

Entrepreneurs of the Month

Executives of Cedar Works:

Jim Obenshain - President and founder of Cedar Works; helps manage the Wal-Mart account, leads European sales effort and active in research and development

Bob Lieb - VP Purchasing; manages raw material acquisition efforts, subcontractor relations, import efforts and active in research and development,

Roy Willman - VP Administration; serves as the human resource manager, chief financial officer and risk management

Randy Phipps - VP Manufacturing; heads the production effort guided by lean manufacturing techniques

Andrew Frowine – VP Sales; leads non-Wal-Mart domestic efforts and active in research and development

Mike Ranly – Operations Manager; manages the assembly plant and shipping operation, also active in research and development

Business Location: Peebles, Ohio

Mission:

We at Cedar Works ...

...Understand that our customers are the reason Cedar Works exists. We will continually focus on meeting their needs.

...Recognize the unique abilities of each of our team members. We encourage personal initiative, responsibility, fairness and compassion throughout our company.

...Believe that constantly improving our products and service is essential for remaining a leader in our field. We are committed to making cedar products that reflect our dedication to quality and innovation.

...Appreciate the natural beauty and friendly people of Adams County, Ohio. We are honored to be an asset in our community.

...Are concerned about the well being of our environment. The products we sell and the methods we use to make them will always reflect our commitment to enhance the quality of people's lives and their surroundings.

Employees: 160

Annual Sales: approximately \$24 million

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Social Consciousness Breeds Big Business

By Lisa Bauer

Jim Obenshain and some friends moved to rural Ohio for a peaceful lifestyle – apart from a hectic existence and surrounded by wilderness. But several decades later they found themselves running a multi-million dollar business.

Cedar Works, tucked in the hills of southern Ohio, produces bird houses, bird feeders and other cedar products for sale to regional and national home stores.

Run by a dedicated team of executives, the company is a true example of learning by doing.

“None of us had business experience,” said Roy Willman, vice president of administration. “A big part of our success has just been creative thinking.”

From the Woods to Wal-Mart

In 1976, Jim Obenshain yearned for a place in the country where he could live in concert with nature. After traveling and living in Canada, Obenshain finally returned to his native Ohio and settled in Peach Mountain.

Starting with a chainsaw and a mule, Obenshain began removing cedar trees to make planters and fencing.

“Jim was creative from the beginning. He used the resources in his area,” said Willman. “Many people just see these trees for cedar chests, but Jim found other uses.”

Obenshain invited friends to join him in his venture. They arrived at the “great big hill,” said Willman, via a gravel road. The friends formed a workers' cooperative to sell cedar products.

Willman, also searching for a self-sufficient lifestyle, joined Obenshain and others in 1985. On Peach Mountain, owners of Cedar Works lived simply, building their own houses with no electricity, using solar power and windmills.

Willman, like all other Cedar Works owners, had no business background. At Indiana University, he studied journalism. With a background in construction work, Willman traveled throughout the west before settling in Ohio.

“I liked the lifestyle of being outdoors and doing work with my hands,” Willman said. He had plenty of opportunities for handy work in the early years: Cedar Works managers built the business with hard labor. Willman began cutting mailbox posts, driving and loading trucks and traveling to shows to sell products. In 1986 the owners bought a Macintosh computer, and Willman gravitated toward computer work, uploading information to databases and developing marketing materials.

Cedar mailboxes, bird houses and other products were in high-demand, and Cedar Works saw rapid growth in the late 1980s and early 1990s as managers recruited customers such as ACE Hardware, Home Depot and others. In 1988, the business expanded and moved to Peebles, Ohio. Starting with sales of \$500,000 in 1980, the team captured \$17.6 million in sales by 1995. From 1992 to 1995, Cedar Works experienced a 93 percent growth rate, with the help of a new account from Wal-Mart.

As sales grew, the business changed from a co-op to a corporation owned by managers. In the last three to five years, sales have hovered at \$24 million annually.

Partnerships and Quality Products

Willman attributes Cedar Works success to three main factors: commitment to managers as owners, strong partnerships with retail outlets, and – perhaps most of all – making a quality product at a low price.

“If the company had remained as a single-owner entity, it would have been difficult,” Willman said, adding that the owner’s combined talents and energies fueled the company’s progress.

Willman added, “Jim is a quite a salesman.”

Partnership with retail outlets – first smaller regional stores and then Wal-Mart, Lowe’s and Home Depot – have been critical in the business’s growth.

Cedar Works managers found ways to make their products more appealing to these larger customers. In the 1980s, Cedar Works was an early adopter of “point of purchase” displays, allowing consumers at home centers to read information about the products and make choices without the help of sales people. For example, some Wal-Marts carry Cedar Work’s arbor display, which includes attractively displayed bird feeding products and detailed instructions on using them.

“We are really getting the products out in front of people,” Willman said. “And we’re letting them see our passion and share in it.”

Wal-Mart is passionate enough about Cedar Works that it featured the business in a 30-second spot on their Made in America Program.

Rapid growth wasn’t without pitfalls. Owners were taxed to a point that in the early 1990s they lacked energy to deal with labor issues, and disenchanted workers made a drive to unionize.

Ultimately, employees did not form a union. With average wages at \$9/hour and an emphasis on profit-sharing and the importance of family and community, workers are now quite satisfied, Willman said.

And managers truly appreciate their workforce.

“We have a reputation for treating people well,” Willman said. “It’s not just about work for us. It’s about a family environment and caring for each other.”

In Concert with the Environment

The friends who yearned for life in the country built their business on sustaining the natural resources that initially attracted them to the area.

The Cedar Works website boasts, “quality products that pose no threat to the environment.” Cedar Works owners and employees take pride in superior craftsmanship as well as maintaining a quality environment.

Found flourishing in Appalachia and the Ozark Mountain regions, the trees harvested for their products are aromatic red cedars.

“The trees aren’t really a true cedar,” Willman said, “They are junipers, kind of a shrubby-looking tree.”

With a beautiful color and rich aroma, the cedars are naturally weather resistant and need no chemical additives, making them biodegradable. They are also extremely prolific -- reforestation occurs naturally, out-pacing harvest.

Cedar Works also practices environmentally friendly production, making use of by-products. Cedar shavings are sold as bedding for small animals. And the business even invested in a high-cost dust collection system that turns dust into products used by horse farmers.

Customer Service and Community Spirit

An unconventional view of business led the owners of Cedar Works down a sunny road.

While many companies hone in on profit above people, Cedar Works started in the spirit of cooperation and sharing and has retained that community spirit.

“Jim’s (Obenshain) openness and willingness to allow others to become owners was very important,” Willman said.

Obenshain’s team of friends allowed for a very low investment and plenty of help to grow the business.

“In the beginning, we really went by the seat of our pants,” Willman said. “We were all earning only about \$6 per hour. We never really saw it as a way to make money, but more of a way to make a small income and have the country lifestyle that we wanted.”

Willman added that Cedar Works owners do not spend too much time analyzing financial reports; rather, they are driven by sales and needs of their buyers.

“It’s a matter of having a partnership mentality with customers,” Willman said.

Cedar Works also takes pride in their partnership with their community in Adams County. The owner/managers have a combined 111 years working for the company in southern Ohio.

“This is not a remotely owned organization,” Willman said. “Our kids are growing up in this area, and everybody knows that.”