

HOW TO START & OPERATE YOUR OWN FIREWOOD SUPPLY BUSINESS

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Unpredictable fuel costs and the necessity of keeping warm in the winter have resulted in "boom sales" for manufacturers of wood-burning stoves. There has also been a return to the use of the fireplace as a form of supplementary heat and as a luxury that promotes the "cozy" atmosphere sought after by both middle class and affluent families. This renaissance in the popularity of wood heat, and upward spiraling sales of associated equipment, has created a demand for firewood that's almost impossible to fulfill!

A very important element: This demand has caused the price of firewood to almost double over the past several years. Whatever the "going price" for a cord of firewood in your area, you can expect it to increase by 20 to 30 percent each year for the next ten years or so.

Your potential market is a varied as the weather; it is also somewhat dependent on the weather. You'll find buyers among apartment dwellers as well as home owners. The rich are buying firewood perhaps more than the poor; those concerned with the purity of the environment and the so-called "voluntary-simplicity" folk seeking a return to the "pioneering" life are all part of your market.

And don't think for a minute that firewood sales are limited to the colder northern states. People living in Sunny Southern California and along the Gulf of Mexico buy and burn firewood for the same reasons as people living in Minnesota or Montana.

One of the secrets of success in this business is understanding why the people in your area burn firewood. Then it's a matter of learning when and how often they need it, and positioning yourself to fill those needs.

It doesn't take special education or training to become a successful firewood supplier. Just for the record, the backgrounds of people operating businesses of this kind range from farmers to unemployed factory workers to doctors, lawyers, real estate salesmen and even university professors.

The kind of equipment you'll need varies according to the type of business you want to establish, and the kind of wood you will be supplying.

The first prerequisite to the establishment of your business is to decide what kind of business - wholesale to retail outlets, or retail to the general public - you want to operate.

Next, you'll have to decide on the type of firewood you will sell. There are three major categories: 1) mill ends or sawed up scrap lumber and kindling, 2) whole logs for the buyer to cut according to his own specifications, 3) fireplace and stove wood, cut and split according to the general requirements of your market area.

Your next step is to line up a source of supply. Actually, it's best to "lock in" a number of sources of supply. Later on, as your business develops and grows, you may want to offer several

different kinds of firewood, that is, become a full-service dealer offering firewood to meet everyone's needs and fancies for your area. We'll discuss different categories of wood in demand, so that you can explore sources of supply and costs.

MILL ENDS: Your best source of supply for this type of wood is the sawmills in your area. If you live in a metropolitan area, take a few weekend trips to the small towns in the wooded areas of your state. With a little bit of initiative on our part, you should be able to discover any number of small sawmill operations within a 200-mile radius of most metropolitan areas in this country. What you'll want to do is buy a truckload of mill ends, take them home and package them into sacks of firewood. Thus, a load of mill ends that you might buy for \$50 would be broken down into perhaps 200 sackfuls that you sell for \$5 per sack. Multiply these 200 sacks of firewood times \$5 each, and you have a gross income of \$1,000 for a load of wood costing you only \$50. You wouldn't have to be very smart to realize that's pretty good, providing your sources of supply can keep up with the demand.

The beauty of mill ends is that they are clean, burn easily and fast, put out a lot of heat, and when broken down into sackfuls are ideal for apartment dwellers, as well as people in warmer climates needing firewood for just a few cold spells each winter. Until you have a large full-service firewood supply operation, it's suggested that you leave the sale of truckload supplies of mill ends to the larger, more established fire wood suppliers. My advice here is that you should stay within your capabilities of supplying the buying demands of your market, and further concentrate on selling what brings you the greatest profit. However, as your operation grows, the supply of truck loads of mill end firewood is definitely worth considering.

Other sources of supply for mill end lumber will be your local lumber yards, wood working or furniture manufacturing firms, and home building or remodeling contractors. In many instances, you can offer to stop by these places about once a week and clean up the worksite by hauling away the scrap lumber, and they'll let you have it without cost. It is possible to even get paid for doing this. The only drawback will be that you'll have to sort this wood, and then saw it up into the size s you want for your bundles or sacks. This is no big deal, because you can handle a pickup or trailer load with a power saw in just a couple of hours.

When you have the wood ready to package into sacks, you'll save time and increase your profits by hiring a couple of high school students. Contact the counselors at one of the local high schools, explain that you need a couple of students for part time work sacking firewood, and you'll have all the help you need.

As for how much to pay them, establish a pay rate for 100 full sacks. Of two high school students, one would hold open a sack while the other uses a scoop shovel to pick up the wood and dump it into the sack. Between them, they can gather the top of the sack and tie it with twine. The full sacks, of course, must be stacked on a pallet or in an area ready for selling. Check the time it takes two good students, working at a reasonably fast clip, to load 100 sacks. Knowing the current minimum hourly wage rate, you can then determine the labor value of 100 loaded sacks.

For a supply of burlap bags for use in sacking your wood, check with a farmers' feed store. If you buy in quantity, you can get them at a very reasonable price. You can purchase twine for tying the sacks at the same place.

WHOLE LOGS: Many people have chain saws and fancy themselves as "do-it-yourselfers," but they don't have the time to go out into the woods and bring back firewood. If you can supply these people with a location not too far from home, where they can saw and split their own firewood, you'll have a steady stream of customers. You'll need a large vacant lot - about a half acre to a full acre - and preferably on the outskirts of town. The first thing will be to put up a 6-foot cyclone fence around your lot, and then a small garden shed type building to serve as your office.

Contact a sawmill or logging operation not too far from where you want to open your business. Arrange with them to deliver whole logs (lumber rejects) to your wood lot. Your costs shouldn't run much more than \$10 per log, even for premium wood, but will depend upon the size and number delivered in each load.

If you have the vehicle and the energy, you can also contact the Forest Service or the Bureau of Land Management in your area for a permit to Cut firewood in government preservation areas. Then you go out into the woods, saw up downed tree s into eight-foot lengths, load them into your vehicle and haul them to your woodlot.

Still another source of supply is the farmers in your area. Talk with them and offer to "thin out" areas of standing timber, and the downed trees. Oftentimes, you can get this wood at no cost other than offering the land owner a share of the timber you take out. He may even consider your "thinning" and hauling an even exchange for the logs.

Don't forget about the road building construction companies, and commercial and residential developers as sources of supply. Actually, once you get into this business, you'll find sources of supply virtually unlimited, and restricted only by your own initiative in making contact with the property owners.

Once you have a supply of logs within your wood lot, there are many things you can do to attract customers. Run an advertisement in your local paper inviting "do-it-yourselfers" to come out and Cut their own firewood. You charge them twice as much per log as your cost, and they do the sawing, the splitting, the loading and provide their own car or truck to take them home. You are there only to supervise and receive payment.

You could also rent chain saws, axes, and the use of your power splitter. Allow the customer to select the log of his choice, and then have the hired help - high school students, perhaps - who would saw, split and load this wood into the buyer's vehicle. The ultimate, of course, would be to include delivery and stacking of this wood at the customer's residence.

Once the customer has selected his log - at twice your cost and pays you \$5 for sawing it into the lengths he wants, plus \$10 for splitting it for him and another \$10 for loading it onto his vehicle, you're talking about \$150 to \$200 per cord of wood. The secret here is to have your helpers working in teams, with the kind of efficiency that means \$100 per hour for you.

FIREPLACE AND STOVE WOOD: In running a program of pre-cut and split fire place and stove wood, you combine all the principles we've discussed so far, into either a whole sale or retail firewood supply sales outlet.

The easiest and most profitable operating procedure is to set up a wood lot where whole logs are delivered to your location. Part-time workers saw these logs into 16 to 24 inch lengths for you. A couple of people with chain saws should be able to cut two cords of wood per hour. A couple of people working a power log splitter should be able to keep up with the people on the chain saws. And a couple of other people stacking this wood onto pallets as it's split, or for storage until sold, would be all the help you need.

If you can set your business up along these lines, you'll realize the greatest profits and not have to get involved in the physical part of the business. The big thing to remember is that - as the business owner and operator - your time should be devoted to selling the end product.

If you decide to be a wholesale supplier, and sell to retailers, advertise for and hire commission sales people to call on the retail outlets in your area. You'll need help in covering all the possible opportunities for retail sales of your firewood.

You should be selling sacks and pallet loads of firewood. Remember: The more you can divide a basic cord of firewood into sacks or pallet loads, the greater profit you're going to make from each cord of wood you sell.

You'll find most people buying cords or truck-load quantities of firewood before cold weather sets in, and after that, people will buy in quantities only large enough to get by, or to last out a sudden cold snap. If you should also sell bags and pallets of wood to the general public, after setting up retail sales outlets, be sure that your prices at least "average" those being charged by the retail sellers. Never "under-cut" the price your retail people are charging.

If you decide to do all the selling yourself - in other words, act as your own retail outlet - you'll need to advertise.

Start out with a large three-column wide, by four-inch deep display ad in your local paper. Unless you've had advertising experience, at least contact the advertising instruction class at your local community college for help in the layout and writing of this ad. If you're not far from a large metropolitan area, you can often contact the advertising agencies in that area, and get free-lance help to assist in the makeup of your advertising.

Plan the appearance of this ad for a Saturday morning paper. Make your opening a big event - much the same as a grand opening or special anniversary sale - with free coffee, donuts and balloons for the children. Ideally, the opening of this kind of business should be staged on a weekend in late September or early October, and designed to acquaint the people in your area with your firewood business.

Get the name, address and phone number of everyone who shows up. This can be handled very unobtrusively by giving away free prizes requiring the attendees to your event to fill out simple prize drawing forms. The prizes can be a free cord of wood, dinner for two at a local restaurant, or even movie passes.

The whole purpose of your grand opening show is to let people know that you're open to serve their needs; to get them to discover your location; and to implant in their minds the memory that you can supply them with the means to keep warm when the weather turns cold.

Quite naturally, many will find your services to be more convenient, time-saving and less bother than whatever methods they're currently using. As you talk with your customers, listen to their "complaints" about their present methods of fire wood procurement, and then alleviate those problems with the services you provide.

After your grand opening, a small 2 by 4 inches display ad in the yellow pages of your telephone directory plus the posting of advertising circulars and business cards left with woodstove and fireplace suppliers, insulation and remodeling contractors and lumber yards in your area is about all the advertising you'll need to do. However, it would be wise to follow the lead of the "snow tire" people, and whenever the weather forecast shows a cold front or winter storm moving in, again invest some money in radio and newspaper advertising.

Statistics prove that 20 percent of your potential market will prepare for cold weather by purchasing before the cold weather sets in. Another 30 percent of the market will wait until the first cold snap hits, then buy from the first supplier that comes to mind. Finally, the remaining people will have to be "sold" via suggestion of the benefits your business provides.

This is the period when you begin profiting from those names, addresses and telephone numbers of people who turned out for your big opening event. Simply set up a telephone selling program utilizing the services of commission telephone salespeople, and follow up on those who had registered.

You can conceivably operate this business from your home or backyard, and definitely on a part-time basis, but the prospects of immediate success, with outstanding profits are so great that it would be wise to plan on a big operation from the start.

A receipt pad for taking orders, a "daily diary" or ledger type of bookkeeping system, a calculator and a telephone should suffice for office supplies and equipment. Until you're over the hump on the profit side, you can keep your sales receipts in a shoebox or daily staple together and store in chronological order.

A couple of other points to remember: Hardwood burns the longest and gives off the most heat; firewood that has been cut in the spring and seasoned through the summer is the kind most people will be willing to pay premium prices for; and giving the customer a "little extra" for his money will result in greater and longer-lasting success than quick profit schemes.

Once you've got your basic firewood supply business on a profitable basis and running smoothly, you'll find your facilities and business expertise ideally suited to adding extra profit producing lines such as the sale of firewood accessories, woodstoves, built-in fireplaces, home insulation or weatherizing services, recycling and perhaps even home remodeling.