

FOREST INDUSTRY SURVEY RESULTS

(24 Respondents of the 126 that were sent surveys in 2006)

I. What are the biggest issues that face your company today?

Items	Item Priority (# of respondents per ranking)									
	1	2	3	4	5	6	7	8	9	10
Raw Material Supply/Cost	9	1	3	1	6	1	1	1		
Workforce	3	2	1	6	1	3			1	2
Regulations	3	3	3	1	4		2	2		1
Competition – Domestic	1	2		3		4	4	1	1	2
Competition – Global		1	5	2		1	4	1	1	1
Trans. Of Goods/ Materials - Rail		1	1	1		1	3	5		11
Trans. Of Goods/ Materials – Trucks		3	5	2	3	3	2			
Operating Costs (energy, taxes, etc)	7	6	2	3	2					1
Other: Health Care Costs	1									
Other: Fuel										1
Other: Insurance & Workman's Comp										1

II. Raw Materials: What issues do you have in regard to raw material supply?

Cost	<ul style="list-style-type: none"> • Transportation costs are continuing to rise; because of competition; • Fuel allowances; • Relative non-issue – all competitors face same issues; • Cost is going up a lot; • Cost of logging; • Forest issues domestically & freight issues on export product; • The cost goes up higher than we can raise our prices; • Too high; • Costs of upholstery polyurethane foam up 2-3 times in 10 months!; • Volatility • Lumber prices increase sometimes 2 to 3 times in one year; • Too high; • Fuel; • Bigger companies, bigger pockets; • Too high; • Instability; • Rising costs due to competition;
Availability	<ul style="list-style-type: none"> • Getting tight especially when needed quickly; • Sometimes pine is tough to get; • We deal in pine, everyone cutting hardwood; • Doesn't seem to be a problem; • Not timely; • Sometimes it's good, other times there is nothing; • Too far away, rail cost prohibitive in many areas; • Some species are becoming more difficult to get; • Not being able to get what we need in summer because of cutting restrictions; • Hard to compete with the big companies; • Some times not enough; • Most is available;
Other	<ul style="list-style-type: none"> • Like to increase weight on loads for product to reduce freight costs; • Acceptable;

III. Workforce

	# Yes	# No
Are skilled workers readily available in your geographic area? Comments: we train our own.	9	14
Are you familiar with Woodlinks Wood Techniques (Fox Valley Tech) program?	12	12
Is there a technical school or training program that you currently work with? FVTC	2	21
Is there a need for specific training programs at a technical school level that would be valuable to your company? If so, what?	7	14
<ul style="list-style-type: none"> • Molder operation; • Management training for employees; • Lean continues to be important team concept development; • Electronic/hydraulic controls; • How to be a good employee – on time & dependable; • Common sense, work ethic; • Wood finishing technology & techniques; • Lumber grading; 		

IV. Regulations

	# Yes	# No
Do you have any ongoing or potentially future issues with permitting, zoning or other site/operational regulations?	6	18
<ul style="list-style-type: none"> • Too many government relationships, forms, taxes, regulations; • Potential issue with regard to voc emissions; • DNR storm water pollution permits; • Government agencies and forestry services are making it more difficult to acquire raw material; • Storm water runoff; 		
Do you have any issues with OSHA compliance? If so, what are they?	3	21
<ul style="list-style-type: none"> • They seem to be much harder on old mills vs. new mills. • Man power to keep things current. • You can't make enough rules to avoid every potential accident! 		

V. Competition

	# Yes	# No
Has demand for your product(s) changed in the past ten years? If so, how?	20	4
<ul style="list-style-type: none"> • A wide variety of different wood species have become more popular. • Demand can change every year by specie. • Increased. • More builders and manufacturers. • Prices are higher; Amish do this by paying high _____ (unsure of handwriting); they are not in OSHA compliance; they don't pay Workers Comp. • The Valley is very competitive in the cabinet industry. • Retailers are buying low cost imports instead. • Global competition. • Down by 25-50%; more imports; less "Mom & Pop" and high end furniture stores; more big box stores; less domestic manufacturers to sell parts to. • We make wood pallets. We now have competition from national companies, rental pallets & used pallets. • Totally abandoned the furniture market; entered high end yacht interiors, which has had remarkable growth. • We have increased production 10-fold over the last 10 years, which is a good thing as long as there is raw material available. • Lots of mills out of business; transportation a much higher factor. • Product line is more commercial than residential. • Follows market trends. • Red oak has declined dramatically as aspen has risen. • Cheap imports flood the market. • Computers – less paper? 		

What have you done to stay competitive?

- Improved manufacturing techniques, training, new equipment, better lumber purchasing.
- Added new equipment with scanners, etc.
- Diversified – more value added.
- Got more lean.
- Bought more locally; bought from bigger companies; no longer have a woods crew.
- It is very tough to stay competitive with Amish mills popping up all over.
- Invested in new technologies in our facilities.
- Better designers – keeping the cost of our product competitive (watch our costs).
- Become as lean as possible.
- Cut workforce.
- Moved into producing more “niche” items; offer more fabric and finish choices.
- We apply lean manufacturing; entered the recycled pallet market.
- Become the highest quality producer.
- Upgraded equipment.
- New machinery.
- Cut more of our own land.
- Updated equipment; re-engineered products.
- Follow the market.
- Smaller workforce, custom products.
- Bought additional machinery.
- Not enough.
- Prompt, courteous, honest service.
- Raised prices for raw material.

What would help your company to improve its marketplace share?

- Educating the potential customers on our product line and services from a locally owned business.
- More lean work.
- Lower lumber prices.
- Better discipline of workforce resulting in higher quality.
- Have all Amish mills on the same set of rules that we have to run our company – insurance, labor, OSHA compliance.
- Better qualified & skilled workers.
- Advertising.
- Have State & Federal gov’t aid our industry as much as they do some others – e.g. farming!
- Make it more expensive for global companies to compete.
- Ability to lower costs in any area.
- Availability of skilled workers; can’t keep up with demand.
- Salesmen.
- Have raw material cost stay level for a while.
- Lower taxes & insurance!!
- Modernization of equipment; more help financially from government agencies and government grants.
- Higher tariffs on imports!
- Marketing; sell to some one with fresh ideas or investor to help relieve bank debt.
- We have enough.

VI. Operations

Training:

What are your training needs/courses you would like to see offered or on-site technical assistance?

Needs/courses	# Positive Responses	Other Comments
Safety	5	<ul style="list-style-type: none"> • We do these things. • We have this.
First Aid/CPR	4	
Computer	4	
Financial/Bookkeeping	3	
Insurance Options	6	
Benefit Packages	4	
Lean Manufacturing	10	
Operating Training:		
Molder	5	
Planer	4	
Maintenance	7	
Set-up	7	

Wood Residue:

What is currently done with your wood residue (sawdust, shavings, pieces, etc.)?

- Wood edgings & shavings are picked up by outside source.
- Sawdust used for bedding; shavings for wood fiber products; also burn some for boiler fuel.
- Mostly sold, some used as fuel.
- Sold.
- Sold to scrap users.
- Sold to farmers.
- Sold and used for fuel.
- Sold to paper companies.
- Scraps are thrown away or given away; sawdust given to farmers.
- Taken to landfill.
- Farmer uses for bedding.
- Sell to local farmers for animal bedding.
- Ground into boiler fuel.
- Landfilled.
- Burned for heat.
- Sawdust is sold to farms; wood waste is sold to recycling plants.
- All sold.
- Dairy cow bedding.
- Landscape material products, firewood, animal bedding, boiler fuel;
- Sawdust is sold to farmers; chips sold to mills; bark sold for decorative mulch – very little waste.
- Taken to local land fill;
- Bedding for cattle; we burn some here to heat plant;
- Animal bedding/mulch;
- We use some sawdust for boiler fuel; the rest is sold; all other products are sold;

What volume of wood residue is produced annually?		Comments
Shavings	1500 – 2000 yds (shavings + sawdust) 1125 52 truckloads 3500 cubic yards 440 tons 2000 yards	<ul style="list-style-type: none"> • I don't know breakdown - \$800,000 kiln dried wood, 50-50% waste. • Shavings & sawdust – a lot! • Shavings & sawdust – not sure • Shavings, sawdust, chips: 4-6 semis per year; all blown into semi trucks for animal bedding. • Also 6,300 tons of unspecified residue. • No idea – chopper wagon full every two weeks. • Shavings, sawdust, chips – don't know volume.
Sawdust	1500 1,583 tons 13 semi-trailers 1 semi-load 300 cubic yards 2000 tons 36 ³ yards 12,562 cubic yards	
Chips	5625 13,000 2 semi-loads 3000 yards 12,562 cubic yards	
Other:	Wood edgings strips 150 bundles Mulch from logs debarked 1 semi-load Scrap MDF 100 ³ yards Firewood 200 cords Bark 6500 cubic yards	

Energy Needs:

	Yes	No
<p>Have energy prices created significant changes in your operations? If so, how?</p> <ul style="list-style-type: none"> • Not yet, but we are exploring ideas. • We became more efficient. • Have to build more locally. • Looking at alternative ways. • Shutting down when not in use. • Increasing costs of goods sold – not good! • Less profit. • Cost of lumber increases. • Everything goes up every year! • New insulated roof and energy efficient lighting. • Prices are increasing at a rate that does not correlate with market rates. 	13	9
<p>Are any of your wood residues used to meet your energy needs? If so, how?</p> <ul style="list-style-type: none"> • Wood boiler for heating dry kilns. • Hog fuel boiler. • Are burning wood scraps. • Wood stove in winter. • Heat. • Heating. • Burn. 	10	14
<p>Are there energy alternatives you have explored or would like further information on? If so, what?</p> <ul style="list-style-type: none"> • Wind generated electricity. • Wood, wind to create electricity. • Heat from scrap & sawdust. • Try to get better utilization. • Wind energy technology as well as sawdust fuel to provide electricity. • Solar. 	8	11

Transportation:

What % of your delivery is handled by:	Raw Material		Finished Product	
	% By Truck	% By Rail	% By Truck	% By Rail
	100% - 21	5% - 2	100% - 22	
	95% - 2		80%	20%

<p>What issues, if any, do you have regarding product delivery?</p> <ul style="list-style-type: none"> • High gas prices • Cost • Diesel is expensive; poor mileage. • Would like to see weight restrictions reviewed for WI roadways. • Fuel surcharges affecting sales of finished goods. • Availability of train cars has greatly decreased; landing sites closed and cost doubled. • Fuel prices. • High cost of raw material, delivery.

VII. Retention/Expansion

	Yes	No
<p>Do you have plans to downsize? If so, why?</p> <ul style="list-style-type: none"> • Have downsized by 25-35%. • Currently, to meet overhead & interest. 	1	18
<p>Do you have plans to expand? If so, in what regard?</p> <ul style="list-style-type: none"> • Possibly a small scrag mill for small diameter logs. • We are up 48% this year. We want to do it again and add two complimentary product lines with addition. • More volume. • Small log and pellet manufacturing. • Adding new equipment to increase our value-added offerings. • Make yard space. • Expand manufacturing operations & finishing dept. • Warehouse space. • Larger building and new machinery. • Offer more services, such as moulding machines, planers, dryers. 	10 1 – Maybe	9
<p>What assistance can we provide to maintain and/or expand your business?</p> <ul style="list-style-type: none"> • Keep improving yourselves and because of the training issues, be proactive. • Cheaper loans, grants. • Have Amish comply with all rules we have to. • Consultants specific to the wood/lumber industry. • Help in all areas!! We don't want to be a domestic furniture manufacturing casualty!!! • Secure grants or tax breaks for continued operation; increase market share. • Keep us apprised of voc regulations in our area. • Lower taxes & insurance! • Grants for small business; electricity generation from sawdust, bark, chips. • Looking desperately for an investor or buyer with a management/marketing/bookkeeping background. I would like to work with someone to provide an exit plan for me to retire in a few years. 		