting to follow the progress of this versatile and resourceful private company in the next millennium.

As this Monograph is printed, Simpson is moving ahead to enhance its forestry and wood products businesses. Nearly 100,000 acres of redwood and Douglas-fir timberland have been added in Northern California. And in early 1999, Simpson Timber Co. announced plans to replace its old Douglas-fir sawmill adjacent to the Tacoma Kraft pulp and paper mill with a computerized, state-of-the-art fir and hemlock sawmill – to begin production in 2001.



*General Manager Ben Horn,
Simpson Olympic Plywood, 1999*

*Inside back cover photo:
More of inside front cover
photo of Oakland Bay,
1950, showing extensive log
storage for infeed to
manufacturing facilities.
Full photo on page 13.*





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