Marketing Strategies for the Small Sawmill Lumber Producer

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A Good Marketing Strategy is Required for Success as a Small Sawmill Operator

• It is easier to saw lumber, than sell at a profit
• Its easier to sell at no profit than to sell at a good profit
• You must plan in advance how you will sell the entire mix of what you saw
• Make a great plan, implement it, and correct as necessary

A good salesman can sell curved logs as well as straight!
Learn to Observe and Listen

- You can be successful given the right combination of inputs and outputs
- You have to look around and see how you fit with the variables around you
- Compare to competitors and see where you can be unique-avoid competing
- Visit your prospects and customers to see their true needs, may not be able to tell you what they need
Focus of Small Sawmill Marketing

- Must move everything you saw at a profit! Don’t build inventories!
- Small sawmill businesses are family businesses—must be profitable in terms of cash flow
- Focus on customers that pay upon pickup or quick payment terms, deadbeat customers that buy a lot of lumber at discount prices are not your friends
- Look at your potential mixes, which produce the highest cash flow
Concepts of Small Sawmill Marketing

• Logs regardless of quality, saw out a range of lumber quality
• Marketing goal, is to move all grades promptly, at an overall profit
• Keep looking at your mix and question what you can better in terms of your sawing mix (for example, you can spend a lot of time sawing a low grade in 4/4 lumber, is it better to make it into a railroad tie?)
• Have to align log supply, sawing capabilities, and paying customers at all times to be profitable
• Keep working on your customer base
Marketing Strategies

• You can get any color you want, as long as it's black
• Commodity, not much product variation from one producer to another
• Market sets the price
• Typical large sawmill, very efficient producer is the winner
• Small sawmills can’t normally be profitable selling commodity products
Marketing Strategies

• Usually doesn't work well for small sawmills because of the cost of production versus sales price
• Under the right conditions it can work
• Low input costs, such as free or subsidized logs, low labor costs, etc.
Marketing Strategies

- Different colors, different powertrains, options, but still the same car
- Custom grades to meet specialty markets
- Higher selling average, but market still rules
- Who can appreciate what lumber you have to offer and is willing to be your customer?
Marketing Strategies

- Small sawmill, custom grades to meet specialty markets, sells kiln dried material
- Advertises to public
- Customer base is looking for quality
- Held an “Open House” and 200 people came on a rainy day in a rural KY location
Marketing Strategies

• Move from being a manufacturer to a service provider
• Price as a custom service, not as a product you can buy easily from another producer
• Service can be to sort for width, color, character, odd species, etc.
Marketing Strategies

- Entered business just as hurricane Fran hit
- Knew his costs
- Charged by the hour, mileage, and whatever goods he consumed on the job (saw blade)
- Would do whatever the customer wanted
- Got paid at the end of the day
Marketing Green Lumber

• Want to presale so you “saw and load”
• Sort at the sawmill to minimize labor
• Saw what your customers want to buy—thicknesses, widths, etc.
• Develop a market for lower grade rustic lumber used in higher valued products like cabinets, furniture and millwork instead of industrial products like pallets
Large Products

- **Crossties**—lots of species available, center poorer portion of logs, quick to saw, high in demand for railroads, many lower quality forest stands contain logs for crossties and pallets.

- **Timbers for homes**—for timber frame homes and log homes, longer lengths bring premium prices, strength is important—have to limit defects that reduce strength.

- Sawing large product = greater bf/day
Marketing Kiln Dried Lumber

- Wholesale hardwood lumber market pay up to +/- $400/mbf for kiln dried over green lumber
- There is a greater range of customers that can use kiln dried lumber than green lumber
- Dry, short lumber may become an interesting product for a local market because it is easy to load into a SUV
Thick Slab Products

- Wide cuts 2” thick and thicker
- Natural edges a premium—may have tight bark
- Wide widths sell for table tops but can glue up narrow stock into wide panels
- Should be kiln dried for killing insects & stability
- Slabs can contain crotches or tree forks
- Splits and holes may not be defects
- Slabs can bring over $1,000 each
Thicker Lumber Products

• 6/4 and 8/4 lumber brings a premium and is hard to find for most lumber buyers

• Most sawmills don’t cut thick lumber (>5/4), so it is a way to become a strong niche player

• Does require better drying skills for air and kiln drying
Pricing Lumber Products

- Hardwood and softwood market reports weekly outline current wholesale prices for green and kiln dried lumber
- Wholesale market are based on truckload quantities
- Should develop a system to track costs versus sales for the full range of lumber products produced
- Watch your inventory
Marketing to Metro Regions

- More buyers than you can support, the challenge is to find them
- May be close by or far away
- Metro areas have few local sawmills
- Small sawmills in SE Michigan are selling local lumber to Habitat for Humanity Restores at good margins
Marketing to Rural Areas

- Develop lumber products of low grade lumber for barns, fences, utility work on farms
- May want to saw standard widths = 4, 6 & 8”
- Fence posts, tomato stakes (from edgings), survey stakes are popular items
- Can cut barn rafter, joists and post products
- Barn siding is always popular
Know Your Customer

• Learn and practice what it takes to attract and satisfy customers
Marketing-Advertising

- Word of mouth – think about your image and how you come across
- Exposure to local groups – farmers, wood workers, land owners, home owners
- Internet
- Local community bulletin boards
Relationship Marketing-Good Image

- Be a good listener
- Be a problem solver for your customer
- Guide them through the process
- Treat people honestly, fairly and with respect (do what you promised)
- Be on time and on schedule
- Be respectful of your customers property
- Maintain a professional image
Internet Marketing

- Attract a different clientele
- Think about who you want to target
- Get a knowledgeable person to help you
- Key search words are very important
- Test your site
- Ability to reach “boutique” customers
Niche Marketing Example

- www.quartersawnoak.com of Chatham Co., NC
- Focuses on quartersawn oak lumber, long beams and thick slabs
- Has a dehumidification and solar dry kiln
- Strong Internet presence
- Large baker band mill + 65’ long track for a swing blade and chain mill sawmill
- Shop has band resaw
Niche Marketing Example

• www.quartersawnoak.com of Chatham Co., NC
Your choice, either sit on the sidelines, or take life on by the horns (antlers)