



# WORK PLAN

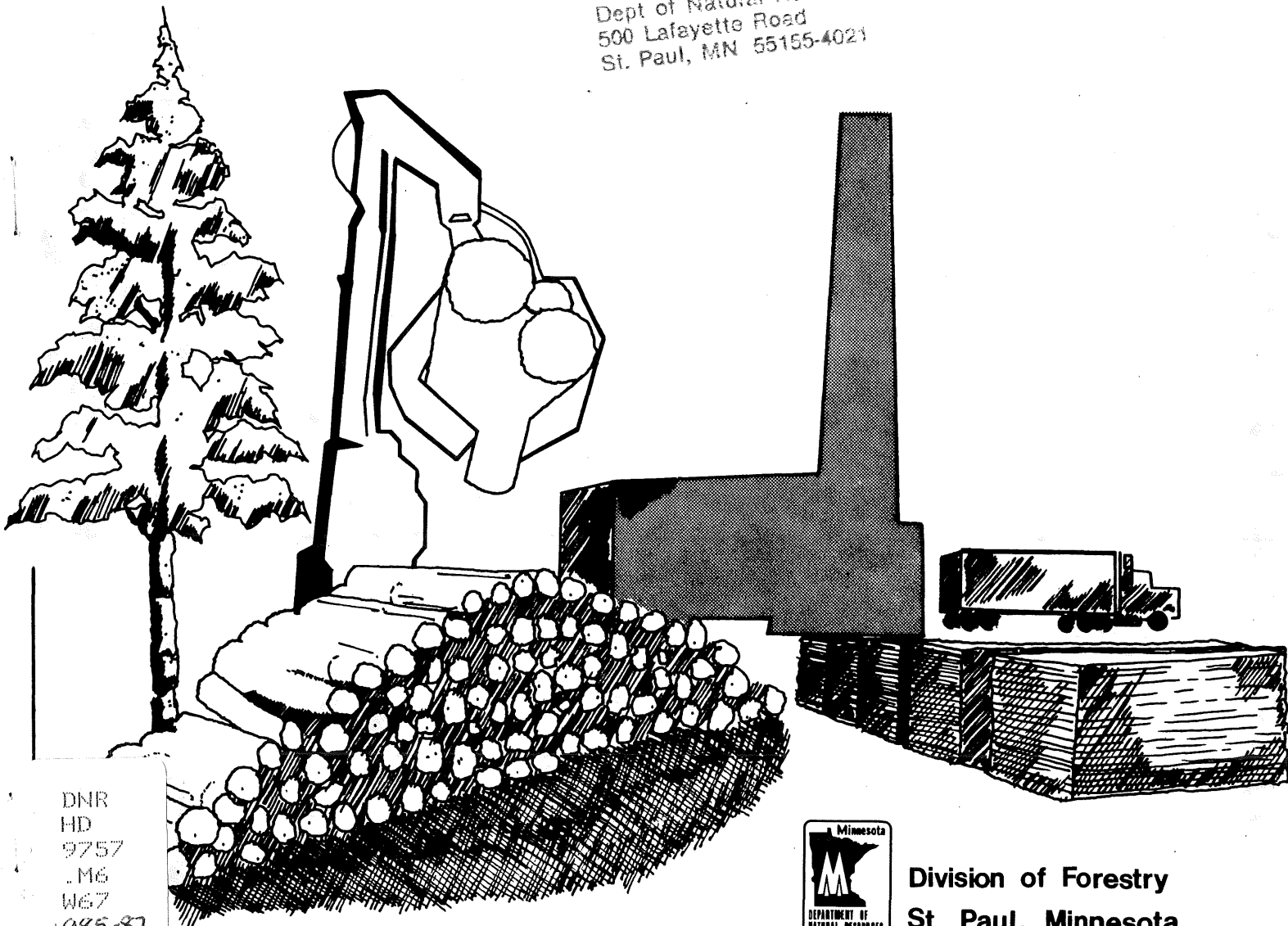
## FOREST PRODUCTS UTILIZATION & MARKETING PROGRAM

MINNESOTA DNR / FORESTRY

JULY 1985 - JUNE 1987

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Division of Forestry  
St. Paul, Minnesota



**WORK PLAN**  
**FOREST PRODUCTS UTILIZATION AND MARKETING PROGRAM**  
**JULY 1985 - JUNE 1987**

**July 1985**

**Minnesota Department of Natural Resources**  
**Division of Forestry**

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## EXECUTIVE SUMMARY

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This document is the biennial work plan for the Division of Forestry, Forest Products Utilization and Marketing Program for fiscal years 1986 and 1987 (calendar period 7/85 - 6/87). The purpose of the work plan is to:

1. Specifically define the Forest Products Utilization and Marketing Program;
2. Provide Program staff with direction;
3. Provide people outside of the organization with a description of how the Division of Forestry plans to be involved in the development of Minnesota's wood resources.

The goals of the Program are to a.) increase the use of Minnesota's wood resources, b.) increase the economic benefits derived from the production of forest products within the state, and c.) increase the wood using efficiency of Minnesota's forest products industry. These goals will be accomplished by:

1. The identification and promotion of wood resource based industrial development opportunities which will use currently underutilized forest resources;
2. The promotion of wood energy in commercial and institutional applications;
3. Management of the potential conflict between energy use and industrial use of Minnesota's wood resources;
4. Increasing the flow of market information within the forest products industry;
5. Providing wood products manufacturers with processing improvement assistance.

The seven member FPU&M Program staff will work cooperatively with the other agencies and organizations involved in the development of Minnesota's wood resources to gain the greatest possible benefit from pulling together for a common goal.

## INTRODUCTION

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### PURPOSE

The purpose of this work plan is to:

1. Specifically define the mission, issues, strategies and action plans of the Forest Products Utilization and Marketing Program;
2. Provide a sense of purpose, guidance and a focus for the efforts of the Program staff for fiscal years 1986 and 1987 (7/85-6/87);
3. Provide others (agencies, institutions, industry, individuals) with a description of how DNR, Division of Forestry plans to be involved in the development of Minnesota's wood resources.

### PLANNING PROCESS

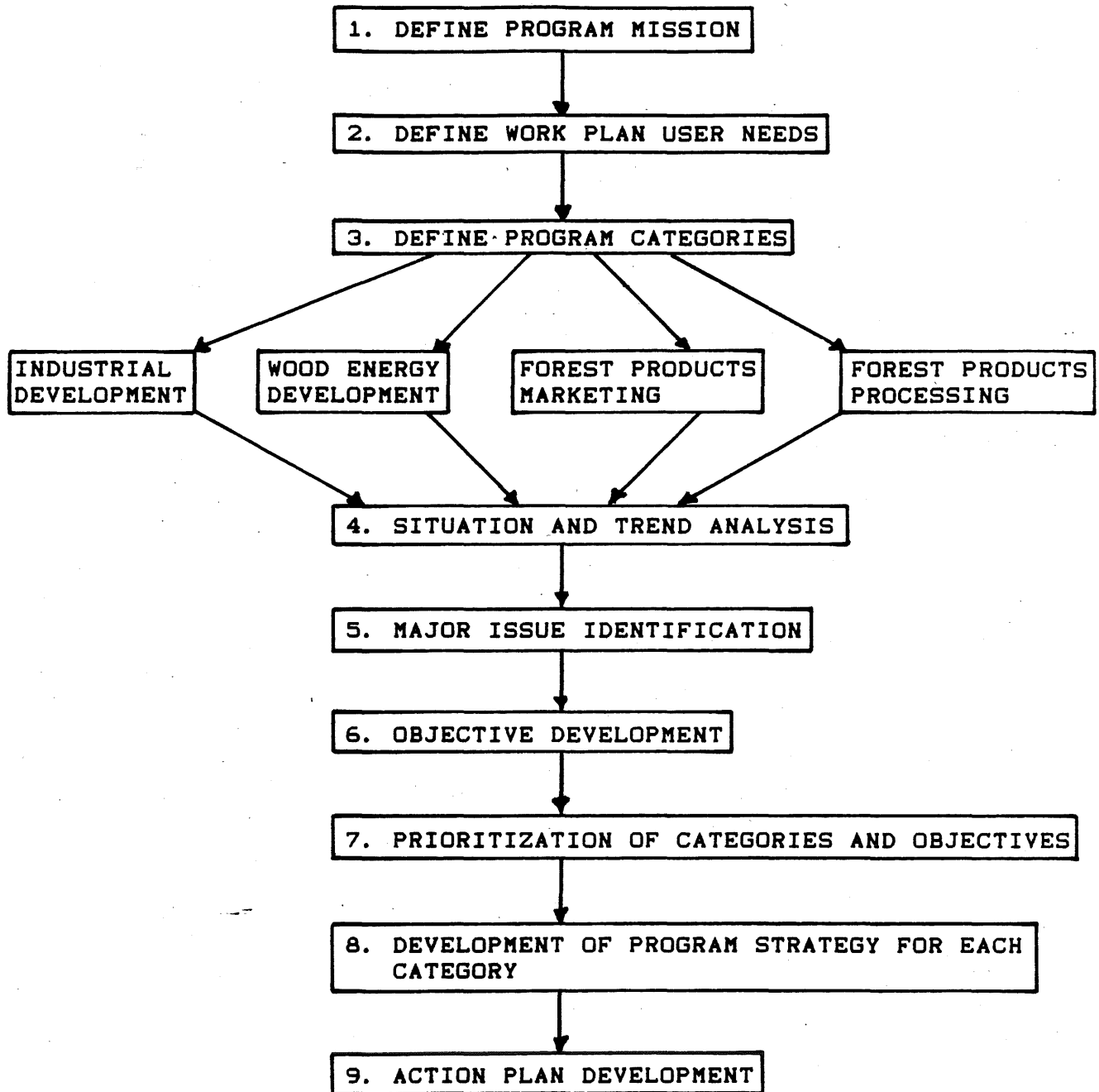
This work plan was developed through a fully participatory group effort of the entire Program staff. The following planning process was used.

1. The Program mission statement was articulated. The mission is derived from the mission of the Division of Forestry (refer to Appendix C).
2. A user analysis was made to determine the needs of the users of the work plan.
3. The Program was separated into major categories based on past activity and projected demand.
4. Each program category was analyzed as follows:
  - A. Major economic, technological, environmental and social factors and trends affecting the program category were delineated (situation and trend analysis).
  - B. A list of major issues (impactable by the Program) was developed from the situation and trend analysis.
  - C. A Program objective was developed for each major issue.
  - D. Program categories and category objectives were systematically prioritized.
  - E. A Program strategy was developed for each category.
  - F. Ongoing Program action plans were categorized by objective and additional action plans were developed.



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**PLANNING PROCESS MODEL**



## PROGRAM DESCRIPTION

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### MISSION

It is the mission of the Forest Products Utilization and Marketing Program to:

1. Increase the use of Minnesota's wood resources by increasing the use of wood in industry and in the production of energy for commercial and institutional use;
2. Increase the value of forest products produced in Minnesota by improving manufacturing and marketing practices in the forest products industry;
3. Increase the wood using efficiency of Minnesota's forest products industry by improving management and manufacturing technology.

The accomplishment of this mission will improve forest management by increasing the harvest of underutilized timber and increase the total economic benefit derived from Minnesota's wood resources.

### HISTORY

The Forest Products Utilization and Marketing Program was initiated by the U.S. Forest Service, State and Private Forestry. Minnesota DNR, Division of Forestry has participated in the Program since its inception in 1966. The Program was administered by a single staff forester until 1976. In 1976, the staff was increased to three and later to five. Since 1980, the Program has been staffed by seven foresters headquartered out of four administrative regions and the DNR central office in St. Paul.

Funding and technical assistance offered by the U.S. Forest Service, State and Private Forestry provided major impetus for the development of Minnesota's Program. Four Resource Conservation and Development (RC&D) projects also provided Program funding and direction prior to 1976. The Boundary Waters Canoe Area Wilderness (BWCAW) act of 1978 added two positions and additional Program direction.

Currently, the Program is supported by Division of Forestry general funding except for one position which is supported by BWCAW act funding. Program direction is developed within the Division of Forestry with input from other agencies, organizations and the forest products industry.

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## PROGRAM PRIORITIES AND ACCOMPLISHMENTS

Initially, Program emphasis was aimed at improving the processing capability of Minnesota's primary and secondary forest products industry. Program emphasis began shifting toward industrial development with the completion of the 1977 Minnesota forest inventory. Program emphasis is currently prioritized as follows:

1. Forest products industrial development
2. Wood energy development
3. Forest products marketing
4. Forest products processing

The following examples of Program activity over the last five years show the scope and impact of the Forest Products Utilization and Marketing Program.

1. Forest Products Industrial Development

Specialized wood resource analyses and the identification of wood resource based industrial development opportunities have contributed to over a half billion dollars of new wood industry capital investment and an additional 3/4 million cords of annual wood usage in Minnesota since 1980.

2. Wood Energy Development

The identification of energy wood resources (comprehensive study in 1980, regular site specific analyses for individual users) and active promotion of wood for commercial energy (programs, individual contacts, publication of a regularly updated Minnesota fiber fuels use status report) have contributed to continued expansion of commercial and institutional wood energy use. There are currently (as of 4/85) over 190 commercial and institutional wood energy users in Minnesota.

3. Forest Products Marketing

The publishing of a bi-monthly marketing newsletter (3500 circulation), a semi-annual forest products price report, a periodic roundwood market outlook and hundreds of individual marketing assistance cases annually have resulted in an estimated one million dollars of additional forest products industry business per year.

4. Forest Products Processing

Technical and business management assistance provided to forest products manufacturing businesses is aimed at improved wood using efficiency and ultimately the stability and growth of Minnesota's wood using industry. Up to 200 individual assists, of which 10-12 are major mill analyses, are carried out annually.

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## ACKNOWLEDGEMENTS

There are a number of agencies and organizations involved in wood resource development in Minnesota. It is the intention of the Forest Products Utilization and Marketing Program to work cooperatively with these groups to the fullest extent possible to maximize the advantages of pulling together for common goals. These groups include:

1. The Forest Products Industry
2. Minnesota Department of Energy and Economic Development
3. Regional and Local Economic Development Organizations
4. Minnesota Trade Office
5. University of Minnesota Agricultural Extension Service
6. University of Minnesota Department of Forest Products
7. Natural Resources Research Institute
8. Iron Range Resources and Rehabilitation Board
9. U.S. Forest Service, State and Private Forestry
10. U.S. Forest Service, North Central Forest Experiment Station

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**BUDGET**

(in thousands of \$)

Source	FY 1986	FY 1987
1. General Fund	195.0	195.0
2. BWCAW	30.0	30.0
3. Special Project Funds	29.5	30.0
4. Special Programs	10.0	10.0
-----		
Total	264.5	265.0

- Notes:
1. General fund amount is an estimate of salary and expenses for 6 FPU&M staff and other Division support.
  2. BWCAW is an estimate of salary and expenses for 1 FPU&M staff. (Boundary Waters Canoe Area Wilderness Act funding)
  3. Special project funds for FY1986 is amount received from NRRI (contract) for development of a forest products industry directory. FY1987 amount is an estimate of funding for special projects.
  4. Special programs is an estimate of funding for regular program expenses such as printing, contracts, and misc.

**STAFFING**

(in full time equivalents)

Source	FY 1986	FY 1987
1. FPU&M Staff	6	6
2. Special Projects	.5	1
3. Contribution by Supervisory, Support and Field Personnel	1.5	1.5
-----		
Total	8	8.5

- Notes:
1. The 7 member FPU&M staff contributes approximately 1 fte to other Division programs, leaving 6 fte for FPU&M activity.
  2. FY1986 special projects staffing is for part time help with the forest products industry directory project. FY1987 staffing is a projection of needs.
  3. Contributory staffing is an estimate of overhead and field personnel time attributable to the FPU&M program.

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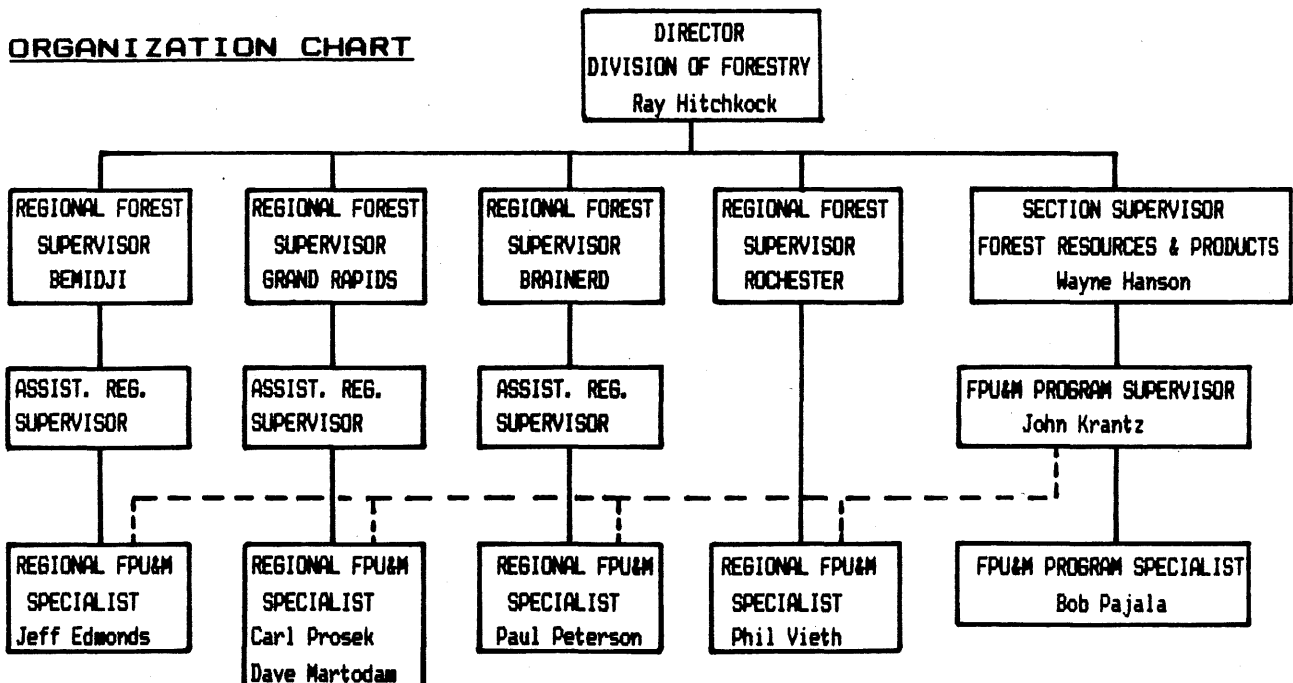
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**ORGANIZATION CHART**



## PLAN OF WORK

The following plan of work will guide the Forest Products Utilization and Marketing Program for fiscal years 1986 and 1987 (7/85 - 6/87). The plan is divided into the following Program categories (listed in order of priority):

1. Forest Products Industrial Development
2. Wood Energy Development
3. Forest Products Marketing
4. Secondary Forest Products Processing
5. Primary Forest Products Processing
6. Forest Harvesting

Each Program category (except secondary processing and harvesting) contains:

1. A brief assessment of the economic, social and environmental factors and trends affecting the category;
2. A strategy statement which describes the major Program emphasis for the category;
3. A list of major issues (impactable by the Program) within the category;
4. A list of Program objectives ranked by priority. The objectives are derived directly from the major issues.
5. A list of action plans to achieve the objectives. The action plans listed include both ongoing activities and new initiatives. Program resources preclude the implementation of all of the actions listed. New actions will be developed during the planning period as conditions dictate.

The strategy statement and program objectives constitute the long range portion of the work plan. The action plans constitute the operational portion of the plan. An action implementation plan and schedule is not included in this document. Appendix A describes specific targets. Appendix B describes the Program management process.

This plan of work is intended to guide the activity of the Program toward fulfillment of the program mission. The plan is not a rigid guide, however. The Program will continue to assess the environment it works in and adapt its activities to the realities of that environment.

# 1. FOREST PRODUCTS INDUSTRIAL DEVELOPMENT

## Current Situation and Trends

- \* The current Minnesota forest survey (1977) needs updating.
- \* State, regional and local competition for private industry investment is growing.
- \* Local economic development efforts are increasing.
- \* Economic development organizations lack expertise in wood resource based industrial development opportunity identification.
- \* Forest products industrial development efforts by economic development organizations have been focused on large businesses such as waferboard and paper.
- \* Most new employment created in the next 15 years will be in small businesses.
- \* The public is generally uninformed about the impact (current and potential) of Minnesota's forest products industry.

## Program Strategy

The strategy of the forest products industrial development effort will be:

1. Identification of wood resource based industrial development opportunities which will use currently underutilized forest resources;
2. Promotion of these opportunities, both directly to potential developers and through existing economic development organizations.

## Major Issues

1. Much of the opportunity for forest products industry growth in Minnesota is unidentified.
2. There is a lack of forest resource expertise among economic development organizations.
3. There is a lack of coordination among economic development organizations in the area of forest based industrial development.
4. The public is uninformed of the importance and potential of Minnesota's forest products industry.

## Program Objectives (ranked)

1. Identify and promote wood resource based industrial development opportunities.
2. Provide existing economic development organizations with wood resource and industry information.
3. Promote and establish coordination among economic development groups in the area of forest based industrial development.
4. Promote the economic importance of Minnesota's forest industry.



## Forest Products Industrial Development Action Plans

OBJECTIVE NUMBER	ACTION DESCRIPTION	ONGOING PROJECT OR NEW INITIATIVE	COOPERATORS	EXPECTED RESULTS (SHORT TERM AND LONG TERM)
1	Respond to direct requests from forest products businesses and economic development groups for wood resource analyses for specific sites or proposals.	Ongoing (50 requests annually)		<p>Short Term: Written wood resource analyses provided to requestee.</p> <p>Long Term: Wood using industry expansion or establishment.</p>
1	Develop a prospectus for industrial use of east-central Minnesota pine plantation resource.	New Initiative		<p>Short Term: A complete market and business prospectus to promote through existing development groups.</p> <p>Long Term: A new pine using industry established.</p>
1	Analyze new forest products directory research data to identify industrial development opportunities.	New Initiative	U of M Ext. N.R.R.I.	<p>Short Term: Identification of development opportunities.</p> <p>Long Term: Promotion of opportunities.</p>
1	Compile standardized forest resource information by county.	Ongoing		<p>Short Term: A complete set of current wood resource availability reports for forested counties.</p> <p>Long Term: Improved response to industry wood resource analysis requests.</p>
1	Do individual species wood resource analyses-statewide and regionally: Aspen, Spruce, Balsam, Pine.	New Initiative		<p>Short Term: Identification of species-specific development opportunities.</p> <p>Long Term: Promotion of identified opportunities.</p>
1	Develop a long-term outlook for conifer_pulpwood use in Minnesota.	New Initiative		<p>Short Term: Produce a report on long-term conifer pulpwood demand.</p> <p>Long Term: Use demand projection to guide pine using industrial development efforts.</p>
1	Update industrial wood supply and demand projections for Minnesota.	New Initiative		<p>Short Term: Produce a current industrial wood supply and demand projection report.</p> <p>Long Term: Use updated projections to more accurately guide wood industrial development efforts in Minnesota.</p>

## Forest Products Industrial Development Action Plans

OBJECTIVE NUMBER	ACTION DESCRIPTION	ONGOING PROJECT OR NEW INITIATIVE	COOPERATORS	EXPECTED RESULTS (SHORT TERM AND LONG TERM)
1	Initiate a procedure to gather sawlog drain information annually.	New Initiative	NCFES	<p>Short Term: Development of a survey method to obtain annual sawlog drain information.</p> <p>Long Term: Initiate survey. Use information to guide primary industry industrial development efforts.</p>
2	Respond to direct requests for wood resource and other information from economic development organizations.	Ongoing (30 requests annually)		<p>Short Term: Provide information as requested.</p> <p>Long Term: Develop an increased industrial wood development opportunity awareness among economic development organizations.</p>
2	Cooperate with economic development organizations in promoting wood industry development through tours, workshops and presentations.	Ongoing (20 annually)		<p>Short Term: Organize and participate in promotional tours, workshops, presentations.</p> <p>Long Term: Make potential developers aware of opportunities.</p>
4	Determine segments of public to target for awareness initiatives.	Ongoing		<p>Short Term: Determination of which segments of the public would have most impact on wood industrial development if their awareness of the importance of the wood industry was increased.</p> <p>Long Term: Focus awareness initiative for best results.</p>
4	Publish wood industry and utilization articles in the public media.	Ongoing		<p>Short Term: Raise public awareness of economic importance of Minnesota wood industry.</p> <p>Long Term: Improve forest products industry business environment in Minnesota.</p>

## 2. WOOD ENERGY DEVELOPMENT

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### Current Situation and Trends

- \* Residential use of wood fuel is not increasing significantly (1.3 million cords in 1979/80 season, 1.4 million cords in 1984/85 season).
- \* Commercial and institutional use of wood energy is increasing in Minnesota (over 190 installations operating in 1985).
- \* Traditional fossil fuel prices have become relatively stable.
- \* Energy wood resource information is not up to date.
- \* There is a lack of qualified consultants in the wood energy field.
- \* Interest in large scale use of wood energy is increasing (public utilities, taconite processing).
- \* Conflicts between wood fuel users and industrial wood users may increase.
- \* There is a need for more coordination among public agencies promoting wood energy.
- \* There is increasing concern for air quality as it relates to wood energy.

### Program Strategy

1. Promotion of commercial and institutional wood energy use.
2. Management of the potential conflicts between energy use of wood and industrial use of Minnesota's wood resources.

### Major Issues

1. Potential commercial and institutional wood energy users need more and better information on wood resources, economics and technology.
2. Agencies involved in wood fuel promotion need closer coordination.
3. Energy use of wood can conflict with other uses.
4. Minnesota public building wood energy conversions are proceeding slowly.
5. There is a lack of qualified consultants in the wood energy field.

### Program Objectives (ranked)

1. Develop and distribute wood energy resource, economic and technical information.
2. Promote coordination among agencies involved in wood energy development.
3. Promote highest value use of the wood resource.
4. Promote wood energy use in State of Minnesota public buildings.
5. Coordinate and encourage efforts to provide the consulting industry with information and training in the wood energy field.

## Wood Energy Development Action Plans

OBJECTIVE NUMBER	ACTION DESCRIPTION	ONGOING PROJECT OR NEW INITIATIVE	COOPERATORS	EXPECTED RESULTS (SHORT TERM AND LONG TERM)
1	Update, reprint and distribute <u>The Status of Fiber Fuel Use in Minnesota</u> twice during FY 1986 and FY 1987 as needed. Develop a better targeted distribution list.	Ongoing	Fiber Fuels Institute  MN Dept. of Energy & Econ. Dev.	Short Term: Information on the status of fiber fuel use in Minnesota will be kept current.  Long Term: Increased conversion to fiber fuel by reducing the constraint of lack of information.
1	Update and reprint the 1980 Minnesota Wood Residue report.	New Initiative		Short Term: Make current wood resource for energy information available.  Long Term: Increase conversion to wood energy by reducing the constraint of lack of fuel resource information.
1	Print and distribute the results of the 1985 residential fuelwood use survey.	New Initiative	MN Pollution Control Agency	Short Term: Make residential fuelwood use information available.  Long Term: Use information to plan residential wood energy use programs.
1	Develop wood energy brochures and fact sheets.	New Initiative	U of M Ext. Fiber Fuels Inst. MN Dept. of Energy & Econ. Dev.	Short Term: Prepared wood energy information will be available on request.  Long Term: Improved response to requests for wood energy information.
1	Present or participate in wood energy promotional programs in outstate areas.	Ongoing	MN Dept. of Energy & Econ. Dev.  U of M Ext.	Short Term: Wood energy information presented to interested groups and individuals.  Long Term: Increase conversion to wood energy by promoting opportunities to interested groups and individuals.
1	Write wood energy promotional and information articles for the public media.	Ongoing		Increase public awareness of wood energy opportunities.

## Wood Energy Development Action Plans

OBJECTIVE NUMBER	ACTION DESCRIPTION	ONGOING PROJECT OR NEW INITIATIVE	COOPERATORS	EXPECTED RESULTS (SHORT TERM AND LONG TERM)
2	Cooperate with Minnesota Dept. of Energy in the preparation of a fiber fuels reference manual.	New Initiative	MN Dept. of Energy & Econ. Dev.	<p>Short Term: The completion and printing of a fiber fuels reference manual.</p> <p>Long Term: Increased conversion to fiber fuel by reducing the constraint of lack of information.</p>
4	Document history and results of DNR building wood energy conversions and prepare a report showing benefits. Use to promote additional state facility energy conversions.	New Initiative		<p>Short Term: Written report documenting benefits of conversion to wood energy by DNR facilities.</p> <p>Long Term: Increase state participation in wood energy use.</p>

### 3. FOREST PRODUCTS MARKETING

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#### Current Situation and Trends

- \* Minnesota wood product export potential is not clearly known.
- \* Wood product export potential is constrained due to location and transportation considerations.
- \* The flow of information within the forest products industry is underdeveloped, particularly in primary processing.
- \* Minnesota's small forest products businesses lack marketing expertise.

#### Program Strategy

Forest products marketing efforts will be directed toward:

1. Increasing the flow of market information within the forest products industry;
2. Providing marketing assistance to the individual businesses in the forest products industry;
3. Improving the marketing of state owned timber.

#### Major Issues

1. The flow of market information within the forest products industry is underdeveloped.
2. Small forest products firms lack marketing expertise.
3. Division of Forestry personnel would benefit from increased marketing expertise.
4. Minnesota's forest products export potential is underdeveloped.

#### Program Objectives (ranked)

1. Increase the flow of market information in Minnesota's forest products industry.
2. Provide marketing assistance to small forest products firms.
3. Increase the timber sale marketing expertise of Division of Forestry personnel.
4. Increase export marketing of Minnesota forest products.

## Forest Products Marketing Action Plans

OBJECTIVE NUMBER	ACTION DESCRIPTION	ONGOING PROJECT OR NEW INITIATIVE	COOPERATORS	EXPECTED RESULTS (SHORT TERM AND LONG TERM)
1	Complete and distribute new 1986 forest products industry directory.	New Initiative	U of M Ext. N.R.R.I.	Short Term: A current forest products industry directory published and distributed. Long Term: Increased trade due to increased information for the industry.
1	Produce a semi-annual Minnesota forest products price report. Investigate alternative price research procedures (circulation: 1,000).	Ongoing		Short Term: Price report produced and distributed. Long Term: Improve industry marketing by providing market information not available elsewhere.
1	Publish bimonthly forest products marketing newsletter (circulation: 3,500). a. Expand mailing list. b. Evaluate effectiveness of newsletter.	Ongoing	U of M Ext.	Short Term: Market information and free advertisement media made available to forest products industry. Long Term: Increased trade.
1	Publish a semi-annual report on demand for industrial wood in Minnesota ( <u>Minnesota Wood Market Outlook</u> ) (circulation: 400)	Ongoing		Short Term: Industrial demand for wood information made available to forest managers. Long Term: Improved timber marketing by land managers due to increased market information.
1	Develop a series of Minnesota forest products and industry fact sheets.	New Initiative		Short Term: Prepared market information available on request. Long Term: Improved response to firms or individuals seeking market information.
1	Provide Division of Forestry field personnel with updated market information on a continuous basis.	Ongoing		Short Term: Forest managers made aware of current markets. Long Term: Improved marketing of timber by forest managers.

## Forest Products Marketing Action Plans

OBJECTIVE NUMBER	ACTION DESCRIPTION	ONGOING PROJECT OR NEW INITIATIVE	COOPERATORS	EXPECTED RESULTS (SHORT TERM AND LONG TERM)
2	Assist in the development of a Minnesota forest products industry marketing association for smaller businesses.	Ongoing	U of M Industry	Short Term: The formation of a viable industry association. Long Term: A new marketing resource for the industry.
2	Develop a marketing information sheet or guide for small firms.	New Initiative		Short Term: Prepared information will be available when requested. Long Term: Improved response to requests for market planning and management information.
2	Cooperate with University of Minnesota in the development of a forest products marketing workshop for small businesses.	New Initiative	U of M Ext.	Short Term: Market training made available to small wood products businesses. Long Term: Improved marketing by small firms.
2	Identify trade opportunities for the industrial wood using industry by developing an industrial wood use directory covering state and regional markets.	New Initiative	Industry	Short Term: Trade opportunities identified. Long Term: Increased marketing of low grade hardwood lumber.
2	Research potential markets for Minnesota black ash veneer and provide information to producers.	New Initiative		Short Term: Current market identification. Long Term: Increased trade in Minnesota black ash veneer.
2	Research potential markets for east-central Minnesota pine plantation resource and provide information to landowners and producers.	New Initiative		Short Term: Current markets identified. Long Term: Increased utilization of an under-used resource.
2	Respond to over 100 individual requests for marketing assistance and information annually.	Ongoing		Short Term: Provide needed marketing information. Long Term: Increase marketing expertise of the industry and increase trade volume and value added.



## Forest Products Marketing Action Plans

OBJECTIVE NUMBER	ACTION DESCRIPTION	ONGOING PROJECT OR NEW INITIATIVE	COOPERATORS	EXPECTED RESULTS (SHORT TERM AND LONG TERM)
3	Develop Division of Forestry timber sale marketing strategies.	New Initiative		<p>Short Term: Prepare a guide to timber sale marketing opportunities for field foresters.</p> <p>Long Term: Improved marketing of State timber.</p>
3	Provide timber sale marketing assistance and training to Division of Forestry field foresters.	Ongoing		<p>Short Term: Increased marketing expertise among Division personnel.</p> <p>Long Term: Improved marketing of State timber.</p>
4	Research Minnesota forest product export opportunities.	Ongoing	MN Trade Office MN Dept. of Energy & Econ. Dev.	<p>Short Term: Identification of export market opportunities.</p> <p>Long Term: Increased export of Minnesota wood products.</p>
4	Document current forest products marketing export activity in Minnesota. <ul style="list-style-type: none"> <li>- Products</li> <li>- Volumes</li> <li>- Exporters</li> </ul>	New Initiative	MN Trade Office U.S. Dept. of Com.	Establish a base from which to plan export promotional activities.
4	Prepare sample packages of Minnesota wood products for distribution to potential foreign markets.	New Initiative	MN Trade Office Wood Pro-motion Council	<p>Short Term: A sample of Minnesota wood products and associated information will be available to interested foreign markets on request.</p> <p>Long Term: Increased export generated by letting potential markets know what is available.</p>
4	Develop a wood product exporting information fact sheet for small wood product firms.	New Initiative	MN Trade Office MN Dept. of Energy & Econ. Dev.	<p>Short Term: Prepared information available when requested.</p> <p>Long Term: Improve response to firms requesting export information.</p>
4	Print wood product export information and trade leads in currently published marketing newsletter (circulation: 3,500).	New Initiative	MN Trade Office	<p>Short Term: Current export trade leads distributed to the industry.</p> <p>Long Term: Increased export of Minnesota wood products.</p>

#### 4. SECONDARY FOREST PRODUCTS PROCESSING

##### Current Situation and Trends

- \* Minnesota is the largest cabinet producer in the midwest.
- \* Minnesota's furniture, dimension and turning industry is small.
- \* The size and impact of the secondary industry in Minnesota is not accurately known.
- \* Program staff lacks expertise in secondary processing technology.
- \* Secondary industry has a higher value added potential than primary industry.
- \* Wood treating is a growth industry nationwide.

##### Program Strategy

1. Provide individual mill yield analyses through the Roughmill Improvement Program.
2. Promote new processing technology.
3. Increase Program staff expertise in the area of secondary processing.
4. Identify and promote secondary processing development opportunities.

##### Secondary Forest Products Processing Action Plans

ACTION DESCRIPTION	ONGOING PROJECT OR NEW INITIATIVE	COOPERATORS	EXPECTED RESULTS (SHORT TERM AND LONG TERM)
Promote System 6 processing technology.	Ongoing	N.R.R.I.	Short Term: Establishment of a System 6 type production facility. Long Term: Increased markets for low quality hardwood timber.
Do individual mill production studies upon request.	Ongoing (4 major analyses annually)	USFS - S&PF	Short Term: Improve processing efficiency of individual firms.
Respond to incidental requests for technical assistance and information.	(60 requests annually)		Long Term: Improve processing efficiency of the secondary industry.
Increase Program staff training in secondary processing.	Ongoing	USFS - S&PF	Short Term: Increase Program staff expertise. Long Term: Increase impact in secondary processing area.
Analyze new forest products directory research data to identify secondary industry marketing and development opportunities.	New Initiative	U of M Ext. N.R.R.I.	Short Term: Opportunity identification & promotion. Long Term: Increased trade and industry development.

## 5. PRIMARY FOREST PRODUCTS PROCESSING

### Current Situation and Trends

- \* Only about 20% of Minnesota's wood supply is used in solid wood primary processing.
- \* Lumber prices are currently declining.
- \* Sawmill profit margins are shrinking, necessitating more precise management.
- \* Small primary processing firms lack expertise in general management skills.
- \* Sawmills lack flexibility (can't quickly adapt to new products or processes).
- \* 80% of the lumber is produced by 20% of the mills (approx.).
- \* Small firms lack product control.
- \* The Program staff has substantial expertise in solid wood primary processing technology and business management.
- \* Large firms (pulp, paper, waferboard) are highly expert.

### Program Strategy

Primary processing focus will be on small firm business retention through integrated technical, business management and marketing assistance.

### Major Issues

1. Small firms need greater flexibility in products, markets and manufacturing methods.
2. There is a general lack business management expertise in small firms.
3. There is a lack of product quality control in small firms.

### Program Objectives (ranked)

1. Increase product, market and processing expertise among small firms.
2. Increase business management expertise of small firms.
3. Increase product quality control expertise in small firms.

### Primary Forest Products Processing Action Plans

ACTION DESCRIPTION	ONGOING PROJECT OR NEW INITIATIVE	COOPERATORS	EXPECTED RESULTS (SHORT TERM AND LONG TERM)
Do individual mill production studies upon request.	Ongoing (8 major analyses annually)		Short Term: Improve processing efficiency of individual firms.
Respond to incidental requests for technical assistance and information.	(80 requests annually)		Long Term: Retain businesses.
Develop a computerized financial analysis procedure for use in mill study work.	New Initiative		Improve delivery and effectiveness of mill study efforts.

## 6. FOREST HARVESTING

### Current Situation and Trends

- \* Minnesota has a pulpwood oriented harvesting industry.
- \* There is very little graded sawlog production in Minnesota.
- \* Harvesting is becoming more capital intensive and mechanized.
- \* Mill prices for delivered wood are remaining stable while harvesting costs are increasing.

### Program Strategy

The opportunity for the Program to expand wood use, increase value, or increase wood using efficiency through assistance to the harvesting industry is more limited than in other areas of the forest products industry. Forest harvesting will remain a low priority of the Program. The Program strategy will be to provide assistance as requested by the harvesting industry and forest managers, but not to actively develop new strategies.

### Forest Harvesting Action Plans

ACTION DESCRIPTION	ONGOING PROJECT OR NEW INITIATIVE	COOPERATORS	EXPECTED RESULTS (SHORT TERM AND LONG TERM)
Introduce micro-computer Logged Area Analysis program to Division field offices.	Ongoing		Provide field personnel with the ability to computer process L.A.A. studies.
Respond to incidental requests for technical assistance and information.	Ongoing (50 requests annually)		Improve harvesting efficiency of individual firms.





APPENDIX A

Forest Products Utilization and Marketing Program  
Accomplishment Targets  
FY 1986 - FY 1987

OBJECTIVE	UNIT OF MEASURE	TARGET	
		FY86	FY87
1. Forest Products Industrial Development			
a. Development opportunities identified and promoted - Program initiated	number	8	8
- request initiated	number	50	50
b. Development organizations assisted	number	30	30
c. Public media promotional article and programs	number	8	8
d. Incidental assists	number	50	50
2. Wood Energy Development			
a. Wood energy information publications - issues	number	5	5
b. Public media promotional articles and programs	number	6	6
c. Cooperative promotional or technical projects with other organizations	number	8	8
d. Individual energy conversion analyses	number	10	10
e. Other technical assists	number	100	100
3. Forest Products Marketing			
a. Market information publications - issues	number	15	15
b. Public media promotional articles and programs	number	6	6
c. Major market research and development projects	number	4	4
d. Individual marketing assists	number	100	100
4. Forest Products Processing			
a. Secondary industry			
major analyses completed	number	4	4
incidental technical assists	number	60	60
b. Primary industry			
major analyses completed	number	8	8
incidental technical assists	number	80	80
c. Harvesting - technical assists	number	50	50
d. Presentations, workshops give	number	5	5

PLANNED PROGRAM STAFF TIME UTILIZATION

PROGRAM CATEGORY	% OF TOTAL STAFF TIME	
	FY85 (ACTUAL)	FY86-87 (PLANNED)
Forest Products Industrial		
Development	15%	18%
Wood Energy Development	9%	12%
Forest Products Marketing	9%	10%
Secondary Processing	7%	10%
Primary Processing	12%	10%
Harvesting	6%	2%
Non-Category Activity	20%	14%
FPU&M Training Taken	2%	4%
Non-FPU&M Activity	20%	20%
TOTAL	100%	100%





## APPENDIX B

### Program Management Procedure

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The Forest Products Utilization and Marketing Program is managed by a combination of:

1. Coordination by the Program Supervisor;
2. Team problem solving and decision making by the entire Program staff;
3. Written work plan (management by objective);
4. Monthly accomplishment reporting by Program staff (feedback).

The management process includes:

1. A biennial work plan is developed through a fully participatory effort of the entire Program staff every two years. The work plan sets broad objectives, strategies and suggested actions.
2. The Program supervisor coordinates the activity of the staff and monitors accomplishments by means of regular contact and written monthly accomplishment reports submitted by the staff.
3. Monthly Program staff meetings are held to coordinate efforts and facilitate team problem solving.
4. Program staff work as generalists and are not confined to individual specialties. Staff members are administratively supervised by their individual line supervisors within their respective regions.

Program staff members work autonomously within their own regions and as project team members on larger projects statewide.



## APPENDIX C

### Division of Forestry Mission Statement

MINNESOTA DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF FORESTRY

February 6, 1984

Circular Letter to: All Stations  
Subject: General Mission Statement

It is the mission of the Division of Forestry to protect and manage the natural resources of the state's forest lands<sup>1/</sup> so they are utilized in the combination of uses that will best meet the needs of Minnesota citizens.

The Forest Resource Management Act of 1982 directs the Commissioner of Natural Resources to protect and "manage the forest resources of state forest lands under his authority according to the principles of multiple use and sustained yield." These principles shall also be promoted on other ownerships through technical assistance programs.

"Multiple use" means the principle of forest management by which forest resources are utilized in the combinations that will best meet the needs of the people of the state; including the harmonious and coordinated management of the forest resources, each with other, without impairment of the productivity of the land and with consideration of the relative values of the resources, and not necessarily the combination of uses resulting in the greatest economic return or unit output.

"Sustained yield" means the principle of forest management for the achievement and maintenance in perpetuity of a high-level annual or regular periodic output of forest resources without impairment of the productivity of the land; allowing for periods of intensification of management to enhance the current or anticipated output of one or more of the resources.<sup>2/</sup>

The goals and objectives for management of state lands and the division's technical assistance programs for other ownerships are identified in the Minnesota Forest Resources Plan. Harmonious and coordinated management and protection of resources and programs will provide an optimal mix of products and other public benefits.

Renewable forest resources requiring management and protection include timber and other forest crops, recreation, fish and wildlife habitat, wilderness, rare and distinctive flora and fauna, air, water, soil, and educational, aesthetic, and historical values. The uses of these resources include timber production, various recreational uses, watershed protection, wildlife production, and other uses for which the land is best suited. A sustained yield of the various products and renewable resources of state forests to benefit the greatest possible number of citizens is a primary objective.

Although individual forest lands vary in character, in total, they represent a vast reservoir of natural resources for the use of future generations.

<sup>1/</sup>Minnesota Statutes, Division of Lands and Forestry, Forest-Land Chapter 88, Definitions 88.01, Subdivision 7.

<sup>2/</sup>Minnesota Laws 1982, Chapter 511, Forest Resource Management Act of 1982

