

ASPI NEWS

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Association of Suppliers to the Paper Industry Headquarters

15 Technology Parkway South,
Suite 500
Atlanta, GA 30092

Phone: +1 770-209-7521
Fax: +1 770-209-7581

Email: info@aspinet.org
Web site: www.aspinet.org

Three New Speakers Announced for the ASPI 09 Spring Meeting

John McKee, General Manager for Catalyst Paper Corporation's Snowflake Operations speaks to ASPI meeting participants on Friday morning, February 20, 2009. The Snowflake mill produces 375,000 tonnes of 100% recycled newsprint on two paper machines. An additional machine produces corrugated linerboard from recycled feedstock. This machine is currently operated under a contract and has a capacity of 123,500 tonnes. Snowflake employees 425 people, which includes those working for the Apache Railway system, and is about 180 miles north of Phoenix.

Lyle Fellows and Glen Sanders from Verso Paper have also been added to the Spring Program. Lyle Fellows is SVP Manufacturing for Verso. Glen Sanders is Director of Purchasing. Please plan to join us in Phoenix in February to hear about what is new at Verso Paper.

To check out the details for the full program, log on to the ASPI website at www.aspinet.org.

The Pointe Hilton Tapatio Cliffs Resort

The Pointe Hilton Tapatio Cliffs Resort has received the distinctive AAA Four-Diamond Award, and guests can expect an experience made special through quality accommodations and superior service. Guests will enjoy all-suite accommodations, unique dining experiences, championship golf, relaxing spa and salon services, and an array of shopping options. Tapatio Cliffs Resort is truly an "extraordinary escape from the ordinary."



The resort also features The Falls Water Village – an oasis in the desert spanning three-and-a-half

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ASPI 09 Spring Meeting

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acres with pools, spas, cabanas, a 138-foot enclosed waterslide and outdoor function terraces. Golfers will want to test out the Lookout Mountain Golf Club to enjoy challenging play and spectacular scenic beauty.

Registration is Now Open!

Register online for the ASPI Spring 2009 meeting at www.aspinet.org. You can register

for the meeting, and make your hotel reservations in one simple step. Register prior to January 18th to secure your spot at this informative meeting.

Registration Rates

Executives from ASPI Member Companies receive the standard \$835 registration fee. Executives from non-member companies can register at the rate of \$1200.

These registration rates are valid until January 18th. Rates will then increase to \$935 for members and \$1300 for nonmembers. ♦



Value Creation—the New Core Competency for Growth-Minded Companies

If you're competing on price, you'll never achieve maximum profitability. It is critical to make value creation everyone's job.

By Jeff Thull, CEO and President of Prime Resource Group

Dave Madsen, Global VP Business Development, Prime Resource Group, will deliver a 60-minute presentation on how to Transform Value Based Solutions into Profitable Sales, at the ASPI Spring Meeting in Phoenix on February 19, 2009.

Are you sure that you're providing the value your customers bought into? Even if your answer is an emphatic yes, you might want to take a closer look into your customer's world. Fifty-plus percent of all companies feel that they aren't receiving the true value they expected from their suppliers, and that number likely includes some of your customers. The danger is you may be assuming that the fault lies with them. Maybe they're dissatisfied with the implementation process, or maybe they're blind to the value that you believe exists but they just don't recognize. It doesn't matter. If your customers can't perceive the value you provide, it simply doesn't exist. That's the value gap and it's one of the greatest roadblocks to sustained growth and maximized profitability.

The value gap can often be traced back to cross-functional dysfunction, a term that basically means that individuals or departments are not working together, or even worse, they may be in conflict with each other. Consider these examples: Are newly created products having little connection with your customer's real problems? Is

Marketing generating leads but not being held accountable for their quality? Are salespeople rushing to "present" solutions instead of connecting relevant value to the customer's real requirements? Amid confusion and disorder, customers default to what they do understand – price – and there goes the downward spiral to commoditization.



The issue is, when various departments or individuals are operating at cross-purposes, a company's value strategy is likely diluted by the time it reaches the customer. The customer perceives, rightly or wrongly, that either the value being offered simply isn't

there, it isn't unique compared to alternative solutions, or there are doubts that the value being promised will be delivered—all of which leads to hedging and delayed buying decisions, which forces price comparisons and drives profits down. As price becomes the driving force of the decision, frustrated sellers watch as their margins erode away.

To close the value gap, companies must create the systems and skills that will assure they can:

- a) connect their value contributions to specific business drivers and job responsibilities in their customer's organization,
- b) ensure that customers recognize the financial impact of the absence of the solution, and
- c) provide implementation and value creation strategies that enable customers to achieve the ROI they anticipated.

To achieve this goal, a company must replace "cost cutting" with "value creation" as a core competency. In other words, creating and selling value must become everyone's responsibility.

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Value Creation

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So how can you build a culture in which value creation becomes the mantra and your customers see you as an incomparable source of value? Here are some guidelines to start transforming your organization:

■ ***Begin by identifying a tangible and compelling customer business issue.*** All too often, we develop products and services based on faulty assumptions about customers' value requirements. By the time we discover the disconnects, time, money and market position have been lost. Not only must we look through the eyes of our customer and develop products and services that address their financial well-being, but we must constantly validate our assumptions about value. We must ensure we can convert what we believe is value into value our customers can fully comprehend, measure and achieve.

■ ***Commit to Diagnostic Marketing®.*** Design your solutions to solve problems your customers are currently facing, or will likely experience. Then create a market message based on a thorough diagnosis and mutual understanding of your customer's problem as it relates to your solution. Marketing messages must be written with a "diagnostic" approach which asks a customer to examine their current situation to determine if they are experiencing the symptoms of the absence of your value. It

should suggest that if they are noticing this evidence, your company may have the solution.

Additionally, marketing must prepare the proper tools and support materials that will guide salespeople through a diagnostic process and help them uncover the symptoms of the problems customers are likely experiencing. It is critical that salespeople guide their customers in identifying the consequences of the absence of your value.

■ ***Instill the art of diagnostic conversations.*** Traditionally, the salesperson's goal has been to present value and get the signed order. In companies committed to creating and capturing value, the desired outcome of the sale is the same, but the focus and the process are dramatically different. Diagnostic sales professionals work more like physicians who provide high-quality diagnostic services, prescribe and treat responsibly, and attempt to ensure optimal health for their "patients" (the customers).

■ ***Keep an eagle eye on impending issues.*** The rewards of keeping close to the customer are well known. We must ensure that customers can attain the valuable results they expected when they purchased our solutions. That means not just solving problems that crop up, but continually watching and diagnosing for problems that customers

don't realize they have. We are closest to our customers while we are serving them, and therefore are well-positioned to diagnose additional issues and opportunities before the customer can recognize them and ask for help.

To capitalize on these valuable and for the most part untapped resources, you must create conduits for continuous feedback. These feedback mechanisms need to connect your end of the value chain back to its beginning with the customer. The information that's captured by customer service employees actually flows back into the cycle and serves as the basis for the development of what we refer to as new "Prime Solutions."

This may sound like a daunting amount of work, but the result is...transformation into a Prime Solution provider and a profitable impact on your bottom line. Think of how you would respond to a solution provider who brought these capabilities to your door...a resource who would help you achieve a successful implementation, quantify and maximize the return on your investment, and ensure the sustainability of your optimized business performance. This sounds like a highly valued business partner and a source of continual competitive advantage...a position we all want to occupy in our customer's minds.

About the Author:

Jeff Thull is President and CEO of Prime Resource Group; he has designed and implemented busi-

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Value Creation

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ness transformation and professional development programs for companies like Shell Global Solutions, 3M, Microsoft, Siemens, Citicorp, IBM, Raymond James, and Georgia-Pacific, as well as many fast track, start-up companies. He has gained the reputation for being a thought leader in the arena of sales and marketing strategies for companies involved in complex sales.

He is the author of the best selling books *Mastering the Complex Sale: How to Compete and Win When the Stakes are High*, *The Prime Solution: Close the Value Gap, Increase Margins, and Win the Complex Sale*, and his latest release... *Exceptional Selling: How the Best Connect and Win in High Stakes Sales*. To download Chapter One of his new book, *Exceptional Selling*, visit www.primeresource.com. For more information contact: Prime Resource Group, support@primeresource.com, www.primeresource.com, 1-763-473-7529, 3655 Plymouth Boulevard, Suite 110, Minneapolis, MN 55446. ♦

ASPI Performance Benchmarking Survey

The ASPI Performance Benchmarking Survey is a service provided to ASPI Members to allow confidential comparisons to be made along a variety of metrics. This survey is unique in that it summarizes performance data of a wide variety of suppliers to the paper industry. The full survey results are only available to members, and will be distributed in January 2008.

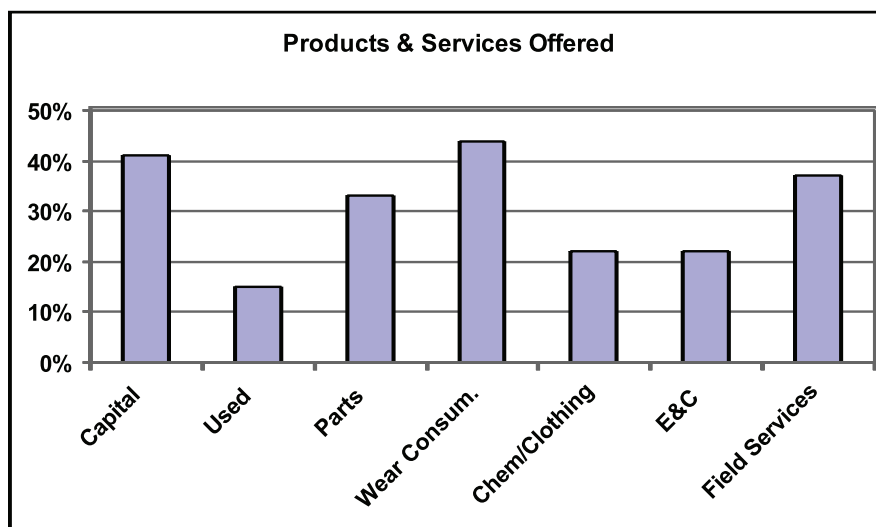
This Performance Benchmarking survey gathers data on bookings and net contribution margin. Net contribution margin is a general term that is used to allow survey respondents to indicate trends in their product line profitability. This is the net impact of relative changes in pricing levels and cost levels. Any accounting standard can be used as indicative of contribution margins to include gross margin, net margins, EBITDA, etc as a percentage of revenue.

ASPI Members completed this survey in October 2008, reflecting data from the first half of 2008 (January 1 – June 30, 2008). 70% of respondents completed the survey based on their entire global

operations. Figure 1 shows the various products and services supplied by those ASPI mem-

ber companies participating in this survey. Categories are defined in Table 1.

Figure 1. Survey Participants by Products and Services



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ASPI Benchmarking Survey

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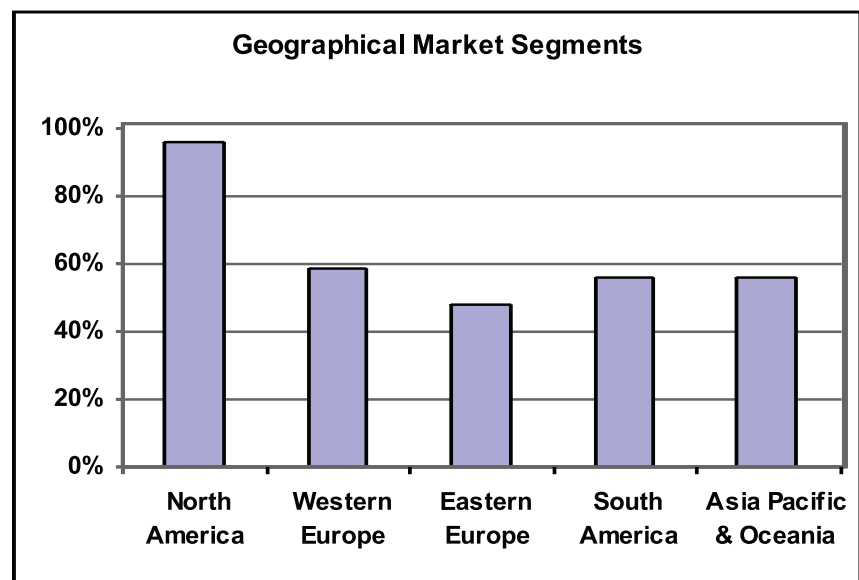
Table 1. Products and Services Categories

| | |
|----------------|---|
| Capital | Capital systems and/or new or replacement capital equipment – major new Greenfield plants and/or process islands, paper machines, pulp mills, bleach plants, recovery boilers, screen rooms, washers, screens, refiners, press sections, calendars, wood yards, |
| Used | Used machine and/or rebuilt machinery |
| Parts | Engineered spare parts – proprietary spare parts as the OEM, or not |
| Wear Consum. | Wearing Consumables – doctor blades, drainage elements, paper machine rolls, refiner segments, screen baskets, slitter knives, etc. |
| Chem/Clothing | Consumed Consumables – Specialty and/or commodity chemicals, machine clothing, lubricants, seals, bearings, etc. |
| E&C | Engineering & Construction Services |
| Field Services | Specialty Field Services and/or Consulting – training services, inspection services, field repair services, etc. |

Figure 2 depicts the different geographical market segments characterized by the survey participants. 96% of the participants indicating doing business in North America.

Figures 3 and 4 are example graphics from the full survey. Figure 3 shows booking trends for North America. These trends are based on comparing the first half of 2008 to the last half of 2007. Respondents were asked to indicate whether their observed trends in bookings for the first half of 2008 were significantly lower, slightly lower, unchanged, slightly higher, or significantly higher than the second half of 2007.

Figure 2. Survey Participants Geographical Market Segments



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ASPI Benchmarking Survey

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Figure 4 shows forecasted booking trends for North America for the second half of 2008 versus the first half of 2008. Respondents used the same scale to indicate expected bookings for the second half of 2008. ♦

Figure 3. North American Booking Trends – First Half 2008 versus Last Half 2007

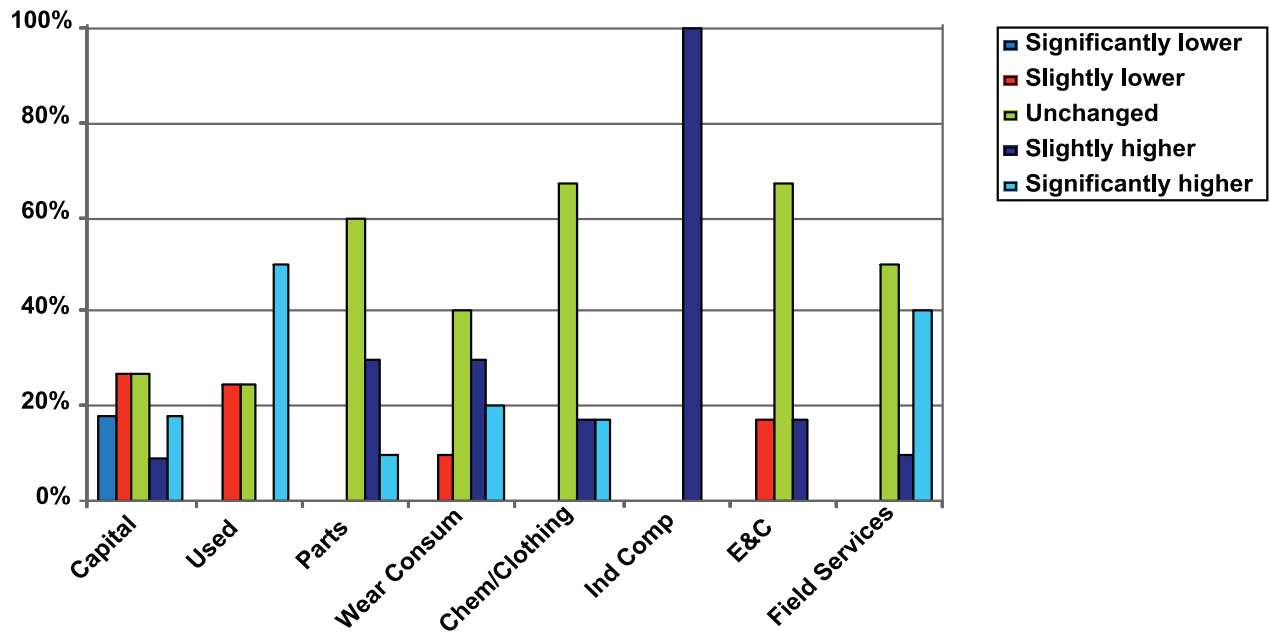
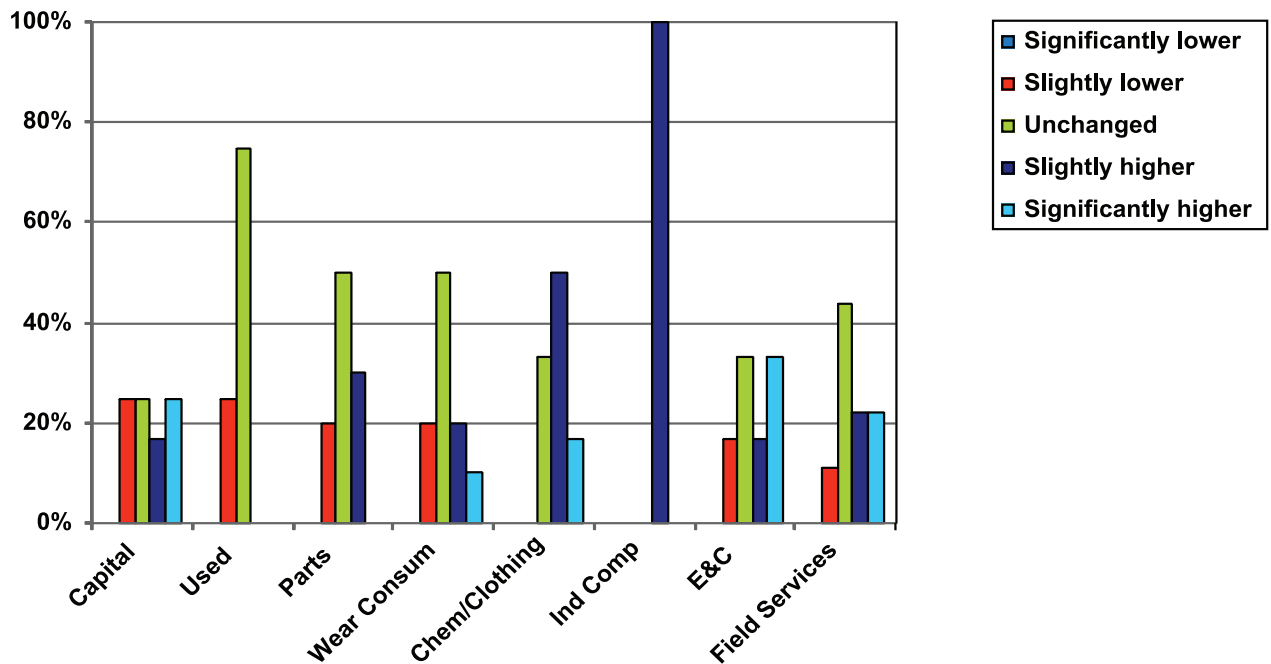


Figure 4. North America Booking Trends Forecast – Second Half 2008 vs. First Half 2008



ASPI Welcomes New Member Buckman Laboratories

Buckman Laboratories is an ISO certified manufacturer of specialty chemicals for use in the pulp and paper, water treatment, and leather industries. Headquartered in Memphis, Tennessee, USA., the company has a global presence in over 90 countries worldwide-serving customers on every continent.

Founded in 1945, the company has been guided by the principle of “Creativity for our Customers”. Buckman's strong customer focus is embodied in its Mission Statement, which affirms that Buckman will provide measurable, cost-effective improvements in production and

quality by offering specific products, services, and creative problem solving for each customer's particular needs.



Buckman serves their customers through continuous innovation in problem-solving, business and technical programs, product and process development, knowledge sharing, as well as safety, health, and environmental stewardship. Find out more at www.Buckman.com. ♦

First ASPI Customer Alignment Meeting a Success

Earlier this year, ASPI launched a strategic “Customer Alignment” initiative designed to provide meaningful communication between key customers and suppliers. Meetings would take place in the corporate headquarters city of a selected host customer, and the majority of the program would be conducted by the host company's executive management team, with the objective of aligning the needs of that customer with those of its suppliers.

In the first of these meetings, MWV senior executives fully embraced the concept as they spent a day describing the company's objectives, how they felt suppliers could help them achieve those objectives, and how suppliers could best contract and interface with MWV. “Meetings like this offer good opportunities to learn to work together, to be a part of it,” said John A. Luke Jr., CEO of MWV (previously MeadWestvaco) as he welcomed



John Luke Jr., CEO, MWV

senior executives from about 50 major industry suppliers to the fall meeting of ASPI in Richmond, VA.

Collaboration between suppliers and manufacturers has become more necessary as pulp, paper and converting companies, as well as their suppliers, are transforming with different business models to create unique products.

MWV is a prime example of a

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ASPI Customer Alignment Meeting

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once-traditional paper company that has moved away from being a pure supplier of commodity products to being a supplier of custom packaging solutions. In March 2008, the company, which has always placed strong emphasis on innovation, announced its new brand identity: “MWV: How Brands Take Shape.”

sharing MWV’s definition of supplier value.

Bob Feeser, President, Packaging Resource Group for MWV provided a group business overview and shared the group’s direction. He also shared MWV’s strategic priorities and MWV’s focus on innovation through Consumer Benefit Platforms.

Dr. Lon Rollinson, Director of Corporate Engineering for MWV, shared trends in capital spending, strategic trends through engineering focus, and then addressed several pre-submitted questions by ASPI members.

Dr. Jack Goldfrank, President of MWV’s Center for Packaging Innovation (CPI), discussed CPI’s focus, core competencies and key areas of exploration. Goldfrank discussed MWV’s five technology platforms, and concluded by sharing unmet technological needs.



(l-r) Mark Watkins (Senior VP, MWV), Dr. Lon Rollinson (Director Corporate Engineering, MWV), Bob Feeser (President, Packaging Resources Group, MWV), and Daniel McNally (Senior Director of Purchasing, MWV) participate in an open round-table discussion.

MWV sees the optimization of links with its supply chain as a key to its success, so it was anxious to host the first Customer Alignment meeting. Besides Luke, other MWV presenters included: James A. Buzzard, Mark Watkins, Jeff Jensen, Dr. A. M. Rollinson, Robert Feeser, Daniel McNally and Dr. Jack Goldfrank.

Jeff Jensen, VP Operations, Packaging Resources Group for MWV reviewed the group’s mill and converting operations. He then described MWV’s Operational Excellence (OPEX) Process. Jensen shared priorities for the next few years, and he specifically addressed questions pre-submitted by ASPI members. Jensen concluded by



Dr. Jack Goldfrank (President, Center for Packaging Innovation, MWV)



Jeff Jensen, VP Operations, Packaging Resources Group, MWV describes MWV’s OPEX (Operational Excellence) system for continuous improvement.

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ASPI Customer Alignment Meeting

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Daniel P. McNally, Senior Director of Purchasing, Raw Materials and Energy, MWV.

Daniel P. McNally, Senior Director of Purchasing for Raw Materials and Energy for MWV, discussed MWV's sourcing goals, process transformations underway to meet those goals, and process and supplier relationship management.

MWV's openness surprised many supplier attendees and elicited such reactions as "eye opening," and the observation that MWV has "taken a major step forward with this meeting." One attendee summed it up by saying: "I'll never look at this company the same way again." ♦

NewPage to Host 2009 ASPI Fall Customer Alignment Meeting

As announced in September's ASPI Newsletter, NewPage has been selected to host the next Customer Alignment program in the fall of 2009. Dates for this meeting have not yet been finalized, but will be either in the last two weeks of September 2009 or the first week of October 2009. Please check the ASPI website later in January when we anticipate the date to be available.

In a preliminary site visit to NewPage, ASPI President David Withers and ASPI Vice President Bob Gallo along with ASPI Executive Director Eric Fletty meet with George Martin, SVP Operations for NewPage to discuss the program.

The tentative program at the 2009 Fall Meeting will include George Martin, SVP Operations; Mike Marziale, SVP Marketing, Strategy and General Management; David Prystash, SVP and CFO; Dan Clark, SVP Business Excellence and CIO; David Oliver, VP Corporate

Engineering/Management; Rob Campbell, VP of Strategic Sourcing; and Mark Lucas, VP Fine Paper Operations. The program will also include a Mill Manager Roundtable with NewPage mill managers.

ASPI Customer Alignment meetings are open to executives from ASPI Member Companies. To find out more about ASPI membership, go to the ASPI website at www.aspinet.org, or contact Colleen Walker, Director of Member Relations at +770-209-7521 or cwalker@aspinet.org.

ASPI Staff Key Contacts

Eric Fletty
+1 770-209-7535
efletty@aspinet.org

Colleen Walker
+1 770 209-7349
cwalker@aspinet.org

Main Number
+1 770-209-7521
Fax
+1 770-209-7581

ASPI Board of Directors

Class of 2011 - expires 2011 Spring Meeting

Rodney Fisher
President
Fisher International, Inc.
rifsher@fisheri.com

Marcus Pillion
Director - Heavy Industry
SKF/Vogel
mpillion@vogel-lube.com

Jacques Marcotte
marcottejj@gmail.com

Thomas E. Vaughn - Past ASPI President
Vice President, Sales and Marketing
Kadant AES
tom_vaughn@kadantaes.com

Class of 2010 - expires 2010 Spring Meeting

Greg Bengtson - ASPI Secretary
Vice President Sales, North America
Eka Chemicals Inc.
greg.bengtson@akzonobel.com

Jukka Tiitinen
President, North America
Metso Paper USA, Inc.
jukka.tiitinen@metso.com

Carl Howe - ASPI Treasurer
Vice President, Corporate Sales
Kadant Johnson Inc.
carl.howe@kadantjohnson.com

Laurie Wicks
President
Paperchine Inc.
lwicks@paperchine.com

Class of 2009 - expires 2009 Spring Meeting

Peter Collins
Vice President
Andritz, Inc.
Peter.Collins@andritz.com

David Withers - ASPI President
President
Coldwater Group Inc.
d.withers@coldwatergroup.com

Robert D. O'Brien
Vice President, Sales & Marketing
Deublin Company
robrien@deublin.com

Bob Gallo - ASPI Vice President
President
Voith Paper - North America
Bob.Gallo@Voith.com

Robert Harrison - ASPI Emeritus Director
Principal, RHarrison, Inc.
rharrison@aol.com