Zeitschrift: Schweizerische Zeitschrift für Forstwesen = Swiss foresty journal = Journal forestier suisse

Herausgeber: Schweizerischer Forstverein

Band: 152 (2001)

Heft: 8

Artikel: Financial results of selection forest enterprises with high proportions of valuable timber : results of an empirical study and their application

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DOI: https://doi.org/10.5169/seals-1098310

Financial Results of Selection Forest Enterprises with High Proportions of Valuable Timber – Results of an Empirical Study and their Application

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Keywords: Selection forestry; operational analysis; financial results. FDK 221.4 : 67

Abstract: In order to analyse the financial consequences of a high proportion of selection forest and valuable timber, we compare private and communal forests with those run by the state. Enterprises run on a selection forest system clearly show more favourable economic indices which are a consequence of the high proportion of valuable timber harvested each year.
The results are interpreted in a manner that creates an instrument to help managers of forest companies to make decisions. Preference is given to a «benchmarking» approach over a comparative economic approach between even-aged forests and selection forests.

Abstract: Zur Analyse der finanziellen Auswirkungen von hohen Anteilen an Plenterwald und Wertholz wurden Bauern- und Gemeindewälder mit Staatswäldern verglichen. Die Plenterwaldbbetriebe zeigen deutlich günstigere ökonomische Kennzahlen, die auf sehr hohe Anteile an Wertholz im jährlichen Einschlag zurück zu führen sind.
Die Ergebnisse werden im Hinblick auf eine Entscheidungsunterstützung für Forstbetriebsleiter interpretiert. Einem «Benchmarking»-Ansatz wird der Vorzug vor einem vergleichenden ökonomischen Ansatz zwischen Alterklassen- und Plenterwaldsystemen gegeben.

1 Introduction

As the most renowned form of a permanent forest, the selection forest is expected to have advantages compared to even-aged forests. Besides low logging and planting costs, a high percentage of large timber yield and a low risk is expected in selection forests (Mayer, 1968; Schütz, 1981). However, the actual database regarding these expectations, especially concerning empirical data, is rather small. As a result of long-term operational analysis, forest enterprise-related data is lacking. For the area of Germany one explanation could be that there are almost no forest enterprises that operate entirely on the selection forestry system. In particular, the state forest service has almost no selection forests. The national forest inventory shows that only 2% of the public forest (state and community forests) in southwestern Germany are selection forests. Also, in the small private forests, where the percentage of selection forests amounts to 7%, little information is available for an economic analysis.

2 Goal of the Investigation

The goal of the present investigation is to analyse the financial situation of forest enterprises with a high percentage of selection forests (for a definition of ‹selection forest› see Schütz, 1989, p. 2) and a high proportion of valuable timber, in order to evaluate forest enterprises characterised by the «selection forestry» management system from an economic point of view. The economic indices investigated in the present study can only reflect the individual situation of the surveyed enterprises and the revenue/cost relation for the period under investigation. However, the results of the study for the selection forests may be used for a benchmarking approach or as the database for modelling approaches of uneven-aged forests. The questions addressed in this investigation are:

- What are the financial results of the selection forest enterprises in the study area compared to other forest enterprises (the average forest enterprise) with different management systems?
- What role does risk play in these selection forest enterprises? Does it affect timber quality?
- How high is the percentage of valuable timber in the selection forests and which assortment yield (percentage of stem-wood) can be expected in these forests?
- What is the reason for the detected timber quality? Is it linked to today's disproportionate high costs, e.g. for pruning or young growth tending?

Two study-enterprises were chosen for the investigation: a private selection farm forest of 100 ha (which we call ‹farm forest Y›) and a selection forest district of 100 ha (‹district XVII›) as part of a community forest of 600 ha (‹community forest X›) in the central Black Forest. The selection forests are investigated by an operational analysis over a 15-year period using a detailed set of indices. Owing to their management tradition, both forests are characterised by a very high percentage of valuable timber in the annual cut, which puts them on top of forest enterprises comparable in sites and typology. The economic potential of large-timber selection forestry can thus be depicted with the data presented here.

To clarify the results of the selection forest enterprises they are compared to the indices of neighbouring state forest enterprises or groups of state forests, which are dominated by age class forests.

3 The Study Enterprises

The study enterprises are located in the coloured-sandstone area of the central Black Forest. The natural wood association here is the montane beech-silver fir forest *(Abieti-Fagetum).* At an altitude of 700 m–850 m with a mean annual temperature of 7.5 °C and mean annual precipitation of 1500 mm, the forests are located at the centre of the extension of the silver fir *(Abies alba* Mill.) and thus of possible selection forestry.

Table 1a and *b* show the main inventory data of the study enterprises and of two neighbouring state forest enterprises and two state forest groups. Both of the study enterprises with high proportions of selection forests (community forest X and farm forest Y) have a standing volume between 370 and 410 m^3/ha with an excess of large timber in the stem distribution. However, in regard to the structure of the standing volume, they cannot be looked upon as ‹hoarding enterprises›

Table 1a: **Inventory data of the study enterprises. Source: Forest Management Plan 1986 (Y) and 1988 (X).**

Tabelle 1a: Inventurdaten der Untersuchungsbetriebe. Quelle: Forsteinrichtungswerk 1986 (Y) und 1988 (X).

	Comm. Forest X	Distrikt XVII	Farm Forest Y
Species composition			
% of Norway spruce	45	41	37
% of silver fir	55	59	63
Growing stock			
m^3/ha – effective	367	412	405
m^3/ha – normal (steady state*)	401	415*	415*
% of Norway spruce	45	40	36
% of silver fir	55	60	64
Volume increment			
m^3/ha/yr – long term average	7.9	–	–
m^3/ha/yr – periodical	7.5	6.6	6.7

* calculated with a steady state model after PRODAN (1944; Site index II, upper limit)

Table 1b: **Inventory data of the comparative enterprises. Source: Forest Statistics 1994.**

Tabelle 1b: Inventurdaten der Vergleichsbetriebe. Quelle: Forsteinrichtungsstatistik 1994.

	State Forest A	State Forest B	Group I	Group II
Species composition				
% of Norway spruce	50	70	58	40
% of silver fir	38	21	20	13
Growing stock				
m^3/ha – effective	497	390	362	331
m^3/ha – normal	–	–	–	–
% of Norway spruce	56	72	63	47
% of silver fir	37	22	22	15
Volume increment				
m^3/ha/yr – long term average	8.0	6.7	7.0	6.6
m^3/ha/yr – periodical	9.0	7.4	–	–

— = not calculated or recorded

with an excessive amount of large timber percentage compared with the steady state for selection forests calculated with a model after PRODAN (1944) for site index II. Nowadays, the 100-ha pure selection forest district XVII is the centre of high quality timber production in the community forest X. Due to intensive pruning in the past, which led to an unusual concentration of highly valuable pruned large timber, this district is renowned beyond the region and achieves extremely high timber prices at auctions. In order to clarify the results of the operational analysis of the two study enterprises, they are compared with the results of two neighbouring state forest enterprises (state forests A and B) and the mean results of two groups of state forests (group I and II). Both of the state forests are located in the same growth region and have 90% of conifers with similar site classes for silver fir and Norway spruce as the selection forest enterprises. The state forest groups cover the area around the study enterprises and comparative enterprises. State forest B is a typical age class forest with a high percentage of Norway spruce and dominated by older age classes (>80 years). Both state forest groups can be designated as pure even-aged forests. They both have an excess of older age-classes. The state forest group II has a higher percentage of deciduous trees than the other forest enterprises and groups *(table 1b). Table 2* shows the classification of the different enterprises, districts and groups according to the proportions of the different management systems.

4 Methods and Database

The purpose of the present investigation is a retrospective analysis of economically relevant indices of selection forest enterprises. The method chosen here was an operational analysis which was executed for the period 1980–1994 and limited to the most important cost factors; «timber harvest», «planting» and «stand tending». The parameters of such an analysis are indices which numerically characterise the operational performance of a process or a working area. Within the present investigation an index catalogue was used which, on the one hand, reproduces operational processes as exactly as possible and, on the other, answers the surveyed questions in as much detail as possible *(table 3).*

Beginning with the financial results of the forest enterprises, which were described as the operating profit (revenues minus expenses) and the input/output ratio (expenses in % of revenues), the surveyed indices were analysed stepwise in order to detect particularities of the selection forest enterprises that might have influenced their financial results and led to differences compared to forest enterprises dominated by other management systems. The subsequent classification of the analysed indices with the help of neighbouring state forest enterprises can be looked upon – in terms of methodology – as a comparative analysis. Due to the differences in typology, mainly concerning the forest area and the organisation type, this comparison is only of restricted power.

The success of an operational analysis essentially depends on the quality of the investigated data recorded by the accounting system. As official index catalogues used by state forest administrations to analyse forest enterprises during the regular controlling process (BERGER, 1997) are often not sufficient to answer detailed scientific questions, we had to use additional data sources. The database for community forest X were the records of the volume felled, of the planting sites and the areas of pruning and young growth tending taken out of the regular accounting, and the management plans (the annual financial statements) for the economic indices. This database was not sufficient for a more detailed analysis of the cost centre «timber harvest» *(table 3).* For this reason,

Table 2: **Classification of the different study and comparative enterprises according to their management system.**

Tabelle 2: Klassifizierung der Untersuchungs- und Vergleichsbetriebe nach dem Bewirtschaftungssystem.

District, Enterprise, Group (+)	Area (ha)	Percentage of (%) SelF	ConF	ACF	1.1 Classification
District XVII (D)	100	100	–	–	pure selection forest
Farm Forest Y (Y)	100	97	–	3	pure selection forest
Community Forest X (X)	600	62	22	16	selection forest with conversion and age-class forests
State Forest A (A)	1 400	12	19	69	age-class forest with conversion and selection forests
State Forest B (B)	3 250	–	–	100	pure age class forest
State Forest Group I (GI)	53 250	1	–	99	pure age class forest
State Forest Group II (GII)	92 000	–	–	100	pure age class forest

(+) = in brackets: abbreviation of the different enterprises/groups *(table 3).*
area = total forest area, SelF = Selection Forest, ConF = Conversion Forest, ACF = Age Class Forest

Table 3: **Catalogue of indices used in the operational analysis.**

Tabelle 3: Bei der Betriebsanalyse verwendeter Kennzahlenkatalog.

Indices (I)		Units (II)	(III)
PROFIT AND LOSS			
(1)	operating profits		
	revenues	€/haF	
	expenses	€/m³	
(2)	input-output ratio		%
TIMBER HARVEST			
(3a)	Regular Exploitation		%
(3b)	Incidental Exploitation		%
(4)	Assortment yield		%
	Percentage of Stem-wood		%
(5)	Degrees of Quality – Distribution		%
	Percentage of High Quality Timber		%
(6)	Index Figures	€/m³	
(7)	Revenues per Quality Class	€/m³	
PLANTING			
(8a)	Planting Sites (ps)	ha(ps)	%
(8b)	Number of Plants	n/ha(ps)	
		n/haF	
STAND TENDING			
(9)	Young Growth Tending	ha(ygt)	%
(10)	Pruning	ha(pru)	%
		n/ha(pru)	

haF = ha of total forest area,
ha(ps) = ha of planting sites,
ha(pru) = ha of pruning,
ha(ygt) = ha of young growth tending;

units in % are related in:
(1), (2) to the total harvested volume
(3) to the harvested volume of stem wood
(5), (6), (7) to the total forest area

primary data – taken out of ‹timber lists› (sales bills with detailed information of the sold logs), available for community forest X since 1984 – was used in addition. Altogether, ‹timber lists› were evaluated with a total of 35 000 m³ of timber. The database for the farm forest Y was a ‹farm forest test survey net› maintained by the Baden-Württemberg Forest Research Station in order to obtain economic data from private forest owners in south-western Germany. In addition to the data of the survey net, ‹timber lists› were evaluated with a total of 10 000 m³ sold timber since 1983. The data for the comparative state forest enterprises and groups was taken from forestry statistics of the state forest administration.

5 Results

5.1 Operating profits

Table 4: **Revenues, expenses, operating profit and input/output ratio. Revenues without grants. Expenses excluding administration and depreciation of roads. Mean of the years 1980 to 1994 (data not recorded for District XVII and Group II).**

Tabelle 4: Einnahmen, Aufwand, Betriebsergebnis und Betriebskoeffizienten. Einnahmen ohne Fördermittel. Aufwand ohne Aufwand für Verwaltung und Abschreibung für Wege. Mittelwert der Jahre 1980 bis 1994 (Daten für Distrikt XVII und Staatswaldkollektiv II nicht ermittelt).

Enterprise/ Group II	Revenue	Expenses	Operating profit	Input/ Output Ratio
		€/ha (€/m³)		%
Farm Forest Y	814 (108)	434 (58)	380 (51)	53
Comm. For. X	682 (95)	329 (46)	352 (49)	48
State Forest A	479 (73)	387 (59)	92 (14)	81
State Forest B	543 (66)	420 (54)	123 (13)	78
Group I	450 (62)	373 (52)	77 (10)	83

Table 4 shows that the operating profits (revenue minus expense) of the survey enterprises are extremely favourable compared to those of neighbouring state forest enterprises. Farm forest Y and community forest X attain between 450 and 500% of the operating profit of the state forest group I. An adjustment of these results on the annual planned cut (prescribed cut) does not substantially change the results. The higher operating profits are due to distinctly higher revenues. The expenses in community forest X are lower and in farm forest Y higher than in the other enterprises, due to a high proportion of fixed costs linked to the small forest area of the farm enterprise. The input-output ratio (expense in % of the revenue) for farm forest Y and community forest X is between 48 and 53 (no expenses are recorded for the district XVII and no revenues and expenses for the state forest group II). With the exception of 1991, results from operations of the two enterprises have always been positive. Until the end of the 1980s the input/output ratios of community forest X were constantly between 35 and 50 and for farm forest Y between 40 and 60. After 1990 the ratios deteriorated considerably due to the effect of a storm in 1990. Compared to that, the input/output ratios of the state forest enterprises are distinctly higher - between 78 and 83.

5.2 Incidental exploitation – assortment yield

In order to detect the cause for the differences in the operational results we first analysed the main influencing factors; the annual harvested volume, the rate of incidental exploitation – mainly due to snow and storm – and the rate of stem-wood *(table 5).*

Table 5 shows that the planned annual cut and the harvested volume, especially in district XVII, are below the annual increment, which leads to a medium-term rise in growing stock. A first conclusion of *table 5* is that the investigation period was a ‹calamity-period› where forest management in the central Black Forest was almost completely determined by external influences (mainly the snowbreakage in the early 1980s and the storm and its consequences in 1990). This situation is expressed by extremely high percentages of incidental exploitation that reach more than 60% of the total harvested volume in state forest B and a high level of forced exploitation in the other forest enterprises.

The storm of 1990 is not the only reason for the remarkably high percentage of incidental exploitation that reached 43% of the 15-year mean total harvested volume for community forest X. Already in the years 1982, 1987 and 1988, more than 45% of the harvested volume was incidental exploitation. Two main damaging events occurred: snowbreakage in the years 1981 to 1983 and 1987 to 1988, and windfall and its consequences after 1990.

Table 5: **Planned annual cut, harvested volume, percentage of incidental exploitation and stem-wood in the investigated survey and comparative enterprises and groups. Weighted mean of the years 1980 (1984) to 1994 (data not recorded for Group II).**

Tabelle 5: Hiebssatz, Einschlag, Anteil an zufälligen Nutzungen und Stammholzanteil für die Untersuchungs- und Vergleichsbetriebe. Gewichtetes Mittel der Jahre 1980 (1984) bis 1994 (Daten für das Staatswaldkollektiv II nicht erhoben).

Enterprise/ Group	Ratio			
	Planned Annual Cut (m³/ha · a)	Harvested Vol. (m³/ha · a)	Incidental Exploitation (%)	Stem-wood (%)
District XVII	6.1	6.1	29.0	87.8
Farm Forest Y	6.7	7.5	20.4	93.8
Community F. X	6.2	7.2	43.0	88.0
State Forest A	7.5	6.6	32.3	85.2
State Forest B	7.5	8.2	62.2	82.3
Group I	7.1	7.2	44.3	74.7

In the pure selection forest district XVII the percentage of incidental exploitation was 29%, a value that was not to be expected in a pure selection forest. Here, the situation has deteriorated dramatically since 1990, even with clearly restricted harvesting. For the farm forest Y the mean value for the years 1983 to 1994 was about 20% and thus below the value of the community forest. In this pure selection forest enterprise, classic calamities, such as windfall or snowbreakage were of little importance for most years.

Since 1984 the assortment yield for both the selection forest district XVII and community forest X shows that over 15 years, 88% of the total harvested volume was stem-wood. If one excludes the extreme years 1984 and 1992, 90% of the harvested volume in district XVII was stem-wood. In both cases the assortment yield can be looked upon as extremely favourable. In farm forest Y, almost 94% of the total harvested volume was stem-wood. It must, therefore, be taken into account, that the investigation also deals with forest enterprises dominated by coniferous species, where 80% of stem-wood is reached in age-class forests (state forest A and B, group I) *(table 4)*.

5.3 Quality classes – percentage of high quality timber – index figures

Table 6 shows that the predominance of the selection forest enterprises is mainly the result of very high revenues due to high percentages of high value timber. High quality timber of district XVII and community forest X is sold as full (or part) veneer wood, resonant (sounding) timber and rotary (peeled) veneer wood. Since 1992 full and part veneer wood is sold as A quality wood (cf. *table 6)* at specialised high-quality-timber auctions. In an expensive procedure to prove that these high quality logs are branchless, the stems are cut at the last visible branch whorl from the stemfoot in order to show the limbless outer radius of the log to the customer.

Except in 1987 and 1994 the high quality timber of community forest X came exclusively from district XVII. The percentage of high quality timber achieved there was not equalled by any other public forest enterprises in the Black Forest region. A quality distribution of about 75% of B quality, 20% of C quality and 5% of D quality of Norway spruce/silver fir stem-wood would be typical for the average state-forest enterprise in the survey region. Almost no A quality timber is harvested in the state forest group II. The exceptionally high percentage of high value timber in the district XVII is based on the long tradition of pruning in this selection forest. In community forest X the percentage of B quality timber is very high, whilst a special kind of timber sorting in farm forest Y, where pruning is also practised, leads to unusually high percentages of A and C quality timber. The amount of C quality timber in community forest X and in district XVII is very low despite a high percentage of silver fir which normally results in a lower quality of the harvested timber.

The mean index figures for the pure selection forest areas (as a direct indicator for the dimension of the harvested trees, cf. *table 6)* are substantially higher than in the age-class forests (group II) or in the enterprises partly consisting of age-class forests (community forest X). The average harvested log with B or C quality in the state forests of the group II has a mid-diameter (diameter in the middle of the logs that are mainly sold as long logs with up to 20 m of length) of around 30 cm whilst the logs of these quality classes in the pure selection forests reach mid-diameters of more than 40 cm. According to the index figures, the average mid-diameter of the A quality class is between 50 cm and 60 cm or even more.

5.4 Revenues per quality class

Table 7 provides an overview of the revenues per m^3 in the survey enterprises and comparative enterprises. Revenues per quality classes were only recorded for the state forest group II. *Table 7* shows that the highest average revenues per m^3 of all enterprises are achieved in the district XVII with more than 160 € per m^3. These unusually high revenues are based on very high prices achieved for high valued A and B quality timber. Due to a very high diameter of the logs (index figures >48, cf. *table 6)* the revenues for C quality timber in district XVII are distinctly higher than in group II (index figure 41.7 for C quality). The prices for C quality timber in farm forest Y are exceptionally high at 75 € per m^3. Here, the mean index figure for C quality (47.3) is more than 20% higher than in group II (41.7, cf. *table 6).* Therefore, the price for C quality timber in farm forest Y exceeds B quality in the group II. Due to lower prices

***Table 7:* Revenues per quality class of stem-wood (data not recorded for Group I, no data for revenues per quality class recorded for State Forests A and B).**

Tabelle 7: Einnahmen je Stammholz-Güteklasse (Daten für Staatswaldkollektiv I nicht erhoben, für Staatswaldbetriebe A und B keine Daten für Einnahmen je Güteklasse erhoben).

Enterprise/Group	Revenues per m^3 and Quality Class of Stem-wood €/m^3				
	A	B	C	D	Ø
District XVII	352	152	59	39	162
Farm Forest Y	230	89	75	36	112
Community For. X	352	87	56	39	88
State Forest A	–	–	–	–	68
State Forest B	–	–	–	–	65
Group II	170	69	53	33	60

– = no data recorded. Weighted mean of the years 1984 to 1994 (Farm Forest Y: 1983 to 1994). Assortment: Norway spruce/Silver fir stem-wood.

Enterprise/Group	Ratio %-of Quality Class:				Mean Index Figure:			
	A	B	C	D	A	B	C	D
District XVII	10.1 (58.7)*	79.0 (30.4)*	10.7	0.2	53.6	48.5	48.1	49.5
Farm Forest Y	20.9	42.9	33.0	3.3	–	46.2	47.3	46.5
Community F. X	1.7 (11.2)*	86.1 (76.6)*	12.0	0.3	53.6	45.0	44.7	48.1
Group II	0.03	76.5	19.2	4.3	52.5	41.2	41.7	43.4

( )* = Total amount of high quality timber (part-veneer, resonant wood, ...) assorted as A quality.
– = No information recorded.

Quality classes for stem-wood: A – excellent quality without defects; B – normal quality with small defects; C – with defects... but fully utilisable; D – heavy defects.

Index figures (depending on the mid-diameter of the harvested log): cf. explanations in the text
Small size stem-wood: <35
Medium size stem-wood: 36–43
Large size stem-wood: >43

***Table 6:* Distribution of quality classes and mean index figures of the quality classes (stem-wood of Norway spruce and Silver fir). Weighted mean of the years 1984 to 1994 (data not recorded for State Forest A and B and Group I).**

Tabelle 6: Güteklassenverteilung und mittlere Messzahlen je Güteklasse (Fichten- und Tannen-Stammholz). Gewichtetes Mittel der Jahre 1984 bis 1994 (Daten für Staatswaldbetriebe A und B und Staatswaldkollektiv I nicht erhoben).

for B and C quality timber, the revenues for timber in community forest X are below of those in district XVII and farm forest Y. The revenues in the state forest enterprises A and B and the group II are distinctly lower than those in the selection forests. This emphasises the outstanding position of the survey enterprises, which attain unusually high revenues due to high percentages of high quality timber and a very large diameter of the average log in the harvest. In the selection forests, the harvesting is concentrated on a few large trees.

5.5 Planting sites – young growth tending

***Table 8:* Comparison of the indices for planting, young growth tending and pruning (data not recorded for Farm Forest Y, Group II).**

Tabelle 8: Vergleich der Kennzahlen für Pflanzung, Jungbestandespflege und Ästung (Daten für Bauernwald Y und für Staatswaldkollektiv II nicht erhoben).

Enterprise/ Group	Ratio					
		Planting		Yg. Gr. Tend.	Pruning	
*	% ps	N/ha (ps)	N/haF	% Ygt	% Pru	N/ha(pru)
District XVII	0.13	1100	1.4	1.7	5.7	420
Comm. Forest X	0.9	1040	9.6	2.3	3.4	410
State Forest A	0.6	3203	19	2.3	0.5	144
State Forest B	0.8	1384	11	1.9	1.0	378
Group I	0.7	3079	21	2.3	0.6	199

*: % = yearly area in % of the total forest area (F). ps = planting sites, Ygt = young growth tending, pru = pruning

Planted areas are only investigated in detail for the district XVII (for the mean values of the community forest X, cf. *table 8).* Data for farm forest Y was not recorded.

Table 8 shows that planting is of no importance in district XVII. From 1980 to 1988 no planting at all was carried out. After the storm of 1990 planting took place on a very small scale. Over a period of 15 years the total planted area in the 100 ha forest was less than 2 ha and altogether 2100 plants were used (140 per year). This equals a yearly percentage of 0.13% of the total forest area with less than 1100 plants per ha planting site (1.4 plants per ha per year of the total forest area). No preparation of planting or tending of plantations was executed.

Areas of young growth tending and pruning are analysed for community forest X and district XVII. Data for farm forest Y was not recorded. The average area of young growth tending in farm forest X was 2.3% per year of the total forest area. Particularly in 1989, and in the years after 1990, intensive young growth tending was executed. In district XVII young growth tending took place on 1.7% per year of the total forest area. Except in 1986, no young growth tending was carried out until 1989. The amount of tending rises considerably after 1990.

Traditionally, pruning is one of the most important activities in district XVII. In community forest X an average of 3.4% of the total forest area are pruned annually, with 410 trees per ha pruned. In district XVII, almost 5.7% of the total forest area are pruned annually, thus more than 85% of the total area within the survey period of 15 years were subjected to pruning activities. About 420 trees per ha were thus pruned, 70% of them (300/ha) up to a height of 5 m, and 30% (120/ha) to more than 5 m. This is obviously more than would be pruned in an age class forest with a full stocking of future crop-trees. We must take into consideration however, that the unusual concentration of high quality timber in district XVII today is the result of similar pruning intensity in the past.

The interpretation of these indices is difficult. Roughly speaking, indices linked to the total forest area of forest enterprises with a distinctly different size are difficult to analyse. This is especially true for planting and young growth tending, where a minimum size for each activity has to be observed for economic reasons. In addition, it has to be considered that an index for young growth tending is lacking that characterises the intensity of the activities, such as labour intensity (labour hours per ha for young growth tending).

In the pure selection forest district XVII the volume of planting and young growth tending and the intensity of planting – expressed as number of trees planted per ha of forest area – is distinctly lower than in the other surveyed enterprises. Beyond that, Community forest X hardly differs from the two comparative enterprises and the state forest group I despite having 60% selection forest. For historical reasons the number of pruned trees is very high in district XVII and community forest X. Here, the pruned area is 3 to 10 times higher than in the comparative enterprises.

6 Discussion

The economic performance of uneven-aged forests has often been subjected to economic analysis (HALL, 1983; NAUTIYAL, 1983; HAIGHT, 1985; BARE & OPPALACH, 1988; BUONGIORNO *et al.,* 1994; BUONGIORNO *et al.,* 1995; VOLIN & BUONGIORNO, 1996).

The European literature on natural and economical productivity of selection forests, as opposed to age-class forests, reflects a controversial discussion. In regard to productivity as volume increment of the two management systems, various authors hold different views (ASSMANN, 1961; AMMON, 1995). The supremacy of one of the systems is very difficult to prove (KERN, 1966). As far as economic profitability is concerned, the superiority of selection forests seems clear: whether an empirical or a model-oriented approach was chosen, almost every study (AMMON, 1995; MITSCHERLICH, 1952; MAYER, 1968; ROCHES, 1970; SIEGMUND, 1973; SCHÜTZ, 1981; LEIBUNDGUT, 1975 and 1983; SCHÜTZ, 1997; KNOKE, 1998) shows that selection forests yield higher financial results than comparable age-class forests. A critical view of the methodology of these studies seems to be essential (HANEWINKEL & WILLMANN, 1996; HANEWINKEL, 1998).

Statements concerning the economic performance of selection forests are mainly based on aspects of ‹timber harvesting›. The favourable structure of the harvested timber (high percentages of stem-wood and large timber; SCHÜTZ, 1981) and low logging costs (ROCHES, 1970; LEIBUNDGUT, 1975 and 1983) are mentioned. LEIBUNDGUT (1975 and 1983) shows that the number of plants required in selection forests is much lower than in age class forests with distinctly lower expenses for planting and young growth tending, and a clearly better input/output ratio. SCHÜTZ (1997) calculates the productivity in value of selection forests as being up to 40% higher than in age class forests. A model study (HANEWINKEL, 1998) using the indices of the present paper as a framework shows that, without taking risk influences into consideration, selection forests and age class forests of equal timber quality and volume increment can reach similar net revenues. However, taking risk influences into consideration, the net revenues of age-class forests can dramatically decrease.

The results of the present study are rare in the sense that they include parameters (e.g. timber quality, area of pruning, area of planting, incidental exploitation) that are not usually reported in such studies, due to the lack of a database. The study can therefore contribute to a more objective evaluation of the economic potential of selection forest management. The results clearly show that, given a certain intensity of pruning, selection forests can achieve extremely high proportions of highly valuable timber and consequently higher revenues. In view of these results, opinions assuming a general lower

timber quality in selection forests than in age-class forests (e.g. ASSMANN, 1961) are untenable. Revenues are diminished by costs for pruning. Looking at the operating results of community forest X *(table 3)* however, where the intensity of pruning is clearly higher than in neighboured state forests, one can consider that this does not necessarily lead to an overall higher level of expenses. Compared to the cost centre «timber harvesting», «pruning» is of little importance. In addition, the intensity of planting in pure selection forests observed is extremely low, with fewer than 1.5 plants per year and hectare of forest area.

The expectations towards a very low or even negligible influence of risk in selection forests (LEIBUNDGUT, 1983; MAYER, 1968) cannot be entirely met by the present investigation. Almost 30% of incidental exploitation in a pure selection forest district and more than 40% in a forest composed mainly of selection forests are unexpected results. MOHR and SCHORI (1999) found higher incidental exploitation in selection forests than in the compared age-class forests but on a distinctly lower level of risk-induced harvesting. Nevertheless, the results of the present study show that the impact of risk on the financial output of the selection forests is limited. There is obviously no severe damage on the trees that might affect the timber quality and the cost of «repairing» the damage by planting is not important.

Looking at the overall results of the different forest units we investigated, one might come to the conclusion that there is a general supremacy of selection forests over age-class forests. The investigation reveals clear differences, however, in typology, mainly concerning forest area, history and the organisation form of the different enterprises. The results should not, therefore, be used to compare age-class forests and selection forests in a general way. Such a comparative empirical analysis would require far more similarities between the surveyed forest units. We are unlikely to be able to find two forest enterprises that are ‹equal› in a way that differences in those economic indices detected by a scientific investigation can really be assigned to the different management systems.

7 Conclusions – how are the results of the present study to be used?

SCHORI (1999) discusses the possibility of using the results of empirical studies on different management systems as a benchmark for other forest units (for the results of the study, see MOHR & SCHORI, 1999). Indeed, benchmarking seems to be a more sensible way to use the results of empirical studies such as the present one. A forest owner who is willing to convert his forest from an even-aged to an uneven-aged status for economic reasons is better supported in his decision if he knows what each of the different management systems can yield under favourable conditions than with a comparison of some more or less arbitrarily chosen forests. The results of the present investigation concerning the selection forest (especially of district XVII) can serve as a benchmark for a silver fir/Norway spruce type of selection forest in the montane zone of the Black Forest area. A similar benchmark for an even-aged forest of the same type has still to be detected. MERKER (1997) discusses central elements of substantive goals for near-to-nature forestry. The selection forest – despite its high percentage of conifers and artificial structure – is often used as an ideal model for near-to-nature forestry. The results of the present study could be used as an example for the economic possibilities if this ideal uneven-aged structure is reached. Another possible way of using the results of this study is to get a new and more complete database for modelling selection forests (HANEWINKEL, 1998).

A formalised and complete catalogue of indices is needed to find the required benchmarks. The indices used in the present investigation *(table 3)* are obviously not complete due to the restricted database provided by the booking system. Berger (1997) discusses what such an index catalogue for the controlling of forest enterprises should look like. Among the ‹process-based› indices (BERGER, 1997), those of the process-sectors «timber-harvesting», «stand establishment» and «forest tending and protection» are the most important. What is obviously lacking in *table 3* is a more detailed analysis of the harvesting costs and separate indices for felling and skidding. For the sector «forest tending», the intensity of young growth tending should be recorded by an index. Indices of the process-sector «forest roads» are important to control whether selection forestry requires higher costs for road construction and maintenance. The production of highly valuable timber calls for a high value growing stock. The interest costs linked to this type of selection forestry are thus certainly higher than other management systems. Ideally, these interest costs should be documented by an index. However, the appraisal of the value of the growing stock is not usually exact enough because of methodological problems and a lack of inventory data.

Summary

The goal of the investigation is to analyse the financial situation of forest enterprises with a high percentage of selection forests and a high proportion of valuable timber. At the centre of the investigation are two study-enterprises; a private selection farm forest and a selection forest district as a part of a community forest in the central Black Forest. The selection forests are investigated by an operational analysis over a 15-year period using a detailed index catalogue. The results are compared to those of two neighbouring state-forest enterprises and two state forest groups. The two surveyed enterprises exhibit clearly favourable economical indices, due to high revenues linked to a very high proportion of valuable timber in the annual cut. We discuss the way in which these results can be interpreted in respect of decision support for forest managers. A benchmarking approach is thereby preferred to a comparative approach between even-aged and uneven-aged management systems.

Zusammenfassung

Finanzielle Ergebnisse von Plenterwaldbetrieben mit hohen Wertholzanteilen – Ergebnisse einer empirischen Studie und deren Anwendung

Ziel der Untersuchung ist die finanzielle Analyse von Forstbetrieben mit hohen Anteilen an Plenterwald und Wertholz. Im Zentrum der Untersuchung stehen zwei Untersuchungsbetriebe, ein Bauernplenterwald und ein Plenterwalddistrikt als Teil eines Gemeindewaldes im Mittleren Schwarzwald. Die Plenterwaldbetriebe werden im Rahmen einer Betriebsanalyse über 15 Jahre mit Hilfe eines detaillierten Kennzahlenkataloges untersucht. Die Ergebnisse werden mit denen zweier benachbarter Staatswaldbetriebe sowie zweier Staatswaldkollektive verglichen. Die beiden Untersuchungsbetriebe zeigen deutlich günstigere ökonomische Kennzahlen aufgrund hoher Einnahmen, die auf sehr hohe Anteile an Wertholz im jährlichen Einschlag zurück zu führen sind. Es wird diskutiert, in

welcher Weise diese Ergebnisse im Hinblick auf eine Entscheidungsunterstützung für Forstbetriebsleiter interpretiert werden können. Dabei wird einem «benchmarking»-Ansatz der Vorzug vor einem vergleichenden ökonomischen Ansatz zwischen Alterklassen- und Plenterwaldsystemen gegeben.

Résumé

Résultats financiers d'entreprises forestières disposant d'une proportion élevée de forêt jardinée et de bois de qualité – résultats d'une étude empirique et application

L'étude a pour objectif l'analyse financière d'entreprises forestières disposant d'une proportion élevée de forêt jardinée et de bois de qualité. Elle analyse en particulier deux exploitations: une forêt jardinée paysanne et une forêt jardinée faisant partie d'une zone forestière communale du centre de la Forêt-Noire. Une analyse d'exploitation permet d'étudier, à l'aide d'un catalogue détaillé d'indicateurs, les entreprises sur une période dépassant quinze ans. Les résultats sont comparés avec ceux de deux exploitations voisines de forêt domaniale et avec ceux de deux collectifs de forêt domaniale. Il s'avère que les deux entreprises étudiées ont des indicateurs économiques nettement plus avantageux en raison de recettes élevées provenant de la proportion très élevée de bois de qualité présente dans le volume des coupes annuelles. Une discussion permet ensuite d'analyser dans quelle mesure ces résultats peuvent servir d'aide à la décision pour les chefs d'entreprises forestières. Elle privilégie une «analyse concurrentielle» («benchmarking») plutôt qu'une comparaison économique entre des classes d'âge et des systèmes de forêt jardinée.

Traduction: CLAUDE GASSMANN

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Acknowledgements

I want to thank Ulrike Willmann (Freiburg) for assistance with data-collection and analysis, Prof. Dr. G. Oesten (Institute of Forestry Economics, University of Freiburg) and Prof. Dr. J.-P. Schütz (Chair of Sylviculture at the Swiss Federal Insitute of Technology, Zurich) for discussions and useful hints. I am obliged to the local State Forest officers, the communal and private forest owners for their readiness to allow the investigaton and the use of the data. In addition, I want to thank Dr. Anton Bürgi (WSL) and one anonymous reviewer for their useful comments.

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