

Enterprise Budget for a Family Firewood Business

Heating with firewood is making a comeback and demand and prices for high-quality hardwood are rapidly increasing in developing areas. Anyone who has cut firewood knows it can be an exhausting task so many people are happy to pay. This situation presents an opportunity for entrepreneurs with access to wood that can be used for firewood for the home heating market. Like any business, before you invest, make sure you count the income and expenses and understand the potential profit for your efforts.

This information sheet provides an enterprise budget for a small business that will buy, cut and split logs, and deliver in cord quantities, primarily for home heating or fireplace wood. The assumptions for the analysis are listed as 1 through 12 in the enterprise budget on the following page.

The budget is available as an Excel file download in the publications section of the following website. Look under the Enterprise Ventures section of the publications page at www.extension.umd.edu/woodland

Sample Enterprise Budget Demonstrates Calculation of Income and Expenses

The sample analysis assumes wood is purchased by the log truckload (about seven cords) and split with commercial log splitter. The wood is sold for \$200 per cord plus the delivery charge to the location. Cost for depreciation of the equipment is included, as well the labor, which is the cost of your time or someone you hire. Given these and other assumptions, the profit per cord is \$48.49, or \$337.61 profit per seven-cord truck load.

You can download the Excel file and use your own numbers or additional items, but this does tell you that to make more profit you would need to change the business model. Some considerations include:

- One of the major expenses is for the wood (\$650/load). If you are a logger, arborist or have easy and cheaper access to wood, this would greatly increase the profit. Regardless the method, be sure to include costs in the budget for access to wood.
- Marketing the wood in smaller quantities or even bundles would allow you to charge more and get more value from the same amount of wood.

Enterprise budget: Firewood, One Tri-axle Load of Logs, Cut and Split to Cords (1)

Item	Unit	Quantity	Price	Total
Income				
Delivered wood (2)	Cord	7	\$ 200.00	\$ 1,400.00
Delivery charge (3)	Cord	7	\$ 30.00	\$ 210.00
Total Income				\$ 1,610.00
Expenses				
Logs (4)	Truckload	1	\$ 650.00	\$ 650.00
Blocking labor (5)	Hour	5	\$ 15.00	\$ 75.00
Splitting labor (6)	Hour	14	\$ 15.00	\$ 210.00
Delivery labor (7)	Hour	10.5	\$ 15.00	\$ 157.50
Fuel & oil - chainsaw and splitter (8)	Cord	7	\$ 0.25	\$ 1.75
Repairs - chainsaw and splitter (9)	Cord	7	\$ 0.25	\$ 1.75
Transportation mileage (10)	Mile	280	\$ 0.50	\$ 140.00
Chainsaw and protective gear depreciation (11)	Cord	7	\$ 1.20	\$ 8.40
Splitter depreciation (12)	Cord	7	\$ 4.00	\$ 28.00
Total Expenses				\$ 1,272.40
Profit per tri-axle load				\$ 337.60
Profit per cord				\$ 48.23

Notes:

- (1) Buy logs, cut and split, deliver in cord quantities primarily as ambiance wood or fireplace wood.
- (2) Price charged to customer for delivered wood.
- (3) \$20 charge for deliveries under 10 mile plus \$1.00 per mile for over 10 miles. 20 miles average per cord.
- (4) Tri-axle load of logs delivered, 6-8 cords per triaxle, average 7.
- (5) Blocking (or cutting logs to length for splitting).
A truckload takes about 5 hours.
- (6) 2 hours per cord to split
- (7) Loading, transporting, unloading, 1.5 hours per cord
- (8) Fuel for chainsaw and splitter, 2 cycle oil and bar oil for chainsaw, oil changes for splitter.
- (9) Normal maintenance repairs.
- (10) 1 ton truck cost per mile, depreciation, repairs, fuel & oil, insurance - 40 miles per cord round trip average.
Additional mileage charges are suggested for longer distances.

	Purchase price	cords/lifetime	Cost/cord
(11) Chain saw and protective clothing	\$ 600.00	500	\$ 1.20
(12) Splitter depreciation (34 ton commercial)	\$ 2,000.00	500	\$ 4.00

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Jonathan Kays (jkays@umd.edu) and Dale Johnson (dmj@umd.edu)

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