

3 Things You Should Know Before Investing in an Automated Wood Procurement System



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When investing in a new wood procurement system, one of the first questions you may ask yourself is, “Where can we get the best deal?” Obviously you don’t want to pay more than you have to, but price is not the only thing you should consider before making your decision.

You can easily find a generic accounting system that may be offered by companies who do not specialize in wood procurement systems. These companies include providers of standard accounting packages who do a great job with customers in the professions and services business, but whose software is not specific enough to handle forest products transactions.

Scale manufacturers also offer scaling software for their scale customers, but, again, these systems do not know if you’re weighing pulpwood and chips or if you’re weighing gravel and riprap.

The biggest downside to either of these approaches is that general accounting systems and scaling software may do an adequate job of writing checks or capturing the weight from a scale indicator, but you are left with the job of dealing with the software you need to properly manage and develop your wood procurement organization.

When deciding on a wood procurement system upgrade, there are three main considerations:

1. Is it accurate?
2. Is it friendly?
3. Is it supported?

Is it Accurate?

Without Accuracy You Lose Money and Credibility

How does it feel when your contractors or loggers are paid incorrectly; or worse, overpaid?

A procurement system must be capable of accurately producing settlements and checks, including various deductions and adjustments, every week... every time. Week to week adjustments in deductions, prices, and pay methods should be routine. Per ton, per MBF, per load, per ton-mile, per mile... these payment methods are possible with the proper system. Everyone gets paid and is paid correctly.

Accurate Accounts Receivable... Who Owes You? How Much? How Long?

What about forest products you sell to others, such as chips or roundwood? You should have a procurement system that will track how many tons, dollars, and loads have been shipped to customers and their destinations. In addition, you must know if your shipments have been paid, paid correctly, and are accounted for correctly on the general ledger.

Accurate Wood Scales... What Did We Buy? Who Hauled It? Where Were the Products Hauled From?

What about accuracy where the wood crosses the scales? General scaling software is largely inadequate for the forest products business. A comprehensive wood procurement system, with the proper hardware and software, allows you to accurately produce scale tickets while the most important information: tract, supplier, inventory, landowner, pricing, and accounting, is processed at weigh-in. A good wood procurement system can handle the details. A scaling system designed simply to weigh in commodities cannot.

Accurate Accounting... Keeping the Books Straight

What about accounting? Accountants are sticklers for accuracy. The proper computerized wood procurement system gives the accounting staff the information they need to produce accurate and timely financial statements and the proper audit trail for transactions.

Is It Friendly?

An Easy To Use Procurement System Helps You Achieve Success Early

Computer software should be working for you and saving time, not a test of your staff's computer skills.

A Windows-based system is an essential factor in user friendliness. DOS-based systems, while still in use, are not the systems of choice when selecting a new system. The learning curve is much steeper and may not work properly on the newest operating systems. Another factor in friendliness is how a software system works with other software. A Windows-based procurement system is likely to be more compatible with other Windows-based software.

Logic Prevails! The System Must Follow the Logic of the Wood Procurement Business

Logic prevails! A system must have a logical flow from menu to menu. Starting with the first and ending at the last, you should be able to work your way down and through the menus in a logical fashion.

Let's take the process of paying a supplier or landowner:

Step 1: Enter tickets

Step 2: Generate settlements

Step 3: Print checks

In this case, we have a clear and logical flow to the process of paying wood producers and landowners. Sometimes we can even skip the first step, entering tickets, by importing tickets from your scales or even your customer's scales.

Every line of business has its own jargon. Wood procurement is no exception. The more a software system uses the jargon, or terminology, of wood procurement, the easier it is to use.

The best systems easily use tons, cords, thousand board feet, pieces, and other units to measure forest products. Terms like landowner, producer, hauler, settlement deduction, tract, pulpwood, logs, chip-n-saw, and so forth should be applied freely in the system to duplicate the terminology used in the business.

Flexibility is essential to system friendliness. Because wood procurement typically has a variety of complex business relationships, good software requires flexibility. How many ways can you pay a producer? A lot of ways. Truckers are notorious for negotiating payment by the ton, cord, ton-mile, mile, load, and other combinations requiring

flexibility. A landowner may be paid by the unit or receive a lump-sum payment for timber. There is also a need to pay based on a timber advance – pay-as-cut arrangement and payment for multiple owners on the same tract. Good procurement software will handle these situations with ease of use in mind.

Need to save time and increase productivity? Don't we all!

User friendly software will save time when it is designed for the business and allow you to be more productive to easily handle times when wood flow is at a peak... without adding more employees or missing settlement deadlines.

Is it Supported?

Well Supported Systems Keep Things Running Smoothly and Prevent Downtime and Disasters

In the early stages of implementing a procurement system, proper setup and training on-site is essential. Success in implementing wood procurement software is highly dependent on a good start.

On-site training provides a good start and instruction in the *productive* use of the system. A bad start results in a lot of wasted effort and a drain on productivity, rather than enhancing it.

What happens after the initial training sessions are over? You should be able to pick up the phone and call. In addition to on-site training, phone support provides an on-demand touch with users in the beginning as well as on an ongoing source for answering questions and solving problems.

What if there is a problem and it cannot be fixed with phone support? In this case it has to be fixed at your office or, in many cases, the use of remote management to fix the problem. Remote management permits the consultant or support person to connect to your computer, see the problem as you are experiencing it, and fix the problem from a remote location using a secure connection over the internet. Sometimes you need someone onsite to roll up their sleeves and help you solve problems. Onsite consultation and training should be readily available to you when the telephone or remote control simply does not get the job done.

Times Change... And So Do Software Threats and Improvements

Part of a properly supported system is the proper updates for the procurement software and the operating system. Updates have three main purposes:

1. Improving Software
2. Repairing Software
3. Protecting Software

A procurement system without proper updating will, at a minimum, leave you behind in the industry and, at the worst, allow your software to become obsolete and crash.

What Do You Do When Your Procurement Software Is Not Exactly What You Need, But is 95-99 Percent of What You Need?

A good procurement system provider will find any possible way to address special needs you may have. Sometimes it may only require a bit of inventiveness and creativity to use the existing system. Other times, a small amount of customization will fill those special needs.

Updates and custom programming not only improve your experience as a procurement system user, but also give you a greater sense of control in the process of upgrading your system.

Again, it is important to mention the most important questions to ask when upgrading a wood procurement system:

1. Is it accurate?
2. Is it friendly?
3. Is it supported?

Upgrading a computerized procurement system is an investment in your business requiring your company's money and your staff's time. Asking these questions and getting the right answers will help you get an accurate, friendly, and supported system for your wood procurement needs.

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