

Does Woodmetrics get you more money for your trees? You decide!

Case Study No. 3:

This case study relates to a **forest road construction project** currently being managed by Woodmetrics in north Auckland.

Just as we competitively market your trees to identify the **highest payer for your wood**, this is an example where Woodmetrics competitively tendered out the road construction for our customer to identify the **lowest cost bidder** (subject of course to safety, environmental, financial and performance criteria still being met).

Facts:

- Rodney Forests Ltd (RFL) comprises 160ha block of mature radiata pine
- 4 age classes (early 1970's) including pruned, unpruned, thinned and un-thinned
- 144 shareholders
- Terrain: Steep hill country requiring ridge roading

Road Engineering & Road-line Salvage Tender: Main Points:

- Access required for 3 year sales program and replanting
- 2.8km of new road construction, 2.5km upgrade roading
- 11 hauler landings and turnarounds
- 18 culverts and associated fluming

Results:

Those tendering were asked to submit two prices: **1)** the engineering cost and **2)** the value they put on the trees (5,000 tonnes of road-line salvage). A combined net total cost was then arrived at.

- 3 tenders were received – all met required performance and experience criteria
- Winning tender was just **43%** of the highest cost tender
- The most expensive tenderer could pay **31% more** than anyone else for the trees, yet had a **total cost 134% dearer** than the best tender, because of their engineering costs!

Key Points:

Running with the buyer who has the best price for your trees does not always mean you are getting the best total return for your forest.

In this real life example, if our customer had dealt directly with the buyer who had the best price per grade of log, he would have been **hundreds of thousands of dollars worse off**.

At sale time many forest owners are presented with an 'open book' detailing log prices per grade, road engineering costs, & harvesting, distribution and port costs. Unless an expert in all these fields (many of them moving targets) there is no way the average forest owner can know if the projected combined costs and revenues represent the best deal for them. **Why take the risk?**



To contact us, call **0800 966 363** to be put through to your local representative.