



# HARDWOOD LEADERS FORUM

## Final Report

a project of

Hardwood Publishing Co., Inc.  
PO Box 471307  
Charlotte, NC 28247-1307  
(704) 543-4408

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# HARDWOOD LEADERS FORUM

## Final Report

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## **Executive Summary**

The Hardwood Leaders Forum consisted of two forums held in Charlotte, North Carolina, each with its own goals and objectives for strengthening the U.S. hardwood industry. On August 10-11, 2010, seventy-seven hardwood industry leaders met to identify a common vision for the future of the industry and identify the most pressing barriers and challenges to achieving that vision. On December 7, 2010, ninety-eight industry leaders, academicians, state and federal agency representatives, researchers, and trade association executives met to review existing programs addressing the industry's highest-priority challenges and begin to look for opportunities to better address these challenges through strengthened and/or new programs. The Hardwood Leaders Forum was sponsored by Hardwood Publishing Co., Inc. and jointly funded by the S. H. Conger Foundation for Hardwood Marketing, Hardwood Publishing Co., Inc., and a grant from the USDA Forest Service's Wood Education and Resource Center.

### ***Forum I. Hardwood Industry Vision, Goals, Barriers and Challenges***

Participants in the first Hardwood Leaders Forum represented 25 different hardwood industry segments—from nonindustrial private forestland owners to export brokers—and 24 different states. Their charge was to set aside past and current differences and focus instead on common challenges which, if addressed, would strengthen all or most hardwood industry segments.

Through pre-forum surveys and on-site deliberations, participants unanimously ratified a vision for the U.S. hardwood industry in 2020 and identified the 21 highest priority barriers to achieving that vision. The five highest priority barriers achieved 82% of the priority "votes," indicating widespread support for these five as the industry's most important.

#### *Vision*

By 2020,

American hardwoods will be known, valued, desired and selected by the global customer for their full breadth of environmental and consumer benefits.

The global public will have a positive perception of the American hardwood industry and American hardwood forest management.

American hardwood industries will be unified, profitable, sustainable and growing.

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### *Highest Priority Industry Barriers*

1. “American Hardwoods” lack brand identity in the marketplace. All segments of the forest products industry—including architects, designers, secondary manufacturers, and dealers—have not worked together to promote a unified message about hardwoods.
2. The public believes cutting trees is bad and does not understand the many benefits derived from well-managed forestlands. As a result, consumers purchase competing products believing they are doing the smart, eco-friendly thing. They fail to recognize the true costs of competing materials in terms of energy, waste, transportation, renewability, etc.
3. There is an absence of cooperation and collaboration between hardwood industry members to address major challenges, provide a unified voice, raise funds, and provide effective leadership.
4. The high costs of doing business (health insurance, wages, taxes, etc.) make U.S. hardwoods uncompetitive with other products, including imported wood, imported products, and non-wood substitutes.
5. The industry lacks resources to get its message out consistently and to campaign against anti-industry environmental messages in a timely manner. The industry’s limited scale and financial resources constrain capacity to wage major promotional campaigns.

The first Hardwood Leaders Forum accomplished its dual objective of 1) developing a common vision for the future, and 2) identifying and prioritizing cross-sector barriers and challenges to achieving that vision. Participants identified additional successes as well, including a better understanding of the issues and concerns of other hardwood industry sectors; a broadened sense of “hardwood industry;” and renewed unity and energy towards moving the industry forward.

### ***Forum II. Towards Cooperative Solutions***

Participants in the second Hardwood Leaders Forum included 28 representatives of state and federal agencies (including universities); 30 executive staff and elected officials of trade associations; and 40 hardwood industry representatives. Twenty-two associations, 21 agencies, and 36 companies were represented.

The second forum was conducted on the premise that the depth and significance of the U.S. hardwood industry’s key barriers necessitate that the best industry-wide “solutions” will come through collaborative efforts. As noted, the third highest ranked barrier identified to achieving the industry’s vision for 2020 was the “absence of cooperation and collaboration between industry members [and associations] to address major challenges, provide a unified voice, raise funds, and provide effective leadership.” Attendees participated in one of four discussion areas, each addressing a particular theme of the industry’s vision and goals for 2020 and the high-

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priority challenges identified within that area. Thematic areas included product promotion, business environment, public education, and funding strategies. Additional details about the discussions in each of these sections are included later in this report.

### *Product Promotion*

The core problem addressed by this session was the lack of brand identity for “American hardwoods.” Current promotional tools include books, pamphlets and posters; mobile wood education classrooms; certification systems; web sites; field tours for educators and editors; international trade missions; and “reverse” trade missions that bring foreign buyers to the U.S. for tours. Hardwood promotion is taking place at multiple levels, but most campaigns promote the hardwood interests of a subset of the industry: a state, a region, an association or a business sector. In several cases, association-based promotion programs employ voluntary verification or certification programs to enable their members to substantiate environmental claims.

Identified gaps in promotion program delivery include the need for more proactive (offensive as opposed to defensive) industry involvement in communicating the positive attributes of hardwood to school children, to community groups and others; and the need to more effectively use social media and web technology to distribute messages. The industry also needs more science-based tools to verify the positive advantages of American hardwoods relative to competing building materials, especially non-wood substitutes.

### *Public Education*

This breakout session primarily addressed the challenge of negative public perceptions about hardwood forest management and the hardwood industry. Audiences from kindergarten to Congress need forestry education. Efforts currently underway range from grassroots viral campaigns utilizing social media, to state-run mobile education units, to state and federal legislator education programs.

Participants noted that existing forestry education programs are delivered by multiple groups with varied and sometimes confusing or conflicting messages (e.g. some focus on “hardwood;” some on “softwood;” some on “wood”). They recommended the industry move towards a more consistent educational message; find better ways to scientifically demonstrate and communicate our sustainable management of the hardwood resource; and seek more direct support from the USDA in communicating this message. The perpetual issue of lack of funding for education was also of great concern.

### *Business Environment*

This breakout session addressed a wide range of problems that collectively can be categorized as challenges to the business environment, including higher regulatory, tax, and employment costs relative to global competitors; lack of available capital; the struggle for political support; continued reliance on outdated business models; poor availability of industry data; and depressed housing markets.

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Discussions revealed a clear need for improved communication and collaboration between industry members and those in academia and government trying to meet the industry's research needs. Many companies are unaware of or dissatisfied with research initiatives and findings, while researchers are often frustrated by the lack of input from industry on determining research priorities.

Major challenges to improving the business environment include the lack of funding and willingness to embrace out-of-the-box solutions. Current industry participation and funding for legislative action are lacking, while general declines in research funding mean that research projects are being prioritized based on availability of funding rather than industry-identified needs.

### *Funding Strategies*

Funding is paramount to addressing nearly every industry challenge identified by participants in the Hardwood Leaders Forum. This session examined different strategies for funding industry promotion, research and other goals. Participants agreed that a wide reaching fund-raising mechanism could help move the industry to profitability and steady markets for its products in the future. Participants discussed ideas for capturing benefits from carbon trading schemes; creative ways to fund state-based promotion efforts; and utilizing an agricultural research and promotion program (or “check-off system”) to generate significant funding with all members of a defined industry segment participating.

### **Outcomes**

The Hardwood Leaders Forum was borne of the belief that the hardwood industry needs to change the way it does business in order to achieve a brighter future. As industry members and supporters, we need to broaden our concept of “industry” to include the many direct and indirect segments of the supply chain that are integral to the whole chain's survival. We need to work more closely together to address the challenges these segments have in common in the arenas of product promotion, public education, and business environment. We need to utilize the resources and talented people we already have more effectively and develop significant new funding mechanisms to advance industry goals.

Hardwood Publishing looks forward to the great things that will come out of the energy that was poured into these forums by the hardwood industry sectors, the agencies, and the associations. Together, 136 people participated in one or both forums and many others contributed to the preconference surveys on industry challenges and solutions. All of it is testimony to the pride members have in their industry; the hope that remains for a strong, sustainable American hardwood industry; and the determination to make it happen.

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## **Detailed Report**

### ***Background***

In February, 2010, Hardwood Publishing Co., Inc. (Hardwood Publishing) submitted a challenge grant proposal to the Wood Education and Resource Center (WERC), a program of the State and Private Forestry Division of the USDA Forest Service, for the conduct of two workshops to 1) identify cross-sector problems and unite the hardwood industry behind a common vision for the future, and 2) develop implementation strategies and next steps to return the hardwood industry to health and sustainability. On May 21, 2010, WERC awarded Hardwood Publishing Co., Inc. an \$80,000 grant to complete the project, the full amount requested. The first Hardwood Leaders Forum was held August 10-11, 2010, in Charlotte, NC. The second forum was held December 7, 2010, also in Charlotte.

### ***Funding/Budget***

In addition to the USDA Forest Service challenge grant, the S.H. Conger Foundation for Hardwood Marketing contributed \$39,954 in direct support, and forum participants contribute \$104,190 dollars of in-kind support to the project in the form of travel and lodging expenses to participate.

The total budgeted cost of the project (\$197,604) was exceeded by \$5,207 (preliminary estimate) due to the relocation of the second forum to Charlotte to accommodate larger participation than initially planned. Hardwood Publishing Co., Inc. absorbed the overrun. In total, the hardwood industry matched the federal grant funds at a ratio of 1.54:1, well above the 1:1 match required by the federal grant.

### ***Statement of Need***

*(As published in the USDA grant proposal)* The U.S. hardwood industry has been in steady decline since lumber production peaked in 1999. As much as half of all hardwood producing capacity has been dismantled or mothballed in a decade. Tens of thousands of jobs have been lost, families have been displaced, and rural economies crippled. Unlike previous boom-and-bust cycles in the primary and secondary hardwood sectors, the current downturn will not be followed by a naturally occurring rebound. The world has changed—from the globalization of trade to the greening of markets—and, the industry must find ways to change with it.

Since its inception, the American hardwood industry has remained a loosely organized, highly fragmented network of mostly small businesses disbursed along a complex supply chain from forest landowners to end-use manufacturers and exporters. Individually, members of the

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hardwood industry have little or no power to affect consumer demand, distribution channel efficiencies, market pricing, legislation, technology development, or public opinion. While trade associations have attempted to pool resources and energy, in the end, it remains a near-invisible industry, unable to position its products in the marketplace, unable to answer attacks levied by anti-industry interests, unable to sustain any sort of national marketing campaign, and unable even to compete for the environmental high-ground with inferior building products like bamboo, plastic, aluminum and steel.

Without cooperative, creative, strategic efforts by the industry, the U.S. hardwood sector is in danger of further marginalization—at a time when the environmental and economic value propositions offered by the industry and its products should have it leading all other building product sectors. The industry must develop a shared vision for the future, amass collective marketing power, leverage the momentum of the environmental movement, build a sustained legislative presence, and learn to speak with a unified voice.

### ***Forum I. Hardwood Industry Vision, Goals, Barriers and Challenges***

#### **Pre-Forum Methodology**

On March 1, 2010, Hardwood Publishing staff began inviting participants to the first Hardwood Leaders Forum. One hundred seventy potential participants were selected based on multiple criteria:

- Primary business type
- Geographic location
- Company size
- Staff knowledge of industry leaders

Because of the anticipated difficulties of facilitating consensus with a large, diverse group, attendance was capped at 75. Each potential participant was categorized by business type and geography, and invitations were made strategically to avoid excessive overrepresentation by any one group or groups. Hardwood Publishing staff called each candidate to explain the project and extend the invitation. When an invitation was declined, a “replacement” candidate was selected that matched a similar profile. In total, it took five months to seat the final roster of 77 participants (Appendix A).

Of the 170 identified candidates, 130 were ultimately invited. Seventy-seven of these invitees committed to attend, 38 declined the invitation, 3 committed but later cancelled, and 12 did not respond to the invitation. Seventeen other contacted candidates did not return multiple phone calls and emails, and were thus not invited. Twenty-three potential candidates were not contacted at all because other candidates of similar profiles had already accepted invitations to participate.

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Each invited participant was emailed an official letter of invitation, a one-page summary of the project, and a commitment form, outlining the expectations of each participant (Appendix B). In plain language, participants signed their commitment to 1) think big, think out side the box, and think beyond past industry limitations of manpower, creativity and funding; 2) work towards solutions and opportunities that will benefit all or most sectors of the hardwood industry; and 3) look at all ideas openly and critically, without undue deference to existing programs and projects with which they were familiar or vested.

On May 10, confirmed participants were emailed “State of the U.S. Hardwood Industry, 2010,” an 8-page “industry backgrounder” written by Hardwood Publishing staff to familiarize participants with the general market conditions in 22 of the hardwood industry segments that would be represented at the Hardwood Leaders Forum (Appendix C). Participants confirmed after the initial mail date of this paper were also asked to read this paper prior to completing the pre-forum issues survey.

One week later, on May 17, 2010, confirmed participants were asked to complete a five-question survey about their vision for the hardwood industry in 2020, the barriers and challenges they saw to achieving that vision, and specific opportunities they saw for expanding their businesses and the hardwood industry as a whole (Appendix D). Participants were given 30 days to complete the survey. In total, 60 participants completed and returned all or part of the survey. Some of those that did not return the survey said they didn’t have time. Others were not confirmed as participants before the survey return deadline.

The May 7, 2010, feature article in Hardwood Publishing’s *Weekly Hardwood Review* also invited industry members at-large to identify and submit pressing problems facing the industry.

Participants submitted over 600 individual comments about industry barriers and challenges. Hardwood Publishing staff categorized each comment, eliminated direct duplicates and paraphrased similar comments and thoughts. In the end, 282 unique barriers and challenges were identified and grouped into 27 subject areas (plus one group of miscellaneous barriers) under 7 major themes.

From the participants’ vision and goals feedback on the pre-forum survey, Hardwood Publishing staff wrote a draft vision for the industry, along with five supporting general goals and 24 specific goals.

On July 27, 2010, two weeks prior to the start of the Hardwood Leaders Forum in Charlotte, Hardwood Publishing emailed the participants the draft vision and goals (Appendix E) and the categorized list of 282 identified barriers and challenges (Appendix F), with instructions to review the materials in advance of the forum. Each barrier and challenge was identified with a number from 1 through 282, and those identifying numbers were retained throughout the on-site deliberation and prioritization process as an easy way to reference particular barriers.

Each of the major themes was addressed by a separate breakout session, with four breakouts occurring concurrently in the morning of the first day of the forum, and three during the

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afternoon. Prior to the start of the forum, Hardwood Publishing staff reviewed participants' pre-forum survey responses and identified which of the seven major themes each participant commented about, and which, if any, appeared to be of central concern to each participant. Each participant was assigned to two breakout sessions. For the 60 participants that returned surveys, every attempt was made to place participants in the thematic areas of most importance. The remaining participants were assigned to breakout sessions in such a way as to maintain a broad diversity of business types within each breakout session discussion. Breakout session rosters are shown in Appendix G.

### **On-Site Forum Methodology**

Hardwood Publishing contracted with Innovative Natural Resource Solutions LLC (INRS) to design the pre-forum survey and facilitate the on-site forum. INRS President Charles Levesque and VP Eric Kingsley subcontracted two additional facilitators: Dr. Rubin Shmulsky, head of the Department of Forest Products, Mississippi State University; and Dr. Joseph McNeel, director of the Division of Forestry and Natural Resources at West Virginia University.

On the first morning of the Hardwood Leaders Forum, Levesque facilitated several hours of discussion and editing of the draft vision statement and supporting goals. Consensus was sought for each proposed change, and an 80% threshold was utilized to support changes that were not unanimously endorsed. In the end, the final vision statement was unanimously agreed to be a vision statement "everybody could live with."

An identical process was conducted to edit and ratify five goals that support the vision and will give guidance to any projects or programs seeking to advance the industry's vision. The participants agreed to table any in-depth discussions or decisions about the 24 sub-goals, but agreed that they should be included in an appendix of the final report (Appendix E). There appeared to be consensus that discussions about those 24 goals could last for many hours and that they were, in many cases, re-statements of the barriers and challenges that would be discussed at length in the breakout sessions.

At the conclusion of the plenary session to set the vision and goals, participants broke out into the first four breakout sessions. Sessions were facilitated by Charles Levesque, Eric Kingsley, Dr. Rubin Shmulsky and Dr. Joseph McNeel. Hardwood Publishing staff served as recorders.

Participants worked for two hours in each breakout session to refine, amend, delete and add to the preliminary list of barriers that came out of the pre-forum survey (Appendix F).

Once the list of barriers and challenges in each breakout session was determined by the participants to be complete, each participant was issued three voting stickers and instructed to "vote" for the most important barriers and challenges on the list. Participants were allowed to vote multiple times for the same issue, or to spread their votes across multiple issues. Following the preference voting, the group further discussed the outcomes to reach consensus on the priorities for the group. The full results of each breakout session's voting are found in

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Appendices H and I. Appendix H shows the priority ranking of all barriers and challenges within each thematic area that received at least one vote. Appendix I shows the barriers and challenges that were suggested in the pre-forum survey or on-site, but received no votes.

On the second day, the full group reconvened to determine the highest priority barriers and challenges overall. The identifying numbers of all barriers and challenges that received at least one vote in the breakout sessions were listed on flip chart paper and posted at the front of the conference room. In total, 105 barriers and challenges made it through to these second-day deliberations (as listed in Appendix H). Participants were again free to add new challenges, or revisit additional challenges from the breakout sessions that did not receive any votes on the first day. No additions were made to the list of 105.

A period of open discussion was facilitated by Charles Levesque. Participants were invited to share their single most important barrier and explain why. Anticipating a second vote, there were several movements to combine similar barriers and challenges so as not to “spread the vote” and allow secondarily important challenges to rise to the top. After much debate, however, there was insufficient support (again using the 80% approval threshold) for combining any of the items and they were each voted on individually. More will be said about linkages between the priority barriers and challenges in the analysis of the results.

After the final round of voting, additional discussion was had about whether the group felt the voting results accurately represented the priority barriers and challenges. After some discussion about the rank order of the top priorities, all participants agreed they could “live with” the results.

## **Results**

### *Hardwood Industry Vision*

Day one of the first Hardwood Leaders Forum began with a full-group discussion of a draft vision and goals statement written by Hardwood Publishing staff, which attempted to capture all of the vision ideas submitted by the participants in a pre-forum survey. The final vision (right) was agreed upon by all participants:

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Draft Vision	Final Vision
<p>By 2020,</p> <ul style="list-style-type: none"><li>• American hardwoods will be the preferred building material above all competing substitutes. American hardwoods will be known, valued and desired by the global consumer for their full breadth of environmental and consumer benefits.</li> <li>• The global public will have a positively transformed perception of the American hardwood industry and American hardwood forestry.</li> <li>• Primary and secondary American hardwood industries will be revitalized, profitable, sustainable and growing.</li></ul>	<p>By 2020,</p> <ul style="list-style-type: none"><li>• American hardwoods will be known, valued, desired and selected by the global customer for their full breadth of environmental and consumer benefits.</li> <li>• The global public will have a positive perception of the American hardwood industry and American hardwood forest management.</li> <li>• American hardwood industries will be unified, profitable, sustainable and growing.</li></ul>

After several hours of deliberation, every word in the ratified vision statement is intentional and packed with meaning. The first bullet speaks to enhanced consumer perceptions of hardwood products. The second, to improved public perceptions of the hardwood industry and its stewardship of the forest. The third, to the health and performance of the industry itself.

“American,” as utilized in the vision and defined by the group, means “U.S.” The participants decided to retain the word “American” because “American Hardwoods” already has some brand awareness around the globe. The group strongly agreed that this effort needed to be about benefiting the U.S. hardwood industry, which they defined as any person or organization buying or selling hardwoods of U.S. origin, or selling products and services to the diverse U.S. hardwood supply chain...including lenders, equipment manufacturers, importers, consultants, etc.

In the first bullet, the language “known, valued, desired and selected” recognizes the multiple steps between communicating an effective message and affecting consumer behavior. The public must *know* the benefits of American hardwoods; *value* those benefits over the benefits offered by competing products; *desire* those benefits in the products they buy; and then make the choice to *select* (buy) American hardwood products because of their benefits.

In bullet two, industry leaders address the dual need to educate the public about the industry and about the sustainable management of the American hardwood resource. In fact, by day two, reversing the negative public images of our industry and forest management emerged as one of the major challenges facing the industry.

Finally, the third bullet envisions an industry with less fragmentation and more cooperation towards common objectives. By 2020, participants see an industry that has returned to profitability and that can sustain that profitability despite the internal and external forces working against it. And, largely through successes in the first two bullets, they see American hardwoods growing in global market share and overall utilization.

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### *Supporting Goals*

Participants also adopted five supporting goals that will serve as guidelines towards achieving the vision. Projects and programs that arise out of or generate support from the Hardwood Leaders Forum should address one or more of these goals:

1. Improve consumer perceptions of American hardwoods.
2. Improve public perceptions of American hardwood forest management.
3. Improve public perceptions of American hardwood industry.
4. Improve domestic and global business environment for American hardwood firms and landowners.
5. Increase cooperation and collaboration within the American hardwood industry and hardwood users (within the bounds of anti-trust laws).

### *Priority Barriers and Challenges*

Of the 105 barriers and challenges voted out of the first day's breakout session for deliberation on the second day, 21 received votes at the conclusion of the second day's deliberations. They are shown here in rank order with the number and percentage of votes (of 221 total votes). Additional details about breakout session voting on these 21 barriers are found in Appendix J:

1. "American Hardwoods" lack brand identity in the marketplace. There is little distinction in the consumer's mind between U.S. hardwoods and other hardwoods. Industry lacks a brand that can be attached to its product and used in promoting hardwoods to the consumer; a brand consumers will recognize on hearing or seeing in print. All segments of the forest products industry—including architects, designers, secondary manufacturers, and dealers—have not worked together to promote a unified message about hardwoods (62 votes, 28.1%).
2. The public believes cutting trees is bad. There is a lack of understanding in the general public about the many benefits derived from well-managed forestlands. The widespread public perception—fueled in part by environmental NGOs and the media—is that American timber and forest management practices are unsustainable and that forests are disappearing. As a result, consumers purchase competing products believing they are doing the smart, eco-friendly thing. They fail to recognize the true costs of competing materials in terms of energy, waste, transportation, renewability, etc. (55 votes, 24.9%).
3. There is an absence of cooperation and collaboration between hardwood industry members (from landowners through secondary manufacturers) to address major challenges, provide a unified voice, raise funds, and provide effective leadership (33 votes, 14.9%).

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4. The high costs of doing business (health insurance, wages, taxes, etc.) make U.S. hardwoods uncompetitive with other products, including imported wood, imported products, and non-wood substitutes (17 votes, 7.7%).
5. The industry lacks resources to get its message out consistently and to campaign against anti-industry environmental messages in a timely manner. The industry's limited scale and financial resources constrain capacity to wage major promotional campaigns (14 votes, 6.3%).
6. Despite having the historic data to do it, the USDA Forest Service has failed to certify as sustainable all U.S. hardwood forests and timberlands (public and private) (8 votes, 3.6%).
7. Trade associations and industry are not providing enough funding for promotions (6 votes, 2.7%).
8. The American consumer lacks financial health and economic confidence (5 votes, 2.3%).
9. There is a lack of certified loggers. Logging provides low paying jobs, attracting mostly unskilled and untrained workers (4 votes, 1.8%).
10. Institutional memory; i.e. failure to employ new strategies to break reliance on historic business models (2 votes, 0.9%).
11. We are a financially weakened industry facing insufficient availability of credit and lack of working capital (2 votes, 0.9%).
12. LEED and most international green building standards fail to recognize all the positive attributes of wood and ignore life cycle analyses of all the competing materials to wood (2 votes, 0.9%).
13. Burdensome regulations: OSHA, state BMPs, immigration, health care, trucking, emissions, wood dust, workers comp, employee benefit mandates, fuel taxes (2 votes, 0.9%).
14. Tax policies force landowners to cut timber or convert land in order to pay taxes (1 vote, 0.5%).
15. Trade associations and industry members are not providing enough funding to effectively monitor/influence federal and state legislative/regulatory issues (1 vote, 0.5%).
16. Availability of commercial working capital (1 vote, 0.5%).
- 17.\* Consumers have lost an appreciation for solid wood products. Fewer people understand the difference between real wood and its many faux substitutes. We haven't told them

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why they should value solid wood, and North American hardwoods in particular, thus our cast-off society prefers quick and cheap over long-lasting quality, and we lose market share to less expensive and less sustainable alternatives worldwide (1 vote, 0.5%).

- 17.\* Lack of voluntary funding makes marketing difficult (1 vote, 0.5%).
- 19. Government regulations/mandates make U.S. primary and secondary wood processors non-competitive in the global market. We need to draw manufacturers home and allow them to compete on an equal keel (1 vote, 0.5%).
- 20.\* Inheritance tax policies must be stabilized and improved so that timberlands aren't lost in generational ownership transfers (1 vote, 0.5%).
- 20.\* Banks won't lend to our industry. We're painted with the same red brush as housing-related industries (1 vote, 0.5%).

*\*Ranking determined by the number of second-day votes, and where tied, by the number of votes received during the first-day breakout sessions. Those marked with an asterisk were tied in both votes.*

### *Analyzing the Results*

At the highest level, these priority barriers address the needs for better hardwood promotion; better public education about hardwoods and hardwood forestry; a healthier business environment; and funding to do all three. “Better” in the context of hardwood promotion and public education embodies the many enhancements participants desired in these important areas, including unified, coordinated, credible messages delivered to multiple, international audiences with creative and effective methods.

Notice that the five highest priority barriers are in close alignment with the three-part vision for the industry's future. Barriers #1 and #5 beg for better promotion of hardwoods and hardwood products. Barrier #2 speaks to public perception problems about hardwood forestry and the environmental value of hardwood products over competing substitutes. Barriers #3-#5 address the health, competitiveness and profitability of the industry. If the industry and its allies can successfully address these and associated barriers over the next ten years, the vision will be met.

There was significant discussion about whether to combine several of the identified barriers because they describe similar problems. Some participants argued that Barriers #2 and #5, for example, were one in the same. Others argued that #2 speaks to an image problem while #5 speaks to a funding problem—related but distinctly different problems. In the end, there was insufficient support to combine any of the problem statements and they were voted on independently. However, the end-user of these results can clearly see that both are of high priority whether or not they are one in the same.

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Considerable discussion also surrounded the issue of funding for programs to address high-priority barriers. Funding is specifically addressed in Barriers #3, #5 and several others, but the issue of funding was discussed in every breakout and large group session. For many participants, developing significant new funding sources is paramount to any success in advancing the hardwood industry. That is, without significant funding infusions, very few of the problems identified by forum participants can be adequately addressed. This reality became a key focus of the second forum.

### *Additional Successes*

The unanimous endorsement of the vision, goals, and the priority ranking of barriers and challenges indicates the first Hardwood Leaders Forum accomplished its dual objective of 1) uniting the industry around a common vision for the future, and 2) identifying and prioritizing cross-sector barriers and challenges to achieving that vision. However, feedback from participants and observations by Hardwood Publishing staff suggest additional successes were achieved for the industry.

Understanding. One of the recurring themes heard at the conference was frustration over the industry's lack of cooperation and collaboration. Whether the root cause is the fragmented nature of the industry, the stubborn independence of hardwood entrepreneurs, or turf battles between trade associations—a few of many causes offered by participants—the problem was discussed in most breakout sessions. It is also embedded in the third bullet of the vision statement, and is central to priority barrier #3. The Hardwood Leaders Forum was a good first step towards increased cooperation. Nonindustrial private forestland owners had a forum to share their concerns with sawmills. Secondary manufacturers told us it was the first time they had a chance to express their concerns with primary producers and lumber suppliers. For those in attendance—all leaders in their respective industry segments—great strides were made towards understanding one another's businesses and issues.

Broadened Concept of "Industry." For many of the participants, the concept of the "American hardwood industry" was broadened. Nonindustrial private landowners, loggers, lenders, service providers, equipment manufacturers, and importers sat down with primary producers, wholesalers, exporters, and secondary manufacturers to seek solutions for their common good. A service supplier said this was the first time he'd ever been asked to be a part of a visioning process for the "hardwood industry," even though he has long been an integral part of it. Such collaboration promotes recognition that none of the segments of the hardwood supply chain can succeed for very long unless the other segments do also.

New Sense of Unity. While there were many points on which participants had to agree to disagree, there was an overwhelming sense of "we're all in this together." As one participant noted, "This meeting wouldn't have worked three years ago, but these difficult times have changed us." Talks didn't break down over disagreements. Nobody walked out of the process in protest. Everybody had a chance to voice their opinions and even participants in industry sectors that were somewhat underrepresented said they valued the process and felt they were able to make their voices heard.

### *Towards Solutions*

A final success we will claim for the first Hardwood Leaders Forum is in the amount of energy participants generated towards finding solutions to the high-priority problems. During each of the seven breakout sessions, participants were given time to brainstorm solutions (Appendix K). Even as the formal business of the forum concluded early on the second day, participants elected to stay and share initiatives that are already in existence or in development that may address some of the high priority barriers.

### **Forum II. Towards Cooperative Solutions**

The second Hardwood Leaders Forum was held December 7, 2010, in Charlotte, NC. This forum was originally scheduled to be held at the USDA Forest Service's Wood Education and Resource Center (WERC) in Princeton, WV. However, because of the high rate of interest expressed by the industry participants of the first forum in returning to participate in the second, and the space limitations of the WERC, the forum was moved to a larger facility.

The purpose of the second forum was to bring together industry members and practitioners with the capacity to help the industry achieve its vision (including academia, trade associations, bankers, and federal and state agency representatives) to build relationships and start a dialog on ways to grow, strengthen, and/or create programs to address the industry's highest priority challenges to achieving its vision for 2020.

### **Pre-Forum Methodology**

At the conclusion of the first Hardwood Leaders Forum, Hardwood Publishing staff produced a mid-project progress report detailing the results of the first forum. All participants were asked to read this report prior to their arrival in Charlotte.

Invitations to attend the second Hardwood Leaders Forum were sent to 125 individuals, including 59 agency representatives (state, federal, university) and 66 senior staff and elected officers of 58 different trade associations. Each was identified by Hardwood Publishing staff as an organization or individual with significant history or interest in serving the American hardwood industry. All 77 industry participants of the first Hardwood Leaders Forum were also invited to participate in the second forum. Ninety-eight people participated in the second forum, with almost equal representation from agencies (31), associations (30), and industry (37) (Appendix L).

Invited participants were emailed the full mid-project progress report plus a 4-page summary of the 21 highest priority problems grouped into four general themes: Product Promotion, Public Education, Business Environment, and Funding Strategies (Appendix M). Invitees representing agencies and associations were asked to complete a brief survey highlighting any existing

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programs that address the industry’s highest-priority industry challenges (Appendix N). Respondents were allowed 100 words in each of the four thematic areas to introduce their programs. Twenty-eight agencies and associations completed the survey and their responses were sorted and compiled into a summary of existing programs—by thematic area—that was distributed to all confirmed participants prior to the forum, and distributed again at the forum (Appendix O).

Agency and association representatives were also invited to give a 5-minute presentation in one of the four breakout sessions to further introduce their programs. Thirty-four participants elected to give presentations.

All invited participants were asked to rank their preferences for participating in the four, themed breakout sessions, and each was assigned his or her first choice. Breakout session rosters appear in Appendix P.

### **On-Site Methodology**

The one-day forum began with a general session review of the vision, goals and high-priority issues determined at the first Hardwood Leaders Forum. Participants then broke into their assigned breakout sessions for four hours of discussions about solutions to address the high-priority problems within each.

Each concurrent breakout session began with back-to-back, 5-minute presentations by those association and agency representatives that had scheduled slots in advance. These presentations were designed only to introduce programs and projects, with the knowledge that there would be several hours for more in-depth discussions once all programs had been introduced. A list of presenters appears in Appendix Q.

Following the presentations, Hardwood Publishing staff facilitated a group discussion on how existing programs could be made more effective; how larger or different audiences could be reached; and how the presented programs fit with other industry efforts to address similar challenges. Agencies and associations were asked to look for ways to leverage successes of other organizations—or of programs in other geographic regions or business sectors—to improve their own programs. Finally, each of the breakout sessions sought to identify holes in program delivery; that is, high-priority industry needs that are not being addressed adequately.

### **Results**

The following paragraphs attempt to capture the major points of discussion in each of the four breakout session discussions:

#### *Product Promotion*

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The core problem addressed by this breakout session was the lack of brand identity for “American hardwoods.” Eleven presenters showcased hardwood promotion efforts to a wide variety of audiences, from elementary school children, to teachers, to wood products consumers, and professional consumers (or “prosumers,” the manufacturers, architects, designers and specifiers). Promotional tools include books, pamphlets and posters; mobile wood education classrooms; certification systems; web sites; field tours for educators and editors; international trade missions; and “reverse” trade missions that bring foreign buyers to the U.S. for tours.

Hardwood promotion is taking place at multiple levels, with most campaigns promoting the hardwood interests of a subset of the industry: a state, a region, an association or a business sector. In several cases, association-based promotion programs employ verification or voluntary certification programs to enable their members to substantiate environmental claims. The American Hardwood Export Council’s work on “generic” international promotion of American hardwoods was held up as exceptionally important and productive to the industry.

A good deal of discussion involved the Unified Hardwood Promotion (UHP) project, a new initiative designed to bring a consistent message about the warmth and natural beauty of American hardwoods to the consumer. Traditional hardwood promotion programs have largely targeted “prosumers,” and primarily with a message about sustainability and green. The UHP should work in cooperation with existing industry promotion efforts. All companies will have access to the logos and taglines currently being generated, and a one-stop website is envisioned to provide consumers with all the technical and environmental information they could want about hardwoods. Significant funding will be required to expand the UHP beyond a grassroots effort to achieve the level of household recognition enjoyed by such campaigns as “Got Milk?”

Identified gaps in promotion program delivery included the need for more proactive industry involvement in communicating the positive attributes of hardwood to school children, to community groups and others; and the need to more effectively use social media and web technology to distribute messages. Too often, one participant noted, our industry is on the defensive and we need to get more offensive. Another concurred that we have a great story to tell, but lack a great story teller. We also need more science-based tools to verify the positive advantages of American hardwoods over competing building materials, especially non-wood substitutes. Life cycle analysis is a very promising approach.

### *Public Education*

This breakout session addressed the primary challenge of negative public perceptions about hardwood forest management and the hardwood industry. Many, many educational programs have been developed over the years and many continue to try to influence public perceptions. Those in need of forestry education run the gamut from kindergarten to Congress. Efforts currently underway range from grassroots viral campaigns utilizing social media, to state-run mobile education units, to state and federal legislative programs.

Participants noted that forestry education programs are delivered by multiple groups and have multiple, sometimes confusing or conflicting messages (e.g. focus on “hardwood,” “softwood”

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or “wood”), and they recommended the industry move towards a more consistent educational message. Participants noted that messages should be carefully crafted by professional marketers and delivered by a credible spokesperson. Hardwood educational messages should remain positive, avoiding any words or terminology that might conjure up negative images. Finally, we must find better ways to scientifically demonstrate and communicate our sustainable management of the hardwood resource.

Funding for educational efforts is a perennial problem and typically diminishes when the industry cycles down, and many efforts have been discontinued since the 1990s. Many of the program materials are still viable and could be utilized if people were aware of them. To that end, the group recommended a clearinghouse of available education tools be developed, perhaps with the leadership of NHLA’s education staff. A parallel database should also be developed of easy-to-use, readily accessible, scientific data about hardwood forests and forest products—including USDA Forest Inventory & Analysis data—that can be used in educating the public and legislators. Additional discussion centered specifically on how to more directly involve the USDA in communicating the sustainability of the hardwood resource.

The group also noted the significant decline in enrollment in collegiate forestry and wood products programs. Forestry, forest products, and research jobs must pay professional salaries and be made “glamorous” again to compete with the attraction to engineering, law and medical careers. The future of the industry and the research community depend on attracting and training talented young people today.

### *Business Environment*

This breakout session addressed a wide range of problems that collectively can be categorized as challenges to the business environment, including higher regulatory, tax, and employment costs relative to global competitors; lack of available capital; the struggle for political support; continued reliance on outdated business models; poor availability of industry data; and depressed housing markets. Nine presentations showcased existing efforts to improve the competitiveness of individual sectors and/or the entire hardwood industry. In addition, two presentations outlined programs now in development that will hopefully improve information flow to part of the industry and provide alternative channels for getting buy-in from government and environmental groups to increased forest management.

Participants from academia noted that the hardwood industry needs to more quickly adopt new technologies. They highlighted advances in information technology, supply chain management and quality/process improvement, and gave examples of hands-on collaboration with individual companies that have improved their competitiveness by adopting such advances.

Consultants discussed how they are helping companies become more competitive by improving their strategic planning, technology utilization, supply chain management and manufacturing efficiencies. They showcased several “out of the box” ideas such as a test program that has landowners taking part of the proceeds from sales of carbon credits to fund local healthcare initiatives in exchange for biomass supply contracts.

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USDA Forest Service representatives discussed marketing and economics reports the agency issues to help inform industry members as well as ongoing technological research intended to improve the industry's competitiveness.

Discussions revealed a clear need for improved communication and collaboration between industry members and those in academia and government trying to meet the industry's research needs. Some larger companies are already working directly with researchers on specific issues, but many companies are unaware of research initiatives and findings, don't believe they are relevant, or feel there is a lot of duplication of research efforts.

At the same time, members of academia are often frustrated by the lack of input from industry on determining research priorities, and they do appear to be collaborating with one another more frequently than the industry realizes. They noted that, absent industry input, research projects are prioritized based on availability of funding and institutional demands (pressure to publish, peer credibility, etc.) rather than industry-identified needs. However, they said the industry could have more influence over setting research priorities if more industry members would participate in the process.

The discussion then turned to how industry can better communicate its needs to academic and government researchers to keep their work relevant to the industry. The Hardwood Research Council, an arm of NHLA, had formerly conducted periodic Hardwood Symposiums to transfer research findings to industry and solicit industry input on research priorities. Some suggested that the Symposiums could be reinstated to bridge this gap, although most agreed that industry participation must exceed past levels for them to be effective.

The group also determined that a "clearinghouse" (probably a website) should be established so interested parties could find research reports and see updates about ongoing research initiatives throughout academia. Industry members stressed that brief summaries in layman's language should be available for each report to enhance user-friendliness. A Forest Service representative indicated the agency may be able to set up and manage this clearinghouse.

Several specific priority problems identified at the first Hardwood Leaders Forum were discussed. Participants indicated a growing willingness on the part of federal and state governments—and even many mainstream environmental groups—to open public lands to more timber harvesting, which could moderate timber costs in some areas. One company noted that the Small Business Administration has liberalized its lending policies to stimulate commercial activity, which may help some businesses find working capital not available through private banks. Conversations often turned to calls for the federal government to level the international playing field for U.S. companies. A number of participants said companies in other countries should be subject to the same labor and regulatory standards as U.S. companies, and that foreign governments should be pressured to stop undervaluing their currencies.

Lack of funding and willingness to embrace out-of-the-box solutions were among the most commonly mentioned hurdles to improving the business environment. Current programs, such

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as the Hardwood Federation and Hardwood PAC lack the funding and manpower to provide the level of influence needed to protect all of the industry's interests. Several participants believe the hardwood industry should team up with other forest products sectors and even non-forest products sectors to address common business environment problems.

### *Funding Strategies*

Funding is paramount to achieving almost every goal identified by participants in the Hardwood Leaders Forum. This session examined different strategies for funding industry promotion, research and other needs, and agreed that without a solid source of funding, the industry could repeat many of its mistakes with past programs.

Participants were in agreement that a wide ranging fund-raising mechanism could help move the industry to profitability and steady markets for our products in the future. Presentations addressed such ideas as capturing some of the benefits that could accrue to the industry if carbon trading becomes a reality; creative ways to fund state-based promotion efforts; and utilizing an agricultural research and promotion order (or “check-off system”) to generate significant funding with all members of a defined industry segment participating.

Participants studied the experience of the U.S. softwood industry in developing its own check-off program. Funding generated by a check-off is used for domestic and international promotion, the development of new markets, and for research to benefit the industry, as determined by an independent board. Proponents believe \$10 million could be raised for hardwood research promotion through a check-off program.

Details of the proposed check-off system are expected to be unveiled within the next month or two. Discussions were had on how to introduce the check-off program to an industry that rejected the concept some 15 years ago. Participants were largely convinced that a check-off is the most logical method of generating the funds needed to strengthen the industry, and that the state of desperation in the industry makes the idea much more attractive than it might have been in the mid-1990s—although it was noted that trade associations will still be extremely important in educating the industry and generating widespread support. And, the softwood experience suggests a hardwood check-off program should generate significant early support to avert unnecessary delays or disruptions in implementation.

### **Analyzing the Results**

The “success” of the second Hardwood Leaders Forum is much more difficult to objectively measure than was the first, and the full benefits may not be evident for years. The expressed goals were to 1) build relationships between industry, associations and agencies, and 2) foster dialog towards addressing the industry's highest priority challenges...difficult outcomes to quantify.

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Certainly the second forum successfully brought members of the broad hardwood industry together with trade association executives and representatives of state and federal agencies. For many participants, this was their first real interaction with such a diverse group. A number of participants said that they formed new relationships and already had plans to follow up and look for ways to collaborate on related efforts.

Several industry members expressed some frustration with the second forum relative to the first, and in part this was due to the second forum's design and lack of "concrete," measurable objectives. Industry leaders are accustomed to making decisions and solving problems...neither of which was a probable or even plausible outcome for a one-day meeting covering such broad issues with such diverse stakeholders.

We can, however, glean some measure of the success of the second Hardwood Leaders Forum from the participants' responses to a follow-up survey on their experience. Fifty percent of association respondents and 58% of agency respondents said the forum was very helpful in identifying key concerns of their constituents (rated it an "8" or above on a 10-point scale). Of 22 agency/association respondents, only one said his participation in the Hardwood Leaders Forum *would not* lead to new collaborative efforts to address industry problems. Just over half of all agency/association respondents said their participation helped them identify ways to strengthen the impact or extend the reach of existing programs. Finally, 86% of agency/association respondents said they would use the results of the Hardwood Leaders Forum to guide program development and delivery.

Additional participant feedback is included in the next section of this report, and Appendix R contains a more exhaustive summary of the results of the participant follow-up survey. It offers participants' suggestions for the format of future efforts to identify and address high-priority industry problems, and should prove informative for any organization(s) seeking to conduct similar activities in the future.

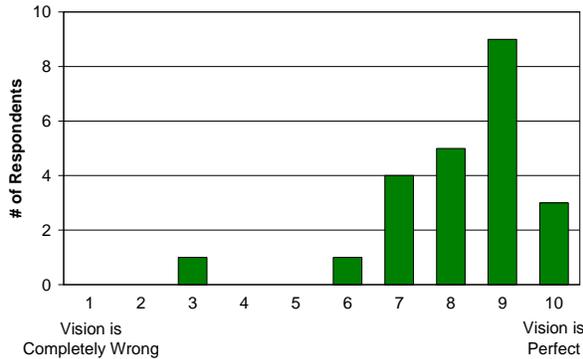
### ***Wrap-Up/What's Next?***

The Hardwood Leaders Forum project accomplished the goals of 1) ratifying an industry vision for a healthier industry by 2020, 2) identifying and prioritizing the highest-priority barriers to achieving that vision, and 3) beginning a collaborative dialog between industry, associations and agencies to look for better ways to address those barriers.

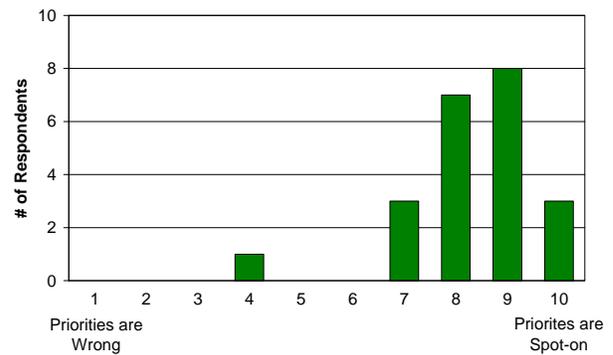
Industry participants in the first forum largely agreed that the ratified vision for 2020 accurately described their desired future state of the hardwood industry. They also agreed that the process accurately determined the most important barriers to achieving that vision:

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Does the vision ratified at the Hardwood Leaders Forum accurately describe the desired state of the hardwood industry in 2020?



Did the Hardwood Leaders Forum accurately determine the most important barriers across the broader hardwood industry?



The obvious question is, “What next?”

The Hardwood Leaders Forum was conducted primarily with “one time” funding from the Steven H. Conger Foundation and the USDA Forest Service’s Wood Education and Resource Center—and “one time” administrative leadership by Hardwood Publishing Co., Inc. staff. None of these resources is available to support regular follow-up meetings or the establishment of an annual Hardwood Leaders Forum to continue the work that was started with this project. As such, continuation of the formal work of prioritizing problems and fostering collaboration must be picked up by the industry if it is to continue at all. It is uncertain at this time whether that will happen or which organization(s) might pick up the mantle.

At the close of the second forum, there was no clear consensus from the participants that the Hardwood Leaders Forum should continue, but the follow-up surveys suggest a much stronger mandate for a continued effort. When asked to rate the importance of an ongoing collaborative process like the Hardwood Leaders Forum to achieving the industry’s vision for 2020, 80% of all respondents rated it an “8” or above on a 10-point scale, and 46% gave it a “10,” indicating this type of effort was critical to the industry’s success. In fact, “10” was the most frequent answer from all three types of participants: industry, association and agency.

Follow-up questions served to support the perceived importance of this type of work in that 49% of the participants said they would definitely participate in a similar forum in the future if invited, while another 32% pegged their probably of participating at or above 80%. Similarly 80% of all respondents said their time and resources were well spent or very well spent participating in the Hardwood Leaders Forum(s).

## Special Thanks

Hardwood Publishing extends its special thanks to the participants of the Hardwood Leaders Forums. Any successes with this project are the direct result of their enthusiastic participation. All invested a great deal of time before and during the forum for the benefit of the greater hardwood industry, and all paid their own expenses to attend. Based on their commitment,

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energy and drive to forge solutions, the U.S. hardwood industry can look forward with renewed confidence in a brighter future for the American hardwood industry.

Hardwood Publishing would also like to thank the primary direct funders of this project: the USDA Forest Service's Wood Education and Resource Center and the S.H. Conger Foundation for Hardwood Marketing.

**APPENDIX A: Participants, First Forum, August 10-11, 2010**

**Industry Participants**

**Dean Alanko**

Allegheny Wood Products International  
PO Box 867  
Petersburg, WV 26847

**Chuck Alexander**

Forecon  
1890 East Main St.  
Falconer, NY 14733

**Nancy Arend**

Weyerhaeuser/Northwest Hardwoods  
9205 SW Gemini Dr., Suite C  
Beaverton, OR 97008

**George Barrett**

Hardwood Publishing Co., Inc.  
PO Box 471307  
Charlotte, NC 28247

**Paul Barringer**

Coastal Forest Resources  
PO Box 829  
Weldon, NC 27890

**Victor Barringer**

Coastal Lumber  
PO Box 829  
Weldon, NC 27890

**Doug Bassett**

Vaughn-Bassett Furniture Co.  
300 E. Grayson St.  
Galax, VA 24333

**Teresa Bell**

Kentucky Millwork  
4200 Reservoir Ave  
Louisville, KY 40213

**Romel Bezerra**

Elof Hansson USA  
20189 NW 9th Dr.  
Pembroke Pines, FL 33029

**Chris Bingaman**

Bingaman & Son Lumber, Inc.  
PO Box 247  
Kreamer, PA 17833

**Dave Bramlage**

Cole Hardwood  
PO Box 568  
Logansport, IN 46947

**Terry Brennan**

Baillie Lumber Co.  
4002 Legion Dr.  
Hamburg, NY 14075

**John Brown**

Pike Lumber Company, Inc.  
PO Box 247  
Akron, IN 46910

**Bill Buchanan**

Buchanan Hardwoods  
PO Box 444  
Aliceville, AL 35442

**Rick Burnett**

Cross Creek Sales, Inc.  
PO Box 2768  
Augusta, GA 30914

**Blaine Burroughs**

Armstrong Floor Products  
PO Box 929  
West Plains, MO 65775

**APPENDIX A: Participants, First Forum, August 10-11, 2010**

**Robert Conger**

Coastal Lumber Co.  
PO Box 829  
Weldon, NC 27890

**Grafton Cook**

Missouri-Pacific Lumber Co., Inc.  
694 State Route DD  
Fayette, MO 65248

**John Crites**

Allegheny Wood Products, Inc.  
PO Box 867  
Petersburg, WV 26847

**Roy Cummings**

Cummings Lumber  
PO Box 6  
Troy, PA 16947

**Dave Daut**

Fountains Forestry, Inc.  
7 Green Mountain Dr., Suite 3  
Montpelier, VT 05602-2708

**Jeff Durst**

Hull Forest Products, Inc.  
101 Hampton Rd.  
Pomfret Center, CT 06259

**Bob Dyson**

Georgia Hardwoods  
PO Box 504  
Buford, GA 30518

**Jeff Edwards**

Edwards Wood Products Inc.  
PO Box 219  
Marshville, NC 28103

**Robin Etienne**

Phil Etienne's Timber Harvest, Inc.  
25993 Saint Croix Rd.  
Saint Croix, IN 47576

**Don Finkell**

Anderson Hardwood Floors  
384 Torrington Rd  
Clinton, SC 29325

**Dave Forst**

Woodcraft Industries, Inc.  
525 Lincoln Ave. SE  
Saint Cloud, MN 56304

**Jameson French**

Northland Forest Products, Inc.  
PO Box 369  
Kingston, NH 03848

**Chris Ghiloni**

American Woodmark Corp.  
160 Dawson Dr.  
Winchester, VA 22601

**Mark Haddix**

Farm Credit of the Virginias, ACA  
PO Box 2041  
Elkins, WV 26241

**Peter Hairston**

Cooleemee Plantation  
276 Peter Hairston Rd.  
Advance, NC 27006

**Jack Hatfield**

Jim C. Hamer Co.  
PO Box 418  
Kenova, WV 25530

**Witt Hill**

John Hancock Financial Services  
128 S. Tryon St., Suite 1588  
Charlotte, NC 28202

**Skip Holmes**

Thomas & Proetz Lumber Company  
3400 N. Hall  
St. Louis, MO 28247

**APPENDIX A: Participants, First Forum, August 10-11, 2010**

**Tony Honeycutt**  
Mullican Flooring  
1081 Fork Mtn Rd.  
Bakersville, NC 28705

**Steve Houseknecht**  
Wagner Lumber, Inc.  
4060 Gaskill Rd.  
Owego, NY 13827

**Jim Howard**  
Atlanta Hardwood Corp.  
5596 Riverview Rd.  
Mabelton, GA 30126

**Charlie James**  
WoodMart Shutters  
15800 Strathern St.  
Van Nuys, CA 91406

**Pem Jenkins**  
Turn Bull Lumber Company  
PO Box 310  
Elizabethtown, NC 28337

**Mike Johnston**  
Babcock Lumber Co.  
PO Box 8348  
Pittsburgh, PA 15218

**Rick Lang**  
Highland Hardwoods  
PO Box 717  
Kingston, NH 03848

**Greg Lottes**  
Danzer Veneer Americas  
119 Aid Drive  
Darlington, PA 16115

**Kevin Luzak**  
Coastal Lumber  
PO Box 829  
Weldon, NC 27890

**Doug Martin**  
Pollmeier Inc.  
10200 SW Greenburg Rd., #450  
Portland, OR 97223

**Dan Mathews**  
SII Dry Kilns  
207 Cedar Lane Dr.  
Lexington, NC 27292

**Claude Mc Niel**  
Hunter Douglas  
1171 N. Fiesta Blvd., Suite #1  
Gilbert, AZ 85233

**Jeff Meyer**  
Baillie Lumber Co., Inc.  
PO Box 6  
Hamburg, NY 14075

**Gary Middleton**  
USNR  
15125 Hwy 19 South, PMB 504  
Thomasville, GA 31792

**Norm Murray**  
U•C Coatings Corporation  
PO Box 1066  
Buffalo, NY 14215

**Charlie Netterville**  
Fred Netterville Lumber  
PO Box 857  
Woodville, MN 39669

**George Nickell**  
Nickell Moulding Company  
PO Box 1502  
Elkhart, IN 46515

**John & Sally Ouellette**  
NIPF Owner, Tree Farmer  
5045 LaCrosse Lane  
Madison, WI 53705

**APPENDIX A: Participants, First Forum, August 10-11, 2010**

**Mike Parton**

Gilkey Lumber Co., Inc.  
2250 US 221 Hwy N  
Rutherfordton, NC 28139

**Mike Poor**

Thompson Industries, Inc.  
4260 Arkansas Ave. S  
Russellville, AR 72801

**Art Raymond**

Hooker Furniture Corp.  
PO Box 4708  
Martinsville, VA 24115

**Dave Redmond**

Highland Hardwood Sales, Inc.  
2914-A Professional Pkwy  
Augusta, GA 30907

**Ted Rossi**

Rossi Lumber  
162 West St.  
Cromwell, CT 06416

**Jack Shannon**

J.T. Shannon Lumber Co.  
PO Box 16929  
Memphis, TN 38186

**Jim Sitts**

Columbia Forest Products  
PO Box 1148  
Old Fort, NC 28762

**Bradley Stovall**

Stanley Furniture Company, Inc.  
PO Box 30  
Stanleytown, VA 24168

**Tom Talbot**

Glen Oak Lumber & Milling  
N2885 County F  
Montello, WI 53949

**Thad Taylor**

AgChoice Farm Credit  
514 East Second Street  
Coudersport, PA 16915

**Emmet & Linda Vaughn**

Emmet Vaughn Lumber  
PO Box 1747  
Knoxville, TN 37901

**Bob Vogel**

Hardwoods of Michigan  
PO Box 620  
Clinton, MI 49236

**Todd Vogelsinger**

Columbia Forest Products  
7900 Triad Center Dr., Suite 200  
Greensboro, NC 27409

**Mark Vollinger**

W.M. Cramer Lumber Co.  
PO Box 2888  
Hickory, NC 28603

**Howe Wallace**

PalletOne, Inc.  
1470 Highway 17 South  
Bartow, FL 33830

**Chris Watson**

Conestoga Wood Specialties Corp.  
PO Box 158  
East Earl, PA 17519

**Galen Weaber**

Weaber Inc.  
1231 Mt. Wilson Rd.  
Lebanon, PA 17042

**Jeff Wikle**

TerraSource Valuation, LLC  
401 E. South Main St., Suite E  
Waxhaw, NC 28173

**APPENDIX A: Participants, First Forum, August 10-11, 2010**

**Gene Willcutt**  
Stella-Jones Corp.  
3818 S. CR 50 E  
Winslow, IN 47598

**Larry Wright**  
Hassell & Hughes Lumber Co.  
PO Box 68  
Collinwood, TN 38450

**Gary Williams**  
Koppers  
4020 Koppers Road  
Salem, VA 24153

**Melvin Yoder**  
Yoder Lumber Company, Inc.  
3799 County Road 70  
Sugar creek, OH 44681

**Jeff Wirkkala**  
Hardwood Industries, Inc.  
20548 SW Wildrose Place  
Sherwood, OR 97140

**Chris Zinkhan**  
The Forestland Group  
PO Box 9162  
Chapel Hill, NC 27515

## **Facilitators**

**Charles Levesque, President**  
Innovative Natural Resource Solutions LLC  
37 Old Pound Road  
Antrim, NH 03440

**Eric Kingsley, Vice President**  
Innovative Natural Resource Solutions LLC  
107 Elm St., Suite 100G  
Portland, ME 04101

**Dr. Joseph McNeel, Director**  
Division of Forestry and Natural Resources  
West Virginia University  
322 Percival Hall, PO Box 6125  
Morgantown, WV 26506-6125

**Dr. Rubin Shmulsky, Professor and Head**  
Department of Forest Products  
Mississippi State University  
Mailstop 9820, Forest Building, Room 203  
Mississippi State, MS 39762

## **Hardwood Publishing Support Staff**

**Mike Barrett, Andy Johnson, Tim Knol, Kim Young, Dan Meyer**  
Hardwood Publishing Co., Inc.  
PO Box 471307  
Charlotte, NC 28247-1307

APPENDIX B: Invitation Packet



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Post Office Box 471307 • Charlotte, North Carolina 28247-1307  
Tel: 800.638.7206/704.543.4408 • Fax: 800.444.2230/704.543.4411

March 1, 2010

Hardwood Leader,

Please accept my personal invitation to participate in an important workshop of hardwood industry leaders this August. We are bringing together innovative, entrepreneurial, representative leaders from across the hardwood distribution chain to develop a unified vision for a healthier hardwood industry, and a better understanding of the barriers to achieving that vision. Please plan to join the dialog in Charlotte on August 10 and 11.

I have attached a summary of the purpose and objectives of this day-and-a-half workshop, as well as our expectations for industry participants both before and during the workshop. In a nutshell, I am asking you, for two days, to set aside allegiances to your particular industry sector and work toward ideas that will elevate all sectors. My deep concern for this industry and my many good friends in it, is that, if we don't begin to work together towards common goals, our industry will continue to falter, even after the general economy recovers. Our best chance for sustained long-term success is to collectively take back some control of our destiny... and no company or sector can achieve that alone.

The results of our August deliberations will be carried in December to a second workshop of trade association executives, academicians, state and federal agency representatives, legislators, etc.—the “practitioners” who can create, deliver and fund the programs to overcome the barriers and achieve the collective hardwood industry vision.

Please review the attached summary and return the commitment form by April 30. Attendance is limited to 75 industry leaders, and is by invitation only. If you know you are unable to attend, please respond as quickly as possible to give me ample time to find an alternate to fill your seat.

Sincerely,

A handwritten signature in black ink that reads 'George B. Barrett'. The signature is fluid and cursive, with a long horizontal stroke at the end.

George B. Barrett,  
Owner & Publisher

APPENDIX B: Invitation Packet

# HARDWOOD LEADERS: GROWING A GREATER HARDWOOD INDUSTRY

*A workshop to prioritize industry threats and opportunities, and unite the hardwood industry around a common vision for a stronger future.*

**August 10-11, 2010**

**Renaissance Charlotte SouthPark Hotel  
Charlotte, North Carolina**

**Hosted By:** Hardwood Publishing Company, Inc.

**Sponsored By:** ♦ A grant from the Wood Education and Resource Center, Northeastern Area State and Private Forestry, Forest Service, U.S. Department of Agriculture (pending)

♦ S H Conger Foundation for Hardwood Marketing

**The Project:** Notwithstanding recent supply driven price increases, the U.S. hardwood industry remains in an extended period of decline. U.S. hardwood forests are grossly underutilized and as much as half of the nation's peak hardwood lumber manufacturing capacity has been idled. This is not just the deepest recession the hardwood industry has ever faced, it is also unprecedented in nature. The hardwood business cycles of old are gone and there is no automatic recovery on the horizon this time. We will neither bounce back nor be able to sustain a healthy hardwood industry without a concerted industry-wide effort. It is time for the hardwood industry to mount a collective strategic response to the challenges it faces.

This project involves two workshops to 1) identify cross-sector threats/opportunities and unite the hardwood industry behind a common vision for the future, and 2) develop implementation strategies and next steps to return the hardwood industry to health and sustainability. You are being invited to the first workshop.

The first workshop will be professionally facilitated and the resulting vision and priority report will serve as the foundational basis on which strategies and programs are developed at the second workshop.

**Your Role:** Participation in this workshop is by invitation only. Invited participants are well-respect industry leaders representing every hardwood region and the entire span of the hardwood supply chain—from nonindustrial timberland owners to end-use manufacturers and exporters. For this two-day workshop, however, all participants must commit to seeking common ground, a common vision and a deeper understanding of critical issues facing the U.S. hardwood industry.

**APPENDIX B: Invitation Packet**

# COMMITMENT FORM

## HARDWOOD LEADERS: GROWING A GREATER HARDWOOD INDUSTRY

Participation in the Hardwood Leaders workshop is limited to 75 individuals and each has been selected to be representative of one or more industry sectors and regions. We are asking for a significant investment of your time and resources, and need to secure your commitment to making these investments in advance. Please review the following expectations carefully, sign, and return this form no later than July 2, 2010. If you are unable to make this commitment, please return this form as quickly as possible so that we may seek an alternate to fill your seat.

### Time Commitment

- Complete a written survey regarding industry issues and concerns in advance of the workshop.
- Be available to speak by telephone to a professional facilitator prior to the workshop regarding industry issues and concerns, if deemed necessary (not all will be called).
- Attend full-day workshop August 10 and half-day workshop August 11, 2010, in Charlotte, NC. Please do not commit unless you can participate both days.

### Financial Commitment

- Travel and lodging expenses. We have secured a room rate of \$109 plus tax. Participants will make their own reservations (details will follow). One-way taxi from airport is approximately \$20.
- Evening meals and incidentals not provided by the conference. Continental breakfast, lunch and breaks will be provided both days.

### Personal Commitment

- I commit to thinking big, thinking outside the box, and thinking beyond past industry limitations of manpower, creativity and funding.
- I commit to working towards solutions and opportunities that will benefit all or most sectors of the hardwood industry.
- I commit to looking at all ideas openly and critically, without undue deference to existing programs and projects with which I am familiar or vested.

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- Yes, count me in! Send me details about how to make my hotel reservation.
- No, I cannot commit to participate in this meeting. Please select an alternate to fill my seat.

Name: \_\_\_\_\_

Company: \_\_\_\_\_

## FAX TO: 866-251-4045

The *Hardwood Leaders: Growing a Greater Hardwood Industry* workshop is partially funded by a grant from the Wood Education and Resource Center, Northeastern Area State and Private Forestry, Forest Service, U.S. Department of Agriculture, and the S H Conger Foundation for Hardwood Marketing.

# State of the U.S. Hardwood Industry, 2010

**A Background Paper  
Prepared for Participants  
Of the  
Hardwood Leaders Forum**



APPENDIX C: Industry Backgrounder: State of the U.S. Hardwood Industry, 2010

# State of the U.S. Hardwood Industry, 2010

## A Background Paper Prepared for Participants in the Hardwood Leaders Forum

### Preface

Thank you for agreeing to participate in a strategic forum of hardwood leaders on August 10-11. Titled, “Hardwood Leaders: Growing a Greater Hardwood Industry,” this forum will seek three primary outcomes:

- A concrete vision for a stronger hardwood industry;
- A detailed understanding and prioritization of the barriers/challenges that must be overcome to achieve the vision;
- A brainstormed list of possible solutions/actions/strategies to address the barriers and challenges identified.

To maximize the potential for achieving these outcomes, we are asking all participants to read this background briefing paper on the state of the hardwood industry in order to assure that all participants have the same general grounding in the status of the various industry sectors. It is important that you read this background paper *before* you complete the issues survey that will be emailed to you next week. Please note that it is not critical that you agree with everything you read in this paper. It is simply our best attempt to outline the current state of the hardwood industry and the issues facing its various sectors.

You will note that we have principally described the current state and recent history of the various markets, without too much attention to the causes; that will be the work of the on-site forum.

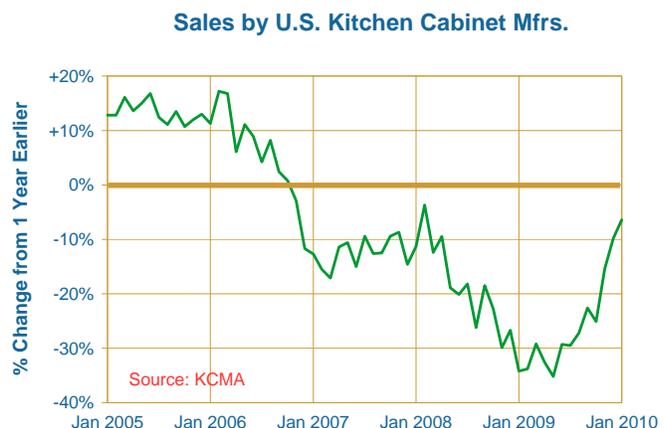
### State of the Industry, By Sector

#### *Banking Industry*

The poor financial performance of the wood products sector over the last several years has made lenders increasingly hesitant to extend credit, even to companies with strong track records. Some lenders have quit the industry altogether after being burned by defaults. Others have raised underwriting standards and expanded due diligence processes. They are asking for more documentation of returns on investments and future profit potential, and are requiring credit lines to be secured by receivables and inventory rather than machinery and other physical assets that may prove difficult to sell.

#### *Cabinet Industry*

Two thousand and nine marked the third consecutive year of declining kitchen cabinet sales. According to the Kitchen Cabinet Manufacturers Association, sales



**APPENDIX C: Industry Backgrounder: State of the U.S. Hardwood Industry, 2010**

were down about 50% from the 2006 peak, although major manufacturers surveyed by Hardwood Publishing noted declines of up to 70%. Cabinet demand has stabilized, and most manufacturers expect total 2010 sales to be even with or slightly ahead of last year.

*Concentration Yards*

Many concentration yards went from having too much kiln-dried lumber in the late summer of 2009 to having not nearly enough in the spring of 2010. Although exports to the Far East had started to climb, initial shortages were primarily driven by ultra-low production. Some domestic buyers have since come off the sidelines to restock and prevent outages amid tightening supplies. Concentration yards have had to pay significantly higher prices for green lumber since Q3 2009, but, to date, kiln-dried prices have increased at about the same rate.

*Distribution Yards*

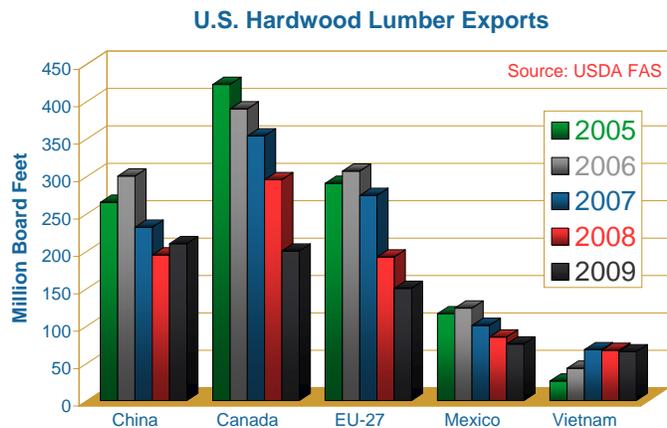
The downturn in housing and remodeling activity severely impacted distribution yards in 2008 and 2009, particularly in areas registering the sharpest declines in home sales and sale prices, such as Southern California, Florida, Arizona and Nevada. Many multi-branch distribution companies closed locations. Distributors noted smaller order sizes, slower customer payments and heavier competition from reload centers. Improvement has been slow to come to the distribution sector in 2010 due to its reliance on faltering commercial construction markets.

*Equipment & Service Suppliers*

As markets for lumber and value-added wood products weakened, hardwood producers and end-users postponed or cancelled expansion plans, lengthened maintenance intervals, and purchased fewer goods and services. Suppliers of kilns, machinery, rolling stock, trucks, tally devices, banding, chemicals, insurance, transportation, and a host of other goods and services saw business declines and downsized accordingly. Some of these vendors had diversified into foreign markets prior to the decline, which helped them weather the storm. With hardwood industry profits showing modest improvement of late, some companies are going ahead with much-needed maintenance/replacement of dry kilns, forklifts and trucks. Large machinery purchases remain rare, however, and lack of working capital is still problematic.

*Lumber Exports*

U.S. hardwood lumber exports fell to a 22-year low of 801 million board feet (MMBF) in 2009, 40% below the 2006 peak. However, shipments increased during four of the last five months of 2009, and momentum carried into 2010. Exports were nearly 50% higher in Jan/Feb 2010 than in Jan/Feb 2009, including year-over-year gains of 144% to China and 162% to Vietnam. China’s expanding domestic consumption accounted for most of its growth. Unfavorable exchange rates, higher lumber prices, the Greek fiscal crisis and surging container costs have hurt European



**APPENDIX C: Industry Backgrounder: State of the U.S. Hardwood Industry, 2010**

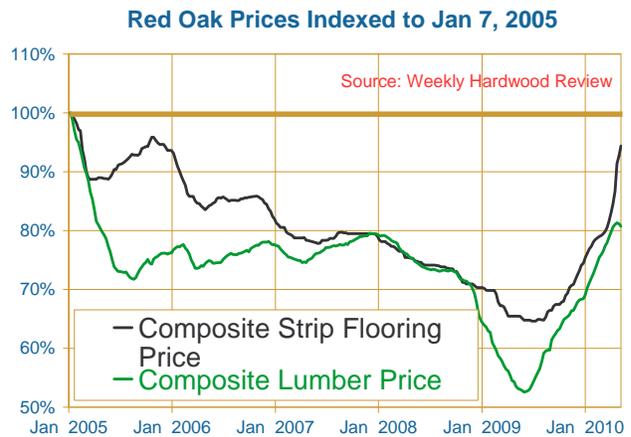
purchasing. U.S. hardwood log exports to Canada were down 25% through February, but shipments to other destinations were up 22%. Container shipping costs from the U.S. to overseas destinations have climbed sharply since last fall.

*Family Forest Owners*

As timber prices fell during the recession of the last two years, timber sales by family forest owners fell sharply. Increased sawmill demand in the last six months—as production has ramped up amid short supplies—has pushed timber prices up and brought more family forest owners back into the market. Higher demand and prices for energy-related wood, usually a by-product of log sales, has provided additional income to this sector of timberland owners.

*Flooring Industry*

Recent trends in residential hardwood flooring markets seem to be tracking with hardwood lumber. That is, sales have increased for some flooring manufacturers largely because others have closed or scaled back production. Tighter supplies have also fueled price increases, both for flooring and for 4/4 common-grade Red Oak and White Oak. Lumber availability is currently holding flooring production below producers’ desired levels. Domestic flooring manufacturers may be vulnerable to imports, which have been climbing over the last several months, particularly from China.



*Forestry Consultants*

Declining timber values curtailed the volume of timber put up for sale over the last two years, significantly impacting business for consulting foresters. Many advised landowners not to sell until values rebounded; some tried to generate sales regardless. Values have started to climb in many areas over the last six months, due in part to log shortages at sawmills and other wood products manufacturing plants. This has led to modest increases in timber sales for consulting foresters.

*Fuel/Fiber Producers*

Expanded production of wood pellets and other biofuels have turned sawdust and other residuals from unwanted stepchildren into prized possessions in recent years. Sharp reductions in lumber and value-added wood products output further tightened residual supplies. The Biomass Crop Assistance Program temporarily provided matching payments to sawmills and other residue producers before protests by a variety of groups and a federal rulemaking process put the program on hold until later this year when final rules are issued. Regardless, biomass production seems to be gaining momentum because policies in the U.S. and several other countries require more and more energy production to be derived from renewable resources.

**APPENDIX C: Industry Backgrounder: State of the U.S. Hardwood Industry, 2010**

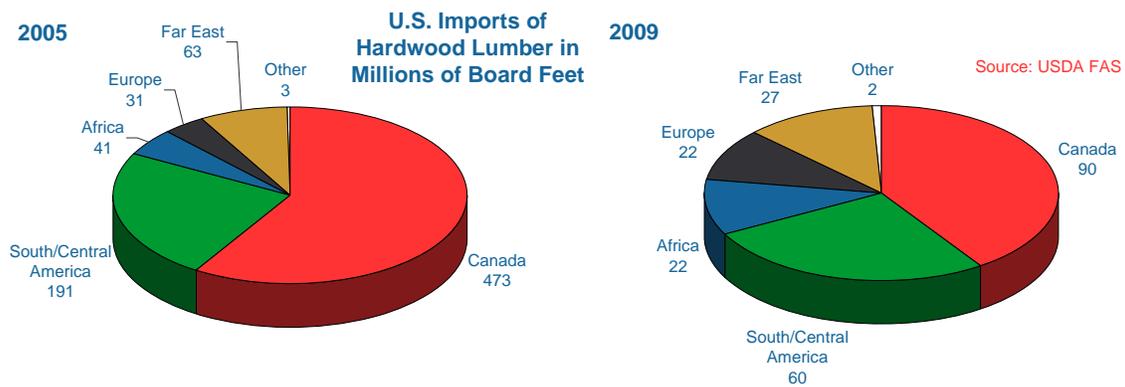
*Furniture Industry*

With unemployment high and credit squeezed, purchasing furniture has not been a high priority for U.S. consumers over the last couple of years. Shipments of wood household furniture from U.S. factories totaled \$5.06 billion in 2009, according to the American Home Furnishings Alliance, 22% below 2008 and more than 60% below the 1999 peak. U.S. imports of wood furniture fell at about the same rate as domestic shipments last year. The relatively small variance in domestic vs. imported shipment declines suggests that domestic market share may be close to bottoming out. Residential furniture factory closures have been less prevalent, as manufacturers have already purged most excess capacity. However, faltering commercial construction has curbed production of hotel and office furniture.



*Lumber Imports*

The U.S. imported 38% less hardwood lumber in 2009 than in 2008. Imports of expensive tropicals like Ipé, African Mahogany, Sapele, Spanish Cedar and Teak fell by 52 to 69%, as importers cut back orders and worked down inventories. With African and South American production low and global demand starting to rebound, supplies have tightened, lead times have increased and prices have firmed on tropical hardwoods in 2010 even though U.S. markets haven't improved. The volume of hardwood lumber imported from Canada slid 34% in 2009 to a level 82% below the 2000 peak. Because of broad shortages in the U.S., however, Canadian producers shipped 10% more lumber into the U.S. in Jan/Feb 2010 than during the same months in 2009, despite the disadvantage of a stronger Canadian dollar.



*Logging Industry*

Loggers have been leaving the industry in droves over the last few years, many lured away by more lucrative opportunities in other industries like mining and oil. Of equal concern is that the average age of loggers continues to rise as fewer young workers enter the field. Declining log demand, rising insurance costs, difficulty securing financing and higher fuel costs have all

## **APPENDIX C: Industry Backgrounder: State of the U.S. Hardwood Industry, 2010**

contributed to industry downsizing. Even so, enough loggers are still working—or ready to get back to work—that lack of “logging infrastructure” isn’t a serious problem at today’s hardwood demand levels.

### *Moulding/Millwork Industry*

Declines in new homebuilding, remodeling and commercial construction along with increased substitutions of cheaper MDF and softwood products have put a dent in hardwood moulding/millwork sales during the last few years. Offshore competition seems to have eased, with hardwood moulding import volumes falling almost 60% between 2007 and 2009. Residential moulding/millwork demand has crept up a bit in 2010, although it is hardly robust.

### *Office Wholesalers*

Reduced hardwood production and demand has driven many wholesalers out of business over the last few years, and changed the role of those that remain. The decline of the furniture industry—once the dominant customer base—has forced wholesalers to broaden their domestic markets. The proliferation of width and color sorting has made sourcing more complicated since office wholesalers don’t have their own facilities. Finally, many have entered the export arena since exports comprise a larger percentage of total U.S. hardwood sales.

### *Pallet Industry*

Prior to the recent recession, growth in pallet recycling had kept demand for new pallets flat for several years. Once the recession hit, manufacturers of new pallets saw sales declines ranging from 10 to 50% depending on product mix and customer base. Even so, low lumber production and the threat of shortages have forced pallet manufacturers to pay higher and higher prices for cants and cut-stock since the fall of 2009. Increased industrial activity has stimulated pallet sales in recent months, putting additional pressure on cant and cut-stock supplies, and on prices.

### *Plywood/Panel/Veneer Industries*

Import competition has hit the hardwood plywood and veneer industries particularly hard since the mid-2000s. Foreign producers have captured significant market share, particularly at middle and low-end price points. Declining homebuilding, remodeling and commercial construction—and subsequent reductions in demand from builders and value-added wood products manufacturers—has further impacted hardwood plywood and veneer sales. While import quality issues have occasionally benefited domestic producers, imports remain a significant threat.

### *Railroad Tie Industry*

The railroad tie market has been topsy-turvy over the last 18 months. Severe overproduction and softening demand caused crosstie prices to plummet from historic highs in early 2009 to relative lows by year-end. At the start of 2010, most tie yards had adequate to large inventories. Increased demand from other industrial markets and from flooring plants have since curbed crosstie production and fueled concerns about potential shortages. Consequently, tie yards have ramped up purchase volumes and offering prices.

**APPENDIX C: Industry Backgrounder: State of the U.S. Hardwood Industry, 2010**

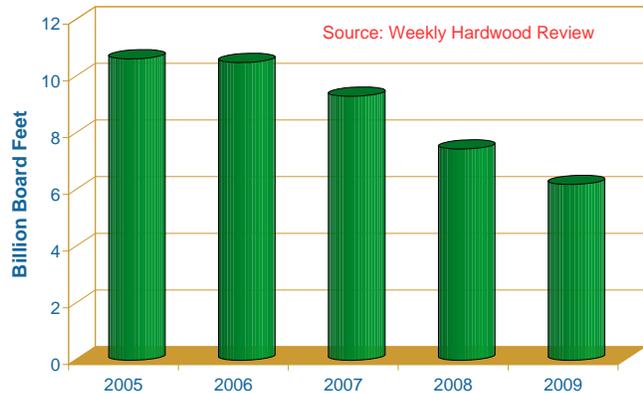
*REITs/TIMOs*

Real Estate Investment Trusts (REITs) and Timber Investment Management Organizations (TIMOs) now own and/or manage millions of acres of land across the United States, including large tracts formerly held by forest products companies. While TIMOs and REITs in the U.S. are here to stay for the foreseeable future, the days of double-digit profit percentages on sales of timberland are likely over. Much of the profit in this sector was taken in the first two or three buy/sell cycles.

*Retail Yards*

Retail yards cater mostly to construction contractors, small end-users and do-it-yourselfers who want to purchase very small quantities. Greater emphasis on inventory control has pushed more buyers into this category. As such, retail yards have been receiving more and more business that used to go to distribution yards, most of which still require their customers to order bundles rather than boards.

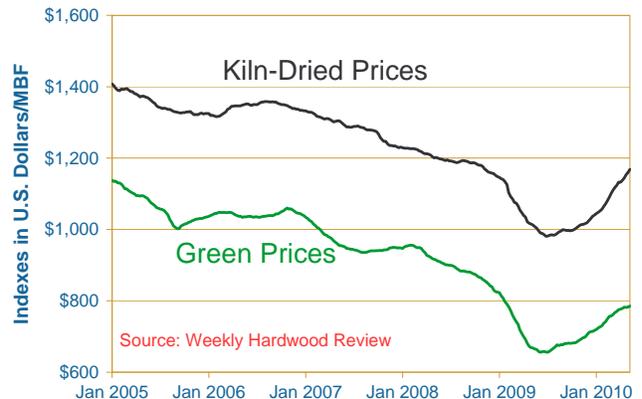
**U.S. Hardwood Lumber Production**



*Sawmills*

The hardwood sawmill industry endured heavy losses from 2006 to 2009, during which about 50% of productive capacity was temporarily or permanently idled. Lumber prices bottomed out at extremely low levels in mid-2009, and then started to climb, as supply finally fell below demand. With price increases gaining pace and Far Eastern markets coming to life, sawmills have been trying to expand production for the last six months. However, unfavorable weather, lack of affordable timber and tight credit slowed expansions until recently. Logging weather has since improved, higher lumber prices have encouraged mills to pay more for timber and production is rising. In fact, many mills are now concerned about potential overproduction this summer or fall.

**Domestic Price Indexes**



*Wood Component Industry*

Wood component manufacturers have endured a series of difficult setbacks during the last few years. First, sharp declines in home building and remodeling curbed component demand from secondary wood products manufacturers, many of which stopped outsourcing and increased in-house component production to avoid idling their own factories. Then, commercial construction slipped badly, reducing component demand from commercial millwork, office

**APPENDIX C: Industry Backgrounder: State of the U.S. Hardwood Industry, 2010**

furniture and contract furniture manufacturers. Exports have provided some new opportunities, but not nearly enough to offset lost business elsewhere.

APPENDIX D: Pre-Forum Participant Issues Survey



## Hardwood Leaders Forum Participant Issues Survey

Thank you for agreeing to participate in a strategic forum of hardwood leaders on August 10-11. Titled, “Hardwood Leaders: Growing a Greater Hardwood Industry,” this forum will seek three primary outcomes:

- A concrete vision for a stronger hardwood industry;
- A detailed understanding and prioritization of the barriers/challenges that must be overcome to achieve the vision;
- A brainstormed list of possible solutions/actions/strategies to address the barriers and challenges identified.

To maximize our potential for achieving these outcomes at the August forum, we are asking all participants to do three things prior to the event. First, we have asked you to read a background briefing paper on the state of the hardwood industry in order to assure that all participants have the same general grounding in the status of the industry. This background paper was emailed to you **one week ago**; if you did not receive it, please contact our office. It is important that you *read this background paper before* you proceed. Please note that it is not critical that you agree with everything you read in this paper. It is simply our best attempt to outline the current state of the hardwood industry and the issues facing its various sectors.

Secondly, we are asking you to complete this pre-forum questionnaire. The task of developing a shared vision and set of industry-wide priorities in a day-and-a-half workshop will be huge, especially if we start from a blank sheet of paper. There will be many great ideas and many diverse opinions; the size of the group will make it difficult to flesh out all ideas fully; and we believe the depth of the questions at hand begs careful, independent consideration prior to the forum. You have until **June 15<sup>th</sup>** to complete and return this survey; please take the time needed to discuss these questions within your firm and provide detailed responses.

Finally, we will ask you to read a summary report of the responses to this questionnaire prior to your arrival in Charlotte. We will launch our on-site discussions from this report.

To complete and return this questionnaire **by June 15**, please

**1. Print out, type or write in your responses, and fax the survey to 866-251-4045.**

**OR**

**2. Type your answers into the Word file and email the file to dan@hardwoodreview.com.**

**APPENDIX D: Pre-Forum Participant Issues Survey**

**1. A vision is a desired future condition to strive for. A vision for the hardwood industry will need to include general ideas and specific, measurable items so that industry leaders will know if progress towards the vision is being made. Please give both general and specific ideas for a vision for the hardwood industry for the year 2020. (An example is shown for the U.S. auto industry.) Use additional pages as needed.**

*Example for the US auto industry –*

*General: By 2020, US-made passenger cars and light trucks will be considered the highest-quality vehicles available to the US car-buying public.*

*Specific: 1. Over 60% of US car and light truck consumers will consider US-made vehicles to be the highest quality vehicles available at any cost.  
2. Over half the cars and light trucks sold to US consumers will be US-made vehicles.*

**2. Reaching the target vision first requires identifying in detail the barriers or challenges to reaching that vision. Please list the barriers and challenges that are preventing the hardwood industry from reaching the vision you have in mind. List as many as you can think of with as much detail as you can provide. Place a star (★) next to the 3 or 5 challenges you believe are most critical for the industry to overcome. (An example from the auto industry is provided.) Use additional pages as needed.**

*Examples of barriers and challenges to US auto industry: Auto consumers perceive foreign autos are better; recent government bailouts indicate a troubled industry not worth trusting for the long-term; younger car-buying generation values US-made products less than previous generation; cost is king and a number of non-US auto manufacturers are pricing their vehicles below industry averages for like vehicles.*

**3. Please list the most difficult barriers or challenges you are facing in your business that are keeping you from reaching your company goals. Use additional pages as needed.**

**4. What are the most important opportunities you see for expanding or otherwise strengthening your business in the next 10 years? Use additional pages as needed.**

**5. What are the most important opportunities you see to expand the hardwood industry as a whole in the next 10 years? Use additional pages as needed.**

**APPENDIX E: Draft Vision and Goals**

**DRAFT INDUSTRY VISION**

The American hardwood industry has developed a comprehensive vision for a brighter future:

**By 2020,**

- **American hardwoods will be the preferred building material above all competing substitutes. American hardwoods will be known, valued and desired by the global consumer for their full breadth of environmental and consumer benefits.**
- **The global public will have a positively transformed perception of the American hardwood industry and American hardwood forestry.**
- **Primary and secondary American hardwood industries will be revitalized, profitable, sustainable and growing.**

**APPENDIX E: Draft Vision and Goals**

**VISION ADDENDUM  
GOALS & SUB-GOALS**

Five goals have been established that, collectively, will achieve the three-part industry vision:

**Goal 1 – Change Consumer Perceptions of American Hardwoods.**

Consumers will consciously choose hardwoods and hardwood products because they are

- Proven to be sustainable, legally harvested and legally traded.
- Renewable, reusable, recyclable and contributors to healthy forests.
- Carbon negative, climate friendly and environmentally superior to other building products.
- Beautiful, fashionable, prestigious and available in a wide array of species and appearances.
- Value-enhancing investments in residential and commercial buildings.
- Competitively priced, of high quality, and high in value relative to price.
- Promoted and endorsed by architects, designers, specifiers and green building systems.

**Goal 2 – Change Public Perceptions of American Hardwood Industry.**

The industry will be recognized as

- A trustworthy, ethical and responsible steward of public and private forest resources.
- A stable industry that provides well-paying jobs and supports rural economies.
- The “greenest” of all domestic and foreign manufacturing industries.
- A solution to environmental concerns, rather than a contributor.

**Goal 3 – Improve Domestic and Global Business Climates for American Hardwood Firms.**

Business climate will promote rather than restrain U.S. hardwood industry growth.

- Tax policies will encourage long-term sustainable timber management and multi-generational family business retention.
- Federal, state, local and world governments will recognize American hardwoods as legally and sustainably harvested.
- Less burdensome regulation will allow American manufacturers to compete globally.
- U.S. and federal trade regulations will foster a level global trading field.

**APPENDIX E: Draft Vision and Goals**

**Goal 4 – Expand U.S. Primary and Secondary Hardwood Manufacturing Sectors.**

Size, productivity, profitability and market share will improve.

- Offshored secondary manufacturers will repatriate.
- Primary producers will have stable access to affordable timber supply.
- Technological advances will increase productivity and yields.
- Bright, talented workforce will gravitate to industry.
- Banks and capital investors will view industry as solid investment.
- Solid hardwood sectors will effectively compete with other industrial users of the resource, including pulp, paper and biofuels.

**Goal 5 – Increase U.S. Hardwood Industry Cooperation and Collaboration.**

Industry members will work together towards mutual success.

- Industry members/leaders will speak with one voice to promote and advance the industry.
- Industry members will cooperate across traditional supply chain sector boundaries to control costs, improve efficiency, and build competitive advantages.
- Associations will consolidate efforts, narrow their focus to the highest priorities, and work cooperatively to improve effectiveness.

**APPENDIX F: Barriers & Challenges Identified through Pre-Forum Surveys**

**Economy and Trade**

**General Economic**

1	We are shifting to a service-based economy
2	In today's world economy, we are at the mercy of domestic and global economic conditions beyond our control.
3	The bubble of consumer activity we enjoyed during the boom years means many buyers simply will not be willing or able to make purchases in the near future.
4	Housing market is not likely to recover over the next few years.
5	It is not so much the economy, but the lack of confidence in the economy.
6	World economy is in a period of decline and instability.
7	Even in the best of times, the hardwood industry only had a limited customer base.
8	The cyclical nature of the hardwood industry is a barrier; the industry is unable to help itself in a down cycle, and too busy making money in an up cycle to do what is needed.
9	The financial health of the American consumer is our biggest challenge to future growth.

**Offshore Manufacturing/Import Competition**

10	The manufacture of high-end, labor intensive products and components/parts are being offshored, eliminating a significant domestic customer base. Need to re-establish this manufacturing base domestically.
11	U.S. hardwood companies struggle to compete with subsidized offshore manufacturing.
12	Pressure on domestic manufacturers from low-value imports is increasing.
13	U.S. secondary wood products manufacturers struggle to compete with subsidized offshore manufacturing.
14	Cheap labor, government subsidies, corrupt business practices and lack of environmental controls allow overseas manufacturers--particularly those in China--to offer unfair pricing, making it difficult for U.S. firms to compete and destroying American industry.
15	Quality of imported furniture has hurt the quality perception for all furniture.
16	Before offshored manufacturers and finishers could return to the U.S., they would need a guaranteed supply of raw materials. But, U.S. mills are not going to cut, dry and store lumber in a bad economy without confidence in how much they will be able to sell. It's a chicken-and-egg problem.
17	Manufacturers in China, Vietnam and elsewhere--including former U.S. manufacturers that have shifted towards outsourced manufacturing--are not loyal to American hardwoods and more likely to pursue substitutes, including hardwoods from other parts of the world as well as more veneer and non-wood items.
18	We have shrinking markets due to the low cost of offshore substitutes and the perception that they are greener than North American hardwoods.
19	Despite the lower quality of Chinese products and the questionable legal sourcing of their raw materials concerns some North American customers, much is overlooked when the price is so low.
20	Customers fail to understand the hidden costs of imports (quality, inventory, domestic backup). Are they really less expensive?
21	Traditional U.S. manufacturing utilized many grades of hardwood lumber. Overseas manufacturing has shifted domestic demand towards industrial uses, leaving a loss of balance in the market across the lumber grade spectrum.
22	Loss of domestic markets for lumber has forced us to increase our export sales

**APPENDIX F: Barriers & Challenges Identified through Pre-Forum Surveys**

**Economy and Trade (cont.)**

**Lack of Markets**

23	Limited pricing potential for exports due to ready supply of raw materials from countries like Russia
24	The hardwood sector's dependence on domestic markets, especially new housing and remodeling, makes it very sensitive to external factors.
25	Our traditional customer base and volume is greatly reduced. So, we are forced to look at other markets and try things (i.e. vertical integration). Some have worked moderately well, others not at all, and only a few very well.
26	Global product demand is down.
27	We've lost many of our domestic customers.
28	We have too few customers left to service in our region to maintain our past sales levels and to operate at an efficient level...there is still way too much competition in the distribution yard trade for the business available in our region.

**Uneven Playing Field/Fair Trade/Competitiveness**

29	U.S. hardwoods, parts and finished products subject to political discrimination or exclusion from some international markets.
30	Trade disputes and protectionism continue, both in the U.S. and abroad.
31	Policies do not promote economic growth in some international markets.
32	When the consumer is motivated by price, it is difficult to compete with manufacturers in other countries that don't have the barriers of government regulations and OSHA. Raw materials can be shipped overseas, manufactured into products of reasonable quality, and shipped back to the U.S. and sold more cheaply than they can be produced here.
33	Unfair trade practices: dumping, tariffs and subsidies imposed by international markets
34	Small producer has difficult access to global markets.
35	Quebec foreign trade industry is partially subsidized by government.
36	U.S. citizens need to prepare to compete on a global plane regarding skills, labor, expertise and product delivery...which includes being willing to accept lower compensation.
37	Lack of tax incentives for businesses in America.
38	Cost of labor high in U.S. relative to other countries.
39	Doesn't make economic sense to manufacture/convert raw materials in U.S.
40	Comparative advantages offer Asian secondary processors a cost edge vs. U.S. secondary processors, creating a geographic separation between U.S. lumber producers and their customers, and there is usually no internal coordination between the two.
41	Government regulations/mandates make U.S. primary and secondary wood processors non-competitive in the global market. We need to be to draw manufacturers home and allow them to compete on an equal keel.
42	Our "free market economy" is being abused and manipulated from overseas.
43	U.S. hardwoods have difficulty competing on equal footing with foreign timber given illegal harvesting.

**APPENDIX F: Barriers & Challenges Identified through Pre-Forum Surveys**

**Industry Dynamics and Relationships**

**Lack of Industry Cooperation**

44	Manufacturers don't understand that their raw material suppliers are their friends.
45	Lack of inter-industry communication about supply levels, demand rates, and current trends causes poor choices or lack of action.
46	There is an absence of collaboration/cooperation between timberland owners, sawmill operators and secondary manufacturers. Players ultimately focus on their own short-term gains satisfaction than that of the supply chain's end consumers.
47	Industry fragmentation prevents coordinated planning to address major challenges, reach consensus on a unified vision and achieve common goals.
48	Lumber manufacturers are out of step and indifferent to the needs of secondary manufacturers.
49	Lumber sellers need to recognize that each manufacturing sector has different raw material needs; they should market and price lumber accordingly.
50	Lack of communication by a large segment of the industry that does not belong to or support trade associations. More involvement can prevent such drastic price changes by sharing knowledge of the markets and production levels.
51	There is a general lack of understanding of how each hardwood segment operates and what information is needed to reduce costs.

**Associations**

52	One of the biggest barriers is the turf/kingdoms that people and associations hold onto. Independent industry members and associations fight to claim their own turf, afraid they will lose their place.
53	Industry associations have a history of conflict and competition. Elected leaders and staff need to put down old biases, work together and try to make a difference. We have more strength in numbers.
54	There are too many trade associations with too little focus and too much overlap. Individually they diminish the impact that combined efforts could have. Duplicated management wastes industry funds that could be used to maximize industry benefits.
55	Trade associations are weak.
56	Trade associations not providing enough leadership in Washington, with state governments, with promotions and with monitoring forests.
57	Trade association dues are out of line considering what they deliver.
58	Trade associations bogged down by regional differences and petty vested interests.

**Industry Fragmentation**

59	The industry for too long has not had cohesive leadership or plan for the future. We blame our inability to work together on fragmentation. We need one spokesperson/agency who can speak for all.
60	Lumber and manufacturing sectors are fragmented, with no one group of manufacturers, importers, retailers or suppliers large enough to mount a meaningfully funded campaign to improve operating environment or change consumer behavior/perception.
61	Industry fragmentation contributes to extremely low profit margins in the hardwood sector.

**APPENDIX F: Barriers & Challenges Identified through Pre-Forum Surveys**

**Industry Dynamics and Relationships (cont.)**

**Miscellaneous**

62	Narrow choice selection of products using hardwoods.
63	Complicated export trail/documents, payment procedures, insurance, etc.
64	Lack of networking opportunities.
65	Consumers lack skill and tools to do home woodworking projects.
66	It's hard to get good wood makers/installers/contractors for projects.
67	No labeling requirement on furniture/cabinetry, etc.
68	Most of us have been forced to compromise our standards in order to survive the last few years...credit...profit margins...size of shipments to customers, etc. Long-term this will undermine our efforts for a bright future.
69	It has been very challenging over the last 24 months to forecast clearly, which has changed my risk profile.

**APPENDIX F: Barriers & Challenges Identified through Pre-Forum Surveys**

**Government and Regulatory**

**Government**

70	Uneven enforcement of government regulations from state-to-state creates large disparities in operating costs.
71	Costs (taxes, fees) associated with state, federal and local government regulations are rising faster than the industry's ability to absorb them, increasing operating costs and difficulty of doing business.
72	Size of government stifles industry productivity.
73	Inconsistent trucking regulations increasing costs, reduce profitability.
74	Compliance with increasing demands from the EPA, the IRS and health care will drive many companies out of business. Paperwork requirements are overwhelming for small businesses.
75	Property taxes make forestland ownership costly, reduce profitability, discourage investment in land, and encourage conversion to alternate uses.
76	Taxation policy should be improved to incentivize landowners to sell timber as part of good forestry.
77	Inheritance tax policies must be stabilized and improved so that timberlands aren't lost in generational ownership transfers.
78	Burdensome regulations: OSHA, state BMPs, immigration, health care, trucking, emissions, wood dust, workers comp, employee benefit mandates, fuel taxes.
79	Uncertainty about future environmental and regulatory regulations, such as "cap and trade," may impact log availability and reduce the availability of affordable hardwoods.
80	Government regulations contribute to the perception that our industry is detrimental to the environment and less green than alternative building products.
81	Worker's comp board is hostile to business.
82	Government spending has put fear into the public. No one knows where the spending spree will leave us as a nation and consumers are therefore reticent to invest in housing or anything else.
83	Audits, regulations etc. demonstrate that the government views the industry as an enemy and only add to the complexity and cost of what we do. Overseas governments don't treat their industries this way.
84	Government not actively supporting U.S. manufacturing or helping make it competitive with Asian countries.
85	Small mills fall under state and federal regulators' radar screens and don't comply with all OSHA and EPA requirements. They therefore have lower operating costs and drive timber prices higher than compliant mills can pay.
86	Our industry suffers from a lack of political support at every level, especially compared to countries like Canada, which strongly supports its wood industries.
87	Tort reform needed to control malicious lawsuits.

**Federal Timber Policy**

88	Conditions on government-owned timber sales (up-front payments, bonds, road construction, reclamation, etc.) make them extremely costly.
89	Closing forests to logging minimizes the value of the raw material and it therefore goes to waste due to forest fires, disease, infestation or just decay.
90	Bureaucratic limitations limit access to affordable raw material from public lands.
91	A significant portion of Appalachian hardwood forest inventory is on public land, and the low level of harvest on these lands artificially restricts the supply of hardwood logs.

**APPENDIX F: Barriers & Challenges Identified through Pre-Forum Surveys**

**Government and Regulatory (cont.)**

**High Costs**

92	Fluctuating and high transportation costs (inland and export containers) make American hardwoods less competitive in international markets.
93	High costs of doing business (health insurance, wages, taxes, etc.) make U.S. hardwoods uncompetitive with other products, including imported wood, imported products and non-wood substitutes.
94	Constant increases in non-operating costs (insurance, benefits, regulations, fuels, utilities, and soon-to-be interest rates).
95	Fuel pricing and availability.
96	Energy costs.
97	Risk management costs (workman's comp, insurance, etc.)
98	Unstable shipping costs (land and sea) do not allow the industry to price its product for any length of time.
99	Federal and state fiscal policies create more overhead, provide little stability to move ahead.
100	Rising costs and declining revenue.

**Ecological Threats/Forest Health**

101	Impacts of invasive diseases/pests on mortality, species variety, forest health and productivity (EAB, Thousand Cankers Disease).
102	Climate change impacts, such as on Hard Maple in the northern forest.
103	Long-term, healthy forestry practices are not rewarded over short-term deforestation practices, such as urbanization.
104	Current forest management's goal of sustaining the top three species (Red Oak, White Oak and Poplar) is not healthy, limits forest diversity, and limits opportunities to diversify lumber sales.
105	Tree diseases and invasive species increase risk of forestland ownership for industry and private woodland owners.

**APPENDIX F: Barriers & Challenges Identified through Pre-Forum Surveys**

**Product Marketing**

**Product Promotion**

106	"American Hardwoods" do not have an identity in the marketplace. We need to promote American hardwoods, not just hardwoods. Little distinction in the consumer's mind between U.S. hardwoods and other hardwoods.
107	We lack a "brand" to attach to our product that can be used in promoting hardwood to the consumer; a brand they will recognize on hearing or seeing in print.
108	Consumers have lost an appreciation for solid wood products. Fewer people understand the difference between real wood and its many faux substitutes. We haven't told them why they should value solid wood, and North American hardwoods in particular, thus our cast-off society prefers quick and cheap over long-lasting quality, and we lose market share to less expensive and less sustainable alternatives worldwide.
109	Consumers often cannot differentiate between wood species, even if they know they should value Oak and Cherry over Pine, Poplar or Rubberwood.
110	We lack scientific life cycle analyses to demonstrate cradle-to-grave advantages of hardwoods over substitute building materials and other mechanisms to verify species and grade-specific sustainability.
111	Need to get all segments of the forest products industry working together to promote a unified message about hardwoods.
112	We lack marketing expertise and the understanding of its potential to increase industry profits.
113	Consumers perceive U.S. wood products as expensive/overpriced because they fail to look at quality/workmanship. Retail distribution channels sell imported products on price instead of features, advantages and benefits of the product and materials used in construction. We need to change the mindset that cheaper is better.
114	The industry lacks willingness to embrace new marketing techniques, particularly through the Internet.
115	Formerly high-end products (that had great margins) have become commodities--specialty hardwoods selling with softwood margins--this is not sustainable.
116	Differentiating our products is difficult, if not impossible, when sourcing from factories that supply a number U.S. developers/distributors.
117	U.S. has an excellent supply of sustainable, temperate hardwoods that can fill the void left in global markets by stepped-up enforcement of illegal logging regulations; but we've got to market it.

**Product Substitution**

118	Competing products (bamboo, exotics, imports, etc.) are better promoted than American hardwoods.
119	High prices for North American hardwoods encourage substitution, i.e. pine's growing share of the pallet market.
120	Alternative non-wood look alike products provide a low-cost alternative to solid hardwood products.
121	Substitute products, such as MDF mouldings, are sometimes a better product than hardwoods for a given application.
122	Hardwoods are losing market share in applications traditionally served by solid hardwoods because architects, designers and specifiers are not educated about the features, functions and benefits of solid hardwoods.
123	Substitute materials benefit from strong lobbying by associations and companies that erroneously pitch these products as sustainable, or more sustainable than hardwoods.

**APPENDIX F: Barriers & Challenges Identified through Pre-Forum Surveys**

**Public Education/Green Issues**

**Environmental Group Pressure**

124	We face continued pressure from both domestic and international environmental groups working against the harvest of hardwood timberlands and the use of wood.
125	Extremist groups on the left prevent responsible harvesting of timber and fail to recognize locally produced hardwood as a green product vs. steel and concrete.
126	Extremist groups on the right promote exploitive practices, bad forest policy, and politics that impact our ability to sell on the world market.
127	Teachers teach anti-wood propaganda.
128	American environmental lobby and media is hostile and poorly informed.
129	Lawsuits and the costs that litigation (money, time, energy, stress on key employees) bring to our company/industry.

**Certification/Green Building**

130	Despite having the historic data to do it, the USDA Forest Service has failed to certify as sustainable all U.S. hardwood forests and timberlands (public and private).
131	State forestry agencies will be competing with third-party certifiers.
132	We must secure certification for all U.S. hardwood forests.
133	Industry needs to believe there are options to FSC, SFI and PEFC.
134	LEED does not apply life cycle analysis or require certification of all building products.
135	LEED only gives one point for wood, and only for FSC wood, discouraging the use of American hardwoods in LEED projects.
136	LEED favors/offers more points for rapidly renewable and recycled materials than hardwoods.
137	Perceived experts in green building are promoting the replacement of wood with plastics, metals, concrete, steel and glass as a more responsible way to build.
138	Green building codifiers may view industry participation in changing the green building rules akin to letting the fox in the henhouse.
139	Architects are specifying certified wood, which blocks access to a large percentage of American hardwoods, raises costs to consumers, and makes substitute raw materials more attractive.
140	Certification organizations have carved an economic niche and will fight any message from the industry seeking more forest access. They will challenge any claims industry makes about forest health and the value of managing forests.
141	European consumers are confused when it comes to the certification of American hardwoods.
142	FSC dominates the certification game due to its independent financial support from outside the industry, and will continue to add red tape and financial burden to distributors, making it difficult to remain price competitive and still turn a profit.
143	High cost of FSC enrollment relative to the added value of selling FSC lumber.
144	Lack of FSC sawmills to process timber and logs.
145	We need better promotion of what FSC means to consumers in order to create demand.
146	Promote the advantages of domestic FSC products and tighten the definitions/requirements to block backdoor product entry.
147	Criteria for sustainable forests differ between third-party certifying organizations.
148	Efforts of third-party certification systems are duplicated.
149	American hardwoods are not recognized as inherently sustainable by most international green certification schemes.
150	Green certification schemes are blocking access to markets and unnecessarily raising the costs of hardwood as a raw material.

**APPENDIX F: Barriers & Challenges Identified through Pre-Forum Surveys**

**Public Education/Green Issues (cont.)**

**Image Promotion/Public Education**

151	Public has been brainwashed into believing that cutting a tree down is murder, while filling a home with petroleum-based products (vinyl siding, plastic laminated moulding, asphalt shingles, carpeting) is the smart, eco-friendly thing to do. They fail to recognize true costs of competing materials in terms of energy, waste, transportation, etc.
152	U.S. children are conditioned to have a negative view of forest products by teachers who disseminate their political opinions as knowledge. What little education there is about forestry in K-12 schools is lacking or misleading.
153	Industry is not marketing, selling, training, leading or directing consumers to the facts that "wood is good" and "trees are the answer."
154	Recycling of nonrenewables (concrete, glass, metals and plastic) is being promoted as "more green" than the use of sustainable wood products.
155	The widespread public perception--fueled in part by environmental NGOs and the media--is that American timber and forest management practices are unsustainable and that forests are disappearing.
156	There is a lack of resources to get our message out consistently and to campaign against anti-industry environmental propaganda in a timely manner. Industry's limited scale and financial resources constrains capacity to wage major promotional campaign.
157	We lack education programs about why utilizing more wood from the U.S. is a good thing for the global environment.
158	There is a lack of understanding in the general public about the many benefits derived from well-managed forestlands.
159	Fragmentation and independence makes it difficult to reach consensus on a unified industry vision.
160	Fragmented nature of the industry encourages "free riders" with respect to coordinated marketing efforts.
161	We have an ineffective forest products lobby/press.

**APPENDIX F: Barriers & Challenges Identified through Pre-Forum Surveys**

**Adapting Mature Industry to New World**

**Customer Demands are Changing**

162	Customer demands for value-added services are increasing. Demands for special specifications--sorting for length, width, color, grain and grade--are also changing/growing, and don't always reflect what the logs produce.
163	Meeting customer expectations for color, width and length sorts will require equipment investments.
164	Secondary manufacturers' requirements are inflexible (e.g. cabinet moulding requirement of 96")
165	Consumer expectations are changing.
166	Consumers have a general lack of understanding regarding wood characteristics and properties; expect wood to look, feel and act like plastic or metal with no imperfections.
167	Consumers' appearance demands (wide-width flooring, for example) can negatively impact product performance.
168	Shift in home construction practices from suspended to slab foundations impacts market share for solid wood flooring.

**Grading Rules**

169	Lack of understanding of U.S. grading rules in overseas markets makes it difficult to demonstrate the value of American hardwoods.
170	NHLA rules are somewhat irrelevant and not designed to allow end-users to maximize value throughout the supply chain. Grading rules should be specific to end consumers (e.g. cabinets, flooring) and driven all the way back to the bucking of the logs in the woods.
171	Foreign grading rules are a threat.
172	There are no global standards for hardwood products.
173	U.S. standards are different from other countries' specifications, thus limiting where products can be sold globally.
174	Lumber grading procedures inconsistent between wood manufacturers. We get compared to companies which grade their incoming lumber less frequently. We are perceived as "picky" when simply all we expect is the material to be on grade.

**Market Prices/Volatility**

175	Wildly fluctuating lumber prices cause instability in the industry.
176	Fluctuating log and lumber markets reduce predictability and profitability of land ownership.
177	Manufacturers face extreme lumber price fluctuations, have no opportunity to hedge and find it impossible to pass along rapidly rising lumber costs.
178	Lack of a futures market for hardwood lumber subjects producers and consumers to high price volatility, with no mechanism to manage costs over a longer time frame.
179	Lumber, logs and transportation prices are erratic.
180	Amount of variation in U.S. industry prices frustrates overseas buyers and forces them to look to non-U.S. woods as a solution.
181	Sharp increases in lumber pricing raises our inventory values and causes dilemmas in managing cash flow.
182	There has been a compression of manufactured goods' price points. The collapse of the high end has reduced the spread between good/better/best and increased competition at each level.
183	The cycles in the hardwood lumber pricing are becoming more compressed and there is little or no relation between the pricing of finished goods and the cost of raw materials, making procurement planning akin to fortune telling.
184	Everybody loses in price wars, yet they happen constantly.
185	Difficult to buy a tract of timber today when there is no certainty where lumber demand/prices will be in three years when the lumber from that tract hits the market.

APPENDIX F: Barriers & Challenges Identified through Pre-Forum Surveys

**Adapting Mature Industry to New World (cont.)**

**Changing Industry/New Technology/Old Thinking**

186	Institutional memory; i.e. failure to employ new strategies to break reliance on historic business models.
187	Lack of forward thinking when it comes to sawmill design and operation. Failure to employ technologies already mature in other industries or other sectors of the forest products industry.
188	Industry's production of commodity lumber (e.g. NHLA grades) in lieu of special sizes that may enable downstream efficiency.
189	"Make it and they will come" attitude doesn't work. Supply and demand is not viewed as a function of economic analysis but of turning logs into lumber. Industry still turns logs into lumber without regard to market conditions.
190	New or innovative uses, applications, and processing techniques need to be developed whereby hardwood products can be introduced and more appreciated.
191	Industry is relatively unwilling to embrace new technologies for sales and marketing (especially the Internet).
192	U.S. production standards are different from other countries' buyer specifications, thus limiting where products can be sold globally.
193	Yield. Lumber is produced in random widths. Flooring is sold in stock widths. We produce the width of flooring that is in demand, resulting in yield loss from random-width lumber.
194	Too much resource is left in the woods; too much of the log is chipped rather than put into sawn products; too much sawdust is made. Recovery (yield) needs to be improved from tree to finished product. We still use something like only 10% of the tree.
195	The secret to U.S. industry success and survival has been having the best equipped factories in the world. Every year there are fewer machinery suppliers making the large, innovative machines we need to continue to lower our costs. It is getting harder and harder to find anyone creating innovative equipment that is also scaled for our large factories and large cuttings.
196	The number of middlemen (wholesalers, exporters, distribution yards, etc.) has grown dramatically while production and sawmills have declined. Will be tough for these players to be very profitable or even survive. There are too many intermediaries between production and final customer.
197	We have lost much of the benefits of our value added process. We continue to do more for less...add more value, take more risk, encumber more capital investment as our profit margins continue to decline.
198	Need advancements in machine and scanning technology.
199	Lack of diversification has been the most difficult barrier for equipment manufacturers. We have increased our product offerings, but the equipment has little application beyond the lumber and wood products industry. Should we continue to invest in product development for the lumber industry or spend the same money to develop products to serve a non-lumber industry? If buyers in the lumber industry are only interested/able to afford used equipment and old technology with poor efficiency, what is the benefit for us in developing more desirable/efficient equipment?
200	Our industry is so small as a whole now, that I am afraid there will be little future technology development for the logging and manufacturing sectors.
201	Low profit margins reduce ability to make capital investments.
202	Fragmented, overly suspicious, under-financed sawmill industry, often too conservative to take advantage of opportunities.
203	Productivity in remaining facilities has to be increased, with costs decreased (takes money).

**APPENDIX F: Barriers & Challenges Identified through Pre-Forum Surveys**

**Adapting Mature Industry to New World (cont.)**

**Overproduction/Overcapacity**

204	We are "eating our young;" overproducing into improving markets, thereby driving down prices and profits.
205	Barriers to entry are too low, leading to relatively easy increases in capacity.
206	More sawmill capacity needs to be taken out of the system at current demand levels. If capacity is not reduced further, raw material prices will increase, selling prices will fall and margins will be challenged again. Mills need margin to justify the large capital requirements of our business.
207	Many building products industries have 40 to 50% overcapacity; many companies added capacity in the market boom just prior to the collapse. Much of this capacity was never fully used.
208	Small, inexperienced cabinet companies entered the commercial sector when residential construction began to dive, and they've gained market share with below-cost bidding. They will eventually thin out, but it has severely hurt qualified and experienced companies.
209	Pricing in the industry reflects oversupply and lack of demand.
210	The vast majority of our larger customers can produce what we produce (components) and have chosen to do so. With so much excess capacity, it is unlikely that these customers will begin outsourcing in earnest for quite some time.
211	Challenge is to balance inventory with true demand.
212	Our industry would operate more efficiently with "real time data." Market report data today is 2-5 weeks behind actual market conditions. Everyone from the landowner to the end-user needs to respond quicker.
213	Difficult to compete with companies whose financial situations have grown so desperate that they use "desperation pricing" to maintain cash flow without concern for profits.

**APPENDIX F: Barriers & Challenges Identified through Pre-Forum Surveys**

**Sustaining Industry Base and Profitability**

**Log/Timber Availability and Costs**

214	High cost of owning forestland due to competing forces such as subsidized cropland and urban sprawl causing forestland to be divided into smaller units and converted to other uses.
215	Lack of innovation in logging raises costs of providing raw materials to sawmills.
216	Lack of low-grade markets reduces harvesting operability and profitability, while encouraging poor forestry practices.
217	Municipal ordinances limit access to stumpage from private lands.
218	Uncertainty of long-term availability of quality timber supply from willing sellers.
219	Timberland owners put a low priority on timber management. Increasing preservation and parcelization of private forests--often by urban owners with a negative view of timber harvesting or conservancies who would only harvests because of some major disaster--is making stumpage acquisition more difficult and expensive.
220	Fragmentation reduces timber availability.
221	Despite government data indicating a large and growing hardwood resource, most mills are struggling to maintain adequate log inventories.
222	Industry lacks cohesive strategy for dealing with the increased pressure biofuel and biomass markets are putting on the hardwood resource. How will the use of wood and whole trees impact the availability of timber for sawmills? What impact will subsidies have on timber prices? Will these markets encourage clearcutting and monoculture plantations to the detriment of the environment and wildlife?
223	U.S. forests are poorly managed and underutilized. We're not harvesting growth.
224	TIMOs hold much of what once was an industrial timber base. They have a shorter investment view and are more likely to sell property in the short term, further adding to the problem of fragmentation.
225	Lumber industry facing increasing resource competition from other hardwood industry segments such as pallet mfrs, grade lumber companies, coal mine timber, and pulpwood producers, as well as dragline mat suppliers
226	Landowners are not cutting timber due to the lack of low-grade log markets.
227	Lower log prices during the last few years have caused many forest land owners to postpone timber harvests, resulting in a very short supply of available standing timber.
228	The market for timberland often includes consideration of higher-and-best uses other than timber production. Addressing these higher-and-best uses often results in deviations away from investing in the tract from a timber perspective and in managing for optimal timber production.
229	Sound natural hardwood silviculture generally does not target and select for specific species/products, which, coupled with the volatility in the lumber sector, makes it difficult to plan forestry operations to achieve targeted returns and meet landowner/investor expectations.

**Lack of Loggers**

230	Increased costs (workers comp, BMP compliance, equipment purchase/maintenance, timber costs) make it difficult to be profitable.
231	There is a lack of independent loggers. Logging provides low paying jobs, attracting mostly unskilled and untrained workers.
232	Logging infrastructure is outdated and inefficient.
233	High school students are unaware of careers in logging and are, thus, not gravitating towards the profession.
234	Loggers and logging company ownership are aging, and with an uncertain future, it is difficult to attract investors and few company owners have plans for transfer of ownership.
235	Banks are unwilling to loan to loggers for start-up and operations, which will extend the recovery of logging capacity.

**APPENDIX F: Barriers & Challenges Identified through Pre-Forum Surveys**

**Sustaining Industry Base and Profitability (cont.)**

**Declining Sawmills/Supply Problems**

236	So many hardwood sawmills have gone out of business that the lumber supply presents a huge long-term dilemma. It will hold back industry growth when lumber demand improves.
237	Supply infrastructure has been so diminished that we've had to bring more of the supply functions in-house.
238	Difficult to predict production and pricing from sawmills.
239	Availability of green lumber has been reduced as primary producers increasing build their own dry kilns.
240	Financial stability of hardwood lumber producers is precarious
241	Lean lumber infrastructure creates market volatility.
242	Ageing sawmill ownership presents additional supply concerns. Few have transfer of ownership plans and difficulties in attracting investors mean there may not be adequate numbers to replace them.
243	Consolidation of production creates localized supply imbalances.
244	Hard to get sawmills to cut to specific needs, including lower volume species.
245	Sawmills shy away from lesser-known species such as Beech, Sycamore, Cottonwood and Hackberry that not fully utilized for higher-valued finished goods.
246	Difficult for manufacturers to develop strategic supply relationships given the reduction in lumber producers and the shifting of manufacturing to other continents.
247	Tough for sawmills to qualify for start-up and operating loans.
248	Lumber production has been so greatly reduced, it is difficult to maintain a balanced & complete inventory ahead for our customers while maintaining our high quality standards.

**Human Resources**

249	There is a lack of innovative people coming into the industry.
250	Pressure on available labor pool makes it more difficult to attract and retain quality people
251	Immigration is a growing workforce issue.
252	Sales personnel are not trained in domestic and export marketing, and often are not professional or knowledgeable.
253	Public perception that the forest products industry is a low-tech, non-attractive career choice, coupled with the belief that the industry is dying.
254	Maintaining workforce motivation.
255	Difficulty in attracting and training workforce for logging, forestry and the processing industry.
256	Finding workforce with basic education and proper training and skills in math, reading, computers, communication.
257	We are a labor intensive industry, thus labor costs greatly impact manufacturing costs.
258	Reduced production/sales requires balancing of labor assets and keeping them mobile.
259	Changing work ethic and lack of hardworking employees.
260	Providing living wage and health care benefits to attract/retain people, especially lower-end workers, is challenging.
261	Hard to find new employees who can recognize opportunity and have a desire to grow with the company.
262	I am concerned that we'll lose key employees/managers who will pursue a "different set of problems" due to burnout and a less than optimistic outlook for the building products industry, etc.

**APPENDIX F: Barriers & Challenges Identified through Pre-Forum Surveys**

**Sustaining Industry Base and Profitability (cont.)**

**Banks/Lending/Financial**

263	Banks won't lend to our industry. We're painted with the same red brush as housing-related industries.
264	Loggers, lumber suppliers and other industry companies need increased lending from both commercial banks and federal charter institutions, such as the land banks.
265	We are a financially weakened industry facing insufficient availability of credit and lack of working capital.
266	Banks' lack of risk tolerance for our industry has already and will continue to make it difficult to secure capital to support a production ramp up when demand justifies it.
267	We need upgraded equipment to be more productive but it is difficult to obtain financing for capital projects.
268	New government banking regulations will produce additional financial challenges.
269	Industry needs more options for financing than banks, especially since banking industry's image of hardwood industry is negative.
270	There are reduced investment funds available for land purchases.
271	Investors are generally ignorant about hardwood forest and thus reluctant to invest in this type of asset.
272	We have more debt than we would like, but efforts to get stronger on the balance sheet limits our ability to grow through acquisition or R&D.
273	A lot of mills have closed because they can't get enough credit to cover severe customer credit risks.
274	Banks won't loan you any money for any reason, but they will charge you outrageous fees to keep your line of credit open.
275	Our business is so capital intensive; it takes a lot of money to make small amount of money.
276	Our credit line once gave us the stability to weather the 3-year storms that periodically come.
277	We've been forced to change banks even though we are extremely financially sound and owed our former bank less than 4% on our line of credit.
278	Delayed payments causing cash flow problems.
279	The volatility of cash flow from operations has been exacerbated by the use of financial leverage.

**Raw Material Exporting**

280	Willingness to export logs and lumber rather than making them into semi-finished or finished products domestically creates increased foreign pressure on the raw materials needed by domestic manufacturers...from the very countries/companies that are then turning around and competing against U.S. manufacturers for domestic market share.
281	Domestic companies facing pressure from Canadian log markets.
282	We don't want to stop exporting hardwood products and raw materials, but we need to be able to compete in a market that is fair, in order justify strategies and investments to maintain our competitiveness.

**APPENDIX G: Breakout Session Rosters**

Breakout Session 1-A

Room: Queen's Court Ballroom

## Product Marketing

George Barrett	Hardwood Publishing Co., Inc.
Romel Bezerra	Elof Hansson USA
Chris Bingaman	Bingaman & Son Lumber, Inc.
Terry Brennan	Baillie Lumber Co.
Dave Forst	Woodcraft Industries, Inc.
Chris Ghiloni	American Woodmark Corp.
Tony Honeycutt	Mullican Flooring
Jim Howard	Atlanta Hardwood Corp.
Pem Jenkins	Turn Bull Lumber Company
George Nickell	Nickell Moulding Company
Art Raymond	Hooker Furniture Corp.
Dave Redmond	Highland Hardwood Sales, Inc.
Bradley Stovall	Stanley Furniture Company, Inc.
Emmet & Linda Vaughn	Emmet Vaughn Lumber
Galen Weaber	Weaber Inc.
Jeff Wirkkala	Hardwood Industries, Inc.
Chris Zinkhan	The Forestland Group

**APPENDIX G: Breakout Session Rosters**

Breakout Session 1-B

Room: Cotillion C

## Public Education/Green Issues

Chuck Alexander	Forecon
Nancy Arend	Weyerhaeuser/Northwest Hardwoods
Teresa Bell	Kentucky Millwork
Dave Bramlage	Cole Hardwood
John Brown	Pike Lumber Company, Inc.
Bill Buchanan	Buchanan Hardwoods
John Crites	Allegheny Wood Products
Roy Cummings	Cummings Lumber
Jameson French	Northland Forest Products, Inc.
Mark Haddix	Farm Credit of the Virginias, ACA
Charlie James	WoodMart Shutters
Mike Johnston	Babcock Lumber Co.
Doug Martin	Pollmeier Inc.
Dan Mathews	SII Dry Kilns
Jeff Meyer	Baillie Lumber Co., Inc.
Gary Middleton	USNR
Norm Murray	U•C Coatings
Chris Watson	Conestoga Wood Specialties Corp.

**APPENDIX G: Breakout Session Rosters**

Breakout Session 1-C

Room: Cotillion B

## Sustaining the Industry

Dean Alanko	Allegheny Wood Products International
Witt Hill	John Hancock-Bond and Corp. Finance
Paul Barringer	Coastal Forest Resources
Rick Burnett	Cross Creek Sales, Inc.
Dave Daut	Fountains Forestry, Inc.
Jeff Durst	Hull Forest Products, Inc.
Bob Dyson	Georgia Hardwoods
Jeff Edwards	Edwards Wood Products Inc.
Robin Etienne	Phil Etienne's Timber Harvest, Inc.
Peter Hairston	Private Landowner
Jack Hatfield	Jim C. Hamer Co.
Steve Houseknecht	Wagner Lumber, Inc.
John & Sally Ouellette	Private Landowner
Mike Poor	Thompson Industries, Inc.
Jim Sitts	Columbia Forest Products
Tom Talbot	Glen Oak Lumber & Milling
Thad Taylor	AgChoice Farm Credit
Bob Vogel	Hardwoods of Michigan
Jeff Wikle	TerraSource Valuation, LLC
Gene Willcutt	Stella-Jones Corp.

**APPENDIX G: Breakout Session Rosters**

Breakout Session 1-D

Room: Cotillion A

## Economy/Trade

Doug Bassett	Vaughn-Bassett Furniture Co.
Blaine Burroughs	Armstrong Floor Products
Bob Conger	Coastal Lumber Co.
Grafton Cook	Missouri-Pacific Lumber Co., Inc.
Jim Dills	Baillie Lumber Co., Inc.
Don Finkell	Anderson Hardwood Floors
Skip Holmes	Thomas & Proetz Lumber Company
Rick Lang	Highland Hardwoods
Greg Lottes	Danzer Veneer Americas
Claude McNiel	Hunter Douglas
Charlie Netterville	Fred Netterville Lumber
Mike Parton	Gilkey Lumber Co., Inc.
Ted Rossi	Rossi Lumber
Mark Vollinger	W.M. Cramer Lumber Co.
Howe Wallace	PalletOne, Inc.
Gary Williams	Koppers
Larry Wright	Hassell & Hughes Lumber Co.
Melvin Yoder	Yoder Lumber Company, Inc.

**APPENDIX G: Breakout Session Rosters**

Breakout Session 2-E

Cotillion C

## Mature Industry/New World

Teresa Bell	Kentucky Millwork
John Brown	Pike Lumber Company, Inc.
Bob Conger	Coastal Lumber Co.
Jim Dills	Baillie Lumber Co., Inc.
Bob Dyson	Georgia Hardwoods
Robin Etienne	Phil Etienne's Timber Harvest, Inc.
Dave Forst	Woodcraft Industries, Inc.
Mark Haddix	Farm Credit of the Virginias, ACA
Peter Hairston	Private Landowner
Jack Hatfield	Jim C. Hamer Co.
Tony Honeycutt	Mullican Flooring
Steve Houseknecht	Wagner Lumber, Inc.
Rick Lang	Highland Hardwoods
Dan Mathews	SII Dry Kilns
Claude McNiel	Hunter Douglas
Gary Middleton	USNR
Norm Murray	U•C Coatings
Charlie Netterville	Fred Netterville Lumber
Art Raymond	Hooker Furniture Corp.
Tom Talbot	Glen Oak Lumber & Milling
Howe Wallace	PalletOne, Inc.
Chris Watson	Conestoga Wood Specialties Corp.
Jeff Wikle	TerraSource Valuation, LLC
Gene Willcutt	Stella-Jones Corp.
Gary Williams	Koppers
Larry Wright	Hassell & Hughes Lumber Co.

**APPENDIX G: Breakout Session Rosters**

Breakout Session 2-F

Room: Cotillion B

## Government/Regulatory

Chuck Alexander	Forecon
Terry Brennan	Baillie Lumber Co.
Bill Buchanan	Buchanan Hardwoods
Grafton Cook	Missouri-Pacific Lumber Co., Inc.
John Crites	Allegheny Wood Products, Inc.
Roy Cummings	Cummings Lumber
Dave Daut	Fountains Forestry, Inc.
Jeff Durst	Hull Forest Products, Inc.
Jeff Edwards	Edwards Wood Products Inc.
Chris Ghiloni	American Woodmark Corp.
Skip Holmes	Thomas & Proetz Lumber Company
Jim Howard	Atlanta Hardwood Corp.
Charlie James	WoodMart Shutters
Mike Johnston	Babcock Lumber Co.
Greg Lottes	Danzer Veneer Americas
Doug Martin	Pollmeier Inc.
Mike Poor	Thompson Industries, Inc.
Jim Sitts	Columbia Forest Products
Thad Taylor	AgChoice Farm Credit
Mark Vollinger	W.M. Cramer Lumber Co.
Galen Weaber	Weaber Inc.

**APPENDIX G: Breakout Session Rosters**

Breakout Session 2-G

Room: Cotillion A

## Industry Dynamics

Dean Alanko	Allegheny Wood Products International
Nancy Arend	Weyerhaeuser/Northwest Hardwoods
Witt Hill	John Hancock-Bond and Corp. Finance
George Barrett	Hardwood Publishing Co., Inc.
Paul Barringer	Coastal Forest Resources
Doug Bassett	Vaughn-Bassett Furniture Co.
Romel Bezerra	Elof Hansson USA
Chris Bingaman	Bingaman & Son Lumber, Inc.
Dave Bramlage	Cole Hardwood
Rick Burnett	Cross Creek Sales, Inc.
Blaine Burroughs	Armstrong Floor Products
Don Finkell	Anderson Hardwood Floors
Jameson French	Northland Forest Products, Inc.
Pem Jenkins	Turn Bull Lumber Company
Jeff Meyer	Baillie Lumber Co., Inc.
George Nickell	Nickell Moulding Company
John & Sally Ouellette	Private Landowner
Mike Parton	Gilkey Lumber Co., Inc.
Dave Redmond	Highland Hardwood Sales, Inc.
Ted Rossi	Rossi Lumber
Bradley Stovall	Stanley Furniture Company, Inc.
Emmet & Linda Vaughn	Emmet Vaughn Lumber
Bob Vogel	Hardwoods of Michigan
Jeff Wirkkala	Hardwood Industries, Inc.
Melvin Yoder	Yoder Lumber Company, Inc.
Chris Zinkhan	The Forestland Group

**APPENDIX H: Priority Barriers Determined by Breakout Sessions, By Thematic Areas**

Economy and Trade		Votes
5	The American consumer lacks financial health and economic confidence.	12
305	Availability of commercial working capital.	9
41	Government regulations/mandates make U.S. primary and secondary wood processors non-competitive in the global market. We need to draw manufacturers home and allow them to compete on an equal keel.	4
4	Housing market is not likely to recover over the next few years.	3
19	Despite the lower quality of Foreign products and the questionable legal sourcing of their raw materials concerns some North American customers, much is overlooked when the price is so low.	3
18	We have shrinking markets due to the low cost of offshore substitutes and the perception that they are greener than North American hardwoods.	2
300	Reduced Consumer purchase power	2
20	Some manufacturers fail to understand the hidden costs of imports (quality, inventory, domestic backup). Are they really less expensive?	1
25	Our traditional customer base and volume is greatly reduced. So, we are forced to look at other markets and try things (i.e. vertical integration). Some have worked moderately well, others not at all, and only a few very well.	1
30	Trade disputes and protectionism continue, both in the U.S. and abroad. Unfair trade practices: dumping, tariffs and subsidies imposed by international markets	1
32	The consumer is motivated by price,	1
38	Cost of labor high in U.S. relative to other countries.	1
43	U.S. hardwoods have difficulty competing on equal footing with foreign timber given illegal harvesting.	1
304	Availability of Consumer Credit	1

\*Barrier numbers 300 and above were added during the breakout session.

**APPENDIX H: Priority Barriers Determined by Breakout Sessions, By Thematic Areas**

Industry Dynamics and Relationships		Votes
402	Absence of cooperation/collaboration between hardwood sector members (from landowners through secondary manufacturers) to address major challenges, provide unified voice, raise funds, and provide effective leadership.	19
400	Trade associations and industry members are not providing enough funding to effectively monitor/influence federal and state legislative/regulatory issues.	12
401	Trade associations and industry are not providing enough funding for promotions.	12
52	Independent industry members and associations hold onto turf, creating conflict and competition. Elected leaders and staff need to work together.	8
54	There are too many trade associations with too little focus and too much overlap. Individually they diminish the impact that combined efforts could have. Duplicated management wastes industry funds that could be used to maximize industry benefits.	7
47	Industry fragmentation prevents coordinated planning to address major challenges, reach consensus on a unified vision and achieve common goals.	3
50	Large segments of the industry that do not belong to or support trade associations.	3
60	Lumber and manufacturing sectors are fragmented, with no one group of manufacturers, importers, retailers or suppliers large enough to mount a meaningfully funded campaign to improve operating environment or change consumer behavior/perception.	3
46	There is an absence of collaboration/cooperation between timberland owners, sawmill operators and secondary manufacturers. Players ultimately focus on their own short-term gains satisfaction than that of the supply chain's end consumers.	1
55	Most trade associations are weak.	1
56	Trade associations not providing enough leadership in Washington, with state governments, with promotions and with monitoring forests.	1
59	The industry for too long has not had cohesive leadership or plan for the future. We blame our inability to work together on fragmentation. We need one spokesperson/agency who can speak for all.	1

\*Barrier numbers 400 and above were added during the breakout session.

**APPENDIX H: Priority Barriers Determined by Breakout Sessions, By Thematic Areas**

Government and Regulatory		Votes
93	High costs of doing business (health insurance, wages, taxes, etc.) make U.S. hardwoods uncompetitive with other products, including imported wood, imported products and non-wood substitutes.	12
86	Our industry suffers from a lack of political support at every level, especially compared to countries like Canada, which strongly supports its wood industries.	10
78	Burdensome regulations: OSHA, state BMPs, immigration, health care, trucking, emissions, wood dust, workers comp, employee benefit mandates, fuel taxes.	7
505	Government regulations and policies are incrementally eroding private property rights.	7
501	Environmental groups use legal handcuffs to restrict harvesting of public lands.	5
75	Taxes make forestland ownership costly, reduce profitability, discourage investment in land, and encourage conversion to alternate uses.	3
91	A significant portion of hardwood forest inventory is on public land, and the low level of harvest on these lands artificially restricts the supply of hardwood logs.	3
503	U.S. tax policies are anti-business (present, and future uncertain)	3
506	Government subsidies (BCAP, ethanol, black liquor) picking winners and losers.	3
500	Government encourages/endorse/mandates uses of LEED	2
502	U.S. Forest Service data indicates forest sustainability, but USFS refuses to verify sustainability of American hardwood forests.	2
76	Taxation policy should be improved to incentivize landowners to sell timber as part of good forestry.	1
77	Inheritance tax policies must be stabilized and improved so that timberlands aren't lost in generational ownership transfers.	1
80	Government regulations contribute to the perception that our industry is detrimental to the environment and less green than alternative building products.	1
82	Government spending has put fear into the public. No one knows where the spending spree will leave us as a nation and consumers are therefore reticent to invest in housing or anything else.	1
84	Government not actively supporting U.S. manufacturing or helping make it competitive with Asian countries.	1
89	Closing forests to logging minimizes the value of the raw material and it therefore goes to waste due to forest fires, disease, infestation or just decay.	1
504	U.S. tax policy discourages long-term forest management (REIT/TIMO)	1

\*Barrier numbers 500 and above were added during the breakout session.

**APPENDIX H: Priority Barriers Determined by Breakout Sessions, By Thematic Areas**

Product Marketing		Votes
106	"American Hardwoods" lack brand identity in the marketplace. There is little distinction in the consumer's mind between U.S. hardwoods and other hardwoods. Industry lacks a brand that can be attached to its product and used in promoting hardwoods to the consumer; a brand consumers will recognize on hearing or seeing in print. All segments of the forest products industry—including architects, designers, secondary manufacturers, and dealers—have not worked together to promote a unified message about hardwoods	26
112	We lack marketing expertise and the understanding of its potential to increase industry profits.	8
108	Consumers have lost an appreciation for solid wood products. Fewer people understand the difference between real wood and its many faux substitutes. We haven't told them why they should value solid wood, and North American hardwoods in particular, thus our cast-off society prefers quick and cheap over long-lasting quality, and we lose market share to less expensive and less sustainable alternatives worldwide.	5
601	Lack of voluntary funding makes marketing difficult	5
604	Diversification and fragmentation of industry makes marketing difficult	4
608	Where do we direct our marketing?	3
118	Competing products (bamboo, exotics, imports, etc.) are better promoted than American hardwoods.	2
122	Hardwoods are losing market share in applications traditionally served by solid hardwoods because architects, designers and specifiers are not educated about the features, functions and benefits of solid hardwoods.	2
607	We don't know how to sell the value proposition of American hardwoods	2
114	The industry lacks willingness to embrace new marketing techniques, particularly through the Internet.	1
116	Differentiating our products is difficult, if not impossible, when sourcing from factories that supply a number U.S. developers/distributors.	1
120	Alternative non-wood look alike products provide a low-cost alternative to solid hardwood products.	1
123	Substitute materials benefit from strong lobbying by associations and companies that erroneously pitch these products as sustainable, or more sustainable than hardwoods.	1
600	Changes in pricing make value based marketing difficult	1
602	"Wood as fashion" biased against traditional American hardwoods	1
603	Lack of product innovation and marketing	1

\*Barrier numbers 600 and above were added during the breakout session.

**APPENDIX H: Priority Barriers Determined by Breakout Sessions, By Thematic Areas**

Public Education/Green Issues		Votes
151	Public believes that cutting trees is bad. They fill their homes with competing products, believing it is the smart, eco-friendly thing to do. They fail to recognize true costs of competing materials in terms of energy, waste, transportation, etc. The widespread public perception--fueled in part by environmental NGOs and the media--is that American timber and forest management practices are unsustainable and that forests are disappearing. There is a lack of understanding in the general public about the many benefits derived from well managed forestlands.	13
156	There is a lack of resources to get our message out consistently and to campaign against anti-industry environmental propaganda in a timely manner. Industry's limited scale and financial resources constrains capacity to wage major promotional campaign.	13
130	Despite having the historic data to do it, the USDA Forest Service has failed to certify as sustainable all U.S. hardwood forests and timberlands (public and private).	12
134	LEED and most international green building standards fail to recognize all the positive attributes of wood and ignore life cycle analyses of all the competing materials to wood.	8
159	Fragmentation and independence makes it difficult to reach consensus on a unified industry vision.	4
153	Industry is not marketing, selling, training, leading or directing consumers to the facts that "wood is good" and "trees are the answer."	2
140	Certification organizations have carved an economic niche and will often fight any message from the industry seeking more forest access. They will often challenge any claims industry makes about forest health and the value of managing forests.	1
152	U.S. children are conditioned to have a negative view of forest products by some teachers and the teaching materials often are inaccurate or misleading.	1
706	Lack of information about hardwoods and ignorance about positive environmental aspects of American hardwoods in design/architect educational system.	1
707	No differentiation in perception of forest management between softwood & hardwoods.	1

\*Barrier numbers 700 and above were added during the breakout session.

**APPENDIX H: Priority Barriers Determined by Breakout Sessions, By Thematic Areas**

Adapting Mature Industry to New World		Votes
186	Institutional memory; i.e. failure to employ new strategies to break reliance on historic business models.	11
212	Our industry would operate more efficiently with "real time data." Market report data today is 2-5 weeks behind actual market conditions. Everyone from the landowner to the end-user needs to respond quicker.	11
197	We have lost much of the benefits of our value added process. We continue to do more for less...add more value, take more risk, encumber more capital investment as our profit margins continue to decline.	8
162	Customer demands for value-added services are increasing. Demands for special specifications-- sorting for length, width, color, grain and grade--are also changing/growing, and don't always reflect what the logs produce, may require equipment investments	7
185	Difficult to buy a tract of timber today when there is no certainty where lumber demand/prices will be in three years when the lumber from that tract hits the market.	6
802	Need better forecasts - from customers	6
166	Consumers have a general lack of understanding regarding wood characteristics and properties; expect wood to look, feel and act like plastic or metal with no imperfections.	4
801	Customer/Supplier relationships	3
177	Manufacturers face extreme lumber price fluctuations, have no opportunity to hedge and find it impossible to pass along rapidly rising lumber costs.	2
179	Lumber, logs and transportation prices are erratic.	2
182	There has been a compression of manufactured goods' price points. The collapse of the high end has reduced the spread between good/better/best and increased competition at each level.	2
183	The cycles in the hardwood lumber pricing are becoming more compressed and there is little or no relation between the pricing of finished goods and the cost of raw materials, making procurement planning akin to fortune telling.	2
201	Low profit margins reduce ability to make capital investments.	2
211	Challenge is to balance inventory with true demand.	2
803	Lack of information to loggers and consulting foresters	2
187	Lack of forward thinking when it comes to sawmill design and operation. Failure to employ technologies already mature in other industries or other sectors of the forest products industry.	1
190	New or innovative uses, applications, and processing techniques need to be developed whereby hardwood products can be introduced and more appreciated.	1
195	The secret to U.S. industry success and survival has been having the best equipped factories in the world. Every year there are fewer machinery suppliers making the large, innovative machines we need to continue to lower our costs. It is getting harder and harder to find anyone creating innovative equipment that is also scaled for our large factories and large cuttings.	1

\*Barrier numbers 800 and above were added during the breakout session.

**APPENDIX H: Priority Barriers Determined by Breakout Sessions, By Thematic Areas**

Sustaining Industry Base and Profitability		Votes
231	There is a lack of certified loggers. Logging provides low paying jobs, attracting mostly unskilled and untrained workers.	12
265	We are a financially weakened industry facing insufficient availability of credit and lack of working capital.	9
214	High cost of owning forestland due to competing forces such as subsidized cropland and urban sprawl causing forestland to be divided into smaller units and converted to other uses.	8
253	Public perception that the forest products industry is a low-tech, non-attractive career choice, coupled with the belief that the industry is dying.	8
900	Public land restrictions on harvesting.	7
218	Uncertainty of long-term availability of quality timber supply from willing sellers.	4
909	Tax policies force landowners to cut timber or convert land in order to pay taxes.	3
902	High cost of capitalization	2
904	The high cost of workers compensation.	2
219	Timberland owners put a low priority on timber management. Increasing preservation and parcelization of private forests--often by urban owners with a negative view of timber harvesting or conservancies who would only harvests because of some major disaster--is making stumpage acquisition more difficult and expensive.	1
221	Despite government data indicating a large and growing hardwood resource, most mills are struggling to maintain adequate log inventories.	1
223	U.S. forests are poorly managed and underutilized. We're not harvesting growth.	1
228	The market for timberland often includes consideration of higher-and-best uses other than timber production. Addressing these higher-and-best uses often results in deviations away from investing in the tract from a timber perspective and in managing for optimal timber production.	1
234	Loggers and logging company ownership are aging, and with an uncertain future, it is difficult to attract investors and few company owners have plans for transfer of ownership.	1
246	Difficult for manufacturers to develop strategic supply relationships given the reduction in lumber producers.	1
262	I am concerned that we'll lose key employees/managers who will pursue a "different set of problems" due to burnout and a less than optimistic outlook for the building products industry, etc.	1
263	Banks won't lend to our industry. We're painted with the same red brush as housing-related industries.	1

\*Barrier numbers 900 and above were added during the breakout session.

**APPENDIX I: Barriers by Thematic Area that were Stricken or Received No Votes**

**Economy and Trade - No Votes**

1	We are shifting to a service-based economy
2	In today's world economy, we are at the mercy of domestic and global economic conditions beyond our control.
3	The bubble of consumer activity we enjoyed during the boom years means many buyers simply will not be willing or able to make purchases in the near future.
6	World economy is critically important
7	Even in the best of times, the hardwood industry only had a limited customer base.
8	The cyclical nature of the hardwood industry is a barrier; the industry is unable to help itself in a down cycle, and too busy making money in an up cycle to do what is needed.
10	The manufacture of labor intensive products and components/parts are being offshored, eliminating a significant domestic customer base. Need to re-establish this manufacturing base domestically. Pressure on domestic manufacturers from low-value imports is increasing.
11	U.S. hardwood companies struggle to compete with subsidized offshore manufacturing.
13	U.S. secondary wood products manufacturers struggle to compete with subsidized offshore manufacturing.
14	Cheap labor, government subsidies, corrupt business practices and lack of environmental controls allow overseas manufacturers--particularly those in China--to offer unfair pricing, making it difficult for U.S. firms to compete and destroying American industry.
15	Quality of imported furniture has hurt the quality perception for all furniture.
16	Before offshored manufacturers and finishers could return to the U.S., they would need a guaranteed supply of raw materials. But, U.S. mills are not going to cut, dry and store lumber in a bad economy without confidence in how much they will be able to sell. It's a chicken-and-egg problem.
17	Manufacturers in China, Vietnam and elsewhere--including former U.S. manufacturers that have shifted towards outsourced manufacturing--are not loyal to American hardwoods and more likely to pursue substitutes, including hardwoods from other parts of the world as well as more veneer and non-wood items.
21	Traditional U.S. manufacturing utilized many grades of hardwood lumber. Overseas manufacturing has shifted domestic demand towards industrial uses, leaving a loss of balance in the market across the lumber grade spectrum.
22	Loss of domestic markets for lumber has forced us to increase our export sales
23	Limited pricing potential for exports due to ready supply of raw materials from countries like Russia
24	The hardwood sector's dependence on domestic markets, especially new housing and remodeling, makes it very sensitive to external factors.
26	Global product demand is down.
27	We've lost many of our domestic customers.
28	We have too few customers left to service in our region to maintain our past sales levels and to operate at an efficient level...there is still way too much competition in the distribution yard trade for the business available in our region.
29	U.S. hardwoods, parts and finished products subject to political discrimination or exclusion from some international markets.
31	Policies do not promote economic growth in some international markets.
34	Small producer has difficult access to global markets.
35	Quebec foreign trade industry is partially subsidized by government.
36	U.S. citizens need to prepare to compete on a global plane regarding skills, labor, expertise and product delivery...which includes being willing to accept lower compensation.
37	Lack of tax incentives for businesses in America.
39	Doesn't make economic sense to manufacture/convert raw materials in U.S.

**APPENDIX I: Barriers by Thematic Area that were Stricken or Received No Votes**

**Economy and Trade - No Votes (cont.)**

40	Comparative advantages offer Asian secondary processors a cost edge vs. U.S. secondary processors, creating a geographic separation between U.S. lumber producers and their customers, and there is usually no internal coordination between the two.
42	Our "free market economy" is being abused and manipulated from overseas.
301	Reduced Product Lifespan Expectations
302	Unfavorable Tax Structure
303	Lack of international free markets
306	Cost of Health and Insurance Benefits

\*Barrier numbers 300 and above were added during the breakout session.

**APPENDIX I: Barriers by Thematic Area that were Stricken or Received No Votes**

**Industry Dynamics and Relationships - No Votes**

44	Some manufacturers don't understand that their raw material suppliers are their friends.
45	Lack of inter-industry communication about supply levels, demand rates, and current trends causes poor choices or lack of action.**
48	Some lumber manufacturers are out of step and indifferent to the needs of secondary manufacturers.
49	Lumber sellers need to recognize that each manufacturing sector has different raw material needs; they should market and price lumber accordingly.
51	There is a general lack of understanding of how each hardwood segment operates and what information is needed to reduce costs.
57	Trade association dues are out of line considering what they deliver.
58	Trade associations bogged down by regional differences and petty vested interests.
61	Industry fragmentation contributes to extremely low profit margins in the hardwood sector.**
62	Narrow choice selection of products using hardwoods.
63	Complicated export trail/documents, payment procedures, insurance, etc.
64	Lack of networking opportunities.
65	Consumers lack skill and tools to do home woodworking projects.
66	It's hard to get good wood makers/installers/contractors for projects.
67	No labeling requirement on furniture/cabinetry, etc.
68	Most of us have been forced to compromise our standards in order to survive the last few years...credit...profit margins...size of shipments to customers, etc. Long-term this will undermine our efforts for a bright future.
69	It has been very challenging over the last 24 months to forecast clearly, which has changed my risk profile.

\*Barrier numbers 400 and above were added during the breakout session.

\*\*Not discussed due to anti-trust concerns.

**APPENDIX I: Barriers by Thematic Area that were Stricken or Received No Votes**

**Government and Regulatory - No Votes**

70	Uneven enforcement of government regulations from state-to-state creates large disparities in operating costs.
71	Costs (taxes, fees) associated with state, federal and local government regulations are rising faster than the industry's ability to absorb them, increasing operating costs and difficulty of doing business.
72	Size of government stifles industry productivity.
73	Inconsistent trucking regulations increasing costs, reduce profitability.
74	Compliance with increasing demands from the EPA, the IRS and health care will drive many companies out of business. Paperwork requirements are overwhelming for small businesses.
79	Uncertainty about future environmental and regulatory regulations, such as "cap and trade," may impact log availability and reduce the availability of affordable hardwoods.
81	Worker's comp board is hostile to business.
83	Audits, regulations etc. demonstrate that the government views the industry as an enemy and only add to the complexity and cost of what we do. Overseas governments don't treat their industries this way.
85	Small mills fall under state and federal regulators' radar screens and don't comply with all OSHA and EPA requirements. They therefore have lower operating costs and drive timber prices higher than compliant mills can pay.
87	Tort reform needed to control malicious lawsuits.
88	Conditions on government-owned timber sales (up-front payments, bonds, road construction, reclamation, etc.) make them extremely costly.
90	Bureaucratic limitations limit access to affordable raw material from public lands.
92	Fluctuating and high transportation costs (inland and export containers) make American hardwoods less competitive in international markets.
94	Constant increases in non-operating costs (insurance, benefits, regulations, fuels, utilities, and soon-to-be interest rates).
95	Fuel pricing and availability.
96	Energy costs.
97	Risk management costs (workman's comp, insurance, etc.)
98	Unstable shipping costs (land and sea) do not allow the industry to price its product for any length of time.
99	Federal and state fiscal policies create more overhead, provide little stability to move ahead.
100	Rising costs and declining revenue.
101	Impacts of invasive diseases/pests on mortality, species variety, forest health and productivity (EAB, Thousand Cankers Disease).
102	Climate change impacts, such as on Hard Maple in the northern forest.
103	Long-term, healthy forestry practices are not rewarded over short-term deforestation practices, such as urbanization.
104	Current forest management's goal of sustaining the top three species (Red Oak, White Oak and Poplar) is not healthy, limits forest diversity, and limits opportunities to diversify lumber sales.
105	Tree diseases and invasive species increase risk of forestland ownership for industry and private woodland owners.

\*Barrier numbers 500 and above were added during the breakout session.

**APPENDIX I: Barriers by Thematic Area that were Stricken or Received No Votes**

**Product Marketing - No Votes**

109	Consumers often cannot differentiate between wood species, even if they know they should value Oak and Cherry over Pine, Poplar or Rubberwood.
110	We lack scientific life cycle analyses to demonstrate cradle-to-grave advantages of hardwoods over substitute building materials and other mechanisms to verify species and grade-specific sustainability.
113	Consumers perceive U.S. wood products as expensive/overpriced because they fail to look at quality/workmanship. Retail distribution channels sell imported products on price instead of features, advantages and benefits of the product and materials used in construction. We need to change the mindset that cheaper is better.
115	Formerly high-end products (that had great margins) have become commodities--specialty hardwoods selling with softwood margins--this is not sustainable.
117	U.S. has an excellent supply of sustainable, temperate hardwoods that can fill the void left in global markets by stepped-up enforcement of illegal logging regulations; but we've got to market it.
119	High prices for North American hardwoods encourage substitution, i.e. pine's growing share of the pallet market.
121	Substitute products, such as MDF mouldings, are sometimes a better product than hardwoods for a given application.
605	No industry-wide programs to train sales people
606	We lack marketing expertise, funding, and unified message which undermines potential to increase industry profits

\*Barrier numbers 600 and above were added during the breakout session.

**APPENDIX I: Barriers by Thematic Area that were Stricken or Received No Votes**

**Public Education/Green Issues - No Votes**

124	We face continued pressure from both domestic and international environmental groups working against the harvest of hardwood timberlands and the use of wood.
125	Extremists on both sides can negatively impact the hardwood industry.
127	Teachers teach anti-wood propaganda.
128	American environmental lobby and media is hostile and poorly informed.
129	Lawsuits and the costs that litigation (money, time, energy, stress on key employees) bring to our company/industry.
131	State forestry agencies will be competing with third-party certifiers.
132	We must secure certification for all U.S. hardwood forests.
133	Industry needs to believe there are options to FSC, SFI and PEFC.
137	Perceived experts in green building are promoting the replacement of wood with plastics, metals, concrete, steel and glass as a more responsible way to build.
138	Green building codifiers may view industry participation in changing the green building rules akin to letting the fox in the henhouse.
139	Architects are specifying certified wood, which blocks access to a large percentage of American hardwoods, raises costs to consumers, and makes substitute raw materials more attractive.
141	European consumers are confused when it comes to the certification of American hardwoods.
142	FSC dominates the certification game due to its independent financial support from outside the industry, and will continue to add red tape and financial burden to distributors, making it difficult to remain price competitive and still turn a profit.
143	High cost of FSC enrollment relative to the added value of selling FSC lumber.
144	Lack of FSC sawmills to process timber and logs.
145	We need better promotion of what FSC means to consumers in order to create demand.
146	Promote the advantages of domestic FSC products and tighten the definitions/requirements to block backdoor product entry.
147	Criteria for sustainable forests differ between third-party certifying organizations.
148	Efforts of third-party certification systems are duplicated.
149	American hardwoods are not recognized as inherently sustainable by most international green certification schemes.
150	Green certification schemes are blocking access to markets and unnecessarily raising the costs of hardwood as a raw material.
154	Recycling of non-renewables (concrete, glass, metals and plastic) is being promoted as "more green" than the use of sustainable wood products.
155	The widespread public perception--fueled in part by environmental NGOs and the media--is that American timber and forest management practices are unsustainable and that forests are disappearing.
157	We lack education programs about why utilizing more wood from the U.S. is a good thing for the global environment.
158	There is a lack of understanding in the general public about the many benefits derived from well-managed forestlands.
160	Fragmentation of industry encourages "free riders" in coordinated marketing efforts.
161	We have an ineffective forest products lobby/press.
700	Most landowners do not receive financial incentives to become certified.
701	Differences among state forest policies and regulations prevent blanket certification.
702	Lack of 3rd party certification diminishes global market (market access) for U.S. hardwoods.
703	Anti-wood bias exists with environmental non-governmental organizations.
704	Industry's defensiveness about green credentials including certification.
705	Differentiating American hardwoods from the world's bad actors is difficult.

\*Barrier numbers 700 and above were added during the breakout session.

APPENDIX I: Barriers by Thematic Area that were Stricken or Received No Votes

Adapting Mature Industry to New World - No Votes

164	Secondary manufacturers' requirements are inflexible (e.g. cabinet moulding requirement of 96")
165	Consumer expectations are changing.
167	Consumers' appearance demands (wide-width flooring, for example) can negatively impact product performance.
168	Shift in home construction practices from suspended to slab foundations impacts market share for solid wood flooring.
169	Lack of understanding of U.S. grading rules in overseas markets makes it difficult to demonstrate the value of American hardwoods.
170	NHLA rules are somewhat irrelevant and not designed to allow end-users to maximize value throughout the supply chain. Grading rules should be specific to end consumers (e.g. cabinets, flooring) and driven all the way back to the bucking of the logs in the woods.
171	Foreign grading rules are a threat.
172	There are no global standards for hardwood products.
173	U.S. standards are different from other countries' specifications, thus limiting where products can be sold globally.
174	Lumber grading procedures inconsistent between wood manufacturers. We get compared to companies which grade their incoming lumber less frequently. We are perceived as "picky" when simply all we expect is the material to be on grade.
175	Wildly fluctuating lumber prices cause instability in the industry.
176	Fluctuating log and lumber markets reduce predictability and profitability of land ownership.
177	Lack of a futures market for hardwood lumber subjects producers and consumers to high price volatility, with no mechanism to manage costs over a longer time frame.
180	Amount of variation in U.S. industry prices frustrates overseas buyers and forces them to look to non-U.S. woods as a solution.
181	Sharp increases in lumber pricing raises our inventory values and causes dilemmas in managing cash flow.
184	Everybody loses in price wars, yet they happen constantly.
188	Industry's production of commodity lumber (e.g. NHLA grades) in lieu of special sizes that may enable downstream efficiency.
189	"Make it and they will come" attitude doesn't work.
191	Industry is relatively unwilling to embrace new technologies for sales and marketing
192	U.S. production standards are different from other countries' buyer specifications, thus limiting where products can be sold globally.
193	Yield. Lumber is produced in random widths. Flooring is sold in stock widths. We produce the width of flooring that is in demand, resulting in yield loss from random-width lumber.
194	Too much resource is left in the woods; too much of the log is chipped rather than put into sawn products; too much sawdust is made. Recovery (yield) needs to be improved from tree to finished product. We still use something like only 10% of the tree.
196	The number of middlemen (wholesalers, exporters, distribution yards, etc.) has grown dramatically while production and sawmills have declined. Will be tough for these players to be very profitable or even survive. There are too many intermediaries between production and final customer.
198	Need advancements in machine and scanning technology.

\*Barrier numbers 800 and above were added during the breakout session.

**APPENDIX I: Barriers by Thematic Area that were Stricken or Received No Votes**

**Adapting Mature Industry to New World - No Votes (cont.)**

199	Lack of diversification has been the most difficult barrier for equipment manufacturers. We have increased our product offerings, but the equipment has little application beyond the lumber and wood products industry. Should we continue to invest in product development for the lumber industry or spend the same money to develop products to serve a non-lumber industry? If buyers in the lumber industry are only interested/able to afford used equipment and old technology with poor efficiency, what is the benefit for us in developing more desirable/efficient equipment?
200	Our industry is so small as a whole now, that I am afraid there will be little future technology development for the logging and manufacturing sectors.
202	Fragmented, overly suspicious, under-financed sawmill industry, often too conservative to take advantage of opportunities.
203	Productivity in remaining facilities has to be increased, with costs decreased (takes money).
204	We are "eating our young;" overproducing into improving markets, thereby driving down prices and profits.
205	Barriers to entry are too low, leading to relatively easy increases in capacity.
206	More sawmill capacity needs to be taken out of the system at current demand levels. If capacity is not reduced further, raw material prices will increase, selling prices will fall and margins will be challenged again. Mills need margin to justify the large capital requirements of our business.
207	Many building products industries have 40 to 50% overcapacity; many companies added capacity in the market boom just prior to the collapse. Much of this capacity was never fully used.
208	Small, inexperienced cabinet companies entered the commercial sector when residential construction began to dive, and they've gained market share with below-cost bidding. They will eventually thin out, but it has severely hurt qualified and experienced companies.
209	Pricing in the industry reflects oversupply and lack of demand.
210	The vast majority of our larger customers can produce what we produce (components) and have chosen to do so. With so much excess capacity, it is unlikely that these customers will begin outsourcing in earnest for quite some time.
213	Difficult to compete with companies whose financial situations have grown so desperate that they use "desperation pricing" to maintain cash flow without concern for profits.

\*Barrier numbers 800 and above were added during the breakout session.

APPENDIX I: Barriers by Thematic Area that were Stricken or Received No Votes

**Sustaining Industry Base and Profitability - No Votes**

215	Lack of innovation in logging raises costs of providing raw materials to sawmills.
216	Lack of low-grade markets reduces harvesting operability and profitability, while encouraging poor forestry practices.
217	Government ordinances limit access to stumpage from private lands.
220	Fragmentation reduces timber availability.
222	Industry lacks cohesive strategy for dealing with the increased pressure that industry based biofuel and biomass markets are putting on the hardwood resource. How will the use of wood and whole trees impact the availability of timber for sawmills? What impact will subsidies have on timber prices? Will these markets encourage clearcutting and monoculture plantations to the detriment of the environment and wildlife?
224	TIMOs hold much of what once was an industrial timber base. They have a shorter investment view and are more likely to sell property in the short term, further adding to the problem of fragmentation.
225	Lumber industry facing increasing resource competition from other hardwood industry segments such as pallet mfrs, grade lumber companies, coal mine timber, and pulpwood producers, as well as dragline mat suppliers
226	Landowners are not cutting timber due to the lack of low-grade log markets.
227	Lower log prices during the last few years have caused many forest land owners to postpone timber harvests, resulting in a very short supply of available standing timber.
229	Sound natural hardwood silviculture generally does not target and select for specific species/products, which, coupled with the volatility in the lumber sector, makes it difficult to plan forestry operations to achieve targeted returns and meet landowner/investor expectations.
230	Increased costs (workers comp, BMP compliance, equipment purchase/maintenance, timber costs) make it difficult to be profitable.
232	Logging infrastructure is outdated and inefficient.
233	Young people are unaware of careers in logging and are, thus, not gravitating towards the profession.
235	Banks are unwilling to loan to loggers for start-up and operations, which will extend the recovery of logging capacity.
236	So many hardwood sawmills have gone out of business that the lumber supply presents a huge long-term dilemma. It will hold back industry growth when lumber demand improves.
237	Supply chain has been so diminished that we've had to bring more of the supply functions in-house.
238	Difficult to predict production and pricing from/for sawmills.
239	Availability of green lumber has been reduced as primary producers increasing build their own dry kilns.
240	Financial stability of hardwood lumber producers is precarious
241	Lean lumber infrastructure creates market volatility.
242	Ageing sawmill ownership presents additional supply concerns. Few have transfer of ownership plans and difficulties in attracting investors mean there may not be adequate numbers to replace them.
243	Consolidation of production creates localized supply imbalances.
244	Hard to get sawmills to cut to specific needs, including lower volume species.
245	Sawmills shy away from lesser-known species such as Beech, Sycamore, Cottonwood and Hackberry that not fully utilized for higher-valued finished goods.

\*Barrier numbers 900 and above were added during the breakout session.

**APPENDIX I: Barriers by Thematic Area that were Stricken or Received No Votes**

**Sustaining Industry Base and Prof. - No Votes (cont).**

247	Tough for sawmills to qualify for start-up and operating loans.
248	Lumber production has been so greatly reduced, it is difficult to maintain a balanced & complete inventory ahead for our customers while maintaining our high quality standards.
249	There is a lack of innovative people coming into the industry.
250	Pressure on available labor pool makes it more difficult to attract and retain quality people
251	Immigration is a growing workforce issue.
252	Sales personnel are not trained in domestic and export marketing, and often are not professional or knowledgeable.
254	Maintaining workforce motivation.
255	Difficulty in attracting and training workforce for logging, forestry and the processing industry.
256	Finding workforce with basic education and proper training and skills in math, reading, computers, communication.
257	We are a labor intensive industry, thus labor costs greatly impact manufacturing costs.
258	Reduced production/sales requires balancing of labor assets and keeping them mobile.
259	Changing work ethic and lack of hardworking employees.
260	Providing living wage and health care benefits to attract/retain people, especially lower-end workers, is challenging.
261	Hard to find new employees who can recognize opportunity and have a desire to grow with the company.
264	Loggers, lumber suppliers and other industry companies need increased lending from both commercial banks and federal charter institutions, such as the land banks.
266	Banks' lack of risk tolerance for our industry has already and will continue to make it difficult to secure capital to support a production ramp up when demand justifies it.
267	We need upgraded equipment to be more productive but it is difficult to obtain financing for capital projects.
268	New government banking regulations will produce additional financial challenges.
269	Industry needs more options for financing than banks, especially since banking industry's image of hardwood industry is negative.
270	There are reduced investment funds available for land purchases.
271	Investors are generally ignorant about hardwood forest and thus reluctant to invest in this type of asset.
272	We have more debt than we would like, but efforts to get stronger on the balance sheet limits our ability to grow through acquisition or R&D.
273	A lot of mills have closed because they can't get enough credit to cover severe customer credit risks.
274	Banks won't loan you any money for any reason, but they will charge you outrageous fees to keep your line of credit open.
275	Our business is so capital intensive; it takes a lot of money to make small amount of money.
276	Our credit line once gave us the stability to weather the 3-year storms that periodically come.
277	We've been forced to change banks even though we are extremely financially sound and owed our former bank less than 4% on our line of credit.
278	Delayed payments causing cash flow problems.

\*Barrier numbers 900 and above were added during the breakout session.

**APPENDIX I: Barriers by Thematic Area that were Stricken or Received No Votes**

**Sustaining Industry Base and Prof. - No Votes (cont).**

279	The volatility of cash flow from operations has been exacerbated by the use of financial leverage.
280	Willingness to export logs and lumber rather than making them into semi-finished or finished products domestically creates increased foreign pressure on the raw materials needed by domestic manufacturers...from the very countries/companies that are then turning around and competing against U.S. manufacturers for domestic market share.
281	Domestic companies facing pressure from Canadian log markets.
282	We don't want to stop exporting hardwood products and raw materials, but we need to be able to compete in a market that is fair, in order justify strategies and investments to maintain our competitiveness.
901	A lack of cooperation between TIMO's, REIT's and the industry relative to land management.
903	Lack of bi-lingual management staff creating a language barrier.
905	Financing for exports can be a barrier to growth.
906	Volatility of shipping costs pertaining to exports.
907	Some logs are worth more as export logs than sawmill logs.
908	English vs. Metric measuring system relative to exports.
910	Threats from diseases and insects.

\*Barrier numbers 900 and above were added during the breakout session.

**APPENDIX J: Highest Overall Priority Barriers and Challenges**

Barrier #	Day 2 - Overall Priority Voting			Barrier	Day 1 - Breakout Session Voting		
	Rank	Votes	%		Rank in Breakout Session	Votes	% of Breakout Votes
106	1	62	28.1%	“American Hardwoods” lack brand identity in the marketplace. There is little distinction in the consumer’s mind between U.S. hardwoods and other hardwoods. Industry lacks a brand that can be attached to its product and used in promoting hardwoods to the consumer; a brand consumers will recognize on hearing or seeing in print. All segments of the forest products industry—including architects, designers, secondary manufacturers, and dealers—have not worked together to promote a unified message about hardwoods.	1	26	40.6%
151	2	55	24.9%	Public believes that cutting trees is bad. They fill their homes with competing products, believing it is the smart, eco-friendly thing to do. They fail to recognize true costs of competing materials in terms of energy, waste, transportation, etc. The widespread public perception--fueled in part by environmental NGOs and the media--is that American timber and forest management practices are unsustainable and that forests are disappearing. There is a lack of understanding in the general public about the many benefits derived from well managed forestlands.	1*	13	23.2%
402	3	33	14.9%	Absence of cooperation/collaboration between hardwood sector members (from landowners through secondary manufacturers) to address major challenges, provide unified voice, raise funds, and provide effective leadership.	1	19	26.8%
93	4	17	7.7%	High costs of doing business (health insurance, wages, taxes, etc.) make U.S. hardwoods uncompetitive with other products, including imported wood, imported products and non-wood substitutes.	1	12	18.8%
156	5	14	6.3%	There is a lack of resources to get our message out consistently and to campaign against anti-industry environmental propaganda in a timely manner. Industry’s limited scale and financial resources constrains capacity to wage major promotional campaign.	1*	13	23.2%
130	6	8	3.6%	Despite having the historic data to do it, the USDA Forest Service has failed to certify as sustainable all U.S. hardwood forests and timberlands (public and private).	3	12	21.4%
401	7	6	2.7%	Trade associations and industry are not providing enough funding for promotions.	3	12	16.9%
5	8	5	2.3%	The American consumer lacks financial health and economic confidence.	1	12	28.6%
231	9	4	1.8%	There is a lack of certified loggers. Logging provides low paying jobs, attracting mostly unskilled and untrained workers.	1	12	19.0%
186	10	2	0.9%	Institutional memory; i.e. failure to employ new strategies to break reliance on historic business models.	1	11	15.1%
265	11	2	0.9%	We are a financially weakened industry facing insufficient availability of credit and lack of working capital.	2	9	14.3%

\* tied in rank

**APPENDIX J: Highest Overall Priority Barriers and Challenges**

Barrier #	Day 2 - Overall Priority Voting			Barrier	Day 1 - Breakout Session Voting		
	Rank	Votes	%		Rank in Breakout Session	Votes	% of Breakout Votes
134	12	2	0.9%	LEED and most international green building standards fail to recognize all the positive attributes of wood and ignore life cycle analyses of all the competing materials to wood.	4	8	14.3%
78	13	2	0.9%	Burdensome regulations: OSHA, state BMPs, immigration, health care, trucking, emissions, wood dust, workers comp, employee benefit mandates, fuel taxes.	3	7	10.9%
909	14	2	0.9%	Tax policies force landowners to cut timber or convert land in order to pay taxes.	7	3	4.8%
400	15	1	0.5%	Trade associations and industry members are not providing enough funding to effectively monitor/influence federal and state legislative/regulatory issues.	2	12	16.9%
305	16	1	0.5%	Availability of commercial working capital.	2	9	21.4%
108	17*	1	0.5%	Consumers have lost an appreciation for solid wood products. Fewer people understand the difference between real wood and its many faux substitutes. We haven't told them why they should value solid wood, and North American hardwoods in particular, thus our cast-off society prefers quick and cheap over long-lasting quality, and we lose market share to less expensive and less sustainable alternatives worldwide.	3	5	7.8%
601	17*	1	0.5%	Lack of voluntary funding makes marketing difficult.	4	5	7.8%
41	19	1	0.5%	Government regulations/mandates make U.S. primary and secondary wood processors non-competitive in the global market. We need to draw manufacturers home and allow them to compete on an equal keel.	3	4	9.5%
77	20*	1	0.5%	Inheritance tax policies must be stabilized and improved so that timberlands aren't lost in generational ownership transfers.	13	1	1.6%
263	20*	1	0.5%	Banks won't lend to our industry. We're painted with the same red brush as housing-related industries.	10*	1	1.6%

\* tied in rank

**APPENDIX K: Potential Solutions Offered by First-Forum Participants**

**Economy and Trade - Solution Ideas**

<b>Address Barrier(s) #</b>	<b>Solutions</b>
304/305	Rework credit reporting system
30/37/41	Legislative lobbying to address regulations /taxes/credit
10/15/18/19/20	Educate about true costs of overseas manufacturing rather than focus on initial price
	Reeducate consumers that trees are good
7	Co-op advertising programs
7/30/37/41	Organize/single voice for the whole industry on issues
30/37/41	Financial support for lobbying
14/19	International Safety and environmental standards
7	National Advertising campaign
7/18/34	check-off program
7/18/34	Increase use of social media/Internet communication
7/18/34	Volunteer to talk at schools

**Industry Dynamics and Relationships - Solution Ideas**

<b>Address Barrier(s) #</b>	<b>Solutions</b>
400/401	Host meeting of hardwood and affiliated association leaders to identify like/common projects on which to work together.
400/401	Increase industry and association funding of and participation in the Hardwood Federation.
400/401	Increase industry and association awareness and support for the Unified Hardwood Promotion program
400/401	Cultivate/nurture associations from other industry sectors to support Hardwood Federation and Unified Hardwood Promotion.
401	Need a new initiative of associations cooperating on promotion.
401	Hardwood check-off
401	Combine hardwood check-off with softwood industry check-off
52-54	Industry leaders should consider associations mergers/consolidations as appropriate.
50	Increase association membership
401/402	Industry education about messages and how to communicate them.
402	Include distributors in collaborative industry efforts.
401	Take advantage of existing opportunities to promote hardwoods (AHEC). Encourage industry members to join AHEC and communicate success of AHEC efforts.
59	Establish an umbrella entity for the full hardwood sector.

**APPENDIX K: Potential Solutions Offered by First-Forum Participants**

**Government and Regulatory - Solution Ideas**

<b>Address Barrier(s) #</b>	<b>Solutions</b>
93	Level the playing field - impose tariffs/standardize regulations to match those imposed on international competitors by their home countries
93	Show government the money/jobs (tax revenue/employment from timber production off public lands)
93	Search for non-hardwood industry partners with common issues of concern
86	More lobbying at state and federal levels
86	Elect politicians that support our industry
86	Influence political appointments in USDA and USDA Forest Service
86	Improve public perception of the American hardwood industry so that they elect leaders favorable to industry interests.
86	Identify key legislators (friend or foe) to influence or educate in favor of hardwood-based issues or business in general.

**Product Marketing - Solution Ideas**

<b>Addresses Barrier(s) #</b>	<b>Solutions</b>
106	Meeting between all hardwood associations to get word out about marketing, branding, e.g., logo, market, etc
601	Checkoff (with a new name)
601	Seek government and foundation grants
106	Develop marketing plan
601	Assess duty on imports
106	Hire professional marketing group
106	Certify U.S. timberlands
106	Establish a brand that includes certification
106	U.S.F.S. function as 3rd party certifier
601	Checkoff not the solution
112	Research to validate marketing claims
112	Work with secondary manufacturers' marketing departments
114	Consider new advertising avenues (e.g., twitter, blogs, etc.)
106	internal governance to maintain unified message
106	create hardwood umbrella organization
112	Manage expectations about marketing program (not a cure all)
106	involve allied product manufacturers in this fight
112	Develop relationships between industry and universities to present sales / marketing training
106	Incorporate life cycle analysis into branding
106	Promote local / home grown
106	Incorporate lower carbon footprint benefit in marketing
106	Create promotional and educational materials for all audiences
114	Internet is the answer for education, marketing, etc. (stay ahead of technology curve)
114	Guerilla marketing to reach younger audiences (e.g. YouTube)
106	Industry spokesman

**APPENDIX K: Potential Solutions Offered by First-Forum Participants**

**Public Education/Green Issues - Solution Ideas**

<b>Address Barrier(s) #</b>	<b>Solutions</b>
130	Federal blanket certification of U.S. hardwoods as sustainable.
130	Ask USDA Forest Service to map high conservation value forests.
134/135/136	Develop a unified well-funded wood industry campaign to change green building attitudes towards wood.
134/135/136	Encourage more pro-wood programs for CEUs for architects/designers.
156	Institute a check-off to fund trade promotion/research for American hardwoods.
151/156	Agree to more volunteerism to promote and educate that wood is green.
151/158	Implement a marketing survey of the American public on use of hardwoods and then, with the results, launch a mass media campaign in support of hardwood use.
155	Consistent industry communication of sustainability message – make an announcement that the American hardwood industry is sustainable.
155	Take advantage of AWI wood facts in marketing efforts.
155	Consolidate education efforts/resources for better consistent message and effectiveness at all levels.
155	Corporate responsibility to espoused principles of conservation.
155	Educate industry leaders and constituents; and how to communicate it consistently and credibly.

**Adapting Mature Industry to New World - Solution Ideas**

<b>Address Barrier(s) #</b>	<b>Solutions</b>
186	Look for customer driven opportunities
162/164	Improve communications between customers and suppliers
	Help customers manage inventory
	Develop a consolidated source of information

**APPENDIX K: Potential Solutions Offered by First-Forum Participants**

**Sustaining Industry Base and Profitability - Solution Ideas**

<b>Addresses</b>	
<b>Barrier(s) #</b>	<b>Solutions</b>
231	Pay loggers more.
231	Train loggers for profitability.
231	Encourage/train loggers for highest and best use (silviculturally).
231	Treat loggers fairly.
231	Offer loggers steady work.
231	Training in the logging arts (finance, H.R., operations, mechanics, accounting, negotiation skills).
265	Make ourselves credit worthy
265	Research your bank.
265	Educate bankers to our industry.
265	Explore non-traditional loan guarantees (Federal).
265	Develop working relationships with large timberland owners to reduce working capital costs.
265	Offer training in business plan development.
265	Provide more details of business metrics.
265	Get the bank out of your business model.

**APPENDIX L: Participants, Second Forum, December 7, 2010**

## **Participants**

**Dean Alanko**

Allegheny Wood Products International  
PO Box 867  
Petersburg, WV 26847

**Roy Anderson**

The Beck Group  
13500 SW 72nd Avenue, Suite 250  
Portland, OR 97223

**Phil Araman**

USDA Forest Service  
Brooks Forest Products Center  
1650 Ramble Road  
Blacksburg, VA 24061

**Mark Barford**

National Hardwood Lumber Assoc.  
PO Box 34518  
Memphis, TN 38134

**George Barrett**

Hardwood Publishing Co., Inc.  
PO Box 471307  
Charlotte, NC 28247

**Teresa Bell**

Kentucky Millwork  
4200 Reservoir Ave  
Louisville, KY 40213

**Wayne Bender**

PA Hardwoods Development Council  
Pennsylvania Dept. of Agriculture  
2301 North Cameron St., Room 308  
Harrisburg, PA 17110

**Philip Bibeau**

Wood Products Manufacturers Assoc.  
PO Box 761  
Westminster, MA 01473

**Brian Bond**

VA Tech Wood Science & Forest Products  
Brooks Forest Products Ctr.  
1650 Ramble Road  
Blacksburg, VA 24060

**Scott Bowe**

Univ. of Wisconsin, Forestry  
1630 Linden Dr.  
120 Russell Laboratories  
Madison, WI 53706

**Dave Bramlage**

Cole Hardwood  
PO Box 568  
Logansport, IN 46947

**Brian Brashaw**

Natural Resources Research Institute  
University of Minnesota Duluth  
5013 Miller Trunk Highway  
Duluth, MN 55811

**Terry Brennan**

Baillie Lumber Co.  
4002 Legion Dr.  
Hamburg, NY 14075

**Bill Buchanan**

Buchanan Hardwoods  
PO Box 444  
Aliceville, AL 35442

**Urs Buehlmann**

VA Tech Wood Science & Forest Products  
Brooks Forest Products Ctr.  
1650 Ramble Road  
Blacksburg, VA 24061

**APPENDIX L: Participants, Second Forum, December 7, 2010**

**Bill Burkman**

USDA Forest Service, SRS-FIA  
4700 Old Kingston Pike  
Knoxville, TN 37919

**Rick Burnett**

Cross Creek Sales, Inc.  
PO Box 2768  
Augusta, GA 30914

**Eric Carlson**

Empire State Forest Products Assoc.  
The New York Forestry Resource Center  
47 Van Alstyne Dr.  
Rensselaer, NY 12144

**Bob Conger**

Coastal Lumber Co.  
PO Box 829  
Weldon, NC 27890

**Grafton Cook**

Missouri-Pacific Lumber Co., Inc.  
694 State Route DD  
Fayette, MO 65248

**Keith Craig**

PA Hardwoods Development Council  
Pennsylvania Dept. of Agriculture  
2301 North Cameron St., Room 308  
Harrisburg, PA 17110

**John Crites**

Allegheny Wood Products, Inc.  
PO Box 867  
Petersburg, WV 26847

**Roy Cummings**

Cummings Lumber  
PO Box 6  
Troy, PA 16947

**Joe Denig**

NC State University  
Wood Products Extension  
Box 8005  
Raleigh, NC 27695

**John Dorka**

Ohio Forestry Association  
746 Morrison Rd.  
Columbus, OH 43230

**Philip Duvic**

Architectural Woodwork Institute  
46179 Westlake Dr., Suite 120  
Potomac Falls, VA 20165

**Bob Dyson**

Georgia Hardwoods  
PO Box 504  
Buford, GA 30518

**Don Finkell**

Anderson Hardwood Floors  
384 Torrington Rd  
Clinton, SC 29325

**Greg Fitzpatrick**

Wood Component Mfrs. Assoc.  
c/o Fitzpatrick & Weller, Inc.  
12 Mill St., PO Box 490  
Ellicottville, NY 14731

**Craig Forester**

International Wood Products Assoc.  
c/o Rex Lumber Company  
840 Main Street  
Acton, MA 01720

**Jameson French**

Hardwood Federation  
c/o Northland Forest Products, Inc.  
PO Box 369  
Kingston, NH 03848

**APPENDIX L: Participants, Second Forum, December 7, 2010**

**Darrin Gay**

Kentucky Forest Industries Association  
106 Progress Drive  
Frankfort, KY 40601

**Rado Gazo**

Purdue University  
Dept of Forestry & Natural Resources  
175 Marsteller St.  
West Lafayette, IN 47907

**Chris Ghiloni**

American Woodmark Corp.  
160 Dawson Dr.  
Winchester, VA 22601

**Shawn Grushecky**

Appalachian Hardwood Center  
PO Box 6125  
329 Percival Hall, Evansdale Dr.  
Morgantown, WV 26505

**Orn Gudmundsson Jr.**

American Hardwood Export Council  
c/o Northland Corporation  
PO Box 265  
La Grange, KY 40031

**Tom Harris**

Timber Mart-South, Univ. of GA  
Warnell School of Forest Resources  
Athens, GA 30602

**Jack Hatfield**

Jim C. Hamer Co.  
PO Box 418  
Kenova, WV 25530

**Deb Hawkinson**

Hardwood Federation  
1111 19th Street, NW, Suite 800  
Washington, DC 20036

**Johnny Heard**

Tennessee Forestry Association  
c/o Hassell & Huges Lumber Co.  
PO Box 68  
Collinwood, TN 38450

**Tony Honeycutt**

Mullican Flooring  
1081 Fork Mtn Rd.  
Bakersville, NC 28705

**Renee Hornsby**

National Hardwood Lumber Assoc.  
PO Box 34518  
Memphis, TN 38134

**Robert Hosford**

NC Dept. of Agriculture  
Marketing Div. - International Trade Office  
1020 Mail Service Center  
Raleigh, NC 27699

**Kip Howlett**

Hardwood Plywood & Veneer Assoc.  
1825 Michael Faraday Dr.  
Reston, VA 20190

**Tom Inman**

Appalachian Hardwood Manufacturers, Inc.  
PO Box 427  
High Point, NC 27272

**Pem Jenkins**

Turn Bull Lumber Company  
PO Box 310  
Elizabethtown, NC 28337

**Linda Jovanovich**

Hardwood Manufacturers Assoc.  
665 Rodi Rd, Suite 305  
Pittsburgh, PA 15235

**APPENDIX L: Participants, Second Forum, December 7, 2010**

**Shane Kitchens**

Mississippi State Univ.  
Forest Products Dept., Mailstop 9820  
Forest Building, Room 203  
Mississippi State, MS 39762

**Ed Korczak**

National Wood Flooring Assoc.  
111 Chesterfield Industrial Blvd.  
Chesterfield, MO 63005

**Steve Lawser**

Wood Component Mfrs. Assoc.  
741 Butlers Gate, Suite 100  
Marietta, GA 30068

**Bill Luppold**

USDA Forest Service  
Northern Research Station  
241 Mercer Springs Road  
Princeton, WV 24740

**Paul Lyskava**

Pennsylvania Forest Products Association  
301 Chestnut St., Suite 102  
Harrisburg, PA 17101

**Catherine Mater**

Mater Engineering  
101 SW Western Blvd.  
PO Box O  
Corvallis, OR 97339

**Dan Mathews**

SII Dry Kilns  
207 Cedar Lane Dr.  
Lexington, NC 27292

**Brent McClendon**

International Wood Products Assoc.  
4214 King St.  
Alexandria, VA 22302

**Alan McIlvain**

International Wood Products Assoc.  
c/o Alan McIlvain Company  
PO Box 300  
Marcus Hook, PA 19061

**Jeff Meyer**

Baillie Lumber Co., Inc.  
PO Box 6  
Hamburg, NY 14075

**Charles Michler**

Hardwood Tree Improvement & Regen. Ctr.  
USDA Forest Service  
715 W. State Street  
West Lafayette, IN 47907

**Gary Middleton**

USNR  
15125 Hwy 19 South, PMB 504  
Thomasville, GA 31792

**Steve Milauskas**

Wood Education and Resource Center  
301 Hardwood Lane  
Princeton, WV 24740

**Bill Mitchell**

The Beck Group  
13500 SW 72nd Avenue, Suite 250  
Portland, OR 97223

**Phil Mitchell**

NC State University  
Wood Products Extension  
Box 8005  
Raleigh, NC 27695

**Ray Moistner**

Indiana Hardwood Lumbermen's Assoc.  
3600 Woodview Trace, Suite 311  
Indianapolis, IN 46268

**APPENDIX L: Participants, Second Forum, December 7, 2010**

**Iris Montague**

USDA Forest Service  
241 Mercer Springs Road  
Princeton, WV 24740

**Chris Moore**

Indiana Hardwood Lumbermen's Assoc.  
c/o Frank Miller Lumber Co., Inc.  
1690 Frank Miller Rd.  
Union City, IN 47390

**Norm Murray**

U•C Coatings  
PO Box 1066  
Buffalo, NY 14215

**George Nickell**

Nickell Moulding Company  
PO Box 1502  
Elkhart, IN 46515

**John O'Dea**

American Hardwood Industries  
567 North Charlotte Ave.  
Waynesboro, VA 22980

**John Ouellette**

Wisconsin Walnut Council  
5045 LaCrosse Lane  
Madison, WI 53705

**Carlton Owen**

U.S. Endowment for Forestry &  
Communities, Inc.  
PO Box 2364  
Greenville, SC 29602

**Frank Owens**

1426 Village Wood Drive  
Hernando, MS 38362

**Mike Parton**

Gilkey Lumber Co., Inc.  
2250 US 221 Hwy N  
Rutherfordton, NC 28139

**Henry Quesada Pineda**

Virginia Tech Wood Science & Forest  
Products  
Brooks Forest Products Ctr.  
1650 Ramble Road  
Blacksburg, VA 24060

**Ted Rossi**

Rossi Lumber  
162 West St.  
Cromwell, CT 06416

**Al Schuler**

USDA Forest Service  
Northern Research Station  
241 Mercer Springs Road  
Princeton, WV 24740

**John Seifert**

Indiana Dept. of Agriculture  
414 Main Street  
Jasper, IN 47546

**Jack Shannon**

J.T. Shannon Lumber  
PO Box 16929  
Memphis, TN 38186

**Jim Sitts**

Columbia Forest Products  
PO Box 1148  
Old Fort, NC 28762

**Bob Slocum**

North Carolina Forestry Association  
1600 Glenwood Avenue, Suite I  
Raleigh, NC 27608

**Bill Smith**

SUNY Env. Science and Forestry  
Wood Utilization Services  
218 Baker Laboratory  
Syracuse, NY 13201

**APPENDIX L: Participants, Second Forum, December 7, 2010**

**Mike Snow**

American Hardwood Export Council  
1825 Michael Faraday Dr.  
Reston, VA 20190

**Tom Talbot**

Glen Oak Lumber & Milling  
N2885 County F  
Montello, WI 53949

**Adam Taylor**

Univ. of Tennessee Forest Products Center  
2506 Jacob Drive  
Knoxville, TN 37996

**Thad Taylor**

AgChoice Farm Credit  
514 East Second Street  
Coudersport, PA 16915

**George Thomas**

U.S. Export Assistance Center  
521 East Morehead St., Suite 435  
Charlotte, NC 28202

**Brad Thompson**

Columbia Forest Products  
7900 Triad Center Dr., Suite 200  
Greensboro, NC 27409

**Dick Titus**

Kitchen Cabinet Manufacturers Assoc.  
1899 Preston White Dr.  
Reston, VA 20191

**Gary Vitale**

North American Wholesale Lumber  
Association  
3601 Algonquin Rd., Suite 400  
Rolling Meadows, IL 60008

**Richard Vlosky**

Louisiana Forest Products Dev. Center  
Louisiana State Univ. Ag. Center  
Room 227, School of Renewable Resources  
Baton Rouge, LA 70803

**Bob Vogel**

Hardwoods of Michigan  
PO Box 334  
Clinton, MI 49236

**Todd Vogelsinger**

Columbia Forest Products  
7900 Triad Center Dr., Suite 200  
Greensboro, NC 27409

**Mark Vollinger**

W.M. Cramer Lumber Co.  
PO Box 2888  
Hickory, NC 28603

**Kathleen Wanner**

Vermont Wood Manufacturers Association  
PO Box 6004  
Rutland, VT 05702

**Chris Watson**

Conestoga Wood Specialties Corp.  
PO Box 158  
East Earl, PA 17519

**Galen Weaber**

Weaber Inc.  
1231 Mt. Wilson Rd.  
Lebanon, PA 17042

**Jan Wiedenbeck**

USDA Forest Service  
Northern Research Station  
241 Mercer Springs Road  
Princeton, WV 24740

**APPENDIX L: Participants, Second Forum, December 7, 2010**

**Gene Willcutt**  
Stella-Jones Corp.  
3818 S. CR 50 E  
Winslow, IN 47598

**Melvin Yoder**  
Yoder Lumber Company, Inc.  
3799 County Road 70  
Sugar creek, OH 44681

**Hardwood Publishing Support Staff**

**Dan Meyer, Mike Barrett, Andy Johnson, Tim Knol, Kim Young**  
Hardwood Publishing Co., Inc.  
PO Box 471307  
Charlotte, NC 28247-1307

**APPENDIX M: Highest-Priority Challenges Grouped into Four Thematic Areas**

**1. PRODUCT PROMOTION**

**Vision:** American hardwoods will be known, valued, desired and selected by the global customer for their full breadth of environmental and consumer benefits.

**Goal:** Improve consumer perceptions of American hardwoods.

**Problems:** “American Hardwoods” lack brand identity in the marketplace. There is little distinction in the consumer’s mind between U.S. hardwoods and other hardwoods. Industry lacks a recognizable brand that can be attached to its product and used in promoting hardwoods to the consumer. All segments of the forest products industry—including architects, designers, secondary manufacturers, and dealers—have not worked together to promote a unified message about hardwoods.

LEED and most international green building standards fail to recognize and reward the positive environmental attributes of wood. They often apply more rigorous standards to wood than competing materials, and in effect, discourage the use of sustainable American hardwoods in favor of environmentally inferior products.

Consumers have lost an appreciation for solid and/or real wood products vs. their many composite and non-wood substitutes, and few understand the difference. The industry hasn’t sold them on why they should value real wood, and American hardwoods in particular. Thus, consumers prefer quick and cheap over long-lasting quality and value, and American hardwood product producers lose market share to less expensive and less sustainable alternatives worldwide.

**APPENDIX M: Highest-Priority Challenges Grouped into Four Thematic Areas**

**2. PUBLIC EDUCATION**

**Vision:** The global public will have a positive perception of the American hardwood industry and American hardwood forest management.

**Goals:** Improve public perceptions of American hardwood forest management.

Improve public perceptions of American hardwood industry.

**Problems:** The public believes cutting trees is bad and does not understand the many benefits derived from well-managed forestlands. As a result, consumers purchase competing products believing they are doing the smart, eco-friendly thing. They fail to recognize the true costs of competing materials in terms of energy, waste, transportation, renewability, etc.

Despite having the historic data to do it (from the USDA Forest Inventory and Analysis), the federal and most state governments have failed to endorse or certify as sustainable U.S. hardwood forests and timberlands (public and private).

Industry is not marketing, selling, training, leading or directing consumers to the fact that “wood is good” and “trees are the answer” to most environmental concerns.

Public perceives the forest products industry to be a low-tech, dying industry, and thus, an unattractive career choice.

**APPENDIX M: Highest-Priority Challenges Grouped into Four Thematic Areas**

**3. BUSINESS ENVIRONMENT**

**Vision:** American hardwood industries will be unified, profitable, sustainable and growing.

**Goals:** Improve domestic and global business environment for American hardwood firms and landowners.

**Problems:** Government regulations/mandates and the high costs of doing business (OSHA, state BMPs, health insurance, trucking, emissions, wood dust, workers comp, employee benefit mandates, wages, taxes, etc.) make U.S. hardwoods uncompetitive with other products, including imported wood, imported products, and non-wood substitutes.

U.S. hardwood industry is financially weakened, has insufficient availability of credit, and lacks working capital. Most banks resist lending to the U.S. hardwood industry.

The U.S. hardwood industry suffers from a lack of political support at every level, especially compared to countries like Canada, which strongly supports its wood industry.

The American consumer lacks financial health and economic confidence, and the U.S. housing market is not likely to recover over the next few years.

There is a lack of certified loggers. Logging provides low paying jobs, attracting mostly unskilled and untrained workers.

High cost of owning forestland due to competing forces such as subsidized cropland and urban sprawl is causing forestland to be divided into smaller units and converted to other uses. Tax policies force landowners to cut timber or convert land in order to pay taxes, especially following generational ownership transfers.

The U.S. hardwood industry suffers from its own institutional memory; it fails to employ new strategies to break reliance on historic business models.

Government regulations and policies are incrementally eroding private property rights.

Environmental groups exploit legal system to restrict harvesting on public lands.

**APPENDIX M: Highest-Priority Challenges Grouped into Four Thematic Areas**

**4. FUNDING STRATEGIES**

**Vision:** The industry will have sufficient funding to accomplish all three components of its vision for 2020.

**Goal:** Leverage existing funds or develop new funding mechanisms to accomplish industry goals.

**Problems:** The industry believes addressing each of the high-priority problem areas will require substantially greater financial investment than has ever been committed by the industry. Overcoming funding limitations will be a key determinant in the success of all industry initiatives.

The industry lacks resources to get its message out consistently and to campaign against anti-industry environmental messages in a timely manner. The industry’s limited scale and financial resources constrain capacity to wage major promotional campaigns.

Trade associations and industry members do not provide enough funding for promotions.

Lack of “voluntary” funding contributions makes industry-wide marketing difficult; need to secure greater participation to generate more money and spread the burden of collective marketing efforts.

Trade associations and industry members do not provide enough funding to effectively monitor/influence federal and state legislative/regulatory issues.

APPENDIX N: Existing Program Survey Tool

# EXISTING PROGRAM SURVEY

## HARDWOOD LEADERS FORUM: SOLUTIONS FORUM, DEC 7, 2010

In August, Hardwood Leaders Forum participants identified the hardwood industry’s highest priority challenges to achieving its vision for 2020. These problems are detailed in the Hardwood Leaders Forum report and are categorized into four major themes in the Problem Area Descriptions summary.

The December 7 follow-up “solutions” forum offers an opportunity to showcase existing association, agency and industry programs that address problems in these four thematic areas—for the purpose of improving existing programs, leveraging the power of cooperative efforts, and to identify opportunities for new programs.

In the spaces on the next page, please briefly describe your organization’s existing programs that address each of these problem areas. Please refer to the Problem Area Descriptions summary for an understanding of the types of problems in each area. Because we will publish and distribute these descriptions to all participants, please limit your response to each problem area to 100 words or less; longer submissions will be truncated after the 100<sup>th</sup> word. You will have opportunities to describe your programs in more detail at the forum. In the “Funding Strategies” section, please describe successful funding strategies you have employed to support your programs (beyond membership dues). If you do not conduct any programs in a particular area, leave it blank.

**Please return this form no later than 4:00 p.m. EDT, October 15, 2010. Completion of this survey is a required condition of participating in the December 7 forum.**

**IMPORTANT: Please submit this survey electronically. You may type your answers directly into the spaces on the next page, save the file to your desktop, and attach it to a return email. If that does not work for you, email your responses in another Word or Excel document, or typed into an email.**

**Email completed surveys to:  
dan@hardwoodreview.com**

*The Hardwood Leaders: Growing a Greater Hardwood Industry* workshop is partially funded by a grant from the Wood Education and Resource Center, Northeastern Area State and Private Forestry, Forest Service, U.S. Department of Agriculture (pending), and the S H Conger Foundation for Hardwood Marketing.

**APPENDIX N: Existing Program Survey Tool**

Organization/Agency:	
Contact Name/Title:	
Contact Phone:	
Contact Email	
<b>Problem Areas</b>	<b>Existing Programs and Initiatives</b>
Product Promotion	
Public Education	
Business Environment	
Funding Strategies	

Email to: [dan@hardwoodreview.com](mailto:dan@hardwoodreview.com)

*The Hardwood Leaders: Growing a Greater Hardwood Industry* workshop is partially funded by a grant from the Wood Education and Resource Center, Northeastern Area State and Private Forestry, Forest Service, U.S. Department of Agriculture (pending), and the S H Conger Foundation for Hardwood Marketing.

**APPENDIX O: Existing Program Summary Results, by Thematic Area**

**PRODUCT PROMOTION**

**Vision:** American hardwoods will be known, valued, desired and selected by the global customer for their full breadth of environmental and consumer benefits.

**Goal:** Improve consumer perceptions of American hardwoods.

**Priority problems identified by hardwood industry at August 9-10, 2010 forum:**

“American Hardwoods” lack brand identity in the marketplace. There is little distinction in the consumer’s mind between U.S. hardwoods and other hardwoods. Industry lacks a recognizable brand that can be attached to its product and used in promoting hardwoods to the consumer. All segments of the forest products industry — including architects, designers, secondary manufacturers, and dealers — have not worked together to promote a unified message about hardwoods.

LEED and most international green building standards fail to recognize and reward the positive environmental attributes of wood. They often apply more rigorous standards to wood than competing materials, and in effect, discourage the use of sustainable American hardwoods in favor of environmentally inferior products.

Consumers have lost an appreciation for solid and/or real wood products vs. their many composite and non-wood substitutes, and few understand the difference. The industry hasn’t sold them on why they should value real wood, and American hardwoods in particular. Thus, consumers prefer quick and cheap over long-lasting quality and value, and American hardwood product producers lose market share to less expensive and less sustainable alternatives worldwide.

Organization	Programs Addressing Problem Area
<p><b>AHEC (Amer. Hdwd. Export Council)</b>                      Michael Snow, Exec. Dir.                      (202) 492-0540                      msnow@ahec.org</p>	<p>Product promotion for export markets is the only mandate of AHEC. Specific activities vary widely, and depend on the current conditions in target markets. In new or potentially new markets such as India or South America, there is a very low understanding of US hardwoods and their applications. In those markets, our goal is to “push” demand by providing technical information through literature distribution, trade servicing and seminars (grading, working properties etc) at the importing and distribution level before moving on to specifically target manufacturers and specifiers to “pull” demand in more “mature” markets.</p>
<p><b>AHMI (Appalachian Hdwd. Mfrs., Inc.)</b>                      Tom Inman, President                      (336) 885-8315                      tom@appalachianwood.org</p>	<p>AHMI’s mission is to promote the logs, lumber and products from the Appalachian Region of the U.S. We accomplish this through direct contact, monthly and annual publications, trade shows, websites, email and more. Our effort targets secondary manufacturers with a positive message on the sustainability, legality, beauty and working characteristics of Appalachian Hardwoods and our members who provide it. Our main promotion is Appalachian Hardwood Verified Sustainable which provides members with certificates and letters verifying the origin and sustainability of the logs and lumber.</p>
<p><b>AHUG (Allegheny Hdwd Util. Group)</b>                      Susan Swanson, Exec. Dir.                      (814) 837-9324                      hardwood@penn.com</p>	<p>AHUG has partnered with our local development districts export programs to do marketing and promotion including trade shows, directories, etc. We created a Northern Pennsylvania Hardwood promotion to help identify the region. We use the PA Hardwoods stand for Quality that was developed by the state and have marketed the area as the Black Cherry Capitol of the World. We created an export guide for Pa. Hardwoods distributing it to industry and international buyers. We helped create a Lumber Heritage Region in our state to promote our lumber heritage and our current industry as well. We have promoted our regions...</p>
<p><b>Alabama Forestry Association</b>                      Chris Isaacson, Exec. V.P.                      (334) 265-8733                      cisaacson@alaforestry.org</p>	<p>We started a Wood Design Tour and Competition in 1966 in conjunction with School of Architecture at Auburn Univ. The “Wood Comp” is now one of the major projects required of students. Tour features architectural examples of what you can do with wood.</p>

**APPENDIX O: Existing Program Summary Results, by Thematic Area**

Organization	Programs Addressing Problem Area
<b>Empire State Forest Products Assoc.</b> Eric Carlson, Exec. Dir. (518) 925-9090 ecarlson@esfpa.org	We advocated legislation in 2010 that created for the Wood Products Development Council in New York. The Council is heavily represented with industry representatives. It is expected the WDC housed within the NY Dept. of AG and Markets will provide wood products promotional support.
<b>Hardwood Federation</b> Deb Hawkinson, Exec. Dir. (202) 463-2705 deb.hawkinson@hardwoodfederation.com	HF is working to improve perceptions of American hardwoods by promoting the industry's sustainability and environmental preferability to our policymaker audience. This audience directly impacts the broader customer/public community through policies and position statements. For example, HF successfully worked with allies in Congress this year to amend the \$6 billion "Green Schools Bill" (H.R. 2187) to specifically recognize the environmental attributes of American hardwoods. This will create green building opportunities for our industry within, and beyond, this bill. HF also promotes the Lacey Act Amendments with key stakeholders to demonstrate the U.S. industry's commitment to environmental stewardship and responsibility.
<b>HMA (Hardwood Manufacturers Assoc.)</b> Linda Jovanovich, Exec. Dir. (412) 244-0440 ljovanovich@hardwood.org	American Hardwood Information Center website at www.HardwoodInfo.com. Hardwood Council management, North American hardwood education to the specifying community. www.Hardwoodcouncil.com. Solid Hardwood Promotion, media presence with monthly news releases via paid editorial services. Trade show presence to the specifying/build audience. Television segment collaboration. Radio do-it-yourself show collaboration and content contributions.
<b>HPVA (Hdwd Plywood &amp; Veneer Assoc.)</b> Kip Howlett, President (703) 435-2900 khowlett@hpva.org	New website, joint meetings with key segments of our value chain (NBMDA,NFCDA,AWI,KCMA,etc.) Trade shows domestically and internationally with AHEC.
<b>KFIA (KY Forest Industries Assoc.)</b> Bob Bauer, Exec. Dir. (502) 695-3979 bob@kfia.org	KFIA has been involved in legislative issues to make sure that all certification systems for hardwoods are included in any state initiatives to promote building standards. The Association has a number of initiatives and works closely with publicity efforts to educate the public on the importance of the wood industry to the state's economy, and the environmental benefits of hardwoods. Partnering with and helping to lead a Certification Center in the state that is being designed to help manufacturing members and landowners certify operations and woodlands to improve market share and reach new markets.
<b>Missouri Forest Products Association</b> Steve Jarvis, Exec. Dir. (573) 634-3252 steve@moforest.org	Missouri Department of Agriculture (MDA) has an International Marketing division to promote the use of agricultural and forest products both here and abroad. MDA maintains trade offices in 8 countries. MDA is a member of the Hardwood States Export Group (HSEG), 13 states that market forest products overseas. Missouri Department of Conservation's (MDC) State Forester is exploring the "branding" of MO forest products citing sustainability and consistent quality. Missouri Forest Products Association (MFPA) works closely with MDA & MDC, Executive Director staffed HSEG booth collecting trade leads at recent Furniture Manufacturing China (FMC) show in Shanghai.
<b>NC State Univ. - Wood Products Prog.</b> Phil Mitchell, Assoc. Professor (919) 515-5581 phil_mitchell@ncsu.edu	We are currently conducting a survey of consumer attitudes regarding household wood furniture. We are examining the role that geographical branding, customization, local sourcing and sustainability will play on potential consumer purchases of wood household furniture.
<b>NHLA (Nat'l Hardwood Lumber Assoc.)</b> Mark Barford, Exec. Dir. (901) 377-1818 m.barford@nhla.com	While NHLA is not in the business of promoting any specific hardwood product...the NHLA Staff travels extensively, both domestically and internationally throughout the year attending trade shows, regional and state conferences promoting North American hardwoods and speaking on and for the concerns of our membership.
<b>Pennsylvania Forest Products Assoc.</b> Paul Lyskava, Exec. Dir. (717) 901-0420 plyskava@paforestproducts.org	We have lobbied for annual funding and staffing of the PA Dept. of Agriculture's Hardwoods Development Council (PA HDC), which provides a core function of promoting PA wood products both domestically and internationally. The PA HDC has a developed its own "Pennsylvania Hardwoods Stands for Quality" Logo – used for nearly 20 years. Creation of Hardwood Product Showcases at the University Park General Aviation Terminal and the Penn State School of Forest Resources Building. Lobby to promote Commonwealth use of PA wood and oppose exclusive state endorsement of LEED. Otherwise, direct product promotion is outside our core organizational function.
<b>PA Hardwoods Development Council</b> Keith Craig, Exec. Dir. (717) 772-3715 kecraig@state.pa.us	2-3 international trade events annually; 2 domestic trade promotion events annually; host in-bound trade missions; host individual buyers and government officials in trade-provide educational info; participate in public events; PA Farm Show—Red Oak Display; participate with AHEC and Hardwood States Export Group.

**APPENDIX O: Existing Program Summary Results, by Thematic Area**

Organization	Programs Addressing Problem Area
<p><b>Purdue Forestry &amp; Natural Resources</b>                      Dan Cassens, Professor                      (765) 494-3644                      dcassens@purdue.edu</p>	<p>Forest Products Web Community an internet-based interactive portal, which includes a wide variety of tools, links, and directories to facilitate information transfer and enhance business development of companies related to the Indiana hardwood sector. This website is an innovative and objective method of facilitating forest sector economic development for Indiana companies. It allows small, rural companies to have the same exposure and marketing opportunities as large companies. Indiana manufacturers can also use this site to search for nearby raw materials and equipment suppliers to support their companies.  <a href="http://www.indianaforestproducts.com">http://www.indianaforestproducts.com</a></p>
<p><b>Purdue Forestry &amp; Natural Resources</b>                      Rado Gazo, Professor                      (765) 494-3634                      gazo@purdue.edu</p>	<p>We fully support the Premium Indiana Forest Products campaign in our classes, and extracurricular activities. We aim to have all products that we build either in class or as student fund raisers, etc to be branded PIFP.</p>
<p><b>Tennessee Forestry Association</b>                      Candace Dinwiddie, Exec. Dir.                      (615) 883-3832                      cdinwiddie@tnforestry.com</p>	<p>Work closely with TN Department of Agriculture to encourage participation in trade missions. Work to include forest products manufactured in Tennessee at promotional trade fairs.</p>
<p><b>Unified Hardwood Promotion</b>                      Contact Terry Brennan, Baillie Lumber Co.                      (716) 649-2850                      tbrennan@baillie.com</p>	<p>The Unified Hardwood Promotion (UHP) initiative was formed as an ad hoc group of volunteer industry leaders to gather the resources to develop a unified American Hardwood brand and message. UHP was launched in February 2010 as a result of a need that was identified by outside marketing consultants that were commissioned to conduct an independent evaluation of the current industry-wide hardwood promotion programs. Initial goal was to raise the funds necessary to hire a top-level marketing firm to develop a hardwood brand identity and messaging tag line, as well as, internal and external marketing tools and an implementation plan/budget.</p>
<p><b>Univ. of Tennessee Extension</b>                      Adam Taylor, Asst. Professor                      (865) 946-1125                      adamtaylor@utk.edu</p>	<p>Education and Outreach VP for CORRIM - a research consortium that has been documenting the environmental impacts of wood products using a life-cycle assessment approach. Also a key component of my mission as wood products extension person to promote 'wood is good' message.</p>
<p><b>USDA Forest Service</b>                      Iris Montague/Jan Wiedenbeck                      (304) 431-2735/(304)431-2708                      imontague or jwiedenbeck@fs.fed.us</p>	<p>Provide information on innovative ways to promote and market wood products (Social media networking, software usage, online sales, web-site creation, green marketing). Research new ways to use traditional wood products/under-utilized wood products to help create new markets. Market analysis of certification as a means of product promotion.</p>
<p><b>USDA Forest Service                      Southern Research Station</b>                      Phil Araman, Research Team Leader                      (540) 231-5341                      paraman@vt.edu</p>	<p>Information from our wood pallet industry surveys shows the importance of this industry to the hardwood industry and the environmental side of over 4 of 10 pallets purchased are recovered/repared pallets, etc. Results of our housing and green systems research show where hardwood fits and how and what should be done to increase worth in systems. In the Mid 90's we formed the Hardwood Utilization Consortium with many players. We did some good things but ran out of money and drive.</p>
<p><b>Wood IS Green</b>                      Teresa Bell                      (502) 295-7135                      tbell@woodisgreen.com</p>	<p>The Wood IS Green campaign utilizes the simple, effective format of grass roots participation to communicate the fact that Wood IS the leading eco/environmental material resource. Whether for structural or interior building materials, or for non-building uses, wood's characteristics exceed other materials. The campaign promotes through the participation of anyone whose work is related to wood—from forestry through secondary manufacturers and even suppliers to the industry.</p>
<p><b>WPMA (Wood Products Mfrs. Assoc.)</b>                      Philip Bibeau, Exec. Dir.                      (978) 874-5445                      philip@wpma.org</p>	<p>On-line searchable data base showing products, species, machining capabilities, and certifications. Companies in the data base receive email information on customers seeking suppliers for specific products. Association also exhibits at national trade shows to generate leads for products that are then distributed to members.</p>
<p><b>WVU Appalachian Hardwood Center</b>                      Shawn Grushecky, Asst. Dir.                      (304) 293-9417                      sgrushec@wvu.edu</p>	<p>Worked in past with Virginia Tech on a Woods2Goods supply chain management strategy for promoting local or more visible supply chains. Currently working on a project tracking logs through mill using RFID/barcoding equipment. Project not only could help track yields/production but also help producers keeping "sense of place" with the products they produce (tracking them through entire supply chain.</p>

**APPENDIX O: Existing Program Summary Results, by Thematic Area**

**PUBLIC EDUCATION**

**Vision:** The global public will have a positive perception of the American hardwood industry and American hardwood forest management.

**Goals:** Improve public perceptions of American hardwood forest management.  
 Improve public perceptions of American hardwood industry.

**Priority problems identified by hardwood industry at August 9-10, 2010 forum:** The public believes cutting trees is bad and does not understand the many benefits derived from well-managed forestlands. As a result, consumers purchase competing products believing they are doing the smart, eco-friendly thing. They fail to recognize the true costs of competing materials in terms of energy, waste, transportation, renewability, etc.

Despite having the historic data to do it (from the USDA Forest Inventory and Analysis), the federal and most state governments have failed to endorse or certify as sustainable U.S. hardwood forests and timberlands (public and private).

Industry is not marketing, selling, training, leading or directing consumers to the fact that “wood is good” and “trees are the answer” to most environmental concerns.

Public perceives the forest products industry to be a low-tech, dying industry, and thus, an unattractive career choice.

Organization	Programs Addressing Problem Area
<b>AHEC (Amer. Hdwd. Export Council)</b> Michael Snow, Exec. Dir. (202) 492-0540 msnow@ahec.org	AHEC employs PR consultants in nearly a dozen countries and executes a multi-million Dollar public relations campaign around the globe. The campaign focuses heavily on the environmental credentials of US hardwoods. In 2009, more than 930 AHEC advertisements, press releases, feature articles and editorials have appeared in more than 110 newspapers, magazines and trade journals in more than 35 countries with a total circulation well in excess of 50 million.
<b>AHMI (Appalachian Hdwd. Mfrs., Inc.)</b> Tom Inman, President (336) 885-8315 tom@appalachianwood.org	AHMI began its Community Involvement Program in 1998 and trains members on ways to educate the public about the forest resource and forest management. Employees from more than 80 companies have been trained and provided presentations, press releases, videos and tips to use in schools, civic organizations and public events in their local communities. Member companies are encouraged to designate an employee for education programs and provide time for the educational programs.
<b>AHUG (Allegheny Hdwd Util. Group)</b> Susan Swanson, Exec. Dir. (814) 837-9324 hardwood@penn.com	We created hands on presentations for schools on forest management, tree growth and development; papermaking and careers in the forest products industry. We helped to develop a Penn’s Wood Curriculum and distributed it through out the state. We have developed presentations for teacher in-service days on the industry and forest management. We helped create educational displays for the PA. Woodmobile and provide companion presentations for our region. We host resources days, contests, Earth Day tree planting and awareness; conservation camp scholarships. We developed a career-day display that highlights the many (little known) aspects of forestry and forest products industry careers.
<b>Empire State Forest Products Assoc.</b> Eric Carlson, Exec. Dir. (518) 925-9090 ecarlson@esfpa.org	Operate annually a week long Teachers Tour that has recruited teachers from all across the northern US and major cities, and PLT-affiliated activities within the State in cooperation with public and private partners, Annual Forestry Awareness day as a public educational tool with many forest related groups as the State Capitol.

**APPENDIX O: Existing Program Summary Results, by Thematic Area**

Organization	Programs Addressing Problem Area
<p><b>Hardwood Federation</b>                      Deb Hawkinson, Exec. Dir.                      (202) 463-2705                      deb.hawkinson@hardwoodfederation.com</p>	<p>HF's work with policymakers and NGOs improves perceptions of hardwoods from the top down. For example, it was an excellent educational opportunity for Congress and the Obama Administration when HF rallied the grassroots and worked with Congress to overwhelmingly pass resolutions recognizing the positive attributes and sustainability of American hardwoods. The resolutions, H. Res. 81 and S. Res. 411, can now be used by the industry in outreach to customers. HF's partnerships with NGOs to promote the Lacey Act Amendments and the inclusion of wood in Home Star legislation as further evidence of the industry's performance, have become great teaching moments.</p>
<p><b>HMA (Hardwood Manufacturers Assoc.)</b>                      Linda Jovanovich, Exec. Dir.                      (412) 244-0440                      ljovanovich@hardwood.org</p>	<p>AIA and IIDA-approved continuing education learning unit available (North American Hardwoods and their role in Carbon Neutral Design) Available to audiences as a lunch and learn session. Forest to Finished Products educational tours to editors, designers and architects; used as a tool to inform of our industry's responsible forestry practices and add insight to their understanding of the manufacturing process behind a finished product.</p>
<p><b>HPVA (Hdwd Plywood &amp; Veneer Assoc.)</b>                      Kip Howlett, President                      (703) 435-2900                      khowlett@hpva.org</p>	<p>New website including blog capability and presentations at customer meetings and industry seminars.</p>
<p><b>KFIA (KY Forest Industries Assoc.)</b>                      Bob Bauer, Exec. Dir.                      (502) 695-3979                      bob@kfia.org</p>	<p>KFIA has a Communication / SFI Committee that deals with programs to promote sustainable forestry and the wood products industry. Activities range from producing a number of brochures and publicity explaining forestry, sustainability and the importance of wood in everyday life. Also involved with promoting Trees Grow Jobs campaign in Kentucky, sponsors the American Tree farm System in the state educating landowners about good forest management. Produced a DVD on wood industry, produced and marketed over 2000 forest forever cod and teachers guides for grade schools and have adult and children educational programs at our annual Wood Expo Equipment Show.</p>
<p><b>Missouri Forest Products Association</b>                      Steve Jarvis, Exec. Dir.                      (573) 634-3252                      steve@moforest.org</p>	<p>Missouri Department of Conservation (MDC) set to launch a public education campaign that equates Managed Forests &amp; Clean Water. Similar campaigns will follow. The Missouri Forest Resources Advisory Council (MoFRAC), comprised of 30+ forest-related groups including MDC and MFPA, sponsored a Biomass Conference on October 22, 2010 designed to educate the general public about the implications (both good and bad) of using woody biomass to produce energy.</p>
<p><b>NC State Univ. - Wood Products Prog.</b>                      Phil Mitchell, Assoc. Professor                      (919) 515-5581                      phil_mitchell@ncsu.edu</p>	<p>In presentations and newsletter publications we consistently deliver the message that domestic woods are sustainable, renewable, natural and domestic wood products are environmentally manufactured, requiring less energy to make and transport than alternative materials, functioning as a carbon warehouse.</p>
<p><b>NHLA (Nat'l Hardwood Lumber Assoc.)</b>                      Mark Barford, Exec. Dir.                      (901) 377-1818                      m.barford@nhla.com</p>	<p>In 2009, NHLA produced the publication "Why North American Hardwoods," which gives detailed information about the legality of hardwood forests, hardwood tree inventory, growth rates, Carbon sequestration and a list of hardwood facts. Produced in collaboration with the American Hardwood Export Council (AHEC), this publication is designed to be used around the world. Hardwoods 101 was launched by NHLA in 2009 as part of the continuing education department. Hardwoods 101 provides students with a 'forest to market' education and due to its popularity is now being offered every year. NHLA is also a founding member of the Hardwood Forest Foundation.</p>
<p><b>Pennsylvania Forest Products Assoc.</b>                      Paul Lyskava, Exec. Dir.                      (717) 901-0420                      plyskava@paforestproducts.org</p>	<p>PFPA partners with the PA HDC in the Pennsylvania WoodMobile, a mobile exhibit/educational project that has been visited by more than 1 million since 2002. Hardwood Product Showcases Biennial Timber Show. Sustaining Penn's Woods – educational curriculum to supplement PLT; developed in 2000 and distributed to 6,000 middle/high schools, libraries and other educational resources; curriculum meets state environmental &amp; ecology standards; boxed package included written class curriculum, CD activities, poster and videos on forestry issues. Administers Pennsylvania SFI, which includes a landowner outreach component. Public Outreach brochures, website, media relations. Log a Load for Kids, other scholarship, sponsorship and giving.</p>
<p><b>PA Hardwoods Development Council</b>                      Keith Craig, Exec. Dir.                      (717) 772-3715                      kecraig@state.pa.us</p>	<p>Pennsylvania WoodMobile program is a travelling educational exhibit promoting the importance of the wood products industry and sustainable forest management. Launched in 2002, over 400 events, over one million visitors and 85,000 students at school workshops. Operated by the Council and sponsored by industry. "Sustaining Penn's Woods" formal credited curriculum kit developed by Council, industry, and PA Department of Education. Regional groups education kits. "From the Woods" series of pamphlets for elementary students covering forestry and industry subjects. EAB outreach for citizens and industry. Public outreach at high traffic events—PA Farm Show, Ag Progress Days, etc.</p>

**APPENDIX O: Existing Program Summary Results, by Thematic Area**

Organization	Programs Addressing Problem Area
<p><b>Purdue Forestry &amp; Natural Resources</b>                      Dan Cassens, Professor                      (765) 494-3644                      dcassens@purdue.edu</p>	<p>Numerous Purdue University Cooperative Extension Service publications are posted at <a href="http://www.ag.purdue.edu/fnr/pages/extpubs.aspx">www.ag.purdue.edu/fnr/pages/extpubs.aspx</a>. These publications cover a wide range of subjects from economic, marketing and taxation; forest and plantation management; hardwood lumber and veneer species; furniture manufacturing, sustainable forestry and other subjects. The CD titled "Lumber From Hardwood Trees" sponsored by IHLA and Wood Mizer, is an example of one extension publication. It provides technical information for 35 species. For each of the commercial species, photos of 4 by 4 foot wood panels show the range of characteristics.</p>
<p><b>Purdue Forestry &amp; Natural Resources</b>                      Rado Gazo, Professor                      (765) 494-3634                      gazo@purdue.edu</p>	<p>In the Department of Forestry and Natural Resources we offer the Wood Products Manufacturing Technology major and Furniture Design minor. Most of our graduates are employed in the hardwood industry. We have an extensive and comprehensive recruitment program starting in the 4th grade.</p>
<p><b>Tennessee Forestry Association</b>                      Candace Dinwiddie, Exec. Dir.                      (615) 883-3832                      cdinwiddie@tnforestry.com</p>	<p>Two Tennessee Teacher Conservation Workshops held each year. Each weeklong workshop features visits to harvest sites, sawmills and other manufacturing facilities. Approximately 1,000 teachers and pre-service teachers taught PLT by trained facilitators in TN each year.</p>
<p><b>Univ. of Tennessee Extension</b>                      Adam Taylor, Asst. Professor                      (865) 946-1125                      adamtaylor@utk.edu</p>	<p>Wood Magic for kids - modeled on preexisting programs at eg. Oregon State and Mississippi State. I am trying to create modules that can be delivered by the teachers themselves.</p>
<p><b>USDA Forest Service</b>                      Iris Montague/Jan Wiedenbeck                      (304) 431-2735/(304)431-2708                      imontague or jwiedenbeck@fs.fed.us</p>	<p>Provide information on the sustainable characteristics of hardwoods. Educate the public through community workshops and youth programs about the importance of the forests and other natural resources. Educate the public about the many uses and characteristics of wood. Educate wood products companies on new techniques used in wood processing.</p>
<p><b>USDA Forest Service                      SRS-Forest Inventory &amp; Analysis</b>                      Bill Burkman, Program Manager                      (865) 862-2073                      bburkman@fs.fed.us</p>	<p>The National FIA Program has 3 major components 1) a network of FIA plots across the US re-measured on a 5- 7- or 10 year cycle (depends on region), 2) National Woodland Owners Survey (NWOS), and 3) timber products output (TPO) survey. The NWOS surveys private forest land to understand who owns forestland and their current and future uses. The TPO component surveys primary wood-using mills on a 2- or 3-year cycle the nature of their raw material use. All of these efforts are summarized through various publication outlets (or reports) and the information is available to the public and can be queried with on-line tools through the National FIA website (<a href="http://fia.fs.fed.us">http://fia.fs.fed.us</a>).</p>
<p><b>Wood IS Green</b>                      Teresa Bell                      (502) 295-7135                      tbell@woodisgreen.com</p>	<p>The Wood IS Green campaign provides a website, <a href="http://www.woodisgreen.com">www.woodisgreen.com</a>, that links to news items that tell the story of Wood's superior qualities. Also on the site are summaries of studies that have provided actual data to support the claims made regarding wood. A power point presentation regarding Wood as the logical green building material choice is being developed to address the audience of architects and designers. This AIA continuing education presentation will be used by the Speakers Bureau of the Architectural Woodwork Institute to go directly to the design community with our message.</p>
<p><b>WVU Appalachian Hardwood Center</b>                      Shawn Grushecky, Asst. Dir.                      (304) 293-9417                      sgrushec@wvu.edu</p>	<p>AHC currently works with private forest landowners in WV. Produce a quarterly newsletter on forest stewardship, have a DVD rental program modeled off of Netflix (Forestryflix), and hold guided tours of managed properties on a regular basis.</p>

**APPENDIX O: Existing Program Summary Results, by Thematic Area**

**BUSINESS ENVIRONMENT**

**Vision:** American hardwood industries will be unified, profitable, sustainable and growing.

**Goal:** Improve domestic and global business environment for American hardwood firms and landowners.

**Priority problems identified by hardwood industry at August 9-10, 2010 forum:**

Government regulations/mandates and the high costs of doing business (OSHA, state BMPs, health insurance, trucking, emissions, wood dust, workers comp, employee benefit mandates, wages, taxes, etc.) make U.S. hardwoods uncompetitive with other products, including imported wood, imported products, and non-wood substitutes.

U.S. hardwood industry is financially weakened, has insufficient availability of credit, and lacks working capital. Most banks resist lending to the U.S. hardwood industry.

The U.S. hardwood industry suffers from a lack of political support at every level, especially compared to countries like Canada, which strongly supports its wood industry.

The American consumer lacks financial health and economic confidence, and the U.S. housing market is not likely to recover over the next few years.

There is a lack of certified loggers. Logging provides low paying jobs, attracting mostly unskilled and untrained workers.

High cost of owning forestland due to competing forces such as subsidized cropland and urban sprawl is causing forestland to be divided into smaller units and converted to other uses. Tax policies force landowners to cut timber or convert land in order to pay taxes, especially following generational ownership transfers.

The U.S. hardwood industry suffers from its own institutional memory; it fails to employ new strategies to break reliance on historic business models.

Government regulations and policies are incrementally eroding private property rights.

Environmental groups exploit legal system to restrict harvesting on public lands.

Organization	Programs Addressing Problem Area
<p><b>AHEC (Amer. Hdwd. Export Council)</b>                      Michael Snow, Exec. Dir.                      (202) 492-0540                      msnow@ahec.org</p>	<p>While USDA funding prohibits AHEC from lobbying the US government, we can and do lobby foreign governments on behalf of the US hardwood industry. Recent examples include pushing foreign governments and timber federations to accept the NHLA KD certificate in lieu of a USDA Phyto; reaching agreement with the Japanese government to accept an AHEC RPP to satisfy Japan’s “Green Procurement” laws; engaging the European Commission to include areas of “negligible risk” for non-certified timber imported into the EU; and engaging global “green building” schemes to ensure US hardwoods are not discriminated against.</p>
<p><b>AHMI (Appalachian Hdwd. Mfrs., Inc.)</b>                      Tom Inman, President                      (336) 885-8315                      tom@appalachianwood.org</p>	<p>AHMI has a Forestry Division of landowners and consulting foresters to develop strategies on forest health, resource and management issues. The division meets annually and makes recommendations to the AHMI board. AHMI administers the Appalachian Hardwood Forest Research Alliance which funds research work. AHMI is a founding member of the Hardwood Federation and supports federal political activity both financially and in-kind through this combined effort. AHMI works with the state forestry associations and loggers organizations in the 12-state Appalachian Hardwood region to develop and support state and local issues.</p>

**APPENDIX O: Existing Program Summary Results, by Thematic Area**

Organization	Programs Addressing Problem Area
<p><b>AHUG (Allegheny Hdwd Util. Group)</b> Susan Swanson, Exec. Dir. (814) 837-9324 hardwood@penn.com</p>	<p>We provide a variety of workforce development programs including lean manufacturing, energy audits, trucking and logging efficiencies, certification, leadership and management training, the full NHLA lumber grading course etc. We developed a partnership with our dept. of labor for wood, lumber and paper to bring training to industry at reduced costs. We developed a skill set/career ladder project to help industry better understand workforce needs. We promote logging through an Outstanding Logger award, and yearly safety meetings, support for and coordination of SFI classes and other professional development forums and workshops. We promote forest industry women with a yearly luncheon...</p>
<p><b>Empire State Forest Products Assoc.</b> Eric Carlson, Exec. Dir. (518) 925-9090 ecarlson@esfpa.org</p>	<p>Manages two major programs for other organizations, the New York Loggers Training Inc. that has over 600 Certified loggers and trained nearly 4000 others operating in the region. We are working to develop bi-lateral agreements to link the program with other qualifying programs to build uniformity and consistency among all logger training programs. A subsidiary of ESFPA is Carbon Tree LLC, a partnership with the American Forest Foundation to provide small tract landowners access to carbon markets. Originally designed to access carbon markets driven a regulatory program it is transforming to the voluntary markets that exist today.</p>
<p><b>Hardwood Federation</b> Deb Hawkinson, Exec. Dir. (202) 463-2705 deb.hawkinson@hardwoodfederation.com</p>	<p>From commissioning the ITC Section 332 study on competitiveness, to testifying before Congressional and Executive Branch committees, the high cost of doing business and the competitive challenges the industry face are front and center in HF's outreach to Congress and the Obama Administration. HF is a "go to" source as policies on green building, taxes, transportation, and trade are developed. HF is a unifying voice for the industry, developing testimony, collateral material, and coordinating effective fly-ins and lobbying visits with key government officials. Efforts to build political support for the industry are strengthened by our growing political action committee, HFPAC.</p>
<p><b>HMA (Hardwood Manufacturers Assoc.)</b> Linda Jovanovich, Exec. Dir. (412) 244-0440 ljovanovich@hardwood.org</p>	<p>Association provides a wealth of management related presenters at its annual meeting, conducts an biennial wage and benefits survey to assist members, actively supports the Hardwood Federation and their mission on Capital Hill on behalf of our industry.</p>
<p><b>KFIA (KY Forest Industries Assoc.)</b> Bob Bauer, Exec. Dir. (502) 695-3979 bob@kfia.org</p>	<p>KFIA is involved at the state and federal level in protecting and promoting the wood industry. The Association follows state legislative issues closely on both the forestry and business sides. Success has resulted in hauling weight exemptions for forest products, reasonable logging regulations that have improved the industry and a number of business related issues that are constantly monitored. Also heavily involved with the Hardwood Federation and American Tree Farm System in contacts and lobbying at the national level. Helped start and active in the Master logger training program and partner in a third party certified logger program.</p>
<p><b>Missouri Forest Products Association</b> Steve Jarvis, Exec. Dir. (573) 634-3252 steve@moforest.org</p>	<p>MFPA strives to improve the business environment for the industry in many ways including: defending forest products when "bad" legislation (i.e., LEED preference, anti-wooden container) and regulations (i.e., EPA Greenhouse Gas) are proposed and seeking favorable legislation (i.e., Property Tax Reform, Renewable Energy) and regulations (i.e., Stormwater Permit). MFPA, with financial support from MDC, developed a Master Logger certification program to improve the image and market opportunities for professional loggers.</p>
<p><b>NHLA (Nat'l Hardwood Lumber Assoc.)</b> Mark Barford, Exec. Dir. (901) 377-1818 m.barford@nhla.com</p>	<p>NHLA is committed to a unified industry, so much so that the Association changed its mission statement to reflect its importance: "driving collaboration across the hardwood industry to promote demand for North American hardwood lumber and advocate the interest of the hardwood community in public/private policy issues; and building positive relationships within the global hardwood community." NHLA is a founding member, strong partner and funding source for the Hardwood Federation. The Association attends various green building trade shows and political action meetings throughout the year.</p>
<p><b>Pennsylvania Forest Products Assoc.</b> Paul Lyskava, Exec. Dir. (717) 901-0420 plyskava@paforestproducts.org</p>	<p>One of our core functions is government affairs on the state/local level. We have full-time governmental affairs staff and state political action committee. We support HF and assist their efforts where possible. Our participation and relationship with PA HDC is useful in these efforts, both in development of policy and in its support for applied research and technical assistance. As part of our lobbying activities, we represent industry on about 20 policy and advisory councils and committees. We administer SFI logger training in PA. Biennial Timber Show's business seminars; annual Forest Product Executive Development Workshop, and periodic issue informational meetings.</p>
<p><b>PA Hardwoods Development Council</b> Keith Craig, Exec. Dir. (717) 772-3715 kecraig@state.pa.us</p>	<p>Formal economic impact study; Council Task Force on "Low Use Wood"; timber accessibility/availability research; formaldehyde research; formal logger survey; mitigate bad local ordinances-ACRE law, "White Paper" action plan, Financing workshops, Council advocates with other government agencies. Provide information for General Assembly.</p>

**APPENDIX O: Existing Program Summary Results, by Thematic Area**

Organization	Programs Addressing Problem Area
<p><b>Purdue Forestry &amp; Natural Resources</b>                      Dan Cassens, Professor                      (765) 494-3644                      dcassens@purdue.edu</p>	<p>Purdue University and Wood and Wood Products magazine are cooperating with a dozen industry trade associations and WERC to offer the third Dollars and Sense of Going Green Seminar. In addition to wood and chain of custody certification the current seminar will discuss CARB, Lacey Act, industries best green practices, reducing a company's carbon foot print and other "green" opportunities. A 16 chapter book titled "Manufacturing and Marketing Eastern Hardwood Lumber" is in the design phase. A series of power point presentations is being developed from the book.</p>
<p><b>Tennessee Forestry Association</b>                      Candace Dinwiddie, Exec. Dir.                      (615) 883-3832                      cdinwiddie@tnforestry.com</p>	<p>Working on possible sawmill certification programs for TN. Also active in state legislature and on federal regulatory and trade issues. Partner with other business-oriented associations and organizations working on green building issues both on state and federal level.</p>
<p><b>University of Wisconsin</b>                      Scott Bowe, Associate Professor                      (608) 265-5849                      sbowe@wisc.edu</p>	<p>Our programming is targeted mainly at industry and includes workshops in lumber grading, kiln drying, edging, and related primary and secondary manufacturing. We have had recent success with hardwood export and EAB workshops and are currently developing a process improvement workshop for WI mills. We have strong relationships and a history of collaboration with WI associations and agencies including the Lake States Lumber Association, the Wisconsin Woodland Owner Association, the Great Lakes Timber Professionals Association, the Wisconsin Department of Natural Resources, and the Forest Products Laboratory.</p>
<p><b>USDA Forest Service</b>                      Iris Montague/Jan Wiedenbeck                      (304) 431-2735/(304)431-2708                      imontague or jwiedenbeck@fs.fed.us</p>	<p>Provide information on current business trends in the wood products industry. Analysis on the impact of certification and LEED based programs on the competitiveness of wood products companies. Analysis of consumer attitudes towards and preferences of furniture and building materials made from wood. Provide information to wood products companies on improving business models to improve the efficiency of their business organization.</p>
<p><b>USDA Forest Service - VT</b>                      Al Schuler, Urs Buehlmann                      (540) 230-9759                      aschuler@fs.fed.us buehlmann@gmail.com</p>	<p>Provide information on macroeconomy, housing, etc. to industry people on a monthly basis via monthly housing note. Market analysis on furniture industry/imports, exports, production, etc. Occasional presentations analyzing the status of the wood products industry (hardwoods/softwoods).</p>
<p><b>WPMA (Wood Products Mfrs. Assoc.)</b>                      Philip Bibeau, Exec. Dir.                      (978) 874-5445                      philip@wpma.org</p>	<p>Offers a variety of programs ranging from cash dividend business insurance, discounted FSC, SFI, and PEFC certification programs, weekly listing of delinquent accounts, to programs designed to improve a company's bottom line.</p>
<p><b>WVU Appalachian Hardwood Center</b>                      Shawn Grushecky, Asst. Dir.                      (304) 293-9417                      sgrushec@wvu.edu</p>	<p>Have done projects on treatment of WPM since inception of regulations. Worked with companies detailing costs of treatment. Also have a Sawmill Assistance Program, have worked with mills in 3 states tracking production and yield information. Also work with engineering team and do energy assessments at forest products facilities in WV - typically 5 assessments/year. Also, through Dept. of Labor grant, just started a logging training program in WV.</p>

**APPENDIX O: Existing Program Summary Results, by Thematic Area**

**FUNDING STRATEGIES**

**Vision:** The industry will have sufficient funding to accomplish all three components of its vision for 2020.

**Goal:** Leverage existing funds or develop new funding mechanisms to accomplish industry goals.

**Priority problems identified by hardwood industry at August 9-10, 2010 forum:**

The industry believes addressing each of the high-priority problem areas will require substantially greater financial investment than has ever been committed by the industry. Overcoming funding limitations will be a key determinant in the success of all industry initiatives.

The industry lacks resources to get its message out consistently and to campaign against anti-industry environmental messages in a timely manner. The industry’s limited scale and financial resources constrain capacity to wage major promotional campaigns.

Trade associations and industry members do not provide enough funding for promotions.

Lack of “voluntary” funding contributions makes industry-wide marketing difficult; need to secure greater participation to generate more money and spread the burden of collective marketing efforts.

Trade associations and industry members do not provide enough funding to effectively monitor/influence federal and state legislative/regulatory issues.

Organization	Programs Addressing Problem Area
<b>AHEC (Amer. Hdwd. Export Council)</b> Michael Snow, Exec. Dir. (202) 492-0540 msnow@ahec.org	In addition to dues revenue, AHEC seeks funding from the USDA Foreign Agricultural service through the Foreign Market Development Program (FMD), the Market Access Program (MAP), the Cochrane International Fellowship Program, the Quality Samples (QSP), and the Emerging Markets Program (EMP). In 2010, combined funding from all sources exceeded \$10 million.
<b>AHMI (Appalachian Hdwd. Mfrs., Inc.)</b> Tom Inman, President (336) 885-8315 tom@appalachianwood.org	Funding for new initiatives comes from dues; solicitation for additional contributions which are restricted for the project; private and federal grants; and user fees from those participating in the project and receiving direct benefit.
<b>Empire State Forest Products Assoc.</b> Eric Carlson, Exec. Dir. (518) 925-9090 ecarlson@esfpa.org	Empire State Forestry Foundation formed to provide a research and educational funding for outreach. The Foundation built the NY Forestry Resource Center as a 3500 sq ft. building that showcases wood products within a business setting near Albany.
<b>Hardwood Federation</b> Deb Hawkinson, Exec. Dir. (202) 463-2705 deb.hawkinson@hardwoodfederation.com	HF has advocated successfully for designated federal funds for log scanning equipment research, AHEC funding (which is attacked in Congress each year); Lacey Act implementation funds to assure full compliance; Farm Bill funds directed at hardwood forest expansion and protection from hardwood pest and disease infestation; credits and financial support for biomass energy users (such as the BCAP) and other sources of revenue from the federal government.
<b>HMA (Hardwood Manufacturers Assoc.)</b> Linda Jovanovich, Exec. Dir. (412) 244-0440 ljovanovich@hardwood.org	Funding solely from membership dues and voluntary contributions to the Hardwood Promotion programs that we sponsor. Extreme lack of funding to put a dent into a solid audience base.
<b>HPVA (Hdwd Plywood &amp; Veneer Assoc.)</b> Kip Howlett, President (703) 435-2900 khowlett@hpva.org	Actively participating in and funding the unified hardwood messaging campaign. As the economy recovers, adding marketing element with more funding in the core association budget.

**APPENDIX O: Existing Program Summary Results, by Thematic Area**

Organization	Programs Addressing Problem Area
<p><b>KFIA (KY Forest Industries Assoc.)</b>                      Bob Bauer, Exec. Dir.                      (502) 695-3979                      bob@kfia.org</p>	<p>Funding for state legislative purposes is seen by many members in Kentucky as the reason they pay dues to KFIA. Other funding sources include the Annual Wood Expo and annual meeting of the association. Other sources are insurance programs that also benefit the members bottom line and provide funds to the Association, other services to members such as educational and regulatory programs that help save members dollars and generate funds for the Association.</p>
<p><b>Pennsylvania Forest Products Assoc.</b>                      Paul Lyskava, Exec. Dir.                      (717) 901-0420                      plyskava@paforestproducts.org</p>	<p>We have successfully conducted two multi-year capital fundraising initiatives since mid-1990's to supplement normal dues revenue. Certain initiatives funded through separate giving efforts. Association revenue also supplemented by marketing bulletin, meetings and occasional government funding. We have tried to develop partnerships on key initiatives. Still, PFPA and PA SFI have seen staff levels reduced by 63% since 1999.</p>
<p><b>PA Hardwoods Development Council</b>                      Keith Craig, Exec. Dir.                      (717) 772-3715                      kecraig@state.pa.us</p>	<p>Council has state appropriation (ops, grants for research and tech assistance and support regional groups and others); partnerships with industry; federal and outside grant funding.</p>
<p><b>Tennessee Forestry Association</b>                      Candace Dinwiddie, Exec. Dir.                      (615) 883-3832                      cdinwiddie@tnforestry.com</p>	<p>Apply for grants through USFS or other sources to help fund possible sawmill certification program.</p>
<p><b>U.S. Endowment for Forestry and Communities</b>                      Carlton Owen, President and CEO                      (864) 233-7646                      carlton@usendowment.org</p>	<p>The Endowment, which has as its sole purposes advancing healthy working forests and family-supporting jobs in rural areas, has studied the potential of commodity check-off programs as viable vehicles to sustain research and promotion programs that chart a new course. The first product of that early work is advancing in the form of a check-off that would apply to softwood lumber. The paper and packaging sector is following suit with Endowment support. We have challenged the hardwood sector to consider the benefits and pursue a similar path.</p>
<p><b>Wood IS Green</b>                      Teresa Bell                      (502) 295-7135                      tbell@woodisgreen.com</p>	<p>Viral, grassroots marketing is a powerful solution to funding issues for promotion. The cooperative efforts of the businesses and associations that make up the sector to use the Wood IS Green message, would blanket the country with the message at practically no cost to the individual entities. A small contribution from each association and sponsoring companies could provide bumper stickers and other promotional items, such as tee-shirts and baseball caps to forestry and wood tech students. A small contribution also could easily fund the production of a witty yet fact-filled YouTube video to be spread by participants.</p>
<p><b>WVU Appalachian Hardwood Center</b>                      Shawn Grushecky, Asst. Dir.                      (304) 293-9417                      sgrushec@wvu.edu</p>	<p>Have helped a number of Hardwood Manufacturers develop and submit grants to outside agencies. Have also steered substantial external funds to hardwood producers for assistance on research projects (primarily logging side). Working with large hardwood-region landowners to obtain financial assistance for replanting abandoned surface mines with hardwood tree species. Also work closely with a number of venture capital and structured capital lenders helping companies obtain financial assistance for business development.</p>

**APPENDIX P: Forum 2 Breakout Session Rosters**

**Problem Area Breakout Session**

**Room: Cotillion C**

**PRODUCT PROMOTION**

Dean Alanko	Allegheny Wood Products International
Phil Araman	USDA Forest Service
Wayne Bender	PA Hardwoods Development Council
Terry Brennan	Baillie Lumber Co.
Rick Burnett	Cross Creek Sales, Inc.
John Dorka	Ohio Forestry Association
Don Finkell	Anderson Hardwood Floors
Greg Fitzpatrick	Wood Component Mfrs. Assoc.
Craig Forester	International Wood Products Assoc.
Chris Ghiloni	American Woodmark Corp.
Orn Gudmundsson Jr.	AHEC, Northland Corporation
Tom Harris	Timber Mart-South, Univ. of GA
Dan Holt	U.S. Export Assistance Center
Tony Honeycutt	Mullican Flooring
Renee Hornsby	National Hardwood Lumber Assoc.
Kip Howlett	Hardwood Plywood & Veneer Assoc.
Tom Inman	Appalachian Hardwood Manufacturers, Inc.
Linda Jovanovich	Hardwood Manufacturers Assoc.
Shane Kitchens	Mississippi State Univ.
Ed Korczak	National Wood Flooring Assoc.
Bill Luppold	USDA Forest Service
Phil Mitchell	NC State University
Iris Montague	USDA Forest Service
Frank Owens	
Mike Parton	Appalachian Hardwood Manufacturers, Inc.
John Seifert	Indiana DNR
Jack Shannon	J.T. Shannon Lumber
Mike Snow	American Hardwood Export Council
Tom Talbot	Glen Oak Lumber & Milling
George Thomas	U.S. Export Assistance Center
Bob Vogel	Hardwoods of Michigan
Todd Vogelsinger	Columbia Forest Products
Mark Vollinger	W.M. Cramer Lumber Co.

Facilitator: Dan Meyer

**APPENDIX P: Forum 2 Breakout Session Rosters**

**Problem Area Breakout Session**

**Room: Cotillion A**

**PUBLIC EDUCATION**

Teresa Bell	Kentucky Millwork
Dave Bramlage	Cole Hardwood
Bill Burkman	USDA Forest Service, SRS-FIA
Keith Craig	PA Hardwoods Development Council
Philip Duvic	Architectural Woodwork Institute
Rado Gazo	Purdue University
Shawn Grushecky	Appalachian Hardwood Center
Dan Mathews	SII Dry Kilns
Brent McClendon	International Wood Products Assoc.
Charles Michler	Hardwood Tree Improvement & Regen. Ctr.
Gary Middleton	USNR
Norm Murray	U•C Coatings
John Ouellette	Wisconsin Walnut Council
Bob Slocum	North Carolina Forestry Association
Adam Taylor	Univ. of Tennessee Forest Products Center
Thad Taylor	AgChoice Farm Credit
Gary Vitale	North American Wholesale Lumber Association
Kathleen Wanner	Vermont Wood Manufacturers Association

Facilitator: Mike Barrett

**APPENDIX P: Forum 2 Breakout Session Rosters**

**Problem Area Breakout Session**

**Room: Queen's Court Ballroom**

**BUSINESS ENVIRONMENT**

Roy Anderson	The Beck Group
Mark Barford	National Hardwood Lumber Assoc.
Philip Bibeau	Wood Products Manufacturers Assoc.
Brian Bond	Virginia Tech Wood Science & Forest Products
Scott Bowe	Univ. of Wisconsin, Forestry
Brian Brashaw	Natural Resources Research Institute
Urs Buehlmann	Virginia Tech Wood Science & Forest Products
Bob Conger	Coastal Lumber Co.
Grafton Cook	Missouri-Pacific Lumber Co., Inc.
Roy Cummings	Cummings Lumber
Bob Dyson	Georgia Hardwoods
Jameson French	Hardwood Federation
Darrin Gay	Kentucky Forest Industries Association
Jack Hatfield	Jim C. Hamer Co.
Deb Hawkinson	Hardwood Federation
Johnny Heard	Tennessee Forestry Association
Robert Hosford	NC Dept. of Agriculture
Paul Lyskava	Pennsylvania Forest Products Association
Catherine Mater	Mater Engineering
Alan McIlvain	International Wood Products Assoc.
Bill Mitchell	The Beck Group
Chris Moore	Indiana Hardwood Lumbermen's Assoc.
George Nickell	Nickell Moulding Company
Henry Quesada Pineda	Virginia Tech Wood Science & Forest Products
Al Schuler	USDA Forest Service
Jim Sitts	Columbia Forest Products
Bill Smith	SUNY Env. Science & Forestry
Brad Thompson	Columbia Forest Products
Richard Vlosky	Louisiana Forest Products Dev. Center
Chris Watson	Conestoga Wood Specialties Corp.
Galen Weaber	Weaber Inc.
Jan Wiedenbeck	USDA Forest Service
Melvin Yoder	Yoder Lumber Company, Inc.
Facilitators:	Andy Johnson, Tim Knol

**APPENDIX P: Forum 2 Breakout Session Rosters**

**Problem Area Breakout Session**

**Room: Cotillion B**

**FUNDING STRATEGIES**

George Barrett	Hardwood Publishing Co., Inc.
Bill Buchanan	Buchanan Hardwoods
Eric Carlson	Empire State Forest Products Assoc.
John Crites	Allegheny Wood Products, Inc.
Joe Denig	NC State University
Pem Jenkins	Turn Bull Lumber Co.
Steve Lawser	Wood Component Mfrs. Assoc.
Jeff Meyer	Baillie Lumber Co., Inc.
Ray Moistner	Indiana Hardwood Lumbermen's Assoc.
John O'Dea	American Hardwood Industries
Carlton Owen	U.S. Endowment for Forestry & Communities, Inc.
Ted Rossi	Rossi Lumber
Dick Titus	Kitchen Cabinet Manufacturers Assoc.
Gene Willcutt	Stella-Jones Corp.

Facilitators: George Barrett, Kim Young

**APPENDIX Q: Presenters of Existing Programs**

**Hardwood Leaders Forum**

December 7, 2010

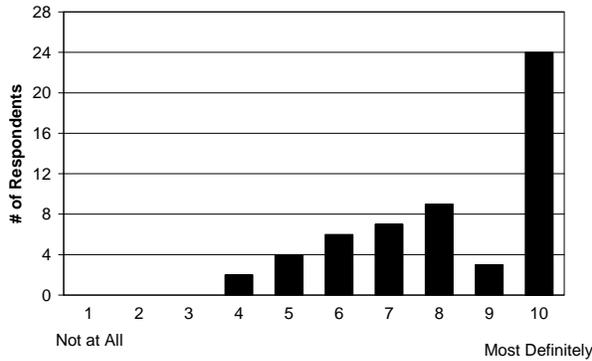
**Scheduled Presentations of Programs that Address High-Priority Problems**

<b>Product Promotion</b>	<b>Public Education</b>	<b>Business Environment</b>	<b>Funding Strategies</b>
Phil Araman, USDA Forest Service	Teresa Bell, Wood IS Green	Roy Anderson, The Beck Group	Eric Carlson, Empire State Forest Prods. Assoc.
Wayne Bender, PA Hardwoods Development Council	Keith Craig, PA Hardwoods Development Council	Mark Barford, National Hardwood Lumber Association	Joe Denig, NCSU Wood Products Extension
Terry Brennan, Unified Hardwood Promotion Project	Rado Gazo, Purdue	Brian Brashaw, UM-Duluth NRRI	Carlton Owen, U.S. Endowment for Forestry & Communities
Kip Howlett, Hardwood Plywood & Veneer Association	Shawn Grushecky, WVU Appalachian Hardwood Center	Urs Buehlmann, Brian Bond, Henry Quesada Virginia Tech	Ted Rossi, Hardwood Check-off Program
Tom Inman, Appalachian Hardwood Manufacturers, Inc.	Deb Hawkinson, Hardwood Federation	Dan Cassens, Purdue (given by Rado Gazo)	
Linda Jovanovich, Hardwood Manufacturers Association	Norm Murray, Hardwood Forest Foundation	Jameson French, Hardwood Federation	
Ed Korczak, National Wood Flooring Assoc.	John Ouellette, Wisconsin Landowner Efforts	Catherine Mater, Mater Engineering	
Brent McClendon, International Wood Products Association	Bob Slocum, North Carolina Forestry Assoc.	Rich Vlosky, Louisiana Forest Products Development Center	
Phil Mitchell, NCSU Wood Products Extension	Adam Taylor, Univ. of Tennessee	Jan Wiedenbeck, USDA Forest Service	
Iris Montague, USDA Forest Service	Gary Vitale, North American Wholesale Lumber Association		
Mike Snow, American Hardwood Export Council			

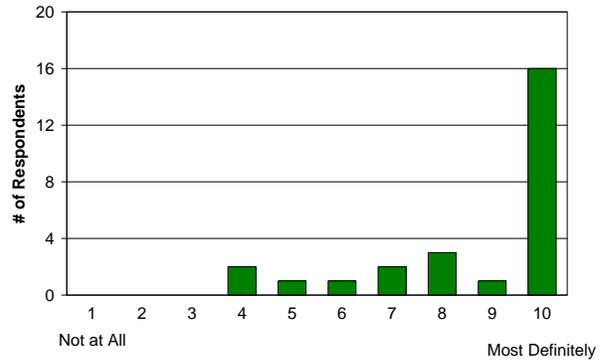
**APPENDIX R: Participant Evaluations of Hardwood Leaders Forum**

**Did the Hardwood Leaders Forum provide an environment that allowed you to express your ideas fully?**

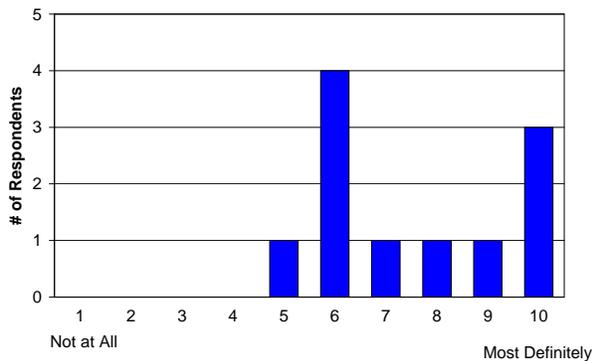
Agency Respondents



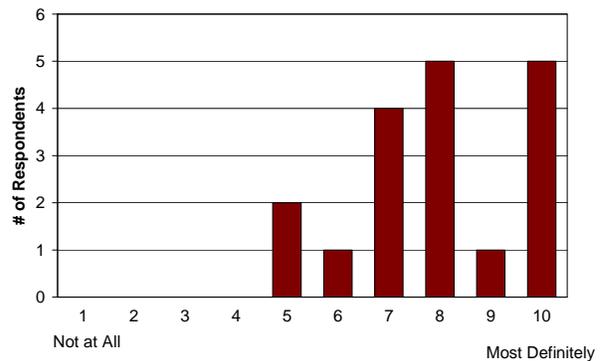
Industry Respondents



Association Respondents



Agency Respondents



Written Comments:

- Facilitators did not invigorate the discussion.
- 5 minutes did not provide presenters with adequate time.
- Excellent group facilitation.
- Other attendees did not take my input seriously, in the sincerity that it was given.
- It was difficult at times to get the folks to take off their “individual” hats and put on their “industry hats.” However, most of the time, they finally came around to that.
- The group was too large. Many individuals voiced their opinion rather than “hearing” the issues and trying to solve them.
- As an academic, I felt comfortable speaking freely. I wish industry folks would have been a little more comfortable sharing ideas.
- The only thing I would have done any differently would have been to have each participant submit a personal written solution to one or more of the problem areas. This would not only have brought out more ideas but may have given us other angles to attack the problems.
- Time was very limited. Also, in the breakout group I attended, there were very vocal participants who seemed to monopolize conversations. The facilitator should have recognized raised hands rather than allow people to speak out freely.

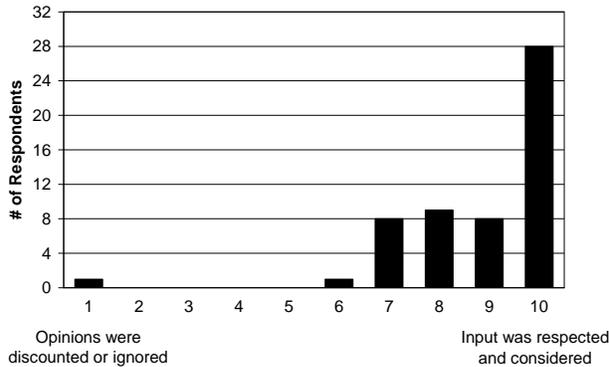
**APPENDIX R: Participant Evaluations of Hardwood Leaders Forum**

- The group that facilitated the first meeting did a GREAT job. The Hardwood Publishing staff did a GREAT job also. Well Run!!!
- We're not a bashful bunch. If we have something on our mind, we usually don't hesitate to speak out. Thanks for a great workshop!
- Presentations that were longer than the given 5 minutes were stopped. Probably would have been a better idea to let the presenters finish what was probably 2 - 3 minutes more of conversation that never happened.
- Ample opportunities in the large and small sessions and in the hallways and during breaks.
- The whole forum was well set up and went well. Well organized and much good material was discussed.
- There was the sense that a consensus was developed at the first meeting and that all discussion that followed fit within that model. Seemed more like presentation than fact/idea gathering.

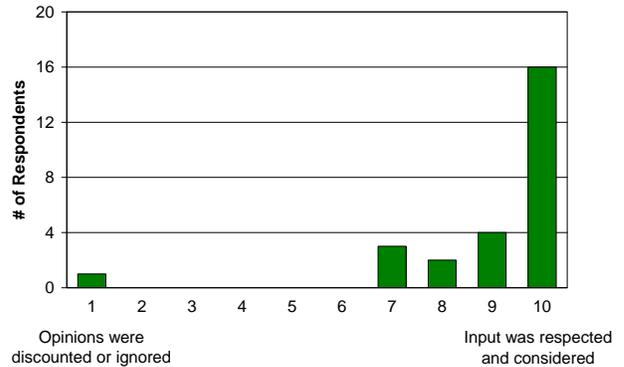
**APPENDIX R: Participant Evaluations of Hardwood Leaders Forum**

**Did the facilitators and Hardwood Publishing staff respect your contributions to the discussions?**

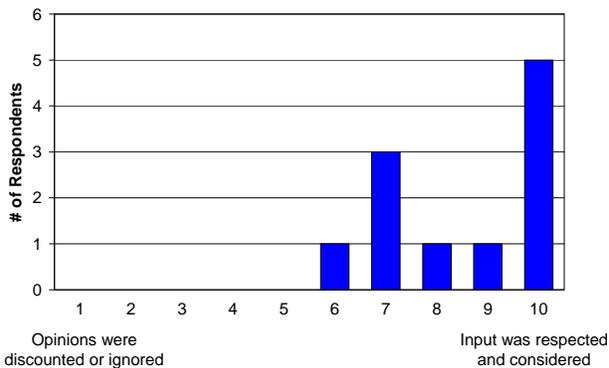
All Respondents



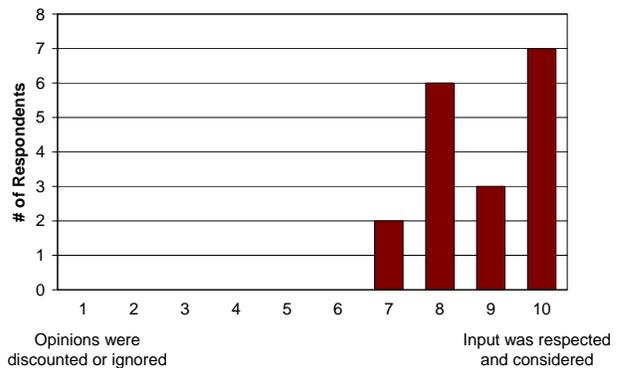
Industry Respondents



Association Respondents



Agency Respondents



Written Comments (regarding this and the next two questions):

- Probably not. I heard some folks in hallways expressing comments very different from those shared publicly. It is always hard to read silence.
- Too much talk from certain participants.
- I felt that some ideas and initiatives were not allowed the time due. Perhaps this was an overreaction to the concern for equality.
- It appeared to me that the large sawmills had the majority of the conversation, not much room for secondary manufacturers, land/log owners...
- Some really didn't really fully understand the lumber industry, it is complicated at times.
- I had one session in the 1st forum where the facilitator was more interested in "getting through" the session instead of hearing the issues. The session was heavily attended by the sawmill industry also.
- The silence was deafening. A few people dominated the discussion.
- With regard to question #3: If a sector or voice wasn't heard it was because said sector or person didn't speak up....ample opportunity was there.
- Time for all was a factor. More could have been said."
- Very diverse group of business people, so what was important to most may have not been as important to an individual. Forum was as well done as possible.

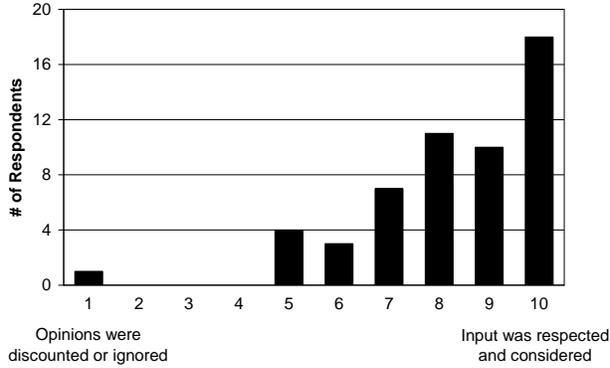
**APPENDIX R: Participant Evaluations of Hardwood Leaders Forum**

- In my opinion, it would have been nice to see the facilitators a bit more involved - extending the discussions when they were getting interesting, etc.
- Some of the association/lobbyists spent too much time bragging about their accomplishments and not offering up new substantive solutions to existing problems.
- Our session was dominated by universities, consultants and one particular association. Industry barely spoke up.
- It seemed like a very free, open, honest and respectful way to hear the issues out!
- If any one in our group had anything to say it was said.

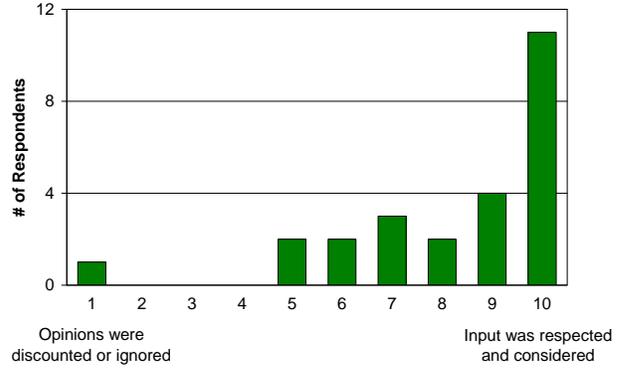
**APPENDIX R: Participant Evaluations of Hardwood Leaders Forum**

**Did other participants respect your contributions to the discussions?**

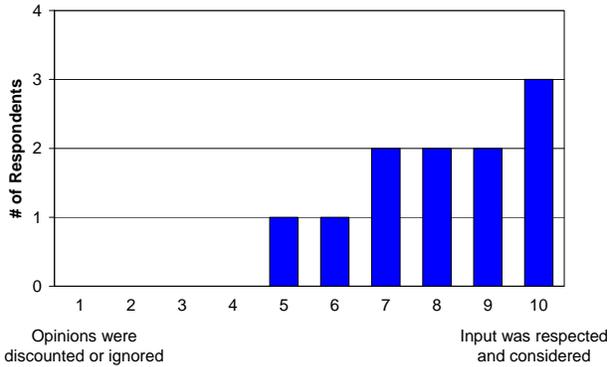
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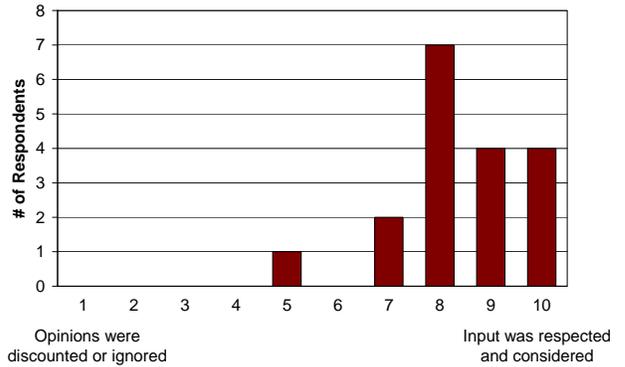
Industry Respondents



Association Respondents



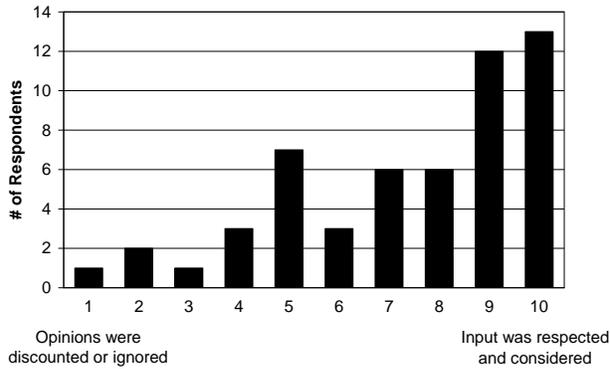
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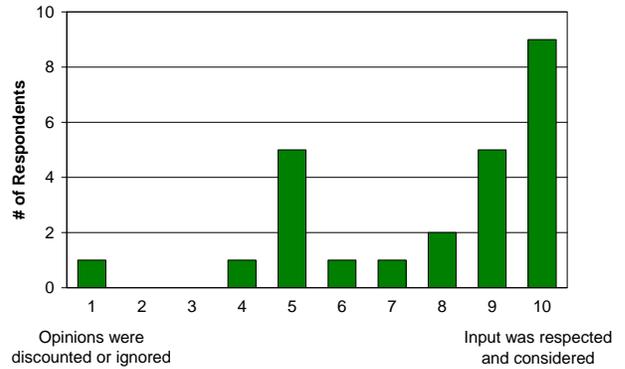
**APPENDIX R: Participant Evaluations of Hardwood Leaders Forum**

**Were the “voices” of less-well-represented industry sectors adequately heard and considered?**

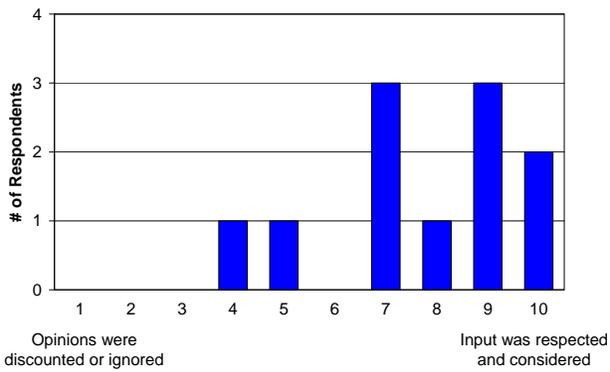
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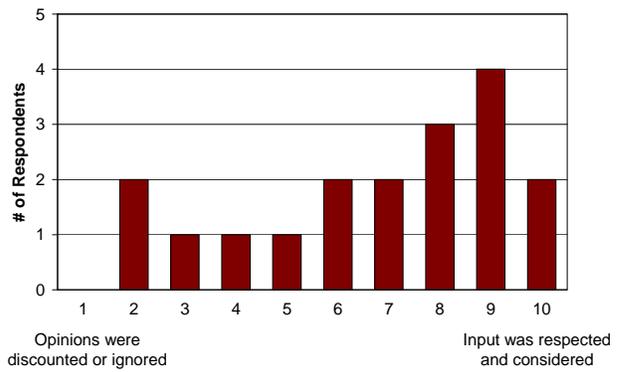
Industry Respondents



Association Respondents



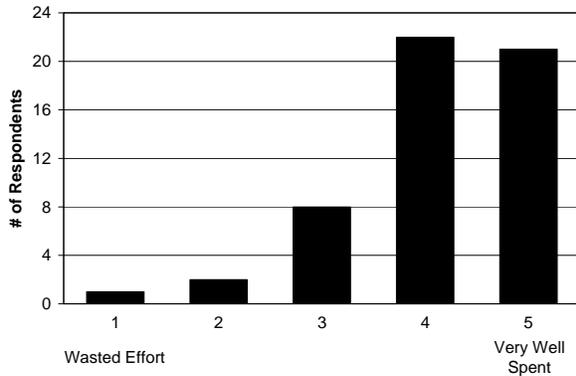
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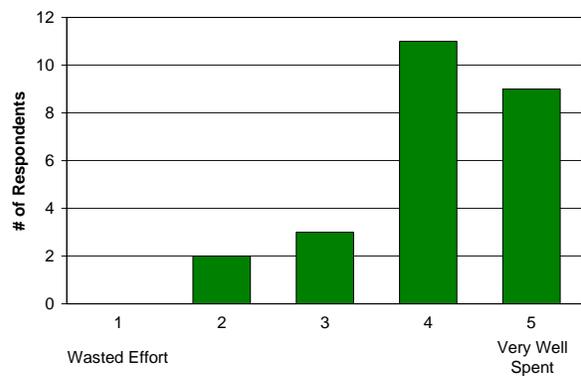
**APPENDIX R: Participant Evaluations of Hardwood Leaders Forum**

**Were your time and resources well spent participating in the Hardwood Leaders Forum?**

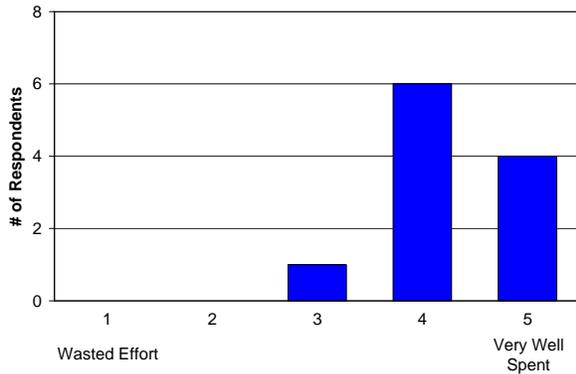
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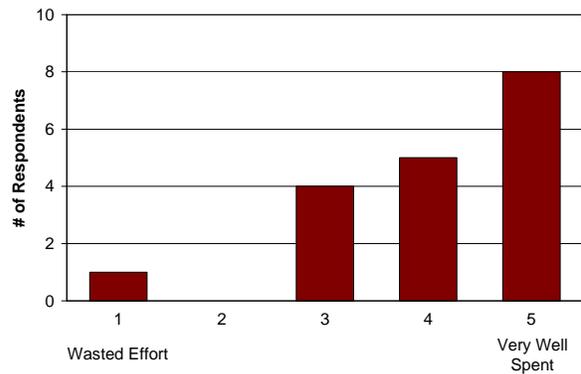
Industry Respondents



Association Respondents



Agency Respondents



Written Comments:

- Always good to bring industry together.
- It was very beneficial to get the pulse from other regions and to understand more fully that problems are universal.
- I'd say it's too early to tell. The value will be known later, when we see the proposals acted upon.
- Not only was it well planned and conducted but I gained a wealth of information that I would normally not have discovered.
- The morning started off slow and almost a waste. The afternoon tied things together and made the trip worthwhile. It helped that Jamie French instituted some very good dialogue. This in turn got the ideas flowing.
- Needed more structure and definitive follow up steps. There was a great deal of energy, expertise, ideas, etc. in the first meeting that were "squashed" due to the format. Second meeting did not seem to have a specific plan for effective follow up.
- Because I am not dealing with North American hardwoods, the main topic that would have benefited our company, would have been to get the USGBC/LEED folks to allow PEFC as well as FSC for credits, and to increase the points for solid hardwoods.
- I came more to listen and learn, but was able to provide input when needed. We had some "pretty smart" folks there.

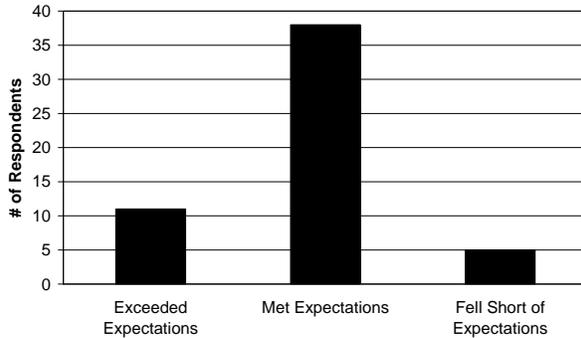
**APPENDIX R: Participant Evaluations of Hardwood Leaders Forum**

- I did enjoy listening to the current state of the Hardwood Industry.
- Even the minor incremental progress in our overall goals was worth the investment.
- It was informative and worthwhile because it allowed me to network with a number of customers. I do not feel that I made any significant impact on the outcome of the meetings, but maybe everyone has a similar feeling.
- Did we solve anything?..The answer to that I believe is in the eyes/ears/voice/opinion of the person asking it. What we did find out in the second session was what's going on at present to solve the issues and make headway. It was good to first, get the issues on the table and 2nd, see how industry is tackling them at the present time.
- I am for the future of our industry to be bright. This was an information gathering step.
- Second session business environment dealt mainly with communication between academic scholars and business leaders. That is at the bottom of my list of issues causing concern operating in today's economic conditions. As a result I felt my time was unproductive. I was glad to see the positive move toward the checkoff and would have liked to have seen more discussion on the details as they will impact support.
- I think this is a great idea to get a unified voice for the many parts of the Hardwood market from growing to finished products. I feel that my time will have been spent wisely if anything comes of effort everyone has invested in this idea. I commend the Hardwood Review for the leadership you have shown for this project.
- We are shaping the future of American Hardwoods. We are steering instead of reacting to the market place.
- It was short, sweet and to the point. I left there believing the checkoff program will happen and it will be sufficient to fund the top 4 goals we want to accomplish.
- I feel this type of Forum was long overdue and that everyone's time was well spent and that this has made a strong start in the right direction to helping our industry.
- There are always moments when the discussions or comments seem to lead nowhere, or are just repeats of what someone else has said, but overall, these were very efficient and effective gatherings with little time wasted.
- Most of this was new for me. I learned some very interesting points of view from people in the industry that I would not have heard had I not been there.
- Interesting to participate in, but it reinforced that the industry is very fragmented and still very self-interested from individual company/sector point of view.
- I believe this was the first step in unifying the hardwood industry. The very broad group was able to discuss current and future paths. I do believe that my time was well spent participating and contributing to the well organized conversation.
- Neutral. I was hoping for issues identified in the first session to be the focus with solutions and implementation being the focus. A lot of time was wasted re-hashing previous work.
- Overall, it was time well spent as I got to meet many interesting people, discuss important issues, etc.
- Our moderator did not control the session and keep us on track or focused. He allowed one association to control the session and push his own agenda(s).
- I was a little disappointed that after identifying issues, there was not more time spent on developing action plan or building consensus for movement forward.
- Always good to interact with industry leaders.
- Good networking. Remains to be see if action will result.

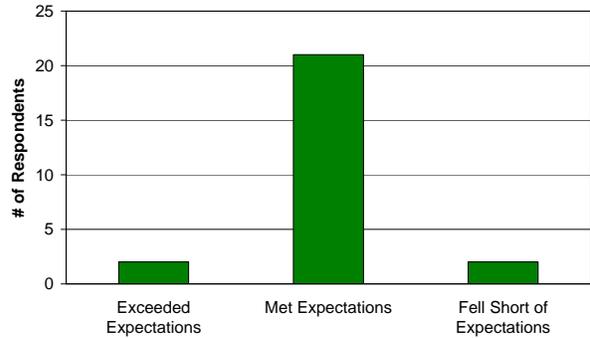
**APPENDIX R: Participant Evaluations of Hardwood Leaders Forum**

**Did the Hardwood Leaders Forum meet, exceed or fall short of your expectations?**

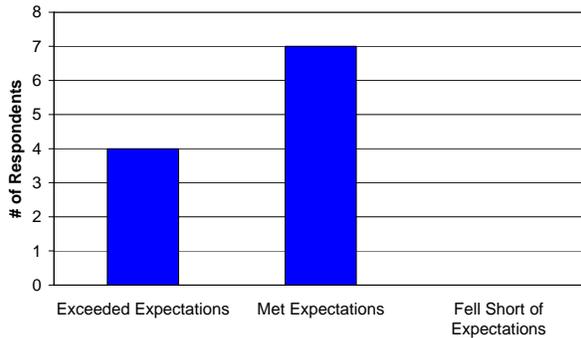
All Respondents



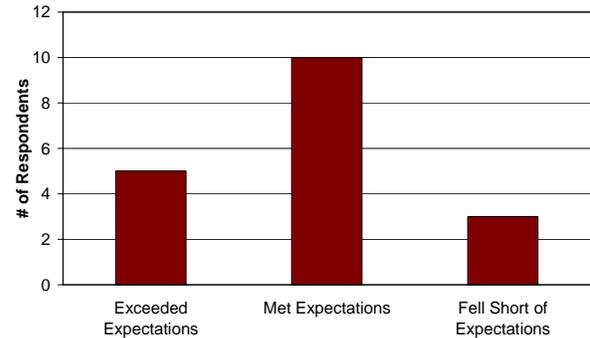
Industry Respondents



Association Respondents



Agency Respondents



Written Comments:

- Great job at getting all the constituents together and developing a vision and prioritizing the barriers and challenges. Poor follow up on addressing those barriers and challenges.
- Not by any fault of Hardwood Review staff, but the opinions of the attendees was what I expected—not willing to change.
- I’m not sure we moved the ball very much on this meeting. In the first meeting we decided on specific goals. In this meeting we introduced other associations and academia to the conversation, which was needed, but didn’t seem to move us any closer to our specific goals. That said, it did achieve the stated purpose of getting us all together in open, honest dialogue about our common industry challenges.
- I was satisfied.
- I believe it is extremely important to “maintain momentum,” and I’m not sure we adequately discussed how this will happen.
- In certain ways it exceeded expectations. In other ways, it seemed to serve as a “circling of the wagons” for a pre-determined initiative (Unified Hardwood Promotion). Since I personally think the promotion is a good idea, it wasn’t necessarily a bad thing.
- Of course we all look for quick solutions and our expectations are high. I don’t think we have solved our problems but I firmly believe that this Forum is certainly a step in the right direction and we have a very good starting point.

**APPENDIX R: Participant Evaluations of Hardwood Leaders Forum**

- Since this initiative was so new I really did not have any major expectations, more curiosity, as to how so many independent thinkers could work together.
- I think it was an excellent meeting but I am not sure there was enough consensus on any issues to make anything worthwhile happen. More follow-up is needed if this thing is going to get legs.
- Separating everyone into separate forums, although logistically appropriate, did limit what one was exposed to.
- The announcement at the end that key industry leaders have already decided to pursue a check-off program (which I generally support) rendered most of my expectations moot.

## APPENDIX R: Participant Evaluations of Hardwood Leaders Forum

### What was the most positive thing you gained by participating in the Hardwood Leaders Forum?

#### Industry Responses:

- Understanding what the North American industry thinks all the issues are in relationship to the hardwood business.
- I gained a clearer idea of the confusing nature of the industry as a whole.
- If we all work toward the same goal and not our own agenda, we can really accomplish a lot.
- A better understanding of the overall industry and a unique perspective on how to address our common challenges.
- Learning that a very high percentage of the “movers and shakers” of the hardwood industry are concerned and want to see our industry’s image improved. It is not enough to continue to preach to the choir. We have to stop being so reactive and become proactive about telling the good story we have to tell. I realize that this softening or accepting reality, whichever it is, is only due to the financial beating they have endured. But at least they are not willing to lay down without a fight, and most of the industry representatives I saw could personally afford to walk away if they wanted to. Hardwood Publishing had the foresight to invite a lot of us who have never been asked our opinions about any of this. Typically the same 12-15 people move from one board to another and basically dominate the associations. If we are ever going to see change it will require the involvement of some new blood on these boards. Thanks for possibly starting a trend.
- The most positive thing that I gained was the feeling that leaders in our industry have finally come together for the good of the hardwood industry and have set their time aside to dedicate time for the whole. I have not really seen that done on this scale in our industry before.
- Typically these types of gatherings (where there are a large number of industry “leaders” gathered together) are a learning opportunity for me. One can’t help but leave such a gathering without some new perspective on the issues we face everyday. Oftentimes someone else can shed some light on what I think is a huge issue and next thing I know....issue gone, or at least minimized.
- I networked with many new members of the industry. I also developed more respect for the problems facing it.
- Seeing all the participants honestly working on our problems.
- I gained a lot of respect for the staff at the Hardwood Review. You have great people with a ton of hardwood knowledge.
- I hope I saw an informative start for a check off program. A lot of the other issues have been hashed over and over thru associations. A properly operated check off program can benefit our industry.
- The hope that the hardwood community can come together and promote our products and industries.
- Confidence! We came together as a group with the common interest in promoting American hardwoods. This is the thread that should bind wood products, American Hardwoods. It now feels like the hardwood industry is less fragmented.

## **APPENDIX R: Participant Evaluations of Hardwood Leaders Forum**

- The unselfish nature of industry competitors to come together for the greater good of the industry. I believe the trade associations, forestry service, and academia gained a better appreciation for the issues when “rubber meets the road” running a business.
- The knowledge that if those of us in those rooms really do represent the hardwood industry, then we are a LOT more united than we are divided, and we all seem to agree that now is the time to do something TOGETHER that promises to help us build momentum and demand for our products
- Brief bullet point summaries that precisely describe goals our industry must unify around and some of the obstacles to meet those goals.
- There were many things, but most of all I gained some good talking points in the area of education and met people who have participated in what I am interested in.
- If you don't know what other companies are thinking then you cannot plan for the future. Always good to interact with the people running other associations that one may not belong to and see what they are up to. Updated by the academics was interesting.
- I now feel the problems we discussed can be overcome. The funding is key. I now believe the funding will happen. That solves everything in my opinion. I met an excellent business contact at the meeting.
- Reinforced that three industry initiatives/programs (Hardwood Federation, Check-Off, and UHP) are on the right track.

### Association Comments:

- Hearing the views of a diverse range of sector interests.
- Meeting with long-time industry friends and exchanging ideas in an open forum.
- I gained a better understanding of the challenges facing my personal business and the industry as a whole. I think the industry would well benefit if there were more of these types of forums throughout. It was a valuable tool for me because I not only was representing our trade association but my on business as well.
- I walked away with an excitement and optimism about the hardwood industry and its future. It is exciting to know that there is a cooperative energy in the industry and among associations and agencies to promote American hardwoods, and to look for ways to fund doing so. There are many good things being done by those in the industry and the groups that support it, but unfortunately much of it is fragmented and inefficient in impact. I believe the forum is bringing the pieces together and creating an opportunity and purpose that we have never had before.
- The most beneficial aspect was the opportunity to meet people from other regions and to begin to build relationships/networks. The problems from region to region are generally the same but that means that solutions can be also. It's always helpful to hear what others have done or are planning to do and consider how new ideas can be implemented in my state.
- Was good to put faces to some names I have become very familiar with.
- Discussing industry topics with a broad representation of professionals from industry, academia, government, and associations.
- Plausible solutions to my concerns that the industry could not agree upon terms of a long-term marketing and promotion strategy.

**APPENDIX R: Participant Evaluations of Hardwood Leaders Forum**

–That academia is willing to make an effort to educate industry on what they are doing with hard earned tax dollars. The most important concept learned was that industry is finally behind a check off system to help the entire hardwood industry.

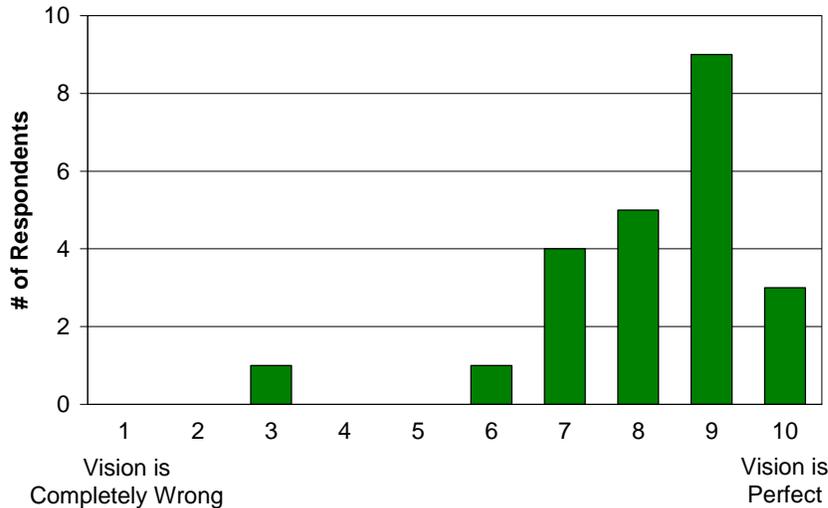
Agency Comments:

- Meeting industry leaders.
- Networking.
- Networking, by far.
- Realizing that the hardwood industry is able to come together and discuss our challenges and opportunities
- Hearing about the Unified Product Promotion plan.
- Industry knows they must pull together to succeed and survive.
- Networking
- Connected with a number of companies and associations that I normally don't get a chance to speak with.
- Better understanding of the issues/challenges/etc. facing the hardwood industry from various vantage points. There was considerable detail on issues/problems, but not nearly as much regarding solutions. This is not unusual, but I thought it was worth mentioning.
- I believe your initial efforts were excellent but that this session fell short. I think it would be better to have left the universities out of the discussion at this point. Bring us in for the implementation part.
- The ability for very diverse mindsets to discuss both current and future challenges facing the hardwood industry through progressive dialogue. Also the data/partnerships generated from the forum have the ability to function as a foundation to propel the industry forward in the future.
- Networking and seeing that many are starting to understand that we have to get beyond ourselves and work together—hope it happens.
- It provided other issues from other organizations and determined how their issues intersected with my organizations issues and goals.
- New insights.

**APPENDIX R: Participant Evaluations of Hardwood Leaders Forum**

**For hardwood industry participants: Does the hardwood industry vision for 2020 developed at the Hardwood Leaders Forum accurately describe the desired future state of the hardwood industry?**

Industry Respondents



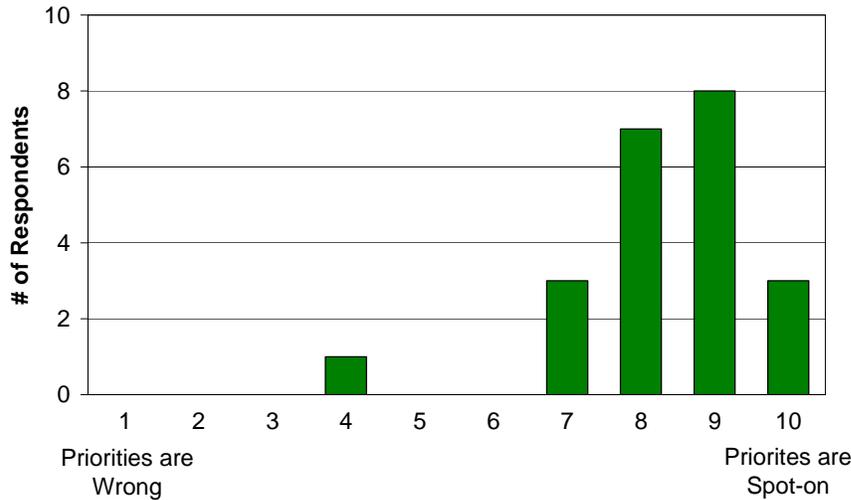
Written Comments:

- This vision does not help our company [importer].
- It wasn't perfect, but if we follow our own guidelines, the lumber industry will benefit from them.
- It will make some mad, but the general public doesn't know the difference between hard and soft wood therefore trying to differentiate ourselves from softwood is probably a mistake. WOOD IS GREEN or WOOD IS GOOD is a lot easier for the public to understand than HARDWOOD IS GOOD.
- I think the vision was well stated but at the same time I think we could also focus a little more on communication with the logger. They are probably the least informed and struggling the most. The industry starts with these guys.
- About as well as could be done under the Forum. Maybe more time could have been used for more discussion on the final 21 issues.
- Vision is as well developed as I think it can be considering all the diverse aspects of the industry that helped create the vision.
- Not 100% perfect but a good solid start.
- As perfect as a group can do something like that - I hadn't revisited the wording since August, but was amazed at how well it still sounded - no changes from me!
- The vision focuses on American hardwood too much, regional and specie specific programs drain dollars and I believe miss the greater picture - that wood products are more expensive and require more maintenance than other products. Embrace WOOD, then sell the advantages of American. Approach this wrong and you will only have veneer products that look like American hardwood but are made up of very little else American.

**APPENDIX R: Participant Evaluations of Hardwood Leaders Forum**

**For hardwood industry participants: Did the Hardwood Leaders Forum accurately determine the most important barriers across the broader hardwood industry?**

Industry Respondents



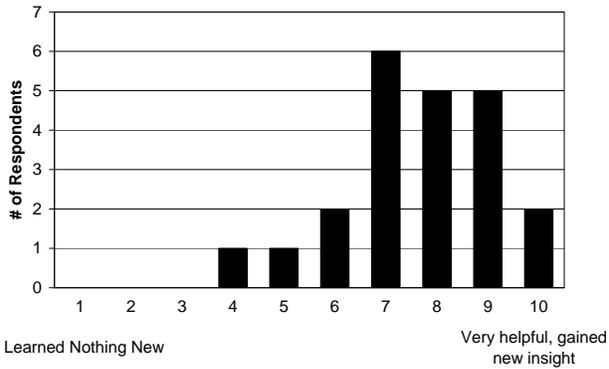
Written Comments:

- The other 261 were not near as important as the ones that were in the top 21.
- Every one of our problems cannot be the priority. We just had to pick those that the majority saw as a priority need.
- We could find a better way to communicate with the loggers, since most of them don't use e-mail which is the most common way we communicate.
- About as good as it could have.
- The solutions remain the issue.
- I think we all new these were the barriers when we began the exercise. It is reaffirming to go through the process and come up with the same conclusion.
- Totally support the (painstaking) process
- All the barriers were accurate, but perhaps the greatest barrier to the industry is the needless focus on American hardwood. Our industry is being hammered by plastic/pvc, concrete and other products that need to be addressed. Building codes and "certification" systems (LEED, etc.) box out wood. We will go the way of the furniture industry if we ignore and then sign away our future to foreign manufacturing of finished products.

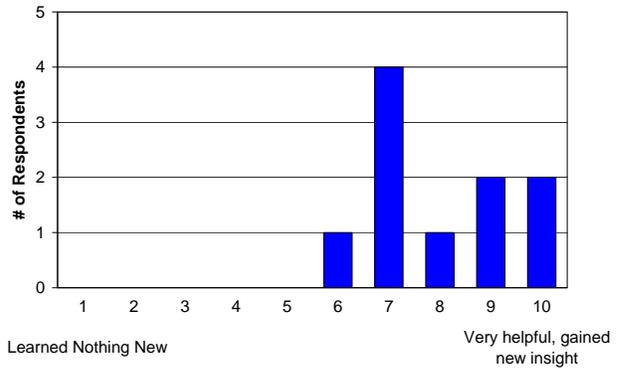
**APPENDIX R: Participant Evaluations of Hardwood Leaders Forum**

**For association and agency participants: How helpful was the Hardwood Leaders Forum at identifying key concerns of your constituents?**

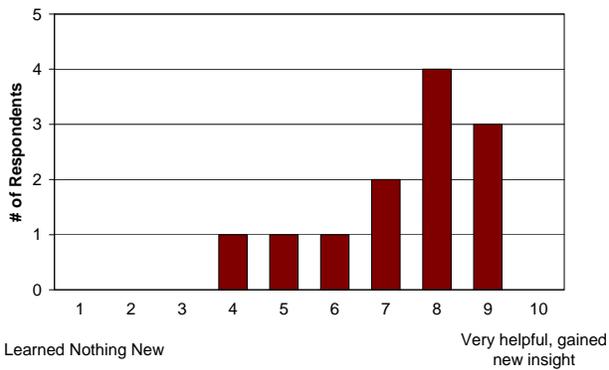
All Respondents



Association Respondents



Agency Respondents



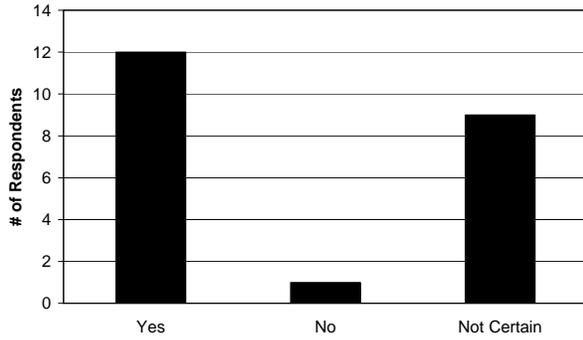
Written Comments:

- The priority areas from the 1st session are already useful to me in crafting research plans and funding efforts.
- The concerns are very valid and relative to my industry members. The only caveat is that it's a moving target and today's concerns may not accurately reflect tomorrow's reality. There may need to be a process for re-evaluating the vision based on current economic and consumer conditions. We often see this on the local level, that what was critical a year ago is barely a blip on the radar today.
- Not really sure how you want to promote the product promotion plan and who is going to be the messenger about the process.
- The only ongoing concern of our constituents that was not addressed.
- I am not sure we learned anything new but the forum did make it clear that the industry needs to work together if we are going to make any significant progress addressing the major issues.
- The report from the first session was more valuable in this regard than the second session.

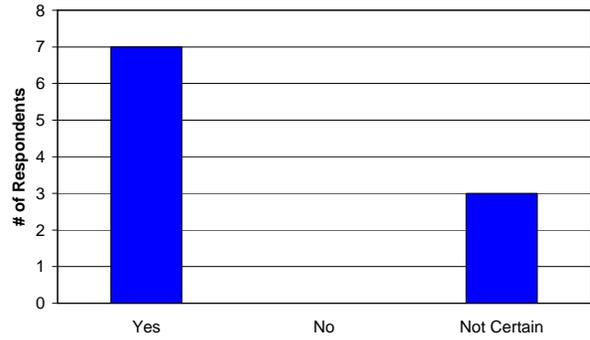
**APPENDIX R: Participant Evaluations of Hardwood Leaders Forum**

**For association and agency participants: Will your interaction with other associations and agencies at the Hardwood Leaders Forum lead to new collaborative efforts to address the identified priority problems or others?**

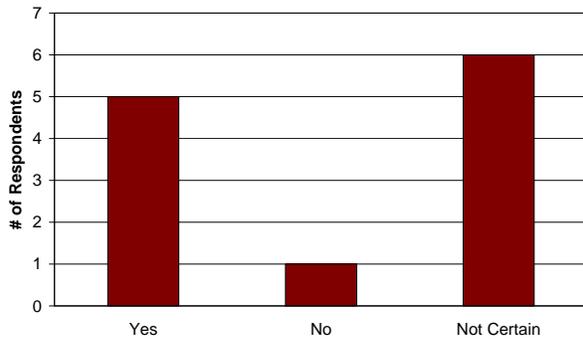
All Respondents



Association Respondents



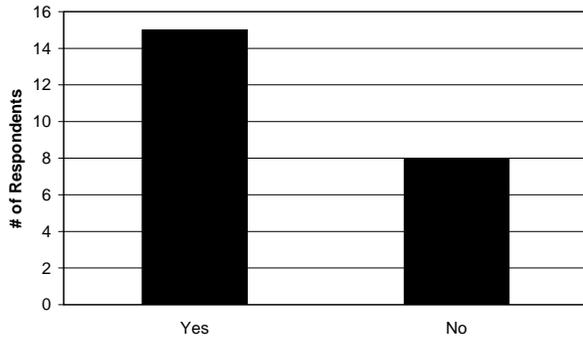
Agency Respondents



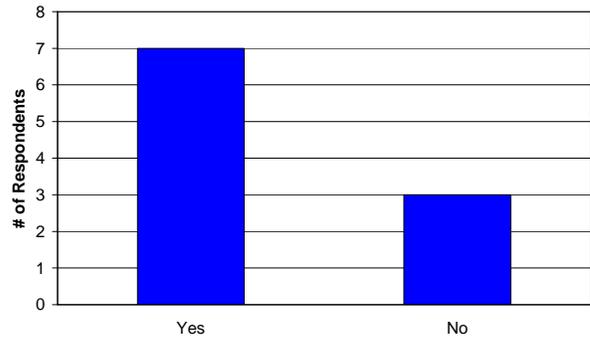
**APPENDIX R: Participant Evaluations of Hardwood Leaders Forum**

**For association and agency participants: Did you come away from the Hardwood Leaders Forum with any new ideas or strategies for meeting industry challenges?**

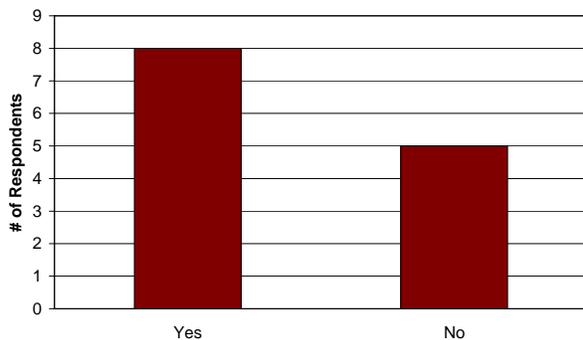
All Respondents



Association Respondents



Agency Respondents



Written Comments:

- Frankly, the innovation research I do is imperative. I did not hear a lot of innovative ideas.
- Better coordination of research and extension efforts among institutions.
- I gained a wealth of knowledge that our association needs to be aware of. I learned that communication is the key to a successful program whatever that program might be.
- We have been discussing the need to raise consumer awareness about the brand for wood products. It's very clear at this point that we are missing opportunities to instill a greater consumer awareness of the value of local wood/wood products. Farms and food have done a magnificent job of promoting "local" but wood has fallen short in all regions.
- Youtube video
- Yes, from the standpoint that if we can create a unified message and promotion, which I believe is already in the works, I can use that to help promote the interest of my members.
- I picked up some ideas from other associations that I want to try to expand on in my association.
- Will try to coordinate/make available hardwood research from universities and federal agencies.
- The possible viability of the Unified Hardwood Promotion
- The importance of promoting the check off program to secondary manufacturers.

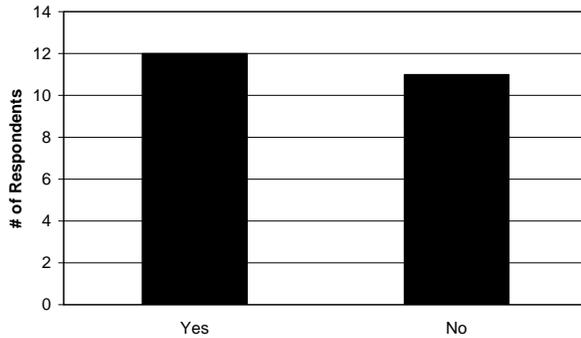
**APPENDIX R: Participant Evaluations of Hardwood Leaders Forum**

–The gorilla in the room is, and always has been, can we work together. Some ice has been broken and if everyone can think in terms of the industry rather than their own areas we can make progress. The jury is still out!

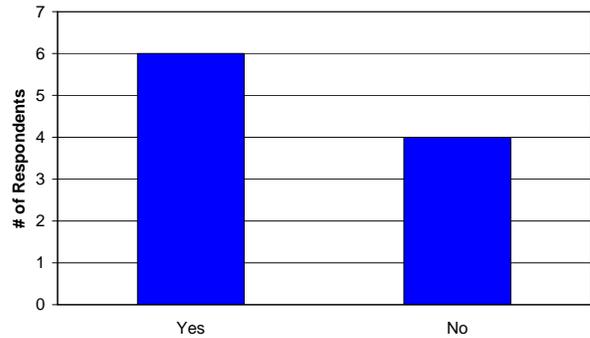
**APPENDIX R: Participant Evaluations of Hardwood Leaders Forum**

**For association and agency participants: Did you identify ways to strengthen the impact or extend the reach of any existing programs?**

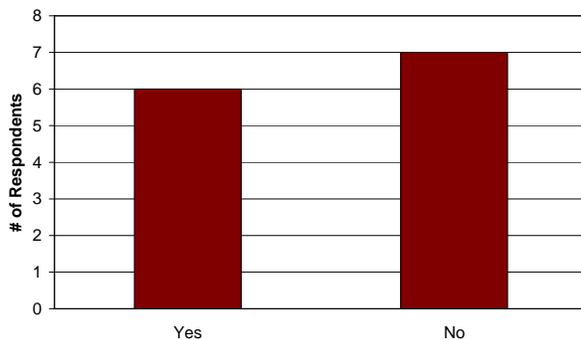
All Respondents



Association Respondents



Agency Respondents



Written Comments:

- Good ideas on expanding delivery of programs and information.
- Working with Teresa on increasing the breadth of the “Wood IS Green” campaign.
- Our communications committee needs to focus on more than one or two areas to be more effective.
- The best approach is broad-brush - forest to finished product. Greater emphasis on this story would help both primary and secondary industry sectors. We have discussed collaboration and partnership in problem solving.
- Use of more social networks, use of some of the wood is green promotion materials.
- I produce a monthly housing note and some of the participants suggested making it (and past issues) available on a website. This delivery mechanism would be an improvement over many current distribution vehicles.
- I’m federal government and should be working with association people more, but we did not cross the line to work together other than with AHEC. Too bad -- missed opportunities. It may have been too far to go at this time. Other meeting on very specific topics may be needed.
- Yes, we brought back new ideas to incorporate into our 2011 strategic plan, including several that supported to objectives identified in the forum.

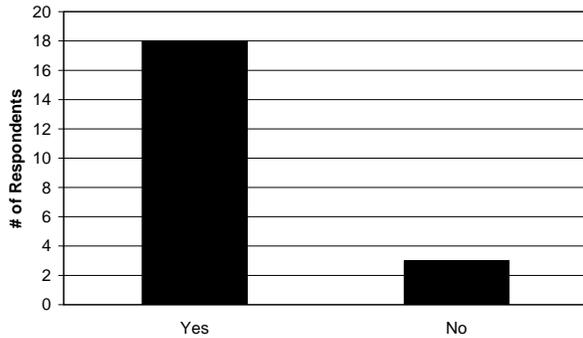
**APPENDIX R: Participant Evaluations of Hardwood Leaders Forum**

–The Wood is Good campaign presented by Teresa Bell is something everyone can get behind without ruffling any feathers. Unfortunately there are some who will look at it and say, “specifically, what does it do for me today?” Short sighted but this is the thinking we are up against.

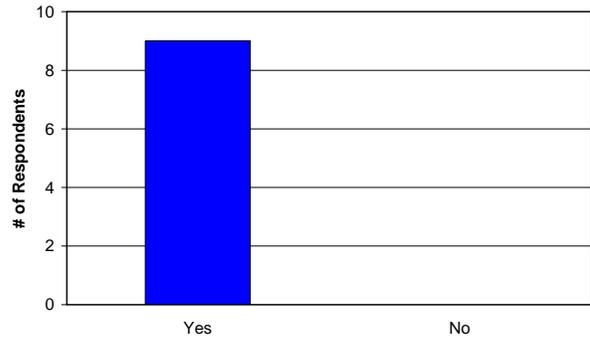
**APPENDIX R: Participant Evaluations of Hardwood Leaders Forum**

**For association and agency participants: Will you use the results of the Hardwood Leaders Forum to guide program development and delivery?**

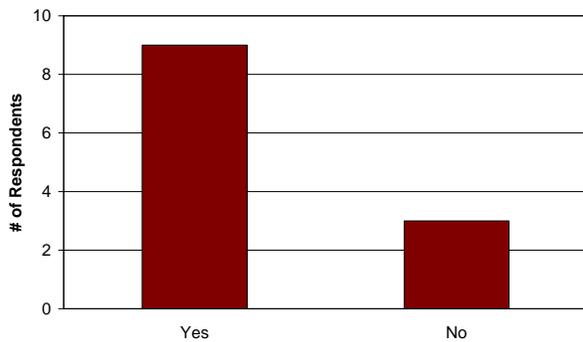
All Respondents



Association Respondents



Agency Respondents



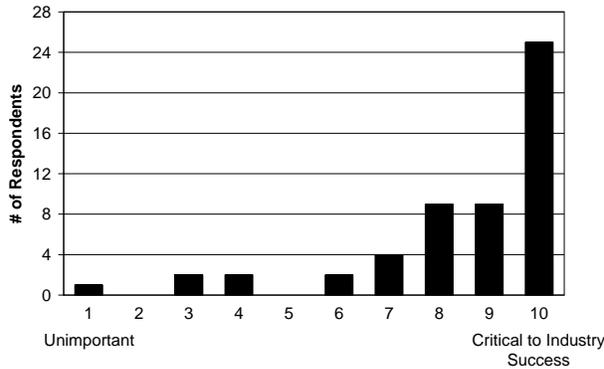
Written Comments:

- Yes, but not within the structure envisioned by the forum leaders.
- I did not learn a way to do so.
- We will be more mindful of what's happening in other regions and learn from past efforts.  
With such limited resources, it's helpful when you don't have to reinvent the wheel.
- I will look at trying to integrate and support the three points (Hardwood Federation, unified promotion, and checkoff) within our association.
- Try to work with associations.
- Already have.
- Have made several contacts that will be helpful in formulating ideas for future programs and possible partnerships for others.
- Insofar as the results of session one were consistent with our understanding of issues and concerns within our state.

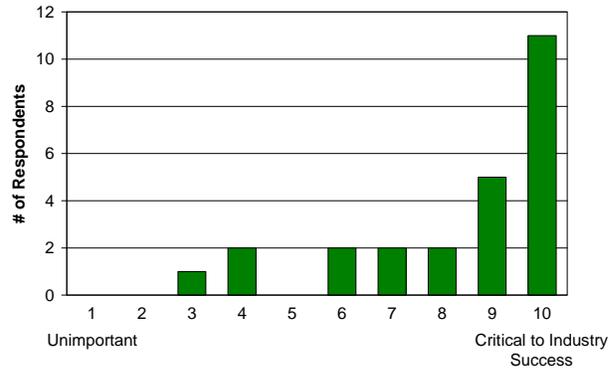
**APPENDIX R: Participant Evaluations of Hardwood Leaders Forum**

**How important is an ongoing, collaborative process like the Hardwood Leaders Forum to achieving the industry’s vision for 2020?**

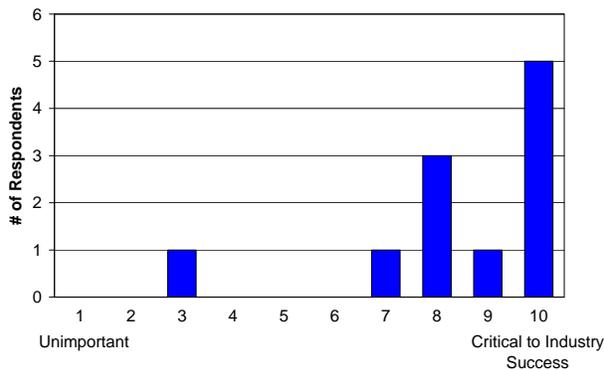
All Respondents



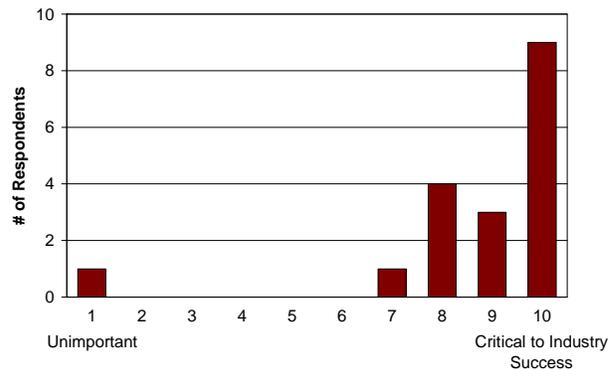
Industry Respondents



Association Respondents



Agency Respondents



Written Comments:

- There are other forums that can serve much of the same purpose.
- Concept it good, but meeting format would have to be modified to be effective.
- I would score this a “10” if it worked toward the same goal for “hardwood lumber” and not just North American Hardwoods.
- When 282 barriers are identified and we can only deal with a few at a time, then it is necessary to continue the process to finally weed through all of them and do what we can to fix the problem.
- It is very important but need to work more on the way the group dynamics should be conducted.
- Important only if individual biases and opinions are left out.
- Some seemed disenchanted by the lack of measureable progress towards the specific goals. We invested emotionally in creating these goals, yet there is no 7-step-plan to “Improve consumer perceptions of American hardwoods”.
- Process is important but product (results) is more important.
- I do not see how the discussions can be turned into action.
- Critical, Enough Said.
- If the forum becomes just another reason for folks to get together and share ideas, then it has no value going forward. There are ample ideas. What we need is implementation and that is

## APPENDIX R: Participant Evaluations of Hardwood Leaders Forum

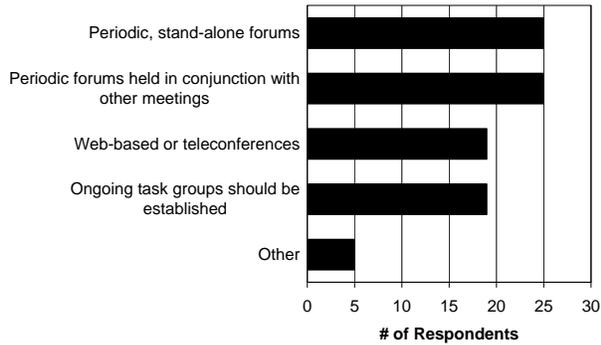
typically where things fall apart. We also need funding and without a process going forward, funding will impossible to secure. Events such as this always generate great enthusiasm but if nobody “carries the water,” the enthusiasm dissipates... I do know that I’m preaching to the choir...

- I think a structured cross-industry/association forum would be most helpful to long term and major projects where cooperation would be beneficial with mutual objectives.
- Time and effort...Mr French made a valid point in the discussion at the last meeting. There is only so much time and energy....it was good to get together and ID the problems, see what is being done about them, and now we each have to INDIVIDUALLY put some time and energy in with the associations and agencies that are working on the issues. Without the “action time” that we should all contribute, there is no sense identifying issues because nothing would get done.
- I believe that the work done at the forum should have been lead by the existing NHLA but it wasn’t. It is interesting to ask why. The real question is can the Hard Wood leaders forum do that or is it just a association under another name.
- Continued collaboration is important. The biggest challenge is to have consistent action/actions from individuals and companies that promote and further the vision.
- I guess the challenge is in finding a way to do this while keeping as many participants actively involved.
- If we have some very topic specific events
- Industry is way behind in having a regular get-together of association leaders at major industry events. NHLA should take the lead on this.
- Don’t stop now
- We would be doing a disservice to ourselves and whoever comes behind us if we let the momentum linger and sputter out - we are stronger when we’re in something together.
- Without a forum like this each year the group will continue to be fragmented. Any hope of industry working together in the future will be a direct result of forums like this. They must continue!
- In tough times like now we must keep talking and working together.
- Without the talking there can be no coordination, however you may want to divide the group into their somewhat distinct business groups to get some sort of input from people with similar challenges and then reconcile those differences with larger group meetings

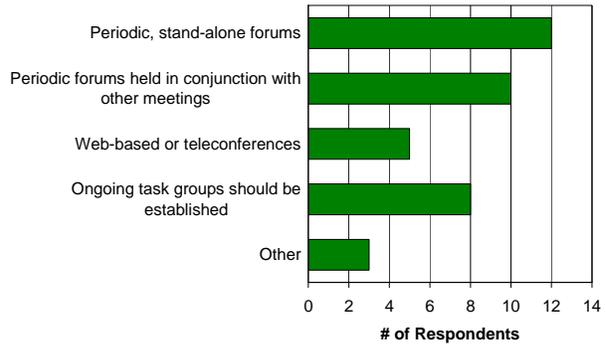
**APPENDIX R: Participant Evaluations of Hardwood Leaders Forum**

**If you believe the collaborative work of the Hardwood Leaders Forum should continue, which format(s) would be the most manageable and most helpful to participants and the industry?**

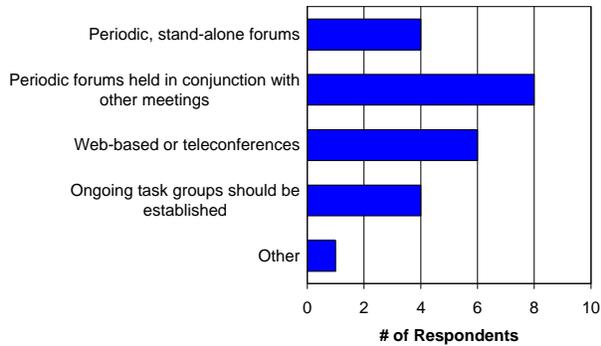
All Respondents



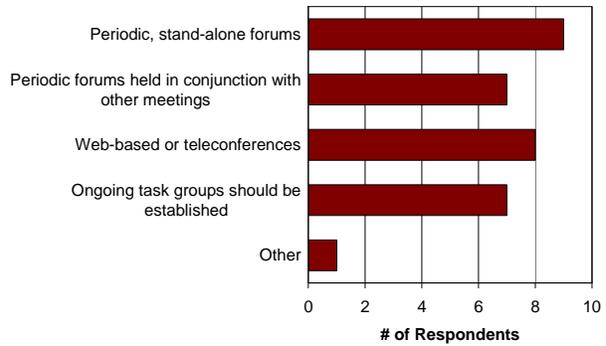
Industry Respondents



Association Respondents



Agency Respondents



Written Comments:

- List serve or other email mechanism for participants to maintain communication.
- When needed
- UHP related forums
- Specific business type meetings by region
- Further meetings should be done electronically to reduce the travel demands on the industry
- Face to face. That’s always been the best way to resolve problems.
- Perhaps it’s time for each breakout group to start an email or blog-based discussion ‘task group’ to keep the conversations alive. Our “Public Education” group had several action items that we all agreed were simple and important, like creating a single location for online educational materials. I don’t think the web-based conferences will work well with such a large group. That format is fine for presentations and seminars, but not 100 person roundtables.
- Initiatives will succeed only if well-planned, well-funded, and transparent.
- I was very encouraged for our industry after attending this forum. The more we know and understand as a total group the better we are able to solve the problems facing us.
- My industry members cannot afford to fund additional trips so the best solutions for me are those that have little or no cost for participation. Participants could be asked to volunteer for

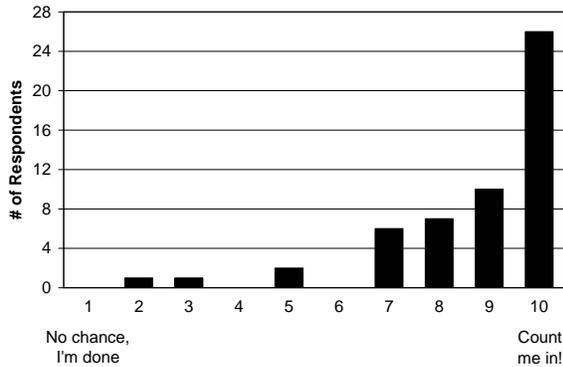
## APPENDIX R: Participant Evaluations of Hardwood Leaders Forum

- serving on a task group that could also meet via web/phone/email and focus on specific deliverables.
- I think Task Groups may be the most important part of continuing the dialogue and energy and doing so where possible in conjunction with other meetings is an efficient way to do so. The web-based conferences and teleconferences will be a way to pass along the discussion and outcomes to a larger portion of the industry.
  - But only once a year at the most.
  - We don't need more functions. We need to get more done at current functions.
  - Much of our discussion is in regard to gathering input and opinions on certain topics, then having banter about those opinions/topics. We could do a lot of that through virtual channels. George and his staff are in contact w/ many of us every week. Opinions can be easily polled and published in the future through George's weekly calls/articles.
  - I believe that the stand-alone forums have everyone's undivided attention for the day. I don't think we can take that time too often but one or two a year in conjunction with periodic teleconferences might. We don't need to lose momentum.
  - We have a growing range of options to get together and to use ongoing meetings (Hardwood Federation DC fly-in's for example) where a good cross-section of leaders attends. The United Hardwoods Promotion program (and related checkoff activity) will also lend itself to some non-traditional ways to communicate like webinars as these programs rollout and hardwood players need to be trained in the materials and suggested usages. Maybe that's the role for assoc. and universities - to help communicate.
  - Stand alone with goals to achieve the vision identified. Perhaps bring this group together to unify funding issues (checkoff) or messages (PR) to achieve the goals. Task groups could be assigned from there.
  - Be wary of excluding too many companies by selecting only who some people believe are the "leaders." Many of those leaders are having tremendous problems running their businesses and their vision may be shortsighted. Regional groups and sector groups will give a more rounded view of what the broader industry needs. Sawmills need to understand that they cannot tell the customer what they need or want, they need to work within the broader marketplace.
  - Given that the train to check-off has already left the station, it seems that grass roots buy-in is the critical task to be accomplished. Future efforts should be transparent to all to increase the chance of ultimate success. Format is much less important than avoidance of major surprises.

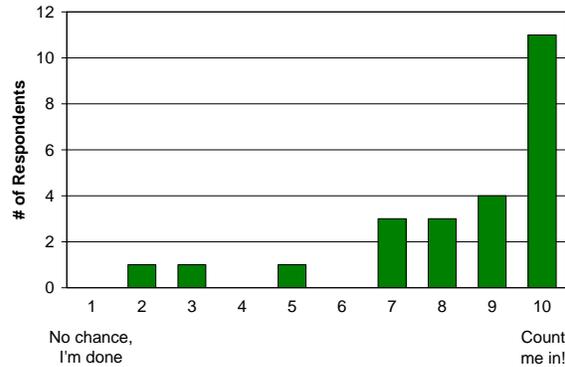
**APPENDIX R: Participant Evaluations of Hardwood Leaders Forum**

**How willing would you be to continue to participate in Hardwood Leaders Forum activities if they met your format expectations (from prior question)?**

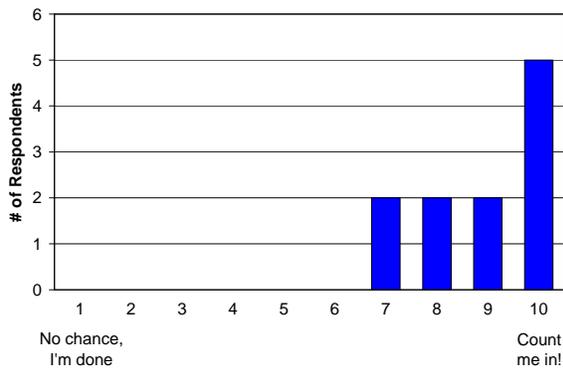
All Respondents



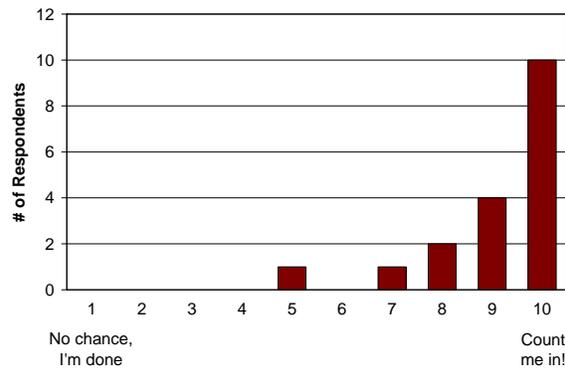
Industry Respondents



Association Respondents



Agency Respondents



Written Comments:

- Name the time and place and if it is within my power, I will be there!
- As an industry person I think it is a win-win collaboration of information and solutions. As an association person it is a model for associations to look at.
- I am too busy during the 4th quarter to be of much help. The rest of the year is fine.
- Travel expenses may limit participation.
- Hopefully...if they are scheduled before/after other existing industry events/meetings.
- I think that it is a good idea and would be willing to put my 2 cents in.

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