



# *A Practical Guide to Establishing a Forest Owner Organisation*

**IFA.ie**









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# Foreword



Farmers have a central role in the development of the forest sector in Ireland. Almost half of the national forest resource belongs to private forest owners and their role as timber suppliers is increasing day-by-day.

Ambitious production targets have been forecast for the private sector in the coming years and farmers face a significant challenge to mobilise the timber resource to achieve these targets. The sustainable management of the farm forestry resource offers considerable economic and environmental benefits for forest owners and the rural economy.

It is vital that forest policy supports forest owners to realise the potential of the sector and overcome the barriers to bring the resources to the marketplace.

Forest cooperation between forest owners offers enormous promise to create opportunities for forest owners to share information, pool the management and market of the timber resource, hire expertise collectively or to develop new local value added markets, particularly in the emerging wood energy market.

This guide aims to provide practical advice and information to illustrate how private forest owners can cooperate either formally or informally to improve the efficiency of the wood supply chain and maximise the financial return to forest owners.

Forest owners' working together holds tremendous promise to increase the economic viability and long-term sustainability of the private forest sector.

A blue ink signature, appearing to be 'Pat Hennessy', written in a stylized, cursive script.

**Pat Hennessy**  
IFA Farm Forestry Chairman







# Chapter 1: The Challenge Facing the Farm Forestry Sector

The private forest sector now accounts for 46% of the national forest estate or 5% of total land area of the Republic of Ireland. There are approximately 19,500 private forest owners, of which 84% are classed as farmers and they manage approximately 340,000 hectares.

The majority of private forests have been established in the last two decades, with many of these forests now approaching first thinning stage. A recent COFORD study shows that net production from privately owned forests will increase to 2.95 million m<sup>3</sup> by 2028, this represents an eightfold increase in production over present levels<sup>1</sup>.

The full production potential of the private forest resource is not currently being realised, with a significant gap between potential supply and actual output from the sector. Forest owners face a variety of challenges to manage and mobilise this resource: lack of forest road infrastructure, suitable harvesting equipment, lack of knowledge and risk of windblow.

The biggest challenges facing private forest owners is to manage the large number of small and fragmented forests. The average holding in the private forest sector is 9 hectares and is often in dispersed locations. Smaller forests are more difficult to sustainably manage due to higher costs. For example, potential contractors and buyers are less interested in managing smaller forests as they produce less timber volumes, yet the cost of harvesting and transportation is high.

There is strong demand for a guaranteed consistent supply of timber from the private forest sector. Farmers face a significant challenge to coordinate timber production to satisfy the growing market demand and take advantage of the value added opportunities in the market, particularly in the wood energy sector.

One of the most promising approaches to addressing the challenges faced by private forest owners in Ireland is for forest owners to work together to collectively manage their forests. Forest owner cooperation initiatives can vary from informal management agreements between neighbouring forest owners to legally incorporated cooperatives.

This guide has been developed to introduce several ways that forest owners can work together to organise and empower themselves to improve the management and profitability of their forest enterprise.

1. Roundwood production from private sector forests 2009 – 2028. A geospatial forecast. COFORD (2009).

# Chapter 2: Forest Owner Cooperation

This chapter outlines the benefits for forest owners of working together to more efficiently manage and mobilise the farm forestry resource. The forest owner organisation is a proven structure to organise individual forest owners and optimise the benefits of their forests.

Forest owners have a long history of cooperating, both formally and informally in other parts of the world. For example, in Sweden forest owner cooperatives buy logs and standing timber from members to sell to sawmills at negotiated prices that individual forest owners could not achieve.

## What is Cooperation?

The word *cooperation* refers to a variety of formal and informal ways that forest owners can work together for their mutual benefit. Forest owner cooperation can be as simple as providing moral support to one another when tendering or just sharing information, alternatively it can extend to the creation of a formal cooperative organisation, which jointly manages forest resources to increase the economic return for individual forest owners. Collaborative working, particularly when done through some type of formal structure, is a powerful way of sustainably managing small forests and increasing marketing opportunities.

### Forest owners can cooperate in a variety of ways and for a variety of reasons:

- Educational activities.
- Jointly managing smaller forests to increase viability of management operations.
- Purchase forestry related supplies in bulk.
- Share or provide services like fencing or management.
- Share harvesting equipment or other equipment.
- Collective selling and marketing timber.
- Wood processing and marketing.

## Why Work Together?

The benefits of working together are well recognised in all sectors of the economy but particularly in land-based sectors such as agriculture and forestry. This neighbour-to-neighbour approach can provide trustworthy information as well as low cost and high quality management services. Working together allows individual forest owners to pool the physical and intellectual resources of individual forest owners to achieve economies of scale. Working together breaks down many barriers and enables forest owners to access new customers and markets, which offers new business benefits.

### 10 Reasons Why Working Together is Better

- 1 Facilitates farmer-to-farmer networking.
- 2 Increases the transfer of knowledge, support and advice.
- 3 Grows incomes and reduces costs by collectively purchasing, processing and selling timber.
- 4 Improves efficiency and increases viability of small forests.
- 5 Increases timber supply and improves reliability of supply.
- 6 Enables farmers to access new markets and tender for bigger contracts, including the ability to respond faster to new business and market opportunities.
- 7 Provides better access to outside supports to raise investment.
- 8 Increases opportunities to develop new products and services.
- 9 Facilitates group forest management certification.
- 10 Promotes forest related entrepreneurship.



# Chapter 3 : Type of Forest Owner Organisation

This chapter introduces different models for cooperative working to assist you to decide which model is most appropriate. All the models presented below are just that – models. It is important that the structure established is tailored to the specific goals of your business.

It is strongly recommended that groups get professional advice prior to establishing any formal forest owner organisation.

## Informal Organisations

A group of forest owners, typically neighbours, agree to informally use or manage their forests collectively. There tends to be no organisational body or central control. They work through informal agreements and specific duties may be written into contracts or guidelines. Informal arrangements between forest owners are common throughout Europe. The choice of informal organisational arrangement depends on the local situation and individual forest owner demands.

### Informal Organisational Types

<b>Informal Arrangements</b>	Agreement (without contract) concerning the management or use of resources by clearly defined partners.
<b>Management by Contract</b>	Contract based arrangement about the management or use of resources between clearly defined partners.
<b>Group Certification</b>	Guidelines for the use of resources by an unspecified number of partners are established, setting standards for forest management (see Chapter 7).
<b>Joint Forest Management</b>	Contract based arrangement between a well-defined number of forest owners to create a larger forest management unit, by merging smaller forest units.

Table 1. Examples of informal organisational types

## Formal Organisations

A group of forest owners agree to formally use or manage their forests collectively. There is an organisational body and various levels of central control depending on the demands of the group. All formal producer organisations have some shared characteristics: they are rooted in rural areas, they are member-based organisations, they have a democratic structure that allows members to control the operation of the organisation and they have an economic function.

Incorporated entities such as cooperatives, societies or limited liability companies enjoy limited liability protection by the fact they are incorporated. In general this means that officers, directors and members of these entities are not held responsible for monetary liabilities of the organisation. Informal forest owner organisations do not have this protection.

### 1. Cooperatives

One of the best known type of formal producer organisations is the cooperative, an “autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through jointly owned and democratically controlled enterprise” (ICA 2010).

A forest owner producer cooperative is where the producers of timber and other services own and manage the cooperative for the purposes of marketing or further processing their products and services, or for jointly purchasing raw material.



## The defining characteristics of a cooperative are:

It is based on the principles of shared responsibility and of shared benefits.

Possibility of free and voluntary association and withdrawal from the organisation.

Democratic structures, where each member has one vote (or limited amount of votes), with majority decision-making and an elected leadership accountable to its members.

Equitable, fair and just distribution of economic results. In general, this means that dividends are paid in proportion to the use made by members rather than their capital investment.

### 2. Friendly (or Mutual) Cooperative Societies

These are autonomous associations of persons united voluntarily whose primary purpose is to satisfy their common needs and not to make profit or provide a return on capital. Societies can be differentiated from cooperatives (which are similar in many respects) by the fact that they operate with their own, collective indivisible funds and not with share capital. Members pay fees rather than purchasing shares.

### 3. Associations

The European Commission defines associations as a *permanent grouping of natural or legal persons whose members pool their knowledge or activities either for a purpose in the general interest or in order to directly or indirectly promote the... interests of its members... the profits from the economic activity shall be devoted exclusively to the pursuit of its objectives, and may not be divided amongst the members*. It is only when the association decides to take on of the corporate structure outlined in Table 2 that it is registered. Most associations in Ireland remain informal.

### 4. Other Forest Owner Businesses

These include Limited Liability Companies (LLC) or Limited Liability Partnerships (LLP). They are incorporated businesses that can function like a cooperative if the forest owners choose to structure them that way.

## Corporate Structures for Forest Owner Organisations

In order for a business to be successful choosing the right corporate structure is vital. The articles or rules set the framework within which the business operates, internally and externally. An introduction to corporate structures most suited to forest owner organisations is outlined in Table 2.

It is recommended that independent, legal advice be sought before forest owner organisation chooses corporate structure.



Structure		Advantages	Disadvantages
1.	<b>Partnership</b>	Simple to form	The liability of the partners is unlimited.
			The partnership does not have a legal identify separate from the partners.
			There can be problems associated with disputes.
2.	<b>Private Limited Company</b>	Limited liability.	There cannot be more than 50 shareholders.
		Those members who would contribute the most money for shard in the company would have the most votes at the Annual General Meeting (AGM).	It maybe necessary to set up a nominee company to hold shares in trust on behalf of the shareholders.
			The company can be sold with the vote of shares in favour of 51%.
3.	<b>Public Limited Company</b>	Limited liability.	Dominated by large shareholders.
		There would be no restrictions in articles unlike private company.	Minimum share capital must be observed.
			Company can be sold with a majority of shares in favour of 51%.
4.	<b>Company limited by guarantee not having a share capital (Public)</b>	Suitable structure for community and voluntary based organisations and in particular charities	The structure not suitable for the organisational objectives of forest owner group.
		Limited liability (7 subscribers would subscribe €1 in the event of a liquidation).	
		There would be no control by one person of the organisation because the company has not shares	
5.	<b>Industrial &amp; Provident Societies</b>	Limited liability.	Loss of individual decision-making.
		Established to meet the economic, social and cultural needs of its members.	Issues with members benefiting for the market advantage without commitment to organisation.
		The most common way cooperatives seek legal registration.	

Table 2. Corporate structures for forest owner organisations





# Chapter 4: Establishing a Forest Owner Organisation

This chapter describes how to form a forest owner group or organisation but may also be of interest to existing groups. These steps should only act as a guide to forest owner organisations, as each group will chart its own path from the idea to the operating stage. Also, it is important to keep in mind these steps do not have to be carried out in the order they are presented.

## Step-By-Step Guide to Establishing a Forest Owner Organisation

1 Hold an Initial Meeting.	5 Develop Rules and Governance Structures.	10 Elect a Board of Directors.
2 Assess the Local Interest of Forest Owners.	6 Recruit & Maintain Members.	11 Register the Company.
3 Develop a Vision.	7 Undertake a Feasibility Study.	12 Recruit Staff.
4 Elect a Steering Committee.	8 Prepare a Business Plan.	13 Begin Operations.
	9 Secure Finance.	

The following is a step-by-step guide to establishing a forest owner organisation:

### Step 1: Hold an Initial Meeting

The best starting point is an informal meeting with a small group of forest owners that allows for full participation and expression of ideas. An outside facilitator or resource person may be useful to guide the meeting and encourage greater participation.

At this meeting the proposal to establish forest owner producer group should be presented and discussed. Some of the issues to discuss might include:

- Why form a forest owner group?
- Who will be the members?
- What will be the activities of the group?
- What type of organisation will it be?
- What resources are needed?
- Where will the resources come from?

### Step 2: Assess the Local Interest

The success of a forest owner organisation depends on the interest and involvement of forest owners in the locality. An effective way to assess interest is to hold one or more informational meetings. These meetings provide a forum for public discussion on the idea of forming a forest owner group and to decide the direction of the organisation. In advance of the meeting key forest owners that have a presence in the community should be invited. It is often useful to prepare a survey in advance that can be handed to interested parties to gather more detailed information on their forests, as well as accessing the particular needs and interests of the members.



## Step 3: Develop a Vision

Every new group should start with a vision or mission statement, which is shared by the members of the group. A clear vision helps to focus the efforts of everyone involved. It should outline the overarching purpose of the group: what it does, why and for whom.

## Step 4: Elect a Steering Committee

If there is agreement to set up a forest owner organisation, during subsequent meetings a steering committee should be elected. The steering committee is the decision-making body, composed of members of the group that are responsible for providing guidance on overall strategic direction. The most important role of the steering committee is to provide leadership as the organisation proceeds through its formative stages. A simple structured steering committee needs at least a chairperson, secretary and treasurer to function properly.

Chairperson	Secretary	Treasurer
Facilitate meetings and set the agendas in cooperation with Secretary.	Write the agenda, minutes and attendance records of meetings.	Keep financial records for the group.
Chair meetings and summarise at the end.	Maintain all group records including minutes etc.	Safeguard and manage the money
Encourage fair and equal participation of all members in discussions, decision-making and group activities.	Support and assist the chairperson.	Inform members about expenditure, receipts and bank balance.
Ensure the governance structure and work plan of the group are followed.	Deal with correspondence of the group.	Give receipts for money received.
Ensure the Secretary and Treasurer are doing their job.	Report on progress of the group.	Keep cashbook and the receipts.
Delegate work and assignments.		
Maintain harmony in the group.		
Represents the interests of the group.		

Table 3. Roles and Responsibilities of the Steering Committee

## Step 5: Develop Rules and Governance Structures

It is critical that the rules of the group are established from the beginning and that the core principles are closely followed. The written rules outline what is expected from members and what they can expect from the group. Every organisation needs a set of rules to regulate its activities to avoid problems and misunderstandings.

The rules of a group should be developed through discussion between the members around the following items:

- 1 **Official name, objectives, activities and location** of the group.
- 2 **Definition for membership** of the group: open to forest owners, how to become a member, duration of membership, duties and responsibilities of members, membership fee, purpose of membership fees etc.
- 3 **Leadership and election procedures**: types of leadership positions, duties of the committee members, number of members to be present at elections, duration of term etc.
- 4 **Meetings**: when meetings take place, duration of meetings, number of members needed for decisions, unanimous or majority decision-making, reporting absence etc.

- 5 **Record keeping:** records to be kept include: official membership list, governance structures, members' information, minutes from meetings, correspondence, financial records, inventory of equipment etc. and who is responsible for keeping the records.
- 6 **Financial procedures:** where to keep savings, rules of spending, cheque signatories, use of profits etc.
- 7 **Disciplinary action** against members: what to do if committee members do not carry out duties? What will happen in relation to ongoing absenteeism? What to do if membership fees not paid? Etc.

## Step 6: Recruit & Maintain Membership

Recruiting new members is an ongoing process and should start following the first meeting. Many forest owner organisations in the process of being formed attract new members by:

- Hosting informational meetings with guest speakers.
- Host forestry field days on forest road construction, harvesting, sawmilling, processing etc.
- Organise training courses or workshops.
- Organise mail outs to forest owners in the area.
- Promote forest owner groups at local shows, events, marts etc.

All these activities provide a good indication of the level of interest and keep people informed about the development process. Also meeting with forest owners can inform the direction of the business plan and the membership fees collected can help pay for the writing of the business plan (see Step 8).

If a forest owner group is to succeed and retain members it is critical that members are active and engaged. Ultimately if an organisation is delivering real benefits to its members then members will continue to see a value in remaining with the group.

## Step 7: Undertake a Feasibility Study

At this stage of development some organisations may choose to conduct a formal feasibility study to determine whether there are insurmountable obstacles to the development and success of the organisation. It is up to the steering committee to decide whether a formal study or an informal checklist approach is more appropriate.

It is also helpful at this stage to contact other more established forest owner organisations to learn about their experiences in addressing these critical questions.



### Checklist for forest owner to consider before establishing a Forest Owner Organisation

1	Are there enough forest owners who have a common interest in joining a forest owner organisation? For example in Europe viable groups mostly range from 50 to 150 members.
2	Does the group have the leadership and vision to drive the organisation forward?
3	Can the organisation raise the funds necessary to become operational? It may take 2 to 5 years before the group has enough volume and market profile to be economically self-sufficient.
4	Does the organisation have the potential to supply the services demanded by its members? Can they provide these services in a cost-effective manner?
5	Is there sufficient supply of timber within the region that can produce products for the market? Can the group guarantee a consistent supply of timber?
6	Can the organisation's timber be differentiated in the market place?
7	Are there other groups or businesses that your group can collaborate with to form a more efficient and effective network or enterprise?

## Step 8: Prepare a Business Plan

If the feasibility study results are favourable, the next step for the steering committee is to carry out a detailed business plan. Most groups find it useful to seek outside expertise to write parts or the entire business plan. The business plan serves two primary purposes:

- To provide a blueprint for the development and initial operation of the organisation.
- To provide supporting documentation for potential members, financial institutions and other investors.

The business plan must be tailored to reflect the resource base, organisational structures, and members' needs of the forest owner group. The business plan is a live document that is never complete; it develops with the growth of the organisation and should evolve over time to fit the changing needs.

Activities that could be outlined in the plan include: engaging in educational and other service programmes; in purchasing, processing and marketing activities or a combination of these depending on the needs and interests of the members.

### Business Plan Template

- 1 **Executive Summary:** that provides a brief synopsis of the major points of the business plan.
- 2 **Description of the Organisation:** its structures, goals and the activities it proposes to carry out.
- 3 **Resource Analysis:** detailed information on resource base for the group (forest area, members etc.)
- 4 **Market Analysis:** identifies and quantifies the group's market potential of its services and products.
- 5 **Business Objectives:** detailed information on the services or products the organisation will provide.
- 6 **Marketing and Sales Plan:** describes how the group will market its services and products.
- 7 **Financial Analysis:** detailed information on start up costs, expected costs and revenues generated by group once it is operational. The financial analysis section should include projections over the first three years.

## Step 9: Secure Finance

Forest owner organisations vary greatly in the amount of capital they need to get up and running. The business plan should include the amount and type of finance required by the group as well as a strategy to secure it.

The financial needs will vary depending on whether the group is providing educational training, resource management services, timber or non-timber product marketing services, value added product processing and timber marketing services, or a combination of these services.

It is important to remember that the type of organisation adopted (i.e. the legal structure) has implications on how capital can be raised and also defines the financial commitments expected of members.

### Public Sector Funding

Experience has shown in Ireland that forest owner groups benefit from public sector grant support for their establishment and the first few years of operation. The most likely sources of funding are LEADER. LEADER funding is specifically targeted at communities and rural businesses. There are 36 individual companies administering LEADER funding throughout rural Ireland, a full list is available in Appendix 1.

As the forest owner organisation develops further grants can be sought for specific activities or equipment items, these might include: study tours, training courses or larger training projects, purchase of specialist equipment to be shared between members or professional support as the group grows.

Type	Funding Rate	Description
Training	100%	There is no matching funding requirement for training. The type of training will need to address the needs of the group.
Analysis and Development	75%	Groups can apply for up to €30,000 to undertake a feasibility study.
Community Groups	75%	The funding for community enterprises is at a rate of 75% up to a maximum in exceptional circumstances of €500,000.
Private Promoters	50%	Private businesses are eligible for capital investment grant of up to €200,000 with a matching fund requirement of 50%.

Table 4. Matching Funding Requirements with LEADER

## Step 10: Elect a Board of Directors

The first general membership meeting is convened when the steering committee decides that enough members have joined the organisation and the business planning process is far enough along so that a clear direction for the group has been established. This meeting marks the transition from an interim board of directors (steering committee) and interim set of rules to a formally elected board and formally approved constitution.

The Board of Directors is the body that takes ultimate responsibility for the organisation to ensure that the needs of the members are met as efficiently and effectively as possible. It is a very good idea that a new board of directors receives training on how to be an effective decision making group.



## Duties and Responsibilities of a Board of Directors

Legal responsibility to protect the assets of the members.

Representation of members' interests

Long-term strategic planning.

Oversight of management personnel.

Communication with membership.

## Step 11: Register the Company

In order for the forest owner group to formally register as a company in Ireland they must have a written constitution, which is comprised of: **Memorandum of Association and Articles of Association**. A company's memorandum and articles are of fundamental importance in that they set out the constitution and internal rules of your organisation. The rules and governance structures outlined in Step 5 will form the basis of the constitution.

For more information on the steps involved in forming a company go to [www.formacompany.ie](http://www.formacompany.ie) or to register your company go to [www.cro.ie](http://www.cro.ie).

## Description of a Company's Constitution

The **Memorandum of Association** states your company name, main objectives of the company and the share structure.

The **Articles of Association** governs the internal management of the company; it literally lays down how a company is to be governed.

## Step 12: Recruit Staff

Hiring dedicated staff is crucial to the success of any forest owner organisation. The manager may be employed on a full-time basis or contracted to deliver specific services, depending on the size and complexity of the group's activities. One or more personnel may be hired earlier in the development process as consultants to help with training, feasibility study, business plan etc.

## Step 13: Begin Operations

Often the best way for the forest owner organisations to develop is for members to initially informally work together to manage, harvest or market timber, while the group is developing the formal structures of the forest owner organisation. This will help to keep members motivated and provide educational opportunities to learn more about forest management. Experience has shown that the first few months and years of operation are difficult for forest owner groups, with many new groups failing.

## Examples of Forest Owner Organisations' Management Operations

Sustainable forest management plan development	Construction of forest roads	Information and Education
Forest stand improvement services	Timber Harvesting	Biodiversity protection
Timber appraisal and measurement	Timber sales and marketing	Processing and added value services







# Chapter 5: Key Lessons to be Learned

This chapter outlines the main lessons learned from other forest owner organisations both in Ireland and internationally. It clearly shows that establishing a successful forest owner group requires patience and hard work. There is no right way for forest owners to work together to improve forest management and maximise the economic benefits but there is a wrong way.

## Lesson 1: Good Leadership

Good leadership is critical to the success of a forest owner organisation. Good leadership skills can be defined as those actions and behaviours that support your leadership - your ability to influence, motivate, and direct others to accomplish the mission and improve the organisation; while always maintaining good relationships and the trust of people involved with the organisation. It is very important that the leaders of the organisations are supported and provided with training to enable the organisation to achieve its goals.

## Lesson 2: Learn from the Experiences of other Forest Owner Groups

There are 18 forest owner groups in varying stages of development in Ireland (see Appendix 2 for contact details of these groups). There are also more established forest owner organisations throughout Europe (see Appendix 3). These groups have a wealth of knowledge and experience that can advise new emerging groups. In addition an on-line information library has been created on IFA.ie to share experiences and knowledge of more established forest owner groups in the UK, Europe and Internationally.

## Lesson 3: Provide Educational Events

For many forest owners the primary motivation for getting involved with a forest owner organisation is to learn more about the sustainable forest management of their forest. In the first few months after the steering committee begins to meet, a field day or workshop should be organised by the group. Hands on experience-based learning is the best way for members to learn what they need to know.

The organisation should survey its members to determine the types of training or educational workshop of interest to the members. It might also be useful for the steering committee or board of directors to set up an educational committee to help ensure the educational needs of the group are being met.



Suggested Educational Programmes	
Forest Management	Introduction to forest management
	Tree pruning and other stand improvement operations
	Preparing for first thinning
	Forest resource inventory and timber measurement
	Forest road construction
	Chainsaw training
	Tending & thinning of broadleaves
	Introduction to forest ecology and biodiversity
	Riparian areas management and water quality issues
	Alternative management techniques
	Non-timber forest products
	Forest pest management
Other Field-Based Topics	Sawmill visit
	Wood biomass processing facility
	Wood biomass plant
	Visit another forest owner organisation
Non-field Based Topics	Workshops on forest owner cooperation: what are the different organisational structures etc.
	Forest certification: what it means and how does it work?
	Developing a forest management plan for your forest
	Timber marketing

Table 5. Examples of forest owner educational programmes

## Lesson 4: Build the Organisations Membership Base

Forest owner organisations should pursue an active membership strategy from the beginning. Even if the group is unsure of the objectives or the services that will be provided, it should promote the group and encourage forest owners to join the group to develop a common vision and strategy.

## Lesson 5: Develop a Clear Action Plan

There is an inspirational adage that says: *people don't plan to fail. Instead they fail to plan.* An action plan is a way to make sure your organisation's vision is realised. It describes the way the group will meet its objectives. Ideally, an action plan should be developed within the first six months to one year of the start of an organisation. It is developed after you have determined the vision, mission, objectives, and strategies of your group. If you develop an action plan when you are ready to start getting things done, it will give you a blueprint for running your organisation.

It is very important that groups choose realistic goals in their action plan, overemphasising strengths and opportunities can lead to major setbacks and demoralisation of members.

### An action plan consists of a number of action steps:

**What** actions or changes need to happen?

**Who** will carry out these changes?

**When** they will take place?

**How** long before they are completed?

**What** resources (i.e., money, staff) are needed to carry out these changes?

**Communication** (who should know what?)

## Lesson 6: Hire a Manager or Coordinator

It is a good idea to use members' fees and source funding at an early stage to hire a paid manager or coordinator. Forest owner organisations that are managed exclusively by volunteers often operate in fits and starts or can stop functioning all together.

## Lesson 7: Evaluate and Review the Organisation's Plans

Action plans and business plans should be *live* documents; they should be treated as guidelines and benchmarks. Experience has shown that the following things can change significantly:

- What forest owners want to learn.
- The type of services offered by the organisation.
- Market conditions and demand for new products.







# Chapter 6: Marketing Services

This chapter focuses on the key areas of marketing services provided by forest owner groups. It shows that forest owner organisations can work closely with forest owners in all matters related to forests – from planting to harvesting. Nevertheless, the majority of the services provided by forest owner organisations relate to timber production and timber sales. Much emphasis is placed on improving access to timber markets and the profitability of farm forestry.

## Marketing Services to Forest Owners

Forest owner organisations have two primary markets: local forest owners (both members and non-members) and sales of its timber or other products. Members of the group are the most important customers; if their needs are not met it is likely their commitment both as a member and a customer will be lost.

- Understanding the demands of local forest owners is a prerequisite to success. In order to effectively service its members an organisation should:
- Determine the service demands of its members and other forest owner.
- Set priorities based on the services requested, it is unlikely especially in the initial years that the group will be able to satisfy the needs of all members.
- Determine how much it will cost the organisation to deliver these services.
- Decide what the organisation needs to charge for the services in order to at least break even and whether members will be charged a lower rate than non-members.
- Develop a marketing strategy to market services to members and possibly non-members.

### Services offered by the organisation can range from:

Forest management plan development.

Forest improvement services (pruning, thinning etc.).

Timber marketing services.

Value added wood processing.

Softer services such as educational events, forest walks etc.

## Marketing of Small Diameter Timber

The primary objective of forest owner organisations and their members in Ireland is the sustainable management of their forests to increase the economic return. Achieving this objective means the removal of trees during thinning operations, which will improve tree growth rates and the economic potential of the forest, as well as improve its long-term health.

The marketing strategy for the organisation will be resource driven, due to the age profile of farm forests and the management objectives of forest owners; the majority of timber, particularly in the early years will be small diameter timber.

A key marketing advantage of forest owner organisations is their ability to collectively harvest their members' timber and sort them by grade and tree species. This allows the group to develop long-term contracts or coordinate competitive



bids. The marketing efficiencies by collectively selling timber means that members earn substantially more, in some cases up to 30% more. The collective selling of timber also creates more opportunities for the sale of small diameter and low-grade timber in the emerging wood energy market.

## Marketing of Value-Added Wood Products

There is a range of options available to forest owner organisations to add value to timber through processing and marketing. A low cost option for forest owner groups is to outsource the processing to another business while retaining the role of marketing manager for the sale of the product. The other option available for the group is to invest in processing equipment such as mobile sawmill, firewood splitter, wood energy chipper, dry kilns etc. and also market the value added products.

Local and regional timber markets are most suitable for forest owner organisations. The local wood energy market offers significant potential to add value to small diameter and otherwise non-commercial timber. Forest owner organisations can assist forest owners to gain access to such markets by pooling the timber resource, grading the various timber products to maximise return, processing timber and guaranteeing a consistent supply of wood biomass.

The pooling of resources at a central depot for segregation into various products or additional processing can attract many buyers. A successful multi-product yard requires a skilled manager that can manage the quality of delivery and storage of the various products and merchandise. In addition, adequate accounting methods need to be established to separate the various forest products by ownership.

**Forest owner organisation's competitive advantage is generally in *niche* - low volume, specialised - markets. When marketing to these *niche* markets the following should be highlighted:**

Timber sourced from local forest owners.

Member owned organisation.

Environmentally responsible.

Certified (if applicable).

Responsive to the needs of builders, architects, hobbyist and small manufacturers.

# Chapter 7: Forest Certification

This chapter examines the growing market demand for certified timber and what this means for forest owners in Ireland. The increased demand for certified timber is largely driven by consumer interest in eco-labelled wood products. In response to the growing market for certified timber, many forest owners need to consider forest certification to maintain and expand market access.

## What is Forest Management Certification?

Forest management certification verifies that the environmental, social, and economic aspects of management are considered in a balanced way. Certification takes place by the independent assessment that the quality of the management practised by the forest owner complies with a specified standard. An independent auditor issues a certificate to verify that the timber is from a responsibly managed forest.

In Europe two schemes dominate: Forest Stewardship Council (FSC) and Programme for the Endorsement of Forest Certification (PEFC). In Ireland, only the FSC scheme is currently operating, with Coillte holding a FSC certificate for its forest estate. The PEFC scheme has yet to be introduced but is expected later this year.

The exact process to obtain forest management certification varies depending on the scheme. The general process involves initial discussions with the certifying body, a pre-assessment to determine additional management requirements, field inspection and verification of certification subject to satisfying the national forest management standard. Once certification is granted there are regular inspections and audits.

### Description of Forest Certification Schemes

**The Forest Stewardship Council** is an independent, not-for-profit, non-governmental organisation, established to promote the responsible management of the world's forests. It provides standard-setting, trademark assurance and accreditation services for companies and organisations interested in responsible forestry. More information about FSC Ireland is available at [www.irishforestcertification.com](http://www.irishforestcertification.com)

**PEFC** is an independent, not-for-profit, non-governmental organisation, founded in 1999, which promotes sustainable managed forests through independent third party certification. The PEFC provides an assurance mechanism to purchasers of wood and paper products that they are promoting the sustainable management of forests. More information about PEFC Ireland is available at [www.pefc.ie](http://www.pefc.ie)

## Why Forest Management Certification?

All major sawmills and panel mills in Ireland have FSC chain of custody certification and demand up to 70% FSC certified timber. As the volumes from the private forest sector increase the market access may be restricted if forest owners are not certified. In addition, certified forest owners may be able to improve access to new markets, which increasingly favour certified timber. For example, in 2008 over 80% of the timber used by the UK sawmill sector was certified timber. While the level of certification of timber and panel products imported has risen from 56% in 2005 to 81% in 2008<sup>2</sup>.

Currently certified timber does not receive a premium price but as demand increases there is the potential that certified can command higher prices.

2. Nick Moore, UK Timber Industry Certification, Timber Trade Federation

## The Role of Forest Owner Organisation in Forest Management Certification

The cost, additional management requirements and administrative burden of forest management certification are considered the main barriers for private forest owner. Group certification has been particularly effective at overcoming these barriers by pooling small forest areas. A group manager can act as an information source and organise the certification process, to allow individual forest owners to benefit from the economies of scale of being part of a larger group.

### Key points about forest management certification:

Verifies that a forest has been managed according to a defined set of performance standards.

Forest management standards and requirements are country specific.

Market advantage as logo communicates that the forest was sustainably managed.







# Appendix 1:

## Leader Companies in Ireland

Company	Address	Phone	Website
Avondhu Blackwater Integrated Local Development Body	The Showgrounds Fermoy Co. Cork	025 33411	<a href="http://www.avondhublackwater.com">www.avondhublackwater.com</a>
Ballyhoura Partnership	Main Street Kilfinane Co. Limerick	063 91300	<a href="http://www.ballyhoura.leaderpartnership.ie">www.ballyhoura.leaderpartnership.ie</a>
Cavan-Monaghan LEADER	RDP Office Agricultural College Ballyhaise Co. Cavan	049 4338477	<a href="http://www.cmleader.ie">www.cmleader.ie</a>
Carlow County Development Partnership	Main Street Bagenalstown Co. Carlow	059 9720733	<a href="http://www.carlowdevelopment.ie">www.carlowdevelopment.ie</a>
Comhar na nOilean	Inis Oirr Oileain Arann Cuan na Gaillimhe	099 75096	<a href="http://www.oileain.ie">www.oileain.ie</a>
Cill Dara Ar Aghaidh Teoranta	Jigginstown Commercial Centre Naas Co. Kildare	045 861973	<a href="mailto:info@kelt.ie">info@kelt.ie</a>
Clare Local Development Company	Rural Resource Development Shannon Business Centre Town Centre Shannon Co. Clare	061 361144	<a href="http://www.cldc.ie">www.cldc.ie</a>
County Wicklow Partnership	Saville House Rathdrum Co. Wicklow	0404 46977	<a href="http://www.wicklowleader.ie">www.wicklowleader.ie</a>
Donegal Local Development Company	1 Millennium Court Pearse Road Letterkenny Co. Donegal	074 9127056	<a href="http://www.dldc.org">www.dldc.org</a>
Fingal LEADER Partnership Company Ltd.	Unit 14 BEAT Centre Stephenstown Industrial Estate Balbriggan Fingal Co. Dublin	01 8020484	<a href="http://www.fingalleaderpartnership.ie">www.fingalleaderpartnership.ie</a>



Company	Address	Phone	Website
Forum Connemara Ltd.	Letterfrack Connemara Co. Galway	095 41116	<a href="http://www.forumconnemara.ie">www.forumconnemara.ie</a>
Galway Rural Development Company Ltd.	Mellows Campus Athenry Co. Galway	091 844335	<a href="http://www.grd.ie">www.grd.ie</a>
Inishowen Development Partnership	2 Victoria Villas St. Marys Road Buncrana Inishowen Co. Donegal	074 9362218	<a href="http://www.inishowen.ie">www.inishowen.ie</a>
IRD Dunhallow Ltd.	James O'Keeffe Institute New Market Cork	029 60633	<a href="http://www.irdunhallow.ie">www.irdunhallow.ie</a>
Kilkenny LEADER Partnership	42 Parliament St. Kilkenny	056 7752111	<a href="http://www.cklp.ie">www.cklp.ie</a>
Laois Partnership Company Ltd.	Peppers Court Portlaoise Co. Laois	057 8661900	<a href="http://www.laoispartnership.ie">www.laoispartnership.ie</a>
Leitrim Integrated Development Company	Church St. Drumshambo Co. Leitrim	071 9641740	<a href="http://www.ldco.ie">www.ldco.ie</a>
Longford Community Resources	Longford Community Enterprise Centre Templemichael Ballinalee Road Longford	043 3345555	<a href="http://www.lcrl.ie">www.lcrl.ie</a>
Louth LEADER Partnership	Dundalk Employment Partnership Court Park St. Dundalk Co. Louth	042 9330288	<a href="http://www.louthleader.com">www.louthleader.com</a>
Meath Partnership Company Ltd.	Tom Blake House Bective St. Kells Meath	046 9280790	<a href="http://www.meathpartnership.ie">www.meathpartnership.ie</a>
Meitheal Forbartha na Gaeltachta Teoranta	MFG Teo an Mhainistir An Daingean Co. Chiarrai	066 9152280	<a href="http://www.mfg.ie">www.mfg.ie</a>
Mayo North East LEADER Partnership Company Teo.	Main St. Foxford Co. Mayo	094 9256745	<a href="http://www.mayonortheast.com">www.mayonortheast.com</a>
North & East Kerry LEADER Partnership Teoranta	1st Floor 39 Main St. Castleisland, Co. Kerry	066 7143788	<a href="http://www.nekd.ie">www.nekd.ie</a>

Company	Address	Phone	Website
North Tipperary LEADER Partnership Company	New Line Roscrea Co. Tipperary	0505 23379	<a href="http://www.ntlp.ie">www.ntlp.ie</a>
Offaly Local Development Company	Millennium House Main St. Tullamore Co. Offaly	057 9352467	<a href="http://www.offalyldc.ie">www.offalyldc.ie</a>
Roscommon Integrated Development Company	West Business Park Circular Road Roscommon	071 9646186	<a href="http://www.ridc.ie">www.ridc.ie</a>
Sligo LEADER Partnership Company	Sligo Development Centre Cleveragh Road Sligo	071 9141138	<a href="http://www.sligoleader.com">www.sligoleader.com</a>
South East Cork Area Development Partnership Ltd.	Midleton Community Enterprise Centre Knockgriffin Midleton Co. Cork	021 4613432	<a href="http://www.secad.ie">www.secad.ie</a>
South Kerry Development Partnership	The Old Barracks Bridge St. Cahersiveen Co. Kerry	066 9472724	<a href="http://www.southkerry.ie">www.southkerry.ie</a>
South Tipperary Development Company	The Bridewell St. Michaels St. Tipperary Town Co. Tipperary	062 33360	<a href="mailto:tlg@iol.ie">tlg@iol.ie</a>
Waterford LEADER Partnership Ltd.	John Barry House Lismore Business Park Lismore Co. Waterford	058 54646	<a href="http://www.wlp.ie">www.wlp.ie</a>
West Cork Development Partnership	West Cork Technology Park Clonakilty Co. Cork	023 8834035	<a href="http://www.wcdp.ie">www.wcdp.ie</a>
West Limerick Resources Ltd.	St. Mary's Road Newcastle West Co. Limerick	069 62222	<a href="http://www.wlr.ie">www.wlr.ie</a>
Westmeath Community Development	Zone C Mullingar Business Park Clonmore Mullingar Co. Westmeath	044 9348571	<a href="http://www.westcd.ie">www.westcd.ie</a>
Wexford Local Development	9 Mallin St. Cornmarket Wexford Co. Wexford	053 9146453	



## Appendix 2: Forest Owner Groups in Ireland

Name	Contact	Mobile
Cavan Forest Growers Group	Kevin O'Connell Forestry Advisor, Teagasc	087 1216159
Clare Wood Energy Project	Aine O'Callaghan Forestry Advisor, Teagasc	087 2197086
Donegal Woodland Owners Society Ltd.	Steven Meyen Forestry Advisor, Teagasc	087 6775158
East Mayo/West Roscommon Cluster Group	Noel Kennedy Forestry Advisor, Teagasc	087 9090504
Galway Forest Producer Group	Aine O'Callaghan Forestry Advisor, Teagasc	087 2197086
Headford Farm Forestry Group	Tom Houlihan Forestry Advisor, Teagasc	087 6184353
Kerry Farm Forestry Owners Group	Tom Houlihan Forestry Advisor, Teagasc	087 6184353
Kilkenny Forest Owners Group	Frances McHugh Forestry Advisor, Teagasc	087 6222111
Laois Forestry Producer Group	Liam Kelly Forestry Advisor, Teagasc	087 9090495
Limerick/Tipperary Ash Growers Group	Michael Somers Forestry Advisor, Teagasc	087 1216163
Longford Forestry Producer Group	Liam Kelly Forestry Advisor, Teagasc	087 9090495
Meath Forestry Owners Group	Kevin O'Connell Forestry Advisor, Teagasc	087 1216159
Offaly Forestry Producer Group	Liam Kelly Forestry Advisor, Teagasc	087 9090495
South Tipperary Ash Growers Group	Michael Somers Forestry Advisor, Teagasc	087 1216163
West Cork Forest Producer Group	John Casey Forestry Advisor, Teagasc	087 2242283
Westmeath Forestry Producer Group	Liam Kelly Forestry Advisor, Teagasc	087 9090495
Wexford Forestry Growers Association	Frances McHugh Forestry Advisor, Teagasc	087 6222111
Wicklow Private Woodland Owners Group	Frances McHugh Forestry Advisor, Teagasc	087 6222111

## Appendix 3:

# European Forest Owner Organisations

Country	Name	Website
Austria	Waldverband Osterrich	<a href="http://www.waldverband.at">www.waldverband.at</a>
Denmark	Skovdyrkerforeningen	<a href="http://www.skovforeningen.dk">www.skovforeningen.dk</a>
Estonia	Eramets	<a href="http://www.eramets.ee">www.eramets.ee</a>
Finland	Metsaliitto	<a href="http://www.mtk.fi">www.mtk.fi</a>
France	Union de la Cooperation Forestiere Francaise	<a href="http://www.ucff.asso.fr">www.ucff.asso.fr</a>
Germany	AGDW	<a href="http://www.agdw.org">www.agdw.org</a>
Latvia	Latvian Forest Owner Association	<a href="http://www.mezaipasnieki.lv">www.mezaipasnieki.lv</a>
Lithuania	Forest Owners Association of Lithunian	<a href="http://www.forest.lt">www.forest.lt</a>
Norway	Norges Skogeierforbund	<a href="http://www.skog.no">www.skog.no</a>
Portugal	Forestis	<a href="http://www.forestis.pt">www.forestis.pt</a>
Sweden	LRF Skogsagarna	









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