

TIMBER

UPM TIMBER
CUSTOMER NEWSLETTER
SPRING 2017

The Biofore Company 

DEAR CUSTOMER,

The eventful and interesting first half of the year in the sawn timber trade will soon be over. One cannot say that global events during the past months have been boring, and many of us are already starting to think about the approaching summer holidays. However, at the same time here at UPM we are busy, as I am sure you are, in planning the operations of Q3 and Q4 which will provide a good starting point for 2018.

The first two quarters of this year's sawn timber trade have been both positive and challenging. Globally, the sawn timber demand has been on the upward trend. The very good demand for whitewood sawn timber has continued and will continue, and demand for redwood sawn timber will grow significantly in all of our redwood markets; the future looks good at least for these

markets. A more challenging situation is container deliveries especially to Asia which is expected to get better before the holiday months. An unexpected development was the issuing of import licenses by the Algerian State for importers of timber last spring, which led to the temporary suspension of deliveries to that market. Let's hope that by the time this newsletter comes out, deliveries to Algeria have resumed, as Algerian demand has had a positive impact for several months. The old saying goes that if it were always easy, then everyone would do it. This saying, as


we know, cannot really be applied in the world of sawn timber and, of course, challenges are there to be overcome.

In accordance with our recently launched customer promise, we are constantly developing our operations with partners, such as our logistics partners, in order to continuously improve our service to you. I am happy to say that we have received very positive feedback from our customers, but we also know that there is still room for improvement. Naturally, sales work is the spearhead, and the most visible part of our operations to our customers, but alongside that we also want to deepen and widen our co-operation with you as we want to be your number one choice, now, and in the future.

Wishing you all a great and relaxing summer,

Mikko Hyvärinen
Director, Sales and Supply Chain



 **VISIT OUR FACEBOOK PAGE.**
Search for UPM Timber,
explore and like!

THE WRAPPING OF SAWN TIMBER PACKAGES ARE RENEWED

UPM Timber's sawn timber packages will get a new look during the summer when we replace old sawn timber wrappers with new ones. The new wrappers display our customer promise 'Grown to Sustain' alongside UPM's Griffin logo. The color of the wrappers will change slightly, the familiar white background will remain, but the Griffin logo and the Grown to Sustain slogan will be printed in green and black. The new wrappers will be introduced gradually, as stocks of the current ones run out.

The quality and durability of the sawn timber packages have been improved by utilising new packaging material and employees involved in their use have been trained in best

practice. The wrappers have been widened to ensure that the plastic always covers the bottom layers of timber, the rivets and pads have also been standardised. Training of personnel also encompasses best packing methods and cleanliness. As a result we have achieved significant improvement in the quality of packages. We strive to maintain our excellent packaging quality by continuous monitoring, and interventions are introduced if there is any deterioration in the standard of wrapping. High quality packages are our most visible business cards in the markets and at our customers.

Our new customer promise will soon travel from our sawmills to the world on the new wrappers.



CUSTOMER DELIVERY RELIABILITY SUPPORTED BY **LONG-TERM COOPERATION** BETWEEN UPM AND STEVECO

Our customer promise, **Grown to Sustain**, highlights our ability to reliably deliver the right sawn timber to our customers at the right time. This is possible partly thanks to the long-term, good cooperation with Steveco, which is specialized in logistics and stevedoring services.

"We provide UPM with forwarding, conveying and stevedoring services. We take up the goods and load them in to the ship. UPM is a very big customer for us and one of our strategic partners. We discuss investments closely with them to ensure we focus on the right issues at the right time," comments **Tapio Mattila**, who works as Senior Vice President, Marketing and Sales, and as a Unit Manager in container operations at Steveco.

UPM's four sawmills are located in Finland, requiring long distance transport of the products to many markets. However, Tapio Mattila praises Finland's efficiency: in his opinion, the sawmilling industry has been particularly successful in the design of its procurement and production chain. "In Finland, the raw material is typically very close to the sawmills, and long distance export are also more cost-effective. Of course sea freight is expensive as there are fairway charges and

ships need ice classification, but the efficiency of operations is excellent," Tapio Mattila says.

TOP-NOTCH TUNED KNOW-HOW

Previously, the containers came into the port as a steady stream due to transshipment and were always available. Now containers often arrive many at a time, correspondingly, the ship will export to capacity. "Hundreds of empty containers come at once which have to be put in to the container depot, received, inspected, swept and repaired. When time is short, we have developed a concept to ensure the reliability of deliveries, this has changed the way the Steveco's have to work" Tapio Mattila tells us.

From UPM's point of view, Steveco's most important task is for the vessel to leave the port in the agreed time window. Steveco is open 24/7, this is essential, as production runs around the clock. "We take care that UPM's products leave Finland on time and on the right vessel. Shipping capacity is currently in high demand, especially on routes from Europe to Asia, and this is why the ships don't wait for the cargo coming from Finland. For this reason, investments have been made in a new information system and new straddle carriers

in Kotka and in Helsinki. With these investments, we can ensure that containers are taken to the right ship in time. It also enables us to closely monitor in which ocean-going ships the containers need to be and when," Tapio Mattila explains.

The Finnish forestry industry and its export service is the core competence of Steveco. The entire port infrastructure and information system have been built in co-operation with customers to serve exports from Finland. Steveco employs about 800 people and new employees go through a very tight training process that encompasses quality, safety, environmental issues and the company's way of operating.

Steveco also has a vision for the future, where continuous development and training are an important part of the business. "If we look 10 years ahead, we anticipate more and more integrated information systems with our customers in order to move data efficiently. I hope this will enable us to better serve UPM and adopt some of the activities that UPM are currently doing by themselves. In another 10 years, automation will have gone further: we will have automation for sawn timber that will improve quality and bring cost efficiency to the operations," Tapio Mattila envisions.

With our strategic partners like Steveco, we want to ensure the high standards of our operations in every area, to offer our customers the most reliable partner in future challenges, and to focus on what we do best: supplying our customers with the right high quality sawn timber at the right time.



SARI HEIKKILÄ

UPM TIMBER
ORDER DELIVERY PROCESS



The sawmill industry has been part of Sari Heikkilä's life since she was a young girl, as her childhood home was located opposite the sawmill. Since her father and siblings all worked in sawmills at some point, it was a clear choice for Sari to work in the sawmilling industry.

In 2000, Sari joined UPM when Yhtyneet Sahat Oy bought Aureskoski Oy. She has amassed over 30 years of work experience in the sawn timber business in various roles from domestic and export sales assistant to invoice

clerk. Today, Sari is manager of the order delivery process and acts as a team leader for invoice clerks and sales assistants. "My team consists of four invoice clerks and ten sales assistants who are highly motivated and have great know-how. The team operates from four different locations: Kaukas sawmill, Korkeakoski sawmill, Seikku sawmill and head office in Tampere," says Sari.

For Sari, the customer is the most important consideration for whom Sari and her team will do everything possible. "My number one priority, and that of the whole order-supply chain, is that the customer gets the right product at the right time. In order for this to happen, the whole chain from sawmill to customer, both internal and external functions, needs to work smoothly," Sari says.

SAFETY OF PEOPLE AT UPM'S SAWMILLS; A KEY CONSIDERATION

Safety and health at work has been one of UPM's focal points of development during the last years and the safety of employees and contractors has remained an important focus area. Last year UPM introduced a global reporting tool, One Safety, for all UPMers and contractors. It covers environment, health and safety, product and process safety as well as security. In addition to this, all 13 UPM safety standards were updated last year.

Occupational safety has been a visible theme for every UPMer also this year. The aim of these UPM life-saving standards is to safeguard the health and safety of people at work and to standardize the safe working practices in UPM.

One of the UPM life-saving standards is working at height, as working at a height of over 10 meters is not exceptional at UPM's sawmills.

"One of the very first things to check before starting the work is to restrict the area below", says **Joona**

Ivonen, Safety Manager of UPM Timber. Another important thing is the equipment: "When working at height, it is important to use appropriate equipment for dangerous work, such as man lifts, and have the competence, permit and induction for using the equipment", Joona Ivonen continues.

Nobody should work at heights alone or without notifying the team. "Communication is important when working at height and needs to be agreed in advance", Ivonen says and emphasizes that there is a good reason for that. Namely, if an accident occurs and a person is hanging by the safety harness, it will take only 10 to 15 minutes for the blood supply to be interrupted and that may lead

to necrosis. "It's often only the fire brigade who can help with accidents which have happened at heights, so there's not much time if something happens up there", Ivonen explains. Even though these types of accidents are rare, it is important to work in teams.

Outside work, safety should be taken equally seriously. Projects like renovations, fixing cottages, or even gardening may require working at height. "Many people think it is too expensive to buy safety equipment or harnesses just because you will need it only once or twice. For example at the Seikku sawmill, employees can loan the safety equipment from work to prevent any risks related to working at height", Ivonen says.



WINDOW MANUFACTURER APPRECIATES **QUALITY, RELIABILITY OF DELIVERY AND RESPONSIBILITY** IN PARTNER CHOICES

Get to know our customer **VTI Vinderup Træindustri A/S**

The co-operation between VTI and UPM started already back in 2000 with top log qualities and has been developing and growing ever since. These days UPM supplies Live Classic and component quality for windows with a certain amount of heartwood content.

Danish VTI Vinderup Træindustri (VTI) chose UPM as their sawn timber supplier almost 20 years ago. Since then, the cooperation has only strengthened, developed and grown. These days UPM supplies Live Classic and component quality for windows which contain a certain amount of heartwood.

When choosing the sawn timber supplier, VTI emphasizes in particular stable quality, on time delivery, flexibility, forest and chain of custody certification, claim handling procedures and competitive pricing. UPM has been successful in these things and has been chosen as one of VTI's most important suppliers.

Allan Rasmussen, Purchase Manager inspecting the sawn timber.

The relationship with UPM and VTI is close and gives an excellent opportunity to work on improving the key factors in supplier co-operation. "UPM is a reliable supplier of high quality timber whose know how in industrial products and production is a huge benefit when developing new products", says Mr. **Allan Rasmussen**, Purchase Manager of VTI. He also tells that UPM Timber's extranet service, Timbernet, is actively used on daily basis and sees it as an big advantage.

VTI Vinderup Træindustri, founded in 1976, is located in the western part of Denmark in Vinderup and it employs around 110 people. VTI's core competence is the production of window components as well as edge glued panels for furniture, merchants and DIY stores. A large share of the total turnover comes from export to other European countries.

VTI is one of our European joinery and furniture customers. Joinery segment is strategically very important end-use area in many different markets for UPM Timber.

UPM TIMBER SALES TEAM **FINN NIELSEN** FROM DENMARK



best suitable products and even new possibilities for our customers," explains Finn.

Nowadays, Finn is really fond of the sawn timber business. "I really like to work with timber, and I know that I'm working with a good product with lots of possibilities in for the future. I also like the smell of timber when I'm walking in the log yard or in a sawmill, it just gives me a good feeling," Finn continues.

Today, Finn works as sales manager in Denmark and Sweden. According to Finn, the most important aspects to his job are to have great relationships with the customers and supply them with stable, high quality sawn timber suited to the end use. "In addition, reliability of delivery is crucial which is only possible because of the excellent service provided by my colleagues in Finland every day," says Finn.

Finn Nielsen started as a salesman in Skive Træimport in 1991 which was a part of Anco in Denmark, and owned by UPM. At the beginning of his career, Finn didn't know much about timber but soon learned the secrets of the sawn timber business. "When I started I didn't have much knowledge about timber but by visiting our sawmill I learned and understood the process better. Through that I started to understand the customer needs better and was able to find the

CONTINUOUS PRODUCTION DEVELOPMENT PLAYS AN IMPORTANT ROLE IN **KAUKAS SAWMILL**

UPM's Kaukas sawmill is one of the biggest sawmills in Finland. It is part of UPM's Kaukas mill integrate which is located in Lappeenranta, Eastern Finland. The annual production capacity of the sawmill is about 510,000 cubic metres and it employs around 130 people. Kaukas sawmill produces both redwood and whitewood sawn timber of which 90 per cent is exported. This high quality sawn timber is mainly delivered to Japan and North Africa, in addition to the domestic and European customers.

Kaukas sawmill is continuously developing its production and is a forerunner in automation, process engineering and kiln drying in the Nordic countries. "The automated quality measurement is a key focus at our sawmill. We use computer vision that has been developed over the years and at the same time the employees' know-how in adjusting it has risen to a new level," says **Antti Waajakoski**, the recently appointed Production Manager of the Kaukas sawmill.

Last year the sawmill invested in three fully automatic chamber kilns

and kiln carriage's return track. "Continuous improvement of production plays a key role nowadays and we need to find new ways to do things better and more efficiently. In the future, the data from the production process should be utilized even more efficiently than today using the Lean-Six Sigma approach," Antti Waajakoski continues.

As one of Europe's largest redwood sawmills, UPM's Kaukas sawmill has a major role in the production of redwood in Finland. In addition to the size and the high capac-

ity of the mill, Antti Waajakoski also believes that the personnel and the cooperation in the integrate are clear competitive advantages of the sawmill. "Our employees have extremely good knowledge and know-how and the working atmosphere is great. Moreover, the utilization of all wood raw material that is delivered to the site is at an excellent level, thanks to the

integrate model", Antti Waajakoski concludes.



CONTINUOUS TRAINING CREATES TRUE **TIMBER PROFESSIONALS**

At UPM Timber we make continuous efforts to secure the professionalism of our personnel and to further develop the customer oriented approach, employing around 400 true timber professionals.

Continuous development of our commercial capability is ensured through a diverse range of initiatives including sales training at various levels (this spring, training was held for sales assistants), training on product and quality issues at sawmills, and later this year UPM's wood

sourcing and forestry personnel will deepen their product knowledge and understanding of the requirements for producing top quality sawn timber.

This year we have expanded our extensive training program with Crane-training. Crane-training consists of four modules: The Timber business as part of a leading international forestry organisation, the importance of cooperation within the UPM integrate, our commercial strategy and customers, as well as the cooperation between and safety considerations of the different functions.

The second module of the training was held at the Kaukas integrate,

where the benefits brought by the integrate cooperation and the important role of UPM as a regional influencer were considered and discussed. The Kaukas mills form a unique bioforest industry conglomerate. The cornerstones of Kaukas' operations are sustainably acquired wood raw material, high self-sufficiency in energy and the recycling of production by-products into raw materials.

The name of the training program, Crane, contains a message: participants in the training program are expected to develop themselves, assimilate wide-ranging expertise in

the timber business and its ancillary businesses, and also to raise UPM Timber's business to a new level. The participants were invited to join the training program from all operations of UPM Timber. By selecting people with as versatile backgrounds as possible and with a wide range of professional expertise we ensure the success of the training as well as excellent future development of UPM Timber. "In the Crane-training, there are very competent people from whom you'd expect bold suggestions to improve Timber's business," states **Mikko Mäki-Tuuri**, UPM Timber's Human Resource Director.



TIM Crane training in Biofore House in Helsinki

GROWN^{TO} SUSTAIN-NEW MARKETING IMAGES

To support UPM Timber's new customer promise, Grown to Sustain, we have renewed our marketing and communications artwork. Our aim is to convey the unique way in which UPM creates value for our customers via committed staff and first class product quality and operations.

Sawmill worker, **Marko Ahtiainen**, captured these images of professional photographer **Krista Keltanen** at work in the Seikku mill.

