

Below is an article about us that was written and published by Timber Harvesting Magazine that will give everyone a better understanding of who we are and how we started.

## Mitchell Logging

In 1973, George Land published his Pulitzer Prize nominated work, *Grow or Die: The Unifying principle of Transformation*. His theory postulates that in all systems in nature, humans and their activities transition through phases and as one comes to an end, and another begins, there is a distinct opportunity in the middle, or "breakpoint" in which there is tremendous potential for innovation and growth.

Paul Mitchell of Paul J. Mitchell Logging Inc. in Tupper Lake, New York appears to have mastered these transitional breakpoints with tremendous success, evolving from a small conventional logging venture to a fully mechanized in-woods clean chipping operation that produces and hauls an estimated 60 loads per week, or an estimated 2300 tons, to five diverse markets and employs 24 full time crew members and staff. Two years ago, Mitchell tapped a new prospect, expanding his family business holdings to include a new stone quarry endeavor, Mitchell Stone Product LLC, a separate company that shares employees with his logging business. He also recently ventured into production for the growing biomass industry, an opportunity that helped offset some minor reductions in paper mill volumes. And just announced, Mitchell has partnered with two investors from nearby Long Lake, New York, to undertake a feasibility study to develop a new pellet plant in Tupper.

At 52, Mitchell admits that like most contractors, he didn't start out with a specific game plan when he started logging right out of high school in 1975. Despite the fact he is a third generation woodsman, he discloses with some humor to having only fully committed to logging as his "career" only in last decade. "Honestly, I think if we had ever put pen to paper and developed a business plan when we started, envisioning what we are today as an endpoint, we would never have proceeded," he says confidently, "it would have been way too daunting." By "us" he is referring to wife and business partner, Mary (a.k.a. "CFO, CEO, CIO and every other "officer" position there is in the company!," says Mitchell). Together, they have plotted a course marked by shifts in markets and changes in the landscape of forest ownership to build a premier contractorship nestled in the Adirondack Mountain region, perhaps the most variable and challenging terrains in the country.

Yet even in "navigating as they went," Mitchell says the business relied on one constant and deliberate strategy, one he recommends to others trying to make it in the industry: "diversify, diversify, diversify." Diversification has given Mitchell and the company a significant degree of short-term stability, allowing him to invest his energies in exploring long-term opportunities. This approach has been ideal for steady growth of the company, but also feeds Mitchell's entrepreneurial leanings.

"I am always trying to stay one step ahead of the pack," says Mitchell of an industry marked by uncertainty and a region just now seeing second-generation loggers in the ranks and few new entrants. His keen business acumen combined with an analytical mind has allowed him to stay proactive and profitable, "that and a dose of intuition." This combination helped him make one of the best decisions to date, committing to work with International Paper in 2006 to increase production volumes, which required Mitchell and his crew to make the leap to mechanized clean chipping and a sizable investment in equipment. "I couldn't have done it, nor would I recommend doing so to others, without a safety net," referring to his 3-year contract with IP, which made his decision to purchase a new Peterson Pacific 5000G from Lyons Equipment, "apprehensive, yet necessary." The contract also contained a key provision, a fuel adjustment, which was instrumental during a time period that saw record fuel costs.

Mitchell says his greatest trepidation in making the switch to chipping was the large dollar figure attached to the equipment. "I was naive," he admits, adding, "Chipping is not the biggest expense or challenge; it's feeding the machines and taking it away." He had initially anticipated encountering minor issues as they were ramping up but by the second day, he and his crew were in full production. "Trucking - well, that was another story," says Mitchell who struggled with hauling for nearly a year after converting because he owned only 4 tractor-trailers, which greatly limited his ability to keep up with capacity. Over that first year, he added four more trucks to his fleet for a total of 8 tractor-trailers, 4 Western Star and 4 Kenworth. With 12 Manac chip vans and some contractual arrangements for additional pulling of vans, he considers his enterprise fully operational for his market needs. At the same time distances between landings and mills still make transport one of his top considerations and largest expenses, a close second behind payroll. "Our markets are anywhere from 60 to 250 miles," says Mitchell of the nuances of transporting from

the remote Adirondack region. He says New York State's more generous weight limits, 117,000 pounds with a seventh axle and permit, allow him to haul longer distances. To meet consumption needs, the company purchases in bulk 1500 gallons/day of fuel, delivered to a storage facility with the balance delivered weekly to the job site.

The absence of direct proximity to markets means not only increased fuel costs, but also dedicated maintenance, and strict attention to hours of service regulations as well as weight restrictions, particularly when hauling across the US border. There is also significant distance between the company and his equipment dealer, CJ Logging Equipment in Boonville, New York, and although he touts the dealer's exceptional service to date, "often real-time troubleshooting is necessary, thus requiring the capability to perform maintenance and repairs onsite."

His 6,400 sq foot shop, which includes a multiple bay garage equipped with a 10-ton overhead crane and state-of-the-art technology and tools, rivals those of most dealerships. "I am really a mechanic at heart," says Mitchell who jokes that although he doesn't plan to ever retire, "you may find me someday tinkering in the shop." Until that time, he employs 2 full time mechanics. His rule of thumb in directing purchases is "quality first, price second," and this approach has worked thus far as Mitchell has experienced few major issues. In addition the Peterson Pacific 5000G clean chipper with Simmons Knives, and a chain flail debarker, Mitchell operates a Peterson Pacific horizontal 2400B grinder. The company maintains three Timbco (now Valmet) track-type feller-bunchers with Quadco 22-inch "hot" saws, six Tigercat 630 grapple skidders, three Tigercat loaders including the 250 track loader, 245 rubber-tired loader and a 220 loader mounted on a deck trailer with a CSI delimeter. The company also has its own road-building equipment including Caterpillar and John Deere excavators, bulldozers and front-end loaders, and a grader. Equipment is outfitted with Pedno chains. His investment in equipment is approximately \$6.5 million and he estimates the on-hand inventory in his shop and site trailers is roughly \$100,000 on average.

The company maintains a strict maintenance regimen; oil changes are performed at the shop at 200 hours and air filters are monitored and replaced. Chipper knives are sharpened on site every one-half load and replaced as required. Tire work is performed in the shop or in the field as needed. Repairs and maintenance are estimated at \$500,000 a year. Mitchell believes being proactive in up-keep is paramount.

"Reliability and performance is essential in this neck of the woods," notes Mitchell, as the varied terrain also poses other challenges including rocky soils, lengthy mud seasons, dense brush, and snowfalls measured in feet. To accommodate unpredictable changes in weather, jobsites are equipped with portable light towers to allow work to continue after nightfall, particularly in the winter months. Sometimes the site allows for chipping and grinding at a landing, but for the most part, they chip and then grind. The Peterson 5000G has a chain flail debarker to remove limbs and bark before it chips, thus allowing Mitchell to produce the clean chips his markets demand. "I receive daily reports of chip quality from all my markets via email so we can monitor our production and adjust if necessary," says Mitchell.

Although the northern climate minimizes the risk of fire, equipment is outfitted with an AFEX on-board fire suppression systems purchased from Firesafe Equipment in Auburn, Maine. Mitchell made the decision to install the system, despite its expense, after learning it could take up to 8 months to replace a damaged chipper. "I didn't want to risk having to shut down to wait for new equipment; the cost of the system was worth preventing an operational catastrophe," he said. "We have never had to use it, although it did go off once accidentally and based on the mess we cleaned up, it looks like it would snuff out nearly any fire," he added.

Safety is also a concern. The crew participates in weekly meetings and designated crewmembers participate in the SFI training programs as part of the company's commitment to sustainable forestry practices and in-woods safety priorities. "I think a well developed and well-prepared crew yields better performance on the site," says Mitchell.

The proof of these efforts is measured by deliveries to the mills. Ninety-five percent of the company's production is focused on selective thinning of low-grade hardwood procured from mostly large tracts held by forest investment firms. His markets include International Paper's Fort Ticonderoga Mill on short-term contracts following the expiration of the three-year contract that motivated his switch to chipping in 2006, as well as the recently-added Domtar - Windsor Mill in Quebec, Ontario and New England Wood Pellet's (NEWP) Schuyler, New York Plant. Grindings are hauled to the Boralex Biomass Plant located in Chateaugay, New York. Mitchell procures the jobs himself.

"Entering into the bioenergy markets has been a really exciting prospect for the company," says Mitchell of his relationships with Boralex and NEWP. "Not only is it a good extension of our company strategy to diversify in light of steady, yet declining paper mill volumes, but it is also satisfying to know you are contributing to the growth of a new

sector that could help support many Northern New York communities, businesses, and services" adds Mitchell. He says he hopes in the next 5 years to expand his production to the green energy sector "without growing the company much larger." Slightly more than ten percent of his chip volumes are produced for NEWP and he would like to see that percentage grow as he positions the company for the future. As part of this preparation, Mitchell is enrolled in the USDA Biomass Crop Assistance Program (BCAP), an initiative providing financial assistance to producers that deliver eligible biomass material to designated biomass conversion facilities including NEWP and Boralex. The first round of payments was recently released to qualified producers and Mitchell says the distribution from the local farm service agency went smoothly.

The growing bioenergy sector is also on Mitchell's radar as another opportunity for diversification - not from the production end, but in terms of developing a facility. He has intermittently explored potential options to attract a business that could occupy the abandoned OWD/Jardin Plastics Plant, which is located across the street from the Tupper Lake shoreline and serves as a reminder of the jobs lost and the struggles of the area. "There are so many of us who love this region and would like to see more employment prospects and economic stability," says Mitchell of his current investigation. Together with developers and venture capitalists Claire and Tom Leonardi, formerly of Avon, Connecticut and now nearby Long Lake, Mitchell and his wife have formed Adirondack Woodsmen's Pellet Company LLC to explore the potential development of a pellet plant that would produce and sell wood pellets locally. A \$76,500 grant from the New York State Energy Research and Development Authority will cover roughly one-third of the costs to perform the feasibility study, with the partners financing the remaining two-third of the study. The hope is to develop a facility that can employ at least 25 full time workers as well as lead to a number of indirect jobs in the region.

**Update:** The pellet mill venture was terminated due to the changes in that market, (oil prices dropping, an abundance of pellet mills coming online) In July of 2010 we notified NYSERDA, and declined the offer of the \$76,500.00 grant. This was a hard decision to make, but we felt like it was the right one.

Mitchell says the next few years will include what he hopes is a return to his 2008 profits and some additional stabilization of the markets. "This past year saw our markets down twenty percent over 2008; so far, 2010 appears to be much more promising," says Mitchell. He anticipates no new purchases for the logging arm of his multi-faceted businesses, but plans some new acquisitions for Mitchell Stone Products LLC over the next two years.

He wants to ensure his efforts to diversify result in solid companies that he can leave behind in his legacy planning - that's his long-term goal.

"One of the key reasons we have been successful in the last few years, and the reason why I stay future focused, is the addition of my son, Paul, Jr. who came home from college and declared, much to our surprise, he wanted to join the family business," says Mitchell of the significant role his son, who recently turned 30, has played in running the chipping operation and his prospects in taking over the company at some point. "He has the people skills I lack," says Mitchell, downplaying his own track record of forging lucrative alignments over the years.

"I think it is critical to the growth of any contracting business to have a right-hand man who can step in and manage the day to day operations and allow you the opportunity to proactively look forward. That's what having Paul, Jr. on board affords," says Mitchell of his son's skillset in the woods and management style, "He's by far a better boss to work for; I think he helps us retain good people," says Mitchell of his employees. "I know it sounds cliché, but we wouldn't be where we are today without our employees. They are the backbone of our operations and often the motivator to keep me working harder, too," he says.

His employees range in age from 27 to 54, and several have been with him since he first started out. More than half of his staff has been employed with Mitchell Logging more than a decade. His philosophy? "Treat people the way you want to be treated, maintain high expectations of performance, expect professionalism, and be mindful of work and life balance; every one deserves to enjoy time outside of work." In addition, he provides health and life insurance through a self-insured program, as well as retirement plan options to his employees. To his credit, his philosophy and attention to his staff has paid off with returned loyalty, dedication and a strong collective work ethic.

"I don't believe every business has been as fortunate in developing and keeping employees," says Mitchell who believes the greatest challenge facing the industry at-large is capacity. "I don't see, and many of my counterparts don't see, an ambitious labor force on the horizon, and that concerns me greatly."

He notes that 35 years ago, when he himself was contemplating employment options, the forest products industry offered high paying jobs. "The hours were long, but you were compensated well," he says noting today the industry competes for labor with municipalities offering stability, substantial benefits and perhaps less physical stress. "In addition, let's face it, I built my business incrementally, adding equipment here and there as the jobs required. Who has equity or cash laying around to start out fully mechanized today?" says Mitchell.

The cultivation of future capacity, as well as ensuring professional loggers are well represented in industry dialogue, prompted his recent acceptance to serve as member of the Board of Directors of the Empire State Forest Products Association (ESFPA), an organization dominated by manufacturing representation. "I had been asked before, but the timing wasn't right," says Mitchell who says more than ever, loggers need to have a voice. "We are in this game together and it is important that each stakeholder bring his or her unique experience, perspective, value and needs to the table if we are to proactively secure our industry for the future." He is also active in the Northeastern Loggers Association, located in Old Forge, New York and serves on the advisory board of a self-insurance organization.

It appears Mitchell's decision to convert to fully mechanized clean chipping was somewhat fortuitous in hindsight, given the region's recent struggling hardwood grade market that has accompanied the drop in home building. Yet his success is not merely serendipitous. His energy, tenacity, hard work and collaboration has helped Mitchell not just ride out, but proactively embrace, important transitional breakpoints in his near thirty years in the business. Of his most significant lessons learned: diversify, take calculated risks, hire like-minded, ambitious people, and "remember that working for yourself can be both challenging and rewarding," he says adding, "because if you are keeping a close eye on your business, something necessary in this economy, you always have advanced notice long before you hand yourself the pink slip."

Through The Trust to Conserve Northeast Forestlands We have received our Master Logger Certification. (April 2010)

Northeast Master Loggers are the only loggers whose work receives an independent and internationally recognized third party certification.

We have recently (Jan. 2011) also through TCNF received our FSC Group Chain of Custody Certification. This certification allows us, when we are working on lands that are also FSC Certified, to sell our wood to paper mills as "FSC Pure"

We have added a market, Fortress Specialty Cellulose Inc. they are located in Thurso Quebec. They manufacture Cellulose for the textile industry.