Montana Forest Products Marketing News

MSU Extension Forestry

May 2005

Forestry Mini College a Success!

Nearly 190 people attended the recent forestry mini college where they learned about a variety of forestry topics including forest health, forestry laws in Montana, wildfire hazard reduction, logging systems, Montana forest products, and enhancing wildlife populations to name just a few (click here to view some of the power point presentations from those courses). About 70 percent of the participants were forest landowners, 12 percent professional loggers, and 18 percent professional foresters.

By all accounts the event was a success—evaluations collected at the end of the day revealed comments like, "Best mini-college workshop I've ever attended." Or, "Great program! Please do it again next year." And finally, "Very well done, informative, well organized plus good food - what more could you want!"

Based on the positive response, forestry mini college will most likely become a yearly event.

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Tool now available to estimate logging slash transportation cost

The March issue of MFPMN featured an article about a research effort designed to learn how to more efficiently handle and process logging slash. The study tracked and compared the operating costs among several combinations of slash processing and transportation equipment.

A final component of the project was the development of a spreadsheet tool that logging contractors and foresters can use to estimate the cost per ton for delivering woody biomass (hog fuel) to market.

The newly available tool, allows a logger, for example, to enter information such as: distance to the mill, the types of logging, transportation, and grinding equipment that will be used, and the predominant tree species. In addition to those variables, the logger can also enter equipment operating costs that are specific to his or her operation. The information is then used to calculate the cost per ton of producing and hauling biomass to market.

Bob Rummer of the US Forest Service developed the spreadsheet tool. It can be downloaded for free by clicking here and then clicking on *Forest Residue Trucking Simulator*.

Correction

Last month's MFPMN incorrectly reported that officials at the University of Montana had authorized a biomass heat system assessment. University officials have had discussions about biomass fuels, but at this point they have not requested an assessment.

Oregon Considers Branding Lumber with Green Seal

Forest certification is a process for identifying landowners whose forest management practices are in compliance with sustainable forestry principles. Around the world there are many different forest certification schemes. For example, in the United States the predominant programs are the Sustainable Forestry Initiative (SFI) and the Forest Stewardship Council (FSC).

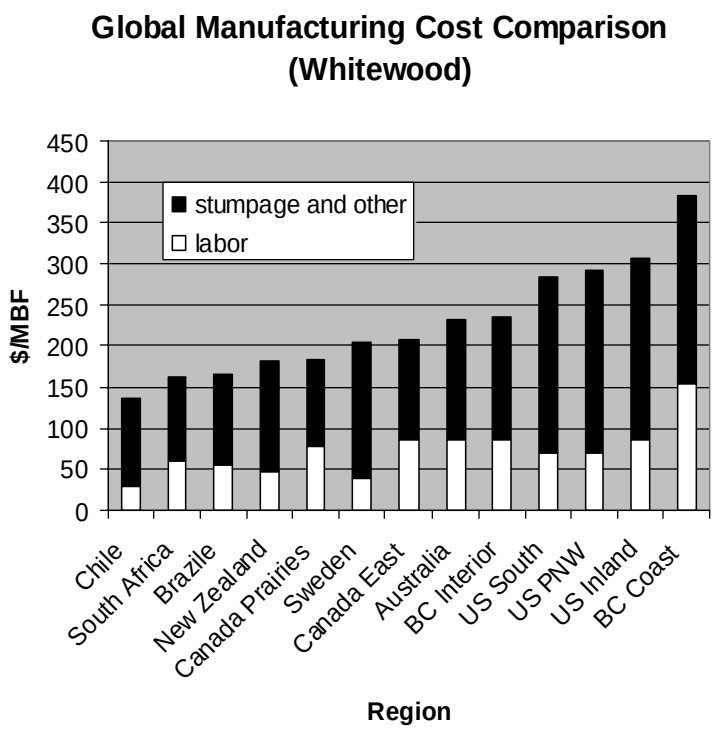
The multitude of forest certification schemes can create confusion in the marketplace, so the Programme for the Endorsement of Forest Certification (PEFC) is an organization based in Europe that assesses the rigor of the various forest certification schemes. To date, PEFC has recognized forest certification schemes in 18 countries.

Given PEFC's mission, officials in Oregon's Department of Forestry have contracted with the non-profit Pinchot Institute for Conservation to examine whether *all* Oregon forests—private, state, and federal could be certified according to globally accepted principles of sustainable forestry. The officials are optimistic the state's forests will make the grade because Oregon's Forest Practices Act already contains many of the provisions required by forest certification schemes.

If all Oregon forestlands can be certified, it might allow the state's landowners and forest industry to get a leg up on the competition because all wood products grown and manufactured in the state could bear a green certification seal, which would differentiate Oregon's products from those produced in other regions.

Although it seems most end-use consumers are not demanding environmentally certified wood, large wood products retailers like The Home Depot, Lowes, and IKEA have purchasing policies which give preference to certified products whenever possible. Such policies combined with LEED, the green building certification program, have created a demand for certified wood products.

The ability of Oregon's industry to differentiate its products on the basis of environmental attributes rather than price could be very important, especially when one considers the information presented in the graph below. It shows that the US Pacific Northwest region is among the highest cost lumber manufacturing regions in the world.



Breakdown of total lumber manufacturing cost among various world regions. Source: Schuler 2004. Globalization, Demographics, Technological Change and Other Factors Impacting Demand for U.S Wood Products: Implications for Softwood Fiber Markets. SAF Appalachian Meeting. Raleigh, NC. January 28, 2004.

http://www.apsaf.org/2004meetingpowerpoint/Schuler.pdf

Innovation in the North American Sawmilling Industry

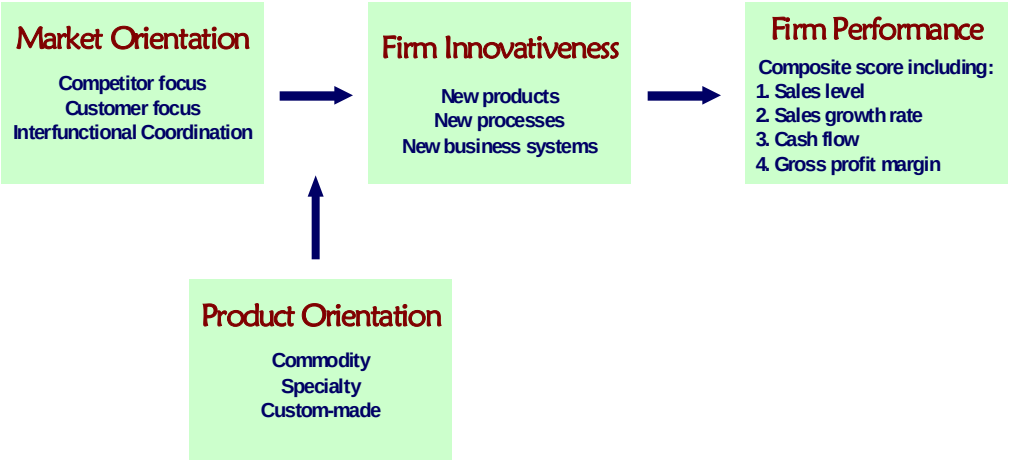
Researchers at Oregon State University recently released results from a study that investigated the form, degree, and effect of innovation in the North American sawmilling industry.

They used a mail survey to collect data from 91 managers and top executives at softwood sawmills across North America. The study framework shown below shows that four key variables were measured. First, respondents reported their *product orientation* among three choices – commodity, specialty, or custom-made products. Second, respondents rated their *firm's innovativeness* among three different forms of innovation—new products, new processes, and business systems. Third, respondents indicated their firm's level of *market orientation*, which is defined as an organizational culture that fosters the generation of market intelligence, the dissemination of that information within the company, and the overall responsiveness of the company to that information. Finally, respondents rated how well their *firm's financial performance* compared to their competitors.

Analysis of the results showed that the firms who reported higher levels of market orientation had higher levels of firm innovativeness. In addition, firms that reported higher levels of firm innovativeness had higher levels of firm performance. The survey also revealed that process innovation was where most sawmills focus their efforts.

These findings suggest that for softwood sawmills in North America, being market-oriented as demonstrated by studying the competition, listening to your: customers, sales force, vendors, and employees, and having internal mechanisms in place to disseminate strategic information all translate into higher levels of innovation, which in turn leads to enhanced firm performance. Essential to achieving a high levels of market orientation, innovation, and firm performance is a committed upper management.

The results also suggest that many mills could benefit from the promotion of all three types of innovation, since each can make a difference in financial performance in periods of high levels of competition and globalization. Finally, to begin moving away from the traditional focus on process efficiency, sawmill managers can look to specialized technology to help develop of new products and markets. The ability to use high-tech equipment for purposes beyond throughput improvement and fiber recovery will become increasingly important in pursuit of competitive advantage.



The study framework which shows that theoretically, a market orientation leads to firm innovativeness, which in turn leads to firm performance. The framework also shows that a firm's product orientation can influence these relationships. True to the theory, the results of this study revealed that firms with higher levels of market orientation were more innovative and in turn performed better financially.

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Montana State University Extension Forestry is a branch of the MSU Extension Service and is housed cooperatively with College of Forestry and Conservation at the University of Montana in Missoula, Montana.

The mission of Extension Forestry is to provide education and outreach to non-industrial private forest landowners, forestry industry, and other forestry-related organizations in Montana.

Extension Forestry carries out its mission by providing its clients with educational workshops, publications, news releases, brochures, and videos. Common topics include forest stewardship planning, forest insect and disease, windbreaks/living snow fences, alternative forest management practices, wildfire hazard reduction, forest products marketing, and tree pruning & care.

We're on the Web:

http://www.forestry.umt.edu/hosting/forestproducts/index.htm

Did a friend send this newsletter to you?

If so, sign up and we can send the newsletter directly to your email address.

Do you have comments, story ideas, or other suggestions?

If so, send them to Roy Anderson, newsletter editor

Calendar of Upcoming Events

*click here to link to a nationwide continuing forestry education events calendar

Family Forestry Expo

May 2-8
Columbia Falls, MT
call Dave Buckallew 406-892-7005

SFI Principles to Practices Workshop for Forest Landowners

May 19
Double Tree Inn, Missoula, MT
call 406-728-3100 to register

Forest Stewardship for Landowners Workshop

June 15,16, & 22
Lewiston, MT
call Caren Stewart 406-892-7005

Forest Roads Maintenance Workshop

May 13 & 20
Comfort Inn Bozeman, MT
call Caren Stewart 406-243-2773

Bitterroot Forestry Expo

May 21
Hamilton, MT
call Amy Kearney 406-542-4283

Forest Stewardship for Landowners Workshop

May 16,17,23
Whitefish, MT
call Caren Stewart 406-243-2773

Insect and Disease Management In Forested Ecosystems

June 1 & 2
Kalispell, MT
call Beverly Bulaon 406-329-3298

Montana State University Extension Service is an ADA/EO/AA/Veteran's Preference
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