

This was an event in Vancouver at the launch of the new Advanced Woodworking Program at UBC based on the success of the NEI or National Education Initiative that several of us were involved with in the prior decade. These are the comments of Art DeFehr on that occasion.

HUMAN CAPITAL AND THE WOODWORKING INDUSTRY

September 16, 2002 – Vancouver

By Art DeFehr

Acknowledge hosts, guests, staff, NEI, students

Special mention – Garry Kress

- would love to be here today
- No Garry – no CAWP
- If no plaque – put one on the wall
- Garry redefined the word ‘relentless’
- Garry critical to European connection

Why did we come today??

Question: If CAWP 50 years with 50 grads per year

Would we have a softwood lumber crisis? Would the industry look and feel the same?

10 years ago – stat – Forestry industry second lowest employer of persons with advanced education in Canada. Does that matter?

Joke told by industry – “value-added means cutting a 2 by 4 in metric sizes”

HOW DID WE GET HERE? – COLE’S NOTES ON HISTORY OF NEI/CAWP

- Palliser had History of visiting Europe since mid-fifties to buy equipment
- Helped that father spoke German
- Art began going to furniture shows around 1970

“If build traditional furniture – go to NC – if contemporary – go to Milan – I prefer Milan”

- Supply of hardboard from Quebec cut off around 1974 – went to Europe and found melamine – if we were based in the US would have started printing instead
 - Changed possibilities of design of products
- Started friendships with various European mfg and machine suppliers

- About 1989 – Letter from Rolf Demuth –owner of Schieder Furniture – largest in Europe – could we arrange location for sabbatical for Prof Claus Binder of Rosenheim. Did not know what Rosenheim was at the time – and probably few in Canada did.
- Binder met us – also Garry Kress – German living in Winnipeg working with Feds
- Kress/Binder Palliser and others started to host Rosenheim students on their Praktikum. Near 100 students in several years. Companies began to ask – why do we not get grads like this in Canada?
- 1992 – Meeting in Winnipeg to ask that question to larger group
- Comment from Dean of Engineering re final Communique

“the words practical and University cannot appear in the same sentence”

- Toronto Symposium – Government, University, Industry
- 100 people
- Opening Questions I asked of the group

Born outside of Canada – maybe 25%
 Parents born out of Canada –around 60%
 Do business in language other than English – about 90%

Question – what would the answers be in Carolina or Virginia??

Difference – relationship to the world and especially Europe

- DOES THAT MATTER?
- Where does technology in wood processing originate?
- Where do new product and design ideas in furniture, kitchens windows and so forth come from?
- Where is the best education for technology in wood processing?

Canada is a natural bridge between Europe and America – part of our DNA

US market is huge – if we get the 5-10% that buys this design orientation – we can all keep busy.

Example of kitchens – frame and frameless (Canada was majority frameless like Europe while America was frame – basis of Canadian kitchen success in America)

How do we maximize and sustain that European orientation?

- Develop managers who think like the Europeans and are comfortable with technologies and design direction. Equally important – allow them to be familiar and to make personal relationships,

This is the history and foundation for the idea of a CAWP in Canada
 (Canadian Advanced Woodworking Center)

Problem:

Industry not structured around technology but around end-products or markets. For example furniture includes wood furniture, upholstered, metal products and mattresses. Try to find a common technology there.

Solution:

New definition – all major secondary wood plants are similar in technology and internal management. This can include millwork, furniture, kitchens or coffins.

This was the challenge – tribute to Garry Kress and a few others who pulled group together. It worked because it made sense.

Water flows downhill and this idea was downhill all the way.

NEI – the structure that allowed us to speak to the problem

Industry unity encouraged Federal Government to come in – thanks to Frank Podruski, Kevin Lynch and others who came alongside the industry. (John Manley was Minister of Industry at the time)

Finally – nature of program and location. Industry believed that if program divided in pieces across country would not work.

Selection process identified UBC in part because of resources available and the presumed need of the primary industry to get into action in this direction. You should be the judge about the wisdom of this choice and details of the program.

Thanks to Charles Loewen and many others who continue to make this idea live.

WHAT WERE THE BREAKTHROUGH IDEAS OF NEI AND CAWP?

1. New definition of industry with common interests
2. Use of external model – choice of Europe follows technology and design
3. Industry plays major role in defining nature of program
4. All parties are at the same table – Industry, University, Provincial Government. Federal Government and helpful international partners.
5. Industry plays major role in selecting location of program
6. Agreement to create one program – unusual Canadian answer to any question

WHAT IS CURRENT STATUS OF WOOD INDUSTRY?

1. Primary industry in bad shape – trouble on both environment and economic front. Would a more diversified approach to product outcomes have avoided the softwood lumber crisis?
2. Wood Furniture – Crisis caused by FTA
 - Survived and prospered
 - US industry in much greater crisis – Why??

- More European design and more technical competence part of answer
- 3. Kitchen industry – seems to thrive and leaders in European kitchens
- 4. Office Furniture – has done well in Canada

Overall – employment levels still growing and is holding its own

Asian imports – new threat in several industry sectors

- Technology and management of Tech will help
- Marketing/Product direction new opportunity

CAWP type of person important part of remaining competitive

- US has almost given up in wood furniture sector
- Canadian opportunity to redefine the domestic sector

Do not need CAWP less – but more – assure that CAWP is effective and producing the right kind of grads.

HUMAN CAPITAL CHALLENGES FOR INDUSTRY

TOP MANAGEMENT – Largely from within. Often not the understanding or leadership to attract, then retain and utilize highly skilled people. Skill no good if you cannot give them the right scope and leadership.

TECHNICAL MANAGEMENT - These are the grads of CAWP. Some of them will become more generalists and become leaders of companies. Down the road.

MARKETING/DESIGN/PRODUCT management – How to stay ahead of price-based imports. Being a bridge to Europe means something - CROSS THE BRIDGE!! Not only great lunches in Italy.

Plant operations – We often blame the absence of skill on these people.

- Our education system does not turn out apprentices or career people
- This is the job of the people mentioned above – with poor leaders we will have limited training

WHAT ARE THE CHALLENGES FOR CAWP?

1. Recruit enough students and of the right quality

- Why is program not full? If we do not sell enough furniture we do not blame the consumer – but look at ourselves and our product. Hope the board looked very hard today. Do kids not like wood processing?
- Kids will look at the leaders of companies – if we are not exciting – if our working environment is not exciting – then they will not be interested.
- If potential students turn down wood processing it is less a reflection of industry or product – but of us as managers.

2. Grads must go where the relevant industry is.

- Locating in BC was a risk in terms of relocation of a grad
 - If product fails to relocate then industry will look for alternative solutions
 - It is part of our problem and part of your problem here
3. Do grads engage at the right level? Risk that limited grads see themselves beyond what they really are because of unusually limited supply.
 4. Can UBC and CAWP create and maintain relationship that is faithful to the idea of a University but ensures that the rubber actually hits the road. Can practical and University be in the same sentence?
 5. Can CAWP be truly national? This refers to the Board, funding, source of students, destination of grads and the national presence of staff.
 6. Can CAWP continue to keep the industry engaged? This was a secret of its initial success and remains equally important.

THE CHALLENGE WILL NOT REMAIN STATIC

In the eighties we competed against Eastern Canada

In the nineties we learned to compete against the United States

Now we need to learn how to compete against and relate to China and other low cost countries.

WHERE IS PALLISER GOING?

We need to position ourselves in the market I have described. That means use grads of CAWP or people like them

Manufacturing relates to doing it faster and cheaper

Other end is to be different and better –this challenge comes from the Marketing perspective

Example of EQ3 – new product idea based on appealing to younger lifestyle and more fashion. Origins are from Europe. IKEA entered German market in seventies and made great inroads.

Eighties – Germans responded by creating a new category called ‘JUNGES WOHNEN’ or young living. A bit better quality and more fashion forward. Both exist side by side in Europe and have become a major market category.

IKEA entered North America but industry has failed to respond.

Palliser has created EQ3 – originated by our head of Marketing from Germany. He understands the idea in his gut – and we help him Americanize it.

Management group is largely recruited from Europe – we cannot find grad or design schools who could remotely understand the category.

RESPONSE

Designing new program with U of M School of Architecture – one of best in Canada – to address this question.

Problem not unique to Palliser or wood products. Every product range in Canada has opportunity to succeed in US and elsewhere based on better design and product.

Also returning to Europe to identify a partner program that excels in this orientation.

The world will not stand still – in a few years we may need an even different approach to education – but we will always need great people.