

Professional Wood Supplier's Top Five Factors for Success

Introduction

In the initial stages of the "Supplier-Consumer Relations Study", a proposal was offered for a separate research project entitled "Top Factors for Success in the Wood Business". Given that the Supplier-Consumer Relations study was going to a significant number of suppliers nationwide to conduct confidential face to face interviews, it made sense to merge "Factors for Success" and the "Supplier-Consumer" projects. The subject matter for both projects is closely related.

Methodology

Interviews with roundwood suppliers were conducted over six regions of the U.S. At the end of each interview the question was structured as follows:

"If you had a son or daughter who wanted to go into the forest harvesting related business, what would you say are the top five factors for success - with number one being of highest importance?"

The responses were recorded in a manner that the first response was the most important, the second response as the second most important through a total of five factors. Each individual response was entered into a database by their importance ranking and assigned a category designation. A point system was developed to provide weighting in accordance to the importance ranking as follows:

Number one response = 5 points

Number two response = 4 points

Number three response = 3 points

Number four response = 2 points

Number five response = 1 point

Further the responses were assigned category identification and grouped accordingly. For example: a response from a supplier such as; "to be a success in the wood business, you must be able to monitor your costs and know where you are financially at all times". The category

for this comment was “business knowledge”. Another example; “to be a success in the wood business, you must understand that this is not a 8 to 5 job and you need to be ready to work long hours”. The category for this comment was “time investment”. So a matrix of weighted responses and category classifications were constructed, and an excerpt was written for the top five categories according to highest number of total points by response category.

Results

The quality of the responses received from the suppliers interviewed was very good and patterned consistently throughout all six regions studied. Most suppliers were very thoughtful and carefully answered the question below:

“If you had a son or daughter who wanted to go into the forest harvesting related business, what would you say are the top five factors for success - with number one being of highest importance?”

There were only 11 suppliers out of 149 total suppliers interviewed that declined to comment on the question or were negative about anyone entering the wood business. Given the current economic circumstances in the forest industry and logging business in particular, it is not surprising that there were some who would not respond. However, over 95% of them were positive with their comments and seriously responded to the question.

In the next section, the top five factors for success are summarized.

Top Factors for Success

1. Business Knowledge:

The number one factor for success from suppliers is a broad-based knowledge of business that include cost monitoring, business finance, operations management, and legal/ regulatory compliance.

Professional Suppliers consistently commented on the current complexity of running a business compared to 20 years ago. Some of the more common themes were recorded as follows:

- a. Understanding how to plan and grow the business at a reasonable pace without getting over-leveraged or beyond the ability of the market to absorb their production.
- b. Having an accounting system in place so financial performance can be monitored consistently (knowing where you are financially).
- c. Having management skills to motivate and lead people in an effective way to maximize production in a safe manner.
- d. Keeping current on all regulations so that the business is not jeopardized by non-compliance violations.

2. Relationships:

The number two factor for success from suppliers is the necessity to establish and maintain excellent relationships with people that are critical to the function of the business such as procurement managers, landowners, financial institutions, employees, and equipment sales-service providers.

Professional Suppliers frequently linked success to functional relationships that are important to operate their businesses. Elements of critical relationships are as follows:

- a. Relationships are necessary to function in every aspect of the business.
- b. Relationships must be cultivated and cannot be taken for granted.

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- c. Good communications are required to maintain relationships
- d. The establishment of trust and integrity are absolutely foundational to a good business relationship.
- e. Many suppliers also pointed out the value of being active in associations and community organizations to receive a broader view outside their day to day world. Involvement in the community affairs is sometimes necessary to advocate forest business interests.

3. Integrity:

The number three factor for success from suppliers is to consistently maintain a high degree of integrity in every aspect of the business.

Professional Suppliers without exception place integrity as a high priority to long-term success of a forest operations business. The nature of timber acquisition, landowner transactions, financial ratings, development of good employees, and commitments made to customer mills is highly dependent on the integrity of the business owner-operator.

4. Time Investment:

The number four factor for success from suppliers is a willingness to commit the personal time demanded for this kind of operation.

Almost every Professional Supplier interviewed stressed the fact that the wood business required a willingness to work long-hard hours. At the core of these statements is the “work ethic”. Their points can be summarized as follows:

- a. This is a business that cannot be run remotely – too many things can happen if the owner-operator is not on the job.
- b. Operations of this nature cannot afford to experience excessive lost time.
- c. The planning, supervision, and technical aspects required for the wood business can be overwhelming and cannot be neglected.
- d. Continuous training to keep up with the latest regulations and voluntary best practices results in a constant demand on time for the owner and their key employees.

5. Employee Quality:

The number five factor for success from suppliers is recruiting and holding capable and dependable employees.

Many Professional Suppliers made the statement that your people (employees) can either make or break a wood supply business. As logging operations have trended toward mechanization, the equipment operators and support people have become highly important. The consistent care for the equipment and skills needed to gain maximum productivity under a wide variety of conditions requires competent people that can be trusted. Obviously, the way employees are treated has a huge influence on retaining good employees.

Other Frequently Mentioned Factors

The following is a listing of other significant factors listed by suppliers that did not make the top five list but were important to mention:

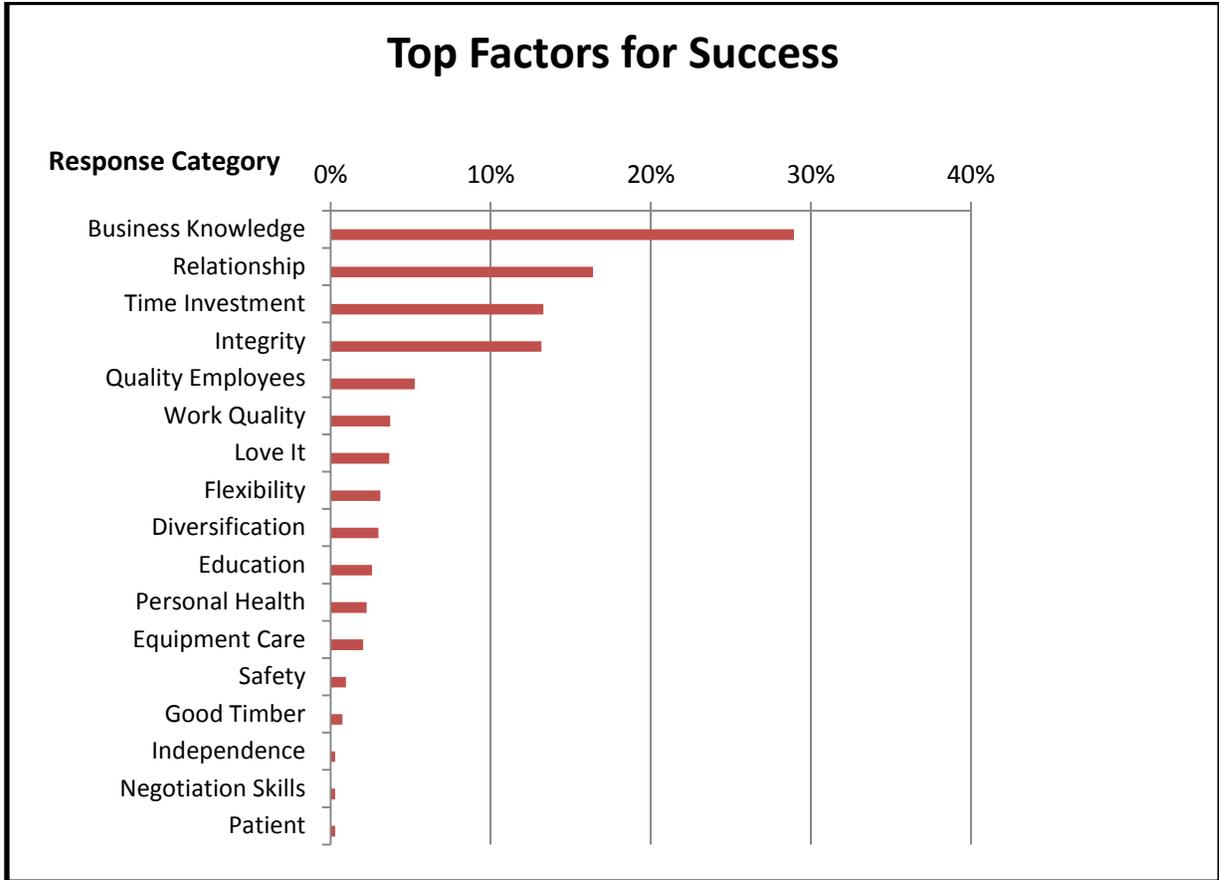
1. A focus on doing **quality harvesting work consistently**. This is highly important to landowners and to the suppliers in maintaining a reputation as someone that will do it right the first time.
2. A **basic love for the doing forest harvesting work**. This is not a profession that one would want to enter if there is not a deep appreciation for forestry principles and the logging operations.
3. A willingness to stay **flexible and to be willing to innovate** to make the harvesting and transportation operations more efficient. If a supplier has a difficult time changing or adjusting when necessary, the business cannot be sustained.
4. As the wood business evolves and becomes more complex, the **level of education** increases. Many suppliers advise sons/daughters considering being in the business to

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first earns a college degree in business, forestry, or operational management.

5. **Personal and Family health** and attention to your family was an important factor for long-term success in the wood business especially due to the high demand for time required to be successful. Two suppliers mentioned the need for an understanding spouse.
6. **Equipment care and maintenance** was indirectly included in the top factors for success but some suppliers insisted that it is a separate and highly important factor.
7. Other honorable mention factors **were safety, having good timber, independence in the market place, and negotiation skills.**

It should be understood that none of the factors mentioned are unimportant. But the task of this study was to identify those of highest importance from well experienced professional wood suppliers. A ranking of Success Factors is shown in the following graph. That rank order is by Response Category with the highest percentage of total accumulated points to the lowest.



Overall, the quality input received from the supplier community is another strong indication that there is a wealth of high caliber people in this business. Those that have survived the last few years have gained some valuable experience and are very aware that this business cannot be successful without bringing to bear a multitude of skills. Going forward, it will be highly important for the forest industry to clearly understand the demands on owners and operators of the forest harvesting and transportation business and the importance of holding capable people to sustain the independent wood supply system.

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For

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