



WHAT ARE CONTRACTORS MISSING? AND IT MIGHT NOT JUST BE A BETTER RATE

Contractor/licensee relationships have been the basis for many a story the past year, or should I say decade? Much has been made about contractors and license holders not being able to work together and contractors raising the issue of unsustainable rates. This isn't a new issue, but after years of continued pressure on the profitability of logging companies and associated mill input costs, contractors are at their financial limit to provide concessions and still operate with an adequate return to justify the investment financially and emotionally.

The amazing part of the story line is that contractors need licensees and licensees need contractors. Each needs each other to survive. Remarkably, the success of the other is dependent on their own success. The irony of this story appears to be that

both sides appear to acknowledge it, but have limited success in implementing real solutions which would change the relationship. As a result, we get to read the same stories about contractor sustainability and ineffective rates.

Is it simply all about the rate?

In the last issue, we covered some of the key points of what makes for a good relationship. Almost felt a bit like Dr. Phil. All kidding aside, respect, communication, independence and trust are vital to making a business relationship work.

Where these values have broken down, we see the relationship turn to an argument about getting a suitable rate. What is interesting is we are starting to see other relationships develop that are successful and we don't hear anything about the

inability to find a suitable rate. Where groups are able to work together they appear to be able to identify common goals and objectives and work together to achieve them. Yes, it is spooky, but I just referenced working together; trust and respect. But these two relationship traits are key to move forward successfully.

I'm happy to report there are real life examples of these partnerships in this issue of *Truck LoggerBC*. Turn to page 44 to read about an excellent working relationship between Capacity Forest Management and Wuikinuxv Nation. Then, on page 32, individuals contractors talk about the good working relationships they have with some of their customers in "Goliath? No, That's The Other Guy: Building Partnerships in the Forest Industry."

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What is so special about these new relationships?

It is not a single factor that you can identify in the relationship that will make things successful. The key is the combination of all four values working together. Where the two business parties are able to work together, one party can defer to the other to do what is best. They can operate independently. They can communicate issues for resolution. They can respect and

trust each other's perspective. It will not result in one side always benefiting, but it should result in a scenario where both parties end up in a better position than when the enterprise began. If only one party is moving forward, then it can't be a long-term business relationship.

As shown in the article, "Goliath? No, That's The Other Guy: Building Partnerships in the Forest Industry" where these values are implemented in relationships and not just talked about, gains are made in efficiency, productivity and quality of the end product. The result is both sides of the business transaction benefiting together.

Simply put, where two parties trust each other and respect the value that each brings to the table they can work independently in order to maximize the return for both and success can be obtained.

Wow, one sentence that sums up exactly where the modern contractor wants to be.

Remarkably, it is not some utopian concept and is actually working in—of all places—British Columbia. Will it happen for all business scenarios? Not likely, but it would sure be great if all parties could learn a little from the models that are working.

Final thoughts

No customer/supplier business relationship will ever be perfect. Ultimately, the needs of both are not perfectly aligned. However, both parties need to understand that they can work together to reach a compromise and work towards ensuring they are both as successful as possible without destroying the other. Where one party is actually subsidizing the other party's business, trust and respect are out the door and, quite possibly, will never be restored.▲

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