

Discoveries at the Forest Products Executive Development Workshop

By Nathan Meiser and Thad Taylor, Forest Products Credit by AgChoice FC Loan Officers

On September 16, 2009, forest products leaders from across the state gathered in Williamsport, Pa. This event was sponsored by Forest Products Credit by AgChoice FC, the Pennsylvania Forest Products Association and the Penn State Center for Wood Innovation and Sustainability. The workshop was designed to help forest products business owners and managers understand the concepts and skills needed to successfully implement strategic change. Attendees learned strategies that they could implement immediately. Following are the key takeaway points for each topic:

How Will the Future Economy Influence the Forest Products Industry?

Dr. Loren C. Scott, Economist
www.lorencscottassociates.com

Key Takeaways:

- Private residential investment spending has dropped \$467.7 billion (57.5 percent) since 2006.
- There is a direct link between the inflation rate and interest rates. The 10-year Treasury note indicates that inflation will be modest in 2010 and 2011.
- We are not almost out of oil. There have been numerous new oil discoveries and new technologies developed to extract oil.
- Government intervention and severe taxes on the extraction industry will delay United States energy development, independence and drive-up energy costs.

Structuring Cash and Credit Management is Critical

Tom Gooch, Executive Loan Officer,
AgChoice Farm Credit
www.agchoice.com/forest-products

Key Takeaways:

- Maintain close communication with customers and suppliers. Avoid the fear of the unknown.
- Understand and discuss the ratios that your banker uses to analyze your business.
- Working capital is needed to fund inventories and accounts receivables change when sales change.
- Match loan terms with assets financed. Shorter loan terms give you more options in the future.

Leading Organizational Change and Understanding Emotional Intelligence

Dr. Judd Michael, Professor, The Pennsylvania State University
<http://woodpro.cas.psu.edu/>

Key Takeaways:

- Emotional intelligence = the capacity to recognize and manage our own feelings and emotions, and to be socially aware of the emotional needs of others.
- Create a climate open to change supported by the entire management team. Encourage yourself and the entire organization to be future-oriented and strive to improve.
- Good emotional intelligence allows an individual to better implement and adapt to change.

Dealing with Family Issues

Timothy Sutherland, Director of Wealth Management Services, AgChoice Farm Credit
www.agchoice.com/business-management

Key Takeaways:

- Economic conditions will eventually improve.
- It may be difficult to make good decisions in a crisis environment, but you must. Review your goals, determine what's most important and develop a strategy that works for you.
- The key elements to a successful family business transfer from parent to child include: 1) Transfer ownership; 2) Transfer management; 3) Divide income and 4) Transfer work ethic, philosophy and expectations.



From the left, Don Cotner, AgChoice Board Member, Paul Lyskava, PFFA, Dr. Judd Michael, Penn State and Dr. Loren Scott, Loren Scott Associates.

Making a Business Plan for Change

Nathan Meiser and Thad Taylor, Loan Officers and Certified Foresters, AgChoice Farm Credit
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Key Takeaways:

- Implement a "Keep and Change" strategy to add creativity to a new direction for your business. For example: "Keep your clientele, but change what products and services you offer them," or, "keep your current experienced workforce, but change what they do to add efficiency."
- Take the following steps of change: 1) Acknowledge the challenge; 2) Determine the acceptable response and 3) Adapt as appropriate.
- Expect the following major shifts in the industry: 1) Domestic grade lumber usage will decrease; 2) Energy development will impact woodland management (wind, biomass and natural gas) and 3) China and India will demand more forest products.
- Conduct a S.W.O.T. analysis on yourself and on your business.

We look forward to seeing you at the Forest Products Executive Development Workshop in 2010. ■