LUMBERING ON

Gatannie Lumber Co.
Ranked #45

BY DAVID KURTZ

For Gatannie Lumber Co. in Opelousas, 1993 marked the passing away of longtime company creator Dick Gatannie. But the small, wholesale distributor that Dick's father, George, founded in 1936 is still in Gatannie hands. Dick's wife and their three children now own the business, and general manager Jim Elder has the added duties of chief operating officer.

Despite the changes, Gatannie Lumber posted a healthy 11 percent revenue increase in 1993. "Everything worked better than it was supposed to. It's usually just the opposite," says Elder.

The company specializes in the distribution of molding and millwork, as well as the manufacture and sale of redwood and Douglas fir products for industrial uses. Seventy-five percent of Gatannie's business is done in Louisiana and Texas—primarily with retail lumber yards and home centers. Gatannie supplies such local retailers as Doug Ans and Norris Rades.

Elder says improvements in the economy are responsible for about half of Gatannie's recent growth. "The housing and remodeling markets took a pretty good jump in Louisiana and Texas last year." But the local economy, in particular, has boosted revenue. "Now, Lafayette—that area's been booming for the last two years," he says.

The remainder of Gatannie's growth Elder attributes to the inflation of lumber prices and to the less costly new products lines that the company's offering in response to the rising cost of U.S. timber. Most of the increase in U.S. timber prices is the result of court-ordered restrictions on logging in the forests of the Pacific Northwest. It's all part of the controversy over the northern spotted owl, the Endangered Species Act, and old-growth forests.

"With the situation in the Northwest with the spotted owl, there is just so much timber tied up, and it's tied up in the courts. That limits supplies of clear lumber is getting worse all the time," says Elder. "Clear lumber is high-quality, knot-free lumber used for specialty woodworking. "We've quit handling some items. They won't sell anymore, the cost went up so much."

Gatannie is responding to the high prices at home by looking abroad. The company has dramatically increased—by some 50 percent—its purchases of Brazilian timber, like eucalyptus pine and mahogany, to avoid the high-priced U.S. timber. Elder says people are cutting deals right now to secure Russian timber, another way to overcome the U.S. timber crunch.

"There will be a massive influx of Russian lumber, if the political situation over there stabilizes," predicts Elder. "A lot of people are looking at the possibility of doing business there, but there's a lot of uncertainty." Elder deems the situation too uncertain to comment on Gatannie's strategy. The company is, or will be, in the process of putting any Russian deals together.

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Despite the recent instability in the lumber market, Gatannie Lumber has found a niche with which it's content, says Elder. "It's growing and we plan to grow, but this is probably the only location we'll ever have."

The Lafayette area has been booming for the last two years, says Gatannie Lumber general manager Jim Elder.

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