

# **History of the Massachusetts Woodlands Cooperative (MWC)**

September 9, 2011

## **Background**

This document provides information about the history of the Massachusetts Woodlands Cooperative (MWC), a management, processing and marketing cooperative that was organized by and on behalf of forest landowners in western Massachusetts. The Cooperative began in June of 2001 and closed its doors on July 30, 2011. Components of this document focus on:

1. The forest setting in western Massachusetts
2. Creating 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. HomeGrown Wood™
8. The membership expansion grant from SARE
9. Support from the Massachusetts Department of Agricultural Resources (MDAR)
10. The Biomass feasibility study
11. The Land Trust Initiative
12. Grant Support
13. Closing the Cooperative
14. Recommendations for forestry cooperatives based on our ten years of experience

### **1. The Forest Setting in Western Massachusetts**

Nine ecoregions cover 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, most of it imported from out of state. 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) this approach 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.

## 2. Creating 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 decades. By October of 1999, this discussion group broadened 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 interest among landowners in western Massachusetts.

During the spring and summer of 2000, personnel from the University of Massachusetts 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. Information about the forest landowner survey can be found at [www.masswoodlands.org](http://www.masswoodlands.org).

**Mission Statement of the Cooperative:** The Massachusetts Woodlands Cooperative (MWC) was a forest landowner management, processing and marketing cooperative organized by and on behalf of forest landowners in western Massachusetts. The mission of MWC was 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 was a business that was owned and controlled by members who used 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 were generated from efficient operations or adding value to products, these earnings were 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 was the responsibility of all cooperative members.
- 2) **Sustainable Forestry:** Sustainable forestry included 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 should create a sustained flow of forest benefits including timber, wildlife, clean water, aesthetics, and recreation.
- 4) **FSC Certification:** Forestry standards were to be further enhanced by the organization's involvement with FSC certification.

- 5) Local Economy: The cooperative should strengthen the local economy by using local businesses whenever possible.
- 6) Landowner Income: Individual landowner income from the sale of forest products should increase as a result of their participation in the cooperative.
- 7) Education: Educational activities sponsored by the cooperative should 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 included an emphasis on practicing sustainable forestry and preserving the working forest landscapes of western Massachusetts for future generations. In the process, the cooperative would 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 were 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 was organized under the Massachusetts Limited Liability Company Act (M.G.L. Chapter 156C) as a Limited Liability Company that operated as a cooperative. Operating as a cooperative meant: (1) each member had one vote, and (2) profits generated from efficient operations and adding value to products were returned to members in proportion to their use of the Cooperative.

**Membership**: Membership in MWC was by invitation to forest landowners who met the following criteria: (1) accepted the values and operating principles of the cooperative, (2) remained in good standing by paying membership fees and patronizing the cooperative, (3) owned 10 or more acres of forestland, and (4) had in place (or was willing to develop) a forest management plan that met 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 Forest Stewardship Council (FSC) certified was a critical factor in organizing the coop 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 served as a screening mechanism for the Coop since it attracted landowners and collaborators who had the same values regarding sustainable forestry. The green certification principles and criteria established by FSC supported the values, beliefs and operating principles of the Cooperative. Obtaining FSC certification 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 were met; and (3) add value to the products that were 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 enabled the Coop to include additional forest landowners in the Coop's certification pool when their forest management plans and practices met FSC standards. Group CoC certification enabled the Coop to add new business partners to the FSC Chain-of-Custody pool when they met the FSC CoC standards. As a result, the Coop was in a unique position to expand the number of forest acres in Massachusetts that were FSC certified while at the same time increasing the number of forest-based businesses that became FSC Chain-of-Custody certified.

**Value-Added Products:** In order to increase the profits retained by members of MWC, value had to be added to the forest materials harvested from their land. This could 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 was expanded and the profits derived from these value-added products were returned to the landowner. Forest landowners also increased their revenue stream (and the health of their remaining forest trees) since the Cooperative focused 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 Cooperative were based on: (1) the collection and use of appropriate data (e.g., from the 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 included the following:

- 1) Database Development: Since information management was 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 were 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 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 June 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.masswoodlands.org](http://www.masswoodlands.org)) and collaboration 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”.

The Coop and the Institute had very close ties, including shared board membership, shared staff, and a common philosophy and set of values about forest stewardship. While the Coop has been closed, the Institute will continue its work as an independent affiliate of the Franklin Land Trust, which will provide logistic support, a place to operate and organizational connections. It is our intention that the Institute should become a vehicle that continues the personal and professional relationships formed through the Cooperative.

#### **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 were 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 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. Additional information on these pilot projects is contained in Profiles from Working Woodlands: Exploring Forest-based Enterprises in Western Massachusetts (available at [www.masswoodlands.org](http://www.masswoodlands.org)).

#### **5. Development of 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 were 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) certified materials and other value-added forest products. Project activities included:

- 1) Development of Niche Markets: Development and implementation of 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 FSC certified material, MWC also needed to receive group Chain-of-Custody certification from FSC. This required: (1) development of a system for monitoring forest materials as they were transformed into value-added products; and (2) establishing a network of value-added producers who were 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 was available for harvesting from MWC members; (2) monitor forest materials as they were 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 could have access to information about their property.
- 4) Expansion of 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 wanted to expand its membership base to 50+ members with over 8,000 acres of forest land and identify regional artisans, craftspeople and other woodworkers who: (1) became affiliates of MWC; (2) received Group FSC Chain of Custody certification as a part of their membership; and (3) created 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 compiled, organized and disseminated 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. 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 was not only that the wood should come from local family forests and be processed by local businesses, but that the forests should be managed to the highest standard possible and be part of our landscape and economy in perpetuity. Because the Coop owned and managed the wood through every step of the value-added process, customers would come to learn 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 gave 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 was featured on Coop products and brochures.

## **8. 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 had 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).

## **9. Support from the Massachusetts Department of Agricultural Resources (MDAR)**

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 promoted 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 Cooperative received a grant from MDAR to develop and implement a collaborative print, radio, internet, agricultural fair marketing strategy that promoted sales by small agricultural enterprises that were members of the Cooperative. In January of 2008, the Coop received a grant from MDAR to expand the production, distribution and sales of locally grown, FSC certified forest products in Massachusetts. Project goals and objectives of this two-year grant included: (1) expansion of the FSC certified acreage among Massachusetts forest landowners; (2) increased Coop harvesting of FSC certified timber from Massachusetts forest landowners; (3) expansion of local Massachusetts production of FSC certified logs into value-added FSC certified products; (4) expanded distribution of locally grown, FSC certified products through area retail stores and other businesses; and (5) increased 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 was harvested from Coop member properties. The value added products to be examined included: (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 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 operated in western Massachusetts learned about: (1) the use of sustainable forest management; (2) FSC (Forest Stewardship Council) certification; (3) how their land trust properties could 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 received technical assistance as they developed their FSC certified forest management plans and applied for membership in the Massachusetts Woodlands Cooperative.

### **12. Grant Support**

Grant support enabled MWC to build an infrastructure that included: (1) an outstanding staff; (2) a growing network of harvesting, processing and marketing partners; (3) knowledge of the best loggers, foresters, and sawmills with whom to work; (4) a system for monitoring the harvesting, processing and marketing of coop products; (5) an information management database; (6) FSC Group Certification of member properties; (7) FSC Group Chain-of-Custody certification; (8) a product trademark (HomeGrown Wood™); (9) a talented and involved Board of Directors; and

(10) an excellent reputation. However, all of these strengths were not enough to generate sufficient profit to guarantee the survival of the MA Woodlands Cooperative.

### 13. Closing the Cooperative

On May 26<sup>th</sup>, the Coop Board of Directors voted unanimously to close the MA Woodlands Cooperative effective at the end of July, 2011. This decision was based on the following reality:

1. The Coop was not able to survive as an all-volunteer organization involved in the harvesting, processing, aggregating and marketing of kiln dried, graded lumber.
2. Members were not able to provide the entrepreneurial leadership needed to turn the Coop into an organization that was both self-sufficient and economically sound.
3. The economic downturn had a negative impact on the market for Coop products.
4. The Coop had no remaining grant funds available to support staff and operations.
5. The Coop had no new grant opportunities or other financial support available.
6. Delay or indecision by the Coop Board would compromise the organization's ability to meet remaining obligations.

During its ten years of operation, the MA Woodlands Cooperative achieved a great deal that its members can be proud of. Among other accomplishments, the Coop led in developing of a model of Forest Stewardship Council sustainable forestry on private woodlands which has now been taken up statewide; provided business support to a number of local forest-based enterprises; and, not least of all, created a network of friendships and connections among landowners and forest-based businesses that will endure into the future.

### 13. Recommendations for Forestry Cooperatives Based on our Ten Years of 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:** A 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, federal and state regulations and legal requirements, value-added wood processing, marketing, customer services, database development, grant writing and other topics. It is preferable to obtain this expertise from volunteers who can establish and maintain networks with 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 were involved because

of the public service mission of the University, their interest in what we were 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 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 a 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.
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 a coop membership should be by invitation from the Board of Directors and developed a screening process that selected new members who were 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 were careful not to make statements that indicated we were already operating as a successful business.
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 had 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.
12. **Focus on Creating a Successful Business:** Cooperatives need to generate income to 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 found that external help in business planning can be expensive and lead to inappropriate advice.
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 and have someone who can provide the necessary paperwork and evaluation in a timely fashion.
16. **Avoid Debt:** Our group decided to avoid taking on any debt until we could 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 can be very helpful. Include individuals within your resource group who have experience and an interest in developing proposals that will assist the coop and monitoring grants when they are received. 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 coop, 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 with other members of the traditional forest industry. 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 used email as an effective way of keeping members informed; those members who did not have email access received 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.