



FEB 12 1999

BRITISH COLUMBIA INSTITUTE OF TECHNOLOGY

Course Outline Part A

School of Business

Program: Marketing Management

Option:

**MKTG 1420****Woods Products Sales and Distribution****Hours/Week:** 4**Lecture:****Lab:****Other:****Total Hours:****Total Weeks:** 18**Term/Level:**

4

**Credits:****Prerequisites****MKTG 1420 is a Prerequisite for:****Course No. Course Name****Course No. Course Name****Course Description**

Sales and distribution have many complexities in maximizing revenue from the sale of lumber products from the mill and through the distribution channel. Marketing is affected by the economic characteristics of the competitive environment, foreign exchange, sawmill management, and operational considerations of rail and truck.

**Evaluation****Assignments — Written Reports**

Midterm I	10%	Economic Report	10%
Midterm II	25%	North America Sales Report	10%
Final Examination	25%	Offshore Sales Report	10%
Participation	10%		
Assignments	30%		
<b>TOTAL</b>	<b>100%</b>	<b>TOTAL</b>	<b>100%</b>

\* Students must pass the Final Exam to receive credit for the course.

**Course Outcomes and Sub-Outcomes**

Upon successful completion of this course, the student will be able to:

1. perform the function of mill sales and lumber wholesaling.
2. assess the impact of supply and demand on lumber pricing.
3. complete documentation for a sale.
4. calculate transportation costs and for rail and waterborne shipments.



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Course Outline **Part B**

**MKTG 1420**

**Woods Products Sales and Distribution**

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**Effective Date**

January, 1999

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**Instructor(s)**

Gord Rees

Office No.: SE6-310

Phone: 6769

Office Hrs.: Tues. 1030 am – 1:30 pm

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**Text(s) and Equipment**

Required:

1. How Lumber is Sold in North America. 1999 edition. BCIT.
2. Offshore Markets for BC Lumber. 1999 edition. BCIT.  
(Cost of reproduction of both texts is approximately \$70.)



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Schedule

**MKTG 1420**

**Woods Products Sales and Distribution**

Week of/ Number	Outcome/Material Covered	Chapter
Jan. 4	<b>Introduction</b>  Definition of marketing strategy and marketing mix.	Chap. 1
Jan. 5	<b>PART ONE — ECONOMIC CHARACTERISTICS OF MARKETING</b>  <b>Supply and Demand</b>  The nature of demand and the law of supply and demand. Market identification and the competitive environment.	Chap. 2
Jan. 11	<b>Demographics and Consumer Behavior</b>  Population growth and distribution. Willingness and ability to pay.	
Jan. 12	<b>North America Housing Market</b>  The housing industry. Interpretation of statistics. Impact of interest rates.	Chap. 10
Jan. 18	<b>PART TWO — NORTH AMERICA DISTRIBUTION</b> (Text: <i>How Lumber is Sold in North America</i> , 1999 edition)	
Jan. 19	<b>EXAM (10%)</b>  <b>Mill Sales</b>  Organization of the sales department. The function of mill sales.	Chap. 3
Jan. 25	<b>Canada-USA Softwood Lumber Agreement</b>  Stipulations in the agreement. Management of the quota system.	
26	<b>Lumber Pricing</b>  Calculation of random-length tallies. Contract pricing and pricing from marketplace reloads.	Chap. 4

Week of/ Number	Outcome/Material Covered	Chapter
Feb. 1	<b>Market Intermediaries</b>  Classification of mill accounts. The role of middlemen in the channel of distribution.	Chap. 5
Feb. 2	<b>Sales Management</b>  The role of the sales manager. Keeping the sales force on track.	Chap. 3
Feb. 8	<b>Shipping Lumber by Rail</b>  Reliance on railroads. Deregulation, documentation and rate structures.	Chap. 6
Feb. 9	<b>Packaging, Formula Tallies and Car Utilization</b>  Package size, and carload shipments. Load planning for open-top cars.	Chap. 8
Feb. 15	FIELD TRIP — Lumber distribution yard.	
Feb. 16	<b>Transportation Profits</b>  How to use a rail tariff. Maximum car utilization. Prepaid freight and contract freight rates.	Chap. 7
Feb. 22	<b>Transportation Profits</b>  Incentive and carload rates	Chap. 7
Feb. 23	<b>Credit Management</b>  Function of the credit department. Symptoms of problem accounts. Claims and complaints.	Chap. 9
Mar. 1	<b>Industrial Marketing</b>  Selling engineered products. Performance standards of wood for engineers, architects and builders.	
Mar. 2	MIDTERM EXAM II (25%)	
Mar. 8/9	MIDTERM BREAK  <b>PART THREE — OVERSEAS SALES &amp; DISTRIBUTION</b> (Text: <i>Offshore Markets for B.C. Lumber</i> , 1999 edition.)	

Week of/ Number	Outcome/Material Covered	Chapter
Mar. 15	<b>Commercial Law</b>  Statute and contract law. Conditions of sale. CIF contracts.	
Mar. 16	<b>Trades Practices</b>  Terms of sale. Channels of distribution.	Chap. 2
Mar. 22	<b>Grades and Measurements</b> Quality assurance for export. Cubic measurements and net board feet.	Chap. 3 and 4
Mar. 23	<b>Offshore Lumber Markets</b>  Price Behavior. Housing market in Japan.	Chap. 5
Mar. 29	<b>Offshore Lumber Markets</b>  UK and European end-use markets for appearance products.	
Mar. 30	<b>Offshore Quotation and Sale</b>  Calculation of mill returns by end-use values.	Chap. 6
Apr. 5	<b>Export Documentation</b>  Overview of the shipping process. Contracts between shippers, exports, carriers and overseas customers.	Chap. 7
Apr. 6	<b>Methods of Payment</b>  Cash against documents, sight drafts and letters of credit.	Chap. 8
Apr. 12	<b>Ocean Shipping</b>  Types of cargo vessels, shipping charter stowage.	Chap. 9
Apr. 13	EASTER MONDAY	
Apr. 19/20	INTERIOR FIELD TRIP	
Apr. 26	<b>Marine Insurance</b>  Types of risks. Methods of buying marine insurance.	Chap. 10
Apr. 27	FIELD TRIP — Seaboard International Terminal	

<b>Week of/ Number</b>	<b>Outcome/Material Covered</b>	<b>Chapter</b>
May 3	<b>Claims and Complaints</b>  Types of claims. How to settle a claim.	Chap. 11
May 4	<b>Quality Control</b>  Antistain treatment, packaging. Mill certificate	
May 10	<b>Wood Products Promotion</b>  Trade shows and exhibitions. Handling overseas trade missions. Technical information for enduser.	Chap. 12
May 11	<b>Review</b>	
May 25	<b>FINAL EXAM (25%)</b> (Date subject to change.)	

## TERM PROJECTS

### Wood Products Sales and Distribution

1. You are to reconstruct a rail shipment of a wood product from a BC mill to a destination in Canada or USA. Real products, origins, tally, price, destinations, car sizes and freight tariffs are to be utilized. You are to contact individuals in industry to obtain information and are to advise them that this is a training process for you. You are to examine the documentation, types of rail cars, load plan, rates and routing for the shipment. Identify the channel of distribution in order to report the process from the time the order is received until the shipment is made and the documents forwarded to the buyer. Show calculations.

Describe the general range of items produced by the mill and the structure of the sales organization. Describe the customer.

Comment on the price premium/discount associated with the particular tally and compare it to the "going" price in North America during 1999.

Your written presentation is to be in technical style, double spaced, with references and sources of information shown. Your contact and date of interview is to be specified in the introduction.

**Due: March 16, 1999**

2. As with #1, this is a cargo shipment of a B.C. wood product being exported to *any other country*. You are again to use industry contacts to obtain your information. Your report will be enhanced by investigating the appropriate wholesaler, exporter mill and shipping company or agent. It is important that you identify the channel of distribution being used and report the process from the time the order is received until the shipment is made and the documents forwarded to the buyer.

Show calculations for CIF and identify the particulars of the rate and routing.

Comment on the general market characteristics of the country where your shipment is sold.

This presentation is also to be in technical style, double spaced, showing your sources. Your contact and the date of interview is to be specified in the introduction.

**Due: April 27, 1999**

*You may choose to work in teams of two. Avoid having more than one student visit the same company. Do not use companies who have hosted field trips or provided guest lectures.*

- \* Projects must be original

Gord Rees, January, 1999