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North Woods Standout

Dick Walsh Forest Products gets Timber Harvesting's nod for 2006.

By Jennifer McCary
 October 2006

PARK RAPIDS, Minn.



The mark of a good leader is one who sets the standard that others want to emulate. Second generation logger Dick Walsh is such a leader. A visionary by nature, Walsh is often first in his area to try new technology and first to recognize and develop new business opportunities. He's also often first to offer a helping hand, whether it is to improve his community, his industry or his state. His winning personality, wit and dedication to educating others about the forest industry have helped open the eyes of many a skeptic.

Currently, Walsh, 67, is in his 16th year on the Arago Township Board; is a gubernatorial appointee on the Minnesota Forest Resources Council (see related item, page 14); a board member (and former president) of the Minnesota Timber Producers Assn.; and a charter member of the Bemidji Area Resource Council.

Although he sold his interest in the Walsh family's three-way partnership to sons Robin and Steve a few months ago, Walsh has not slowed



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much, if any. The sons grew up in the woods with their dad and have been mainstays in the growth and success of Dick Walsh Forest Products (DWFP) over the last 20 years. In fact, it's because of their capable hands-on management that Walsh has been able to devote so much time and effort to community and industry affairs.

In recognition of Walsh's leadership and forward thinking, of the family's many contributions to the advancement of the logging profession, and for setting a stellar example of professionalism and pride in a job well done, Timber Harvesting has selected Dick Walsh Forest Products as its 2006 Logging Business of the Year. The company is the second in the upper Midwest and ninth in the nation to be so recognized.

In 1998 Timber Harvesting launched what has evolved into a pinnacle award to honor special overachievers in the logging corps. The Walsh family will accept the prestigious award September 30 during concluding festivities at the annual meeting of the American Loggers Council in Kalispell, Mont.



DWFP ranks among Minnesota's largest softwood producers and it is a textbook example of resource utilization. The organization has endured for 45 years, largely because its founder had the courage to take risks, the will to change and adapt, and the foresight to diversify.

Walsh deploys five production teams and a related trucking entity and keeps them humming with an efficient 28-person staff that includes his wife, Sandra, and daughter-in-law Jodi Walsh (Robin's wife). Crews include a cut-to-length setup, a bunching crew, conventional processing team, whole tree chipping side and a biomass fuel operation. Working primarily in jack pine stands, they perform about 75% clear-cuts in preparation for reforestation. Jack pine does not grow well in this region, so most landowners are replanting with Norway pine. The cut-to-length crew is used for thinning. Volume of roundwood bolts (100 inch sawlogs) and clean chips averages 50,000 cords per year. Biomass production, still in the development stage, varies with market demand and is not included in the total. Typically, crews work within 60 miles of Park Rapids.



Making A Difference

Walsh has been an active member of the Minnesota Timber Producers Assn. (MTPA) since 1982. He served as an officer for 10 years and

currently serves on the board of directors alongside Robin. He chaired the task force that developed the Minnesota Logger Education Program (MLEP) and considers that effort a defining milestone in his storied career.

"That was like sitting down with a bunch of people and saying, 'Now we're going to make an airplane'-with lawyers present," says Walsh, who is known for his great sense of humor. "We put all this stuff together and tried to make it fly. About 20 meetings later, after finding out all the things you can't do because the lawyers are there, we actually came up with a program. I was not a very popular person because a lot of loggers thought this was my idea." Actually, developing a logger training program was a requirement of the state's Sustainable Forestry Act of 1991 and Walsh felt it was better for loggers to help write their own rules than have them written by DNR or the University of Minnesota. MLEP came into being in 1995 and has since been used as a model for logger education programs in other states.

"Dick is one of those people who doesn't have to be asked to do something," says Wayne Brandt, MTPA Executive Director. "He will ask you if there's something that needs to be done. I can't imagine how many tens of thousands of miles he has driven to meetings on behalf of loggers in this state."

Walsh has testified several times at the state capitol on issues ranging from worker's comp insurance to transportation proposals to DNR funding. Most recently, the association successfully lobbied for legislation that increased the state's legal weight to 90,000 lbs. for a six-axle rig. The law has helped ease the pain of recent fuel spikes.

He is a charter member of the Bemidji Area Forestry Council, formed in 2002 under the umbrella of the Joint Economic Development Commission (JEDC). Organized to give more visibility and public support for the timber industry, its membership includes state and federal politicians, mills, loggers, public forestland managers and logging suppliers.

JEDC's director, Larry Young, describes Walsh as the dean of the group: "He probably has more experience than anyone sitting at the table and he's a real world guy who doesn't pull any punches. His comments are well respected."

Why does Walsh devote so much time to outside obligations? He responds in characteristic head-on style: "I've always felt that if you don't have representation at the state level you could wake up one day and find you've been legislated out of business."

Walsh was also instrumental in establishing Minnesota Timber for Humanities, a 501C organization that raises funds for Log-A-Load For Kids. To date the group has donated \$329,500 to the Children's Miracle Network. As part of its fundraising, volunteers perform benefit harvests and donate the harvest portion of sale proceeds. DWFP has done this at least twice.

Not one to miss an opportunity to educate, Walsh invited local teachers and school children to watch the partnership's cut-to-length system perform the harvest in 2002. It provided a great venue to inform kids/teachers about the benefits of logging and forest stewardship. Afterwards, kids got a chance to climb into the intriguing machines.

Robin, Steve and Dick volunteer their time and machinery every year to put up the Christmas tree in the center of Park Rapids' business district. In the summer, a company truck is decked out for the town's 4th of July Parade. DWFP participates in Minnesota's Adopt-A-Highway program. Periodically, employees pick up litter alongside a designated two-mile stretch of U.S. highway 71 that serves the Walsh compound. It is a strong supporter, through donations, of numerous programs offered through the Park Rapids school district. These include the local high school wrestling program and parent-teacher organization. As well, DWFP supports a drug prevention and education effort of the Hubbard County sheriff's office and is an active member of the Minnesota Deer Hunters Assn. When their church camp needs some timber cut or requires decorative mulch, Dick, Robin and Steve always volunteer their services.

Dick formally served on the Industries for Park Rapids Board, which promotes development and manages an industrial park.

Family Strength

The first thing a visitor to Walsh's headquarters will notice is that it is a family enterprise, even though all involved aren't related. One gets the sense that Walsh crews take full ownership of their roles and, as a result, take considerable freedom in performing their duties.



Unlike many multi-generation family businesses, the Walshes thrive primarily because of their differences. Each key figure contributes unique and complementary skills to strengthen the whole.

Dick works at the "policy level" to build relationships and ensure that outside forces in the industry don't bump them off course. Robin, 46, manages the harvesting end and looks after equipment and timber contracts. The company purchases about 75% of its stumpage needs and contracts with Potlatch Corp. for the remainder. Steve, 45, takes care of roadbuilding and manages DWFP Trucking Co., a separate legal entity.

Sandra, who has assisted her husband from day one, has narrowed her focus to the accounting side since Jodi joined the business 10 years ago. Formerly a critical care nurse, Jodi uses her detail-oriented skills to manage job scheduling, load deliveries, equipment, worker training, and safety and drug programs. Jodi also looks after parts

inventory and fuel purchases. "Things can get ugly in the woods real quick if I overlook the fuel inventory and we run low!" she says. "Fortunately, our supplier, Farstad Oil, and the driver, Mark Haverkamp, are like family and if the unthinkable happens, we have fuel ASAP. In the winter it is crucial that we run P-40 (fuel which won't gel until it is -40_) in our equipment or it won't start."

Jodi is very high on computer software used in the business. "One of the best changes we've made in a long time is buying Logger's Edge software," she says. "I called Boise and told them I needed a better way to track deliveries and they referred me to this Canadian company. The program paid for itself in three months."

She uses the program, developed by Caribou Software, Edmondton, Alberta, to track timber contracts, keep up with production by product categories, track deliveries and record actual trucking and equipment costs.

Details

Service technician Brian Ahart, who came on board in 1999, is key to the organization's success and operational efficiency. He and one assistant are responsible for maintaining the company's \$5 million harvesting and trucking investment.

Organization is the key. In a separate locked parts storeroom, each type of equipment has its own parts shelf, which makes it easy for anyone to locate a part quickly when Ahart is on location. Universal parts and supplies that fit all equipment are stored in another secure parts room.



DWFP is located on the western- southern fringe of Minnesota's logging community and is largely self-sufficient. The company carries an extensive parts/supplies inventory estimated at roughly \$50,000.

After purchasing a new Peterson debarker-chipper three years ago, DWFP hired Ray Markham, a Canadian consultant who specializes in field chipping technology, to help determine the correct knife angles and chain flail speeds to meet concise chip specifications and attain optimum production. The move saved the company a great deal of time and money.

A Michigan knife grinder has served DWFP since 1989. In the winter, a separate back grinder is used to put an edge on knives to help them efficiently and effectively chip frozen logs. Sawteeth and knives are resurfaced and sharpened several times before they are discarded.

A fully stocked and well equipped one-ton Chevrolet service truck, with van body, helps make on-site repairs efficient and convenient. Ahart travels with a laptop computer that enables him to connect to headquarters, check parts inventory, and, if needed, order parts

online.

Truck drivers are responsible for daily inspections, minor maintenance and truck cleanliness. Generally, trucks are washed twice a week at the partnership's fully enclosed wash building, which will accommodate up to four trucks. Washing frequency increases with muddy conditions. All trucks are parked in heated storage buildings to eliminate startup delays when temperatures plummet. A boiler fired with in-house developed chips provides hot water heat for all headquarters buildings.

At the end of the day, drivers and equipment operators note any maintenance issues on a bulletin board located next to Ahart's office. This lets him know what needs to be done so he can schedule his day. Jodi also posts the next day's delivery schedule on a separate board located in the garage. It tells drivers where they'll be working, which mills to haul to and how many loads they're scheduled to deliver.

Trucks are greased at 5,000 miles and get complete service at 10,000 miles. Lubricants and antifreeze are purchased in bulk and are delivered weekly from Evco Petroleum Products, Detroit Lakes, Minn. Off-road and on-road diesel fuel is stored in separate 14,000 gallon vertical storage tanks. A grate system is located next to the pump to contain any spills.

Preferred truck engine is Cat and the Walshes usually go with 475 horsepower.

To increase trucking efficiency, DWFP incorporates some backhauls on longer trips, purchasing cedar bark and chips from a sawmill near International Falls and delivering them to landscaping companies. DWFP also picks up sawdust from another mill about halfway between and delivers it to horse farms located near Park Rapids. Overall, loaded miles average about 55%. Longest runs approach 180 miles. The company also moves equipment for other loggers in the area.



Road To Success

Walsh learned the trade from his late dad, Charley Walsh, a lumberman who lost his arm in a sawmill mishap in 1943. Walsh was too young to remember much about it other than stories about that life-changing day.

He says his dad was lucky to survive because the party driving his dad to the hospital ran out of gas, but another motorist picked them up and got them there in time. Remarkably, rather than give up or give in, his dad turned to logging to continue supporting his family.

As a young man, Walsh farmed in the summer and logged in the winter. His first machine was a John Deere 1010 dozer fitted with a Gafner loader. "I had to log to make farming pay for itself," he says with a chuckle. But markets were limited and the young logger had to

find other work occasionally. He spent a couple of summers working on a railroad salvage job, picking up abandoned railroad ties and stacking them on a forwarder truck. His sons remember peeling aspen during their summer vacations for 5¢ per stick.

Walsh moved to a more mechanized mode when he bought a Hahn Harvester in the '70s. Late that decade, the energy crunch hit and the Minnesota governor issued a decree that all government buildings would be heated with green wood burners. That didn't pan out but it left several schools with burners they couldn't use because they couldn't get the right fuel. Walsh saw an opportunity to get into the whole tree chipping business to utilize unmerchantable timber for fuel. But it was expensive, his banker was skeptical, and Walsh couldn't make the down payment.

Chip Saga

He struck a deal to supply fuel chips to a Catholic convent, which also included a nursing home, cannery and greenhouse in Crookston, Minn. Needing chips, the convent offered to loan him the down payment and



Morbark Industries financed the balance. Payments were made by deducting 30% from every load of chips delivered to the convent. "That's how we got started in the chipping business," he says. "I've got a warm spot in my heart for those people because that was a lot of money and I had no collateral."

Walsh developed close to a dozen fuel chip markets and for three years or so the crew literally chipped seven days a week. The family elected to work around the clock some nights during brutal cold spells because allowing the chipper to get cold would sometimes stall production until noon the next day.

"What killed that market was that stumpage prices started getting out of hand," recalls Robin, noting that high stumpage costs remain a major challenge. "You couldn't afford to chip it and sell it for fuel chips. So that evolved into what we are doing now with clean pulp chips. We were supplying quite a few sawbolts to Potlatch's stud mill and they needed more production, but we couldn't sell the pulpwood byproduct. Our jack pine will run 50% pulpwood, which is why nobody could produce more sawbolts."

The Walshes started looking for an affordable way to utilize that pulpwood. Working with Boise at International Falls and Potlatch at Bemidji, they worked out a three-way contract where DWFP would produce clean chips for Boise and deliver sawbolts to Potlatch. They purchased their first flail chipper and Boise worked closely with them to set up the chipper to meet specs. The arrangement remains a triple-win deal for all parties.

"What we are after are sawbolts," states Potlatch forester Brian

Smith, who has worked with the Walshes about 16 years. "We have trouble marketing the lower value pulpwood, which limits how many tracts we can harvest, so this is a good fit for us."

Today the company continues to produce some fuel chips, which are sold to a large school district and adjacent hospital for winter heat. Aspen logs go to Ainsworth in Bemidji for OSB manufacture. Spruce pulpwood goes to UPM in Grand Rapids.

Mill closures in Wisconsin have created a glut of wood in recent months, forcing some quotas, especially in aspen products, according to Robin.

Biomass Side

DWFP got into biomass in 2004 when Norbord came up short on its winter bark supplies to fire its OSB dryers and press. Not wanting to use its expensive backup natural gas systems, the company called DWFP. Walsh said he could provide the biomass if Norbord would pay the rent on a grinder. Norbord also referred him to another panel mill needing biomass, and a one-year contract was the result. After Walsh landed a long-term contract with Minnesota Power, the family purchased the grinder. Demand slows in summer months but the family sees biomass as an opportunity that will continue to grow because of the current energy crunch.

Teamwork

Crews are organized according to function, rather than jobsites, so operators work relatively independent of each other. The bunching crew consists of three feller-buncher operators, who may work together on one site or separately at different locations. Pulpwood logs and sawbolts are sorted and bunched separately to maximize skidding efficiency. Operators are Eddie Andreoff, Roger Hensel and Joe Safratowich, who is DWFP's longest tenured employee (close to 20 years). Their respective Tigercat mounts include '04 724D and '00 720C drive-to-tree feller-bunchers and '04 822 track buncher.

The conventional processing crew that follows the bunching crew includes two John Deere 748 G-III skidders, '05 Risley Lim-mit stroke delimeter riding on a 2054 John Deere, '05 Tigercat 244 loader and '05 HanFab 60 inch slasher. Crewmen include skidder drivers Aaron Zeirke and 10-year veteran Henry Luther, 14-year slasher operator Clint Kako, and 5-year delimeter operator Shawn Pfeifer.

The chipping crew comes next to produce clean chips from pulpwood logs and some tops. This crew involves an '03 DDC 5000G Peterson flail chipper and '00 648 G-III and '01 748 G-III John Deere skidders. Respective operators are Cliff Crowell, Randy Longfors and Tom Riggle.

Finally, the biomass crew comes in to recover fuelwood from limbs and bark left by the chipper. Scott Pfeifer runs the '01 Peterson

HC2410 horizontal grinder. An '02 John Deere 700H crawler is used to keep material piled for the grinder.

Robin and Dick man the cut-to-length job, operating Ponsse machines, including an '01 Ergo harvester with a '06 H73E processing head, and an '01 Bison forwarder. Steve hauls wood from the job with an '05 Peterbilt fitted with a Serco self-loader. A subcontract hauler, Ron Wattenhofer, also pulls from this job.

DWFP Trucking Co.'s 12 Peterbilts sport a uniform blue color scheme. Vans and trailers bear various brands. Four of its 14 vans are equipped with Keith walking floors.

Drivers include Larry Frehse, Steve McComas, Roy and Bill Andreoff and Terry Phillips. Frehse has been on board nine years; McComas seven. Rounding out the trucking component are four owner-operators: Kelly Smith Trucking, Duane Hensel Trucking, Lincoln Express and Jerry Joy Trucking.

Second Shift

Two winters ago, Robin and Steve made the decision to add a second shift on the chipping crew. "The reason we did that was because we have this budworm problem with jack pine," Robin says. "The other reason was we couldn't justify the expensive machine working just eight or nine hours a day. Only a few employees are involved."



Their dad was skeptical at first. "You're taking more advantage of your capital investment to get more production," he states now. "Plus, in the wintertime, your equipment doesn't sit there long enough to get cold and hard to start the next morning." Crews work 12 hour shifts during the winter, 10 hour shifts during the summer. Skidding is not a safety issue because most timber is pre-staged near the landing during daylight hours.

Jodi follows a less formal, but regular safety program that is geared to the way the crews work. Generally, she chooses a safety topic to review one-on-one with the guys as they arrive in the morning. About 20 safety awards earned over the years adorn her office walls and are testimony to the family's commitment to providing a safe work environment. All employees also attend annual LogSafe training.

In recent months, DWFP has been working toward completing Master Logger Certification through the American Loggers Council. It has completed the final audit and is awaiting word from the governing board. Again, it's another case of the organization's being among the first in the state to pursue and achieve a specific goal.

"Dad taught me that you gotta do something that other loggers can't

do, or don't want to do, to get ahead," Robin says. "He wasn't a follower. He was willing to take chances and that's how he built the business."

No doubt that lesson will be passed on to the fourth generation of Walshes. Although not yet teens, three of Robin's and Steve's offspring-Charley, Tim and Jack-are impatiently waiting for their time to come. That bodes well for the Walsh legacy and the logging industry.

Numerous Nominees

Timber Harvesting this year received 17 coast-to-coast nominations for its Logging Business of the Year Award-the most ever. This obviously underscores the interest and popularity of the special recognition, which is unique to Timber Harvesting. Nominees ranged from large multi-crew businesses to small operations.

Editors are grateful to those who took time to submit nominees. They will begin accepting 2007 nominations beginning early next year.

Previous honorees have come from Arkansas, Michigan, Texas, Washington, South Carolina, Maine, Georgia and California.

Resource Council Tour

* Last year Dick Walsh Forest Products (DWFP) hosted the Minnesota Forest Resources Council (MFRC) as it conducted its annual field trip. This included a visit to Walsh's diverse harvesting operations as well as previously harvested sites. Thus it was demonstrated how logging integrates well with wildlife and reforestation objectives.

This 17-member advisory panel provides recommendations to the state legislature on sustainable forest policy and practice. Sixteen are gubernatorial appointees representing public and private environmental and conservation organizations, as well as educators, landowners, the timber industry, not to mention a representative appointed by the Minnesota Indian Affairs Council. Dick Walsh is the only logger representative and his term expires next January.

"That tour was particularly important because there were some new members on the council and many of them had not seen an active logging job," states Wayne Brandt, Executive Director of the Minnesota Timber Producers Assn. (MTPA). "To go on Walsh's job-where the equipment is perfectly maintained, trucks are washed regularly and everything is organized and neatly laid out-you can see the professionalism and utilization of the resource. It really opened some eyes and gave them insight into how logging is done in

Minnesota today."

MRFC's Executive Director, David Zumeta, commends Walsh and Jodi for a well organized and well rounded presentation. Noting the council includes two environmentalists, a conservationist, and a fish and game representative, he adds, "Those folks in particular appreciated his hospitality and openness. Obviously, our members are not always on the same side of the issues we discuss. So it was good to gain an understanding of the kinds of challenges a businessman faces in trying to run a logging operation."

MFRC is currently mandated by the state legislature to develop guidelines for sustainable removal of woody biomass from harvest sites. Walsh's practical knowledge of biomass and his wisdom earned over 40-plus years in the logging profession have been invaluable in that effort.

Other Endeavors

A half dozen years ago, when dealerships were consolidating and a cloud of uncertainty hung over the equipment community as a whole, Dick Walsh decided to open an equipment dealership. Forestry Equipment Sales & Service, Inc. (FES) was the first dealer to introduce Tigercat products to the Park Rapids area. The dealership also carried the Ponsse line. However, the small business was unable to carry the inventory manufacturers demanded. FES lost the Tigercat line to North Country Equipment (later purchased by Nortrax) and Walsh elected to make a graceful exit from the equipment world.

He also tried his hand at sawmilling, buying a large diameter sawmill and lumberyard out of bankruptcy. At the time, there was a big market for that product. He rebuilt the mill and revamped the kilns. The operation sawed large Norway and white pine logs, but it was a challenge to get the production it needed.

"We thought it was going to be a good deal and we did buy it fairly cheap," he says. "It wound up being more of a lesson in Management 101. I had a friend tell me one time that the first thing you do when you go into it is to fire all the employees and tell them you'll be taking applications the next day. Then when you hire them back, they know they're working for you." As it turned out, there were some problems that probably were a holdover from the previous management under the bankruptcy plan. In retrospect, Walsh says, "My friend was absolutely right."

After selling the sawmill, Walsh invested in lakeshore property he planned to develop and sell as waterfront lots. "That was another education," he laughs. "Everything looks rosy from the outside. Then you get into it and find out about all the restrictions." He managed to make it through engineering, planning boards, permits, road building specs and wetland regulations. It was a long process and it kept

capital tied up a couple of years, but the resulting payback was well worth it, he reports.

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