

# TEMPLE-INLAND

❁ 100 YEARS FROM DREAM TO FORTUNE 200 ❁

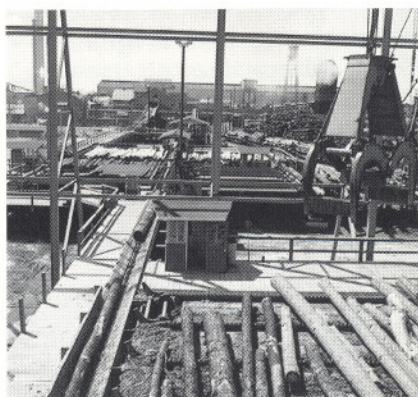
With a population of less than 4,500, Diboll, Texas, doesn't have a Wal-Mart, a McDonald's, or a movie theater. But it does have something larger communities envy: a Fortune 200 forest products company of its own.

Diboll and its founder, Temple-Inland, Inc., jointly celebrate their centennial in 1994, an observance reaching back to the earliest days of the forest products industry in Texas.

More than 100 years ago, East Texas forests stretched for hundreds of miles, broken only by rivers, fields, and a few villages. In the 1880s, the railroads, seeking to link the Gulf Coast with the Texas interior, began to lay tracks through the forests, providing lumbermen more efficient transportation to the growing cities. The promise of fortunes to be made from the vast uncut forests brought entrepreneurs to Texas from as far away as Maine, Minnesota, and Oregon. But for many, fortunes lasted only as long as the trees. Hundreds of sawmills were built and demolished in a few years.

In 1893, a quiet, Virginia-born lumberman, who believed forests were a renewable crop, came to East Texas, a few miles south of the fledgling village of Lufkin. The fertile forests along the Neches River seemed a likely place to test his "sustained yield" theory. The Houston, East and West Texas Railroad stretched south to Houston and north to Shreveport to deliver his lumber.

Thomas Lewis Latane Temple, Tom to his family, had been orphaned as a youngster and at age 17 went to live with an uncle, a farmer in Arkansas, and later worked as a deputy county and circuit clerk in Texarkana, the home of several pioneer lumber families. The lumbering environment had an influence on him and he organized Southern Pine Lumber Co.



*The Temple-Inland plant, ca. 1960. All photos accompanying this article are from the Forest History Society archives.*

in Arkansas in 1881. Twelve years later, he reorganized the company under Texas law.

After stepping off an HE&WT train with only a satchel and a plan to build a sawmill, Temple persuaded the Joseph S. Copes heirs to sell him 7,000 acres of timberland. One of the heirs, J. C. Diboll, referred to the land as "hog mill terrain," meaning wild hogs had to be run out before a sawmill could be built.

By June 1894, Temple had built a sawmill and a town named for Diboll. Buying pine timber for about 75 cents a thousand board feet, Temple often wrote out purchase deeds on paper sacks and

pieces of 1 x 12 lumber in the rush to get the mill rolling. As the railroads expanded, Texas cities began to grow and Temple's sawmill prospered by operating 24 hours a day, 365 days a year.

Temple was stingy with himself, but generous with those around him. His social concerns turned Diboll into a model community for the times with a library, a civic and social worker, quality housing for employees, and many community amenities.

Instead of following the prevailing "cut-out and get-out" philosophy, Temple insisted his lands be managed with a sense of permanence and became one of the first to leave trees for reseeded to assure natural regeneration of the forests.

In 1914, the family acquired a second sawmill at Pineland and opened its first retail lumberyard in Houston. This yard grew to 29 yards covering the state from the Red River to the Rio Grande. The retail operations led to the vertical integration of Southern Pine's sawmill operations.

Arthur Temple, Sr., became president of Southern Pine when Tom Temple died at age 75 in 1935. He continued many of the progressive practices begun by his father.



Later Arthur Temple, Jr., joined him. Entering the business at age 18, he demonstrated an uncanny vision of what the future would hold for forest products manufacturing. He had a vision of Southern Pine as a national corporation with investors all over the United States, but he and his father were caught in a generational struggle. The father wanted him to go slowly, but the son wanted to accelerate the growth and challenge of opportunities.

Determined to do things that would make or break him, the son wrote to his father in 1948 that he could no longer work for the company and tendered his resignation. A month later, when Henry Temple, sawmill general manager, died, young Temple was offered the job. Three years later, only 31 years old, Arthur Temple, Jr., became president of the company after his father's death.

When he came to Diboll to run the sawmills, the company was still using Depression-era thinking. Plants were hoarding cash and paying little attention to technological advances in the industry. Mill improvements and employee compensation needed attention. Temple sold the family on the wisdom of rejuvenation. He brought in new assistants, made critical decisions to horizontally integrate the company's operations, and substantially eliminated vertical integration. He promoted the manufacture of products from all parts of the tree, including wastes such as sawdust, planer shavings, and chips.

The period from 1948 to 1973 is considered one of the best chapters in the Temple history with Arthur Temple, Jr., making the difference.

Fiberboard sheathing was the first product to emerge from his "use everything from the tree" concept. Developed in part as a replacement product for one inch lumber placed across studs or expensive western plywood, fiberboard was economical and functional with superior insulation values.

Expanded and modernized, the original fiberboard facility at Diboll now manufactures fiberboard products, hardboard siding, and TrimCraft, an engineered wood product for exterior and interior trim.

In 1964, Temple entered into a partnership with U.S. Plywood to produce the first plywood made from southern pine trees. The company also built a pilot particleboard plant at Pineland. No longer in operation, this plant allowed the company to develop technology and early markets for home and furniture construction. Subsequently, the company has built two major particleboard plants, acquired another, and is building a fourth in Arkansas. When it is complete, Temple-Inland will be able to produce more than 60 times the production of the original Pineland plant.

The company entered the gypsum business, its only non-wood building product, in the 1960s, and now operates two gypsum manufacturing facilities.

Southern Pine became Temple Industries in 1965 and ceased to exist as a family-owned corporation, becoming a public company on the New York Stock Exchange. Time Inc. acquired the company in 1973, but a spinoff of Time's forest

products division, including Temple, later led to the present Temple-Inland, Inc. Since its establishment, the company has progressed from one sawmill in Diboll to four located across the South, plus a stud mill, all using the latest technology with a greater utilization of timber and reduced manufacturing costs.

In the 1980s, building on Arthur Temple's 1950s creation of Lumberman's Investment Corp. as a way to encourage home building, Temple-Inland restructured the company as Temple-Inland Mortgage Corporation, one of the largest mortgage banks in the country with a loan portfolio of \$9 billion. This operation was expanded in 1988 with the

acquisition of three Texas thrifts and formation of Guaranty Federal Bank, an \$8 billion savings institution with 123 branches in Texas, the largest Texas-based savings bank in the state.

Temple-Inland's building products are sold in 24 states, Mexico, and Europe. In 1993, they accounted for \$99.1 million of the total \$162.4 million operating income.

Tom Temple's dream continues at Temple-Inland in Diboll. The company, as his grandson Arthur Temple envisioned, has become one of the nation's most successful and respected forest products companies, a Fortune 200 company and an organization with a strong sense of hard work, pride, and a love for the forests on which it has depended since 1894. ▲



Arthur Temple, Jr., working at his desk, ca. 1960.

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