



THE ART AND SCIENCE OF THE VALUE OF WOOD

Andrew True says technical knowledge of wood can aid negotiations



Last December the Wood Technology Society reported on a sale by auction of one wooden 'ball' from the 81-piece installation by the Chinese artist Ai Weiwei. It measures 65x65x65cm – roughly 0.1438m³.

The sale price of the 'ball' was approximately £94,000, which would, if it were solid, equate to around £650,000/m³ – an eye watering cubic metre price. Most timber traders and suppliers would be proud to achieve such a

price, and the producers would be over the moon, especially as it is added value.

Made from huali (*Dalbergia odorifera*), also known as Chinese rosewood, and indigenous to China, the tree grows to around 10-15m. A threatened species through over-exploitation, which has, it is claimed, medicinal properties, it was also highly prized as a furniture material in various Chinese dynasties. (And check out traditional Chinese wood joints – neither glue nor mechanical fixings were used to make the ball.)

This was a sale by auction, where the bidding was influenced by the rarity value. Negotiation was between the auctioneer (seller) and the bidders (buyers), all in one location. Thus, the market place was small, and the volume miniscule.

The UK softwood market is around 10 million m³. This is a big market place. Like the 'ball', premiums can be achieved for specialty items, such as western red cedar.

Parties in a negotiation need to be aware of the current market trends and pressure points. Financially, buyer and seller have the same needs (although from different perspectives); to cover costs, and to maximise returns.

The timber trade is good at negotiating, and trading is at the core of business. Many senior people in the timber trade have been, or still are, involved in negotiating. They, by experience, understand the art of negotiating.

Negotiating is a skill that often requires compromise, with a technical knowledge of wood enabling the best deals to be achieved (and the best deal is not always the cheapest). Remember, the producer will be trained in wood science and technology.

Negotiators know, in advance, the required outcome. Often, it is a combination of factors. Negotiators are aware of what the other party is looking to achieve, are prepared to compromise in the short-term to gain in the longer term, and leave doors open for future business.

It is important to listen carefully to the other person, and this may help close the deal. Do not be afraid to walk away from the deal, but on friendly terms so that one can subsequently negotiate next time without any animosity. There may be a time

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when there is a clash of personalities, and here it is best to let a colleague step in.

Patience is important, permitting time to stand back and assess the proposed deal.

Due diligence is also important in negotiating. Ability of the customer to pay? Reliability of the supplier? New customers; can they pay? New suppliers; what is their reputation? New products; what customers would the product suit? Do the parties look towards building a relationship?

Is there a perfect deal? Probably, where both parties are satisfied with the negotiation, and the resulting contract has been performed without issue.

The UK now has a government in place for five years, and planning a generous infrastructure/construction/building programme. Demand for wood should be good and thereby creating a seller's market (in theory, until over-supply hits, which is always a potential issue in the trade). Prices should on average edge upwards.

There will be short-term issues, such as those currently facing the European spruce forests. Recent hot summers and resultant insect attacks are having a negative impact on the supply line (limited availability of standard quality logs, and greater availability of beetle kill wood).

Caveat emptor – let buyer beware! ■

Below: Rather special added value PHOTO: TANG CONTEMPORARY ART, HONG KONG



The Wood Technology Society

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