

## Value Chain Workshop Summary: Furniture and Solid Wood Products

Monday March 9, 2015; 9am – 1pm

Vermont Historical Society, Barre, VT

### Participants

#### Facilitators:

Shanna Ratner, Melissa Levy, Samantha Dunn, Yellow Wood Associates

#### WLEB:

Jared Duval

Jolinda LaClair

Matt Langlais

Lauren Masseria

Joe Nelson

Kathleen Wanner

#### Invited Participants:

Ben Machin, Red Start Forestry

Bob Zider, Manufacturing Extension (VMEC)

Carina Driscoll, Vermont Woodworking School

Charles Shackleton, Shackleton Thomas

Dave Williams, Champlain Hardwoods

David McMath, MD Forestland Consulting

Dustin Glasscoe, Vermont Farm Table

Dwight Sargent, Pompanoosuc Mills

Ellen Kahler, VT Sustainable Jobs Fund

Gaye Symington, High Meadows Fund

George Campo, Sawyer Bentwood, Inc.

Ian Hartman, Farm and Forest Viability

Janice St. Onge, Flexible Capital Fund

Jared Duval, ACCD

Ken Gagnon, Gagnon Lumber

Maureen Herbert, Vermont Technical College

Mike Rainville, Maple Landmark

Peggy Farabaugh, Vermont Woods Studio

Penne Lynch-Ciaraldi, CCV

Rob Riley, Northern Forest Center

Scott Ferland, Cersosimo

## Demand Opportunities and Trends in Furniture and Solid Wood Products

(The two areas chosen for value chain discussion at the workshop are highlighted)

- Consumers have individual wants that can be met through custom handwork using local wood
- **Opportunity to create demand for entry level products for younger customers; especially basic products, e.g. beds, tables**
- Opportunities to provide custom work for other companies
- Opportunities for product diversification
- Opportunities for mass customization (individualization through machining), modification of dimensions
- Upholstered products
- Mixed media products (wood and stone, etc.)
- Consumer demand for transparency and knowing where the wood comes from
- **Opportunities to create demand with specialty wood and local species**
- Opportunities to use social media to increase exposure and build brand
- Demand for FSC certified products among wholesale buyers, but not end consumers
- Opportunities to create demand through innovative products

## Gaps, Barriers, and Opportunities in Furniture and Solid Wood Products

- Demand partners are experiencing shorter and shorter lead times for finished products.
- Demand partners need more wood without defects such as mineral streaks and sticker marks.
- Meeting demand requires reduced lead time for lumber.
- Secondary producers desire to reduce large inventories through more just in time purchasing.
- There is a need for faster shipping beyond the eastern seaboard.
- The scale at which many existing technologies are efficient is too large for smaller producers; they need more outsourcing options (e.g. 3D printers, CNC).
- There is an opportunity to increase the use of short boards.
- The cost of gaining exposure to consumers is high.
- There are no systems to trace wood back to its source operating at scale.
- There is a need for improved education for buyers on maple and local species.
- Firms need more social media expertise.
- Firms need more intellectual advice and information about the industry and business strategies.

## Value Chain Analysis by Opportunity

### Make Maple and Local Species a Trend

The opportunity is to create a “buzz” around the use of maple and other local species, including species that are currently underutilized, by better understanding what appeals to consumers about different species and researching species characteristics and alternative uses; for example, using the rot-resistant qualities of tamarack in outdoor furniture.

The group that worked on the value chain related to making maple and local species a trend identified the following functions needed to make maple and local species a trend. The functions with a (T) are transactional player functions primarily and those with an (S) are supporting player functions. They are arranged in approximate order from consumers to raw materials. Gaps are in bold.



- Figuring out what is attractive to customers about each species (T) & (S)
- Creating stories (T) & (S)
- Finding opportunities for the consumer to be a co-producer; connecting the product to an experience (T)
- Incentives for choosing local species (T)
- Developing staining for maple (T)
- Designs using maple and local species (T) & (S)
- Milling to shorter lengths (T)
- Reducing lag time and improving communications throughout the chain (T)
- Improving timing and reducing waste through pre-processing materials (T)
- Managing ownership of material as it moves through the chain (T)
- Faster kiln drying (T)
- Anchor buyer(s) at the lumber level (T)
- Holding inventory (T)
- Aggregating wood inputs (T)
- Transporting inventory in Vermont (T)
- Catalog (link) to wood availability in the Northern Forest; knowing where to source local (T)
- Chain of custody identification for local wood (T) & (S)
- Group certification (to a Vermont standard?) (T) & (S)
- Long-term ordering of raw materials (T)
- Understanding the different ways local species can be utilized (S)


Some questions, clarifications and additional thoughts that emerged from this discussion include:

- Questions about who would hold inventory, how it would be financed, and how it would be owned as it moves through the chain
- Need for research on utilization of local species and assumptions about utilization that need to be tested

## Entry Level Products for Younger Customers

The opportunity is to design and manufacture high quality basic furniture (e.g. beds, tables, etc.) at a price point that is affordable for young people that can go on to become lifetime customers of fine furniture makers.

The group that worked on this value chain identified the following functions to consistently deliver entry-level products for younger customers. The functions with a (T) are transactional player functions primarily and those with an (S) are supporting player functions. Firms that could potentially fulfill these functions are in parentheses after each function. This list is arranged in approximate order from consumers to raw materials. Gaps are in bold.

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- **Educating consumers (T) & (S) (Pompanoosuc Mills/other retailers)**
  - **Developing stories (T) & (S) (Pompanoosuc Mills/other retailers)**
  - **Creating a market (T) (VMEC, VT Tourism Marketing, VT Agency of Commerce and Community Development)**
  - **Market Research (T) & (S)**
  - **Retail/internet/point of sale connected to the value chain (T) (Pompanoosuc Mills, Lyndon Furniture, Copeland Furniture, Andrew Pierce, VFT, VFD, VFW, Anichini)**
  - Secondary manufacturing (T) (Pompanoosuc Mills, Lyndon, Copeland, Vermont Woodworking School)
  - Investment (T) & (S) (VMEC)
  - Specialty processing (T) (Vermont Wildwoods in Plainfield)
  - **Designing new product lines (T) & (S)**
  - Inventorying/wholesaling/brokering (T) (Champlain Hardwoods, Baker in White River, Goodfellows in Montreal, Vermont Hardwoods, Tom Lathrop, Northland Forest Products (NH))
  - **Aggregating demand among users of specialty and different sized wood (T)**
  - Sawmills (T)
  - **Kiln drying for smaller boards at scale (T) (Amoskeag?)**
  - **Loggers cutting shorter pieces in the woods (T)**
  - Landowners

Some questions, and observations that emerged from this discussion include:

- How can we use smaller trees to make products more affordable? Is there an opportunity with larger trees?
- Partnerships could really improve efficiency and the costs of products if you are working together. There are significant inefficiencies in manufacturing that are raising the costs of production unnecessarily. Addressing these could contribute to consistent supply at an affordable price.
- Figuring out how to manage the inventory of wood is critical. Who holds it and how is the cost of holding it covered?

- There are significant gaps and opportunities for closer relationships between primary processors, wholesalers and secondary processors in Vermont.

## Attendance by Position(s) in the Value Chain

### DEMAND PARTNERS

<i>Business/Org</i>	<i>Name</i>
Shackleton Thomas (Furniture and Pottery)	Charles Shackleton
Vermont Farm Table	Dustin Glasscoe
Vermont Wood Studios	Peggy Farabaugh
Maple Landmark	Mike Rainville
Pompanoosic Mills	Dwight Sargent

### TRANSACTIONAL PARTNERS

<i>Function</i>	<i>Business/Org</i>	<i>Name</i>
Consulting Foresters	Forest Partnership	Ben Machin
Consulting Foresters	Upland Forestry	Joe Nelson
Consulting Foresters	MD Forestland Consulting	David McMath
Log Yards	Gagnon Lumber	Ken Gagnon
Processors	Gagnon Lumber	Ken Gagnon
Processors	Cersosimo Lumber	Scott Ferland
Dry Kilns	Vermont Woodworking School	Carina Driscoll
Dry Kilns	Cersosimo Lumber	Scott Ferland
Brokers / Wholesaler	Champlain Hardwoods	Chris Castano
	Red Start Forestry / The Forest Partnership	Ben Machin
Brokers / Wholesaler	Shackleton Thomas	Charles Shackleton
Secondary Producers	Vermont Woodworking School	Carina Driscoll
Secondary Producers	Saywer Bentwood	George Campo
Secondary Producers	Maple Landmark	Mike Rainville
Secondary Producers	Pompanoosic Mills	Dwight Sargent
Secondary Producers	Vermont Farm Table	Dustin Glasscoe
Designers	Vermont Farm Table	Dustin Glasscoe
Designers	Shackleton Thomas	Charles Shackleton
Designers	Pompanoosic Mills	Dwight Sargent
Partners in Other Industries	Shackleton Thomas (Pottery)	Charles Shackleton
Distributors	x	
Transporters	Pompanoosic Mills	Dwight Sargent
Transporters	Cersosimo Lumber	Scott Ferland

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**SUPPORT PARTNERS**

<i>Function</i>	<i>Business / Org</i>	<i>Name</i>
Technical / Business Advisors	VT Department of Forests Parks and Recreation	Matt Langlais
Technical / Business Advisors	VT Wood Manufacturing Association	Kathleen Wanner
Technical / Business Advisors	VT Woodlands Association	Kathleen Wanner
Technical / Business Advisors	Northern Forest Center	Rob Riley
Technical / Business Advisors	Vermont Sustainable Jobs Fund (Peer-to-Peer Program, Vermont Agricultural Development Program)	Ellen Kahler
Technical / Business Advisors	Champlain Hardwoods	Chris Castano
Technical / Business Advisors	VT Farm and Forest Viability Program	Ian Hartman
Technical / Business Advisors	VT Department of Economic Development	Jared Duval
Financers/funders/investors	VT Department of Economic Development	Jared Duval
Financers/funders/investors	The High Meadows Fund	Gaye Symington
Financers/funders/investors	VSJF Flexible Capital Fund	Janice St. Onge
Financers/funders/investors	Vermont Agency of Agriculture, Food and Markets	Jolinda LaClair
Educational Institutions / Training Providers	Community College of Vermont	Penne Lynch-Ciaraldi
Educational Institutions / Training Providers	Northern Forest Center	Rob Riley
Educational Institutions / Training Providers	Vermont Woodworking School	Carina Driscoll
Educational Institutions / Training Providers	Vermont Technical College	Maureen Herbert
Researchers	Vermont Technical College	Maureen Herbert
Researchers	Vermont Department of Economic Development	Herbert
Insurance Providers	x	Jared Duval
Certifiers	x	
Government / Regulatory Policy	Vermont Department of Economic Development	Jared Duval

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Government / Regulatory Policy	Vermont Agency of Agriculture, Food and Markets	Jolinda LaClair
Government / Regulatory Policy	Vermont Department of Forests Parks and Recreation	Matt Langlais
Media	Northern Forest Center	Rob Riley