



onlyPulpandPaperJobs.com

It's the culture, stupid

By Paperitalo Staff

The older I get and the more I visit businesses, and these can be any kind of businesses, not just pulp and paper mills, the more I am convinced the largest difference between the most profitable and the least profitable, all else being equal, is the culture.

Now, I will grant you that a mill with the latest equipment in growing demand grades will likely make more money than one that is not, but that does not mean it is maximizing its profitability. Profitable mills are often wasteful mills. It would be an interesting, but impossible, exercise to take a management and hourly team out of a mill that is hanging on by its fingernails and plop them down in the middle of a mill with all the advantages in the world.

Would they instantly make it more profitable? How soon would it be before they slip into the slothful ways of those that might prevail in a highly profitable mill? It would be an interesting exercise.

Looking at another side of the culture coin, bad habits from an old culture are almost impossible to eradicate, even over time. The problem is those bad habits, once inculcated into the culture, are almost impossible to erase, even over many, many years. Why? The people on board when they were first introduced trained subsequent employees in the same way. Those employees then trained the next generation and so forth and so on. The first generation may be completely gone, but the habits and culture are not. There is such an organization in our industry. One whose leader, now deceased nearly twenty years, had a statue of Machiavelli in his office. This leader may be long gone, but the Prince lives on. Only an extraordinarily strong leader could break the hold that culture still has from that long ago style.

I have seen strong leaders break cultures for the better. It usually takes two steps, enacted simultaneously. One is to drastically change the physical appearance--remove dead equipment, move offices around, physically throw away the obsolescent past. The other is to change what is reported and examined each day. Strip it back to the basics and focus on those for a long, long time.

I met a fellow in an airport the other week and he happened to work in our industry. We got to talking about a mill his company had acquired, a mill on which I had done a due diligence study for a prospective buyer about 10 years ago. He had just been there a week before our chance meeting. I asked if that mill still had a grouping of engraved name tags next to the mill manager's

door--a grouping that showed all the people who had come through there as mill manager (some of them quite famous). He said indeed it did. I volunteered if I were brought to that mill in any kind of management capacity, that would be the very first thing to go.

Those name plates are a stark physical example of a culture that has lingered too long. They belong in a museum (in fact, I know exactly where I would send them). A mill trying to compete in 2012, almost 2013, cannot afford to dwell on what it might have been like to work there in the 1950s. Yes, I like history and I like old technology, but if it is profits we're after, we need a modern view of the way business is done.

Does your mill have some lingering culture that should disappear? What will you personally do about it?

For safety this week, think about changing safety practices. It is amazing how they change and improve over time. Examine yours.

Be safe and we will talk next week. ##