

**Bartow S. Shaw**  
**Forestry Consultant**

**An Interview Conducted by**  
**Steven Anderson**



**FOREST HISTORY**  
*Society*

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Bartow Solomon Shaw, Jr.

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## Introduction

When American Forest Management, Inc. asked the Forest History Society to conduct an oral history interview as part of the recognition for Bartow “Bo” Shaw upon his retirement, there was no deliberating as to its value. Bo had grown a small one-man forestry consulting business established in 1966 into one of the largest and most influential forestry consulting firms in North America. Operating out of 49 offices in 17 states, American Forest Management now manages over 5.5 million acres of forestland. Few in the forestry community could match his accomplishments and credentials as he left an indelible mark on the field and in the lives of many.

The pages that follow are the result of six interview sessions of approximately two hours each, conducted at the Shaw residence in Sumter, South Carolina December 5-7, 2011. Bo, and his wife Vickey, were gracious hosts. It was obvious that theirs was a special partnership, and Bo was quick to make clear that none of his accomplishments would have been possible without Vickey by his side—hosting visitors, managing the home, and making many of the sacrifices required to ensure business success. A second, but much shorter interview, was recorded on January 13, 2012, at the Forest History Society headquarters in Durham, North Carolina.

During most extended interviews such as this the interviewee is asked about their early childhood and what motivated them eventually to get into forestry. Any reader of the interview will easily see the strong connections between Bo’s early years and his later career choices and business decisions.

Born May 23, 1941, Bo’s early childhood was influenced by World War II, rationing, and the impact of the Great Depression on his parents’ critical years. His father had dropped out of the Columbia University MBA program and entered the Army Air Corps in December 1929. While financially judicious, he remembers a very happy childhood with many neighborhood friends. He was exposed early to international visitors as the family “adopted” Lt. Gong, a Chinese Nationalist pilot in training at Shaw AFB nearby.

Bo was a natural entrepreneur even during his early years, opening a “store” in his front yard and, later, publishing a neighborhood newspaper, complete with advertising, on a mimeograph machine. As soon as he could pick up a broom he had a job at his dad’s and uncle’s building-supply company. Bo later graduated to cutting glass for replacing window panes, writing up orders, etc. As soon as he could drive (at age 14), he made small deliveries and was sent around town collecting past due bills in some very interesting locations. The summer before he entered college, he built a small spec house for re-sale. It sold in the fall of his freshman year at college.

He participated in many extra-curricular activities in junior high and high school; including serving in student government and as editor of the high school newspaper. But it was clear that math was his favorite subject, even opting in college to take two semesters of calculus as an elective in his forestry program.

His interest in forestry grew out of some work he had done on family timberlands on an off-and-on basis during his high school years. Bo's family had accumulated timberland in South Carolina as a result of the sale of the sawmill operation of D. W. Alderman and Sons Company, a business on his paternal grandmother's side of the family. Ernest Nutting of Camden, South Carolina, hired as a consulting forester by Bo's father, mentored Bo in learning the business and field operations.

Bo was always interested in flying. His father was a fighter pilot in the Army Air Corps and his uncle, Ervin D. Shaw, was a World War I pilot with the British Royal Air Corps. He was killed while on a mission in France in July 1918, and Shaw Air Force Base near Sumter is named in his honor. Bo went through the Air Force ROTC program at Clemson, planning to serve in the Air Force as a pilot before starting his forestry career. Many things conspired to lead Bo to serve the Air Force in a civil engineering and reserve status capacity, but he did learn to fly, which he utilized later in his career as a forestry consultant. After receiving a Masters in Forestry degree at Duke University he reported for duty at Langley AFB in Virginia as an administrative officer in the Weather Service Wing headquarters. He then received orders to report to Kindley Air Base in Bermuda, where the cedar blight had pretty well eliminated most of the trees on the island. His father died suddenly of a heart attack, and Bo was granted a transfer to reserve status to return to help with the family business and personal matters.

Once most of the family business issues were resolved, he began working part-time for Ernest Nutting in his forestry consulting business. Nutting was a typical old-school forestry consultant, gearing the revenue side almost exclusively to timber sale commissions. He gradually allowed Bo to take on more responsibility and turned over many of his long-time clients, making Bo the primary contact. When Nutting retired, Bo kept those clients and some of them are still AFM clients today.

Soon, Bo saw a need and an opportunity to expand services. He earned a Certified Appraiser designation as he recognized a real need for forestland valuation expertise for bank trust departments and forestland owners in general, even before the development of TIMOs. He saw an opportunity to provide real estate brokerage services. Such services represented a need by his clients and potential clients, as well as opportunities for growing his business. His business started to expand in the 1970s. Bo began hiring additional foresters, including Rick Bullock followed by Dwight Stewart, Frank McLeod, and Roy Belser, who currently serves as AFM chairman. Their first major private landowner expansion came when Bo secured a contract in 1979 to provide services on half of the former Beidler properties in South Carolina. Their first acquisition of a business came in 1987, with the acquisition of Boris Hurlbutt and Associates in Walterboro. Bartow Shaw and Associates became Shaw, McLeod, Belser, and Hurlbutt, Inc.

He became a leader in issues that affected the forest industry, and private forest landowners in particular. Among the issues he helped the industry address was the Landowner Assistance Programs, initiated by the forest industry to ensure they had first

right to buy the timber from a property. These programs tended to negatively affect the competitive bid price for landowner timber and were dampening the business of forestry consultants. He served as chairman of the Forest Industries Council on Timber Taxation and Valuation, tackling retained economic interest, an important factor affecting landowner taxes when harvesting timber. And Bo worked to initiate performance bonding of logging activities that eventually became a part of most transactions carried out by consultants and others.

Following strategic planning efforts in the 1990s aimed at putting the company on a growth path, the business expanded significantly in 2001 when it acquired Canal Forest Resources. Integrating the leadership of two organizations took a deft hand and the success was easily evident when Robin Jolley eventually became AFM's chief executive officer. While the Canal acquisition gave the company a greater geographic and client footprint, acquiring Sustainable Forestry Technologies from International Paper in 2007 added new strategic services, further expanded the client base, and added key employee skills.

The secret to Bo's success has sometimes been characterized as the "Shaw Method," but he never really thought that he had a method. He would be the first to say that every situation is different and needs to be evaluated by the history and conditions at hand. More, his success can be attributed to his articulation of and commitment to several overriding business philosophies. The first he credits to his parents: that is, to focus on the needs of the client and put their well-being first. He emphasized listening sessions that sometimes required interpretation and additional inquiry. How else could they truly give the best service? Client feedback fed into his second philosophy, a practice of visioning. Visioning included identifying outstanding growth opportunities by thinking out of the box. How could they apply technology, systems, and services used in other sectors in forestry and incorporate them into their business model.

His third philosophy that he ascribes to making AFM a successful and unique organization was that each employee should have a sense that they were continuing to grow in opportunity and responsibility. He implemented this personal growth philosophy by establishing a way for the employees to share meaningfully in the ownership. Rather than having single ownership or a highly dominant ownership with employees holding very small token shares of stock, he established a stock valuation, based on net income, for key leadership and employees that created modest wealth for many. The process encountered its challenges; but those challenges have been weathered successfully with a sense of dedication to reaching consensus and with a sense of family.

One early pioneer of forest investment strategies, now retired, commented that "From the very beginning, I recall Bo enjoying a superb reputation within the forest industry. He volunteered an awful lot of his time serving on the boards of numerous forestry-related organizations. As I got to know him better over the years it was apparent why Bo was so well respected by so many within the forestry profession and the entire forest industry. He was sincere, honest, gentle-spoken, and always fair in his dealings with everyone."

A special thanks is due to Joanne Spigner, Roy Belser, Frank McLeod, and Carter Fox, who graciously donated their time for pre-interview discussions to help me prepare for the interview. Their insights no doubt enriched the interview. Also, Kelly Davis deserves special recognition for helping Bo and I navigate the back and forth of the editing process. Great appreciation is offered to David Anderton and the American Forest Management family for their patience in waiting for the final product.

Bo reviewed the interview transcript with care making only modest revisions in syntax and tone. The interviewer made additional edits to keep like topics together, avoid redundancy, and for easy readability.

Steven Anderson  
Forest History Society

## **An Interview with Bartow Solomon Shaw, Jr.**

### **Formative Years**

Steven Anderson (SA): Bo, let's start by just telling me when and where you were born and a bit about your childhood.

Bartow Shaw (BS): Well, actually I'm what you'd say a lifelong resident of Sumter. I was born in Sumter May 23, 1941, just before the U.S. entered the war and so that had an impact on me. I think having parents, particularly my father who had gone through the Depression had another impact that's still with me because of things that we experienced back in those days, such as rationing. I don't remember the specifics of rationing, but I remember the frugality my parents had. Also, I learned of my dad's having been at Columbia University for an M.B.A. and had to drop out at the end of the first semester following the Wall Street crash. He entered the Army Air Corps at that time. That stayed with him and his view on the stock market and other things. I guess my point is the timing. When I was born and how I grew up had an impact on shaping me. I had a very, very happy childhood, neighborhood filled with kids that I still see, even though most have moved away from Sumter. I think at least every other house on our block had someone in my age group or near my age group. One of my best friends growing up was just around the corner. So we had a great neighborhood and great childhood.

SA: Brothers or sisters?

BS: I had a sister who was five years older. We grew up as a close family. We took family trips from time to time back then by automobile.

SA: To where?

BS: I think I may have been eleven and my sister was sixteen. Back then you could get your license in South Carolina at age fourteen. In fact, I passed the test for mine on my



fourteenth birthday, although we did some rural driving before then, actually. On this particular family trip, we drove for a month. We left Sumter and drove out West. My dad had it all planned out by AAA back then and picked up mail at two locations I think. He had it forwarded to post offices based on our estimated times arriving in those cities. We toured the Southwest, then went up the West coast, came back through the Northwest, and drove back. The trip lasted about thirty days.

SA: What specific sites do you remember?

BS: Well, I remember the Grand Canyon. I remember Los Angeles. I remember San Francisco, and I recall Portland particularly because we had a traffic accident in Portland. It wasn't so bad that we couldn't have minor repairs made and continue on. I remember the giant sequoias; one in particular in California that you drive through is still there. My dad had a camera. He was big on eight millimeter cameras. We have a lot of film still that he took of the family and our extended family. He decided to film us going through and so he let my sister drive and she went in at just enough angle where we got stuck in the tree. You couldn't open the door obviously, because it was a Buick Super. My dad's brother was a Buick dealer, and we had Buicks for a number of years. I'm not sure how we finally got out of that tree but we did eventually. I think we rolled the window down and climbed out and squeezed out, and my dad crawled back in and maneuvered it out somehow.

SA: It didn't stop you from getting into forestry.

BS: No, it didn't. I remember that, and also that we became locked in a hotel room. We were locked in a hotel room somehow because they were the old keys, and my dad accidentally pushed the key through. He was trying to get somebody to pick up the key from outside, and the few passersby weren't sure if they were talking with somebody sober. They didn't know exactly what was going on, I remember that. But we had a great time and saw a lot of the country. I was really upset when we went on this trip because I had just made the Little League All Star baseball team. That trip cut short my baseball

career that summer, and that was the most important thing to me. I couldn't see leaving the middle of my baseball season to go on a trip, but I got over it.

SA: What kinds of things did you do with your other friends around the area?

BS: Well, the usual things. We actually got a lot into some innovative things. We put a zip line in early on, way up in a big cedar tree. My dad bought a small lot next door to our house and cleaned it up. It expanded our yard and there was a great big cedar tree in the back. It wasn't a sophisticated zip line. It was a cable and had a pipe. I think it was maybe an inch and a half pipe and we had to grab it with our hands. We didn't have anything attached to that pipe. You just had to hold on to the pipe. So then we put in bamboo poles to make a little obstacle course. You'd start out swinging one way and try to swing down, but we didn't have any bad accidents.

Then a friend of mine and I built a Ferris wheel. We anchored upright 4 x 6's down in the ground with braces and we had two seats on it. My friend's family was in the machine shop business, and we went down there and got some help to build some seats. Initially, you would start by just by pushing off, but the tricky part was getting it balanced with one person on each end. So you had to take a rope and pull it down to get to one passenger up to the top. It was quite high. It was probably, oh, I'd say twenty-five feet up in the air. Then we put a motor on it but we didn't gear it down and the first people that rode on it one of them got slung off of it. It was going a little bit too fast. We got into quite a few activities innovatively.

SA: So you were familiar with machinery in the woods.

BS: Exactly. I also remember I was somewhat of an entrepreneur. Before the zip line and the Ferris wheel, I had a little store that I put out in front of the house in the front yard. That was back before they came around and checked your retail license and that sort of thing. I'd raid the family pantry, put it out, and sell it to neighbors. They were amused

enough to buy things from me. And actually my dad got into it and helped me build a pretty nice little place with a counter and everything out on the sidewalk.

And then I got interested in writing, and I went in the newspaper business. I don't know how old I was at that time, but that was back with the old mimeograph machines. I would get the local neighborhood gossip or news, and I sold two or three ads. I published a weekly paper and sold subscriptions to it. I operated that for a couple of years actually. Not a regular basis I'm afraid. It was not fifty-two issues per year. It was kind of when I could get around to it.

SA: Never got into any big trouble with the gossip?

BS: No, I tried to be careful with that. Not necessarily gossip as much as people taking trips or somebody won an award at school or something like that.

SA: You were obviously a young entrepreneur. When did you have your first job?

BS: I was fortunate in that I worked at my dad's and my uncle's building supply company performing very menial tasks like sweeping the floors at the end of the day. I would spread "Dust-Down" on the floor that came in fifty-five gallon drums. It was sawdust with an oil mixture, and it literally kept the dust from coming up when you swept. It kind of left an oily coat on the floor over time. I'd go in and restack things, and then kind of graduated to cutting glass panes. Back then people would come in with measurements. A glass pane would have broken out of a window sash, and I'd cut the glass for it. I got pretty proficient at that at a pretty young age, and I really became interested in building. I had some other jobs too. I worked at a department store downtown. It was primarily during the holiday season. I'd start out before Thanksgiving and work through the end of the year. They always hired extra help, and that was more my teenage years and high school years. I worked one year for a florist making deliveries and remember different seasons he'd call on me when he got a lot of deliveries to make

to people's homes. I had jobs all during my younger years between sports. I stayed pretty busy.

SA: I think at the building supply company you also mentioned being a bill collector. How'd that work out?

BS: I did, and I don't know if you'd do that today because I was young. As I said, you could start driving at age fourteen. I had my license and I was probably fourteen or fifteen when I'd go out to collect bills. My uncle particularly stayed on the bill collecting, and they would give me the small ones. I'd have a group of them, and I'd literally go to every corner of town. I mean I had some interesting things that I learned collecting those bills. These were mostly retail customers, not contractors. People were always nice. I never had any real problems, and I don't think my uncle would have put me in harm's way. Back then you really didn't worry about it too much. Back in the '50s, it was a great time then.

SA: Sounds like you were exposed at that time to many different kinds of businesses.

BS: I was. The building supply company not only sold building materials, but they also built a few very small spec houses. These were four room houses. I built one myself. I bought a lot from my dad and built a house on it during the summer. I was the contractor, and I'd been around it enough to know from ground up what to do. My biggest mistake in that process was that I decided I would save money and add to the bottom line by painting the trim myself. To this day I've avoided painting as much as possible. The first coat around the windows was perfect. The second coat was not nearly as good, and I didn't quite have the patience with it each time I went over it. However, I left for my first year of college, and they sold the house for me around October, so it was a successful venture, profitable.

SA: How old were you then?

BS: I was eighteen when I ended up doing that. I turned eighteen that May, so I was eighteen when I went off to college.

SA: You said that you kind of knew what to do because you had been around it so much. Where did you get all those experiences?

BS: Well, delivering. When I got my driver's license I started delivering small orders in trucks and then I also went on major deliveries with the delivery guys.

SA: From the building supply company?

BS: Yes, and I always had an interest in building. My dad was kind of a hands on person. His hobby at night, if we had a project at our house, he'd kind of draw it up himself and calculate what materials he would need. So I learned how to do that from him, and I essentially did the same thing building this house. As I started doing deliveries, I had more and more exposure with the contractors. I would come in and take orders as I grew older. When they'd come into the building supply place, I'd take the orders and go through how they calculated what they needed; so I had some exposure to that. Not any grandiose houses or anything like that, but on a lower end. You learn the basics of it like that.

SA: How many square feet was the house or bedrooms?

BS: There were four total rooms. There would be typically be a kitchen, a living room, bathroom, and two bedrooms.

SA: So is this in town, and the house is still there?

BS: Oh, yes, it's still there. I ride by every once in a while and make sure it's still there.  
[Laughing]

SA: What was your dad's profession?

BS: When he left the Army Air Corp in 1932, he and my mom were married on New Year's Eve of 1932. Prior to that he and my uncle had formed a building supply company. And he had a business degree from college, undergraduate, but he had been exposed to the lumber business. My uncle, my dad's business partner, was one of his older brothers. He had worked at D.W. Alderman and Sons mill in Alcolu, South Carolina, and by then my grandmother had passed away. My grandfather had remarried and moved to Alabama and the siblings sort of took care of each other. There were seven in the family.

By then, my dad's oldest brother had been killed in the First World War as a pilot with RAF. There were six remaining siblings. The oldest siblings, some of whom were married, brought in the younger siblings. One of my aunts, the youngest of the seven originally, moved to New York to live with a great aunt in Brooklyn. The remaining five were in South Carolina. My uncle who was my dad's future business partner worked at D.W. Alderman and Sons in Alcolu, SC, and my dad lived with him. My dad actually transferred and graduated from Manning High School, which was the closest high school to Alcolu. Therefore, his last two years of high school were at Manning. They were always exposed to the lumber business from the family business, D.W. Alderman and Sons, although not all of them were directly involved. My uncle worked there as a supervisor.

### **Early Interest in Forestry**

SA: How did you get interested in forestry? I'm sensing here that you have a whole set of experiences that might predispose you to that.

BS: Right.

SA: But it would predispose you as well to probably other fields too.

BS: Right. A lot of it goes back historically. D.W. Alderman and Sons was sold to Williams Furniture Company in 1947. They negotiated with two different buyers, Westvaco being one. Westvaco's proposal was for the timberlands along with the mill. That fell through, and Williams Furniture Company bought the mill only. They were not interested in the land, which is kind of interesting because when Williams sold out to Georgia Pacific the primary value was in the land they had accumulated. In this particular transaction they did not. There were six Alderman children; my deceased grandmother being one of those six. A great aunt, one of her sisters living in New York, being another one. My dad and all but one of his siblings, as well as the great aunt, put their one third of the land ownership into a corporation. One of my dad's brothers decided to take his and keep it separately. So it was a portion of the D.W. Alderman and Sons lands. It was further reduced by some of the necessary sales they made at that time. My dad was put in charge of overseeing that asset, while he was still co-owner of the building supply company. He handled the business end of it and hired a forester to conduct the forest management. That forester was Ernest Nutting from Camden. When I said he did the business end of it, it was more than that. A lot of work had to be done on getting things surveyed, trading properties, squaring off lines. He was directly involved in managing the land and was really spread thin because he was doing that plus still actively involved in the building supply company. I was exposed to the part my dad conducted, as well as my going out with Ernest Nutting when he was doing the forest management.

SA: Was that your dad's idea or how did that happen?

BS: I think he was interested in my getting to know timberlands, but also it was partially my idea since I had a strong interest in learning about it. I would go out for full days with Ernest and carry a tally book or help him paint lines or whatever needed to be done. Ernest was one of the typical old school forestry consultants. The revenue side of the business was timber sales, commissions and a lot of very able advice. There wasn't a lot of reforestation going on. I remember my dad was really more involved in the first reforestation efforts, because it was part of the old Conservation Reserve program with USDA assistance. Back in the '50s and '60s, there was still a lot of planting of slash pine

in this area, even though it was outside of its natural range. Particularly on sandier sites, it was seen as a suitable substitute for loblolly.

SA: You said the 1950s, so this might have been the Soil Bank program?

BS: Yes. In the early '60s planting slash pine was still prevalent, but the slash pine was very susceptible to ice damage, particularly after first thinning. Back then the quality was not that good because we encountered *Fomes annosus* and *Cronartium* on a regular basis. Except for a few of the industry nurseries, quality control was not a big factor in seedling production. Generally, in the earlier times, industry seedlings were not available to the general public. We did a lot of planting under soil bank program and some other reforestation. I had a tremendous respect for Ernest with his dedication to forestry principles and his unwavering integrity. However, I did want to get into more aggressive management. Much of the natural regeneration was enhanced through prescribed burning, but it was still difficult to carry out. There was a lot of fear about wildfires and prescribed burning. Seed bed preparation was not as prevalent but we started doing a lot of that, mostly a lot of natural regeneration. Some of the lands I helped manage were subject to wildfires in the past.

My dad also really took advantage of a lot of programs such as drainage where you could provide more manageable timberland. Assistance came not only in some cost sharing but also in the engineering services provided by Soil Conservation Service, which is now NRCS, National Resource Conservation Service.

SA: So when you say watershed or with more erosion control, what programs were they?

BS: Well, one of the programs in particular that I remember was a program that would make cropland more productive and we still had quite a few fields within the timberland. Many of those fields were still worked, even though they were a very minor part of the timberland holdings. The USDA programs allowed the owner to go in and do some water control on those fields. However, the side benefit in some cases was the fact that you



went through some of these poorly drained woodland areas, which allowed you to plant good crops of loblolly on those areas. We very actively worked those areas to improve the overall pine quality through planting after harvest.

SA: So this was perhaps before the 404 regulations under the Clean Water Act?

BS: Yes, and the USDA was actually promoting these programs to make it more productive cropland. It was aimed at cropland productivity.

SA: What other specific activities did you do with Ernest Nutting? I know you told me you were out in the field carrying tally books, painting lines.

BS: Well, I worked up timber volumes, and I met with loggers. I did quite a few things with him from time to time. I went on large projects with him. The former Alderman lands were of limited proportions, and I gradually started working with him for other clients as I was in college. Working with Ernest had already stimulated my interest in forestry by then, and it was just adding to my experiences. I worked pretty much every Christmas holiday season. My summers were filled up because between my sophomore and junior year I had forestry camp, which was nine weeks. And then between my junior and seniors years I had ROTC camp during the first part of the summer. The day I returned home from ROTC camp one of my professors called me and said one of the aides they hired to assist with the Clemson summer camp had departed. This recent graduate had a Forest Service job that was supposed to start in November, but they called him to come early. Therefore, Clemson was without one of two aides, and he asked would I be interested in coming to work. They'd never had an aide that was not a graduate before. I returned home from ROTC camp on a Saturday, and Sunday morning I was packed up and headed to Clemson. I ran into a friend who was an architecture student, and he had just signed for an apartment. Since he was looking for someone to share the cost, I had a place on short notice for the rest of the summer.

SA: That's very impressive. Tell me about your decision to get into forestry and then selecting Clemson.

BS: Well, I was really debating internally. I had interest in architecture. I had interest in engineering, more on the civil engineering and building side, and some interest in forestry. And I actually applied to Clemson in the engineering school and was accepted in the engineering school. After arrival and before starting classes, I made a decision to change to forestry. I went over and met with the forestry folks, and I changed my first week at Clemson into forestry and I haven't ever regretted it. I've always had an interest in engineering. I had a much stronger interest in math and business than in botany and plant physiology. Actually, going back to childhood, I had an interest in planting things. That was one of my other interests at a young age. I had an interest in the plant physiology and botany side of forestry, but it was not as strong as math and statistics.

I had great math professors at Clemson. I think forestry required a hundred and fifty-one hours, since I took ROTC, to graduate. I was going to end up with a hundred and fifty-one credit hours, which included a lot of labs. So they were a little bit surprised when I opted on my electives to take calculus, which was not required at that time. I took two semesters of calculus at Clemson, and I ended up, I think, with a hundred and fifty-seven hours when I graduated. In my senior year, I also audited a computer class. That was back with the old FORTRAN programming, punching cards and that sort of thing. My partner had the misfortune to be teamed with an auditing student that had no requirement for grades or anything else. I'm afraid I put the burden on him to do a lot of the work that I didn't get done because I was heavily involved in a lot of extracurricular activities at the time. While I was there, I over-committed myself my senior year, by auditing a class, but I wanted to learn as much as I could on what I thought was the real future.

One of the things I always tried to do when I interviewed students is look not only at the academic record, but also for engagement in extracurricular activities and work experience. To me, the consulting business is a people business. You have to communicate well. You've got to be able to interact, go out and initiate getting business

and dealing with people, listening real well, negotiating. If you're sitting in a classroom and only attending one or two club meetings, you really don't have that experience. If you're involved in an organization, quite often you're negotiating. You're sitting there discussing options, debating, innovating and other such activities. It gives you an added dimension. I always tried to weigh heavily on that, and also any kind of real life work experience. I always encouraged our four children to get a job in the summertime because you get it on a resume; it gives somebody hiring them an opportunity to talk to and obtain an analysis from someone outside of academia. That gives them an added dimension. Academia is a great source of understanding and knowing that person and knowing what they can perform in the classroom. However, performing outside the classroom, I think, is a necessary quality.

SA: Why did you switch from architecture to forestry? Were you looking to go back into the family business?

BS: You know, I really wasn't looking to go back into the building material business. I knew there were other family members involved. I wanted to do something that I was happy with, number one, and that I could have a sense of accomplishment. If I had gone into the building material business I know I would have been looking for ways to expand it and do other things. Another motivating factor was that I wanted to do my own thing.

SA: I was thinking more broadly that your family also owned the forest land. How did forestry present itself? What was your decision point?

BS: Well, I saw an opportunity. I never had anything but the greatest admiration for Ernest Nutting. He had those qualities of integrity, intelligence and doing the right thing. He was typical old school. I felt like—maybe it's from seeing my father on the business end of it—that there were opportunities there to go beyond the services being offered and maybe look at it a little differently than had been done before. And again, Ernest was not alone in the way he approached it. I mean that was typical back in those days. It was

heavily oriented toward timber sale activity and a few other services, mostly in a minor way.

One aspect that intrigued me early was understanding the tax implications of forest management. As a forestry consultant, I couldn't advise clients on it because I'm not a CPA, but in many cases it was prompting the CPA's that they may want to look at this regulation because the client that they represent also should be doing this. So, more often you're talking with the CPA than you are the client because they're the ones giving tax advice, but they may not have had previous exposure to the forestry part of it. And so I got involved in that very heavily because I had a strong interest in it. I became involved in the ownership patterns, working with attorneys on ownership structures. For example, that we had in our family where we set up a partnership, a general partnership, and a family could set up a partnership and convey percentage ownership to family members, offspring or grandchildren, based on an appraisal and convey it over a period of time under the gift tax exclusions. It's amazing that a lot of those methodologies were not suggested by CPAs or attorneys advising clients. My interest in this aspect of the business started to develop during my high school years and then certainly during when I worked it in during summer vacations and around the holidays.

SA: It seems to have been almost an entrepreneurial decision, to be focused in forestry in that way.

BS: Right, exactly.

### **Forestry Education and ROTC**

SA: Your career path could have been in other fields but it was in forestry that you saw the opportunities. Tell me about the program at Clemson that you chose. I think it's known as more of a traditional forestry program, but give me a little bit of background. What was it like when you were there?

BS: Well, it had been a pre-forestry program up until about four years before I arrived. Students would take pre-forestry and then transfer to Georgia or another institution that had a forestry degree. I don't think any of them actually went to the 3-2 program at Duke at that time because Duke's 3-2 program at that time appeared to be geared to non-land-grant institutions, where people transferred from primarily liberal arts schools, especially if they had a faculty member who was real interested in forestry and could steer students in that direction or advise students that it was an option. I don't recall anybody at Clemson that did that. More often they went the traditional route; took pre-forestry and then transferred. I think my class may have been the fifth one that had a full forestry degree, and they had a full forestry faculty. Clemson had a very good faculty. Dr. Koloman Lehotsky, a native of Czechoslovakia, was the head of the department. He was a task master. He came up the hard way. You had to appreciate the way he came up, and he had his way of doing things. I respected that, and always admired Dr. Lehotsky. He felt like it was part of a student's learning experience to go out and find a job, so he did not allow any industries to come on campus and interview. You had to go find your job. He had to allow the state and U.S. Forest Service to come because Clemson is a Land Grant University. Consequently a lot of foresters, graduates, went into Forest Service and the state from Clemson. But that's not to say that industry didn't receive its share.

SA: Can you comment a little bit about Professor Lehotsky's background?

BA: He came out of Czechoslovakia and managed to get out before World War II. He had to work hard. He left his family behind, and he just really had to work his way. And he was very, very bright. He grew up in the European way of doing things where forestry was a true culturing of the forest. He was one of the first and very few, when the industry started planting vast acreages of forest plantation, who said this can be a problem, specifically that large monocultures can be a problem. We don't know what it's going to introduce. We don't know what results are going to be. That wasn't appreciated by some of the industry back then. He brought a European perspective to Clemson forestry, and I think it was good. I think it allows you to see the broader picture rather than one way of doing things.

SA: Was his concern primarily on the scientific side or also on the community side?

BS: I think it's more on the scientific side. It may have been on the community. He didn't elaborate on it. He didn't get up and talk about it all the time but he kept interjecting that into his lectures and educating us that with a vast monoculture, you can have severe wildfire issues, as well as disease and insect issues, which eventually came about when the southern pine beetle showed up. It really came in up in the Sumter National Forest near Clemson during the time I was there. It was the first indication that [intensive planting] was going to become a problem when dealing with it up there.

SA: I bring this up only because there is this mix of terminology of forest culture and cultural forestry. The term means different things in the U.S. versus the rest of the world. Maybe we'll talk more about that later.

BS: I probably used the wrong word when I said culture more detailed than silviculture. I mean cultivation. I think of tending a garden and that European mentality like you're tending a garden. I mean the forest cultivation is to the point of monitoring berries people go out and collect. The Europeans had pressures on the forest so much earlier on. And they had such limited area on which to grow forest products. It was more of a cultivation process.

SA: Which other professors do you remember?

BS: One that jumps out is Bill Shain. He was a forest mensuration professor. I indicated earlier the mathematical side was of strong interest to me. John Warner was another favorite. He taught forest economics. If there was a mentor at Clemson though, it was Bill Shain. I didn't interact with Dr. Warner as much, but I respected him immensely. What we got in forest economics was just kind of scratching the surface type thing. I opted to also take Econ 101 in regular economics. I took it actually, but Forest Economics was, I think, just one semester. But Dr. Shain was the one that first started talking to me about

going to graduate school for the mensuration part of it because that was his field. He offered me a fellowship at Clemson using aerial photography to do inventory work. At that time it was very, very cutting edge and had not been done. I decided I may want a broader exposure, and he also encouraged me to look at Purdue because they had a really good department up there. I couldn't pursue a research degree because of my obligation to the Air Force as they would only defer me for one year. Duke had the 3-2 program, which could be done as a 4-1 program, which is what I did in forest economics. It was really called forest management. It was a concentration in economics. That's what I did because I wanted to go into the economics part of it. I went out on my own and researched different places. I looked at Yale and I looked at Duke. Those were the only two programs in non-research degrees I could find.

SA: So in a 3-2 program or a 4-1 program you're talking about picking up a fifth year in order to get a master's degree?

BS: Exactly, that's what it was. When I went to Duke I had to take some undergraduate courses to meet the requirements. I took an accounting course that summer before I went to Duke, and then I took a second semester accounting at Duke. I also took an undergraduate business law course and an undergraduate marketing course, and the rest of them were forestry graduate courses. I had to complete a Masters' Project to earn the Master of Forestry degree. My advisor at Duke, Lee Chaiken, gave me permission to do a management plan on the family timberland. Therefore, I completed an inventory that summer before going to Duke, and I had the data when I arrived. I worked on the inventory during the day, and I was taking an accounting course at a university extension in Sumter at night during the summer before going to Duke.

SA: You went to Duke University for a master of forestry degree. Why did you choose Duke for your graduate pursuits in forest economics?

BS: There were a couple of reasons I chose Duke. First, I had the constraint of being limited to a one-year deferment from active duty with the Air Force. I could not,

therefore, go for a research degree, which was going to take at least two years. I had to look for a so-called professional degree, versus a research project. Duke offered one of those programs. Also I had heard a lot about Duke because of the American Forest textbook series that we used at Clemson, for which I think half the authors were on faculty at Duke, an impressive collection of faculty. Some of them had retired but maintained an office and did some consulting from Duke. They were available for students to confer with on projects. And so I applied to Duke and I talked to Lee Chaikin, who's the professor I was going to be working with getting my master's and made a proposal on a project and he approved it enthusiastically. I spent considerable time with Professor Chaikin during the spring and summer in preparation for beginning my studies there, which made it easier to get all the work done by the end of that year before I had my Air Force obligation the following July. I think it was the faculty there, the reputation, and the program they had for a professional degree.

SA: Who do you remember specifically on the faculty?

BS: Well, Lee Chaikin obviously because I worked with him quite a bit. Ken Ralston was still there. Don Duerr, he taught me forest meteorology, a really, really bright person. He just passed away recently, but when I'd go back [to campus] he was still very active with activities at Duke. Those were some of the ones that I primarily remember. Of course, Scotty Harrah was the dean and he had become ill about the time that I was there and he was having some health issues at the time but he was still dean. I had soils under Ralston and then Frank Wood was a silviculture professor but he was not there too much longer after I was there.

SA: Somewhere in the 1980s the Duke Forestry School morphed into the Nicholas School of the Environment? As an alumnus at that time, how did you feel about it or what did you hear about it? Was this important to you?

BS: Well, I know it was a controversial move because of the environmental movement at that time and because some factions of that movement were adversaries of us foresters. It



was a wide spectrum, and I think some people didn't recognize that there were so many facets to it. I really looked at it as a positive, contrary to a lot of my contemporaries, and how it could be incorporated and kind of a win-win. Maybe I just tended to want to look at it and see. I took the position rather than write it off and walk away that, hey, let's stay involved and try to influence the direction and try to get the best of both worlds and incorporate it into forestry thinking.

And I think they probably lost some support from some of the industry because a lot of it was going to involve looking more at some environmental issues. I mean some things that the environmental community didn't recognize, is that industry had many of the best environmentalists around. Some of the things industry implemented, and had the wherewithal to implement, had a long term focus. It was a strategic asset and while they were really looking at productivity and possibly in some cases large monocultures, the long term ownership philosophy was good for the environment because it gave management decisions a lot of stability. And, of course, nonindustrial private landowners were the beneficiaries of a lot of research that was done by some of the more active companies that had fairly large research and development components. So I guess it's a long answer but I felt like it was a good opportunity versus a negative. It helped attract financial support for the school that may not have come otherwise. So I think overall at that time it probably was in the best interest of the university.

SA: You eventually served on the board of visitors for the Nicholas School of the Environment.

BS: Right.

SA: What years were those, do you remember?

BS: You're testing me now. It was a long time and I stayed on probably ten or twelve years on the board of visitors. Eventually, I was made an emeritus member, the honor of which really humbled me. I try to go back to as many of the meetings as I possibly can.

We had some very lively discussions. There were about three different deans while I was a member. I respected all of them for their intellect and their dedication to what they believed in. While I did not agree with some of the philosophies, I did feel the sometimes lively discussions helped create common ground. One of the issues that arose was private corporate research funding, which was shunned at one point. My view is that without input on research needs from the practitioners in the private sector, much of the research will have little short-term benefit.

SA: Whose philosophy was it in particular that said monies from industry should not be accepted?

BS: The Dean at that time. I can remember distinctly one board of visitors meeting where it got down to only a couple of us old forestry graduates were on the board of visitors and the rest were not necessarily graduates, some environmental management graduates but a lot of people that had interest in environmental issues. I made a point in a couple of meetings that I felt like that the university was being held back by not partnering with some of the industry and that industry is not all bad guys. Both parties can benefit. Industry could learn some things from the university and the university could learn some things from the industry. When I say industry I'm speaking in broad terms; landowners and forest products companies, and of course, they have the money to fund a lot of it, but it was more. I don't think it was a university philosophy at all. I'm not aware that was such a policy in other professional schools; for instance, in medicine and pharmaceuticals. The fear was probably that they assumed industry would want us to come up with the answers that they wanted. It wasn't an overriding issue but it was a philosophy during that term that I felt like was not serving the university that well.

SA: Can you tell me a little about your relationship with the founding dean of the Nicholas School, Norm Christensen?

BS: I'm a great admirer of Norm Christensen, and Norm could look at all viewpoints and understand the practical nature of the academic function and he reached out to do that. I

think he was a founding member of the board of the Sustainable Forestry Initiative; he was very active in that. Probably the industry members [of SFI] learned a lot from Norm, and Norm probably learned a lot from the industry folks about their issues and what they were having to deal with, how they could implement changes, and what it meant. So that was just one example of the various outside activities that he was involved in. He's a very, very bright person, great teacher and I think he was the right person for that job.

SA: What other issues do you remember being discussed during your tenure on the board?

BS: It was always a broad spectrum of thinking on most issues. I remember when Bill Chameides came in and started up the (and this is really when I was an emeritus member) idea of forums, and we had some roundtable discussions. One of the discussions we had was on the Clean Water Act renewal. Bill Reilly, the EPA Administrator under President George H. W. Bush, was chairing the group in which I participated. We were talking about best management practices, and the discussion sort of gravitated toward the regulatory nature. I pointed out that the voluntary BMPs in the Carolinas (I was more familiar with South Carolina), had been monitored and audited on a random basis by the state agency. They found 95 percent plus compliance with these voluntary BMPs. And what surprised me out of this very knowledgeable group, was that several were unfamiliar with the concept of best management practices. Bill Reilly wanted to hear more about a voluntary program that was working. Fortunately, Robert Bonnie with the Environmental Defense Fund at the time validated my comments with praise for its success. To me this experience just reinforced my concern about the poor job we foresters are doing with communicating. Maybe the problem is that BMP publications and the BMP press releases and everything else never got out of the little close knit forestry community. But some of these issues needed to be more broadly known by people influencing decisions. And it was a very innocent question; it wasn't a very environmentally liberal viewpoint. It was just that most of these participants didn't have knowledge of it.

Eventually environmental management was the dominant educational area that the Duke applicants were seeking. There were very few MF (master of forestry) students. Every time it would get from three to four or five, the conclusion would be they were making some inroads into a stable expansion of more MFs. Quite often what would happen is EM students would come in and become interested in forestry and obtain dual degrees. The same also happened with initial MF students. The bottom line is that the environmental sciences attract a lot of very bright young people.

SA: I think this has been going on for a while. And forestry programs around the nation have been challenged to get the brightest and best students.

BS: Right.

SA: Perhaps you're one of the outliers who loved math. But that's been talked about, at least to my knowledge, in forestry programs for decades.

BS: It's an interesting thing, maybe fast forwarding a little bit here, but our Rotary Club in Sumter had a program for about twenty years of taking students to a work day. The high school students would sign up by profession in which they had an interest. I always got a big group from Sumter High School. It's a large public high school, one of the largest in the state at one time. The first thing I would ask each of them (I could only take five at a time and there were always more than that that applied), was why they were interested in forestry. And my second question was, how's your math? And they said, well, I'm struggling with math. I said, well, you better think about something else. I said there's a lot of math in forestry, and they were shocked. I spoke with the guidance counselor, and I said let me tell you what forestry is about. I am proud, though, that one year, out of five that I had, four of them ended up going into forestry and graduating.

One of the other things that's been discussed widely in the curriculum area. Every time I've been in a curriculum committee meeting at any institution that I've been involved heavily in (I served on a group up at Virginia Tech one time and it came up there, and

always at Clemson and in other undergraduate programs) it came up that the students are not getting enough exposure in business and communications. I do think the curriculum tends to, in general, belabor some things way too much, when it could be offering education in other areas. For example, a policy course could easily be consolidated with the introductory forestry course. That would free up a semester for Econ 101, accounting, or another business-related course.

SA: Programs in forestry have been challenged, even perhaps a little bit more than many other fields, to provide enough electives to students, because there are so many requirements that different parts of the community want.

BS: Correct.

SA: One of the challenges as well that many forestry programs have experienced is being able to get the diversity into their programs that they desire. Part of that has been driven by the desire of the employers to have diversity and representation. But the forestry schools and related programs have had big challenges to achieve diversity. What was the makeup of the student population when you went to school and if you want to comment on the issue?

BS: Well, it was all male when I was there. Our entire class was white male. As far as diversity from background, I think it was a pretty diverse group, geographically, as well as socioeconomic status. I think that is true of most public universities and land grant universities. And then when I was at Duke it was all male but it was a little more diverse geographically as far as the forestry students went. When I was at Clemson, I think there were maybe fifteen or twenty women total, and forestry was not an area they went into. But I think the first female we hired in the field forestry area was an intern, a female forestry student at Clemson, who was a very, very smart young lady. We actually offered her a position when she graduated. However, she wanted to work in another geographic area, and we were fairly confined geographically at that time.

SA: Many of the forestry programs have made great inroads in terms of gender diversity; even reaching 50 percent or more. But, they're still struggling with ethnic diversity.

BS: Well, I literally did all our initial interviewing, in the early stages of the organization. And I can't recall what year it was right off the top of my head but it was at a time when we'd grown to maybe five or six employees, not large and in the early stages. Back then we would look at four or five universities, Virginia Tech, N.C. State, Clemson, Auburn, Georgia, and Duke. When I went to Clemson, I interviewed a really sharp African American and he was very candid with me. I appreciated his honesty very much. He said, I'm doing this for experience, because Westvaco, at that time, allowed me to work for them, encouraged me in high school to go into forestry, I'm here because of them and I'm morally obligated to them. I responded that I appreciated his candor but I wanted to continue with the interview. He was very straightforward and candid right off the bat, and he went to work for Westvaco when he graduated. He would have been a great addition to our group and he would have been very much accepted because at that time, with the company being small, everybody had to know each other real well and get along well. I think Westvaco came to a conclusion that was how they could get more African Americans into forestry. For the most part, African Americans had no exposure to forestry, and they really weren't that interested in forestry. That's been a challenge, and generating that interest continues to be a challenge.

SA: Was this issue at all brought up at the board of visitors at Duke at all during your time with them?

BS: Enrolling minority students was always an issue. Many years ago while I was on the Board of Visitors, a scholarship for minority students was established. It seems that the eventual dominance by the environmental sciences brought about more minority enrollment.

## **The Family Forest and the Federal Land Bank**

SA: How many acres was in your family forest?

BS: I think at that time it was about twelve thousand acres. And we bought out some other family members. When I was in school and the Air Force, we bought out some family members. There were still five family members involved in addition to my dad, and he financed part of the sale by selling part of the property that was in demand for one of the companies, some hardwood land. When I was completing my time in the Air Force, my dad passed away, and I completed an additional acquisition by selling some additional land. A Federal Land Bank loan in 1967 enabled me to acquire other family interests to a point where the ownership consisted of my dad's trust and one of his sisters. So it ended up down around ten thousand acres after all was said and done.

SA: What was the nature of the forest on the ten to twelve thousand acres?

BS: Well, there was some black river bottomland, but no red river bottomlands. Having worked with Ernest Nutting in red river bottomlands, I found black river bottomland more of a challenge to manage.

SA: What's the difference?

BS: Well, red river bottomlands are from river systems that originate in the mountains above South Carolina and North Carolina and Virginia, and in the Gulf States as well, above the fall lines in the Sandhills. And so they collect, through flooding, natural flooding, a lot of topsoil sediment and it's deposited once it goes through the Sandhills region. They are extremely productive soils but it's structured. You can go in and operate on it when it's dry, and crown roads, and get around and do your work and that sort of thing. The high water has more flushing out process as far as debris and cleaning up the forest floor.

In fact, on the red river bottomlands a large percentage was farmed up until the late 1800s, and they were diked and farmed because they were so productive. Then came a combination of the difficulty of maintaining those dikes from floods and also a couple of farm depressions that brought badly falling prices, and they were abandoned over a period of time and reverted back for timber. Of course, most of the seed source was coming from other areas because when they were cultivated and farmed. They'd pick up seed source locally, wash again, but when it's cultivated you don't have root stock left for sprouting. So [the forest] is coming in almost purely from the seed source.

Black river bottomland, the area associated with coastal rivers, are typically humus type soil with a sandy base underneath. You really can't go in and build roads without doing dredging and ditching. However, much of those areas were logged up until the late '30s by railroad and some roads. There were some areas where there was enough of a structured soil on which to build the rails. For the most part, however, pilings were put in to build these railroads. Then eventually, as time went on, there were a number of alternatives to log black river bottomlands. Georgia Pacific brought in some overhead cable type logging systems with towers that they used in Oregon and Washington. That was back in the '60s and '70s. For the most part, a lot of the bottomlands were harvested up through the '30s and the regrowth took some time so there was not a lot of activity in the '40s and '50s and '60s in some of the bottomland until you had the regrowth coming back in.

SA: So the family property was mostly black river?

BS: The hardwood types were in black river bottomland, but the property was primarily upland pine.

SA: And the pineland was coastal or part piedmont?

BS: All was in the coastal plain of South Carolina in three counties. After Hurricane Hugo we learned a great lesson there about geographic concentration. Having dealt with



Hurricane Hugo, we diversified and sold property and traded for land in North Carolina, even bought some land in Virginia. And we had split up into different entities as the family grew. I bought out an aunt. She was the remaining last one in the partnership. It went from a C Corp in '51 to a general partnership in 1955. And the others were bought out and then we borrowed the money from Federal Land Bank to buy out the other interests. We began giving our children ownership over time with the annual exempted amount. We had so much debt on it the net value was very low so we could transfer pretty large percentages of it.

SA: How did the Federal Land Bank work?

BS: It was considered purely an agricultural loan because we were buying an interest out. It was a thirty-year loan which we just completed paying off in 2009. It was a fixed rate and I think it was 6 percent at the time. I had become active with the Forest Industries Committee on Timber Valuation and Taxation (FICTVT); and I called on Bill Condrell, a DC attorney and director of the FICTVT, to advise us on setting up the process. It was actually set up as a land contract and a separate timber cutting contract. That was actually a blessing in disguise. The cutting contract was a ten-year cutting contract, and we had to cut the timber fairly aggressively. We closed in January of '79, and Hurricane Hugo came in September of '89. Fortunately we didn't have a lot of timber to be blown down. We reforested everything we cut so what was subject to Hugo was ten years or less, which had very little damage. Now the other part of the partnership which remained intact, which was mostly my dad's side of it, of course that was a different matter. We had a lot of damage there. We had quite a bit of loss there.

SA: What was the interest of the federal government in the project? They were trying to enable people to purchase agricultural lands?

BS: The Federal Land Bank was farm credit. It was underwritten by the federal government, but it was a totally borrower-owned entity. The Federal Land Bank of Columbia was four states back then. Its area included Florida, South Carolina, Georgia

and North Carolina, and it's headquartered in Columbia, South Carolina. They had regional offices and the Federal Land Bank of Sumter covered three or four counties and made loans to farmers. You had two organizations that complimented each other. One is the Federal Land Bank that made land loans and they went out and sold bonds. It was completely separate from the government. The government guaranteed those bonds to the marketplace. But other than that, the government wasn't involved in it. The government chartered them just like any commercial bank and had oversight. The tandem organization was the Production Credit Association, which made annual loans for crop production. They loaned money for seed, fertilizer and equipment. The fact that it was called "Federal" Land Bank, the only thing federal about it was when they went out to sell bonds in the marketplace, and they were part of a larger association of land banks. So there was a national marketing of the bonds to provide those funds.

SA: But basically they felt it was in the nation's interest to help farmers. To expand or produce more.

BS: Yes, and they basically competed with the commercial banks. Commercial banks made loans but they didn't make that many loans available for farmers. I mean there were more annual loans like Production Credit. They competed more with them. There were a few commercial banks that made land loans on cropland or timberland. I actually served on the Federal Land Bank regional board. I was the youngest member of that board, but it was a great educational experience because we were a loan committee. I reciprocated in that I could provide the timberland interest perspective. The board was truly a working board. We met monthly and we reviewed and approved every single loan that was made.

SA: How old were you?

BS: I was in my early thirties I guess when I was on that board. I remember the mid-70's downturn. Prior to that, I had become concerned that credit availability was contributing to escalating land prices. Having become more heavily involved with appraisal services as a part of my business, I could see what impact those comparable sales were having on

the continued escalating process. Obviously, we've gone through a number of those cycles, the most recent of which was the most drastic. In the mid-70's meltdown, cropland had gotten up to about twelve hundred dollars an acre, and it tumbled to six hundred dollars. And the same with timberland. Timberland got up to about four hundred dollars per acre and it went back down to two hundred dollars or two fifty.

After I departed the Federal Land Bank board during a major consolidation move, First Federal Savings and Loan asked me to join their board. First Federal Savings & Loan of Sumter was absorbed into the First Federal Savings & Loan of SC headquartered in Greenville.

### **Interest in Flying and Becoming a Pilot**

SA: So, you're in Air Force ROTC. Bill Shain at Clemson had recommended that you go on to graduate school and so there was some change in the ROTC deferment I think. What was happening there?

BS: Well, two things happened almost simultaneously in my life. I wanted to be a pilot. The Air Force changed the time obligation for pilots from three years to five years. Understandably, they spent a lot of money to train pilots. But then secondly, I was thinking more and more about graduate school and decided to do that. Between my completion of ROTC Summer Camp and the beginning of my senior year at Clemson, I made a decision that I would forego pilot training. I could go to graduate school, fulfill my Air Force obligation, and begin practicing forestry sooner.

This all took place in a relatively short period of time. Although I was no longer in the pilot category, I still was what they called a distinguished military graduate and received a regular commission. I was technically in the Air Force reserves while I was at graduate school, and I received credit for that time when being considered for promotion.

I reported to Langley Air Force Base as the administrative officer for a weather wing, part of the Air Weather Service within the Air Force. I really enjoyed my time at Langley, and weather was another part that I found interesting. I took a forest meteorology course at Duke, and I didn't realize how technical it was going to be. However, I found it to be a challenging course that spurred my interest in meteorology. At Langley, I also received my pilot's license through the Aero Club on base. I could go rent a plane for six dollars an hour back then. I had to pay for the gas on top of that, but it was very inexpensive. I'd fly home occasionally, you know, rent the plane and fly home. As I was in my Aero Club pilot training, I received transfer orders which meant I would have no chance to continue flying lessons. I had to really push hard to get my pilot's license before I left Langley.

SA: What was your family background related to flying?

BS: My dad was a pilot for two years in the Army Air Corps. He graduated from Presbyterian College in 1929, began MBA studies at Columbia, left graduate school after the market crash, and began Army Air Corps pilot training in Texas in 1930. He flew what was called back then pursuit, which is the same as fighter planes now.

Well, my dad was out at Kelly Field in pursuit planes, and it was back in the days of biplanes. He was in the reserves, and he never saw combat between the wars. Interestingly, he tried to get back in when World War II broke out but he had some medical issues between his time in the AAC and World War II. The condition, which was treated at John Hopkins, made him unacceptable for flying. In fact, in going through his papers I saw where he had received letters from all branches of the flying services at the outbreak of the War. He always had a really strong interest in flying. He didn't fly anymore after he got out of the Army Air Corps.

And then, of course, my uncle, my dad's oldest brother, was a pilot with Royal Air Corps in World War I. He enlisted in 1917 in the Canadian Air Corps, trained in Canada, was sent to England and had further training, and was transferred to the Royal Air Corps. He

ended up in combat in France, in northern France, in April 1918. He was killed on a mission behind enemy lines in July 1918. His loss had a big impact on the family, as well, because my grandmother really never got over losing her oldest child. My Uncle Ervin always had a great interest in machines. He built a racetrack in Sumter, and the one-mile dirt oval is still recognizable to this day. He raced cars that were really the forerunner of NASCAR because they bought stock cars. In some of the news accounts the only names I recognized were Packard, which is no longer with us, and Buick, which is still with us. All the other names are companies that have since gone. But he had a great interest in racing, and it was only natural that his strong sense of doing something he believed in would lead him to becoming a pilot in World War I.

SA: They named the Air Force—

BS: The Air Force base, Shaw Air Force Base near Sumter, about nine miles west of Sumter, is named for him.

SA: What's his full name?

BS: Ervin David Shaw. They had a delegation including the mayor and a number of city officials that went to Washington and petitioned to have the base named. They built the base right before World War II when the U.S. felt like they had to build up some defense capability, particularly the Air Corps. It was a training base when it first opened up. It's a very important base, an Air Combat Command base now. Shaw AFB is now home to several squadrons of F-16's as well as home to the Ninth Air Force headquarters. The Department of Defense recently moved the Third Army headquarters from Fort McPherson outside of Atlanta to Shaw Air Force Base because of a joint Army and Air Force command. There was an influx of quite a few people out there. The base and the recent expansion has been very important to the community.

And along those lines, my Aunt Priscilla Shaw, who had a girl's camp in North

Carolina, sold it in 1950. She became interested in politics, ran and was elected to City Council of Sumter in 1950. Then two years later decided to run for mayor and she was elected mayor in 1952. And she was a very forward thinking, aggressive type; and she put in things that had never been done before, publishing the annual budget in the newspaper, line item by line item, and making sure everybody knew where all the money was going. Of course, it was in the early days of civil rights. She advocated and was successful in implementing quite a few things that were not readily accepted by all the community. She had a wonderful nature about her. In spite of the gravity of the times, she used her knowledge of people and her sense of humor to accomplish much in her brief time. She did not have an ego, but she knew what she thought was right; and she got a lot accomplished. However, it was a difficult time, and finally she promised her brothers that she would not run for reelection. Those were the early days of women in politics. She was one of a handful of female mayors in the country at that time. The mere fact that you would talk bad about a woman in public, unlike politics today, upset my dad and my uncles. They pleaded with her not to run for reelection. They just didn't want to see her go through that, and she didn't run for reelection.

But she initiated something that's really been copied all over the country and that is the Shaw AFB Sumter Community Council, which is a council formed to work on base and civilian relationships. It became a model across the country. And to this day when the brass comes in, the commanding generals or base commanders come in, everybody in the country has heard of Shaw AFB-Sumter Community Council because of what they've accomplished. And it played real big in a base realignment and ensuring that Shaw Air Force Base would remain where it is. It is a popular base with a lot of the military to come here because they all are really a part of the community, very much a part of the community even though many of them do not stay very long. Air Force retirees, including a recent Chief of Staff of the Air Force, have returned to Sumter to make it their permanent home, and many times to take on active roles in the community.

SA: When you were getting your pilot's license after you graduated from Duke and serving out your commitment; did you have in mind that you would use that for forestry purposes at that time or not?

BS: Well, I recognized the benefit because one of my areas of interest that Dr. Shain taught was both in dendrometry and also photogrammetry, and I recognized the applications. In fact, one of the possibilities that I looked at, as far as graduate school, through Dr. Shain was interpreting photographs and using photography to inventory forests. It had not been put in practice and very little work had been done on that. So I recognized the real benefit of flying over property, viewing property, not as a substitute for being on the ground necessarily and really seeing it close at hand, but as a supplement to being able to see things you couldn't see on the ground. I definitely did see that opportunity for a graduate project. I love flying as a passion, but I also saw the practical side. I haven't flown now in about three years and I miss it tremendously. I just love flying activity.

SA: Do you think eventually you secured additional relationships with landowners, because you offered the service of flyovers or anything like that?

BS: Well, I don't know how much of a competitive edge it provided but it did provide a supplement and I think it was very helpful. I utilized it, there's no question about that. We could get in after a wildfire and observe the extent, not as a substitute for seeing it on the ground, but as a supplement to seeing areas in a very short period of time. I remember one time in particular. This was a little bit later but we were looking at a property down near Saint Mary's, Georgia and we had a client that was interested in looking at several options and they needed a quick turnaround assessment. I flew down to Saint Mary's, flew over the property for about an hour back and forth. I took someone with me so I could make notes and not make notes while I was flying. A pilot would not have known what to look for. We came up with an assessment on volume. I came up with that based on sight and as it turned out it was very close. That may have been pure luck, but just looking at it and saying this runs two thousand feet per acre, or this runs three thousand

feet, similar to the way a lot of the old time guys used to do on horseback provided a quick preliminary assessment in real time rather than dated photographs.

Another example was with one of our early clients up in Virginia. They were looking at an offering and they had been told by somebody else that there was extensive pine beetle damage in those areas and I spent a day flying this client over this property. I flew over property and we spent literally a day flying back and forth over a number of tracts. We were able to locate some of the pine beetle areas that were not on this property, they were satisfied that there was not a pine beetle problem with that particular offering. It would have taken days to do that by vehicle. It worked well for something like that where you are just identifying pine beetle areas rather than taking detailed measurements.

Things like that were very useful and in that case it really made the difference. Then as the business grew we were able to transport people. I flew people down to Florida when we were doing some inventory work around Panama City. And then after Hurricane Hugo it helped tremendously. I really, really used it a lot after that.

SA: To assess damage?

BS: Well, not only assess damage but also we had one case where, loggers were in short supply and we had brought loggers over from east Texas. We had one tract of eight thousand acres north of Charleston and by our calculations we had about fifty-two to fifty-three million feet on the ground. The buyers informed us they had to begin moving their people off to start another location as they assessed they were about finished. I replied that they had just scratched the surface. I could not convince them that they had a long way to go yet. Finally, I convinced them to come and let me take them up to fly them over the property, and they could see for themselves that we had weeks left before we could finish that the salvage. That was a case where it really helped; not only for assessing damage but also to demonstrate the actual status.



## **Early Career**

SA: You've graduated from Duke and you're fulfilling your Air Force responsibilities. Your father passed away during this time. How did that affect things?

BS: Well, I was nearing the end of my likely time at Langley Air Force Base in Virginia. I was actually recruited by a senior officer at Tactical Air Command. It's an interesting twist here because the Air Weather Service in which I was assigned was what they called a tenant outfit on a Tactical Air Command base. We had detachments all over the Tactical Air Command bases. I got to know a colonel in the command headquarters and he knew I was a forester. He told me the Air Force had begun assigning forestry graduates in the civil engineering section. They wanted forest management on the TAC gunnery ranges that are several thousand acres.

I applied to change my AFSC Specialty, and I was accepted into civil engineering area. However, since I couldn't be moved from one major air command to the other, I received orders to report to a civil engineering squadron in Bermuda. The cedar blight had wiped out most of the trees in Bermuda, and there were shrubs and a few small trees. About that time I was also thinking about applying for flight school, but I knew I could apply for that while serving my two-year tour in Bermuda.

I was there in the civil engineering squadron when I received word one Friday evening my dad had a sudden massive heart attack and passed away. I can remember it like it was yesterday. I was living at a bachelor officers' quarters unit down by the flight line, and several of us were out engaged in a tag football game in a field down by the end of the runway. I had gone back to my quarters to get ready to go out to dinner that night and a chaplain came with the base commander. It was a shock really, it was a real shock. I applied for an early release to go into the reserves. I came back to Sumter and spent the first year trying to get all the myriad of my dad's business affairs in order, and then gradually started doing some additional work with Ernest Nutting in forestry. He turned over some of his clients to me while he was still involved with them, to work with them, and I gradually picked up other clients and started doing additional consulting work. I

returned in late 1965 and formed a business in late 1966 because it took me a year to get everything squared away, at least to a point to where I felt like I could go out and do some other work.

SA: How did that work out in terms of taking over Ernest Nutting's clients?

BS: His consulting business was typical of small operations of that time. There were few formal contracts, and most of the work was done on the basis of relationships built and on handshakes. His client base was relatively small, but several of them had relatively large acreages. Camden was kind of a magnet for consulting foresters. There were several families with considerable forestland who lived in Camden, and that attracted forestry professionals to that area, disproportionately compared to other areas. Ernest did work for some of the larger landowners that started to split their land up. I never did do any work them, some of them were his real longtime close clients. I just gradually took on some of his clients and continued to pay him for having brought in the business. However, it wasn't a formal arrangement like we had with another early acquisition, Boris Hurlbutt's business.

SA: When you came back to make arrangements or reorganize the family businesses, what happened regarding the forest? Who had an influence on you at that time?

BS: Well, I was at a disadvantage because my dad was gone. His brothers were older and had some potential conflicts in advising. My mother was recovering from major surgery when my dad passed away. An aunt who had worked closely with my dad had run a camp business for many years and who had served as mayor of Sumter was a great advisor. We had a family friend who was in the insurance business who kind of took me under wing to help me out with other matters, not the business necessarily. The family's CPA helped advise me about going in debt that much to buy out other family members. I suppose the fact that he encouraged me to do it meant a lot because I knew how conservative he was about the way he approached everything. I would call professors from time to time with questions about things related to the business.

There were a couple of older consulting foresters who helped on many occasions. I was greatly indebted to people like Leigh Wilson who was a consultant in Florence, a great gentleman. I called him up a number of times when I had problems or issues or asked for advice. Bill Milliken in Columbia was another consultant who I relied on quite a bit at different times. He'd been around a long time. Another one was Henry Fishburne in Charleston. I wasn't as close to Henry, but he was full of information and advice. It was totally unselfish. I tried to do the same thing for other foresters as I got some experience and people called on me. I was the beneficiary of that, and I felt like I owed it to these people to share with them what I could do to help. Also because it was a close knit fraternity, and we had an association.

The Association of Consulting Foresters had been around a long time, and well prior to my time they had some upheaval. They apparently had a couple of people in the state that were the cause of people leaving the ACF.

The Association was not that strongly supported. There were few members, but we had our own South Carolina Society of Consulting Foresters. It was about forty members strong. I learned that consulting forestry in South Carolina fared much better than neighboring states, primarily because of Charlie Flory who was the state forester. He believed in private enterprise and believed that there should be a limitation on free public services. They knew they couldn't serve everybody so they tried to gear their free public service to those people who could least afford it and to limit total days per year on all landowners. For very small ownerships the fixed costs and the economies of scale come into play. Therefore the total cost was too high for such landowners, but the landowners need advice. The SC Forestry Commission back then had many more field "project" foresters available. Often they would provide the initial woodland exam and provide the landowner with a list of consultants providing services in the state. South Carolina served more forest owners like that because they didn't concentrate on one large owner or two or three and so they were able to spread themselves a lot thinner.

SA: This was the 1960s and '70s?

BS: Sixties and '70s, yes. Charlie was state forester in the '50s. I mean he had started that before I began consulting.

SA: Did that philosophy continue after his time?

BS: Yes, sure did, continued right on. And I didn't realize how different it was until we visited other states and found out they had a different philosophy. But he served South Carolina well, Flory did. He was there a long time.

SA: So you came back from Bermuda and you put the family's affairs in order for about a year and then you started a consulting forestry business.

BS: Correct.

SA: What was the impetus for the business and how did it get started?

BS: Well, the family business still involved other family members until '67. In late '66 I felt comfortable that I had dealt with most of the issues and brought it to the point where it needed to be. By that time, also, I had been involved in part-time forestry consulting enough to think that there were some other opportunities there versus the traditional forestry consulting business. I wanted to try it, and I continued to help Ernest Nutting. I picked up some of my own clients through contacts and friends and family acquaintances. One of the early projects that was more than I could handle I farmed out a part of it to my friends Bill Milliken and Leigh Wilson, and that was an inventory for ITT Rayonier. They were buying some private land and they had to have an inventory and analysis of that land and appraisal so I did that. But the inventory part of it was more than one person could do in the deadline I was allotted. The arrangement worked out really well. Those were the kinds of things I started getting involved in early on, and doing other consulting activities at the same time. I picked up a lot of local business through contacts, joined the

Sumter Rotary Club in April of 1966, been a member ever since, and I made contacts there. The president of Williams Furniture Company was a member, and I gave a talk to the Rotary Club. He liked what I had to say, and he promoted me quite a bit. That's about the time the South Carolina Forestry Association got started, and I was involved in the organization and actually the founding of it. Through contacts like that, I started picking up work in several counties around Sumter and expanded from there.

SA: Besides ITT Rayonier, what early client comes to mind?

BS: Well, some families in the Sumter area. Just a lot of individual families and farmers that had timberland that I knew and had timber components of their farms. I started providing services for the Bynum family of four siblings. Another was the Wilson family who at one time owned a large sawmill operation in the area.

SA: We can probably call most of these people nonindustrial private forestland owners at the moment.

BS: That is correct.

SA: What was the range of acreages that they owned and what were the things you were asked to do?

BS: Well, the acreage range was from fifty acres up to about three thousand acres, not in one tract but in several tracts. In 1979 I interviewed for management of half of the Beidler lands and that was about sixty thousand acres total owned by the two sisters. It was all joined and then we subsequently divided it between the two sisters. The subsequent division was in 1981. Up until that time my work was pretty much concentrated on individual tracts and smaller owners. During that time I hired two foresters. The business grew fairly rapidly to justify hiring somebody. In expanding with personnel in the early years, my test was to feel comfortable I could use at least half of that person's time in what I had ongoing or reasonably line up. I would then aggressively

market to fill up the other half. I usually had to have it where I felt like I was pressed to the hilt as far as getting all the work performed. I knew I could generate more business if I had a little bit more time and didn't have to be in the field twenty-four seven. That was before cell phones and you went out in the woods and you were there until you came in at night, and you conducted business at night.

SA: You mentioned before that Ernest Nutting was an old-school forestry consultant. But that you were somewhat of a visionary.

BS: I probably spent too much time thinking, "What if?" However, I am convinced that visioning is what enabled us to grow the business into a broader-based, multi-service organization.

SA: What were some of the other opportunities you envisioned?

BS: Well, one of the first ones I saw was the bank trust departments. They, typically, were not geared to handle timberland but mostly dealt with stocks and bonds, and, in some cases, family owned businesses. I knew we had one bank that was headquartered in Sumter and had a trust department that actually held quite a bit of land. Back then there was no certified appraiser requirement. That was before the Resolution Trust Corporation (RTC) days when valuations were called into question, so the federal government decided they had to regulate and enforce some sort of appraisal. Up to that point there was the MAI designation, Member of the Appraisal Institute, that was the epitome of the appraiser's field, but there were no rigid requirements for that. A lot of people opted to use MAI's and there was no regulatory requirement for what went into an appraisal. There were standards adopted by the appraisal institute, but not regulated by any government. So I was called on from time to time to do appraisals, but I thought this would be a good option for revenue. The banks recognize the value of a good appraisal. They recognize that a forester would have more knowledge of it than, say, somebody that appraised homes. We have three approaches to value, of course, but they relied real heavily on the market data of comparable sales, whereas in forestry it was a market

approach, to some extent cost approach, but income approach was relied on as well. And so I decided that that would be a good revenue opportunity.

SA: What was involved, you had to get certified as an appraiser?

BS: No, there was no regulated certification at that time. Either by reputation or recognized as an expert in the field and you gave values, or you were an MAI. There was a vast difference there as far as recognition. So there was a limitation on recognition; people recognized that I was an expert in forestry appraisal, values, and they relied on that. There were some requirements by various institutions that you have an MAI appraisal and, of course, without that MAI designation I couldn't do those. Absent of that, however, they would call on me, and usually the MAI appraisals were more expensive than the other. Accountants, especially one accountant that I worked with, called on me to make appraisals.

There was a tax attorney here in Sumter who had an estate tax situation and he was very thorough. There was a provision in the code where you do an agricultural use and you had an ag use exemption up to a certain amount, and it was set at a fairly low rate. However, you had to qualify for that ag use and, without going into a lot of detail, there were certain requirements. You had to have a rental, but finding timberland rentals were difficult so I spent a lot of time researching and finding timberland rentals. He had me do that, and we were successful with the IRS. It prevailed after an audit, and that tax attorney got me other business as a result. Also, for probating an estate the executor of the estate files a warrant of appraisement, and in many cases, families would just put down a number. There was no real requirement on a warrant of appraisement but a lot of them wanted to, especially if banks were handling an estate, have something reasonably accurate. They would call on me to give an evaluation of what that person's assets were. I promoted that business. I think appraisal was the first thing and, of course, I started working on my MAI almost immediately but that was a long process. It was a little bit of a challenge in that there were no MAI's in the forestry field at that time. Every course I went to was mainly focused on apartment buildings, shopping centers, residences,

residential subdivisions, and that sort of thing. We saw some cases where an MAI appraised timberland and they were grossly off base, but they were by an MAI. They probably should have had a forester come in and give them some knowledge of timber, but they often didn't do that. About half way through my MAI education process is when the Resolution Trust Corporation came into play. RTC came out with certified appraiser regulations and then each state had to adopt it. That gave rise to the current state Certified Appraiser designation.

SA: About what year was this?

BS: That was in the '70s. But there were certain standards and components of an appraisal that had to be in an appraisal. I became licensed as a Certified General Appraiser in five states, over time of course, but initially in South Carolina. Then as the business grew we had to have an additional Certified Appraiser on board because there's a pretty heavy continuing education requirement. It took a while to get somebody to do it in the organization; but I finally said, look, I can't do it anymore. If we don't have one next year we're not going to have one. So we finally got that implemented and we have several now in the company and qualified in different states.

Reforestation was another big area. There were a lot of growing pains. Back then site preparation was not chemicals. It was mechanical clearing, using root rakes and windrowing or chopping and burning and bedding or whatever. And we would find a small operator that would suit our needs and the first thing we had to do is train them; we're not building a shopping center here. You can leave the stumps. You know, we're not going to spend five hundred dollars an acre on clearing. We want to spend two hundred dollars. However, we ran into problems. We'd train one and then as soon as we'd train them in what was needed, a paper company would hire them because of the larger contiguous acres they offered. Ironically, we paid them faster, usually the day of completion, because we didn't have a large accounting department with all the desks their invoices had to move across.



One reason I built our current Sumter office on the bypass where we could have some acreage is because we thought we would have to buy some equipment to continue the site preparation work. If not that, we would have to buy attachments that the traditional bulldozer operator didn't have, like bedding plows and drum choppers. As it turned out we were able to avoid that. It took about four or five years to where we realized we had to get an advance payment for site preparation and planting. It got to a point that large end contractors were expecting payment the day we finished. We would invoice and then a lot of the clients would say, well, as soon as I get my check from USDA I'll pay you, even though they had to pay half, it was a cost share. They didn't want to pay their half either until they got their check. We were kind of in uncharted waters because traditional forestry management companies or consulting companies weren't financing. We were kind of emulating or copying on a smaller scale what the forest products companies, paper companies, and those doing reforestation did. We also did prescribed burning. Real estate services came later.

SA: How did your Real Estate service work?

BS: It worked well. It worked very well.

SA: What was entailed in the brokerage services you offered?

BS: As we expanded services, it was usually the result of some visioning and trying to see what service needs we could fulfill. I tried to do a lot of listening, and then I would make sure all of us were on board. We tended to operate on a consensus basis after we talked things through thoroughly. When I came up with the real estate brokerage services concept for the firm, there was considerable push-back. A lot of my folks questioned it. A lot of it needed questioning. One instructor taught us that it's not so much service but the number one thing to do is get the listing. That's what it's all about. Get the listing. And so I immediately recognized there's a potential conflict of interest. There's a potential conflict of interest there with real estate because, theoretically, a landowner would hire us as their advisor and a typical real estate broker is not an advisor. Once a person decides

they want to sell something, they get that person because they have the expertise to make the sale, make it happen. So we're advising them and potentially we're in a position where we're saying you need to continue to manage this property long term or you need to sell it, and we have a vested interest in that decision. So we have to be careful if it's a management client. We started out initially in the real estate area with a policy that we would not broker for a client unless that client approached us, and we had written documentation that they came to us. We never encouraged them into selling it. That was their idea. We felt like we could avoid a conflict like that. It's worked well, and we've continued that for the most part. We haven't ever had a question on conflict about that.

The real estate end of the business right now, to this day, is somewhat autonomous. It has a different name, but the management organization and the real estate brokerage arm complement each other really well. If you have a forest management company and somebody needs to broker that property or they want you to go buy some property to add to what they have, then you have the expertise. To go to somebody where ninety-nine percent of their business is selling homes, they're not going to know where to start to sell timberland other than putting an ad in the paper or something like that. We felt like we had a tremendous service to offer over and above what the alternatives were. And by the same token, if you are a broker of timberland or a buyer of timberland, you've got a wealth of capability that you're accessible to, such as analyzing an inventory that may be available for something you're acquiring. If you want to broker it, if you have an inventory done, maps, good maps done, all the attributes prepared, then you can prepare a nice package that you wouldn't have if you were not in the timberland management business.

We're still trying to capture that and convey that. We convey it one on one with potential clients but I'm not sure AFM conveys it or AFM Land Sales conveys it fully to the general public. I saw a new industrial timberland owner advertisement the other day in one of the high end magazines and it said, "Don't trust a broker." If you don't trust the expert, then you don't know what you're buying. Now, they're selling their own land so that's a little different than being more independent like we would be. Here you've got all

this expertise. We've got the ability to generate information. We've got the ability to analyze information if we're acting as buyer broker for you. I mean, that's a great complement, they complement each other tremendously but the idea is how do you convey that and how do you tap into that fully.

SA: For that you need a real estate license?

BS: Yes, I became licensed in real estate in five states early on, and we've branched out. When we handled a large sale in Louisiana, even though we didn't think we were required to have a license since we were actually brokering it directly and not advertising it, just to be on the safe side we got somebody in our organization licensed in Louisiana and Arkansas to make that sale. AFM is licensed in all the states it operates in now. There's good reason for the licensing as far as the escrow requirements and accountability and everything else. A lot of the continuing education courses for real estate brokers cause the student to feel like it's an exercise in how do you compress an hour's worth of information into eight hours of class time, but there's a lot of good information in it too. And it's always good to go back to those courses and get a refresher and you need to stay in front of everything and be reminded. The most challenging license I had was in Maryland because we were managing and selling tracts on Eastern Shore and the D.C. area. I suppose with the D.C. area it's really complicated, and I had to take a lot of hours every year. I'd fly into BWI and they had the course right off Baltimore Airport. I attended one that was a fifteen hour marathon. I flew up the night before, started at eight a.m. and we went through for fifteen hours. I flew home the next day.

SA: Do you remember the first tract you brokered?

Bo Shaw: Gosh, I really don't. That's hard to recall. I really don't. It's been a while back.

SA: How about the largest?

BS: Well, the largest was one in Louisiana and Arkansas. That was four hundred and eighty-two thousand acres that Plum Creek bought from Riverwood. And we actually brokered it. We actually put the buyer and the seller together. Riverwood was owned then by Clayton, Dubilier & Rice, a leverage buyout company, in New York. They wanted to keep the manufacturing and they decided they wanted to reduce the debt and monetize the land. They wanted to go ahead and do a swift, quick transaction, and it stands out as a case where both buyer and seller are pleased with that transaction to this day.

SA: What's an average commission for a broker, brokering forestland?

BS: It varies. I mean, it's a big variation.

SA: What's a range?

BS: Well, 3/10 of a percent or 30 basis points might be the low range and a lot of these TIMO brokerage operations now are 2% to 3%. It goes on up to 7%. It could reach 10% in some cases, but that would be rare. It's pretty competitive as far as the typical TIMO transaction. We feel like we have a lot more to offer than some of the competition. Some people do a very good job at it, but others can afford to charge less because they put less in it.

### **Establishing the Business**

SA: Let's go back to the beginning of your consulting efforts. You start your consulting efforts around 1966 or so and you're picking up clients and I think you may have had some part-time people.

BS: That's correct.

SA: The first fulltime person you hire is Rick Bullock in 1975. Obviously, at that time you have enough work that you need somebody. Why Rick? What was his background?

BS: Rick grew up on a farm in New Jersey. To tell you how far removed I am from New Jersey, I didn't even know there were any farms in New Jersey. I knew about the Cranberry farms out there in the bogs, but it's pretty rural where Rick is from and, of course, he moved back there. He was the top graduate in '75 at Clemson, but a pretty reserved person. I guess the best way to describe Rick is that he had to get some help to get [started with a client] because he wasn't real outgoing. But once he got a client they were dedicated to him and he was dedicated to them. They wanted Rick. He was that capable and very conscientious and an individual of highest integrity. I remember one client, a large landowner in Camden that, actually, Ernest Nutting set us up to go meet. We went out to lunch with them and they kept asking these questions. Rick was going to handle that account because I was trying to expand and get him work. Rick would hesitate before he answered a long time, and I'd jump in to kind of keep things going. Finally this lady looked at me and said "I'm asking him; I'm not asking you." [Laughter] But he did a great job. Unfortunately, his dad died suddenly. He was younger than when my father died; it was very sudden and unexpected. Rick was the oldest of four children and had two brothers and a sister. The other brothers were much younger and so they prevailed on him to come back and manage the farm. They are a really great family. We've enjoyed visiting with them in New Jersey occasionally. They're an hour from Manhattan but they're as far out in the country as a lot of little communities up there. Rick, also, comes by to visit Sumter when they are in the area.

SA: How long was he with you?

BS: He was with us through the late '80s. I think he left right before Hugo.

SA: I think a second employee came soon after that.

BS: Right, Dwight Stewart.

SA: Dwight Stewart. What was his background?

BS: Well, Dwight came to me actually. I wasn't quite ready to hire somebody else at that time as Rick was just getting started here. However, what attracted me about Dwight is that he had worked with Georgia Pacific. I felt that having a corporate background—even though it was pretty much in forestry, purely in forestry, not on the business end of it—would bring a lot to us. He was outgoing, and I thought he and Rick would complement each other real well because of that.

SA: So he wasn't in procurement or he was?

BS: No, he was in land management and he did a great job. He was anxious to get more [land] under his direct management, sole management, quickly and we felt like there needed to be some training time. One of the issues—and this is something that we tried to follow as time went on—was conveying to employees who came out of industry and worked under one policy and management philosophy that now you have twenty clients, so you've got twenty policies you're working with. It's your job to listen and find out what the clients' objectives are. And sometimes you have a difficult time getting to those objectives because there's some family issue there that they don't want to disclose to you. You have to kind of pick up on what the issues might be without getting into their personal lives. You kind of have to interpret all that. I always use the analogy of an architect. Before you design a house you have to sit down with the owner and find out what it is they want, not this is what I think you need. That was a difficult thing for Dwight. I remember talking to him one time because he was frustrated with this client and he said this is not going to work out; we can't work for them because they don't want to practice forestry like it ought to be practiced. I said, well, is it better that we get 50% of good forestry or zero? Because if we quit and tell them they got to go somewhere else, it's going to be zero probably. He was also very interested in politics and I think he wanted to spend some time in that and some other things. Dwight is an excellent writer, and he still does a good bit of that.

SA: Op-ed pieces for the papers?

BS: Yeah, he did a lot of op-ed but he tried his hand at writing children's books one time too, just different things. He's a very talented writer, there's no question about it. He opted to leave and go out on his own in '85. Dwight's done very well. He stayed very localized and it allowed him the opportunity to get into politics, and he has been chairman of the county council in Clarendon County for two terms now. He is very capable, so he's served Clarendon County well.

SA: Well, that leaves you in the mid to late '80s with a void. You have to replace them both.

BS: Right and then Frank McLeod came in. Frank had interned a couple of summers, I think Frank spent two years at Wofford College in undergraduate school and then transferred to Clemson to get a degree in forestry. Had good writing skills, had good communication skills, and he was from a family scattered throughout the state, a lot of them lawyers and, they had contacts there for business. And Dwight brought Roy Belser to us because they were both in Summerton. Dwight's wife was from Summerton and he introduced Roy into the business as an intern. Roy's a forester's forester. He loves being in the field. He's still hands on. To this day he maintains a group of AFM clients. He gets out in the field and he more than carries his load of work because he's doing a lot of administrative functions. He is setting goals and policy, reviewing finances, and yet he still maintains some field operations work.

SA: So Roy is currently chairman. Both Roy and Frank stayed with you a long time.

BS: Frank has just stepped down when he took an early retirement. He was involved in running the real estate group. He also took over the appraisal operations, obtained his Certified Appraiser license until we had other appraisers, and then he ran the real estate group. When we merged with Canal, Tom Margo who was district manager in Sandersville, Georgia, came to Charlotte to run the real estate operations. Frank

continued to work with it. He had licenses scattered around different places, and he helped set up policies and procedures with real estate, as well.

SA: Keeping employees for the long haul provides a great amount of stability for any organization.

BS: That is so true.

SA: One of the ways that you've enabled that to happen is to have some co-ownership of the business. When did that start?

BS: Well, it started almost from the beginning. Rick and Dwight had co-ownership. We had a buy-sell agreement that was drafted early on when we incorporated. One of the provisions – one that I didn't ask for but the attorney that helped draft the agreement and who had been representing us all the time inserted—was that I would always own at least 51% of the business, and I could sell up to 15% to anybody coming into the business. I made a decision early on to treat it as a professional association, like lawyers and accountants. There were several reasons for co-ownership, including that I had set a policy for growth of the business. I decided to try to get some informal strategic planning functions in place before we actually had formal strategic planning sessions. There were three aspects of growth. There was growth in services, such as adding appraisal, real estate, reforestation, and other services. There was growth geographically, because we felt like we had hit a saturation point of market share in several counties close by. We still had industry landowner assistance programs in place then as competition. We thought that in order to get more market share it was going to cost more than the benefit, so we had to grow geographically. I had to have buy-in on that because a lot of foresters love being out in the woods, but managing larger areas and being responsible for half of the state wasn't on their radar screen.

SA: More time in the office or away?



BS: More time in the office and out on the road supervising. The biggest thing is being out and having to spend the night out somewhere. It never bothered me that much because compared to some of my contemporaries in other professions, it was minor. That's just not what a lot of people want to do. If you've got an inventory job and you've got to bring people out of Sumter to help out on a project, then you've got to spend a week on the road.

SA: So you have three things. You have growth...

BS: Growth in services, growth geographically, and personal growth. The personal growth was for everybody in the organization. And personal growth was growth in knowledge and capability, growth in income, but also growth in responsibility. And the only way to have growth in responsibility and income is by having ownership. It's difficult to have growth, but it's necessary to keep an organization going. I knew that if we ended up with fifty or seventy-five clients, I could not personally directly talk to those clients every week or even on a monthly basis. Even if I had somebody writing up reports and everything and I'd sign them, it just wasn't the same. So I had to make a decision then. I felt like I could build a business and have some value there at the end. I could then sell out. On the other hand, I could go the other route and say, okay, I'm going to try to build a business I'm proud of and that's going to include having people happy working in the business and stay and have some stability. I may have over thought that aspect but I still am convinced that it made a difference. I could assure our clients that we've got ownership that is spread around. If I get run over by a bus tomorrow, these people are going to be here because they own part of the business and your services are going to continue uninterrupted. And they're going to know enough about them that you won't miss me. That was a selling point, and I think that that made a difference.

The tricky part was valuing the shares. There's no question that the value is well below what the market would be in an open market when you capitalize the income or the net income. But the share cost had to be somewhere where a person could buy into the business, pay for those shares over ten years, and still come out ahead during that ten

years. So it's like they're paying for it, but they're really not paying for it. They're taking on some risk because if the value of the business went down that would be negative, but it never has. So, they're realizing an appreciation of stock value, but we can't grow too fast because that way it's not affordable to the new ones coming in. Our accountant did a great job setting it up initially. It's a weighted average of the last five years income times a multiplier. And we've adjusted the multiplier a few times. The cap on it—of how much it can go up – has been tweaked a little bit each time. But the value, like I say, never has gone down but we've had it decrease sometimes over the years from net income one year to net income the next. But the value has continued to go up. It's worked real well, but the realization is that it's worked well as a fraction of what the open market would have; but we have twenty-four shareholders now. We had eight shareholders with equal shares before the Canal acquisition and everybody, all eight, went in and said, okay, we're going to give up part of our shares so we can offer shares to these key Canal people once we merge. And we've continued to do that over time. We've now got different tiers of stock ownership depending on what role they have but everybody's given up stock. I'm not the only one that's given up stock. Everybody's eventually given up stock.

SA: But has the value then exceed the amount that they've given up?

BS: They get paid for what they give up.

SA: They get paid for it at that time?

BS: Yes, and it's quite a bit more than what they paid for it too.

SA: Right.

BS: So we had Frank and Roy and I and then Paul Klapthor. Paul was a key employee, and then Sam Carlton and David Anderton. David and Sam came in about the same time. I hired David from a company. David's background was with Gelbert and Associates, Mebane (NC) Lumber Company and an engineered wood manufacturer in Roxboro, NC.

They shut that mill down and he was the only employee they kept, and he kind of babysat that mill for a year. That's when he came with us and we opened up the Richmond office. David went to the University of Richmond and then he went to Duke to get his master's and then he got an MBA from Elon while he was working for Mebane Lumber Company. He grew up in Gloucester, Virginia, so he knows the area really well. He's been a manager up there plus he's corporate treasurer. He's a carryover corporate treasurer. We have a CFO, Sue Crawford, who came with Canal. David still retained the official title as treasurer but Sue is chief financial officer. She's also a stockholder.

SA: So for the stockholder, it seems to me, must take little bit of a leap of faith.

BS: Yep.

SA: And it's predicated on your vision of growth.

BS: Right.

SA: And it has other benefits if it's successful.

BS: Right.

SA: So you keep people for a longer time and provide services to the clients on a consistent basis. Roy Belser said the only way to expand the business was to make it solid. And, in part, the opportunity to have ownership in the business drove the need or desire for growth but that growth provided protection and benefits for the clients. And so eventually, as you added additional services, such as reforestation, you could do it at reduced costs. What tugged at you, as a South Carolina individual consulting forester to expand into these other areas and how did you have an interest to look at things more broadly?

BS: Well, I think it was part my entrepreneurial nature. I saw early on the opportunities that were there and I really looked at them hard because I felt like, well, if these opportunities are here, why hasn't somebody else done this? I went very cautiously about it because I wanted to make sure. I respected the people who operated in traditional ways; they had been in the business a long time.

One of the things that we stayed away from—that we looked at very, very seriously early on—was actually having site prep equipment and getting into the clearing business. We had some concerns about the financial aspect of it. We explored that, and we stayed away from it. I think it was a good decision. We opted to contract out such work and work with the contractors. We did purchase some specialized attachment equipment from time to time, and we did a lot of our own prescribed burning and field herbicide treatments for quite a while. That herbicide work was back in the days of the tree injector and hypo hatchets. We did quite a bit of that, but we stayed away from the real heavy financial aspects of heavy equipment, opting instead to contract and work with contractors by region. That was the other part of it. We expanded geographically. The costs of moving equipment around was prohibitive and so we were able to train and establish a relationship with contractors in various geographic regions who knew the area and could be more efficient in doing it.

I guess it was the entrepreneurial part of it. We had a couple of sessions where we sat down and looked at all related services. We had a real estate broker that we hired that had come from the Land Bank. He knew from looking at their bottom line that they did well with crop hail insurance so we looked at insuring. We ran up into a problem in that nobody had done that, and we finally decided not to pursue it, because it was just taking too much time.

We also explored an innovative idea we called forestryadvisor.com and we tried to come up with new delivery systems for smaller landowners online. We had a company conduct a South wide research on what people are willing to pay for that service by credit card, and it was an interactive type thing. It was more a consolidation of some free services

that were already out there by agencies, but the agencies were cutting back and we felt we could provide a one-stop shop online. We explored that pretty thoroughly, and we still have it on the shelf, but it had a marginal return. It would take a lot of hands on management and the idea was, rather than getting in a vehicle and going out and doing a woodland exam, you use satellite imagery, use data that was available online and that was interactive and then we could at some point go out if that was necessary. But in the meantime we would give the benefit of not a full blown woodland exam by one of our foresters, but we could at least help and assist a landowner in some fashion versus not having any help or assistance. Anything related to owning timberland or farmland for that matter, we looked at to see what we might do.

The other obstacle we had, and still have to a certain extent, in an area such as data management, is the size, and what landowners are willing to pay for that service. Where you have a lot of critical mass with a TIMO client, then they have reporting obligations to their investors, pension funds, and endowments, it's a given. It's a tougher sale to smaller private timberland owners. It really helps them in the long run to have this data, have this inventory and information, growth and yield modeling, and being able to have real time data at their fingertips.

Another aspect that I initiated was looking at what tools do unrelated industries, and other sectors, use and how could we apply those tools. With scanning and with bar coding, it's surprising that we still go out in an inventory process and measure trees and we haven't come up with a more efficient process. I mean we have been using a prism method or relascope or something like that, but that's still ancient compared to what's happened technology wise. And you could say well, that's the nature of trees; you have an inexact asset. I think if we'd look at it hard enough we can find out how to do it.

The online experience is another prospective concept we pursued. We received a solicitation from Yale about five years ago about donating to them to look at something similar. We were doing the same thing, and we're a little hesitant to donate to something because, while it was on the back shelf at that time, we wanted to continue with it as a

profitable venture, if possible. So I think we should be looking at what technology is out there and new ways of doing things because people are technology savvy. Even the oldest of us have to catch up a little bit. There will be a lot of ways to convey information to folks and especially with the data that's out there, the county records that are available. Foresters have been able to piggy back on GIS innovations, but there may be plenty more into which we can tap.

SA: You have worked over many years with nonindustrial private landowners and probably have been exposed to some people who you've tried to engage, but who said they weren't interested. What is your read overall on private landowners and how much of a "land ethic" do they have?

BS: I hesitate to categorize them because it is such a broad spectrum. A lot of folks have a strong land ethic. For the majority their land ethic is tempered by the bottom line. We've seen in the past, for example, that reforestation by NIPF's was directly proportional to the federal and state programs available for cost share. It had a big impact and there was no getting around that fact. Although it's typically fifteen years before first thinning, with genetics now and fertilization, maybe twelve or thirteen, the planting activity and the land ethics as far as investing in the land was short term oriented. In other words, if the markets were good, they planted trees even though it's going to be fifteen years before they realize anything from it. If markets are down like they are now, the interest wanes. Now having said that, with the real estate down and the speculative nature of the underlying land value down, it brings more focus back on generating revenue. It's a lot like the stock market. A lot of the stock brokers now are encouraging investments in blue chip companies that pay good dividends and those with a history of dividends. They do not really concentrate on appreciation; they invest in those that pay dividends. A similar situation: you're buying the land on which to grow trees, invest in those trees and invest in something that's going to bring a return and, of course, you've got to have confidence that the housing market is going to return and that the solid wood products market is going to return, as well as continued viable markets for pulp and OSB. It always amazed me that the interest in land ethics was kindled quite a bit by what's going

on right now, although investing in land ethics is a long term thing. It's not dictated totally by it, but the enthusiasm really increases quite a bit when you have good markets.

SA: It seems like it ought to be the other way around. If markets are down, invest because there'll be cycles.

BS: Right, exactly.

SA: Since we are talking about investing, let's go back just one more time to the shareholder plan that you had and where that came from? What was the first impetus for that?

BS: It was set up initially and really was agreement typical buy-sell agreement drafted by our attorney, Jack Erter. As the founder of the company I would always have at least fifty-one percent ownership and then we would have minor investors. After two or three years I made the sole determination and I felt like it would be best to treat it as a professional association. You find good people and you treat them as equals and you encourage them to think of it as being part of a business, like a law firm or an accounting firm or something like that. I have to be honest, I had no vision that we'd be looking at twenty-four shareholders now. And the problem is where do you stop with the number of shareholders, and what qualifies someone to be a shareholder.

I researched some law firms and some accounting firms and typically they would have a period of employment and then after five years, six years, or whatever, then you are asked to become a partner, but if that doesn't happen then people know that their future may not be there. We felt like that was a good pattern. We followed that to some extent, but maybe not to the full extent, because as we grew we had limited shares and we didn't know how much we would grow geographically. We didn't know that we'd grow that much in numbers and different categories of employees, so we developed reward plans for others that didn't become shareholders. We tried to implement a system where each project was measured as far as profitability. If that employee was in charge of that project

then they knew in advance what their reward would be. The accounting was a nightmare. We bought an accounting system that was supposedly going to do that, and it didn't do what they said it was going to do. We had a bad experience with it and we spent way too much time and money on it, and we went back to square one. And it was somewhat subjective but we've eliminated a lot of subjectivity from that process for non-stockholders.

SA: So there is a bonus plan and incentive plans?

BS: Exactly, right, for non-stockholders. Basically it's pretty much dictated now, rather than looking at it towards the end of the year, as to what we would pay out to non-stockholders but it's a certain set aside for non-stockholders based on the profits. It's graduated, where a certain percentage of the profits is paid to non-stockholders. And then we have another set aside for key employees that are not non-stockholders. It's a very good system, and the stockholders have what's left over. However, it's been a very good investment for stockholders. So, I think it's a good, fair system that works, and it seems that everybody is happy with it.

A couple of other things on the stockholder plan I think is of interest. At the start, one of the criteria to be a stockholder was to be a registered forester, and just the foresters were stockholders. As we grew, things like accounting got to be a very important part of the business. All of our appraisers were registered foresters, but different aspects of it got to be a very important part of the business. Real estate brokerage became important during one period and became a very large part of our revenue. So we eliminated the registered forester requirement to allow people in accounting and administration that had been there a long time, to be stockholders.

SA: In certain cases they could be rewarded for longevity?

BS: Performance and contributions to the long-term profitability of the company was always paramount, but long-term employment and other contributions to the company are



also considered. I think one of the other benefits, as we acquired Canal Forest Resources and Sustainable Forest Technologies, that the stockholder philosophy and concept allowed us, was to bring those people in to the mainstream of the company as owning a part of the company. That was very, very good for the company.

SA: Did you ever have an employee that thought that they should be considered as a shareholder and there was a disagreement about it?

BS: Sure. We have a system where any shareholder can nominate someone to be a shareholder, and it goes through a process with the stockholder committee. It goes before board and then ultimately is decided by the shareholders on the board's recommendation. It's a good system and it gives a chance to vet people's qualifications and what they contribute. It's a good thoughtful and objective process.

Our biggest turnover rate has been more with younger foresters that are enticed by the commissions as a wood buyer and going with a company or dealer. Even though their fees aren't guaranteed it's a little more predictable directly with what they're doing. They have a little bit simpler process than what we encounter trying to implement that on every single one of our thousands of management jobs from an accounting standpoint. And then there were issues about whether somebody actually brought the business to the company. If they initially brought in the work but then no longer were working with that client, there were all kinds of issues like that. I can understand a forester five years out of school doing management work. They have a vehicle, they have a salary, but they don't know what their bonus is going to be until the end of the year.

What we did typically is to look at bonuses every quarter. The first few years we paid bonuses for three quarters during the year. I don't think we ever did it for four quarters. But it was based on projected profits. During the first quarter it was very, very difficult to project far enough to have confidence in the end-of-year condition. Typically we would have a bonus in July, October and then in December. We try to follow that now as possible, but it's more end of the year bonuses now. It's a little bit more predictable

because we have accounting capabilities that we didn't have before, now having the ability to project earnings.

### **Growing the Business**

SA: You mentioned that one of the significant properties you took on for consulting purposes was for members of the Beidler family. Can you tell me a little bit about how that happened?

BS: I received a call in 1979. Up to that point we had a number of what we consider larger landowners with two or three thousand acres of timberland. Much of it was the property of absentee owners, often professionals who owned timberland. Some were large farms that had timberland associated with it. However, three or four thousand acres was more or less the limit of any single ownership we were managing at that time. TIMOs [Timber Investment Management Organizations] were just getting started at that time, and we picked up some work from them. However, we weren't that heavy into TIMO activity. An interview with a member of the Beidler family of Chicago resulted from that 1979 call. At one time the Beidler interests in South Carolina was close to three hundred thousand acres, mostly bottomland hardwood. They owned a mill in the town of Ferguson, which was moved and the area flooded when Lake Marion was built in the late '30's. From that mill, the Beidlers shipped a lot of the lumber to the Midwest and other areas. They also entered into long-term cutting contracts with other manufacturers like Brooklyn Cooperage that made barrels in Sumter, and Korn Industries, a furniture manufacturing company in Sumter. Georgia Pacific ended up buying Williams Furniture Company, which had twenty-year cutting contracts. I think seventy-four thousand acres was taken for Lake Marion in the '30s. In 1979, two sisters who owned half of the Beidler interests decided to spin off their portion for independent management. They, along with their counsel, interviewed three or four potential managers, and we were awarded the contract. It has evolved into a very rewarding, long-term relationship. When we were hired they were in the midst of being part of the condemnation for the Congaree [Swamp] National Monument. That was part of the acreage that diminished the

holdings. The funds resulting from that involuntary conversion were used to acquire more timberland. We encouraged them to reinvest in upland acreage because all they had up to that point was a very few acres of upland, some in Berkeley County and some other very small incidental tracts scattered around. We did two things primarily. We set up a management plan for them. We subsequently set up a division between the two sisters in the same manner it was done with the Beidlers, and that subsequent division took place in '81. Beginning in '82 and '83 we started to look at properties for reinvestment for them, primarily well-stocked upland tracts.

SA: How much were they left with then in terms of land that you managed?

BS: Well, we ended up managing for the two sisters about sixty thousand acres, about thirty thousand each. We also added to that with acquisitions resulting from reinvesting from the Congaree condemnation.

SA: What were their names?

BS: Anne Marie Boardman, a resident of Lake Forest, Illinois, and Louise Des Francs, a native of Lake Forest who married a Frenchman. The des Francs spent much of their time in France. It became more than just a service provider relationship, because we hosted much of the family quite a bit in Sumter. Of the Boardmans from Lake Forest, the oldest, Christopher, came down and spent a year living in Sumter. He joined our family most evenings for dinner because he was staying about three blocks away from where we live. Chris' younger brother, Robert, became heavily involved as well.

Edouard des Francs and his siblings also spent quite a bit of time with our family. Edouard ended up receiving his degree from the College of Charleston and made Charleston his home. His mother has also established her residency there from Lake Forest.

One of the reinvestment projects was the Blessing plantation, which was an interesting acquisition we made from Koppers Company. It was a hunting lodge. The house was built in 1834 and it had become truly a hunting lodge. It was nice and comfortable for hunting, but it was not much beyond that. When it was acquired she carved out that part with riverfront on the French Quarter Creek and some out buildings and areas around the lodge and a little pasture. They restored the house and added to it and made it a very attractive home. She added a pond on the site and really fixed it up. They put a conservation easement on the acreage around the house and down to the water and it's a beautifully maintained property. And then the remaining part of it we managed for timberland. They've done quite a bit of estate planning, as have the Boardmans. Their Chicago attorney, Randy Williams, provides outstanding counsel for estate planning. Working with him, as well as their local counsel, Jack Erter, has been a real privilege for us.

SA: Were you involved with many landowners and advising them on conservation easements?

BS: We have been. That was part of our service. If they had desires and inclinations to do that sort of thing or if we felt like that it was in their best interest, we might suggest that was an option they should consider. Some of them did and some chose not to; but we've done quite a bit of that.

SA: Some people question that if you have so many lands in conservation easements that are supposed to be preserved in perpetuity that as a society we could come to some future time when we would want them to be available for harvesting. Then it would be in society's best interest not to have such a limitation, but the tax benefits have already been accrued.

BS: I don't know what the percentages are, but I would say that most conservation easements focus more on building sites and use conversion limitations versus active timber management constraints. Even some of the federal conservation easements such as

the Wetlands Reserve Program, will allow harvesting, thinning, and that sort of thing if it's in the best interest of, for example, wildlife habitat. The idea is to get it back to more of its natural state. In the Wetlands Reserve Program, for instance, you would avoid water flow blockages, remove pipes and establish low water crossings. You don't take the roads out necessarily but you have a more natural setting. Many times the riverfront is protected more than maybe a typical BMP would have it preserved. However, the land trusts are flexible in being open to negotiated terms of a conservation easement, which might allow for active timber management on the majority of the property. Certain set asides are preserved, but it has a net impact for sure. The ones we've been involved in for the most part do not have that much of an impact on timber management. I know we ran into one easement we tried to negotiate years ago for a longleaf site. Initially they wanted to prohibit any introduction of nursery grown longleaf seedlings. It had to be all natural. And we had difficulty convincing them that it was not going to get the job done because of what had taken place in the past.

SA: Who were you trying to convince?

BS: In that case, I think it was Ducks Unlimited doing the conservation easement in the low country of South Carolina. As a partner in the easement, the Nature Conservancy was writing the conservation easement. They just weren't that familiar with how far the longleaf seed source will go and just what could be accomplished; plus the financial and economic impact on waiting and having it continue to burn and prepare a seedbed and get a good seed crop only every five or six years. We were able to prevail and get them to concede to allow us to plant longleaf on that site to get it done quicker.

SA: So during the early '80s you are managing the Beidler and Boardman properties and you go through a series of small changes from Shaw, Bullock, and Stewart to Shaw, Stewart, and McLeod to Shaw, Stewart, McLeod, and Belser. And then to Shaw, McLeod, and Belser, otherwise known as SMB.

BS: Right.

SA: During this time then in the '80s you bring in some other partners?

BS: During that general time period we brought in a number of people. I described David Anderton's background earlier. David established our Richmond office following quite a bit of background work and marketing by the two of us.

SA: About what year did he join?

BS: That was in the late 1980's. That was the one case where we probably pushed the envelope to establish an office in Richmond. We tried to follow the pattern of going where we had management opportunities; in other words, contracts—not opportunities, but actual contracts. We felt like there was a void in Virginia. David was a native there. He had an undergraduate degree from the University of Richmond and an MF degree from Duke. Our company had done work in Virginia for some of the industry. We had worked there on some of the Bear Island land when they were selling that off. We also worked for Chesapeake Corporation, and others. We felt like it was a good opportunity but we didn't have any solid management contracts. We went there with the idea that we'd work on what we could, and then try to develop a broader management base. We misread the ownership patterns in large acreages. There really weren't any large acreage ownerships, and so it was tough. David had a really difficult job. He worked at it hard, and we gradually developed that business. That was the only case where we established an office in an area without having a reasonable number of contracts in place.

In other cases we followed the pattern as we had an opportunity, as our opening our office in Oak Ridge, for example. That was a big move for us. Jake Almond was another one that joined us. Jake was with Chartered Foresters in Florida. He was a native of North Carolina and a graduate of N.C. State. He started in the Sumter office and he ultimately moved to Lake City, SC, to manage the area there. We had management work in Williamsburg, in Lower Florence, and all that area, and he and Sally, his wife, lived in Lake City quite a while. When the Oak Ridge opportunity came up, Jake was willing to

move there and start a new life, essentially. He has done a great job there, and he's an AFM Regional Manager now. The Appalachian area has really expanded for us, plus Jake has some responsibilities for regional oversight for the Lake States area as well. His responsibilities are pretty broad now.

Then Sam Carlton came with us. Sam was a native of Savannah, a natural to go to Walterboro when we bought Boris "Doc" Hurlbutt's consulting practice. Doc stayed on a couple of years to help with the transition. He stayed on longer than that for some real estate and some fee work for us. Roy Belser helped with the transition because of the long-time dedicated nature of Doc's clientele. Doc's practice did not consist of a large number of clients, but there was a considerable acreage. Roy still spends time down there. His work down there has really helped make that a success. I give him full credit for that because he has really worked at it.

SA: Tell me a little bit more about acquiring Doc Hurlbutt's consulting business near Walterboro in 1987. It expanded your footprint geographically in South Carolina.

BS: Well, Doc and I had known each other through consulting forestry connections. He was chairman of the Forestry Commission and I was a member of the Forestry Commission, where I really got to know him and develop a great respect for him. Doc went to the University of Georgia, then left Georgia to serve in the Navy in World War II, came back, graduated and settled in that area. He was with the South Carolina Forestry Commission when he graduated, and he left that position to set up his consulting business. He had a great rapport with his clients. He was getting to the point where he wanted to start thinking about bowing out. His operation was more of a formal handshake operation, as there were no written contracts with his clients. It was relationship oriented, just folks that liked him and he was dedicated to them. He had, maybe, twenty clients that he worked with on an ongoing basis. He had others that he worked with periodically, but I don't remember the exact number. We inventoried his client list, analyzed it, and looked at acreage and activity. And we set a value, capitalizing the value based on what his net income was for the previous five years. We considered that as a center point with a

valuation ceiling and a floor from that point for the next two years' results. That gave us an idea about the clients we were going to retain. Additionally, Doc was paid for time spent on specific projects and his real estate closings. He had a fairly active real estate operation.

While we had done considerable due diligence work prior to the transaction, we knew we would expand that knowledge of what we had acquired, and get a better idea of how best to fill his big shoes. He committed to dedicate time during those two years on pure transition matters, going out meeting with the clients, introducing Roy or me, and that sort of thing. It worked out real well, and all of us were pleased with the results. We rented the office building from him, and we gradually grew the business in that area. After a Wal-Mart was established across the highway, his land eventually became more valuable than was justified by an older, add-onto office building. We eventually bought property in another location and built a new office.

SA: I was asked to ask you about your brown station wagon during the early years.

BS: The what?

SA: The brown station wagon, do you remember it?

BS: I'm going way back, golly. We had all kinds of vehicles. That's just one of many vehicles. We went through all kinds of philosophies about vehicles.

SA: You were thinking about a standard color at one time?

BS: Of course, that would be part of our branding. We had many discussions at one time about whether to put our name on the pickup trucks or not. We were going to have a standard color to identify our company, and it was brown. Our color code was brown and tan on our stationery, so we were going to have brown vehicles. However, we decided brown was a bad color because that represented a dead plant. It's amazing when you



think back on some of the things you spent time discussing. I actually came up with that logo we have to this day. I remember one time having a meeting, and one of the forest technicians said he thought we needed to change the logo. He had this logo with a live oak tree, ducks and a very busy scene. Everybody kind of gave me a bad time, but I dismissed that idea before we went any further. What we have now is pretty simple and distinct.

SA: Did you end up putting the name on the vehicles?

BS: No, we didn't. We looked at the pluses and minuses but we decided not to do that.

SA: Didn't want to be a target?

BS: Well, you know, I can't remember what all the discussion was about. It was much ado about nothing to tell you the truth. Being a target is a possible liability issue. From a client point of view, sometimes they want the confidentiality when we go out in the field to make assessments, especially if they're looking to buy some land. You could make an argument both ways. It would promote our company but there were certain negatives as well so we decided not to do it.

SA: Who were a few other people who came onboard with you in the 1980s?

BS: Paul Klaphor became a key person in the organization in helping us realize some of the areas that we wanted to get into as far as new services. Paul was a very bright individual. He was very meticulous in his work and wanted to make sure it was perfect. Paul had spent quite a bit of time in the Pacific Northwest, with individual Forest Service contracts doing inventory. Paul had received his forestry degree at Syracuse. He had grown up in Washington, DC, but he had family members in Sumter. He was in the area calling on various companies seeking a position. I was interested in him because of his background and bringing another dimension to us by having a Syracuse graduate there, and particularly with what he'd done with the Forest Service.

SA: He took over your appraisal group, but was he a forester or from finance?

BS: He was a forester and we were really seeking to get into more data management, the analysis part of the business. I felt like it would bring more business. It might be a loss leader in some cases, but most of the people in the organization at that time had other interests. Paul was always more than willing to take on new duties in new areas of service, but he wanted to maintain his management client relationships. He had a way of giving them too much at times. I remember getting a call from one of our long time clients who said, you know, I asked a question and I received a textbook. All I want to know is what you recommend. Paul felt compelled to give him all the details and explain everything to him, which is a great quality. We had that issue with two or three clients, but as far as a valuable employee and being someone who took a leadership role in the appraisal group and made it work, I give him full credit. He put our appraisal group on the map, went after work through RFPs, and made it a great success.

We lost Paul a couple of years ago. He had lymphoma and he had a terrible, terrible last year of his life dealing with that. And I remember when he first found out what it was and I went out to his home and his two boys were there and I kept waiting for them to excuse the boys so we could talk, and he just came out and said, you know, they know everything. They're going to be part of this, and to their credit those boys have really excelled. I mean they have really excelled, and having lived through that with their dad. I was going to say too, the people that came from Atlanta and parts all over to Paul's funeral showed the respect they had for him as a person. His integrity was above reproach. It was all important to him. He was a brilliant person and he worked hard. In appraisals, there're a lot of deadlines at the end of the year and it made it tough because he was from D.C. and grew up right behind the Capitol. Both his parents worked at the Smithsonian. And his wife Susan was from the Buffalo, New York area. She went to Syracuse. They met at Syracuse. And they would go visit D.C. and Buffalo every Christmas and so he was really under the gun to get his appraisals out before they had to leave before Christmas. It was not unusual for Paul, when he'd come back from

Buffalo—that was usually the last stop – and work started the day after the 1st or the day after, whatever holiday we had—I mean he'd arrive in Sumter at four a.m. and he'd be at work on time. Time meant nothing to Paul. I mean morning or night, it meant nothing to him, so it was not unusual that people would be calling and I said don't worry, he'll be here bright and early. He might arrive in Sumter two hours before, but he'd be there. He was one of a kind and we really miss him. We really do. And, of course, he was a stockholder and we had a little LLC that owned two office buildings, one in Sumter and one in Walterboro. The other office buildings are leased except the SFT office buildings that we acquired in Maine. But Paul was part of that as well as a stockholder in the company, a very key part. He trained his people well, and we had a good succession system in place when we lost him on the appraisal side. His contributions went beyond appraisal work. He had great input into a lot of aspects of the business.

SA: What is it about him that made him so successful in appraisal work?

BS: I think the amazing thing is Paul had amazing recall of facts. I'd go in and say, Paul, do you remember back in 1997 we met with so and so? He'd remember the person that was with them or what we decided. He just could remember it all. If we didn't have notes on it or something like that he would go back and he'd dig it out. You know, he'd dig it out. His office looked like a hurricane had gone through it, but he knew right where everything was. Don't try to go find it yourself. When we added on to the office he had an office and then he had a separate little room. He'd go in and work on his appraisals. He could shut himself up. It was a little tiny room but he spent more time in there because his office was so cluttered.

SA: This was before the Canal acquisition.

BS: Correct.

SA: What was the condition of your data base analysis during that time?

BS: Well, we didn't have any good systems in place, and that was what I was really driving for. I had difficulty getting buy-in from everybody on it. A lot of them didn't see the need or the benefit. I couldn't put my finger on how much of a factor it would be. It was one of those things that's hard to quantify in terms of what benefits it would bring. I knew it was keeping us from getting some TIMO business. That was without question, but I couldn't quantify it otherwise. We had the analysis capability, but it was more of a hands on, job by job type of thing. We provided good data and good information, but it just wasn't set up to broaden that well. The data management systems left a lot to be desired too, at that time. Paul looked at it a lot, but Paul had a lot of perfectionist in him. Nothing really suited him when he'd look at something. He'd remark that well, this is good about one system, but it won't do this and this and this. He was usually right about it. He was also very demanding of his people who worked for him. I know when we were going to expand and get somebody in that area, when we looked at resumes, he was very critical of the almost all of them. He was not very quick to overlook something that he didn't like in a resume. It made it difficult to hire somebody, but I'm sure in the long run it worked to our advantage.

SA: Were you demanding as well?

BS: You know, I tried to lead by example and in getting consensus. I was demanding from time to time, but I'd say it was infrequent. I remember one occasion – with somebody working that's no longer there—but trying to get some data to supplement a real estate transaction. One of the qualities we promoted at AFM Real Estate was the forestry support capability. It was a critical thing for our broker to get it, and to get it done by a certain time. This person worked at his own pace and didn't see the need to be a team player. That bothered me to the point that I really let the staff know what I thought about it because it affected everybody. I think the whiners bother me as much as anybody. Before we grew into having a more formal periodic review process, we still placed a high priority on mentoring and interacting. We established a six-year process for that, taking a hard look at the end of that time to have a conference with the individual relating to his or her becoming a stockholder. Of course, that period was reduced in cases

where the new employee had significant experience. So, I was that kind of demanding I guess. You try to use “do as I do” and not “as I say” type thing, and commit to putting in long hours, going on the road if you have to, putting in extra effort, and trying to accommodate people with deadlines.

SA: Sounds like you expected people to do what needed to be done and to get the job done on time.

BS: Right, exactly.

SA: I think it might have been in your retirement scrapbook that alluded to you leaving long voicemail messages and that you sometimes ran out of time.

BS: Yeah. [Laughter] Well, you know, it was hard for me to get used to voicemail. You remember when voicemail first came?

SA: Yes, I do.

BS: A lot of people are offended by it.

SA: Right.

BS: And it's hard to imagine now but that was the case. Yet, I felt that if I leave a detailed voicemail message and they understand what it is I'm saying, then that's going to save everybody a lot of time. You know, they won't have to call me back. I won't have to talk again. I can be doing something else; they could be doing something else, instead of talking again. Even my friends outside of the business used to joke with me about my long voicemail messages. I tried to give them too much information I guess. Sometimes I may have wandered in my thoughts.

## China

SA: In the late 1980s you had a trip to China. What was the purpose?

BS: Well, my wife was responsible for that job, actually. A friend of her brother, who was an executive with First Chicago Bank was a partner with three other banks in Hong Kong. China was just emerging, and First Chicago Bank had the right partners because two of their partners were very, very strong. One was the Bank of China, which is the bank in China. The second was the Industrial Bank of Japan, which was one of the largest banks globally. George Berglund, Vickey's brother's good friend, was the managing director of this partnership. He was a senior officer at First Chicago, and he lived in Hong Kong. George contacted me that they had been working with China Packaging at that time, the spring of 1988. Market pulp was in very, very short supply. China was starting on a manufacturing boom and they had very little heavy packaging capability. If you went around Beijing at that time, except for the trees planted along the lanes, it was void of trees, mostly as a result of use as fuel for centuries. In northern China, timber is in very short supply. China Packaging, the dominant forest products group in China at that time, wanted to invest in a US pulp operation to guarantee a supply of pulp for their paper mills. They wanted market pulp that could be shipped to China in order to manufacture boxes at their own manufacturing facilities.

I immediately tried to refresh my knowledge from school on the fiber qualities of yellow pine and really tried to steer them toward the southeastern US. We knew that region better and knew the opportunities there. I talked with a number of pulp and paper mill people in South Carolina, Georgia, North Carolina, and Florida. I also started working with engineering firms, Fluor Daniel and two or three others that had experience in designing and building pulp and paper mills. I learned pretty quickly that the Chinese had a natural connection with the Pacific Northwest. They'd been carrying out trade for centuries with the Pacific Northwest. After a long process, we ended up with Pope and Talbot. They had a mill in Halsey, Oregon and they wanted to expand that mill and so we essentially worked out a deal where China Packaging would invest about five hundred and fifty million dollars on an expansion. The key to the arrangement, at that time, was

the availability of Douglas fir fiber. But, as you recall, the spotted owl issue was looming at that time, and we had an impasse for about a year. Pope and Talbot had to postpone the expansion because they were worried about the availability of the resource, and China Packaging, we found out later, was having difficulties internally with their State Committee, which provided oversight. They had decided to go ahead with this project and the funding was there, but there were two or three other organizations, government and quasi-government, that were competing for the opportunity. It took a year to work through the Chinese internal politics to settle on a deal whereby one of these agencies received fifteen percent and China Packaging got eighty-five percent of the overall transaction. In the meantime, I'm faxing back and forth and having phone calls at one a.m. because of the time difference. When my phone rang at home at one a.m., I knew it was somebody from Beijing or Hong Kong. It was a real interesting project and, unfortunately, never materialized because of the spotted owl issue. Once China Packaging received the go ahead, Pope and Talbot couldn't deliver, and they went elsewhere.

But the people I met were really interesting. I recall one time in particular when we went out to look at the mill in Halsey and we had a conference room at the Heathman Hotel in Portland. And I'm sitting on one side of the table with all these people from China and China Packaging, including the head of China Packaging, and George Berglund, the banker, at one end of the table. And on the other side of the table were the Pope and Talbot folks plus their attorneys, one of whom was a native of China who had joined the law firm in San Francisco. He was a really interesting man, and we became good friends. His name was Rongjie Ma, and his father was an officer with Chiang Kai-shek. When Mao took over they executed his father and his mother. He was sent to an orphanage, a prison orphanage. Mao had eliminated all the attorneys in China since he didn't need them anymore. But there was one of them in this prison who taught Rongjie law. When China had Madame Mao and the gang of five trial they needed to show the world they had a semblance of a judicial system there so Rongjie was her lawyer. He was one of a few lawyers in China, and his connections all over the world were phenomenal. It was amazing. I'd get calls from every corner of the world. They'd call and say Mr. Ma told

me to call you. It was a little bit out of our area but I felt like we could deliver something there. Once I became involved in it, I was savvy enough to call on engineers with Fluor Daniel to go with me to meet with certain folks out there. Almost all of the China Packaging group at all of our meetings in the US over two years were engineers, and they had no one with financial backgrounds. When we met in China, the Hong Kong bank partnership provided the financial experts.

SA: So what was the trip to China about?

BS: I met with China Packaging, and we had four days of meetings. We then went around and looked at some of the projects and some of their operations. Vicky traveled with me and was on her own in Beijing. We were both comfortable with that in October 1988. Of course, we didn't know what was coming to Tiananmen Square in June 1989.

SA: How many jobs you think this could have provided if they were able to have an expansion?

BS: I don't know; a couple of hundred I would think back then because of the magnitude of it. It was onsite so there would be some benefits to Pope and Talbot. But, back then things were running flat out. I would imagine, of course, as pulp mills go, with three eight hour shifts, I would imagine that would be a couple hundred jobs anyway.

SA: Did the Chinese secure operations elsewhere or did they decide to build their own plant?

BS: They decided to build their own and secure raw materials. Rongjie Ma called me maybe two or three years later. We'd been in touch quite a bit, and I met him again out in Portland and actually met him in San Francisco one time after that at his request just to review some things he was considering. He wanted me to go to the Hunan Province with him because his good friend was the governor of that province. They wanted to build fourteen mini paper mills. That idea didn't seem practical to me, but I wasn't a paper mill



expert. The US engineering firms with whom I consulted said it just couldn't be done. The Chinese idea was to create jobs, and spread the jobs out as much as possible. They weren't interested in solely looking at return on investment. That was the most startling revelation, witnessing the China Packaging group's response, or lack thereof, to a very capable presentation on return on the Pope and Talbot mill expansion investment. They were only interested in cost and the engineering.

SA: They weren't quite interested in economies of scale.

BS: Oh, no.

### **Russia**

SA: In the early 1990s you were requested to go on a detail to Russia. How did that happen and what was the trip about?

BS: Well, that was another interesting foray into another area. Roy Belser was heavily involved in that project, and his timberland management work for a client in St. Louis really led the way for our involvement. We had two clients that were part of that, both from the St. Louis area. We managed timberland for their family in Charleston County and in Dorchester County. They knew us as knowing timber and timber products. They were part of a group from the Midwest, particularly in Kansas City and St. Louis, one of whom was a banker that had been treasurer of the Democratic National Committee when Bob Strauss was chairman in the 1970s. Bob Strauss was, in 1990, U.S. ambassador to Russia in Moscow, having been appointed by George Bush. It was unusual because a Republican President had appointed a former Chairman of the Democratic National Committee. I think President Bush respected him as a business person. So Strauss contacted the Midwest banker and encouraged him to look at opportunities in Russia. Russian operations needed partners to invest. He suggested that they put together a group to come to Russia and look at some of these opportunities and enterprises. They had four focus areas: metals, banking, wood products, and a broader miscellaneous area. There

was a furniture manufacturer in the group from the Midwest and they asked us to join them because they knew that looking at [forest] resources was going to be part of the visit. They also had three bankers. One of our delegation was in metals and, coincidentally, was a very good friend of one of our Sumter neighbors, also in the metals business.

We focused our attention in the northwestern part of Russia known as Karelia, although we spent time in Moscow and St. Petersburg as well. We initially flew to St. Petersburg then flew up a chartered flight up to Petrozavodsk, which is the capital of Karelia. The Karelian Peninsula was an area that had been back and forth with Finland. It was a somewhat autonomous part of Russia. When Russia formed their Duma, a national parliamentary body, Karelia had representatives on the Duma but they also had their independent parliament. We stayed in a hotel adjacent to the parliament building, and many of these parliamentarians were Russian entrepreneurs. They weren't really entrepreneurs of private businesses but parts of the Russian government entities that had these businesses. That first experience really opened our eyes to how closed to the rest of the world the Russians had been for such a long time. They made great products, and they had the desire to produce goods. However, their system prohibited them from doing what they needed to do. They carried on business in such an unorthodox manner. For example, the very first sawmill operation we visited was unlike anything we have here in the US. Even though we flew in by helicopter and landed on a soccer field in the snow in November, we were transported to the headquarters in the mill manager's brand new Toyota Land Cruiser. Otherwise, it was like somebody turned the clock back to the '50s. I mean everything else out there, other than the Toyota we were in, was obsolete. We went out to the mill and they had a green chain and every single stick that came into that mill went on that green chain. It didn't matter if it was three inches in diameter or twenty-three inches in diameter, it went on that one single green chain. Someone, obviously, had decided for control purposes everything had to go on that green chain. The single individual making the decisions on that green chain was not in the best of shape on the job. [Laughter] That's a critical person in that whole operation.

We learned that taxation was very severe on their operations. They had the equivalent of the IRS but nobody paid any attention to them. To avoid paying taxes, quite a bit of bartering was done. They received two Toyota Land Cruisers for several loads of logs that they sent to Finland. They just swapped them out. They had no idea what each was worth on the world market. They were just bartering.

The other thing we found out was that electricity and gasoline were highly subsidized. We had a Duke graduate student that interned with us for about a year, and he went over and inspected some of the mills and they literally turned over their books to analyze. I mean he went through everything. But you don't know what would happen if they decide to remove the gasoline or electricity subsidy tomorrow. Also, transportation and corruption were problems. We got so excited that first trip. We found furniture components and beautiful furniture. The wood was beautiful and the cost was miniscule. We kept thinking, golly, if we could just get that over to the U.S. and sell it. The furniture was geared to small apartments so they would have to retool to make things in different proportions. It would be a real challenge, but we saw the potential value. Then we ultimately test shipped a container to see what would go through, and we found out the difficulty of paying people in St. Petersburg to get it on a ship. And then, of course, up in that region a lot of shipping was done by small five thousand ton vessels on the river system, and it was frozen at least six months out of the year. Consequently they built these huge warehouses, and all their winter production would be inventoried for shipping when the rivers thawed. They had a great rail system and the rail system worked on time. However, it was also costly, and it was also the home of much corruption.

One really interesting experience I had personally was on that first trip when we travelled back through Moscow. The US Department of Commerce had an office there, and we were provided a detailed briefing on doing business in Russia. Ambassador Strauss included our group in a reception he was holding at the embassy, which was not ornate at all. He was hosting former U.S. senators there, including Ed Muskie and Burch Bayh. They were in Moscow because they were attending meetings as the Russians were working on the Russian constitution. As I stated, the Embassy was really bare bones. At

this reception, Strauss was standing alone awaiting guests as they arrived, and I went over to talk with him. He took me over and introduced me to Sergey Shakhrai, who was the Chairman of the RSFSR Supreme Soviet Committee for Legislation. We conversed through an interpreter as we started talking, but the more we talked, I began to realize he could speak English. The more comfortable he became with me, the more he spoke, rather than going through the interpreter.

I proceeded to tell Mr. Shakhrai what we were doing, and I told him we were there looking at forest products companies as a part of our overall mission. I conveyed to him that one of the things that bothers us is the resource. It's critical if you invest in a company to make sure they're going to be able to source the resource. I explained that we have a broad ownership of the resource in the U.S., the manufacturers' procurement systems buy from those various sources, some private non-industrial land, some company owned land, and some public land. I inquired of him if they were considering privatization of the timberland. His immediate answer was they couldn't do that because they wouldn't have any timber left in a couple of years. I had to acknowledge I didn't have first-hand knowledge of the data in Russian timber resources, but my guess would be more like 30 to 40 years based on world consumption. They had poor infrastructure. To get to the resource, somebody would have to invest in that. Besides, I said, if you put all of it out on the market it would run the price down so much that the owners would not sell it. They would hold it. That's what supply and demand is all about. That's what makes the system work. It was totally foreign to him, and Shakhrai was in charge of writing the constitution. Now granted, we're talking Econ 101 and he's looking at legal matters and constitutional issues, but the fact that he didn't understand how a free market system would work really startled me. We had a lengthy conversation just one on one. I also explained that ownership is a basket of rights. You could limit those rights when you privatize and say that they can't sell but so much per year. That's not necessarily a good thing but its better, if you have concern about overharvesting. He indicated that they were not going to do that. I went on to explain that our group had some real issues because we were worried about the system for sourcing timber and the control factor. The Russian manufacturing enterprises were managed by very capable engineering types. Procurement

was from state owned lands, but each mill was assigned certain lands in a mostly politically driven process. All the marketing went through central marketing and plant managers likely did not know international market values for his or her product. Their performance was based on production.

SA: Would we expect these mills to be pretty labor intensive at that time?

BS: Oh, yes. Full employment was a bigger factor than efficiency.

SA: So what was the eventual determination for the investment from the U.S.?

BS: Well, the group just sort of backed away, and Roy and I were not in the position to control that. We found that many investors were gnawing at the bit to get involved in Russia. The Midwest group had developed a considerable amount of intellectual capital, as well as Russian contacts. We suggested that, if they didn't want to invest, they could market their intellectual capital. It just kind of died on the vine. It was almost like it was a fun trip. It was not a fun trip because I personally made three trips over there and we negotiated several joint venture agreements. Another attorney and I were the only two that went over on the third trip, and that was our sole purpose. We spent a week negotiating a letter of agreement with the Russians on a mill project. That was for an entire village actually because the acquirer had to buy the whole village. You bought the mill and houses and everything else when you did it.

SA: Who were you working for during this project?

BS: It was called Mid-America Russia Corporation or MARCO. Everybody had put a little bit into the corporation, mostly time and expense capital; and, of course, we paid our intern to go over there and spend a few months. MARCO had someone over there for a year and set up an office with staff exploring different opportunities.

SA: Too many uncertainties?

BS: Too many uncertainties. We didn't run into the so-called Russian mafia, but we did run into the graft situation getting containers out. We knew that was going to be an issue. We met a lot of private Russian entrepreneurs that had little start-up companies, but their raw wood resource was very uncertain. They had to rely on negotiating side deals with a mill, sometimes a barter situation. The systems weren't in place and we saw evidence where people had abandoned construction projects. We saw one OSB plant completely crated. A nice state of the art metal building was built, but the equipment was still crated. It was shipped from Germany and just stopped right there. It had been there for six months or a year. The Russian agency, Karelis-Prom, wanted somebody to invest about six million dollars. For six million dollars you'd have an OSB plant as long as you hired the required number of people. However, you could lose the six million dollars, even though it's a bargain, and you've got to get your product shipped out to realize an equitable return. There were a lot of issues there, a lot of issues. Other companies, much larger companies, such as oil and gas, also had their problems working with them.

SA: Interesting.

BS: It was an interesting experience analyzing the resource. AFM provided, or SMBH at that time, an analysis of the timberland sustainability in Karelia. They were really in the dark ages as far as sustainability. They didn't have any sustainability issues because they were so constrained by the infrastructure. We flew over a lot of it and you could see strips of cutting along the highways, which were very few and far between, and just vast acreages of beautiful pine and spruce and birch. Some of the practices they had put in were really antiquated, not thought out. Karelis-Prom had gone into a moor and put ditches in with no real place for the water to go and planted trees in between the ditches. They all died because they were flooded. There's no telling what they spent doing that.

SA: Is it true that you ran into the mafia in Red Square or?

BS: Gypsies.

SA: Gypsies, what happened there?

BS: I was pick-pocketed. [Laughter] Roy Belser and I and one of the attorneys from St. Louis went down to Red Square early one morning. Our meetings were late in the morning so we just wanted to go down and walk around Red Square. The Kremlin is on the other side. Right opposite the Kremlin is an arcade-type department store and there were other buildings around and, of course, St. Basil's Cathedral is right there on one end of Red Square. And we were walking around St. Basil's. I had some boots on because it was a really cold morning and I had thick socks and heavy insulated coat. The gypsies came up and typically there would be a crowd of them. There were three women and a lot of kids. It's like they're begging and then they kept getting closer and closer and the next thing I know the little ones are pawing me. I noticed a couple of teenagers in the group. Roy said watch your wallet, and with that I reached back and it was gone. They had already slipped it out. The attorney and I went running after them on foot, and it's hard to run in those boots; plus these are fast fifteen-year-olds. At the same time, Roy went to get one of the guards. He went over to the Kremlin gate, and by pointing the guards knew what had happened because they'd had trouble with the gypsies there before.

Two of those guards left their post while other guards remained. They went across Red Square, and the women saw them coming. Now all this took place over a good bit of time. The guys that had taken the wallet were long gone, and they were nowhere in sight. However, when they saw those guards coming over, the next thing I know they came back with the wallet. Then two Russian women came up. We couldn't understand anything they were saying but obviously they were just apologizing that this had happened to us. They recognized us as tourists, and they kept apologizing. I know the first time we ran into Gypsies we were in St. Petersburg, and we went to the Summer Palace and the Hermitage Museum. We got off the van and the gypsies came up to our van and the Russians that were our guides were just taking the women and throwing them down on the ground. I was horrified. Our guide said they're just a scourge. [Laughter] They knew what they were there for; to panhandle or pick pocket or whatever. The

Russians had strong sentiments about the Gypsies. I don't know that I got every single bill back in it but my credit cards were still there and I think all the money was still there.

### **Meeting with President Bush and Capital Gains**

SA: Bo, in 1989 Hurricane Hugo, a category 4 hurricane, came through South Carolina. I'm not sure where the center was but somewhere close to Charleston.

BS: Right here, right where you're sitting.

SA: Your wife Vickey told me that the wind was such and conditions were such that the pine needles came through and...

BS: Plastered the windows.

SA: Plastered the windows so you couldn't even see out. What happened during that time, and then we'll talk about the effect on the forest.

BS: Well, what's interesting in leading up to the hurricane is that I made a big mistake. I had spent quite a bit of time conducting an inventory in the Panama City, Florida, area in 1987. We had been contracted to conduct a follow-up inventory late in the summer of 1989. We had several of our foresters there, and we were doing our best to complete our commitment and do the best job we could possibly do. The work was scheduled for completion that weekend. Hugo was predicted initially to come ashore near Tybee Island, Georgia, meaning little danger to our crew or to our home areas in South Carolina. We made the decision to stay to complete the job. Then the hurricane's predicted path turned northerly, and we had to get our folks home as quickly as possible to be with their families. I should have assessed it more on the precautionary side, but I wasn't in South Carolina because I had received a call about a week before inviting me to travel to the White House. My first reaction was that one of my friends was playing a joke, and I responded, "Yeah, right." He responded that he really was in the White House, and we'd



like for you to come up for a conference on capital gains with President Bush. He said they had to conduct a background check. For security at the White House, they needed my social security number, and I did give it to them reluctantly. However, I immediately called Bill Sellery who was the Executive Director of the Forest Industries Council on Timber Valuation & Taxation (FICTVT) at that time. He apologized for not giving me a heads up and confirmed it was legitimate.

It was a real interesting meeting. We sat around in the Roosevelt Room and talked with President Bush. I sat between Nicholas Brady, who was Secretary of Treasury, and John Sununu, who was Chief of Staff. And we had general but in-depth discussion. As we concluded, a staff member asked if I would be one of the people to be a spokesperson with the media when we came out. <sup>(KL)</sup> The White House media was outside with microphones and cameras, and Helen Thomas was interviewing me. I was amazed that she had done her homework to the point she began asking me about my congressman, John Spratt, who is a Democrat.

John and I had known each other from our days at the South Carolina Boys State gathering, which meant that we knew each other from the summer between our junior and senior year in high school. He grew up in York, South Carolina. I grew up in Sumter, South Carolina; and I knew him casually. I got to know him better as I worked with him. He is a tree farmer himself. He understood the plight of tree farmers and the long term nature of investing in trees. He came up with a different solution to address capital gains. It was more of a “carve out.” Rather than lowering the capital gains rate, he suggested a credit for the length of time you held the asset under his proposal. If you held trees for twenty-five years, you got better treatment than somebody who held a capital asset for twelve months. There’s a lot of logic there. However, once you start doing these sorts of carve-outs, it’s very difficult to get enough critical mass of support to have it pass. He was trying to come up with a solution that would be in line with his party, but at the same time recognize the plight of tree farmers.

I responded that I had held a number of meetings about capital gains with Congressman Spratt, and he understands the issues thoroughly. He's come up with some very unique ideas on accomplishing the same thing, and I was very complimentary. I think she was a little taken aback that I was working with Congressman Spratt also. I came back, and I landed in Columbia to face Hugo. However, when I had left to go to Washington Hugo, was going to hit Georgia.

A footnote to that is when we were riding back on the van Bill Sellery, executive director of the Forest Industries Council on Timber Valuation and Taxation, and the one that arranged the meeting, said, "Well, you know you're going to be on national TV. You were questioned by Helen Thomas, and had a good exchange with her; it has to make it." Well, it did make it everywhere except South Carolina, because that same night Hurricane Hugo hit our state, and that was the only thing on television. I recall one business acquaintance from Chicago commenting about me being on TV up there. So I didn't get to enjoy viewing it myself, but it was a very interesting experience.

SA: What was the nature of the meeting?

BS: Well, it was about capital gains. President Bush was really a proponent, and he was trying to get a reduction in capital gains, particularly making sure timber was recognized as a critical part of the capital gains picture. There was an ongoing attack on capital gains, and he wanted to highlight the fact that timber is truly long-term in nature, not a one-year hold as maybe with other capital assets. He was trying to build some support there by bringing these groups in. We were all singing to the choir in the Roosevelt Room, but much of the purpose of the meeting was to solicit input for strategy going forward with a capital gains agenda. That's why Brady and Sununu were there, to get ideas on talking points from us.

SA: Did the Forest Industries Council take a role in following up on that then?

BS: Yes, we did. We continued to do it. I had met with John Spratt, and I met with people like Representative Ron Wyden from Oregon, a Senator now. John Spratt's idea was called 'reverse indexing' where the longer you held the timber asset, the greater the rate of reduction, which was great for timber as a 'carve out.' Would it be better to "carve out" timber because of its unique long term nature, while being a very small part of the capital gains picture; or better to go in with a general broad modification of capital gains? Once the special timber capital gains idea floated, some in the environmental community came up with the idea of attaching a reforestation and no-future-harvesting requirement. There were all kinds of wrinkles on it; it kind of opened up a can of worms.

SA: Did the results of that meeting bear fruit?

BS: Eventually it did. The capital gains tax was lowered eventually, but not at that time. I think we helped plant some seeds. That's one of those things that doesn't happen overnight. We continued our support with other allies. Over time it does have an impact.

SA: When did it eventually bear fruit?

BS: It was really not until republicans took over the House of Representatives. I think it was '98, about nine years later.

SA: During your participation in that meeting, what were your bullet points that you were trying to bring to the table?

BS: From my perspective, it was the long term nature of growing timber. Under the tax code, there is not any differentiation between somebody holding an asset a year, which was a minimum, or holding it twenty-five or thirty years, as in growing trees. And, of course, the cost basis is so low because of time. With unit value increases, physical growth, and product class increments, there was usually a big gain. Ironically, I worked very closely with John Spratt after Hurricane Hugo. He stepped up immediately to help us deal with the ravages of Hurricane Hugo and was able to get a bill passed in the House

of Representatives that would allow full value on a casualty loss in this case rather than just the basis. It didn't get through the Senate but he worked very, very hard to get it through the House, and it did pass the House.

The other issue I tried to bring to the table was that our clientele, for the most part, were very, very small landowners. I mean these were not people that had a lot of wealth. They were mostly tree farmers with relatively small acreages. Some of them had larger acreages, but for the most part I could argue against the point that it would be giving a break to the rich.

SA: How long did you serve on the Council?

BS: About twelve years culminating with a term as chairman through 1993. My service as chairman transitioned me into the AF&PA involvement. When the solid wood group and the paper group were consolidated into the AF&PA, they took in the related groups, the taxation group being one of those related groups. I ended up with a seat on the board and on the executive committee. It was a little intimidating initially because we would spend 85% on manufacturing issues and 15% on resource issues. I had to learn a lot about pulp and paper manufacturing. I knew some about sawmill manufacturing, but when we addressed cluster rules, boilers, effluent and other such issues, I wasn't as knowledgeable on it. It is interesting that I was almost the sole resource-oriented member even though all those CEO's had outstanding resource experts on their respective staffs.

John Dillon who ended up being CEO and chairman of International Paper was heavily involved in the Forest Industries Council on Timber Valuation and Taxation. During his time with the FICTVT, he was Senior VP at IP. I respected his talent, insights and no-nonsense approach; and I continued to enjoy working with him as we transitioned into the AF&PA. I enjoyed serving on that taxation committee. It gave me a lot of insights and it really was a benefit to my clients because I was on the cutting edge of everything going on. We were heavily involved in legislative issues. Serving on the FICTVT required considerable time, but our clients benefitted immensely.

## **Retained Economic Interest**

SA: What other issues were there besides capital gains?

BS: A big long-standing issue was retained economic interest in harvested timber for tax purposes. Many of our landowner clients would be considered dealers because of case law. There was no precise regulatory definition but the counsel for the committee recommend that if a landowner sold timber more frequently than every four years, that landowner should consider himself a dealer. If you are a dealer, the IRS would disallow capital gains for a lump sum sale. That actually came up fairly infrequently; but when it did come up, it was devastating. Many times it was when the IRS was auditing a wealthy landowner who had significant income from some other sources. There would be an audit, and they had this timberland.

In 1978 the IRS came out with a revenue ruling that allowed more control by the landowner than just being paid as the wood is transported into the mill because you have to own it until it's severed. That's the key. The revenue ruling allowed the owner to accept a bid based on an appraisal of the timber, and the timber owner could enter into a contract and get an advanced payment. After the timber was harvested, an assessment is made of any remaining timber, and the difference is what is actually paid. The process enabled the landowner to own the timber until it was severed. However, the landowner controls the process in the fact that he or she receives an amount of a bid based on anticipated product mix. Whatever that buyer does with it, if he takes saw timber and makes it into pulpwood, it's not going to hurt the landowner who gets paid for the products under which the contract was made.

It also provided a penalty that if the remaining timber was as such that it did not carry its share of value (that the appraisal after was less than what it would normally be for that timber because it was left in a scattered or some other condition), then the buyer had to pay the difference; but that was ordinary income to the landowner. The landowner was assured the total amount, except part of it may be ordinary income; a small part of it. I

started working to develop a contract on [retained economic interest] to allow our clients to use that revenue ruling. Having access to the committee really helped me to do that and then I found out that simultaneously Keville Larson was working on the same thing. We collaborated and came up with a contract and a bid process for the landowner. I had a friend at the IRS who was in the forestry sector and I got him to look at it and put his informal blessings on it. He couldn't officially say it would work, but his insights were very helpful.

SA: And the end result of that new way of doing contracts provided them a way to retain economic interest?

BS: They could retain economic interest but they could get essentially a lump sum price. You ended up theoretically with three components of revenue. One is the actual timber cut. One is the residual value of what's not cut, which was usually zero. And if there was a residual value the landowner gets paid the difference. But that part is liquidated damages which is handled as ordinary income rather than capital gains.

SA: Right. So it basically enabled everyone to take advantage of capital gains even if they harvested frequently.

BS: Exactly. Most landowners and most CPA's didn't realize there was that exposure until you told them about it and they looked at the regulation. We had to educate the landowners about it because, otherwise, all of a sudden they get an audit and they're disallowed. My involvement with that committee really gave us a big edge. Keville was the only other one I knew who really got involved in it as a consulting forester. Harry Haney at Virginia Tech was very heavily involved. Bill Bradley, an attorney at Sutherland & Asbill, was heavily involved in it. So that involvement really put us in the forefront in services outside of traditional timber management that we could provide to the client. We earned business from that. I had people for whom we'd never provided services call me and said someone told me to call you because you could help us on this tax thing. Of course, I'd have to say I'm not a CPA. I'll be glad to give you information

with which you can consult with your CPA and tax attorney. However, we ended up getting management business as a result of that in some cases. And that's another point. I'd go to our staff meetings and I sometimes had to say, guys, you know I'm spending two days up here in Washington, but believe me, it's going to pay off. They didn't realize I'd just as soon be in Sumter with my family as being up in Washington, but it really was a benefit for the company.

### **Hurricane Hugo**

SA: You just never know with those sorts of meetings what those few jewels will be. And they can be quite significant, as you pointed out. So you return from the meeting with President Bush and Hurricane Hugo is about to hit. What happened?

BS: Well, I had one sheet of plywood in the garage and I put it up on a window in the back of the house. That's about all I could do. We couldn't do any other preparation and nobody really knew what was about to hit. That was a rare, rare hurricane and there were two high pressure centers on either side that pulled it through. It was very intense. The eye actually came across Shaw Air Force Base just west of Sumter, SC. The most damaging part, if you know hurricanes, the magnitude of damage on the east side and on the right side of the path. You could leave Sumter toward Columbia for just fifteen miles and the damage was only slight. If you leave Sumter and go east toward Florence, and you kept going past Florence, it was devastating. That was a significant part of our contracted timber management at that time. We calculated that our personnel averaged working seventy-two and a half hours per week for a year following the hurricane, and a lot of them went a hundred hours a week. The morning after Hugo we had people out there on our steps at the office. But we couldn't get there. I couldn't get out of my neighborhood until that afternoon. I had to cut my way out.

SA: How did you handle it with your clients?

BS: Well, the first step was to reassure them. First thing we had to do was assess the damage. It's hard to get everybody organized because our personnel were facing different conditions, and they had to worry about their families and their own homes. We went to work immediately but we had to assess the damage and we started trying to get loggers lined up. We made a lot of mistakes. We probably should have started calling loggers the day before, realizing that logger availability was going to be the critical supply point. We thought the critical supply point was going to be markets because it didn't take long once the assessment was made to understand how much timber was on the ground. It was late September, and we still had some warm weather. We only had a short period of time for salvage operations. First to go bad was pine sawtimber, then pine pulpwood, then hardwood sawtimber, and then hardwood pulpwood. The pine sawtimber was gone really by the winter because of blue stain. Blue stain really doesn't affect the sawtimber structurally. It's cosmetic, but 50% of the pine timber at that time was treated, and much of that went into outdoor decking and other visible locations. When the sawmills started to plane it, they saw hairline fractures. All of a sudden that was another issue to deal with; the hairline fractures and how much it affects wood structurally. As it turned out, it didn't affect it that much structurally but the hairline fractures were a concern. Once it was planed you could see the hairline fractures. Of course, once the bark's slipped off, the pulpwood isn't that usable, so you had to get that before the bark slipped off. We had fourteen inches of rain with the hurricane. We had some challenges. Earlier in the interview I mentioned flying over eight thousand acres just north of Charleston. We had a marginal road system on that property. We could have had a better road system in it to start with; and, of course, there was a lot of flooding, a lot of debris and it blocked the drainage, the natural drainage. Then we had an eleven inch snow Christmas Eve just about the time things were drying out. It stayed there and it saturated again, and that prolonged the process that much more.

SA: Do you remember the total acreage or volume of board feet that was put down by the hurricane?



BS: I don't remember the statistics on it to be honest. I do know there was a path that traversed the entire state. Later when they did the Forest Service timber and growing stock inventory, they found a path from, as I describe, west of Sumter and it went inland and it went all the way up through the state because the eye went right across Charlotte and that was the unusual part. When I grew up here, I remember Hurricane Hazel hit Myrtle Beach, but once it hit land mass it just diminished rapidly. Hazel was a category 4 when it hit but it didn't have these high pressure systems just pulling it through like Hugo did. Our daughter was in school in Winston-Salem during Hugo, and it went right up across Winston-Salem. It hit Charlotte and curved back and they had damage in Winston-Salem. It was a path all the way up into Pee Dee, from in the Sumter area over past Florence in the Pee Dee area. The growing stock in that whole area was severely diminished.

SA: What percentage perhaps of the downed timber was utilized?

BS: We measured it against the hurricane down in Alabama. I can't remember the name of it now but we contacted our friends and colleagues in the Alabama area for advice. I think we salvaged well over half the down timber and, of course, we were able to maintain some pricing structure. We had loggers coming in from everywhere and when we introduced our contract they just laughed. It did cost them a lot more to log. In fairness to them, we got half price, and we were doing very well to get half the normal price of timber.

SA: In addition to calling the loggers early what else would you do differently if you were faced with the same situation?

BS: Well, I spent a lot of my personal time thinking about markets, and maybe I out-thought myself on it. Following Hugo, we didn't have markets within traditional logging distances, and we needed more markets. I focused on this fifty-two million feet we had on the ground near Charleston and there's a port right there. I decided we needed to export it. We had people that would cut the logs. We had to deal with Korea rather than

Japan because we couldn't fumigate the logs. I met with the exporters up in Wilmington and I met with exporters in Savannah. I met with a lot of exporters. We did a lot on getting loggers in here. We had loggers that came in from Georgia. We had loggers that came in from North Carolina. What happened was those mills were out of logs because their loggers gravitated to Hugo-damaged areas. Those mills had to supplement hauling costs to keep running. That, essentially, helped solve the market problem.

Then it became more of how do we get it out of the woods. And on that eight thousand acres, our company sent an advance to a logger in east Texas, paid his moving costs to come with three logging crews from east Texas, and put them down here on this property. We had a small office in Georgetown at the time, and our manager in that office stayed on this tract fulltime. And we had a few other little pieces. We had Blessing, which was close by so between Fairlawn and Blessing that was about ten thousand acres of timber down that he was responsible for. He called one day and said I can't find one of my loggers, he's gone; he left overnight. These are loggers that we'd sent advance payment to and paid all their moving costs. I said, well, find him. So he worked on that, and then he called back and he says we've lost another one. And so we'd lost two loggers of the three loggers. We were getting about half price for timber, and, of course, there were a lot of the arrangements we had to make. They were hauling it, delivering it, and we tried to work it out where Georgia Pacific or whoever they delivered it to pay us, or our landowner, directly. In some cases they were hauling it and the loggers were being paid and then we had to collect from them, which is a lot trickier. We had to have contracts on that.

SA: Did you ever find the loggers?

BS: We did find them.

SA: Where'd they go?

BS: They went to the Francis Marion National Forest nearby, where the timber was free. When they had a congressional hearing about Hugo to determine what our government can do to help, I said here's what you can do to help us, "Quit stealing our loggers." And the Forest Service supervisor never spoke to me again because I testified to that in the congressional hearing, and it was true.

SA: Did you testify as part of the committee on taxation?

BS: No, just on behalf of private landowners. John Spratt helped organize it and several representatives helped, and they included mostly representatives from South Carolina and North Carolina. They were held in three or four locations. John asked me to testify about what issues we were having.

SA: How soon after were these hearings?

BS: They came along pretty quickly.

SA: A month, three months?

BS: Probably three months. It was a couple of months before we got down there and had those folks down there working. I have to give Vickey credit for that, really, and that is another story. We couldn't live at our home because we didn't have any water. We had lost electricity and we had a generator so we could operate part of the house, but our water supply was gone. At that time my mother had a garden home and it was right on the route to the hospital, the trunk line coming in, so she had power plus she had a little pool in her backyard where we could take a bath.

And I was working probably eighteen hours a day. I had talked to John Spratt when I went up to meet with the president about capital gains. I called John right before the White House meeting, and he called me back, and this was after Hugo. I don't know how he got the phone number to my mother's house, but he called. I was out somewhere so

Vickey answered the phone. John Spratt said he was calling me back, and she said you ought to be calling back. [Laughter] She just read him the riot act about what we were dealing with and how hard we were working. I came home that night finally. She said “I might have done something I shouldn’t have done.” She said she just felt so badly with our working so hard and everything. Obviously, John was calling me about the taxes. So about two days later I get this call at the office and it was Congressman Spratt, and he asked if I would be in my office for a while. I told him I was trying to wrap up some records before I go back out. He was there shortly. He pulled his chair up by my desk, and said, “What can I do?” [Laughter] And he was sincere. I mean he had received a tongue lashing from Vickey. She was embarrassed that she had done that to him. I said, “Listen, that’s the best thing that happened to us. A lot of people are going to benefit from this.”

But John was a great help. I worked with him to get some relief, and he got it through the House of Representatives. It was a provision to allow full economic loss deduction for casualty versus being limited to your basis. And our senator, Fritz Hollings, blocked it in the U.S. Senate. He caught it from the forestry community, and he tried to make it up by getting subsidies. You know, the government answer: we’ll give you some handouts here. Our solution would have cost in revenue, but with no administrative costs, versus having a Hugo incentives program. It was an assistance program you applied for, but the best I could calculate for every dollar that came out of Washington by the time it got to the landowner it was about fifty cents because every agency had to get a piece of it. Ultimately, some of his proposal was used but not all of it. It’s money in the landowner’s pocket that they don’t have to pay taxes on. But John did work hard to get it. He got it through the House. I spent some time in Washington on that also, and we had to do a revenue calculation, that is, how much revenue loss there would be. The only way to do that was to come up with an average cost basis for timberland owners, and we had to do some research on that. It was the kind of things that I spent time on that probably I would have been better off not to have done it. I mean it ended up not benefiting our clients because it didn’t get through the Senate.

SA: So not all the landowners had a well-developed cost basis at the time?

BS: Right. Well, no, the average is 15% because it is such a long term investment and so that's a typical situation.

SA: So you could make that assumption for taxes?

BS: Well, we couldn't just make that assumption. We had to go and sample it for SC and NC. You know, people are nice enough to give us their information and that way we had some basis for making that assumption.

SA: So what happened in the Senate?

BS: I don't know. I knew Fritz pretty well but I don't know what his issue was. I don't know if someone else got to him and convinced him otherwise, but he just didn't allow it to go through the Senate. John went out and got cosponsors and got it passed through the House of Representatives. In fact, some of us were in Washington, and it was about to come up in the Senate. John took me to the Senate chamber, and we were out on the Senate floor talking to Fritz, and he said, "John, you know y'all are not supposed to be out here," or something like that. We had to leave. I mean we were totally dissed about the whole thing, and I think John was kind of taken aback. They were in the same party. The forestry community really did not take it well. Fritz tried to make amends by coming up with an appropriation.

SA: Was he reelected?

BS: He was reelected after that, but you know, he finally retired from the Senate. You asked what issues came up and that was one of them, and I spent an awful lot of time on that and working with John. We worked with the governor's office. Carroll Campbell was governor then, and we set up a tour for him showing him damage and getting some state help with the hurricane.

SA: So we're looking at twenty years or so, twenty-two years since Hugo. What's the resource looking like now in that area of damage?

BS: Well, it's very good because one of the interesting things is that any trees that were fifteen years or younger really weren't damaged, pine or hardwood for that matter. For the hardwood areas, of course, it has taken much longer to regrow. There are trees that were broken off that survived. The crowns were lost, and there are poorly developed trees or damaged trees that are still there and they're taking up space. We don't have the forest health in some of those hardwood areas that you would have without Hugo. However, they've recovered too. The one thing that was most difficult to assess was bottomland hardwood. You fly over it and you see a lot of stems, but due to water or other reasons, you don't see the damage and you might be fooled into thinking that it was not damaged that badly. However, when you get down on the ground you discover that the trees you were looking at are the smaller trees and the saw timber trees are down or badly damaged. That was the one place that aerial observation wasn't that helpful. Of course, a lot of pine was snapped off eighteen or twenty feet up; broken off. The damage was quite evident.

SA: Did you take your clients up in your plane?

BS: I did. I had one client, one of the Boardmans, who I took up after Hugo. It was a white knuckle experience for him. They had eight thousand acres of Santee bottomland that was right on the path and there was absolutely nothing between there and the Atlantic Ocean. Once the storm passed Charleston it went right over his family's property. The roads were still impassable, not just from the flooding damage but also the broken trees. It took months to get through some of the damage. He sucked it up and flew in that plane.

SA: So is this white knuckle just because it was a small plane or something else happened?

BS: No, nothing else happened. He was proud of that when we landed that he'd actually put himself through that. [Laughter]

SA: What was your most harrowing one or two experiences in the plane?

BS: My harrowing experiences seemed to always occur when Vickey was in the plane with me. I don't know why. We were down in Florida visiting her sister and her husband in Clearwater. We were supposed to go down on a Wednesday and come back on a Sunday. However, I had something I had promised a client so we ended up going down on a Friday instead of a Wednesday. I felt badly about it, and I offered to stay over until Monday and come back enabling us to have a full day on Sunday with them. We did, and I woke up about three a.m. They had a tile roof and I could hear the rain on the roof. I knew that there was a chance of weather as Florida's weather is a little bit unpredictable. At St. Pete airport they had a flight service center there and I could get weather detail briefings, which is a big plus because you don't have those everywhere.

There was a line of storms up around Jacksonville all the way across the state that I'd have to fly through. The plane wasn't pressurized, so I couldn't get over it. We waited until mid-morning or late morning when the storms broke off and it looked like a clear shot. I had an instrument rating, and I had flown in weather quite a bit; but I didn't want to put Vickey through it. The weather can be turbulent down there, too. It's not just flying through wintertime rain and clouds. So we took off, and I could tell that the weather had kind of closed in. By the time we got up near Savannah, it was socked in and I mean you could see maybe a foot out in front of the windshield, and I'm only flying on instruments. I had filed an instrument plan just in case. I'm on that, and I'm hearing the Savannah air traffic controllers talking, explaining to another pilot there were embedded thunderstorms in the area. I knew we were right in the middle of embedded thunderstorms. If you get in one of those updrafts, it can run you up two thousand feet or down two thousand feet. You really don't have much control. Some of the air traffic control guys are good about

helping you, and others will quickly let you know they're not the weather service. "We're here directing traffic; we can't take our time giving you weather."

SA: Right.

BS: One option is to do a one eighty and get back out of it, but you have to stay glued on the instrument. In that sort of weather, it's a lot easier to fly level and keep it level. I opted to fly on, not knowing how far it was going to continue. When they finally handed me off to air traffic control at Beaufort Marine, he was much, much more accommodating. Looking at his radar, he said turn right ten degrees. So he helped direct me out of it faster and then we popped out. By the time we made it to Walterboro we were out of it.

Another time we came back from Richmond and that's when the drafts were doing all kinds of crazy things. It was turbulent weather, but I had an experienced pilot flying in the right seat with me that time. Vickey was in a back seat. It's always toughest when you're by yourself. If you have another pilot with you, that can help you do some of the things you need. When you're flying instruments, you have to stay glued to an instrument literally. The worst thing you can do is when you're going in and out of a cloud because you tend to look away from the instruments because all of a sudden you can see a little bit out and you look back. It's almost better to be in solid clouds than it is in and out of them.

### **AF&PA and Certification**

SA: It seems like the early 1990s was a time when you were collecting a lot of strategic information in one way or another. You had your overseas trips, acquiring Hurlbutt and going through a transition, and then you were invited to serve on the board of the AF&PA, or the American Forest and Paper Association about 1993 I think, just after it was formed by the merger of the National Forest Products Association, the American Forest Council, and the American Paper Institute.

BS: Correct



SA: You were one of the only members of the AF&PA board not representing a firm with manufacturing facilities. What do you think brought you to the table?

BS: I filled that slot initially because I was chairman of the Forest Industries Council on Timber Valuation and Taxation. There was a slot that was designated for that position. As with most mergers, the organizers tried to incorporate all the groups that were represented, and it was a large board. Because it was a large board, they had an executive committee, which was about half of the board. I was fortunate enough to serve not only on the board but on the executive committee. It was an interesting process because I've often described it in the past as those early years. There were a lot of manufacturing issues, a lot of manufacturing and C Corp issues on taxes, and there were non-resource issues. I had to work diligently to prepare myself for the meetings, not only to review the meeting material but also research some of the issues they were going to discuss. And then, as time went on, with the coming of the Sustainable Forestry Initiative (SFI), the amount of time spent on resources versus manufacturing literally flip-flopped.

I became a key person on the board in those times; because, although most of the paper company CEO's and solid wood CEO's had involvement in timberland, many would bring resource staff members to the meetings. Having that board slot on the resource side, and also the private land ownership side, provided me with a unique opportunity to represent the resource sector. The irony of it is that I saw lot of CEO's of companies come and go during that time. Some of them I met early on as they were being groomed and brought to those board meetings as incoming CEO's. I was active on the resource committee and on the tax committee. I was chairman of the AF&PA board Forestry Committee. I succeeded Steve Rogel, who was president and CEO of Willamette and then Weyerhaeuser. Steve and I developed a great relationship because we worked together as chairman and vice chairman of that committee. John Dillon was another close friend that I made in that process because he was heavily involved in the tax committee during his previous positions with International Paper. Pete Correll of Georgia Pacific ended up chairman and probably one of the more active ones on the AF&PA board. Mark

Suwyn at Louisiana Pacific, I knew him when he was at IP and have kept up with him since. Steve Mason was chairman and CEO of Mead Corporation back then.

Interestingly, when he left Mead he was chairman for a while after the merger with Westvaco and then he left Mead and retired; and he became involved with Greenwich Street Capital in New York. Because of Steve's role there, our company provided some timberland analysis services for Greenwich Street Capital.

SA: Carter Fox [former president and CEO of Chesapeake Corporation] commented that you assisted somewhat in the transition. I'm just wondering if you felt the same way and in what ways?

BS: Well, I did. Probably most importantly to me was getting to know Carter Fox, because after his retirement I convinced him to come on our board at Shaw, McLeod, Belser, & Hurlbutt, and then he helped with the acquisition of Canal. We've had a great friendship, and he's been much more than a business associate. He's been a very close friend. We continue today as good friends.

But it was quite a tumultuous transition because there had been disagreements between industry and private ownership interests on the Forest Industries Council on Timber Valuation and Taxation. It really started in '86, with the Tax Reform Act and what was perceived as some of the industry selling out capital gains for investment tax credit. That was by one or two of the industries, and so you had a certain faction that had started drifting away from the Forest Industries Council and got involved in other things. It was sometimes a challenge to herd all the factions for a cause. I quite often gave testament to the fact that it's a good organization. It's good for private landowners as well as industry, and private landowner involvement would help. One of the other ways that helped involve landowners is that they had a forum that really reached out beyond the AF&PA into other groups such as the state forestry associations. AF&PA conducted a forestry forum every year and tried to vet and get input from those groups, and then provide them with information as well. Forest Forum participants thought they should have more voice in the actual decisions being made by the AF&PA. I became the spokesperson for that

group, and the AF&PA Board wanted to know what I had to say, and asked my opinion about these things.

SA: How did you help with that transition when they just had merged and were trying to figure out how things were going to work?

BS: Well, part of it was the organizational structure and setting up rotation of the chairman between the solid wood and the paper segment. I was also involved with setting up the by-laws. A lot of it focused on the broad perspective of making the AF&PA the big umbrella and making sure to have inclusion of different constituencies in the organization.

SA: You were at the front end then of the Sustainable Forestry Initiative getting started. What's your earliest recollection of that program and the nature of the discussion at AF&PA?

BS: From my recollection, the discussion of SFI was lengthy and it was very detailed. And it was well thought out and well discussed. We had some very, very lengthy discussions and meetings to set the standards. They were revisited quite often. We discussed the chain of custody question; how it measured up against FSC, and how to sell the customers, especially the large retailers. How do you promote it? How do you ensure compliance? How do you audit it? There were many issues because it was new. It was amazing how the CEO's became directly involved in SFI because heretofore forestry had been kind of a little segment over here. All of a sudden, resources are the focus. That's when I got thrust into the many discussions on the board. The AF&PA had some extremely capable people involved in formulating the SFI standards. The standards committee became very technical in how they approached it. I probably spent more time with that issue than anything else during my service of the AF&PA Board.

SA: Was it evident at AF&PA who on the staff or which companies were leading the charge? Was there one significant event that had led up to this decision or was this already in the works when you joined the board?

BS: It evolved when I was on the board. I think it came about at the time when Home Depot was having demonstrations at their stockholder's meetings. Lowe's also became involved. There was a lot of pressure there. The end user customers of the big retailers seemed to not have that as a major concern on their part. The publically traded companies like Home Depot and Lowe's were very sensitive to it, as well as other forest products outlets.

SA: They had people hanging from the rafters in stores.

BS: Yes, I recall that at the Home Depot annual meeting in Atlanta they had hired two cherry pickers way up in the air, and they had a big cable between them with banners. This was in front of the convention center where they were having a stockholder's meeting. I don't want to overemphasize that, but the pressure was being brought to bear. It was not only from the environmental groups but also from FSC [Forest Stewardship Council]. Of course, the environmental groups were the origin of FSC and the industry felt like they should take the bull by the horns and develop their own. The irony of it is, in some respect, is that SFI became more difficult to comply with than FSC. FSC had some issues like prohibiting the use of herbicides. American Forest Management manages forests under both systems, so we have knowledge of FSC and the evolution of FSC as FSC has changed. They were having a difficult time getting traction in the U.S. and having a hard time accomplishing or complying with their own standards. FSC has changed over time to make it slightly less restrictive in meeting their standards.

I know we had many long discussions about maximum clear cut sizes under SFI, and how to measure that. One of the key related questions was the difference in ages that can be adjacent to each other, three years or five years. The adjacent stands issue received long discussions because everybody had a different opinion about it, but it was thoroughly

discussed. Having sat in on those discussions I can truly say it was not something that was, “well, let’s see what we can get away with here.” It was a true emphasis on what’s good for the environment. We’ve got to make it meaningful. We’ve got to really accomplish something here for the environment. There was a true emphasis on getting it done.

SA: There were a few member companies who dropped out of AF&PA after they complained. Was this anticipated?

BS: There were a lot of discussions outside the meeting from time to time, but I wasn’t in the circle. I mean I’d go to the meetings and find out that so and so was not going to go along with certification. They didn’t think it was necessary. I remember Bill Swindell at Willamette. And I always admired Bill. He built a great company in Willamette Industries, and he was one that was an old timer, and he was really one of the nicest ones to me when I came on the board. He was almost a legend and, of course, he brought in Steve Rogel to be CEO. I had many conversations with him about SFI and he was very dubious about the whole concept or rationale, but he went along with it. He had his say, but then he went along with it. There were others that weren’t that vocal, but they made these decisions outside the meetings and without a lot of discussion.

SA: Philosophically, do you think SFI and FSC should work towards a common protocol or is the present situation with them separate working adequately?

BS: I think in the best of both worlds you would have a meeting of the minds and come together. The fact that so many organizations with a vested interest have oversight of FSC and that each of those organizations have their own views, would make it more difficult to obtain an agreement. Some of the changes they made were reality check changes that had to be done or they wouldn’t have any land participating domestically. The two protocols seem to be coming closer and closer together, and I think the move to separate SFI from the industry improved the possibility that they could come together.

Still, SFI is perceived as an industry program because that's the origin of it and there are still some industry board members. But it is truly a separate organization.

SA: How do you feel about the American Tree Farm System becoming a protocol for private landowners?

BS: I think it's a good program. We've always supported it. We felt that it would be helpful to have that become part of SFI. There seemed to be problems in administering it and having it set up as a protocol. It's been a long-term challenge for the Tree Farm System to get inspectors and having inspections done on time. Whether or not those inspections are done with the same rigor as the industry lands or larger holdings is also a question. The TIMO formula also presents a challenge because TIMO's have vast holdings but you have to keep in mind they really don't own the land. Their clients, the individual pension funds and endowments or private investors own it. It's much like what we at American Forest Management encountered. We have it set up by area and it is a voluntary type thing to be part of the mass program with SFI. It makes it a greater challenge than a forest products company would have. I'm not sure how much demand there still is for that label. I always take note of it, and I know some of the industry gravitated over to FSC versus SFI or jointly having both of them. We don't know how much demand there really is there for certification. When I was first involved in it I had to come back and report. What's the benefit? I asked the question, "Why should I do this? Am I going to get paid more for it?" Well, no. We preached market access. And I think there is a certain market access factor there and maybe at some point there'll be some monetary benefit for it. There have been individual cases where there has been some monetary benefit, but that's going to be the issue going forward.

### **Chesapeake and Carter Fox**

SA: What time frame did your company do a timber valuation for Chesapeake Corporation?

BS: The early '90s.

SA: That would be before you came on the board for AF&PA, perhaps just before or about the same time?

BS: That was about the same time I came on the Board of AF&PA in the early 1990s. I didn't know Carter Fox that well when we got the job with Chesapeake. However, the valuation and timberland divestiture process had been handed off to the CFO.

SA: How did the job with Chesapeake come about?

BS: Well, it was really right about Carter's retirement time because he was approaching retirement age and that process was turned over to the CFO, who managed the entire process. Chesapeake hired an investment banker to manage the process of marketing the lands. We were hired to conduct the inventory.

I remember it was in early fall when we were hired. In our preliminary planning session, I pointed out the constraints of the season. We were calculating plots per day and needed to take into account the latitude of Virginia, north of the latitude of South Carolina. We're going to have fewer daylight hours. In the wintertime, inventory was a big challenge because we had to go out and try to get as many plots in a day. We set it up on a random sample basis. The Chesapeake holdings included many small tracts. It was a little bit more intensive management than average, to their credit. They had some small stands because of that intensive management and that made it a little bit more of a challenge in the inventory process as far as the sampling. The other challenge was the Eastern Shore properties because there's no easy way to get there. We had to have people stay over there for the duration to get it done. There was no going back and forth without losing a lot of time. And we had our group, of course, David Anderton was heavily involved, being up there in Richmond and then we had crews from South Carolina staying up there on rotation. We had a couple of contract foresters that wanted to work through the weekends, which helped the cause.

We completed the job in the time allotted and made our report. Chesapeake conducted “show-me” trips and meetings with, I recall, six potential bidders or buyers. After the first one I was asked to come back. Our job initially was to provide the inventory and analysis and they would be incorporated into a book. I think a lot of questions came up in the first meeting, particularly about the marketability of so-called orphan stands (older stands within young stands). The investment banker made a decision, which I thought really was negative, and would tend to hurt Chesapeake. So I was able to come and talk about that because there was really no reason for it. I think it was helpful because our assessment showed that orphan stands were marketable at that time. You didn’t have to wait until the surrounding tract or surrounding stands were marketed, as they had projected.

SA: Did everybody pitch in? Was it hard for the employees to stay up there for a while to get that done?

BS: We always had one or two [employees] that didn’t jump to go assist in things like that. But we had people like Roy Belser, who’s a great taskmaster when it comes to things like that and stays on everybody as far as how many plots they get per day. Roy’s style is to get the maximum done by doing that himself. We had internal audits checking those plots to make sure we didn’t have bad inventory work done. So we had random sampling of that.

SA: When Carter Fox retired you had invited him to join the board of Shaw, McLeod, Belser & Hurlbutt. What led to that decision?

BS: Well, I had established a very close relationship with him, and I admired Carter. Quite often in the early times when I was with him on the AF&PA board he kept reiterating that as he worked his way up through Chesapeake Corporation his most enjoyable time was when he was working in the timberlands divisions. His trip up the Chesapeake ladder was typical; that you would work in every area, the manufacturing, the mill area, the procurement, and the accounting end of it. Of course, he’s an



outdoorsman, but he said he really enjoyed the forest management part of it and the inventory work and the work related to the timberlands, whether that be title issues, access issues, or whatever. When we were talking about it he would ask me about the business quite a bit. I talked to the other stockholders. It was quite a deviation from our tradition. We don't have anything in our bylaws that required stockholders to all be foresters or directors. They agreed as they had gotten to know Carter during our work with Chesapeake. He wasn't directly involved but most of them had met him. When Chesapeake interviewed people to do the inventory work, Carter flew down with them. I don't know how many firms they interviewed before we got the job. Most of our people met him for the first time then and were favorably impressed. They saw the real benefit of having an outside director; someone coming in with different experience and especially with the financial background that he had. And so he became a shareholder and a director and became very heavily involved; except for day to day operations. So Carter was the first and only shareholder we've had that was not an employee.

### **Acquisition of Canal Forest Resources**

SA: He advised you about your transition to retirement?

BS: Right.

SA: What did he recommend?

BS: Well, a lot of it was looking at succession, and how to adjust stock values. He was very good at valuing that and understanding the parameters we had to work within. When we were negotiating to buy Canal Forest Resources his advice was invaluable. David Pritchard and I conducted the negotiations. David was the front person on the detailed negotiations, and I was the background negotiator. Carter was in the background really giving strong advice to both of us and to our board. We had some tough negotiations. There were five bidders for Canal Forest Resources. I think his advice really helped us to win.

SA: Who else was bidding?

BS: Well, International Paper did, as well as Westvaco. It's interesting that Canal Industries always tried to keep their two businesses, the wood procurement business and consulting management business, separate and above board with no conflicts of interest. The same people own both businesses, and it was imperative to keep them separate in reality and in perception. They always were struggling with that perception. I was convinced that half of our clients would leave if a forest products industry bought us out because the client base would see it as conflict. It's just not a workable solution. I think Forest Resource Consultants in Macon submitted a bid. I'm not sure who was the fifth but I know there were five. Canal continued to negotiate with us. I'd like to think that they listened to some of the employees and to management, and it has worked out beautifully. Our proposal was on condition that at least seven of their key people would stay on and it was by function, and every one of them stayed on. We gave them nine names, and all nine are still with us.

SA: What brought Canal to that point that they wanted to spin that out?

BS: I can't answer that with knowledge, but I suspect it was the loss of key family-member management and their vast number of stockholders. Canal had very good leadership in Harold Stowe. He still does a lot of volunteer work; he serves on several boards now; very capable. They were in good hands there but it was likely stockholder pressure.

SA: How else did Carter Fox help with the acquisition? I think you mentioned he conducted a couple of strategic planning sessions for you. What came out of those?

BS: He actually chaired our merger committee. It was more than strategic planning. It was really an overall merger committee. How do we get the best from the merger? How do we match footprints or not match footprints, and how do we take advantage of the

different footprints? How do we reorganize? At SMBH we had operating groups. We had a forest management group that was run by Roy Belser. There was an investment services group responsible for getting the larger clients and bigger transactions that I was heavily involved in. We had the real estate group, the appraisal group, and the environmental services group. And we had the administrative group, which included human resources, insurance, payroll, and some accounting. We stepped back to see if we needed to rethink that structure. We think we've got a great organizational structure, but maybe we do and maybe we don't. Carter agreed to chair that process and we had organized meetings. We brought in people within the organization. By then we had Robin Jolly and all of his folks from Canal. And so John Welker, Robin, the accounting people, Andy Ferguson, and different ones that came to us from Canal were involved. Carter conducted those with a facilitator and went through the whole nine-yard process, and we tweaked our structure slightly, ever so slightly. When we acquired the Cypress data management system we weren't sure where to house that. Is it in accounting or is it in an operating group or is it in technical services? And who should manage it? Carter played the key role in that process.

After we closed and made the purchase, we operated the two organizations separately as two separate LLC's. We were Sub S and we operated Canal as a separate operation for a year, really with the idea that we'd decide whether we'd continue operating separate, rather than actually merging. There were accounting issues in merging because Canal was on an accrual system, while we were on a cash system. We had several issues like that to work through. Their human resources were under the Administaff service, and we had our own internal HR function. We looked at every one of those issues. It was a great marriage in that geographically it was really good. They had their technical services and the data management which we didn't have. We had the real estate function that they didn't have. Ninety percent of their business was TIMO related. Probably a little less than half of our business was TIMO and we'd had a difficult time breaking into the TIMO area. One or two of our TIMO clients were not using Canal, and they had a much larger share of business from some. Collectively we had all the TIMO's. They had some we

didn't have and we had some they didn't have. We had a real broad base of NIPF's that Canal didn't have. It was a good match for both organizations.

SA: This was a big merger for you. They had significant TIMO clientele and eighty employees. What was the driver or drivers to say that led you to be interested at all in going after them?

BS: I felt like some of the SMBH people didn't know Canal Forest Resources that well. I had dealt with them quite a bit, and Roy had competed with them significantly. Paul had dealt with them in appraisal because he appraised some of their lands. That's the way it works. You appraise lands which you don't manage, and they appraised lands that we managed. Speaking personally, I admired their personnel. They had some corporate background that I felt would benefit us. We had very little experience in doing detailed budgeting for TIMOs. Canal had spent considerable time on budgeting and reporting. I had difficulty convincing some of the SMBH folks that we had to get better reporting systems in place. Because they were field foresters, reporting was just time spent that they could be out there making money. However, TIMO's had to report. They had to have these reporting systems in place. Canal had the data management that we'd always felt like we needed. They had the clientele that we didn't have. We had some attributes they didn't have. I think if we duplicated each other totally, that might have been less attractive. Frankly, at that time I don't think it was any secret Canal Forest Resources was losing money. So it was a gamble on our part; it was a big gamble. I remember we had a lot of discussions on how to turn it around. Why are they losing money and was it a significant amount of money they were losing? They had good contracts and they were probably more judicious in managing contracts and getting contracts done in a timely manner and having them catalogued. Coming out of an NIPF arena, we didn't have contracts with all those NIPF's, mainly because of the difficulty of standardizing them and economies of scale in crafting each one separately. It was attractive that they had good contracts.

SA: So why were they losing money?

BS: Well, the Lake States operation was a big loser for them. They spent a considerable sum developing Cypress, and it really wasn't ready when it was launched. They had to spend more money because they really were under the gun to have a finished product. That was no fault of anybody that's there now. We still had to work some bugs out afterwards, but it was a combination of things.

SA: It seems like at each stage, and especially with Canal, you started to significantly diversify your clientele. How important is diversification of to a forestry consultant business?

BS: Oh, it's very important. We always had to deal with, as Canal did, one of the TIMO's saying I'm not so sure I like you providing services to my competitors. I don't know how comfortable I am that you know what we do and you're working with our competitors here. So, you need to develop a trust. You can provide all the assurances you want to, but trust is extremely important. If you breach that trust just one time, you're dead. Everything is handled on a confidential basis and it even extends to personnel allotment. If you've got jobs coming up, who gets the personnel? We always had a challenge with time sensitive jobs. We had one TIMO that would call us up and tie us up, and say we're going to be looking at a particular property and we want you to do the work for us. Then we'd have two or three others call us and we'd have to say sorry we can't do it, we've already been approached. We learned the hard way that quite often the company that's tying you up was doing just that, tying you up to hurt the competition, especially when we got bigger and they knew there were very few companies that could jump on something and get it done. We started really pressing for commitments, which were not always easy to get. I remember Paul was very savvy in that regard and he could steer us through the commitment process extremely well.

We had other situations, too. We did a lot of work for Bowater on evaluating their Catawba timberlands and then later their Calhoun timberlands and when they made a decision to sell we asked at that point in time for release from them because we could

represent a buyer once we did the inventory and everybody was going to have the inventory. The only advantage we had was the fact that we conducted the inventory, but as far as the data we furnished them they were going to supply it to everybody. However, Bowater wanted us to stay employed by them to advise them through the process, even though we weren't getting a big fee for it. So, you know, things like that were hard to swallow because other firms were able to do some other things there on that transaction. But you're always faced with that. Avoiding conflicts of interest, perception, and full disclosure are all key issues that you've got to adhere to.

SA: Can you tell me a little bit more about Cypress, the data management system at Canal? How was it superior and how did it differ from other programs?

BS: First of all, it was built in-house at Canal. They spent quite a bit of money developing that over a long period of time. I think in the development stage, the person involved in the launching of it was launching their career too at the same time so that had maybe a lot to do with the impetus for it. But they spent a lot of time working through the bugs, which had an effect on their profit and loss. It's a powerful system. It's essentially data, spatial and tabular, that are maintained by a very capable internal staff. It is real-time, online data with a growth and yield model and many other attributes built in. As with any other data system it requires constant updating and safeguards. For example, if you change tabular data when you harvest cut, the spatial data and the map are going to change accordingly or vice versa. If the map changes, it says wait a minute, we're still showing volume here or pre-merchantable growth. It's an excellent system and we not only manage a lot of the data for our management accounts, but we also manage data for clients where the management is actually field management carried out by another firm. Several technical people work with Cypress data management.

SA: How many staff do you have related to that?

BS: There are probably fifteen in the whole technical services group, with ten pretty much fulltime. We've got one person that's responsible for all the inventory work and he

works with the forest management group because they provide field personnel to go out and do the inventory. He also works very closely with John Welker on the data side in developing that information.

SA: I can see immediately how this is a great benefit to TIMO's and their staff who are doing analysis and they can access it and manipulate it the way they want. Do all the TIMO's have staff that conduct their own analysis or do some of them just rely on your staff to do it?

BS: It's a little bit of both, and many times it's a collaborative effort. For example, I know Steven Keider works a lot with the TIMO's. He's in the technical section and he has outstanding capabilities to work collaboratively with TIMO staff to develop ways to analyze their information. We do a lot of the analysis for them either on an ongoing basis or by request. We use a number of programs to estimate cash flows, net present value, and other valuable information. We can do a sensitivity analysis where if we change the thinning regime, then we can predict what happens and how it affects our NPV. If we have to delay a harvest cut for some reason, or if we have to increase it, do we want to have equalized income and if we equalize income and not optimize the harvesting according to the planned regime, how much does that affect our net present value. We conduct quite a bit of that sort of thing every day for the TIMO's, and then sometimes they do it themselves. They analyze it themselves because they can access the data and download it and plug in their own circumstances. Of course, our field people can go in and do that too. They can input data from a remote area. We have certain safeguards though. You don't want people having free access to go in and change data without authorization. Offsite data storage and backup plans are in place and are constantly being improved.

SA: Who were the TIMO's that Canal was working with that were different than yours?

BS: Well, Forest Investment Associates was one, although we did some work with FIA. We've always done work for FIA, but Canal had more of their acreage than we did.

Prudential was another, which of course was bought out by John Hancock. We do appraisal work and certain other services for John Hancock, but they're the only TIMO that pretty much has everything in house, as well as field operations. We supplement what they do by doing inventory work or some field operations and we do appraisals for them on a bid basis. We'll get a pack of appraisals for them. They try to spread it around. You get RFP's for these appraisals, but then they make an attempt to spread it around so as to not have one firm doing all of them.

We worked with Wachovia, but Canal did not. We worked for The Forestland Group and I don't think Canal previously had Forestland Group. They had more TIMO acreage but it was more heavily concentrated. That became an issue for FIA when we bought Canal because it really put the combined company to exceeding their forty percent max to any one company. And so they had to adjust back a little bit on that over a period of time.

SA: Was that just an in house rule that they had?

BS: FIA had, right. It actually works both ways. We didn't want to have too much. I mean we had a little bit of a situation there with having too much of our business with any one client.

SA: Robin Jolley was CEO of Canal and he joined AFM as Executive Vice-president.

BS: Right. When we acquired Canal we initially ran the companies separately and he continued to be CEO of Canal Forest Resources. Then when we merged the two Robin Jolley became Executive VP. We had put David Pritchard in the position of chief operating officer. I was still president and chairman of AFM and when we started to plan my transition at that time David remained as chief operating officer, which was really focused on the internal operations, human resources, accounting, some business development, and some other issues. Sue Crawford was the accountant at Canal, and she had some concerns about cash accounting versus accrual. Sue finally reluctantly came on board with our cash accounting. She has become a very effective chief financial officer.



For example, when we transitioned to GMO [Grantham, Mayo, Van Otterloo & Co.] with our SFT acquisition, her role there was key in giving a comfort level to GMO because they had experienced what they described as poor services from International Paper, which was doing their accounting. They also had some issues between Memphis and their own system. Their accountant came down to Charlotte, and they had a great meeting. GMO became very pleased with our services.

SA: Are you still on a cash basis?

BS: We are. There are a lot of benefits to cash basis. We've always been on cash accounting basis. There are a number of benefits in cash accounting, especially in managing and analyzing cash flow.

### **Acquiring Sustainable Forest Technologies (SFT)**

SA: You mentioned GMO as a TIMO. It's Graham...

BS: It's Grantham, Mayo, and Van Otterloo. It is a very highly respected international asset management firm. Jeremy Grantham was a big advocate of timberland ownership; always has been very, very pro timberland. Actually, Eric Oddleifson started Resource Investments Incorporated (RII), and I can remember when he started it. We were in a meeting in Atlanta when TIMO's were just getting started, and there was a timberland investment conference. He asked me to have breakfast with him one morning, and we sat down and he was asking really start-up questions. I've always been impressed with what he put together. He was in Boston. It never was really that large but he established a relationship with Jeremy Grantham and they were merged into GMO. Eric brought in Bob Saul and some of the others. Eric passed away in 2011, but I had known Eric a long time. Canal had attempted establishing a relationship with RII. On one visit to Boston I went by to see Eric, and I met Bob Saul. After the merger, Robin and I went up and called on three or four clients. We went to Andover and we went to a couple of the other firms in the Boston area and then we went up to New Hampshire. Conservation Forestry

was up there. At GMO we just happened to hit Bob and he was all ears. We started making some inroads, and we got some business. When AFM bought SFT, GMO had purchased a million acres of IP land in Maine, and they had some interest in some Tennessee lands that they bought from International Paper as well. Once we convinced them we could solve their accounting issues that they had with IP, then that added a million and a half acres of land to our management. We went from three million to four and a half million with that SFT acquisition.

SA: What was the impetus to go after Sustainable Forest Technologies (SFT). Was there another request for proposals? Was IP wanting to spin it off?

BS: Yes. IP wanted to spin it off because they were divesting all of their timberland and some of the nurseries and other businesses. That was a difficult acquisition. Harold Stowe was a tough negotiator with Canal, but he was all business and just a tough negotiator. With SFT they would ask for information that they needed to have by tomorrow morning at nine o'clock and so we have people stay up all night getting it. Then we don't hear anything for three weeks. At one point cooler heads prevailed when I said let's forget it, this is ridiculous. We can't put up with this. We have other things to do. I started questioning whether anything was going to happen. I was as enthused about pursuing it as anybody, but it was difficult. We finally outlasted them, and we acquired it. We would negotiate points, and we thought we had a deal; and then something else would come up, so it dragged on a long time. Both of those acquisitions brought us tremendous talent. With SFT it was like you unleashed these people. It was like a transformation. They were happy, we were happy. There were some contractual things we had to deal with such as setting up separate entities. They had property up there we had to deal with. We had many new things to deal with. David, Robin, Roy, Andy Ferguson, and I were involved in the negotiations as well as our very capable attorney Jack Erter. Several of the SFT employees are now AFM stockholders and hold key AFM leadership positions.

SA: Yesterday you mentioned early on that you had challenges bringing on someone from a corporate culture coming up to work with private landowners.

BS: Right.

SA: Did you have other issues here with people at SFT who had been working under corporate culture and coming to you?

BS: No, because they had the experience working with other owners already. They had learned that nothing changed because their owners were still the same when they came to work with us because they were TIMO owners. They were working with the same owners they'd already had experience working with for two or three years. And they'd learned that it was not IP's policy, it was GMO's policy or whoever that owner was in Michigan. It was their policy. So we didn't really have that issue.

I think that there have always been some of our SMBH folks who say, "Well, we've got all these goals and agendas we have to follow when we could be doing other work." Goals are there and they keep staying on that list but they're good, it's good practice. That goes back to Robin's time at Scott Paper and Potlatch, David Pritchard's time at Potlatch, and John Welker's time with Mead Corporation. We've got an appraiser, Chris Singleton in Sumter that worked with Temple Inland for a number of years out in Texas. We've captured a lot of the techniques and been able to retain those procedures that we feel are necessary. Others are superfluous and are not applicable for our situation, and we let those go.

SA: How do you finance an acquisition such as SFT? Do you look at a potential income stream into future for years? Did you take a bank loan?

BS: We took a line of credit at a bank. We had brought in some capital internally with the Canal Resources acquisition and then set up a line of credit for part of the financing. That line of credit stayed in place and is used only at certain times such as the first two months of the year, when you have a lot of closings at the end of the year. We also pay bonuses to employees and we pay dividends to the stockholders and determine what we need to

carry over. When you're working on a cash accounting basis you owe taxes on it. Everybody has to come up with the taxes for that. It's worked out fine. In a way we didn't know what we were getting into with some aspects acquiring SFT just because of the accounting intricacies of being part of IP and some of the overhead charges against SFT that IP had. It was a lot more complicated. Canal Forest Resources was more autonomous as a separate operating unit of Canal Industries. What you see is what you get. With SFT we dissected it, and dissected it, and dissected it; and we had to do a lot of analysis on how much supplement is going on here from IP or how much overhead is being charged that we're not going to have to deal with at AFM. We had to take their profit and loss with a grain of salt; and then go in there and really, really examine it. It was a little bit more of a gamble but it turned out to be a great gamble and it's been very, very good from a profit standpoint.

Canal was the same thing. We knew they were losing money. We weren't going to get it for free even though they were losing money because we were competing with how much of this can we fix and turn around. The problem is when we're negotiating, the employees of the selling company can't tell us anything. The investment bank that's handling the transaction has to disclose everything to everybody. So we had to do a lot of guesswork there, and Canal turned around a lot quicker than we thought it would, due in no small measure to the outstanding employees they had.

SA: How much time do you have to prepare the proposal?

BS: It's a good bit of time. Probably two or three months. It's an auction process where you've got five groups making non-binding proposals. And then they narrow it down and say we want to work with this one and this one. We were actually a little bit behind the curve on Canal. They were pretty much down the road with a couple of bidders when we submitted our proposal. One of the key things Canal saw in our proposal was that we were willing to take everybody; because severance is a big issue. The same thing was true with SFT. We had the critical mass that allowed us to say that if part of making this thing

profitable is moving people, then we have a few places we can move them in SMBH. And the fact that we were going to keep everybody was a big plus.

SA: But you aren't going to do that with SFT?

BS: We did. They had some complicated contractual arrangements. And we just finished up some of those obligations with some of them last year. We're in the first year not having those contractual obligations that we took on.

SA: SFT had fiber supply agreements that work into your income stream. Those were considered in your proposal?

BS: Right. We had to set up a new operating group, which represented a deviation from our business model, in that we were going to be selling direct to mills, dealing with loggers and paying loggers. We had some concern that our traditional TIMO clients might think that somehow we're competing with them. Once we expand our role to sell to mills, maybe we're getting delivered prices here and we're acting as dealer; but it was confined to that. So we set up what we called Wood Flow group, and Ken Sheppard who was with SFT runs that. David Pritchard worked with him and still works with him on that. We set up the accounting headquarters for Wood Flow in Sumter. Ken's located in Sumter, and his Wood Flow staff is housed in Sumter. Of course, there are other Wood Flow personnel located in the geographic areas where they are operating.

SA: What were downsides of acquiring SFT?

BS: Well, it was a challenge because of the complicated nature of the way it was structured and we weren't sure at times how that was going to work out and whether there would be some unforeseen pitfalls there. But our folks that were dealing with it, David Pritchard, Andy, Robin, and Roy were able to address those and deal with them.

SA: After the acquisition you had well over two hundred employees and independent contractors in seventeen states and forty-two offices. Do you or some of your other people lament the larger size, spending more time on these corporate headaches?

BS: You know, we've always had a philosophy of having everybody hands on; no layering. I remember the first time I spent time with Robin Jolly. We were down at Palmetto Bluff and you had an option to go fishing, go hunting, or to go play golf. For some reason I opted to play golf; and I think actually Robin and I were the only two that opted to play golf. We spent some time riding around in the golf cart and, of course, he was head of Canal then and we started talking about structure and I said, well, you know, I guess the thing that concerns me is my billable time is down to 50% of my time. I asked him if he had much billable time. He responded that he didn't have any billable time. He said, "I'm managing the company." I said, "Well, I am too; but I've been able to delegate things so I'm actually billing what might have been around 50%." He was astounded. But he came from a corporate side, and so they've bought into that whole concept. Roy Belser by preference is heavily involved. When we set up our organization, Roy was head of forest management but he was regional manager, and up until just about five years ago he was also a district manager. So he's got three levels of management. He's over all management. Well, he is now with AFM, but even with SMBH he was responsible for all four regions. He was responsible for the district managers in one region, and he was responsible for managing the office in Sumter. Bill Gaskins has since taken over that responsibility. Plus, Roy's out handling timber sales down in Walterboro and, you know, it's a hands on thing. You're not only kind of keeping a pulse of what's going on out there, but you're also leading by example because Roy takes pride in how much he can accomplish in a day. He lets everybody know about it, the junior foresters especially. He challenges them with it, which is good. It gets to be a little competitive, yeah, he likes to do that.

## **Timber Bidding**

SA: You mentioned running the timber sales. In your retirement scrapbook they have a description of a bid opening process in the 1970s. Can you describe that to me and if it has changed at all over the years or not?

BS: Well, I guess people used to come to bid openings. A procurement forester would bring a bid in and I knew some of them that came in. They'd have four envelopes and they'd see how many people were there and then decide which envelope they were going to pull out. Sometimes it backfired. In one case the guy pulled the wrong envelope out. [Laughter] We felt like we had to have a rigid, consistent process.

Early on we'd have a bid opening, and one of our invitees wouldn't submit a bid. You'd get a call a couple of hours later that said, you know, I really want to buy that timber, what do I need to beat? I had to explain that wasn't the way we do business. These people gave a bid in good faith that we're sticking to a process; and I'm sorry, we can't accept another bid. Oh, I could probably bid a lot higher. I said, well, that may be the case. I'll let my client know that, but I'm also letting my client know that we stuck to it and that's the process. I could do that maybe once or twice, but then the rest of my bids for my clients would be lowball bids because they would know they could come back later. I had one sawmill operator that on more than one occasion he wouldn't bid on a sale. Later, he'd tell our client that he could have probably paid a lot more and, of course, my answer is talk's real cheap. It worried some clients, but he was noted for doing that. We'd have bids on in the conference room. We'd have call in bids. We had a form we put it on, which is a little bit risky. I think one time we had somebody renege on a call-in bid. I'd read it back to them a couple of times to make sure it was properly done. We'd always call, advise, or somehow notify all the bidders what all the bids were. We made sure we did that.

Our office is out there on a frontage road, and it was right about the time cell phones were just coming in. I had somebody frantically call me and said I can see your office. I passed it three times but I can't figure out how to get there. [Laughter] I've got a bid. I've

got a bid. So I got him to give me the bid over the phone and I wrote it down and I gave him directions but it was about two minutes before the bid opening. We always followed that process. The only time we deviated from the bid is when it was kind of a questionable market, a little bit flaky; and we were worried about a public bid opening. You hate to avoid a bid process because you never knew when you had some wild horse out there that was going to come in and beat everybody by 20% or somebody you least expected come in and bid. We made sure to get as many people information on the bid sale and the bid data as possible, to get as much competition on it as possible.

SA: How about Theron Bradford of Korn Industries?

BS: When we started working with Korn, Theron was their person in charge of the mill and also the wood procurement. Korn had one of these long term contracts with the Beidler family and that expired, the last one expired I think in maybe 1984. Korn had to start going out in the open marketplace and buy timber. They hired us to go look at offerings from time to time and then they bought timber from us for any offerings we had. Theron would be the one to go out and look at it. He had a good eye for timber, but he wasn't technically a forester to work up volumes and things, but he would go take our volume. We always published the volumes, and he'd take ours and interpret it and so forth. Great guy, and I had a lot of interesting times with him. Theron had great stories to tell about growing up in the Depression; and his family didn't have a lot. I always enjoyed spending time with Theron. In addition to being an outdoorsman and avid hunter, he was a great vocalist. He sang in the choir and he sang in some men's barbershop quartets. You wouldn't think from talking to him, I mean he didn't talk a lot about it, but he had a great voice, and his wife was really nice. I went to high school with his younger son.

SA: I was just bringing that up because there's a story of him coming in with bids and that other people said, "Oh, no, not Theron again."



BS: Korn was aggressive on their bids. Theron was very aggressive on them. When they needed logs they would buy them. I thought you were going to ask about the story when I took him duck hunting. One morning before daylight I had our son, Bart, who was probably ten years old at the time, Jack Erter, who was our company attorney, and Theron Bradford. I took them to a pond we have that had a lot of grass and we had widgeons that came in. They'd come in every morning and we'd get two or three or four hundred widgeons in that eleven acre pond. Once you learn to hunt widgeons you'd never let them settle on the pond. So they came in right at daylight, and it was before legal shooting time. People were so used to being cautious and quiet and hiding. I said, "Make some noise; don't let them come in. They'll try to come in. You won't scare them off. Believe me, you won't scare them off. When it's legal shooting time, then you can shoot them." If you ever let them settle for ten minutes and then start shooting, they're gone and that's just the way they were.

Anyway, we went down there one morning, and it was very poor shooting. We had two little skinny summer ducks among four of us. I walk up the road coming out and here comes the game warden walking up. He said, "Mr. Shaw, I need to talk to you." I couldn't figure out what, I was afraid something had happened with my family, and he had been sent to contact me. He got me aside said, "I want you to follow me, y'all can stay here." He took me down and there's all this corn down there. Somebody had gone in there and put corn not only in the bottom of the pond but all up on the bank. Fortunately it was a place we never hunt. It was in an area where there was a boat landing. So I think he surmised that we hadn't been shooting there, especially with two little scrawny ducks like that. In front of my guests I said, "Believe me, I don't know how in the world; and I hope you believe me, but I don't know how the corn got there." We never figured out who put that corn in there. I went back and I told Jack and Theron all about it, and I said come on back, its fine, we'll talk about it in front of him, that's alright. But he had pulled me aside. He didn't want to talk to me in front of my guests. This guy became chief of police in Manning, and he was also an after dinner speaker. Roy got him to speak at our SMBH Christmas dinner one year, and so he told that story about the corn. [Laughter]

### **Landowner Assistance Programs**

SA: You were involved with many different organizations over the years and have dealt with quite a number of issues. Early on, I think you were involved with the concept of landowner assistance programs developed by industrial companies and how they overlapped with consulting forestry and the problems it caused. Could you outline that issue and how you dealt with it?

BS: I'm not sure exactly when landowner assistance programs came into being, but the primary ones that we dealt with were the Westvaco CFM program, the International Paper LAP program, and one by Holly Hill Lumber Company, which was bought out by Georgia Pacific. Those were the three primary ones. GP had one of their own before they bought Holly Hill, but it wasn't as active. Of course, this represented competition for consulting foresters. We dealt with it quite a bit. I didn't deal with it quite as much as some of the other consultants, but it depended on the region and the aggressiveness of the landowner assistance program forester in the area.

SA: What was the nature of the competition that resulted?

BS: Well, basically most landowner assistance programs provided free foresters' time and services. In other words, they offered the time of the forester. They also offered high quality seedlings for reforestation at cost that sometimes were given away. It depended on the supply of seedlings. Most of these companies had their own nursery. Holly Hill didn't have a nursery, but Westvaco and International Paper had a nursery. They offered these so-called free services, and in exchange they got right of first refusal when the timber was sold. In many cases the landowner assistance forester prepared the timber sale bid. It didn't take long to figure out, by the acknowledgement of a lot of the foresters and procurement people, that once you recognized signage or by other ways that a forest was under the landowner assistance program and you were going to bid on it, you realized that rather than spending five to ten man days inventorying it to determine what you want to pay for it, it was more of a windshield ride-by at best. It would be a very conservative token bid because otherwise you were basically setting the price for the landowner

assistance company to pay. It was difficult for me, as well as many others, to see how a landowner couldn't see that. The programs were promoted very well with a lot of printed material and, they signed up a lot of folks. They would throw in some other benefits, but primarily it was the free time by the forester. They mainly targeted larger landowners, perhaps a thousand acres minimum, including many of the plantations down in the Low Country.

It became an issue when clients that obviously were under management by consulting foresters, started getting letters and visits to sign up with a landowner assistance program. Consulting foresters and industry companies were both members of the forestry association, and those were the same companies buying timber we were offering on behalf of private landowners. It became a very sticky issue. There were a lot of accusations thrown around and when I was president of the South Carolina Society of Consulting Foresters, a gentleman by the name of Harold Winger came to Georgetown as a regional manager. From day one that I met him, Harold impressed me as a smart guy that had a lot of experience. I talked to him about it, and I suggested that it would be good to clear the air. We don't want to do anything that's going to get the industry in trouble from antitrust or anything like that; we're not going to discuss prices. However, if you feel comfortable with it, I think it would be good to clear the air and have some conversation about it. We had a meeting at our office in Sumter, and it was a very good meeting, and it was a very candid discussion.

SA: Who was there?

BS: I think Westvaco didn't come. I think Holly Hill Lumber Company came, Harold came, and then maybe the Georgia Pacific person came. It's been many years ago. We had a very candid discussion about the issues and the reality of this right of first refusal and Harold was the first to say, "Yes, you're right, that is the case, I see that." And that kind of set the tone for the others. He then described what services they were providing to landowners. I said, "Well it all depends on what they're giving up. Do they know that they're giving up something? Do they know that their sales may not be as competitive

because of this condition?" We had a thorough vetting, and then we didn't want to get into don't call on our clients because that would be against free-trade, falling under antitrust. However, it served a good purpose, and it cleared the air for all of us to continue to deal with the issue. I think a lot of the landowners became disenchanted with some of the programs, because the industry started realizing that the cost/benefit to them was not what they thought it was going to be in terms of volume of wood and what the program was costing. Once they had a chance to analyze the cost, it eventually went away. But that was a big issue that it divided the consultants and the industry.

SA: About what year did the programs start and when did they end?

BS: Well, I'm guessing it would have been in the late '70s when it started, and it went through the '80s, maybe the early '90s before it sort of gradually went on the wane. Of course, Holly Hill was bought by Georgia Pacific. GP never was that big into it, and I think that kind of toned it down as far as GP was concerned. Stone Container set up some leasing programs and actually, ironically, Stone had us work with the banker (Citicorp in Chicago) that was financing the leasing program. So we actually did some work for them. It presented a little bit of competition when the landowners entered these long term leases, but it was not that significant. I guess Westvaco's was probably the largest program followed by IP and then Holly Hill Lumber Company. But I don't know what the total acreage enrolled at one time was. Westvaco had a couple of real aggressive foresters, the ones that were probably stirring the pot as much as anybody, because they were contacting clients of consultants in their respective areas.

SA: And, of course, they were working in the closest working circle around the mills where prices would tend to be the highest.

BS: Right. And they were targeting the larger landowners. They would not bother with a two hundred acre tract. They were going for the larger ones, which were the bread and butter of a lot of the consultants, especially the one-man consulting companies in local operating areas. It had a big impact on them.

## **Performance Bonding for Logging Operations**

SA: Another issue you identified was performance bonding of logging services.

BS: Right. We became frustrated with getting a few of the loggers to repair roads and fences following logging operations. There were contractual obligations and essentially, at the conclusion of operations, roads should be in at least as good of condition as at the beginning. So it wasn't like we were asking to regrade a road if it wasn't graded. And we actually went to having photographs done just to keep in a file in case something came up. Quite often a logger is under pressure to move on to another site. Once the equipment is moved, and they say, well, we're going to come back; it's actually a difficult thing to do. It's just like a contractor you have and you've paid him in full. So when they come back in his mind it's for free because he's already been paid, although he has this obligation.

We tried to enforce the contracts. I had meetings with some of the industry people about that because when we'd bring the contract out on a site, the loggers would say, I haven't seen this contract and the buyer for the industry didn't tell me about this. Well, he's trying to get the best logging price he can out of that logger, and so conveniently didn't tell him about this. So we approached some of the industry and said, look, we got this problem. We're going to have to insist on you notifying us when you start and we're going to be out there. Some responded that we were then going to incur a liability if we did that, because we would be supervising the logger instead of their supervising. I said, well, we expect them to view, at least know, all the terms of the contract they're working under. We don't think that in all cases they are getting that. I don't want to overstate it because it wasn't near a majority of times, but there were times enough where it put us in a difficult position with the client.

Nobody was enforcing it up to that point. We were using construction type standards and we asked ourselves, who else deals with these kinds of things? Well, builders on constructions sites have performance bonds. So we decided to require a performance

bond. You never heard so much complaining. We sat down with some of the loggers and said, “Look, it’s going to be in escrow, and it’s going to be non-interest bearing. We can make it interest bearing but it’s just a bookkeeping nightmare. You’d get the interest from it and we’d have to set them up, but we prefer not to establish an interest bearing escrow account.” None of them wanted to do it really, initially, but we finally prevailed. It was a very modest performance bond that gave us some leverage. Basically, what it said was that if they left the job and the road was in bad shape or a fence had been left down that represented a chance that cattle would get out or something like that, we would give them a notification and certain amount of time to fix it. If it was not completed within that time, then we used that performance bond to make the repairs.

SA: How was it implemented? Was this a contract with a logger to the landowner and the consulting forester oversees that?

BS: The contract was between the landowner and the buyer, and the consultant acted as an agent. If the buyer was a logger, a dealer, or a user like Georgia Pacific, they were on that contract. They put up a performance bond, and we put it in escrow. We set up a separate logging escrow account with nothing but performance bonds. We kept it separate from our real estate escrow account. We had a separate account just for that.

SA: Who agreed to this initially?

BS: Well, nobody agreed initially. Some of the field foresters agreed it was needed because they were dealing with us, and they knew there was a real obligation there. They knew what it looked like before they started logging, and they knew what it looked like when it was completed. Our company implemented it and got it to stick. It took a lot of haranguing, and then everybody started using it.

SA: So you were starting to implement it when other people weren’t yet?

BS: Correct. In fact, I contacted some of the consultants. I remember Bill Milliken telling me “I don’t think you’re going to get anybody to agree to that.” I said, “Well, what do you do?” He said they had the same problems. Everybody had the same problems. The interesting thing was that we only got a \$1,000 bond, which was really a token amount to get the work done. I mean we had several right after we started implementing it and we had to send them notification. Their response was “Please do!” Please use it and do it, because it actually saved them money in the long run. It was then our company’s time, which was included in our timber sale services. We had to hire the contractor to come in, supervise them, show them what to do, and inspect it. The loggers were then off the hook. They chose to just default on the performance bond.

SA: Over time did the performance bond increase to a reasonable amount?

BS: Yes. We had to start out pretty low. It was just a token amount to at least feel like we were making some progress.

### **Forester Registration/Certification/Forestry as a Profession**

SA: Do you remember what years you were chair of the South Carolina Association of Consulting Foresters working to increase the recognition with the general public about consulting foresters.

BS: It was late ‘70s. I worked through that organization and it’s a combination of the recognition of forestry as a profession but also trying to recognize foresters who provided services for the public, pretty much like a CPA, with self-imposed standards that they had to follow if they provided services for the public. It involved allegiance to the client, a lot like the real estate laws provide now, and regulations like disclosure and representation. All we had was a generic registered forester in South Carolina; and those registered foresters could be working for industry, for the state, for the public sector, or private landowners. We recognized that consulting forestry was a need beyond the normal standards for a registered forester if you’re going to be providing services to the public. We considered seeking a certification for consulting foresters that would be promoted

through the association. I was really promoting that idea, trying to get other consultants to do it. I felt it would really enhance the ability to secure work, the ability to perform, and the ability to really set a standard for offering services to the public.

In the process I met with the Speaker of the SC House of Representatives in the state legislature. He asked “Why are you going to do that? You’re making it hard on yourself. I’ll introduce legislation to put it through, and we’ll have it as standard.” There again, we had some pushback by the industry because they were worried about it encroaching on landowner assistance programs, for example, and some of the other wood procurement activities. I couldn’t get 100% enthusiastic buy-in by the other consultants in the state. I think it’s one of those things that nobody wanted to take the time and spend any effort to do it. Maybe they didn’t see the benefit as being as great like I did, so I never did do it. I didn’t want to go ask the Speaker of the House to do that if I didn’t have our whole group of consultants behind it. It would embarrass him, so we never did do that.

SA: So, now in South Carolina there’s a registration, not a certification?

BS: Correct.

SA: What are their criteria?

BS: You have to have a baccalaureate degree plus a certain number of years of experience or have passed a registration exam and have a certain number of years of experience. Those are the requirements plus continuing education and paying a fee and maintaining it. That’s pretty much it. North Carolina has the same thing essentially, but you apply for a designation as a consultant and really it’s a good designation but it really means nothing. Nobody, the public, doesn’t know to look for that separate designation, and it’s not promoted at all. I have that designation, and I think most all the consultants do; but it’s recognized as a separate designation, like it should be up there. However, they do have that in place in North Carolina.



SA: This overlaps also with the Society of American Foresters certification that started during the last decade. I think many of the state registrations or licenses all made it a criteria that you had to graduate from an accredited forestry school, and have a certain amount of experience. Did the certification program from the Society of American Foresters have any impact on South Carolina's registration?

BS: No, it predated SAFs certification. The state of South Carolina had a sunset clause with their certification. All of their licensing have sunset clauses. It was really kind of embarrassing to the profession. Some legislators saw it as these guys [foresters] can't get their act together. Some of the issues were just so far out and it just didn't make any sense to argue the wordsmithing. It was re-implemented and the registration board was maintained, but only after a lot of haranguing and embarrassment. There was only a little mention in the newspapers, but the legislature kind of was taken aback by the way the forestry community couldn't get together on it.

SA: This gets into a larger discussion about what is a forester. The profession has been discussing this for over a hundred years. Accreditation of forestry schools didn't start until the 1930s. Then the SAF developed the Certified Forester program, trying to further define what a forester is. What is your definition of a forester?

BS: Well, I think a forester is someone who's educated in the forestry field, number one, or a closely related field. I wouldn't say related because I know that's broadening the definition. I've added that caveat somewhat out of necessity, somewhat out of recognition, and I don't think it's all bad. Some of the universities and academia are looking at some collaborations to add dimensions on to forestry that would allow someone to broaden in certain areas, related areas, but still have the core forestry background and knowledge. By core, I mean silviculture, dendrology, forest management, dendrometry, and photogrammetry. And then beyond that in the business field or in a soils field or whatever area of concentration. I think it could be considered in a broader term as long as it had a core background.

Also, I think the other part of the profession is to maintain that knowledge as we've seen things change. Forestry has changed a lot slower than other fields as far as technology, but I think you have to maintain that through continuing education, which is a requirement of CPA's and the law profession. You have lawyers that pass the bar and lawyers are out there to serve the public, but then you have general counsel within a company. So there's not any difference, in my opinion, between foresters and somebody in a law firm providing law services to people. And then somebody who finished law school and is working for XYZ Company as their internal counsel. They can't advise anybody else because they're getting paid by that firm. Just like a forester working in procurement or working in land management with a company. I think that law is a good example, and accounting is another example. Forestry is probably more akin to engineering where you don't have quite the structured requirement. You earn an engineering degree, work in an engineering firm, you have continuing education requirements but there is no designation. They have a designation PEI, professional engineer, after their name but it's not recognized like CPA, for sure. So I would like to see the forestry profession develop a status like law or accounting. So, after a while you ask is it worth what I'm putting into this thing. Why don't I build a company that people are going to want to use because of its reputation and don't worry about professional recognition. It became such a frustration that you've got to have people that want to do it, and you can't just single handedly do it.

SA: How realistic is it for the forestry profession to equate itself with the medical field or law field? I think you have mentioned it. Early on in developing your business but also the whole forestry profession from Pinchot on, always the forester's goal has been to be recognized as professionals. Do you think that's a valid comparison or goal?

BS: I do because I feel so strongly about it. However, I also recognize we've failed in it. I organized the business like that; instead of an ownership business with employees, I set it up where it's a group of equals, like a CPA firm, like a law firm, like a medical practice group. But it always frustrates me when people use those comparisons. Doctors and lawyers come to mind all the time. A CPA is a little bit different.

As far as setting up the consulting forester category where foresters are actually offering their services to the public; you're accountable in a different way than if you're working for a company. But if you use the analogy with a CPA, probably proportionately, there are just as many professional accountants that are employees of corporations as there are CPA's out there offering to the public. But they've been able to elevate the profession somehow where the forestry profession has not. To a certain extent SAF has failed there. There should be a designation, such that people are accountable, and have to go to continuing education in a different way. If they're going to maintain these three letters behind their name, then they're going to have to do certain things. Part of it, though, is promoting it to the public.

Even CPA's haven't accomplished that totally because there are people that call themselves accountants and they're advising but they are not experts. I remember a case one of my children was involved in and I said, as far as an ordinary loss against capital gains, this is how it's treated. And he says, well, my accountant says that's not the case. I said, well, let me go with you to your accountant. And so we went in, and I took my cheat sheet with me. I said "Give me the regs. I want to copy the pages from the regs." I went in, sat down with this guy, and he didn't look at the regulations. He said, "Let's see if you're right." He said he would plug it into his program. All he was doing was using some software off the shelf, and he responded that I must be right because it went through. He's calling himself an accountant. He's not really the same as somebody that reads the regs, understands it, and gives advice.

But I do think that we missed the boat, and SAF could have been a big part of that. SAF still can take part in elevating the profession, but of course, if they did that, how is ACF going to react to it? We've had problems in South Carolina and I know in other states, trying to carve out a separate category for foresters. Many industry-related companies don't want it separated out because a few wood procurement folks are giving forestry advice as they procure timber. They don't want to give that up.

Does that hurt them ultimately? It's a challenge, but one of the most frustrating things to me is that we haven't been able to elevate the profession to that level. I think the ACF could help do that. I think SAF could help do that in a positive way.

### **Society of American Foresters**

SA: When was your first interaction with the Society of American Foresters?

BS: Well, I became a member when I was in college when I could first join. I was very active.

SA: Did a professor lead you to join?

BS: I can't really put my finger on that. I think maybe it was through our forestry club. We had relatively small classes in forestry. Clemson had a pre-forestry program up until about three years before I enrolled there. Dr. Lehotsky, head of the department, encouraged it. Maybe Dr. Shain who had a big influence on my forestry path. He was a professor I really associated with most and enjoyed his courses most. Bill Shain was an SAF member, and he encouraged his students to be members. I don't think there was any real hard sell, so to speak.

I began attending SAF meetings. I went to the state meetings and went to other states. The Appalachian Section has three summer meetings and you can go to any or all of them. And then the section meeting was always in January, usually when there was inclement weather. [Laughter] I don't know how they picked that. It seems like they had bad snowstorms, ice storms, or something for about five years running. I served as Chapter Chair and the Division Chair for South Carolina. I didn't serve beyond that. It was a time management decision. I felt very strongly about the professional aspects of SAF, the continuing education offerings, and keeping up with information through the Society. The Appalachian Section was especially tuned in to the issues and tried to gear the meetings to make them meaningful and worthwhile for the members. I served on

several SAF committees, but I was trying to grow my business at that same time. I got involved with the Tax Committee very heavily at that time, and I didn't go on to the section office elect level after I was Division Chair.

Then, I got to where I didn't go to the meetings that much, but I did go to the Appalachian Section meeting a couple of years ago and thought it was very interesting. The topic was biofuels and I wanted to keep up with that a little more so I went to it, and I was really impressed with the meeting and the organization. I think they've done a good job in really scaling down the state meetings so that it's just more doable by more people.

SA: Do you remember any particular issues that came up at SAF?

BS: Many of the issues back then were more the national issues.

SA: Do you think SAF as a whole does a good job of representing the profession of forestry on national issues?

BS: I think sometimes SAF gets disassociated from the practitioner aspects. It bothers me a little bit that there are not more practitioners active in SAF. That was one of the reasons I felt so strongly about getting involved in it. I think it does a great job with the student chapters, having students come to meetings and having somebody sponsor them to go. Most of the universities really encourage them to go to meetings, and it's good exposure for them.

The Journal of Forestry was very, very research oriented. I think it was written more for a researcher and a lot of it was very specific. I can remember quite often getting a Journal and going through the table of contents and then looking down and glancing at the articles and concluding I didn't know how any of the articles would help me in what I'm doing, not anything in this particular journal issue. Now that wasn't always the case, but it happened often. Many of the Journal articles have a geographic focus. Of course, the Southern Journal of Applied Forestry seemed to be more practically oriented. However, I

think it's very difficult to find a publication that's really written for the practitioner, something well researched but at the same time readable, understandable and applicable. Some of the other trade association magazines are almost written for the layman. I read one on mitigation banking the other day and it was a great article. It was mitigation 101, instead of getting into a little bit more detail. So it's difficult to find that happy medium.

They made an effort to make it relate more, and the e-Forester that they send out has some good information in it, but a lot of it is duplication of information you get otherwise. A lot of it is heavily oriented towards the Northwest, especially on the resource side. Some of the biofuel updates are in there. There are little blurbs, they're not really in-depth, but it gives you a good Kiplinger Letter type snippets of different things and it kind of piques your interest so you can say, well, I need to find out more about this somewhere else.

But the SAF, just like any other organization, can become very institutional. And I've been involved with some of the organizations where you sit in meetings and you think, "What else could I be doing right now?" Debate sometimes dwells on extremely minor points. When we went through Sustainable Forestry Initiative with AF&PA; that became the case many times. You had to step back and say, "Okay, this is important." We have to debate this, but it was such minor points that you're going through that you see the need to just move on somewhere. I think the SAF gets a lot like that, although it's been a while since I've been involved in the meetings at that level where you're setting policy.

SA: The policy challenges can be pretty significant. It's an organization in the past that has represented a wide range of different foresters and employee/employer types. And I've heard some people say that a policy statement at the national level can get watered down a little bit, because everyone has to agree.

BS: Yes, it is almost impossible to accommodate everyone.

SA: What advice would you have for students in forestry looking to have a career in consulting?

BS: I'd look at electives. I'd encourage them to find internships that would enhance their marketing of their skills and get as much on the business side of things. If I was interviewing somebody, I would look to see if they took the initiative to take a business or accounting, or a business law course that would enhance their competitiveness. I always look at extracurricular involvement because people skills are so important. You can be a management forester with a company, and you still have to have people skills. You might have to manage logging contractors and learn to deal with your superiors. But in the consulting area, you have to deal with a variety of different people with varied backgrounds. I think you get negotiating skills by being involved in organizations in college, other than just being a member of a forestry club, although forestry clubs can be excellent places for developing organizational and people skills.

### **South Carolina Forestry Association**

SA: When do you remember becoming involved with the South Carolina Forestry Association?

BS: Although I was not a key organizer, I was involved when it was formed in the early 1970s. There were probably eight or ten key people that were heavily involved in the organization of it. It wasn't long after it was organized that I became very heavily involved in it, and I eventually served as president. Back then it was president; now it's chairman. We had an executive vice president back when I was president of it. The president was an elected position, versus a fulltime executive. Now the staff position goes by the title of president, and the elected position is chairman of the board.

I served on a number of committees including the Taxation Committee. That was an early interest area of mine. I had worked with a CPA and an attorney in Sumter and became reasonably knowledgeable on timber taxation regulations. I was also involved in property

tax issues. In 1977, South Carolina passed a special Agricultural Use provision for property taxes, and I had some involvement in that process.

SA: Who were some of the other people who helped start the organization with you?

BS: Don Handley, a consultant, was heavily involved in it. The industry folks included Dale Wright and Cal Colvin with Holly Hill Lumber Company, a large independent lumber mill, which was subsequently bought out by Georgia Pacific. Several folks at International Paper were involved. Charlie Flory who was a state forester was heavily involved. He was a long time state forester whose philosophy was to spread around the public services to landowners. By limiting the extent of services to any one landowner, they could spread the State services to more people. It was also an encouragement and inducement for private consultants in South Carolina. We probably had four times the number of private consultants in South Carolina than they did in North Carolina, by comparison; and the same with Georgia. A big measure of that was due to Charlie Flory's leadership and encouragement.

SA: Somewhat of a non-compete clause, perhaps?

BS: Right. His idea was to limit any individual landowner to so many days per year of assistance, because otherwise you could have a public forester being preoccupied by one large landowner and providing free services and that wasn't fair to everybody else. He recognized that they could reach more people with a limited staff, and at that time I think there were about 110,000 private timberland owners in the state. You can imagine the task at hand, plus you can get more forestry practiced by doing it via the SC Forestry Commission philosophy.

SA: Is there something that stands out about the South Carolina Forestry Association to you about a particular accomplishment they made?



BS: They were very good at recognizing the issues of the day and getting input. Bob Scott was hired as the first executive director. He came from Mississippi where he had been the Assistant Director. Bob just recently retired after a long and successful tenure. He was the only Executive Director the SCFA ever had. Bob did a very good job of pulling all of the components together. It's always a difficult task, as with so many other organizations, especially where there is benefit in diversity, but heavy dependence on one segment to provide a disproportionate share of the funding. AF&PA was the same way, perhaps even more disproportionately so. But to be able to have an organization where everybody has a say in it and it's not dominated by one or a few; that takes a skillful executive I think. I always felt like I had a strong voice in the South Carolina Forestry Association for representing private landowners. And, of course, that's the lifeblood of the SCFA. The industry depended on us to provide the wood and the opportunities for harvesting; to provide the resource for the mills. We depended heavily on the industry for those markets. So it was in our best interests to participate in all aspects of it.

I was chairman of the Education Committee and we had some interesting participation. Our Education Committee was like a who's who and I really don't know how I got to be chairman of it. Craig Wall, Sr., who was an industry giant back in those days with Canal Industries; Henry Savage, a tree farmer, attorney, and mayor of Camden who'd published six books; General Harry Arthur, a tree farmer and president of Arthur State Bank were on the committee. Scott Wallinger from Westvaco was also on that committee. One of our goals was to work with Clemson University and bring its role in forestry and forest products education and research to the forefront with regional and national significance.

SA: So when you say education, that's forestry education rather than education of the general public?

BS: Correct. Well, higher education in forestry as well as other aspects of it.

SA: Scott Wallinger says that the population in Charleston turns over about by 50% every ten years now. With new people coming in and moving out it becomes an incredible

education challenge for the forestry community to help people understand what forestry is all about. Was the association involved in such education?

BS: Always. Back in the 1970s, of course, there was a more agrarian population in the state. We always had political issues competing with the industrial areas such as the Greenville/Spartanburg area, the I-85 corridor, and then, of course, state government in Columbia. Otherwise, in the legislature there are still many rural counties heavily represented. Of course, Charleston's growth has been fueled recently by Boeing, the port terminal, and some of the other industries that have located there. Westvaco at that time had their own terminal because they're located in the port. However at one time Bowater was the largest exporter of goods out of the Port of Charleston, and that paper came from Catawba. So Charleston was still heavily dependent on the rural areas, even if they do not recognize it. It's a challenge keeping the public educated but that's always been a key issue for the SC Forestry Association. It's more of a challenge now than it was then.

SA: The recent Southern forest resource assessment conducted by the U.S. Forest Service showed that for the first time in many decades, in several areas in the South, there was a slight decrease in the amount of forestland. This is reportedly due to urbanization. So they have this great challenge on the fringes of Charleston and other urban areas where private landowners are under pressure to sell for development. The pressure is due to the value they can get by selling to a developer versus the benefit they get from keeping it in open land in agriculture or forestry. What do you think might be the best ways to encourage landowners to keep the land in forests?

BS: I think a lot of what we saw was due to an over-building and over capacity because of what was going on in the financial world with credit availability. We saw a lot of speculation. I remember giving a paper at the forestry association meeting in Asheville ten years ago. The theme of the paper was to compare a land expectation value, which is what you can afford to pay for the raw dirt to grow trees on that raw dirt versus the net value attributable to the land for those actual transactions in the marketplace. I had some people at AFM help me put together the transactional data over a four-year period. They

deserve the credit; I was just the spokesman. It was about a six hundred dollar premium. My point was that six hundred dollars must be attributable to an expectation of some other use because you couldn't attribute the value of that dirt premium to an increase in interest in recreation.

SA: This would be per acre?

BS: Yes, per acre. With the recreational lease rates what they were, there's no way to capitalize those lease rates and come up with six hundred dollars. So even though lease rates had gone up, there was a lot of speculative value there, and that six hundred dollars became fifteen hundred dollars over time. I think that fueled a lot of conversion where the demand probably wasn't there, as we found out. The credit availability helped fuel it, also. There's no question that credit availability is part of the issue.

But going back to your question on solutions: it's always amazed me that even though you're planting trees and expecting a very small proportion of your revenue coming in at best in twelve to thirteen years and the bulk of the revenue 25-plus years out, there was a cause-and-effect relationship. When stumpage prices were high, people planted trees. When stumpage prices were low, they don't plant trees. With the economic conditions we're in now there's a lot of disincentive. Just like in the equities community, a lot of money is sitting on the sideline because they don't know what's coming. The same thing is true I think with people holding land that may have been cut over or that should be planted. They're waiting to see what's going to happen. Is that going to be a good investment for me or not, because I don't know how long before housing is going to come back? How long before demand is going to come back, and will it be the same as it was in the past? Sawtimber prices really reached a peak in the '97, '98, '99 period and haven't really come back to that. Now a lot of that was fueled by what was happening on the West Coast with the spotted owl, but it took a while for people to get over those '97-'99 expectations. Some said, if it's down I'm going to wait till it gets back up to fifty-plus dollars per ton. And, of course, it never did.

SA: But then it's a little too late to start planting perhaps.

BS: Right, but I mean the point is you're still planting based on what's happening today. That's just the mindset. And, of course, there's also research to show that a lot of planting is based on what kind of government cost-sharing incentives are offered.

### **Association of Consulting Foresters**

SA: I think you became active with the Association for Consulting Foresters early in your career. I know that ACF itself got started around 1948 and the South Carolina group in the late 1960s. So as you got involved with them, what kind of organization was there for ACF and what were their issues?

BS: South Carolina was a little bit unique and, of course, I focus on South Carolina, even though ACF is in about twenty-five states now. I started out strictly in South Carolina, a little bit in Georgia and North Carolina, but primarily in one part of South Carolina. South Carolina was unique in that for some reason before my time the consultants in South Carolina (there was a large consulting group in South Carolina, as I mentioned earlier, much more so than other states in the Southeast) did not endorse the ACF that much. There was a very, very small core group of older ACF members that were active in ACF when I first started. Instead, we had an organization called South Carolina Society of Consulting Foresters, which was a very strong group, with very strong leaders. We had some people that had dual membership. Bill Milliken was one of the strong leaders in the South Carolina group. He maintained a membership in ACF but he wasn't that active. Bob Knoth was an ACF member from way back. He was in Charleston. He wasn't as active in the South Carolina Society.

There were about fifty consulting foresters in the South Carolina Society, which was a large group. ACF members in Georgia at that time numbered maybe ten, and in North Carolina, a half dozen. I served as president of the South Carolina Society, and we were active legislatively. We were active on committees. There was one South Carolina Foresters Council that was organized by the legislature and they had specific membership

categories on that council. During the two years I was president of the South Carolina Society, I served on the South Carolina Foresters Council representing the Society. It was probably in the late 1980s before the ACF starting growing in strength. The ACF began offering the Practicing Foresters Institute for continuing education and had annual meetings. The SC Chapter of the ACF hosted the ACF National Annual Meeting in the 1990s. It was in Charleston, and it brought ACF back in focus in South Carolina. Many foresters felt very strongly about not abandoning the Society, and it was probably a transition of fifteen years before the South Carolina Society went out of existence. By then I was involved in ACF. That was about the time I became heavily involved in the American Forest and Paper Association. I maintained a membership in ACF, and I actually ended up as president of the South Carolina chapter of the ACF from 1978 through 1980. There were still two organizations when I served as president, and it was not until just recently that the South Carolina Society of Consulting Foresters went away. It was actually merged into the ACF.

SA: What were the drivers and issues? Did anybody kick up their heels about a merger? Did it go smoothly?

BS: It went smoothly. There were just people that didn't want to abandon an organization they felt real strongly about before. I think there was a growing comfort level that ACF was really an organization that was going to provide for their needs, and that through ACF we could get the state recognition in the legislature and with the forestry commission. I had mixed feelings about it, also, because I'd been so heavily involved in the South Carolina Society. But one of the driving forces I think was the fact that ACF had an executive officer at the national level, and national legislative issues could be orchestrated among the chapters around the country. It was much more effective than one state organization trying to go to Washington. On the local level, it was almost the opposite, but not quite as much.

### **The Santee River Bottomland Study**

SA: You mentioned before about the Santee River bottomland study. Could you explain a little bit about that, how it came about and some of the ramifications?

BS: In 1939 the state provided electricity for what was anticipated to be a growing demand for electricity in the Charleston Port area. Part of it was post-Depression New Deal related, and part of it was the uncertainty about what was going on in Europe, whether we were going to be going to war or not. The state put in two lakes on the Santee River system. With the river system in South Carolina, the red rivers originate in the mountains or in the Piedmont and they flow all the way to the ocean. The black rivers are so-called coastal rivers that originate in the Sandhills area and below towards the ocean. The so-called red river systems typically include many years of sedimented topsoil brought by flooding from the Upstate, a process accelerated by earlier farming practices which accelerated erosion of the topsoil. As rivers rose and dropped, it left sediment, whereas, the black river bottomlands were typically a sandier underlayment with a black humus soil on the top. It is less structured and much more difficult for accessing by roads. You'd have to make special provisions to get access in some of those areas. There are some variations. Parts of black rivers for example have some buildup areas where you can get around on a road system.

SA: Which one is the Santee River?

BS: The Santee River is a red river that has numerous tributaries. The Green River up in North Carolina, for example, starts up in the Cashiers area and comes down through Henderson County. It eventually flows into the Congaree River. Then, of course, the Wateree River has its mountain origins further to the east. The Wateree and the Congaree come together and form the Santee River, which empties into the ocean at Georgetown (SC). On the other hand, you have the Cooper River, which was a coastal river that empties into the ocean at Charleston, and that's where the Port of Charleston is located. Most of the regional shipping went out of the Cooper River, and it had adequate depth, but it didn't go that far inland.

When the dam was built in 1939 to form Lake Marion, it was the first of the lakes constructed for the project. Most of Lake Marion is a relatively shallow lake. It is seventy-five feet deep at the dam but for the most part it is fifteen feet or less. Most of the water flowing from Lake Marion, however, was diverted to flow into the second lake, Lake Moultrie. For the most part, Lake Moultrie is water being contained by a series of dikes all the way around its perimeter. It is also a relatively shallow lake. That water went out of Lake Moultrie; and instead of going back to the Santee River, its water's origin, it went into the Cooper River, which is a coastal river.

Eventually, the U.S. Corps of Engineers had to spend several million dollars a year constantly dredging the Charleston Harbor because the sediment was coming down the Santee River system through those lakes. The flow coming out, even though it was going through two lakes, still brought a lot of sediment down. Some of the sediment ended up in the lakes but a lot of it went on into Charleston. The Corps of Engineers concluded a re-diversion would alleviate the problem for the most part. The idea was to direct most of the flow back to the Santee River and get the Cooper River back down to the flow that it was originally before 1939. There were limits on how much water could be redirected because of the Jeffries Power Plant at Monck's Corner at the lower end of Lake Moultrie, and the power being lost there had to be replaced. So they had to build another power plant while continuing to operate part of Jeffries. We were managing a two thousand acre tract on the Santee River. That tract happened to have been harvested just prior to 1939 by Korn Industries, which owned the property. In our study, we determined that the original diversion had changed the species composition somewhat. The species that had come back on the property in the late '30s was a mixture of drier-site hardwood species. There was a slight species mix change from what would have been in that area, because now it didn't have the frequent flooding that it used to have.

The re-diversion went through the Korn property and not only went through the Korn property but it emptied into the Santee River right at the Korn property. We soon realized that when it emptied in the River, it met resistance and resulted in sedimentation.

Additionally, all of a sudden there was a lot more water on these species that were acclimated to slightly drier sites, and we convinced Korn to let us set up a study. The reason that the study came about is that Korn appealed the amount they were offered for the land taken for the canal. We proved that the land was severely undervalued in the taking. We did an inventory as best we could because they'd already started the project. The Corps of Engineers had condemned it and had begun the project. We ended up in Federal Court. We also included damages to the remaining property because of that re-diversion. While we prevailed on the value (the Corps actually settled on that), the Federal judge ruled we couldn't claim damages to the remaining property until we had proven the damages. He was correct. He was absolutely right on that because we were speculating to some degree. So we established test plots and measuring devices to show at different times where the water was. We started measuring the growth, and whether the water level affected growth on an annual basis. It was a large enough area; actually it was a net loss, after the taking, of close to two thousand acres. So it had a big impact on Korn. That was one of their larger tracts.

SA: What were the drier site species that had come back?

BS: We actually had what you'd call little slivers, or guts. They were little drainage areas that had been Tupelo, cypress and black gum. We had ash coming in there, some maple, and actually some oak and because these areas had become dry; they really didn't carry water anymore. They only made up about 15% of the area. But then on the main tract Korn had the same thing occurring. They had heavy oak, not only red oak but white oak, where there was more maple, sweetgum, and black gum before.

SA: So the study showed that there was more flooding, more sedimentation?

BS: We definitely proved there was more flooding, and I don't think they could deny that. But we were about three years into the study when Korn sold the property to Georgia Pacific. G-P's plans were to harvest it when the water was down, and they abandoned the study.



## **Transition of Forestland to TIMOs**

SA: Your business has benefited quite a bit from the sale of land from industry to TIMOs [Timber Investment Management Organizations]. It's become a whole new clientele for you. Can you briefly explain how this transition began? What are your thoughts about the management of lands owned by TIMO's now versus industry?

BS: Well, the TIMO movement really started out of the banks and a lot of folks in Atlanta and it was a big selling job. They had to have some deep pockets and some deep support because a lot of times, in a number of cases with the early ones, it took four or five years to go out and sell the idea to the investors. My thinking is that it really preceded the wholesale divestiture of land by the paper companies. It was more an idea that the forest can become an asset class within a portfolio. There's a lot of value out there. Many investors had 5 or 10% allocated to real estate as an alternative investment. Some were more aggressive than others. Some had less than that, some had more than that. However, it was thought that timberland could be part of that 5%, and the pioneers went out and sold that to the pension funds and endowments. For the most part those asset managers knew very little about timberland. That was before Jeremy Grantham was writing a lot about it and promoting it as an alternative investment, so they were kind of on their own.

Plus, I was glad to see one aspect of it because I researched different options like limited partnerships. I've got a file still from back in the early '70s where you could establish a cooperative where timberland owners that really needed annual income could pool timberland by an agreement, become part of a limited partnership, and would be credited with what they'd put into that limited partnership. You could generate annual revenues versus revenues every ten year or twenty years for these folks. I explored that with some investment folks up in Greenville way back in the early '70s. I had several meetings on that and then, and the questions that were coming back to me made me realize that we didn't have adequate sophisticated reporting. Even the timber companies didn't have the same type of reporting that the investment vehicles required. So how do you report

annual earnings? For the most part, with the NIPFs, we'd get calls all the time in April asking what was the basis for the timber they sold last year, so we'd frantically go back and reconstruct the basis for them. We couldn't get NIPF's to recognize that they needed to do that all along. It was just a wood lot out there on the farm. The records were very basic compared to what endowment and pension funds required.

When the timber companies started selling land it coincided with TIMOs getting commitments of funds from some of the pension funds, and they started acquiring those lands. In some cases they initiated an acquisition by approaching paper companies about buying isolated properties. I remember going through a period when I was really concerned about it because my reaction was if you've got an ownership with a ten-year term, that's bad for management. The timber companies would run analyses assuming perpetual ownership, and management was geared for owning it forever. So what is a ten-year ownership going to do? Is it going to be managed by cut-and-run? What's that going to do to the resource base over time? What I had overlooked is the fact that when the TIMO's first got into it and they'd buy a fifty thousand acre block, they then would manage the land to get revenues off of it for that ten years, and close to the ten year term or fifteen year term in some cases, they would start preparing it for resale. Dress it up, make it look attractive to somebody to buy that fifty thousand acres. There was a reduction in some of the management activities as they didn't invest as much in it as the timber companies did for the most part. Then the resale was to another TIMO or to even a timber company wanting to acquire more land in an area, or to a private owner; somebody that had the financial ability to buy fifty thousand acres.

When they first got into it they thought, from a management standpoint, it would be better to have large tracts. It cuts down on the management costs. Then the thinking changed over time to that it is better to have a lot of small tracts because the exit strategy is to sell retail. Returns could be increased considerably using that philosophy. You're selling off two hundred, three hundred, or four hundred acre tracts. Many times people have to stretch to buy them. They buy them, clear cut them to reduce their debt immediately, and put a little back in it. Then you've fragmented the ownership so you've

got that many more people to contact about good forest management. So from a forest management standpoint it did become a negative I think. It has become a negative, not due to the TIMO's not putting the effort in or making the funds available and making sure that their clients make the funds available, but the subsequent ownership after that and their approach of maximizing return by buying wholesale. You buy at a discount for size, and you sell it at retail.

SA: Under industrial management where you had a long term perspective, the conservation and environmental community had become very effective in monitoring industrial management and industry had come to a point where they thought they needed that social contract to operate.

BS: Correct.

SA: But it seems more difficult to understand how TIMOs manage their forest. From your understanding of dealing with TIMO's as a consulting forester, is their management of the lands the same as their previous industrial counterparts, or is less investment being made, or more?

BS: I think, in general, there's somewhat less, not drastically less. We were pleasantly surprised. There was some reduction but not that much cut back in the use of fertilizers and herbicides. The site preparation maybe was a little bit less intense on some lands, not all, but some. I'd have to say there is somewhat less investment in road maintenance as compared to industry management. But I think the economic downturn and the pressure to produce returns in the last five years has eroded such investments quite a bit because it's difficult to get those pension funds if you don't have revenue coming in. We've been really surprised that they've been able to maintain what maintenance they have because the revenue has fallen off so much in holding tracts. Of course, we've been able to take advantage of some of the pulpwood markets by region and some other marketing, pole markets and other revenue sources. There's been some minor selloff of some semi-HBU lands that helps fund some of the other management activities.

As a consulting firm, we've had to renegotiate some of our management fees on a per acre basis where management is cut back. Our time requirements change when there is a change in management regimes. But it's not as much as you would think. Up until the economic downturn in 2008, a lot of that sell off in five thousand and ten thousand acre blocks was to speculators who really cut back on the management or put no management in and then sold them off for other uses or attempted to sell them off for other uses. Of course, that speculative game has gone down quite a bit.

### **The Shaw Method**

SA: David Anderton authored an article in an Association of Consulting Foresters magazine entitled "The Shaw Method" that refers to how you manage your shop, relate to your employees, or grow a business. He admits there really isn't a method out there, but to you what might it be?

BS: Well, first of all, I'm glad you brought it up. I never will forget the article because I get [the magazine] online, and I print it out so I can read it, instead of reading it on a screen. I printed it out and stuck it in my briefcase and really never even looked at the table of contents until about two days later. I opened it up and I said, "Golly, Shaw, I don't know of any other Shaw. I wonder who that is?" Then I opened it up and realized it was about me. I didn't know David was doing that; and to his credit, it was a very unselfish thing to do to spend time to do that. I really appreciated it. I told him not only that but I told him he may have missed his calling because it was a wonderfully written article, very well done. He's a very good writer, even embellishing me because he described me as being a pilot in the Air Force. [Laughter] I said I was a wanna-be pilot in the Air Force. I hold an instrument pilot license, but my only jet fighter experience was in a two-seater.

I think the Shaw method is what we've been talking about. It is really what made American Forest Management. That is, rather than having a closely held individually

owned company, that you bring people in, share the wealth, or share the reward for the effort with everybody. I think really they go hand-in-glove because we've had very little turnover. I don't think we could have done what we did with Canal had we not had that philosophy. I don't think we could have done what we did with SFT. Many Canal folks are stockholders and AFM leaders now, as well as other people that came along. The philosophy extends to everybody else. When we need to expand ownership, everybody says okay, I'm going to give up this much in ownership to make it available in order to grow the business. We're looking at succession out fifteen years and I think that's important. I've seen companies that have been built and are wonderful companies, highly respected, but the ownership has stayed so tightly controlled that it just kind of dies on the vine. And it makes it almost an insurmountable thing for the key people to buy it when that person dies or retires or something like that. It just makes it very difficult. Those companies have also lost some key people because of the frustration of not knowing if they were going to have ownership. So I think that's the Shaw method. I take pride in the visioning part because I think we've chartered new waters with SMBH and with AFM.

SA: Do you remember what you said was the first business lesson that you learned from your parents?

BS: Is this in David's article?

SA: Yes. It's highlighted, he says "to maintain solid relationships with your clients and associates." "And put their wellbeing first."

BS: It was. I think that's key. It really is and again going back to the Shaw method, it's spreading those relationships around because you can't do justice to relationships when you're trying to keep up with too many people.

SA: Well put. It's obvious during the couple of days we've talked that you work hard, do what needs to be done to get the job done, make sacrifices. You expect the people who

work with you to perhaps emulate that to a certain extent in order to get ahead and attain their other goals in life. I want to ask you how you felt about or accomplished balancing work, family time and vacation time. What kind of conflicts have you had?

BS: Well, it starts with Vickey, my wife. Had she not been a partner in this thing, it wouldn't have worked. She's truly a team player, and she made sacrifices. There were very enjoyable parts, many enjoyable parts of it and she got to know a lot of our clients. She didn't play a role of being an office manager or being directly involved like that but she played a role that she felt comfortable in by providing unselfish hospitality to business associates, arranging dinners and just making them feel at home when they came here. We hosted client's children here, brought them in as part of the family. To her it was not a hardship. She thoroughly enjoyed it. She came from a family like that where they had people who became part of the family. They were welcomed, and there were no strangers. It started there and then, of course, the children fell right into it and they knew they were part of it. There were long hours. There were weekends. A lot of it is time management because I was still able to coach the kids' basketball and baseball. I can remember the boys when they were playing baseball. I'd have to be there at four o'clock, or by four-thirty in the afternoon, and so when the game was over I went back to the office. I kind of took an accounting of what I did and for who and when; and the equity factor always came in. I went to the dance recitals with the girls and softball games or horse riding shows for one of my daughters. We spent a lot of weekend time together, although I had to work on Saturdays a lot to accommodate client's wishes, and a lot of times I took the children with me. It depended on what was involved and they kind of learned what I did by doing that.

I think, in retrospect, I missed out on some things. But a lot of people have that experience. I'm not just by myself in that. I remember one time with my younger son when I showed up at halftime for his basketball game. I walked in the gym and somebody said I know you really enjoyed that first half because Charlie was just outstanding. He started describing all these things and I was hanging my head because they'd gotten a big lead, and he played sparingly the second half so the other players could get in. You hate

to miss those kinds of things. I'd been in a meeting in Charleston with clients and got back late, about nine o'clock I think. But there were a lot of times like that. Vickey was wonderful with clients and open about it, and we went to a lot of meetings when she probably preferred to be doing something else, but she saw how important it was for me in growing the business. I did the lion's share of that early on in the contact part of it and the business development. I think she particularly enjoyed my involvement with the AF&PA. She participated fully.

SA: It takes a team to achieve great things.

BS: Right, takes a team, it does, it does. So the family's a big part of it and we try to incorporate family in AFM, with its philosophy. Our Christmas gatherings used to be everybody in the family, but then it got to be so large that we abandoned that. I miss that because you get to know all the kids a little bit better. A lot of them come out to the office and you kind of get to know them through that, but it's great to get to know the kids and families. As we expanded it was more demanding, and I found out a lot about people. I remember we had a project in Louisiana and Arkansas and we set it up on a weekly rotation basis just so people wouldn't have to be out there for a month. And it cost more and it cut into our profit but the rotation system not only provided family time, but it also allowed us to maintain our management clientele and those responsibilities. So, we worked hard, but while thinking of families too.

### **On the Value of History**

SA: What is your view about the value of history? Particularly we're talking about forest history. There are many thoughts that range from Henry Ford who said "history is bunk" [Laughter] to people who say that you better pay attention to history otherwise you're doomed to repeat it. What's your view?

BS: I'll preface it by saying I plead guilty to not appreciating history when I should have, when I was being educated. I was more the Henry Ford type. [Laughter] Not really to that

point, but I liked segments of history. I totally under-appreciated history and I realize the errors of my ways because now I absorb as much history as I can. Now I'm totally enthralled with history, and I think that it plays a big part in making decisions about the future. You have to keep in mind that it is history and the same thing may not apply in the future. But if you don't think history is important just listen to analysts. Watch CNBC in the mornings and there's at least one segment talking about the same issues 50 years ago. That's all historical and they're really focused on it. Now, I'm almost rabid about watching the military channel and the military history. It is important to understand that little things can trigger other things to happen. If more leaders understood that, what happened in the past and what can happen in the future, I think it would make a big difference.

SA: How do you talk or present some historical aspects to your clients, to landowners? What do they need to know about looking at the history of their own land? Can history inform their decisions?

BS: I talk to them a lot about the development of different products and what happened in the markets; how the listing of an endangered species can have big effects on markets. I talk with them about what happened when we had the gas crunch in the '80s as far as the cost of harvesting. If that can happen again how would it affect their decisions? We consider things like the history of the Southern pine beetle and how that can affect how you manage. Let's think about spacing. Let's think about keeping a forest healthy by thinning. If you're holding off because of down markets and your stand becomes stagnated and unhealthy because thinning has been delayed four years, are you increasing risk? We can show how this has happened in other places.

I think history has a big effect. I can remember explaining to people about harvesting hardwoods; how important it is not to disrupt the ecology of where those hardwoods are growing. I can use forest history there because I can tell them this bottomland down here was harvested in 1935 by rail on pilings and it did not do one thing to the flow of the forest, and that's why you've got what you have here today. They didn't realize it at the



time they did it, because it was the most efficient way to do it, and they didn't have the equipment they have now. It's important to preserve that knowledge if you're going to grow those same species there and not have disruption. So I think to see some of that, such as photographs of old logging trams in the '20s and '30s and relate it to what is there now is all important. I think it really is.

## **Bartow (Bo) S. Shaw, Jr.**

### **Found (1966) American Forest Management, Inc.**

- In 1966, Bo began a one-person forestry consulting firm. With vision, through exploring non-traditional services, and dedication to service, he has overseen the growth of that company, American Forest Management (AFM), into the largest private forest management organization in North America with 231 employees operating out of its 42 offices in 15 states. It currently manages over 4.5 million acres of forestland and provides a number of other forestland-related services through its six operating groups.

### **Education**

- Sumter, SC, Public Schools.
- Clemson University, B.S. Forestry, 1963.
- Duke University, Masters in Forest Economics, 1964.

### **Military Service**

- U.S. Air Force, 1<sup>st</sup> Lieutenant

### **Awards**

- Clemson University Alumni Fellow (2001)
- Clemson University Alumni Association Distinguished Service Award, (2010)
- Duke School of Environment, Ralston Distinguished Alumni Award (2003)
- South Carolina Forestry Association, Charles H. Flory Distinguished Service Award
- American Heart Association Silver Medallion Award
- Sumter, SC, Rotary Club, Rotarian of the Year

### **Professional Service**

- American Forest and Paper Association (AF&PA), Board and Executive Committee
- Forest Industry Council on Taxation, Chairman Emeritus
- AF&PA Forestry Committee, Chairman
- Federal Land Bank, Regional Board Member
- Clemson University Forest Resources Advisory Board, Chairman
- South Carolina Forestry Association, Chairman
- South Carolina Forestry Commission, Commissioner
- Association of Consulting Foresters, SC Chapter, Chairman
- Society of American Foresters, SC Division Chairman
- Duke School of the Environment, Board of Visitors, Member Emeritus

### **Clemson University Service**

- Clemson University Foundation, Board Member
- Clemson Board of Visitors, Board Member
- Clemson Parents Advisory Council, Member
- Clemson Department of Forest Resources Advisory Council, Chairman
- SCFA Education Committee, Chairman – successfully secured donations of showcase
- Secured forest products for construction of Lehotsky Hall, Clemson University
- Sumter County Clemson Club, President
- Tiger Letterwinners Club, Member

- IPTAY – In support of Clemson Athletic Program
- Established Bartow S. Shaw Jr. Family Endowed Program – Forestry Maymester and Scholarships
- Clemson Loyalty Fund, Founding Presidents' Club Member

### **Clemson Student Activities and Awards**

- Outstanding Senior (TAPs, one of several)
- Who's Who in America's Colleges and Universities
- Tiger Brotherhood
- Blue Key, Recorder
- Numeral Society, Vice President
- Scabbard and Blade, Treasurer
- Central Dance Association, Senior Staff (Publicity Chairman)
- Clemson Tennis Team
- Block C Club
- Varsity Cheerleader
- Forestry Club, President – hosted Southeastern Conclave of Forestry Schools
- Arnold Air Society (AFROTC), Adjutant
- Air Force Distinguished Graduate
- Alpha Zeta, honorary agricultural fraternity
- Gamma Sigma Delta, honorary
- Agricultural Council

### **Community Service**

- BB&T Bank, Regional Board Member
- Sumter Rotary Club, President and Paul Harris Fellow
- Sumter Economic Development Board, Member and Vice President
- Sumter Airport Commission, Commissioner
- Shaw AFB-Sumter Community Council, Member
- American Heart Association, SC Heart Fund Campaign Chairman
- Sumter County Commission on Higher Education, Commissioner
- Palmetto Conservation Foundation, Board Chairman
- The Nature Conservancy, SC Chapter, Board Vice Chairman
- Covenant Place Retirement Center, Sumter, SC, Founding Board Member
- Humanities Council of SC, Board Member
- Wilson Hall School, Sumter, SC, Board Chairman

### **Church Affiliation**

- First Presbyterian Church, Sumter, SC – Elder and Clerk of Session; Board of Deacons Chairman

### **Other**

- Licensed Pilot (Instrument Rated)
- Registered Forester – GA; NC; SC
- Licensed Real Estate Broker – GA; NC; SC; VA

# STEVEN ANDERSON

## Education

- **Ph.D. in Forest Economics**, 1987. North Carolina State University.
- **Master of Science in Forest Soils**, 1979. University of Washington.
- **Bachelor of Science in Forest Management**, 1977. Cook College, Rutgers University.

## Experience

- **Forest History Society**, Durham, NC, 1997 – present.
- **Oklahoma State University**, Stillwater, OK, 1987 – 1997.
- **North Carolina State University**, Raleigh, NC, 1982-1987.
- **Tlingit & Haida Central Council**, Juneau, AK, 1980 – 1982.
- **Metlakatla Indian Community**, Metlakatla, AK, 1979-1980.
- **University of Washington**, Seattle, WA, 1977-1979
- **U.S. Forest Service**, Blue River, OR, 1976.

## Faculty Appointments

- **Adjunct Professor**, Duke University, Nicholas School of the Environment, 1999-present
- **Adjunct Professor**, North Carolina State University, Dept. of Forestry & Environmental Resources, 2000-2006

## Major Publications

- Common Goals for Sustainable Forest Management: Divergence and Reconvergence of American and European Forestry, Forest History Society, 2008.
- Forest History: International Studies on Socio-Economic and Forest Ecosystem Change. IUFRO Research Series #2. CABI Publishing. New York, NY. 2000
- Methods and Approaches in Forest History. IUFRO Research Series #3. CABI Publishing. New York, NY. 2000.
- Cultural diversity: improving natural resource decision-making. Journal of Forestry. Vol. 94(11): 14-19. 1996.

## Professional Accomplishments

- **Certified Forester (CF)**, Society of American Foresters, 2002 – present.
- **Certified Association Executive (CAE)**, ASAE, 2004 – present.
- **Competent Toastmaster**, Toastmasters International, 1990.
- **National Extension Leadership Development (NELD) Program**, 1996-1997.

## Awards

- **Nomination, Executive Producer**, 31<sup>st</sup> MidSouth Regional Emmy Awards, 2017. *America's First Forest: Carl Schenck and the Asheville Experiment.*
- **Fellow Award for Outstanding Service**, Society of American Foresters, 2013.
- **National Tech. Transfer and Extension Award**, Society of American Foresters, 1995.
- **Presidential Citation for Service**, Society of American Foresters, 1995.
- **National Young Forester Leadership Award**, Society of American Foresters, 1992.
- **Landmark Achievement Award** for Outstanding Forestry Communications, National Woodland Owners Association, 1992.





Bo, when considerably younger than driving age, was allowed to drive Jeep around the back yard until he backed into a basketball goal post.



Forestry Advisory Committee for Virginia Tech, 1975. Just launching their forest Business/forest utilization program. Back row: Keville Larson, John Clark (FL), David Tice (VA, unknown, unknown. Front row: unknown, unknown, Bill Milliken (SC, Bo Shaw).



John Spratt, Dem. SC Congressman for 10-12 terms became Chairman of Budget Committee. A Blue Dog Democrat, on the conservative side. Spratt worked with Bo on several issues. Photo taken after Timber Tax meeting with President Bush. Oct. 20 1986.



Checking the water gauge on study plots in the Santee River bottomland (~1986).



Timber taxation meeting with George H.W. Bush, Roosevelt Room, White House (November 8-9, 1989).





Clemson University Board of Visitors, 1989-1992. (Photo taken at Sikes Hall, Clemson U. April 17, 1991)

First row, left to right

H. Elliott Batson, R. Paul Benik, Jr., Gene E. DeLoach, J. Ryan White,  
Darra W. Cothran, Tommie W. James, Jr., Patrick L. Baughman, Sr.,  
Thomas E. (Ted) Davenport.

Second Row, Left to Right

Douglas A. Reeves, Sr., William F. (Bill) Speights, Jr., Dr Newton C. (Dick) Brackett, Jr.,  
John T. Mundy, Jr. , George J. Bullwinkel, Jr. William Christopher McMeekin,  
William H (Bill) Craven, Jr.

Third Row, left to right

Bartow S. (Bo) Shaw, Jr., Edward C. (Corky) Lee, Ted Pappas, James E. (Jimmy) Pittman, Jr.  
Robert A. (Bob) Galiano, Jr. Earle Williamson.



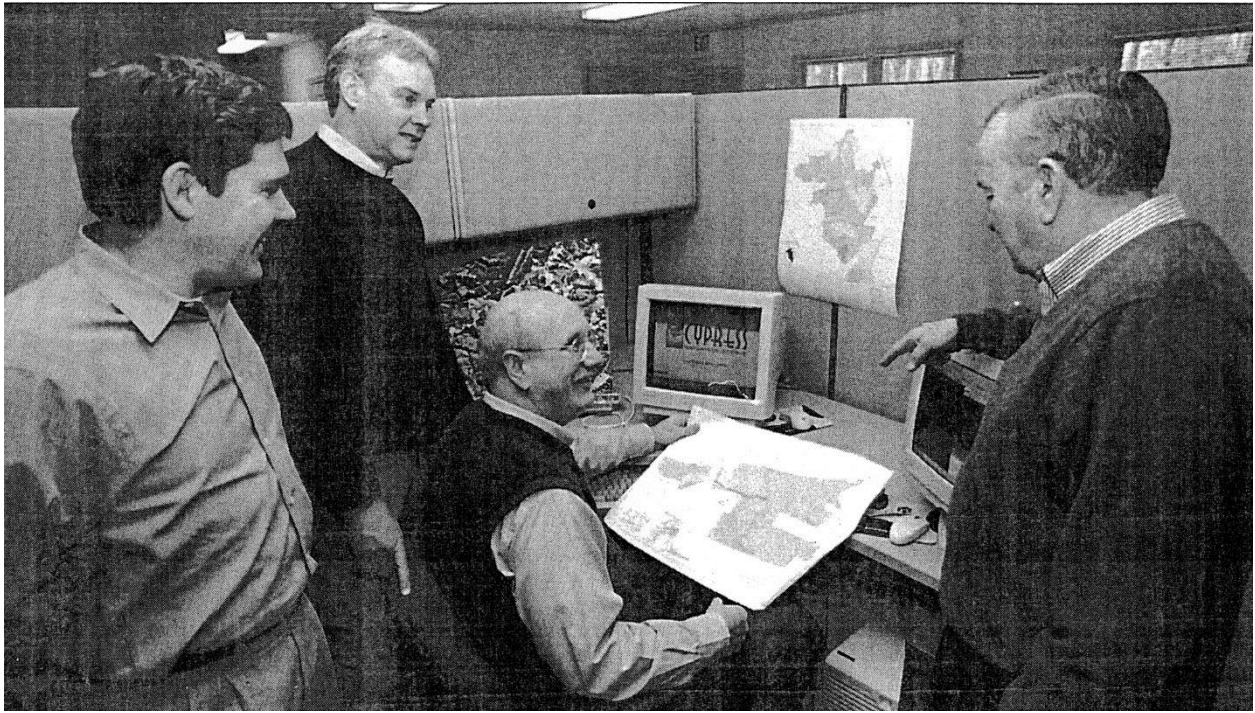
Bo and colleagues during a consulting trip to Karelia. The photo was taken by the interpreter at the site of a timber harvesting operation about an hour north of the Karelian (a republic of Russia) capital city of Petrozavodsk. 1991. Left to right: Bo Shaw, Ken Teasdale, managing partner of a law firm in St. Louis, Missouri; a senior officer of wood products and paper manufacturing as well as all timberland in Karelia; another attorney affiliated with Teasdale's law firm and also mayor of a city to the west of St. Louis; Edouard desFrans, family member of one of SMBH's largest private clients; and Roy Belser, now chairman of AFM.



Just after landing at the end of a fantastic flight (Bo at the controls for much of it) in an F-16 out of Shaw AFB, December 1995.



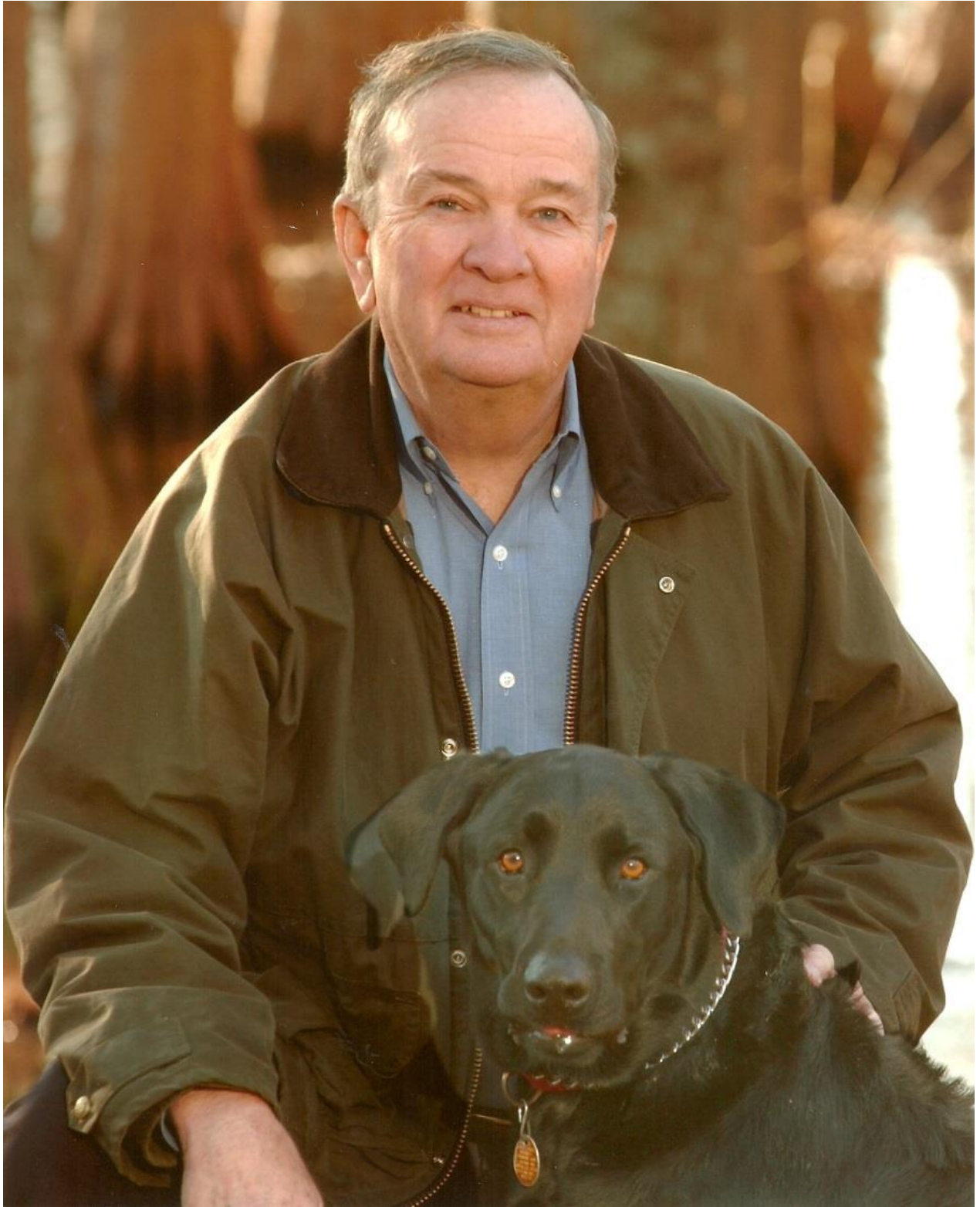
Family gathering in Montana, 1998: (Left to Right) Martha, Bart, Vickey, Marianne, Bo, Charlie.



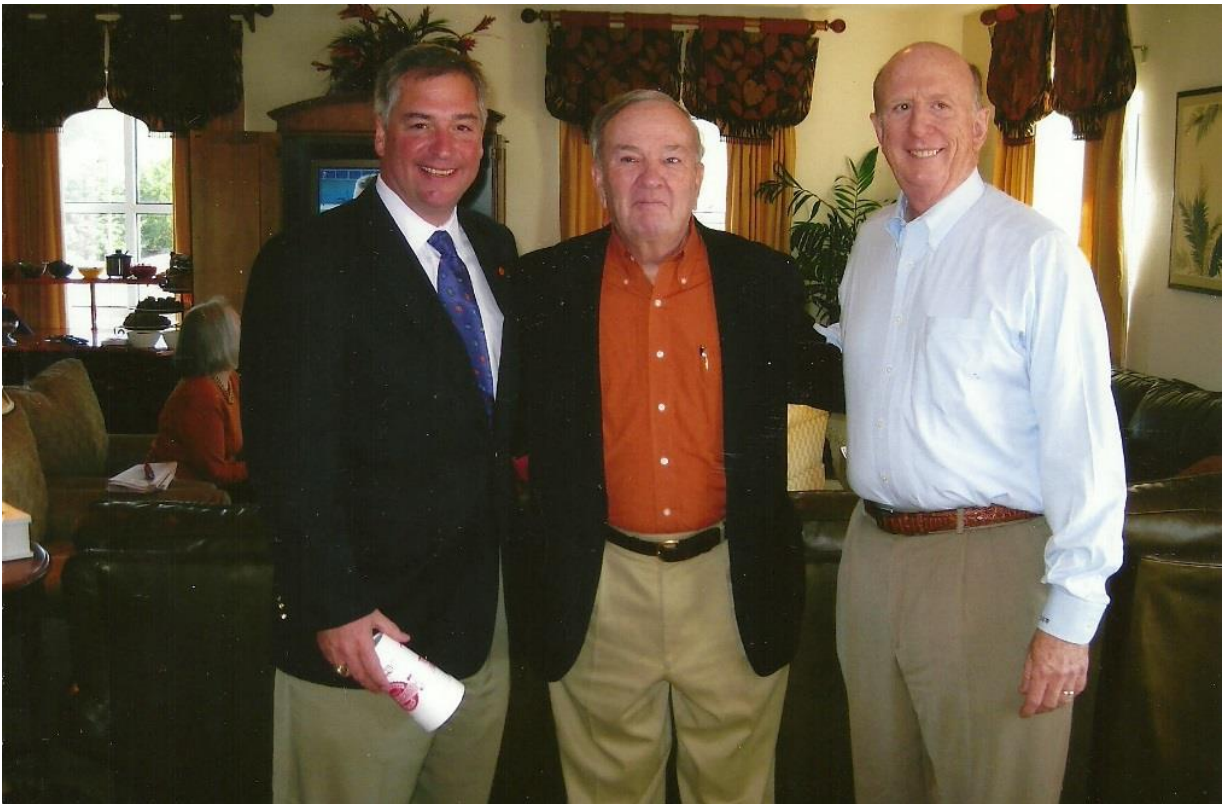
Robin Jolley, Roy Belser, Bill Pritchard, and Bo Shaw discuss the Cypress data management system following the acquisition of Canal Forest Resources. Photo by Bruz Crowson. Courtesy of The Sumter Item. 2001.



Disaster relief – Bo and Vickey, post-Katrina volunteer work with group from First Presbyterian Church, Sumter, S.C. 2005.



Bo with Labrador Retriever, Jack. 2007. Jimmy Wood Photography.



A surprise announcement of the Distinguished Service Award from Clemson the day of the Florida State football game. Left to Right: Brian O'Rourke, Bo Shaw, David Wilkins. 2010.



Bo and Vickey Shaw in their back yard in Sumter, South Carolina with bald cypress in the background. 2011. Photo by Steven Anderson.