AN ABSTRACT OF THE THESIS OF

Title: Cooperation and Small to Medium Sized Enterprises in Oregon’s Forest Product Industry.

Abstract approved

This thesis examines perceptions of cooperation among small to medium sized enterprises (SME) in western Oregon’s forest products industry. Recent changes in the industry, such as corporate consolidation, global marketing, and government regulations have created an environment in which many SMEs find it difficult to stay competitive. Cooperation among SMEs is one method for alleviating the situation; however, few SME owners are engaging in cooperative projects or behaviors.

Common assumptions and stereotypes about the individualistic nature of the forest products industry lead some to believe that cooperation is an unlikely avenue for SME owners. Through 16 in-depth interviews with SME owners, this view is found to be overly simplistic. It does not account for the variety of factors at play and the depth of the issues involved in SME owners’ attitudes toward cooperation. In studying attitudes toward cooperation, this study first attempts to understand the cultural values of the decision makers. It is apparent that values play an integral role in the decision making and strategy of SME owners.

This research highlights the complexity of the issues facing small businesses and their owners and reveals that four main factors contribute to SME owners’ perceptions about cooperation and influence strategic business decisions: common values, stereotypes, risk perception, and a lack of knowledge about cooperation. Values are found to be especially relevant in understanding and influencing attitudes toward cooperation as values affect risk perception and risk perception in turn directly impacts business strategy. Understanding the values of SME owners helps to describe their
attitudes toward cooperation and dispels the notion that they are too independent to ever work together.

Eight recommendations stem from the findings of this study which may lead to cooperative action and more successful SMEs: 1) Find a trustworthy agent to act as a sponsor; 2) Build credible systems; 3) Match members with similar values; 4) Expound the potential benefits of cooperation to reduce risk perception; 5) Find a spark plug, not a spokesperson; 6) Provide education; 7) Define and implement both learning networks and action groups; 8) Target new and future categories of SME owners such as women and the children or grandchildren of current owners.
Cooperation and Small to Medium Sized Enterprises in Oregon's Forest Product Industry

by

Nicole A. Brown

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APPROVED:

Redacted for privacy

Major Professor, representing Applied Anthropology

Redacted for privacy

Chair of the Department of Anthropology

Redacted for privacy

Dean of the Graduate School

I understand that my thesis will become part of the permanent collection of Oregon State University libraries. My signature below authorizes release of my thesis to any reader upon request.

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Nicole A. Brown
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Abbreviations

NIPF – non-industrial private forestland
SME – small to medium sized enterprise
OSWA – Oregon Small Woodlands Association
NWFP – Northwest Forest Plan (1994)
ESA – Endangered Species Act (1973)
OFPA – Oregon Forest Practices Act (1971)
FLPMA – Federal Land Policy and Management Act (1976)
NFMA – National Forest Management Act (1976)
RPA – Forest and Rangeland Renewable Resources Planning Act (1974)
FSC – Forestry Stewardship Council (certification organization)
SFI – Sustainable Forestry Initiative
ATMS – American Tree Farm System (certification organization)
OFIC – Oregon Forests Industry Council
OFRI – Oregon Forests Resources Institute
NFP – Northwest Forest Plan
CHAPTER 1: INTRODUCTION

"This developing situation could be described as living a life of denial in a country that uses more resources than any other nation in the world. We protect our back yard and increasingly rely on imports of forest products from less regulated/less productive regions or the world. Our southern and northern neighbor states are now net importers of wood. We also turn to alternatives such as steel and plastics that often have a greater life cycle cost than wood."

-Mike Gaudern, Executive Director Oregon Small Woodlands Association

The last three decades have brought unprecedented change to the forest products industry in the United States. What once was an industry known for its family heritage, rural towns, and clear-cutting ethic, is today being shaped by large corporations, global markets, and environmental debate. Key concepts such as sustainable management techniques, product and forest certification, and global marketing have become requirements rather than competitive advantages for all businesses, large and small. These changes, along with increased corporate consolidation and more sophisticated technology are creating a difficult market situation for all in the industry, but especially for the small to medium sized enterprises (SMEs).

Oregon's small firms are important to the national economy, local communities, and the health of forests around the world, but the preservation of small and medium sized firms in the forest product industry is threatened as each year more and more fall to the rising tide of financial and operational challenges. This is especially true for SMEs in Oregon, a state known for its forests, timber industry, and independent citizens.

If small firms want to stay in business, they must change and change quickly. Land and mill owners who have been in the industry for 40 years or more are finding themselves competing against the business around the corner and across the globe. They must learn a new set of rules, and be open to new possibilities. Individually, some SMEs are already turning away from traditional commodity production and looking for specialty or niche markets, however, most are attempting this on their own (Stevens
2002). While some have found moderate success, others are still struggling as they attempt to market their products in a rapidly changing industry dominated by large corporate entities. With modest leveraging power and little to no brand name recognition, most SMEs lack the resources necessary to achieve long term success and are left vulnerable to the whims of the market. If they are able to move from the commodity market and secure a premium for their products SMEs may be able to carve out a stronger position for themselves. Creating a strong name brand for specialty products is one possible tactic, but this is a difficult task for an independent SME lacking significant resources.

Small firm cooperation has been suggested as a means of dealing with the increased levels of competition in the industry. Cooperation can take many forms from informal information networks, to cooperative marketing projects, to a formalized co-op. Through collaboration SMEs have the potential to increase economies of scale, create learning networks, and leverage power in the supply and distribution chain, however, many industry academics believe that SME owners are opposed to this idea due to fear of competition and the strong value they place on independence.

The purpose of this research study is to identify current barriers to small firm cooperation in the forest products industry and understand if these barriers can be overcome. I will examine the proposition that strong values of independence prevent SME owners from utilizing cooperation as a business tool. To accomplish this I will explore the opinions and knowledge of cooperation, as held by small to medium sized enterprise (SME) owners’ and managers. In addition, I will create a broad picture of the values of SME owners in an attempt to understand how they perceive their industry and how their perceptions impact business strategies.

A comprehensive understanding of SME owners’ values will assist in identifying current attitudes toward cooperation. Practical solutions to current business challenges will develop from this new understanding. Answers to these questions will provide insight to change agents and industry organizations. Recommendations will be made for methods of encouraging cooperation among SMEs in Oregon’s forest product industry. It is hoped that this research will lead to improved outreach programs through the OSU
Extension Service, OSU Department of Forestry, and other industry related organizations.

Rationale

The forest products industry is considered by economists to be one of the most important industries in relation to the global economy and the environment (Karg 2000). Regional statistics also support this assumption. The wood products industry is responsible for one quarter of Oregon’s economic base, and despite the recent reduction in timber harvests, is expected to remain an important factor for the state’s economy (Beuter 1998). Small businesses are an important part of the system.

While the markets, economies, and businesses practices within the forest products industry have been studied extensively, relatively little research has been conducted on the beliefs, values, and motivations of the owners themselves, especially from a qualitative perspective. The little data that does exist comes primarily from surveys and statistical analysis. Research on cooperation in the west tends to focus on private versus public land ownership issues (Bliss 2002). There is a noticeable lack of qualitative research on the values of SME owners in this area and it is essential that this gap be filled in order to understand the behavior of small business owners in the industry and offer viable methods for improvement.

There are many potential points of intersection for the results of this study across industries. The conclusions from this research may be applicable across various industries and not just among forest product owners. This is especially true when thinking of the small businesses within the region of the Pacific Northwest (Oregon, Washington, Idaho), where strong cultural and experiential commonalities exist.

In Global Context

The majority of developed nations around the world, including the US, are massive consumers of wood products. The amount of wood produced in these nations is not enough to meet the high demand, so wood products must be imported (OFRI 2003).
The downside of wood importation is that many wood imports come from developing countries which have few, if any, environmental protection laws or forest management standards. Importing these products from less developed countries is just another method of exploiting people and environments outside the range of vision of most US residents.

Many people in the US fight the forest products industry at home hoping to curb what they see as a destructive and greedy industry. But a reduction in logging and processing in the US does not equate to reduced consumption. The need for wood products continues to rise and is expected to grow by 50% in the US during the next half century (OFRI 2003). As it is not likely that the level of consumption will decrease, the wood must come from somewhere. Oregon has what may be considered one of the best climates in the world for growing trees, along with some of the most rigorous environmental protection laws. Technological advances have helped Oregon processors more efficiently utilize all parts of the tree. These factors make Oregon a unique and socially responsible source for timber products. Efforts should be made to ensure the health and stability of Oregon's timber industry as part of a long term plan for the sustainability of the planet.

In terms of building materials, wood has proven itself to be more energy efficient than its competitors, such as steel or concrete. When factors such as energy, emissions, and water usage are considered, wood materials easily win the environmentally friendly award (OFRI 2003). Other factors promoting the timber industry relate to the benefits that trees offer prior to harvest. Trees are a renewable resource and during the growth stage they provide animal habitat, help to clean the air, prevent erosion, and offer an aesthetic value for which there is no measurement. Few other harvestable crops can boast such a track record.

While trees are a renewable resource, without proper management and enforcements, they can be over-harvested. The rampant destruction of the world's rainforests is a classic example of what can happen when enforceable environmental laws and management plans are lacking. Oregon too has a history of environmental abuses in this arena. For decades, the timber industry over-harvested, used extensive clear-cutting, and did little replanting (Schwantes 1996). Because many of the mistakes of the past have been fixed through legislation and an increased awareness of sustainable
management techniques, it is no longer acceptable to support the consumption habits of developed nations by pushing the problem onto nations less equipped to handle it.

**The Value of SMEs**

Small and medium sized businesses are in danger of succumbing to global market forces. More and more SMEs are forced to sell their lands and businesses because they can no longer compete in a commodity market demanding higher production at lower costs. Their properties are gobbled up by large corporations who are also responding to competitive global pressures. The climate in the forest product industry is similar to other industries in the global market and focuses on, ‘growth and expansion, or death’. In their struggle to stay alive, some large landowning corporations have resorted to liquidating assets. After harvest, the land is often sold for housing development (Bliss 2002), which means it is unlikely that forests will ever again grow in on those tracts of land. In this environment, the bottom line fuels decision making and the short term need for positive quarterly-reports outweighs a long term vision. Small and medium sized owners, on the other hand, often live on or near the forests and properties they own (Committee for Family Forestlands 2001). Woodland owners in particular contribute to the landscape the added benefit of ecological diversity which is rarely found on industrial plantations.

Cooperation and co-ops often develop in farming industries characterized by consolidation. For example co-ops are growing in popularity among small farmers in the beef, poultry, and tomato industries in the United States (Cambell 2002). SMEs in Oregon’s forest products industry have not utilized cooperation although they are facing an increasingly consolidated market place. To assist SME owners and develop viable outreach programs, such as cooperative projects, it is necessary to better understand the needs and concerns of SMEs in the forest product industry. Ethnographic research provides the understanding needed to accomplish this goal. Surveys, statistics, and market analyzes do not provide an in depth understanding of the values and beliefs which affect people’s behavior. Through a better understanding of the values held by SME
owners, ethnographic research can help explain the reluctance many owners feel in regard to innovation, cooperation, and adapting to a changing business environment.
CHAPTER 2: HISTORY

"I ask your indulgence if I sometimes speak in terms of my personal experience, feelings, and values...In doing so, I shall be trying to define myself as well as my native region."
–Wallace Stegner, "Living Dry"

The Setting

Oregon’s population sits at just above 3.4 million. The U.S Census Bureau identifies 86% of the population as white. The largest minority group is Hispanic and comprises 8% of the state’s population. English is the primary language spoken, but Spanish is quickly becoming an important second language and is spoken in nearly 7% of Oregon households, and is commonly spoken among the workforce in Oregon sawmills. Nearly 85% of Oregonians have graduated from high school and almost 60% have some college education (US Census Bureau 2003).

Figure 1. A Map of Oregon’s Climate Zones
(Taken from Oregon Climate Service http://www.ocs.orst.edu/datapage2.html)
The vast majority of Oregon’s population lives within the Willamette Valley, just west of the Cascade Mountain Range (zone 2), where winters are wet but mild, and summers, according to many, are more beautiful than anywhere else in the world. Of the nine climate zones identified within the state’s boundaries, zones 1, 2, 3, and 4 are the most productive areas for the forest products industry. These zones are also the most heavily populated in Oregon and this juxtaposition of people and forests puts the forest products industry in a highly visible realm.

A variety of tree species flourish throughout the state, however, the Douglas Fir (*Pseudotsuga menziesii*) is the dominant tree species. The Douglas Fir is an evergreen tree of the pine family with dark green needles averaging approximately one inch in length. Douglas Firs grow anywhere between 40 and 80 feet in height. This softwood tree thrives in Oregon’s climate. No other state in the Union produces as much softwood lumber as Oregon, and the area has come to be known in some circles as the “timber basket” (Western Wood Products Association 1996). The Douglas Fir can be found in all of Oregon’s climate zones, but dominates in zones 2, 3, and 4. The coastal area (zone 1) is known for its Spruce-Hemlock Forests.

The forest products industry is considered by economists to be one of the most important industries in relation to the global economy and the environment (Karg 2000). Regional statistics also support this assumption. The wood products industry is responsible for one fifth of Oregon’s economic base and despite the recent reduction in timber harvests, is expected to remain an important factor for the state’s economy (Beuter 1998:35). Small businesses are an important part of the system.

Oregon is a state heavily dependent on natural resources with up to 40% of employment coming from agriculture, forests, fisheries and outdoor recreation. The forest products industry provides approximately four percent of Oregon’s overall employment. When looked at in isolation, this fact seems relatively small in significance, but the true value to Oregon’s economy can be seen through other avenues. Wages for those employed in the industry are considerably higher than the state average; $32,200 for the forest products industry versus $25,500 for all other industries (Beuter 1998:33). And wood products are an important export contributing $1.1 billion to Oregon’s
economy. Some estimates figure that up to 20% of Oregon’s employment, from both direct and indirect jobs, depends on the forest products industry (Beuter:1998).

**Oregonians**

The residents of Oregon experience the benefits and value of the forests in the form of jobs, recreation, and beauty. However, for many Oregonians, the forests provide much more. For those who directly reap the financial benefits of the timber industry, as well as those who simply live or play among the forests, the land has become a part of their self identity and a vital part of the state’s character (Schwantes 1996:477). A symbolic image of the area’s identity is the Oregon State license plate bearing the emblem of the solitary Douglas Fir.

Oregonians’ love for the forests has not, however, always translated into a love of the timber industry. A strong preservationist ethic runs through popular opinion (Beuter 1998:1) and visible signs of forest harvests are sometimes viewed as ugly reminders of the ‘evil money grubbing’ timber companies. Most Oregonians would be unfamiliar with the idea of non-industrial private forestlands (NIPF), woodland owners, or family forests. The highly visible signs of the timber industry, clear-cuts and mills, are associated with large corporations and not typically viewed as family operations (Bueter 1998:49).

Paralleling national trends, most who reside in Oregon live in urban rather than rural areas. Only a minority still make their living directly from the land with the majority of Oregonians working in the service industry, high tech, or the public sector (United States Census 2003).

In the forest products industry, family forestlands, properties, and processing facilities are passed from one generation to the next, but strings typically come attached with the inheritance of a business. With SMEs, the strings and obligations are sometimes concrete such as a strict land management protocol, or a corporate board of directors comprised of family members. In other ways, however, the strings and expectations are more subtle. They can be seen in the values and ethos of the owners themselves. Every decision and every transaction is tempered by the values of the owners, but many of the day-to-day decisions made by these small business owners are not identified as being
value driven. This is in part because the culture of a family, a business, or a community is not often analyzed by its own members. People take for granted the everyday pieces that comprise their lives, and rarely spend time or energy trying to understand from where those values emerged (May 1996). A brief look at the history of the western frontier provides a fruitful glimpse into the ethos of the small to medium sized owner in today’s forest product industry.

The Wild West and the Cowboy Archetype

It is difficult to define what makeup the boundaries of the American West. Is it west of the Rocky Mountains? Maybe west of the Mississippi? Or does ‘The West’ mean any lands unsettled by white Americans? At one time the entire eastern seaboard of the North American continent was considered a western frontier. Perhaps it is a time in history rather than a place; a time of optimism and energy that still resides in the hearts of many. The most accurate definition might be a combination of all these concepts for the west is more of an idea than an actual location. On the other hand, there are some people who will most adamantly say they live in the west, and others who say they do not. This fact points to the west as being a place. In any case, the west can be considered a part of a person’s identity construction and is therefore only truly definable on an individual level. Unfortunately, the scope of this research is not broad enough to justly define the west so for the purposes of this study, the west will be thought of as a place, an ethic, and a lifestyle defined by those who live it.

In the 1800s, the western frontier was a land full of new discoveries and riches. The bounty of the area, discovered in the gold mines, vast forests, and fertile soils, appeared endless. The gold rushes of the mid 1800s brought huge influxes of settlers to the west, all dreaming of making a fortune from the land. Boom towns went up in a hurry and were often abandoned even faster after the gold dried up. The constant boom and bust cycle resulted in severe inflation, but the money and resources kept streaming in. Little thought was given to the future, as most people just figured more would keep coming (Quay 2002). According to Schwantes (1996:200), “Tree stumps symbolized prosperity to nineteenth-century Pacific Northwesterners.” At the turn of the century, the
management philosophy, if it can be called such, was still ‘cut and run’. The timber resources were to be exploited and little time or energy was spent on replanting or sustainability (Schwantes 1996). This belief in the never ending supply of resources left a long lasting impression on Oregon’s forest product industry and today still influences the opinions of many people outside of the industry.

The original mindset of western settlers was to tame the wilderness and bring order to the rugged west. Government policies were designed to encourage settlement of the west. Land was given away or sold cheaply luring the adventurous with the promise of easy beginnings and big payoffs. Those hardy souls who ventured into the unknown wilderness were depicted as national heroes and the traits they embodied came to be valued as part of the national character (Worster 1992). The west became a powerful symbol of masculinity, one that still exists today. Cowboys, outlaws, rodeos, and gun fights are definitive markers of the west as seen in popular culture. The image of the cowboy especially, depicts the quintessential male figure (Quay 2002). Traits and ideas attributed to the cowboys of the west include; tough, rugged, weathered, quietly thoughtful, unrefined, grizzled, one with nature, tied to the land, strength, common sense, solitude and freedom. All in all, the cowboy represents what is perceived to be the good and genuine in American culture.

While actual cowboys have gradually faded from much of the west’s current landscape, the image of masculinity they portrayed has remained. These images are pervasive in American culture in large part due to the advent of advertising. Early posters and flyers extolled the virtues of the western frontier in an attempt to encourage settlement. By the early 1900s, the western cowboy had become a symbol for freedom and independence and was used in all types of advertisements ranging from food to automobiles (Quay 2002).

For the people who made their lives in the west, independence and freedom were much more than advertising slogans. They became integral pieces of their self-identity and attributes necessary for survival in what could be a very harsh environment. The ideals of freedom and independence provided those who lived in the west with an identity that not only helped them survive, but also set them apart from their eastern counterparts (Quay 2002). To live in a place where only the tough survive, spoke volumes about a
person's character. In this quintessential image, the cowboy is moral and good, but he does not fit in with society or the community. He fights for the public good, but in the end, goes his own way.

Another remnant from Oregon's pioneering past, is the way in which people view natural resources. In Oregon's forests, the concept of a finite amount of timber is a relatively new idea. From the time of white settlement until the late 1960s, the forests were primarily seen as an unlimited resource. Early in Oregon's history, forests were harvested with little thought to reforestation because much of the harvested land was later used for development. The forests seemed so vast and plentiful that the idea of running out of trees was unthinkable. In 1891, a series of disputes over land ownership and management caused the U.S. Congress to create several land reserves which later became the 13 national forests that today cover 15.5 million acres in Oregon (Bueter 1998:13). This act, along with an increase in scientific knowledge such as biodiversity, pollution, and watershed cycles, brought awareness to the general population that had not existed previously. By the late 1960s, the idea of unbridled harvesting had slowly loosened its hold on the industry. The general public's shift from a belief in the boundless plenty of nature's resources to a conservationist ethic, has not been a painless one, and elements of this conflict still taint perceptions of the industry.

Today there are few who would claim there is an overabundance of trees in Oregon's forests. Those in the industry are more likely to question whether there might be a shortage of trees. Perceptions of supply in the forest products industry today have more to do with political and legal access to timber sources than with the actual amount of board feet growing each year. With the removal of federal timber lands from the market, trees as a resource are not as plentiful as in previous generations, and most SME owners in the industry feel that there is substantial room for improvement in supply. In many ways, this puts the average SME owner at odds with a community who feels that the old west model of harvest-and-run is still prevalent and the cowboy image has developed tarnish.
Forest Land Ownership in Oregon

There are approximately 28.5 million acres of forestland in the State of Oregon covering roughly half of Oregon’s total land base. Forest land is defined by the Department of Agriculture as “land that is at least 10 percent stocked by trees of any size, including land that formerly had tree cover and that will be naturally or artificially regenerated” (2001:18). Of this forest land, only two-thirds (19.4 million acres) is available for commercial use and just over half of that is owned by the federal government (Oregon Department of Forestry 1999). This leaves 45% of Oregon’s commercial forest land in the hands of private owners.

Oregon is unique when compared to other portions of the US in that less than half of its commercial forest lands are under private ownership. In fact, the west in general is dominated by public ownership of forest lands. Nearly 70% of forest lands in the west are designated public lands compared to only 17.4% in the east (USDA 2001:6,7). The high percentage of public forest lands in the west directly contributes to the intense and highly charged debates focused around resource management and forest practices. The rights and responsibilities are blurred in the controversy over public versus private property ownership.

Political History of Oregon’s Forests

In 1971, Oregon became the first state to enact a comprehensive and mandatory Forest Practices Act in the United States (Bueter 1998:22). This was established to regulate forest practices on nonfederal lands. Even today, the Oregon Forest Practices Act (OFPA) is considered by many to be one of the most stringent forest management plans anywhere in the world, and the plan is continually updated and revised. The
requirements of OFPA must be followed by all land owners performing any forest operations, from giant corporations to the tiniest of family plots. A majority of landowners say they approve of OFPA, and would use the guidelines even if they were not enforced, as they are simply good management techniques (Committee for Family Forestlands 2001:13). OFPA consists of five basic components designed to encourage responsible and sustainable forests: planning, reforestation, wildlife protection, forest roads, and protecting streams and water ways. In 1987 and again in 1991, OFPA was amended to better protect sensitive areas and limit the size of clear-cuts (Bueter 1998:22).

Several other legislative acts, aimed specifically at federal forests, followed OFPA including: Endangered Species Act (1973), Forest and Rangeland Renewable Resources Planning Act (1974), Federal Land Policy and Management Act (1976), National Forest Management Act (1976) (Bueter 1998:22). The purpose of these laws was to intensify the responsibilities of federal forest management agencies and better protect the nation’s forests for multiple uses. While these policies were not intended to directly impact non-federal lands and their owners, they started a ripple effect which no forestland owner was able to avoid.

Also contributing to a dwindling supply and increasing mill closures was the exportation of raw logs to Asian sawmills (Schwantes 1996). Although in 1973, a law was passed banning the exportation of raw logs from federal forests, private companies with landholdings were under no such restriction. In 1988, one quarter of the overall timber harvests from Oregon and Washington were shipped as raw logs to Asia, while mill and after mill closed in the Pacific Northwest (Schwantes 1996).

Two decades after the Forest Practices Act was passed through the legislature, the industry was struck by a flurry of environmental activity and heated protest. In 1990, the northern spotted owl was listed under the Endangered Species Act. The timber industry’s impact on endangered species such as the spotted owl, marbled murrelet, and salmon quickly became national topics. The controversy made its way to the courts and in 1991 a federal judge put an injunction on a timber sale thought to threaten spotted owl habitat. The ramifications were monumental. Nearly all federal timber sale programs in Western Oregon were halted (Schwantes 1996).
The spotted owl controversy was of immense significance in the lives of those intimately tied to the forests. The two sides most deeply involved, the timber industry and environmentalists, had been in opposition for years previously, but when the spotted owl was listed as an endangered species in 1990, the two sides erupted into two angry and polarized camps. The spotted owl issue was not limited to courtroom arguments or economic debates, and as the controversy heightened it became more personal. Bumper stickers exemplified the extreme feelings held on each side with sayings such as: “I Like Spotted Owls-Fried” or “Save an Owl, Educate a Logger” (Schwantes 1996:486).

While the spotted owl issue has lost much of its original fervor, environmental conflict still permeates the atmosphere in Oregon. A clear line has been drawn dividing those in the forest products industry from the rest of the state. Land and mill owners are still resentful of what they deemed an unwarranted attack on their very way of life and the ensuing negative stereotype that follows them. The job and livelihood that use to be a source of great public pride and heritage now sticks to them like a bad odor.

One organization speaking for the industry is the Oregon Forest Industries Council (OFIC), a long standing trade association launched in 1975 to “represent the interest of Oregon’s forest product companies and industrial land owners in legislative, regulatory, and political arenas” (OFIC 2003). Designed primarily for the well being of large industrial organizations, OFIC does not adequately meet the needs of Oregon’s SMEs.

To better combat the negative image of the entire industry, in 1991 the Oregon state legislature, in cooperation with the forest products industry, agreed to establish the Oregon Forests Resource Institute (OFRI), a non-profit organization whose mission is to “improve public understanding of the state’s forest resources” (OFRI 2003). OFRI is funded by a tax on forest product producers. In addition to extensive research studies on the values and opinions of Oregonians, OFRI organizes events, tours, and educational opportunities for those in the industry as well as the general public.

Around the same time that OFRI was formed, the Clinton administration took an intense interest in the federal forests of the Pacific Northwest. A research team of biologists, economists, and social scientists was compiled, and from their work the Northwest Forest Plan (NFP) was created in 1994. Because of the thoroughness of the
NFP, the injunction on federal timber sales was lifted, however, timber sales on federal lands have not reached previous levels and their future is still unclear (Beuter 1998:2).

The Endangered Species Act of the 1970s, the recession and spotted owl crises of the 1980s, and the Northwest Forest Plan under the Clinton administration in the 1990s, all combined to strain Oregon's timber industry nearly to the breaking point. Mills shut down all over the state. From 1989 to 2001, timber harvests on federal lands fell an astonishing 96% (OFRI 2003). Harvests from private lands remained fairly consistent, but the substantial decrease in federal timber harvests left the industry weak and forced rapid change.

On the surface, reduced competition from federal lands would appear to have positive implications for small private landowners, but this was not entirely the case. With a less secure timber supply, over 50% of Oregon sawmills closed their doors from 1980 to 1997 (Beuter 1998:43). Even mills that were able to stay in operation were sometimes forced to slow production down. Private landowners had to face the challenges of selling and transporting their logs to new and often more expensive processors. For the larger companies that remained, consolidation was sometimes seen as the best option.

Mill closures are still an everyday occurrence and the ramifications are not limited to Oregon alone. Changes in the industry have been occurring on an international scale. Between 1996 and 2003, Canada and the US watched as 11% of operational softwood sawmills closed their doors. The western region of the US, however, has seen more closures than any other geographic area. Oregon alone saw approximately 27 mill closures during this period (Spelter 2003:9). Mill closures also appear to coincide with general economic trends as the majority of closures occurred during the 2001-2002 recession (Spelter: 2003). These recent changes demonstrate the insecurity of the industry, especially among small to medium sized processors who are generally the first to go out of business.

Today, with fewer mills to choose from in Oregon, landowners are left in a precarious position. Location has become a key factor. Previously, a landowner could strike up a deal with the local mill owner and send the logs down the street for processing. The rash of mill closures ended many of these local businesses relationships
and has forced landowners to conduct their business with strangers who, in some cases, live hundreds of miles away. The added expense of hauling timber to the few remaining mills has driven up costs which the landowners, especially the small and medium sized ones, are unable to recover.

While the attention gained from environmental protests led to several mill closures and a severe decline in timber harvests, the long term effects may be more positive. Oregon now enjoys a reputation for being environmentally sensitive and producing environmentally friendly wood products. Oregon’s reputation is so strong that in some European countries, Douglas Fir, a tree that flourishes in Oregon’s climate, is simply called Oregon wood (Lawton 2003). Oregon is becoming synonymous with high quality wood products and responsible management techniques which may assist small businesses as they attempt to market niche and specialty products, especially among green consumers. Some industry experts feel that the state’s forest products industry should capitalize on Oregon’s green image by creating and marketing an Oregon brand (Lawton 2003).

Consolidation

In late November of 2000, Steve Rogel, the CEO of Weyerhaeuser Company, publicly declared a hostile takeover attempt of Willamette Industries. The takeover was successful and on February 11, 2002 the merger was formalized. Weyerhaeuser’s 38 million acres of forest land make it the largest private owner of softwood in the world and a powerhouse in the industry (Society of American Foresters 2002). Willamette on the other hand, was a smaller company (1.7 million acres) devoted to community values and headed by the grandson of one of its original founders. The difference in management styles between the two companies is readily noted by many in the industry.

The takeover of Willamette is just one in a string of major acquisitions recently occurring in the industry. Notable mergers include Plum Creek Timber Company with The Timber Company, a subsidiary of Georgia-Pacific, and the fusion of Mead and Westvaco Corporations, now called Mead Westvaco (Society of American Foresters 2002). Propelling the mergers is the belief that larger corporations can be more
efficiently run and can better meet the needs of international consumers. Buying competitors also allows these corporate giants to control pricing and dictate markets.

The Willamette takeover is especially relevant to those in Oregon as both companies' headquarters are located in the Pacific Northwest. Weyerhauser is based out of Federal Way, Washington and Willamette was based in Portland, Oregon. Before the merger, Weyerhauser owned 578,00 acres of timberland in Oregon (Weyerhauser Fact Sheet 2001). The changes in company status will have a direct impact on small owners, but the course of that impact has yet to be determined. Many leading industry experts feel that SMEs may be made more vulnerable by this string of consolidations.

**Mill and Woodland Owners**

To date, little research has been conducted on woodland owners. The term itself can be loosely defined as “non-industrial private forestlands (NIPF) owned by individuals or families whose ownership is less than 5,000 acres and do not own a sawmill or secondary wood processing facility” (OSWA 2003). It is estimated that somewhere around 166,000 parcels of land fall into this category in Oregon, totaling over 4 million acres. Nearly 70% of woodland owners in this category own less than 10 acres, and overall, they make up only 16% of Oregon’s harvestable lands. Harvests from these lands however, have more than doubled since 1980 (Committee for Family Forestlands 2001:11).

Many families have been involved in the industry for generations. They often reside close to urban areas and water supplies making their actions highly visible. This visibility exposes owners in the industry and imposes upon them a more vulnerable position.

The situation of family forestland owners is even more perilous due to their lack of cohesion as a group and the incongruous perception of the public which often lumps them into the same schema as large industrial corporate entities. Family forestland owners see themselves as very different from their large corporate counterparts (i.e. Weyerhauser), yet most recognize that they are inextricably linked to them as well (Committee for Family Forestlands 2001).
The category, family forestland owner, sounds deceptively cohesive, but the diversity found among these owners is extreme. They range in size from hobbyists who own just a few acres, to those who own thousands and use the income to support multiple families. Half of NIPFs are in the form of tree farms. Tree farms are forested lands dedicated to sustainable management and continual production. The term, tree farm, was first used in the 1940s as a way to teach the general public about sustainable forestry and to distinguish tree farming from the cut and run philosophy of previous generations (American Tree Farm System 2003). The other half of NIPF can be categorized as miscellaneous in use, mostly maintained for recreation, aesthetics, or in many cases simply as a part of the owners' residence property. The average age of a family forestland owner is 55, and two in three are currently retired (Committee for Family Forestlands 2001).

Mills owners and managers in Oregon are more difficult to classify and speak about as a whole than forest land owners. Part of the reason for this is that there are fewer systems in place to connect mill owners together and less research has been conducted on them as a group. Small and medium sized mills tend to work individually and few formal organizations exist that focus on mills sharing knowledge with each other. The organizations that have developed over the years to help lumber processors are more likely to be large politically oriented lobbying associations, rather than local networks of support as can be found among small woodland owners.

The OSU Extension Service has several programs targeted toward the state's processors. They offer regular publications, workshops, and even free downloadable software for a variety of processors (Wood Products Extension Team 2003). The forestry department at Oregon State University also has special relationships with many Oregon mills, but those relationships typically deal with technical issues related to processing and contribute little formal knowledge to the subject of small mill culture and values. The culture and heritage of Oregon's mills, however, has not been left unspoken. Rows of books line the shelves at community and university libraries telling the story of the timber industry's past. Shared between the pages are the triumphs and the failures of Oregon's long established processing firms.
CHAPTER 3: LITERATURE REVIEW

SMEs in the forest products industry are dealing with a number of rapid changes. Two of their main marketplace concerns are the consolidation of large corporations and the increased environmental regulations in the US which have lead to more global competition from regions with less stringent regulations. The goal of SME owners is to maintain independent ownership and make profits while still managing to stay competitive. In this context, innovation and learning are considered prime assets, but the question becomes how to convince independent SME owners to invest time, energy, and possibly proprietary information in cooperative networks that have the potential to enhance innovation, learning, and marketing capabilities?

Nowhere is the pride in independent ownership felt more fiercely than in the Pacific Northwest’s timber industry. Many firms have been family owned and operated for several generations and idea of inter-firm collaboration is considered anathema. In some cases the competition between firms is intense and there are some business rivalries that span the decades. In these situations, it is unlikely that collaboration will be a possibility, however, there are firms that are willing to embrace new ideas and innovations, including cooperation (Rogers 1962; Brown and Eisenhardt 1995; Freel 2000).

Small Firms and Cooperation

The problems faced by small firms in today’s global economy have long been areas of study, and interest is increasingly growing, especially outside the US. The European Social Fund (ESF 2000) sponsors research and programs designed to improve employment for citizens of countries in the European Union. One of the programs they sponsor, the ADAPT and Employment Community Initiatives, has conducted research on the learning networks of small firms. They cite cost cutting, faster production and services, guaranteed quality, and intense competition on price as just a few of the demands placed on small firms in today’s marketplace. These stresses are more easily
dealt with by large companies, but according to ADAPT, small firms can remain competitive if they are able to recognize the value in cooperation and networking.

Prior research suggests that small business owners are typically reluctant to cooperate due to their highly individualistic nature and sensitivity to competition (ESF 2000). These barriers to cooperation, however, can be overcome when owners are faced with acute threat. The ADAPT initiative feels confident that, in Europe at least, the current changes in the global marketplace constitute enough of a threat to convince small business owners of the importance of learning networks and partnerships.

As the capabilities of large organizations far exceed those of smaller firms, learning networks are seen as the means for leveling the playing field. ADAPT networking projects are intended to be bottom-up initiatives which empower small business owners to learn and think creatively together. These networks are formed around the actual needs of business owners who share a vision and purpose of the network.

Europe is ahead of the US on the subject of small firm cooperation in terms of research and outreach programs, although the success of ADAPT and other programs like it may help influence small business practices in the US in the near future. For this to happen among SMEs in Oregon’s timber industry, a better understanding must be developed concerning SME owners’ perceptions of cooperation and the importance they place on innovation. Industry experts in Oregon believe that intense rivalry and strong values of independence and individuality currently pose barriers to SME cooperation (Hansen 2002; Lawton 2003). This intense rivalry may also be fueled by what social psychologists term attribution theory. According to attribution theory, in independent cultures, people often attribute negative outcomes to personal failings; the exception being when the negative outcome happens to oneself, in which case the negative outcome is believed to be caused by outside forces (Nisbett and Ross 1980; Leigh and Choi 2003). Such attributions intensify conflict.

Rivalry, Competitive Forces, and Firm Strategy

A narrow view of competition may also hinder the efforts of SMEs. A mistake many firms make, whether large or small, is to over-emphasize the competitive impact of
other companies of similar size and structure, while underestimating the role of other participants in the competitive chain. This perspective is exacerbated in situations characterized by intense rivalry. According to Michael Porter (1979:99), “Many managers concentrate so single-mindedly on their direct antagonists in the fight for market share that they fail to realize that they are also competing with their customers and their suppliers for bargaining power.” Porter attributes this intense rivalry to a number of factors. For instance rivalry flourishes when competitors are of equal size and power; when industry growth is slow; if products lack differentiation; when exit barriers are high; and when the rivals have differing philosophies and values. In business situations characterized by these traits, intense rivalries develop and perceptions of competition can become obscured.

To maintain an accurate vision of one’s competition, it is necessary to identify a broad spectrum of competitive forces such as; suppliers, customers, future competitors, and substitute products (Porter 1979). In a natural resource based economy such as the timber industry, government regulations and bureaucratic organizations may also act as competitive forces. These forces directly effect the business as well as owner perceptions. In turn, SME owners’ perceptions also impact their businesses (see figure 3). Businesses that focus on their rivalries and ignore, or down play, these additional competitive forces can end up developing strategies damaging to their longevity.

Figure 3. Business Impact Model
Those businesses that do acknowledge the full breadth of competition are more able to protect themselves from potential competitive threats. Once an accurate analysis of the competition has been procured, there are a number of positive strategies a company may employ to protect itself from competitive threats. As Porter (1979:99) states, “The key to … survival… is to stake out a position that is less vulnerable to attack from head-to-head opponents… and less vulnerable to erosion from the direction of buyers, suppliers, and substitute goods.” Porter (1979:100) goes on to explain that a strong position can be established through, “solidifying relationships with favorable customers, differentiating the product either substantively or psychologically through marketing, integrating forward or backward, or establishing a technological leadership.”

Successfully adopting one of these strategies, however, can be capital and resource intensive, especially in an industry with large, well established corporate entities. As the industry becomes more consolidated, it becomes difficult for the smaller, independent firms to compete. The large companies are typically the first to adopt new technology and innovative behaviors. And as is the case in the timber industry, they eventually become so powerful that they dominate supply and distribution channels. Without economies of scale, solitary SMEs do not have the financial resources necessary to leverage power among suppliers and customers or to engage in broad advertising and marketing campaigns as a means of improving their competitive situation. In this scenario, the solitary SME faces serious cost disadvantages (Porter 1979).

A lack of significant resources serves as both a financial and psychological barrier to improvement. In addition to financial constraints, cultural obstacles also prevent SME owners from attempting to improve their situation. Feelings of habitus (Bourdeau 1990), or a sense in of one’s social position, often keeps people rooted in traditional behaviors. They accept their position in life and this acceptance can dictate firm strategy by discouraging large scale objectives and projects.

In understanding firm strategy, Pfeffer and Salancik (1978) propose the Resource Dependence Model. In this model, environmental, or external forces, are understood to affect the behavior of organizations. Environmental forces include workers, suppliers, customers, government, and other various groups. The goal of the firm is to survive, and the firm’s survival depends on securing the necessary resources from these external
sources. According to Pfeffer and Salancik, challenges arise due to the two conflicting goals of the firm. The first goal is to ensure the stability of needed resources and resource exchange. The second goal is to remain flexible and independent; however, the stability of resource exchange often reduces the flexibility of the firm as it creates relationships of dependency. This conflict is apparent in the situation of the SMEs in Oregon's wood products industry as they try to survive amid much larger external groups. SME cooperation is a business strategy which has the potential to provide secure resources of exchange while ensuring degrees of flexibility and firm independence.

Benefits of Cooperation

Small firm cooperation offers several benefits. When SMEs collaborate they can create economies of scale which may provide the added resources necessary to realize Porter's positioning strategies. Working together, SMEs can create a variety of opportunities for themselves to leverage power in the marketplace. Opportunities for cooperation in the timber industry include: establishing learning networks; creating a powerful voice in politics and environmental issues; increasing leveraging power in supply and distribution; vertical integration or building a cooperatively owned sawmill; creating a cooperatively used log sort yard to increase marketing power; pooling resources to establish an Oregon brand sold for a premium; sharing resources such as hired foresters, equipment, or supplies; or launching an SME cooperative. Such initiatives have the potential to strengthen the overall position of SMEs and quell the tide of mill closures and the loss of family owned forestlands.

Forestry Co-ops in the United States

In southwestern Wisconsin, the Sustainable Woods Cooperative is in its fifth year of operation. The 85 members joined the co-op as a way to better manage their woodlands and promote sustainable forest products. Several cooperatives, similar to this one, have sprung up around the nation in the last few years. Along with promoting
sustainable forestry, these co-ops educate their members and help them develop new and better markets for their products.

Certification is an issue for many woodland owners who hope to gain a competitive advantage through maintaining sustainable forests and is a focus of the Sustainable Woods Cooperative. A certified label on wood products indicates that the wood comes from a sustainably managed forest. Such a label is becoming more and more in demand as large retailers like Home Depot and Lowe's request it be on the wood products they purchase (Sustainable Forestry Working Group 1998:8-1). Some lumber product companies, such as Collins Pine, have already capitalized on certified products and garnered new markets (Sustainable Forestry Working Group 1998:6-1). Meeting the requirements of certification, however, can be costly. Making matters even more difficult for the individual small owner is that many large purchasers insist on a certified label for the wood products they buy, but are not willing to pay a premium for it. The market potential of certification is still unclear, but members are optimistic that with the help of co-ops, sustainable forestry will lead to value added products as woodland owners hone in on niche and specialty markets (Karg 2000).

Similar co-ops exist in the Pacific Northwest, such as Woodworkers Northwest and the Natural Balance Forestry Cooperative, both in Washington state. Only very recently have forest product cooperatives begun to take shape in Oregon. In May of 2003, Oregon State University, the Northwest Wood Products Association, and the Oregon Small Woodlands Association teamed up to create the Family Forest Products Education and Marketing Project. This cooperative was created in order to better meet the needs of the forests, the people, and the small businesses of Oregon. The Oregon Woodland Management and Sales Cooperative has been in existence for over 10 years with the mission of providing marketing services to its members and getting discounts of forestry supplies.

The most critical element of the co-op, according to experienced co-op initiators, is education (Karg 2000). Small business owners are often unfamiliar with the structure and purpose of cooperatives and need to have current information on the different types of cooperatives and the many different benefits. Once business owners understand the function and benefit of cooperatives, further education helps them find valuable product
and market innovations. Cooperatives can be structured in a number of ways. They can be as simple as a marketing co-op, which would help woodland owners sell their logs for the best price. Or they can be as complex as a vertically integrated co-op owning woodlands, sort yards, processing facilities and retail outlets.

**Innovation and Firm Performance**

Innovation in the world of business is considered essential for the long term success of a firm (Brown & Eisenhardt 1995; Cooper 1996), however, the word itself can have different meanings. For Rogers (1983:135), innovation is, “an idea, practice, or object that is perceived as new by an individual or other unit of adoption.” Those who first gravitate toward an innovation are labeled early adopters. There is a positive correlation between innovation and firm performance. Early adopters in the business arena are those who take risks and then deal with either the benefits or the consequences. Rogers also mentions the importance of early adopters in promoting an innovation. These early adopters are also termed innovators, spark plugs, and initiators. They are key components in the adoption of innovation. Sponsors, or those who seek to initiate change, often look for innovators assist in sharing knowledge and enthusiasm for the proposed innovation.

Much of this research is based on the assumption that the adoption of innovative behavior is necessary for the survival of small firms. Innovation helps companies stay in step with their competition, if not ahead of them, and perform more efficiently in order to better serve customers. Innovations in business can take many forms. Prior research suggests that innovation in business can be classified into three major categories; product, process, and organizational or business systems innovation (Boer and During 2001; Hoygaard and Hansen 2004).

Most relevant to this research is the latter. Business systems innovation includes new management and marketing techniques such as certifying forest products or engaging in joint or collaborative ventures. While all types of innovation are important in maintaining a flourishing business, constant access to information is the key to any type of innovation. This can best be attained by developing channels of communication
with multiple information sources. To put this in context, SME owners could benefit greatly from learning to cooperate with each other and utilizing each other’s knowledge. In this setting, any type of cooperation, whether it takes the form of informal cooperation or a formal co-op, can be classified as a business systems innovation.

It is generally assumed that larger firms have more resources than smaller firms, but that increasing the size of networks of cooperation among small firms will lead to enhanced levels of innovative behavior and a more competitive place in the market. This assumption is based in part on the Schumpertian theory (Acs & Audretsch 1990) of innovation which assumes that larger firms will have an advantage and are better equipped to engage in innovative research and practices (Freel 2000). Power and control in the market are necessary in order to fully accept the risks connected with innovation.

This again points to a need for cooperation and collaboration among small firms in order to rival larger organizations within the same industry. This view is based on the following assumptions: innovation has a high fixed cost, is inherently risky and places small firms engaged in innovative research in a vulnerable position, and is more profitable for large firms with the capacity and resources to widely market and distribute new products (Freel 2000).

Perhaps an equally strong argument also exists to the contrary. The idea that small firms are more capable of innovation than are large firms is set forth by several researchers (Scherer 1980; Phillips 1965). Small firms have more flexibility and are able to react more quickly to changes in the market than larger more bureaucratic organizations. While this perspective is steeped in theory, there seems to be a disconnect between that theory and reality. It may hold true that small firm organization is more open to innovation because of the typically less rigid environment, however, due to financial stresses, the economic benefits are less likely to be realized for independently owned small business.

Social Networks and Factors Leading to Cooperation

Vatne and Taylor (2000:7) argue that, “the disadvantages of small scale can be overcome by networking and that, at the same time, some of the advantages of small
scale can be expanded through the building of inter-firm relationships.” Before delving further, it is necessary to define the term network. In this context, networks refer to both formal and informal social relationships based on trust, interdependence, and the sharing of resources. In a sense, networks directly combine the social world with economics.

The network concept has been discussed and studied in a number of disciplines ranging from economic sociology to organizational theory to anthropology. At the center of most network theory are issues of learning and innovation. Learning is especially important as it is believed to be a catalyst for change. In small and medium sized enterprises (SMEs), where resources, labor, and customers tend to be locally situated, these social networks are an important part of the learning process. Failure to capitalize on these networks of support can be damaging to a small business, while the rewards of properly managed networks far outweigh the perceived risks.

The question then becomes how do people go about establishing social networks and with whom? The work of E.M. Rogers (1983) suggests that there are several different types of social networks people participate in, and each offers specific benefits.

Communication is also most efficient when it occurs between individuals who are similar in values, social status, education and other important traits (Rogers 1983:274). This likeness is termed homophily. Homophilous groups provide people with the consistency, predictability, and security most crave. It requires much more energy to interact with those who are different from us, or those relationships deemed heterophilous.

A group of people who share similar attitudes and beliefs may be thought of as ideal for engaging in cooperative endeavors, however in reality, there are many factors that discourage cooperative behavior among homophilous groups. Rogers (1983:275) explains how homophilous groups may actually discourage the communication of innovations, “Homophily can act as an invisible barrier to the flow of innovations within a system. New ideas usually enter a system through higher status and more innovative members. A high degree of homophily means that these elite individuals interact mainly with each other, and the innovation does not ‘trickle down’ to non-elites...change agents should work with different sets of opinion leaders throughout the social structure.”
In addition, homophilous groups do not provide an affiliation with resources outside the group. If homophilous networks are not ideal for spreading ideas and encouraging the adoption of innovations, that then leads us to heterophilous networks. Heterophilous networks on the other hand, act as bridges connecting diverse groups and facilitating the communication of new ideas and thoughts (Granovetter 1973; Rogers, 1983). Unfortunately when it comes to cooperative activities, heterophilous networks are laden with difficulties as well.

While theoretically heterophilous networks are conducive to the broad dissemination of information across social and economic classes, the human impulse is to trust those we find similar and distrust those we find dissimilar. This creates a number of pitfalls when attempting cooperation across heterophilous networks. A lack of similarity translates to differences in opinion and values, which makes it difficult for heterophilous networks to find consensus. In Varughese and Orstrom’s (2001:747) work on collective action, they indicate that “Heterogeneity is not a strong predictor of the level of collective activity. Rather, heterogeneity is a challenge…”

Heterophilous networks may be ideal for the spread of information and encouraging the adoption of innovation, but they are not ideal when it comes to collective action. Groups of people who must work together in a cooperative fashion and reach consensus are most successful when they are more similar.

Of notable significance is the amount of financial equality among members. If some members of the collective action group are more privileged than others, this discrepancy can create problems. However, some inequality in wealth appears to be beneficial for collective action groups as this disparity encourages the wealthier members to voluntarily contribute more to the group (Baker 1998). Overall, there seems to be agreement in the literature that a balance must be found for optimal social networks which will thereby enhance cooperation. Similarity or homophily is important in cooperative action groups, but small amounts of diversity and inequality are also beneficial. For information networks and the diffusion of innovations, heterophily is the key ingredient, along with some degree of similarity in interest.
Varughese and Orstrom (2001) further suggest that in order for collective action to gain momentum, individual members must have specific attributes such as; a common understanding, trust, autonomy, organizational experience, and leadership.

**Community**

Part of what makes a community strong is that members share a history. They share memories and heroes that embody the values of the community. These values are communicated through the repetition of stories and in many cases rituals (Bellah 1985).

The timber industry in Oregon has an immense sense of history. Black and white photos of logging expeditions and sawmills covered the walls of nearly every house and processing facility I visited. A trip to the local library reveals the deep sense of history and the nostalgia felt by many in the industry. Hardback books line the shelves depicting the history of several of Oregon's lumber. As they tell their individual stories through pictures, poems, and verse these company autobiographies speak about the deep attachment to the land and the sense of fulfillment received from working with it. They talk of the amazing leaders who built the industry into what it is today. This heritage is all the more poignant when the reader realizes that many of the family businesses in the stories today exist only on the written page. Their lands were sold years ago, and the families scattered.

The dynamics between community and the individual are complex. Both the community and the individual need each other, yet they are constantly in opposition. This conflict can be heard when listening to the language people use. The consistent use of words such as, independent and individualistic, in describing Oregon's forest product industry are indicators of this tension. The theory of linguistic relativity reveals that a person's world view is shaped by language and language is in turn reflective of a person's world view (McGee and Warms 2000). Continual use of the language of individualism makes an impact on the thoughts of those within the industry.

In the U.S., people use two languages depending on the situation in which they find themselves. The first language, or the default language, is that of the self-reliant individual. The second language is that of community (Kemmis 1990). This reliance on the language of individualism shapes the way Americans think and feel.
Individualism

There are many forms of individualism present in American society and it is important to distinguish between them. Classical republicanism and Reformation Christianity both developed strong beliefs in the importance of individual autonomy, however, in these systems the freedom of the individual comes with certain obligations (Bellah et al. 1985; Shain 1994). Each individual is still expected to live and conform to the norms and well being of the group or community. The community or group supercedes the individual.

In modern individualism, the form most familiar in the United States, there is a slightly different perspective. The philosophy of John Locke proclaims that the individual is first and foremost. Tocqueville defines individualism similarly as, "a mature and calm feeling, which disposes each member of the community to sever himself from the mass of his fellows and to draw apart with his family and friends, so that after he has thus formed a little circle of his own, he willingly leaves society at large to itself" (Tocqueville 1945). In this vein, community exists only for the purpose of propelling and meeting the needs of the individuals. From opposite ends of the spectrum, these two ideological perspectives on individualism attempt to mediate two fears; the fear of being overpowered by a society in which individual needs are not fulfilled, and the fear of entirely losing a social group and therefore losing any sense of individual identity (Bellah, et. al 1985). The legendary cowboy portrays this struggle between the individual and the community. The cowboy will risk life and limb to save the community, but at the end of the day he saunters off into the sunset alone. One wonders if the cowboy resents being alone, or if he finds enough satisfaction in helping the community achieve its goals.

Owners of SMEs in Oregon may see themselves in a situation similar to the cowboy. They manage their forest lands for the good of everyone. They produce materials so that the community can build homes and businesses. They provide living-wage jobs, but at the end of the day, the landowner and the mill owner head home shaking their head and wondering why the community derides them, why
environmentalists target their properties, and why the politicians seem to vote against them at every juncture (Schwantes 1996).

**Individualism vs. Communalism**

When people think of the west, they often visualize vast expanses of open land, grand peaks and lush valleys, lone cowboys and tough pioneers, and a spirit of rugged individualism pumping through the veins of the people. In fact, many people living in the west not only identify with this image, but take great pride in it. Small business owners in the forest products industry, as well as many Americans in general, consider themselves to be independent and individualistic. While this attitude is not limited to the west, it is perhaps felt more deeply in the west than in other parts of the US. The image of the free individual is even more prevalent in specific sub-cultures such as Oregon’s forest products industry where independence and individualism are viewed not only as positive traits, but also as unquestionable and unchanging (Schwantes 1996; Quay 2002). However, for the pioneers of yesterday, individualism was not the path to success. In fact, raising barns or harvesting fields was very difficult to accomplish without cooperation from neighbors (Kemmis 1990). Pioneers needed to be self-reliant, but they were also dependent on others for their survival. This second part is the less celebrated history of our forbearers, but is no less integral.

Contributing to the feelings of individualism is the structure of land management in the west. Due to the vast amount of public lands in the west, there has long been a history of tangled objectives involving questions over public good versus private ownership. Land management is often seen as a conflict between the individual landowner and large bureaucracies such as the National Forest Service or the Bureau of Land Management (Kemmis 1990). Private landowners may find themselves battling large bureaucracies and this is the image they take with them of cooperation.

The extreme individualism so often attributed to Americans is, in fact, quite questionable. The literature suggests that in reality, Americans possess two cultural heritages; one of individualism and one of community activity (Bellah 1983; Kemmis 1990; Fukuyama 1995). In addition to the go-it-alone mentality extolled by the media
and popular culture, Americans have a history of working together and joining organizations such as 4H Clubs, Kiwanis, the League of Women Voters, or the farmers’ grange. Perhaps a more dramatic example is the modern hierarchical corporation made so successful by Americans. Historically, the importance Americans have placed on the value of independence has not prevented US businesses from cooperating with each other. Corporate mergers, consolidations, and partnerships are considered normal and have been for a long time. As early as the late 1800s, businesses like Standard Oil and US Steel realized that network systems and partnerships were necessary for success (Fukuyama 1995). The willingness of so many Americans to work within the confines of large bureaucratic corporations belies the notion of rugged individualism and points to the other, less praised side of American cultural values, that of community. Americans are motivated by a combination of conflicting tendencies. While they tend to fight ferociously for individual rights, cooperation is the norm when it comes to big businesses and their economic well being.

Daniel Kemmis (1990) reflects on the work of Bellah et al (1985) as he examines the language used in Americans’ daily life to find evidence of these two opposing values. The first language, or the default language, is that of individualism. This language is most typically used in public spheres where the individual feels threatened and needs to protect his or her rights. During public hearings, meetings, and debates, people almost always rely on their language of individualism. They speak not of what they have in common with each other, but of their differences, and “their lives sound more isolated and arbitrary than...they actually are” (Bellah, et al 1985:20-21).

The second language is that of tradition and commitment. This is the language people use when they feel safe and are able to step outside of themselves. It is seen when landowners speak of being caretakers of the land and stewards entrusted with the care of the land for future generations. It can also be seen when mill owners talk about producing environmentally friendly products for building homes or providing jobs for the community. Yet when it comes to acting in cooperation with people today, the language changes. The everyday trials and tribulations of the modern business owner are blamed on someone else’s devious motivations and there is a noticeable shift in the language. Other businesses, the government, even the public at large are seen as conspiring against
the individual small business owner. It is, in part, this polarization of 'us versus them' which results in overly individualistic behavior.

The interplay between individualism and communalism in America is, in many ways, part of the country's success. Tocqueville (1945) notes, in his analysis of American society, that the equality of Americans makes them vulnerable when they are alone. This perceived vulnerability leads Americans to join groups in order to enact, change, or gain political power. In this regard, the spirit of community has tempered the self-serving aspects of individualism, while the prevailing ethic of individualism has protected the rights of individual will. One without the other could result in a society of extremes. The overly individualistic society might produce small self-serving groups removed from a broad community base, and an overly communal society might result in a conformist society with little room for individual self-expression.

The relationship between individualism and communalism is one of the more subtle, yet powerful facets within American culture. Most people are not even aware of the dichotomy that is expressed in their own behavior. It is so ingrained that it is taken for granted. It is expressed in action, but is not a part of conscious thought patterns (Voronov and Singer 2002). This is the power and the danger of culture. Culture pervades everything we do and for the most part exists only in our subconscious. Our culture gives meaning to our actions, and allows us to predict the actions of others. The danger arises when culture is left unexamined and beliefs are assumed to be natural or right.

Trust

Economists state that trust is beneficial to a community because the social capital it generates allows for flexibility within the community (Fukuyama 1995). If people have trust in each other and in their institutions, it is believed that they will more efficiently work together. With high levels of trust, people are willing to take more risks and the overall cost of business is lessened. The amount of trust among a group depends in large part on the degree of shared norms and ethics. Communities, both large and small, national and local, develop out of a sense of mutual trust and shared values. Recent
research points to a lack of trust and a dearth of appropriate partners as two of the main obstacles to collaboration as perceived by small firms (Freel 2000).

On the surface it would appear that levels of trust must be high in order to forge cooperative alliances among small businesses, but the importance of trust is a subject of debate. Do people have to have a high level of trust in each other, or do they need to trust the structure and credibility of the system in which they are participating? In discussing environmental risk communication, Trettin and Musham (2000) propose that credibility, in addition to trust, in a system or organization is a vital component that must also be fostered. Encompassed in the term credibility are perceptions of capability, knowledge, and experience. Also important in establishing creditability are levels of reliability and predictability. What is, or is not, considered trustworthy is a matter of subjective differentiation and depends on the values of the person making the judgment. The word credibility, however, implies more objective reasoning than trust, and typically means there is also more of a societal or group consensus. Trust is the emotional by product of creditability, and researchers caution against overemphasizing the value of trust in relationships. Other factors, they insist, must also be analyzed. It has even been suggested by some that low trust levels among individuals can be a positive characteristic. With a credible system in place, characterized by rules and regulations, low trust levels encourage people to act as watch dogs to protect the integrity of the system (Leiss 1995). This vigilance serves to strengthen the system.

Fukuyama (1995) maintains that trust is beneficial, but is not always essential to cooperation. According to Fukuyama (1995:153), economists typically define social groups as “the result of voluntary contract between individuals who have made rational calculation that cooperation is in their long-term self-interest. By this account, trust is not necessary for cooperation: enlightened self-interest, together with legal mechanisms like contracts, can compensate for an absence of trust and allow strangers jointly to create an organization that will work for a common purpose”.

From their research, Trettin and Musham’s (2000) found that when community members recognized great benefits in a new endeavor, they were less likely to perceive high levels of risk, and more willing to accept the risk. They also found the opposite to
be true. When community members felt a low level of benefit, the risks were perceived as greater and they were less willing to accept risk.

**Trust, Family and Culture**

Most businesses around the world start out as family enterprises, but where they end up can depend greatly on culture. Fukuyama (1995) identifies two basic types of business organizations related to this research. The two types develop from varying degrees of trust within a culture: the family business and the professionally managed corporation. The family business is based on kinship and typically is found in low trust cultures. Management roles are filled by family members due to a strong distrust of outsiders. Businesses tend to be small, due to limited amounts of capital, and short lived. They are subject to the Buddenbrooks phenomenon or the disintegration of family owned businesses after the third generation takes over (Fukuyama 1995:83).

On the other end of the spectrum are professionally managed corporations based on voluntary associations. This business type is the result of high trust cultures that have formed relationships outside of the family unit. They are characterized by joint stock companies, joint proprietorships, and limited liability partnerships. Combining resources outside of the family unit allows these private companies to grow quite large (Fukuyama 1995).

In regard to its typical organizational structure, the US business culture can be classified as a high trust society with professionally managed corporations. The typical small business in Oregon’s forest products industry stands in stark contrast to the corporate model described above. The small family firm falls into the low trust category. This suggests that small owners in Oregon’s forest products industry are a unique sub-culture. They share many beliefs and values, however they are not a cohesive group. The shared values of individualism, distrust of outsiders, and strong family cohesion act as barriers to solidarity among small owners. This lack of a broader sense of community prevents Oregon’s small business owners in the forest products industry from taking advantage of economic opportunities.

The research of Voronov and Singer (2002) supports and embellishes this
argument. They postulate that members of a group or society typified by high levels of uncertainty will cooperate with those in their inner circle, but will shun contact with outsiders due to a mistrust and fear of strangers. The cohesiveness of the small inner circle prevents the development of larger social networks.

The Language of Individualism and Polarized Conflict

In most situations characterized by heated debate and polarized issues, there is more common ground than is ever realized, and one major source of this polarization is language. The language of isolation used in public discourse is not representative of reality and it is hard to build common ground with this language (Kemmis 1990). But there may be reasons for this polarization and purposeful isolation. In some measure, polarization may serve the industry’s desire to keep competitors in the status of outsiders. Max Weber (1998:57) describes this when he writes, “Like war and piracy, trade has often been unrestrained in its relations with foreigners and those outside the group. The double ethic has permitted here what was forbidden in dealings among brothers.”

The early timber industry in the Pacific Northwest is often described as a cut-throat business (Schwantes 1996). Although today that mentality has changed, there is still a lingering sense of dishonesty and ruthlessness. Systems and laws are now in place to protect people from the unscrupulous practices of the past, and the polarization of conflict no longer serves a useful purpose among SME owners, but the language of polarization is still common. In fact, this rhetoric can be classified as ritualistic. Rituals are important ways for people to adapt to changing social and environmental conditions (Marcus & Fischer 1986), and in dealing with the recent upheavals in the forest product industry, I will examine whether SME owners are clinging to the language of polarization as a means of protection and security.
CHAPTER 4: METHODS

Research Questions

The purpose of this research study is to identify current barriers to small firm cooperation in the forest products industry and understand if these barriers can be overcome. Prior research (ESF 2000) and the experience of industry experts (Hansen 2002; Lawton 2003) point to the fact that strong values of independence currently prevent SME owners from engaging in cooperative activities.

The academic community sees cooperation as a key element for SME survival. Informants’ perspective of cooperation, both explicit and implied, must be analyzed to discover if cooperation is a viable avenue for the forest product industry in Oregon. Primary research questions include: What perceived barriers exist to cooperation? What does cooperation mean to SME owners? Are there examples of successful cooperation within the industry? Is independence a strong value among SME owners in the forest products industry? What other values influence SME owners’ opinions regarding cooperation? Do SME owners see themselves and their industry as uncooperative? Do SME owners see each other as competitors and if so, to what extent? What are the levels of trust and mistrust in the industry? What other factors influence the acceptance of cooperation?

In addition, the overall values and beliefs of SME owners will be studied as they directly relate to the behavior and consequently the business decisions of owners. Questions of primary interest are: What do SME owners perceive as being the main challenges they face in the forest products industry? How do they currently cope with these challenges? Who do they view as competitors and who do they view as allies? When they need help or advice, what resources do they use and trust? To what extent do social networks impact learning and business systems innovation?

Of particular interest for this research is the subject of marketing. Marketing is relatively new to the forest products industry and much like cooperation, was initially rejected by many forest product companies. Marketing is now increasing in importance and complexity. Understanding how owners market their products is important on multiple levels. Studying the marketing practices of SMEs will provide insight into the
adoption of innovative business practices among SMEs. Focusing on marketing practices will also elucidate SME owners’ perspectives on business strategies demonstrating how marketing fits into their world view and will illustrate the social connectedness of SME owners. It is believed that the following variables have a direct impact on marketing and opinions of cooperation within small to medium sized firms: social networks, education level, community involvement, age of management, business and/or life philosophy. Questions posed regarding this topic are: How do SME owners market their products? Who do they trust when searching for profitable markets? How important is marketing to the owners? What do they believe are the most important aspects of marketing? How informed are the owners/managers of SMEs about current industry trends and the political climate? How involved are they in the local community?

Outcomes

This research will result in a more clear understanding of the values and motivations of SME owners and managers. A more complete picture of perceptions of cooperation in the forest products industry will arise. This knowledge has the potential to assist SME owners as they make strategic business decisions. Practical solutions to current business challenges will develop from this new understanding. Answers to the primary research questions will provide insight to change agents and industry organizations. Recommendations will be made for methods of encouraging cooperation among SMEs in Oregon’s forest product industry. It is hoped that this research will lead to improved outreach programs through the OSU Extension Service, OSU Department of Forestry, and other industry related organizations.

Methods

In order to understand the social and cultural factors affecting small to medium sized owners in Oregon’s forest products industry, 16 in-depth semi-structured interviews were conducted with business owners in the industry. Sixteen was chosen as the sample
number in order to explore a diverse range of SME owners. Thematic redundancy was achieved with this sample size.

Eight interviews were conducted in each of two categories; small to medium sized landowners and small to medium sized mill owners residing and working in the State of Oregon. The owner or primary decision maker of each business was the unit of analysis. This allowed for themes to develop for the group as a whole while accounting for possible discrepancies based on the various types of ownership. Conducting eight interviews in each category also allowed for comparison of the differing ownership types and the discovery of themes based upon those differences.

For the purposes of this research project, small to medium sized mill operations are classified as those having less than 300 employees. In 2002, there were approximately 67 lumber mills operating in Oregon and approximately 54 of those meet the definition of small to medium sized mill (Bumhardt 2004).

Small to medium sized non-industrial private landowners, also called woodland owners, are classified by the Oregon Small Woodlands Association (OSWA), as those owning 5,000 acres or less of forested land. All but one landowner interviewed fell into this category. The exception being a company that had recently consolidated several family parcels to form a larger more efficient operation.

Preliminary data collection consisted of attending forestry related meetings and presentations, as well as reading magazines, newspapers, newsletters, pamphlets, and other related literature.

**Sampling**

A purposive or judgment sampling method was used to select the 16 business owners for this research. This method is often used in anthropological research as it allows key informants to be selected based on their suitability for the purposes of the research. (Bernard 1994). Purposive sampling is especially useful when studying special populations, as in this case, where the units of analysis are SME owners in Oregon’s forest products industry. In some cases, especially among landowners, a snowball sampling method was also utilized to complete the sample. This method was especially
useful as many owners were initially apprehensive about speaking to a stranger. Many were worried that I might be a radical environmentalist, but having a point of reference (i.e. an OSU Extension agent or a friend in the business) eased much of their concern.

Informants were chosen from various parts of the Willamette Valley as well as coastal areas to provide variety within the sample, while also making it possible to study social networks within a somewhat confined geographic area. I contacted industry experts from Extension Services and research offices in both the Willamette Valley and north coastal regions of Oregon and asked for leads to possible informants. I then made phone calls to the suggested individuals to verify eligibility and willingness to participate. Extension agents purposely suggested owners they had worked with in the past and who they believed would be receptive to participation in a research project, biasing the sample toward the more socially active and connected of the SME owners in the area. In the case of three landowners, the informants offered additional contacts, which I then followed up. Mill owners on the other hand, were less likely to suggest other mill owners for possible participation and less likely to be well known by an Extension Agent. For this half of the research population, I used recommendations from industry experts at Oregon State University and made several cold calls based on information supplied by advertisements in forest product related media.

In addition to the 16 interviews conducted with SME owners, half a dozen informal interviews were conducted with industry experts at Oregon State University and at OSU Extension Offices. Two industry meetings were observed, one focusing on small land owners held by an industry organization and one highlighting general problems within Oregon’s forest industry held by an academic research institution. Observing meetings, interviewing informants, and conducting a literature review allowed for triangulation of data. In addition to triangulation, multiple perspectives were obtained through the interview of woodland owners, mill owners, and industry experts which provided a more complete understanding of the current situation for this research.

This study began as a subject of inquiry among academics within the discipline of forestry. Their experience and perceptions gave direction to the initial research questions. Through the in-depth interviews, each informant was able to give shape and form to the research and each interview expanded on the knowledge gained from
previous ones in an iterative fashion. Continuing conversations with industry experts created a multi-perspective analysis, built upon the data gleaned from informants. Participant observation at industry meetings also contributed to further understanding. Comparing this data with previous research and literature on the subject provided the final peg in the triangulation formula.

**Interview Structure**

Interviews lasted from one to four hours in length, depending on the schedule of the informant and the activities incorporated during the interview. Often included in landowner interviews were tours of their forests, and occasionally mill owners would also proffer tours of their facilities. According to McCracken (1988), this type of long, semi-structured interview is one of the preeminent methods for understanding another individual's way of perceiving the world. Using the interview, the researcher can "step into the mind of another person, to see and experience the world as they do themselves" (McCracken 1988: 9).

In preparing the questionnaire, every word was carefully selected to prevent biasing the responses. The main purpose of the questions, however, was not to solicit clear answers to specific questions but to encourage the informants to speak openly about their industry and their work. As the interviewer, I did however, have specific topics in mind which I hoped the informants would bring up, and in most cases the conversation eventually turned to those subjects without interviewer prompting.

The interviews began with general questions about each informant's background and business environment, while more specific questions were left to the end of the interviewing process. Frequently, by the time we reached the end of the question set, the informants were repeating themselves because those topics had already been covered.

Questions focused on the following subjects: marketing strategies, perceived competitive advantages, community relationships, industry relationships and networks, inter-firm collaboration, perceived obstacles or challenges, and cooperation (appendix A). Due to the overwhelmingly negative feelings associated with the word co-op within the forest products industry, I did not specifically use the term until the very end of each
interview. Other variables recorded and considered during analysis include: the age and life cycle of decision makers, gender, size of the firm (although all informants were managers or owners of small to medium sized enterprises, considerable variability existed in firm size), the firm’s longevity, level of industry connections, and community and industry involvement.

As many of today’s challenges facing SME owners have intensified in the last ten years, interview questions centered around, but were not limited to, changes occurring during this time period. During the interviews, additional information was gathered on the demographics of each business and its owner such as duration and history of operation, age, education level of owners/decision makers, the firm’s economic status and level of vertical integration within the industry (whether the firm owns timber land as well as manufacturing sites). When possible, interviews were tape recorded and transcribed. Two interviews were not tape recorded; one due to technological failure and the other due to apprehension on the part of the informant. When audio recording was not possible, extensive notes were taken.

The Interviews

Although only two companies I initially approached declined to participate in my research, several of the owners I spoke with were apprehensive. Being a graduate student in anthropology immediately put me in an unfamiliar category. After the first few interviews, I began to introduce myself as a business anthropology student, which seemed to put people a little more at ease. Many were fearful that I would turn out to be a radical environmentalist trying to dig up dirt on the timber industry. One informant even admitted that he half expected me to walk in wearing a long skirt and a tie-dyed t-shirt, and if I had, it would have been a very different interview or perhaps a non-existent one.

In each case, after I explained the purpose of my research, most of the tension in the room dissolved. I encouraged my informants to think of the interview as an opportunity for them to teach me about their lives and their work, and I typically wore an Oregon State University t-shirt or sweatshirt further signifying my role as a student. Most of the landowner interviews were conducted in their homes which made for a
relaxed and friendly setting. Conversations with the landowners were open and free flowing. These interviews typically went beyond the allotted two hours and in many cases involved food.

With two exceptions, mill owner interviews were conducted during business hours on site at the mill. Because of this, interviews were frequently interrupted by ringing telephones or other employees and our conversations were more formal. I felt more of an intruder during these interviews, and it seemed as if the owners and managers of mills were more guarded in their responses. The two interviews not conducted on site at mill facilities took place at restaurants simply for logistical reasons.

The majority of interviews were one-on-one, but several involved married couples. On one occasion the interview involved a married couple, their adult daughter and the family forester. This was the ideal interview as a multi-generational perspective was obtained along with an influential outsider’s view (the family forester). In all but two interviews, the primary interviewees were male. When couples were interviewed, in each case the husband had been the main point of contact. During some interviews the wives would participate fully. In other situations, the wives would wander in and out of the room, making comments when they felt it appropriate. In both instances where a woman was the primary interviewee, the women were single heads of household and participated in the interviews alone.

**Analysis**

Data arising out of the interviews consisted of 258 pages of transcribed notes and 48 hours of tape recorded interviews. All 16 interviews were transcribed verbatim. In analyzing the interviews, the purpose was to understand the categories the informants use to classify their world and their meanings (McCracken 1988). To achieve this goal, the data was analyzed by identifying and coding cultural themes. According to Spradley (1972:186), cultural themes are, “any cognitive principle, tacit or explicit, recurrent in a number of domains and serving as a relationship among subsystems of cultural meaning”. Spradley continues to explain that themes can be explicit or tacit. When they are the later, the researcher must interpret what has been said because “themes come to be taken
for granted; they slip into that area of knowledge where people are not quite aware or seldom find the need to express what they know” (1972:188).

Each interview transcript was carefully examined several times through a series of stages as recommended by prior research (McCracken 1988). The first examination was primarily to gain familiarity with the data and the informant’s words. Also during this stage, I searched the transcripts for data which would support or weaken my original ideas. Notes were made within the text of each transcript when such occurrences were found. The second round of examination was devoted to compiling brief sketches of all informants used in making comparisons. Potential themes (developed from the first examination) and notable variables were entered into a spreadsheet. Data for each informant was listed in a separate row in order to make comparisons and identify similarities or discrepancies between all informants. From this spreadsheet, a brief bio was created for each informant. After an analysis of the data from the spreadsheet and the individual bios, themes and behaviors that commonly recurred were explored more deeply. Each interview transcript was examined once again, this time specifically scrutinized for informant quotes relating to thematic categories. Related quotes were lifted from each of the interview transcripts and compiled into specific thematic categories. A ‘quote page’ was then created for each theme that developed. This quote page was then used in constructing the final analysis found in chapter five of this study. All thematic categories are rigorously documented and verifiable through the words of the informants.

Limitations

This research was constrained by several factors including limited resources and a finite amount of time. Ideally, the study would have included participant-observation, or time spent living and working with the families interviewed. Such additional research may have provided more depth to the true nature of the informants’ lives and may have lead to additional insights of the industry’s culture. My initial unsophisticated knowledge of industry jargon and methods may also have hampered my research. I may have missed the opportunity to ask relevant questions due to an ignorance of specific aspects related to
woodland management or lumber processing. Including researchers from other fields such as forestry or business might have enhanced the information gathered during the interviews. I often had to ask informants to define or explain industry jargon and terminology, which they gladly did. On the other hand, being a student and conducting the interviews alone may have helped to create a relaxed and non-threatening environment, inducing informants to be more open and forthcoming.

The overarching goal of this research was to suggest methods that would improve the situation of SMEs through a better understanding of their values and behaviors. Underlying this general purpose is my own bias, and that of industry experts I consulted with, which suggests that many problems facing the small business owner can be alleviated through cooperation. In fact, this research was initially spurred by the question, “How do we get small firms to cooperate?” My own predilection toward the cooperative business model may have resulted in a more positive assessment of the possibility of SME cooperatives in the forest product industry.

An interesting topic for future investigation would be to speak with woodland owners and mill owners with limited social networks and not currently associated with any organizations. Due to their lack of social networks, however, this group is a difficult one to track down and they are often reluctant to participate in research projects. A research project targeting this group has great potential to benefit small business owners whose lack of knowledge prevents them from staying current with new developments in the market.
CHAPTER 5: RESULTS

In this chapter, it is my objective to represent the values, opinions, and feelings of my informants. I can accomplish this most accurately by describing the topics considered important by the informants using their own words as often as possible. As only sixteen SME owners/managers were interviewed, this research does not attempt to speak for all small to medium enterprises in the industry, but intends to give a glimpse into the more personal aspects of these sixteen owners and their thoughts on operating small businesses. Although the sample is not representative, it does demonstrate strong themes relating to owners' beliefs on cooperation and independence. In addition to themes of similarity, this chapter highlights the broad range of opinion among individual owners and some of the principal differences between the two ownership types studied; mill and land owners.

Risk Perception

Supply and Demand

A broad spectrum of challenges face today's SME owner. Landowners feel particularly pinched by changes in the marketplace that have lead to the devaluation of their larger and older timber stands. To deal with the loss of federally harvestable timber, many mills reorganized their facilities and purchased equipment designed to more aptly handle the trees that are available in large supply. The trees readily available range from five to thirty inches in diameter. Large trees that once brought in high dollars are now worth less due to the high cost of transporting them to the few remaining facilities that have the ability to process them. As Bill says, “So now we spent a whole generation saving the biggest and the best and now the biggest and the best isn’t as much as the smaller. So where do you go?” This same sentiment was expressed by all the landowners with whom I spoke. Sue laments that what was considered intelligent land management in the past, is proving to hurt them financially today. “Our best price last year was 14 inch... We saved the good stuff til last and nobody wants it.”
There is a strong sense among landowners that the future is highly uncertain. This is particularly worrisome for them considering that the decisions they make today have a long lasting effect. Many decisions they make will not impact themselves, but will affect their children and grandchildren. According to Bill, “I think the biggest number one challenge is knowing what future desires are. Once we plant a tree, we’re locked in 40 to 90 years. It’s hard to shift direction.” As Jenny points out, the situation is further complicated by the environmental movement. “We’re all being encouraged to grow these big trees, long rotations, by the bird and the bee people, yet right now it’s a problem. Like GP [Georgia-Pacific], they pay less if the log is over 30 inches.”

Small mill owners face the other side of the problem; finding sufficient timber supplies. As one informant put it, the main challenge today is “Supply, supply, supply.” For many like Brian, the biggest challenge is in adapting to the rapid swings of the industry. “We use to be 85% dependent on government timber to run. And so that’s a huge challenge, trying to replace that volume with quality timber.”

The need to find adequate supply at a reasonable cost heightens the sense of competition between mill owners. Jim implies the level of supply is not as important as intelligent decision making. “Nobody ever went broke in this business that I know of, and I’m 70 years old, for lack of logs, but a lot of ‘em went broke because they paid too much for that log.”

Just keeping up with the pace of the industry was also cited as a challenge. John says, “We’re in business to make a profit. We’ll try to adapt if it will make money. You can get mesmerized in doing the same thing everyday and lose money. We are constantly adapting to the changing dynamics of the market.” John’s comment harkens back to the day when the industry was not so volatile. But today the general consensus is that it is difficult to stay current and make intelligent decisions with the increasing uncertainty of supply, global markets, and consolidation. To cope, mill owners are changing their attitudes as well as the way they do business. John says, “We’ve had to control our own destiny.” Most feel that because they are still in business, they have done a good job at adapting. Their survival acts as justification of their management strategies. In fact, several hinted that the closures of ‘other mills’ was not the result of global competition or
corporate consolidation, so much as the result of weakness. Brian states, "You know buying timber. [It's a] survival of the fittest type of thing."

Several mill owners explained that they had moved or were in the process of moving from a commodity market to a niche market and this is how they are able to cope with recent industry changes and stay in operation. Others expressed the belief that they had survived this long because they were in a niche market to begin with. Alternatively, Jim and Rick are the only owners not headed toward specialized markets. Jim believes that his company produces enough volume to compete in a low-cost commodity market. "We're a small company, in so far as the size is concerned, but in production we're a big company." To Jim, who is the largest mill owner when measured in terms of board foot produced, supply and consolidation are not large enough hurdles to make him or his partners change their current business strategies. Rick, on the other hand, owns one of the smallest mills. He also sees no reason to change his commodity based strategy, as the mill is currently meeting his goals.

The decline in the export market is another factor often mentioned as contributing to the harsh business environment of mill owners. Many informants told of the sudden drop in exports they experienced due to Japan's sagging economy. Brian says that many US companies have had to let go of the Japanese market and, "...that's what's kind of caused further down turn in the US market."

**Certification**

Certification is a process of labeling environmentally friendly forest products that come from sustainably managed forests. This is done by tracking the product through its entire life cycle from forest, to processor, to retail outlet and any other stops it might make along the way. In the industry, this is termed chain of custody. Ideally, at the end of the chain is a final product like a 2x4 sold at Home Depot with a logo easily identifying the product to the consumer as coming from a sustainably managed forest. Forests and management techniques are audited by an independent third party to ensure an objective label. Certification is a market driven concept, regulated not by the government, but by market demand. In principle, the certification process is designed to
support sustainable forestry while meeting the needs of the environment, the economy, and local communities (Forest Stewardship Council 1996).

Spawning from the environmental movement of the 80s and 90s, certification is a rather recent development with the majority of certification systems having developed in the 1990s. A number of certification systems exist in the marketplace, each proffering its own brand of environmental stewardship and marketability. This diversity among certification systems can be baffling for a small business. Which system will be recognized in the marketplace? Which system is reputable? How much paperwork and money is involved? Is one system good enough, or should the business become certified by two or three organizations? And how much will the certification process alter current business and management practices?

For many SME owners, the uncertainty is strong enough that they decide to ‘wait and see’ rather than put time and money into a certification system that will be of little or no use. This is a pressing issue for SME owners as more and more large retailers and timber processors are demanding certified wood. The reluctance of some small businesses to join in the certification process may hinder their businesses in the future. Reluctance to become certified can also be seen as an overall mindset indicating unwillingness to be an early adopter of innovations.

Even among those who are certified, there is a sense that it is not necessarily in the best interest of their business, of the industry, or consumers. As Bill, a land owner, sees it, certification will only hurt small businesses. “Anytime you have a third person coming in between you and the market place, which is what it is in my opinion, you’ve added another layer of expense. Certification in my opinion is going to become a restraint on trade. In other words, if you aren’t certified by the all powerful certification organization, you can’t market your product. So that’s restraint of trade, any way you want to look at it. Now, once again I repeat, we’re certified, but I think it’s somewhat meaningless.”

The main purpose of certification, according to many land owners, is to assure better land management practices. They feel that the process of certification, however, falls short of its noble intentions due in large part to the strict environmental standards already in place in Oregon. Nora, the adult daughter of a land owning couple articulates
this perspective, “I think your tree is going to be grown the same on your property, whether it was certified or not certified. I think that the Forest Practice Act probably made the most difference in that as opposed to any certification. Probably in Oregon, by following the Forest Practices Act you would equal certification.”

Bill’s remarks echo those of Nora, “There’s no benefit unless it makes your techniques better, but the bulk of us don’t need it.” Unlike the rest of the landowners, who are certified by the Tree Farm System, Patty is not certified by any organization and her opinion on the subject is strong. “I don’t know how I could make my trees grow any different. I try to use practices that keep the land pristine. I really don’t know what more I could do. If they don’t like it, then they don’t need to buy it. It might make a difference to somebody. I don’t know. I think most forest owners now are conscious of what they’re doing. It just doesn’t fit in with my goals.”

The conflicting objectives of certification were often cited as a source of frustration and resentment. Jenny demonstrates some of these feelings, “On the one hand I think it’s [certification] a bunch of bullshit. On the other hand, it...well...(big sigh). I’m thinking, if we meet our forest practices act, I mean we have the most detailed rules...we should be certified.” Nora expresses the sentiment of many land owners who object to the loss of control that comes along with certification. “I think the biggest objection I would have to certification is if it’s forcing members who aren’t certified to have to pay a fee in order to be certified to sell their logs.” Patty, a land owner who during the bulk of the interview came across as a very soft spoken person, grew abrupt and closed off when the topic of certification was broached. “No, not certified. And I’ve never had trouble selling logs. If it came down to that I’d close up shop.” The lack of control associated with certification makes Patty feel as though she is backed into a corner. While her view is more extreme than most of those encountered in this study, it is representative of the general negative attitude toward certification. Although certification is promoted by its adherents as a market-based form of environmental stewardship, land owners tend to see it no differently than other governmental regulations. To them it is yet another means for bureaucratic agencies to take away their autonomy.
Perceived benefits of certification, while rare, do exist. Jenny, who earlier showed her frustration and mixed feelings of certification, also mentions the positive aspects. “In a broader sense... we are certified tree farmers, but you know, it’s part of the whole changing public perception and improving public perception of what we’re doing. If it’s part of that, ok. If it’s something we’re being forced into because everybody else is doing it…” Jenny makes the point that the purpose of certification is to educate the public and to help improve the image of the industry more so than to regulate it.

Another argument against expensive certification systems is that land owners do not get a premium for their certified products. In other words, the marketplace demands certification, but does not provide compensation for the extra cost to land owners.

Even though they have negative feelings about certification, seven out of the eight land owners interviewed are in fact certified through the American Tree Farming System. As stated previously, there are a variety of different certification organizations, but of the seven land owners who are certified, all are using the American Tree Farm System (ATFS). The ATFS was established in 1941 and is the oldest certification system in the United States. Because of the long history of the ATFS, many small land owners have been certified for years, even decades. They are familiar and comfortable with ATFS but perhaps more importantly, the process is free. Other well known certification organizations mentioned by informants include the Forest Stewardship Council (FSC), Sustainable Forestry Initiative (SFI), and Green Tag. Even among industry experts and environmental groups, considerable controversy exists as to which systems have rigorous enough standards to be called green. Unfortunately, the ATFS does not carry the same weight as some of other organizations and this could put small land owners at a disadvantage in terms of competitiveness in the global marketplace. As they told me about the certification of the ATFS, some owners even admitted they had doubts as to whether or not it was a true certification system.

The topic of certification is a point of convergence for land and mill owners. Perceptions run parallel among the two groups. Mill owners tend to believe the industry in general is already meeting or exceeding the standards of certification and the documentation is just additional expenditure of time and money. Although those who work in the processing side of the forest products industry have slightly different
logistical concerns. Brian conveys one of the concerns of small mill owners, “In a company our size, do we spend the time and money to get certified or not? One way of looking at certification is it’s almost like an alternative tax. If we have to spend money to do what we already know we do it’s almost like a tax to us, we feel.”

Eric agrees that firm size has an impact on the decision to become certified. “Our company, the size that it is, it’s neither being demanded nor does it seem to make any sense. And in fact, because our wood base is so erratic, we can’t get ourselves certified because we never know where our logs are going to come from next. So it’s a difficult thing for us, adhering to all of the laws and regulation and doing all those things, it’s almost… I wouldn’t want to say it’s pointless, but it’s like we’re certifying something that we’re already doing and have been doing, other than the documentation to do the certification, which is the new element.” While earlier in the interview, Eric demonstrated his deep commitment to marketing and improving the public’s perception of the forest product industry, the problems inherent in certification seem to outweigh the potential remuneration. In his comment, Eric also brings up an additional concern of the small mill owner, that of erratic supply.

Dave cites the lack of consensus among current certification systems as a reason for not becoming certified. “That’s something we have an interest in. As I think about it, that needs to come from Oregon State. I don’t know what program they have but if it was somebody that has a commonality… that is impartial. Because we’ve heard of these certifications being abused. Only as a sales tool and not being truly a certified forest practice.” From this statement it is also clear that Dave believes the primary function of certification is to ensure sustainable forest practices. Using it as a marketing tool, perverts or pollutes the process.

Some mill owners were more adamant in their disdain for the certification process as demonstrated by Ben and Jim. “I think it’s [certification] bogus. It goes back to the honesty factor. It’s a catch word for the public, to gain confidence, but it’s not any better. It’s just another sales gimmick.” Ben states, “I find it incredibly hard to believe that anybody with any degree of sense would buy something because some clown has given a certificate for it. My opinion, that forest thing is all done by somebody smart who’s going to take advantage of the industry. They don’t know whether these forests are
managed or not. Nobody knows how to manage them to the 'nth degree. And all these things talking about sustaining...I think it’s folly. And I think for these Europeans to buy into it, I think they’ve got more money over there than they’ve got brains. And I mean who would want to believe a guy who’s never had anything to do with a forest who produces certificates that says sustainable forest. I think it’s folly. I really do.” Rick adds, “Home Depot. They want Green Lumber. It’s another hoax.”

**Competition**

The majority of small land owners interviewed do not view each other as competitors. Bill says, “I don’t think we’re competitors. I think we’re cohorts in the same problem...other timber growers...no, we don’t see them as competitors. But I mean the government and the state are competitors, in essence, because if they log more our prices fall because of supply and demand.”

On the whole, eminent competitive threats are viewed as coming not from other local small companies or even from large domestic corporations. The major threats perceived by the SME owners in this study come from outside forces such as government institutions, environmentalists, and global market conditions. Perhaps, the local competition is thought to be more manageable while the factors mentioned earlier are seen as being out of the control of the SME and are cited as bigger competitive threats.

Sue and Shelly (landowners) both demonstrate their feelings on competition among small landowners. Sue says, “We don’t consider the larger companies as competitors.” Shelly says, “I don’t think people compete with each other very much do they? Small woodland people? I don’t think there is competition.” Shelly’s husband, Wes, goes on to explain who the real competitors are, “The worst competitors I think are environmentalists. They are trying to stop all logging. They’re very uncooperative.”

In an interview with Pete (landowner), a different type of competitor is identified, “The large international industry players are pushing hard to bring up to a shorter rotation producing lower quality wood and selling it at absolute give-away prices and I can’t go there. It’s not feasible. I had numerous discussions on the problems we’re having in competing with Canadian lumber coming in.”
They see competition in a more local scope than academics. The feeling seems to be that competition could negatively affect the small business owner only under one of three conditions: 1) When outsiders attack the industry. 2) When the big companies purposefully attack and decide to run the ‘small guys’ out of business. 3) When the business itself is weak, or the manager is incompetent.

There is a sense that only if the big guys purposefully try to run the little guys out of business will there be a problem. As long as the SMEs go unnoticed, they will remain safe. Intellectually they understand the larger picture and the ramifications of the big firms getting bigger which leads to a reduction in competitive pricing for land owners and less access to future supply for mill owners. But emotionally they resist these implications, and as of now, most do not see large firm consolidation and large firm competition as a major threat; at least not a threat that will propel them toward action.

One couple, who owns a very small mill, has a view of competition similar to that of the landowners. When asked who they thought their competitors were, Rick and Jean replied, “We’re not even on people’s radar. We’re that small, a joke, an amusement, a boutique. It’s absurd. No, the term [competition] doesn’t even apply to us. They [larger companies] don’t pay attention to us. We’re so tiny.” Their answer demonstrates how they think about competition. The idea expressed here is that due to their small size, the bigger companies will not try to hurt them. Also implied, is the belief that there will always be enough room in the marketplace for them. Industry academics would suggest that big companies do not necessarily have to try in order to inflict destructive competition. The methods and business practices of larger companies will eventually lead to the closure of small firms, in the same way that the a corporate store like Wal-Mart or Fred Meyer will eventually force local merchants out of business.

Mill owners tend to have an intense and precise perspective on competition. Their mindset is based on a more traditional business model. When asked about competitors during the interviews, many mill owners responded by listing the specific names of other lumber mills in the area and the exact product categories in which they were competing. Different from landowners, mill owners felt that the government, environmental groups, and foreign policy were challenges that could be overcome, and they generally did not consider these kinds of outside forces to be competition. For the mill owner, primary
competition is straightforward and comes from similar businesses, of similar size, producing similar products. This further exemplifies the difference in mentalities of the two groups, but even among mill owners there exist sharp divisions of opinion.

Many mill owners have a very positive view of competition. Eric Mill says, "It is a very intense competition, but it's a lot like playing ball. We come to work everyday, we make our products, we compete for customers, we do our thing, but there's not a take 'em out of business type of mentality." Dave, the manager of a medium sized mill agrees, "We're the greatest of friends but we're the fiercest of competitors...I think we have to recognize that we're still competitors when it comes to the sell side, but as far as if we can help somebody or they can help us...I think that's the atmosphere of the community the lumber industry is." Ben relates similar feelings of sportsmanlike competitiveness, "We make the same product, but he facilitated me. I could call them up and ask for help. It's not a business where I scratch your back and you stab mine."

In contrast, some mill owners have a much more negative impression of competition within the industry. When asked who his competitors are, Brian replies, "Everyone. Our industry has always been a tremendously competitive industry." Emphasizing this point, Jim remarks, "...remember it's a fiercely independent...not our business, but the industry. And everybody is suspicious of everybody else and afraid to tell anybody anything for fear it will come back and be used against them. I'm not afraid of that, but some people are." In his statement, Jim illustrates another feeling common among mill owners. He is not suspicious or afraid to reveal information. It is others in the industry who act this way. Nearly every mill informant reiterates this sentiment.

Consolidation

In general, small owners understand and accept the decisions of large companies such as Weyerhauser, whether they agree with them or not. They do not view the larger companies as giant ogres or evil empires trying to push them out of business. For the most part, they do not see corporate consolidation as much of a threat to their own operations. Small owners give the large corporate entities a special status. They are strictly businesses where market conditions and the bottom line are the primary motivations. Because the business logic is understandable, it is seen as acceptable. Big
companies do not have to play by the same, more personal rules that dictate the dealings of small businesses. When asked about recent consolidations, small owners usually expressed a desire to separate business decisions from personal issues, but this resulted in very mixed feelings.

There appears to be a difference in the way land owners view consolidation as compared to mill owners. Many of the land owners in this study felt a special kinship with Willamette Industries. Willamette was one of the last independent companies in the industry and they had a reputation for being very local and community minded. Small land owners appreciated this. Wes comments, "It makes you a little uneasy. I was not pleased to see this Weyerhauser business come in, because I know their reputation." In a similar vein, Jack expresses his frustration, "Personally I'm just furious about that, because I really liked Willamette. This has little to do with the impact on the tree farm, but just the thought of Willamette being forced to sell out to Weyerhauser... It's probably smart from a marketing standpoint with today's conditions. I guess it's just a personal feeling. It's nothing to do with business or anything like that. Just like Safeway buying out the market. That burns me up."

They also recognize that with the consolidation of the larger mills, competition for their logs will be diminished and could potentially decrease the amount for which they can sell them. Jenny mentions some of the conflict inherent in the situation, "They just merged with Willamette. No, no. Takeover. Hostile takeover. So they own a lot of mills, so the competition factor is going away which is not good. Not good. But we sell to 'em. We sold to them when they were Willamette, we sell to them now." Jack is also frustrated by the scarcity of local mills "The only market we have within any reasonable hauling distance is Weyerhauser. I don't like that."

Mill owners have a slightly different perspective on consolidation. As is often the case, mill owners have a more strictly business mentality. Corporate consolidations are not just a part of the business world but it may some day be a part of their world in a positive way. Some have already bought out competitors' mills, and some aspire to conduct mergers of their own in the future. In many instances, consolidation is seen as a positive for them and the industry. As Jim sees it, "The more consolidation, which brings about some curtailments or liquidations of plants, helps us, because then there's less
people making what we make. Those are the mills that get shut down and that's a help to us because we can make it more competitive than they can.” Bob agrees with this analysis, “It’s probably a positive for us. You get a higher return on your product.” Bob goes on, however, to express an attitude more similar to that of the land owners. “I guess we were against it and for it on different fronts. You hate to see the bigs get bigger and control everything.”

The uncertainty of the impact consolidation will have on small businesses is very apparent. Eric has a different take on the future and impact of corporate mergers, “I believe the industry’s at a point now where there will begin to be fragmentation. These corporate entities get so large that they can’t execute strategies and tactics in an efficient way in the market place. They leave business available. I call it the golden crumbs. And companies like us, that’s all we look for.” Alternatively, Dave’s outlook is not quite so positive, “On the long term I truly expect that too few are going to control too much. And so I have a serious concern about those consolidations.”

Generally the mill owners feel that they are so small, the big companies will not try to hurt them or go out of their way to put them out of business. As Dave puts it, “In our case, we’re small enough that we don’t bother a Weyerhauser, but I think if there ever comes a time that they choose to take out the small companies, they have the wherewithal to do it. They can put a squeeze on us on both ends [supply and retail].” This view imparts the mill owners’ belief that for them to be hurt by industry consolidation, the big companies would have to intentionally attack. They give little emphasis to the impact that consolidation has on changing market factors such as price, supply, and market channels.

On occasion, mill owners did mention the effects consolidation has on the market place. Dave talks about how this will affect his mill. “With Willamette and Weyerhauser merging, in a way, there’s less potential buyers out there for the wood chips, or it’s more concentrated. So we see that as a negative.” In general, this was an unusual perspective from a mill owner. But even in this example, the potential negative Dave sees is in relation to a by-product of his mill and is not directly related to his primary product. This demonstrates that overall, the mill owners have a positive outlook of the future and corporate consolidation in the industry.
The Spotted Owl Crisis and Public Relations

After the very public spotted owl controversy in the Pacific Northwest, the timber industry was forced to reexamine many of its practices. While stringent regulations and revised management philosophies helped improve the sustainability of Oregon's forests, the conflict left the industry with a sullied image that persists even today. In order to educate and improve the image of the forest products industry, public relations have become an important element. Groups like OFRI, OSWA, and OSU Extension are encouraging landowners to give educational tours of their properties and many landowners are more than willing to participate. From elementary school children to international business groups, woodland owners trek through the trees answering questions and explaining management techniques. The benefits of instilling positive opinions of the forestry industry are not lost on landowners. And the problems of an uneducated public can be frustrating, especially with Oregon's unique political initiative system as mentioned by Pete:

"You've got to understand Oregon and its' history of the initiative. The ability of a radical group to put issues on the ballot that could radically change our forestry management. Do you remember measure 64? It was called the clearcutting bill. You will see my forests and by the definition of that bill, that would have been a clear cut, and I would never have been able to harvest. If you want to depend on those kinds of people to define terms and put limits then I've got to get out of business...Most of our public don't understand that forest trees don't grow by themselves this way. You've got to manage it. You can't just walk away and assume that the right trees will die and disappear."

Many land and mill owners agree with Pete's summary. They are worried about an uneducated or ill-informed public voting on technical forest issues and causing more problems than they solve. To combat this, landowners and their associations have begun multiple efforts both to educate the public and to polish the image of the industry.

When Bill discusses the Tree Farmer of the Year Award, an annual award given by OSWA to a tree farmer of outstanding merit, he mentions some of the current criteria used in the judging process. "What it's doing is recognizing the tree farmer's ability, or record of managing, and what's produced out of it. And that's based upon not only, how
you manage your timber but how you manage your wildlife, how you manage PR within the community. Bringing tour groups, children, school groups, organizations out to tour your forests, to show them what you're doing, so it's PR and communication as well as wildlife and monetary management."

Jenny acknowledges the importance of creating positive public perceptions while also exhibiting her frustration at having to do so. "We are trying to change public perception...The reality is people don't like to see stumps. They never will and we're just going to have to do things differently, because that's what people like. You see my clearcut, stumps...for five years you're going to see them, or ten, whatever. But then there's a forest there for the next 50. It's just a disconnect to me."

Changing practices and altering images in order to appease the public has long been a technique of marketers and politicians, but is a relatively new approach for the forestry industry. Of the landowners spoken with in the course of this research, all but one are members of OSWA. All OSWA members spoke highly of the organization and its public educational focus. Henry, the lone informant not affiliated with OSWA and the manager of a much larger landowning company, shares his very different opinion regarding the public. "As far as who the timber owners are, we're not a very...we don't advertise to the public, we're not a very vocal organization." During the interview with Henry, no mention was given to tours or other activities designed to educational the public on his family lands.

In the eyes of many land and mill owners in the forest industry, the spotted owl debate also left a negative impression of environmentalists and the environmental movement. Even owners who tend to see the effects of the environmental movement positively, still harbor some amount of bitterness and resentment as Nora explains is the case with her parents. "They had to fight so hard, and listen so hard with the owl situation and the rules and regulations that came on. And a lot of that got blamed on the environmentalists as being the leading people bringing those about. That's why I think they have such a taste against them. The rest of us didn't quite see that."

Landowners have their own beliefs about the credibility of environmentalists. According to Jack, "a lot of the federal regulations are based on environmental organizations which really aren't a part of our community out here. They have their own
campaign and they put out a lot of information which is backed by a lot of people who really don’t have any background in it. It’s just emotional stuff.”

The interesting point of divergence between owners and environmentalists is not so much their core values, but the language of the two groups. Words like environmentalist, tree hugger, and preservationist have taken on negative implications. At the beginning of my interview with Jack, he asked if I was a tree hugger. Since I love trees, forests, hiking, and have been known to hug a tree before just for kicks, I was uncertain of how to respond. So I countered with a question. I asked if it was a bad thing to be a tree hugger. The look of disgust that crossed Jack’s face, (and his wife’s face as she overheard the conversation), was all the answer that was needed. For one awkward moment, I thought the interview was over. Fortunately, we were able to work out our different understandings of the same term. From the ensuing conversation, I learned that Jack and his wife equate environmentalists and tree huggers with radical, uneducated preservationists who would like to see all logging stopped. By the end of the interview, however, it was obvious that Jack was in fact, by my definition, an environmentalist. He was actively engaged in several research projects ranging from salmon habitat restoration to the interaction of people and their environment in his local community. He spoke of his desire to keep the old growth on his property intact. The “mini-wilderness” as Jack calls it, “cannot be cut”.

Several owners expressed similar feelings of conservation and environmentalism. Henry believes, “land managers are some of the biggest environmentalists there are.” In general, they do not object to environmentally friendly practices, but they do resent the pressure put on them by environmental groups such as FSC or the Sierra Club, and what they see as the self-righteous rhetoric of these groups.

Mill owner sentiment runs parallel to those expressed above. Bobs feels that, “The environmentalists are our spokespeople. Like the president of the Sierra Club. That’s how the public gets most of their information. He tells outright lies. Yep, he’s our spokesman...they’ve got their foot in it.”

In most cases, mill owner disdain for environmentalists was even more passionate than that of landowners. Those who work in the production side often run into radical environmental protesters.
"We went to this meeting...we were aggressively attacked by the ELF organization and they came into our meeting and they threw sawdust on the floor and they didn't do it just once. This was a three day deal and each day they got more aggressive as they went. And then we were just flat threatened by them. Guys are yelling at the top of their lungs, in your face, telling you you've been served notice, this is war. It's awful. I mean, it makes you feel not good. There's nothing we do in our business that's life or death. It's that simple. This is wood products." (Eric, mill manager)

Other owners volunteered similar stories, although most were second or third hand. Stories of log trucks being burned, trees being spiked and other crimes against the industry were part of the common experience of this group.

Jim's experiences have led him to become outright defiant in the face of the environmental movement. "I mean, you talk to Longview Fiber and they're into that [certification]. They're into it because they're exporting logs and they're afraid some environmentalist's going to put a picket around them. The guy I admire more than anybody else is the guy from Staples. He said, 'I don't care what they say. I'll buy from where I want to buy.' You know, and I mean he's right. You can't have somebody else telling you, 'well, we're going to picket all your stores.' He says, 'Picket them.'" Jim goes on to show his initial distrust of me and my possible environmental linkages. "I better be careful. You may be the one carrying the placard, but if you are they'll hang you by your thumbs."

Brian sees even the media as being against the forestry industry, "A long term disadvantage that we have is the basic fact of the anti-forestry sentiment that you see. Forestry is politically incorrect I guess you could call it. In the newspaper etc., there's a negative slant on it so long term, what are these young kids that are growing up...how are they going to view forests. Certainly the message they're getting is one sided." For mill owners, there is less of an educational focus with the exception of industry organizations like OFRI. The best way to fight the negative stereotypes of their chosen industry is by obeying current laws and regulations. Ben feels that as long as businesses are following the rules of the time period then they are doing just fine. "The environmental movement came to a peak in the mid 80s. And there was over-cutting and under-planting in the business in general. That's business. Test the corners. I like to think we followed the
law.” Ben’s statement is one of the closest that comes to admitting culpability for the mistakes of the past. But even here, he is not admitting wrong doing, but excusing it. Again the idea is introduced that business gets to play by a different set of rules. Not all mill owners are so quick to excuse the mistakes of the past, as Eric points out, “Ten years ago, certainly 15 years ago, I will tell you that the industry had to clean its act up...they didn’t have a lot of credibility with the agencies and I think today, we are all much more responsible. We see ourselves as citizens in the community. No one’s out to cheat.”

Improving the image of the industry is important to both land and mill owners. They are much more willing to work with government agencies, the general public, and in some instances environmentalists, than in the recent past. This is due in part to the new dangers of ignoring the threats posed by outsiders. Fines, protestors, and the shut down of federal forests have shaken the once solid ground of the industry. Also at stake, but not so easily verbalized, is the integrity of the individuals in the industry. Small owners express great pride in their businesses and their properties. They feel that their chosen livelihood is about more than money. It’s about family, history, stewardship, and creating a better community. When environmentalists make claims against the industry, they are taken personally.

“I always used to think what we do for a living is kind of a noble thing. You’re farming. You’re producing something that’s starting the whole chain of the economy, cause you’re not just changing ideas, you’re growing something. That tree is going to go all the way from a tree to a house. I don’t know. Maybe I’m naive, but I guess I still feel that way.” (Jenny, landowner)

Many share Jenny’s pride and honor in their work, and while the controversy shrouding the forest products industry has shaken them, most have maintained a sense of virtue. Shelly comments on her sense of duty. “You come to your land and you see what’s on it and you try to improve and help that product and if it can make a product that you can make some money from, well then fine, and if not, why you still take care of it. You’re not doing anything for the economy or the country if you don’t try to improve what you got.”

While most mill owners may not be as close to the land as the woodland owners, they too feel a special pride in their work and they are it worries them that they are
perceived so badly. "I know there's people who think we're raping the forest and destroying the environment and we're money grubbing people, you know, blood money. They relate that cutting trees is a bad thing. And that's a difficult attitude to try to contend with because you know where... I feel like I'm a responsible business man who's making a living, providing jobs for people and contributing to the local economy. It's kind of what makes the world go round. I also know that as a resource there is nothing better to build housing out of than wood. But it's just disappointing to me, that in the realm of building materials; steel, and concrete and plastic and wood. It is amazing to me that wood is the one getting picked on. I think about all of the other petroleum issues and energy that it takes to make those products. So it's a lack of education and really enlightenment."

Industry Leadership

When asked to identify opinion leaders or industry spokespeople, the SME owners invariably mentioned the CEOs of large corporations within the industry and never mentioned an owner in a similar social or economic station. During each interview, informants were asked who they felt were the opinion leaders in the industry. Among land owners, common answers included organizations they found helpful such as Oregon Small Woodlands Association, OSU Extension, and the Department of Forestry. Also cited as providing opinion leadership were large companies such as Weyerhauser Industries, Hampton Industries, and in several instances Starker Forests, a large family-run, land owning company located in Oregon. As they pondered the question, many, like Jenny, had difficulty trying to find an answer. "...boy that's a toughie, because it's not really unified. You've got the loggers association. You got the Oregon Forest Industries Council. Now that's more the more medium, big boys. Then you've got the small woodland association. Then you've got the universities, and they're going off on their direction."

In addition to industry fragmentation, another factor inhibiting the identification of opinion leaders is the stigma attached to being a so called leader. In this defiantly individualistic community, leaders are perceived as coercive. When asked if they
themselves might be considered leaders in the industry nearly everyone scoffed at the idea and embarrassedly turned the conversation to something else. Being pinpointed as a leader among this group signifies you are the kind of person who seeks attention and wants to “toot your own horn”, all negative attributes. Only one couple from this research, Jean and Rick, acknowledged that they were probably opinion leaders, but this was attributed to their age and years of experience. They had earned their position through years of hard work which gave their self ascribed status legitimacy. But even in the following example, Jean and Rick show some reluctance in admitting this fact.

Q: Do you consider yourselves to be opinion leaders?
Jean: Yes. Unfortunately.
Rick: You almost got that right. Opinionated! (laughter)

Rick alters the language of the initial question to a form that is less leadership oriented and more palatable. Using humor, Rick is able to deflect the negative, and perhaps coercive aspects of opinion leadership, yet not diminish his status and experience. It is acceptable to have your own opinions, but not acceptable to force them on others. Henry adds another element; honesty. “...industry groups represent us at the legislative level...I think it’s important to have legislators at a national level that have been involved in free market. It’s frustrating that our politics has come down to just professional politicians instead of people who have been on the ground. But who in their right mind that’s an honest, hard working person would want to subject themselves to the rhetoric those poor guys get.” Again, this statement demonstrates the negative attributes associated with leadership positions. Honest, hard working people do not put themselves in leadership roles and those who are in leadership positions are not always followed.

Mill owners agree. As Bob puts it, “Well just because he’s quoted a lot doesn’t mean he’s a leader. Steve Rogel [Weyerhauser] is quoted a lot. Not a lot of us want to be vocal about it. It’s not how we do business. We concentrate on running a business.” Jim supports this view as well. “I don’t think there are any quote-unquote, opinion leaders. Only those that think they are. I think there’s a lot of guys who know a lot about the industry, but Steve Rogul is not going to influence Paul Cole at Roseburg as to what he does...or anybody else for that matter. He’s only going to influence somebody if it’s
in their best interest to do it.” Again, showing disdain for the term ‘opinion leader’, Jim answers whether he himself is an opinion leader. “No. No, I don’t think so. I think a lot of guys would know me, and say, ‘Yeah I know him. He’s the guru of such and such’”. Brian gives a similar answer to the same question. “No, no. And I think that’s somewhat of a company philosophy and my own philosophy. Like I said, we try to stay as low key as we can. We try to influence what we can and that’s basically what happens here.”

Compared to other areas, the level of agreement among informants on this subject is remarkable. Mill owners, however, expressed their opinion on the subject more fervently than land owners. The written text of their quotes does not completely capture the passion with which they spoke.

Overall, among both land and mill owners, to stand out as a leader implies some sort of character flaw. It goes against the go-it-alone ethic and values of independence. Transgressors are not rewarded with high marks in the integrity category.

**Cooperation**

The word cooperation has a variety of meanings and associations among small owners, the majority of which are negative. For instance, when Jack was asked if he knew any examples of cooperation in the industry he replied, “Cooperating or colluding?” Jack’s quick response demonstrates his suspicion of people who might hide ulterior motives under the guise of cooperation. Patty’s opinion on the subject of cooperation is similarly negative. Her initial reaction is that cooperation is intended to hurt someone else or to right a wrong in the tradition of what she deems unnecessary radical activism. When asked if she had ever cooperated with someone else, Patty said, “No. I haven’t felt the need to. I suppose if, well prices have been pretty abysmal lately ….I don’t feel that it’s the mill doing it to me. I don’t think they’re making a lot of money either. To get a bunch of people together out for more money would be counterproductive. This industry has its own peaks and valleys. I’m not in it big time enough to do any bargaining.”

For some landowners, cooperation in the business sense, is not a part of their mindset. Quite simply Jenny says, “Never done it. Never thought about it.” Although
she later goes on to talk about her many volunteer activities within the industry, “A lot of my volunteer time is organizing tours, Small Woodlands and Extension, going out advising people, participating in educational things when I’m asked. I kind of see it as part of my job.” For Jenny, cooperating for direct economic benefits is not typical, but cooperating with others in an educational aspect is common. Nora feels the same way, “People will work together on events, but we’re not sharing a product or a market that way and I don’t know of too many people that would share a log truck together.” Nora’s father, Wes, goes on to elaborate, “I don’t want somebody using mine and I wouldn’t use somebody else’s machine. That’s the way I feel about it.”

Strong opinions exist on the subject of cooperation, however it is unclear from where these opinions originate. Few landowners were able to give examples of cooperation, either positive or negative, but they almost always spoke of cooperation as though it were a dangerous thing. The pitfalls were far more commonly mentioned than the benefits.

In many instances, the topic of cooperation eventually led to talk of co-ops. Again, the owners’ understandings of co-ops were vague, narrow, and typically negative. Different ideas exist over the definition and purpose of co-ops and this contributes to current misperceptions and confusion. When asked about cooperation and joint ventures in the industry, Henry mentions that Willamette Industries was originally started by a group of “timber folks”. “I guess you call it cooperatives. World wide there are many. But I don’t know of one in the Northwest.” Negative stereotypes such as Aimee’s also inhibit acceptance of the co-op idea. “I think people of our age, you say co-op and right away you’re thinking Communist.”

Co-ops were rarely seen as a way to increase economies of scale. The main idea hovering over the concept of co-ops in the forest products industry is that they exist primarily for those who are new to the industry; those without prior knowledge or experience; or even those who just have plain bad business sense and need help. Jack, for example, sees a co-op as a possibility for his children when they take over ownership of the land. Currently Jack’s children are in their 40s and 50s, and do not live near the family property. They come for occasional visits and Jack consults with them before taking on major projects, but overall they are not much involved in the day to day
management. As far as co-ops are concerned, Jack says, “I don’t think I would, but I can see one of our kids, from the next generation without a whole lot of experience might look into it and it would take a lot of pressure off if it was successful.” Small woodland owners, like Jack and Aimee, can also hold on to their timber stands until it is the right time to sell, for example when kids go to college and funds are needed. This freedom is one of the main benefits of being a small owner and Aimee worries about the constraints a co-op would put on the family business. “If you’re an independent, you can sell when the market is good instead of when it’s down.”

In Wes and Shelly’s experience, co-ops have been exceedingly unsuccessful. Shelly mentions, “There was a fella...anyway he tried to start a co-op and it just...the idea was fine, but people just weren’t prepared. It just didn’t fly and I don’t think any of them have.” Her daughter Nora adds, “They couldn’t get people to agree on logistics.” Interestingly, Wes, the patriarch of the family, is also familiar with the stories of unsuccessful co-ops in the industry, yet he is still open to the idea and different forms of cooperation. “Well there’s one that intrigues me quite a bit and I talked with some people a time or two. That would be a [co-op] sawmill type arrangement, where you cut [harvest] your logs, bring them into the [cooperatively owned] mill and they saw them into lumber. Then they sell the lumber. So you have the so-called profit out of sawing the logs to get the price they should for the lumber. But that’s always intrigued me a little bit.” Wes is looking for ways that the woodland owner could gain more value out of his product. Instead of selling his raw timber to a mill, he and other woodland owners would cooperatively own their own mill and reap the financial benefits of selling not just a commodity (timber), but a value added timber product.

While thinking about co-ops, the first type that Henry mentions is also a cooperative sawmill. However, many problems arise in this scenario, “All of a sudden I quit thinking like a timber owner and start thinking like a mill owner which is somewhat different. I risk going out the window with my long term tree farm philosophy so there’s a ...it’s a different way of thinking. Running a mill is short term thinking... The timber owner’s got to think about 100 years and he’s got to be growing the trees slowly and he’s got to be harvesting not more than he grows that year. You always got to be growing for the future.” Henry notes that the decisions he makes today will impact his family for the
next several generations and he must be careful. Also influencing Henry’s opinion on co-ops is his previous knowledge of them, which is negative. “More of what I’ve seen at the coop level has been agricultural and I don’t think they have been extremely successful, the agricultural side. I would have to look at each one specifically. Can a coop work? I don’t know. I truly don’t.” While not entirely closed off to the idea of co-ops, Henry does not currently have a favorable perspective.

Out of the eight landowners interviewed, one is working toward co-op formation and another couple is currently involved with one. In Pete’s community, they are actively “talking about a marketing co-op”. They are trying to solve “this whole dilemma of how we can survive in this industry going low quality and volume production.” Pete’s version of a co-op also involves owning and operating sawmill “equipment and facilities”. But he sees only “one or maybe two small entrepreneurs” combining forces to sell high quality niche products.

Bill and Sue are currently active members of a marketing cooperative and they are very pleased with the benefits of belonging. According to Bill, “Many of our cooperative members have 30, 40, 50 acres. They only harvest a few truck loads every few years or so, so marketing is very important. We still depend on our forester to mass market within the cooperative, the best price. Because he can walk into a mill and he knows all the log buyers, and the log buyers know that he’s going to be there every year selling lumber whereas we may only going to be there every 4 or 5 years. So his marketing skills can gain a marketing advantage for us smaller scale growers.” Both Bill and Sue are relative newcomers to the world of small woodland ownership. They became owners a few years ago after they retired from previous careers. The cooperative was “very important” to them. Bill says, “When we took over management, we knew very little about the timber business. We were totally green. The best way to get taken advantage of is to be green. So we were fortunate, because we had our cooperative structure in place. We had a very smooth conversion from total ignorance to knowledge.”

Other landowners who have heard about Bill and Sue’s cooperative express some doubts. Jenny wonders if “they’re really finding better markets or getting better prices for their timber”. Pete says, “That co-op has a totally different view than the way I’m seeing this situation going. Their consulting forester does the marketing for them. It
means that I then lock myself into just one person's expertise, and he is a good person, but I see myself as being too much of a Bolshevik.” Pete has what is called an uneven-age management technique that focuses on long growth rotations. He believes this method is unique and that it sets him apart from most other small woodland owners. Many owners have similar feelings of uniqueness and this perception acts as an obstacle to collaboration.

Mill owners share a similarly negative perspective of cooperation but are much more divided on the subject. Some see cooperation as a ridiculous idea for the industry while others hope for the day that cooperation will be more common. But nearly everyone sees cooperation existing at a minimal level inhibited by the extremely competitive environment. Bob is almost shocked at the idea of collaboration. “What would we want to collaborate on? We’re competitors. I can’t see how it would be a win-win situation.” Although Bob has heard of some cooperative projects, he is not sure how things turned out. “I don’t know that things really happened for them. We’re independent thinkers. Everybody thinks they have the best idea, the best way of doing things. It’s a capitalistic industry. Forest products is the most basic when it comes to the capitalistic way.” Rick and Jean agree that they’ve, “…never heard of mills working together. It’s a shame. That’s the capitalistic system.”

Brian does not see much potential for small firm cooperation either. “Oh I don’t think this industry really lends itself to [joint projects] much. And because of the competitiveness of it and the type of competition, you don’t see a lot of joint ventures. If you do, it’s bigger companies, bigger companies doing things. In our size, you don’t have any joint ventures. Even like the timber sale program. You know buying timber. It doesn’t really lend itself to joint venture. It never really has. Survival of the fittest type of thing.” Brian says that he shares information regarding manufacturing issues, but little else.

Three out of the eight mill owners interviewed (Eric, Dave, and Ben) spoke highly of cooperation and were quick to produce examples from within the industry. Eric is in his mid forties, but has been in the industry for years and is “intrigued” by the idea of cooperation. “I think that it can become a way for smaller companies to compete with larger companies on scale. To me that makes perfect sense, but we’ll see.”
Eric notes that while his mill will actually do business with competitors, “There is a real hesitance by competitors to do that sort of thing.” Eric sees himself and his company as different from the rest. “I’m not... I like to operate more from the throw your cards on the table. Here’s where we are. Here’s all the facts and let’s move forward. And some people would view that as giving up your competitive edge or knowledge or whatever.” Eric believes that ego is one of the main obstacles to cooperation. “I think it [ego] prevents some people from wanting to go across town and say, “You know what? If you did this and I did this, it would be good for both of us.” Using his best cranky-old man impersonation, Eric says, “I can do it on my own. I don’t need somebody else. I’ve been in this business for 30 years.” The frustration Eric conveys sets him apart from most of the other mill owners interviewed. Typically, the mill owners I spoke with who told me about the uncooperative nature of the industry did so with a shrug. They accept it and do not hope that it will change. While it was rare for them to acknowledge that they themselves were uncooperative, they did not waste much energy looking for any change in the industry.

Ben is a newer member of the forest product industry. Rather unusually, he is first generation and has no family members who helped him get involved. When asked if he would cooperate with other small businesses, Ben replied, “Yeah. That’s called professionalism. You never close the door on that one.” The stories Ben told during our interview showcased both his positive and negative experiences in the industry but his overall opinion is that the industry is competitive, in a sportsmanlike way.

The positive aspects of the industry seem to outweigh the negative ones for Dave as well. Dave has worked in forest products for nearly 40 years. He is not a native Oregonian, although he has lived in Oregon for several years now. “If I have a problem with my filer, the saw’s not going right, I call [another mill]. He’s very willing to share his knowledge. Very willing to help us out. It’s just that kind of operation. It’s that kind of an industry. I’ve always found that in this industry. That’s the kind of community this mill industry is. We help each other.” Dave says he talks with other mill managers a “couple times a week” and “from time to time” works with other mills on specific projects.
Specific knowledge about cooperatives was limited among mill owners. Bob admits he does not know of very many co-ops and the image he does hold is a co-op in which the workers in a mill all have “a share and a vote.” “The only co-ops I know of...Lane Plywood, Puget Sound...they’re not around any more. Didn’t seem to work. Hardell now, they’re still around. I suppose they’ve got their place. They’re difficult to put together. Not likely in this industry.” Rick and Jean do not see how a co-op could work in the forest products industry. “I think they’re a great idea for farmers. But I don’t know how it would apply here. Co-op is not in their vocabulary. It’s like expecting some wild animal to take on characteristics of another wild animal.”

For Jim, there is only one reason to join a cooperative, “you don’t know as much as the next guy. Again, in this business we all think we know more than the next guy.” Brian also believes that his company is better off by itself. “We’ve always felt that maybe we could still do it better by ourselves. Maybe in this industry, if you’re not doing it better than average, you probably haven’t survived. If you’re one of the rank and file, so, and I don’t necessarily mean that cooperatives foster that, but I think...those things [cooperatives] are much more prevalent in other industries.”

In general, those who have positive perceptions of co-ops also have a broad understanding of the different forms and benefits of co-ops. The less knowledgeable they are on the subject, the more risky co-op formation appears. Dave feels that co-ops are formed to, “give yourself strength in numbers and give you a better position in the market.” Dave’s feelings on co-ops come from direct experience as he once worked for a company that belonged to a co-op. Dave’s current company once even attempted to set up a co-op in Oregon because, “In order for the small companies to survive against the big companies we were going to have to speak as one.” Unfortunately, the endeavor failed because as Dave explains, “There are still some of the small entrepreneurs that feel that is not the way to go, and it really almost has to be all or none.”

Independence

The value placed on independence among SME owners is best understood by examining both their language and self-described behaviors. Throughout my research I
made a point of not broaching the stereotype of the ‘ruggedly independent small business owner’, but in nearly every interview, the idea was brought up by the informant, and used as an explanation or excuse for many behaviors and business decisions made by other owners.

As an outsider, informants often assumed that I did not quite understand how strongly this value was held by some owners in the industry. Mill and landowners alike routinely describe the “fiercely independent” nature of the industry, although they rarely give specific examples of this independent behavior. Informants typically made broad sweeping generalizations to emphasize the point. Nora says, “Most tree farmers are independent. Yeah, they’re independent as all get out”. Pete elaborates on Nora’s comment, “Farmers generally, and I’m from a farm family so I have room to criticize, we are an independent bunch, and we are very secretive and we don’t cooperate easily.” With this in mind, Pete later distances himself from the uncooperative herd. “We [tree farmers] tend to be very private. If we find a market, we’re not going to go down the road and advertise to every Joe that hey I just got a good price. Now that’s gotta stop. If we’re going to share information as we must, we’ve got to have the decency not to destroy our fellow operators.” Being individualistic and self-serving is considered by most to be negative traits. Many of the owners I spoke with deny that they themselves are uncooperative, untrusting, or overly individualistic. Those labels fall onto others.

The freedom that comes with independence and the ability to rely on oneself is highly valued. According to Jenny, “It comes down to you yourself. You have to make decisions about what direction you want to go in the end.”

Mill owners are no different in this respect. Some are more severe in their opinion than others, especially the owners of the smallest mills. “If you can’t figure it out, keep working and it will come. There’s no curriculum to hold me back. I can expand. I just got to figure out how to dot my tees and cross my i’s.” Here Ben purposefully mixes metaphors to further illustrate his desire to be uniquely independent. He does not follow the masses when it comes to business, politics, or metaphors. He can use his own methods and find systems that will work personally for him.

For Rick and Jean, running a successful business on their own provides feelings of “satisfaction” and “freedom”. They do not belong to any industry organizations and
rarely hire help outside of the family. For them this is “nice... not too much contact with the outside world.” The benefits of this type of operation are clear; “It’s yours. Whatever decision you make, pat yourself on the back. In big business you wonder, “Am I making any difference here?” There’s no politics here.” They choose to isolate themselves, but lament the fact that the industry is competitive and people don’t work together. What initially began as an honorable image of the rugged individual within the industry, has become so blown out of proportion that a stereotype has developed, but very few people fit the caricature.

That this is “an extremely independent industry” was heard repeatedly. Nearly as common, is the belief that things will never change. Several informants, like Rick and Sue, feel that capitalism is in part to blame: “Never heard of mills working together. It’s a shame. That’s the capitalistic system.”

Marketing Potential

As part of this research, I attended the annual meeting of the Oregon Small Woodlands Association in the spring of 2003. A handful of speakers were on hand; two from Oregon State University along with other leaders from Small Woodland Associations outside of the state. The topics they spoke on somewhat reflect the current concerns of the small woodland owner; however, it might be more accurate to say that the topics they chose reflect what they believe should be important concerns of the small woodland owner. From my interviews with woodland owners, it seems that their most pressing concerns have to do with the day to day management of their properties (dealing with governmental agencies, estate planning, etc.) while the academics tend to have a broader focus dealing with large topics like global markets and product branding. This is in no way a criticism of either group, for both have legitimate concerns. The problem centers around bridging the disconnect between the two groups.

Just by scanning the room at the conference, it was obvious that the crowd in attendance could be classified as older. The average age appeared to be around 60 or 65 and this coincides with statistics on woodland ownership (Committee for Family Forestlands:2001). I was surprised by the mix of women in the group as there appeared
to be a fairly even number of men and women. Many women were actively participating by speaking out, asking questions, and organizing the conference.

The conference consisted of morning speakers with all in attendance, a lunch break, and afternoon break-out sessions on topics of interest. In the morning session, after each speaker, the audience was given a chance to ask questions. Those who were engaged in the speeches raised their hands and queried the presenters. Others however, mumbled under their breath. Occasionally I overheard these quiet comments from owners who disregarded the opinions of the academics. While they did not question the intelligence or motivation of the academics, some owners did not feel the academics had a good grasp on the day to day reality of small woodland ownership. They felt the speakers were young and did not have actual experience in land ownership which caused a noticeable disconnect in their minds. (Note: all speakers were at least 45 years old, if not older). It is important to mention that not all of those in the audience felt this way, as many asked for detailed advice on how to implement the strategies suggested by the speakers.

The presentations covered multiple topics including; Swiss Needle Cast (a disease prevalent in the Douglas Fir tree species), riparian management, public perceptions of forestry, limited market options, and interactions with endangered species. The two speakers from Oregon State University had a special emphasis on the impact of global markets, and how collaboration, moving beyond the conflict culture, and marketing could alleviate some of the pressures felt by small businesses. Establishing Oregon as a brand name for sustainable forest products was also suggested as a powerful marketing tool.

During the conference, the OSU speakers focused a considerable amount of time on marketing. In contrast, during my interviews with landowners, very little time was spent on the subject of marketing. The landowners I spoke with in-depth, do not engage in extensive marketing of their timber. They typically employed some combination of the following three methods: 1) Hire a forester to market their product for them. 2) Call a few local mills and ask what their price is. 3) Take their timber to a specific mill because they have a relationship with the buyer/owner or they respect that mill's integrity. Jenny, for instance, does not want to trust the marketing of her logs to anyone else. She does not hire loggers or consultants to help in the marketing of her timber because, "you're
trusting that those people will be good marketers.” She feels that she can do a “better marketing job” herself. As a landowner, Jenny puts more faith in her own marketing abilities than in an expert who sells logs for a living. Part of her reasoning may also be due to the added cost of hiring a third party. While a consultant may be able to get a better price for Jenny’s timber, the extra expense would wipeout the financial benefits. Even so, Jenny questions her own ability and is curious to know if other marketing techniques could be beneficial.

Ben too has taken it upon himself to market his own timber, but in a rather unique way. He has printed up very professional looking pamphlets complete with colored photos and a history of his property. He takes them to local craft and specialty stores in the hopes of selling his timber for a premium. But Pete admits that for all of his efforts, he has not had much luck. He even asked if I would like to buy 10,000 board feet of cedar. Reluctantly, I declined. Pete hopes to reap the financial benefits of his time consuming hobby; growing trees. “Have you heard of just in time delivery? They want me to hold the inventory until Monday morning when they take it to the final customer and charge 30% for their handling costs. Sorry, that don’t work. When it’s taken me 30 years to grow the tree and process it, I can’t afford to let them get 60% of the profit.”

Most owners, especially woodland owners, said they were not salespeople and did not want to be. Because of this, they often let someone else handle that aspect or they spent as little time on marketing as possible.

While mill owners may not like the marketing aspect of their business any more than the land owners, most feel it is important enough to devote a substantial amount of time to it. Now more than ever, identifying customers, positioning products, and advertising are becoming major tasks for mill owners.

As a group, the mill owners had more to say about marketing than the landowners. Marketing is integral for a processing facility because they must have continual turnover of their products. A mill that stands idle, or stockpiles product, loses money, while a forest that goes un-harvested can actually increase in value. The marked difference in logistics between mill and landowners creates a radically different business mindset. The landowners see marketing as routinized and not especially valuable or skill driven. Although other industries have relied on marketing extensively over the years, it
has become a new and noteworthy technique for mill owners who managed to survive the harsh climate and multiple mill closures of the last two decades or for those seeking to take advantage of niche markets. Many mills now have websites to advertise to prospective customers. Some advertise in trade magazines and even newspapers. Others still rely primarily on word of mouth. Bob points to some of the recent changes his company has made in regard to marketing. “We spend more time talking to our customers than ever. Before you talked with the wholesaler. You didn’t have time to talk with the customers. Identifying your marketing is key to success.”

Brand recognition is also beginning to make an impact in the industry as Eric describes, “That’s another thing about the forest products industry is that, marketing has never taken much of a forefront in most forest products companies and its really only been, I would tell you in the last 10 years, that it’s achieved a respect in recognition in the whole strategy of how you run your company. Brands are important. Brand identity, name, and that sort of thing, reputation.” There are however, varying degrees of opinion on the marketing concept. Eric’s view is on the more innovative end of the spectrum. In contrast, Jim’s perspective is more traditional. “It’s just a matter of manufacturing it cheaper and trying to get the top of the market for whatever it is you sell.” While Dave’s opinion on marketing lies somewhere in the middle, “It is the reputation of the company. We’ve been here. We’re established. They know we’re going to put out a consistently good product. On the log side, people have confidence when they sell to us, they know they’re going to get paid. On the lumber side, when we sell lumber, they know we’re going to stand behind the lumber.”

Most mill owners feel that the market volatility of the 1980s and 1990s may never go away entirely, and they express a willingness to continually look for new markets and possibly new product ideas. Bob’s mill has had to “develop a new product line”. Others have had to make similar adjustments.

Social Networks

All of the landowners I interviewed shared a similar perspective on the importance of social networks, although they would not likely use the term ‘social networks’ to describe their industry connections. Every informant was asked who they
would go to if they needed help relating to their property/business, and the answers were nearly identical. The OSU Extension Service was generally the number one or number two response. For these landowners, the OSU Extension Service is a trustworthy and reliable source of advice and information. (It is important to note that six out of the eight landowners interviewed were initially contacted through an OSU Extension agent biasing the sample heavily toward those who hold positive feelings about the Extension Service.) Consulting foresters, the Oregon Department of Forestry, and other landowners rounded out the rest. There appears to be a substantial amount of talking and sharing among landowners as well, especially in their local communities. Henry mentions, “the companies that we work with...that are family operations...that are forestry families, we talk amongst ourselves a lot. We have a lot of the same issues.” Jim states that in addition to the Extension Service, and State Forestry Department, “I’d talk to Jeff [a friend and fellow landowner]. And some of the local loggers, I’d talk to them.”

As Jenny explains, it is important to maintain her many “contacts” from a variety of sources, “friends in the biz, different land owners and that whole cadre of people are ready sources of information. Keeping up with things. You give a little, you get a little. That’s helpful. Sometimes, I go to the more industrial foresters. I’ve got some connections there.”

With only one exception, all of the landowners are members of OSWA, and as a group, they tend to be fairly active members in the organization. Several are board members of their local OSWA chapter, or had been in the past. Many are also involved in other groups, both industry related and non-industry related, where they volunteer their time on educational projects, increase habitat protection, are members of local school boards, and do other charitable work. Overall, they are tied to their local areas and dedicated to community prosperity.

The difference in outlook of the average mill owner as compared to landowners in this study is striking. Some mill owners, like Eric, have many contacts and believe, “it is this network that together connects all of us. We all rely on each other,” but others feel strongly that they must rely primarily on themselves, as Ben demonstrates in the following example:
Q: Do you belong to any industry related organizations?
A: Well, I don't belong to Kiwanis or anything. No. Other than Random Lengths. No that's what holds me back.
Q: If you need help or ideas for your business, who do you turn to?
A: That's a real head scratcher. Most of the time, if lever A doesn't work, try lever B.

While Ben laments his lack of industry networks, he does not express a desire to change or become active in any organizations. So far, he has managed without them, and he finds satisfaction in knowing that his accomplishments are his and his alone.

In comparison, Brian is involved in several industry organizations and would like to be even more active, but he is concerned about spending too much time and energy on them that would take away from his daily business. “We need to stay abreast of things but a small company can’t really afford to spend all it’s time going to various association meetings because the end result is not that great to us in terms of dollars and cents.” Rick and Jean have similar worries concerning how much money to invest in subscriptions to industry magazines and journals. They have opted to accept the ones that are free and not bother with the rest, except of course for Random Lengths, the one publication they find truly useful.

Many of the mill owners do not live in the communities in which their businesses are located. Because of this, they are not as committed to the small rural towns where most of the mills are placed. Jim for example says, “None of the officers live here. I live [out of town] and my partners commute.” These residence patterns appear to contribute to differing attitudes among mill owners. Jim goes on to express his opinion that the local community has little or no impact on his business. When asked about his company’s impact on the community, Jim replies, “We’re one of the two largest suppliers, largest job forces in this area. They need us to operate. And we have good relations with the city and the county.” In contrast, Brian, who’s family has lived in the same area as his mill for generations, feels that the interplay between community and company is vital and more personal. “I would like to think that we have a positive image in the community. I think we’ve always been viewed as a good place to work. That we’re fair with our employees. Pay a
good wage. That we care about our employees. I think we’ve always been viewed
that we put a lot back in the community.”

Both land and mill owners felt it was important to stay current on happenings
within the industry. They accomplished this by subscribing to and reading
publications such as, Random Lengths, Capital Press, newsletters (OFIC, OSWA,
and OSU Extension), and multiple trade magazines. Random Lengths, a weekly
publication out of Eugene, was mentioned by all informants as important reading
material for Oregon owners, although Jim feels that Random Lengths is “the largest
luxury that the industry cannot afford.” He believes it only helps the “lazy” or
unintelligent business people.

**Integrity: A Different Business Value**

In ‘business relationships’ among small woodland owners, the emphasis is on the
relationship. During a meeting of the Oregon Small Woodlands Association, a guest
marketing lecturer expounded upon the value of the business-relationship emphasizing
for the audience that the forest products industry is a relationship based industry. As I
looked around the room and took in the 60 plus crowd he was addressing, the disconnect
between the world of business academics and the daily life of woodland owners became
more pronounced.

The word relationship has a different meaning in the academic business world. In
business literature, relationship is usually paired with other words such as in ‘relationship
marketing’ or ‘customer relationship management’. In the business sense, the relationship
is a tool to be wielded in order to garner acumen. But small woodland owners are more
apt to see business relationships as emotional and personal connections between
individuals. Not only do these relationships benefit the owner, but they also work to
strengthen community bonds.

Patty is not a full time land owner. She has several other time considerations
including a job and a family, so when it is time to harvest on her property, she hires a
logger who does the work and then markets the logs for her. Patty describes him as “a
local logger who was kind of a one man operation”. Unfortunately, this logger was not
the most time efficient. "He...spent several years putting a road in. He wasn't a big time operator. His pace was pretty slow." This does not seem to bother Patty though. "We got enough to keep us afloat and provided enough income to put my daughter through college". As long as there is 'enough' of a profit, Patty is content. And although her logger is slow Patty says, "I like having local independents come in." She later adds, "We see eye to eye on what we want, and making a lot of money isn't one of them."

In selecting a logger to harvest his property, Jack goes by "word of mouth", or "common knowledge". Because Jack has "been around enough", he says, "I know a lot of the people. I can trust them." Jack's experience and relationships in the local industry give him the confidence to choose wisely. As Jack is getting on in age, he will also hire local people to help him with replanting and the other more physical aspects of woodland ownership.

Not all of the small landowners feel this way, and lumping them all into the same category of "small landowners" is somewhat misleading. Jenny's family owns more than 3,000 acres and the income generated off the timber harvests supports several families. As the acting manager of this property, Jenny's feelings are different. She is in this business to make money. "Some people are going to sell to such and such a mill because it's closest or they know the guy or whatever, but they're only going to get my wood if I think we're going to come out the best."

In their quest for efficiency, business academics may ask 'Why do small businesses hang on to losing business partners or those that are less than stellar?' More than once during my interviews I found myself wondering this same question. Why aren't these small owners looking for better deals? More cost efficient loggers, better foresters, or consultants from out of town? When I asked landowners about their business relationships, establishing a reputation of integrity through loyalty, dedication and local commitment were valued more than financial matters. Todd's response is typical of landowners, "The people I've gotten to know, the buyers at the various mills, they know who I am. They're aware of my business ethic, the dependability of your word and what you say you're going to do and the same thing with the logging contractors I hire or the road building contractors I hire. It's people you've got to know over the years. There will be some form of a written document, whether it's a purchase order for the
purchase and sale of logs or one or two page contract for what their services are going to be. But most of those documents probably aren’t worth the paper they’re written if a lawyer ever got involved with them. Ninety nine percent of the working relationship is based on your personal integrity and what you’ve done and the working relationships you’ve built up over the last many years.” Henry emphasizes longevity in the industry as another factor influencing his reputation, “Being in the industry generation after generation you get to be...everybody knows you or knows of you and they know you’re honest. Your integrity is all you come into the world with and all you leave with. You don’t screw it up while you’re here. You can set your clock by how we’re going to treat people.”

Many of the small business owners and managers from this research do not operate with a traditional business mindset. Landowners in particular appear to rely heavily on their individual integrity as a primary asset. They use personal connections and the reputations of others to guide them in their choice of business partners. They do not have the ability to compete on price to obtain high quality resources. Small mills cannot pay afford to pay more for timber supplies just as small woodland owners cannot afford to pay their loggers significantly more than their neighbors. In order to attract good qualified help, quality products, and successfully compete in the marketplace, these small businesses must rely on other means; relationships. And those relationships are built upon reputation, integrity, and trust.

Even for mills that do tend to work from a more traditional business framework, still place a high value placed on reputation, integrity, and trust. According to Ben, a negative reputation can lead to problems. “There’s another saw mill up the road I won’t associate with. They’ve been dishonest in the past. They’re just dishonest business people. That’s all there is to it. They call now and again to see if I’ll help fill an order, but I won’t help.”

Many interviews focused on the topic of personal ethics and individual responsibility, especially among the smaller of the mill owners. Rick and Jean feel that the bigger companies do not always have the most ethical business practices. They know another mill owner who they identify as “a very ethical guy”. His philosophy is, “If I can’t make an honest dollar, I don’t want it”, and Rick and Jean feel this way too. They
say they are, "satisfied with enough to get by". That is all they need and to push for more might mean they would have to engage in unethical practices. The definition of unethical, however, is very different even among mill owners. The subject of lumber grade, or the quality of lumber products, came up repeatedly in our conversations. Rick and Jean say they would, "like to make perfect lumber. It's unethical to put it to the limit of the law, but we have to because our competitors do." Jim, who owns a medium sized mill, suggests that, "the grade has been eased to live with the timber that we have today," a very different perspective from the previous one.

**Trust**

Throughout the course of their daily work, owners must deal with customers, suppliers, competitors, environmental groups, government agencies, and local community members. Owners believe some groups to be trustworthy, credible, and easy to work with, while others are not reliable and can be difficult to work with. For Bill, the demands of large governmental agencies like the Bureau of Land Management (BLM) can be "outrageous" at times. Bill tells a story about a recent interaction with the BLM.

"They're [Bureau of Land Management] wanting access to one of our roads. When we allow them access to our roads, we have to follow all of their rules. Yeah. Who wants access where? You're asking for access and we have to follow your rules. I don't think so."

For Bill, the rigid bureaucracy of the BLM is exactly what he is trying to avoid as a small woodland owner. He enjoys the freedom of being able to manage his own property. Bill's wife, Sue, later explains that because the BLM is a "quasi-governmental organization", BLM land is "under the whim of congress" and this is seen as a highly negative aspect of publicly managed lands. Bill and Sue are unable to trust large government organizations because of the inflexible bureaucracy they encounter. They feel that in dealing with the BLM and other state and federal agencies, there is the threat of losing control over their own private lands, so they avoid these interactions when they can. Using the bureaucratic language of the BLM, Bill and Sue say that the current issue
of road access on their property is, "under advisement", meaning the paperwork sits on a
desk and nothing is done.

Patty has also run into difficulty with governmental bureaucracies. Because the
Oregon Department of Forestry (ODF) is charged with regulating the forestry mandates, property owners like Patty are at the mercy of ODF officials. Patty admits she has "had difficulty with them" and that is it hard to "keep ODF happy". When Patty made the decision to plant alder on her property she "wrinkled noses" because ODF did not approve. This negative encounter has soured Patty's outlook on the future of small woodland ownership. "I expect that the small woodland owner will become extinct. It
[being a woodland owner] is a huge responsibility and ODF regulations cause you to lose
a sense of autonomy and what's right for your property." In Patty's eyes, maintaining
this autonomy is the primary reason for being a landowner in the first place. The
ownership and pride in management make it worth the effort and hard work. When that
is taken away, the appeal of ownership is gone.

In some cases, opinions on government organizations depend on the individual
people the owner interacts with. According to Jack, "the state and Forest Practices
Officers...they are very easy to work with, and I know that they know what they're
doing. I can talk to them about things and don't have any trouble. I don't feel as if they're
looking over my shoulder trying to make a point or anything there. I just feel more
comfortable." This is in direct opposition to the environmental organizations Jack has
dealt with in the past. Environmental groups, he feels, try to make laws that are "one size
fits all" and this does not take into consideration the unique characteristics of each parcel
of land.

Because they feel they have been attacked in the past, many landowners are
apprehensive about future conflict. For instance, Wes has a strong opinion on Oregon's
newly elected governor. "The new governor thinks woods are public. He's got a battle
on his hands if that's what he thinks." Wes is prepared to once again fight for his rights
as an individual landowner.

For the small owner, it can be difficult to know who to trust and who to rely on
for good advice. What is in the best interest of a small woodland owner may not be in the
best interest of a small mill or a public official. Small owners understand this, and when
confronted with possible conflicting motives, they are likely to think in terms of conflict and hold a poor opinion of the opposing side. Jenny, for example, is unsure about the relationships that exist between mills. As she seeks the best price for her timber, she wonders if the mills are covertly working together. “I think sometimes they’re in cahoots. They talk to each other and know exactly what each other’s paying. Maybe, maybe not. A lot of times they do, so that’s not very good for competition.” On the other hand, Jenny has a high level of trust in the ODF and the system that is currently in place for changing forestry rules and regulations. “If the process is followed. There’s lots of time for input and science. And they don’t just go off willy-nilly,” says Jenny.

When it comes to trusting the general public, most woodland owners have little faith. The public, as well as environmentalists, are seen as easily influenced by emotion, not reason or science. Because of this, they do not trust the public to make fair and reasonable decisions about forestry issues. Owners start to lose faith in governmental agencies when they begin to listen and act on public opinion, rather than on what they feel is scientific fact. They also do not trust the public to understand or care about certified forests or wood products. This lack of trust in the consumer contributes to many woodland owners’ reticence to pursue certification.

Woodlands owners demonstrate a reluctance to place too much trust in many government organizations, in environmental groups, or in the general public. They do, however, seem to rely on each other; for advice, support, and camaraderie, which implies some level of mutual trust. Almost every owner feels that he/she can do a better job of running a business than any other owner, but they do trust each other enough to share bits of their lives.

Mill owners share a similar perspective. Rick, for one, does not appreciate government bureaucracies meddling in the affairs of his business and this attitude influences his opinion of the people who work for bureaucracies. He insists that if given a chance, the Occupational Safety and Health Administration (OSHA) would, “…turn this place upside down. The reality is different from the concept. Those agencies attract people who throw their weight around.”

Other mill owners focus on their own perceived levels of trustworthiness and use this as a marketing advantage. Eric believes that establishing a reputation for reliability
and trustworthiness is very important for his mill. “We all have to be competitive in the market, but it’s do they trust you? Do you perform the way you say? Does it meet the quality performance requirements? That’s what makes people buy from you.” Ben also realizes the importance of establishing a trustworthy reputation. “Once you build up the cash relationship, it goes beyond the cash. When you start doing business and you build that business trust, it’s really complimentary to both people.” Ben later adds his feeling that not everyone in the industry works hard to be honest. “And these people that are dishonest, I don’t know how they accomplish feeling good about what they’re doing if they have to be dishonest about it. And if you can’t believe in yourself, who can you believe in.”

Most of the mill owners interviewed have positive perceptions about their industry and are willing to trust one another and share ideas. But behind the sharing and goodwill, lies a shadow of uncertainty. As Jim relates it, his knowledge and experience in the industry protect him from the dealings of unscrupulous people. He is not afraid to put his trust in the right people because he knows who the right people are, but he does allude to an industry rampant with devious misanthropes. When asked if he has enemies in the industry, Jim replies, “I don’t. My partner does. And there’s a lot of that. An awful lot of that. Nice to your face you know, cut your throat...that’s the industry though...again it’s independent.” Jim does not see himself as involved in the animosity or the games that are played within the industry. They go on around him, but he is removed from it all. Most mill owners also alluded to the underhanded dealings that occur in the industry, but for the most part, they appear to take it in stride. Jim, Bob, Brain, and Rick and Jean have more negative outlooks and therefore appear less trusting of people from other mills. Eric and Dave are on the opposite end of the spectrum and demonstrate a positive and trusting view of the industry. Ben and John fall somewhere in the middle with a more moderate perspective of the industry and moderate levels of trust.

**Family and the Future**

Satisfaction in ownership is cited as the number one benefit of being an SME owner. Although the word ‘satisfaction’ comes easily to small owners, the meaning behind it is much more difficult to elucidate. The satisfaction found in property
ownership is tied to history, heritage, and family. Property is both a tangible reminder of the past and a promise for the future. In describing the benefits of ownership, land owners and mill owners of family business typically refer to the next generation.

While current owners of family businesses often dream of the day their children and grandchildren will become actively involved in caring for the land and the business, they find it difficult to pass on the responsibilities. Among landowners spoken with, the senior male member of the family is generally the one who owns or manages the property. It is common for this patriarch to view his adult children as not yet grown and while he wants his children involved he is reluctant to pass along the full responsibilities of property management to people he still considers to be children. Jack still refers to his 50 year old son as ‘a lad’. “The boy, well lad, he’s 50 years old for crying out loud. I can’t believe it. We all get so old so early.” Patty expresses her gratitude that her mother has given up management duties with little fuss. “My mother is kind of a silent partner. She pretty much let’s us do it, which is unusual because a lot of times there’ll be a patriarch and they won’t want to let go of things. We were fortunate that she kind of let us go as long as we didn’t kill the place.”

Managing the property or running the family business is often a labor of love, and family members recognize the importance this work has for their fathers and grandfathers. The two women owners/managers in this study are much younger than their male counterparts and therefore are not yet facing the same issues of passing on family management duties.

They are also looking ahead to the future, but many are not thinking simply in terms of financial security for the next generation. They want to preserve what they have. It is cultural, ecological, and family preservation that they are after. However, this will not be possible unless the business is successful and able to make money. If it is nothing more than a tax drain and takes a lot of time, the next generation will most likely choose to sell the business in order to buy a house or send the kids to college. The long term thinking is here, but it’s not holistic. They are looking deeply but not broadly. The fact that Wes doesn’t admit there have been any major problems is an example of this mentality. The problems he denies today may someday be the problems that convince the next generation the property is not worth holding onto.
CHAPTER 6: DISCUSSION AND CONCLUSIONS

Risk Perception

Understanding the challenges and external forces that are perceived by small owners is the first step to understanding their current behaviors and strategies (Pfeffer and Salancik 1978). The larger the perceived threat, the more intense the response will be, but more importantly where there is little or no perceived threat, there will also be little in the way of combative strategies such as cooperative efforts. Major challenges perceived by SME owners include competition, the environmental movement, government regulations, consolidation in the industry, and the general uncertainty of the future.

Competition

Most landowners do not view each other as competitors. They are cohorts in the same situation. Mill owners on the other hand, do see each other as competitors. But even so, primary sources of competition are not seen as coming from other SMEs in the industry. The competition may be fierce, but for the most part, other SMEs are friendly competitors. They see each other as surmountable challenges. The real threats come from outside local and industry related channels.

According to informants, there are two types of competition: positive (good natured and combatable competition) and negative (malicious and destructive competition). Positive competition comes from within the domestic industry and includes other SMEs and large industrial corporations such as Weyerhauser, Georgia-Pacific, and Longview Fiber. Negative competition comes from outside the industry and consists of: the government, the general public, environmental groups, and any foreign companies producing similar products and foreign governments subsidizing the industry. This perception was represented among both land owners and mill owners.

My initial research suggested that competition between SME owners would be fierce, while competition from outside forces would be largely ignored. While the SME
owners in this study hold a much broader vision of competition than I had anticipated, they do appear to underestimate the impact of some competitive forces, especially those coming from suppliers, customers, and large corporations. Many regard the industry's suppliers, customers, and corporations only as vital parts of the economic chain and not potential areas for competitive threats or opportunities. They do not feel overtly threatened by Weyerhæuser and Weyerhæuser's domination of supply and distribution channels. Nor do they typically feel threatened by the power of their own suppliers or customers. Instead, the majority of owners feel that real competition comes from outside the industry, in the form of environmentalists, government legislation and foreign companies. They do not believe they have the power against these outside threats. Owners frequently commented on the small size of their businesses and how this limits the amount of leveraging power they possess in political and economic realms. Their habitus impedes them in this regard. They have accepted their place in the hierarchy, where small business have little power, and do not expect the situation to change significantly. SME owners do however feel they can successfully compete against each other as demonstrated by their confidence in their own business abilities and their negative perceptions of other small owners' business strategies. They may not be able to beat foreign governments or the bureaucratic regulations, but they do have the ability to beat one another. Owners often attributed their ability to remain in business during tough times to their own skills, knowledge, and experience, which they believed to be much better than their unsuccessful rivals. To suggest cooperation among SME owners is in effect suggesting the removal of their power and their one chance to win in the competitive game.

The Environmental Movement

The potential impact of environmental groups and anti-timber legislation is an ever pressing worry for SME owners. Throughout our interviews, owners wove in topics tinged with environmental conflict such as the Endangered Species Act, radical environmentalists, and the difficulty of state and federal timber regulations. The majority of these are perceived as reasonable obstacles to overcome, but there is a deep concern
that future battles might be more difficult. Most owners consider environmental groups especially threatening as they are not bound by common values, beliefs, or rules. These environmental groups are believed to have more control and power particularly in the realm of public opinion. The relationship between most owners and those they consider environmentalists is adversarial at best, and in some cases is seen as war.

**Government Regulations**

Government regulations are seen as mild to moderate threats. Both land and mill owners feel that the regulations themselves are not necessarily difficult to follow, as many of the guidelines are met voluntarily by the companies, but the paperwork and legalities are often expensive and time consuming. Government officials are even seen as helpful at times, and most do not mind following the rules. Regulations are seen as a threat if it appears to the owner that new rules are simply reactions to public opinion and emotions.

Political forums are currently in place to help voice the opinion of SME owners, and several informants have taken advantage of this. They speak with state and federal representatives when a piece of legislation concerns them. Many belong to political associations and lobbyist groups, although those who belong to associations express the worry that they are fighting for the interest of the big companies which is not the same as their own. This concern is a direct indication that SME owners need a strong political forum dedicated to their own interests. Many feel that the smartest move is to align forces with the large companies as they hold significant amounts of power and money and can cause action. Even those who actively participate in organizations representing the interest of SMEs, are doubtful as to their impact. Jenny in particular is active in small owner organizations but she feels that her efforts are minimal, “Of course you belong to these groups and you try to influence the laws and feel like you have a tiny bit of affect on it.” Many others like Jenny feel that they can accomplish little because of their size. Again, habitus, or a sense of one’s place (Bourdieu 1990), keeps small owners in their social position and prevents them from reaching for larger, grand scale objectives such as creating a marketing cooperative, establishing a collective log yard, or building name
brand recognition (i.e. an Oregon brand for wood products). In some instances, SME owners explain that the “bigs” will benefit most from these large scale products, so they should “foot the bill”. This leaves the SME owners again in the role of passive bystander.

For many landowners, the best decision is to sit and wait. Wait until the export market gets better. Wait until more federal timber is harvested. Wait until timber prices go up. Wait to see how consolidation affects the industry. Wait to see if certification is necessary. Waiting appears to be the safest option. Waiting is not the best option in other scenarios such as image management and estate planning. In reaction to criticism stemming from the environmental movement, owners are reclaiming their image and actively educating the public and especially today’s youth. Woodland owners also are engaging in detailed estate planning so that with the owner’s passing, the property will not be taxed at such a high rate that it would force children and grandchildren to sell the land in order to pay the inheritance tax.

**Consolidation and Weyerhauser**

An initial hypothesis at the onset of this research was that small owners in the forest products industry do not generally perceive industry consolidation as a potential threat. Among the research population, this has proven to be true. In contrast, from my conversations with local industry experts, it is clear that they feel consolidation is a potential threat to small businesses in the forest products industry (Hansen 2002; Lawton 2003). They would like SMEs to cooperate as a way to increase economies of scale and better find a secure position in a marketplace dominated by corporate giants. The SME owners in this research either do not feel that consolidation is a threat or they feel that it is a threat simply out of their control. Yet recent lawsuits filed against Weyerhaeuser suggest that at least some small mill owners are starting to feel the pinch. In the spring of 2003, Weyerhaeuser lost an anti-trust suit filed in Oregon by a handful of mills specializing in alder processing (McCarrell 2003). The jury in this case agreed that Weyerhaeuser was attempting to drive competing companies out of business.
In general, SME owners in this study feel that Weyerhaeuser would not intentionally put them out of business because they are either too small or they believe that Weyerhaeuser is just doing business according to the guidelines of the marketplace. If the SME owners work hard and continue to produce quality timber and timber products, then they believe that Weyerhaeuser and other large corporations should not be an issue. This is not to say, however, that they particularly like Weyerhaeuser’s growth and control, but they do not always see it as a long term threat.

**An Uncertain Future**

Passing on the family business is a great concern to land and mill owners with a family tradition. An even larger obstacle than inheritance taxes is the lack of knowledge and interest many children and grandchildren have toward the family business. Current owners have a hard enough time giving up control of their business, but when faced with a generation uninterested in the details of forest products industry, passing the business onto family may not be an option. Though not necessarily familiar with the “Buddenbrooks” phenomenon (Fukuyama, 1995) and the disintegration of family run businesses after the third generation, many owners of family businesses realize that the next generation may not be prepared, or may not be willing, to meet the challenges of running the family company and fear the loss of their family traditions. Several expressed an interest in learning more about cooperatives as a means of helping their children, who have often moved out of state, with the transition to ownership. Many owners are also setting up Limited Liability Companies (LLCs) with specific conditions and management instructions to ensure that their properties stay in tact and are managed according to their values, even after they are gone.

Mill owners and managers typically have specific business plans and structures in place at the onset. Even the mills owned and operated by families, generally have a board of directors (often comprised of family) and strict guidelines for ownership. Inheritance taxes were rarely mentioned as problems in conversations with the owners of mills. Mill owners do not have the same luxury as small landowners. They cannot afford to sit and wait until the market settles down or prices reach a certain mark. Two of
the older, more established mills, had in recent years been forced to shut down parts of their operations or slow production. In the hope of avoiding this type of crisis again, they are looking for new and innovative ways of doing business. Two other mill owners had recently started brand new companies. In general, owners of mills know that they must keep moving and adapting to changes as they come. Because of this, they are more willing to change their business plans depending on the market; however, the majority still do not appreciate or feel comfortable with outside advice. They prefer to rely on the expertise within their company and within their social networks.

More than any other factor, the uncertainty of the future is the biggest concern for SME owners. Will there be a market for large logs? Will there be sufficient supply for existing mills? Will the lower prices of foreign markets force more businesses to go under? What trees will be the most valuable in 20 or 30 years? These are questions that plague the industry, and one wrong decision can ruin an SME that does not have a large bankroll or other departments to fall back on. This uncertainty appears to encourage many to look for new ideas and different ways of doing business, however, owners tend to be discriminating in what they believe and who they trust.

When asked about problems owners might encounter, some subjects appeared to be off limits, or taboo. No one suggested they needed help or looked for help in relation to business matters. Land owners have mentioned that they sought help from accountants, especially when planning inheritances, but mill owners never suggest that they seek help in finance, marketing, or anything remotely related to business savvy. They will admit to seeking technical help with machinery or processing, but not business strategy help. Industry experts and academics suggest that small owners especially need to talk to each other about pricing (Lawton, 2003). They believe that for small companies, keeping these facts a secret hurts them. But money appears to be a strictly taboo subject. Most owners agreed that cooperation exists in many forms within the industry, ranging from support of mechanical issues to organizing educational events, but cooperative efforts concerning financial matters are rarely initiated.

The research conducted by ADAPT (2000) on small firms suggests that in Europe global market threats are significant enough to push small firms toward cooperation, but in Oregon's forest product industry, most threats perceived by SMEs are not seen as
significant enough to warrant action. According to the words of informants, most of the threats they face are external and come from powerful forces beyond their control. They are also caught in a situation where they depend on their competitive challengers and rely on them for resources. For instance, land owners are forced to sell their timber to Weyerhaeuser mills, and small mill owners are forced to buy timber from Weyerhaeuser to ensure supply, but at the same time they resent the power and control Weyerhaeuser holds. They constantly battle the beliefs of environmental organizations but are then asked to become certified using the systems and paying dues to these same environmental groups. In alignment with the Resource Dependence Model (Pfeffer and Salancik 1978), while owners need the resources of the larger corporations, customers, suppliers, and regulatory agencies, they resent their dependency on these outside forces. Their reliance on external forces inhibits their flexibility and independence. However, the same freedom and autonomy they strive for in owning and/or operating small to medium sized businesses limits their power and ability to effectively combat threats.

Cooperation between owners is seen as having its own set of unique risks. Based on their experiences with larger organizations such as the Oregon Department of Forestry, or the Bureau of Land Management, many owners fear that cooperation will bring bureaucratic grid lock. Owners take great pride in their independence and highly value the flexibility they have in being small owners. With cooperation they fear rigidity, large bureaucracy, and a lack of autonomy; all of which conflict with their basic values. Perceived risks in this case are more symbolic than monetary in nature and not as easily articulated by owners.

It is difficult to estimate what percentage of woodland owners are currently members of OSWA. According to figures found by the Committee for Family Forestlands, there are 157,400 forestland ownership units in Oregon, although families and businesses in many cases own more than one parcel (2002). The OSWA website states that they have only 2,500 members in their organization (OSWA 2003). These figures highlight the fact that there is considerable room for growth in OSWA’s membership. It appears that cooperation and group action are limited among Oregon’s small woodland owners, even in this 40 year old organization.
Coping with Challenges

Landowners are primarily stewards of the land and business knowledge is not always included in their resume of experience. Often times they realize their own weaknesses in relation to marketing and business methods. This lack of knowledge makes them prime candidates for new learning opportunities and new techniques. They are eager to learn more or to have experts advise them, especially in areas where they feel they are not expected to be experts. Nearly all landowners admitted to seeking and even paying for expert advice concerning accounting, estate planning, and sometimes marketing. Less frequently was it mentioned that they sought help in forest management and planting. Those who disclosed seeking help in these latter areas tended to be relatively new to the industry.

Because land owners come from a variety of backgrounds, some have extensive forestry experience and others may have no experience whatsoever in the field. Those who are new to the industry have no illusions about their lack of experience. They understand that in order to be successful, they need expert advice and they are willing to look for it. This novice status makes it acceptable for green land owners to ask for help, while those who have been in the industry for generations do not find it quite as easy or socially acceptable to do the same. A strong sense of habitus, or social position, (Bourdieu 1990) holds them tightly in their social place.

Mill owners in this study are not as flexible when it comes to accepting help or advice on the subject of new business models or strategies. This can be explained using the same reasons attributed to land owners. The small mills in Oregon often have deep family roots in the industry. For someone whose family has been in the business for generations, asking for outside help implies weakness and instituting change can imply fault or mistakes of previous generations. There is considerable pressure on current managers and owners of small mills to uphold the family reputation. When asked where they would turn for advice or help, the initial response was often similar to Jim’s, “I can’t think of anything that we would have to consult [about].” After thinking for a short while, mill owners usually suggested they might go to a mechanical manufacturer with equipment issues. Even though most cited supply as a major challenge, not once did a
mill owner admit he might seek outside help in procuring raw timber. In fact, some mill owners demonstrated the intense competition they experience through displays of bravado. They deride less successful companies while celebrating their own virtues. In alignment with Attribution Theory, the failure of other companies was nearly always attributed to the weaknesses of the other and the strengths of themselves. If there was negative occurrence within the owner’s personal business, it was typically attributed to external causes. According to mill owners, successful coping strategies include: finding niche markets, using the flexibility of the small firm to meet the needs of customers in ways the larger companies are unable or unwilling to do, downsizing, staying abreast of political happenings, and paying attention to the small details.

Many of today’s broad challenges, such as industry consolidation, are not seen by the informants as within their sphere of control. Overall, the SME owners in this study do not feel overtly threatened by things that are outside of their control. The spotted owl crisis was a time when the industry as a whole felt threatened and out of that emerged some of the forms of cooperation that we see today, for example, the Oregon Forest Resources Institute was developed during this time. That crisis level is no longer present making new systems of cooperation more difficult to establish, however, this may soon change. The alder companies in Oregon and Washington, mentioned earlier, who recently won an anti-trust law suit against Weyerhaeuser have spawned a similar suit in the state of Washington. These mills have banded for their common good and have realized the power potential of cooperation. This may also be an important step in bringing the implications of consolidation to the forefront of everyday conversation by heightening the perceived threat of consolidation among all SMEs.

Values

Modesty

Commonly held among owners is the expectation that their actions and reputation will speak for them. Most admit they are not salespeople, and the same goes for maintaining their image. They do not like to promote themselves. Outspoken leadership, bragging, or even advertising one’s own merits, are seen as unbecoming. Leadership in
the industry is often viewed as 'tooting your own horn'. Implicit in leadership is coercion, and advertising resounds as inauthentic. A person of true integrity will be noticed by others and word will get out. Those who actively seek leadership or high profile positions tend to not be well respected. It is best to stay under the radar and not attract too much attention.

The value of modesty inhibits the spread of cooperation as an innovative business system. Cooperation requires the participation of multiple parties and inherently needs people willing to take on leadership roles. In addition, in order to be successful, the idea of cooperation requires promotion among SME owners who typically hold negative views on both the subjects of cooperation and promotion or sales. The group nature of cooperation also makes the actions of those involved more public than usual. Combined, the need for leadership, promotion, and the potential for publicity all contradict the value of modesty held among the SME owners.

*Integrity*

Integrity is the basis for all business relationships among small owners in the industry. It can be built through hard work, paying bills on time, using local businesses, making sacrifices, contributing to the community, and successfully managing one’s own business. As mentioned above, modesty is an important element of integrity. One’s integrity is not demonstrated through advertising. It is earned and disseminated through other people often by word of mouth. Personal relationships are often intertwined with business relationships and a history of honest work can be more highly valued than financial benefits. Some will sacrifice time and money in order to uphold their values. This reliance on integrity has the additional benefit of helping many owners to select stable businesses with which to work. Rumors of unpaid bills or shoddy work can lead small owners to sever certain business ties and look elsewhere.

*Community*
These owners often have deep roots and close ties to their communities, their neighbors, and civic organizations. They would much prefer to do business with the mill down the road, the logger from up the street and the truck drivers they pass everyday on the way home. Even when it is more cost effective to look elsewhere, some will choose business partners they know personally or are connected to in some way. Seen from a purely economical perspective this type of business mentality appears negative, but it would be a mistake to overlook the benefits associated with this community-oriented business model. Benefits include piece of mind, higher levels of trust, the ability to put neighborly pressure on business associates, and insider knowledge of what’s going on in the business of others.

While many informants are highly involved with community organizations, educational events, and politics, few felt that their local communities had much impact on their individual businesses. Mill owners rely on the community to supply a qualified workforce, but outside of employees, the community is often disregarded. This is of particular interest because many informants are inextricably tied to their local areas. Woodland owners are proud of the good they contribute to society through maintaining wildlife habitat, water quality, and beauty. Many mill owners feel they are helping the economy by providing living wages and producing natural and environmentally friendly products. Yet there is still a gap between the community and the SME owner.

In many ways, these owners are similar to the cowboy mentioned in chapter three. They contribute to the well being of society, but at the same time, they feel separate from it, even judged by the very communities they are trying to help, and many owners express a resentment of this fact. This paradox prevents owners from truly understanding the perceptions of society outside of the industry. A better understanding would help them in cultivating an image more palatable to their local communities, environmental groups and public policy decision makers. Because image cannot be measured in dollars and cents, it is difficult to weigh the benefits a cooperative effort might have toward the bottom line of a small business. This hinders the efforts toward creating name brand recognition, certification, niche marketing, and legislation all of which rely at least in part, on image.

Though competition and stereotypes retard the sense of community in the industry, the community of the forest products industry still plays a significant role in the
lives of the informants. They talk to each other regularly and share common experiences and this sense of community is important in maintaining self-identity. Without a community, there is no group norm with which to conform, nor rebel against (Bellah et al: 1985). The identity of an individual is in part determined by who he/she is not. For instances, when the Oregon Small Woodland Association acknowledges and celebrates the “Tree Farm of the Year”, the forestland owning community is validating and rewarding specific values and qualities. Award winners are chosen based on a set of objective values. Nearly everyone in the group can raise his or her hand and say, “Yes, those folks are good land managers.” Rewarding the outstanding men and women, in rituals such as this one, is a method used to reaffirm the agreed upon values of the community (Bellah et al: 1985), thereby increasing the cohesiveness of the group.

In regard to community, the women I observed at the OSWA meeting appeared to be highly involved in the activities of the organization. Though relatively few women are owners in the industry, from my observations, a high percentage of women are actively involved in the communal organization within the small woodland industry. Of the two women I interviewed as sole owners/managers of woodland properties, both were actively involved in their local chapters of OSWA and expressed satisfaction in being so involved. This may point to a larger cultural trend where women are more open to communal activities.

**Independence, Individualism, and Language**

It is necessary to separate the meaning of independence from the meaning of individualism. According to Webster’s College Dictionary, independence means “free from the influence or control of others; not relying on another for aid or support”, while individualism means, “the pursuit of individual rather than collective or common interests”. When talking about the nature of the industry, informants did not refer to individualism in a positive light. Instead individualism was lamented and used as an excuse or explanation for many problems, such as why people do not share equipment or why they rarely choose to cooperate on projects. Being independent, however, was highly valued and important. Being free from bureaucracy and having the power and
flexibility to make autonomous decisions are some of the prime benefits of owning an SME. Some owners go so far as to purposefully isolate themselves from other people as a way to avoid conflict and strife and maintain control of what is their own.

The belief in the individualistic streak at the heart of Oregon’s forest products industry is accepted by SME owners and believed to be unchanging. It is reinforced by the language of individualism that is so prevalent in public discourse (Kemmis 1990; Bellah 1985). The language of individualism has been used for so long that it has become difficult to speak in any other way, especially in the public realm or when speaking of conflict. When talking about environmentalists, anti-timber legislation, or competition, informants often spoke of the personal impacts. They worry that because of their size, no one else will defend them so they must be vigilant about defending their territory and their rights. The common use of the language of individualism masks shared values and beliefs. During the interviews, the majority of informants also spoke of their strong community values. They want to contribute in a meaningful way to society, but they do not want to be told how to do this. One way to illustrate this seemingly paradoxical situation is by describing SME owners as independently communal.

The value they place on independence was spoken of in highly personal terms. The need to make autonomous decisions and not be connected to outside agencies was spoken of as a feeling and a personal value. Rarely did an informant say outright, “In this industry we value our independence.” Instead, the value of independence was illustrated in more subtle ways. Many owners mentioned their dislike of working with bureaucracies or the satisfaction of making their own decisions and watching the outcome. While these values are personal, among informants in this research the value of independence is unanimous. Kemmis (1990) terms these communal values, and emphasizes the often hidden nature of these shared beliefs. All informants referred to the personal importance of freedom, ownership, and satisfaction. This suggests that there is a common definition and understanding of both independence and individualism within the industry. Independence is a common value, while individualism has a more negative connotation among SME owners. Though there appears to be a common understanding
of these communal values, the language of individualism prevents owners from sharing and acknowledging their similarities.

Among informants, there is a feeling that not all SME owners share the same value of independence, and this belief acts as a psychological barrier to cooperation. Many are fearful that cooperation entails giving up personal freedoms. They are afraid that a cooperative effort will dictate their decisions and perhaps come to control their personal business. They feel that other companies do not have the same values, primarily independence, and might be more willing to give up individual control, or they believe that others will be too stubborn and individualistic to work with. Overall, they find it difficult to envision a cooperative project involving companies that they believe hold dissimilar values.

During our conversations, owners were constantly switching between the language of community and the language of individualism. They struggle between wanting to contribute in society and wanting to protect their own rights, a struggle typical of Americans in general. Kemmis (1990) suggests that this paradox characterizes the west but, "is not a choice between individualism and cooperation, but a battle between individualism and regulatory bureaucracy", where "polarization is fierce!" Kemmis points to bureaucracy as the real point of contention in land and natural resource related issues. This idea holds true considering the words of many SME owners from this research, who want to do the right thing with the support of society. What they object to, however, is the inflexibility of government policies and regulations. They believe one size does not fit all. With this image of formal, group-consensus decision making at the forefront of their minds, it is little wonder that many baulk at the idea of a co-op. To voluntarily become a member of a co-op runs the risk of imposing this type of formal structure on themselves, and that goes against the very essence of small business ownership in the industry.

Among owners, there is overwhelming agreement that the industry is competitive and independent. One might suggest that this is a testament to the truly independent nature of owners in the industry, but an alternative explanation is that the stereotype has become so prevalent it is accepted without question. Who are the independent owners and where are they? Have stories of the industry's rough past become so entrenched that
changes have gone unnoticed? Is there a chance that the abundance of independent, uncooperative owners might be exaggerated? If so, then this perception is creating a barrier to cooperation.

Several of the owners I spoke with equate extreme individualism with capitalism. True capitalism is about making the most money in the most efficient way possible, whether that be through independent management or collective action. The rise of large corporations and their overwhelming success in the US is a clear sign that capitalism is not limited to individualistic enterprises (Fukuyama: 1995). Indeed, capitalism can be seen taking on some very communal forms as a way of ensuring longevity and increasing the bottom line. Historically, the importance Americans have placed on the value of independence has not prevented US businesses from cooperating with each other. To succeed in the long term, many family businesses have committed to professional management outside of the family (Fukuyama; 1995).

Today's individualism as a virtue may more accurately describe an idealized version of Americans: an image of who they wish to be rather than of who they are. In reality, many Americans work for enormous hierarchical organizations ranging from governmental institutions to corporations such as Hewlett-Packard or Nike. Those who can be classified as independent entrepreneurs may take pride in what is perceived as attaining the American ideal.

Independence and individualism are sometimes confused and used interchangeably. When owners speak of what is important to them, they mention freedom to make their own decisions, and the satisfaction that comes from the progress of their labor. In using these words, they are expressing the positive characteristics associated with independence. When SME owners speak of the industry, however, they often use words such as stubborn, uncooperative, dishonest, and competitive, and they associate this with individualism. While individualism is believed to be a characteristic of the industry it is not a highly esteemed trait. To forge trust and cooperation, it is necessary to separate these two words and define their meanings. It is possible to be independent yet still hold the good of the community as a priority. It is also possible to cooperate and still maintain independence. What most owners reject is inflexible bureaucracy, not the common good.
During interviews, the owners expressed a desire for autonomy and independence, but the rhetoric they use does not appear to be different from that of the average US citizen. Several informants are quoted as saying they believe the forest products industry is more individualistic than other industries. While this may be the prevalent perception, I argue it is not the case in reality. If the forest products community is truly as individualistic as people say, then it is hard to explain the number of forestry organizations that exist and the reliance on business relationships, reputation, and word of mouth marketing. On the other hand, the lack of knowledge about examples of cooperation among owners suggests that there is a fair amount of credibility to the independent nature of the industry. There are some who abhor the idea of cooperating with other firms, but this is attributable to a variety of barriers, the value of independence not being one of them. Cooperation is hindered by poor communication, stereotypes, small social networks, and misunderstandings about the meaning of cooperation.

Cooperation

Famed western writer Wallace Stegner insists that the key to a successful future for the west lies not in rugged individualism but in cooperation (Kemmis:1990). But for SMEs, the idea of cooperating with other small businesses is often viewed negatively. It implies weakness and a need for help, character flaws and vices. When it comes down to it, cooperation means you are simply not good enough by yourself. A number of other elements contribute to the negative image many owners have of cooperation. Cooperation is often lumped into the same category as collusion, coercion, or other unfair business strategies. It is seen as a way to unfairly exert influence and pressure on larger companies in order to assure better prices and more money. In this sense, cooperation offends their sensibilities of what is honest and forthright.

For others, the sense of powerlessness that comes with being a small mill or land owner prevents them from viewing cooperation as an option. They are sensitive to the small size of their operations and see it as a barrier to cooperation. They perceive themselves to be so small, as to prevent them from having any influence outside of their own business. They feel they are not big enough to make a difference, and no one would want to work with them because of this disadvantage. In addition, the uniqueness of
small ownership translates to feelings of isolation. Some even consider themselves to be the only small time operators in existence. They believe there are no other companies of equivalent size, hence they are alone and must work alone. Even those who understand that there are similar small businesses out there, often feel alone among a vast array of large corporations and competitive forces.

Another factor is the lack of experience most people have with cooperation. When used in conjunction with the industry, the concept is foreign and does not seem natural in people’s minds. They have little personal experience with cooperation, especially financial cooperation, and they are able to relate relatively few examples of cooperation within the industry. There does not exist a positive community memory of cooperation. The majority of memories that do exist are of failure and disappointment.

Examples of cooperation were limited primarily to mechanical equipment knowledge sharing, public educational activities, and the occasional friendly conversation while on a mill or woodland tour. Nearly all examples of cooperation were of the non-monetary type. Financial matters are an entirely different genre. Prices, harvests, and marketing are not suitable forums for cooperation. This is due in part to the high level of perceived competition. But this reluctance to talk about money or cooperate when money is involved is also connected to larger societal views on money and a money taboo that persists in American culture. Inherent in money are issues of power, prestige and control.

When asked direct questions about cooperation in the industry, most informants replied negatively; however, throughout our conversations, informal cooperate activities were frequently mentioned. Many owners belong to and are actively involved in industry related associations. For example; many are members of the Oregon Small Woodland Association; owners often give tours of their properties and businesses not just to interested community members but to each other, their perceived competitors; and several woodland owners note of the fact that they have completed the Master Woodland Owners program offered through OSU Extension. Through this program owners voluntarily share their knowledge and experience with each other. In essence, most owners are informally cooperating with each other on a regular basis; they are just hesitant to admit it and in some cases they do not perceive these actions to be cooperative. Again the language of individualism supercedes actual behavior. While
owners demonstrate cooperative behavior, their shared language of individualism derides their actions and acts as a barrier to perceiving cooperation in a positive light.

Also contributing to the lack of cooperation between owners are the underlying motivations of business ownership. Some owners cite financial goals as being their primary motivation. They are supporting families and investors, while others are in the business as a hobby or for side cash. These differences are perceived by owners and noted as different business strategies, but more importantly in some cases they are perceived as indicators of a lack of business savvy. These views further distance owners from each other and heighten the sense that individual owners are alone in their personal values and business methods.

Currently, owners have few formal avenues for face to face contact and interaction. According to their reports, mill owners tend to run into each other at auctions (for those mills that have gone out of business). While they periodically call each other on the telephone, most interaction appears to come from business related run-ins. At this point, while most owners do not look favorably on cooperation with outsiders, cooperation within the family is more acceptable. In Henry’s case, several family forestland units were combined to make up one large family company. This combination has streamlined business and has proven to be more profitable than having each unit managed by separate family members. Such a cooperative project would have been much more difficult had the members not been family. For Henry and his family, the family connection made the leap to cooperation much more feasible.

Co-ops

With the general concept of cooperation eliciting such definitive opinions, it is not surprising that the more formalized concept of cooperatives would be judged even more harshly. For many owners, co-ops are often equated with failure, not only on the individual’s part, but for the co-op itself. When asked if they knew of any cooperatives in the forest product industry, informants generally cited only those ventures which had failed. The past failure of several cooperatives was seen as testament to the fact that only poorly organized businesses run by deficient owners and managers joined cooperatives.
which doomed them to failure. Very few informants had even heard of a successful cooperative in the industry, but historical data demonstrates that several successful co-ops do exist some of which are located in the Pacific Northwest. This lopsided knowledge has lasting effects. Bellah (1985) speaks of the "community memory" and the cumulative effects that repeated failure have on new endeavors. When the community, in this case the forest products industry, has strong memories of failure, it reduces the willingness to try new things. To combat this, it is necessary to show and celebrate successful co-ops and explain why past co-ops have failed. This would also contribute to building a stronger sense of community among SME owners.

Limited knowledge of the many different forms of cooperatives also contributes to the negative impression held by many owners. The owners' understandings of co-ops were often vague, narrow, and typically negative. As suggested by Karg (2000), a lack of education on the various forms and structures of co-ops is a barrier to co-op formation. Different ideas exist over the definition and purpose of co-ops and this contributes to current misperceptions and confusion. When speaking about co-ops, a few owners envisioned only a sawmill, owned and operated by its employees. Others imagined a log sort-yard that required constant supply and would dictated harvest times and amounts. These were the most prevalent images and they often preclude other more flexible and more beneficial variations on the co-op concept. Many owners are against the idea of belonging to a cooperative because the image they hold would not benefit them. That is not to say that all forms of cooperatives would be similarly ill-suited to their needs.

These findings also support studies done by Trettin and Musham (2000) who found that when the benefits of a new endeavor are not clearly understood, the risks were perceived to be much higher. According to informants, the most commonly understood benefit of a cooperative is to improve economies of scale. But even this benefit was rarely explained in depth, and the meaningful benefits of doing so were perhaps not understood completely by the owners.

The few owners who do have positive perceptions of cooperatives, are also more knowledgeable of the different forms a co-op may take. These owners spoke of co-ops for selling by-products such as sawdust; co-ops for sharing the services of foresters and marketers; co-ops for sort yards; and even tree nursery co-ops. Few woodland owners
were aware of the success of the existing co-op in the Willamette Valley. Using co-ops to purchase products and services cheaply in the same way a farm store does was rarely mentioned or thought of as a potential benefit.

Fear of losing autonomy was another powerful reason used in citing opposition to cooperatives. In theory, many understood the idea and benefits of achieving economies of scale, but when they spoke about applying co-ops to their own businesses, the first concern raised was often about losing control and being forced to make decisions based on someone else's needs. Many landowners were afraid a co-op would force them to harvest even if it was not in the individual owner's best interest. They also mention being "locked in" to a particular forester or marketer or method of management. Landowners especially feel that being small and independent allows them to manage their forests in a way that is better for the environment. They are not forced to make decisions based on financial objectives, but rather what is good for the land, the environment and their own families.

The nature of the industry is also offered as a reason co-ops are not prevalent and would not work. Some mention that more traditional farmers utilize co-ops, but there is a different and more competitive aspect to the forest products industry. The inability to reach consensus and hammer out logistical issues are expressed as huge barriers to co-op formation. The small details are believed to overshadow the larger goals making co-op formation nearly impossible. In the minds of many, the battle is lost before it has begun.

Co-ops were often viewed as only for the unknowledgeable and uninitiated. Most owners in this study consider themselves experienced enough that they do not need the help of a cooperative. Co-ops were seen as an option for the next generation, more so among woodland owners than mill owners, but only because current owners are unsure that their children and grandchildren have the education or motivation to manage in a similarly hands on manner. For the next generation of family, the co-op idea has the potential to ease the transition. It is unlikely that those who consider themselves seasoned in the industry would turn to a co-op for information or guidance.

As Kemmis (1990) notes, "People who had learned by repeated experience that they could count on each other, and in doing so accomplish difficult and important tasks together, were the people who eventually formed cooperatives and brought electricity to
the most remote areas or to market wheat of beef out of those areas.” Logistically, the forest product industry is not that different from these other industries. Farming, electricity, and tree harvesting all rely on natural resources, and many small woodland owners call themselves tree-farmers associating themselves with the more traditional types of farmers.

There is a conceptual block, however, when it comes to adopting methods used by these other farmers. Cooperation and cooperatives are scary ideas for small owners. While they regularly cooperate with others on an informal basis, they lack positive experiences and knowledge of formal or institutionalized cooperation. Knowledge of formal groups tends to focus around bureaucratic agencies that move at a snail’s pace, non-profits groups, or unsuccessful businesses.

Personality plays a role in the differing outlooks among owners. There are those who see the industry as friendly and then those who see it as competitive. Those who see the industry as friendly also appear more willing to work cooperatively. Those who see it as competitive, talk of the impossibility of cooperation. While this may be due in part to personal experiences, the differences in opinion do not seem to be tied to variables such as age or longevity in the industry. Informants intrigued by the idea of cooperation ranged in age from those in their 80 to those in their late 40s. Cooperation appeals to those who have been in the industry for decades, as well as those who have joined the industry more recently. It is also important to mention that during the interviews, initial feelings about cooperation and co-ops were often negative, but after some time in thought and contemplation, many expressed an interest in at least learning more. Only three informants were adamantly opposed to co-ops as a viable business strategy for themselves and their companies. All three were mill owners varying in age and business structure.

The spirit of individualism, just like other cultural values and beliefs, is learned. It is not finite. It can be changed. Cooperation is also a learned behavior and skill (Kemmis: 1990). Through practice and experience, cooperation can be incorporated into the culture of the small business owner. By identifying core values and talking about what is commonly perceived as good, successful cooperation can be attained. For example, owners who hope to work cooperatively must first establish common goals and
values before diving into particulars. They must have guidelines that illustrate what a healthy forest is. What the purpose of their business is and how that can best be accomplished. Once identified, these values must be referred to objectively. With such a system in place, trust will develop.

**Trust**

Opinions regarding the level of cooperation and trust within the industry vary greatly. The extreme difference in opinion from one firm to another can not be exaggerated. In looking through the various comments, at times one wonders if informants are even talking about the same industry the variations are so great. Some feel they are friendly competitors while others express more hostile and warlike competition. This divide is especially apparent among mill owners. In contrast, small woodland owners often view one another as fellows in the same predicament, but they tend to distrust the soundness of business decisions made by other small owners.

Of the 16 owner/managers participating in this research, all but three were family run businesses. All eight wood lots were owned and operated by families, and five of the eight mills were also owned and operated primarily by families.

Trust between mill and woodland owners also varies. Mill owners are not always convinced of the small woodland owners’ ability to consistently provide quality lumber, and woodland owners sometimes fear that the mills are working together. These worries are generally mild, for at the same time, they typically believe the mills will give them a fair price for their lumber and they don’t feel that the big-guys will intentionally force them out of business.

For the most part, owners have the highest level of trust in themselves. They feel that their own personal connections, experience, and knowledge are enough to ensure a successful and long lasting business. In most cases, SME owners feel that they can make better decisions and run a more successful company than any other small business. They do, however, rely on other businesses for support, advice, and to some degree friendship. Most SME owners involved in this research use informal networks to stay abreast of industry happenings and to troubleshoot specific problems. While these informal
networks of influence were deemed acceptable, more formal institutions were regarded with disdain. The industry leaders, such as Weyerhaeuser, and the former Willamette Industries, who are quoted in the newspaper and set the tone and direction for the industry, are not trusted to make decisions that are in the best interest of the small SMEs. This is not to say that SME owners feel ‘the bigs’ are dishonest. Instead SME owners simply feel they must be vigilant about looking after themselves. They will not automatically follow or support the CEO of a large company whether it involves marketing trends or political debate. They express a desire to question and come to their own conclusions based on what is right for their individual companies.

Through what Fukuyama (1995) describes as “enlightened self-interest”, SME owners engage in individual reciprocal exchanges. Because it will serve their individual needs, SME owners buy, sell, and trade lumber with each other and with the larger companies using legal contracts and binding agreements. Even though many SMEs were upset by Weyerhaeuser’s takeover of Willamette, none have used this as an opportunity to stop dealing with Weyerhaeuser. Instead their own self interest has kept them on board, and it is this same self interest which may encourage SME owners to cooperate with each other.

Regarding other SMEs in the industry, owners are conflicted. Most have personal relationships with other small companies whether they are suppliers, customers or competitors, but there is a strong impression that there are some dishonest owners and businesses that collude or try to get top dollar no matter the method. There is a feeling that promises are not always upheld. The basic problem generally comes down to a conflict in values. For the community-minded small woodland owner, getting the best price is not always the top priority. Hiring locally or creating a quality product may be of higher importance. As suggested by Porter’s (1979) work, these perceived differences in opinions or values contribute to intense rivalry, negative impressions of rival firms and intense competition. For SME owners, these perceived differences, along with their similarity in size, creates negative impressions of one another and contributes to higher perceived competition and levels of distrust. The woodland owner seeking the best price may doubt the business acumen of another owner who values community employment.

Owner to owner cooperation and trust is not the only avenue for exploration.
Trust levels between owners and environmental organizations, government agencies, and the general public also illuminate the perspective of the SME owner.

The first groups mentioned with a great sense of unease and distrust by owners are the environmental organizations. SME owners feel that groups such as Green Peace speak for the industry in the media but do not accurately portray the facts. Environmental groups are seen as unscientific and emotional. They whip the media into a frenzy of controversy and unduly influence the public and legislation. Some owners who have encountered radical environmental groups see them as mean and vindictive. These negative opinions of the environmental movement also influence their opinions on topics affecting their businesses such as the certification of forests and wood products and other potential marketing trends. Many of the certification systems are sponsored by what the SME owners believe to be environmental groups. The process of certification is also seen as part and parcel of the environmental movement. The negativity surrounding the movement is enough to dissuade many owners from participating. The potential benefits of certification as a marketing tool are overshadowed by the linkage to and extreme focus on the environmentalist connections. The distrust many owners have of environmentalists prevents certification from being more widely utilized.

Most owners had little confidence in the common citizen. They doubt the ability of the public to make well informed decisions when voting on forestry related issues. Most owners participating in this study regard the media as liberal and highly influential of the general public. With so many measures put on the ballots in Oregon’s initiative driven political system, public opinion is a genuine concern and this concern is pushing SMEs and larger companies as well, to look for ways to educate the public.

Owners tend to put their trust in systems that are in place and have a proven track record, rather than in individuals or even organizations. As suggested by Trettin and Musham (2000), perceptions of credibility appear to be more important than trust alone. The decision making process used by ODF and BLM are examples of credible systems based on science and debate. While the organizations themselves may not be seen in an entirely positive light, the predictability and fairness of their systems makes them credible institutions. Overall, this research shows that while both trust and credibility are important in fostering cooperation, credibility seems to be the key factor, with trust as a
positive emotional by-product. For the most part, if the system is reliable and predictable, SME owners express positive feelings. In addition, the capability, knowledge, and predictability found within these systems are the key attributes leading to credibility and fostering feelings of trust. SME owners have learned through practice to cooperate with state and federal agencies, due in part to the systematic and scientific approach of these organizations. Owners have learned they cannot work with many environmental organizations due to a lack of these same qualities. Often owners express the belief that environmental groups are driven by feelings as opposed to logic. This belief makes environmental groups appear non-credible to many owners.

The one notable exception to this generalization is the OSU Extension service. This is a case in which the organization, the individuals, and systems are trusted and highly regarded by nearly all informants. The fusion of research, field activities, personalized assistance and multifaceted programs found in the Extension Service makes it a unique organization and contributes to its successful image among SME owners. The Extension Service’s position is further exemplified by its non-regulatory status and the free resources offered. The Extension agency is seen as being backed by sound science and a desire to help small owners, especially woodland owners. This combination of attributes makes the Extension agency a valuable force in the push toward cooperative efforts of SME owners. The only potential problem affecting perceptions of the Extension agency lay in its reliance on academics. Academics are sometimes viewed as steeped in theory and somewhat removed from reality. Therefore their advice and opinions may go unheeded. In a few cases, informants lumped all academics into one category and blamed them for the spotted owl crisis, calling into question their loyalty to the industry.

The more business-model oriented of the owners (primarily the larger mills) recognize and speak of the need to build trust in their businesses. They believe that customers and the general population must have trust in their businesses and they take great care in crafting a trustworthy image. Those owners who are less business-model oriented (primarily landowners and small family run mills) tend not to focus on the image that they project to potential customers. They do little to manage their own image and in this regard, are letting others dictate how they are perceived. Among informants in this
study, this generally applies to the family businesses with a long history in the industry. They are more apt to rely on their heritage and longevity as a company as a means for instilling confidence and trust.

Marketing

The purpose of marketing is to recognize, understand, and satisfy customer needs. The marketing concept, according to Anderson (1988:50), “is a state of mind or world view that recognizes that firms survive to the extent that they meet the real needs of their customer coalitions”. Today’s customers of wood products are changing and so are their needs; however, many SMEs are not responding to these changes. In Freel’s (2000) study of small firm innovation, small firms were found to value technical skills over marking skills. In skill acquisition, these same firms preferred to “improve in-house skills” rather than “access external knowledge”. Similar results were found in this research study. SME owners interviewed often mentioned seeking technical assistance but rarely sought help in marketing areas. Also, they rarely hire outside experts on trouble issues and prefer to problem solve using in-house resources. Marketing and learning networks are not always seen as integral components of a successful business by SME owners.

Certification

Small owners are not inclined to look at new trends, such as certification, in a positive light. For small owners, the pressing issues of certification center around paperwork, added cost, bureaucratic red tape, and more restrictions to their own autonomy. These immediate pitfalls of certification act to obstruct their vision about the potential benefits. One of the key benefits of certification is that it communicates exceptional forest management practices to the public in a consistent and credible manner, but as a whole, landowners see it as a meaningless marketing gimmick and just another regulation of their freedom.
According to most landowners and mill owners, the purpose of certification is to protect the land by regulating forest management. Through certification, unethical or destructive landowners will be punished, weeded out, or forced to comply. Since no one who participated in this research identified themselves as one of the unethical or bad landowners, they all agreed that certification would do nothing to improve their own land management practices. Everyone feels that they are currently meeting or exceeding certification standards. For them to go through the motions of becoming and maintaining certification is a waste of time. Most owners are opposed to this unnecessary regulation, not because they are against improving their management practices, but because the certification system does not seem rational. They look for the logic of the program but find it lacking. This highlights the chain of misunderstanding that starts with the industry expert or certification proponent who does not understand why small owners are opposed to the concept of certification. The next broken link in the chain is the small owner who does not fully understand why the general public has such negative feelings about the timber industry. The final broken chain is the public who does not understand the comprehensive management techniques that are regulated by state, federal, and private agencies or the meaning behind a certification label. Certification is an attempt to close the growing gap between the public and the industry through improved communication, although with this level of misunderstanding and misinformation, the success of certification is in jeopardy.

An Oregon Brand

The potential of marketing and creating an Oregon brand, as mentioned during the presentations at the OSWA conference, is beyond the reach of the individual woodland owner. Even certified wood products and certified forests are rarely seen as marketing tools. Some owners argue that currently a premium price is not paid for certified wood products. This is used as a justification for not becoming certified through large and costly organizations or for not requesting certified timber to supply sawmills. Another common concern among SME owners is that if everyone does it, then it is no longer a competitive advantage. Unfortunately, this reasoning overlooks the potential of building
brand name recognition. The industry’s historically commodity driven market acts as a psychological barrier to building brand names, but with more and more mills actively pursuing niche markets, it is becoming more likely that brand name wood products will soon follow.

Oregon specifically has the potential to create region of origin product recognition. Because of its history of environmental activity, Oregon is already recognized as a green state, both nationally and abroad. Oregon’s climate is ideal for growing quality Douglas fir and wood products from Oregon are already known for their excellence, and this type of recognition can lead to increased profits. Research suggests that applying a *label of origin* to food and wine products can increase their value up to 30% (Barham 2003).

The problem in this case, is not that owners are unwilling to work together. Many work together in little ways on a regular basis. They actively work to help each other through industry organizations like OSWA or OFRI and through programs such as the OSU Extension Service’s Master Woodland Managers Program. The more pressing obstacle to cooperation leading to creating a name brand is that the benefits are unclear. Many woodland owners do not see the need or the financial benefits in focusing on marketing, as marketing is relatively new in this traditionally commodity focused industry. Creating an Oregon brand or using certification as a marketing tool could prove beneficial to SME owners by better meeting the needs of their customers, although many of those I spoke with do not see the value in these types of marketing endeavors. The daunting challenges of marketing seem too overwhelming and the benefits too little. Many of the obstacles they describe, however, could be removed or reduced by cooperation.

**Ritual Polarization of Conflict**

"The Tendency to polarize issues of legitimate public debate has created the misperception that the forest controversy is a choice between timber production and a quality environment." (Beuter 1998)

As the quote above suggests, the timber industry is ripe with polarized arguments. While common ground exists at multiple levels, they are repeatedly overlooked, ignored
and forgotten. The needs of small firms versus big firms, the needs of mills versus land
owners, the wishes of the environmentalists versus the industry, government plans versus
business plans; all of these battles dovetail in the industry’s struggle for power and
control. In this threatening environment, the protective language of the individual is
commonly used and dissuades people from trusting and cooperating (Kemmis 1990).

The polarization has become so entrenched in the culture of the industry that such
conflicts have taken on ritualistic aspects. Rituals, as defined by Marcus and Fischer
(1986:61), are “public, often accompanied by myths that declare the reason for the ritual,
and are analogous to culturally produced texts that ethnographers can read
systematically.” Rituals express the feelings of a group and often attempt to reconcile
opposing forces within. With this in mind, the ritual polarization of conflict so prevalent
in the forest products industry can be understood as an expression of the industry and its
values. The ritual polarization of conflict is characterized by the public language of the
individual. What SMEs know of each other is learned from public displays of rhetoric.
This influences the way SMEs view each other and may be responsible for the negative
stereotypes that exist of the individualistic nature. Privately, SME owners express more
communal language and an openness to new ideas. The spotted owl story is an example
of a myth declaring the reason for the ritual polarization. Throughout the interviews, the
spotted owl was mentioned repeatedly. This story was told over and over as an example
of how the industry was attacked and yet survived. For the individual businesses that
survived the turmoil, the spotted owl story reinforces their status as tough old-timers and
shows an example of a time when the industry worked together to ward off a threat.
During the spotted owl crisis, there was no middle ground. Either you were for the
industry or you were for the owl, and this story highlights the value of strongly held
opinions. For it is in these opinions, that SME owners find strength and power.

While the owners participating in this research are thoughtful and reasonable
people, they believe that others in the industry are not like them as is illustrated in the
ritual polarization of conflict. They do not seek middle ground because they do no
believe it is possible. They accept the stereotypes of individualism. They accept their
place at the bottom of the industry’s power hierarchy. And they accept the unchanging
nature of it all. This is due, in part, to the all-or-nothing-attitude that is so prevalent. The
‘either you are with me or you are against me’ sentiment established through years of ritual polarization of conflict.

Polarization can make it difficult to reach agreement or even compromise, however, this way of thinking may be used in a positive way. In many instances, SMEs find themselves at odds with the same enemy whether it is the large corporations, environmentalists, or public perceptions. But identifying common enemies has the potential to encourage SME owners to join forces and fight in unity just as the alder processors did in Oregon and Washington. To encourage unity against threats, the real threats must be understood and common ground needs to be discovered by SME owners.

**Similarities and Differences Among Owners**

The SME owners in this study do not share a common culture in the traditional sense. They live in communities scattered across the state and they come from a variety of backgrounds ranging from urban city dwellers to life long foresters. However, they do share common values, beliefs, and have a shared language or jargon even if these commonalities often go unrecognized.

Land stewardship was a strong theme running through interviews with all landowners and several mill owners as well. Owners rally against the negative image of their industry as sometimes portrayed by environmental groups and the media. There is an overwhelming sense from the owners that they are participating in a noble industry. Mill owners are proud that they are providing living wage jobs. Landowners are proud that they are growing valuable resources for the world and economy while also protecting animal habitats and water systems. And almost all are happy to be working in a natural resource based business as opposed to plastics, or other synthetic and environmentally damaging industries. Jenny expresses this sentiment well, “I always used to think what we do for a living is kind of a noble thing. You’re farming. You’re producing something that’s starting the whole chain of the economy, cause you’re not just changing ideas, you’re growing something. That tree is going to go all the way from a tree to a house. All along the way, it’s something. I don’t know. Maybe I’m naive, but I guess I still feel that way.”
Personal relationships are highly valued. Almost all informants stated that they had friends within the industry. Those friends are in the form of suppliers, customers, service providers, regulatory enforcers, and even competitors. For landowners, local relationships are especially important. Hiring local loggers, foresters, and selling to local mills were often priorities. Using these relationships is thought to ensure a fair price, fair treatment, and high regard among locals. Though not all mill owners expressed a similar desire to maintain local connections, personal relationships were still considered vital. The informal support network that exists between individuals mills was often cited as a valuable resource.

Perhaps the unscrupulous behavior of some companies in the past, along with the demonized image of the industry, has influenced the current emphasis on ethics. Integrity and honesty were mentioned repeatedly by informants, both land and mill owners. For small woodland owners, everything about their business and property ownership is personal and relationship based. The everyday business dealings reflect directly upon the small owners and they are highly aware of this fact. Small owners tend to have smaller social networks, but there are stronger links between members. Because they rely so heavily on their existing ties, personal integrity becomes vital to success and is a primary asset for small owners as they navigate the perils of small business ownership. Integrity is an integral part of their personal value system and identity. It is a marketing tool used to bolster themselves above outside competitors. Potential business partners are also judged on their level of integrity, and if integrity is found lacking, it can prompt the end of even lucrative business relationships.

In the end, they want a fair profit, and the use of the word fair is deliberate. Most do not want to cheat another company. Landowners do not want to coerce the mills into higher prices and mill owners do not want to offer unfairly low prices to landowners. Fair is the name of the game and integrity is a shared value.

In general, the small to medium sized land and mill owners I spoke with are not the rugged individuals and untrusting cynics they are sometimes made out to be. They can be classified as independent, but in a communal way. They like using social networks and maintaining the relationships that evolve. Even those who seek isolation proudly speak of the closeness of their existing social networks. In fact, these owners
need each other and the sense of community achieved through their personal business relationships. They speak using both the language of individualism and the language of community. Negative impressions of bureaucracy and the ritualized polarization of conflict act as impediments to cooperation more so than truly individualistic tendencies. Limited social networks and a lack of understanding of common values also contribute to the lack of cooperation among small owners.

In addition, these owners are eager to experiment and try new methods of harvesting, growing, planting, processing and if it is demonstrated to be a valuable tool, even marketing. The constant change experienced throughout the last decade has left many owners wondering, ‘What next?’ Unlike ten years ago, many owners are looking for new information, new ideas, new markets, and are presenting an openness to innovation not apparent before. They are also realizing that public perceptions are critical. Because the general public is in essence the consumer of forest products, their perceptions and opinion of the forest products industry are important elements of the growth, harvest, production, and final use of wood products. Small owners are accepting the value and importance of public perceptions. Currently they feel their industry has a negative image but with foresight and cooperation, that image can be turned around.

In the end, these owners are seeking stability and security, and most realize they will not find it through traditional avenues. With practice, education, and an appropriate sponsor, cooperation is a viable business strategy which can help SME owners in Oregon be more competitive in the forest products industry.

While there are many similarities between the land and mill owners I spoke with, there are also distinct differences that deserve acknowledgement and may be obstacles to cooperation between the two groups. Both value independence in conjunction with loyalty, personal relationships, integrity and a basic belief in the goodness of their chosen industry. Dissimilarities arise when one looks at the various ways in which these values are applied, and the unique environmental and logistical demands of the two business types which lead to differing business mentalities.

The majority of land owners in this research do not rely on timber harvests as their sole source of income. They have the financial luxury of waiting until they are ready to sell their timber and can pick and choose which sections of land they feel are
ready for harvest. If the market changes, land owners can wait for a while to see what happens. The landowners rarely hire full time employees. They contract for specific jobs such as harvesting trees, but for the most part owners are self sufficient and try to do as much of the work themselves as they can. Time is different for land owners. They are long term thinkers. Harvests are thought of in terms of tree life-spans, and strategic planning often takes into consideration the next generations of ownership. Their property is a very personal belonging, and their deep attachment is illustrated by the fact that some have designated special trees or tracts of land that are off limits to harvest. They proudly give tours of their forest lands to the public, and they often live, work, and play on their properties and develop a relationship with the land based on intimate knowledge of their forested space.

The financial demands of the mill owner are much different than those of the land owner. The capital and equipment intensive nature of lumber production requires a steady supply of wood to keep their mills in operation or they risk losing money and potentially their companies. Mills are constantly in operation and a slow-down for any reason means reduced sales and income. Owning or managing a mill is a full time job and for most there is no other income to fall back on. It is also a multifaceted job requiring management skills, the hiring and firing of employees, sales and marketing ability, financial knowledge, as well as some level of technical forestry and forest product expertise. Mills are typically structured in a traditional business model with specialized workers completing the various tasks needed for operation. Market shifts are felt more swiftly for mill owners due to the continuous nature of their production and because of this, attention to detail and quick responses are needed. Mill owners can be characterized as placing a high value on efficiency. Time is of the essence. They cannot wait, they must act. Because of this, they are not as connected to their physical locations as they are to their businesses or even the industry in general. Some of the mill owners I spoke with have worked for multiple operations, and several of the family owned mills have closed and reopened in different cities. The most important objective is survival, and financial stability, not place, is the key element.

The differences described above highlight the possible barriers to cooperation between small mill and land owning operations. The varying perspectives mill and land
owners hold about time, personal space, and financial matters, contribute to the clear differences in their business strategies. While there are striking similarities in values even among the two groups, the differences often get in the way of cooperation. Mills that need constant and predictable supply cannot rely on the small land owners because they do not operate based on the same business model. Alone, small landowners can provide neither of these. They harvest infrequently and prefer to sell only when the market is good. Until small owners can provide mills with steady supply, they will not get the security or the good prices that the larger landowning companies receive. This is not to say that cooperation between the two groups is impossible, but it does imply a high level of difficulty and a need for great compromise and open minds for a successful convergence of self interest.

Summary

Common assumptions and stereotypes about the individualistic nature of the forest products industry lead some to believe that cooperation is an unlikely avenue for SME owners. This view is overly simplistic and does not account for the variety of factors at play and the depth of the issues involved in SME owners' attitudes toward cooperation. This research highlights the complexity of the issues facing small businesses and their owners and reveals that the following four main factors contribute to SME owners' perceptions about cooperation and influence strategic business decisions: common values, stereotypes, risk perception, and a lack of knowledge about cooperation.

SME owners typically share a common respect for values of modesty, integrity, community and independence. These values are the foundation on which many owners live their lives and run their businesses. They are common values, yet are rarely discussed or acknowledged as such by owners. Though rarely spoken, these values affect business decisions made by SME owners.

To remain modest, owners rarely seek leadership roles or brag of their accomplishments. Marketing is sometimes seen as bragging and is rarely utilized. To keep their integrity, owners will rarely push for a better price, as this may be considered unfair or unethical. To them it is very important to play fair and by the rules and any
cooperation that may result in an economic advantage is sometimes viewed as an unfair act of coercion. This emic perspective of cooperation illustrates how the stereotype of the independence in the industry is often misinterpreted by outsiders, especially those in the academic community.

The value of community is upheld when owners hire locally, even when outside resources might be more beneficial. Independence is maintained as owners assure their autonomy and ability to make independent decisions for their business. Perceived threats of government legislation and bureaucratic meddling violate owners' sense of autonomy.

By not communicating the shared nature of these values, owners build upon the independent stereotype that has developed around them. Many owners themselves believe the stereotypes of the individualistic and uncooperative owner. While they do not lump themselves as individuals into this same caricature, they consistently express the belief that the rest of the industry fits neatly into the mold. Because the long history of the west's timber industry is so easily encapsulated as independent, the idea of cooperation is perceived as a risky concept, although in theory it is appealing to many. Owners doubt that they share similar enough values with other companies to make cooperation successful.

Going into this research I held the idea that SME owners were against cooperation due to a culture of fierce independence and individualism. This pervasive reasoning is a stereotype and only reveals what is at the surface of the issue. For example, SME owners associate formal cooperation with large bureaucratic organizations. Owners are opposed to the rigid and inflexible nature of large organizations, not the idea of cooperating with each other. In fact, many owners said they cooperated with others informally. They spoke with other small owners on a regular basis as a way to share experiences and troubleshoot. Cooperation rarely goes beyond this point because of the misconceptions owners hold of each other, and the ensuing perception of high risk involved in formal cooperative activities.

Risk perception is found to be a critical element in determining attitudes and acceptance of new ideas. Innovative ideas and behaviors are more readily adopted when an acute threat is perceived and the benefits of the new behavior appear high (ESF 2000; Trenton and Musha 2000). This is true when considering SME owners' attitudes toward
cooperation. SMEs often underestimate the risk posed by market forces affecting them. They do not fully appreciate the threat inherent in powerful suppliers, customers, and large corporations. They often focus their frustration and fears on environmental groups, government legislation, and at times each other. In many instances, the level of risk perceived is influenced by emotion. For example, when environmental groups attack the integrity of owners, owners perceive the risk from this group to be high, because a core value (the owners' integrity) is at stake. On the other hand, when Weyerhaeuser buys out a local mill, tightening their reign on supply and distribution, many owners accept this as a reasonable business move and perceive it as only a mild threat. Because they do not feel threatened or attacked personally, the threat is perceived as less intense.

The last factor contributing to SME's attitudes toward cooperation is a general lack of experience or knowledge about the benefits and forms of cooperation. The benefits of cooperation are unclear to SME owners, and therefore, their risk perception is great. Few have knowledge of successful cooperation and owners are more likely to remember and speak of past failures of cooperative activities. Few owners are aware of successful examples of cooperation within the industry. In addition, they are not familiar with the different forms cooperation can take, and they often associate cooperation with communism, hippies, and poor business management. Most owners do not have direct experience with formal cooperation as they typically work alone or with family, and practice cooperation on a limited basis. This lack of a clear understanding of the benefits of cooperation contributes to the perception of high risk and negative attitudes toward cooperation.

In studying the business strategy of SME owners, it is important to first understand the cultural values of the decision makers. It is not enough to attribute a stereotype such as, fiercely independent, to the group in question. With this in mind, it is apparent that values play an integral role in the decision making and strategy of SME owners. Values affect risk perception and risk perception in turn directly impacts business strategy. Understanding the values of SME owners helps to describe their attitudes toward cooperation and dispels the notion that they are too independent to ever work together. By working within the realm of SME owners and focusing on their
perceived challenges, risk and values, barriers to cooperation are better understood and more likely to be overcome.
CHAPTER 7: RECOMMENDATIONS

“People working together create a synergy... sharing solutions, pooling resources, hiring expertise, developing markets, and accomplishing work that might be impossible alone.” -E.G. Nadeau, coauthor of the Handbook Balancing Ecology and Economy: A Start-up Guide for Forest Owner Cooperation, as quoted from the OSWA website.

As the words of the informants demonstrate, formal cooperation is unusual among SMEs in the forest products industry. It is not, however, impossible. The rapid changes taking place today and in recent years have propelled the land and mill owners in this study to look for new ways to improve their businesses based on their personal management values. During interviews, only rarely was cooperation dismissed as an unfeasible strategy for their business. Most owners seriously considered the idea of cooperation and how it might affect their businesses. Questions were raised, and doubt was often apparent, but this was due more to a lack of knowledge about the various forms cooperation can take than to the individualistic nature of the informants.

Fortunately, there are ways to foster cooperation that can be used for both land and mill owners. The following steps provide an outline of recommendations both short term and long term designed to enhance industry cooperation no matter what form it takes.

1. Find a trustworthy agent to act as a sponsor.
2. Build credible systems.
3. Match members with similar values.
4. Expound the potential benefits of cooperation.
5. Find a spark plug, not a spokesperson.
6. Provide education on the many forms of cooperation.
7. Establish both learning networks and action groups.
8. Target new and future categories of SME owners.

1) A Trustworthy Sponsor – To initiate a cooperative initiative, owners in the industry will need assistance in the form of a sponsor. The seemingly inflexible bureaucracy and regulatory powers of most governmental agencies make them poor candidates for initiating cooperative projects among SME owners. The imbalance of
power, personality conflicts, and political interests limit the owners’ ability to place trust in large regulatory agencies. In contrast, the OSU Extension Service, a non-regulatory agency, is currently seen as a trustworthy source of reliable and helpful information and is a good candidate for sponsorship. One of the best advantages now is that nearly all the small owners involved in this research had high levels of confidence in OSU’s forestry research and extension services. Many owners also had an affinity, or a fondness for OSU. Even those who were not connected to the University in anyway, expressed positive feelings about it. Those who knew little about OSU Extension programs or publications demonstrated a desire for more information about them. This is especially true among the landowners interviewed. In contrast, while most mill owners expressed positive feelings about OSU Extension, they had fewer ties to the agency and much less involvement. Mill owners tended to know little about Extension programs. Of the mill owners who had worked with OSU before, most had been involved with research projects from the OSU Forestry Department and did not have much experience with OSU Extension Services. One mill manager in particular expressed a desire to receive publications from OSU Extension, but was unaware of the current publications offered.

2) Build Credible Systems – It is often believed that cooperation between community members depends primarily on trust. This belief, however, leads to the old chicken and egg debate; you cannot have trust without cooperation, but you cannot have cooperation without trust. Fortunately in this instance, building trust is not the only path to cooperation. Trettin and Musham (2000) have demonstrated that credibility rather than trust is the important element in communicating risk perception. The same can be said for establishing cooperation among SMEs. Trust between individuals in the industry would be a difficult goal to accomplish, and luckily it is not necessary at the onset. This is not to say that the idea of trust between SMEs should be discarded. In fact, trust is the end result of successful cooperation and can breed even more successful projects, but as Kemmis (1990) points out, trust and cooperation must be learned through practice. If credible systems are created, trust will follow. SME owners often mentioned they had confidence in the decision making process of government organizations. While they do not always trust the individual leaders in these organizations, they do believe in the
fairness and credibility of the systems. This same level of credibility can be established in new systems such as a marketing co-op or a communal log sort yard.

3) Similar Values – In suggesting cooperative endeavors, it is important to align owners who share similar values. The larger the endeavor, the more closely aligned the values must be. Different motivations among SME owners can create very different business mentalities. Some owners cite financial goals as being their primary motivation. They are supporting families and investors, while others are in the business as a hobby or for side cash. Some see themselves as stewards of the land in a noble industry, while others see themselves as capitalists providing jobs for the economy. Such divides in values may not be surmountable, especially for large scale cooperative projects such as a cooperatively owned sawmill. Larger and more intricate projects would best be served by gathering owners of similar values and motivations.

SME owners seem to be very aware of other owners with differing value systems and they judge each other harshly. Rarely did an owner mention the positive results of another SME owner using different strategies. More often they dwelled on the missteps of others. Perhaps it is human nature to exaggerate the differences seen in others, and think of them negatively. Whatever the cause, this tendency results in negative perceptions of differences, often leaving the similarities that do exist to be ignored or misunderstood. It is possible to improve the situation by speaking of similarities in the public realm more often. It should be noted that simply holding similar values will not by itself lead to cooperation among owners, but it is important for a change agent to acknowledge the different values held by SME owners. Dissimilarity in core values and motivations can act as a barrier to cooperation and an awareness of important values will be key to the success of change agents and those who attempt to foster cooperation in the industry.

4) Expound Benefits – For SME owners, the risks inherent in cooperation are believed to far out weigh the benefits. During interviews, owners suggested reason after reason for why cooperation has not worked in the past and is not likely to work in the future. When asked to explain the benefits of cooperation and co-ops, the response was typically a text book style answer; ‘to gain power in numbers’ or ‘for economies of scale’. The lack of enthusiasm apparent in these answers hardly reflects the true benefits
cooperation would bring to owners. While the majority of SME owners logically understand the reasoning behind cooperation, they often do not feel it could benefit their own businesses in a meaningful way. As of now, SME owners do not perceive external factors, such as consolidation or global markets, to be overly threatening and do not feel the benefits of cooperation are especially significant.

According to Trettin and Musham’s (2000) work, when community members recognized great benefits in a new endeavor, they are less likely to perceive high levels of risk, and more willing to accept the risk. The opposite is also true. When community members feel a low level of benefit, the risks are perceived as greater and they are less willing to accept risk. Most SME owners in the forest products industry do not currently perceive a high benefit from cooperative endeavors and this engenders in them a high perception of risk. Another way to reduce risk perception is for an outside threat to be magnified. If some threats are perceived as large enough, then cooperation may seem less risky and the benefits more apparent.

5) The Initiator – When organizing new initiatives, change agents often look for innovators. In particular they look for an initiator or a spark-plug; someone who is enthusiastic, has leadership qualities and will see the project through. In the forest products industry however, leadership is not always looked upon with favor. Standing out as a self-identified leader poses potential problems, and enthusiasm for new ideas is often perceived as folly. In identifying an initiator to spearhead cooperative action, it may be beneficial to look for someone who already commands respect and shares the values of the community, especially values of modesty and integrity. These values make the adoption of innovation difficult, especially when the innovation is a new business system requiring cooperation. Cooperation requires the effort of many people thinking and acting in a similar manner. Respect and leadership are earned quietly and slowly in this community and not through the loud promotion of new concepts. An initiator trying to promote cooperation will likely be viewed with suspicion, unless they have a proven track record of modesty, integrity, and success. Change agents may benefit from using third-party endorsements as a way of bolstering confidence in the identified initiator while working within the value structure of the group. It may also be advantageous to identify an initiator of similar station to the rest of the group, as suggested by Rogers
(1962). If others believe the initiator is similar to them, they may be more likely to believe the message. An initiator who is too different, runs the risk of being labeled an outsider, or worse, an attention-grabbing, coercive agent.

6) Education - The majority of SME owners in my sample are actively engaged in learning more about their industry. They read journals, magazines, newspapers, and speak with each other regularly. Although most do not know much about cooperation, many are eager to learn more about ways to improve their businesses. Many of the owners in this study expressed strong opinions on cooperation, but also admit they have limited experience or knowledge about formal cooperation. Because so many owners are unclear about the benefits and different forms of cooperation, co-ops, and marketing, education becomes a key ingredient. Co-ops in other parts of the country have found education to be a critical element in cultivating positive perceptions (Karg 2000). Often because the benefits are not clearly understood, SME owners tend to have a higher perception of risk associated with cooperation (Trettin and Musham 2000). A clear outline of the direct benefits possible through cooperation may decrease the perception of risk and make SME owners more receptive to the idea of cooperative action.

In Oregon, there are several organizations, such as OSU Extension, OFRI, or OSWA, already established to help educate SME owners. OSU Extension and OSWA are especially useful as they have local chapters and agencies which SME owners may be more likely to utilize. Educational initiatives by these organizations could help to resolve some of the misunderstandings of co-ops as well as outline the benefits of cooperation.

In addition, there are a number of well circulated forestry publications in Oregon. Several informants mentioned that they read and appreciate the articles about people found in these journals and newspapers. It may be beneficial to write human interest articles that relate to co-ops found regionally and in other areas of the county. Many of the misperceptions of co-ops relate not only to forms and purposes but also to the types of people who join. Currently, negative stereotypes contribute to misperceptions of co-op members as being communists, hippies or attached to labor unions. Publicly demonstrating that regular people belong to co-ops may help clarify these images.

7) Establish Learning Networks and Action Groups - As mentioned above, homophilious or like minded groups are best suited for cooperative action, but
establishing heterophilious networks is also valuable to the SME owner, especially when it comes to gathering and disseminating information. Ideally owners should be actively involved in at least two different sets of social networks: one for the gathering of information and knowledge, and the other for collective action and the utilization of economies of scale. The first network should be heterophilous and include members from a variety of areas such as government, biological sciences, land use agencies, marketing, the media, and other owners of businesses ranging in size, composition and location. As Rogers (1962) suggests, homophily and heterophily in networks is important to the adoption of innovative ideas. If a network consists of a group of identical people of the same status, learning is inhibited and new ideas are difficult to establish. The second network, or the action network, should be much smaller and more localized. This group should include those owners similar in socio-economic status, who have parallel goals and values. Large differences in socio-economic status can destroy consensus building efforts simply because the needs of the various parties involved are vastly different (Blair, 1996; Cernea 1989; Varughese & Ostrom, 2001).

SME owners will admit it is difficult to be actively involved in multiple associations due to finite resources and time, but OSU Extension has the potential to facilitate the network building process. In the Extension Service’s Master Woodland Managers program, woodland owners are taught management techniques, free of charge. The owners then volunteer their time in assisting other landowners by sharing what they have learned. In addition to network building, programs such as this also give owners the experience of working with organizations, which is necessary for cooperative action. The Master Woodland Managers Program is a successful process of building homophilous networks through empowerment. Oregon’s SMEs would benefit from an expanded program or additional ones like it. Currently, most of the owners who participated in this research have established various learning networks, but are less involved in action groups. Owners may benefit from increased activity in small, homophilious action groups geared toward cooperation on small projects. Practice working with like minded people, on small scale projects, may encourage cooperation on larger projects.

Learning networks may also be utilized to inform SME owners about business strategies they may otherwise be unfamiliar with and disregard. Marketing, certification,
and brand name are areas largely ignored by SMEs. Although many owners talk of niche marketing and of moving toward specialty products, they have a lack of marketing knowledge and experience. Others simply disregard the importance of marketing or believe that marketing and certification are insincere gimmicks. Many fail to recognize the marketing benefits of certification and this bias could prove a costly business mistake. Learning networks may increase owners’ level of awareness and acceptance of these business strategies.

8) Target New and Future Categories of SME Owners - A long term strategy for encouraging cooperative behavior is to target groups traditionally left out of SME ownership: women and youth. There are considerably fewer women than men in positions of ownership in the forest product industry. The forest products industry has historically been a male dominated realm. In this sphere, it is important not to show weakness, and it is often difficult for senior leaders to relinquish control or seek assistance. Owners with this traditional mindset would be difficult if not impossible to entice into cooperate or change. As more and more women become active in the field, attitudes toward cooperation may also change. The research of Steven Johnson (2003) goes so far as to suggest that women have biological tendencies to reach out for social support, more so than men. Women have a stronger urge to form social bonds and feelings of connectedness. If true, this may be a partial explanation for why I observed so many women actively involved in the 2003 OSWA annual conference. While fewer women actually own SMEs, those who do, tend to be active in social networks.

During our interview, Shelly and her adult daughter Nora, mentioned that when they were in college, women did not go into the field of forestry. It just was not done. Both acknowledged that if it had been acceptable, they would have studied forestry, but instead felt they had to choose other paths. Shelly’s husband Wes and his sons are the only family members who have degrees in forestry. Fortunately, with the equal opportunity of recent years, more women are getting involved in forestry. This bodes well for the future of cooperation and the future of SMEs and should be encouraged.

The younger generation of forestry families, also has the potential to build cooperation. They do not have the same life experiences as the older generation and do not hold the same perceptions of the industry. Youth are often more open to new ideas as
they try to prove their worth or rebel against conventional wisdom. As Snelson (1993) notes, “An important scientific innovation rarely makes its way by gradually winning over and converting its opponents. What does happen is that its opponents gradually die out and that the growing generation is familiarized with the idea from the beginning.”

The old ways are just fine for those who are experienced. Many current owners even support this proposition and feel that new business practices are best for those who are new to the industry. For adult children not currently involved with SME ownership, co-ops in particular, are a way to keep family businesses in the family. With a co-op system in place, new members could be initiated and taught the basics to keep their business from losing ground. In addition, it is expected that as new generations come into ownership of forest industry related businesses, the values of the industry will change. The importance of current values held by owners, many of whom dealt with the spotted owl conflict and other political changes in the industry, will gradually change. Younger generations who are more exposed to diversity and global issues, may be more receptive to ideas on cooperation, especially if education on the subject is initiated.

Summary

The spirit of individualism, just like other cultural values and beliefs, is learned. It is not finite. It can be changed. Cooperation is also a learned behavior and skill (Kemmis 1990). Through practice and experience cooperation can be incorporated into the culture of the small business owner. By identifying core values and talking about what is commonly perceived as good, successful cooperation can be attained. For example, owners who hope to work cooperatively must first establish common goals and values before taking action. They must have guidelines that illustrate a healthy forest, the purpose of their businesses, and how to best reach their goals. Once identified, these values must be referred to objectively. With such a system in place, trust will develop.
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Wood Products Extension Team

Worster, Donald

Wozniak, G.D.
Appendix A: Interview Guide

1. Building Rapport and Developing Background
   a. Tell me about your business. What do you do? How did you get started?

2. Marketing and Adaptive Strategies
   a. How has marketing of your product changed over time?
   b. Can you describe your primary customer?
   c. In which geographic areas do you sell your products?

3. Competitive Advantage
   a. What do you see as your biggest assets?
   b. Who do you see as being your competitors?
   c. What makes you different from your competitors?
   d. How will you remain competitive in the future?

4. Challenges
   a. What do you see as the major challenges facing your firm today? In 10 years?
   b. Has industry consolidation impacted your operations?
   c. Can you describe the role that the government plays in your business?
   d. Are you familiar with certified forest products? Who do you think of this trend?

5. Community Relationships
   a. What do people who live in this community think about your business?
   b. What is your company’s role in the local community?
   c. What role does the local community play in your business?

6. Industry Relationships and Networks
   a. If you need help or ideas for your business, who do you turn to?
   b. Who are your friends of allies in the industry?
   c. Who do you see as the opinion leaders in the industry?
   d. Are you an opinion leader?
   e. Do you read industry magazines, newsletters, etc? How often?

7. Inter-firm Collaboration
   a. Describe your relationships with other small businesses in the industry?
   b. Do you work together with other small or medium sized companies?
   c. Have you ever thought about collaborating with a lumber mill or timber processor?
   d. Do you know of any examples of cooperation among small or medium sized companies?

8. Co-ops
   a. Tell me why people in this industry might choose to join a co-op?
   b. In your opinion, what is that purpose of a co-op?
   c. What do you see as the benefits of a co-op? Drawbacks?
   d. Can you imagine yourself being a member of a forest product co-op? Why or why not?

9. What is your over arching business philosophy?
### Summary of Informant Characteristics

<table>
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<tr>
<th>Mill or Land</th>
<th>Age</th>
<th>M/F</th>
<th>Family Business</th>
<th>Certified Wood or Forests</th>
</tr>
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<td>no</td>
</tr>
<tr>
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</tbody>
</table>

* Family business in this context denotes a business owned and operated primarily by family members.

** Certified wood or forests refers to wood products or land that is identified as certified by informants. In the case of land owners, certification typically refers to land that is certified under the American Tree Farm System (ATFS). Not everyone in the industry agrees that ATFS is as credible as other certification systems.