



Cooperation for Enhanced Supply Chain Sustainability and Community Support: Lessons from Landowner Co-ops

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Center for Cooperative Forest Enterprises

www.forest.coop



Heating the Northeast with Renewable Biomass

April 14-15, 2011 Manchester, NH



Center for Cooperative Forest Enterprises

CCFE Provides:

- ***Technical Assistance*** for groups of forest and wood products entrepreneurs seeking a competitive edge through collaboration.
- ***Direct support*** complemented by a peer-based network of experienced cooperative leaders.
- ***Consulting*** services for end users and project developers seeking a sustainable, long-term supply of forest products.



Today's Objective:

- Explore creative approaches to
 - Access more biomass supply.
 - Build broader support for biomass projects.
 - Strategically expand use of renewable energy.



“The Conventional Solution”:

- Depend on loggers to find supply!
- Ignore or bulldoze criticism!



A Cooperative Solution:

- Engage forest landowners thru cooperative groups.
 - As suppliers.
 - As project advocates and supporters.
 - As customers.



Cooperative Opportunities Abound:

- Forest Entrepreneurs are looking for opportunities.
- Forest landowners are looking for opportunities.
- Service providers are looking for work.
- Enviro groups are becoming more pragmatic.
- Public is looking for renewable energy.



Cooperative Advantages:

- Organized groups provide effective points of contact.
- Representing hundreds of thousands of acres across the United States in all regions.
 - Aggregated into business units.
 - Most of which is FSC or ATFS certified.
 - Groups are respected by the region's environmental community.
- Grassroots support in organizing and advocating for local wood-to-energy.
 - Many Cooperative Forest Enterprises are already in the process.
- CCFE is in place to support and expand the supply infrastructure.



Cooperative Advantages

- Broaden supply base.
- Access previously inaccessible supply.
- Improve the forest landscape and support Communities.
- Provides a strongly positive sourcing criteria.



Cooperative Strategies:

- Joint Ventures
 - WTE is especially fertile and attractive
- Sponsorships
 - Outreach and Landowner Education
 - Specific Business Opportunities
- Strengthen CFEs
- Expand Customer Base: supplier as customer
- Branding and Marketing: community oriented, eco-minded



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Supply Chain Sustainability and Community Support

- CCFE helps with Organizing Supply
- CCFE applies lessons learned from
 - Landowner Cooperatives
 - Community-based Forest Enterprises.



Supply Chain Sustainability and Community Support

- CCFE distills and disseminates lessons learned as well as stories of progress and success.

Sustainable Woods Cooperative

Lessons Learned In Its 5 Years

Overview

Members of the 5-year-old Sustainable Woods Cooperative – the first organization of its kind in the nation – on March 15, 2003 approved a board recommendation to liquidate the co-op's assets and close its doors.

The decision – an extremely hard one for all involved – was sparked by a simple factor, one that challenges many young businesses as demand is growing: no reserves to purchase inventory and finance receivables amid limited room to borrow additional funds because of too much debt accumulated during its start-up period.

The decision came paradoxically after the co-op – thanks to its USDA Market Development Grant invested over the past 18 months – had worked its way through many of the issues bedeviling it since its inception and had moved a long way toward defining many of the key elements required to be successful for cooperative-like groups that seek to serve private landowners with sustainable forestry practices.

The following detail in a question & answer format delves more deeply into the reasons for the closing and the important lessons learned over the past 5 years. Co-op members are committed to sharing our experiences with as many as possible. We believe there is a strong future for increased sustainable forestry practices among private landowners and we hope this process can be moved forward in part because of the efforts and vision of the 154 members of the Sustainable Woods Cooperative.

(Continued on page 2)

In 2001, brochures were developed to highlight the source of the wood, and Sustainable Woods was fired as the brand.

This report was gathered by Warren Gaskill, a member of the SWC board from 2000 to 2003. Edits and observations by others involved in the history of the co-op were included. This report is meant to be shared with other interested parties so many can build from what this co-op learned to help speed implementation of sustainable forestry practices among landowners. For additional information, contact Warren via e-mail at wgaskill@rapid-improvement.com or by phone at 608-347-8400.

Why did this closing take place at this time?

To answer the question, you have to consider the two phases of the co-op's life: the Start-Up Phase (1998-2001) and the Market Development Phase (2001-2003). The seeds of the closing in the spring of 2003 were sown in 1998.

Start-Up Phase

From its start, SWC focused on a manufacturing business model, adding value to basically lower quality wood that was to come from members' lands.

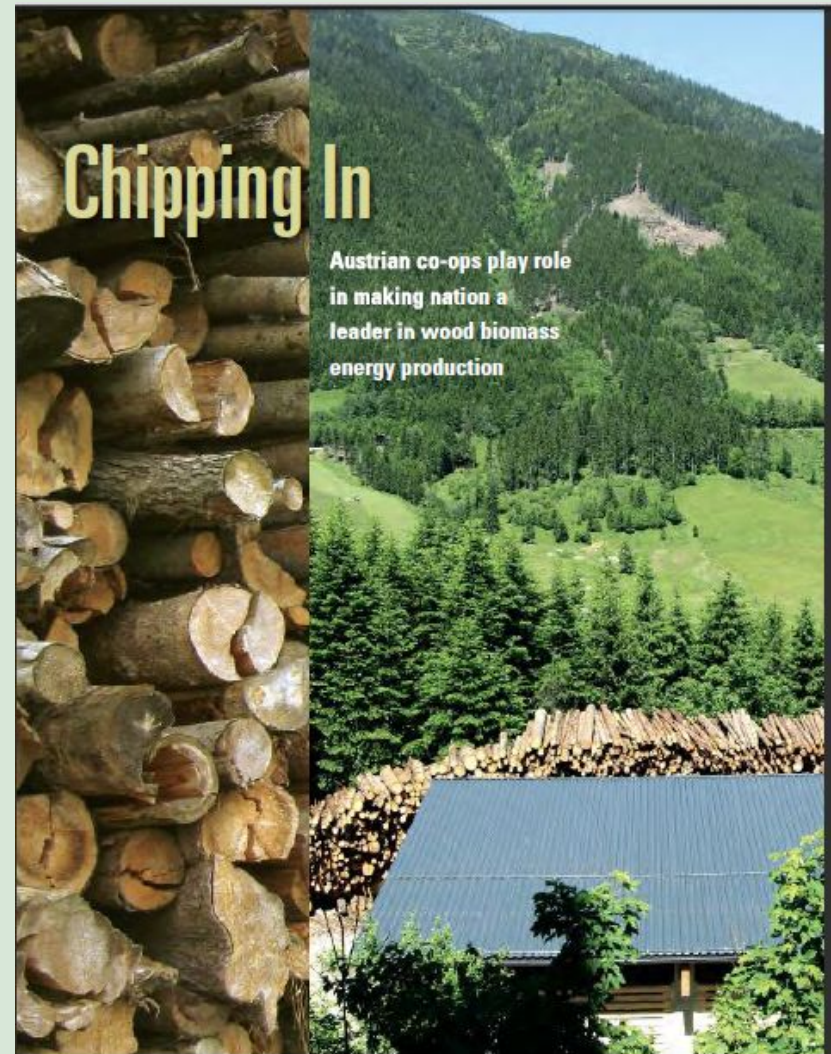
The principle was simple and attractive as it was being promoted in particular by one area forester who had worked with the model on a smaller scale at his farm: Use certified sustainable forestry practices in member

Sustainable Woods Co-op Summary Report: May, 2003 1



Supply Chain Sustainability and Community Support

- CCFE professional staff identifies and researches enterprise and technical innovations.





Supply Chain Sustainability and Community Support


- CCFE disseminates analyses of opportunities
 - including risk assessment, value addition options, and market analysis.

**Solar Wood-Drying Kilns
in a Production Setting**

by
Harry Groot

A Report of the
National Network of
Forest Practitioners

December, 2009


www.nnfp.org



Supply Chain Sustainability and Community Support

- CCFE provides direct support to CFEs complemented by a peer-based network.

2011 Forest Cooperative Leaders Summit

Peer-to-peer learning and networking.

Sharing experiences and comparing notes.

Collaborating across cooperatives.

**Ashland, WI
June 6-7, 2011**





Supply Chain Sustainability and Community Support

CCFE provides consulting services to cooperative forest enterprises, including:

- Pre-feasibility analyses
- Feasibility Studies
- Business Planning
- Management and Process Audits



Financial Projections Worksheet	
Developed for the National Network of Forest Practitioners - 8 North Court St., Suite 411 - Athens, OH 45701 - 740-593-8733 by DM Consulting, Ltd.	
Instructions	
1	Begin all projections by entering information on the Assumptions Worksheet.
2	Enter information in yellow shaded or green shaded cells only.
3	Save the projection tool in its original form in the case that you inadvertently remove a formula in the spreadsheet. Then save your working version with a different name. If you do several versions you might consider saving with the version number at the end of the name i.e. v1, v2, v3, etc. It is also suggested that you save your work often. To check to make sure that the information has been entered correctly, go to the Balance Sheet tab (BS) across to the bottom of the sheet. If there are three red zeroes "0" at the bottom then everything is calculating correctly.
Assumptions Worksheet Instructions	
A1	Enter information in yellow shaded or green shaded cells only. The green shaded cells are used to indicate items that may not recur monthly. The yellow and red comments provide more information on each item and on the green shaded cells.
A2	Except where noted by a red comment box, information entered on the Assumption Worksheet will carry forward to the other worksheets i.e. the Sales, Expenses, Inc1, CF1, etc.
A3	Enter the name of the Cooperative in cell B4. If preparing more than one scenario, also enter the scenario number. Enter the month and year the business is projected to start in cell B6.
A4	Investigate start up costs needs. Enter the total dollar amount of Start Up Costs by the appropriate item in the yellow shaded cells starting with Planning/Feasibility Study Costs in cell B10.
A5	Leave the yellow cells next to any unused start-up cost items blank. Do not delete the lines or the names of the categories.
A6	For any start-up cost categories not currently listed, fill in the name of the cost and the amount in one of the "other" rows. Other Fixed Asset items can be entered in Row 26, and any other items in Rows 27 to 31.
A7	Define all of the Revenue (sales) streams for the business and determine a billing unit and rate for each.
A8	Starting with Membership Fees in cell A36, enter the billing rate next to the appropriate revenues items in the yellow cells in Column B. Enter the billing unit if different than the default unit in Column C. If you change units, follow instructions in the yellow comment box to carry the unit change to the Sales Worksheet.
A9	Leave the yellow cells next to any unused revenue items blank. Do not delete the lines or the names of the categories.
A10	For any revenue items not currently listed, fill in the name, rate and unit of the item in one of the "other" rows starting with cell A56.
Instructions Assumptions Sales Expenses SI Costs & Exp Inc 1 Inc 2 Inc 3 BS CF1 CF2 CF3 BalanceCheck	

- Project Management
- Quality and Certification Implementation
- Marketing support



Questions?

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