

## **Responding to loggers, how much is it worth? - William Schongar**

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### **Introduction**

The current markets for good quality timber or standing trees is strong and woodlot owners are sometimes approached by individuals or companies that are interested in buying their trees. This may lead to unsolicited offers from buyers to purchase this timber. However it must not be forgotten that the buying and selling of timber is a business transaction and that companies are in business to make money. A business will offer an amount of money to purchase timber which will allow them to realize a profit after reselling them. The maximizing of this profit is the goal of any business. It should be the goal of the seller to maximize "Profits" as well.

A number of items should be considered to help you maximize your profit before any offer is accepted from a potential buyer. The first thing to realize is that any offer is coming from a party who, more often than not, has more knowledge about the buying and selling of timber than you do as a seller. This point cannot be under stated. The buying and selling of timber is a complicated business with many variables determining the value of timber and the markets for that timber. As the seller it is a good idea to remember that any single offer represents a single buyer or market. If your timber is valuable to one buyer, it is probable that it will also be valuable to other buyers.

A second point to consider is that you as the seller are the one who is responsible for maximizing your profit. The business interested in purchasing your timber is in competition with other businesses also interested in purchasing your timber. If you, as the seller, do not realize this point an offer from a single business may seem good. However, you may be able to use this competition to your advantage by offering your timber to a number of potential buyers. By offering your timber to a number of potential buyers you also reach a number of potential markets. These markets may include lumber producing sawmills, exporters or specialty markets such as furniture, musical instruments and sporting goods.

To maximize your profit in the selling of timber a great deal of information is required. Most people do not have this information and may not be comfortable with the business of selling timber. However, people can still maximize their profit when selling timber. This is done by hiring an agent to work on your behalf. This agent is usually a Private Consulting Forester. A Private Consulting Forester is an individual

who has the knowledge and information necessary for selling timber. The Forester understands the many variables determining the value of timber as well as the markets for that timber. A Forester will offer your timber to a number of potential buyers thus increasing competition and usually increasing your profit. Private Consulting Foresters do charge a fee for their services but many work out of the receipts of a timber sale eliminating the need for any upfront money. The fee of a Forester is often recouped in the higher selling price of the timber.

When hiring a Private Consulting Forester to handle a timber sale, it is still a good idea to understand how the value of timber is determined. The factors which go into determining the value of timber are many and include, but are not limited to:

**Table 1. Factors Determining the Value of Timber**

<ul style="list-style-type: none"> <li>• Landowner Requirements</li> </ul>	<ul style="list-style-type: none"> <li>• Volume To Be Cut</li> </ul>
<ul style="list-style-type: none"> <li>• Logging Terrain</li> </ul>	<ul style="list-style-type: none"> <li>• Market Demand</li> </ul>
<ul style="list-style-type: none"> <li>• Distance To Market</li> </ul>	<ul style="list-style-type: none"> <li>• Season Of Year</li> </ul>
<ul style="list-style-type: none"> <li>• Distance to Public Roads</li> </ul>	<ul style="list-style-type: none"> <li>• Woods Labor Cost</li> </ul>
<ul style="list-style-type: none"> <li>• Size of Average Tree</li> </ul>	<ul style="list-style-type: none"> <li>• Type of Logging Equipment</li> </ul>
<ul style="list-style-type: none"> <li>• Percentage of Timber Species in Area</li> </ul>	<ul style="list-style-type: none"> <li>• End Product of Manufacture</li> </ul>
<ul style="list-style-type: none"> <li>• Property Taxes</li> </ul>	<ul style="list-style-type: none"> <li>• Timber Quality</li> </ul>
<ul style="list-style-type: none"> <li>• Insurance Costs</li> </ul>	<ul style="list-style-type: none"> <li>• Performance Bond Costs</li> </ul>

A landowner will not be able to influence most of these factors but should concentrate on Landowner Requirements. The driving force behind any timber sale should be the goals and objectives of the landowner. What you want to do with your property in the long and short term is essential to the successful completion of a timber sale. For example, do you plan on owning the property for a number of years? Do you use your property for recreational pursuits? Do you want to harvest timber a number of times

during ownership of the property? Do you want to maintain your property in an aesthetically pleasing condition?

Communication between you and the Private Consulting Forester will enable the Forester to apply the appropriate methods and practices which will control the harvesting of the trees in such a manner as to meet the landowner's goals and objectives.

The selling of timber is a complex business transaction. The factors affecting timber value are many and primarily dependent on the buyer. It is essential to expose your timber to as many potential buyers and markets as possible. The best way to accomplish this is to hire a Private Consulting Forester to act as your agent. The hiring of a forester to act as your agent for a timber sale is akin to hiring a lawyer to represent you in a legal matter. The knowledge and training of the Forester will be the key factor in making certain that your long and short term goals and objectives are met through a timber sale.