THE CURRENT STATUS OF FOREST PRACTICE VENDOR SERVICES

IN GEORGIA

by

Albert A. Montgomery

ABSTRACT

This paper reports the preliminary findings of a survey conducted this winter for the Georgia Forestry Commission, the final report of which will be published by the Commission in the near future. One of its purposes is to provide an estimate of the acreage of site preparation, planting, and other pine forest practices recently accomplished on nonindustrial land in the various forest survey units of Georgia. Another purpose is to ascertain the extent to which the availability of forest practice vendors and the supply of vendor services is a factor limiting the accomplishment of forest practices on nonindustrial land. A third purpose is to provide information as to the nature of the forest practice contracting business in Georgia and of its problems. To accomplish these purposes, the survey has contacted some 150 private consulting foresters, state service foresters, and industry foresters concerning their arrangements of forest practices for nonindustrial landowners and of their working perceptions of landowners and vendors in Georgia. Finally, the survey has contacted, mostly with personal interviews by Commission personnel, almost 200 forest practice vendors operating in Georgia.
A SURVEY TO THE CURRENT STATUS OF FOREST PRACTICES
TO NONINDUSTRIAL LANDOWNERS AND OF FOREST PRACTICE VENDORS IN GEORGIA

By Albert A. Montgomery

Introduction

This survey was undertaken by Georgia State University on behalf of and with the cooperation of the Georgia Forestry Commission. It is one of several studies we have undertaken for the Commission of an operational and planning nature. The survey was undertaken just this winter and is not yet fully tabulated or analyzed. Thus, what I have to share with you is preliminary and not for publication. We expect the Commission will publish the final report this summer.

With this reservation, I would like to comment first about the study's methodology. Secondly, I will present preliminary findings concerning the acreage of various forest practices arranged for nonindustrial landowners by service foresters, consulting foresters, and industry landowner assistance programs. The acreage of these practices accomplished by forest practice vendors on all land in 1979 will also be presented. Thirdly, a composite of these two sets of acreage data will be compared with an economic model's estimate of what should be reforested annually in Georgia over the long run, given recent market conditions. Fourthly, I will present the opinions of foresters and vendors concerning the nonindustrial landowner management shortfall. Finally, I will present very preliminary findings concerning the potential of vendors to increase the acreage of their site preparation and planting with their existing personnel and equipment.
Survey Methodology

The survey addresses itself to two central questions. First, to what extent is the current underachievement of forest management practices on nonindustrial land in Georgia due to a lack of vendor resources? Secondly, to what extent does the availability of vendors and the supply of their services constitute an immediate roadblock for a material increase in the annual rate of reforestation of nonindustrial land in Georgia?

The survey used 3 questionnaires for 4 groups, state service foresters, consulting foresters, industry, and vendors. The service foresters and consulting foresters received the same questionnaire, with 58 service foresters responding from the Commission's 18 administrative districts. With respect to private consultants, the survey enlisted the support of the Georgia Chapter of the American Association of Consulting Foresters at its annual meeting last summer. A consultant list provided by the Commission was used as the sampling frame. With follow-up telephone calls and a second mailing, 58 of some 70 consultants responded. These respondents included 17 consultant-vendors (mainly of prescribed burning). We believe we have had the cooperation of virtually all active consultants.

An industry questionnaire was sent to 14 companies operating in Georgia, all of whom cooperated by mail after telephone contacts.

The survey of the vendors used Commission personnel for personal interviews. A total of 133 personal interviews were completed. Mail responses were also received from 30 industry, consultant, and out-of-state vendors. There were only 10 uncooperating or unavailable vendors out of 160 vendors in the personal interview sample, while another 17 vendors were found to be out of business.
The initial sampling frame was a 1980 Commission list of vendors consisting of 335 separate firms. This list was screened by Commission personnel for 43 inactive firms, 141 part-time firms, and 85 full-time or very active firms. We screened the list for 66 consultant vendors, industry vendors, out-of-state vendors, multi-district vendors, and multiple service vendors. Some of these were contacted by mail and some were included in the 160 vendors for personal interviews. The 163 personal and mail responses constituted 59 percent of the potentially active vendors. Moreover, those who we did not contact were, at most, part-time vendors. Thus, we believe that very little acreage of vendor practices in 1979 have been left out of the survey on the account of vendors on the list whom we did not contact. However, we suspect that we may have left out several of the state's very largest planting vendors, who chose not to be listed with the Commission because their business was limited to industry.

**Questionnaires**

The three questionnaires were pre-tested on service foresters, consultant foresters, industry foresters, and vendors. The questionnaire sent to service and consulting foresters obtained from them the acreage and location of the practices they arranged for nonindustrial landowners in 1979--site preparation, planting, timber stand improvements, and prescribed burning. They were asked to estimate how much of the work was done by vendors and how much by the landowners themselves. Additionally, they were asked 4 opinion questions concerning the nonindustrial landowner-vendor situation that were asked of industry and vendors as well. The nature of these questions will be seen in a moment.

The industry questionnaire asked each firm the percentage of each practice accomplished on its owned or leased land by force account resources and inde-
dependent vendors. But it did not ask the firm how much acreage of its land was managed in 1979, out of concern for the firm's sensitivity about how much land it has. Even so, it is possible to conclude that industry is an important customer of independent vendors. Six of the 14 firms used contractors for half or more of their site preparation and 11 of 14 contracted for half or more of their planting in 1979. But most of industry's TSI and prescribed burning was accomplished with force account resources. Only 1 of the 14 firms used TSI vendors and only 1 used prescribed burning vendors. Of the 14 firms contacted, 11 had landowner assistance programs. Some 16.7 thousand acres of nonindustrial, non-leased land was site prepared under these programs in 1979 and 15.7 thousand acres were planted. Both force account and independent contractor resources were used in these assistance programs.

With respect to the vendor questionnaire, each respondent was asked the acreage and location of the practices they accomplished in 1979 and for whom—industry, public, and nonindustrial—they were accomplished. In addition to the opinion questions, they were asked:

How long in business?

Occupation other than vendor.

What equipment was used and whether owned or leased.

Number and working months of regular and part-time employees.

Nature of their operation problems.

Months of the year each service was performed.

How business is obtained and whether and how firm advertises.

The minimum acreage, if any, for which he could perform his services within his normal operation area.

How many additional acres he could have accomplished in 1979 with existing personnel and equipment?
Findings Concerning Acreage of Practices Arranged For

--- And Accomplished on Nonindustrial Land in 1979.

Based on the responses from the service foresters, consulting foresters, and industry arrangements for site preparation on nonindustrial land in Georgia totaled 51.1 thousand acres in 1979. Of this total, 56.7 percent was found in the Coastal region, 22.8 percent in the Central survey unit, and 6.6 percent in the North Central and North survey units. It was estimated that 96 percent of the total was accomplished by vendors. Statewide, a total of 55.5 thousand acres of planting were arranged for on nonindustrial land, of which 50.7 percent was in the Coastal region, 27.4 percent in the Central survey unit, and 6.9 percent in the North Central and North survey units. It was estimated that 92 percent of the planting was accomplished by vendors. Only 15.6 thousand acres of timber stand improvement were reported to have been arranged on non-industrial land by service, consulting, and industry foresters, of which 37.3 percent was located in the Coastal region, 26.6 percent in the Central survey unit, and 36.1 percent in the North Central and North survey units. Of this total acreage of TSI, 85 percent was estimated to have been done by vendors and 15 percent by landowners themselves. A total of 63.1 thousand acres of prescribed burning was arranged for on nonindustrial land by foresters in 1979, of which 68.5 percent was in the Coastal region, 21.8 percent in the Central survey unit, and 9.7 percent in the North Central and North units. It was estimated that 23 percent of this burning was accomplished by landowners themselves.

As for the acreage of practices accomplished by vendors in 1979 on all lands ownerships, a total of 92.6 thousand acres of site preparation, 93.7 thousand acres of planting, 13.8 thousand acres of timber stand improvement, and 42.1 thousand acres of prescribed burning were reported for Georgia. Work
on industry owned and leased land accounted for 44.8 percent of the vendors' site preparation, 57.0 percent of planting, 10.0 percent of TSI, and 7.5 percent of the vendors' prescribed burning. Vendor work on nonindustrial land in Georgia totaled 51.1 thousand acres of site preparation, 40.3 thousand acres of planting, 12.3 thousand acres of TSI, and 38.9 thousand acres of prescribed burning. (These nonindustrial acreages include a small amount of work done on public land.)

Considering both sources of data, the acreage arranged for by responding foresters on nonindustrial land and the acreage accomplished by responding vendors on nonindustrial land, we have concluded that 50,000 to 60,000 acres of reforestation was being accomplished in 1979 on Georgia's nonindustrial land. This is far more than was generally believed. Last summer one company reported an estimate of 25,000 acres of planting on nonindustrial land.

Findings Concerning the Management Shortfall

Although much more reforestation on nonindustrial land is being done than generally expected, this is not to imply that there is no nonindustrial landowner problem in Georgia. Under current market conditions, our (Montgomery and Robinson) economic model of Georgia's long-run pine timber supply indicates that as much as 181,000 acres of nonindustrial land is economically feasible for planting each year. According to the survey responses, only 30 to 33 percent of what the market is calling for is being accomplished statewide. In the southeast survey unit, we appear to be accomplishing 41.5 percent of the market goal. In the Southwest unit 29.5 percent of the goal is being realized. In the Central unit and the North Central and North units, 32.9 percent and 20.0 percent respectively of the feasible acreage of reforestation is being
realized. Although better than expected, this nonindustrial landowner showing compares with industry's annual planting of some 100-120,000 acres in 1979 or 100 percent plus of its economically feasible goal.

Findings Concerning Opinion Questions

Some observers of forestry in Georgia have concluded that the underachievement of nonindustrial landowners is due in part to the problem of getting the work done. Others have concluded that even if a lack of vendors and vendor services is not a material factor explaining the existing failure of landowners to manage their land to its full economic productivity, it would soon prove to be a roadblock if landowners attempted to materially increase their investments in improved forest management. To shed light on this, the survey sought the opinions of those closest to the problem, the foresters working with nonindustrial landowners and vendors and the vendors.

Question 1. Is it the lack of landowner demand for improved forest management or the lack of vendors to perform the management that is the main reason why more management is not being accomplished?

Statewide, 71.9 percent of the foresters surveyed responded that it was a lack of landowner demand, 24.2 percent that it was a lack of vendors, and 3.9 percent did not respond. Statewide, 90.4 percent of the vendors indicated that the problem was a lack of landowner demand. Only 5.9 percent of the vendors indicated a lack of vendors as the main cause of the nonindustrial landowner management and 3.7 percent did not respond.

Question 2. What are the major reasons for the lack of nonindustrial landowner demand for improved forest practices?
Foresters were given another chance to voice their opinion that it has been the lack of dependable vendors that explains the lack of management by nonindustrial landowners. But only 3.1 percent of service, consulting, and industry foresters ranked this factor as #1 in importance and only 12.9 percent of them ranked it as high as #2 in importance. As for what foresters and vendors consider to be the main reasons for the lack of landowner demand, 48.0 percent of the foresters and 69.3 percent of the vendors ranked the response that landowners can't afford the investment cost as the #1 reason. The landowner's lack of knowledge or disinterest in the economic opportunities of forest management was the second most cited reason, with 29.1 percent of the foresters and 19.2 percent of the vendors ranking this as the #1 reason. Holding land for potential non-forest uses was ranked #1 by 10.2 percent of the foresters and 7.7 percent of the vendors. Landowner unwillingness to bear the risks of forestry investments, e.g. fire, insects, and disease, received only .8 percent and 3.8 percent of the #1 rankings by foresters and vendors respectively. Other reasons for the lack of landowner demand, including more specific comments as to why landowner's aren't interested in forestry investments, accounted for 8.7 percent of the foresters' #1 ranking.

Question 3. What would it take to increase nonindustrial landowner demand for improved forest practices?

Tax incentives and higher stumpage prices were cited by foresters as the #1 factor, 32.0 percent each. Vendors ranked higher stumpage prices #1 34.3 percent, but tax incentives only 17.6 percent of the time. Public cost-sharing was ranked #1 by 38.2 percent of the vendors and by 20.5 percent of the foresters. Landowners educational programs, timber crop insurance, more vigorous vendor marketing efforts, and other factors received only nominal #1 rankings among either foresters or vendors.
Question 4. What would it take to increase significantly the availability of vendors and vendor services?

The most frequently cited #1 response by both foresters and vendors was simply an increased landowner demand for vendor services, with this factor receiving 46.3 percent of the foresters' #1 rankings and 37.7 percent of #1 rankings by vendors. As might be expected, 32.3 percent of the vendors indicated that higher contract prices for their services would be necessary to increase the supply. But only 7.3 percent of the foresters gave this factor a #1 ranking. Rather, the second-most frequently ranked #1 response by foresters was a better organized and more stable vendor service market, which received 24.4 percent of foresters' top ranking. For that matter, vendors ranked this factor #1, 16.9 percent of the time. Assistance in the financing of vendor equipment received 16.9 percent of the foresters' #1 rankings and 9.2 percent of the #1 vendor rankings. Technical assistance for vendors and an increased supply of well-qualified workers were all but ignored by both foresters and vendors. From this pattern of responses, it would appear to be the consensus among both foresters and vendors that mainly what it would take to increase the supply of vendor services would be an improved market for those services.

Findings Concerning the Capacity of Vendors to Increase the Supply of Reforestation Practices with Existing Men and Equipment

As noted earlier, vendors were asked how much more acreage of practices they could have performed in 1979 with their existing personnel equipment. Among responding vendors, a statewide total of 55.5 thousand additional acres of site preparation could have been done with existing personnel and equipment, 57.4 percent more than these vendors reported having done in Georgia and other states. By the same token, responding vendors indicated a potential for additional planting of 40.4 thousand acres. Thus, among responding vendors
a potential of almost as much additional reforestation could be accomplished with existing resources as was accomplished in 1979 on nonindustrial land.

This finding needs qualification that time does not permit. But it does seem possible to conclude that, in general, Georgia does not have a vendor problem. Indeed, it would appear that an important reason why we are accomplishing far more reforestation on nonindustrial land than is generally realized is simply because we have an abundance of economic resources—men, equipment, seedlings, and expertise—with which to do the job. By the same token, these findings suggest that with very little additional unit cost for reforestation, we may be able to substantially do the job of bringing all pine timberland in Georgia up to the full productivity being called for by current market conditions.