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Gentlemen:

Bob Jr. asked me to write a short history of our business.
thought you would like to see it.

They publish a company house organ in Rockford, and Bob thought
an account from me might be interesting.

Best regards,

H. Sutherland

HS;cc

Attachment

I have read "Timber" for some time and thoroughly enjoyed it. I congratulate you on a wonderful job.

My grandson, Bob Jr., has suggested that I write a short history of the Company.

As all 80 year olds, there is nothing that elicits my enthusiasm like an opportunity to tell about something that happened so many years ago that most people can't even imagine it.

In 1917 my grandfather, also named Robert Sutherland, died and left a small legacy in life insurance to my father. My mother had some money given to her by her father, with which she matched my father's inheritance. With that they formed a fifty-fifty partnership and built a lumber yard in Durant, Oklahoma.

World War I was just involving the United States. Commodities were in great demand to support the war effort.

My parents decided that the developing farming communities in Southeast Oklahoma were prospering because the prices of cotton and food crops were stimulated by the war. New land was being claimed for farms.

They were right. That area had been backward, but was catching up with the rest of the country. Oklahoma had only been a state for eleven years, but was coming forward fast.

The partnership prospered and more yards were added. Hugo, Idabel, Ada, Norman and Shawnee, Oklahoma all came to be added in a few short years as sites for new yards.

In about 1921 a big oil field was discovered very near to the town of Ada, where there was a Sutherland yard. The Company knew nothing about oil fields, oil rigs, or oil boomtowns, but became very aware of the tremendous increase in Ada's business and the profits coming therefrom.

They learned about rig timbers, cement by the trainload, corrugated iron by the carload, and many items they had never dreamed of in the house pattern yards they had formerly operated. The Oklahoma oil boom was on.

As they learned it didn't take them long to realize that all those new oil fields offered wonderful opportunities to anyone who had

already learned about an oil field specialized lumber yard.

And so for the next eight or nine years their business became running lumber yards where oil fields were being discovered and developed.

It was a business of building new lumber yards where the oil play was just starting, and at the same time closing old yards.

When the limits of the oil field were reached, comparative quiet and inactivity always took over from the frenzy of everything new having to be built at once as each oil operator tried to get his wells down and pumping before his competitors. When the oil structure was all drilled out, there wasn't any more business for the oil field yard.

I remember my father saying once "We built 23 new yards this year and closed and moved out 15.

The number of companies drilling the wells and developing the fields was limited. There were probably ten to fifteen principal oil producers, and they were all potential customers. Their offices were in Tulsa and later in Oklahoma City, Ponca City, Dallas, and later Houston.

My father spent his time cultivating these few customers, knew them well and had to build new yards wherever they were opening new fields.

Oil was soon discovered in Texas, Kansas and New Mexico. Fields came into play, were developed, and then everyone moved to the new discovery. Barbers, police forces, draying contractors, roustabouts, drillers, lease brokers, tool dressers, restaurants, flop houses, and prostitutes, as well as lumber yards, all moved in a body to the new "find".

The people in the little sleepy towns where oil was suddenly discovered didn't know what had hit them. By the time they woke up, the field was developed and the wild people had gone on to the next field.

It was a crazy time, a fascinating time, and never to be duplicated. Two things brought it to a halt. First, laws were passed which limited the amount of oil that could be taken from each well per month, and second, the great depression lowered oil prices to ten

cents per barrel. This took the wild frenzy out of the "snatch, grab and get out" oil business that had been the tune for years.

Also, for the oil fields lumber dealers, their time came to an end when the oil rigs went to steel. They could be used over and over again, which made them much cheaper than wooden rigs.

So in 1930 my mother and father were faced with finding a new kind of business. And it was not easy, as the great depression had started.

They looked long and hard. My father finally decided that the most stable part of the country would be where food was produced most effectively. People had to eat, he reasoned. They could make do with several families to a house; they could make do with the old car; their clothes could be mended, but they had to eat every day.

This led him to Iowa. He took almost the last dollar they had to their name and bought out the old Randall Lumber yard in Des Moines.

As they were stocking it, he noticed the great number of stock trucks bringing cattle and hogs to the stockyards in Des Moines. He reasoned also that all those dirt farm roads were being paved. And finally, he thought why not advertise to all those farmers by mail, give them the advantage of large volume low prices, and let them haul lumber and building materials back to farms in those returning empty stock trucks.

It worked! Dad and mother pulled another rabbit out of their sleeve.

Meanwhile, it was 1932 and I was in my second year of college. I was home for summer vacation, expecting to go back in the fall, when Father announced:

1. I was the oldest child
2. Our family finances were desperate. We were trying a brand new, precarious idea.
3. The whole family's future depended on its success!
4. I wasn't going back to college but was going to work in the business, because my help was needed there now more than any further education.

This was a shock. I was 19 years old, pretty well insulated from the realities of the times, and enjoying school. But it was one of the luckiest things that ever happened, because that plan allowed me to have nine years under my father's tutelage before he died suddenly of a heart attack in 1941.

On July 1st, 1932 I reported for work at the lumber yard we were preparing to open in Des Moines. This started a pattern of life for me that went on for several years. I would work in a lumber yard spring, summer and fall, and then spend my winters getting farmer's names for the mailing list.

My father had decided that our advertising circulars would get more attention if they were addressed with the farmer's name. The post offices had a rule prohibiting their employees from giving out these names. So how were we to get them? I asked my father that and he said "That's your problem, just go and figure out a way."

So that meant we had to drive to every town that had a post office in 80 counties in Iowa, and then figure out how to get those names when we got there. Sometimes we could buy them for a penny per name from the mail carrier or his assistant. Sometimes we could get them from a retired mail carrier, etc. Each town was a different, new problem. It was a great way for a 19 year old to learn not to accept defeat, and we never failed.

The Des Moines yard opened, the circulars went out, and gradually the business came in.

This caused a terrible furor amongst all of our competitors in those little towns. They had, for years, been isolated by a sea of mud roads. They had reached tacit agreements with each other not to cut prices--which was illegal, but hard to prove--so we upset their cozy little world.

We avoided the cost of delivery. We avoided the cost of uncollectible outstanding accounts. We bought direct from the manufacturers instead of from jobbers, and finally, we bought in large quantities. All this made our costs cheaper, and we passed the savings on to our customers. It was new and it worked.

We opened another yard in Omaha and moved the Oklahoma City oil field yard from south of town to close to downtown. We were on our way!

The depression was at its worst. Money was scarce and everybody had to make their dollars go far. They saw our prices and came to see us.

Roosevelt was elected and immediately passed the NRA (National Recovery Act) which said that the government would set a price on everything and nobody could sell under that price. Our competitors loved it, but it could have ruined us.

We sued in the courts. Others did likewise, and the courts decided the NRA was unconstitutional. We were free to go on as we had before, but it took almost a year of blood, sweat and tears to win through.

We then built the Kansas City yard in the stockyards in 1936 and business came to us here also.

In 1941 two staggering things happened. On November 22, 1941 my father died suddenly of a heart attack, and two weeks later the Japanese bombed Pearl Harbor.

And for the next four years it was war.

As the new CEO, I was untried. Our merchandise became very hard to get because, it was all going for the war effort. Our organization was gradually decimated as man after man went to war. It was a bad time.

If we hadn't had such a wonderful organization, we would never have made it. Their loyalty and integrity gave me a chance to get used to being the boss. I will always hold for that group of men, my undying gratitude.

The Pratt Whitney Engine Co. built a tremendous plant south of Kansas City, and by going back to Hartford and working with their head office there, we finally got the contract to build all of the shipping crates for their engines as they were finished. This gave us a war related activity that helped get us by.

My brother, Bob, joined the Company and my two younger brothers went into the Navy.

I went to be examined for the draft three times, and each time I was rejected because of stomach ulcers.

In 1945 at war's end, we started again to build the East St. Louis yard, which had been started and then abandoned because of the war. And we were off and running!

We built yards as fast as we could find money for them. The wonderful people that had gone to war came back, and we grew. Fortunately, we only lost one or two men in the service.

Before we finally had around 80 yards, we built an aluminum door and window plant in Marceline, Missouri. We had planeing mills in Ridgeway, Colorado and Custer, South Dakota where we finished and dried lumber from small sawmills. We built a treating plant at Hatfield, Arkansas to make our own post and poles; John's family set up a window and door frame plant with other manufacturing facilities in Goodman, Missouri; we created a wholesale company called Cimarron Lumber and Supply with an office in Portland, Oregon, and finally, we had to develop our own advertising company.

The next generation was getting older. We decided to divide the yards up between the five families that constituted my generation of four boys and one girl. We thought it best when the cousins came into the business that they have as much as possible their own affairs to run, so as not to be bothered or not bother the others. Each could do what he thought best, and if it was right, the rest could copy him, or if it was wrong, it was his own fault and the rest knew not to do it.

I have used "we" in this monograph, certainly not as the royal "we" nor as the rhetorical "we." I have used "we" to mean the great organization that we have. They should get the entire credit. There was never a better group of great human beings. I have carefully avoided naming anyone in particular because I can't name them all, and they all should receive credit.

Always, since I have been in the business, there have been giants walking down the road to do us in if they could. We've continually had our normal share of serious problems; floods, fires, tornadoes, wars, attacks by organized labor, adverse legislation, and always not enough money to do what should be done, but that seems to be endemic to a growing successful business.

We still have giants walking toward us, as always. The great new warehouse stores have brought out a new model, a new system that seems to work. We will meet this new giant, as we always have,

with flexibility, a determination to change and learn, and with an organization that cannot be duplicated anywhere. But when we conquer this latest giant, there will be others coming down that road.

I guess you shouldn't call a vital, thriving, competitive business fun, but it sure keeps your attention. I like it.

Herman Sutherland