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## Matheus lumbers through recessions by expanding

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Were it not for its success supplying building materials for the Grand Coulee Dam in the depths of the Great Depression, Matheus Lumber Co. Inc. would not be the company it is today.

Then headquartered in Seattle, the company supplied tons of lumber used by the Public Works Administration to build the forms for most of the monumental concrete pours that made up the dam.

Today, in the midst of another economic downturn, Matheus retains its vitality just because it retains the business model — selling to big companies doing big jobs — it established 77 years ago.



If a person walks into the company's 5-acre headquarters lumberyard

in Woodinville looking for a few two-by-fours, "We'd probably say no," said company President Gary Powell.

As he explains his company on a Monday morning in his Woodinville office, a procession of large trucks, each laden with huge stacks of lumber and concrete-grade plywood, rumble out of the yard heading for construction sites around the region.

"That is one of our businesses, supplying concrete forms, panels and lumber, to the major concrete jobs," Powell said. "You cannot believe the amount of timber and panels that goes into those kind of jobs."

While Matheus' business is down about 20 percent in the recession, from \$88.3 million in 2008 revenues, Powell said his company is doing far better than

### MATHEUS LUMBER CO. INC.

**Founded:** 1932

**Founder:** Charles William Matheus

**Location:** Woodinville

**2008 revenue:** \$88.3M

**Advice:** "There's no way to recession-proof your business. One of the few things you can do to minimize recession is not to overextend your company in the good times, and save a little bit of money. You should manage your business as if there was a recession all the time."

— Gary Powell, president



**ROLLING OUT:** A line of trucks carries Matheus Lumber products.

MATHEUS LUMBER PHOTO

yards that specialize in supplying the home-building market.

In fact Matheus is utilizing the down economy to expand, and on April 15 opened its newest distribution center, in San Marcos, Texas. Matheus made the expansion by acquiring Bison Forest Products, an existing distributor "that mirrors Matheus exactly," Powell said.

Matheus' other facilities are in Vancouver and Ellensburg, Wash., and Idaho.

And the company is now actively bidding to supply some of the major "shovel ready" infrastructure jobs that are being funded through the federal stimulus package.

"With the new stimulus package, highway widening, bridges, overpasses, all requiring concrete forms and timbers, those are the kind of things Matheus would be looking at and supplying," Powell said. "The stimulus package is starting to take hold now, the contracts are coming out and we're bidding for them. As it goes forward in the next four to five months, Matheus will get our share."

Matheus' focus on supplying wood for the industrial construction market has helped the company develop a unique skill base, said Joe Arena, vice president of U.S. sales and a principal at Westlam Industries Ltd., in Vancouver, B.C.

Matheus is the sole Washington supplier for Westlam's line of plywood for concrete forms, Arena said. He added that Westlam offers such a variety of products, tailored for specific needs, that very developed understanding is needed to sell them.

"The reason they're in a business for a hundred years is they provide customers with the product that's going to work for the intended job," he said. "They're a responsible supplier, responsible in that they pick

products that work; they know what they're buying and they know what they're selling."

Now in its third generation of ownership, Matheus has always avoided becoming a sawmill, focusing instead on the needs of customers, and tapping the production of a variety of sawmills to do that.

It's only since 1986 that Matheus has even had a lumberyard of its own, a step the company decided to take as the number of sawmills declined in Washington.

Fewer sawmills meant more specialization for each of them, and Matheus executives decided they had to build their own inventory to guarantee to regular customers they'd never be caught short of a needed product.

Prior to 1986 there were 1,000 to 1,500 sawmills in the region, and Matheus could more dependably find a mill that could cut and ship to order on short notice, Powell said.

Now, the company deals with just 150 mills across the United States, Powell said. It makes about one quarter of its deliveries directly from the mills, rather than from its own yards.

At the core of the company's customer service is a version of just-in-time inventory.

Construction companies don't store materials on job sites; they depend on suppliers to bring them what they need every day.

"Our story has pretty much always been the same," Powell said. "Our business philosophy is customer service and trying to deliver these products on a timely basis, which can get rather difficult. There's so many people and traffic, it can be a real chore to get under that crane at 11 a.m. sometimes."

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