

## Out of the ashes

### Woodcastle Furniture rebuilds, reinvests and thrives

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ALBANY, Ore. — Sometimes it takes a fire to create a spark necessary to move your business to the next chapter.

That's what happened with solid wood case goods manufacturer Woodcastle Furniture in 1996, when its factory here burned down to the ground.

Such a disaster might cause some companies to call it quits, or simply start something new. Indeed, Woodcastle could have taken insurance proceeds and turned this into another business.

"But then what would happen to our employees and customers?" said owner Ron Loe.

Instead, Woodcastle decided not only to rebuild from the ashes but also to invest in new equipment when many U.S. wood furniture factories were not investing, a factor many industry observers

say led to the demise of domestic case goods manufacturers as they competed against lower-priced Asian imports.

Ultimately, Woodcastle spent about \$2 million in new buildings and equipment.

"It took a full two years to get fully operational again and cost another \$1 million in operating costs to become fully operational," Loe noted.

Today, the company remains in business after 40 years, employing about 60 workers who help run a 55,000-square-foot plant in Albany, Ore., the site of the previous facility destroyed in the 1996 fire. Employment is slightly less than its peak employment in 2007, a factor that Loe attributes to increased efforts in productivity.

#### Solid story

The business started out of a garage in 1978. The initial



The Montano bedroom is part of a line of solid wood furniture produced at Woodcastle Furniture's plant in Albany, Ore.

line included unfinished solid oak bookcases and then grew to include solid wood bedroom furniture. Forty years later, the line also includes occasional furniture.

Featuring a mix of transitional and contemporary looks that the company calls a Northwest casual design, the product is made with wood species that are mostly grown in a 30-mile radius of the plant, including Oregon maple, Oregon ash, Oregon white oak, western ash and broadleaf maple.

In addition to producing furniture for the residential market, the company also produces for the hospitality market — in-

cluding hotels and resorts — although the vast majority of its business is done through traditional furniture retail channels, said Lorenz Bilbo, senior project manager.

King-size beds typically retail around \$1,499 to \$1,599, while queen-size beds are roughly \$200 less, he said, adding that the facility does its own finishing and also has its own lumber mill, which generates as much as 75% of its wood supply.

The plant produces about 400 pieces a week, ranging from beds and dressers to occasional tables.

#### Roots in woodworking

Loe said his family actually traces its furniture making history to the year 954 in Norway, where the family made wood furniture and boats. According to Loe, the family emigrated to the U.S. in 1880. They stayed true to their woodworking roots, building cabinets in Minnesota and South Dakota. Some family members also were farmers, Loe noted.

Even before the plant burned in 1996, imports were becoming a catalyst, something that Loe describes as "like a nuclear bomb in our industry."

"Nobody was retooling their plants," he said of most furniture plants in the U.S. at the time. "What we should have done was retool, but everyone was just trying to survive. And imports collapsed our industry."

While many shifted to imports to survive, that wasn't the plan at Woodcastle.

"We didn't really consider imports," Loe said. "We were a small family company, and we saw other companies importing but didn't see that as a good fit for our family-owned company."

The company doesn't show at any major markets, even on the West Coast. Some 35 years ago, it showed in San Francisco and at a regional show in Reno,

Nev., but decided to focus on a handful of core customers in the U.S. and Canada that it has done business with for years.

#### Laser focus

Today, Loe believes that staying focused on its core base of customers and its niche of quality solid wood furniture are among the reasons for Woodcastle's success.

"A family-owned business can focus on its relationships, and we have been lucky to have some great relationships with some great customers," he said, noting that as a family-owned business, it can focus on the long-term vs. just the next quarter.

"We can look at the next 10 years," he said, "and having a passion for producing a high-quality product," noting that his company has a green story by "building furniture that will last 100 years. It's not going to go into a landfill in three years. The trend is that there has been more demand for longer lasting quality product and more awareness among American consumers."

The company is certainly open to doing more business at retail. However, Loe said, that has to be under the right conditions, mirroring the emphasis it places on relationships built over time.

"We have a great relationship with a few (retailers)," he said. "We have to like them and they have to like us. We have to have that tight relationship before we can do business with someone."

With this — and its model of producing furniture that can last generations — he believes the company can prosper well into the future.

"Government regulation and global competition has eliminated most of our U.S. furniture industry," he said. "Niche markets with a laser focus on quality and customer service can still grow and prosper." ■

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