

DWP Harvesting Collaboration grows forestry co-operative

Joining forces has allowed forest owners across the North and North East of Scotland to maximise their profitability through a managed harvesting programme that ensures volume contracts with processors.

DWP Harvesting is a consortium co-operative of 36 forest owners from Perthshire to Morayshire. Established in 1987, the members produce 25,000 tonnes a year of wood products. These include saw logs, pallet logs, chipwood and biomass for the UK market and pulpwood for export to papermills in Sweden and Finland. The co-operative itself has no employees, but Andrew Nicol, a Chartered Forester, is retained as DWP's managing and marketing agent on a commission basis.

He says: "Our members are able to achieve more working together than they would on their own.

"Everyone benefits from economies of scale. We can provide continuity of supply to the sawmills and wood processors and continuity of work for the harvesting and haulage contractors. We are here to help the members meet their strategic objectives and put cash in their pockets."



MAIN BUSINESS

Timber marketing

ANNUAL TURNOVER

£600,000

NUMBER OF MEMBERS

36

WEB ADDRESS

www.dwpharvesting.co.uk



HOW IT STARTED

DWP grew out of a tight-knit group of forest owners who all knew each other beforehand. They set up the co-operative in 1987 to manage and market commercially forest resources that had become re-established following mass fellings during World War II.

FUNDING THE BUSINESS

Each member contributed £100 towards working capital at the outset to cover legal and administrative costs. New members are also asked to make this one-off contribution. The co-operative retains a percentage of revenues from timber sales to cover running costs including the managing agent's commission, auditor fees, health and safety signage and forestry anti-fungal treatments.

THE CHALLENGES

Low margins – securing a sensible return for members over the last decade has been difficult due to poor timber prices. The co-operative has more bargaining power than the members would have on their own.

Poor understanding – members and potential customers have sometimes struggled to understand the co-ownership structure and role of a co-operative. This has improved over time.

Breaking into biomass – it has taken time to build up contacts and relationships in this sector. DWP now supplies significant quantities of wood fibre for biomass.

MEMBER ENGAGEMENT

Board meetings – DWP's seven directors attend quarterly board meetings. All members are encouraged to attend the Annual General Meeting.

Managing agent – DWP's managing and marketing agent is retained on a commission basis to deal with sales, invoicing, payments, governance, business development and other supporting roles.

New member receptions – members are invited to attend receptions for potential new members.

THE BENEFITS

Economies of scale – pooling volumes allows the members to benefit from lower harvesting, haulage and processing costs and better prices for their goods.

Hassle-free – by handling operations and paperwork, the co-operative takes the hassle out of selling timber.

Continuity of supply – providing continuity of supply allows the co-operative to build long-term relationships with suppliers, contractors and customers.

Lobbying support – the co-operative lobbies on behalf of members in Westminster, Holyrood and at local government level.

Knowledge – members are offered information and advice to keep them up to date on industry developments, events and opportunities.



Our members are able to achieve more working together than they would on their own.



Andrew Nicol, DWP Harvesting

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