

*2010 Florence Sustainable Forestry Conference*

# Logger Survival: More than Trees to Cut

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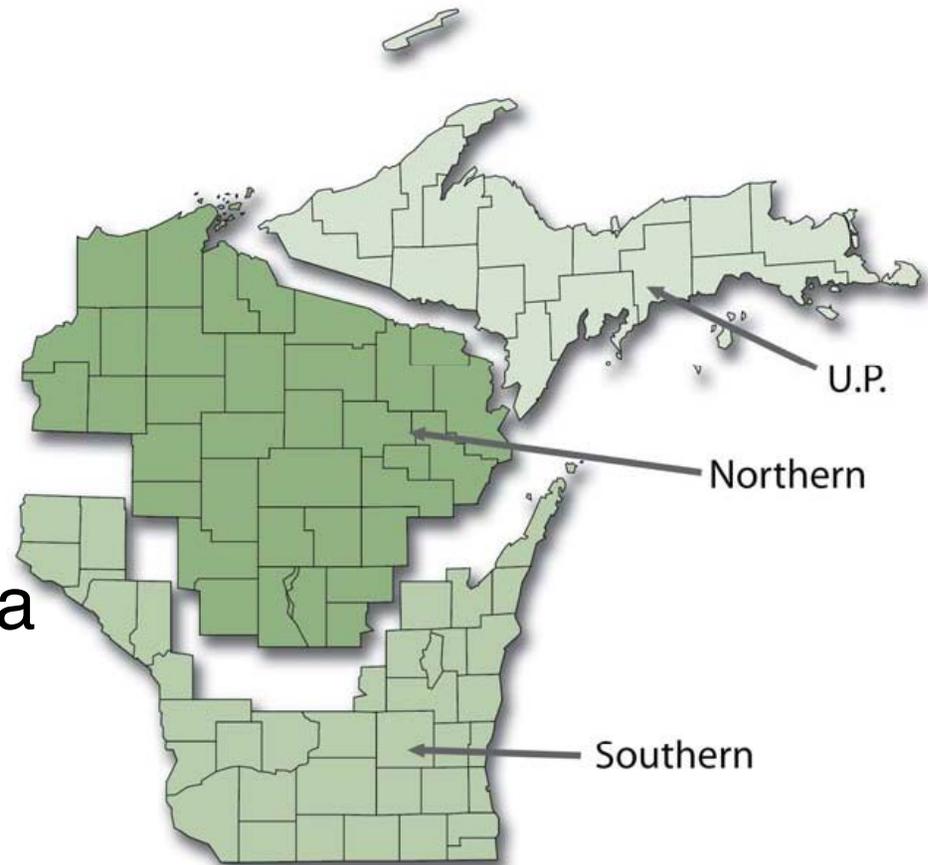


## Outline

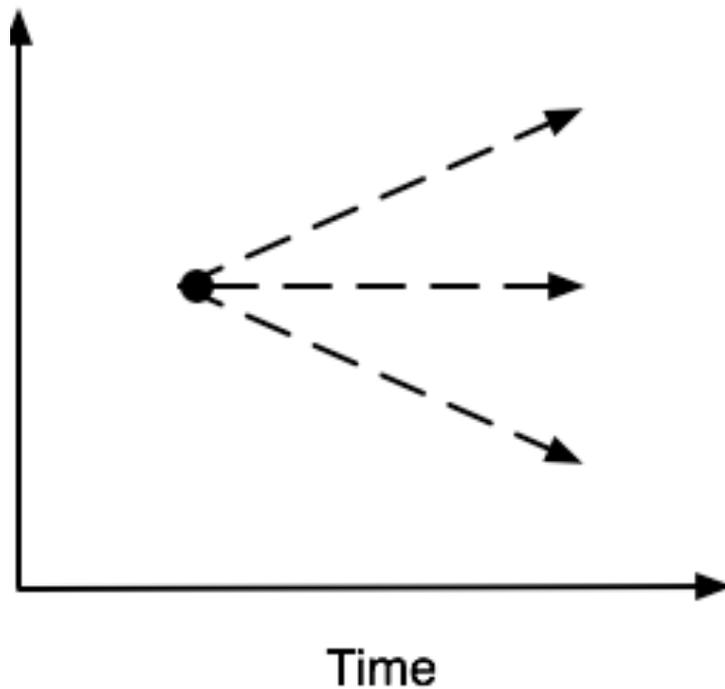
- **Baseline...**Status of logging sector in 2003
- **Current...**Perspectives on the current situation and drivers
- **Direction...**Thoughts and resources for moving forward

## 2004 Study methodology

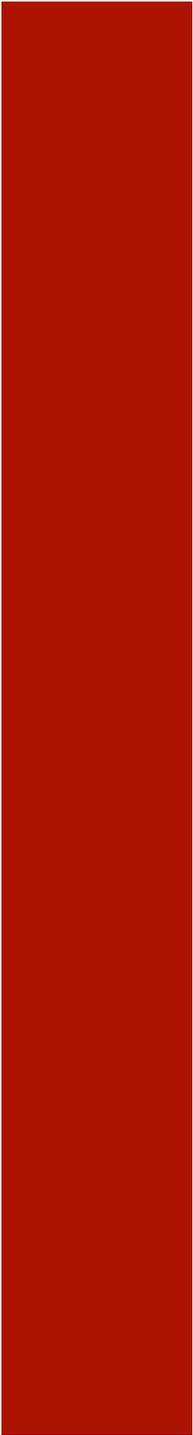
- Comprehensive survey of logging firms.
- 694 respondents (response rate = 59%)
- 2003 production data
- > 100 cords (all products)
- Firms = ~1,500 firms



## Concerns in 2004 about the future...

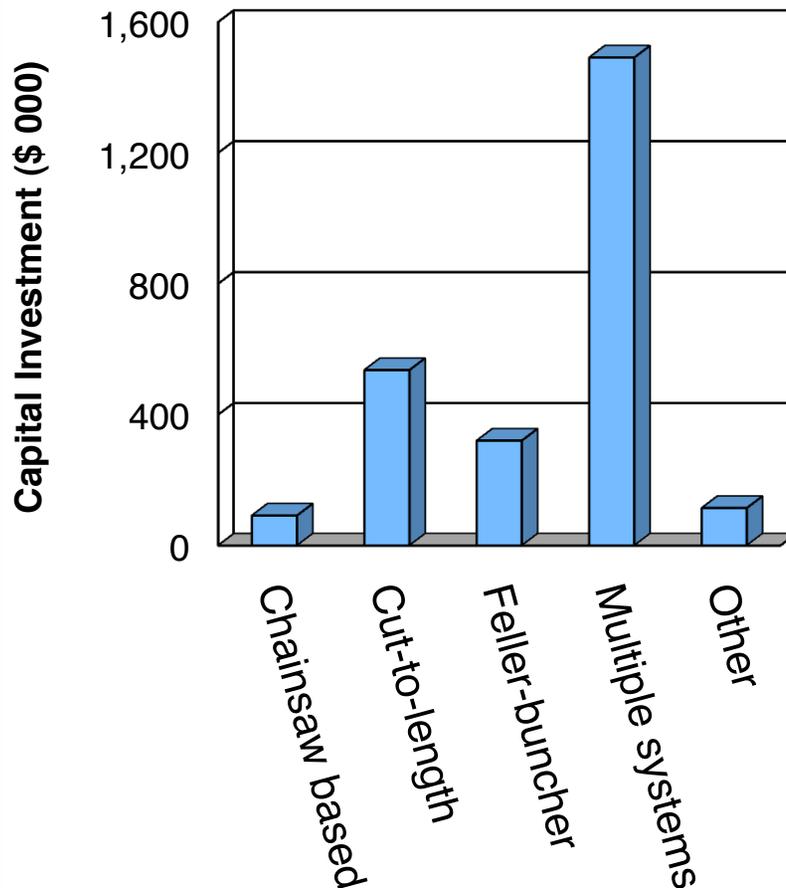


- Enough logging capacity?
- Who will log?
- Who can afford to log?



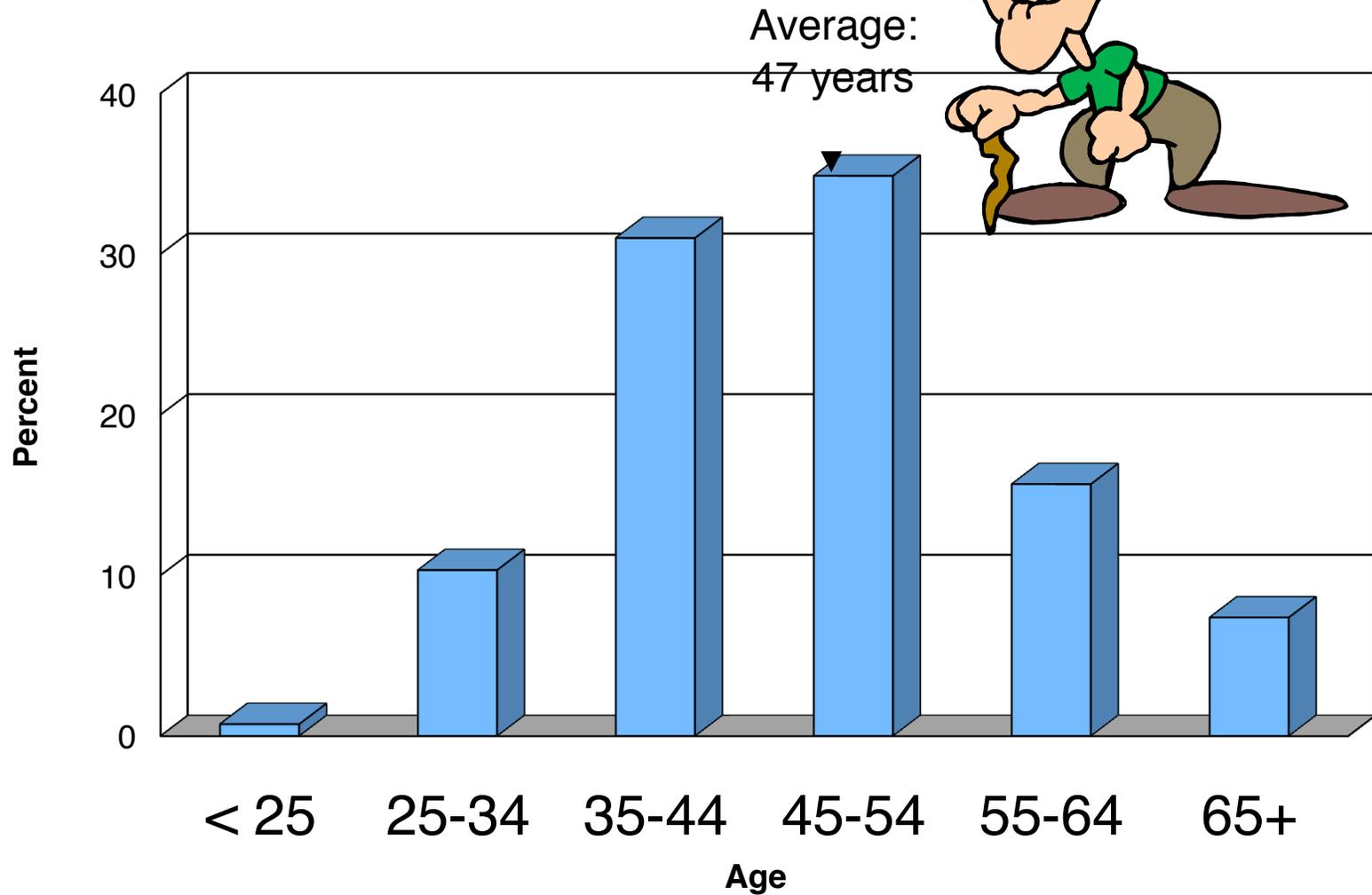
SLIDES 5-8 ON STUMPAGE PRICE TRENDS  
REMOVED FOR COPYRIGHT REASONS.

## Capital, employees, attrition (2003)

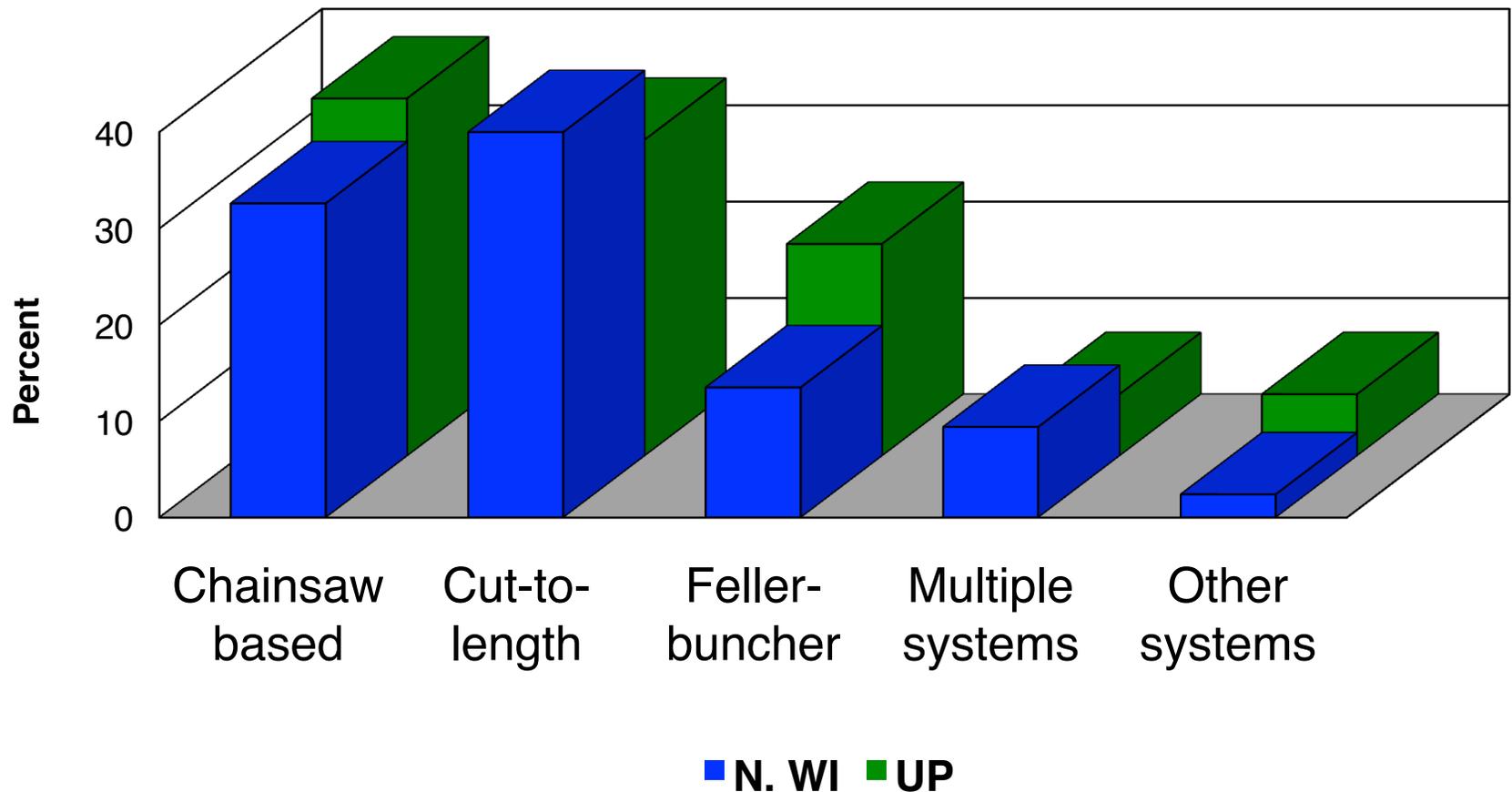


- Average investment = \$397K
- 62% of firms have no employees.
- 23% do not expect to be in business in 5 years

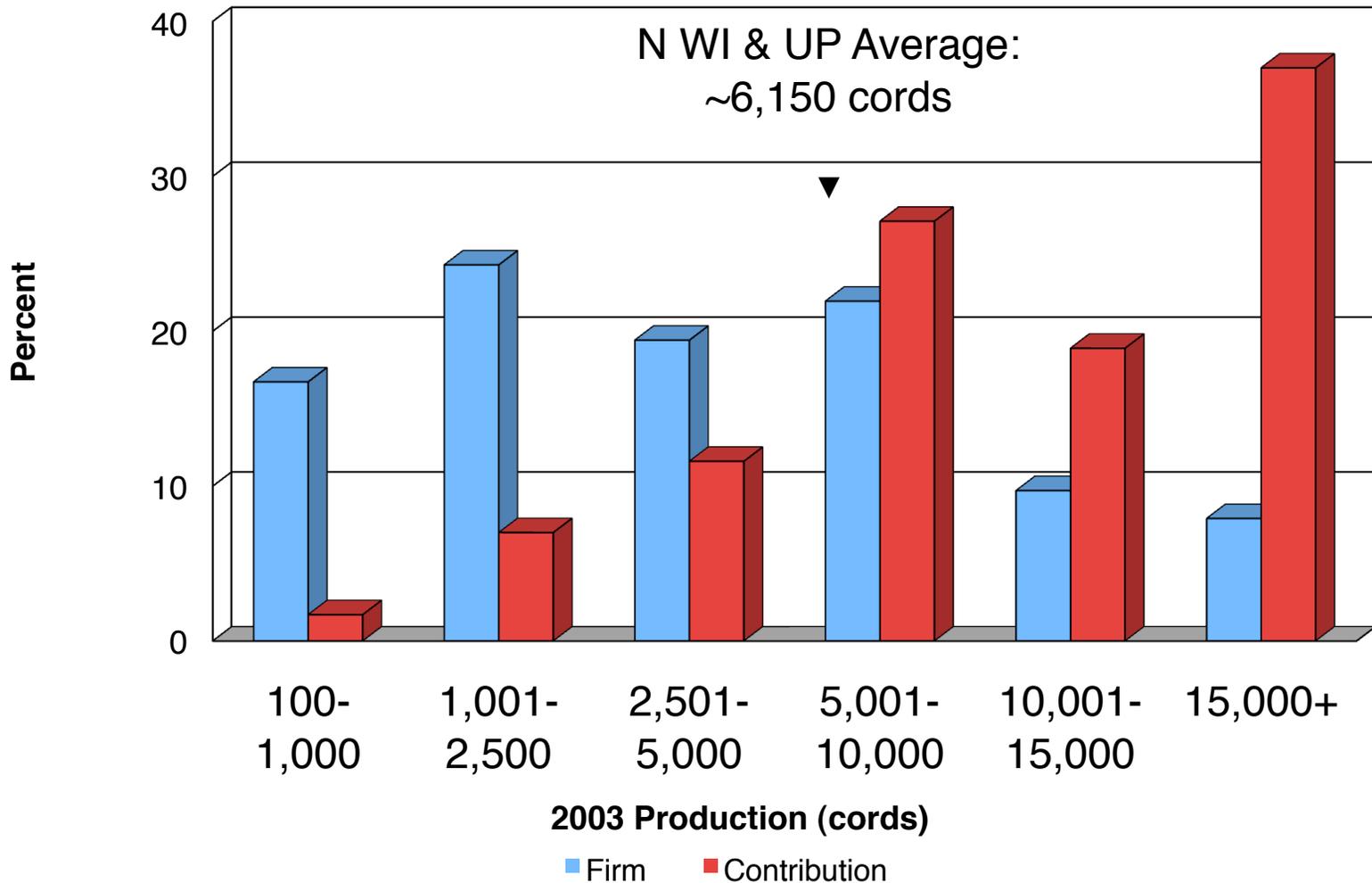
# Logging firm owner's age (2003)



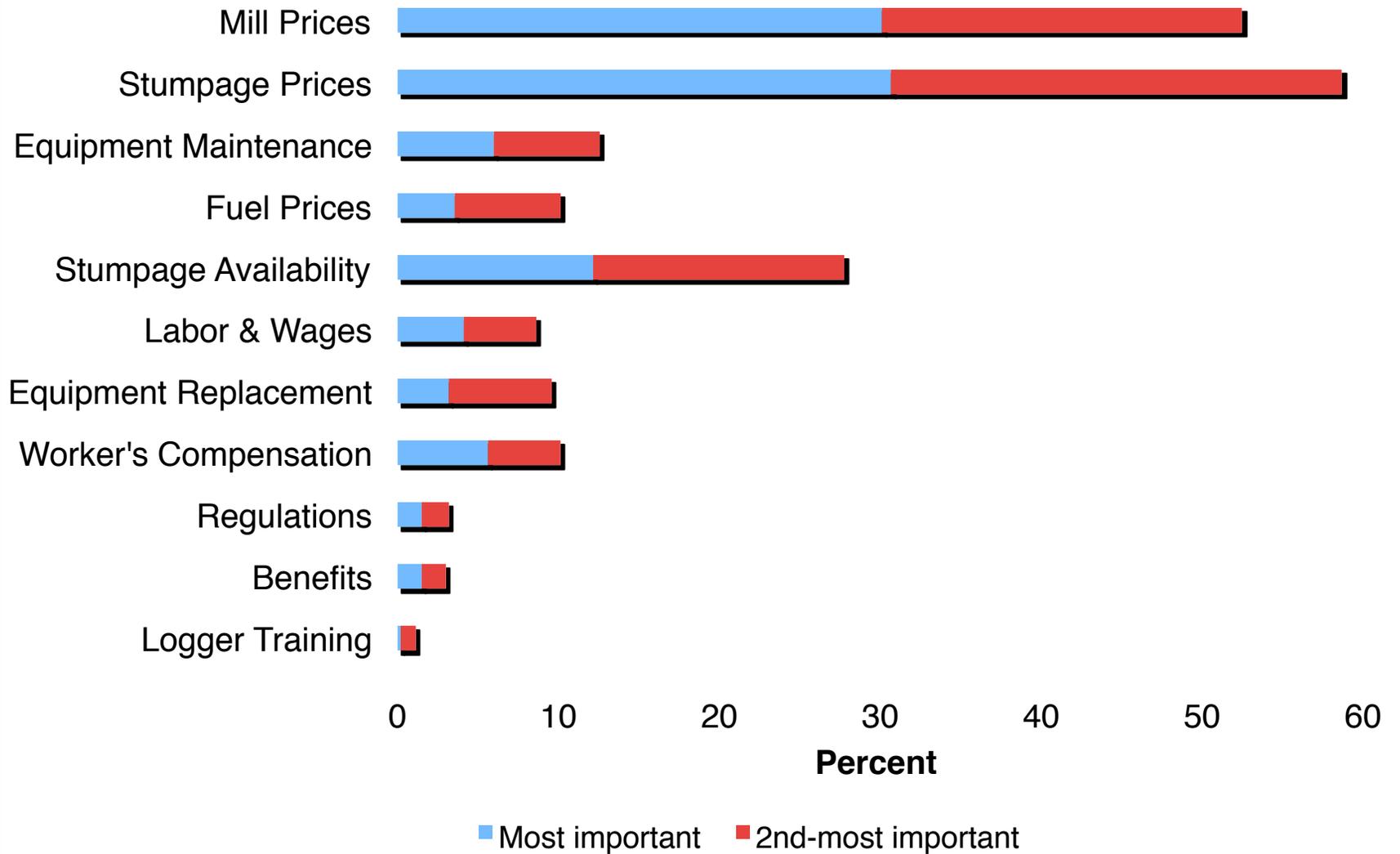
## Distribution harvest systems by region (2003)



# Distribution of firms & contributions to regional timber harvest by production class (2003)



# More general stumpage concerns (2003)



## The logging sector today

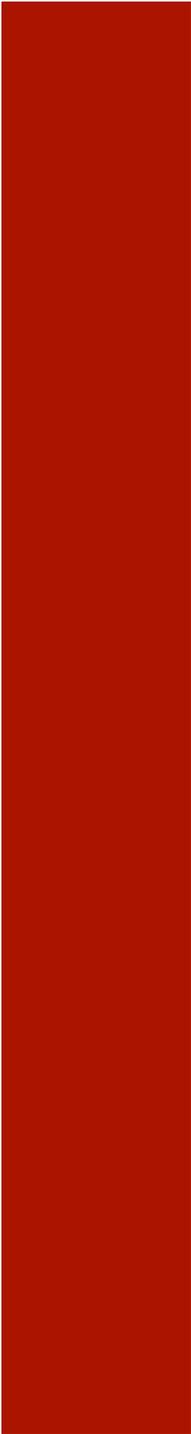
- Profit margins are very tight.
- Greater volatility, shorter agreements
- 20-30% workforce reduction
- Supply is less of a concern.
- Insurance issues (Wisconsin)
- **Loggers are less independent.**

## Logging FIRMS moving forward

- Contracting versus diversification
- Large sales versus small ones
- Capital for those with sound financials
- Regulation and compliance will continue

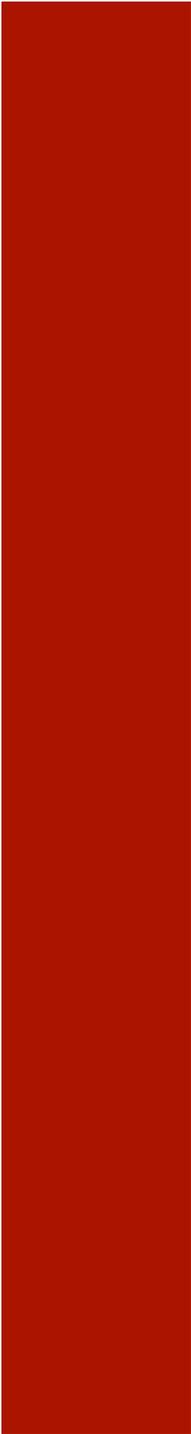
## Logging SECTOR moving forward

- Downturn is cyclical and there is light at the end of the tunnel
- Capacity growth through existing firms, not new ones.
- Bioenergy opportunities are (still) sketchy at best.
- More niche driven?
- Still unclear who will log in the future



## A government that helps?

- Federal
  - BCAP and loan programs
  - NF policy
- State
  - Forestry and bio-energy programs
  - Insurance policy (WI)
- County
  - Economic development (e.g., clusters)
  - Land use
  - Local networking



## Concluding thoughts

- **As long as there is a need for wood fiber, loggers will have a future.**
- **That future will not look like things do now.**
- **The quality of that future will depend, in part, on folks like you.**



**YOUR THOUGHTS &  
QUESTIONS**