



A Publication from the
Center for Forest Products Marketing and Management
Department of Wood Science and Forest Products
Virginia Polytechnic Institute and State University
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Director's Message

As I write this, the students are moving back on campus and our summer holidays/vacations are coming to an end. This fall brings new classes for our students and new opportunities for our industry partners. I will be teaching a new forest products business management course to our senior level students and we have 2 continuing education classes planned for this fall. This issue of the Focus will highlight the many activities occurring at the CFPMM. The Department will be holding the first "WOOD WEEK" at our Brooks Forest Products Laboratory in September. Our student recruiting efforts are helping increase enrollments and The Sloan Forest Industries Center is beginning an aggressive research effort to help better understand the wood products supply chain. We all know that the only constant in today's world is change. And the Center is adapting to the changing requirements of our industry partners to provide you with better students for your future efforts. I would like to invite all of you to our annual meeting on September 28th at the Inn at Virginia Tech. It will be a great opportunity to meet our students and see the many benefits of being affiliated with the Center for Forest Products Marketing and Management.

Wood Week at Virginia Tech

by: Paul Winistorfer

The Department of Wood Science and Forest Products is planning and promoting "Wood Week at Virginia Tech" for September 26th-30th. The purpose of this promotional event is to publicize the role of wood and forest products in society, to identify the important economic contributions of the forest industry to employment and economic activity, to highlight the significant contributions of our department and students to the industry and to bring awareness to students on the Virginia Tech campus of career opportunities in the forest products industry. Coinciding with Wood Week will be the meeting of several departmental research center advisory boards as well as the department advisory board. On Wednesday evening, September 28th, a combined social and awards program for the entire department and our industry partners will be held at the new Skelton Conference Center on our campus. This will be a fun, synergistic evening with widespread participation by our students and our industry friends.

An in-house career fair will be held on Thursday afternoon, September 29th, at the T. M. Brooks Forest Products Laboratory. We intend to have more than 100 students participate in learning from industry representatives about career opportunities across the forest products sector. Our award winning Wood Magic traveling classroom will be on display in the center of campus one day, reaching potentially more than 24,000 students with general messages about wood in our lives, fun facts about wood, and awareness about our program. If you would like to contribute novelty items for distribution during Wood Week, participate in our mini-career fair in the department or join us at our Wednesday evening social and awards program, please contact Paul Winistorfer, department head at 540.231.8853 or email at pstorfer@vt.edu. We hope Wood Week at Virginia Tech will become an annual event!

Recruiting for Wood Science and Forest Products

By: Judith Araman

Efforts to recruit students into Wood Science and Forest Products have included the following:

- Distribution of materials to parents of University Studies (undecided) students during Orientation
- Display in Squires Student Center during Summer Orientation
- Full page College ad in *The Collegiate Times*
- Mass mailing of department postcard to students in University Studies
- Participation in the Majors Fair sponsored by University Studies and the Center for Academic Enrichment and Excellence
- Presentations to students enrolled in COS 2984 “Exploring Careers”
- Presentation to students enrolled in BIOL 1044 “Life Sciences in the 21st Century”
- Presentation to Admissions Officers at VT
- Presentation to advisors in the University Academic Advising Center (University Studies)
- Promotion of course WOOD 1234 to students in University Studies

Expanded efforts this summer included a mailing to the parents of University Studies students to invite them to visit with a department representative at our table outside the Math Emporium during Orientation to answer questions and learn more about the department. Over 1400 families were reached via mail, and over a 1000 brochures were distributed from July 12-29, 2005. A tour of Brooks was given to three families of interested students during this time.

Tours of Brooks have also been added to the efforts to promote our department. Set up through the office of Beverlyn Samuels, Recruiter and Enrollment Specialist for the College of Natural Resources, tour participants included the Youth Conservation Club, high school science students, the Governor’s School at VT, and high school students from Mountain Empire Community College. Over 100 students participated in the tours.



Finally, the department ran its own ad in the Orientation issue of the *Collegiate Times* which was mailed by the University to every home of the 5200+ entering freshmen to VT this fall. Future recruitment efforts to be added to the ones already in place will include making contact with the community colleges as well as promoting our office as a source for transitional advising for engineering students who no longer want to remain in engineering. We will enter the fall semester with 51 undergraduate students enrolled in our program, up from previous years, and moving toward our goal of 100 students in the major by Fall, 2008.

Please contact Judith Araman, Academic Recruiter/Advisor at 540.231.7740 or by email at jaca@vt.edu with questions or comments about our program.

Center Focus



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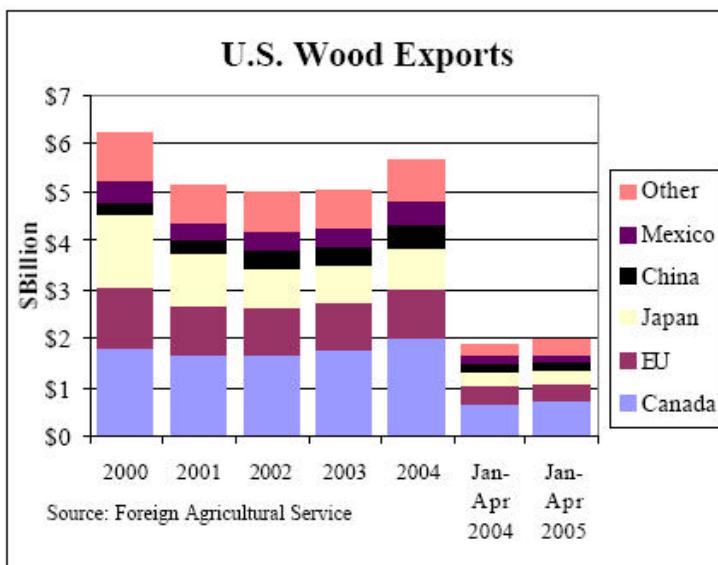
Are You Exporting Hardwoods?

by: Brian Perkins

A weaker U.S. dollar and China's recent yuan devaluation from 8.28 to 8.11 (2.1%) has and will continue to enable growth in the export market. An abundance of containers at U.S. ports, from countries that export to the U.S. (i.e., China), has lowered transportation costs. The need for companies to expand into exporting hardwood lumber, logs and veneer has resulted from the decrease in domestic demand which is partly due to the loss of furniture manufacturing capacity. A recent downturn in the markets for lower grade oak lumber, due to a shift in flooring and cabinetry preferences, also serves as an impetus to exploring the export markets.

Overall, U.S. wood exports, as shown in the chart below, increased 3.6% in the first four months of 2005 as compared with the same period last year. All of the top markets for wood exports, listed in order of importance: Canada, European Union (EU), Japan, China, and Mexico, expanded except for Japan. Mexico exhibited the largest growth at 11% followed by Canada (6%), EU (4%), and China (3%). Red oak lumber exports to Canada decreased by 2% and also decreased to China, but red oak led a 20% increase in hardwood lumber exports to Mexico.

According to the USDA Foreign Agricultural Service (FAS), China has become a top destination for U.S. wood exports, moving up from 8th in 1999 to 3rd in 2004. Due to its furniture manufacturing prowess and growth of interior decorating, U.S. hardwoods are in demand. Hardwood lumber, logs, and veneer accounted for 42%, 23%, and 13%, respectively, of total U.S. wood exports in 2004 (including softwoods). Red oak, western red alder, yellow poplar, maple and walnut, in that order, are the most prevalent lumber species exported to China. Most U.S. hardwood exporting companies are relatively new to China as shown in data derived from the Port Import Export Reporting Service and reported by the FAS. Of the companies currently exporting to China, 77% of lumber exporting companies, 83% of log exporting companies, and 76% of veneer exporting companies didn't ship to China in 1999.



Q: What should a company do when markets shift? A: Change along with your markets. Some companies are unfamiliar with all of the nuances involved in exporting, but that can be solved by knowing where assistance is available. The following websites are a good place to start for companies interested in exporting.

- U.S. Export Portal..... www.export.gov
- American Hardwood Export Council..... www.ahec.org
- FAS, Forestry & Fisheries Division..... www.fas.usda.gov/ffpd/fpd.html

Annual Meeting Announcement

Join us on September 28th, 2:30 to 5pm, for the Center's 14th Annual Meeting which will be held at The Inn at Virginia Tech. Topics on the agenda for the meeting include: a review of Center activities, presentations on the department's recruiting efforts and curriculum changes, a description of ongoing activities at the Sloan Forest Industries Center, an in-depth research project presentation, a review of the Center member survey, and a 3 year strategic planning session. For more information on the annual meeting contact Joanne Buckner at (540) 231-5876 or ctrfpmjo@vt.edu.

Sloan Foundation Forest Industries Center at Virginia Tech

By: Earl Kline

Since mass production replaced custom woodworking in the early 1900s, the forest products industry has grown into a highly fragmented supply chain with many different industry segments: harvesting, saw-milling, secondary manufacturing, distributors, wholesalers, retailers, etc. Each segment has evolved to become highly specialized and through marginally accurate demand forecasts, each has become quite efficient at managing costs of producing and distributing large inventories. With lumber yards and warehouses frequently brimming with several months' worth of fine quality U.S. wood products, eager customers are expected in droves to buy them.

But what if these droves of customers never appear? Instead of understanding the root cause of mismatches between what is produced and what customers want, many wood products businesses have begun to erode profitability by discounting their valuable products to move them out of their warehouses to make room for the next wave of production coming off the line and out of the mill. Not that mass production of wood products is a poor strategy --- it works very well in periods where demand is seemingly unlimited. Today's market, however, is different. End customers are more demanding, inventory not meeting customer expectations is overabundant, new non-wood materials are increasingly accepted, and competition is now global. As a result, industries today still mass producing to a demand forecast face shrinking profit margins, a growing overproduction and discounting cycle, and many are caught in an inflexible supply chain that cannot align with customer's needs. Worse, there is no easy solution. In an attempt to be even more efficient and reduce costs, investments are made in capital intensive technologies to squeeze more out of less. Companies are also attempting to squeeze their suppliers any way possible to reduce costs. But all this focus on cost reduction only digs the industry deeper into the foothold of mass production.

In other words, some forest products businesses have seemingly forgotten that the basic tenant of profitability is not solely about optimizing cost, but also about truly understanding the customer's needs from all angles and then building the right product, with the right quality, in the right quantity at the right time. How does the industry, once again, reconnect their business to the end-consumer? How does the industry reinvent their supply chain to align with the true demands of the end-consumer? What new business models are needed for the next century to move the industry beyond mass production in the forest-to-consumer supply chain? How does the forest products industry do all of this at an affordable cost to remain competitive? These are some of the critical questions that are being addressed by the new *Sloan Foundation Forest Industries Center* at Virginia Tech.

The Sloan Foundation Forest Industries Center was officially launched in November 2004. This industry center is a joint research and education venture between faculty and students in the College of Natural Resources and faculty in the Pamplin College of Business. The mission of the center seeks to promote the global competitiveness and sustainable growth of the USA's diverse forest industries. Global competitiveness requires the continuous improvement of each of the many segments in the forest products supply chain and the linkages that bring these segments closer together with the end-consumer in mind.

The value-added component of this industry center is the joint perspective of developing, evaluating, and implementing business models with technical knowledge developed by the faculty in the College of Natural Resources. The center has received funding from various sources including the Alfred P. Sloan Foundation, the USDA Forest Service, the Wood Education and Resource Center, the National Hardwood Lumber Association, and the Commonwealth of Virginia to support a wide range of industry projects. The theme across these projects is to integrate technological advances in the areas of forestry and wood products with innovative business models to make companies more responsive to meeting the needs of the end-consumer.

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Center for Forest Products Marketing & Management

Sloan Foundation (Continued)

For example, Dan Cumbo, who many of you know through past CFPMM activities, is leading a groundbreaking study to map product and information flow in the cabinet supply chain—from the landowner to the end-consumer (woods to goods)—that influences sustainable management, wood fiber value, quality mismatches, inventory holdings, logistics, cost and lead-time to market. This study will result in basic standard assessment techniques to view supply chain effectiveness in the forest products industry and prioritize opportunity areas for improvement.

The Sloan Foundation had the vision, many years ago, to support industry research efforts across the U.S. And now the forest products industry has an opportunity to participate in this vision. Please visit and explore the Sloan Foundation's industry studies program at www.sloan.org. You will note that we are now members of a rather elite group of industries and universities. The opportunity afforded to us now, through a Sloan Foundation industry center designation, is to expand our knowledge network to apply industrial solutions found in other successful manufacturing businesses such as automotive and electronics. This vast network of new expertise along with well established forest products networks such as the Center for Forest Products Marketing and Management will be very important to us as we address our mission to advance forest products industry competitiveness.

Dr. Earl Kline from the Department of Wood Science and Forest Products and Dr. David Brinberg from the Pamplin College of Business, Department of Marketing are co-directing center activities. For more information about specific center programs, please visit www.forestindustries.vt.edu or contact Earl Kline at kline@vt.edu or David Brinberg at dbrinber@vt.edu.

Calendar of Events

<i>September 26th-30th</i>	<i>Wood Week at Virginia Tech</i>
<i>September 28th</i>	<i>Center's 14th Annual Meeting, The Inn at Virginia Tech, 2:30-5:00 pm. Department's Award Banquet, The Inn at Virginia Tech, 6:00-8:30 pm.</i>
<i>September 29th</i>	<i>Department's Advisory Board Meeting, The Inn at Virginia Tech, 7:30 am - 2pm Mini-Career Fair, Brooks Forest Products Center, 2:00-5:00 pm</i>
<i>October 20-21, 2005</i>	<i>Forest Products Marketing Short Course</i> The course will introduce forest products, marketing basics, marketing strategy and research to new marketing and sales personnel.
<i>December 1-2, 2005</i>	<i>Selling Forest Products Short Course</i> The basics of personal selling will be taught so that current or new sales personnel can improve their efficiency and effectiveness.
<i>December 7-9, 2005</i>	<i>Oak Drying Short Course</i> The course will cover the basics of lumber drying, air-drying, lumber handling, pre-dryer and kiln operation, schedules, conditioning, and quality control procedures. Location: Hotel Roanoke and Conference Center in Roanoke, VA