

HomeGrown Wood™ Journal

Growth of the Massachusetts Woodlands Cooperative, LLC

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An Occasional Paper of the Massachusetts Woodlands Cooperative, LLC

Background

This document provides information about the Massachusetts Woodlands Cooperative (MWC), a management, processing and marketing cooperative that was organized by and on behalf of forest landowners in western Massachusetts. Components of the document will focus on: (1) the forest setting in western Massachusetts, (2) creation of the Massachusetts Woodlands Cooperative, (3) resources used during the start-up phase, (4) learning through pilot projects, (5) development of the initial business plan, (6) the USDA working capital grant, (7) the membership expansion grant from SARE, (8) the Land Trust Initiative, (9) support from the Massachusetts Department of Agricultural Resources, (10) the Biomass feasibility study, (11) MWC database development, (12) the current organizational restructuring initiative, and (12) recommendations based on our experience.

1. The Forest Setting in Western Massachusetts

Nine ecoregions blanket the hills, river valleys and upland plateaus of western Massachusetts. This naturally diverse area is a convergence of northern hardwoods (birch, beech, maple), central hardwoods (oak and hickory), boreal conifers (spruce and fir), and white pine. Add moderate rainfall and sunlight through the seasons and we have a temperate forest region that is ideal for growing trees and the complex of biota that live in and under their protective canopy. Forests of western Massachusetts cover between 80 and 90 percent of the landscape. Between 1993 and 1998, about 1.7 billion board feet of wood was used in Massachusetts. For the same years, wood harvested from native forests was less than 100 million board feet, just 6% of the total consumed. Forestry experts estimate that Massachusetts could sustainably harvest up to 700 million board feet each year, or 41 percent of what we consume.

The traditional, industry-driven model of a forest economy that is prevalent in the south, northwest and northern New England is not viable in western Massachusetts. The problems are several: (1) it leads to highgrading and decreasing returns as the biggest and best trees are removed from the forest and the less vigorous and poorly formed ones remain; (2) industry owns very little forest here; by far the majority of forest property is in the hands of individual landowners; and (3) what little wood is harvested in today's wood economy is often sold as raw logs to producers beyond our region, allowing only a fraction of the potential revenue to circulate in the local economy.

Good things happen when the harvesting and marketing of forest products occurs locally. Wood no longer comes from a flatbed truck that traveled thousands of miles on the interstate highway system. It comes from the neighbor's woodlot; is milled, dried and planed on the other side of town; and fashioned into products at the woodworking shop in the village. Good workmanship is appreciated and rewarded; poor quality or questionable business practices can be dealt with face-to-face. Character, integrity and decency are once again valuable currency in a thriving local economy.

Why the emphasis on small enterprises, instead of the larger forest products shops that have been around for decades? With the forest ownership pattern so strongly weighted to individuals owning 20 to 200 acres of woods, it is important to consider a forest economy rooted in these small ownerships. Those owning the land are most invested in sustaining its health and productivity; collectively, they are the ones who control the future of our western Massachusetts forests. Developing a forest-based cooperative that focuses on niche marketing of FSC certified value-added forest products to local consumers is a strategy well-suited to our densely populated and privately owned landscape in western Massachusetts.

2. Creation of the Cooperative

In the spring of 1999, a small group of resource personnel from the University of Massachusetts and several state agencies began discussing the idea of a forest landowner cooperative that would focus on the use of sustainable forestry. Since this group of forestry professionals had worked extensively with private landowners in the region, they invited several forest landowners to join in their discussions. These initial activities were rather informal and relied upon professional and personal friendship networks that had been developed over the previous decade. By October of 1999, this discussion group decided to broaden their efforts and held a series of open meetings that focused on the possibility of forming a forest cooperative in western Massachusetts. The response during this series of meetings was positive and the expanded group formed a Steering Committee made up of landowners and resource personnel. The Steering Committee's task was to: (1) explore the idea of a forest cooperative in greater detail; (2) develop an initial set of guidelines for such a forest cooperative; and (3) determine the interest among landowners in western Massachusetts.

During the spring and summer of 2000, personnel from the UMass/Amherst Department of Natural Resources Conservation and the UMass Donahue Institute helped the Steering Committee design and implement a forest Landowner Survey. The purpose of the survey was: (1) to determine the types of services that forest landowners value which might be provided by a cooperative, and (2) to identify and encourage landowners who would be interested in joining such a cooperative. Detailed information about this survey is available on the Cooperative website (www.masswoodlands.coop).

Mission

The Massachusetts Woodlands Cooperative (MWC) is a forest landowner management, processing and marketing cooperative organized by and on behalf of forest landowners in western Massachusetts. The mission of MWC is to maintain the environment and character of western Massachusetts through the protection, enhancement and careful economic development of one of the region's most plentiful resources, the forest. The Massachusetts Woodlands Cooperative is a business that is owned and controlled by members who use its services. People typically unite in a cooperative to: (1) get services otherwise not available; (2) obtain quality supplies at the right time; (3) gain access to markets; and (4) increase their bargaining power. When profits are generated from efficient operations or adding value to products, these earnings are returned to members in proportion to their use of the cooperative.

Values and Beliefs

Discussions within the Steering Committee and the information obtained from the Landowner Survey enabled the group to develop the following statement of Values and Beliefs for the Cooperative:

1. Stewardship: Stewardship of the forest is the responsibility of all cooperative members.
2. Sustainable Forestry: Sustainable forestry includes attention to all aspects of ecosystem health (tree and plant quality, water quality, wildlife habitat, aesthetics, etc.).

3. Effective Management: Effective management of forest resources will create a sustained flow of forest benefits including timber, wildlife, clean water, aesthetics, and recreation.
4. FSC Certification: Forestry standards will be further enhanced by the organization's involvement with FSC certification.
5. Local Economy: The cooperative will strengthen the local economy by using local businesses whenever possible.
6. Landowner Income: Individual landowner income from the sale of forest products will increase as a result of their participation in the cooperative.
7. Education: Educational activities sponsored by the cooperative will assist members and others in acquiring knowledge and understanding of sustainable forestry practices and this will improve privately owned woodlands.

Operating Principles

Once these values and beliefs had been agreed to, the Steering Committee created a statement of Operating Principles to be used in guiding the future development of the Cooperative. These principles include an emphasis on practicing sustainable forestry and preserving the working forest landscapes of western Massachusetts for future generations. In the process, the cooperative will protect wetlands, enhance wildlife habitat, reverse the practice of high grading timber, invigorate the local economy and provide educational programs for its members. Activities of the cooperative are guided by the following operating principles:

1. All forestry activities undertaken by members will be based on sound concepts of sustainable harvesting and management.
2. The cooperative shall have the right-of-first-refusal in purchasing material that is harvested from a member's forested land.
3. The cooperative will market products through local buyers whenever possible.
4. Members will use local suppliers, operators and services whenever possible.
5. The cooperative will start small and build slowly on the basis of successful demonstration projects.
6. The cooperative will operate as a commercial enterprise, seeking to generate profits for its members so that they can afford to be good stewards of the land.
7. The cooperative will develop collaborative relationships with other groups that have similar interests in sustainable forestry.
8. The cooperative will seek external funding (e.g., grants and contracts) that will enhance the organization's ability to achieve its goals.

Incorporation

The efforts of the Steering Committee led to the formation of the Massachusetts Woodlands Cooperative, LLC in June of 2001. The Cooperative is organized under the Massachusetts Limited Liability Company Act (M.G.L. Chapter 156C) as a Limited Liability Company that operates as a cooperative. Operating as a cooperative means: (1) each member has one vote, and (2) profits generated from efficient operations and adding value to products are returned to members in proportion to their use of the Cooperative.

Membership

Membership in MWC is by invitation to forest landowners who meet the following criteria: (1) accepts the values and operating principles of the cooperative, (2) remains in good standing by paying membership fees and patronizing the cooperative, (3) owns 10 or more acres of forestland, and (4) has in place (or is willing to develop) a forest management plan that meets Forest Stewardship Council (FSC) green certification standards. In the fall of 2001, the MWC Board of Directors invited an initial group of

twenty- two landowners to become involved in shaping the future of the organization. This initial membership group collectively managed around 3000 acres of forest land.

Forest Stewardship Council (FSC) Certification

Deciding to become “green certified” was a critical factor in organizing MWC since this decision enabled the group to coalesce around a single issue. MWC initially focused on developing an application for Group Certification from the Forest Stewardship Council (FSC). FSC Group Certification is similar to organic labeling of produce. It is an independent assessment of forestry practices to determine if the management is sustainable. In many ways, FSC certification serves as a screening mechanism for the Coop since it attracts landowners and collaborators who have the same values regarding sustainable forestry. The green certification principles and criteria established by FSC support the values, beliefs and operating principles of the Cooperative. Obtaining FSC certification has assisted MWC in its efforts to: (1) set high standards in our approach to forest stewardship; (2) provide an internationally accepted way of assessing the extent to which these standards are met; and (3) add value to the products that are produced and marketed through the Cooperative.

There are two forms of FSC Certification: (1) FSC Forest Management certification that focuses on the forest and verifies compliance with internationally agreed upon FSC Principles of Responsible Forest Management; and (2) FSC Chain-of-Custody (CoC) certification that monitors and verifies the path taken by raw materials from the forest to the consumer, including all successive stages of processing, transformation, manufacturing and distribution. FSC certification is the benchmark in environmental sustainability and social responsibility for forest management practices. From the customer’s perspective, the FSC label represents a promise that the end product comes from a sustainably managed forest. The Massachusetts Woodlands Cooperative received FSC Group Forest Certification in 2003 and FSC Group Chain-of-Custody (CoC) Certification in 2005. Group FSC Forest Certification enables the Coop to include additional forest landowners in the Coop’s certification pool when their forest management plans and practices meet FSC standards. Group CoC certification enables the Coop to add new business partners to the FSC Chain-of-Custody pool when they meet the FSC CoC standards. As a result, the Coop is in a unique position to expand the number of forest acres in Massachusetts that are FSC certified while at the same time increasing the number of forest-based businesses that become FSC Chain-of-Custody certified.

Value-Added Products

In order to increase the profits that are retained by members of MWC, value must be added to the forest materials that are harvested from their land. This can be done by (1) gathering, sorting and marketing logs according to grade and species, (2) processing selected logs into value-added products (e.g., flooring, timbers, and residual wood products), (3) obtaining third party certification from the Forest Stewardship Council (FSC), and (4) pursuing local and regional markets for these value-added products. As a result of these value-added processes, the landowner’s traditional customer base for timber will be expanded and the profits derived from these value-added products will be returned to the landowner. Forest landowners will also increase their revenue stream (and the health of their remaining forest trees) since the MWC plans to focus on finding value-added uses for small diameter, traditionally under-valued species.

3. Resources Used During the Start-up Phase

Volunteers

The start-up phase for the Massachusetts Woodlands Cooperative began in the fall of 1999 and lasted through January of 2004, when the Cooperative began to hire staff with funds obtained from a USDA

working capital grant. During this four year start-up phase, our most valuable resource was the volunteer efforts that were contributed by landowners, forestry professionals, university faculty, state agency personnel, and non-profit employees. Many of these volunteers served initially on the Steering Committee and subsequently became members of the MWC Board of Directors or the MWC Resource Group. Our approach to the development of the Massachusetts Woodlands Cooperative was based on: (1) the collection and use of appropriate data (e.g., from a Forest Landowner Interest Survey), (2) the involvement of a broad network of individuals from diverse organizations, (3) thoughtful reflection on key issues associated with sustainable forestry, and (4) our focus on the protection, enhancement and careful economic development of forest land in western Massachusetts.

During the extended start-up phase, this core group of volunteers evolved into a productive network of collaborators who enjoyed the learning process involved in creating the Cooperative. These volunteers had experience and knowledge in a variety of areas (e.g., sustainable forestry, FSC certification, wood processing, grant writing, etc.) and established strong connections between the Cooperative and key stakeholders in the forest industry. We were able to attract volunteers by responding to their professional and personal interests. For example, UMass personnel were involved for a number of reasons, including: (1) their interest in the innovative aspects of what we were doing; (2) their ability to generate funds to support students, (3) publication of articles based on their work with the Cooperative, (4) the public service mission of the University, (5) the existing friendship network among UMass faculty and forestry professionals, and (6) interest in the creation of a landowner cooperative as an alternative to the traditional approach used by private landowners.

Examples of initiatives carried out by volunteers include the following:

1. Database Development: Information management is absolutely critical to both forest management and business development. Several faculty members and students at UMass assisted in developing two databases for managing FSC certification information. The MWC Geographic Information System (GIS) database featured a visual display of western Massachusetts with boundaries of member properties that were mapped with a GPS unit (Global Positioning System). In addition, UMass personnel developed an Excel spreadsheet that contained basic information about Coop membership and their forested properties.
2. FSC Certification Protocol: The FSC Protocol used by the Cooperative was developed by a team of UMass faculty members and state agency forestry personnel. This protocol outlines the process used by the Cooperative in monitoring member compliance with FSC certification standards.
3. Design of MWC Materials: A Cooperative member arranged for students in her senior level Graphic Studio Design Class at Clark University to design materials for the Cooperative as their semester long class project. Cooperative Board members provided regular feedback to the students and were impressed with the quality of the products that were developed. After graduation, one of the students was hired by the MWC Board as a consultant to incorporate these design features into selected Cooperative products (e.g., a logo, stationary, business cards, a brochure, and the MWC web site).
4. Research, Writing and Presentations: Forest landowners, state agency personnel and faculty members have been involved in many of the research, writing and presentation tasks associated with the growth of the Cooperative. Examples of activities include gathering and analyzing data, presentations at conferences, writing articles for publication, managing fiscal expenditures, writing grant proposals, taking notes at meetings, and developing various reports.
5. Space and Equipment: Non-personnel assistance and support came from many organizations in the area. For example, occasional use of meeting space and equipment (e.g., computers, GPS units, copy

machines, telephones, etc.) were provided by UMass, various state agencies and non-profit groups such as the Hilltown Community Development Corporation.

6. **Continuous Learning:** From the beginning, interaction among group members provided an opportunity for individuals to contribute to the informal education of all those present. Technical expertise from forestry resource personnel combined with the experiences of landowners, timber framers, sawmill operators and others in a relaxed and comfortable setting where people came to share ideas and learn from each other. In the process, individuals broadened their perspective, group knowledge expanded and people had fun.
7. **Leadership:** Different members of the core group provided appropriate leadership in response to the variety of challenges that emerged. For example, group members needed to: (1) clearly define their belief system, (2) reach consensus on critical issues, (3) continue expanding the organization's learning curve, (4) ensure that new members were made aware of the organizational culture, (5) respond to unexpected situations as they occurred, and (6) provide encouragement to others so that members would continue contributing their talents to the organization as it moved forward. Leadership and motivation for these and many other tasks required the combined skills of a mutually reinforcing network of talented individuals. As each new phase in the evolution of the Cooperative became clear, someone was there to provide leadership in shaping the organization's response.

Financial Support

During the four year start-up phase, MWC was able to generate grant funding that provided partial support for student interns, preparation for FSC certification and incidental expenses associated with organizing the Cooperative. Shortly after the Steering Committee was created, the US Forest Service provided a Focus Funding grant to the Berkshire R.C & D (a non-profit organization) to assist in organizing the Cooperative. After MWC became a legal entity, the Cooperative received small grants from several foundations. In addition, the University of Massachusetts received a grant from the Commonwealth of Massachusetts for their work with the Cooperative. These external funds were used to supplement the modest contributions of MWC members during this time period (\$250 initial membership fee plus \$85 per year Annual Fee).

When the core group of volunteers incorporated the Massachusetts Woodlands Cooperative in the summer of 2001, they also established a completely separate non-profit organization that was designed to serve as an educational and outreach vehicle that would reach people well beyond the members of the Cooperative. The Massachusetts Woodlands Institute is a 501 (c) (3) non-profit group that provides educational services and technical assistance to landowners, forestry personnel and the general public in Massachusetts. The mission of Massachusetts Woodlands Institute is to assist forest landowners and others in maintaining the environment and character of the woodlands of Massachusetts. The Institute conserves and enhances forest resources, and fosters community economic development by providing information, education and technical assistance. Since its creation in 2001, the Institute has received a number of small grants from foundations and government agencies. Examples of the work of the Institute include the development and printing of a book titled Profiles from Working Woodlands: Exploring Forest-based Enterprises in Western Massachusetts (available at www.masswoodlandsinstitute.org) and collaborating with other agencies in hosting a conference in the fall of 2004 on "Fostering a Local Forest Economy: Small Forest-based Businesses as a Conservation Strategy for the Region's Woodlands".

4. Learning Through Pilot Projects

While operating as an all volunteer group, MWC developed several pilot projects that enabled us to learn about and gather data on the many steps that are needed in order to turn logs into value-added products.

We used these pilot projects as a learning tool during our pre-staffing phase in order to help us gain a better understanding of chain of production activities, costs associated with each step in the process, the intricacies of material handling, potential profit margins, and the appropriate wood utilization strategies. These pilot projects focused on areas such as hardwood flooring, timber framing, understory crops and how to add value to a one-acre harvest of black locust. The pilot projects also enabled us to work with several local forest businesses that eventually became Coop partners. In addition, we used information gathered during the pilot projects (e.g., income/expense numbers, estimated profit margins) in the development of our initial business plan and in our subsequent grant writing efforts. In retrospect, our focus on these pilot projects turned out to be an effective combination of research and on-the-job training for Coop members, and our ability to generate real numbers helped ground our lofty thinking in the reality of the marketplace.

For example, we gathered the following information in our pilot project on flooring. MWC paid a fair market price for 870 board feet of low grade cherry logs that were purchased from a Coop member. The price was calculated as an average from the last three quarterly Southern New England Stumpage Reports for sales west of the Connecticut River (41 cents per board foot or \$410 per thousand board feet). Other processing costs totaled \$1.36 per board foot and included harvesting, milling, drying, planing, molding and trucking. Total production costs came to \$1.77 per board foot. Because it was too early to know the routine costs of doing business (e.g., rent, utilities, insurance, inventory holding, storage, etc.), MWC discussed this issue with experts in the regional wood industry, who pointed to a rule of thumb: for every \$1.00 of production costs, a business typically needs another \$.50 to cover sales, administration and business overhead. Using this rule of thumb, the required margin above production costs was another 50 percent of those costs in order to break even. MWC also conducted some flooring price research around Western Massachusetts. At the time of this pilot project (October, 2002), prices for 2.25" unfinished cherry flooring ranged from a low of \$4.75 per square foot to a high of \$5.50 per square foot. MWC ended up selling this cherry flooring at a conservative \$4.00 per square foot, considering that the burden of sorting for grade, trimming out defect, and end trimming for fit was on the customer. Using these figures, we estimated that MSC would make a profit of \$1.07 per board foot. Additional information on the flooring project and all the other pilot projects is contained in Profiles from Working Woodlands: Exploring Forest-based Enterprises in Western Massachusetts (available at www.masswoodlandsinstitute.org).

5. Developing the Initial MWC Business Plan

The process of developing the initial business plan for the Cooperative began in the spring of 2000 and gradually evolved into the business procedures that are currently used by MWC. Initially, we looked for guidance in our business planning efforts from experienced cooperative organizers and business planners. We soon found that obtaining advice from individuals who were not familiar with the forest industry was not very helpful. As a result, MWC business planning became the responsibility of the core group of volunteers and resource personnel.

Members of the Steering Committee began working on incorporating information from the Forest Landowner Survey into a business plan. After MWC was established as a legal entity in the summer of 2001, the MWC Board assumed responsibility for this task and created a Business Planning Subcommittee. This subcommittee refined the work of the Steering Committee and distributed the latest version of the Business Plan to members of the Board and Resource Group for feedback. This feedback was incorporated into the Business Plan and the document was then circulated again for additional feedback. This process of refinement and feedback continued until July of 2003, when the Board approved the Business Plan and it was circulated among the entire membership of the Cooperative for their feedback. After incorporating additional feedback from the MWC membership, the Business Plan

then became the primary source of information used in the USDA Working Capital grant proposal that was submitted to the USDA in the fall of 2003.

6. The USDA Working Capital Grant

In January of 2004, the Massachusetts Woodlands Cooperative was awarded a three year working capital grant from the U.S. Department of Agriculture. The goal of this working capital grant was to expand niche markets for MWC that focused on Forest Stewardship Council (FSC) green certified materials and other value-added forest products. Project activities included:

1. Develop Niche Markets: Develop and implement MWC niche markets for flooring, timber frame materials, and residual wood products (e.g., bark mulch, firewood, and pallet wood). This was accomplished by gathering, sorting and marketing logs according to grade and species and processing selected logs into value-added products.
2. Green Certification: MWC was already green certified under the group certification process provided by the Forest Stewardship Council (FSC). However, in order to market the Cooperative's value-added products as green certified, MWC also needed receive group Chain-of-Custody certification from FSC. This required: (1) development of a system for monitoring forest materials as they are transformed into value-added products; and (2) establishing a network of value-added producers who are interested in obtaining FSC certified wood from the Cooperative.
3. Database Development: MWC needed to expand the organization's database so that it would: (1) provide detailed information on forest material that is available for harvesting from MWC members; (2) monitor forest materials as they are transformed into value added products; (3) organize information needed for the Cooperative to function as a business (cost of goods purchased, inventory, sales, marketing, etc.), and (4) link the database with the MWC website so that MWC members and those who work on their land can have password access to information about their property.
4. Expand Membership and Land Base: In January, 2004, MWC had 22 members who together managed around 3000 acres of forest land. Over the three year project period, MWC anticipated expanding its membership base to 50+ members with over 8,000 acres of forest land and identifying regional artisans, craftspeople and other woodworkers who: (1) become affiliates of MWC; (2) receive Group FSC Chain of Custody certification as a part of their membership; and (3) create value-added products from FSC green certified material harvested from MWC member forests.
5. Biomass Assessment: MWC agreed to assess the market potential for the use of forest based biomass fuels in Southern New England by analyzing supply and cost data for forest based biomass fuels.
6. Information Dissemination: MWC plans to compile, organize and disseminate information about MWC and the USDA project.

This USDA grant provided MWC with the working capital needed to accomplish the above tasks. With this grant, MWC was able to hire employees, support an intern from UMass, establish and operate an office, provide partial support for FSC Certification Assessment, and finance an initial inventory of value-added products.

7. Membership Expansion Grant from SARE

In March of 2005, the Cooperative was notified that it had received a three-year grant from SARE (the Sustainable Agriculture Research and Education Program) to support an increase in the use of sustainable forestry by agricultural farmers who have back woodlots. This grant assisted farmers who had at least 20 acres of forest land become FSC certified by joining the Cooperative. This initiative was a collaborative

effort between the Cooperative, the University of Massachusetts and Community Involved in Sustaining Agriculture (CISA).

Performance Target for the SARE grant: Of the 80+ farmers who participated in this project, 40 will agree to adopt sustainable forestry practices and apply to have their forests green certified through the MA Woodlands Cooperative. Within one year of joining the Cooperative, these 40 participants will develop forest management plans that meet Forest Stewardship Council (FSC) standards and begin marketing forest products through the Cooperative at a 10% increase in revenue over prevailing stumpage prices.

Milestones/Activities for the SARE grant:

1. Conduct 10 small group sessions (8 forest landowners in each group) describing the benefits of sustainable forestry, Forest Stewardship Council (FSC) certification, and Cooperative membership.
2. Identify at least 40 participants who agree to use sustainable practices in managing their forests and assist them in applying for membership in the MA Woodlands Cooperative (MWC).
3. Help 40 identified participants develop sustainable forest management plans that meet FSC standards.
4. Evaluate management plans and add these 40 forest properties to the MWC green certification pool.
5. Obtain approval from Smartwood (the FSC Auditor) for these 40 properties at the next MWC audit.
6. Begin purchasing logs from participants at a 10% increase over prevailing stumpage price.
7. Gather data on participant background and milestones achieved using group observation, individual interviews, and document analysis; use this information in preparation of reports on research findings.
8. Disseminate project information to farmers, forest landowners, forestry personnel, and educators.

8. The Land Trust Initiative

The Massachusetts Woodlands Institute received a two-year grant from the US Department of Agriculture to support a Sustainable Forestry Conference in September of 2008. These funds were supplemented with a grant from the Massachusetts Land Trust Coalition. At this conference, individuals from land trusts that operate in western Massachusetts learned about: (1) the use of sustainable forest management; (2) FSC (Forest Stewardship Council) certification; (3) how their land trust properties can become FSC certified by joining the Massachusetts Woodlands Cooperative; and (4) the benefits of Coop membership, including the option of generating additional income. After the conference, land trusts that expressed an interest in exploring these issues further will receive technical assistance as they develop their FSC certified forest management plans and apply for membership in the Massachusetts Woodlands Cooperative. Specific project activities included: (1) organize the Sustainable Forestry Conference and develop materials; (2) identify interested land trust personnel; (3) host the Sustainable Forestry Conference; and (4) provide technical assistance to land trusts that are interested in joining the Cooperative.

9. Support from the Massachusetts Department of Agricultural Resources

The Coop received a grant in the spring of 2007 from the MA Department of Agriculture to increase the market for locally grown FSC Certified forest products. This project was designed to: (1) develop strategies and marketing materials that promote locally grown, FSC certified value-added products; (2) educate consumers about buying local and building green; and (3) increase the economic potential of Massachusetts forest-based businesses.

In the fall of 2007, the Massachusetts Woodlands Cooperative received a grant to develop and implement a collaborative print/radio/internet/agricultural fair marketing strategy that promoted sales by small agricultural enterprises that are members of the Cooperative. Project objectives include the following: (1)

develop an integrated print-radio-internet-agricultural fair marketing strategy; (2) expand the Coop website to include individualized web pages that describe agricultural products and services that are available directly from Coop members with small agricultural businesses; (3) provide password access to these individual website pages so that Coop members can periodically upgrade information about the products and services that are available from their small business; and (4) advertise in regional media (print/radio) and at an agricultural fair in order to increase the number of Coop website visitors who will purchase locally grown agricultural products and services.

In January of 2008, the Coop received a two-year grant from MDAR to expand the production, distribution and sales of locally grown, FSC certified forest products in Massachusetts. Project goals and objectives included: (1) expand the FSC certified acreage among Massachusetts forest landowners; (2) increase Coop harvesting of FSC certified timber from Massachusetts forest landowners; (3) expand local Massachusetts production of FSC certified logs into value-added FSC certified products; (4) expand distribution of locally grown, FSC certified products through area retail stores and other businesses; and (5) increase sales of locally grown, FSC certified products.

10. Biomass feasibility study

In August of 2008, the Coop received a Value-Added Producer grant from the USDA to explore the feasibility of developing and marketing two value-added products from low quality FSC Certified timber that is harvested from Coop member properties. The value added products to be examined include: (1) the use of wood chips as biomass for generating heat, electricity and/or cellulosic ethanol; and (2) the use of low quality hardwood that is processed and packaged as firewood for retail consumption.

11. The Story of HomeGrown Wood™

During the winter of 2005, a subcommittee of Board members and staff met with a marketing consultant to develop a brand that the Cooperative would use to market their products. MWC needed a brand that would differentiate the products in the marketplace by capturing the spirit of the organization and its values.

The subcommittee agreed that the essence of MWC's products is not only that the wood comes from local family forests and is processed by local businesses, but that the forests are managed to the highest standard possible and will be part of our landscape and economy in perpetuity. Because the Coop owns and manages the wood through every step of the value-added process, customers would also know about this process and feel confident in their purchase. This personal connection to the forests, families and the businesses involved led to the creation of the HomeGrown Wood™ brand. The HomeGrown Wood™ line of products gives customers an opportunity to know the whole story of their purchase; the forest it came from and all the people who had a part in creating it. The Coop also developed a logo that is now featured on Coop products and brochures.

Grant support during our start-up phase has enabled MWC to build a strong infrastructure that includes the following components: (1) an outstanding staff; (2) a growing network of harvesting, processing and marketing partners; (3) a system for monitoring the harvesting, processing and marketing of our products; (4) a comprehensive information management database; (5) FSC Certification of member properties and the Chain-of-Custody process; (6) a

product trademark (HomeGrown Wood™); (7) a talented and involved Board of Directors; and (8) an excellent reputation.

The Massachusetts Woodlands Cooperative is poised to become a leader in the production of locally grown, FSC certified material from small family farms in Massachusetts. The Coop currently has 58 members with around 13,000 acres of forest land and expects to increase this to 75 members with over 15,000 acres of forest during the next three years. We are expanding our marketing of locally grown, FSC certified products from the Coop and its affiliated sawmills through sales representatives in Boston and New York and are currently seeking additional sales representatives in other areas of New England. 2009 will be an important year in determining the long term success of the Cooperative. We have been fortunate in having grant support from a variety of sources during the beginning phase of our Cooperative, but now we are moving into a different stage in our development. Although we will continue to seek grant funding from various sources, we are now focused on making the transition from a grant-funded agency to an organization that is able to generate profits from the sale of locally grown, FSC Certified products and return those profits to members of the Cooperative.

12. Database Development

The Cooperative is currently developing a relational database using Microsoft Access software. The database is being developed in such a way that it can be readily expanded to incorporate additional information components and data management requirements that cannot be envisioned today. The information in this database is being organized into the following nine categories based on current perceptions of the types of information that will be needed to operate the Cooperative in the future.

General Membership Information

MWC originally had 22 members, with a limited amount of information about each of these members and their properties listed on an Excel Spreadsheet. As the database evolves, we assume that the number of members will increase dramatically (perhaps to as many as 100+ over the next five years). In addition, it is quite likely that we will want to add information beyond that originally included in the Excel Spreadsheet. For example, in some cases the Excel Spreadsheet included the name of only one property owner when there are actually several. In other instances, although the property is identified with an individual, it is actually owned by a Corporation rather than by the identified individual. Finally, the Excel Spreadsheet included only superficial information from the management plans for each of the properties. Eventually, the database will need to contain detailed information about forest stand types and projected harvesting times so that MWC staff will know what forest material is available and be able to coordinate harvesting among the various member properties. Our intent is to have the database contain a wide variety of information (e.g., forest management plans and forest inventories, information about acreage and land use, a history of past forestry practices, and current and planned work by foresters, loggers and others). As additional work is carried out on each property, we expect that information about this work will be entered into the database. In addition, the Cooperative will use this database to respond to individual landowner requests (e.g., upgrading management plans, creating trail maps, etc.). We expect to organize general membership information into categories such as: (a) contact information (e.g., name, address, telephone number, email, etc.); (b) property information (e.g., information related to the FSC green certification protocol, membership fee structure, etc.); and (c) membership information (e.g., date joined, fee payment history, processing and rebate history, volunteer work, equipment sharing, etc.).

Member Recruiting Information

This component of the database contains information on those individuals and organizations that have been contacted regarding the possibility of joining the Cooperative. For example, materials that are available for use in the member recruiting process have been included in the database (e.g. the Membership Application Form, sample letters of invitation to join, MWC Brochures, etc.) In addition, information gathered during the Membership Recruiting Process is also included. The MWC Membership Recruiting Process includes the following steps:

1. The membership process begins when an individual expresses an interest in joining the Cooperative. This may be as a result of MWC advertising, contact with a member, or in some other way. When an individual expresses an interest in joining the Cooperative, MWC staff send them a cover letter along with a folder containing information on MWC and a Membership Application Form.
2. After the Cooperative receives a completed Application Form, a membership team will visit the applicant. Wherever possible, this team consists of an MWC staff member, someone from the MWC Membership Committee and a current MWC member who knows the applicant. The purpose of the visit is to assess whether the applicant has the potential for becoming a good business partner. This visit also provides the applicant with an opportunity to ask questions about and evaluate the Coop. The membership team also checks out the applicant's references. During the visit, additional handouts may prove useful as part of the discussion (e.g., "The Value of Membership in MWC"). The membership team fills out a checklist of information gathered during the interview process and this information is then entered into the database.
3. Based on its assessment, the membership team reports back to the Executive Committee of the MWC Board. If appropriate, the team recommends that an offer of membership be extended to the candidate at the next Board meeting. If the Board concurs, an official letter of invitation is sent to the applicant. In some cases, the membership team, the Membership Committee, the Executive Committee or the Cooperative Board may suggest further investigative steps if the membership team visit leaves unresolved questions about the applicant.
4. In those cases where an applicant is very well known to current members, the Board President and the Executive Committee have the option of bringing a completed application directly to the Board.

Members with FSC Certification

Information about the properties of Coop members who are in the FSC Certification pool is also kept in the database. This information includes any comments from the FSC assessment team report about individual properties, any problem areas, and work done on the property since it was certified. Components for this segment of the database were developed in conjunction with MWC's internal certification review team. Member properties are added to the MWC Certification Pool in a two stage process: (1) the MWC internal certification review team agrees that these member properties meets FSC standards and recommends that these properties be added to the pool, and (2) at the next external audit, the FSC Review Team agrees that these properties are FSC certified. Whenever possible, new members are moved into the FSC Certification pool within one year of joining the Cooperative.

FSC Chain of Custody (CoC) Certification

The database will contain information about those individuals and businesses that are members of the MWC Group Chain-of-Custody certification pool. Chain-of-Custody data will be inventory based and designed to insure accurate tracking and inventory control of raw materials through the various value-added stages. The Cooperative submitted an application for FSC Group CoC certification in May of 2005 and obtained Group Chain-of-Custody in December of 2005.. An internal review team monitors the process and adds new members to the pool as they meet the CoC standards. CoC certification is not something that all Cooperative members seek; it is of interest only to those members who want to produce

value-added products. In addition to current members who are interested in CoC, we have also included local businesses that are involved in value-added processing in the MWC Group Chain-of-Custody certification.

Business and Operating Information

The database will also include information needed for the Cooperative to function effectively as a business (e.g., cost of goods purchased, inventory and sales data, marketing information, etc.). Although the Coop currently uses Quickbooks as the software for our financial information system, this data will eventually be shifted over to the MWC database. Examples of items that need to be tracked in the database include cash transactions, general ledger accounts, member contract information, data on inventory and information needed for reporting member profits and losses to the IRS. This segment of the database will need to be coordinated with the bank and the accounting firm that is used by the Cooperative. As the Cooperative website is increasingly used as a mechanism for marketing MWC products, information from website and other sales will need to be added to the database. Finally, information on pricing and other relevant business information that is obtained from MWC activities and various external sources will be entered into the database.

Linkage with Existing MWC GIS Database

UMass developed an initial GIS (Geographic Information System) database for the Coop that features a visual display of western Massachusetts with boundaries of member properties that have been mapped with a GPS unit (Global Positioning System). This extensive database provides for the Cooperative's geographic modeling needs and is compatible with ESRI ArcView GIS 3.2 software. Appropriate Geographic Information System data have been included as searchable layers within this GIS database. Examples include: (1) GAP analysis of land use types, (2) Digital Orthophotos, (3) Mass GIS information (a comprehensive database developed and maintained by the MA Executive Office of Environmental Affairs), and (4) information on protected open space land (federal, state and private ownership). The database currently being developed by MWC will be linked with this GIS database so that information on individual member properties can be retrieved in conjunction with the GIS information about that property. For example, the MWC database will link with the GIS database for a visual display of trails and roads on member properties. Because the two databases will be linked, we will be able to identify high conservation value forest components (wetlands, endangered species, etc.) that are present in each member's forest.

Project Management Information

In those cases where MWC has received grants, we will have a component of the database that handles project management information for these grants. Examples of information for this component of the database include: (a) goals and objectives of the project, (b) extent to which these goals have been achieved, (c) budgetary expenditures, (d) project reports to the funding agency, and (e) final products that were developed with grant funding.

Future Plans

We envision that our database will become an important source of information for members, operators and foresters who are building business relationships through the Cooperative. The Cooperative has a website (masswoodlands.coop) that will eventually be used as a communication hub for Cooperative members, consulting foresters, loggers and others who work on member properties. We expect to have both public/internet material and private/intranet material available on the Cooperative's website. Segments of the Coop database will be integrated into the MWC website in such a way that members and those who work on their land will have password access to information about their property from their

own computers. Information from the MWC database that will be available to the public on the MWC Website will include an inventory of value-added products that are for sale along with the locations and pricing of these materials.

13. Revising and Updating the Coop's Business Plan

In August of 2008, the Coop began an Organizational Restructuring Initiative that will update the Coop's business plan and lead to the hiring of a permanent Executive Director in June of 2009. This process will include activities such as the following: (1) identify key markets for future products; (2) define clear goals and strategies for the next 3 to 5 year period; (3) develop a comprehensive marketing plan for all of products that are produced by the Coop and our affiliated sawmills; (4) bring Coop expenditures and income into alignment; (3) enhance communication with members and other stakeholders;

14. Recommendations Based on Our Experience

1. **Create a Vision and Mission:** A cooperative must have a vision and mission that focuses on managing and restoring the forest landscape in a sustainable way, and this will involve more than just providing educational services or becoming a value-added wood processing organization. Be prepared to devote a great deal of time and energy to the task of identifying the mission, vision and goals for your cooperative members.
2. **Focus on Local Conditions:** Your cooperative must be based on and respond to local conditions (e.g., forests, markets, landowner objectives, etc.) in order to be successful.
3. **Develop a Core Group of Individuals:** It is important to have a cohesive core of individuals with a broad range of knowledge and experience who are interested in the idea of a cooperative and are willing to contribute considerable time toward the creation of such an organization. You will need experience and knowledge in subjects such as forestry, FSC certification, business management, value-added wood processing, marketing, customer services, database development, grant writing and other topics. It is preferable to obtain this expertise from volunteers who are able to establish and maintain networks with good connections to key stakeholders in the forest industry.
4. **Attract Volunteers:** We were able to attract volunteer resource personnel by responding to their professional and personal needs. For example, UMass personnel are involved because of the public service mission of the University, their interest in what we are doing, their ability to obtain support for students, and the possibility of publishing articles based on their work with the Cooperative.
5. **Establish a Resource Group:** We involved a group of resource personnel in creating the Cooperative. These Resource Group members were able to provide information and technical support to the forest landowners on issues such as developing our application for FSC certification.
6. **Encourage Leadership:** There is leadership potential within many people and a forest landowner cooperative is a good vehicle for tapping into that potential. Some folks are good at team building and motivating others, some are skilled in organizing and planning, and some have excellent problem solving and decision making capabilities. You should also seek out individuals with great writing and presentation skills. When core group members have these skills, possess technical knowledge about sustainable forestry, are passionate about good stewardship and are willing to commit time and energy to the Cooperative, you can build a great organization around them.

7. **Find Out What is Important to Members:** We conducted a Forest Landowner Survey before the Cooperative was established in order to determine the types of services that forest landowners value which could be provided by a cooperative (see www.masswoodlands.coop).
8. **Limit Your Membership:** We focused on forest landowners and kept our membership small (the original 22 members) while refining our organization's mission and developing our application for FSC Group certification. We believe that Coop membership should be by invitation from the Board of Directors and developed a screening process that selects new members who are able to work well as good business partners. Expanding your membership before the organization is able to meet the expectations of both existing and new members can lead to problems.
9. **Do Not Raise Expectations Beyond What You Can Deliver:** Be cautious and careful about what you promise to members and those who are considering joining as new members. Avoid setting goals that try to accomplish too many objectives at the same time. Do not promise more than you can deliver to consumers and others. We have been careful not to make statements that indicate we are already operating as a successful business. When asked for our projections regarding when we expect the Cooperative to become successful, we estimate it will take at least another three to five years.
10. **Create a Cohesive Board of Directors:** We had a Steering Committee before we established the Cooperative's Board of Directors. This gave us an opportunity to get to know each other, make important decisions about the direction of MWC, and identify who should be involved in the Board. We decided to have our Cooperative Board made up primarily of forest landowners who were members of the Cooperative. At the same time, we continued to involve key resource people from state agencies, UMass and other sources who were willing to provide our Board Members with technical assistance and expertise on a volunteer basis. We structured Board Meetings as inclusive events where all members of the Cooperative and members of the Resource Group have a chance to participate in discussions.
11. **Use FSC Certification as a Key Component of Your Organization:** We decided to build our Cooperative effort around FSC certification. We applied for Group FSC Certification that would be held by MWC so that we would not be dependent on a certification process that was controlled by consulting foresters. We are currently in the process of applying for FSC Group Chain-of-Custody certification for selected members and partners.
12. **Focus on Creating a Successful Business:** Cooperatives need to generate income in order to become successful and survive over the long term. We believe that cooperatives can generate profits from value-added processing of forest products and marketing FSC certified products directly to a niche of eco-friendly consumers. Your business plans will change as you learn and grow, and you should be prepared to deviate from the plans you develop as your organization evolves. We have found that external help in business planning can be expensive and lead to inappropriate advice. We are still working on our business plan, which is currently being refined by members of the Cooperative with support from our Resource Group.
13. **Manage Your Growth:** Start small and test your ideas out with a few carefully selected colleagues at first. Learn from this interaction and adjust your course accordingly. Small steps are required in building an organization. Identifying your marketing position and creating an infrastructure for the organization will require time, patience and the right talent. Select your partners carefully, looking for individuals who are trustworthy, enthusiastic, fun to work with and can make a contribution to the Cooperative's growth.

14. **Be Selective in Choosing Business Partners:** Look for already existing providers who might be interested in forming partnerships that meet the needs of your landowners and/or consumers. Check out the reputations of potential partners and make sure that they understand and agree with the Coop's mission and operating principles. Use FSC Chain-of-Custody requirements as a way of establishing high standards for adding value to harvested forest products.
15. **Control Your Spending:** Board Members and staff need to function as if they were small, start-up business entrepreneurs and spend funds as if these dollars were coming out of their own pockets. Be cautious about switching from an all-volunteer group to an organization with paid employees before developing a cash flow that is sufficient to support the paid staff over time. Make sure that funds from external sources are used according to guidelines established by the funding agency.
16. **Avoid Debt:** Our group decided to avoid taking on any debt until we knew how we were going to be able to generate enough income to pay off that debt.
17. **Be Patient and Persistent:** There will always be a learning curve when you create a new business and this will slow you down. Assume that everything will take longer than you estimate. Be willing to learn and adapt as new information becomes known and the group moves up the learning curve.
18. **Seek External Funding:** External funding of start-up costs during the planning phase can be very helpful. Include individuals within your resource group who have experience and an interest in developing grant proposals that will assist the Cooperative. Investigate the extended network of contacts that your members and resource personnel have within various foundations and government agencies. Keep in mind that external funding does not have to come directly to the Cooperative, but can be given to collaborating organizations such as universities and non-profit groups.
19. **Incorporate Available Technology:** Cooperatives need to figure out how to use technology (e.g., GIS, GPS, the internet, databases, etc.) as an integral part of their approach to managing information. FSC certification focused our attention on the need to develop a database that could manage and track information.
20. **Plan Your Marketing Strategy Carefully:** Develop a marketing plan aimed at reaching eco-friendly customers. Your market position should rely on relationships and focus on a niche market of value-added products. You should understand what you can sell and who your customers might be ahead of time and avoid competing in the traditional forest industry (e.g., by trying to make a profit selling logs). Be selective in the forest material you purchase from members (making sure that you can add value to this material and sell it at a profit) and have groups of purchasers in mind before the wood is harvested. Use the internet as a marketing tool and be cautious about spending funds on advertising.
21. **Build Your Infrastructure:** Anticipate your organization's needs and prepare your infrastructure so that it will be able to support those activities you will be undertaking during the next six to twelve months. Try to keep the development of your infrastructure slightly ahead of your organization's needs while keeping in mind that excessive infrastructure investment will tie up cash that you might end up needing elsewhere.
22. **Communication:** Develop effective and responsive communications with members and customers (current and potential) through telephone calls, email messages, postal service and personal contact. MWC uses email as an effective way of keeping members informed; those members who do not have email access receive the same information through regular mail.

23. **Share Information with other Cooperatives:** It is important to share information with others who are attempting to start their own forest cooperatives. If MWC had not had the Sustainable Woods Cooperative (SWC) and Vermont Family Forests as role models during the initial stages of our development, our group would probably not have been prepared to make the organizational effort. Especially during the early stages of MWC development (1999 and 2000) when we were still trying to figure out our own game plan, it was very important for us to have information about previous attempts to organize and run forest landowner cooperatives.

15. Author Biographies

Arthur Eve is a forest landowner, MWC member and President of the Cooperative. He has over 35 years of experience as a tree farmer involved in forest management, habitat enhancement, and the harvesting and sale of timber and cordwood. He served on the UMass faculty for 30 years and has extensive experience in program design and evaluation, organizational development, partnership formation, management improvement and resource diversification.

Suzanne Webber is the Acting Executive Director of the Cooperative and the owner/operator of a small farming business in Montague, MA where she and her husband raise and market organic eggs, vegetables, flowers, chemical-free honey and naturally raised grass-fed lambs. In addition, they carry out open-pollinated vegetable seed production and have Shetland fleece and sheep for sale. Before assuming the Acting Executive Director position, Suzanne was the Marketing Director for the Cooperative.

Paul Catanzaro is an Extension Service Forester at UMass who works with non-industrial forest landowners in Massachusetts, providing technical assistance and education on sustainable forest management and FSC Certification. Paul is a member of the MWC Resource Group, assisted in developing the FSC Review Protocol for MWC and serves as a member of the MWC Internal FSC Review Team.

David Damery is a forest landowner, MWC member and a Coop Board member. David is an Associate Professor in Building Materials and Wood Technology at UMass/Amherst. David's areas of expertise include marketing, sales, pricing, business planning and evaluation in the areas of Natural Resources. David authored the Cooperative's Western Massachusetts Forest Landowner Interest Survey in 2001 and has extensive experience in program design, data collection/analysis and report writing.

Susan Campbell is a Board Member of the Cooperative and the author of Profiles from Working Woodlands: Exploring Forest-based Enterprises in Western Massachusetts. Susan provided eight years of leadership and direction to the Coop during its formative years and was the architect of a November, 2004 conference on "Fostering a Local Forest Economy: Small Forest-based Businesses as a Conservation Strategy for the Region's Woodlands". Before joining MWC, Susan had over ten years of experience in developing sustainable forestry initiatives as a part of the MA Forest Stewardship Program.

Jay Healy is a forest landowner, member of the MWC and a member of the Coop Board of Directors. He is also the owner/operator of Hall Tavern Farm, a sawmill that is affiliated with the Coop. Before joining MWC, Jay served as the Massachusetts Commissioner of Agriculture, where he was the major architect of the Massachusetts Farm Viability Program.

Paul Barten is an Associate Professor in the Department of Natural Resources Conservation at the University of Massachusetts/Amherst and a member of the MWC Resource Group. His work focuses on the spatial and temporal variation of soil water storage in forested watersheds, stream flow generation and water movement on forested uplands and wetlands, integrated assessment of the hydrological impacts of land use, retrospective modeling of water and sediment yield, and watershed management.

Kristina Ferrare was the original Operations Manager of the Coop before she left to become a full-time graduate student in forestry at UMass. Kristina was the major organizer of the November, 2004 conference on “Fostering a Local Forest Economy: Small Forest-based Businesses as a Conservation Strategy for the Region’s Woodlands”. Before joining MWC, Kristina organized programs and activities for CISA (Community Involved in Sustaining Agriculture).

David Eve is a forest landowner and member of MWC. He is an Assistant Professor of Computer Science at the Massachusetts College of Liberal Arts in North Adams, Massachusetts. Dave has had extensive experience with database development, the design of interactive websites, and the utilization of interactive communications technologies in educational programming and marketing. David is the principle architect of the FSC Certification database that is being developed for MWC.