

Futurewood Corporation

Wood Procurement System

Last update: December 12, 2002

Objective: A wood procurement system that allows Futurewood Corp. to assure that all wood has been harvested in conformance with the 2002-2004 SFI Standard, and that a certification audit, if done, will be able to document data on wood procurement.

Approach: Futurewood Corp. is a land management and wood purchasing company owned by William B. Johnson. Its primary wood clients are the four mills operated by Johnson Timber Corporation, but it also may sell wood to other clients as market conditions allow. The wood comes from three sources: fee lands, contracts for management and harvest of private lands, and market purchases. Market purchases (often called gatewood) come from lands where Futurewood has no control over the planning, implementation, or follow-up of the harvest operation.

The tracking system for market wood depends on the participation and cooperation of the Futurewood Preferred Supplier network, which is composed of independent contractors that have completed the necessary SFI-approved training in the States (Michigan, Minnesota, and Wisconsin) where the company operates, and that have applied for, and been granted, Futurewood Preferred Supplier status. The tracking and filing system for controlled stumpage (contract and fee lands) is managed by Futurewood foresters.

Responsibility:

The Futurewood wood procurement tracking system is coordinated by the Woodlands Manager, assisted by the Procurement Foresters, the professional forestry staff, and the accounting staff of Johnson Timber Corporation.

Procedural Outline:

1. 30 days prior to the beginning of each calendar quarter, the Procurement Foresters notify all Preferred Suppliers to submit Pulpwood Request Forms (PRF's) for the upcoming quarter and provides them with necessary guidelines and forms.
2. Suppliers develop agreements with landowners for timber harvests on land where Futurewood has no control over land use decisions or harvest measures (called 'market' purchases). For each market job, a Futurewood Job Site Information form is completed between the supplier and the landowner. On jobs where the private landowner is not operating under an approved certification system, or does not have a professional forestry advisor to check compliance with the SFI Standard and relevant BMP's, the Supplier is urged to provide the landowner with information regarding those requirements and seek

permission for Futurewood foresters to provide the necessary field inspections of the harvest.

3. Futurewood foresters prepare Job Site Information Forms for each job involving controlled stumpage ("contract" wood from land where Futurewood has purchased stumpage in an open timber sale, or entered into a contract to provide forestry and marketing services for the landowner, as well as "fee" wood from lands owned by Futurewood Corp. or other controlled entities.)
4. Suppliers submit one PRF (which may include from one to many jobs) to the Procurement Forester at the mill or wood yard appropriate for the location and type of material. (Some suppliers may submit PRF's to two or more sites as needed.)
5. The Procurement Forester at each delivery site reviews each PRF, authorizes wood deliveries consistent with Futurewood's needs during the quarter, informs the Supplier of the approved levels, and works with the Supplier if necessary to determine which of the jobs will be harvested to meet the approved wood deliveries.
6. One copy of the approved PRF (and the Job Site Information Forms that accompany it) is retained on file at the delivery site (mill or wood yard), and one copy of all forms is submitted to the Woodlands Manager prior to the start of each quarter.
7. Futurewood foresters submit all Job Site Information Forms on controlled stumpage to the Woodlands Manager prior to the start of each quarter.
8. After reviewing the PRF's and Job Site Information Forms for the upcoming quarter, and assuring that they contain the necessary information, the Woodlands Manager assigns them to the responsible forester for entry into the computer-based Wood Tracking System (WTS). The WTS assigns a unique Job Number to each Job, which becomes the basic data and file tracking number for that job. The entry person notes the job number on the bottom of each Job Site Information Form as it is entered in the computer system so that the paper file corresponds to the computer file.
9. After the Job Site Information Forms for the quarter are entered into the Wood Tracking System, a summary report showing each purchase, by mill and job number, is printed out and returned to the Woodlands Manager along with all the paper forms involved. The Woodlands Manager checks the report to assure accurate data entry, and provides each Procurement Forester with a report so that the job numbers can be entered on the Job Information Forms filed at the purchase point, and accuracy re-checked. The Woodlands Manager files the Job Information Forms for the market purchases as follows:
 - A separate set of operating files for each mill, by quarter, is created so that Job Site Information forms can be filed in numerical order. The operating files consist of a separate file folder for:
 - Inactive jobs – those that have been entered into the data system, but where harvest and/or wood delivery has not begun;

- Active jobs – those upon which harvest and delivery is under way, and field inspections by Futurewood foresters may be required;
- Follow-up jobs – those upon which harvest and delivery are completed and accounting has been finalized, but where minor details (such as a road seeding or fence repair) are waiting for appropriate weather or other conditions; and,
- Completed jobs – those upon which harvest and delivery has been completed, where all commitments to the landowner are fulfilled, and where a final field inspection report has documented that the harvest has met the SFI Standard.

10. The Woodlands Manager assigns a forester to each active market job as needed for tracking and followup. The forester is responsible for assuring that the paper records

for each job are kept together and filed in the appropriate place in the filing system for quick reference.

11. At the end of each quarter, the Woodlands Manager moves completed market purchase job records for the quarter into a retention file, filed by job number. These retention files will be maintained for a minimum of 5 years. Inactive, active, and follow-up jobs are retained as appropriate for action in the next quarter.

12. For controlled stumpage, paper records are filed with the appropriate landowner or fee land files that are maintained by the assigned forester in the Woodland Manager's office. All such records are kept for a minimum of 5 years.

13. Reports from the Wood Tracking System are designed to provide the Woodlands Manager with current information on the amount of wood currently approved but not delivered, as well as summary reports, by mill and quarter, of wood deliveries by species, job type (market, fee, contract), owner type, and other data needed for company management and SFI program reporting.