



LEVELING THE PLAYING FIELD: WORKING TOGETHER, SHARING RISK AND FOSTERING INNOVATION

“Logging contractors always complain about rates.”

If that is what you believe, you are clearly not in tune with contractor concerns. Please read on.

When I hear people comment that “contractors having nothing good to say,” I am reminded that the current relationship between the majors and logging contractors (and, by extension, the TLA) is frequently generalized as confrontational. However, I know for a fact that contractors don’t want this type of relationship. Indeed, rates are often a point of friction. But it is a symptom of a bigger challenge—the lack of fair and respectful relationships between some licensees and some contractors.

Contractor sustainability in itself has many different aspects. In this issue, we take a look at the coastal forest industry supply chain in “David & Goliath Need Each Other: Supply Chain Management in BC’s Forest Industry.” I think many would agree that our coastal industry is in dire need of a collaborative supply chain to re-invigorate made-in-BC innovation. However, contractors are concerned about the basic survival of their businesses and so it is not surprising that endeavours conducive to a more efficient and sophisticated supply chain have not occurred. A cultural shift is required.

As Garland Chow, Associate Professor, Logistics and Supply Chain Management in the Sauder School of Business says in the article, “It’s more than coordination and cooperation. It’s recognizing that the contribution of all the participants in the supply chain are valuable, and this results in more joint decision-making, for example between the logging contractors and the forestry firms.”

The degree of change facing our industry appears to be increasing with shifting markets, global competitiveness, fibre supply reductions in the BC Interior, environmental pressures, safety concerns and a potential new era in land ownership. We truly have little influence on these variables. CEOs in tough times often say their strategy is to control what

they can so their company can withstand all those variables or business risks they can’t control. A willingness to engage to address contractor sustainability is one variable that can be managed and—in my humble opinion—would make a company and its supply chain stronger.

Our coastal industry is in dire need of a collaborative supply chain.

In fact, there are examples of that willingness in some of BC’s forestry relationships. The cover story in our last issue, “Goliath, No That’s the Other Guy: Building Partnerships in the Forest Industry,” highlighted six successful relationships where there was a real partnership—a give and take that allowed both parties to prosper and reinvest. By way of example, these companies that were featured can’t rely on size as a way to strengthen their supply chain. Rather an understanding of each partners’ needs was the common thread that enhanced their businesses.

It’s also key to remember that it is not just major licensees and contractors who should be at the table to change the relationship dynamic. The end goal is to level the playing field and our provincial government is the referee. The Timber Harvesting Contract and Subcontract Regulation (aka Bill 13) and its fair market rate test—which is featured in another article in this issue—has tremendous influence over supply chain relationships. Given that Bill 13 is ten years old in its current version, it is time to update this important legislation that shapes our industry.

In every crisis there is opportunity. I see a tremendous upside if our sector can manage this culture shift. In investor lingo, it is the low hanging fruit that can improve returns. By building a supply chain that works together, shares

risk and fosters innovation, we can reinforce what really is important in our business relationships.

As a collective voice of contractors and, increasingly, other independent businesses of the coastal BC forest industry, the TLA works to address a broad spec-

trum of forestry issues on the behalf of its members. Contractor sustainability—ensuring contractors get a return on their investment that allows them to re-invest in their companies and communities—is a huge concern shared by many and not just contractors.

As noted in President Banasky’s message on the previous page, the TLA and the Coast Forest Products Association (CFPA) are working behind the scenes to find ways to improve contractor/licensee relationships. I hope by the convention in January we will be able to show some progress on this file. The world is changing around us and as an industry we can’t afford to delay this issue perpetually. Something must change and hopefully we make that change a positive one.

Contractors themselves also have the ability to enact change. Contact me to find out how or to share your concerns and ideas. Remember, I can’t act in your best interest if I don’t hear what those interests actually are. Furthermore, if you believe in the TLA, encourage those that sit on the sidelines to show their support by becoming a TLA member.▲

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