



ACROWOOD
CORPORATION



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Acrowood has been engineering and manufacturing heavy equipment for the forest products industry since 1892, when the Pacific Northwest's logging industry was at its height. Backed by more than a century of experience, the Everett, Washington-based company specializes in large and high capacity machines to create, screen and clean wood chips, sawdust, and shavings.



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Written by Claire Suttles

Acrowood's clients are located around the world and operate in the pulp and paper, panel board, sawmilling, and wood pellet industries.

Products

Acrowood manufactures products for debarking, chipping, and screening, in addition to an assortment of specialty products that include a chip slicer, chip cracker, air density separator, star feeders, and screw distributors. Whatever the specific product,



quality is always a defining factor. "We deliver high value solutions to our customers," says Dr. Shawn Javid, Vice President of Sales and Marketing. "We constantly have to stay on our game to deliver the highest quality and highest return on investment for our customers."

The team can easily demonstrate how their specially engineered products will benefit a customer's bottom line. "We help our customers actually calculate the return on their investment for purchasing our products. And it is actually quite quick."

"Two-thirds of the top producing pulp mills by volume use Acrowood products and one half of all chemical pulp mills in North American are customers."

Ensuring that customers get the best return on their investment means that products must be carefully designed to best meet customer needs. "We really work hard to drive value for our customers," Mr. Javid states. For instance, "we are sure that we size our products appropriately. We have seen companies that will undersize their products so that they are the cheapest to be purchased – but then they can't meet the capacity their customers need." The company also avoids oversizing products, which can cost the customer too much upfront. "We are truthfully and accurately sizing our products for their current and future needs."

Perhaps most importantly, all of the company's machines are specially engineered to save precious natural resources, giving customers a crucial edge – and creating a more sustainable solution. For example, Acrowood's rotary debarkers can be finely tuned to fit the needs of a particular tree species and climate in order to minimize white wood



loss when removing the bark. All of the company's wood chippers are designed to create the highest quality chips, allowing customers to make the most of their excess wood. "There is really a science to woodchips," Mr. Javid explains. "It is really a specialty of the company."

Acrowood's market-leading chip crackers also ensure that wood does not go to waste. "Rather than trying to cut up the chips and make them smaller – which actually damages them and loses raw material – our chip crackers will basically transform the nature of the chip such that large chips can go into the digesters as if they were smaller, so you save raw materials. That is another example of [getting a] return on investment." In addition, Acrowood's unique veneer chipper transforms waste wood from floor and furniture production into high quality chips that can be sold or used for multiple purposes. "That is another market-leading product."

The company's DiamondRoll screens are yet another leading edge product that maximizes natural resources. These screens "allow our customers to filter their incoming chips to those that are the right size so that when they go into a digester to create pulp they can minimize the chemicals they use in the making of pulp," Mr. Javid explains. "So they are getting a higher yield of pulp from the raw materials coming in."

Increased yield leads to immediate savings. "By thinking about the raw materials and using Acrowood's equipment, [customers] literally save millions of dollars versus other approaches at a standard pulp mill. That return is very, very significant. As a result, Acrowood equipment is used in the majority of all chemical pulp being produced in North America, where two-thirds of the top producing pulp mills by volume



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The longevity of Acrowood products also creates savings. "We have products that have been running since the 1950s," Mr. Javid reports. "This is heavy duty machinery that just runs and runs when properly maintained. We really engineer and manufacture for quality and longevity." If anything does go awry, the company boasts a dedicated service team that can "help our customers through anything. If the equipment is down we really scramble to help our customers get up and running as quickly as possible. Many of them run 24/7 so [we understand that] the loss of revenue is huge if they go down." The company's service personnel boast extensive experience and expertise with Acrowood's suite of products, as well as with the industry as a whole. "Our service team knows our products inside and out. And, they often know our customers' processes inside and out. We are standing by to assist."

The Industry

As the forestry industry evolves, it has been essential for Acrowood's products to evolve along with it. With globalization and an increase in environmental awareness, the size and species of lumber being processed has changed, and companies like Acrowood must keep up with these changes. "For example, the trees being harvested are getting smaller and smaller, so the equipment needs to maximize what they can get from that material."

Businesses that don't specially engineer their products to accommodate these changes simply can't keep up. "Companies are buying out our competitors that have not been innovating and advancing their products," Mr. Javid reports. "It is ►►

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► difficult for them to stand alone. Our largest competitor is now part of a large conglomerate which doesn't seem to be innovating." This consolidation is also a natural byproduct of globalization, Mr. Javid adds. "It is a global marketplace unlike our industry has ever seen."

"The company supplies equipment to pulp and paper mills located across six continents."

Asia has become the most notable new player. "There are massive forests and inexpensive labor and, in some cases, a lack of environmental laws that are allowing that area of the global market to grow dramatically." Companies that traditionally only competed within the North American market are suddenly finding themselves pitted against Asian businesses with lower overhead costs and fewer legal restrictions. Many of these North American companies simply cannot keep up during down cycles. "You have to be able to operate globally."

Acrowood has been able to successfully compete globally by creating specially engineered, high quality products that create



value for customers. As a result, the company supplies equipment to pulp and paper mills located across six continents. "2014 was a record year for the company and 2015 has already surpassed the prior year," Mr. Javid reports. "Our ability to sell globally and drive higher return for our customers is the secret behind this growth. Continuing the innovation and advancement of our products is driving our fiscal health."

Looking ahead, Mr. Javid predicts that environmental concerns will play a major, ongoing role in the future of the forestry industry – and will also affect the engineering of Acrowood's future products. "The materials that are used to drive those products are going from what was originally old growth, unmanaged forests to managed plantations. This industry is becoming more systematic, which is a good thing for the industry and for the environment."

Another significant factor affecting the industry is that the workforce is aging. Forestry companies are working hard to recruit young workers, but these young employees are largely inexperienced. "This is when the expertise and longevity of our company is critical to our customers," Mr. Javid points out. "We are able to help them understand their own technical processes, particularly as we can 'see the forest through the trees.'"

Of course, Acrowood must deal with its own aging workforce as well, and the team is actively recruiting young talent. "We are looking for young workers to come into our organization. Many of our employees have been with our company 20, 30 or more years, similar to the situation in the industry overall. So we are making a significant effort – particularly in our engineering and marketing groups – to bring in individuals with much less experience and really try to mentor them in the organization and let them grow and be the next generation of leaders in our market. That is a conscious strategy."

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Mr. Javid is optimistic that Acrowood – and the industry as a whole – will overcome its current challenges, from an aging workforce to the pressures of globalization. "I don't think there is any question that the industry is going to live on for as long as any of us can imagine. The need for wood products and paper and tissue products and cardboard products is just not going to go away." ■



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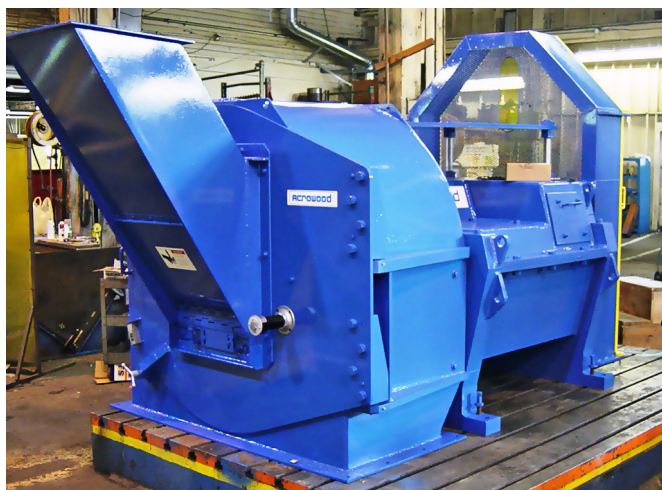
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