

# BY DIVERSIFYING, HARDWOOD COMPANY THRIVES



*Kepley-Frank has made it a point to have air conditioning in every piece of rolling stock. "When our operators are comfortable, they are more productive and happier," says Jim Kepley. "I want our people to feel they have a pleasant place to work."*

**W**hat Italy, France, and New York are to fashion, North Carolina is to furniture. About two-thirds of all furniture made in America is manufactured there. And twice a year, the High Point International Home Furnishings Market, held in High Point, North Carolina, attracts retailers and manufacturers from all 50 states as well as over 100 countries.

Of course, it wasn't always that way. The 1890 U.S. Census reported only six furniture plants employing just 182 people. But North Carolina's vast hardwood forests, abundant water supply for both power and transportation, and her entrepreneurial craftsmen and capitalists turned North Carolina into the international capital of the furniture/home furnishings industry.

Although North Carolina still has the status, her support structure is vulnerable. The manufacturing end has taken a huge hit as many furniture companies have moved production overseas to cut costs. The result has been a loss of 43,000 jobs in the state over the past 20 years. Equally alarming, many family-owned furniture stores across the nation have gone out of business due to the down economy, reducing the number of wholesale orders. And according to Jim Kepley, president of Kepley-Frank Hardwood Company, Lexington, North Carolina, North American hardwood production has shrunk by 75 percent over the last five years, putting an even tighter squeeze on everyone who's left.

## DRAWING THE LINE

As a major supplier of quality hardwood since 1959, Kepley-Frank had a number of sawmills. When Jim's uncle retired, bit by bit, Kepley closed the satellite mills, keeping things closer to home in order to save money. Fortunately, Lexington Furniture, a major furniture manufacturer in the state, had a kiln dryer in their local factory that Kepley rented, thus ensuring a commercial-

grade product, without the expense of buying his own.

In 2005, Lexington Furniture, like a lot of other furniture manufacturers, decided to take their production overseas; the Lexington factory would have to close. They approached Kepley about the possibility of buying the plant. Kepley at least would have the kilns and could lease the rest of the building.

At the same time, another Lexington resident, Bob Timberlake, was horrified at the thought of the furniture company moving things overseas. An internationally recognized painter and designer who calls Lexington his home, Timberlake had his signature furniture line with the company since 1990. There was no way he was going to let his line be produced offshore.

So Timberlake, Kepley, and Lexington came to an agreement. Kepley would buy the plant and Timberlake's line would be manufactured there, starting in March of 2006. All of a sudden, a simple supplier of hardwood became a world-class furniture manufacturer. The factory was renamed Linwood Furniture.

"We got cranked up with Lexington, then we did some contract manufacturing for Drexel and Thomasville," says Kepley. "Currently we're engaged with Century and Cochrane," adds Bart Jenkins, General Manager. "While we were doing all these other lines for cash flow and survival, we were developing our own groups of furniture. We're up to about 10 groups now."

"It's amazing to think that we started in 2006 from scratch and today we have 10 groups we sell retail," continues Kepley. "And what's even more amazing is that our furniture operation commands less than one percent of our overall hardwood production. It's the kilns that ties us together. We take certain grades of lumber from here, take it over to the kiln and dry it out, then bring it back here and package it up into containers to go all over the world."



**Jim Kepley, president of Kepley-Frank Hardwood Company.**



**Bart Jenkins, General Manager and Robert "Catfish" Kepley, Maintenance Manager, Kepley-Frank Hardwood Co.**



**The Linwood Furniture Factory produces Lexington's World of Bob Timberlake Collection, as well as products for other well-known furniture manufacturers. They also design and manufacture their own lines.**

**“If I were to grade the Kawasaki loaders, I'd say they're a 10.”**

**— Robert "Catfish" Kepley, Maintenance Manager**

## SURVIVING TOUGH TIMES

A lot of hardwood companies haven't made it. They sold their inventory at really low prices just to survive, and then folded. "We have survived so far through diversification and good people," says Kepley. "Especially the people. They all respect that Kepley-Frank is still here, they still have their jobs, and everyone has sacrificed. Everyone's done a great job of focusing on cost, and taking care of the equipment."

"With so many competitors gone, it has helped our prices," says Robert "Catfish" Kepley, Maintenance Manager. "But we also sell to a lot of different kinds of businesses. Our hardwood goes to flooring, pallets, mulch, and fuel wood. We also make playground materials, sawdust, shavings, and even soil. So we use every part of the tree. There's no waste."

## DIVERSE EQUIPMENT, ONE ENGINE MANUFACTURER

Looking over the Kepley-Frank rolling fleet, one sees Kawasaki wheel loaders, Taylor forklifts, and Barco knuckleboom loaders.

*One of the company's maintenance secrets is Schaeffer's 238 #2 Ultra Supreme Grease. "I could take a cylinder out right now and there would be very little wear on a pin or bushing," says "Catfish" Kepley. "It doesn't bleed."*

Despite the different brand names, they all have one thing in common — Cummins engines. And that's not by accident. In fact, it was no small feat to accomplish. But the end result, they feel, is worth it. "It saves a tremendous amount of money," says Jim. "Maintenance became simple."

"Since we have Cummins engines in all our equipment, I don't have to keep a bunch of different parts on the shelf," adds Catfish. "Regular maintenance is important. We try to service everything every 300 hours."

## PILING UP THE YARD WORK

With all the various products Kepley-Frank sells, their three Kawasaki wheel loaders are put through their paces. Their 65 loads all bulk and feeds the grinder. Their 70 loads the mill, handling between 80,000 to 90,000 feet of logs a day. The 80 piles logs and helps the 70 if things stack up too much. Hours on the machines range from 14,000 on the 65 to over 24,000 on the 80 — very high hours for non-mining application machines.

Despite the dusty environment, Catfish says he's never had to touch the transmission on his Kawasaki loaders. "Last year, we did rebuild the engine on the 80 at 23,000 hours. We just pulled it out, cleaned it up, and put in new rings. But the most wear we could find on the crankshaft bearings was 4/1000th. That's nothing. The bearings, the crankshaft

— perfect. As far as the pins and bushings go, the 80 is just about as tight as the day it was delivered here. It's hard to believe they've all held up that well.

"Our biggest challenge is the dust. We've spent a lot of money over the years keeping it graded, so we've got a fairly flat area. A lot of that has to do with the operators too. We've had some great operators. Those machines have worked 10-12 hours a day, five days a week. Actually six days a week.

"That 65 really gets a workout in the mulch. And it gets deep and wet. We've got a customer that comes in and loads two 45-ft. walking trailers with rough mulch right off of the grinder. Sometimes three loads. That's a lot of mulch to load when he's also out there just handling the grinding."

"We're really happy with the hydraulics on the Kawasakis," adds Jim. "All still have the original hoses."

***"If I were to grade the Kawasaki loaders, I'd say they're a 10,"*** summarizes Catfish.

"I've worked around other machines, and the Kawasaki has performed really well for us. We've had Caterpillar, we've had Case and John Deere, but as far as the operators are concerned, and from a maintenance standpoint, Kawasaki has been the best fit. They are well built and well designed."

***Kepley-Frank Hardwood Company, Inc. is serviced by Stafford Equipment, Charlotte, North Carolina.***

