

**THE STATE, & FUTURE PROSPECTS, OF
SCOTTISH HARDWOOD PROCESSING & SUPPLYING BUSINESSES
2004**

**A REPORT FOR
FORESTRY COMMISSION SCOTLAND**

**PREPARED
BY
JOHN CLEGG CONSULTING LTD**

OCTOBER 2004



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1. INTRODUCTION & BACKGROUND

BACKGROUND

1.1. At the last meeting of the Scottish Hardwood Timber Market Development Group in 2002, it was agreed by the members that it would be valuable strategically to have an assessment of the growth in processing capacity within the small-scale hardwood sector from 1996, when the Group was first set up, until the time when the Group ceased operating. It was also felt that the opportunity should be taken to identify the development intentions of businesses in 2003, since this would provide an indication of the overall health, viability and immediate development potential of the sector. John Clegg Consulting was commissioned to undertake the survey and the results were presented in a report called "An Assessment of the Growth in Scottish Hardwood Sector Businesses and their Impact on the Utilisation of Scottish Hardwoods and the Economy of Rural Scotland". The main conclusions of the survey were, in summary, that between 1996 and 2002:

- The number of businesses that supplied Scottish hardwoods and hardwood products had increased by 50%. Many were involved in adding value activities.
- Over half the businesses had experienced an increase in turnover and profitability in the previous 6 years, and 15 had invested over £750,000 during the 6 year period in items such as kilns, machinery, buildings and stock.
- Although there had been a loss of 14 jobs from some businesses, this has been more than compensated for by the 23.5 jobs created by others, which gave a net increase of 9.5 jobs, excluding other casual and part time work that was offered. 20 businesses had increased their consumption of broadleaved sawlogs by an estimated 4,335 tonnes/annum, but unfortunately this had not been sufficient to compensate for the loss of the chock wood market that was estimated to have dropped by about 6,000 tonnes/annum.
- Asked about their business development prospects in 2003, 16 said they expected to increase their turnover, with a further 2 anticipating only a slight increase.
- 16 planned to make further investments amounting in total to about £550,000 in kilns, machinery, storage areas, stock, and in marketing.
- 15 businesses anticipated taking on a total of up to 17 more employees in addition to using more local casual labour, with none of the businesses planning to shed any labour.
- 14 businesses planned to increase their use of hardwoods in total by some 2,150 tonnes in 2003 with only an expected reduction in consumption of less than 200 tonnes due to increased competition from imports.

1.2. These results presented a very encouraging indication of the health and future prospects of the mainly micro-businesses involved in processing, or supplying, Scottish grown hardwoods. With the ending of the Scottish Hardwood Market Development Group's (SHTMDG) activities, responsibility for promoting, supporting, and co-ordinating the activities of these businesses, and developing the markets for Scottish grown hardwoods, fell to the Association of Scottish Hardwood Suppliers (ASHS) which is a co-operative organisation that was set up by hardwood businesses themselves with the support of the SHTMDG in 1999. As a new co-operative it therefore had to shoulder significant responsibility within a very short period of time of being established and with very few financial resources of its own. To ease the transition, some financial

support was made available to ASHS through a Forestry Commission Scotland led EU co-financed ERDF project, "Forest Products Initiative" (East of Scotland) from June 2003–December 2005. This support has also enabled the development and delivery of valuable marketing opportunities such as the now annual Scottish Woodfair. Two of the objectives of this survey were therefore to assess how successful ASHS has been in taking on the tasks that it had had to shoulder, and to explore what additional institutional and organisational support the individual businesses in this sector felt they could benefit from, or would like to have.

SURVEY OBJECTIVES

1.3. The objectives of this voluntary, confidential, survey, which was financed by Forestry Commission Scotland, were to:

- Establish whether the forecasts made by businesses in 2002 for their activities in 2003 were realised and, if different, what the reasons were.
- Identify how many people were employed in these businesses and what constraints, if any, might exist to them increasing the number of people they employed.
- Assess how these businesses perceived their business prospects in the year ahead.
- Obtain the views of businesses on the level of support they were receiving from existing organisations, and whether the individual organisations could take any action that might assist the overall development of the sector and individual businesses.
- Establish whether imports, or lack of availability of Scottish grown hardwoods, were constraining the development of businesses predominantly using Scottish grown hardwoods.

METHODOLOGY

1.4. The information could have been collected by postal, telephone or personal interviews. Given the need to minimise the amount of time that individual businesses would have to spend in taking part in the survey, and the funding available, it was decided to undertake the survey by telephone. It was also felt that the response rate to a telephone survey was likely to be much higher than a postal one. A copy of the structured telephone questionnaire that was developed, and used, is given in Annex 1.

SIZE OF SURVEY

1.5. The businesses that were identified for inclusion in the telephone survey were taken from the Forestry Commission's list of 'Suppliers of Scottish Hardwood and Hardwood Products' produced in December 2002, and from ASHS' current membership list. The total potential number of businesses identified for inclusion in this survey was 28 and this is two more than the total in the 2002 survey. This list does not include all businesses in Scotland that use Scottish hardwoods because there are many furniture makers and other small craft-based industries that are not shown. However the two lists are thought to include all the main producers and suppliers of processed Scottish hardwoods in Scotland that are likely to have any significant impact on the use of Scottish hardwoods. A number of sawmills also supply larch, Cedar and Douglas fir for specialist markets such as cladding, panelling and structural beams. This work often coincides with the summer months when fewer hardwoods tend to be felled.

1.6. A total of 25 out of the 28 businesses identified (89%) very kindly agreed to spend time taking part in this survey in 2004. This compares with the 24 out of the 25 businesses that took part in the 2002 telephone survey. One of the 28 businesses in this survey existed in 2002 but didn't take part in the 2002 survey. Another point to note is that this survey includes 2 new businesses that have been set up since 2002. Although these businesses are small, this is an 8% increase in the total number of businesses using or supplying Scottish grown hardwoods, which is an encouraging rate of business growth.

1.7. The business that declined to take part in the 2002 survey was assumed likely to hold the same view and was not approached about the 2004 survey. The owners of two other businesses declined this year – one was a member of ASHS and the other was not. Both said they were often being asked to take part in surveys and their contributions never seemed to have any effect or brought any benefits to their businesses and therefore they would prefer not to take part in the survey. The ASHS member went on to say that his business was going extremely well and that the prospects looked very good.

ACKNOWLEDGEMENTS

1.8. We would like to thank all the businesses that gave their time so generously to take part in this telephone survey. Their enthusiasm is much appreciated and their cumulative views are set out in this independent report. We would also like to acknowledge the support and interest of the Co-ordinator and Directors of ASHS throughout the survey. Derek Nelson of Forestry Commission Scotland initiated this survey work and we would like to thank him for his very helpful comments on the initial drafts of the telephone questionnaire and the final report.

2. ACHIEVEMENT OF 2003 BUSINESS FORECASTS

2.1. This section summarises the results of comparing the forecasts that the businesses themselves made for some of their business parameters (turnover, capital expenditure, employment, and usage of Scottish hardwoods) in the 2002 survey with the results of the 2004 survey where each business was asked to estimate whether they had actually achieved their forecasts, and where differences occurred, what the reasons were.

2.2. An analysis of the responses that were received produced the following results:

Forecast Outcome	No of Responses	%
Exceeded 2002 Forecast for 2003	4	16.0
Achieved 2002 Forecast for 2003	5	20.0
Nearly Met 2002 Forecast for 2003	6	24.0
Did Not Achieve 2003 Forecast	7	28.0
Did Not Participate in 2002	3	12.0
Total	25	100.0

2.3. 76% of the businesses who took part in the 2002 survey almost achieved, met or exceeded their forecasts for developing their business in 2003. The reasons for 28% of the businesses not achieving their forecast for 2003 should not be perceived always as a negative outcome. In some cases businesses met one, two or three of their targets but not all four. The reasons for individual businesses falling below their 2003 forecasts were discussed with them and the answers they gave are summarised below:

- The capital investment went ahead but second hand machinery was installed rather than new equipment which reduced total forecast capital expenditure.
- 3 businesses postponed their investment plans, but now expect to proceed with them.
- The impact of Foot & Mouth Disease lasted longer than expected for one of the businesses.
- A total of 12 full time jobs and 1 part time job were created against a forecast of 15–17 full time jobs and 2 part time ones.
- Less hardwood logs were used by one of the businesses because they started to cut boards rather than less processed material.
- There were strategic or management reasons for 4 businesses not achieving their forecast: 1 moved from mainly furniture making to working on green oak buildings; 1 took the opportunity to expand their softwood activities as an opportunity came up unexpectedly; the owner of the third business concentrated more on another business than he had expected; and the owner of the fourth company had a change in personal circumstances.
- 1 business used less Scottish hardwoods because of the ready availability of imported hardwoods at a price and quality that was more profitable to it.

2.4. As might be expected there were a number of practical reasons why forecasts were not achieved, but it is worthy of note that none was due to the absence of markets, or a decline in markets for hardwoods. It is also important to note that 5 businesses (20%) achieved their forecast, and 7 businesses (28%) exceeded theirs.

2.5. Other issues that businesses mentioned as being of significance to them during 2003 were: they were able to offer a wider range of products because they had built more storage; a presence at the Highland Show had opened up new markets; it had been difficult to find a suitable person to employ; the cost of insurance had been a problem; imported French hardwoods were easier and much cheaper to use at present and the quality was more consistent.

3. DEVELOPMENTS IN HARDWOOD MARKETS IN 2003

3.1. Interviewees were asked whether they had particularly noticed the size of any specific market segments for Scottish hardwoods either increasing or decreasing, and whether any new markets were developing. Their answers are summarised below:

- The flooring market continues to be perceived as one that is growing. It is also a dynamic one as far as the businesses that were surveyed are concerned; some are expecting to supply more material into this market, while some are looking to move out of it as they felt it is getting too competitive, particularly due to price competition from flooring products from Europe.
- Cladding is seen as a new market that is developing quite rapidly for oak and also for European larch.
- The beam market appears to still be strong and one interviewee thought that it might be strengthening slightly.
- New build (green oak) and building/house extensions using Scottish hardwoods is another market that is perceived to be growing as a result of increased interest from architects. It was suggested that the Channel 4 Grand Designs programme had been a major influence on them, as had been the market development work of Forestry Commission Scotland and other organisations.
- The joinery and mouldings markets were also identified as ones that provided opportunities.

One business specifically mentioned working in fitting out hotel bars.

- The furniture makers market is still a very important one.
- Many businesses are supplying a variety of other small value added markets, or are looking at ways to get into them by investing in suitable machinery to do so.
- There is a gradual trend towards the use of more product than planking

3.2. Although this survey did not identify any new markets, it has indicated that the existing ones were all in a healthy and robust state in 2003 and early 2004.

4. EMPLOYMENT WITHIN THE SECTOR IN 2004

4.1. This section provides information on the number of full and part time jobs presently provided by businesses using or supplying Scottish hardwoods and an analysis of what the major factors are for these businesses when they are considering taking on additional employees.

No of Full Time Jobs involved with Scottish Hardwoods	No. of Part Time Jobs involved with Scottish Hardwoods	Total No. of Jobs in Sector
48	37	85

4.2. The total number of people employed on a full or part time basis by the businesses that took part in the survey is given below:

4.3. There are a number of points to note about the above figures:

- The figures are only for businesses that are located in Scotland. There may be other businesses that process Scottish hardwoods that are located in England.
- Three businesses did not take part in this survey. If it is assumed that each had one full time employees/owner then the number of full time jobs will total 51.
- There are 2 larger businesses that have used Scottish hardwoods in the past, but they now use very little. We have only assumed in these two cases that together 1 full time and 1 part time job can be attributed to Scottish hardwood use out of their much larger workforces.
- Some of the part time jobs are more regular than others and it is impossible to classify these in any more detail.
- These figures underestimate the total numbers slightly, and more particularly the rural impact of these businesses, because 3 businesses specifically mentioned that they took on more help from time to time on an 'as required basis' and 2 mentioned that they worked on a barter basis with other businesses or people.

4.4. The businesses interviewed were asked to identify what were the major factors influencing any decisions that they might make about taking on extra employees. Several businesses cited more than one reason so the total will not agree with the total number of businesses that were surveyed. Their answers have been analysed and are shown on the next page.

Factors Influencing Decisions on Creating more Jobs	No of Businesses Citing Reason	%
Growth in Turnover/Size of Sales	10	25.6
High Cost of Employers & Public Liability Insurance	7	17.9
Finding Right Person for the Pay	6	15.3
Health & Safety Legislation	7	17.9
Overhead Costs/Admin Hassles/Stress	4	10.3
Like to Work on Own	1	2.6
Need to Create More Space	1	2.6
Ability/Time to Supervise Quality/Standards of new employees	1	2.6
Availability of Scottish Hardwoods	1	2.6
Need External Support with Finance & Marketing	1	2.6
TOTAL NO OF REASONS GIVEN	39	100.0

4.5. The major factor holding back the creation of more jobs in these businesses, not surprisingly, is the size of their sales/turnover. If taken together, the cost of insurance and Health & Safety legislation, over which the businesses have little control, is a slightly more significant factor. One interviewee commented that a significant amount of the money the business earned was spent on keeping up with new legislative requirements. The third most significant factor for businesses thinking of taking on more people is finding the right person for what the business is able to pay. One interviewee suggested that insurance costs and Health and Safety legislation may encourage the establishment of new one person businesses rather than the existing businesses creating more jobs. The results of this survey suggest that new businesses are being established but some of the existing businesses are also creating more jobs.

5. GROWTH PROSPECTS IN 2004–05

5.1. As in the 2002 survey, businesses were asked to forecast what they thought might happen to their turnover, capital expenditure, employee numbers and usage of Scottish grown hardwoods in the coming year. It was felt that the figures given for these four key parameters, when taken with the results of the analysis of what the businesses actually achieved in 2003, would give a good picture of the overall health, viability and prospects of the Scottish hardwood sector. We have attempted to give a broad overall assessment of the net growth of these businesses by separately identifying the impact of the 3 businesses that postponed their development plans which we included in the 2002 survey. Other minor changes in the parameters from businesses 2002 forecasts have not been allowed for.

BUSINESS TURNOVER FORECASTS

5.2. The table below shows what increase in turnover all the businesses in the survey expect in the coming year (2004/05). This includes the 3 businesses that did not implement the investment plans mentioned in the 2002 survey. The table also shows the net impact of excluding the increase in turnover that was expected with the investment.

	Forecast Percentage Change in Business Turnover for 2004/05					
	30% +	Up to 20%	Up to 10%	No Change	Reduced	Don't Know
All Businesses	4	4	6	8	2	1
Net Increase over 2002 Survey	3	4	4	8	2	1
% of All Businesses	16.0	16.0	24.0	32.0	8.0	4.0

5.3. The survey has shown that 56% of all the businesses in this survey (25) involved with Scottish hardwoods expect their turnover to increase by up to 10% or more, while 32% expect no change. At least 2 businesses saw the coming year as a period of consolidation having just completed investments. 3 of the businesses expect to implement the investment plans mentioned in the 2002 survey but were postponed for various reasons

CAPITAL INVESTMENT FORECASTS

5.4. A total of 15 businesses (60%) anticipate making capital investments in their businesses during the coming year totalling up to £322,000. Of this total, 3 businesses expect to implement the investment plans that they had forecast they would complete in 2003 but which they subsequently postponed. If their forecast capital expenditure is excluded, as it was included in the 2002 survey results, the net new capital expenditure in the processing and supply of Scottish hardwoods in the coming year is forecast to be £242,000. Some additional capital investment has taken place in the period not covered between the two surveys i.e. January to September 2004.

FORECAST CHANGE IN EMPLOYMENT

5.5. 11 businesses (44%) anticipate that they will take on new employees that in total may result in up to a further 13 jobs being created during the coming year. Two of the jobs are expected to be associated with the New Deal programme. Of the 11 businesses, 3 are expecting to implement postponed expansion plans that are forecast to create 3 jobs so the forecast net increase over the 2002 survey findings will be 10 jobs.

FORECAST CHANGE IN SCOTTISH HARDWOOD USAGE

5.6. The results from asking businesses how they expect their usage of Scottish hardwoods to change over the coming year are show in the following table.

	Forecast Percentage Change in Use of Scottish Hardwoods in 2004/05					
	Over 20%	Up to 20%	Up to 10%	No Change	Down	Don't Know
All Businesses	1	4	6	11	2	1
Net Increase over 2002 Survey	1	4	4	11	2	1
% of All Businesses	4.0	16.0	24.0	44.0	8.0	4.0

5.7. The table shows that 44% of all businesses (25) in the survey expect to increase their usage of Scottish hardwoods during the coming year. Only 2 businesses expect a decrease. In one case the buyer who bought hardwoods extensively in Scotland for an English sawmill has retired and in the other case the owner has been gradually withdrawing from sawmilling to concentrate in making products both for health and personal interest reasons

OTHER SURVEY RESPONSES

5.8. Although not a specific question on the telephone interview guide, most businesses were asked what they thought the prospects were for the overall growth of the market for hardwoods in the UK irrespective of where the hardwoods were sourced. The overall impression gained was that all of them thought they were extremely good. The real issue is therefore how great a share of this market the businesses in the survey can win for Scottish hardwoods.

5.9. One business suggested that a measure of the confidence and interest in the Scottish hardwood sector might be reflected in the fact that they had been visited during the last year by 4 different people expressing interest in starting their own businesses based on Scottish grown hardwoods.

6. IMPACT OF WOOD SUPPLY AVAILABILITY

6.1. The survey sought to find out whether the availability of imports of sawn timber from Europe, predominantly but not only from France, was affecting the usage of Scottish grown hardwoods, and whether obtaining supplies of Scottish hardwoods in the quantity and quality that these business had been used to, and needed, was any constraint on the businesses surveyed. The answers to these questions are given in the rest of this section.

The present impact of imported French and other European hardwoods on the use of Scottish hardwoods amongst the businesses who took part in the survey is perceived by the businesses to be as follows:

Impact of Imported Hardwoods on Use of Scottish Hardwoods in 2004	No of Responses	%
None	9	36.0
Slight	4	16.0
Moderate	4	16.0
Significant	3	12.0
Don't Know	5	20.0
TOTAL	25	100.0

6.2. Seventy two percent of the businesses in the survey said that imported hardwoods had only slight or no effect on their use of Scottish hardwoods or didn't know what the impact was. The businesses that responded saying that the impact was significant (28%) were those that were dealing in the larger volumes of more standard boards, and products such as flooring. The majority of the businesses in the survey were well suited to dealing in very small volumes in specialist or niche markets, sometimes helped by their more remote location which made it uneconomic for others to supply their markets. These businesses also used the Scottish source of their hardwoods, and the environmental sustainability of Scottish hardwoods as their unique selling points for their products and services.

6.3. The businesses were also asked if they were presently experiencing difficulties in sourcing Scottish hardwoods of the quality they normally used, and in the quantities they needed. Implicit in these two questions is the assumption that prices are those that presently prevail because if prices rose significantly greater volumes of better quality logs may come to the market because the prices would be attractive to woodland owners. An analysis of the responses is summarised below:

Experiencing Sourcing Difficulties with Scottish Hardwoods in 2004	No of Responses	%
Yes	10	40.0
No	11	44.0
N/A - Don't Know	4	16.0
TOTAL	25	100.0

6.4. Forty percent of the businesses who took part in the survey said that they were presently experiencing difficulty in sourcing sufficient quantities of Scottish hardwoods of a quality that they had used in the past. A similar percentage said they weren't. One business surveyed said they were having difficulty sourcing Ash, but the majority of the others said that oak was the problem and that they perceived the quality was getting poorer. Some of these responses could be explained by the geographical location of the business, but not always. Two businesses said that it was getting more difficult to find contractors who had the skills, insurance and the equipment to

fell, extract and transport hardwood logs and that this was beginning to influence the availability of supplies.

7. SUMMARY & CONCLUSIONS

7.1. This survey, which is based on telephone interviews, was conducted during August and September 2004 with 25 out of the 28 main businesses in Scotland that supply hardwoods grown in Scotland. The survey found that:

DEVELOPMENTS IN 2003

- 76% of the 24 businesses that took part in the 2002 survey achieved their forecast: turnover, capital investment, employment and hardwood usage to a greater or lesser degree, with 36% achieving or exceeding their forecasts. Only 28% failed to achieve their forecasts and of these 12% postponed rather than cancelled their proposed developments.
- The markets for Scottish hardwoods were perceived by the majority of businesses to exist and to be growing. Only the largest businesses with, for example, joinery clients who wanted larger volumes of hardwoods of a consistent quality at the lowest possible prices were doubtful about its size. No new markets for hardwoods grown in Scotland were identified during the survey.

EMPLOYMENT

- The existing Scottish hardwood supplying businesses presently provide 85 jobs of which 48 are full time and 37 part time. If the 3 businesses which declined to take part in the survey are included then at least 51 full time jobs are being provided. Some additional informal jobs are also provided on a casual 'barter basis' which further widens the sector's economic development impact.
- The main factors that constrain the creation of further jobs are: turnover/size of sales (25.6%); employer and public liability insurance (17.9%); Health & Safety issues (17.9%); finding the right person for the pay available (15.3%); and overheads and administrative hassle (10.3%). Taken together insurance and Health and Safety requirements are the major constraint for 35.8% of the businesses.

GROWTH PROSPECTS IN 2004/05

- Of the businesses surveyed 56% expect turnover to increase by up to 10% or more; 60% anticipate making further capital investments in their businesses totalling up to £332,000; 44% of the businesses forecast that they will create a total of 13 new jobs; and 44% of all businesses expect to increase their use of Scottish hardwoods in the coming year.

ORGANISATIONAL SUPPORT

- ASHS is perceived to have had an impact on the development of the Scottish hardwood sector by almost 69% of ASHS' membership, and by 60% of all the businesses that took part in the survey. 56.3% of ASHS' members, and 36% of all businesses in the Scottish hardwood sector, said that the presence of ASHS and its activities had resulted in a positive impact on their business. Suggestions as to how ASHS might assist individual businesses covered five broad categories: wood supplies; market development; training; promotion of the sector; increased support for collaborative working.
- The support for the sector provided by public sector organisations was appreciated. Five main areas where further support could assist the sector were suggested by individual

businesses. These covered: the sourcing and purchasing of hardwood logs; encouraging better hardwood silviculture; the development of markets for Scottish hardwoods; and education and training.

WOOD SUPPLY

- 72% of the businesses surveyed said that imported hardwoods had only a slight or no effect on their usage of Scottish hardwoods. This appears to be because the market for most producers and suppliers in the survey is for non standard products in small volumes within relatively local markets. Businesses in the more remote areas can have difficulty in supplying markets if they do not have the volume of material available, or the volume required is for less than 1 lorry load as the transport costs become too high. The bigger businesses that have been supplying the large volume markets (i.e. where timber is a commodity) have switched to using imported hardwoods because of lower prices, ready availability and consistency of quality. Of those businesses using Scottish hardwoods, 40% said they were now experiencing difficulty in sourcing them with oak being the most difficult species.

CONCLUSIONS

7.2. The Scottish hardwood sector is relatively very small and the individual businesses within the sector are also all very small, as well as being widely distributed geographically. Since 1996 the number of businesses in the sector has increased and there has been greater collaboration between them. Individual businesses have invested; created more jobs and have worked on developing markets for Scottish hardwoods with the support of external organisations such as the Forestry Commission and Scottish Enterprise. This success has contributed to rural economic development; the sustainable use of Scottish hardwoods; and to improved prospects for the management of Scotland's broadleaved woodlands. This survey has shown that the sector is continuing to grow and, with appropriate targeted external support, can develop further.

John Clegg Consulting Ltd
October 2004

ANNEX 1 - TELEPHONE QUESTIONNAIRE

SMALL SCALE SCOTTISH HARDWOOD PROCESSOR SURVEY

DEVELOPMENT OF THE SECTOR 2004

CONFIDENTIAL TELEPHONE QUESTIONNAIRE

This commercial-in-confidence voluntary structured survey of the small scale hardwood processor sector in Scotland is being conducted on behalf of Forestry Commission Scotland. Its purpose is to identify whether the individual businesses had grown in 2003 in the way the owners/managers had anticipated in a telephone survey carried out in 2002; if not, what the reasons were; what growth they expect in the next year; and what additional support and development might assist the continued growth of the hardwood sector.

BACKGROUND INFORMATION

1. Name of Business:
2. Name of Interviewee:
3. Job Title of Interviewee:

BUSINESS DEVELOPMENT IN 2003

4. In 2002, you anticipated that:
 - your turnover would:
 - you would / would not invest more capital in the business.
 - you would employ more people.
 - the volume of hardwoods you would process would:
5. Were your forecasts met?
 Yes (go to Q.8) Nearly (go to Q6) No (go to Q.6) Don't know (go to Q.8)
6. If no, were your forecasts exceeded or below forecast?
 Exceeded Below Forecast Don't know (go to Q.8)
7. If the outcomes were different to your forecasts, what were the reasons for this?
.....
.....
.....

8. What other issues, if any, affected the development of your business/organisation in 2003?

.....
.....

9. Markets. What new ones developed; which existing market sectors noticeably grew and which noticeably declined?

.....
.....
.....

EMPLOYMENT IN 2004

- 10. How many people do you employ full time including yourself?
- 11. How many people do you employ on a part time basis?
- 12. What are the principal constraints to you taking on more people? (H & S, Employers Liability Insurance, markets, reliable people, profitability, pressures etc)?

.....
.....
.....

GROWTH IN 2004 / 05

13. What growth, if any, do you expect in the next year in:

- Turnover (%)
- Capital expenditure (£)
- Change in employment (no. of jobs)
- Volume/tonnage of hardwoods (cum/tonne)

14. Do you expect to undertake any new activities in the coming year and, if so, which?

.....
.....

FUTURE SECTOR DEVELOPMENT

FCS supported the development of the Scottish hardwood sector from 1996 to 2002 through the work of the SHTMDG. The Group provided a mechanism for raising the profile of the sector; supporting the development of individual hardwood businesses; and promoting markets for Scottish hardwoods. In the questions that follow, the aim is to:

- Obtain your views on some specific developments since 2002

- Identify potential developments which could be helpful to Scottish hardwood businesses.

DO SCOTTISH HARDWOOD SUPPLIERS NEED ANY FURTHER ASSISTANCE?

15. What impact has ASHS' activities had on the development of the Scottish hardwood sector so far?

- Highly significant Significant Some None Don't know

16. Do you feel that ASHS is worthwhile and is of benefit to your business?

- Yes Some No Don't know

17. What extra do you think ASHS could do, if anything, that would increase its impact on your business, or the sector, either by way of undertaking specific projects/initiatives, or improved services?

.....
.....
.....

18. Is there anything that only other organisations, such as FCS, Scottish Enterprise and the FTA, could do that would be of great assistance to the sector?, (Make more volumes of hardwoods available, technical information, training, marketing, seminars?)

.....
.....
.....

YOUR VIEWS ON SPECIFIC ISSUES

19. What impact are the imports of French, or other European sources of oak having on your use of Scottish oak?

- None Slight Moderate Significant Don't know

20. Are you having any difficulty in sourcing sufficient Scottish hardwoods of:

a) quality that your business has normally used?

b) in appropriate quantities to suit your purchasing requirements?

If yes, what would help?

.....
.....

21. Are there any other specific issues that have been particular problems or benefits to your business in the last year?

.....
.....

WHAT OTHER SPECIFIC DEVELOPMENTS?

22. What other specific, realistic, practical activities, or changes, might be done which might help the sector?

.....
.....
.....

Thank you very much for taking part in this survey. The results will be treated in total confidence, and only aggregated results will be used in presenting the results of the survey. Are there any other comments you would like to make?

ANNEX 2 – SURVEY PARTICIPANTS

Ardslignish Scotwood

Argyll Green Woodworkers Association

Ayrshire Hardwoods

Bechtel On-site Sawmilling

Cromartie Timber

E G Johnstone & Co

Falkirk Wood

Frank Gamwell

Gavin Munro

Gilmour & Aitken Ltd

Hardwood Warehouse

Ian McIntosh

James Carr & Sons (Sawmillers) Ltd

Lothian Trees & Timber

McConnel Wood Products

Nor Build Timber Fabrication & Fine Carpentry Ltd

Out of Wood

Russwood Ltd

Scottish Wood

Stobo Sawmill

Stornoway Trust

Treewrights

Woodschool

W S Muir