

Dean Hardwoods, Inc.

Heritage and History

As told in the first person by Charles D. Dean, Jr.

It all began in Chicago as the brainchild of Richmond Dean, then vice president and general manager of The Pullman Company - under its president Robert Todd Lincoln following the death of founder George Pullman in 1897.

The year was 1905, and my grandfather was having a hard time sourcing enough beautiful exotic veneers and lumber to build increasing numbers of beautifully appointed passenger railroad cars needed for the expanding train service across the nation.

About the same time, his oldest son Jack (John Richmond) had returned from a brief tour of duty at Notre Dame after a losing skirmish with academics, especially the German language. His professor reportedly quipped before his departure that Jack's vocabulary was limited to two words: Anheuser and Busch.

With his son's college days ended, Richmond was sharing his lament with a friend in the sawmill business one day over lunch. Grandfather's friend reportedly said to send the boy down to the sawmill in overalls with some leather gloves, and he would help the young man see the light, and beg to resume college.

However, that wasn't to be. Jack surprised them both with interest, hard work, and dedication, making a place for himself in the lumber yard, and earning the acceptance of most of his coworkers. However, according to this piece of family folklore, there was one notable exception. There was a big Bohemian guy in the sawmill who taunted Jack as silver-spoon dandy, and just wouldn't let up. One day when his tormentor had gone too far, Jack also earned his acceptance - with flying fists learned in a lesser known Notre Dame program: boxing.

Jack's interest in the business continued to grow, earning his father's increasing confidence. That led to my grandfather making a personal investment in a struggling veneer mill and lumber yard in Chicago. It would allow Jack, and ultimately his three younger brothers, to have a business of their own, unlike his situation as an employee of the Pullman Company. Dovetailing with that was his interest in creating a more reliable source for the exotic veneer and lumber he needed for expanding Pullman Company requirements.

His first step was to hire a seasoned manager to teach Jack the ins and outs of running the business. From those seedlings, Jack, with his three younger brothers, Tomas Andrew (1899-1995), Phillip Dale (1904-1952?), and Charles Daly- my father (1905-1962), developed The Dean Company.

Together they built The Dean Company into a veneer and lumber enterprise respected around the world. They built four face veneer mills and compatible lumber operations in the USA, and one in Honduras, Central America.

The first veneer mill venture after Chicago was in Portsmouth, Virginia. They wanted a mill on the middle Atlantic coast to cut veneer and lumber from logs imported from Africa, South America, and Asia – all without very expensive inland freight to Chicago. Then came another in Kansas City, Missouri for Walnut and other Midwestern fine hardwoods. Following that another was built in Gresham, Oregon (by Portland) for West Coast species, especially spruce, some of which was used to build Howard Hughes' "Spruce Goose." Lastly, they built a veneer and lumber mill in Honduras, CA and a lumber yard in Jackson Jacksonville, Florida to receive and distribute allegedly the world's finest Mahogany. Steinway Piano Company was one of their customers.

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Headquarters was in Chicago where the original sales office was located. Then a sales office was established in High Point, North Carolina which was to become the capitol of America's furniture making industry - gradually overtaking Grand Rapids, Michigan. Then sales offices were established in New Albany, Indiana, and one as an adjunct to the veneer mill in Gresham, Oregon. Lastly, one was created in Kitchener, Ontario, for the Canadian market.

In addition to their initial focus on producing fine exotic sliced and rotary-cut veneers for the exquisite passenger railroad cars built by The Pullman Company, The Dean Company reached increasingly for furniture, architectural millwork, and boatbuilding business in the USA and in time internationally with veneer and lumber.

During World War II, the company was allowed to remain private since it producer of war materials, specifically veneer for plywood used in the construction of P.T. Boats, aircraft, and otherwise.

Following the war, the biggest emphasis of The Dean Company was slicing and rotary-cutting face veneer for furniture companies to provide for returning service men and women.

As the post war era continued, it began to produce more affluent citizens with money to spend on finer furniture and more luxurious homes with foreign and domestic hardwood paneling, exotic wood flooring, etc.

The increasing affluence spawned the golden age of wooden boat building. Chris Craft led the way with thousands of skilled wood workers. It has been said that toward the end of the last century, there were still over 100,000 Chris Craft wooden boats floating around on the waterways of America and abroad.

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Most of the Chris Crafts and other boats were built from stem to stern, inside and out, with Philippine Mahogany. It was the wood of choice for decades, especially after World War II, before the advent of fiber glass in the early 1960's. The Dean Company, and Dean Hardwoods beginning in 1967, supplied millions of board feet of the wood to the boat building industry.

Uncle Jack held the reins for 35 years, except for a few during World War I in military service. He died unexpectedly in 1940 in the prime of his life from a post operative embolism, predeceasing his father. However, his next younger brother, Thomas Andrew Dean (1899-1995), always the rock who enjoyed his father's full confidence, never missed a beat. Always in firm control, he had the helm and continued to guide the company to widening success for its last twenty-five years as a family enterprise.

However, death claimed the lives of Uncle Tom's younger brothers early: Phil, in 1952? at 50?, and Charlie in 1962 at 57. That left him as the only living son of my grandfather, solely responsible at retirement age to run the sprawling enterprise for the financial well being of the three widows of his deceased brothers, their dozen children, and his three sisters who became stockholders upon the death of their father. Being devoted to his family, Uncle Tom took the responsibility for their the personal as well as financial well being very seriously.

He immediately set about to create an employee stock option plan to convert their stock into cash, and at the same time to unburden himself from day to day management of their income source. In 1965, the managers of the company with some outside investors acquired the veneer division assets of the company. The lumber division was retained by the family for later sale.

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The Dean Company tradename was conveyed to the buyers of the veneer division, and they immediately implemented plans for, and most Portsmouth personnel moved to, their new veneer mill in Princeton, West Virginia. The location was carefully chosen in the heart of the Appalachian hardwood country to serve the then still thriving North Carolina furniture industry.

Since the personnel departing Portsmouth had been managing both lumber operations on the original Portsmouth, Virginia site, and veneer operations at nearby Norfolk Veneer Mills (1/2 owned by The Dean Company but not conveyed in the ESOP), the lumber division in Portsmouth soon found itself in need of management.

That presented an opportunity for me, a small stockholder and happy log buyer in the succeeding veneer company, to get into the management saddle in Portsmouth. The concept was to restore life to the fine old lumber division. It appeared to me to be dying on the vine for lack of managers in Portsmouth as they left for West Virginia.

I remember the answer of my Uncle Tom when I broached the subject. It went something like this: Chuckie - I've climbed a lot of mountains in 50 years building The Dean Company with my brothers, and I'm not interested in doing it again. However, if you want to do it, I'll give you my backing.

Uncle Tom's offer was accepted instantly, and the transition began immediately. Suddenly, by default, I was lumber yard operations, office, and sales manager in Portsmouth. My uncle returned to Chicago and continued overall management of the lumber business, a chipboard manufacturing company in North Carolina, and a few other remaining assets of the family enterprise - which was renamed Dean Industries, Inc. at the time of the ESOP sale.

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My first day on the job managing the lumber division was Baptism by fire. The phone rang and the voice at the other end introduced himself as Richard Durke, manager of lumber purchasing for the Magnavox furniture company in Johnson City, Tennessee. He was calling to inform us that they were rejecting the seven carloads of Emeri lumber (an African hardwood like Mahogany except white in color) The Dean Company had sold to them. It had just arrived at their plant as a direct mill shipment through the Port of New Orleans.

Needless to say, it was a sobering call, but a blessing in disguise as a huge learning experience. At that time in the mid sixties, the exotic lumber supply chain was rigidly structured and mostly controlled by timber interests in the countries which colonized particular countries and regions. In the case of Africa, English, French, Belgian, Danish and a few colonizers controlled sawmill operations. Sales of logs and lumber were under similar control in a highly structured chain: from (1) sawmill to (2) sales agency company in the colonizing country to (3) Importer in a buying country (like The Dean Company) to (4) A customer in need of the imported species. The chain was rigid and seldom broken the way it commonly is today in which consumers in one country buy directly from sawmills in another country.

About half of the 200,000 plus board feet of rejected lumber at Magnavox had been purchased from a prominent Danish timber sales agency company, and the rest from a similarly entrenched British company. Subsequent events became a life-lesson in choosing reliable people with whom to form trading alliances.

Upon my uncle's instructions, I notified both of the suppliers immediately. The first call was to the New York City office of The East Asiatic Company of Copenhagen, Denmark. The manager's immediate response was straightforward: 1. He asked me to arrange for an independent inspection by the National Hardwood Lumber Association; 2. He said he would be on the scene immediately to personally assess the situation; and 3. He assured me of full and fair restitution if the lumber was as represented by the buyer. It was, and we had a check for the substantial claim within in a few days.

The other hundred or so thousand feet of lumber for Magnavox television cabinets was purchased from allegedly one of the finest of British timber companies, but the result was entirely different. They never owned up to their responsibility. Even after my uncle flew to London and presented all the documentation to their managing director, they stiffed us. It was a low point in my uncle's long, distinguished, and honorable career to have to accept his own misappraisal of the character of a formerly thought-to-be honorable person and company in the international timber trade.

Notwithstanding that setback, Uncle Tom Dean began a search for an experienced lumberman specializing in foreign hardwoods to augment my limited experience and create a new management team. Lester Fletcher was interviewed and soon hired as lumber division sales manager in Portsmouth. The agreement was that if his performance was up to expectations, and the chemistry between the two of us was good, he would be afforded an opportunity to buy into the company as a stockholder.

A year passed in harmony with good business success, but during that time Mr. Fletcher realized that his resources would allow only

very limited control, and that led to approaching my Uncle Tom for an opportunity to purchase the lumber division assets, and form a new corporation to continue the business in a 50%-50% based Fletcher/Dean partnership.

The concept was acceptable to Uncle Tom and our family, and an agreement was formalized for Mr. Fletcher and me to buy the assets along with a lease-to-buy option on the Portsmouth, Virginia property. The name Dean Hardwoods, Inc. was selected for trade recognition purposes, chartered, and we continued uninterrupted operations Dec. 1, 1967.

Early Days of Dean Hardwoods, Inc.

For the first decade, Dean Hardwoods' business was about equally divided between lumber for furniture, architectural millwork, and redistribution, and lumber for the boat building industry. Loosely termed "Honduras" Mahogany from Central and South America, and mixed African hardwoods mostly served the former, and for the latter it was Philippine Mahogany which was increasingly embraced as the wood of choice by the American boat building industry.

Chris Craft soon became the company's largest customer, which I somewhat inherited from my farther Charlie, a friend of legendary purchasing agent Vince Forton. Philippine Mahogany (Dark Red and Light Red, clear grade and structurally sound needlewormy grade, in all thicknesses, was the staple for Chris Craft. We mainly served their nearby plant in Salisbury, MD, and their headquarters plant in Pompano Beach, Florida. The iconic boat builder also had factories we served to a more limited degree in Cadillac, Algonac, and Holland Michigan, Chattanooga (TN), Cortland (NY), and

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one each in Stratford, Ontario, Canada, and Fumiciano, Italy (near Rome.)

The imprint of ChrisCraft on the American industrial scene was beyond enormous, and can still be seen in their 100,000 wooden boats floating around on the oceans and waterways of the world.

The Hatteras Afrormosia Era

Just before the birth of Dean Hardwoods, some very successful men in North Carolina's textile industry, who loved fishing chartered boats out of Cape Hatteras regularly, decided to try their hand at building a sturdy and more comfortable fishing boat utilizing a new building material: fiberglass.

For the interior of their yachts, they became interested in a Teak-like African hardwood named Afrormosia to soften and enhance the inside appearance of the Clorox-bottle-looking exteriors of the fiberglass hulls. So, they created fine furniture-like interiors with walls and cabinetry hand crafted out of the fine hardwood, and we had the opportunity to become their main suppliers.

Hatteras Yacht Company would ultimately consume over a million board feet of the gorgeous Teak-Walnut appearing hardwood from Africa. The species is highly figured and full of character. It was the Hatteras interior designer's dream in creating beautifully decorated living areas to attract the wives of would-be yacht-owning fishermen, making them as much at home on the water as their husbands. The handcrafted fine quality woodwork by High Point area woodworkers from the furniture industry set Hatteras yachts apart, and became a spectacular selling advantage, serving to the husband for his fishing appetite, and his wife interested in having more of the comforts of home, a perfect combination.

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However there was a problem with Afrormosia initially which took extraordinary efforts to overcome: color inconsistency. From one region to another in Africa, the colors range from a light golden yellow (which is desired) to dark brown/black which isn't.

Our search for that necessary color was ultimately achieved with the collaboration with a German company specializing in high quality African hardwoods.

The Raab Karcher Company cut logs as wide as eight feet in diameter and 40 feet long, through and through, on their huge, high tech, horizontal band saw - into exquisitely beautiful planks. The spectacular trees, grow in a rainforest region of the Democratic Republic of Congo (Zaire), was an area of special interest for the German company.

The problem for their log buyers was traveling more than a thousand miles up the Congo River to the region of interest. There they would carefully select only the highest quality, consistent light yellow color, gun barrel straight veneer logs from the sustainably-harvested great monuments of nature. Only they would yield the Hatteras-quality Afrormosia we committed ourselves to furnish the company destined to become America's number one production line builder of fine fishing and cruising yachts

After selection, the individual logs from those environmentally protected trees were floated or barged down the river - when the conditions permitted. On the journey they were sometimes trucked or railed on the most primitive infrastructure imaginable to the port of Pointe Noire on the Atlantic coast for ocean transport to Hamburg. They were then sawn there in the Raab Karcher mill, pre dried, loaded in sea containers, and shipped to us for the completion of drying, warehousing, and delivery to Hatteras.

It was truly an Odyssey and earned Dean Hardwoods its most significant award, becoming Hatteras Yacht's Vendor of the Year in competition with approximately 1500 vendors for that honor from the world's largest yacht manufacturer.

Era of Teak

Our introduction to Teak came at the invitation of Chris Craft in the mid nineteen sixties to furnish some 3" wide Teak decking for a Chris Craft Constellation, their signature yacht. We acquired it from Thailand as a small part of millions of board feet shipped around the world by the 100 plus members of the Thai Teak Exporters Association. Teak became and remains our hallmark.

Teak became the wood of choice among boat buyers, and thus among boat builders, for the next 20 years. The generalization in that era was that if you didn't have Teak all over your boat, you didn't have a boat worth having. Our choice was whether to continue splitting our efforts between the furniture and boat building industries, or concentrate our buying and selling efforts on Teak where the money was, on a wood that would generate twice the dollars of sales and profits as Mahogany. The answer was easy. We joked internally that it was the difference between shoveling coal and handling diamonds: no contest.

That decision launched us into a contest with other Teak providers for the business of American boat builders. Our two most notable customers in the early years were Rybovich and Sons, who remain friends and customers today, who custom make the Rolls Royce of sport fishing yachts, and the Presidential Yacht USS Sequoia. Most significant for Dean Hardwoods was winning the competitive bidding for annual contracts of major proportions from Wellcraft, one of the biggest Teak users. It took calls through the night from

Asia negotiating with the purchasing director in Florida to secure the important business. Other notable users of our Teak, many continuing today, included exalted custom builders of large yachts Burger, Palmer-Johnson, Delta Marine, Tiffany Yachts, and others. Among production line builders of larger craft were Bertram, Chris Craft, Hatteras, Viking, Bertram, and others.

Grady-White, winners of J. D. Powers' customer satisfaction awards are builders of smaller fishing craft, became a poster child for Teak with entry doors, step pads, rails, interior cabinetry in the early days, and continues today with more limited usage.

All of them had one thing in mind designing their boats and yachts around Teak: maximizing their marketing advantage. It was good to Dean Hardwoods, and in the late 1980's, we happily donated a lot of Teak and some Mahogany for the restoration of to help with preservation of the historic Presidential Yacht USS Sequoia.

Soon thereafter it was an honor to have the opportunity to arrange with the government of Burma (Myanmar) for 10 forty-foot long tractor-trailer loads of the finest Teak ever produced - to re-deck the battleship USS North Carolina. It was in preparation for the celebration of the 50th Anniversary of V-J Day.

Teak, considered the finest wood in the world in view of its array of superlative qualities including magnificent golden color, was great business for Dean Hardwoods for 20 years. However when the roof fell in on boat sales when the infamous Luxury Tax of the US Congress became law in 1990, and continued for 3 years, it became a financial burden to support our large inventory of the expensive wood, along with 100,000+ board feet of Afrormosia. The Luxury Tax cost 50,000 jobs among boat builders, their suppliers, and others serving the boating public.

It was a financial disaster for us and many others until its repeal three years later. The degree of financial distress for hundreds of boat building companies and thousands of individuals was nothing short of catastrophic. Many simply could not recover.

It was literally sink or swim for Dean Hardwoods as we lost over 60% of our sales attributable to boatbuilding and activities related to recreational boating. Before the tax was imposed, Teak and Afrormosia represented about 70% of our sales, having grown substantially with our decision 15 years earlier to manufacture moldings in support of our boat building customers.

A trend had begun among many of them to buy finished materials and have their semi-skilled workers assemble them into component parts which were then dropped into hulls under construction. The more costly alternative in the past was to buy expensive machines and keep master craftsmen on their payrolls to make into every part of a boat under construction, often on expensive overtime.

Needless to say, having us make the moldings was far more cost effective for them, and it represented an opportunity for us to generate more sales to our boat-building customers - until they were crushed by the Luxury Tax. However, the manufacturing component of our business became as lifeline for the survival of Dean Hardwoods.

While the Luxury Tax was cutting deeply into our boatbuilding sales, we were searching aggressively for other places to sell our expensive hardwoods, and hopefully to utilize our woodworking machines and master craftsmen. It was a blessing to learn that hardwood flooring was coming back in residential use after playing second fiddle to the carpet industry for about 25 years. So, we hired a consultant in wood flooring industry to advise us.

His entire orientation was American Oak since it was the staple of the hardwood flooring industry. However, when he examined the qualities of our Teak, Afrormosia, Sapele, and other exotics, he realized and advised us that their qualities of hardness, stability, and natural beauty, for the most part greatly surpassed industry standard Oak.

Next he examined our woodworking machines, realized and advised us that the machinery and master craftsmen we had would allow us to produce high quality hardwood flooring with the relatively simple addition of a machine to make a tongue and groove on opposite ends of planks. That important finishing touch for quality hardwood flooring allows each piece to lock on four sides with the pieces being installed around it.

Our consultant concluded and advised us that with the blessings of some of the finest woods in the universe, fine machines, and master craftsmen on staff, we should maximize the potential by developing a program to manufacture and market custom made, wide and long plank flooring.

It was slow going at first, starting from scratch in an industry in which we were unknown , but we followed the instructions of our consultant: 1. Choose and trademark a name to properly reflect the superior qualities of the hardwoods and machining we would bring to market; 2. Created a brochure and convention display; 3. Join the National Wood Flooring Association; 4. Sign up for a booth to display what we named Prestige Hardwood Flooring; 5. Attend NWFAs next annual convention; and 6. Get on the road and in the air to visit our consultant's friends in the wood floor distribution business, initially from Atlanta to Washington DC. We did, and it was initially a bust, but there was no turning back. We would sell it door to door if necessary, but we would sell it.

It took a lot of doing, some good luck, and a curious contradiction. The ultimate purveyor of luxurious clothing for men and women, Giorgio Armani, became our lifeline for the future. Mr. Armani wanted the flooring for his boutique stores to have the look of weathered Teak, but wanted a more durable hardwood.

The perfect choice was Afrormosia. Also known as African Teak, it has Teak-like coloration but is 20% harder than Oak. We created flooring samples from the veneer-quality Afrormosia acquired for Hatteras, and were soon chosen to make flooring for Armani stores around the world.

In addition to the God sent Armain business, custom flooring jobs began to increasingly come our way because of the magnificent coloration and uniquely beautiful grain and character of exotics we were introducing. Architects began to recognize and specify the eye-catching and interior-enhancing qualities of our Prestige Hardwood Flooring, which we trademarked, for their home and building designs.

The most notable example of this was a Frank Lloyd Wright School of Architecture graduate who selected our Afrormosia for a home he was designing for a former mayor of Wilmington, NC who was considered its first citizen. The magnificent flooring job was featured in Architectural Digest.

Other architects and designers have specified Prestige Hardwood Flooring for the Met Life Building in New York, and for homes of many important personages in TV like Bryant Gumble, and in sports like Michael Jordan.

Before the 2008-9 economic recession, wood flooring had grown to 40% of our business since inception in the late 1980's . Today it

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is a greater percentage of a far smaller amount of overall sales, reduced by more than one half due to the drastic reduction in residential and commercial construction, boatbuilding, and redistribution warehouse business since 2007.

Today in 2010, we are adding new products so Dean Hardwoods' can maximize sales. Specifically we have been awarded exclusive flooring distributorships for North and South Carolina by a premier manufacturer of engineered flooring to compliment the higher-end Prestige Hardwood Flooring we manufacture in house.

Additionally we have been awarded the exclusive North Carolina distributorship for TimberSIL. It is a strong, dry, non-toxic, Fire Retardant and Ignition Resistant glasswood building materials.

Charles D. Dean, Jr.
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