



# INVESTING IN NEW TECHNOLOGY: WILL THE LONG-TERM BENEFIT OUTWEIGH THE INITIAL INVESTMENT?

During his welcome address at the Minister's Breakfast this past June, the new CEO of Timberwest Jeffery Zweig spoke about contractors using decade old machinery; commenting "technology has moved on and we have not."

This raises an interesting point. For a business to be successful, specific needs and results must be addressed and it must be capable of investing in new technology. What does it take to support investment in new technology? Who can afford to invest in new technology? How can the investment in new technology be financed and what are the banks looking for?

## What does it take to support investment in new technology?

In an industry that is focused heavily on

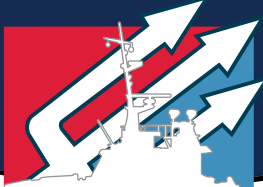
managing costs to improve profitability it can be tempting to stay with existing technology, but the reality is investing in new technologies can actually save you money in the long term.

The first factor to consider when investing in technology is access to capital. Only companies with strong balance sheets and access to capital will be able to support investment in technology. Without this capital, many businesses must keep doing the same thing with the same end results. Technology can help to change these results, but only if you have the resources to invest.

Another factor is the commitment it takes to implement the new technologies. People will need to support changing their practices to conform to the way the new


technologies work. Operators will need to learn the way the new technology affects day-to-day operations. Mechanics will need to learn how to work on the equipment; gone will be the days of using a hammer to fix a problem, instead a laptop may be the tool of choice.

Contractors alone cannot bear the costs (and risks) of investing in new technology. The provincial government needs to align policy and regulations to help contractors invest in and use new technology. Licensees need to partner with their contractors and align goals while allowing them the stability to make changes. Only by working together can all the players propel the coastal industry into the next generation of technology.



**WESTCOAST  
TUG & BARGE**

Propelling  
Businesses Forward  
SINCE 1976



Innovative Solutions for Conventional Thinking

P 250.286.1234 F 888.492.7301 E. info@westcoasttug.ca  
www.westcoasttug.ca



# MORE THAN READY

## FOREST AND NATURAL AREAS MANAGEMENT

We're training the next generation of forest professionals. Accepting applications starting November 2015 for the September 2016 intake.

Learn more.

[bcit.ca/fnam](http://bcit.ca/fnam)



## Who can afford to invest in new technology?

Financially speaking only contractors that have strong earnings, savings in the bank and good financing in place are able to invest in technology. Along with financing, contractors need to have confidence that they will have an opportunity to have long-term profitable work before they invest. Why invest if the technology could possibly sit idle for months on end while you search for new work? The other factor is only contractors that have leaders with vision will invest in new technology, if management is happy with the status quo, they won't see the need to invest.

Business people make decisions based on returns. If you are not going to earn more by investing in technology than keeping your money in the bank, why invest? The return on investment may come in many forms from reduced labour costs, safer working environment, greater production, staying competitive and more.

## Why should you invest in technology?

Technology can increase the safety of employees by placing them in operator roles where the task would have been

more direct labour intensive with the older technology. For example, remote control technology can move employees out of harm's way where they can operate equipment from a distance. Equipment monitoring technology can warn operators when set limits are breached, before a serious accident occurs.

Technology can help to monitor efficiency and allow contractors to know where improvements can be made to reduce inefficiencies and increase profits. This data can also help support rates when it comes time to negotiate with customers.

Another factor to consider when deciding to invest in technology is staying on top of the competition. You have two choices: Be the frontrunner using new innovative technology or fall behind the pack. Being the leader will have its ups and downs as the learning cycle with new technology is experienced, but do you really want to be the last person using the old technology?

## How can the investment in new technology be financed?

One option to finance new technology is through traditional bank financing. This method requires a company with strong

earnings and cash flow and a good relationship with its banker.

Another option is partnerships between contractors and the licensees, where the licensee will help to facilitate the investment in the new technology. This may be the option we see as the coastal forest industry moves into the next generation of technology.

With new technology comes new ideas and of course some important considerations. If you believe that your company will benefit in the long term by investing in new technology, now may be the time to take the plunge.▲

---

*Chris Duncan, CPA, CA is a Forestry Services  
Business Advisor for MNPP LLP.  
Tel: 250.748.3761  
Email: chris.duncan@mnp.ca*

# COLUMBIA FUELS

## READY TO FUEL YOUR BUSINESS



- › Commercial Fuels
- › Industrial Lubricants
- › Onsite Refuelling
- › Extensive Cardlock Network

**1-877-500-FUEL**

Bella Coola Campbell River Duncan Kamloops Nanaimo Pitt Meadows Powell River Prince George NEW! Ucluelet Victoria

[ColumbiaFuels.com/logging](http://ColumbiaFuels.com/logging)



Shell Distributor