

How To Start & Run Your Own Firewood Supply Business

By Mike Morgan

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If you're an outdoors type who is not afraid of a little hard work, supplying firewood can bring you a nice income every year.

Yes, I know it is the beginning of summer. But if you want to have a profitable business in place by this winter, NOW is the time to begin.

Why Firewood Supply Is Hot

Unpredictable fuel costs have resulted in "boom sales" for manufacturers of wood-burning stoves. There has also been a return to the use of fireplaces as a luxury that promotes the "cozy" atmosphere sought after by both middle class and well-off families.

This renaissance in the popularity of wood heat, and soaring sales of associated equipment, has created a demand for firewood that's almost impossible to fulfill!

The increased 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 Market

Your potential market is varied as the weather; it is also dependent on the weather.

- You'll find buyers among apartment dwellers
- You'll find buyers among home owners.
- You'll find buyers among those concerned with environment
- You'll find buyers among the so-called "voluntary- simplicity" folks seeking a return to the "pioneering" life.

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 in this business, no matter where you live, is understanding WHY the people in your area burn firewood. Then it's simply a matter of learning when and how often they need it, and positioning yourself to fill that need.

Who Supplies Firewood?

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

The Nitty-Gritty

Your first decision is what kind of firewood supply business -- wholesale to retail outlets, or retail to the public -- you want to run.

Next, you'll have to decide on what 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 needs of your market area.

Now, you'll need to line up a source of supply. It's best to "lock in" several sources of supply. Let's take a look at the different categories of wood in demand, so you can explore sources of supply and costs.

Mill Ends -- Mill ends are the pieces left over after a large woodworking business, such as a sawmill, does its thing. So, your best source of supply for this wood is, well, sawmills! 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 initiative on our part, you should be able to discover several small sawmills within a 200-mile radius of most metropolitan areas.

What you'll do is buy a truckload of mill ends, take them home and package them into sacks of firewood. A load of mill ends that you might buy for \$50 would break down into perhaps 200 sackfuls that you could sell for \$5 a sack.

Multiply these 200 sacks of firewood by \$5 each, and you have a gross income of \$1,000 for a load of wood costing you only \$50. A gross profit of \$950 for each load!

Providing your sources of supply can keep up with the demand, I'm sure you can see the potential here.

The beauty of mill ends is that they are clean, burn quickly and easily, put out a decent amount of heat, and when broken down into sackfuls, are ideal for apartment dwellers. Sackfuls are also great for people in warmer climates needing firewood for just a few cold spells each winter.

My advice here is that you should stay within the narrow confines of supplying the buying demands of your market only -- concentrate on selling what brings you the greatest profit.

Until you have a large full-service firewood supply business, leave the sale of truckload supplies of mill ends to the larger, more-established firewood suppliers. However, as your business grows, the supply of truckloads of mill end firewood is worth considering.

Other sources of supply for mill end lumber will be your local lumberyards, woodworking or furniture manufacturing firms, and home building or remodeling contractors. Often, 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.

In fact, you could even charge a fee for this service. The only drawback will be that you'll have to sort this wood, and cut it up into the sizes 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, set up a fixed payment amount for 100 full sacks. One worker would hold open a sack while the other uses a scoop shovel to pick up the wood and dump it into the sack. They 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.

Then, using twice the current minimum hourly wage rate -- you had two people filling those 100 sacks -- you can then decide the labor value of 100 loaded sacks.

For a supply of burlap bags for sacking your wood, check with a farmers' feed store. If you buy in quantity, you can get them at a reasonable price. You can buy 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 wood to be cut. 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, preferably on the outskirts of a town. The first thing will be to put up a 6-foot fence around your lot. Then add a small shed-type building to serve as your office.

Contact a sawmill or logging business 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 a log, even for premium wood, but will depend on 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 trees into eight-foot lengths, load them into your vehicle, and haul them to your woodlot.

Still another source of log supply are the farmers in your area. Talk with them and offer to "thin out" areas of standing timber, and the downed trees. Often, you can get this wood at no cost other than offering the landowner 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. Once you get into this business, you'll find sources of supply almost unlimited, and restricted only by your own imagination and initiative in contacting 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 his or her own firewood. Charge customers 2-3 times as much as your log cost.

Your customers do the sawing, the splitting, the loading and provide their own car or truck to take them home. You are there only to provide logs, supervise, and receive payment.

As another revenue source, you could also rent chain saws, axes, and the use of your power log 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. An even more profitable idea, of course, would be to offer delivery and stacking of this wood at the customer's home.

Once the customer has selected his log, at 2-3 times 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 profit for every cord (a 4' high x 4' deep x 8' long stack) of wood.

The secret here is to have your helpers working in teams, with the kind of efficiency that means \$100 an hour for you.

Fireplace And Stove Wood -- In running a program of precut and split fireplace and stove wood, you combine all the principles we've discussed so far, into either a wholesale or retail firewood supply sales outlet.

The easiest and most profitable working procedure is to set up a wood lot where whole logs are delivered to your location. Part-time workers then 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 an 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 more workers stacking this cut wood onto pallets for storage until sold, would be all the help you'd 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 your finished product.

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

----* TIP *----

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

You'll find that most people buy cords or truckload 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 find yourself selling bags and pallets of wood to the public, be sure that your prices at least match the "average" amount charged by other retail sellers. Never "under-cut" the price of your competition -- in the long run, you'll hurt your business reputation.

Marketing Your Business

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 some advertising experience, 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 a freelance copywriter or graphic artist to aid in the makeup of your advertising.

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

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

Your grand opening is designed to:

- let people know that you're open to serve their needs,
- to get them to discover your location,
- to implant in their minds the memory that you can supply them with the means to keep warm when the weather turns cold,
- and, most importantly, to get their names, addresses and/or e-mail addresses on your contact list.

Naturally, many will find your services to be more convenient, timesaving 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 firewood procurement, and then solve those problems with the services you provide.

After your grand opening, a small display ad in the yellow pages of your telephone directory and the some advertising circulars and business cards left with woodstove and fireplace suppliers, insulation and remodeling contractors, and lumberyards 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: whenever the weather forecast shows a cold front or winter storm moving in, again invest some money in radio and newspaper advertising.

Statistics show that 20 percent of your potential market will prepare for cold weather by buying before the cold weather sets in. These are the folks who will be shopping around for the best prices. They are less-profitable on a per-purchase basis, but form the solid foundation for your business.

Another 30 percent of the market will wait until the first cold snap hits, then buy from the first supplier that comes to mind. Since there is greater urgency, you can charge more, therefore earn more profit. This is the group that your seasonal newspaper and radio advertising will reach.

Finally, the remaining 50% will have to be "sold" on the benefits of your service. This is the group that will be sold by your reputation for providing a quality product and service.

Toward the beginning of Fall is when you begin profiting from those names, addresses, e-mail addresses, and telephone numbers of people who turned out for your big opening event. Simply set up a marketing program and follow up on those who had registered.

[Aside: Doing this by e-mail is focus of "The Local E-Mail Goldmine"
<http://homebusinesshelper.com>]

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

Supplies

A receipt pad for taking orders, a "daily diary" or ledger bookkeeping system, a calculator, and a telephone should be enough 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.

Eventually, you'll want a dedicated phone for your business as well.

Other Stuff to Remember

- Hardwood burns the longest and gives off the most heat
- Firewood cut in the spring and seasoned throughout the summer is the kind most people will pay premium prices for
- 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 running smoothly and profitably, you'll find your 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.

Mike Morgan runs several businesses from his home in Las Cruces, New Mexico. He also publishes the Home Business Helper newsletter - a high content, low-ad ezine with a single focus:

your home business success. To subscribe, simply e-mail <mailto:hbhsubscribe@GetResponse.com>

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