

***NORTH CAROLINA FORESTRY ASSOCIATION
STRATEGIC PLAN
2006-2009
Approved 10/25/2006***

BACKGROUND

The North Carolina Forestry Association (NCFA) was established in 1911, making it the oldest conservation organization in North Carolina. Since 2003, the Association has been a 501c(6) tax-exempt organization (business/trade association). The Forest Education and Conservation Foundation is the NCFA's 501c(3) tax-exempt educational foundation.

The Association's first formal strategic plan was prepared in 1991 to guide its program and activities for a 5-year period. That plan was updated in 1997. It was then decided that the pace of change in forestry and the forest industry was so rapid as to preclude meaningful planning as far out as five years. The 1997 strategic plan was based on a 3-year time horizon. It was revised in 2003.

The plan presented here is meant to guide NCFA programs and activities through 2009. It is based on input from members. A member survey was distributed early in 2006. While the response rate was low (59), two things were interesting. First, *all* the respondents indicated that the NCFA services and programs were either useful or very useful to them. Second, the issues that are of greatest concern to the respondents are almost identical to those expressed in the membership survey three years ago. They are: (1) environmental regulations restricting forest management, (2) loss of private property rights, (3) viability of a competitive forest industry in North Carolina, and (4) lack of public support for forestry.

The plan also builds upon the business plan for the NCFA Public Education Initiative that was prepared in 2005 and approved as a concept by the Board of Directors. That plan identified several important new initiatives, but did not identify new sources of funding.

On March 2, 2006 over 20 members and the NCFA staff met to lay the basis for the 2006-2009 plan. With the help of a professional meeting facilitator, this diverse group agreed on the mission of the Association, its vision for the future, and several key priorities. Three areas were identified that needed additional attention from smaller task forces: (1) identify funding opportunities, including the possibility of establishing an endowment for educational programs, (2) evaluate the organizational structure, including Board of Directors size and composition, committee structure, decision processes, and the possibility of regionalization; and (3) evaluate space needs and the adequacy of the current building asset. Most recommendations have been incorporated into this strategic plan. The three task force reports are appended.

NCFA MISSION

The North Carolina Forestry Association actively promotes healthy, productive forests by supporting the efforts of landowners and forestry-related businesses and organizations who responsibly manage or use forests. This statement of mission guides all programs and activities of the Association.

NCFA VISION

In support of the mission, our vision for the Association is to be recognized and respected by the citizens of North Carolina as a credible advocate for responsible management and use of North Carolina's forests.

EXPECTED CHANGES IN THE EXTERNAL ENVIRONMENT

All participants in the planning process recognize that enormous changes are taking place in the external environment, and that the Association needs to be postured to deal with these changes if it is to continue to be an effective voice for forestry in North Carolina. Many changes taking place are unprecedented in scale, and they are happening very rapidly. Some represent threats to the Association, but several provide important opportunities if they can be captured.

The U.S. paper and wood products industry is responding to the bruising forces of the global economy through enormous structural changes. These changes will have a direct effect on the Association and on forestry in North Carolina. Two issues are of particular concern.

First is the divestiture of hundreds of thousands of acres of forestlands by publicly held paper companies. For decades, these companies provided stable ownership and intensive management of their lands for timber products. It is now unclear how many acres of forested land will be sold as real estate, broken up into smaller tracts that will be difficult to manage, or acquired by organizations having goals other than active management of the forest resource. Because of their strong interest in forestry and the programs of NCFA, large land-owning wood products companies have been major financial supporters of the Association. Their support has been critical to the many successes realized to date.

Millions of acres of forestlands are being purchased by Timber Investment Management Organizations (TIMOs). TIMOs generally manage forestlands to maximize returns for investors. TIMOs represent a possible source of new members, perhaps under a new member category.

The second issue relates to forest products manufacturing facilities and the markets they provide for wood. In order to remain competitive, U.S. paper companies are restructuring all their assets, not just timberlands. They are consolidating by purchasing other companies or by selling off non-strategic assets and shutting down plants and operations that are not contributing to profitability goals. Production capacity

has already been reduced in North Carolina, and more reduction is expected. If the companies choose to shut mills down, NCFA will lose dues. On the other hand, if existing capacity is sold to other companies that have not previously operated in North Carolina, the Association can potentially gain new members. Also, it is possible that new cellulose-based energy facilities will be sited in the State.

A major impact of reduced production capacity will be on the forest landowner. Without robust markets for wood, there is little incentive for landowners to invest in forestry. And, if there is not the hope of being able to sell timber for a profit at some point, many landowners will likely choose to use their land for some purpose other than forestry. Since 89% of the forestland in North Carolina is privately owned, the impact of the changes in the industry could have negative effects on our State's forest resources. On the other hand, new industries such as those producing energy from wood could open up markets that do not presently exist.

Members continue to be concerned about the imposition of excessively restrictive regulations and about the possible indiscriminate application of the power of eminent domain. This concern is exacerbated by the changing demographics and political landscape of North Carolina. Over half the registered voters in North Carolina now live in 14 urban counties. Increasingly, legislators from these districts have little or no understanding of forestry. Fortunately, most legislators do understand the importance of jobs and economic activity in their districts. It is important for them to continue to understand that the forest products industry represents the second largest manufacturing sector in North Carolina.

Another concern is that the logging force - the people who actually implement forest management plans by cutting trees and transporting them to markets - is under stress. Modern logging operations require highly specialized, costly machines. With the possibility of wood products companies retracting, bright young people are no longer willing to make the investments required to be in the logging business.

A final major change in the external environment is the massive transfer of wealth taking place between generations. Across the nation, people who grew up with some association with the Great Depression and who saved and invested in forest land or other investments are leaving their estates to a generation that has not saved and may not share their parent's interest in land and its stewardship. Also, women are increasingly becoming the major decision-makers concerning private forest lands.

INTERNAL CHALLENGES

The Association faces several internal challenges. The overriding one is how to handle a potential decline in the industry support base due to the changes taking place in the industry. Currently, 21% of the Association's dues income is from the Pulp and Paper membership category (12 members) and 18% is from the Lumber/Wood Products Company category. While the Individual, Landowner, Forester and Prologger Categories collectively represent 63% of the membership, they only provide 21% of the dues income. The opportunities for the Association as it pursues its mission are enormous, but they will not be realized unless the issue of long-term funding is addressed.

Staffing, or course, is directly related to funding. The current staff of the Association consists of four professionals and one support staff. Every member of the

current staff is performing extremely well and is carrying a very heavy workload. Another person is about to be hired to help with the Public Education Initiative. But the staff is still not large enough to take advantage of its opportunities. There is widespread agreement that the Association must do much more in the areas of public education, communication, and landowner outreach. This will certainly require more and stable funding, and may eventually require additional staffing.

All participants in the planning process recognize that NCFA must organize to be nimble and able to respond quickly to changing circumstances. Our current structure may be an impediment to our ability to adjust to new opportunities. The current Board of Directors consists of 45 members. It depends on standing committees to develop issue papers and draft positions. But, as industry has tightened its belt and reduced staff, it is increasingly difficult to find volunteers who can commit the time to serve on committees.

There are approximately 700,000 private forest landowners in North Carolina. Many of them are women. Most - particularly those with ownerships large enough to actively manage - would benefit from the programs of the Association. Yet relatively few are members of NCFA or any other forestry association. This situation is not unique to North Carolina. By and large, forest landowners are not joiners, but there may be some internal issues that can be addressed that will make the Association a more welcoming organization for forest landowners and for women interested in forestry issues.

There seems to be a perception that the Association needs to be either *for* landowners or *for* industry rather than recognizing that both groups have much in common. Industry needs the wood produced by forest landowners, and landowners need industry to buy the wood they produce. Some landowners have expressed concerns that our advocacy positions are weighted toward the interests of industry, while some industry people believe that the emphasis is on landowner issues. Since advocacy is central to our vision of the future, it is natural that not all members will agree with every position being advocated. Nevertheless, the Association needs to, as much as possible, represent the broad interests of forestry in North Carolina and not focus on any one segment of its membership.

INTERNAL STRENGTHS

The North Carolina Forestry Association is blessed with many strengths that will help it deal with both the external and internal challenges listed above. A major strength is that it is a well-established organization with proven internal structures and procedures. It is also fortunate to have excellent leadership and a strong, committed staff.

All of its programs are highly regarded. The logger training program continues as one of the best, and most copied, in the nation. Programs with WPTF radio and State Government Radio in Raleigh, along with WBT in Charlotte in 2006, have clearly demonstrated our ability to reach a large audience with relatively modest expenditures. A major success has been in the educational area. Our forestry and environmental camps reach over 3,000 students, teachers, and parents. The NCFA teacher's tours have changed the lives and the perspectives of dozens of teachers. And our continued and effective presence in the North Carolina General Assembly continues to pay major dividends. It is unlikely that any forestry-related bill would be considered by the General Assembly

without the views of NCFCA being considered. The governmental affairs activities are aided by an established and growing Political Action Committee fund.

The Association benefits from a large, diverse and growing membership. It may well be the largest state forestry association in the United States. Reflecting the diversity of membership, the Association also benefits from a diverse Board of Directors.

NCFCA has established links with several organizations. It is organizationally tied to the Sustainable Forestry Initiative, an industry-based certification program aimed at assuring a high level of environmental stewardship in the management of forests. It has renewed its support of and involvement with the North Carolina Tree Farm Program, which consists of private forest landowners. It maintains a very close and supportive relationship with the North Carolina Division of Forest Resources, the NC State University College of Natural Resources, and the North Carolina Cooperative Extension program along with a host of allied associations involved in agriculture and business. The staff and the Association are also linked with regional and national forestry and forest products industry associations.

Currently, the Association is financially sound. While it has not had the resources to expand significantly, it has effectively set priorities and has been able to conduct the highest quality of programs.

A very significant strength is that the Association owns the building it occupies. This valuable piece of real estate is in a prime location in Raleigh. The Strategic Planning Task Force on the NCFCA has recommended that the Association keep the building and make needed investments, both interior and exterior, to improve the facility.

2006-2009 PRIORITIES

Goal: Identify funding opportunities that will allow the Association to conduct its programs and pursue its mission.

The Planning Committee called for a Task Force on Funding Opportunities. A report of the Task Force is attached. Its recommendations included:

- A. The Executive Committee will review the Association's dues rate and structure and recommend adjustments, if needed, to the Board of Directors. The review in 2006 should be done with the objective of implementing any changes in 2008.
- B. Create a Membership Task Force to develop a membership recruitment and retention plan for Board approval in 2007. Different strategies may be needed for recruiting private forest landowners, new Timber Management Investment Organizations coming into the state, women, and new owners of pulp and paper facilities and sawmills.
- C. The Executive Committee will examine the current financial and operating arrangements with its committees and endorsed insurance programs to assure long-term efficiency and stability.

- D. Explore the potential for establishing a staff position, perhaps in collaboration with the Forestry Foundation at NC State University or other entity, that would have the responsibility for fund-raising for public education, communication, and landowner outreach. A report will be made to the Board no later than October 2007.
- E. Revise the dues billing process and examine other options to help assure that members fully understand the dues structure and payment schedule. This will be implemented in January 2007.

Goal: Significantly expand public knowledge of and support for forestry, particularly in urban areas.

- A. Expand radio and other media coverage into Charlotte, the Triad area, Asheville, and Wilmington as funding allows.
- B. Expand teacher forestry/environmental tours by adding a third tour for the Piedmont area by 2008.
- C. Continue and expand the forestry and environmental camp program near urban areas as resources permit.
- D. Continue development of new teacher materials on forestry.
- E. Create a “virtual forestry tour” for the media on CD-ROM/Internet
- F. Expand programs to promote the use of wood and forest products

Goal: Increase programs for, and involvement of, nonindustrial private forest landowners.

- A. Take the lead with other forestry organizations in the state (Division of Forest Resources, Cooperative Extension Service, SFI Committee, Farm Bureau, North Carolina Tree Farm Program, North Carolina Woodlands Association, Association of Consulting Foresters, etc.) in developing streamlined, easy to read guides to materials and services currently available for forest landowners. Many valuable materials exist, but landowners report that it is bewildering to learn about them and make them work in specific situations.
- B. Identify forest landowner needs that are not being met by existing organizations.
- C. Based on Objectives A and B, work with other agencies and organizations to develop a comprehensive outreach program to meet landowner needs.
- D. Develop a landowner data base that would allow the Association to

target programs and information to forest landowners on a county by county basis.

- E. Develop forestry educational materials particularly targeted on women
- F. At the Annual Meeting, conduct programs specifically for landowners and women.

Goal: Shape and lead the legislative and regulatory climate on forestry issues.

- A. Increase contributions to the Political Action Committee and use these funds to support the efforts of state legislators who support forestry and the forest products industry in North Carolina.
- B. Building upon “The State of Our Forest Products Industry”, aggressively advocate for support of the existing forest products industry by legislators and state agency leaders.
- C. Expand and improve upon Forestry Day in the Legislature by involving NC State, key governmental agencies, representatives of the Governor’s office, and the media.
- D. Advocate for improved and more frequent forest inventory data and analysis

Goal: Maintain and improve organizational structures and efficiency to enable the Association to nimbly and effectively implement the provisions of this plan.

The Strategic Planning Committee established a Task Force on NCFA Organization and Structure. The report of the Task Force is attached as an addendum.

The Task Force concluded that the basic structure and organization of the North Carolina Forestry Association is sound. The existing committee structure and make-up is appropriate, although some consolidation would streamline the structure. The basic Board structure is appropriate, but actions are needed to solicit more input on a regional basis and there should be a stronger link between committees and the Board. The responsibilities of the Board, the Executive Committee, and the program committees should be clearly defined and placed in context with the policy process.

The Task Force recommended the following action items:

- A. The Executive Committee will propose amendments to the NCFA bylaws in 2007 to:
 - (1) Clearly define the role of the Board of Directors as the body that, on behalf of the members, sets policy and overall direction for the Association.
 - (2) Clearly define the role of the Executive Committee as a body that oversees the financial and administrative matters of the Association.

The Executive Committee should continue to be empowered to act on behalf of the Board if matters come up that demand immediate policy attention. However, it is ordinarily not a policy body nor does it serve as a buffer between the Board and program committees or task forces.

- (3) Clearly define the role of Program Committees or task forces that might be created by the Board. Program Committees and task forces should provide the Board with succinct issue analyses, potential courses of action, and the pro's and con's of each. They may or may not choose to make policy recommendations to the Board.
- (4) Define requirements for membership on the Executive Committee and specify that all members of the Executive Committee shall be members of the Board of Directors.
- (5) Expand the Board of Directors to include Program Committee chairs as *ex officio* members.
- (6) Combine the Legislative Affairs Committee and the Communications Committee into a Public Affairs Committee.

- B. Broaden representation on the Board. Particular attention will be given to increasing representation of landowners, loggers, and women.
- C. Experiment with, in place of the May Board meeting, having 3 regionalized meetings each year. These meetings would be chaired by the appropriate regional vice president and would include the Board members from that region. It would also be open to all committee members as well as NCFA members in the region. The purpose would be to obtain regional input and bring Board members closer to the membership. It would also provide an opportunity for regional issues to be defined and assigned to committees or task forces.”
- D. At its December meeting each year, the Executive Committee will evaluate progress in responding to this Strategic Plan and will report the progress to the Board of Directors.

Goal: Evaluate role of NCFA building as a strategic asset and manage the asset accordingly.

NCFA is in an enviable position because it is the sole owner of the building that it occupies. This puts the building in the position of being a strategic asset.

A headquarters building should serve several purposes. It should provide a safe, comfortable, convenient facility in which the staff can conduct its work. It should provide members with a convenient, comfortable facility for meetings. By its design, furnishings, and ambience, it should make a statement to members and visitors about the Association and its commitment to forestry. And, because of the advocacy mission of the Association, it should facilitate communication and contact with representatives of the General Assembly and other state government officials.

The current building provides the Association with three options: (1) sell the building and build a new headquarters, (2) sell the building and rent office space, and (3) keep the building and make needed repairs and updates.

A Task Force was charged with examining these options. The full Task Force report is attached as an Addendum. Based on this report, the following actions will be taken:

- A. The Association will continue to maintain ownership and occupy the current building unless renovation and repair costs become prohibitive.
- B. By May 2007, the Executive Vice President will provide the Board of Directors with a space plan and with a detailed estimate of costs of upgrading the facility.
- C. Subject to approval by the Board of Directors, the Association will make investments in both the interior and exterior needed to improve the facility to meet the needs of staff and the Association membership.