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Strategic Plan

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Table of Contents

Introduction	3
2009 Strategic Plan Update	4
Strategic Priorities	5
Achieving Excellence in Delivering Current Mandate and Core Business	6
Enhancing and Expanding Relationships with First Nations	7
Ensuring Public and Customer Trust in BC Timber Sales Forest Management	8
Preparing BC Timber Sales for Future Opportunities and Challenges	9
Appendices	12
A. Organizational Context	12
B. Developing and Updating the Strategic Plan	13
C. Planning Processes in BC Timber Sales	14
D. Environmental Scan	15
E. Major Themes	16

Introduction

The BC Timber Sales Strategic Plan (Strategic Plan) provides overall strategic direction to the organization, so that it is well positioned to respond effectively to both current and future operating environments.

The strategic and operational focus of BC Timber Sales (BCTS) is determined by ongoing direction from the provincial government, global economic forces, the wood products market, social expectations and values, changes to the forest resource, workforce dynamics, and other operational and environmental influences. The direction of the Strategic Plan is based upon analysis of current external and internal drivers and consideration of influences that may emerge in the future.

To ensure alignment with the Ministry of Forests and Range (Ministry), the direction and goals of the Ministry's Service Plan are carefully considered when establishing the strategic priorities, outcomes and initiatives of the BCTS Strategic Plan. The Ministry's Service Plan and the BCTS Strategic Plan support the Province's goal to lead the world in sustainable environmental management.

While the Strategic Plan guides development of the annual BCTS Business Plan (Business Plan), the Business Plan establishes how the strategic outcomes and initiatives of the Strategic Plan will be addressed and resourced over the next three years. As such, the Business Plan provides the framework for day-to-day operations and activities of the organization and reflects what will be achieved with existing resources, while the priorities and outcomes of the Strategic Plan reflect a broader perspective and longer term vision. See Appendix C for information on planning processes affecting BCTS.

2009 Strategic Plan Update

The 2009 update of the Strategic Plan is based upon a re-assessment of existing, new and emerging influences affecting the organization. The Timber Sales Leadership Team¹ (TSLT) conducted an environmental scan using SWOT (strengths, weaknesses, opportunities and threats) and PEST (political, economic, social and technological) analyses to identify key themes for consideration in reviewing the current plan and formulating new and/or revised strategies.

The TSLT concluded that, for the most part, the fundamental analysis and strategies from the previous year remained relevant, but that the 2008 Strategic Plan should be updated for 2009 to incorporate critical influences such as the significant weakening of the global economic situation and wood products markets over the past year.

In undertaking the environmental scan and updating the Strategic Plan, the TSLT was informed by the Ministry's Business Transformation Project and Strategic Conversation, recommendations from the Working Roundtable on Forestry, input from staff and working groups, dialogue with customers and stakeholders, financial mitigation activities, market forces and influences, the People Practices Strategic Plan and the First Nations Engagement Strategy.

¹ The Timber Sales Leadership Team is comprised of an Assistant Deputy Minister, three directors, 12 Timber Sales Managers and four headquarters managers.

Strategic Priorities

An overview of the strategic priorities and the associated high-level strategies is provided below, while additional details on the strategic outcomes and initiatives associated with each priority of the Strategic Plan are provided in the following section.

Achieving Excellence in Delivering the Current Mandate and Core Business

- Continue to enhance business acumen across the organization.
- Develop and implement business strategies in response to global economic trends, shifting market conditions, direction from government and industry restructuring.
- Refine BCTS business information management strategies to ensure key business and data needs are met and to respond effectively to government integration of common information technology services.
- Develop innovative and cost effective business processes to support achievement of net revenue goals (cost reduction and value generation).
- Continue to facilitate effective utilization of low value timber (e.g. Mountain Pine Beetle kill).

Enhancing and Expanding Relationships with First Nations

- Implement the BCTS First Nations Engagement Strategy to achieve mutually beneficial business-to-business relationships as well as effective information sharing and consultation processes and protocols.
- Ensure that BCTS is appropriately engaged in government follow through to the “Discussion Paper on Implementing the New Relationship”.
- Proactively seek opportunities to collaborate with other government agencies on First Nations strategies.

Ensuring Public and Customer Trust in BC Timber Sales’ Forest Management

- Maintain forestry certification and continually improve forest management.
- Maintain safety certification and continually improve the safety program.
- Design and implement silviculture strategies that are aligned with the Ministry’s Future Forest Strategy and Future Forest Ecosystem Initiative.
- Ensure that BCTS is appropriately engaged in the development and delivery of government silviculture initiatives and strategies.
- Address climate change adaptation and mitigation.
- Enhance understanding of the full scope of BCTS economic contributions at the community level.

Preparing BC Timber Sales for Future Challenges and Opportunities

- Ensure the BCTS workforce is prepared and aligned for the future.
- Continue to encourage an entrepreneurial approach for addressing challenges and developing new business opportunities.
- Increase BCTS collaboration within the Ministry and with other government agencies.
- Ensure the policy and regulatory framework supports the organization in addressing future challenges and opportunities.

Strategic Priority: Achieving Excellence in Delivering the Current Mandate and Core Business

Excellence in achieving its current mandate and core business is a prerequisite for the future success of BCTS by ensuring the organization has government and public confidence to take on new and/or evolving roles.

BCTS was created to market Crown timber to establish market price and capture the value of the asset for the public. Business acumen has been an important focus from the outset and continued advances on this front support the organization in achieving its existing goals and responding to future challenges. For example, BCTS is currently implementing strategies to mitigate net revenue losses by reducing costs and exploring sources and/or approaches to increase revenue. These strategies are shaped by direction from government, budget pressures, industry rationalization and restructuring, and changes to the customer base.

Effective business information management is central to the ability of BCTS to demonstrate that it is a credible reference point for the costs and pricing of timber harvested from public land in B.C. and to support efficient management of its day-to-day business. In building upon a significant commitment to information management systems and applications, the organization will refine its business information management strategies in light of government integration of common information technology services and to ensure it is able to effectively apply technology to meet its business needs.

Strategic Outcomes	Strategic Initiatives
<ol style="list-style-type: none"> 1. BCTS has staff with the business acumen required to meet current and future challenges such as understanding and responding to customer needs and market dynamics. 2. BCTS responds quickly and effectively to the significant challenges arising from extremely weak markets and declining resource values. 3. BCTS has the business information management capability to meet current and future challenges. 	<ul style="list-style-type: none"> ▪ Develop and implement a strategy or strategies to continuously improve the business acumen of staff. ▪ Continue to implement a financial mitigation strategy that encompasses cost reduction and value generation. ▪ Explore and, where appropriate, develop business strategies that increase revenue. ▪ Develop and, where appropriate, implement shifts in BCTS business management strategies to reflect operating environment changes such as decreased market demand and reduced timber values, e.g. explore the full range of options to address cash flow and net revenue issues, including potential shifts in program direction. ▪ Refine BCTS business information strategies to ensure the organization is capable of meeting its current and future business management needs.

Strategic Priority: Enhancing and Expanding Relationships with First Nations

First Nations involvement in forestry and resource management has evolved and increased over the past several years, and this trend is expected to accelerate over the next decade. Since BCTS is both a government agency and an operator on the forest land base, BCTS engagement with First Nations encompasses information sharing, consultation and an array of business-to-business arrangements. Consistent with the Province’s New Relationship with First Nations and Aboriginal People, BCTS believes that effective and productive relationships are mutually beneficial for First Nations and BCTS.

Strategic Outcomes	Strategic Initiatives
<ol style="list-style-type: none"> 1. First Nations understand and support the BC Timber Sales mandate. 2. First Nations generally consider BCTS to be a desirable business partner. 3. Mutually beneficial business arrangements between First Nations and BCTS are common practice. 4. Highly effective and efficient administrative processes for information sharing and consultation with First Nations. 5. BCTS is an effective partner in government’s New Relationship with First Nations. 6. BCTS engagement with First Nations is aligned with and supported by the activities of other government agencies. 	<ul style="list-style-type: none"> ▪ Work with both provincial level and local First Nations leadership to identify, develop, pilot and implement business-to-business partnership opportunities between BCTS and First Nations. ▪ Develop training and increase awareness to ensure staff has the appropriate knowledge, expertise and cultural acuity to effectively engage with First Nations. ▪ Develop effective information sharing and consultation approaches and protocols with First Nations, consistent with the BCTS First Nations Engagement Strategy. ▪ First Nations Relations Working Group continues to develop guidance to assist BCTS staff in building meaningful relationships with First Nations. ▪ Encourage First Nations employment in BCTS. ▪ Assess the appropriate role(s) of BCTS and engage with other government agencies in government follow-up to the “Discussion Paper on Implementing the New Relationship.” ▪ Proactively seek opportunities to collaborate with other government agencies on First Nations strategies and initiatives.

Strategic Priority: Ensuring Public and Customer Trust in BC Timber Sales Forest Management

BC Timber Sales believes that a recognized track record and reputation for “triple bottom line” performance (social, environmental and financial) are essential for maintaining public and customer trust, and providing a solid foundation for the organization to meet the challenges and opportunities associated with a carbon constrained future.

It is clear that customers, the public and government have increasing expectations for effective environmental and forest management as the importance of forests and the impacts of climate change become more widely recognized and better understood. Due to the size and scope of the organization’s forest management presence, BCTS is well positioned to bring leadership to government and industry collaboration on the development and implementation of climate action strategies. To ensure that BCTS products are well accepted in the market customer chain, the organization will continue to keep pace with customer demands for third-party certification of environmentally responsible management.

BCTS operations throughout the Province have a positive economic impact in the communities where its offices are located and areas where it conducts business. The economic impact of BCTS extends well beyond revenue generated for the Province, as individuals and local businesses receive economic benefits from the purchase of goods and services by BCTS. Increased understanding of the full scope of this economic contribution is critical to maintaining government and public support.

Society demands that the unacceptable safety record of the forest sector be addressed and BCTS is strongly committed to improving forest worker safety. The organization has a good safety record and places a high priority on the safety of staff and those affected by its operations as evidenced by the achievement of SAFE Company certification and the continuous improvement of its safety program.

Strategic Outcomes	Strategic Initiatives
<ol style="list-style-type: none"> 1. BCTS is broadly recognized for excellence in innovative and cost effective sustainable forest management planning and practices. 2. BCTS provides leadership to collaborative approaches for 	<ul style="list-style-type: none"> ▪ Maintain environmental and forestry certification. ▪ Continuously improve BCTS forestry and environmental certification programs. ▪ Enhance relationships with partners and stakeholders. ▪ Align silviculture practices with anticipated future forest needs and pursue funding opportunities for enhancing the growth of the future forest. ▪ Communicate BCTS forest management performance. ▪ Collaborate with key climate change/carbon initiatives such as the Ministry’s Climate Change

<p>developing and implementing innovative strategies to address climate change challenges and opportunities.</p> <p>3. BCTS is recognized as a significant contributor to improved safety in the B.C. forest sector.</p> <p>4. Communities have a good understanding of the full scope of economic contributions from BCTS operations at the local level.</p>	<p>Action Team, Forest Sector Climate Action Steering Committee, and BC Climate Action Secretariat</p> <ul style="list-style-type: none"> ▪ Organize teams to guide development of BCTS climate action strategies. ▪ Investigate potential climate change/carbon management business opportunities related to bio-energy. ▪ Maintain SAFE Company Certification ▪ Continuously improve the safety program ▪ Participate in the BC Forest Safety Council ▪ Analyze and document the full scope of local economic contributions from BCTS operations and communicate this information to government. ▪ Work with the Public Affairs Branch in developing public communications regarding BCTS economic contributions.
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Strategic Priority: Preparing BC Timber Sales for Future Opportunities and Challenges

Future opportunities and challenges for BCTS will be influenced by a complex mix of internal and external forces such as: a) global economic conditions; b) markets for wood products; c) the implications of climate change and a carbon constrained future; d) changing workforce dynamics; e) the impacts of the Mountain Pine Beetle epidemic and other changes to the forest resource; f) integration and transformational change within government; and g) the potential for increased social and economic imperatives to manage forests for a range of values – water, wildlife, bio-energy and carbon sequestration.

At the same time, it is essential for BCTS to use its experience and the expertise within the organization to explore opportunities and, where appropriate, develop strategies related to potential new products and services. For example, the Working Roundtable on Forestry recommended the establishment of short-rotation fibre plantations and, given the significant expertise and silviculture infrastructure in BCTS, the organization is well positioned to support implementation of this recommendation.

An appropriately skilled workforce is critical to ensure the ongoing success of BCTS in meeting current and future economic, social and environmental challenges facing the forest sector. As such, workforce planning is an important theme of the BCTS People Practices Strategic Plan as well as a high priority for the Ministry and government more broadly. Workforce strategies are being developed with consideration for economic and workforce uncertainties related to recruitment, retention, knowledge management and succession planning in all ministries and government agencies. To meet its current and future needs, BCTS collaborates with the Ministry and the Public Service Agency on an array of strategies and actions to ensure a flexible, adaptable and innovative workforce.

Another critical requirement of BCTS preparation for the future is working to build a more flexible legislative, regulatory and policy framework that supports the organization's ability to be flexible, adaptable and innovative when meeting new and/or broader government goals.

In addition, it is important for the organization to be actively engaged with key government and Ministry initiatives, so that opportunities can be identified where staff expertise in forest management, First Nations relations, silviculture and market-based pricing make BCTS a logical and potential delivery partner. For example, BCTS involvement in supporting ministry delivery of the Forests for Tomorrow program and implementing short-rotation fibre plantation pilots are areas where BCTS expertise and infrastructure enable the organization to support specific government objectives and possibly lead to new business opportunities. To maintain the integrity of Market Pricing System data, it is necessary to properly account for costs associated with these initiatives and to carry them out on a scale that facilitates ongoing BCTS support for Market Pricing System data. While this is not a fundamental shift in current program direction, it is part of the evolution of the BCTS mandate as an integrated government agency.

Strategic Outcomes	Strategic Initiatives
<ol style="list-style-type: none"> 1. The BCTS workforce has the required competencies now and in the future. 2. The BCTS workforce is flexible, adaptable and innovative with the competencies to operate effectively in an entrepreneurial environment. 3. BCTS is positioned to respond to new business opportunities and to support other government initiatives. 4. Legislation and regulations are in place to enable BCTS to meet future challenges and opportunities. 	<ul style="list-style-type: none"> ▪ Continue to implement the BCTS People Practices Strategic Plan in harmony with Ministry and Public Service Agency human resource strategies and initiatives. ▪ Actively participate in government and Ministry initiatives that have implications for current and future BCTS business and operations. ▪ Participate in the development of emerging government initiatives such as the silviculture and bio-energy strategies. ▪ Continue to identify and develop legislative, regulatory and policy options aligned with future challenges and opportunities.

Appendices

A. Organizational Context

The Ministry of Forests and Range receives direction from the Province on overall government priorities, which helps shape the Ministry's annual Service Plan. In turn, BC Timber Sales plays a central role in helping the Ministry achieve its Service Plan goal of "providing sustainable socio-economic benefits from forest and range resources". BC Timber Sales also pursues strategies and activities that support the Ministry goal of "sustainable forest and range resources".

Business Goals

Guided by the overriding principles of 1) safe practices; 2) sound forest management and 3) effective relationships, BC Timber Sales has four business goals:

1. A high-performing organization with skilled, motivated and proud people.
2. Provide a credible reference point for costs and pricing of timber harvested from public land in B.C.
3. Provide a reliable supply of timber to the market, through open and competitive auctions - subject to meeting the requirements of cost and price referencing as stated in Goal 2.
4. Maximize net revenue for the Province - subject to the requirements of cost and price referencing as stated in Goal 2 and supplying timber for auction as stated in Goal 3.

While the Business Plan and business goals focus on the current mandate of BCTS, the Strategic Plan considers a range of future scenarios and possible shifts in mandate, program priorities and business practices.

B. Developing the Strategic Plan

BCTS developed its first strategic plan in 2003 to guide the “new” organization in achieving its mission as “a reference point for the cost and pricing of timber harvested from public land in British Columbia”. In its first five years of operation, BCTS substantially achieved the goals and objectives of its initial strategic plan and matured as an organization. These significant initial accomplishments set the stage for development of the 2008 Strategic Plan.

The 2008 Strategic Plan used a “Scenario Planning” approach that provides the foundation for the 2009 update. As such, the 2009 update includes the following elements:

- A planning time frame of 10 years.
- A review of the 2003 and 2008 Strategic Plans, the 2009-2012 Business Plan and the strategic priorities and initiatives in which the organization is engaged.
- An environmental scan or situation analysis that considered the mix of internal and external forces that potentially affect BCTS.
- Identification of potential business, operational and other changes that might occur as a result of the internal and external forces affecting the organization.
- Identification and ranking of the major themes and associated assumptions arising from these potential changes.
- Consideration of a number of potential scenarios of plausible outcomes in an uncertain future.
- The selection of some common and/or promising strategies from each of the scenarios in the BCTS Strategic Plan.

For the 2009 Strategic Plan, the TSLT updated the environmental scan using SWOT and PEST analyses, which provided the basis for identifying the areas of the Strategic Plan needing to be updated and/or developed. Major themes and some additional new objectives and strategies were identified. Two new scenarios were identified for potential future development: 1) industry restructuring and marketplace changes; and 2) provincial government response to the global economic situation.

C. Planning Processes in BC Timber Sales

Strategic and Business Planning

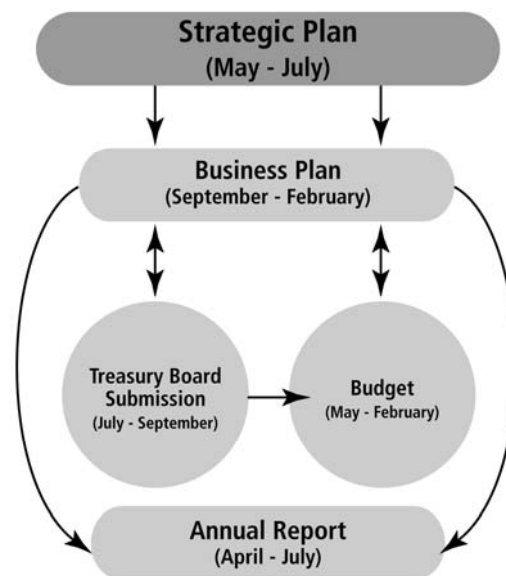
Each year, BCTS develops a three-year Business Plan. The Business Plan published in spring 2009 covers the three-year period from 2009 to 2012. The Business Plan is updated annually by dropping a year and adding a new year at the end of the period.

The Strategic Plan also is updated annually, so that it is available to guide development of the Business Plan and enable the organization to take action today in order to be prepared for the future. The Business Plan complements the Strategic Plan by developing and articulating specific business and operational objectives, and strategies that will be undertaken in a given year.

The BCTS Business Plan is directly linked to and influenced by the Ministry's Service Plan. Development of the Ministry's Service Plan starts in the fall and is published with the tabling of the provincial budget in the Legislature each February. Development of the BCTS Business Plan proceeds so that the plan is publicly available soon after release of the Ministry Service Plan.

Budget Planning

BC Timber Sales develops an annually updated three-year budget commencing in May of each year. Associated Treasury Board submissions are prepared for submission in the late summer or early fall. The budget development process continues throughout the summer and fall, and includes a peer review in November and December. Final allocations for the following fiscal year are released near the end of February.



D. Environmental Scan

Several internal and external drivers have been identified as important to the 2009 Strategic Plan:

- the significant achievements of BC Timber Sales in its first five years of operation;
- global economic/financial crisis and the associated collapse of forest products markets;
- greater public awareness of global issues, especially economics;
- increased public awareness, understanding and concern about the potential impacts of climate change and the role of forests in the carbon management cycle;
- government action plan for responding to climate change impacts, including a B.C. bio-energy strategy and strategies related to carbon management, including the operations of the Pacific Carbon Trust;
- increased First Nations participation in forestry;
- substantial initial growth in the organization to support significantly increased timber volume managed by the program;
- increasing demand and potentially increasing economic value for non-timber forest resources such as water, carbon sequestration, wildlife and other ecosystem services;
- implications of the Forestry Roundtable recommendations on BC Timber Sales mandate and government priorities;
- pressures from other operators on BC Timber Sales' operating areas;
- significant volume of beetle damaged/killed timber in the B.C. interior and potential reductions in harvest levels in the near term;
- increased expectations for economic activity from BCTS in communities where it operates;
- shifting workforce dynamics;
- high profile of forest worker safety;
- high public and market expectations for sustainable forestry practices;
- new technology and systems critical to manage business effectively, support data integrity and fulfill mandate; and
- inconsistent understanding of BCTS mandate and operations across all sectors.

E. Major Themes

In developing the Strategic Plan, the TSLT identified the most important internal and external drivers affecting the organization and then organized these into major themes. A number of themes emerged from TSLT discussions on the major external and internal drivers currently affecting BCTS or expected to impact the organization in the future. The dominant major themes are:

1. Economic, financial and market
 - Global economic crisis
 - Substantial reductions in government revenues
 - Forest industry downturn, weak markets – timing of recovery uncertain
 - Government response – policy; softwood lumber agreement V with U.S.
 - Industry response – rationalization of existing infrastructure, new capital investment, capacity for new products
 - Uncertainty about the U.S. housing market recovery
 - Development of other markets – Asia
 - Wood product substitution
2. A broader entrepreneurial focus for BCTS
 - New business/revenue opportunities – products, services
 - Build on creativity and expertise of staff, e.g. silviculture
 - Reductions in the Allowable Annual Cut, potential loss of operating area
 - Potential for more government business functions to be delivered with a greater commercial orientation
 - Opportunity to establish price and costs associated with new and emerging forest based products such as carbon and water
3. Changes in forest resource management paradigm in British Columbia
 - Strengthen relationships with all stakeholders having an interest in forest/resource management
 - Increased role of First Nations in forest/resource management; increased business-to-business relationships between BCTS and First Nations
 - Increasing public expectations for forest/resource use
 - Increasing land use pressures
 - Changing economic value of forest products and other natural resources
 - Continued industry consolidation and capacity restructuring
 - Increased collaboration across government ministries/agencies in various resource management functions
4. Climate change
 - Increased interest and emphasis on carbon management
 - Emergence of a carbon economy – bio-energy/bio-fuels, carbon credits, etc.
 - Adaptation of forest management practices to a changing climate
 - Reducing atmospheric greenhouse gases by reducing “carbon footprints” and increasing carbon sequestration

5. Workforce changes
 - Retirement/attrition – potentially high rate, but uncertain in current economic conditions
 - Demographic and workforce dynamics will affect retention and recruitment
 - Changing immigration and migration trends
 - Forestry declining as a career option for young people

6. Organizational strengths
 - Skilled, motivated staff
 - Strong leadership at all levels
 - Adaptable, flexible
 - Recognized as leader in forest worker safety, forestry certification and people practices
 - Strong commitment to continuous improvement and innovation

7. Government integration
 - Increasing emphasis within government on effective and efficient integration of services and transformational change – “one public service”
 - Increasing emphasis for BCTS to support government objectives and strategies in addition to market-based pricing
 - Need for transformational change to keep pace with increased societal demands and budget pressures