

Center Hardwood, Inc. “The Pellet Market is Hot”

Background:

Center Hardwood, Inc. is a family owned business that has been in operation for over twenty years. They produce high-quality unfinished hardwood flooring and red oak newel posts at their manufacturing facility in Tyrone, PA. However, the production of these products creates an excess of wood fibers and sawdust. Dave Reese, owner, saw an opportunity to leverage his excess wood fiber remnants by using them in the production of premium wood pellets for use in residential wood burning heating appliances. With consumer demand in the wood pellet market growing quickly, Dave was looking for assistance to bring this idea into fruition as quickly as possible. Therefore he contacted the Penn State SBDC.

Assistance Provided:

After initially meeting with Dave and discussing the situation, the consultant and Dave decided that wood pellet production may provide an opportunity for his business, but more research had to be done to examine the project's true feasibility. The SBDC assisted Dave and his family in researching the overall market needs for the product, the costs and resources involved with constructing a new wood pellet production facility, the financial projections of the operation, and the necessary loan structure required to accomplish the needs of the project. All of the aforementioned information was successfully analyzed and gathered to create a compelling business argument to acquire the needed funding.

Funding was secured and construction began on the facility, which was completed and began producing its premium wood pellets in September 2007. Over the next year, the production center's operations will create six new job opportunities within the company. Center Hardwood has been able to successfully market their product directly to local wood pellet distributors and retailers that sell wood stoves and will continue to develop relationships with a large network of dealers in order increase market share.

Though the Reese's have faced hurdles along the way, the wood pellet production facility is now successfully and efficiently pushing its product out to market. With over 120,000 wood pellet burning stoves sold last year in the US, Dave believes he will see continued increases in his product's demand in the upcoming years.

Dave has said, “I feel it is a great accomplishment for my business to be able to expand by using our excess waste to increase our overall revenues. We are now able to productively utilize our waste materials.”



**“With the help of the SBDC,
we were able to expand our
business to turn our waste
materials into a profit.”**

- David Reese

David Reese
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Industry: Flooring and Pellet
manufacturer

Year Founded: 1990

SBDC Assistance: Market Research,
Financial Analysis, Business Plan and
Technical Assistance

Additional Partners: EMAP, SEDA-
COG, PennTAP, and Citizens Bank

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