



Making the switch

Ontario sawmiller Little John Enterprises has invested \$3 million into some significant changes, including making the switch from a circular saw system to two PHL Industries band saws.

By Paul MacDonald

John Kapel Jr. of specialty sawmill Little John Enterprises of Timmins, Ontario, keeps a notebook to document the possible business opportunities available to the company. Understandably, they have been unable to act on these opportunities in recent times, due to the industry downturn.

But that notebook got considerably shorter this past summer when Little John Enterprises wrapped up an extensive \$3 million upgrade. The upgrade saw the company switch from a circular saw system to band saws, broaden its product line, and generally make better use of every log that comes in through the mill gate. And the next item on the list could be a residual wood-fired kiln system.

Kapel explains that the two main driving forces with the upgrade were to reduce their kerf in the sawmill and cut their overall energy costs. The spike in energy prices in the summer of 2008 was a big motivating factor. While energy costs have moderated since then, there is a general expectation that they are going to go back up to higher levels in the longer term.

“I’ve looked at it carefully and the payback is not going to be long for the investment we are making in the new mill in energy savings and fibre savings alone,” he says.

Little John Enterprises is actually a two mill operation: the sawmill produces solid wood products, many of them timbers and associated items for the mining industry, and they also have a chip mill. They have agreements in place with regional pulp mills to exchange the high quality chips they produce for the pulp mills’ large diameter sawlogs.

“It works well,” says Kapel. “At the end of the day, they get what want, and we get what we want.”

Though the upgrade project came in at \$3 million, Kapel says they have essentially done a \$7 million upgrade since they were able to source some very good used equipment at steep discounts from what they would have paid for new equipment. “Sometimes we were able to pick up used equipment for 10 cents on the dollar, which saves you one heck of a lot of dollars.”

Kapel has been picking up good used equipment for some time now--with the upgrade in mind--and he estimates that the used equipment they installed came from a total of some 16 sawmills. And all of that equipment, he notes, has been refurbished from top to bottom.

There’s very little brand new equipment in the mill, and what new equipment there is consists of smaller items such as transfer decks, log decks and the chop saw system.



The used equipment sometimes came from far afield. While they kept their existing 58 inch Precision chipper, they picked up a high volume chip screen out of North Carolina--"for a song" says Kapel--which was refurbished, and is now in the "new" mill.

At the front end of the sawmill, they replaced the existing Rosserhead debarkers with a Nicholson A2 35 inch debarker, and also installed a VK 18 inch Forano debarker at the chip mill.

Inside the sawmill itself, they went with two PHL Industries B-63" thin kerf high strain band saw systems, one of the systems serving as a resaw. They're all programmed with PLCs, and can produce both imperial and metric, says Kapel. "Whatever we want to produce, we can do it with this system."

Making the move to bandsaws from circular saws was a big change for Little John Enterprises--the operation has been using circular saws for its 20 year-plus history--but Kapel notes the transition has been fairly smooth.

"The band saws are not that complicated--the crew and I have been running them as we've gone along on the project," he says.

And the results going forward are expected to be very rewarding. "We had kerfs of 5/16ths and 3/8ths of an inch before, and we are now under 1/8 of an inch. The switch in the type of saws we use is going to deliver energy savings--and we'll be able to produce more chips and lumber out of the same log."

The sawmill building housing the new breakdown equipment is 10,800 square feet, and they have added to that with an 11,000 square foot boardway building, that will accommodate all the product packaging. "We were doing this outside before," notes Kapel. "Now we'll be able to do the packaging away from Mother Nature."

Kapel was the main designer on the project, but Quebec's Cardinal Group was brought in to help with the design and installation, and also refurbished a good deal of the equipment. Having Cardinal on board proved to be especially helpful at some points with the used equipment.

At one point, Kapel bought an entire hardwood sawmill that had been shuttered, in Quebec, in an Internet auction. "It had all Cardinal equipment, and Cardinal had installed the equipment, so I thought we might as well have the guys who put the equipment in, take it out," says Kapel.

In terms of their wood production from all this iron, Little John Enterprises leaves the dimension lumber markets to the big companies. The products from these operations have very low margins, if there is a margin at all these days. "Sometimes, these guys are flipping four quarters and making 90 cents," he says.

Kapel's approach has been--and will continue to be--niche and specialty wood product markets, such as large spruce and jack pine timbers for the mining industry in Northern Ontario. That industry has been fairly busy of late, with the rise in gold prices, and interest in developing new gold mines. They are also looking to get into the hardwood markets, doing birch and poplar. "If you stick to doing one thing today, you're done," he says.



Among their new businesses will be 24 foot post and beam markets. “I see us turning out between three and five million board feet a year in that one new niche market alone.”

They already do a lot of complete packages for the home market and cottages, and don’t even shy away from taking smaller orders. “I don’t care if it’s one timber or a thousand timbers, we’ll do it,” says Kapel. “We can also handle odd sizes. If a customer wants 5 7/8 by 9 3/4 inches by 22 feet long, we can do it.

“In terms of business, I’m thinking outside of the box. I am not wearing blinders--you have to be open today to whatever is out there, and you have to go after it.”

Their flexibility and ability to produce a broad range of products--and do it quickly--sets them apart from the large companies, Kapel says.

“We’re responding to what the market is looking for. If a market comes up that we want to get into, we’re not going to wait six months. We’re not going to do a meeting, and then another meeting, and then another meeting--we’re just going to do it.

“If you wait too long, that boat is going to go right by you.”

Sometimes it can be a challenge to mesh new equipment with existing equipment, but Kapel said that has gone quite well with the Little John operation.

Their major challenge continues to be getting secure access to wood. “I get sick and tired of all the B.S. around getting wood. Here, I’m trying to do something positive, I’m making things happen, creating jobs, and I can’t get wood. I can’t even get any fibre to trade in our own backyard.”

This past summer, Mike Gravelle, the new Ontario Minister of Northern Development--which now includes forestry, which was shifted from the Ministry of Natural Resources (MNR)--visited the new sawmill. This new ministerial set-up puts the two major engines of the Northern Ontario economy, mining and forestry, together in one super-department.

“I told Mike Gravelle that there is that old book from MNR and he needs to throw it away,” says Kapel. “We need to start a new book, and we need to start it now and we need to start it quick, in order to save whoever is left in the industry. If we sit around and snooze on this one, as an industry we are done. It’s no joke.”

The provincial government did assist on the funding of Little John project, with a \$1 million loan, and a \$250,000 grant through the Forest Sector Prosperity Fund, which is still a work in progress.

Kapel explains that he has been planning this upgrade for several years, and that a goal was to make improvements throughout the mill, from the log infeed right through to the packaging end. And he believes that with the hard work of everyone involved, they have been able to achieve that. “There are no more bottlenecks in this plant.”



Time to move more processing to the bush

John Kapel Jr. of Little John Enterprises says that while they have been doing a lot of tree length processing in the mill yard, he wants to see that moved to the forest.

“Things are going to change,” he says. “With this new focus on bioenergy, the place for rat tails, forks and flares is in the forest. It should be going into a grinder for biomass.”

Going into their sawmill now, logs are eight inch tops, with lengths of 16, 20 and 24 feet. For the chipper mill, they handle random length timber with a four inch top to an eight inch butt.