

What All Woodland Owners Should Know About Timber Marketing

by Stephen A. Whitfield, RF, ACF

It's been estimated that more potential timber income is lost to woodland owners through nonprofessional marketing and inadequate contracts that through fire, insects, diseases, and storms combined.

The following article helps illustrate this serious state of affairs in a light-hearted way while offering solid advice to landowners. Author Carroll Gambrell (1931-2011) worked as a forester for 37 years and spent his later years as a freelance writer in Walhalla, South Carolina. His column, *The Kudzu Corner*, appeared in various upstate South Carolina newspapers starting in 1993. Although originally published in the June 1984 edition of *The Progressive Farmer* magazine,

the message of "Confessions of a Timber Buyer" is no less relevant today.

Now Mr. Gambrell was speaking anecdotally but published university research backs up what he said: Woodland owners who received professional forestry assistance before harvesting timber averaged 23 percent more income per acre, received a price per board foot that was 64 percent higher, and had a projected income stream from future sales 120 percent higher as a result of improved regeneration and stocking.

So what's the "take-home" message? Consult with a bona fide, reputable, Consulting Forester who's committed to looking after your interests, before you sell your timber. It pays!

Confessions of a Timber Buyer

By Carroll Gambrell

(Copyright® *The Progressive Farmer*, June 1984 – Reprinted with permission)

Some years ago I was a timber buyer. Whenever I saw a horse trader type coming into my office, I felt the way the young lady must have felt when she saw the town's bachelor banker coming up her steps with a box of candy in one hand and a bouquet of roses in the other. I could hear the angels singing and the cash register ringing.

Now, I don't want to give the impression that it was my job to bilk the public. It wasn't. Whenever a landowner more or less put me on my honor, I would pay enough to satisfy him and my conscience.

A horse trader was a different sort of animal. Sometimes he would make me sweat, weep bitter tears, and cry out in anguish. But more often than not, I would go home smiling.

I remember once I went home absolutely laughing. I had been in a long trading session with a real tough turkey. I made him an offer that I hoped he would take, but he turned me down. Then I realized that there was a wrinkle I had overlooked. He just had to out trade me and get some sort of concession. So I gave him one. I dropped my offer about \$15,000 and let him keep a whole forty of squirrel den scrub oaks I wouldn't have cut anyway. He took it.

As I said before, I don't want to give the impression that it was my job to go out and steal timber. But it isn't the buyer's fault if the seller sells his timber too cheaply.

Before you start thinking that selling timber is a hopeless situation, let me give you a few tips. There are some "do's" and "don'ts" that will help you.

- Don't try to "horse-trade" with an expert. You have the horse, but he knows more about it than you do.
- Don't try to make the buyer believe that you are an expert. He will see right through you.
- Don't price your timber to him unless you have a firm idea of its value. In fact, as a seller, I wouldn't price it in any case because there is a much better way to sell it.
- Don't ever think that all buyers can pay about the same price. No one "fixes" prices for timber. Price is solely at the mercy of the laws of supply and demand.
- Don't sell your timber to a timber broker. He will just turn around and sell it to a user at a profit.

That takes care of a lot of the don'ts. Here are the do's.

- Understand that even though the buyer may be an honorable man, he is under no obligation to look after your interests ahead of his own.
- Get an independent professional to help you. The buyers will not resent it. In fact, they may even welcome the idea, because they know then that some business will be done and that they won't be wasting their time.
- Understand that timber brings the highest price when buyers are all competing under the same conditions. Each is submitting one sealed bid, and all buyers' bids will be opened at the same time by a seller who knows what he's doing. My records show that I always paid more when the sale was being handled by a

reputable consultant. I think that is generally true.

Sealed bids pit pro against pro, and leave the amateur out. Each buyer knows he has only one shot, and that he better shoot straight if he wants the timber. I can't say that the buyer prefers sealed bids. He doesn't. He much prefers to negotiate because he can buy the timber much cheaper that way.

However, he certainly doesn't resent sealed bids. At least he knows that someone is going home with the timber and that his chances are as good as anyone else's. He also knows that after he has made his lump-sum offer, the landowner isn't going to shop around and sell to someone else for a few more dollars.

If there is one more loud "don't," it's this: Don't expect to get the highest price by shopping around. Buyers do resent that, and not one in his right mind will ever make his absolute top offer in that manner. He will always hold back at first in case he has to go up later.

You want buyers in a mood to see how high they can go, not how cheaply they can buy the timber. Auctions don't work quite as well as sealed bids because all the buyers know what the others are doing, and the high man has to be only slightly higher than the second man. This is a little like shopping around, except that it's more exciting and doesn't take nearly as long.

Well, that's it. I have told you how to get the least, and how to get the most. Whichever you do is certainly up to you. You own the timber, and you set the rules.