

A Needs Assessment to Identify the Challenges, Resources and Opportunities for Linking Wisconsin's Certified Forests to the Marketplace

2007

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Forestry Innovation Grant: Capitalizing on Forest Certification Assessments

The work upon which this publication is based was funded through a grant awarded by the Northeastern Area State and Private Forestry, USDA Forest Service.

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The work upon which this publication is based was funded through a grant awarded by the Northeastern Area State and Private Forestry, USDA Forest Service.

Executive Summary

Wisconsin has been a leader in identifying and implementing forest resource strategies designed to address the broadest needs of its constituents as possible. Forest certification is a key example of that commitment to both innovation in approach and sustainability as an outcome. Key to the success of a new strategy is the early evaluation of obstacles to success and the willingness to address those constraints. The purpose of this project was to identify informational constraints to the development of a market for materials produced by Wisconsin's certified forests.

Forest certification is a complex concept, and this study found that *not only was there limited awareness of forest certification activities within the state but also that there were a number of key misperceptions about the nature of both the participation on the part of forest managers in the state and of certification itself.* Perhaps one of the key constraints to the growth of the certified market is embodied in the fact that a majority of end-channel members of the wood products marketplace (e.g. contractors, builders, and retailers) rely heavily on their vendors for product information. *This study suggests vendors are largely ignorant of certification issues and therefore traditional information transfer channels are inadequate.*

Despite a pervasive lack of knowledge among wood products manufacturers and distributors about forest and wood products certification, an increasing number of customers and certification advocates are moving forward on their own, often based on limited information. The dominant drivers of certification in the region today are regional and national green building programs as well as specific large paper product users. These organizations are the innovators and early adopters in this new marketplace, and in the absence of alternate informational sources become the primary influencers of future behavior.

All product adoption processes follow a progressive series of rational stages. These stages are generally referred to as awareness, interest, evaluation, trial, and adoption (or purchase). Each stage is generally essential to its successor, thus it is difficult to get people to evaluate something they have no awareness of or interest in. *The primary obstacle to certification's progress in Wisconsin is in the limited level of awareness of its existence among potential users.* In a situation with limited established awareness, questions about "people's interest in" or "individual's willingness to pay" are often reported inaccurately because interviewees have no basis for a reasonable judgment. *It is critical that effort is increased to make individuals aware of Wisconsin's certification activities and that this information is provided by a trusted source for greatest effect.* Continued education and outreach by the Wisconsin Department of Natural Resources and its partners is encouraged.

The overall awareness of certification in Wisconsin has improved over the course of this two-year project, as the simple process of interviewing organizations and providing workshops impacted hundreds of participants. The green building movement and other trends also continue to develop. This momentum may continue to build on its own, but more strategic efforts may both increase this growth as well as steer it in ways that maximize the benefits to Wisconsin's forests, communities, and businesses.

Introduction

In 2005, Dovetail Partners initiated a project in partnership with the Wisconsin Department of Natural Resources (WDNR) to explore and develop opportunities that would connect the certified forest resource with the wood industry in Wisconsin. This project was completed with support from the USDA Forest Service – Northeastern Area State & Private Forestry. This project, “Capitalizing on Forest Certification Investments” began with a needs assessment to identify the challenges, resources and opportunities for linking Wisconsin’s certified forests to the marketplace, and included development and delivery of several workshops, seminars, and presentations. This report summarizes project activity and accomplishments.

Background

Over the past several years significant private and public efforts have been made to increase the acreage of third-party certified forestland in Wisconsin. Wisconsin currently has over 6 million acres of third party certified forestland.

The increase in certified acres has come about due to recognition of growing market demand globally for certified forest products and a concerted effort to help to secure Wisconsin’s position as a leader in forest products manufacturing in an increasingly global and competitive marketplace. With respect to the latter, the “Grow Wisconsin” initiative aims to promote the strengths of Wisconsin businesses, and wood products manufacturers are a key component of this strategy.

While certifying the land base is a critical first step in connecting to markets for certified products, it is equally important that forest product producers, manufacturers and retailers also take the next steps to complete the forest-to-market linkages by participating in the procurement, product tracking, and marketing elements of certification. Although there are about 40 Wisconsin forest product companies already participating in chain-of-custody certification and the production and marketing of certified products, there remain opportunities to increase this level of participation.

Some of the most dramatic growth in forest certification in recent years has occurred in the primary industry and in the pulp and paper sector in particular. Demands for certified fiber from major purchasers, such as Time, Inc. have contributed to significant forest certification investments by land managers and companies in this sector.

Small and mid-sized secondary manufacturers are often largely left out of discussions concerning forest certification even though certification is beginning to impact their markets as well. The growth of the green building movement, the demands of major retailers such as Home Depot, and the commitment to certification by large furniture companies and others, are directly and indirectly impacting secondary product manufacturers. In order for Wisconsin’s forest products industry to remain competitive and while at the same time supporting sustainable forest management, there is a need for the industry to have a clear idea of the opportunities and obstacles in accessing markets for products coming from certified forests.

Project Outline

The project, *Capitalizing on Forest Certification Investments* aimed to assist the forest products industry in Wisconsin to capitalize on the investments that Wisconsin's forestland owners and managers have made in forest certification. A general needs assessment was followed by a series of presentations, seminars, and workshops aimed at secondary wood products manufacturers in Wisconsin. The focus was on providing information to forest product companies interested in assessing the role certification could play in their businesses and ways of leveraging certified raw materials into new opportunities for increased business activity and profitability. Companies involved with this project have been provided information to help answer key questions such as:

- What certification systems and processes are relevant to my business?
- What is the market asking for?
- Does certification fit my business and my markets?
- How can I tell if the wood I'm buying is certified?
- What do I need to do to be able to label and market my products as certified?
- What is Chain-of-Custody Certification? Do I need it? How do I do it?
- What should I know before, during and after producing a certified product?

Needs Assessment

The goal of the needs assessment component of this project was to identify the challenges, resources and opportunities most relevant to the goal of linking Wisconsin's certified forest resources to certified forest product markets. This assessment built upon previous experiences in forest certification and business development and previous forest certification research.

Dovetail staff and associates have worked on forest certification and marketing certified forest products since 1992 and have direct experience with making forest certification work successfully for secondary forest product companies. Dovetail's marketing experience includes work with a range of forest products, including pulp and paper, pallets, windows, doors, cabinets, flooring and non-timber forest products. This direct experience combined with business planning experience contributed to the design and completion of the needs assessment.

Methods

Dovetail developed a telephone questionnaire that was used to interview secondary forest products companies in Wisconsin. The complete questionnaire is included in Appendix A.

The interviews were intended to assess each company's awareness, knowledge, challenges, and level of current participation with forest certification systems. Companies contacted were selected from the *Wisconsin Secondary Wood Using Industry Directory*. The selected sample included all companies with more than 100 employees

and a random sample of smaller companies; in all, 100 companies were contacted. There were 11 companies on the list with more than 500 employees, 56 with 100 to 500 employees, and 33 with less than 100 employees.

A total of 21 interviews were completed. Challenges to getting interviews completed included errors in the contact information available, unreturned phone calls, and refusals to participate. Although the final sample size was small, the intention of the assessment was to gather informal and diverse input that would give a general sense of the current trends and attitudes around certification in the forest products industry in Wisconsin. The results were used to inform the other aspects of the project, including tailoring the content of the workshops and gaining an understanding of the target audiences for education and outreach.

In addition to the survey, Dovetail engaged wood product company representatives at the seminars, conferences, and workshops where Dovetail made presentations about forest certification. Question and answer sessions at these events provided additional insight into the current status of forest certification awareness.

Results

The major findings from the contact with secondary manufacturers in Wisconsin are that 1) there is a low level of certification awareness and understanding, 2) market demand for certified products is low, and 3) there is some interest in learning more about certification and local certification initiatives.

Despite the significant forest management certification activities in Wisconsin in recent years, the results of the interviews demonstrated that many companies still were not aware of certification. Twelve of the twenty-one firms responding to the survey (60%) answered “no” to the question, “Are you aware of forest certification?”¹

Another interesting finding was there is considerable confusion regarding the various forest certification programs. In response to a multi-part question about whether the company is certified and, if yes, with which system, the representative from one company that was known to be participating in certification confused the name of their certification program with the name of the auditing firm that conducted the certification assessment. This response was just one example of the confusion that exists around what forest certification is, how it works, and the roles and responsibilities of the different entities involved with certification programs. Of the companies that were not currently participating in a certification program, none of them indicated plans to participate in certification in the future. Four companies indicated that customers have requested certified materials although they considered it a rare occurrence. In response to questions about why the company was not purchasing certified materials, there were some indications that they believed the price is too high. Respondents indicated some interest

¹ Clearly, this result may be only an indication of a specific individual’s level of awareness and not indicative of the company as a whole.

in training and specifically about learning more about certification activities occurring in Wisconsin.

What was fundamentally learned from respondents is that not only is there limited awareness of forest certification activities within the state, but also that there are a number of key misperceptions about the nature of both the participation on the part of forest managers in the state and of certification itself. Perhaps one of the key constraints to the growth of the certified market is embodied in the fact that a majority of end-channel members of the wood products marketplace (e.g. contractors, builders, and retailers) rely heavily on their vendors for product information. This study suggests vendors are largely ignorant of certification issues and that therefore traditional information transfer channels are inadequate.

Given these results, the primary impact of the interviews on the scope of the project was to shift the project's emphasis toward increasing the number of educational events and presentations that would be offered. Originally, Dovetail Partners intended to offer up to four workshops as part of the project. However, based on the understanding that awareness of certification remained a common barrier to adoption, the project more than doubled this commitment and delivered a total of nine workshops and presentations. In total at least 400 people participated in these events, and several Wisconsin-based wood products companies contacted the project organizers for further information and assistance in pursuing forest certification opportunities. In 2006, there were at least 10 new chain-of-custody certificates issued to wood products companies in Wisconsin.

Conclusions

The overall results of the needs assessment indicated a low level of awareness of forest certification. This result helped the remainder of the project focus effort on increasing the level of awareness and developing workshop agendas that included basic and introductory information and specific details to address areas of confusion and misperceptions.

Appendix A: Needs Assessment Phone Questionnaire

Telephone Interviews For USDA Forestry Innovation Grant

July - August 2005

Partner: USDA Forest Service

DRAFT QUESTIONS

Step 1: Personal introduction – Key components

- Clarification of neutrality of interviewer
- Identification of why they were chosen for survey
 - Selected as a secondary manufacturer in Wisconsin
- Declaration of importance of survey
 - Goal of identifying challenges, resources and opportunities to better linking Wisconsin's certified forest resources to its manufacturing industries.
- Assurance of confidentiality

Step 2: Questions

Q1: Are you aware of forest certification? (YES, NO)

If "NO," ask: "Is there someone else within the company that may be knowledgeable?" Or then explain: (*Forest certification is a system for evaluating forest management practices against a set of sustainable standards and, if the standards are met, products from that forest can be labeled as "certified" forest products - And go to Q10!*)

IF "YES," then ask questions Q2 through Q14!

Q2: Are you certified? (YES, NO);

If company IS certified (YES), then

- What system are you certified under?
- Are you committed to continuing your certification?
- How would you rank the results of your certification participation?
 - 1 – costs outweigh benefits
 - 2 – benefits and costs even out
 - 3 – benefits outweigh costs

If Not Certified (NO)

- What is your primary reason for not participating in certification?
 - Lack of information _____
 - Too expensive _____
 - Customers haven't requested _____
 - Lack of capacity _____
 - Other? _____
- Do you have any plans to participate in certification in the future? Within 1 year?
2 years? 5 years?

Q3: Using the following scale, rank the following questions: (1 – Heard of it, couldn't tell you anything about it, 2 – Could tell you a sentence or two, 3 – Can explain it to others, and 4 – Very aware)

- How would you rank your general knowledge of forest certification?
- How would you rank your employee's knowledge?
- How would you rank the President or CEO's knowledge?

Also

- Does your company have an official policy concerning certification? (YES, NO)
- From your perspective is there a need for forest certification programs? (YES, NO)

Q4: On the same scale, how would you rank your awareness of each of the following certification systems?

- Sustainable Forestry Initiative (SFI)
- Forest Stewardship Council (FSC)
- American Tree Farm System (ATFS)
- Master Logger Certification (MLC)
- Programme for the Endorsement of Forest Certification schemes (PEFC)
- Canadian Standards Association (CSA)
- International Organization for Standardization (ISO)
- Other _____

Are there any you would like to know more about?

Q5: Are you aware of chain-of-custody certification? (YES, NO)

Q6: Has a customer ever requested certified materials or products? (YES, NO)

If YES, then:

- Which program(s)?
- How often?
- When a customer does ask for certified products, how do you respond?

Q7: Are you currently purchasing or have you in the past purchased certified products or raw materials? (YES, NO)

If Yes, then:

- Which certification system(s)? _____?
- Are they from North America?
- Are they from outside North America?
- Are any made from Wisconsin wood and wood materials?

If "NO"

- What do you feel is the biggest constraint to your access?
 - Price is too high _____
 - Delivery (too far away or takes too long to get) _____
 - Just isn't available in exactly what I want _____

- Haven't looked _____
- Can't get volume _____
- Other? _____

Q8: Are you aware of the current certification initiatives in Wisconsin (state lands, counties, MFL)?

Q9: Do you think forest certification could contribute to the competitiveness of Wisconsin's forest sector? What does Wisconsin need to do to capitalize on certification?

Q10: Do you think there is too little, enough, or too much information available about forest certification in Wisconsin?

Q11: Would you be interested in attending or having one or more of your employees attend a training session about forest certification specific to the secondary manufacturing sector? If yes, is there any specific information you would like to see covered?

Q12: How long has your firm been in business?

Q13: What forms of raw materials do you purchase? Which if any are from Wisconsin sources?

- Logs/stumpage _____
- Green lumber _____
- Kiln dried lumber _____
- Panel products _____
- Veneer core stock _____
- Components (blanks) _____
- Composite panels _____
- Other _____

Appendix B: Additional Project Accomplishments

Workshops & Presentations

Forestry Leadership Meeting
Wausau, 2005

Architectural Woodwork Institute of
Wisconsin
Madison, 2005

Wisconsin Society of American
Foresters
Wisconsin Dells, November 1-2, 2005

Forest Certification: Challenges and
Opportunities for Secondary
Manufacturers
Hudson, November 18, 2005

Timber Engineering Company (TECO)
Technical Meeting
Madison, March 1, 2006

Certification – What is it all about?
Forest Industry Safety and Training
Alliance, Inc. (FISTA)
Rhineland, April 26, 2006

TECO Executives Meeting
Madison, May 31 – June 1, 2006

Certification – What is it all about?
FISTA
Wausau, October 20, 2006

Forest Certification & Green Building
Dovetail Partners/Forest Products Society
U.S. Forest Products Laboratory
Madison, December 13, 2006

Appendix C: Certified Forest Lands in Wisconsin

Wisconsin Department of Natural Resources, Division of Forestry

Managed Forest Law Enrolled Lands
Acres – 1,900,000
Program – ATFS
Cert. # - Wisconsin MFL Tree Farm Group Record #007
Certificate #NSF-ISR 1Y544-T1
Cert. Type – ATFS Group Certification
Cert. Date – 5/2005

County Forestry Program
Acres - 1,085,281
Program - FSC
Cert. # - SCS-FM/COC-00083G
Cert. Type - Forest Mgmt/Chain-of-Custody
Cert. Date - 3/1/2005

State-Managed Lands
Acres – 2,694,477
Program - SFI
Cert. # - NSF-SFIS-1Y941
Cert. Type - Forest Management
Cert. Date - 5/10/2004
Program - FSC
Cert. # - SCS-FM/COC-00070N
Cert. Type - Forest Management

Domtar

Acres - 2,600
Program - FSC
Cert. # - SW-FM/COC-1585
Cert. Type - Forest Mgmt/Chain-of-Custody
Cert. Date - 7/1/2005

Stora Enso

Acres – 5,411
Program - FSC
Cert. # - BV-FM/COC-051014
Cert. Type - Forest Mgmt/Chain-of-Custody
Cert. Date – 10/1/2005

Plum Creek Timber Co, Inc.

Acres – 486,414
Program - SFI
Cert. # - PWC-SFIS-239
Cert. Type - Forest Management
Cert. Date – 9/19/2002

Acronyms:

SFI – Sustainable Forestry Initiative
FSC – Forest Stewardship Council
ATFS – American Tree Farm System

Appendix D: Certified Forest Products Companies in Wisconsin

Aacer Flooring, LLC
Peshtigo (FSC)

Action Flooring Systems, LLC
Mercer (FSC)

Algoma Hardwoods
Algoma (FSC)

Amerhart Ltd.
Green Bay (FSC)

Appleton Coated LLC
Kimberly (FSC)

Arandell Corporation
Menomonee Falls (FSC)

Birds Eye Veneer Company
Butternut (FSC)

Boehm-Madisen Lumber
Waukesha (FSC)

BPM, Inc.
Peshtigo (FSC)

Cecco Trading, Inc.
Milwaukee (FSC)

Central Wisconsin Woodworking
Corporation
Wausau (FSC)

Colonial Craft
Luck (FSC)

Color Ink, Inc.
Sussex (FSC)

CTI Paper Group, Inc.
Neenah (FSC)

Domtar
Port Edwards (FSC)

Eggers Industries, Inc.
Neenah (FSC)
Two Rivers (FSC)

Fey Publishing
North Wisconsin Rapids (FSC)

Fiberesin Industries, Inc. and Rodman
Industries
Oconomowoc (FSC)

Fisher Hamilton, Inc.
Two Rivers (FSC)

H Window
Ashland (FSC)

Independent Printing, Inc.
DePere (FSC)

Johnson Timber
Corporation/Futurewood Corp.
Hayward (FSC)

Marshfield Door Systems
Marshfield (FSC)

National Envelope Corporation
Appleton (SFI)

Neenah Paper
Neenah (FSC)

Oshkosh Door Company
Oshkosh (FSC)

Quad Graphics, Inc.
Sussex (FSC)

Robbins, Inc.
White Lake (FSC)

Saunders Wood Specialties, Inc.
Park Falls (FSC)

Smart Papers
Park Falls (FSC)

Steen Macek Paper Co.
Green Bay (FSC)

Stock Building Supply
Green Bay (FSC)

Stora Enso N.A.
Wisconsin Rapids (FSC, SFI)

Sunny Industries, Inc.
Mazomanie (FSC)

Van Lanen Printing Company, Inc.
Green Bay (FSC)

Wausau Paper Printing and Writing LLC
Wausau (FSC)

Weyerhaeuser
Rothschild (SFI)

Woodland Face Veneer LLC
Two Rivers (FSC)

XPEDX
Kimberly (SFI)
Pewaukee (SFI)
Stevens Point (SFI)

Appendix E: Green Building Initiatives in Wisconsin

Green Built Home

16 N. Carroll Street, Suite 840

Madison, WI 53703-2726

Tel: 608-280-0360

Fax: 608-280-0361

Website: <http://www.greenbulthome.org/>

Green Built Home™ is a program of Wisconsin Environmental Initiative and is implemented in partnership with the Madison Area Builders Association.

Wisconsin Green Building Alliance

759 N. Milwaukee Street, Suite 304

Milwaukee, WI 53202

Tel: 414-224-9422

Fax: 414-224-1458

Website: <http://www.wgba.org/>

The Wisconsin Green Building Alliance's (WGBA) mission is to facilitate and promote the development and use of ecologically sustainable materials and practices within Wisconsin's Built environment. The WGBA is an affiliate of the United States Green Building Council (USGBC).

The work upon which this publication is based was funded through a grant awarded by the Northeastern Area State and Private Forestry, USDA Forest Service.