



Canadian Finds Success in Lumber Remanufacturing for Pallet Industry: Advance Lumber Serves Pallet, Container Manufacturers in Western States

Advance Lumber: Lumber remanufacturer in British Columbia carves out a business by supplying pre-cut stock to pallet and container manufacturers in the Western U.S.

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Date Posted: 12/1/2007

SURREY, British Columbia — In the late 1980s, Rajinder Brar and some investors opened a sawmill to make cedar shakes and shingles. Due to several factors, including unstable markets and a poor economy, the venture failed.

“It was a very bad experience,” Rajinder recalled. “I lost a lot of money, but it was a learning experience — a very expensive learning experience. One of my best customers gave me my best advice: make money and then spend money. I had done a lot of investing in that plant. I determined the next time around to be much more cautious, to keep borrowing to a minimum, to take baby steps.”

Rajinder immigrated to Canada from India in 1974 when he was 25. After working a few odds jobs, he began training to become a machinist. He was certified and worked in the trade for nearly 17 years. He wanted to have his own business, so, with some other investors, he started the cedar mill.

Although the cedar mill was unsuccessful, Rajinder had a vision. He wanted to work in the forest products industry. He learned from his mistakes, and he wanted to make another go at running his own business.

In 1995 he established Advance Lumber Remanufacturing Ltd. The company would buy rough, low-grade lumber, remanufacture it into components for pallets and crates, and sell them to pallet suppliers.

He found an acre of land to lease for the business in the summer of 1995. Rajinder bought a used Irvington multi-trim saw and a resaw. With some fabricating and repairs, the equipment was ready to operate by the summer of 1996.

“Our vision was simple,” Rajinder said. “Buy stock from larger mills, re-manufacture the product to create pallet stock, keep your overhead low, and always keep the customer happy.”

Rajinder determined to treat everyone as if they were family. “I felt that if I respected my employees, suppliers, and customers, I could not go wrong,” he said.

He started Advance Lumber with three employees, family members and friends. The business quickly flourished and grew. Within two years Advance Lumber had over 30 full-time employees. Rajinder leased another three acres to add space to store lumber.

It was clear to many that Rajinder’s work ethic had paid off. Customers were happy with the superior product and service, and the business was booming.

In 1999 Rajinder expanded the business by creating a trucking company, Advance Freight Systems Ltd. He started his own trucking business so he could control deliveries to customers. Today, Advance Freight will typically haul loads of pallet and crating components to customer in Rajinder’s primary market, California, then pick up a load of freight headed for Canada on the return trip.

As the new century approached, it became clear that more land and equipment were needed to meet the company’s growing customer base. Advance Lumber and its partner companies purchased 11 acres of land in 2001 in Surrey, which is less than 10 miles from the U.S. border. By winter, the company was operating in a new 9,000 square foot building. Two new multi-trim lines were added along with a resaw, notcher and a chamfering line. A second 8,000-square-foot building was equipped with more cut-up equipment. The offices were moved from a mobile trailer to a 3,500 square foot office with the latest computer technology. Later that year, Advance Lumber hit its stride by shipping more than 29 million board feet of lumber products. Today the company produces over 100,000 board feet a day.

Moving to the new facilities increased efficiency, said Rajinder. “Before we would get each new piece of equipment as we needed it and could afford it, but with our limited space we could not get as efficient a work flow as we would have liked.”

The added space of the new plant along with the new equipment enabled Rajinder to layout the plant in a way that improved efficiency significantly. In fact, he was able to eliminate a second shift, cutting back from 80 hours per week to 54. The company operates nine hours a day, Monday-Saturday, and employees earn overtime for the additional work on Saturday.

The company has made virtually all of its equipment. Rajinder's background as a machinist obviously comes in handy. "We looked around and saw what was available, then decided to make our own," he said. "I won't say that ours is necessarily better, but it is more versatile."

The company has two shop-built multi-trim saws. Each one has six circular saw heads; depending on the length of the lumber, the multi-trim can make two to six cuts at the same time.

Depending on the thickness of the lumber, the pieces can be routed to a circular resaw to be split; the finished lumber exits to a sorting table to be graded.

A shop-built double-head notcher is used to make notched stringers; the machine runs cutting tools supplied by Econotool. Material that needs to be cut shorter than 32 inches is cut back on a shop saw. The plant also is equipped with a multi-rip saw for resawing cants or timbers into deck boards and stringers.

A rapidly growing part of the business involves repairing pallets for a pallet rental company.

Rajinder began marketing the company's pallet and container cut stock by calling pallet and container businesses. He distributes a newsletter to customers and potential customers and advertises in various magazines. He also is a member of the Western Pallet Association and networks with other members.

Rajinder also ships to customers in Oregon, Arizona, Nevada and even Mexico and Costa Rica. "We don't want to ship too far," he said. His main market, however, is California. Even with shipping, his low overhead and efficient production have allowed him to be competitive.

Of course, he has competition from other companies in British Columbia. In fact, there are five similar businesses within a half-mile radius of Advance Lumber, and five or six more within a 50-mile radius.

"One good thing we have going for us is that we buy direct rather than through brokers," said Rajinder. Also, he buys large quantities of lumber. "We buy from CANFOR, the biggest lumber company in Canada, and have a set allocation," Rajinder said. "We've maintained a good relationship with them, so they try to help during hard times." This relationship has helped Advance Lumber to become a leading supplier of pre-cut pallet material.

Labor is tight in the region, according to Rajinder. "There is a lot of construction going on, especially for the coming Olympics, so there is a labor shortage." (The 2010 Winter Olympics

will be held in Vancouver, about 20 miles northwest.)

California, his major market, has a larger population than all of Canada. However, some things have worked against the market in 2007. Earlier this year, California's produce industry was hurt by bad weather; the inclement weather reduced harvests and the demand for pallets. The slumping home building industry also has been a factor as well as escalating prices for fuel. "The pie gets smaller and smaller, but everybody is still at the table," Rajinder said.

Another economic factor that has taken a toll on Canadian lumber producers and remanufacturers is the currency exchange rate. "The high dollar was a big benefit to us, but that has been lost," said Rajinder. "Before it was worth about \$1.50 to the Canadian dollar. Now it's at par and still climbing."

Canada's economy, and not just its forest products industry, relies heavily on trade with the U.S., Rajinder noted. "Eighty-two percent of the total Canadian trade is with the U.S.," he said. "If you ever went to war with us, you wouldn't have to drop any bombs. Just shut the borders."

The Eastern provinces, which have more manufacturing, also rely strongly on trade with the U.S. In the last few years, Ontario lost 60,000 jobs — and is losing thousands more — due to the drop of the U.S. dollar, he said.

"Here in British Columbia we rely more on natural resources, but it's very hard here. It's fair to say that the question here is that of survival, especially with anything that has to do with lumber."

"Our work process is very simple, and there doesn't appear to be much that can change at the moment," Rajinder said.

"Our employees have done lots of hard work to get us where we are today, and they are still working hard," said Rajinder. "They are happy working here, and we never have any complaints. We don't do anything special, but we don't bother them. We just give them the work and a supervisor and let them do their job without somebody bothering them."

Rajinder's older son, Jas, has worked in the company for many years, and his younger son, Sukhi is graduating from college and will be joining the company full-time.

He has considered diversifying into other wood products or pallets. If he does, he likely will

start small and slowly, Rajinder indicated. "We'll take baby steps."

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