



FEATURED MEMBER

Katahdin Forest Products Co., Inc., a family-owned business founded in 1973, is the parent company for Katahdin Cedar Log Homes and Katahdin Cedar Fencing. With two sawmills located in Oakfield and another in Ashland, the company currently has 75 employees and is the largest cedar log home and cedar fence manufacturer in the nation. While hand peeling the Northern White Cedar logs for a distinctively rustic finish is still an option on custom log home orders, the company has moved to much more efficient in-house designed manufacturing methods and adopted a zero waste policy in order to compete successfully in the global market. Katahdin Forest Products Co., Inc. has been involved with MITC and/or a member since 1997.

Cedar Log Home Manufacturer Active in New International Markets This Year

Diversity, efficiency, and sustainability are the guiding principles at Katahdin Forest Products Co., Inc., as well as the keys to keeping the business stable through economic ups and downs over the past three decades.

Born in Houlton, Maine, David Gordon joined the family-owned business in 1977 and has been the President and CEO since 1992. According to David, a nationwide network of dealers for Katahdin Cedar Log Homes was instrumental in keeping their

employees working during the recent recession and housing-market collapse where some regions of the country were hit much harder than others.

The company uses only Northern White Cedar which is known for sustainable growth, low moisture content, rot resistance, and natural insect protection. Although there are over 650 home design plans to choose from on the company's website, 90% of their log home orders are custom designs.



This custom log home sits on a mountain top near Deep Creek Lake in McHenry, MD, a resort community where Katahdin Cedar Log Homes has shipped over 100 homes. (Photo courtesy of Katahdin Cedar Log Homes)

Katahdin Cedar Log Homes has had international sales sporadically over the past decade in Canada, England, France, Israel, and Japan. Today, the company's active overseas markets are China and Australia.

In February 2012, Katahdin Cedar Log Homes shipped its first product to China. In December of last year, the company won a contract to build a 9,300 square foot lodge building and several single-family vacation homes around a man-made lake in Chengdu for a Chinese real estate developer. David credits MITC with providing valuable guidance on the do's and don'ts of doing business in China that helped to ensure the success of the company's entrance into this dynamic new market. He noted that there were added logistical challenges in shipping to China and stricter requirements for phytosanitary certificate to ensure compliance with Chinese plant health standards.

"The most important thing we've learned is that we need to thoroughly understand the business practices and shipping requirements up front, in order to negotiate wisely before we sign the contract," David said. "Without the first-hand knowledge and advice about business practices in



President and CEO David Gordon holds a cedar fence post cap, just one example of how the company makes sellable products from the smallest pieces of usable wood as part of the zero waste policy.

China that we were given, this deal might not have gone so well."

He added, "MITC is a valuable resource for straight talk about exporting – the way it *really* is."

While David admits the profit margins are tougher for international sales, the added diversity of reaching new markets around the world provides another layer of economic stability for the company.

According to David, "Currently around 10% of our sales are international. Our goal is 25%."

Marketing Manager Gabe Gordon is even more confident about the company's potential for increasing international sales over the next few years.

"Considering last year our international sales were zero, I think that 30% international sales this year is likely," Gabe said. "In two or three years, I believe we could easily be at 50%."

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He added that the project in China is growing every day. “We’re working on three new designs for China right now.”

In addition to their entry into China with a commercial

development project, Katahdin Cedar Log Homes is also working with a new distributor in Australia to enter the residential market and hopes to ship their first product by the end of this year. According to David, building their log homes

with Northern White Cedar gives the company an extra competitive advantage in the Australian home market. “They have a terrible termite problem,” he explained.

In developing a strategy for expanding future international sales, Katahdin Cedar Log Homes will target countries in Western Europe and South America that do not have their own wood resources and must import. But Gabe sees China as the best growth market in the near future because of the rapid increase in new wealth and enthusiasm for U.S. products.

“In a way, these new opportunities in China and Australia came to us,” Gabe explained. “The developer in China vetted 10 log home manufacturers, and we were selected.”

While that speaks well for the quality of the product, Gabe thinks there is something more at work. With a close rate of over 95% on sales when the buyer visits the



Log home line operator Wendell Hersey feeds planed wood through for finishing. The manufacturing line operates through a computer that reads the home design plans and makes precise, laser-guided cuts for each log in the kit.



Each log is stamped with an identifying barcode and letter/number corresponding to its location on the home plan and then stacked in reverse order on pallets to be shipped to the builder.



company's 80-acre, 25-building manufacturing operation in Oakfield, as the Chinese developer did late last year, Gabe believes that the ingenuity, commitment, and passion that goes into making each one of the homes is evident.

If you spend a little time talking with David, the message that sustainability is important comes through loud and clear. The Northern White Cedar used to make the log homes and fences is purchased from nearby sustainably managed forests. Sawdust and scrap wood are burned in a biomass boiler to heat the buildings. Small pieces of wood are used to build play sets, fence post caps, railings, and window boxes with lattice trim.

"We use the whole tree," David said. "We're not fond of wasting anything here."

David and most key management team employees live in one of the company's custom manufactured log homes.

"We don't just make the product, we build it and then live in it," David explained. "That's definitely been an advantage for the company. It's one way that we come up with ideas for what could be changed or improved. How can we do it faster? How can we do it better?"



Gabe Gordon, David's son and third generation in the family-owned business, joined the company as Marketing Manager in 2007. From his office in Kennebunk, Gabe's focus is on what the company needs to do today in order to realize increased sales two or three years from now, which represents the typical decision time for a custom log home purchase.

For example, the company's manufacturing line for log homes was completely redesigned and upgraded a few years ago by David and his manufacturing team. The home design specifications are all computerized, and each piece of wood is cut, bar coded, drilled, and peeled by machines. Previously, eight employees could produce one home kit per day. Today, two employees are able to complete two home kits per day.

"We're constantly looking for ways to make our homes more energy efficient as well as easier

and faster to build," David noted. "That mindset is absolutely necessary for us to survive and compete globally."

*Text and photos by Cheryl Rau,
Communications Manager,
Maine International Trade Center*

