



## Having it both ways?



Over the past couple of years, several CEO's of large timber companies, have expressed concerns about not having enough logging contractors to do the work needed. Who they are or who the concerns were expressed to are not important. They each followed a similar pattern. Deep concerns expressed about the aging and diminishing supply of qualified logging contractors! In each case, the reply has been that "loggers don't make enough money for the hardships they endure!" This is then followed by some blank stares and comments like "what are you talking about?"

It seems that the upper management of some timber companies are quite oblivious to the details of getting their timber logged and delivered to manufacturing facilities. I think that if they paid a little closer attention to their own processes of setting logging rates, that they would see that they are trying to have their cake and eat it to. To have high quality logging contractors at rock bottom prices.

I must admit that, as a capitalist, I can completely understand this desire. The logging process is one of the major expenses of producing timber products. And, being a commodity, the value of those timber products is often set on a world market. In other words, the pie is only so big. So why not always get the lowest logging price you can? It's been working for quite a while.

I say go for it! Us loggers are big boys and girls. We just don't ever, ever, ever want to hear another complaint about there not being enough loggers!!!

Some timber companies have come up with some intriguing ways to get sales logged at "below bid prices." Just last year, we were asked to do a job. We had given a "pre-bid price." We were told that they really wanted us to do the sale because it fit us really well. We wanted to do the sale as well. We were told, however, that our numbers were "too high". We met a couple of times, to hash things out and we argued back and forth. But in the end, we were told that we had to log the sale at their numbers. We relented and decided that we would. However, in retrospect, we wished that we had said no. The truth was, that the price we were offered was the same price we could have gotten twenty years ago. Twenty years ago, however, we could have made some money at that price. However, on last year's sale, there was precious little money to be made. Inflation has taken its toll over the years and loggers are being squeezed really hard right now. The price of lumber had almost doubled from the time this sale was purchased and when it was logged. You would think that the sale purchaser could have spared a few dollars to help the logger?

Several years ago, we were asked to bid a timber sale. We were one of three bidders. We were told that the good news was that we were the lowest bid. However, the bad news was that our bid was higher than their anticipated logging costs. We were then asked to split the difference between our price and theirs, or they would rebid the sale. Looking back, I wish we would have said not only no, but hell no! There was about \$50,000 difference in our bid price and the price we logged the sale for. However, we needed that money a lot more than that timber company did. If you are going to put things out for bid, then at least make it an honest process.

Bidding a timber sale can be a very complicated process. Us loggers are quite capable of coming up with numbers that are lower than they should be. Especially if it is a sale that we feel we need, to get us through the slow time of the year. I think every logger out there has been, at some time or other, overly optimistic about the production they can get on a particular timber sale. Sometimes it seems like we are our own worst enemies. However, I have heard many stories about loggers being asked to reduce their price, to match a “really low bid” submitted by another logger.

One of the issues that loggers run into is how timber sales are managed. Sale management can make a big difference in profit margins. As one logger recently told me, “to get a nice timber sale, you have to bid it at maximum production, assuming that everything will go perfectly. Then as soon as you are awarded the sale, they start throwing road blocks up that inhibit production”. It’s not uncommon to have a timber sale postponed at the last minute. To be told to pull out half way through and come back later to finish it. To have more sorts added, then were originally expected. Or to have quotas imposed that are lower than the production required, to produce a profit. All of these things and many others reduce the profitability of the loggers, of course, at no cost to the timber company.

Most of us loggers realize that we are not going to get rich working for timber companies. In most cases, we are just subcontractors. We have to work hard and be as efficient as possible to just get by. However, it would be nice to be treated fairly, in an open and honest process. Some of the CEOs of these timber companies might be surprised how hard their loggers will work for them if they were allowed to make enough profit to pay their employees what they deserve and live a decent life themselves.

As I said before, the pie is only so big. However, with the building boom that has been going on lately, the pie has been getting considerably larger. If loggers were to get a little bit larger piece of that pie, those same CEOs might be surprised how little it would hurt their profit margins. They might also find more loggers available to do the work needed.

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*The American Loggers Council is a 501 (c)(6) not for profit trade association representing professional timber harvesters and log truckers in 32 states across the United States with headquarters near Hemphill, Texas.*