

# Marthall Tree Products

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## News Update Autumn/Winter 2014/5

As our 24<sup>th</sup> year has just come to an end and stocks are thankfully, once again building up, it is time to look back on what has been a most interesting and challenging year.

The problems started way back in April 2013, when following a snowy triple dip winter sales started to pick up, and quite simply kept on going up and up. We had discussed with our main mill that during the quieter winter months we would stock up ready for the spring, but this opportunity never arose.

From October 2013 we started to hear comments regarding the possibility of a shortfall that would be felt in the spring and this seemed to be more than just the usual sales pitch. As the year turned we had strong winds in the South, a new broom in the forestry commission, extra requirements by Biomass customers, a continued upturn in demand, especially by house builders and some panic buying, which when put into the melting pot made for a much greater problem than had been previously seen, even in 2007, when the last shortages happened.

For our part we immediately stopped accepting bulk orders from customers we had never heard from and restricted merchant customers to only those items that they had traditionally bought from us. We actually had one customer from Kent, looking for a full load of feather edge boards ring up for our bank details as they wanted to deposit £10,000 there for a load without ever having asked for a price!! Panels were being stolen to order and being taken down South and sold for £80 each!

Our normal ten day service from our mill in Northern Ireland soon became eight weeks despite the mill giving us our usual level of supply and more! Our own transport, which we normally offer a forty eight hour service at worst, was on nine working days and we were close to having to no longer accept new orders as we would have had nowhere to write them on our delivery board.

During January to July we had four price rises on sawn timber totalling 17% worth of increases. For our part we increased prices to trade and retail customers twice, firstly by 2% and then by 7%, so no millionaire making here, despite one or two comments suggesting that to be the case. Of course, those customers receiving direct or part loads did have to have each increase put on, and such was the pace of change no notice could be given, again something previously unheard of with us. Decking, for example, increased every time we placed an order, which could be more than once a month. Shopping around proved fruitless as either other suppliers were more expensive or simply couldn't fit us in.

By May, and with no sign of the situation ending, we had to throw out our fifteen year method regarding ordering stock. We had to be reactive rather than proactive and by doing so got the waiting period down to four weeks rather than eight. The other benefit was that if a customer wanted eight different items there would be one delivery date as to when the items were coming in rather than eight different dates under the reordering system.

It was inevitable that there would be casualties and the first of these came when one of our peeled round stake producers in Latvia decided to call it a day. The amount of raw material available, when produced into a saleable product, was insufficient to cover costs and as the owner was thinking of retiring in 18 months time he decided at several hours' notice to close the doors one evening. The

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second causality was, sadly, much closer to home. Many of you will have met our representative James Purcell who had been with us for six years and was very much part of the future team. James's job became, virtually, impossible, as we had nothing to sell, which must have been the most frustrating thing for an out and out salesman. As there was no end in sight James decided to move on to elsewhere in the industry and we wish him well.

Overall we felt 97% of customers appreciated what we tried to do, whilst the 3% simply didn't seem to understand what was going on. We did endeavour to explain the situation to anyone that asked!

With a slight easing in August, due to holidays, the opportunity could have been to catch up on stocks, but unfortunately our main mill was also on holiday. Happily, since then we have, very nearly, got on top of the situation, but any hope of a minor price reduction for the winter seems unlikely since next year's problem is going to be a shortage of stakes and round material.

Once again it's a combination of factors. Biomass features heavily but also a reluctance of private woodland owners to fell material due to the complication of FSC accreditation, many have simply decided it isn't worth the bother. Add to this that the importers are going to suffer from a new EU directive from the 1<sup>st</sup> January 2015. This is about emissions from ferries and, once again, is a one size fits all approach. Ferry operators have three choices, firstly to purchase Ultra low sulphur fuel, or to re-engine the vessel with LNG engines or lastly fit scrubbers to the exhaust. The first option increases costs by 40% and the latter costs seven figures per vessel. Longer passenger routes are under threat as these extra costs simply can't be added to passenger/car ticket prices. The final Harwich to Scandinavia service ended in September and longer routes such as Newhaven- Dieppe, Hull to Zeebrugge, Rosyth to Zeebrugge are all under threat. Of course if we lose a ferry service such as Hull to Zeebrugge which, I think is twice daily this means 600+ vehicles will have to drive to Harwich or Dover.... Makes sense doesn't it??

But of course freight operators are not excluded so it could well be that less voyages will be available at a much increased cost....Could this be the end of imported stakes, at least at competitive prices?

As usual we have tried to secure our requirements for 2015, but it remains to be seen if they all arrive. Be warned spring 2015 could be as interesting as 2014.

Finally I must mention that we have decided due to their fragility to no longer except returns of concrete items and these should be checked thoroughly upon delivery or collection. We have also extended some of our ranges, namely PAR timbers, shop and roofing items. Reduced priced items are available from time to time for bargain hunters and these are usually displayed on our notice board outside the shop.

Finally, finally from 1<sup>st</sup> January 2015 we will cease to use the Transax cheque guarantee service due to a reduced number of cheques being presented. Payment can continue to be made by Card or Cash, but if, however, you have no choice to pay by cheque then 7 days will need to be allowed for the cheque to clear prior to goods being supplied.