Developing the Business: Logging Contractors’ Strategic Choices for Profitability and Work Environment

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New Contracting in Forestry
Over all objective: Exploring logging contractor strategies for business and work environment development.

Current research
Focusing on logging contractor incentives for investing in and developing new products and services as well as existing business activities.
**Interviews**

In all 33 interviews with logging contractors, representatives of forest companies and industries and forest owners’ associations, and forest machine manufacturers.

First set of 15 interviews in 2002.
Third set of 10 interviews in autumn 2003.

**Seminars**

November 2002: Decision makers from all three forest sub-sectors.
January and February 2003: Networks of forest machine contractors.
February 2004: Contractors, operators and supervisors.

**Business development - Entrepreneurship**

- **Schumpeter (1911)**
  
  *The entrepreneur disturbs market equilibria.*

- **Penrose (1959)**
  
  *The enterprising attitude as a character of the growing firm.*

- **Kirzner (1973)**
  
  *The entrepreneur takes care of market disequilibria.*

- **Moran & Ghoshal (1999)**
  
  *Firms and market together create market efficiency.*

- **Gick (2002)**
  
  *Need for a firm to connect entrepreneurship and resources.*
Strategies - Definitions

Five interrelated definitions of strategy (Mintzberg, 1987a):

- Plan
- Ploy
- Pattern
- Position
- Perspective

Strategies - Examples

- Porter (1980)
  The importance of external factors in gaining competitive advantage.
- Weick (1987)
  Construction giving meaning to the preceding action.
- Grant (1991)
  Deployment of existing capabilities and development of the resource base.
- Storey (1994)
  Ways to achieve one’s goal.
- Moran & Ghoshal (1999)
  Firm-level strategy is about value creation and value appropriation.
Three levels of contractor development intensity

- Taking active initiatives trying to develop new products and services for supply to the market.
- Reacting on expressed customer demands but not taking initiatives of their own.
- Being all passive making no efforts to develop new products or services.

The contractors’ secondary business

- Planning and follow-up
- Silviculture; e.g. soil preparation, planting, pre-cleaning
- Manual and motor-manual forest work
- Road transports; e.g. wood and machine transports
- Market co-ordination activities
- Wood trade and procurement
- Other contracting equipment; e.g. excavators
- Wood fuel; e.g. harvest of forest residuals
Contractor impeti behind investing in new products and services

- Utilise personnel or machine resources or the company’s competence more effectively
- Give opportunities for more varied tasks
- Satisfy curiosity or other special interests of the contractor
- Meet explicitly expressed demands or requirements from customers
- Strive to supply customers with more valuable products and services
- Reduce or spread risks
- Make co-ordination profits
- Provide employment for people asking for work in the company
- Utilise changes in the market structure

Interpretative framework of a notion of strategy