

## Northeast Region Data Analysis

### Suppliers Years in Business

	Response Average	Response Total
Years =	28.33	425

### Supplier Interviewee's Position

	Response Percent	Response Count
Owner	53.3%	8
Partner	26.7%	4
General Manager	20.0%	3

### Supplier Type

	Response Percent	Response Count
Direct Contractor/Operator	53.3%	8
Dealer	33.3%	5
Large Landowner (TIMO, REIT, Private)	6.7%	1
Producer-Indirect	6.7%	1
Other		0

### Percentage of Stumpage Purchased Directly

	Response Average	Response Total
% =	42.00	630

### Description of Supplier's Operation

	Response Percent	Response Count
Logging	26.7%	4
Trucking	0.0%	0
Combined	73.3%	11
Other (please specify)		0

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

	Response Average	Response Total
Tons =	270,833.33	4,062,500

### Number of Supplier's Employees

Answer Options	Response Average	Response Total
# =	11.80	177

## Northeast Region Data Analysis

### Consumer Procurement Years in Business

Answer Options	Response Average	Response Total
Years =	25.23	328
<i>answered question</i>		

### Consumer Procurement Interviewee's Position

Answer Options	Response Percent	Response Count
Front-line	42.9%	3
Senior	57.1%	4
Other (please specify)		0

### Consumer Mill Facilities Sampled

Answer Options	Response Percent	Response Count
Paper	57.1%	4
Composite	0.0%	0
Solid Wood	28.6%	2
Combination	14.3%	1
Other (please specify)		0

### Consumer Percent of Direct Stumpage to Total Consumption

Answer Options	Response Average	Response Total
% =	4.43	31

### Consumer Mill Annual Consumption

Answer Options	Response Average	Response Total
Tons =	1,737,142.86	12,160,000

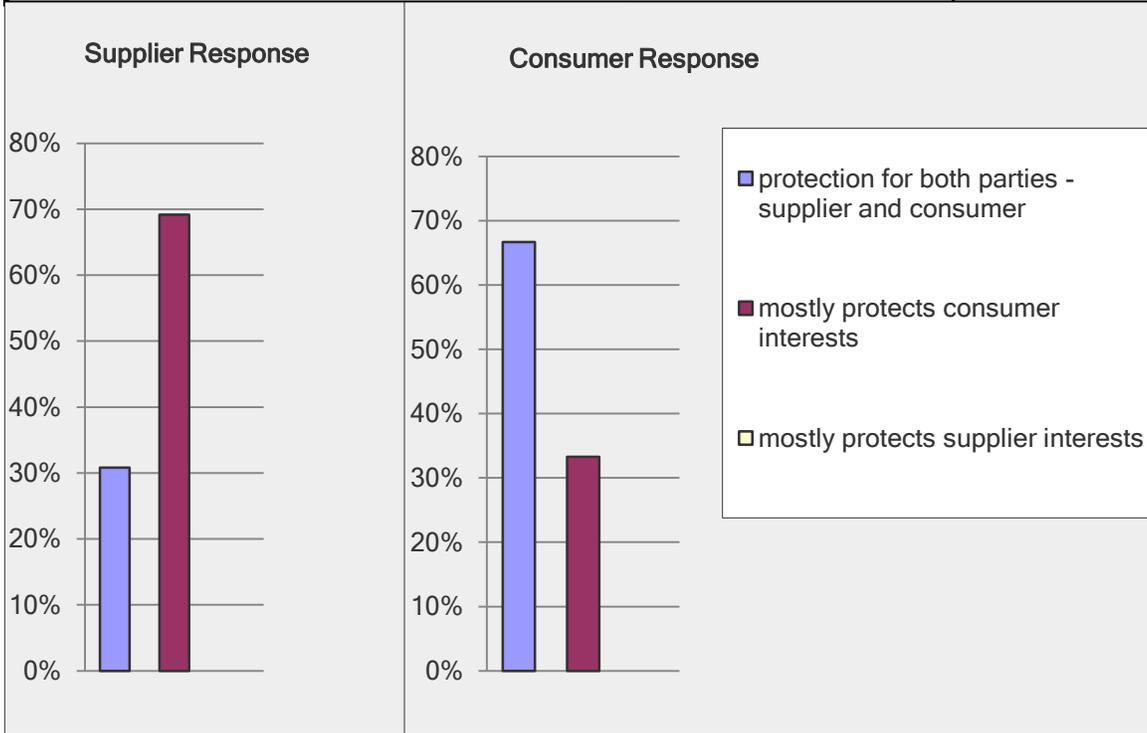
### Consumer Procurement No. of Employees (admin. Support -not included)

Answer Options	Response Average	Response Total
# =	17.00	119

# Northeast Region Data Analysis

## Negotiations Interface Contract Structure

Answer Options	Supplier Response	Consumer Response
protection for both parties - supplier and consumer	30.8%	66.7%
mostly protects consumer interests	69.2%	33.3%
mostly protects supplier interests	0.0%	0.0%
Other (please specify)		



**Remarks:** There is a significant difference in the perception of the legal protection provided in contracts provided suppliers. 69% of the suppliers responded "mostly protects consumer interests". In contrast, 67% of consumer procurement responded "contracts favoring both party's interest". Most master contracts and service contracts are documents that provide a legal structure for business transactions and usually does not include any committed volumes or prices. There are exceptions such as large landowners or complicated supply agreements. A case can be made that minimum insurance coverage and required compliance to all laws, SFI training, and etc. is of benefit to both. In most all cases the contracts are not negotiable but rather standard company contracts. Generally speaking, the contracts do not have clear volume or pricing commitments and therefore cannot be used to show financial stability to banking institutions.

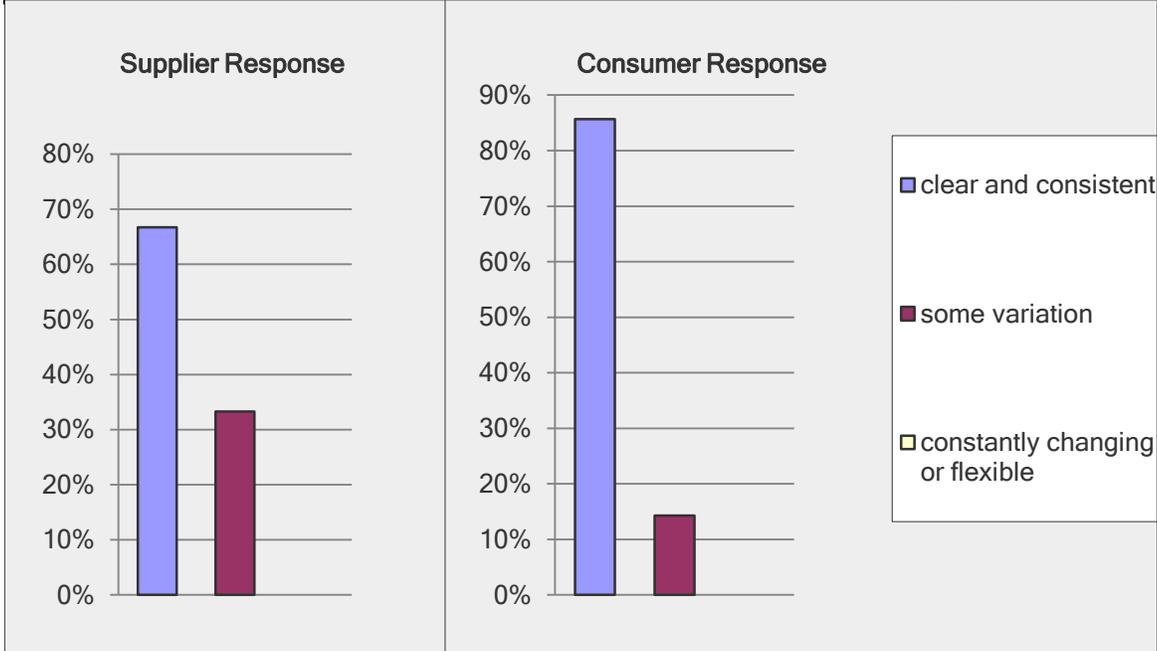
Gap is almost 46%.

# Northeast Region Data Analysis

## Negotiations Interface

### Wood Specifications

Answer Options	Supplier Response	Consumer Response
clear and consistent	66.7%	85.7%
some variation	33.3%	14.3%
constantly changing or flexible	0.0%	0.0%
Other (please specify)		



**Remarks:** There is a slight 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 enforced 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 conditional depending on the level of the inventories.

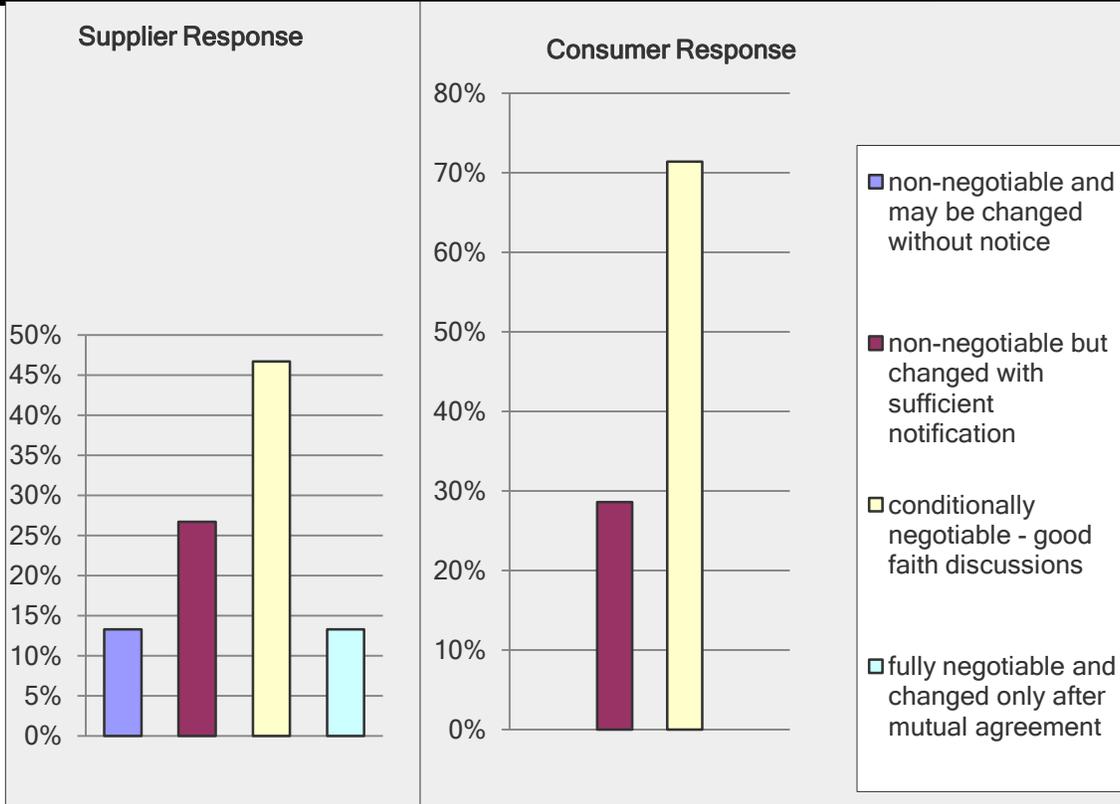
Perception Gap = Over 17% related to clear and consistent response - not significant

# Northeast 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	13.3%	0.0%
non-negotiable but changed with sufficient notification	26.7%	28.6%
conditionally negotiable - good faith discussions	46.7%	71.4%
fully negotiable and changed only after mutual agreement	13.3%	0.0%
Other (please specify)		



**Remarks:** There is a significant gap in perceptions for this subject and it is highly important. 40% of the suppliers see the negotiations as "non-negotiable" in contrast to 71% of Consumer procurement responded "conditionally negotiable".

Why is this so different? One observation is that it appears that the manner in which negotiations are handled by consumer procurement is a factor and certainly important to the relationships. An additional factor is the interviews were conducted during the deepest economic recession in history in a time that all costs were being strictly managed. It is notable that 8% of suppliers classified rate negotiations as "fully negotiable". Keep in mind that one "large landowner" is included in the supplier classification and they tend to be in a more negotiable position, though some suppliers feel the same way towards landowners regarding negotiability. This is clearly an area for improvement.

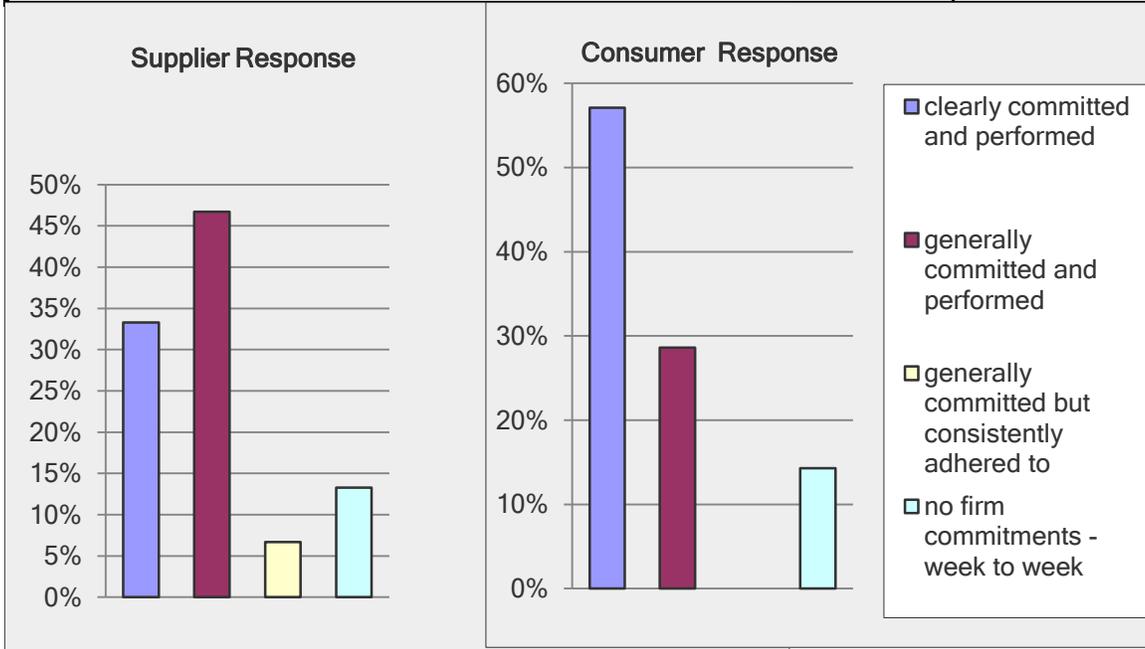
Perception Gap = 31% in terms of Conditional Negotiations verses Non-negotiable categories

# Northeast Region Data Analysis

## Negotiations Interface

### Negotiations for Volume Commitment

Answer Options	Supplier Response	Consumer Response
clearly committed and performed	33.3%	57.1%
generally committed and performed	46.7%	28.6%
generally committed but not honored	6.7%	0.0%
no firm commitments - week to week	13.3%	14.3%
Other (please specify)		



**Remarks:** There is a moderate gap in perceptions around volume commitments within the negotiations interface. 57% of procurement staffs say they provide firm volume commitments to suppliers. In contrast 33% of suppliers indicated firm commitment from their consumer companies and most (47%) responded "generally committed and performed." A minority of suppliers 20% said they had no firm 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 suppliers are placed on quotas during delivery constraints. Large landowners indicated firm commitments. Volume commitments in the Northeast are generally more dependable than in other regions in the U.S. but all is still based on trust in verbal commitments. Most suppliers are OK with the current contracts from the consumer companies as long as committed volumes are consistently honored. Suppliers also realize that committed volumes require full performance from their side to make the system work. (Note - Market conditions during the survey period were relatively open and unimpacted by delivery quotas. Tighter markets with stricter quotas may change these perceptions.)

Perception Gap = 24% in terms of having firm volume commitments considered as a moderate gap.

# Northeast Region Data Analysis

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

Answer Options	Response Average	Response Total	Response Count
Tons =	733.33	11,000	15

### Comments on Production Volume Losses:

Total volume per supplier lost due to negotiation breakdowns was calculated at 733 tons for a total annual loss of production of 11,000 tons on a total annual production of 25,000,000 tons for the Northeast Region. Expressed as a percentage of the total = **.04% of actual of total sample volume delivered.** Therefore it can be concluded that loss of production from break-down in negotiations

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

- > Sometimes procurement provides a volume commitment but then put us on quota.
- > One company causes problems in the stability of the wood flows by cutting off wood from longest distance rather than regulating the whole flow.
- > Woodyard scale house at one of the consumer mills - woodyard manager is on a power trip and is not respectful to the suppliers and causes loss of production by tying the trucks up or turning them out of the yard for very minor reasons.
- > Most consumer procurement does not see the aging of equipment and rates have not been provided to replace old equipment. New equipment may produce more volume but we still need to have the rates that support the much higher equipment prices.
- > Biomass pricing - withdrew B-CAP pricing - then it began to break-down
- > Negotiations are hindered by the high cost of transporting wood from Southern Maine - got production geared up and then the mill cut us off.
- > Lack of fair negotiations from the landowners and consumer companies -our logging rates are at 85% of what they should be for the last 2 years
- > Recently started on a committed volume into a mill and then the consumer company cut back orders to a 3 day week.
- > May get an edict from upper management and changes are non-negotiable
- > One mill had a highly unethical procurement person - but finally got rid of him
- > One mill changed their log cull deduction policy when it was not functioning fairly
- > Fiber supply agreements with REITS & TIMO's inject a high degree of variation into the supply chain.
- > Master logger certification does not seem to matter to the consumer mill procurement people.

## Northeast Region Data Analysis

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

- > Company will negotiate special rates for special deals.
- > One consumer mill provides a premium based on CoC certification
- > One company took advantage of an innovation we recommended that worked for both parties.
- > One bioenergy company purchased chippers for all their suppliers to make fuel chips. The suppliers only had to make payments based on the chips provided to the energy plant. That really helped us to make the operation more productive with no additional financial risk.
- > Every 2 or 3 weeks procurement checks level of productivity.
- > Occasionally a broker can pay more than my direct contract - don't really understand
- > One of the consumer companies will negotiate fairly with good faith.
- > Supplier has negotiated several outlets for its production that enables them to keep the volumes placed.
- > During the beginning of the recession - many mills honored commitments but may have asked suppliers to delay harvest on certain higher priced tracts.
- > Mills generally take the volumes they commit - hold true
- > Review market conditions quarterly to plan for next quarter
- > This contractor has excellent relationship with landowners and consumer mills. He is a forester and he

### **Examples of Negative Examples of Negotiations by Consumer Procurement:**

- > No volumes committed - we manage by the price not quotas - by providing 2 week notice on price changes
- > When a new mill opened - many suppliers bolted to the new buyer with no notification and we lost a lot of production very suddenly - we had to move some wood out of Quebec.
- > We have almost no contracts with gatewood suppliers
- > One supplier was discovered to be zone jumping - impacted the relationship and contract was terminated
- > The most strained relationship we have now is with the sawmills on residual chips.

### **Examples of Best Practices of Negotiation Interaction by Consumer Procurement:**

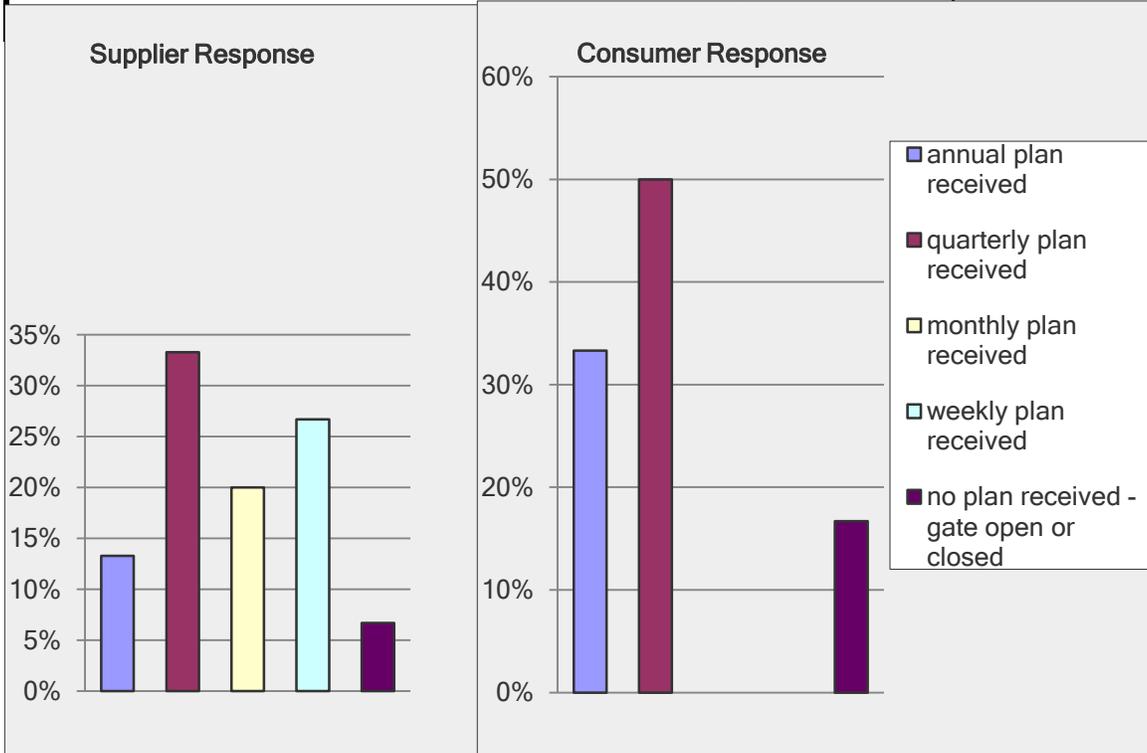
- > We try to have a very consistent approach in the delivered prices and fair cull/deduct factors that all suppliers understand
- > We sit down with all the large landowners twice a year - negotiate rates and receive committed volumes - scheduling.
- > Some transactions with regular suppliers are tract specific and we honor those regardless of changing market conditions.
- > Entirely new approach to contract structure - segmenting all aspects of logging and transportation with intensive goal setting and incentives
- > Consumer company had committed supply agreements with 40%-50% of the suppliers that provides them more stability for 6 months at a time.
- > All of the procurement people are experienced seasoned professionals - all certified and licensed foresters - have full authority to make their deals based on their judgment and backed by the woodlands manager

# Northeast Region Data Analysis

## Joint Planning Interface

### Delivery Scheduling

Answer Options	Supplier Response	Consumer Response
annual plan received	13.3%	33.3%
quarterly plan received	33.3%	50.0%
monthly plan received	20.0%	0.0%
weekly plan received	26.7%	0.0%
no plan received - gate open or closed	6.7%	16.7%



**Remarks:** There is large disparity in perceptions between suppliers and consumers on delivery scheduling. 83% of Procurement indicated scheduling commitments either on a annual or quarterly plan to their suppliers. The pattern of responses on the supplier side is that only 47% received annual or quarterly scheduling. Another 47% responded that they work on monthly or weekly plans. The good news here is that Northeastern suppliers have much longer delivery scheduling than the Southern or Western regions. Solid quarterly(seasonal) or monthly plans help the relationships significantly. The most important gap are those suppliers (27%) that work on a weekly basis or none. Consumer procurement may have been thinking of only their core suppliers rather than the whole population of suppliers.

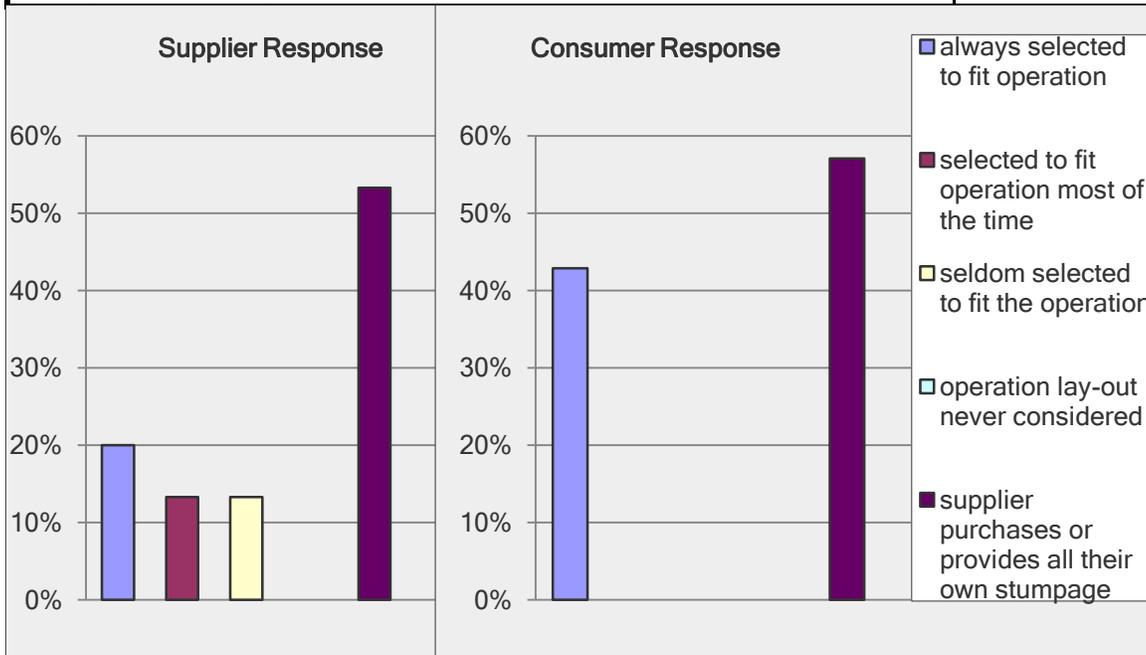
Perception Gap = 27% in weekly delivery scheduling is significant

# Northeast Region Data Analysis

## Joint Planning Interface

### Tract Harvest Assignment (if applicable)

Answer Options	Supplier Response	Consumer Response
always selected to fit operation	20.0%	42.9%
selected to fit operation most of the time	13.3%	0.0%
seldom selected to fit the operation	13.3%	0.0%
operation lay-out never considered	0.0%	0.0%
supplier purchases or provides all their own stumpage	53.3%	57.1%
not applicable	0.0%	0.0%
Other (please specify)		



**Remarks:** The data here is somewhat weak in that over 50% of the suppliers interviewed purchase all their own stumpage. Those 46% that did receive cut block assignments provided a mixed judgment on having units assigned that fit their operation. Only 20% (or 40% of the total C&H contractors) said that the selection always fit their operation. In contrast, procurement or large landowner harvesting supervisors all responded - selected to fit all the time. The gap of 23% may warrant a closer look at tract assignments by harvesting managers. This joint planning function is highly important to supplier relations and economic viability.

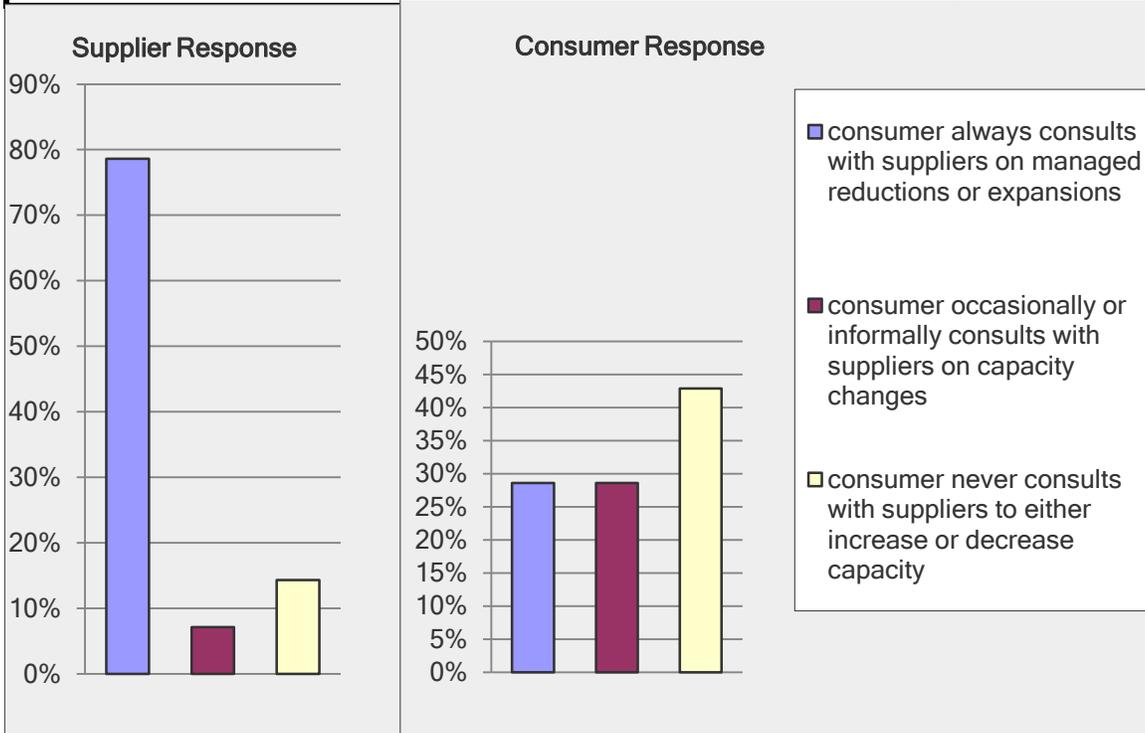
Perception difference = 23% and is significant

# Northeast Region Data Analysis

## Joint Planning Interface

### Capacity Addition or Reduction Decisions

Answer Options	Supplier Response	Consumer Response
supplier always consults with consumer representatives	78.6%	28.6%
supplier occasionally or informally consults with consumer	7.1%	28.6%
supplier never consults with any consumer representatives	14.3%	42.9%
Other (please specify)		



**Remarks:** This result was somewhat of a surprise and raises some questions in the working relationship. Almost 80% of the suppliers responded that they always consult with their primary consumer customer before making capacity changes. However, from the procurement side, a large number responded that they never gave nor received consultation on reducing or expanding logging operations. One problem may be that the communications on these matters may be subtle and so informal that the procurement representatives do not realize that they were being consulted. There were suppliers interviewed who had expanded or reduced their operations so there are discussions taking place.

Gap = 50% from suppliers that make capacity decisions without consulting with consumer mills. Some of these supplier respondents were large landowners. Gap is significant.

# Northeast Region Data Analysis

## Suppliers Approximate volume lost annually due to poor planning

Answer Options	Response Average	Response Total	Response Count
Tons =	3,800.00	57,000	15

## Consumers Approximate volume lost annually due to poor planning

Answer Options	Response Average	Response Total	Response Count
Tons =	3,571.43	25,000	7

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

- > A couple of companies have heard that this supplier was thinking of retiring-the mill gave direct contracts to his producers.
- > Receive quarterly wood order but it is usually never honored nor is it required from the suppliers
- > All agreements are verbal and as long as they honor that - it is OK with me
- > Due to poor planning on large timberland ownerships, we have a hard time getting tracts ahead of us and due to budget cuts, road-work is behind schedule that results in lost time.
- > Occasionally roads are not ready when logging needs to begin.
- > Occasionally the inconsistent haul distance causes difficulty in getting the wood moved.
- > The landowner company sometimes does things that really hurt good contactors in terms of incompetent planning. Volumes lost due to a poor selection of scattered tracts and frequent change in delivery points.
- > Sometimes may get management edict that they have to cut prices.
- > Timber supply agreements have caused disruptions in the production scheduling
- > Biomass plants ran out of wood due to spot market power pricing.

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

- > All informal we provide no firm commitments
- > It is common to think we had a volume commitment from a contractor and then not see it delivered.
- > For all the rest - we use price to control the inventories

## Northeast Region Data Analysis

### **Examples of Remarks from Suppliers on Best Practices in Joint Planning:**

- > Major customers (consumer mill) have seasonal planning sessions
- > Both mills do a good job at planning and follow-up.
- > Large landowners try to honor their contracts
- > Meet twice a year with logging contractors and major customer mills to plan for the coming season. Allocation is then made to the logging contractors for 6 months work.
- > The consumer companies have an annual review about species mix, volumes, and feedback.
- > Best example - large landowner provides all tracts to harvest in one batch for the next 12 months.
- > One company sends out a wood order each month - you can be confident in the order
- > Most paper company people are very professional - try hard to accommodate
- > One of the biomass procurement staff plans very well and provides bonuses for meeting production targets.
- > Hardwood log consumer mill takes logs and pulpwood and does an excellent job of taking all of their production.
- > One situation was that the mill had agreed to a premium price for a tract and then the markets drastically fell. They asked the logger to pull off the tract for a year - he did and the mill honored the original price.
- > Only 3 months out of the year we occasionally have quotas so 75% of the year it is unconstrained.

### **Examples of Comments from Consumers on Best Practices on Joint-Planning:**

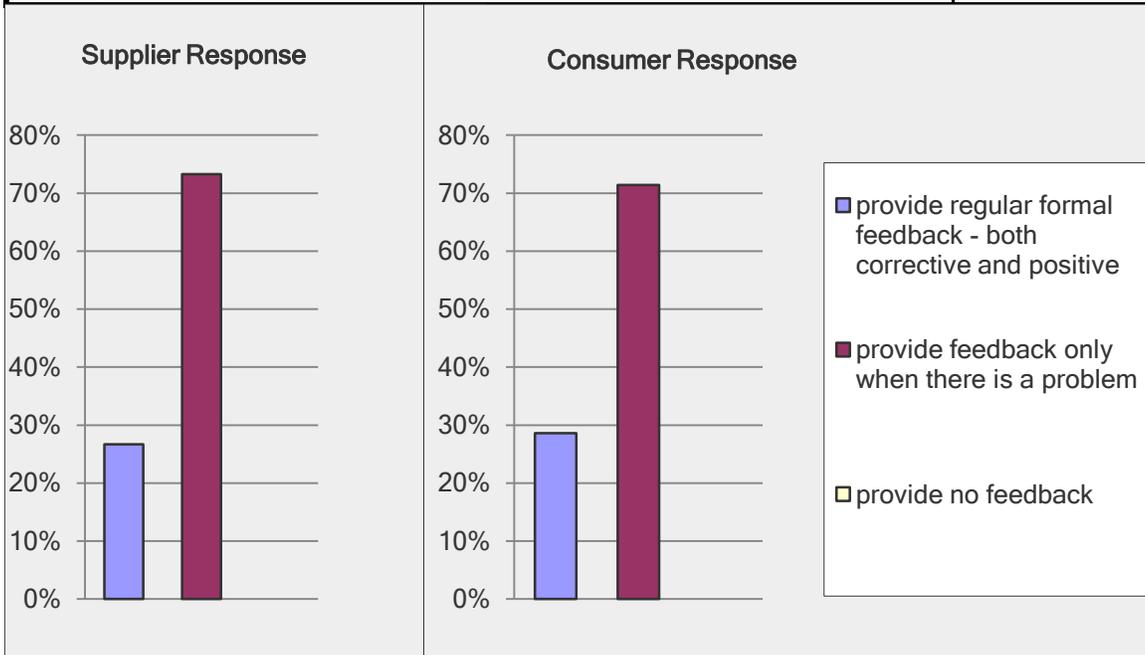
- > We manage by informal site visits to suppliers and discuss 3 month plans-forecasts.
- > We have core suppliers that furnish 90% of our needs and we tend to favor them
- > Larger suppliers will come in and get a committed price - all verbal
- > Logging contractors can receive advance to go on a stumpage purchase and then we deduct it from deliveries.
- > We have pile down agreements with suppliers that helps in cash flow for them through the Spring break-up
- > With some of our suppliers, we provide documentation of the commitment we make on volume and rates along with time period for banks that are financing equipment.
- > Every week the supervisor sits down with the contractor to review last week and plan the following week.
- > Joint planning sessions with key contractors twice a year. Contractors will come in and ask advice on any equipment changes.
- > The consumer company negotiates cut and haul tracts in advance and does all the road work.
- > This company may also provide some equipment financing to developing suppliers.
- > All planning is around about a 4 week down-time in Spring Breakup season.

# Northeast Region Data Analysis

## Feedback Interface

### Contract Compliance

Answer Options	Supplier Response	Consumer Response
regular formal feedback - both corrective & positive	26.7%	28.6%
receive feedback only when there is a problem	73.3%	71.4%
receive no feedback	0.0%	0.0%
Other (please specify)		



**Remarks:** Feedback for contract compliance was interpreted by the respondents to refer wood quality feedback. There is total agreement on wood quality feedback in that over 70% of both sides responded that they heard about wood quality only if there was a problem. Under 30% of the mills provide formal feedback to roundwood suppliers.

This is an issue with suppliers. They would prefer timely feedback on their performance otherwise it is difficult to keep their crew motivated and have pride in their work. Even better suppliers would like to be rewarded for exceptional work.

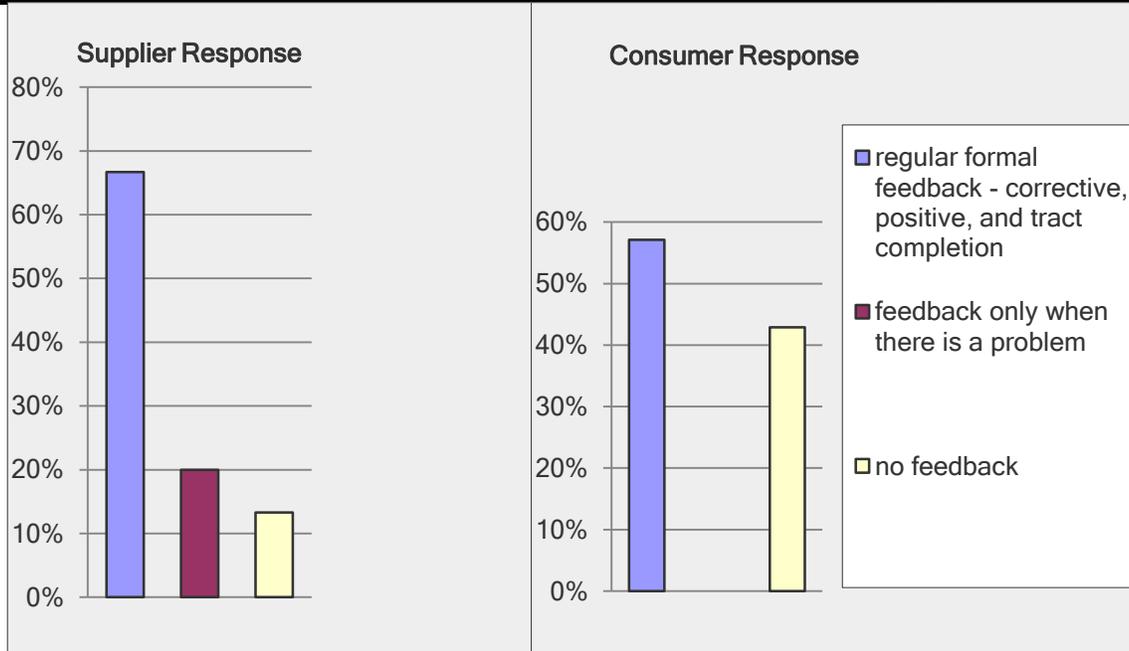
No Gap

# Northeast Region Data Analysis

## Feedback Interface

### Harvesting Quality

Answer Options	Supplier Response	Consumer Response
regular formal feedback - corrective and positive	66.7%	57.1%
receive feedback only when there is a problem	20.0%	0.0%
receive no feedback	13.3%	42.9%
Other (please specify)		



**Remarks:** It should be noted that some suppliers stated that inspections related to certification requirements or general BMP/SFI compliance was non-existent. From the procurement side it appears that unless the company controls the harvest sites, they depend on the state or landowners to do any third party harvesting inspections. The surprising gap between suppliers and consumer mills is the "no feedback" response. 13% of the suppliers stated they had no feedback from consumer mills while 43% of the procurement staffs did not provide harvesting inspection feedback to suppliers. One factor is that for Master Logger certification there is a system to make inspections on harvesting quality required.

Gap = 30% is significant

# Northeast Region Data Analysis

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

Answer Options	Response Average	Response Total	Response Count
Tons =	.00		0

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

Answer Options	Response Average	Response Total	Response Count
Tons =	.00		0

### Examples of poor feedback - Supplier Remarks:

- > We have had 2 harvest inspections in the last 12 months.
- > The state will only inspect when we have a stream crossing and it is not documented.
- > Already noted for one mill their woodyard scale house continues to be problem
- > In our culture - no news is good news - hear something only when there is a problem
- > Provide only negative feedback for log quality Never any positive feedback and there is some variation in the enforcement of the specifications
- > Sometimes saw mills in Canada have variable specifications.
- > Receive feedback only when there is a problem.
- > We have been fined for log miss-manufacturing
- > Informal communications and feedback is really spotty.
- > Roundwood - receive no feedback
- > One out of four mills is good at enforcing SFI
- > Some producer contracts are not renewed - due to poor performance
- > Only feedback this contractor receives from consumers is on his pay statement
- > There is only a minimal amount of feedback on harvesting quality - companies generally leave that up to the state
- > SFI is a pipe dream and has helped to bring some improvement to the industry but just added costs to logging operations- had to track training and paid bonuses for certification but not covered by consumer mills. Still people who are violating the standards are not inspected.

### Examples of good feedback - Supplier Remarks:

- > I am Ok with feedback only when there is a problem
- > We are always volunteered to have an SFI audit -when inspections are planned for external auditors
- > One company did provide an incentive for us to buy processors and we are able to bring long-wood to the yard for slashing.
- > Meetings and reviews at least twice a year to cover previous season performance and look to the future.
- > One company checks in April (spring break-up) to make sure no site damage is being done since we operate year round.
- > Consumer mill foresters make site inspections for harvesting quality and provide good feedback to the logging contractors
- > Get a report card once a month.
- > Once a year, there can be some positive feedback at our annual meeting
- > Merchandising is stressed -we get good feedback from paper mills.
- > This supplier is wired to e-mails and texting so communications are instant. Receive weekly charts on chip quality along with remarks when quality exceeds standards
- > SFI has helped in getting more formal feedback for harvest quality.

## Northeast Region Data Analysis

### Examples of Poor Feedback - Consumers

- > Suppliers only get a copy of poor quality discoveries when there is a problem when they are on mill site.
- > No positive feedback on round wood
- > Consumer procurement usually does not provide any positive feedback or harvesting quality feedback (non SFI)
- > We had to cancel the contract for one supplier who continued to do a poor job in harvesting quality on USFS lands.
- > So far SFI certification does not have a payback and is generally ignored when lumber buyers are in a panic.
- > Processors are usually the main problem area for wood quality - poor delimiting techniques or poor

### Examples of Good Feedback - Consumers:

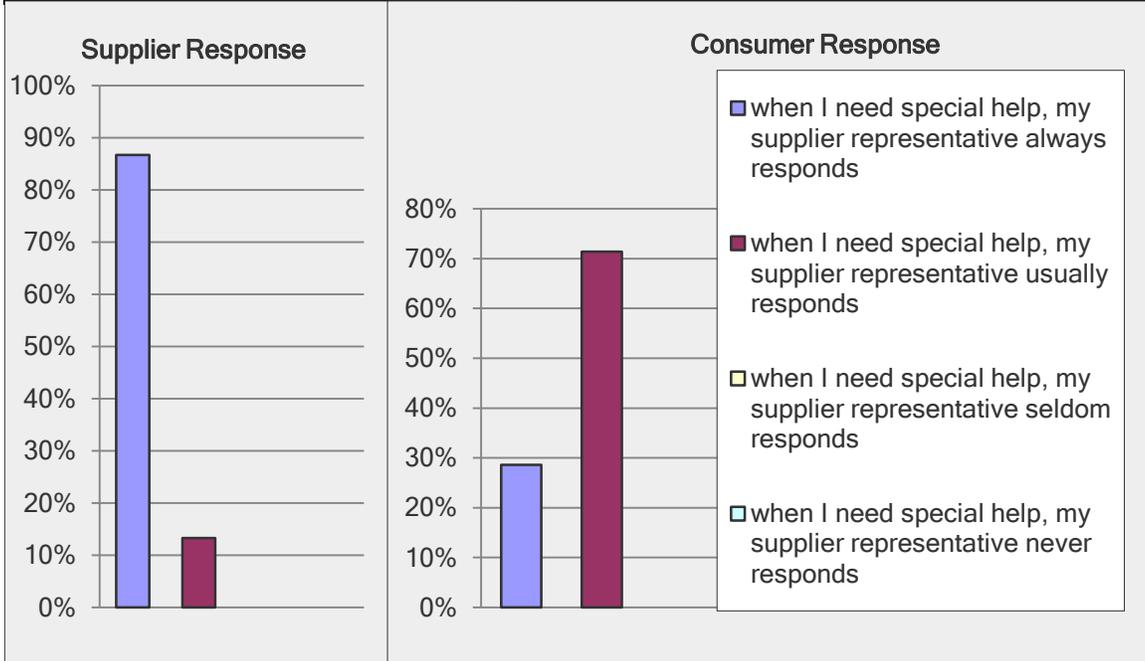
- > Have implemented a 3 step approach to feedback - Notification of non-compliance =verbal, - 2 time a warning with possible penalty, and third time = dismissal
- > Occasionally bring suppliers to the mills to go through how certain wood quality problems impact the mill operations.
- > Senior procurement manager visits all regular contractors at least once a year on site.
- > Best practices are coached with the contractors.
- > We target samples each year for harvest quality (landowner surveys) - all documented
- > We write thank you notes to suppliers who deliver good quality logs.
- > We also instituted a bonus system for high quality logs and regular production
- > Consumer company does random inspections - follow-up on problems -documented \*
- > Each load has to have a harvest notification # that provides the tract location - that leads to random inspections for harvesting quality and we do that in the Spring.
- > Consumer company provides quality bonuses - observation sheets are filled out by supervisor with feedback on how to improve the operation.
- > Chip quality program provides incentives for good quality.
- > For purchased tracts -we do frequent inspections.
- > Company lays out skid trails and provides road work in advance for our service contractors

# Northeast Region Data Analysis

## Problem Solving and Communication interactions

### Operational Issues

Answer Options	Supplier Response	Consumer Response
when I need special help - always responds	86.7%	28.6%
when I need special help - usually responds	13.3%	71.4%
when I need special help - seldom responds	0.0%	0.0%
when I need special help - never responds	0.0%	0.0%
Other (please specify)		



**Remarks:** This response an interesting pattern seen throughout the U.S. The suppliers respond on the basis that when they need help, their procurement representative always respond by almost 90%. The procurement staff responded to the mirrored question - do your suppliers always respond when you have an operational problem? The procurement response pattern is over 70% did not say always but - usually. It is my opinion that they really meant that my suppliers seldom respond when I need help. Procurement operatives are thinking about times they needed suppliers to deliver on Saturday or they needed them to switch species . In those cases, they are not feeling the suppliers always responded adequately. Some suppliers commented that procurement managers were not willing to compensate them for extras expense incurred during emergency responses. This could be an indicator that the relationships need some work.

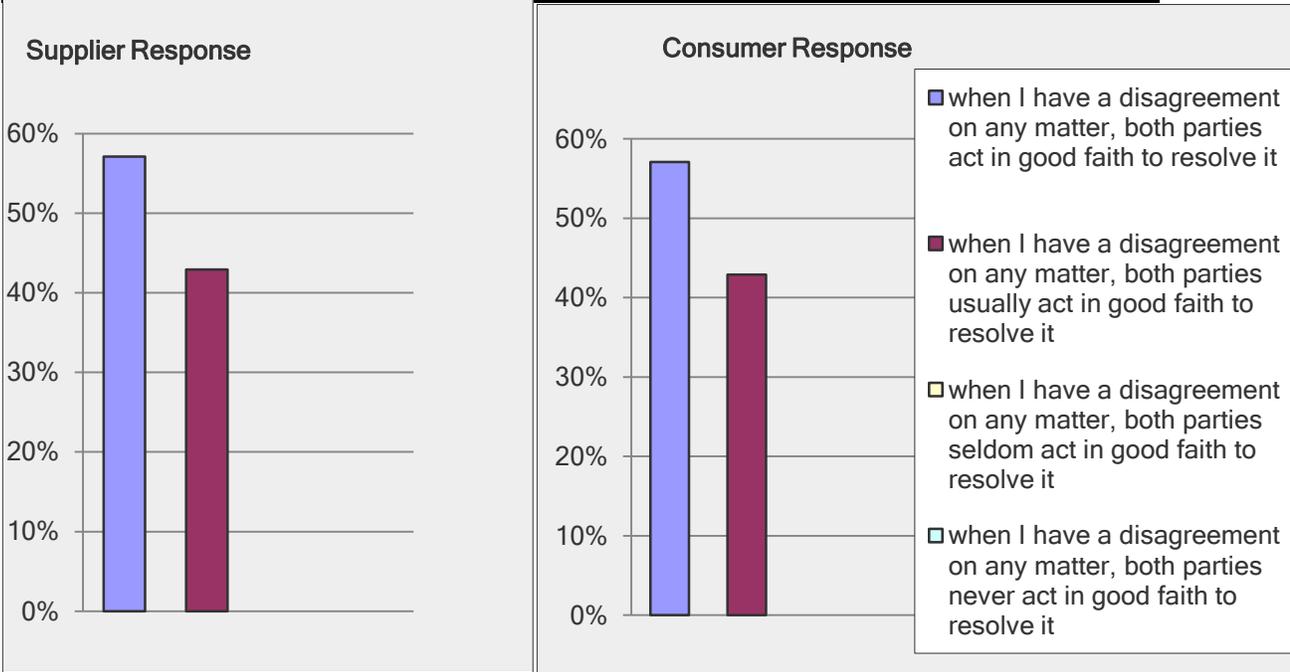
Gap = 60% and is significant

# Northeast Region Data Analysis

## Problem Solving and Communication interactions

### Disagreements

Answer Options	Supplier Response	Consumer Response
Disagreement - both parties always act in good faith	57.1%	57.1%
Disagreement - both parties usually act in good faith	42.9%	42.9%
Disagreement - both parties seldom act in good faith	0.0%	0.0%
Disagreement - both parties never act in good faith	0.0%	0.0%
Other (please specify)		



**Remarks:** There is obviously no difference between the responses. Both side responded that they either usually or always act in good faith to resolve disagreements.

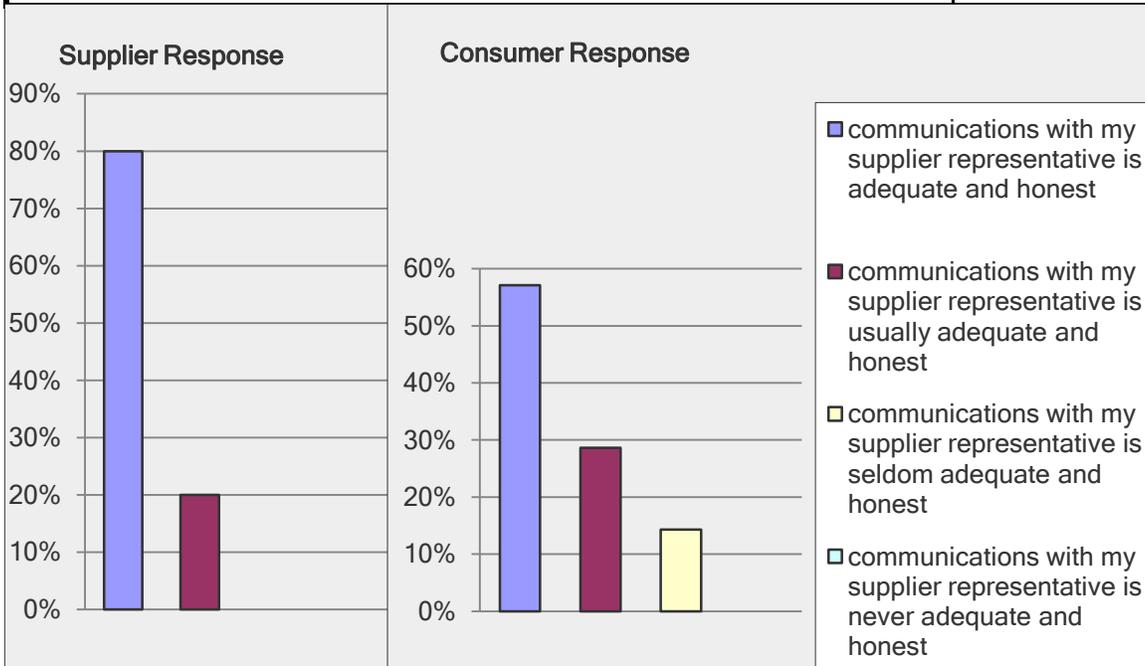
No Gap

# Northeast Region Data Analysis

## Problem Solving and Communication interactions

### Communications Interface

Answer Options	Supplier Response	Consumer Response
communications - adequate and honest	80.0%	57.1%
communications - usually adequate and honest	20.0%	28.6%
communications - seldom adequate and honest	0.0%	14.3%
communications - never adequate and honest	0.0%	0.0%



**Comments:** All suppliers respondents classified communications as always or usually adequate and honest. Consumer procurement respondents were less positive in the communications they receive from suppliers. 85% agreeing that they are always or usually honest and adequate. However there were some 15% of the procurement respondents who rated communications as seldom adequate. The discussions with procurement on these responses indicated that some suppliers did not communicate on a timely basis or occasionally withheld information.

Gap = 23% and considered a significant gap that impacts the relationship.

# Northeast 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 =	.00		0

Consumer Tonnage Estimates	Response Average	Response Total	Response Count
Tons =	.00		0

### Examples of Remarks from Suppliers related to Poor Problem Solving-Communications:

- > At times unloading on the woodyard are too slow
- > We are treated as a number in the woodyard - like dealing with 2 different companies as compared to the procurement organization.
- > Wood supply agreement relationships can get strained.
- > One chip mill shut down without notifying us = lack of communication
- > One landowner is unreasonable in its demands on wood utilization that cannot be accepted at the mills.
- > One consumer company representative is really bad at communication - causes a lot of production problems
- > Occasionally contractors get really mad when prices changed several months ago - but we don't say

### Example of Supplier Remarks related to Positive Problem Solving-Communications:

- > One consumer mill will repair trailer or trucks on site if they do damage.
- > Most all the procurement people are straightforward and honest - they just don't have much authority so you can't expect too much.
- > For some companies we have excellent treatment from both mill people and procurement
- > One consumer company that had made a 52 week/year commitment to take wood - wanted us to hold up but then they agreed to honor their commitment
- > 10 -12 core key customers - excellent good communications built around that provides us adequate market share and premium price.
- > One disagreement was a misunderstanding with the consumer mill on the terms of a contract - they then canceled the price and then restored the original pricing.
- > One consumer company does excellent work in communications.
- > Most of the procurement people respond well.
- > All procurement representatives responsive and communicative to carry out our business
- > Usually communications are open and adequate.
- > Usually all the same - adequate and honest
- > We get treated with respect.
- > Some other contractors got together to save trucking costs and mill procurement works with us.
- > One consumer company provides best practice in working with purchased wood suppliers - really

## Northeast Region Data Analysis

### **Examples of Remarks from Consumer Procurement on Break-downs in Problem Solving/Communications:**

- > We had poor communications on Thanksgiving down-time when 4 trucks showed up when yard was closed.
- > When our big portal crains go down - we sometimes have a internal communications problem
- > Contractors feel too much control at times

### **Examples of Remarks from Consumer Procurement on Best Practices in Problem Saving/Communications:**

- > We worked with core suppliers to shift species mix to take advantage of a set price.
- > Worked with a supplier that kept bringing in over-weight loads to a win-win solution
- > The quality of our lumber is a result of clear communications, feedback, and our relationship with our suppliers.
- > Our communications are solid and when our suppliers commit they generally perform.
- > We have excellent and frequent communications with the suppliers.
- > We really respond to their needs.
- > Procurement organization is able to implement complex fiber swaps due to good relationships with other companies and our suppliers
- > We are on the job at least once a week and have informal communications - we work out problems with our suppliers
- > This mill has a partnership approach with its suppliers and realize the value of communications and doing little things for their suppliers that provide good will.

## Northeast Region Data Analysis

### Estimated Production Impact of Break-downs in Relationship

INTERACTION AREA	TOTAL TONNAGE REPORTED	AVG/SUPPLIER
Negotiations	11,000	733.33
Planning	57,000	3,800.00
Feedback	-	-
Problem Solving and Communications	-	-
<b>Annual Totals</b>	<b>68,000</b>	<b>4,533</b>
Total Sample Production	4,062,500	270,833.33
Loss Percent of Sample Tot.	1.7%	1.7%
Approx. Total NE Production	26,000,000	435,200.00

#### Comments on Loss of Productivity:

The total sample of suppliers interviewed in the Northeast Region had annual production capability of 4 million tons. Those suppliers sampled (includes 1 TIMO/REIT organization) provided data on approximate production lost to break-downs of the working relationship was a total of 68,000 tons annually or a loss of 1.7% in their potential production. If the data were considered to be an acceptable sample for the total supply chain production in the Northeast Region (it is not adequate), then an estimated 442,000 tons of production is lost annually due to inefficiencies of ineffective negotiations and joint planning.

In comparison with the Southern and Western regions, the Northeast region lost production reported is modest. The researcher has concluded that the Northeast has taken very positive steps in providing longer term commitments and a higher level of joint-planning that has significantly increased the efficiencies. Continuous improvement is certainly always appropriate both suppliers and consumer procurement seem to have a much more productive relationship than other regions.