

Going to Bat for New Bid Process at Huber Timber

Believing that high-end specialty logs could fetch far higher prices, Huber Resources Corporation's team in Millinocket, ME, came up with a creative method to maximize this scarce resource. Instead of selling its unique and top quality logs in bulk, the team operating the log optimizer decided to market and offer them one at a time in an organized bidding process. The results have been significant.

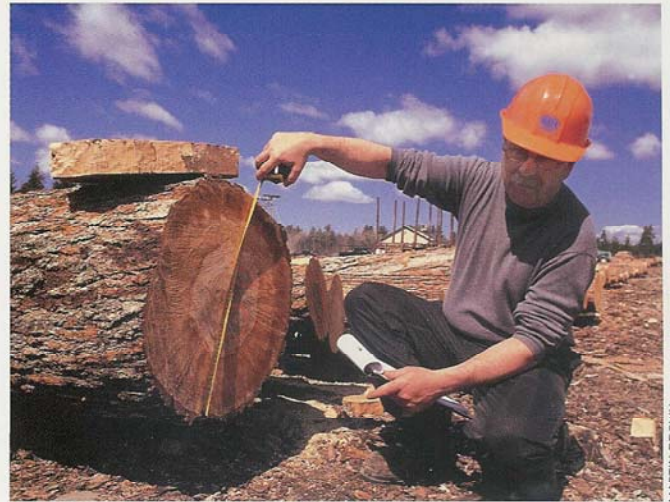
"People were telling us they were willing to pay more for products, but we were dealing mainly with one or two customers for our entire inventory. What we decided to do was sort out logs with potentially high value. Our first sale was a year ago and we picked out 300 logs that we thought were unique or had a high value. We put them out in our yards with sheets marking each log with its value, species, size and remarkable traits. Then bidders were able to come in and mark down what they were willing to pay," says Alan Roberts, Road Supervisor for Huber Resources.

"There was an awful lot of apprehension about this. My way of thinking was that this was a fair thing to do. There had been so many people saying they would pay a high price, but they weren't allowed to even look at the logs. The only sure way to find out the real market price was to take the plunge," Roberts acknowledges.

Scaler Reona Cole marks a sold log with the purchaser's color to identify it for the optimizer crew.



MARTIN BROWN



MARTIN BROWN

Timber customer Dale Smearer measures the diameter of a log.

According to Peter Triandafillou, Vice President—Woodlands, "The bid sale increased the selling price of our high value products by 11 percent over the price we were getting for those products before we tried the bid sale. More importantly, it increased the selling price of 'birdseye' logs by 49 percent. The grading of these logs is very subjective and highly variable. By having the buyers bid on each log, we were able to assure that each log went to the market that valued it the most." Birdseye maple logs have an internal figure that looks like an eye. Once considered defective, it is now among the most valuable woods in the world. Birdseye veneer and solid wood is used in fine furniture, architectural details and luxury car interiors.

The innovation worked so well that the bidding process has become a regular occurrence at the Maine operation. Learning from the initial event, the bids are held more frequently on a smaller scale—about 100 pieces—to minimize potential damage to the logs as they were being removed from the yard. Some logs with very particular characteristics that might not be of interest to large commercial markets have found their way into the woodshops of artisans seeking out unique pieces. And, Roberts reports, one new customer is selling the hardwood maple and ash he buys from Huber to manufacturers of Major League Baseball™ bats. ■

Major League Baseball is a trademark of Major League Baseball Properties, Inc.