

## Mid-South Region Data Analysis

### Suppliers Years in Business

	Response Average	Response Total
Years =	30.35	698

### Supplier Interviewee's Position

	Response Percent	Response Count
Owner	80.8%	21
Partner	15.4%	4
General Manager	3.8%	1

### Supplier Type

	Response Percent	Response Count
Direct Contractor/Operator	50.0%	13
Dealer	34.6%	9
Large Landowner (TIMO, REIT, Private)	0.0%	0
Producer-Indirect	15.4%	4
Other		0

### Percentage of Stumpage Purchased Directly

	Response Average	Response Total
% =	55.12	1,433

### Description of Supplier's Operation

	Response Percent	Response Count
Logging	3.8%	1
Trucking	0.0%	0
Combined	96.2%	25
Other (please specify)		0

### Level of Supplier's Annual Production (in Tons)

	Response Average	Response Total
Tons =	300,980.77	7,825,500

### Number of Supplier's Employees

Answer Options	Response Average	Response Total
# =	14.15	686

## Mid-South Region Data Analysis

### Consumer Interviewee Years in Business

	Response Average	Response Total
Years =	30.35	698

### Consumer Interviewee's Position

	Response Percent	Response Count
Front-line	60.0%	6
Senior	40.0%	4
Other	0.0%	0

### Consumer Mill Type

	Response Percent	Response Count
Paper	50.0%	5
Composite	10.0%	1
Solid Wood	10.0%	1
Combination	30.0%	3
Other		0

### Percentage of Stumpage Purchased Directly

	Response Average	Response Total
% =	19.60	196

### Level of Consumer's Annual Production (in Tons)

	Response Average	Response Total
Tons =	2,260,000	22,600,000

### Number of Consumer's Procurement Employees

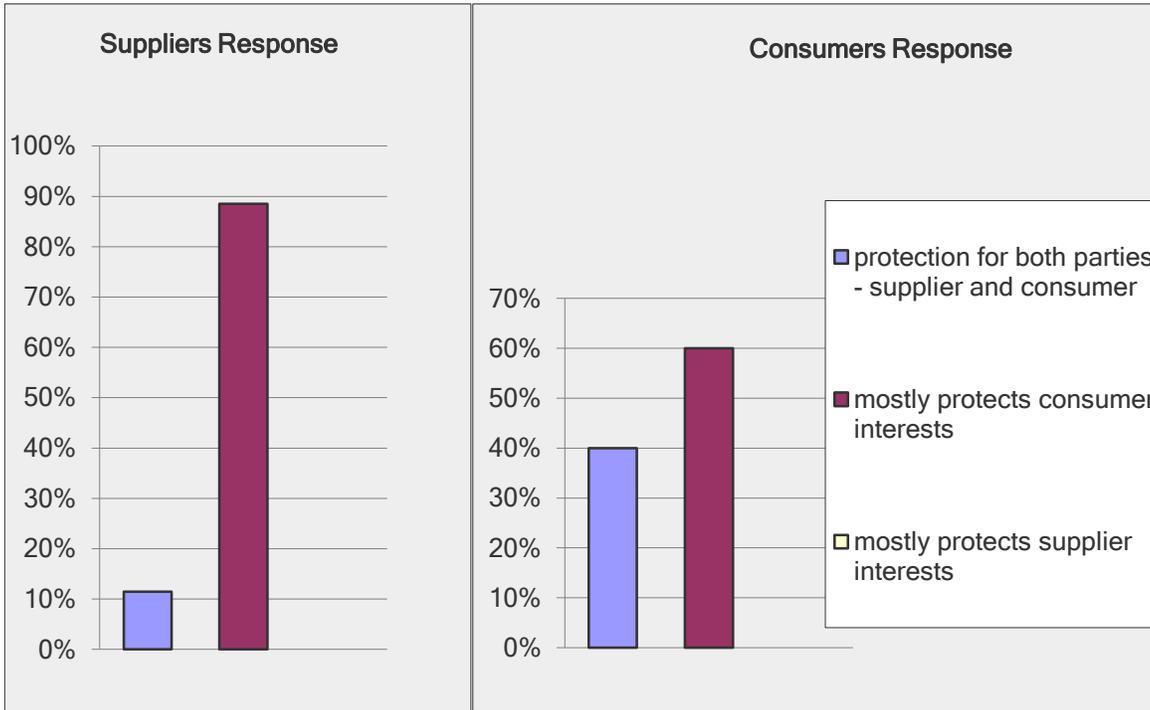
Answer Options	Response Average	Response Total
# =	11.00	111

# Mid-South Region Data Analysis

## Negotiations Interface Contract Structure

### Answer Options

Answer Options	Supplier Response	Consumer Response
protection for both parties - supplier and consumer	11.5%	40.0%
mostly protects consumer interests	88.5%	60.0%
mostly protects supplier interests	0.0%	0.0%
Other (please specify)		



**Remarks:** There is a significant difference in the perception of the legal construct of the contracts provided to the suppliers. Almost 90% of suppliers and almost 60% of consumer procurement see the contracts favoring the consumer mill interest. Part of the difference in perception is that consumer procurement sees required insurance and regulatory compliance as protection for the contractors equally with the consumer interests.

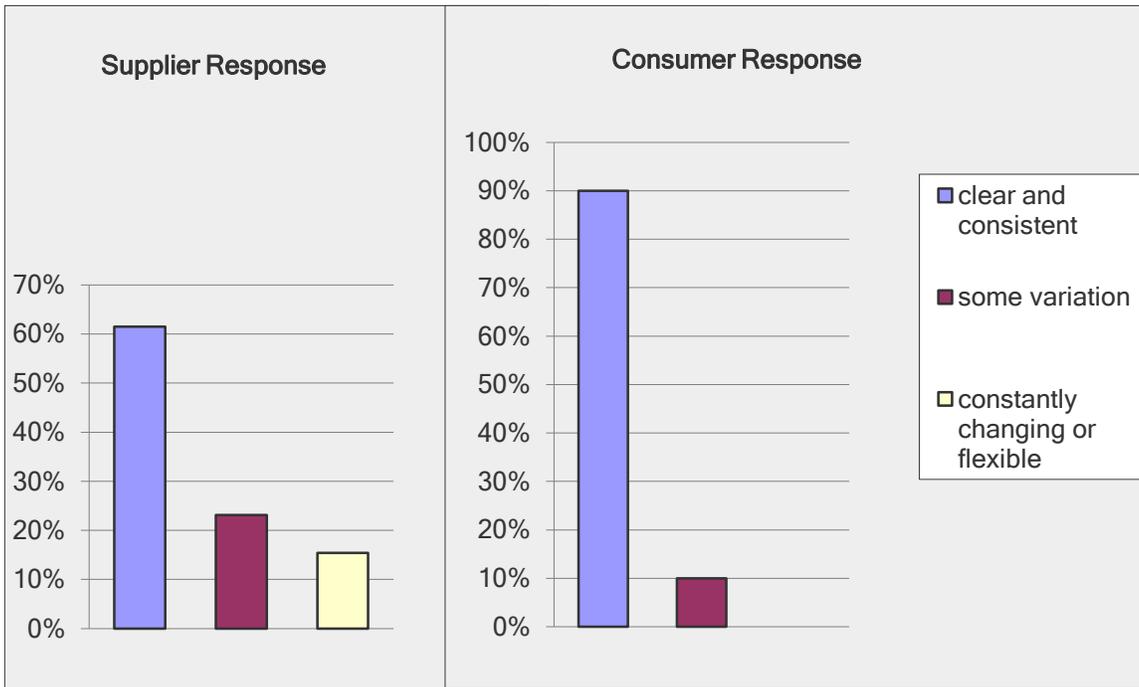
Gap almost 30%

# Mid-South Region Data Analysis

## Negotiations Interface

### Wood Specifications

Answer Options	Supplier Response	Consumer Response
clear and consistent	61.5%	90.0%
some variation	23.1%	10.0%
constantly changing or flexible	15.4%	0.0%
Other (please specify)		



**Remarks:** There is a significant difference in perception between suppliers and consumers primarily due to the difference way they look at the issue. The suppliers view it as how the wood specifications are administered and the consumers think of it as how they are communicated and documented. There are also comments from suppliers and some consumers that the administration of those specifications are somewhat conditional depending on the level of the inventories.

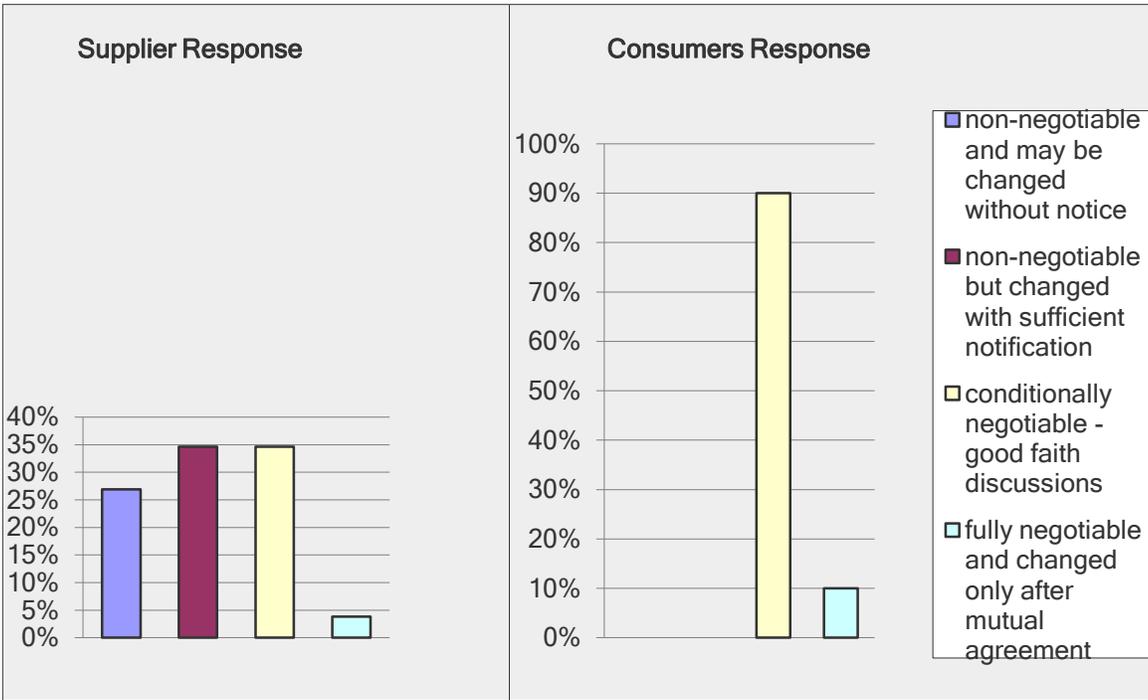
Perception Gap = 30+% related to clear and consistent response.

# Mid-South Region Data Analysis

## Negotiations Interface

### Harvesting / Trucking Rates (Negotiations Methods Only)

Answer Options	Supplier Response	Consumer Response
non-negotiable and may be changed without notice	26.9%	0.0%
non-negotiable but changed with sufficient notification	34.6%	0.0%
conditionally negotiable - good faith discussions	34.6%	90.0%
fully negotiable and changed only after mutual agreement	3.8%	10.0%
Other (please specify)		



**Remarks:** There is a significant gap in perception of the Nature of the Rate Negotiation Methods. Over 61% of the suppliers see the negotiations as "non-negotiable "in contrast to the Consumer procurement personnel see it as "conditionally negotiable or fully negotiable".

Why is this so different? One observation is that the manner in which negotiations are handled may be a factor. The other factor is these interviews were conducted during one of the deepest economic recessions in history in a time that all cost had to be highly controlled. It is notable that 5% of suppliers and 10% of consumers classified rate negotiations as "fully negotiable".

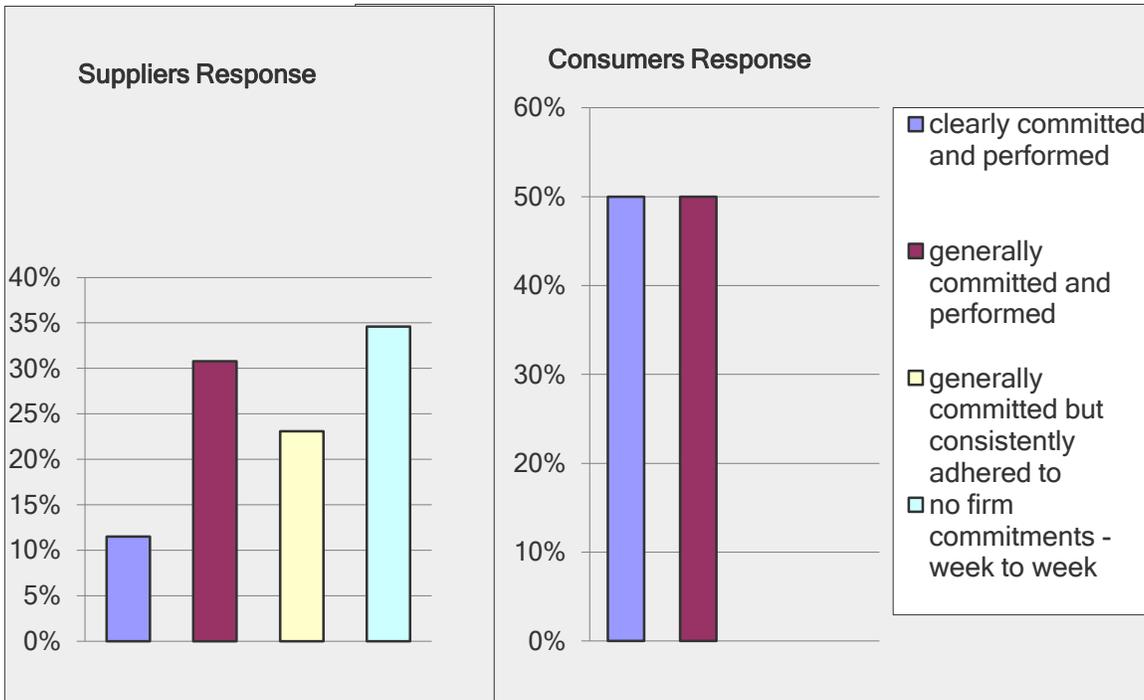
Perception Gap = 55% in terms of Conditional Negotiations verses Non-negotiable categories.

# Mid-South Region Data Analysis

## Negotiations Interface

### Volumes

Answer Options	Supplier Response	Consumer Response
clearly committed and performed	11.5%	50.0%
generally committed and performed	30.8%	50.0%
generally committed but not honored	23.1%	0.0%
no firm commitments - week to week	34.6%	0.0%
Other (please specify)		



**Remarks:** There is a significant gap in perceptions around volume commitments within the negotiations interface. Approximately 58% of the suppliers say they do not have any firm volume commitments while 42% feel they have firm commitment from their consumer companies. On the other hand the consumer procurement responses reflect a high level of volume commitments. It should be noted that none of the suppliers interviewed had any commitments in writing. All the committed volumes were verbal with the exceptions when they are placed on quotas during delivery constraints.

Perception Gap = 58% in terms of having generally firm volume commitments.

# Mid-South Region Data Analysis

## Approximate volume lost by Suppliers annually due to break-down in Negotiations

Answer Options	Response Average	Response Total	Response Count
Tons =	18,134.62	471,500	26

### Comments on Production Volume Losses:

Total annual average volume lost by supplier sampled due to negotiation breakdowns was calculated at 18,000 tons. For all suppliers sampled the total annual loss of production of 471,500 tons. The total annual production for the suppliers sampled is approximately 7,825,000 tons. Expressed as a percentage of the total = **.6% of actual total volume delivered.**

### Example Comments Provided Related to Break-down in Negotiations Statements by Suppliers:

- >Supplier purchased a really good sawtimber tract based on gatewood price - then price was reduced - ended up hauling really good logs to the paper mill.
- >Consumer mills generally continue to cut prices at any opportunity and dropped any longer term policies.
- >Committed price tracts were dropped and actual have carried out illegal actions with arrogance.
- >Several consumer companies have tried to purchase tracts around the dealership who had management agreements with the dealer.
- >Negotiations all one sided Receive no compensation for intense merchandising.
- >Tried dispatch trucking but failed.
- >Quarterly commitment was dropped during the recession and has not been restored
- >Extra sorts that have no apparent economic value to the mills are imposed on the loggers due to some technicality in the supply agreement contracts - add tremendous costs to our operations with no additional compensation.
- >One incident - I asked the procurement forester - is there going to be any price changes soon? His answer was no, so we bid on the tract accordingly - then 2 days later prices were reduced significantly.
- >The consumer mills draw down tight on wood specifications when their inventories are too high.
- >Open-Close gyrations of the mill orders cause significant production losses
- >Some scalers over-deduct unfairly and not negotiable -company handles the trucking =non negotiable
- >25% of logging businesses went under in the last 18 months.
- >No fuel adjustments - we just had to eat the increased costs at an already low base rate. The companies don't care about anything having to do with loggers.
- >One company changes specifications and delivery points very often.
- >Breaking contracts is the general rule None Have to beg or plead for any change in rates - we never feel good about it
- >No fuel adjustment was granted 2 years ago - at the beginning of the recession - had to shut down 2 months
- >One consumer company uses 20% sample load to spread - then the data from that load applies to every load until the next sample resulting in 1.5 to 2% of each load can be deducted based on one bad load.
- >Some consumer companies may pull a commitment arbitrarily - day to day anything can happen with price or volume e-wood - the on-line bidding is a one way street not beneficial to loggers and is an arrogant practice

## Mid-South Region Data Analysis

### Examples of Best Practices in Negotiations Statements by Suppliers:

- > Some consumer mills have maintained good relationships through the recession.
- > One company will provide quarterly volume commitments at locked in prices.
- > Some consumer companies have really stuck by us during the recession
- > One very difficult landowner threatened to disrupt the operation - but dealer won him over to be best friend.
- > Some companies using our chips honor their commitments consistently.
- > One company has installed separate rates for 1st, 2nd thinning, and then lower price for Clear-cut
- > All verbal commitments - but generally honored. One consumer company will stick to there committed tracts - regardless of the circumstances - especially in the summer months
- > Most companies are fair and the negotiations are very good. Has very good relationships with consumer mill people - including some of the sawmill owners
- > One consumer mill procurement works with its suppliers to develop a procurement strategy that will save the mill money over time.

### Examples of Breakdown in Negotiations by Consumers:

- > We have some situations where I make a decision and tell the supplier and get over-turned by higher authority.
- > Gatewood price is set - non-negotiable -use posted price daily
- > One supplier over the last 6 months - did not produce as normal so his next quarter commitment was cut and he was very upset. We worked with him and made an adjustment upward but asked him to communicate in the future.
- > Before - we did not have time, size, and tons criteria on a consistent basis - now consistent
- > The contracts are written and boiler plated by the consumer companies and non-negotiable

### Examples of Best Practices of Negotiations from Consumers:

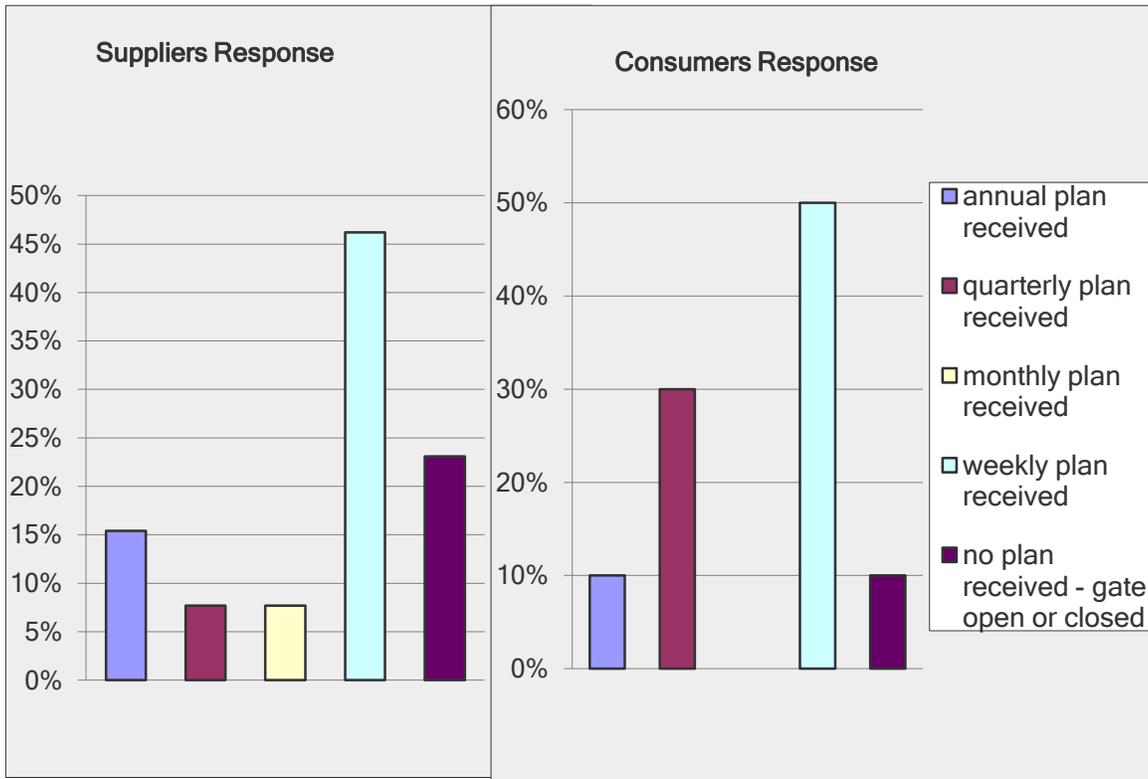
- > The "committed tract" approach works well so the supplier can be confident of the price he pays the landowner. Consumer company will commit only to aligned suppliers.
- > Cut & haul rates are fully negotiable - we keep a close watch on contractors as to their economic health.
- > Supplier purchased a large hardwood tract and wanted to deliver at a lower price time - we worked with him to harvest the wet areas and then hold the remainder until prices recovered.
- > Quarterly negotiations with locked in price and volume allows suppliers to buy stumpage with some level of stability.
- > We conduct quarterly negotiations with commitments for our "core suppliers".
- > Tract specific and committed wood mostly from the large landowners = totally priority committed
- > Fuel surcharge and distance (zones) adjusted - Rates are set and can only be adjusted by senior manager
- > Tract specific - is clearly committed for the most part for the length of timber deed expiration
- > Provide tract specific rates that are conditionally negotiable

# Mid-South Region Data Analysis

## Joint Planning Interface

### Delivery Scheduling

Answer Options	Supplier Response	Consumer Response
annual plan received	15.4%	10.0%
quarterly plan received	7.7%	30.0%
monthly plan received	7.7%	0.0%
weekly plan received	46.2%	50.0%
no plan received - gate open or closed	23.1%	10.0%
Other (please specify)		



**Remarks:** There is only a slight difference in the perceptions between supplier and consumers on delivery scheduling. Both parties agree that it is primarily a week to week delivery scheduling system with around 20% receiving any longer commitments beyond that window. Almost 17% of the consumer respondents stated that they provided annual plans for their suppliers. It is significant that 23% of the suppliers felt they had no plan at all.

The major point of these results illustrate the need for longer-term planning by the consumer procurement to help the suppliers conduct their business.

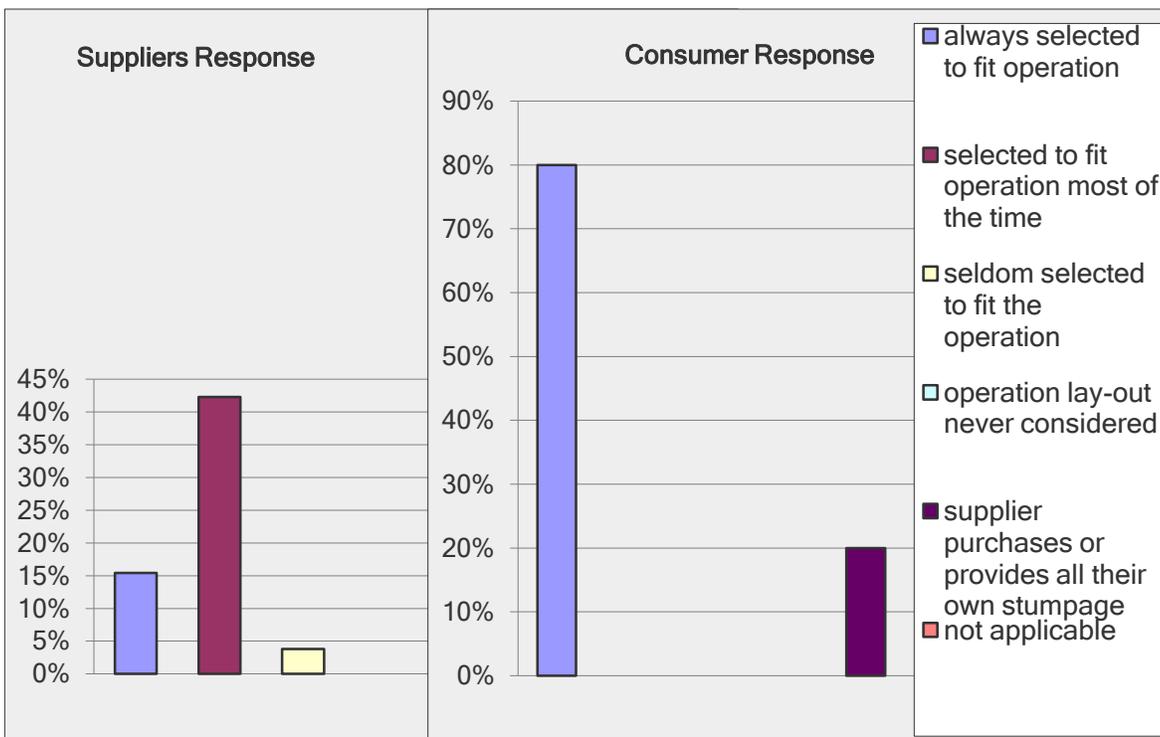
Perception Gap = not significant

# Mid-South Region Data Analysis

## Joint Planning Interface

### Tract Harvest Assignment (if applicable)

Answer Options	Supplier Response	Consumer Response
always selected to fit operation	15.4%	80.0%
selected to fit operation most of the time	42.3%	0.0%
seldom selected to fit the operation	3.8%	0.0%
operation lay-out never considered	0.0%	0.0%
supplier purchases or provides all their own stumpage	38.5%	20.0%
not applicable	0.0%	0.0%
Other (please specify)		



**Comments:** There is a significant gap in perceptions in harvest tract assignment . Suppliers and Consumers agree that the operational configuration and capabilities are generally considered when tract assignments are provided to cut & haul operations. The difference is that consumers all said it is always considered but only 15% of the suppliers said it was always considered. Suppliers do generally agree that it is considered most of the time. In the Mid-South region most of the stumpage is supplied by either dealerships or large landowner suppliers.

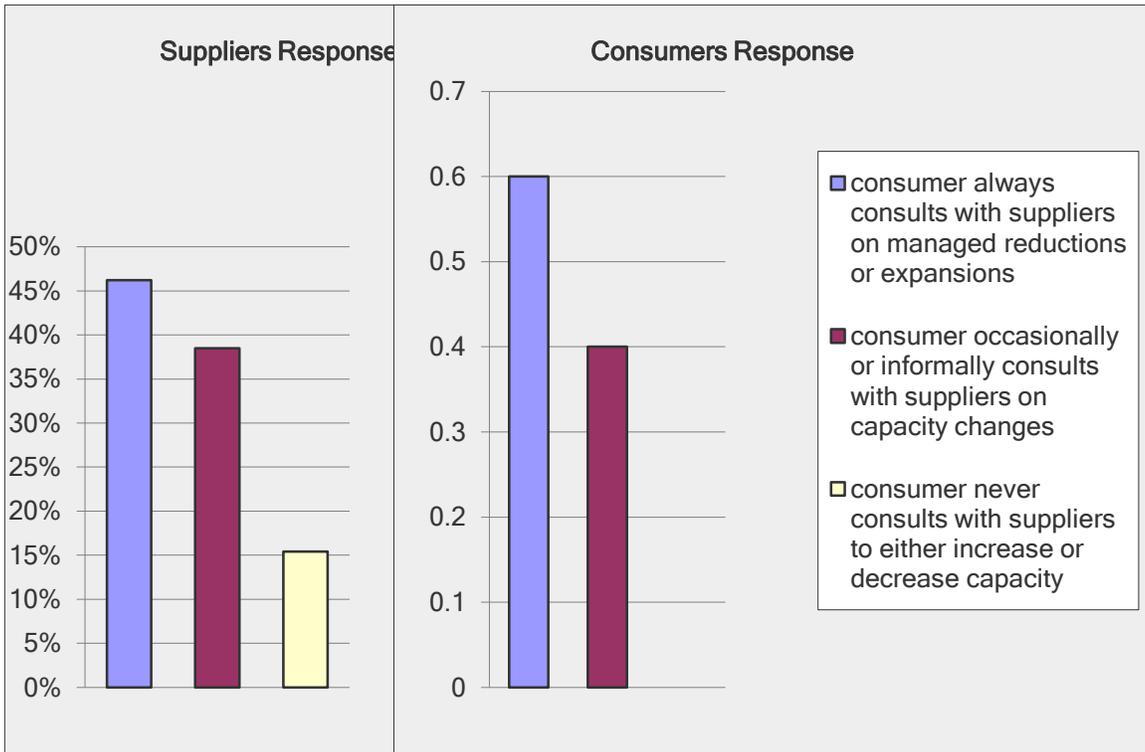
Perception Gap is not significant

# Mid-South Region Data Analysis

## Joint Planning Interface

### Capacity Addition or Reduction Decisions

Answer Options	Supplier Response	Consumer Response
supplier always consults with consumer representatives	46.2%	60.0%
supplier occasionally or informally consults with consumer	38.5%	40.0%
supplier never consults with any consumer representatives	15.4%	0.0%
Other (please specify)		0
<i>answered question</i>		<b>34</b>



**Comments:** No significant difference related to joint consultation in regards to capacity changes. The only minor difference is that a 15% of the suppliers felt that capacity changes were their own decision.

Gap = 15% from suppliers that make capacity decisions without consulting with consumer mills.

## Mid-South Region Data Analysis

### Suppliers Approximate volume lost annually due to poor planning

Answer Options	Response Average	Response Total	Response Count
Tons =	11,331.00	294,600	33

### Consumers Approximate volume lost annually due to poor planning

Answer Options	Response Average	Response Total	Response Count
Tons =	.00		10

#### Examples Provided of Break-down in Joint Planning Statements by Suppliers:

- >No commitments and no idea if the wood yard is open or closed. We have to hear about it from the truck drivers.
- >Used to book timber sales at least 6 months out - now have at best 2 to 3 months due to the uncertainty in the market and lack of honest relationships.
- >There is so much variation in various mill quotas - it cause significant loss of production. Due to mill instability in production orders (up and down) - that results in lost production
- >Our crew is driving 90 miles to work due to poor planning on landowner's part - no advance notice of the next tract.
- >No loyalty and no appreciation from the consumer companies. Many wood products firms have log prices indexed to lumber prices and my change delivered prices without notice.
- >We get most of our information from the truck-drivers
- > Frequent stopping of deliveries = poor planning and we lose production frequently
- >2 years ago - the consumer company wanted contractors to expand - then two weeks later we were place on quotas.
- >There is no joint planning with my dealership - we are all forced to the gatewood system. We find out Friday morning about the volume we can plan on delivering the following week.
- > None of the consumer companies or landowners commit to the next cut block until the last minute.
- >Biggest problem is intensive control of inventories cause loss of production of 5% minimum.
- > Receive e-mail every Friday - about number of loads for each location - never know week to week.
- >The consumer company showed the supplier several tracts ahead - so supplier started in the back on worst ground - then when winter came - consumer company gave the front side tracts to other loggers - lost production in the winter.
- >Would like to have a documented longer commitment - but have trust in the consumer company representatives and has not really cost production.
- >Some companies provide a weekly quota but will limit number of loads per day - that really hurts the supplier's costs.
- >Arbitrary change in price - no negotiations Most companies are week to week in planning
- >Arbitrary decisions are typical from paper mills.
- >Sometimes inventory is held at the mill on tires - held up in the line.
- >Need more planning so he can move crews to meet demand
- >Sometimes the consuming companies have too many suppliers and the tucks back-up or mill yards purposely slow down unloading of trucks.
- >Trucking cost a systematically increased by poor turnaround time in the mill wood yard
- >Supplier was awarded a 30 day contract - moved to the tract next morning and procurement forester called and canceled the contract.

# Mid-South Region Data Analysis

## Employees Provided on Break-down in Joint Planning Statements by

**Consumers:** none

## Examples of Positive Comments on Joint Planning by Suppliers:

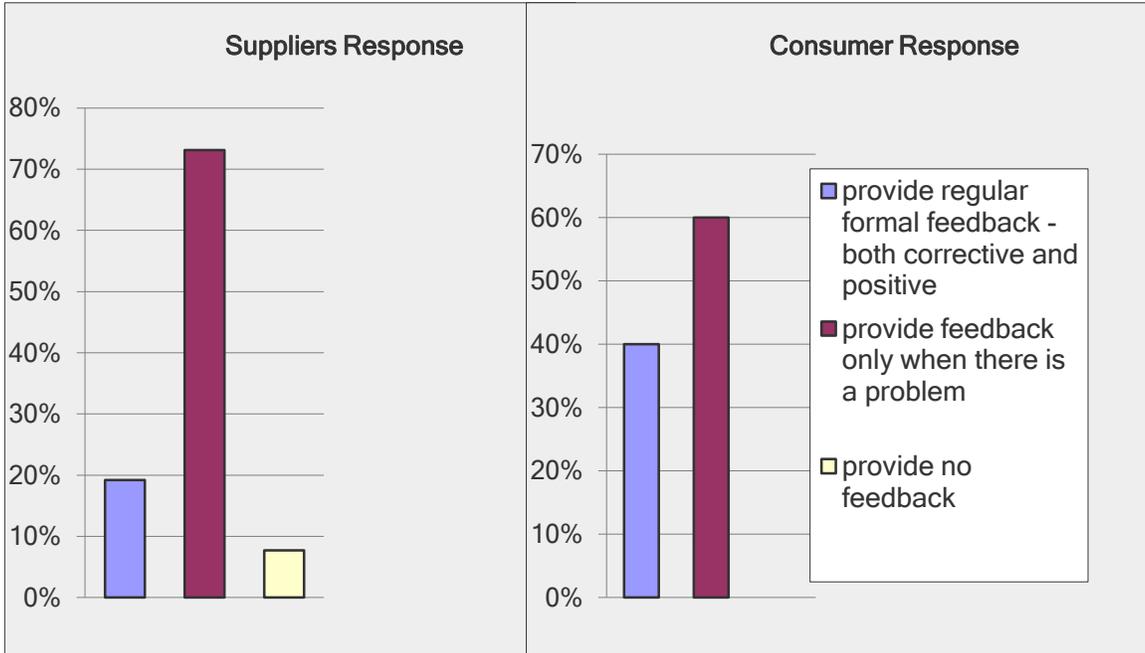
- >Landowning company does keep tracts out ahead of my crew.
- >Certain procurement representatives provide a heads-up in advance when they see mill disruptions coming that really helps our planning.
- >We have a good relationship with one procurement representative that we can count on when he commits.
- >One company wanted us to get bigger and that summer they kept squeezing us down.
- >For crews on company lands, we work 5 days a week year-round.
- >One company expanded the extra yard bank at the mill to run in overrun trucks from key suppliers
- >One company works with suppliers - lets them leave hardwood standing until markets open up to get it delivered.
- >Prior to any significant expansion we always get a firm a commitment.
- >No problems with joint planning.
- >Get tracts at least one month ahead
- >One company will try to plan quarterly volumes

# Mid-South Region Data Analysis

## Feedback Interface

### Contract Compliance

Answer Options	Supplier Response	Consumer Response
receive regular formal feedback - both corrective and	19.2%	40.0%
receive feedback only when there is a problem	73.1%	60.0%
receive no feedback	7.7%	0.0%
Other (please specify)		



**Comments:** Feedback for contract compliance was interpreted by the respondents to mainly refer to wood quality. There is a significant gap in perception between the suppliers and consumer mill procurement. Over 70% of the suppliers said they "receive feedback only when there was a problem" and a few said they had "no feedback". Keep in mind that some of these suppliers work through dealerships and may not be directly in the feedback loop.

The response from the consumer mill procurement was similar in that 60% indicated they provided only negative feedback to their suppliers and 20% responded that they provide both negative and positive feedback. Some consumer mills provided regular documented feedback in regards to wood quality to their suppliers but most of the mills provided verbal or informal feedback. Most all of the suppliers would like to have consistent feedback to help them strive toward continuous improvement and be recognized for their efforts.

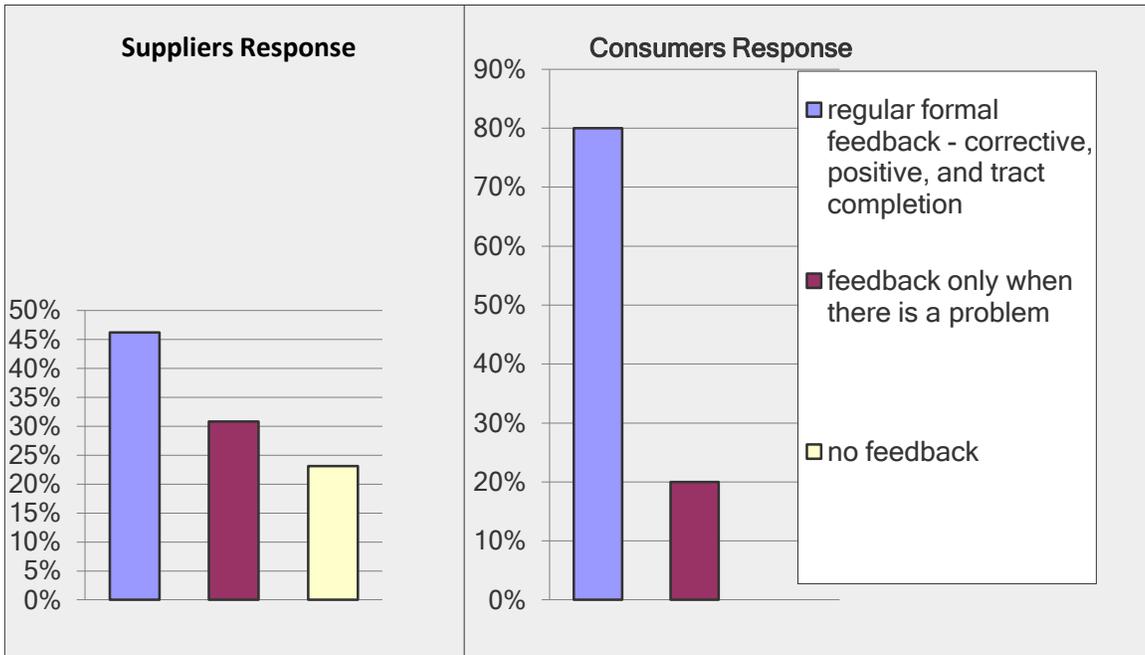
**The Gap is 20%** and is significant in that comments from suppliers indicate a very low level of positive feedback in regards to wood quality.

# Mid-South Region Data Analysis

## Feedback Interface

### Harvesting Quality

Answer Options	Supplier Response	Consumer Response
receive regular formal feedback - corrective, positive, and	46.2%	80.0%
receive feedback only when there is a problem	30.8%	20.0%
receive no feedback	23.1%	0.0%
Other (please specify)		



**Comments:** There is a gap in perception between supplier/consumer mills on feedback related to harvest quality in two areas. First 34% gap in terms of receiving regular formal feedback both positive and negative. That is due to 23% of the supplier responding that they receive no feedback. It should be noted that some suppliers (primarily from supplier purchased timber tracts) said that inspections related to certification requirements or general BMP compliance was non-existent.

Gap = 34% in reference to feedback on harvesting quality.

## Mid-South Region Data Analysis

### Approximate volume lost annually due to poor feedback from Suppliers

Answer Options	Response Average	Response Total	Response Count
Tons =	3,076.92	80,000	26

### Approximate volume lost annually due to poor feedback from Consumers

Answer Options	Response Average	Response Total	Response Count
Tons =	.00		10

#### Examples of poor feedback - Supplier Remarks:

- >Never hear anything unless there is a problem. Never hear anything unless there is a problem.
- >There is a minimum amount of cut block inspections while we are on the tract - all consumer companies pro-logger certificated - but they really don't check that any more.
- >Never get any positive feedback for a job well-done.
- >REIT/TIMO managers want to push grade logs and the grade mills are being very tight on specifications that put loggers in the middle. This causes trucks to be turned out and mills deduct monetarily for any trucks over 90,000 lbs.
- >Little or no harvest quality inspections - SFI is a joke
- >No positive feedback on wood quality.
- >Good harvest quality inspections although it is all verbal.
- >The only feedback we get on log quality is cull deduction on our statements
- >All verbal feedback for wood quality and safety- stopped providing supplier ratings along with safety bonuses
- > No feedback from the consumer mills - due to our trusting relationship
- >Cull factor at wood products plant is killing the loggers - now are pulling a 3" tolerance factor on C-T-L - we lose 1,800 tons per load with no documentation or notification
- > Receive feedback only when there is a problem. Wood quality is an issue due to scaler power trips that mistreat truck drivers and really hurts the relationships
- >No documentation -Only when there is a problem
- >No documentation and no feedback. Get call when there is a problem - no documented feedback.
- >Some foresters inspectors handle the situation badly but not too often.
- >There is no substantive feedback - even when a procurement forester calls for a SFI inspection - logger decides what and where to inspect.
- >Very little inspections on harvesting quality No documentation - and inspections on harvest quality are infrequent SFI is a joke - never hear anything about it anymore.
- >Contractor believes that consuming mills are buying wood from non-compliant operations through unethical dealers.

# Mid-South Region Data Analysis

## **Examples of Positive Feedback Practices with Remarks from Suppliers:**

- >We get regular feedback related to SFI audits Some feedback on the harvesting quality.
- > One company provides wood quality feedback in regard to log quality and cull classifications.
- >Only one company is doing a good job of harvest inspections.
- >We have what we need
- >Have regular inspections on company lands - pre-entry and final inspections that are signed off on by contractor.
- > Focus on feedback from the landowners.
- >MFC inspect our harvesting quality when they can. We get good feedback - depends on the quality of the tract we a harvesting - both documented positive and corrective.
- >Good feedback on harvesting quality.
- > Good feedback on harvesting quality - with completion documentation
- > Get good harvest inspections - harvest inspections are communicating - all verbal
- > Most procurement foresters provide good feedback with respect - but not documented.
- > Currently the consumer mill procurement organizations are providing us both good and negative feedback. Harvest inspections are regular with on site verbal feedback

## **Examples of Negative Feed Back from Consumer Comments:**

- >Sometimes we would like to have more timely feedback from our suppliers on a situation that was going to lower his deliveries to our mill.
- >We need to do a better job at providing positive feedback for good work.
- > No feedback on wood quality unless there is a problem
- > We only feedback when there is a problem and we then have a through follow-up on the problem, we do not turn a truck around on the first violation.
- > Consumer company would like to get more communications from the suppliers in regards to feedback and what they need.
- >In some cases - the feedback for BMP quality should be more timely.
- >Occasionally have to go to the woods and work with a contractor to make adjustments in log

## **Examples of Positive Feedback from Consumer Comments:**

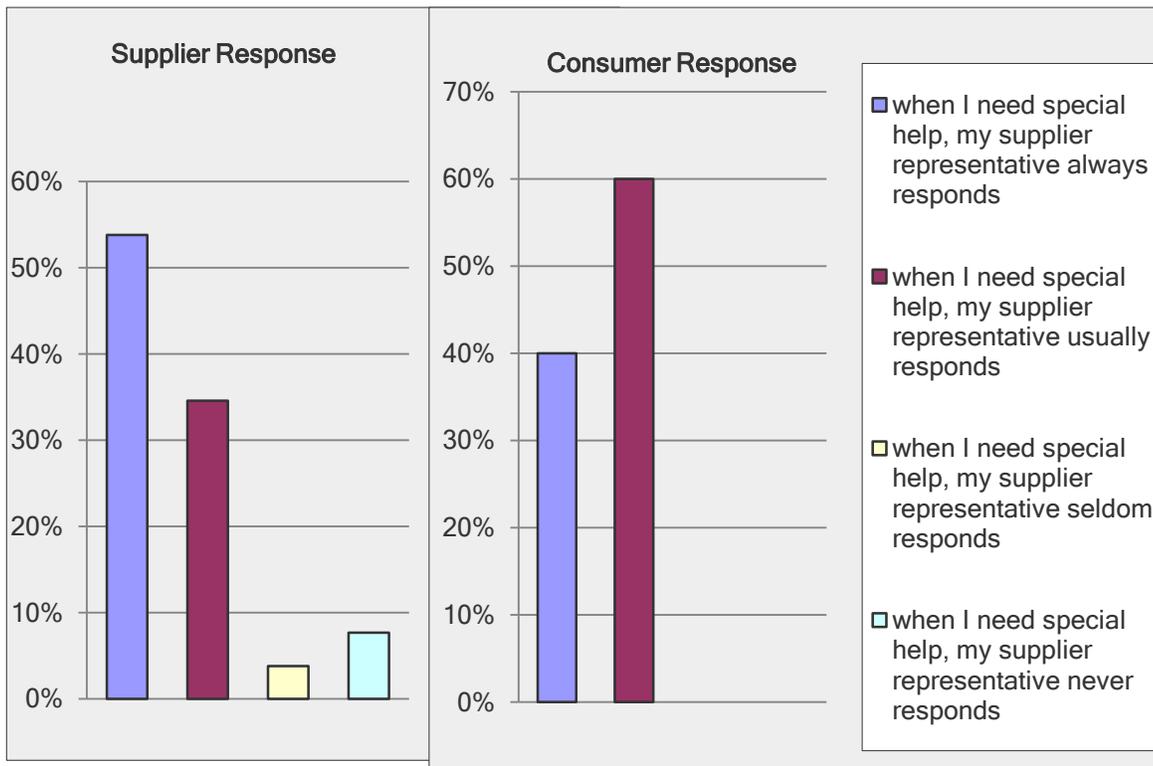
- > Landowner surveys are conducted on gatewood tracts and the suppliers received documented feedback both positive and negative.
- > Random checks by the log auditor provides excellent feedback for loggers. Also we have consistent harvesting quality inspections for both cut&haul loggers and gatewood audits.
- > Feedback on wood quality is both documented and verbal. Send out e-mail plus verbal calls meetings with core contractors to provide both negative and positive feedback. We also have landowners survey for SFI - documented Landowner surveys provide good and documented feedback on harvesting quality.
- > Every quarter we have a cook-out and communicate future outlook to suppliers. Suppliers get logging quality feedback with our landowner survey system.
- > 360 degree loop = scaler notifies procurement, who then notifies the supplier, then scaler follows up to monitor corrections.
- > Provide calculated feedback for every load vs. target quality standards. Have good relationship

# Mid-South Region Data Analysis

## Problem Solving and Communication interactions

### Operational Issues

Answer Options	Supplier Response	Consumer Response
when I need special help - always responds	53.8%	40.0%
when I need special help - usually responds	34.6%	60.0%
when I need special help - seldom responds	3.8%	0.0%
when I need special help - never responds	7.7%	0.0%
Other (please specify)		



**Comments:** Only a slight difference in response in terms of response to operational needs. The responses only reflect slightly more frustration on the part of consumers in the help they receive from their suppliers when there is a need.

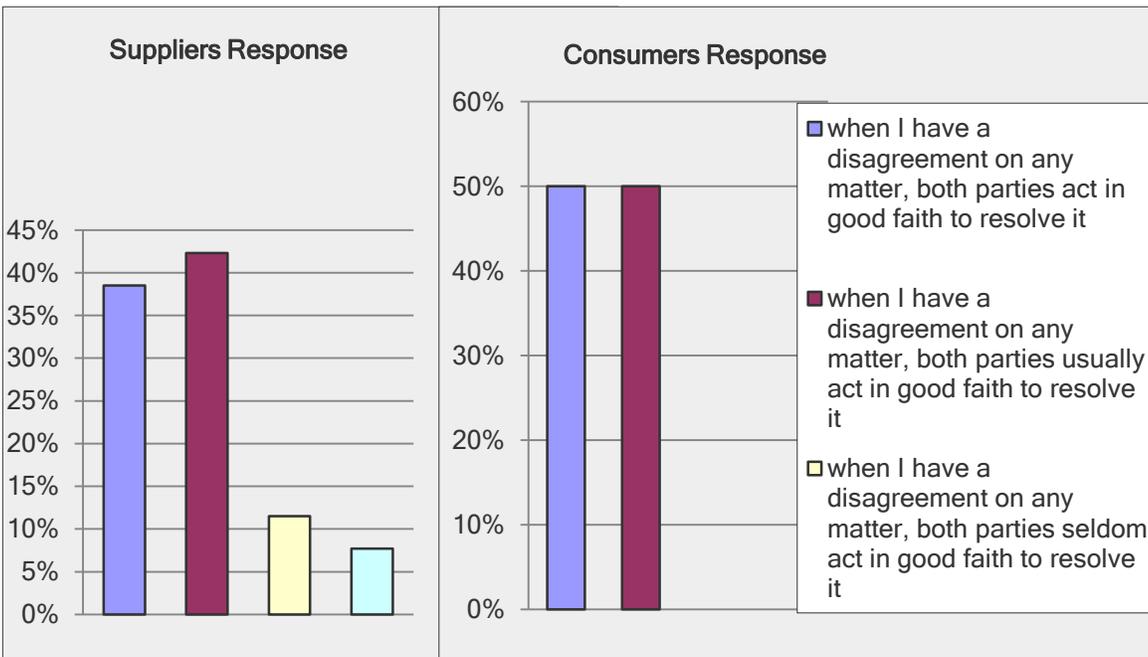
Gap = Non-Significant

# Mid-South Region Data Analysis

## Problem Solving and Communication interactions

### Disagreements

Answer Options	Supplier Response	Consumer Response
Disagreement - both parties always act in good faith	38.5%	50.0%
Disagreement - both parties usually act in good faith	42.3%	50.0%
Disagreement - both parties seldom act in good faith	11.5%	0.0%
Disagreement - both parties never act in good faith	7.7%	0.0%
Other (please specify)		



**Comments:** There was a difference in the rating of resolving disagreements. Both parties are generally positive about this interaction but the suppliers were about 26% less than the consumer respondents in classifying disagreements as being always resolved in good faith. Over 19% of the suppliers responded that disagreements were classified as either seldom or never resolved in good faith. It is the opinion of the research leader that some of the suppliers feel that the contract administrators do not have the authority to resolve issues using their own judgment and may sometimes leave issues unresolved.

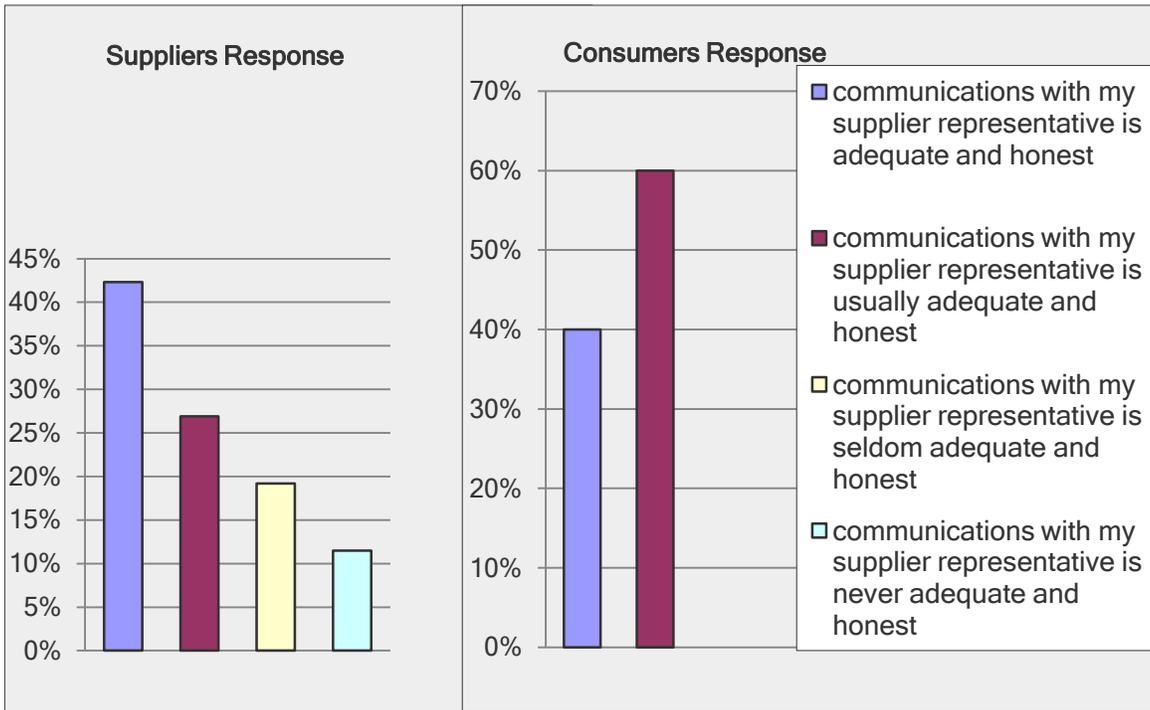
Gap = 19% in terms of problem solving and communications interactions.

# Mid-South Region Data Analysis

## Problem Solving and Communication interactions

### Communications Interface

Answer Options	Supplier Response	Consumer Response
communications - adequate and honest	42.3%	40.0%
communications - usually adequate and honest	26.9%	60.0%
communications - seldom adequate and honest	19.2%	0.0%
communications - never adequate and honest	11.5%	0.0%



**Comments:** 100% consumer respondents classified communications as always, or usually adequate and honest. Suppliers generally agree with almost 69% agreeing that they are honest and adequate. However there were some 31% of the supplier respondents who rated communications as seldom or never adequate. Some of those suppliers that rated the communications as poor tended to work within dealerships (no direct connection to consumer mills) or smaller operators working in remote locations.

Gap = 31% in terms of adequate and honest communications is significant

# Mid-South Region Data Analysis

## Problem Solving and Communication interactions from Suppliers

Approximate volume lost annually due to poor problem solving and/or communications

Supplier Tonnage Estimates	Response Average	Response Total	Response Count
Tons =	4,230.77	110,000	26

### Examples of Remarks from Suppliers related to Poor Problem

#### Solving/Communications:

- > All rules changes is all the communication we receive.
- > Communications are minimal - no quarterly sit-down as before and they are hard to reach.
- > Problem with one consumer mill that does not provide adequate notification of downtime on a timely basis
- > Most consumer companies organizations really don't provide adequate and timely communications - could be greatly improved.
- > Arrogance is a problem
- > One consumer company has to verify the %mix of size logs before they will make a commitment on a price for a gatewood price.
- > Many times we have a difficult time reaching our procurement representative. They do not seem to understand the urgency and importance of our losing production waiting on an answer.
- > Cost control approach to supplier relations is destroying the supply system. Communications are not adequate to do business effectively.
- > Consumer company makes you feel low and talk down to you. Example of harassing truck driver on mill yard - made driver go to the rear of the line.
- > Anything over 97,000 tons - one company will send a truck out which really costs the supplier. > Sometimes experience a delay in dealer representative getting back with him - but not often.

### Example of Supplier Remarks related to Positive Problem

#### Solving/Communications:

- > Smaller mills are much better at communications.
- > One company when they needed additional volume - readily agreed to price increase and volume doubled.
- > The procurement representatives we deal with do the best they can. They don't have the authority they need to take actions.
- > Supplier has an excellent relationship
- > Usually things get corrected immediately
- > Some mill companies will do more in volume commitments.
- > Usually they are very helpful and responsive
- > Consumer companies on the ground are well intentioned but they are over-ruled by their bosses and local guys have to change what they told the suppliers
- > E-mail and texting is excellent way to augment communications procurement manager will call me before anyone else if I need to know something in advance.
- > Use of texting or e-mails on following week's wood orders usually come on Thursday or Friday

# Mid-South Region Data Analysis

## Consumer Responses/Communications

Approximate volume lost annually due to poor problem solving and/or communications			
Answer Options	Response Average	Response Total	Response Count
Tons =	.00		9

### Examples of Negative Problem Solving from Comments from Consumers:

- > Certain suppliers will withhold critical information until it becomes more advantageous to them in terms of negotiating position.
- > Some contractors stopped delivering to us in 2010 to chase higher rates at a critical wet time.
- > At times we do not respond to operational issues in as timely manner as we should.
- > Some suppliers stay in the "poor mouth" mode - always want more money and talk of nothing else. "Poor mouthing" suppliers create a credibility gap
- > Occasionally procurement field foresters take a "bottled up" approach to communications that creates unnecessary problems.
- > Some suppliers are occasionally less than honest.
- > Occasionally a union scaler becomes a real problem in the administration of specifications and lack of communications to procurement.

### Examples of Positive Problem Solving/Communications from Consumers:

- > Some suppliers have earned a reputation of honesty on integrity. We listen carefully to them. When they say they need something - they need it.
- > One tract had a deal to take the volume commitments that was not honored by the supplier. We found that the supplier had taken the volume to another mill with higher prices. Trust was broken.
- > We have the capability of sending immediate communications or "calling posts" plus e-mail.
- > One supplier keeps close communications and advises on moving options based on our needs - that enable the consumer company to coordinate options with our Storm damage situation - we suspended our normal system to make necessary adjustments in rates due to difficult logging conditions.
- > Requires all new procurement foresters address their contractors as Mr. with respect.
- > Some suppliers are concerned about the 3 tier system - we brought them to the mill yard and spread loads and explained the system more fully - they are now OK
- > We have adjusted our cull deduction systems to be less punitive based on supplier's

# Mid-South Region Data Analysis

## Estimated Impact of Break-downs in Relationship in Terms of Productivity

INTERACTION AREA	TOTAL TONNAGE REPORTED	AVG/SUPPLIER
Negotiations	471,500	18,135
Planning	294,600	11,331
Feedback	80,000	3,077
Problem Solving and Communications	110,000	4,231
<b>Annual Totals</b>	<b>956,100</b>	<b>36,774</b>
Total Sample Production	7,825,500	300,980
Loss Percent of Sample Tot.	12.2%	12%
Approx. Total Mid-South Pro	115,000,000	

### Comments on Loss of Productivity:

The total sample of suppliers interviewed in the Mad-South Region represents around 6.8% of the total estimated production . For the suppliers sampled , the production impacted by failures of the working relationship was a total of almost one million tons annually or 12% of the total sample production. If the 6.8% sample were considered to be an adequate sample for the total supply chain in the Southeast Region (it is not adequate), then the projected total volume of approximately 14 million tons of lost production due to inefficiencies due to ineffective negotiations, joint planning, feed back, and lack of good problem solving/communications. These factors together with other relationship function is costing all parties upward to 18 million tons in productivity. This analysis begs the question, what if the business relationship was improved to the point that one half of the theorized lost production could be avoided? The potential is in the range of a 6% increase in productivity and related cost of production improvements. The major point being is that highly functional relations are not about feel good - they are about real dollar value to all the stakeholders in the supply chain.