A Model for Forest Sector Development

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Presentation Outline

• Overview
• Elements of the Methodology
• Integrated Development & Planning Model
• Getting from Analysis to Action
• Concluding comments
Sectoral-Driven Economic Development is Multi-Faceted

- Workforce Training
- Marketing
- Economic Incentives
- Network Formation
- Inter-Agency Cooperation
- Economic Development
- Financing
- Resource Assessment
- Government Support
Overview

- This methodology is based on an approach to stimulate industry and economic development in forest resource-based regions.

- Although this methodology applies to and forest-based sector, the focus is often on the secondary or value-added forest products industry.

- The overarching goal is to promote long-term sustainable, environmentally sound industry growth and development.
Methodology Foundation

- Based on a marketing philosophy
- Holistic
- Adaptable
- Identify defensible market opportunities
- Add value to existing resources
- Create employment opportunities
- Maintain the stewardship of the resource
- Include communities
- Include stakeholders
Forest Sector Economic Development Program

- Industry
- Economic Developers
- Local Development Organizations
- Forest Products Research
- Training
- Industry Associations
- Education
- Rural Development
- Labor
- Researchers
- Consultants
- International Development
A Integrated Approach

From the forest....
A Integrated Approach

Or from plantations....
A Integrated Approach

To the mill....
A Integrated Approach

To primary products....
A Integrated Approach

To value-added products.
The Integrated Development & Planning Model
Sustainable Forest Sector Economic Development

Resource Assessment
Key Questions
Resource Assessment

• Is the availability of timber resources a barrier to the development of the value-added secondary forest products industry?

• Is the focal region located within reasonable transporting distance of significant standing timber inventories?

• What are the trends: species, plantations, ownership, forestland acreage, growing stock, growth/removals, sawtimber, diameter classes, etc.
Sustainable Forest Sector Economic Development

Resource Assessment  Industry Structure Profile
Key Questions-Industry Structure

• What is the structure of the established primary and secondary forest products industry base?

• What types of manufacturing processes and equipment do current companies use?

• Is there the presence of production which could support development?

• Are companies able to compete in the markets they serve.

• How have those companies/sectors which have grown and prospered done so? (exploiting specialty niches, cutting costs, etc).
Industry Structure

Current & Projected Requirements for Growth

- Products & Markets
- Distribution
- Employment & Sales
- Raw Materials
Sustainable Forest Sector Economic Development

Resource Assessment  Industry Structure Profile  Market Assessment
Key Questions
Market Assessment

• What is the product mix of the current industry?

• What are current markets and customer bases? (Both domestic and export).

• What is the quality and level of acceptance in current markets and potential?

• What product sectors have a high probability of success for further or new development?
Marketing Approach

Helps to identify and systematically act on:

- Cyclical nature of economies
- Rapidly emerging production technologies
- Aggressive foreign and domestic competitiveness
- Changing customer behavior and expectations
- Competing products and substitutes
- Unpredictable legislative and political factors
Market Opportunities Analysis

Review the Market
- Products
- Customers

Identify Attractive Segments

Segment the Market
- Select Segmentation Variables
- Prioritize Variables
- Develop Segment Requirements

Align Segment & Product Strategies

Identify Product Enhancements & New Products

Develop Product Differentiation Strategies

Develop Segment Positioning Strategies
Market Opportunities Analysis

Market based criteria are developed to assess potential wood products and industry segments *long-term* development potential.

Criteria:
- Raw material availability
- Markets (local, Regional, national or global)
- Market growth rate
- Competitive factors
- Provides employment
- Distribution infrastructure exists or can be developed
Market Opportunities Analysis

Criteria:
- Manufacturing facility requirements
- Waste facilities requirements (sewers, landfills)
- Capital requirements
- Workforce skill requirements
- Consistency with overall economic development plan
- Consistency with manufacturing network strategy
- Complements existing businesses
- Other economic benefits
- Environmental effects
### Market Strategies

**Competitive Strength**

<table>
<thead>
<tr>
<th>Competitive Strength</th>
<th>Market Attractiveness</th>
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<tbody>
<tr>
<td>STRONG</td>
<td>HIGH</td>
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<tr>
<td>Extend Position</td>
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<tr>
<td>MODERATE</td>
<td>MEDIUM</td>
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<tr>
<td>Invest to Build</td>
<td>Build Selectively</td>
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<tr>
<td>WEAK</td>
<td>LOW</td>
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<tr>
<td>Build Cautiously</td>
<td>Protect &amp; Refocus</td>
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<tr>
<td>Invest Selectively</td>
<td>Harvest</td>
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<tr>
<td>Limit Expansion</td>
<td>Divest</td>
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# Sustainable Forest Sector Economic Development

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## Economic Effects
Key Questions
Economic Impacts

• What economic impacts result from forest based industry development?

• What are the economic ramifications at the community, regional and state levels?

• What are the effects of different industry growth scenarios?
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<td><strong>Social Structure &amp; Work Readiness</strong></td>
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Key Questions
Social Structure/Work Readiness

• What are the characteristics of the eligible workers for wood products industry sectors?

• What are the labor skills required?

• Is it feasible to introduce or develop value-added industries?

• What are the underlying socio-economic issues that influence forest based industry development?

• What changes in policies & programs would facilitate development efforts and support social structures?
Social Structure and Work Readiness

Current Social Structure

- Educational Attainment
- Skills Assessment
- Family/Social Structure
- Government Programs
## Sustainable Forest Sector Economic Development

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<td><strong>Structural Impediments</strong></td>
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Key Questions
Structural Impediments

• What are the most important factors preventing manufacturing industry development?

• What will it take to encouraging manufacturing?
# Sustainable Forest Sector Economic Development

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**Environmental Implications**
Key Questions
Environmental Implications

- What are the potential environmental ramifications of industry development at all levels from the forest to the consumer?

- What environmental measures are required/desired by the marketplace or legislated by policymakers?
Sustainable Forest Sector Economic Development

- Resource Assessment
- Industry Structure Profile
- Market Assessment

- Economic Effects
- Social Structure & Work Readiness
- Structural Impediments

- Environmental Implications

- Training & Development
Employee Training and Development

- Determine the current employment structure by activity and skill level.
- Identify unfulfilled training requirements.
- Identify impediments to increasing employment in the industry.
- Develop recommendations that will lead to increased employment.
Sustainable Forest Sector Economic Development

Sustainable, Environmentally Sound, Flexible

- Resource Assessment
- Industry Structure Profile
- Market Assessment
- Economic Effects
- Social Structure & Work Readiness
- Structural Impediments

Environmental Implications

Training & Development
Sustainable Forest Sector Economic Development

Sustainable, Environmentally Sound, Flexible

Resource Assessment
Industry Structure Profile
Market Assessment

Economic Effects
Social Structure & Work Readiness
Structural Impediments

Environmental Implications

Training & Development

Recommendations for Policy Makers
Getting From Analysis to Action
Integrated Market-Based Forest Sector
Economic Development

Recommendations for Policy Makers

Implementation!!!!!!!
Challenges=Opportunities
Institutional Constraints

Market Demands

Stakeholder Influences
Some Suggestions

Get educated

Don’t ignore the challenges

Be proactive & think strategically

Do not fear the future
Questions?

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