



A Business Model Built to Succeed

Oregon's Miller Timber Services structures its business model for growth

By Lindsay Mohlere

When Lee Miller tossed his chainsaw into the back of his pickup thirty-five years ago, he bent on creating his own business, little did he realize he had taken the first step in building one of the most dynamic timber operations in the Pacific Northwest. Not one to hang with the pack, Lee has always ventured into unfamiliar territory, searching for new ways to keep Miller Timber Services Inc. and sister company L & B Reforestation on the cutting edge.

Miller Timber Services, known for its diversification, provides logging, cut-to-length (CTL) thinning, reforestation, fuel management, and wildland fire fighting services for a variety of public and private landowners, including Starker Forests Inc., Weyerhaeuser, and Port Blakely. The company currently runs two yarder sides and eight CTL sides from southern Oregon into southwest Washington. Miller also has a fleet of trucks for hauling company logs and contracting out to other loggers in the area.

Diversified Operations and Management

Because of the company's diversification, it has been forced to develop a unique business model. By embracing new technology and fostering forward thinking management principals, Miller has created a culture of trust and communication designed to keep the company moving forward. "Our diverse management structure is our strength," Miller says.

At one time, there were five divisions under the Miller umbrella, with five divisional managers. Each manager was responsible for a particular division. Interaction and sharing equipment and personnel were difficult at best. Communication sagged. To solve the problem, Miller brought in experienced managers from outside the logging industry to implement a business model that would keep the company growing.

"The blueprint is employed by many other companies, but it's not fashioned for the timber industry," Miller says. "We brought in people outside the logging business to structure management for future growth, but it didn't work. They had good ideas, but we found that we had to develop our own language and culture to succeed."

One of the first steps was to bring the company back together. "We consolidated our five divisions back into two companies, Miller Timber Services Inc. and L & B Reforestation Inc.," Miller says, indicating that the move allowed the company to run as a more efficient operation while fostering transparency and trust from the ground crews up.

In addition, company managers opened up and came together to list their strong and weak attributes, a move that Matt Mattioda, CTL manager/forester, says crystalized the company's new thinking and helped push it in the right direction.

"It was a watershed moment," Matt says. "A point where the organization changed course. We knew at that point, we could gravitate toward the things that we were better at, and others would step in to cover our weak points. It strengthened the company almost immediately. It was a huge trust exercise."

Heidi Cleveland, Wildland Fire Operations manager, summed up the results. "It has allowed the company to grow more rapidly because people are not afraid to try something different."



Team Work Leads the Way

Miller's pro-active management philosophy and business model has also had a powerful impact on employees; however, the challenge remains finding the right person for the right job.

"A machine is just a big expensive piece of steel unless you put the right person in it," says Mattioda. "We look for somebody who can make that machine do what it's designed to do and do a good job for the landowner and the company."

Mattioda further explained the importance of finding individuals who will buy into the company's culture and thrive. "We're competing in the logging industry and with other career paths for people, but we have a lot of opportunities. Our culture opens the way to explore new ideas," he says citing the company's efforts to teach staff across each division elements of silviculture, the practice of controlling the establishment, growth, composition, health, and quality of forests to meet diverse needs and values. "Our clients want our people to understand silviculture. We work together to make this happen."

Currently, Miller Timber Services fields roughly 140 full-time employees, several who have been with the company for over 25 years. During peak fire season, Miller's ranks swell to more than 210 employees.

While the company provides a good family wage and health and dental insurance, in addition to a nonmatching 401K program, it also provides a generous profit sharing plan for employees who have more than one year on the job. This year, the company will pay five percent of each qualifying employee's annual wage.

"This company is a team. If the team does well, everybody is going to do well. We're all in the same boat," says Mattioda. "These aren't just words. It's the action of management that's been proven right. We can back up what we say."

In addition to its wage and salary packages and its operational diversity, Miller Timber Services also advances the team concept. "We want to provide long-term opportunities for our people," says Mattioda. "This is a place where people can come and make a long-term commitment. The company is diverse. There's the ability to move inside the organization."

New Equipment Technology Improves the Job

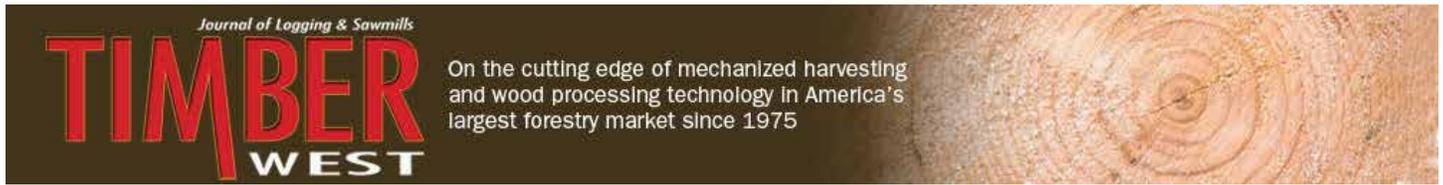
Miller Timber Services' equipment philosophy mirrors the forward thinking style of the business model.

Since the bulk of the company's work is CTL, Miller has relied on Ponsse equipment for many years as their primary manufacturer because of their superior technology for in-the-woods harvesting.

"We do prefer Ponsse," Miller says. The eight-wheeled Ergo's handling "is exceptional, and they're a good, stable platform. There's a lot of positives."

The company's preference does not preclude it from exploring other options that stay in line with its openness to different ideas.

A new addition to Miller's ever expanding equipment roster is a Komatsu 931 harvester. "The reason we decided to go with the Komatsu is that we needed a new machine, and Ponsse manufacturing was backlogged. We need to always be on



the lookout for different machines. The only way we're going to get a feel for that is by purchasing one," Miller explains. "The Komatsu is a solid performer."

Miller Timber Services also relies on Koller yarders to tackle the steeper challenges not suited for the Ponsse platforms. The company has a 702, 602, and a 501 Koller, with the 602 rigged for remote control. Miller is also the North American distributor/dealer for Koller. Miller has again broken from the pack by getting away from clearcut yarders. "We've sold all our Madill and Thunderbirds. There's too much competition in clearcut yarding," Miller says. "We specialize in thinning. That's what we do."

The Bottom Line

"It's tough to overcome the distrust in management, but we try to beat it out of them by letting them see what we do," adds Miller. "Our actions speak for themselves. We've got to be good for our word. People are our bottom line."