

# A Methodology for Forest Sector Driven Economic Development

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October 26, 2005



**Katrina**



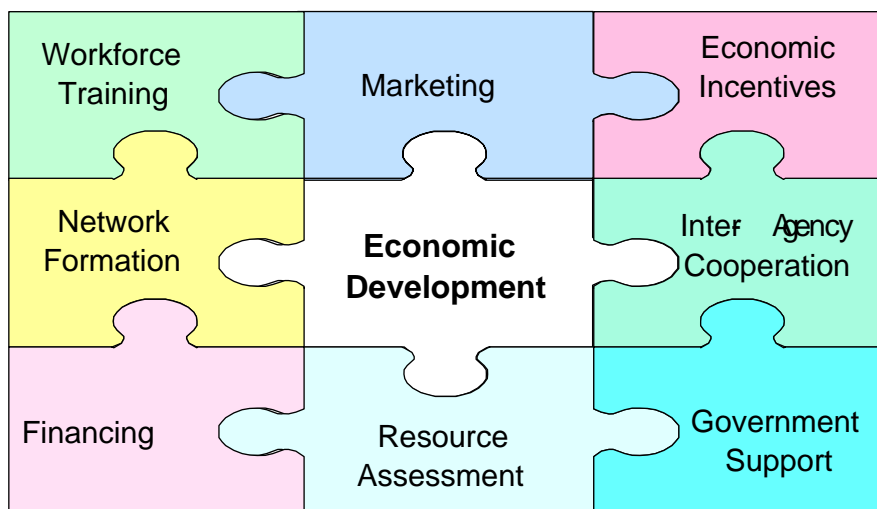
**Rita**



## 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



## **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

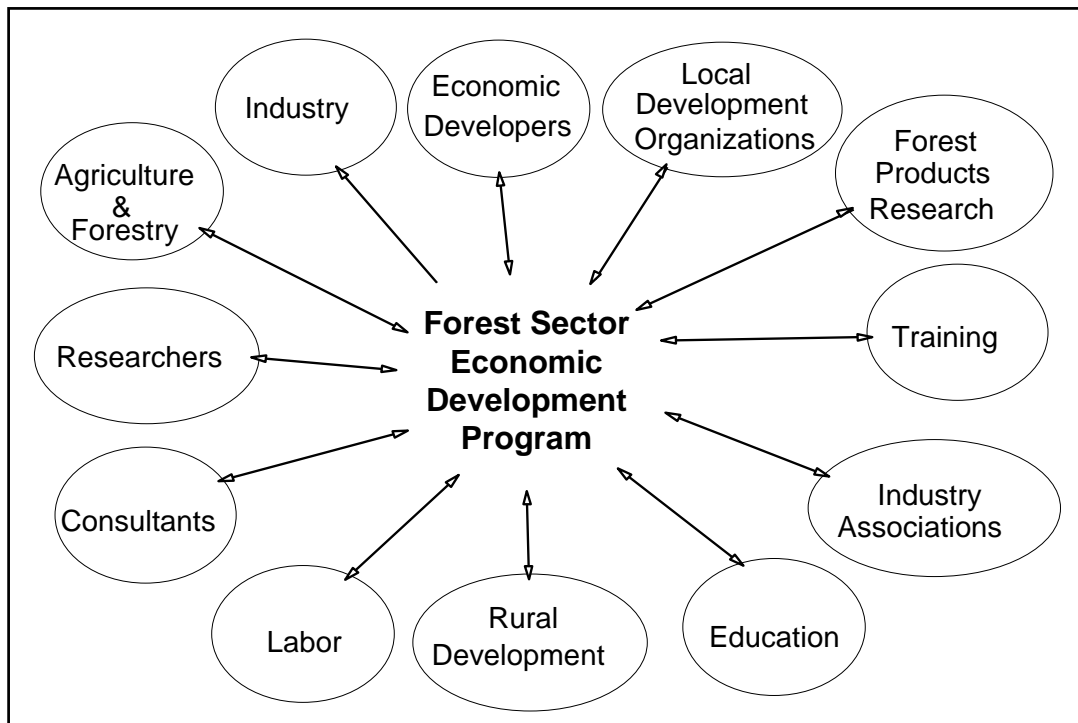
Add value to existing resources

Create employment opportunities

Maintain the stewardship of the resource

Include communities

Include stakeholders



## The Methodology Promotes Vertical Integration

From the forest....  
 Or from plantations....  
 To the mill....  
 To primary products....  
 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**

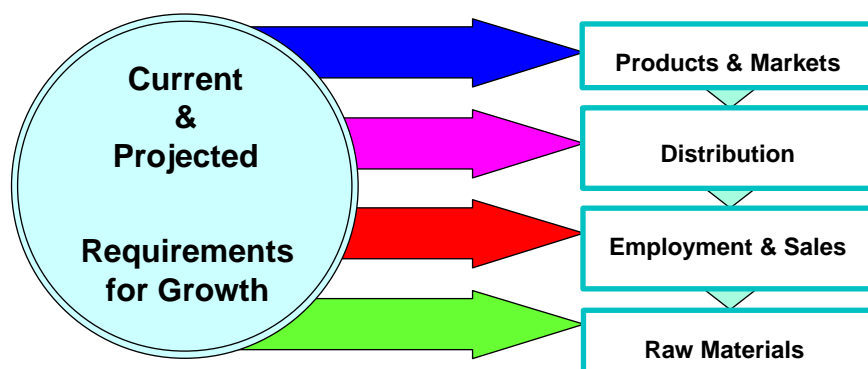
Resource Assessment

**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



## **Sustainable Forest Sector Economic Development**

Resource Assessment    Industry Structure Profile    **Market Assessment**

### **Key Questions Market Assessment**

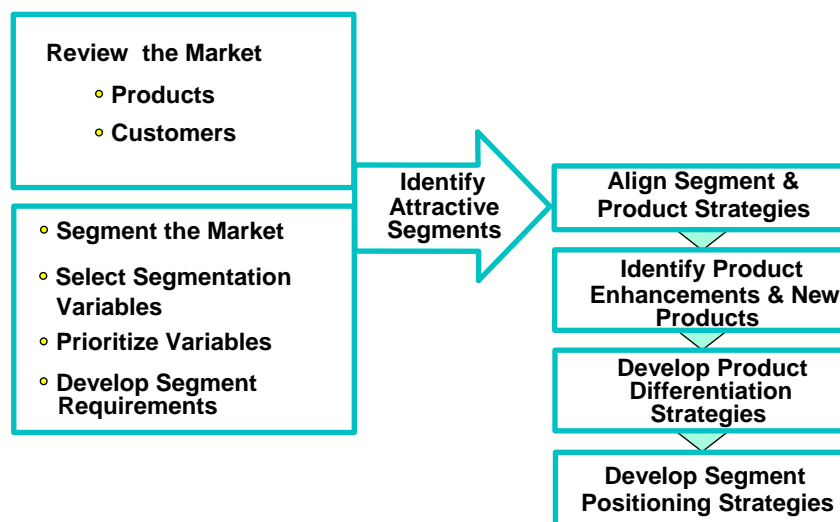
- What is the product mix of the current industry?
- What are current markets and customer bases? (Both domestic and export).
- What is the quality and level of acceptance in current markets and potential?
- What product sectors have a high probability of success for further or new development?

## 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



## **Market Opportunities Analysis**

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

### Major criteria are:

- raw material availability
- available markets (local, Regional, national or global)
- market growth rate
- competitive factors
- provides employment
- distribution infrastructure exists or can be developed

## **Market Opportunities Analysis**

### Additional criteria :

- Manufacturing facility requirements
- Waste facilities requirements (sewers, landfills)
- Capital requirements
- Workforce skill requirements
- Access to raw materials
- Consistency with overall economic development plan
- Consistency with manufacturing network strategy
- Complements existing businesses
- Other economic benefits
- Environmental effects

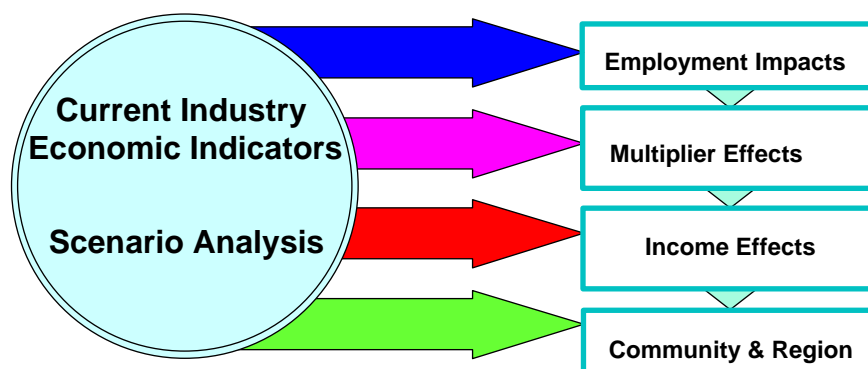
		<b>Market Strategies</b>		
		<u>Competitive Strength</u>		
		<b>STRONG</b>	<b>MODERATE</b>	<b>WEAK</b>
<u>Market Attractiveness</u>	<b>HIGH</b>	<b>Extend Position</b>	<b>Invest to Build</b>	<b>Build Cautiously</b>
	<b>MEDIUM</b>	<b>Build Selectively</b>	<b>Invest Selectively</b>	<b>Limit Expansion</b>
	<b>LOW</b>	<b>Protect &amp; Refocus</b>	<b>Harvest</b>	<b>Divest</b>



## 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?

## Economic Impacts



## **Sustainable Forest Sector Economic Development**

Resource Assessment

Industry Structure Profile

Market Assessment

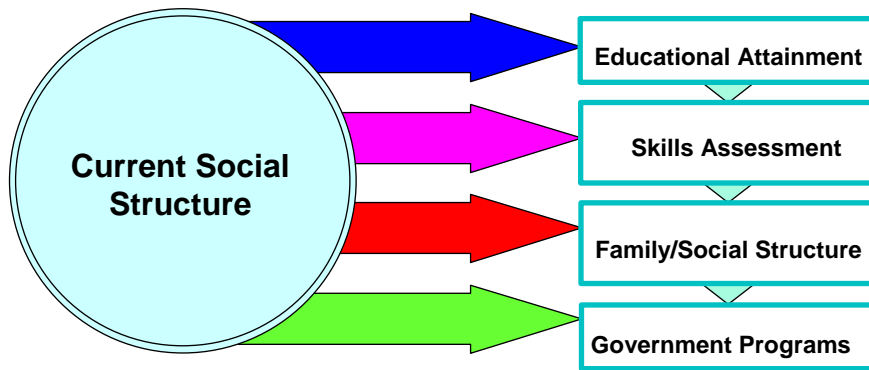
Economic Effects

### **Social Structure & Work Readiness**

## **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



## Sustainable Forest Sector Economic Development

Resource Assessment

Industry Structure Profile

Market Assessment

Economic Effects

Social Structure &  
Work Readiness

**Structural Impediments**

## **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**

Resource Assessment

Industry Structure Profile

Market Assessment

Economic Effects

Social Structure &  
Work Readiness

Structural Impediments

### **Environmental Implications**

## Key Questions Environmental Implications

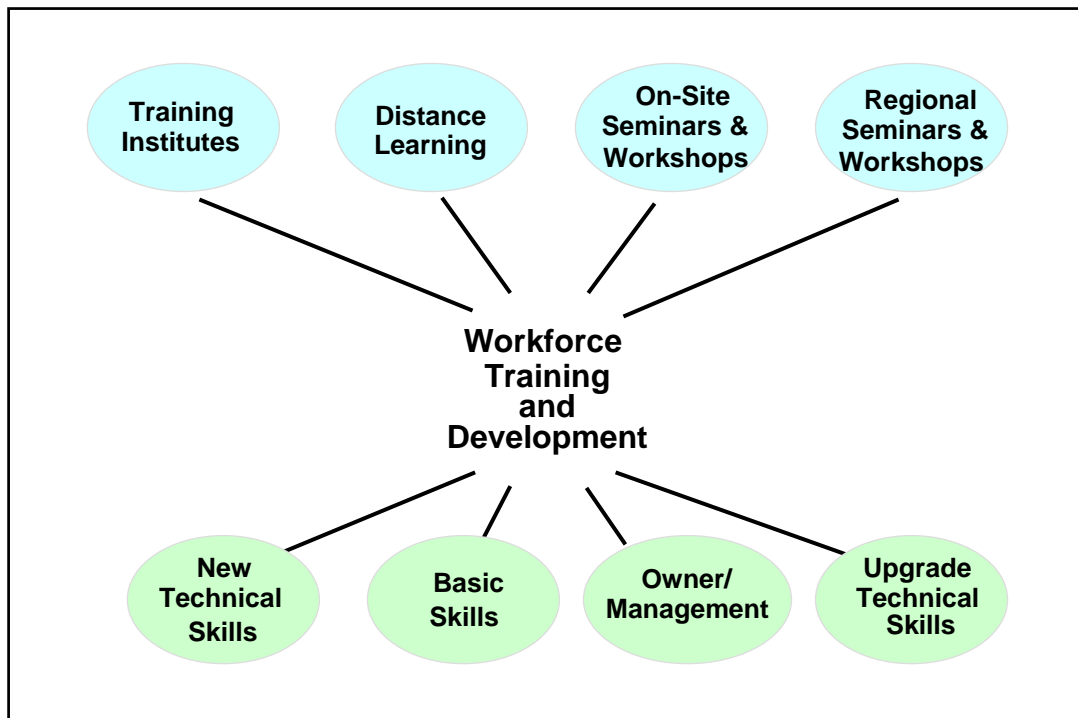
- What are the potential environmental ramifications of industry development at all levels from the forest to the consumer?
- What environmental measures are required/desired by the marketplace or legislated by policymakers?

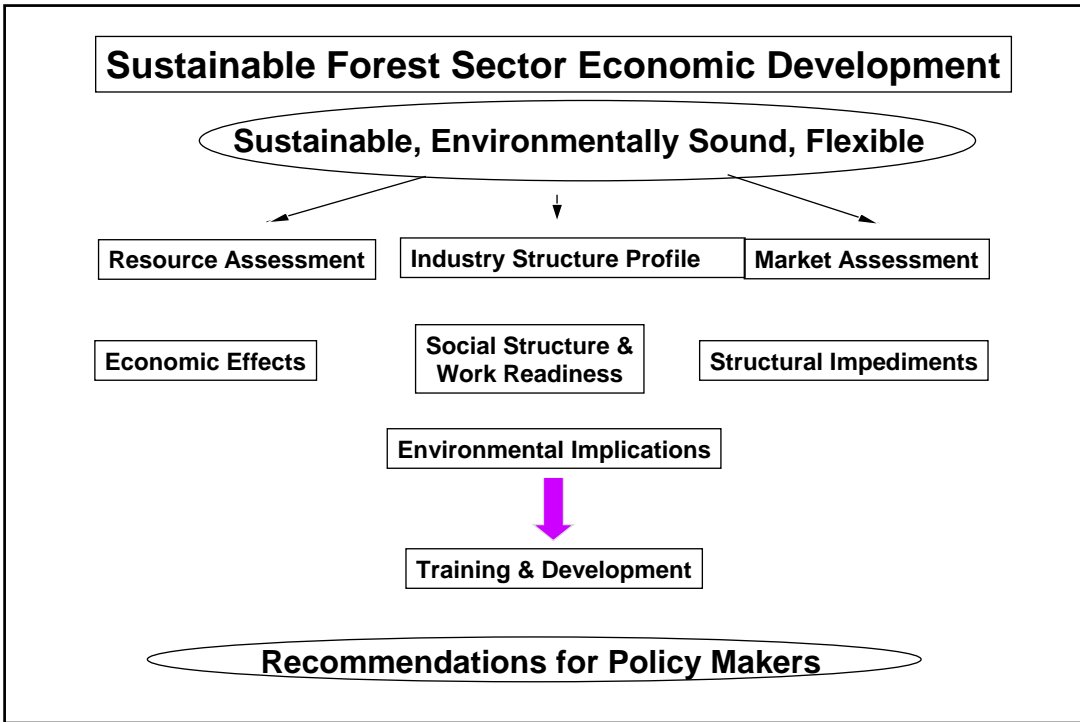
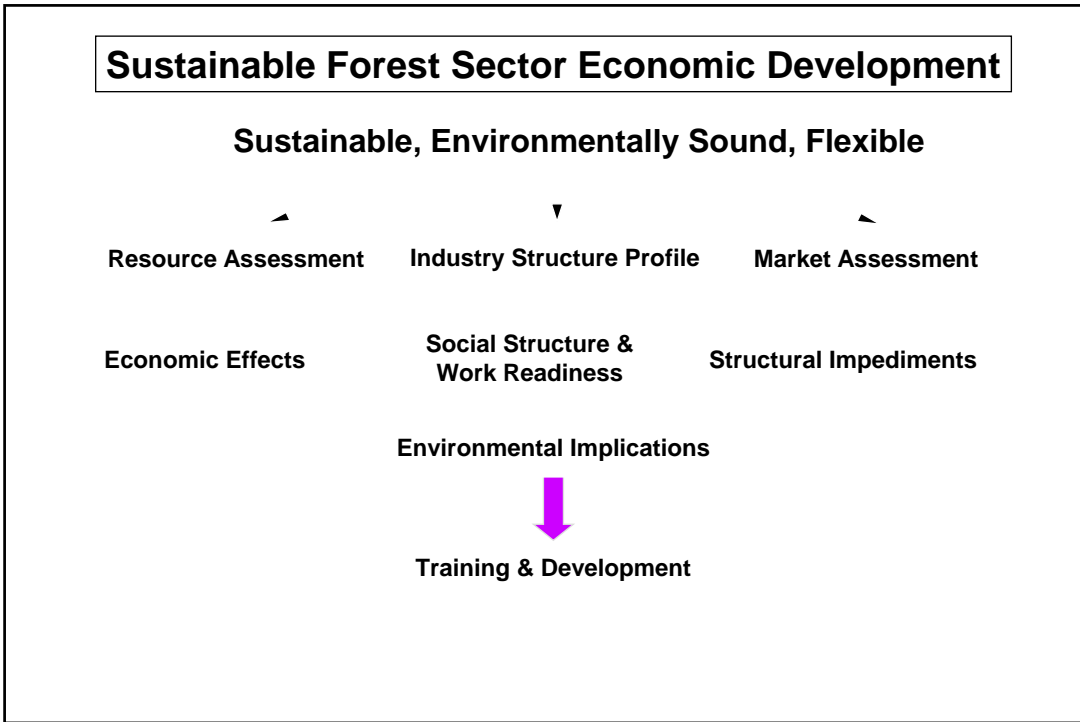
### Sustainable Forest Sector Economic Development



## 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.





## Getting From Analysis to Action

**Integrated Market-Based Forest Sector**

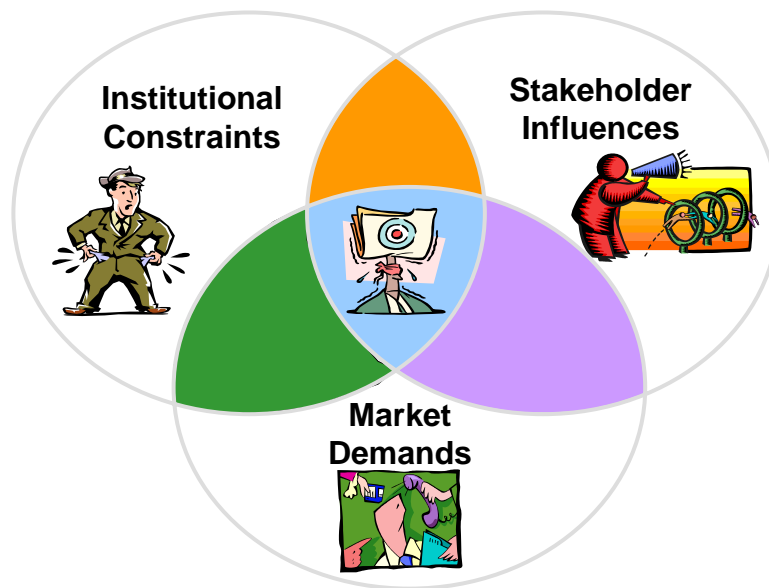
**Economic Development**



**Recommendations for Policy Makers**

**Implementation!!!!!!**

Challenges=Opportunities



## What To Do?

Get educated

Don't ignore the challenges

Be proactive & think strategically

Fear not the future

## Questions?



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