

**Canadian Regional
Development**
A Critical Review of Theory,
Practice, and Potentials



**Développement régionale
canadienne**
Un examen critique du théorie, de
pratique et des potentiels

INNOVATION CASE STUDY

New Wood Manufacturers Inc.: Adaptability and Sustainability in Dynamic Production

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Prepared by Kyle White and Heather Hall
Department of Geography
Memorial University of Newfoundland



In 1989, Bill Noble established New Wood Manufacturers Inc. in Centreville with three partners. Initially, the firm produced moldings and building supplies. However, in the early 1990s Noble bought out his partners and diversified the firm's products to incorporate finger jointing and flooring. In 2003, Bill was joined by his son Shane when he returned to the province after working in Ontario. Together they have worked diligently to ensure the success of New Wood through experimentation and innovation.

Figure 1: New Wood Facility



When New Wood first started, there was great skepticism over whether the business would be successful given its rural location. However, the Nobles have a strong commitment to 'home' and they opted to remain in Centreville. To counteract the challenges associated with a smaller market, they deliver their products to customers in St. John's and elsewhere in the province. A huge advantage of staying home in Centreville is the lower taxes versus what the company would have to pay in St. John's. New Wood also provides an important source of employment for local people. They employ up to 20 local workers depending on market demands.

Innovative thinking at New Wood has affirmed their position in the Newfoundland wood manufacturing market and has contributed to their continued growth. One example is their diversification of products. In an effort to stay ahead of the market, the Nobles strategically change their production and outputs. For instance, the firm shifted into finger jointing, flooring, spindles, treads, stairs, and posts along with other customized products. As a small-scale manufacturing company, New Wood has the advantage of offering flexibility and customization. They also recognize and are keenly aware of shifting market demands and New Wood can quickly respond to maintain productivity unlike larger firms that are focused on mass production.

The Nobles have a strong understanding of their market, their products, and their company. More importantly, this knowledge has contributed to several vital aspects of their operation. For example, New Wood imports partially processed wood to reduce labor costs. This wood is then further processed to comply with market demands increasing its value. This process ensures the delivery of products within one-to-two weeks thereby guaranteeing customer satisfaction.

Another example of innovation at New Wood is their method for reusing sawdust waste from their operations. As a wood manufacturing company, the firm generates large amounts of sawdust. As a result, the Nobles sought methods for utilizing this waste in a more sustainable way that could benefit the business. They worked with a furnace producer in Prince Edward Island that incinerated waste to heat buildings. Burning the

sawdust in the furnace has reduced their propane consumption significantly within the plant and has provided cost-savings on energy (see Figure 2). Operators at the Catalina seal tannery and more recently Carino Processing Ltd. in South Dildo approached New Wood on purchasing their sawdust for seal pelt processing. By collaborating an equipment manufacturer in Buffalo, New Wood acquired the necessary equipment (see Figure 3) that would produce the appropriate grain/consistency of sawdust for the seal pelt processing. There have been instances when New Wood has sold all of its sawdust for seal pelt processing. In this event, sawdust is purchased from a nearby sawmill to be burned. This innovative thinking provides an example of how firms can generate profits and cost-savings with waste in a more sustainable manner.

Figure 2: Sawdust Furnace



Figure 3: Sawdust Processor



One of New Wood's most innovative products is their customized stair posts. New Wood attended the North American Wood Workers Association trade show in Atlanta, where they purchased a CNC lathe and later a CNC table that allows custom drawings and designs to be mechanically engraved on posts. Operating this machine requires a unique set of skills including knowledge of both computers and woodworking. But it produces high value-added products and customization. With this product, New Wood has a specialized niche in the Newfoundland market.

As highlighted throughout this case study, New Wood is open to new ideas and new ways of thinking. The company gains new knowledge through a variety of ways. For example, New Wood is part of the Canadian Manufacturing and Exporters' (CME) Central Continuous Improvement Network (CCIN). The network was formed three years ago and includes seven manufacturing firms that meet regularly to share business advice and

ideas. The network also receives one on one coaching/mentoring from CME. As part of the network all firms receive LEAN training to help improve their businesses. A second way they acquire new ideas is through traveling and meeting new people. For example, in addition to attending trade shows New Wood has collaborated with outside experts such as the furnace producer in PEI regarding the furnace design and operation and with other manufacturers through networks such as CCIN and previously The Newfoundland Building Supply Consortium. A third forum for new ideas is through research to learn about new products or means of production. For example, the National Research Council (NRC) sponsored a researcher from Memorial University to consult with New Wood on the type of dust system the firm required. Finally, both Bill and Shane have entrepreneurial attitudes and are excellent sources of new ideas that benefit their business.

External funding agencies are an important contributor to New Wood's innovative capacity. One of the largest supporters for New Wood is the Atlantic Canada Opportunities Agency (ACOA). Since 1989, ACOA has issued a number of interest free loans/grants to New Wood that have assisted with expansions, purchasing new equipment, and overall business development. New Wood has also received funding from the provincial Department of Innovation, Business, and Rural Development (IBRD) for training and marketing.

Despite their success and ability to adapt to a dynamic market, New Wood has encountered some challenges. For example, accessing quality and affordable wood. As a result of poor quality sources in Newfoundland, New Wood relies on importing. One downside is the high cost of transporting wood to NL. Another challenge is acquiring skilled labor.

New Wood demonstrates excellent examples of innovation, sustainability, and resiliency in the woodworking sector. The Nobles have worked hard to ensure the survival of their business through dedication and utilizing available knowledge and financial resources. Regardless of future market conditions, New Wood maintains the ability to adapt and continue its successful manufacturing of high quality products.

References

Interviews conducted with operators of New Wood Manufacturers Inc.

All photos were provided by Kyle White.