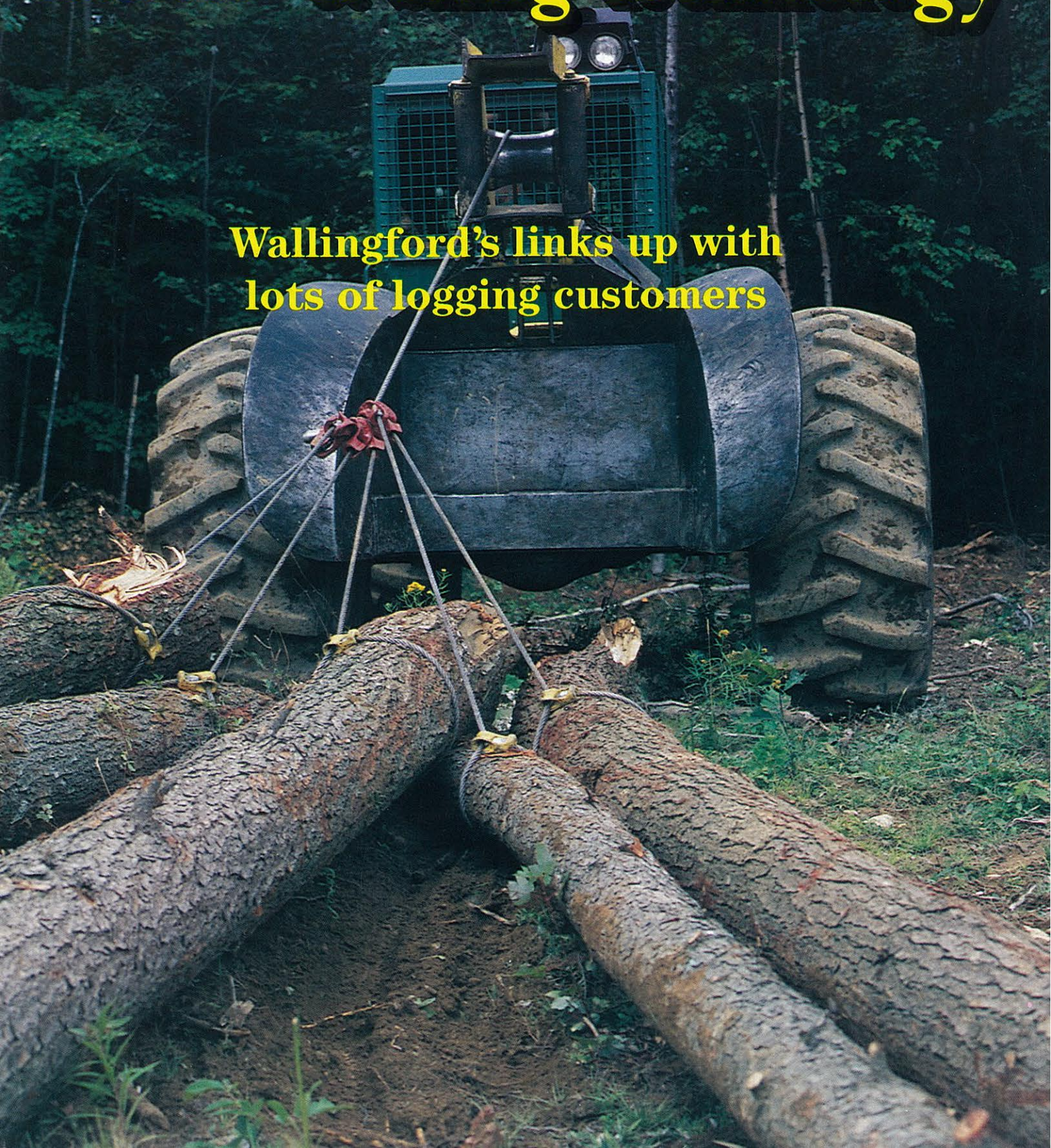


Wire Rope News & Sling Technology

October 1996

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By Barbara McGrath

Promoting logging accessories to "John Q" in Arkansas when you're headquartered in New Hampshire isn't easy. But Wallingford's has grown to be the largest wholesale manufacturer/distributor in North America with smart marketing and innovative products.

As recently as the 1940's, logging was a simple, arduous process—using men, teams of horses or oxen, hand saws and axes.

John Wallingford remembers.

"My father Dick had his logging business in West Forks, Maine. My grandfather John and he went in business together and formed Wallingford's Timberlands. They purchased what's commonly referred to up in that part of the country as the 10,000 acre tract. All through my childhood and young adulthood they lived off that land. But those days were just prior to the inception of chain saws."

Now where horses once trod, machines often stalk the woods. Huge monsters move through thick undergrowth like modern-day dinosaurs, grabbing trees by the trunk, biting them off, shaving their limbs, devouring them, and spitting out tiny chips. There are felling shears and grapple skidders, cable yarders and feller bunchers.

It's faster and cleaner. And it's more expensive and complicated.

Just ask the president of Wallingford's, Inc., the largest wholesale manufacturer/distributor of logging accessories—including chokers, slings, chains and hardware—in North America.

"For instance," John (more commonly known as Jay) Wallingford explains, "if you're John Q logger and you want to buy a new skidder, that skidder has to be equipped to go in the woods. So when you buy your John Deere skidder, in order to have the traction necessary to pull the load, you put tire chains on. In order to be able to attach to the trees that somebody has cut to pull the skid out to the yard, you need winch cables and you

need chokers. You get the machine dressed, so that when it's delivered to the job site, it's ready to go to work."

Uphill battle

Pockets of logging exist throughout North America. Small dealers, some independent and some chain retailers (like John Deere, Timberjack, Caterpillar, and Franklin/Tree Farmer) serve each region. Across such a wide geographical area, customer needs vary. Depending on the terrain and size of the tract of land, logging contractors use different types of equipment.

"There are a lot of variables to determining where you can mechanically harvest [with heavy machinery] versus manually harvest [with chain saws]," Wallingford explains.

Logging contractors use hand crews with chain saws in smaller areas, where heavy machinery either is not

cost effective or cannot maneuver.

"The older way of doing things is to go in with a chain saw and manually fell the tree. You limb it. And then you come along with a cable skidder, pull your main line (winch cable) out, and you attach a choker to each one of the trees. And then the skidder operator winches in all the chokers. And then you take the trees into the yard where they're bucked into either 4 or 8 or 10 ft. lengths, or logs, depending on whether you're cutting for lumber or pulp. All with chain saws. It's still done this way in many parts of the country."

For instance, Wallingford says, it might surprise you that the state with the largest number of logging contractors is Arkansas. There hand crews abound because timber areas are located in the Ozark mountains, where the terrain is rough.



Wallingford flail chain in this debarking machine whips around the log, removing its bark.

"You find mechanical harvesting, which is the newer technology, in larger tracts of land. You're looking at pieces of equipment that start at \$250,000 and up. You have to harvest tremendous quantities of wood to pay for this type of equipment. What drove us to mechanization really was Workman's Comp. It is very dangerous having hand crews in the woods."

Wisconsin, Minnesota and Maine top the list in pulp production. "But the southeast is really playing an increasing factor in the forest products industry." With warmer weather and better soil, the growing cycle there is 20 years—about half the time needed to reharvest in Maine.

Growing new product demands

Competition abounds. The company's challenge has been to reach many disbursed dealers, competing nationally against local wholesalers. Wallingford's responded with a proactive approach—anticipating needs with new products, or competing head on with products of higher quality.

"If we could buy it—fine. If we couldn't buy it we'd find somebody to make it for us. If we couldn't find somebody to make it, we made it ourselves."

For instance, choker hooks: "We designed our own choker hooks for chain choker systems and wire rope choker systems. We don't manufacture them but we own the dies and molds to subcontract out the forgings or the castings."

And swaged wire rope: "Do we manufacture wire rope? No we don't. However, do we have a need for a specialty wire rope to serve our customer base? Yes. It's called Super B swaged wire rope. We went to Williamsport Wire Rope Works in Williamsport, Pennsylvania and worked with them to manufacture this product for us."

The swaged wire rope has obvious advantages...it doesn't porcupine, it doesn't flatten on the drum, and it has a higher strength-to-diameter ratio.

"Basically, for conversational purposes, you take a regular wire rope, regardless of who's manufactured it, and run it through a rotary swager. It compacts the wire and gives it a smooth exterior finish. And by giving it the smooth surface, we make it more resistant to abrasion."

The average life expectancy of a regular rope is three months. Swaged rope lasts three times that long. Wallingford's found themselves trying to convince dealers to stock a product

that was 1/3 more expensive and would need replacement less frequently.

"On the surface, to a dealer, that isn't very interesting. But we sold the idea to end users. We created the demand."

And specialty chain: "We recognized the need for specialty chain in flail debarking. So we designed the steel, the heat treat specifications, the link configuration in terms of pitch and width, etc. And we went to Columbus McKinnon in Lexington, Tennessee and asked them to produce that for us. And we handle all sales and marketing of their manufactured flail debarking chain throughout the United States."

A flail machine scrapes the limbs and bark off trees. Chains are attached to the inside of huge rotars, hydraulically driven drums. Whole trees in all lengths and diameters are fed into the drums. As the drums rotate, the chain flails away at the tree until it is a "clean stem." The stem is pushed through the chipper, reducing it to small chips that are then delivered to the paper mill, free of bark.

Quick start with snowmobiles

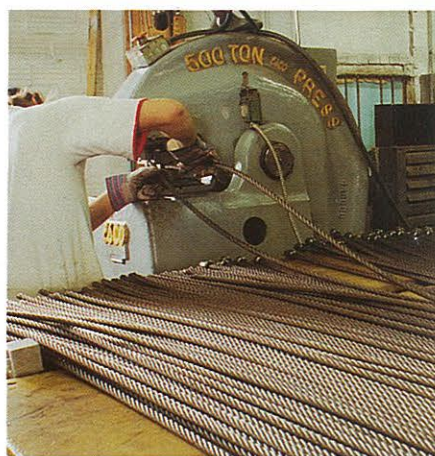
Jay Wallingford can relate to his customers because for years he owned a dealership in West Forks, Maine (population: 90), rooted in the heartland of the huge logging state. (About 3/5ths of Maine is owned by paper companies.) Here drivers keep a wary eye out for meandering moose and heavy laden logging trucks that barrel down narrow two-lane highways.

After graduating from college, Jay started the business with his father Dick in 1972. But their original plan was not to sell logging accessories. According to Jay, he was racing snowmobiles at the time. He and his father traveled the racing circuit throughout New England. Still in the logging business, Dick needed a new garage to repair his equipment.

"He had an opportunity to become a snowmobile dealer. So we became one. And I raced and the garage became a showroom and parts dealership."

Before long Dave Tilton from Tilton Equipment Co. swung by, and convinced them to become a chain saw dealer. Customers that came in looking for chain saws were (no surprise) loggers with skidders and logging crews, who needed accessories.

The company grew. Jay Wallingford soon saw a market for a wholesale business, and began selling to other



This cable choker is one of the many logging accessories fabricated and marketed by Wallingford's Inc.

retailers.

"In 1978 I bought out my father. It wasn't that I didn't want to work with him. It had more to do with not wanting him to have the liabilities of my decisions. At the time he was still running a logging business. We just took the whole retail-wholesale end of it, sold off all of the retail aspects...snowmobiles, chain saws, etc., and went 100% wholesale."

In 1982, Wallingford's was forced to move to Pembroke, New Hampshire. The federal government had deregulated the trucking industry, and a small business in West Forks, Maine could no longer enjoy the luxury of daily service from common carriers.

Strength more than surface deep

In 1986 the company moved again...to Tilton, New Hampshire. That same year, Jay Wallingford, along with Bob Hirschfield (Jay's longtime friend and co-owner of Wallingford's) and Brent Kingsbury became partners in a new venture: making tire chains.

"Basically," explains Jay Wallingford, "up to that time we had been importing tire chains. And we were frustrated by the quality and service. So we started our own factory in Oakland, Maine. Brent had been a lead foreman at Bath Iron Works for welding. So he brought the welding expertise."

The company, BABAC, is one of only two tire chain manufacturers in the U.S. BABAC sells directly to distributors in Canada. And in the U.S. Wallingford's is its sole distributor. The three owners take pride in the fact that they designed their own chain products, improved production techniques, and manufactured all of their production equipment.

"The heat treat process that we use in our tire chain factory is unique.



Skidder ring tire chains are produced by BABAC and sold to logging dealers across the U.S. by Wallingford's.

We've developed a process that is applied during the assembly process rather than after assembly. So it saves a lot of cost."

How did BABAC come up with the idea for the true hardened process?

"Necessity," jokes Wallingford. "We didn't have a case hardening furnace."

Then he adds seriously, "Even if we had, it wasn't the answer. Typically tire chains in the past were just surface hardened—case hardened. We found in logging that just didn't work well. As the machines got heavier and were traveling at higher speeds, the case hardened chains, even when they were new, would break. They were just too brittle. So we had to come up with something better. Again, we couldn't buy it. It wasn't available. So that's why we made it ourselves. We're the first company with a true hardened material."

A special secret recipe of boron, nickel, manganese and chrome alloys, BABAC claims, results in steel of uniform hardness throughout its thickness.

They also invented a new type of stud chain. Studs are welded on the flat side of the link rather than perpendicular to it. So, the links stay upright rather than laying down as the wheel rolls over rough terrain.

Linking up with customers

Whether selling tire chains or logging rope, Wallingford's has been challenged by the logistics of reaching new customers and servicing established ones.

"We serve some 1600 active dealerships today throughout the United States and Canada. All of our competition is regional. And that's tough. They're out there hustling, servicing the heck out of the customer."

Back in 1988 the company's president decided that to continue to grow, Wallingford's needed to bring sales inside.

"We were calling on the customers with field staff on a regular scheduled basis—you know, the standard card-carrying salesman game, asking how the wife and kids were. I don't mean that disrespectfully, but we just weren't getting anywhere.

"Sales would go like this," he says, raising his arm, "and cost of sales would go right with it. So we had to take a different direction."

Today the company employs five inside sales people and attends a variety of national and regional trade shows.

"If there's a problem that can only be addressed by our physically being there, we'll be there. But I know going back to the days when I had the store, many times a salesman coming in was an interference. I had to stop what I was doing and talk to this guy. It just took my time. And more often than not, he didn't have anything new to tell me."

He has also found that an important key to success is finding not just customers, but *good* customers.

"We don't chase everything that's out there. We want people who like us and want to support our product line. That's the key—the right customers and the right people inside."

To provide optimum service, Wallingford's customized their computer programs. For this Jay Wallingford gives Bob Hirschfield high praise.

"His innovative capability is virtually unlimited when it comes to computers. For instance, a retailer calls and says, 'Gee, this guy came in with the craziest size of tire chain. Have you ever heard of it?' We pull it up on the computer. We can design it, cost it, and provide a quote. If it turns into an order we can do the plans, fax them to the factory, and manufacture and ship the same day. Bob designed all that software."

"We have software capability in our customer service group that enables us to determine the final cost of a product. It is freight sensitive. It will take the weight, overlay it on cost, overlay it on price, so we can look at the order and say whether we can take it or not."

Owls and salmon and frogs. (Oh, my.)

Even with the best marketing techniques and the most talented employees, distributors like Wallingford's are

affected by the overall health of the logging industry. And in many parts of the country, environmental groups are causing vast timberlands to shut down under the auspices of the endangered species act.

"The northwest has played a declining roll because of the environmentalists on the west coast. The U.S. government literally shut down hundreds of sawmills in the Pacific Northwest to protect the spotted owl. Let's see. The east coast has the woodpecker. We've got a toad down in Louisiana. I think we've got a frog in Arkansas. In Maine it's the Atlantic salmon."

"I think as we go forward we're going to see more changes coming from environmental pressure. It's just a reality. We have an equal voice. We must find a way to work with these people. But we need a government who's supportive as well. It's not right, for instance, to tell our paper companies to stop polluting the rivers on the one hand and on the other hand allow similar products [from offshore] that are not subject to the same regulations enter our markets duty free. We can't compete when the playing field is uneven."

Leaning toward customer needs

Meanwhile, Wallingford's will keep adjusting their product line to meet customer needs.

"I think to be good in marketing you have to be a good listener," their president says, "and cognizant of what the market wants. That approach led us in a lot of ways to what we are today. We found that all things being equal, the customer would choose American made. So we went out and really heavily promoted domestic products, whether we made them in house or contracted them out."

And whether threatened by regional competition, spotted owls or new technology, the company is up to the challenge.

"I like the competition," Jay Wallingford says with a smile. "I find beating a competitor or consummating a sale rewarding. And not necessarily financially. It's good to prevail." *For more information, contact Wallingford's, Inc., 56 Oak Street, Oakland, Maine 04963, (207) 465-9575, Fax: (207) 465-9601* □