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'Mental change has already occurred'

United States, Canada and Finland having the same direction

Wood product industry to become a part of customer clusters

Ideas for new business opportunities

## Forest sector willing to renew itself

*Regeneration has become an essential theme in securing long-term competitiveness of the forest sector. Future seminar, held in November 2006, indicated that mental change being the basis for the renewal of the forest sector's output and investments has already occurred in Finland. The significance of regeneration is also being emphasised in the forest industries' technology foresight work in the United States and Canada.*

### 'Mental change has already occurred'

Foresight Director Timo Hämäläinen from Sitra, the Finnish Innovation Fund, shook up the decision-makers of the forest sector in the future seminar held in November 2006. According to Director Hämäläinen, fixed modes of action cause formalities which slow down the regeneration of line of activities and organisations even in a significantly altered social environment.

Although Director Hämäläinen did not directly refer to the forest sector, his message was more than clear. Fixed modes of thinking, values, behavioural standards and modes of action have hindered regeneration as well as the developing of innovations in the forest sector. The participants of the seminar also clearly found these particular factors limiting the innovative nature of the forest sector (see Figure 1).

It was proposed in a future seminar held in the spring of 2005 that the main strategic aim of the forest sector should be in developing new products and services. At the time the proposal was somewhat

supported but only a year and a half later a national framework for a forest cluster research programme supporting regeneration has been established in Finland.

The objective of the research programme is to double the value of the products and services in the forest cluster and to gain a half of the total value from new products by the year 2030. This particular aim equals to an annual increment of three per cent in production.

The transition from rigid modes of actions to enhancing emphases on regeneration has been one of fast pace. Senior Vice President Pertti Laine from the Finnish Forest Industries Federation estimated in the future seminar that the mental change being the basis for the renewal of the forest sector's output and investments has already occurred.

### United States, Canada and Finland having the same direction

The forest industries of the United States, Canada and Finland are facing the same challenges of globalisation ahead. The

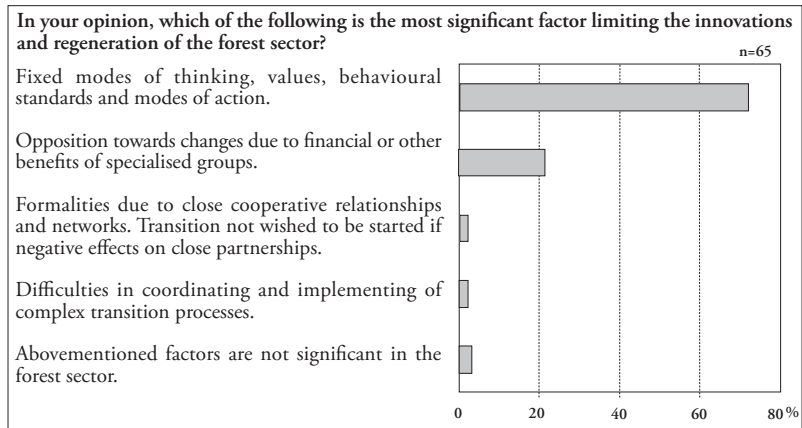


Figure 1. The most significant factors limiting the innovations and regeneration of the forest sector (the share of replies received).

decline on the competitiveness of costs is feared to lead into a gradual decrease in production. In all of the three countries there has been foresight on research and development through which the competitiveness of the forest industry may be maintained. The contents of the technology programmes prepared are rather similar to each other in these particular countries.

Technology foresight of the forest industries in the United States has set as its strategic aims for the future improving productivity, developing new biomass-based products and the availability of sustainable wood raw material at a competitive price. The most essential areas of R&D are the sustainability of forest management, biorefinery, high-quality end-products and developing of production technology.

In Canadian technology foresight the emphasis is also on developing new and unique products and on the significance of merchandising innovations. Biorefinery is referred to as one of the new opportunities to increase the competitiveness of Canadian forest industry.

#### **Wood product industry to become a part of customer clusters**

A recent scenario- and strategy agenda of the Finnish wood product industry emphasises specialising in customer-based serial products and supporting services. By changing the mode of action an increase in wood product industry is sought in the new export markets, particularly in Russia.

The proposals of the strategy agenda emphasise customer-based viewpoints. According to the strategy, organisations' different roles e.g. basic industry, house production and trade, should be able to be associated to each other more efficiently

in order to form a competitive entity in the export market also from the viewpoint of the customer..

The aim is to develop from a traditional forest cluster towards customer clusters in construction, dwelling and bioenergy businesses. By emphasising the customer-based viewpoint wood product industry should be able to double the value of its output by the year 2020 which equals to an annual increment of five per cent.

#### **Ideas for new business opportunities**

The preliminary results of a survey on new sources of livelihoods of forest- and wood-based value chains conducted by the Future Forum on Forests signals the same message as the strategy agenda of the wood product industry. According to the results, wood-based refinement chains must converge the customer-based value chains. For example, in constructing and dwelling the emphasis should be on those product and design solutions which serve changing needs of space by one's course of life, energy efficient living and comfortable housing.

One essential challenge in increasing production value in wood product industry as well as in other fields of forest industry is the developing and commercialising of new business ideas. An innovation workshop aimed at 30–40 participants will be implemented as a part of the activities of the Future Forum on Forests in February 2007. The objective of the workshop is to find ideas for new business opportunities. In a workshop arranged with open innovative atmosphere new innovations will continue developing in business incubators before starting their actual business activities.

Comment:

It shall be seen whether the approaching of sawmill industry towards the energy cluster affects the raw material logistics of pulp, paper and panel industry as suggested in the strategy agenda. Will the sawmills be able to use pulpwood and other sawmill industry's by-products (currently mainly used in pulp, paper and panel industry) in its own energy business in the future? Thus pulpwood, wood chips, sawdust and bark would have a competing market which could change the flow of raw material in the forest industry. Will some of the forest owners end up receiving their earnings of wood sales only from logwood and fuelwood in the future?

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