

Employment 2020

By Paperitalo Staff

This article is primarily for North American readers, although the many of you who read Nip Impressions around the world may find some benefit. So, with the apology for provincialism, we'll move on.

One theme of my columns here and elsewhere of late has been the pulp and paper company of the future. Many have written to me and asked, "Who will this be?" If I could give you a straight answer, I would.

But let's step back for a minute and see what we can learn from others. Let's look at steel and autos, for they moved from what I'll call first generation industries to second generation industries before we in pulp and paper even gave such a move any thought. In steel today, the industry ownership is dominated by companies such as Acleor Mittal, AK Steel and others. In autos, we have names such as Honda, Suzuki, Kia, Hyundai and so forth. These are all names that were not associated with the North America auto industry 30 to 35 years ago (Honda entered the car market in the US in the first oil crisis, 1973, with an offering that was little more than a weatherproof golf cart).

Why have these companies been able to flourish? They had new ideas and were not burdened with legacy costs. The Japanese and Korean car companies, for instance, said it is not acceptable for a new car to have a couple of even minor flaws (an attitude that the big three in the US were promoting). They taught us consumers that we could have an economical new car, made on an assembly line, with the care and craftsmanship of one hand built.

So why did these companies enter the market in the US? Because of its size. In the auto industry, for instance, one can reasonably expect a market of at least 15 million units per year, even in the bad years. This is big enough, that if you can find a competitive advantage, you can play in successfully. Also, as a bit of an aside, when it comes to the auto industry, keep in mind that there are just as many people employed in the auto industry in the United States today as there were in 1990--they just don't work for the old big three any longer.

Finally, let's go to pulp and paper. The US consumption, despite the conditions in the printing and writing grades (and I am including newsprint here), is fairly steady, at about 730 pounds (330 kg) per person per year. This is a predictable market. If one can enter this market with fresh ideas

and without legacy costs, it is very attractive, big enough to play in and with growth directly tied to population.

And now get to the question implied in this week's title: your employment in the year 2020. I cannot tell you who you will be working for, by name, in our industry but I can give you the characteristics of the company. These are:

1. Your employer will not be burdened with legacy costs from poor investment decisions, pension promises impossible to fill or any other such historical drags on their performance.
2. Your employer may be a company that sees opportunity but knows little about the industry other than that attractive demand number, 330 kg per person per year, that I mentioned above.
3. Your employer may be headquartered somewhere other than North America.
4. Your employer's assets may be existing ones that they bought out of bankruptcy or, more likely, new ones they have built from scratch.
5. Your employer will have different ideas about procurement of materials, manufacturing, distribution and market effectiveness than you are familiar with.

Then, what do you need to do to prepare for your new employer?

1. Cast off any attitude of entitlement and adopt an attitude of pay for performance.
2. Learn your job and the jobs around you very well--this applies to the present. These new employers are going to need people that know how to do things in this industry, but more importantly, will be flexible enough in attitude to take old learnings and immediately adapt them to new ways.
3. Adopt an attitude of professionalism and dedication to your industry. Keep in mind the big picture--demand in this market--and be prepared to help your new employer in their focus on filling the demand with the highest quality products made and delivered in the most efficient ways.
4. Expect to work in an open and relatively flat organization that has no place for the idle to hide.
5. Resolve to be a part of the solution in Generation 2.

The old systems and assets worked well for Generation 1 of our industry, just like they did for autos and steel. However, we are in the transition to Generation 2, a time of new and different ways of doing things, ways effective for this new generation. My guess is that by 2020, the pulp and paper industry in North America will be fully transitioned to Generation 2 (my estimate is we are about 20% of the way there now) and we will be a highly successful industry once again. If you want to succeed in this transition, eagerly welcome a new name in the upper left hand corner of your paycheck.

Yet, one thing will not change, except for the better, by 2020: your focus on safety. Safety is an attitude without boundaries, without position, independent of time.

Be safe and we will talk next week. ##