Forestry and the Knowledge Economy

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Professor Mike Percy, Dean of the Faculty of Business at the University of Alberta, recently spoke at the annual conference of the Canadian Institute of Forestry. His brief was to look forward at the economic environment that the forest sector would be operating in and to identify key factors for the industry to consider. One interesting thing that he focused on was the notion of trends. The basic idea that he put forward was that resource-based industries are largely viewed by politicians and their advisors as 'sunset industries' (flat or declining trend) relative to 'knowledge-based industries'. The importance of this to the forestry sector is that politicians are excited by the perceived rapid growth and high income of knowledge-based industries and are forming public policy around enhancing sectors that are believed to be part of the knowledge-based industry.

This means that the forestry sector, as a resource-based industry, needs to couch itself in the knowledge-based category in order to ensure that it stays on the political agenda. Professor Percy pointed out that the Canadian oil and gas industry has been very successful at this by linking itself to high-tech and knowledge-based technology. The Canadian forestry sector on the other hand appears to be in a defensive mode and is viewed by politicians as being linked to environmental issues, despite its obvious high-tech achievements.

Becoming part of the political agenda is important. Politicians will be inclined to trade off what are perceived to be sunset sectors and promote knowledge-based sectors. We have already recently seen this in New Zealand with Labour's policy on indigenous forests. The sector runs the risk that this attitude will extend to research funding and trade policy related to forestry. The key says Professor Percy is to focus on creating linkages to the knowledge-based sector, rather than focusing on the 'traditional' issues of employment and the environment.

Linking the forestry sector to knowledge-based industries brings us back to the issue of leadership. The 1999 NZIF conference on leadership in the forestry sector provided a range of ideas about leadership and links to a knowledge-based industry. Fran Wilde, the CEO of Trade New Zealand, Max Bradford, the (ex) Minister for Enterprise and Commerce, and Bill Birch, the (ex) Treasurer, all left no doubt about the importance that the Government places on being identified with the knowledge sector. Each referred to the "new knowledge age", or "the knowledge-based economies of the 21st century".

So what does being part of the knowledge industry mean? Political representatives at the conference stressed the importance of developing and exploiting the use of technology. The marketers, Brian Armstrong from Zespri, Gerald Hunt from Wood New Zealand, and Tony Neilson from Neilson Scott, focused on market knowledge, supply chain management and the development of powerful brands that could be managed in the market. All presenters at the conference combined elements of both. As with many catchwords, 'knowledge industry' appears to have many meanings and can be interpreted differently depending on your perspective.

One interesting factor in many of the papers is the reference to people and skill mixes required for the knowledge economy. Mike Andrews, the CEO of Fletcher Challenge, identified the skillset mix as being critical to the success of the Company. He sees forestry becoming a second degree of choice that follows on from commerce, science or other disciplines, and within forestry training, a greater emphasis on data analysis and supply chain management. Importantly, he sees that the industry will have to make a much greater investment in its intangible assets - people and knowledge. He also poses the question of whether we have put in place the necessary programmes to identify and develop the competencies that the industry requires, or the programmes that will attract and retain the talent that the industry requires to grow.

Mike Andrew's question is an important one for the industry. What are the avenues for leadership in a knowledge economy? What are the opportunities for new graduates that would attract and retain them in the forestry sector when the knowledge industry beckons? At the new graduate end of the chain the answer to both questions is "few". The exciting stories, such as the transport and logistics articles in this issue of the Journal are not heard widely, either among prospective graduates, or among policy-makers. We have compounded this with the disappearance of entry-level jobs for new graduates that would provide them with the forestry and 'knowledge industry' skills that are required to make the sector successful. As Chris Perley points out in his article in the October issue of New Zealand Forest Industries, the move to key suppliers and consultants has resulted in a host of lean and specialised organisations that do not have the scope to take on and train inexperienced staff. The move to consultants has also meant that career paths have been radically changed and commitment to the industry reduced or eliminated.

At the same time that the forest industry is in need of aligning itself with the 'knowledge industry', both to secure the interest of government and to maintain its own core asset of people, it appears to be moving ineffectively. The NZIF is not structured in a way that allows it to speak for the industry or to create jobs, but it is able to act as a voice for forestry professionals in New Zealand. It is in our own interest to promote the profession as part of the 'knowledge industry' to ensure that we remain relevant and attract new members. The elements are already there. Our members are linked with high-tech tools and sophisticated use of knowledge of forests, wood-based products, and wood markets. Our members are the core of a large part of the forest industry. What we need is some debate and action within the NZIF about raising the profession's profile among forestry employers, politicians and the public.

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