

# ASPI NEWS

A Periodic Publication of the Association of Suppliers to the Paper Industry

Volume 8 Number 2  
September 2011

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## Fall ASPI Program Features Temple-Inland Speakers

The ASPI Fall 2011 Meeting will take place October 2-4, 2011 in Austin, Texas. Although originally planned to be a Customer Alignment Meeting with Temple-Inland as host, the announced acquisition of Temple-Inland by International Paper on September 6th altered these plans. Temple-Inland revised their participation, and ASPI is pleased to announce that two Temple-Inland representatives will speak at the Fall Meeting.

As announced previously, the meeting will begin with a welcome reception and dinner Sunday evening, October 2nd for all attendees and guests at the Austin Hilton. The formal program begins on Monday, October 3rd where attendees are invited to a continental breakfast followed by the President's Welcome. The meeting program begins promptly at 8:30 AM with presentations from Temple-Inland and RISI. After lunch, attendees will hear from AMEC, TAPPI, and Agenda 2020.

### Temple-Inland Shares Perspectives

Temple-Inland Inc. produces corrugated packaging and building products. TI's fully-integrated corrugated packaging operations consist of 7 mills and 63 converting facilities. The building products operation manufactures a diverse range of products for home construction and commercial repair and remodeling markets. See

"Temple-Inland – Thinking Inside the Box" on page 5 for a detailed overview of TI's businesses and products.

As noted above, on September 6, 2011, International Paper announced the acquisition of Temple-Inland. Despite these changes, Temple-Inland remains enthusiastic about the opportunity to participate in the ASPI Fall Meeting, and has agreed to provide two presentations. *Bill Crawford*, VP Supply Chain Management, Temple-Inland will present "Supply Chain Perfection," to provide a perspective on supply chain management. *Roy Lind*, VP Sales and Marketing, Packaging, Temple-Inland will present "*The Changing Landscape*," providing a perspective of market dynamics over the years.

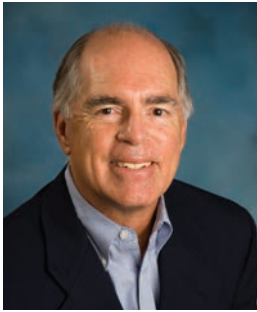
### Recovered Paper Markets

ASPI is pleased to have ASPI Director *Rod Young*, Chief

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## ASPI Fall Meeting

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Bill Crawford – VP, Supply Chain Management, Temple-Inland



Rod Young – Chief Economic Officer, RISI



Steve Dowe – Director of Business Development and Technology for AMEC, Power & Process Americas



Ron Brown – President & Executive Director, Agenda 2020 Technology Alliance

Economic Officer for RISI added to the Fall Program. Rod will present “*No Relief in Sight for Recovered Paper Markets.*” The voracious appetite of Chinese papermakers for recovered paper is the major driving force behind the tightness of the world market for this fiber source. Paper producers in other developing countries are also using a significant amount of recovered paper to fiber their new investments.

On the supply side, many countries in the developed world are reaching very high rates of recovery, while the total supply potential of recovered paper is limited by poor paper and board demand. Therefore, the ability of these countries to export more recovered paper to the developing world is being constrained. The combination of strong demand in the developing world and supply restrictions in the developed world is a recipe for extremely tight recovered paper markets for the foreseeable future.

### The Current State of the Biofuel Movement

Steve Dowe, Director of Business Development and Technology for AMEC, Power & Process Americas, will present “*The Current State of the Biofuel Movement.*” From humble origins in the corn belt, the effort to augment petroleum based liquid transportation fuel with bio-based fuel has started, stumbled and is moving again. Steve will provide a perspective on the state of the technologies, the evolution of players, feedstock supply and the economics affecting this sector.

This will impact the pulp and paper industry and could either be a salvation or curse.

Final additions to Monday’s program include Ron Brown, President & Executive Director, Agenda 2020 Technology Alliance. Ron will speak on “*Collaborative Development of New Technologies.*” Ron will review the technology agenda described in the 2010 Forest Products Industry Technology Roadmap, along with the activities underway for facilitating collaborative R&D programs that promise significant benefits to the pulp and paper industry. Ron will also describe how the involvement of the supplier community in Agenda 2020’s R&D programs is essential for successful technology development and implementation. The day will wrap up with short presentations from ASPI members.

### Social Media for B2B and Doing Business in China

On Tuesday, October 4th, the ASPI Fall Meeting continues with two excellent speakers on important business topics.

ASPI is pleased to have Deli Yang, Ph.D., Richard Burr & Donald Clark Professor of International Business, Business Administration, at Trinity University join the Fall Meeting. Professor Yang, a lead consultant for the United Nations World Intellectual Property Organization on benchmarking intellectual property, will present “*Brand Positioning, Culture and Business Performance in China.*” She is frequently invited to speak at

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## ASPI Fall Meeting

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# Temple-Inland

### Thank you Temple-Inland

*The ASPI Board of Directors wishes to thank Temple-Inland's Doyle Simons, Chairman and CEO, Pat Maley, President and Chief Operating Officer, and Larry Norton, Group Vice President for their strong support of ASPI prior to and following the announced acquisition by International Paper. Temple-Inland's enthusiasm for supporting ASPI and the broader paper industry supplier community was consistent throughout. We are extremely grateful for the time and effort Temple-Inland has expended to be with us for the ASPI 2011 Fall Meeting*

the UN on IP issues in international business. Dr. Yang will be specifically addressing IP issues in China. Learn more about doing business in China from Professor Yang in her article featured in this issue of the ASPI newsletter.

ASPI is also pleased to have **Kimberly Kayler**, CPSM, CSI, President of Constructive Communication present "**Implementing Social Media as a Branding Tool in today's B2B World**" at the Fall Meeting. Kayler has extensive experience in social media, public and community relations, crisis communications and strategic planning. Kayler will explore where social media is a fit for B2B, as well as where it is not. CCI specializes in marketing and public relations for professional service and technical firms in the B2B marketplace. Learn more by

reading Kayler's article in this newsletter.

The ASPI Meeting wraps up with an open Business Meeting. ASPI Members and nonmembers are welcome to attend.

### The Venue

ASPI's 2011 Fall Meeting will take place at Hilton Austin in downtown Austin, Texas, USA. The hotel's downtown location is convenient to many attractions such as the Capitol Building, Bob Bullock Texas Historical Museum, and the LBJ Presidential Library. The Hilton Austin is only seven miles from Austin Bergstrom International Airport.

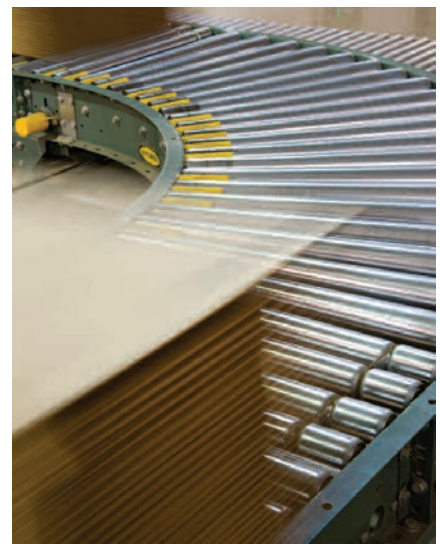
The negotiated room rate is \$199 + 15% tax per night. To receive this rate, please submit your meeting registration form to ASPI on or before September 1,

2011. ASPI will make your room reservations for you. If you are paying your registration fee by check, a credit card is still needed to hold your hotel room. Complimentary in-room internet is included. There is a self-parking fee of \$20 per night at the hotel. Valet parking is \$27.

### Register Now

ASPI Members can still register at the member rate of \$835. Log on to [www.aspinet.org](http://www.aspinet.org) to confirm your attendance and reserve your hotel room. Please contact Colleen Walker at 770-209-7349 or [cwalker@aspinet.org](mailto:cwalker@aspinet.org) for more information.

There is no formal spouse program at this meeting, but spouses are welcome to attend. Please register your spouse or guest on-line or use the registration form. There is a fee for guests, which covers all meals. No formal activities are scheduled, but ASPI Staff would be happy to work with your spouse or guest to make the most of their time in Austin.



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## ASPI Fall Meeting

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### Meeting Schedule

#### *Sunday – October 2, 2011*

- 3:00 – 5:00 PM ASPI Board of Directors Meeting (Invitation only)  
 6:30 – 9:30 PM Meeting Reception and Welcome Dinner

#### *Monday – October 3, 2011*

- 7:30 – 8:30 AM Continental Breakfast  
 8:30 – 9:00 AM Welcome & Introductions – Bob Gallo, ASPI President  
 9:00 – 9:45 AM “Supply Chain Perfection”  
 Bill Crawford – VP, Supply Chain Management, Temple-Inland  
 9:45 – 10:30 AM “The Changing Landscape”  
 Roy Lind – VP Sales and Marketing, Packaging, Temple-Inland  
 10:30 – 11:00 AM Break  
 11:00 – 12:00 AM “No Relief in Sight for Recovered Paper Markets”  
 Rod Young – Chief Economic Advisor, RISI  
 12:00 – 1:15 PM Lunch  
 1:15 – 2:00 PM “The Current State of the Biofuel Movement”  
 Steve Dowe – Director of Business Development & Process Technology, AMEC  
 2:00 – 2:45 PM “The TAPPIsafe Program”  
 Eric Fletty – VP Operations, TAPPI  
 2:45 – 3:15 PM Break  
 3:15 – 4:00 PM “Collaborative Development of New Technologies”  
 Ron Brown – Agenda 2020 Technology Alliance  
 4:00 – 4:30 PM ASPI Member Presentations  
 7:00 – 9:30 PM Reception & Dinner

#### *Tuesday – October 4, 2011*

- 7:30 – 8:30 AM Continental Breakfast  
 8:30 – 9:30 AM “Brand Positioning, Culture and Business Performance in China”  
 Deli Yang, Ph.D. – Professor of International Business, Trinity University  
 9:30 – 10:30 AM “Implementing Social Media as a Branding Tool in today’s B2B World”  
 Kimberly Kayler – President, Constructive Communication  
 10:30 – 11:00 AM Break  
 11:00 – 11:30 AM ASPI Business Meeting  
 11:30 AM Meeting Adjourns  
 11:30 AM – 12:30 PM ASPI Board of Directors Meeting (Invitation only) ♦

# Temple-Inland – Thinking Inside the Box

“Our job is to be the best.” This is the guiding principle that Temple-Inland and its 10,500 knowledgeable and skilled professionals live by. With paperboard mills and box plants in the United States, Mexico and Puerto Rico, Temple-Inland is a low-cost, highly efficient manufacturing company focused on corrugated packaging and building products.

Committed to maximizing ROI and profitable growth, Temple-Inland focuses on their core strategy:

- Market-driven, customer-focused company
- Committed to low cost
- Dedicated to manufacturing and sales excellence
- Fully integrated corrugated packaging business positioned for growth
- Tailored portfolio of building products positioned in attractive growth markets

Temple-Inland’s mission is to be the best by consistently exceeding customer expectations, maximizing asset utilization, lowering costs and improving efficiency.

### Driving Efficiency

Temple-Inland is leaner and more responsive than ever before. The company is the most integrated producer of corrugated containers, attaining integration levels of 95% – 12% higher than their nearest competitor.

An industry leader in technology-driven productivity, Temple-Inland building products operation continues to drive higher efficiency levels through manufacturing excellence and unequalled customer service.

## Temple-Inland

### Second Quarter 2011 Financial Results

Second quarter 2011 net income for Temple-Inland was \$19 million, or \$0.17 per diluted share, compared with first quarter 2011 net income of \$16 million, or \$0.15 per diluted share, and second quarter 2010 net income of \$20 million, or \$0.18 per diluted share.

Second quarter 2011 net income excluding special items was \$23 million, or \$0.21 per diluted share, compared with first quarter 2011 net income excluding special items of \$24 million, or \$0.22 per diluted share, and second quarter 2010 net income excluding special items of \$21 million, or \$0.19 per diluted share.

### Second Quarter 2011 Consolidated Financial Results (\$ in millions)

	Q2 2011	Q1 2011	Q2 2010
<b>Net income per share</b>	<b>\$ 0.17</b>	<b>\$ 0.15</b>	<b>\$ 0.18</b>
<b>Special items</b>	<b>\$ 0.04</b>	<b>\$ 0.07</b>	<b>\$ 0.01</b>
<b>Net income per diluted share, excluding special items</b>	<b>\$ 0.21</b>	<b>\$ 0.22</b>	<b>\$ 0.19</b>

- *Strong operating results and solid free cash flow*
- *Q2 2011 Special items - \$0.04 after-tax charge primarily related to Box Plant Transformation II*

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## Temple-Inland – Thinking Inside the Box

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### Corrugated Packaging Segment

Temple-Inland is the #3 producer of corrugated packaging in the U.S. with approximately 12% market share. With 7 container-board mills and 58 converting facilities, Temple-Inland has achieved the industry's highest integration level – 95%. Having exceeded industry growth in box shipments for the period 2004 through 2010, Temple-Inland delivers the largest increase in return on assets (ROA) of their peer group.

“A Form for Every Function” is the theme for the products offered by Temple-Inland’s packaging business. Temple-Inland serves several key sectors in the packaging market including:

- Retail Ready Products for Consumer Packaged Goods – preprinted products, display-ready trays, tear tapes, door-to-door packaging,
- Specialty Products – Point of Service displays, tear tape, fulfillment, premier whitetop, litho
- Agricultural Products and Services – products that meet varied ventilation, strength and moisture requirements plus flexible, on-site automation with Temple-Inland’s ShowCase® machinery program
- Industrial Packaging – bulk containers, slip sheets, tier sheets, wood crates and pallets, tear tapes, and unique protection solutions

### Product Spotlight: Premier Whitetop

Produced from reusable, renewable and recycled products, Temple-Inland’s Premier Whitetop is an environmentally responsible choice manufactured exclusively by Temple-Inland for availability whenever and wherever you need it.

#### Good for the brand

- The brightest sheet on the market gives products extra pop on shelves or floors
- Smooth surface offers more graphic options and improved printability
- Availability in grades suitable for nearly all performance and packaging requirements means greater consistency within your packaging and promotional program
- Very small carbon footprint supports green marketing efforts and provides higher scorecard values for sustainability

#### Good for the environment

- Minimum of 80% recycled fiber content
- No free chlorine is present
- Manufactured in one of the nation’s first 100% recycled mills, which operates on residual steam from an adjacent power plant
- Resulting Greenhouse Gas Emissions at the mill are so low that they fall below the EPA’s minimum reporting threshold

### Temple-Inland’s Packaging Products

Packaging		Retail Display	Solid Fibre	Custom Wood and Foam
Preprint	Common Footprint			
Premier Whitetop	Bulk Bins	Counter Displays		
Retail Ready Packaging	Bulk Lamination	Freestanding Displays	Slip Sheets	Pallets
RSCs	Wax	Point of Purchase	Tier Sheets	Crates
RSCs with Diecut	Pizza Boxes	Point of Sale		Shippers
Full Diecut	Stock Boxes			
Flatbed Diecut	Double-wall			
Hand Set Up	Triple-wall			
Machine Set Up				

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## Temple-Inland – Thinking Inside the Box

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Temple-Inland will continue to drive value in this segment by maintaining full integration, driving down costs, improving mix and margins, and growing business. By combining these comprehensive initiatives with high-level customer service, Temple-Inland projects its corrugated packaging business will continue to deliver superior and sustainable value.

Through process optimization and strategic capital investment, Temple-Inland has lowered mill costs while improving mill productivity:

### Building Products Segment

Temple-Inland’s building products group manufactures a tailored portfolio of products for residential and commercial construction markets and industrial panels for furniture, cabinets and fixtures. With 16 facilities in seven states, Temple-Inland’s manufacturing plants are some of the lowest-cost production facilities in the country and are located near large, high-growth markets.

A leader in the building products business, Temple-Inland has continued to generate positive EBITDA despite the extreme weakness in housing markets. The company’s technology-driven, low-cost systems have 80% of their plants operating in the lowest cost quartile.

Temple-Inland’s building products are used by professionals and do-it-yourselfers in residential and commercial construction projects, as well as by manufacturers of furniture, flooring, fixtures, cabinets, moulding, millwork and more.

### Second Quarter 2011 Financial Results Corrugated Packaging Segment (\$ in millions)

	Q2 2011	Q1 2011	Q2 2010
<b>Revenues</b>	<b>\$ 845</b>	<b>\$ 821</b>	<b>\$ 786</b>
<b>Costs and expenses</b>	<b>(749)</b>	<b>(723)</b>	<b>(723)</b>
<b>Segment operating income (loss)</b>	<b>\$ 96</b>	<b>\$ 98</b>	<b>\$ 63</b>

- **Q2 2011 ROI – 18%**
- **Solid mill and box plant performance**
- **Two fewer shipping days**
- **Higher input costs**

Second Quarter 2011	Third Quarter 2011
<b>30,000 tons maintenance related downtime</b>	<b>4,000 tons planned maintenance downtime</b>
<b>31,000 tons inventory reduction</b>	<b>Box shipments seasonally lower</b>
	<b>Higher recycled fiber costs</b>

### Temple-Inland’s Building Products

Fiberboard products	Gypsum Products	Lumber and Studs	Medium density fiberboard (MDF)	Particleboard
GreenLite Door Core				
QuietBrace				
SoundChoice Sound Deadening Board	ComfortGuard Moldand	2" Dimension Lumber		
FiberBase HD	Moisture-Resistant	Log Studs	UltraStock Select MDF	TemStock-S
Roofing Insulation Board	Gypsum products	Finger-Jointed Studs	UltraStock Premium MDF	TemStock-B
Wall Sheathing	StructGuard TS Sheathing	Select Structural Lumber	UltraStock Lite MDF	TemStock-W
Gypsum wallboard	SilentGuard Shaftliner	Machine Stress Rated Lumber	UltraStock-MR MDF	TemStock-FR
Gypsum Board	Span24 Ceiling Board	1" Boards	UltraStock-FREE MDF	TemStock-FREE
Stretch54 Wide Board	Gypsum Sheathing	Radius-Edge Decking	Shelving	Shelving
Fire-Resistant Gypsum	Water-Resistant Board			
GreenGlass Fiberglass-Faced				

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## Temple-Inland – Thinking Inside the Box

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The execution of operational efficiency throughout the company will place Temple-Inland in a strategically superior position versus our competition. By lowering operating cost and maximizing asset utilization, not only can we offer customers a complete portfolio of products, we can also offer them value and manufacturing/sales excellence. To be the best at operational efficiency means to be the best in our industry, and that is what we are striving for.  
 – Pat Maley, President and Chief Operating Officer

### Second Quarter 2011 Financial Results Building Products Segment (\$ in millions)

	Q2 2011	Q1 2011	Q2 2010
<b>Revenues</b>	<b>\$ 171</b>	<b>\$ 174</b>	<b>\$ 19</b>
<b>Costs and expenses</b>	<b>(149)</b>	<b>(180)</b>	<b>(175)</b>
<b>Segment operating income (loss)</b>	<b>\$ (8)</b>	<b>\$ (6)</b>	<b>\$ 15</b>

## Company Timeline – A History of Success

- 1973 - Time Inc. acquires Temple Industries and merges it with Eastex Pulp and Paper Company to form Temple-Eastex Inc.
- 1978 - Time Inc. acquires Inland Container Corporation.
- 1983 - Time Inc. spins off its forest products interests. Temple-Eastex Inc. and Inland Container Corporation are joined and become Temple-Inland Inc.
- 1986 - Temple-Inland acquires certain Owens-Illinois properties, including the linerboard mill in Orange, Texas, 260,000 acres of timberland, a short-line railroad and three box plants.
- 1988 - The Federal Savings and Loan Insurance Corporation (FSLIC) arranges the assisted acquisition of three Texas thrifts by Guaranty Federal Savings Bank, a new federally chartered savings and loan association owned by Temple-Inland Inc.
- 2001 - Temple-Inland acquires Gaylord Container, Chesapeake Packaging, Elgin Corrugated Box, Mack Packaging and ComPro.
- 2003 - Project TIP – the Transformation, Innovation and Performance initiative – is rolled out to improve organizational effectiveness, reduce costs and streamline corporate functions.
- 2006 - Temple-Inland launches Forestar Real Estate Group by combining the real estate operations of its forest products and financial services groups with real estate activities now reported as a separate business segment.
- 2007 - Temple-Inland announces a transformation plan to maximize shareholder value through the separation of Temple-Inland into three focused, stand-alone public companies – Temple-Inland Inc., Guaranty Financial Group Inc., and Forestar Real Estate Group Inc. – and the sale of strategic timberland. ♦

# Sino-U.S. Business Culture: Unending Dealing

*By Professor Deli Yang, Trinity University*

Everybody knows that China and the US are two cultural extremes, but what exactly are the crucial differences? Having lived and worked in both countries and taught business culture for future managers, I always find the subject fascinating with so much to explore. In this article, I would like to highlight, based on my own experience and those of Sino-US managers who have worked in both countries, some key contrasts between these two cultures, how they could create potential conflicts for business, and relevant strategies to deal with them.

## **1. Thinking Masters: the Process vs. the Outcome**

If you asked me what the most notable difference is between the US and Chinese cultures, I would say the way of thinking. Chinese are process thinkers whereas Americans are outcome pursuers. The extreme differences in thinking processes between the Chinese and the Americans leads to different ways of handling business. The Chinese look at detailed issues surrounding a goal and find out if there is a solution or an answer to them. A typical scenario would be like this: A middle-level Chinese executive just met his American counterpart at the airport for a business talk for the first time. The US executive may pop out his question as soon as he arrives at the airport: "When can we talk about our business?", but the Chinese will take more time. During a few days' stay in China, the American executive might be entertained with a high hospitality: wining, dining, sightseeing, visiting factories, meeting and talking with different mid-managers, etc. The real business may be talked

about at the last minute, and the American may be given a chance to see the top Chinese executive if he is lucky. For the Chinese, doing all this has a purpose, that is, to observe the American's attitude and behavior so that they can conclude whether he can be their long-term partner. The best strategy to deal with this matter: Be patient and try to enjoy the process. Eventually you will be rewarded, as once the trust is established, you will have the business.

## **2. Realizing Potentiality: the Collective vs. the Individual**

It is widely known that China is considered a collective society, and the US an individualistic one, although both societies seem to moderate away from the extreme. As a result, the Chinese way of realizing individual potentiality has direct relation to relevant groups, including business partners, in contrast to the US style of independent realization. A typical business reflection of such a difference is their attitude toward cooperation. Something like: we are in a marriage together – the Chinese way, versus we are in a sport game

– the US mode. Thus, when conflicts arise, it is perfectly 'normal' for an American partner to cite an agreed contractual clause; to the Chinese, this is like a deal breaker: "are you insinuating a 'divorce'?" The best solution: make clear from the very beginning the contract is the binding document for dispute resolution, a good 'marriage' requires good will and good communication, that does not require bringing up contractual clauses all the time.

## **3. Dealing in Style: Imposition vs. Resistance**

The Chinese find it harder to do business together with Americans than they do with the Japanese and Europeans, due to imposition and resistance on both sides. In other words, both sides like to impose business in their way and resist otherwise. This is certainly a source of irritation for both sides. What irritates the Americans further is that the Chinese are tactical masters and are more successful in steering matters toward their goal. A great

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## Sino-U.S. Business Culture

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example would be the famous last minute tactic. For example, you should not be surprised of signing your contract with your Chinese counterpart during a trip before your Christmas holiday, in a taxi to the airport, or at the time you are about to board the plane. Hopefully this will not happen to you.

### 4. Intercommunicating: the Inscrutable vs. the Projectable

One frustration for the Americans in trying to better understand the Chinese is often not the Chinglish, but the nuances of the body language. It is relatively easier to project an American's facial expressions, gestures and postures, that is, their emotions can usually be read by observing the body language. The body language of the Chinese, on the contrary, may be inexplicable, and quite often are, inscrutable. One example is the difficulty of detecting the state of the mind by frequently looking at a perpetually friendly oriental smile or poker face. A strategy to deal with matters like this is not to make assumptions, particularly negative ones, but directly communicate to ensure correct understanding on things in general.

### 5. Treating the Time: the Circular vs. the Sequential

The Chinese and the Americans surely have different philosophies about time. Although both sides are aware of the fact that 'time is money; time is life', their attitude toward time is in two extremes. The Americans strongly believe that time past is time lost; as a

result, it is perfectly alright to hurry up and get business done. This may create a negative impression on the potential Chinese partner. They think time comes in a circle. Making haste is a sign of ill preparation; important things take time to get done with quality.

For example, in business practice, an American would often finish its business first, and then go somewhere for sightseeing at the end of the business journey. A Chinese businessperson may parallel these activities to allow time to get to know their potential partner and more importantly to reflect on what is happening and what should be done. Another example reflected in business practice would be with regards to planning. Americans should not be surprised if a plan is changed, or not fully finalized before your journey to China. This is how they get things done sometimes to allow flexibility. Even if a plan is fixed, there may still be changes at the last minute. A typical example would be that some names might have appeared on an agenda, but these people would not actually show up in the actual meeting; instead somebody else turns up. Again patience is the strategy to follow when something like this happens, ask your potential partner what outcome they should expect before any trip or business negotiations, and what are the anticipated changes of the plan. By doing so, you would be able to have alternative plans to allow your own flexibility and avoid any frustrations.

### 6. Dealing with Partners: Guan-xi Paved Friends vs. Rule-based Professionals

The Americans' almost entirely rule-based business dealings results in business relationships that tend to be professional. This is entirely opposite to the social network based business relationship found in Chinese society. The Chinese phrase 'Guanxi' is now widely understood in the world without translation – the relation network. That is, business relationships are highly relevant to social relationships. To the Chinese, doing business is also the beginning of nurturing friendship; as partners they should know one another personally (e.g. political views, family members, friends, habit and hobbies). Therefore, investing in time is something to bear in mind when doing business in China. Also, isn't it a great thing to make some friends in a foreign land?

### 7. Conducting yourself in Business: Etiquette vs. Personal Preference

The US is certainly a country where people act with freedom and personal preferences within the law. In contrast, the Chinese put great emphasis on etiquette. For example, seniority is important at work and in life: people are positioned in different hierarchies in terms of seniority in age, ranks, educational levels, achievement, etc. This does not mean that there is no connection between superiors and subordinates. On the contrary, harmony and high respect typically exist within the hierarchy. The Chinese simply find it very

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## Sino-U.S. Business Culture

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natural and acceptable to have such a hierarchy where bosses care about their employees and their loyalty and employees show due respect to their employer through hard-work and obedience.

When interacting with the Chinese, greetings and exchanging cards should always start with the most senior individual to show due respect (i.e. giving 'face'). Moreover, the Chinese are gift exchangers. When you give gifts, you should consider differentiating your gifts by ranks. Dining and wining are essential part of business dealings with seniority and formal seating arrangement carefully considered. For all of these matters of etiquette, read relevant materials before your trip, and always ask if it is appropriate when you are unsure about something, and follow the arrangement.

To conclude, when doing business with the Chinese, be prepared to be exposed to an entirely different cultural setting. This short article does not intend to give you a daunting feeling that doing business in China is a 'culturally revolutionary' experience. In reality, you are considered a 'foreign devil' in China! The Chinese in general do not expect you to know their culture; they expect you to differ

from them. Fortunately nowadays many Chinese travel overseas and have obtained a certain degree of understanding about foreign cultures. Media exposure also helps the Chinese to know one or two things about other countries. This means when they do business with you, they may also try to accommodate your culture. In the end, there is no right or wrong in culture, and contexts matter and understanding one another is the key. Of course, if you do know something about Chinese culture, they would be really impressed. For example, by greeting them 'Ni Hao' instead of 'Hello,' you would instantly create warm atmosphere for friendship with the Chinese. ♦



*Professor Deli Yang is the first Burr & Clark Professor of International Business appointed by Trinity University in 2009. She holds a*

*BSc. in Economics, an MBA, and MSc. in international business and a PhD of Management Science (i.e. International Management of Intellectual Property - IP) from the University of Manchester, United Kingdom.*

*With the conviction that scholarly work and higher education are seamless integration; theory should apply to practice, she balances research, teaching, and consulting. As an international scholar, she has lived in four countries and worked in five with multina-*

*tionals and researchers across the world; as an international educator, she has taught students from over 60 countries. She is also a lead consultant for the United Nations World Intellectual Property Organization on benchmarking intellectual property. She is specialized in patents and marks in the international business contexts, such as cultural impact on IP business, patent and mark valuation, the relationship between patent, brand and firm performance, with a particular focus on comparative studies of China and the US. She has published over 40 papers, two scholarly books (see right), and two co-edited books. She serves as an editorial board member for three prestigious journals in the IP field, and as a regularly invited referee for a dozen of leading journals in international business and IP field.*



*Deli welcomes collaboration with business practitioners for the mutual benefit of knowledge enrichment and insightful practice. She also welcomes project opportunities to integrate knowledge and practice involving practitioners and student researchers. She is to speak at the forthcoming ASPI conference on Oct. 04 this year on a topic: brand positioning, culture and business performance. She would also like to invite executives to attend the annual event: 'International Business: China and the US' at Trinity University Holt Centre on Oct. 27th. She can be reached at Trinity University, Department of Business Administration, One Trinity Place, San Antonio TX 78212, [dyang@trinity.edu](mailto:dyang@trinity.edu)*

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## Using Social Media

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personal time, if they are identified as an employee of your company, their comments will likely be viewed as representing your organization. The factors and arguments for and against are varied and complex. However, the constant is the need for companies to create online social media policies to guide employees' decisions and behavior.

While there are many success stories, too many companies are being blindsided because their operating procedures and policies haven't caught up with the fast pace of today's electronic world. The results can be catastrophic. Recently, a firm's president was caught off guard when one of their clients called and told them that the engineer assigned to their project had noted their stupidity on her Facebook page the night before. Another example is when an employee of a chemical company tweeted about a potential project and innocently shared more than he should have. The company didn't get the job. There are also stories about customers checking out the social media presence of potential project managers on their upcoming project so they know "what they are getting." Still other companies have experienced backlash after their employees shared political viewpoints on Twitter or have had to deal with the reality of statements made by disgruntled employees.

Unfortunately, the examples of such offenses are endless, and since many companies haven't figured

out how to respond to social media, they've opted to block access to social media sites from corporate computers. Consequently, employees participate in social media during non-working hours in the privacy of their own homes and on their own computers – creating the notion that it is a personal communication tool. And while that may be true, the employees fail to realize that clients or colleagues may see their posts. Further, many fail to recognize the power of today's search engines or the fact that once they put something out in the cybersphere, it is out there to stay.



Still others simply aren't cognizant of the implications of their posts and how, though they may not be directly representing their company, it is easy to link someone to a specific organization in a few quick clicks. The medium makes it easy to share, even things that shouldn't be shared.

However, the solution isn't simply to shut off all access and forbid social media. Rather, like any other form of communication, the key is strategy and education. Like any other communication tool, it is essential to outline a strategy in terms of corporate and personal participation, as well as the key

messages that should be delivered. After all, you wouldn't publish a brochure or launch a new website without clearly outlining the themes that must be conveyed about your company and its key differentiators. And, as we've established, the messages conveyed using social media spread wide and fast, for better or worse.

Many companies are encouraging employees to explore responsible online communication as a form of relationship building, learning and collaboration. As a company continues to introduce new methods and products, it becomes important for that com-

pany and its employees to share the exciting things they are doing as well as learn from others. While companies should encourage all employees to join a global conversation, it is important for everyone to understand what is recommended, expected and required when they discuss company-related topics, whether at work or on their own time.

### Creating the Policy

The first step is education. It is important that those responsible for making the policy are educated about social media, its benefits, as well as its drawbacks and dangers. Only then can they answer the tough questions related to how, when and where employees should be able and encouraged to participate. Building on an awareness of the different outlets, it is key to craft a policy that includes details

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## Using Social Media

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related to when and how employees participate and, more importantly, guides their behavior.

Suggestions that may be incorporated into your policy include:

- Employees should stick to their area of expertise and not provide individual perspectives on what is going on at the company
- Respect proprietary information and content
- Respect confidentiality
- Comply with copyright, fair use, and financial disclosure laws
- When in doubt about posting content, get permission
- Post meaningful and respectful comments
- When disagreeing with others, keep it polite and appropriate
- Always pause and think before posting

The policy should also state how employees are expected to engage. Recommend that your employees stay transparent by using their real name and the company name. Other tips for employees would be to write what they know, stay consistent, join in the conversation, add value, create excitement, be a leader and admit a mistake if necessary. Reiterate that employees are responsible for the content they produce. Also, decide if employees are allowed to use this medium while at work and if so, how long while at work.

Another important element of your program is monitoring the conversations. If you are promoting conversations about your company, it is time to start monitoring all conversations. Monitoring services, provided by companies such as Radian6, Cision and Vocus allow you to set up multiple keywords associated with your company.

It is essential to help employees understand what you are comfortable with them sharing as well as how to present themselves. Building on an awareness of the different outlets, it is key to craft a policy that includes details related not only to when and how employees participate, but guides their behavior. As a final thought, don't let fear of the unknown drive your decisions. The best way to determine what is right for your company is to participate and engage in social media and assemble a strategy that fits your culture and goals.

### Key elements of your social media policy may include:

- Stick to your area of expertise.
- Respect proprietary information and content.
- Respect confidentiality. Post only meaningful and respectful comments.
- Comply with copyright, fair use and financial disclosure laws.
- When in doubt about posting content, get permission.
- Remember that you are responsible for the content you produce.
- When disagreeing with others, keep it polite and appropriate.
- Always pause and think before posting.



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## Using Social Media

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### Social Media by the Numbers

- Marketing Data Box states that, on average, 63 percent of adults have joined a social network, making it the number one platform for creating and sharing content.
- Web analytics firm comScore reports that social networking use has doubled since 2007.
- Forrester predicts B2B interactive marketing spending to reach \$4.8 billion by 2014, which is almost double that estimated for 2009 (\$2.3 billion).
- A study conducted by Cone Business in 2008 shows that 93 percent of Americans believe a company should have a presence in online social media and 56 percent of American consumers feel both a stronger connection with and better served by companies when they can interact with them in a social media environment.
- According to hubspot.com, between 41 and 46 percent of companies participating in social media channels report being able to acquire a customer from their use of these channels. Further, 38 percent of B2B companies, compared to 51 percent of B2C companies, acquired a customer from their use of social media channels.
- A recently released survey by the Manufacturers Alliance/MAPI shows that their members were realizing more value in using social media. From 2009 to 2011, usage of social media to gather voice-of-the-customer information rose from 28 to 44 percent, and to position their company as a thought leader rose from 33 to 63 percent. YouTube, for example, is now used by nearly 90 percent of respondents, compared to fewer than half only 18 months ago. Twitter, which many members regarded with great skepticism in late 2009, when fewer than 20 percent of respondents were using the tool, is now being used by more than 60 percent of the membership. ♦

#### *About the Author:*

*Kimberly Kayler, CPSM, CSI, is President of Constructive Communication, Inc. Kimberly will be giving a presentation on “Implementing Social Media as a Branding Tool in today’s B2B World” at the ASPI Fall 2011 Customer Alignment meeting.*

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*Kimberly Kayler,  
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## ASPI Asks - An Update from Verso

Last fall Verso Paper Corp. hosted the 2010 ASPI Customer Alignment Meeting. During this meeting, Verso shared with attendees:

- Information about all facets of the organization, including its Operational Excellence Model and how sourcing supports it.
- Verso's aim is to close operational gaps and move toward "best in class" performance in a number of measurable areas.
- Verso's strategy with suppliers is a Collaborative Approach that engages them in helping Verso to "close the gaps."

ASPI followed up with Verso this summer to see how they had benefited from the ASPI Meeting. ASPI interviewed Glen Sanders, Director of Sourcing for Verso.



Glen Sanders – Director of Sourcing, Verso Paper



*ASPI: Did you feel the ASPI Customer Alignment Initiative (CAI) was of value to Verso, considering the amount of preparation time required on your part and the time of your senior executives? Why?*

**Sanders:** The ASPI Customer Alignment Initiative (CAI) presented an effective forum for sharing Verso's business strategy with many of our strategic suppliers. Verso took advantage of this opportunity to convey information that helped suppliers understand how best to positively impact Verso's business results by helping us close operational gaps and improve together.

*ASPI: What issues, if any, were raised by the CAI and subsequent interactions that conference participants were not previously aware of?*

**Sanders:** The participants became aware of the importance Verso places on benchmarking globally to identify the "best in class" performers and how suppliers can help Verso develop initiatives/projects/processes to "close the gap" in a number of measurable areas.

*ASPI: Mike Jackson mentioned in his interview for Paper360 (May/June 2011 Issue) that Verso had been contacted by a number of suppliers as a result of the CAI and that as a result of the meeting, the supplier relationships had changed and improved with a number of Verso suppliers. Can you give examples?*

**Sanders:** Supplier behaviors changed. Many suppliers chose to participate from a broader perspective beyond the normal core goods/services they provide to Verso. Said another way, they moved from focusing on transactional behavior to truly being a strategic supplier.

*ASPI: Mike Jackson also mentioned that a few suppliers also brought in their CEOs to meet with Verso senior staff and that those face-to-face meetings even further improved the vendor/supplier relationship. Can you give a few examples of where senior executives came to Verso as a result of the CAI?*

**Sanders:** It is important to Verso that all levels in supplier's organizations participate with us, particularly their operations experts with ours. We are intentional about creating an environment where participants can and do contribute toward Verso's goal of closing gaps AND finding wins

## ASPI Asks - An Update from Verso

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for their respective organizations as well.

**Example:** We asked one supplier to help us in a focused effort to identify certain operational gaps and develop a plan to close them. We had some particular needs at one of our mills. The supplier responded well by utilizing their corporate account person to access the appropriate resources and manage the initiatives to completion and remove barriers, so that gaps could be closed quickly and effectively. The focused effort and dedicated resources not only

helped with gap closure, but we are enjoying unanticipated secondary benefits through our improved relationship as a result of this supplier's "engaged behavior."

**ASPI:** *Can you point out a few process changes that have taken place between Verso and its suppliers, as a result of the CAI? Which of these do you think might benefit the industry as a whole?*

**Sanders:** Certainly Verso's collaborative approach is producing the desired results much quicker and more effectively. Verso

expects suppliers to understand our ultimate goal of closing operational gaps, occupy a seat at the table as a team member, and feel free to share ideas openly. The knowledge and resources suppliers bring to this engagement process are helping us achieve our goals. There has to be mutual benefit for both organizations; those that help Verso improve results will gain as well. ♦



*Bucksport mill*

## ASPI Announces Dates and Venue for Spring 2012 Meeting

Mark your calendars now to join ASPI in Naples, Florida for the ASPI Spring 2012 Meeting, scheduled for February 8-10, 2012 at the Naples Grande Beach Resort in Naples, Florida. The Spring Meeting program will feature key paper industry executives plus an industry analyst and management perspectives.

Watch future issues of the ASPI newsletter and the ASPI website for announcement on speakers for the ASPI 2012 Spring Meeting. Please plan to join us in Naples in February 2012.



## ASPI Welcomes New Member - Yates

ASPI is pleased to announce that Yates has received Board of Directors approval to join ASPI. Yates - Your Project Solution Company - is a privately held, financially strong company that provides EPC services to clients in the pulp and paper industry. Their people are client focused and bring a "can do" attitude to every project.

Established in 1963, they consistently rank among the top contractors in the nation according to Engineering News Record. They are committed to LEED and Sustainability having approximately 100 LEED APs on staff and experience on more than 30 LEED projects. Recently, they completed

an industrial facility that is pursuing LEED Silver and will be one of the largest certified industrial facilities in the world. Their core values are Safety, Integrity, Passion and Commitment and they live those every day.

**Ray Edmondson**, Director Business Development, will serve as the primary contact for Yates. **Bo Gilbert**, VP Sales and Marketing, will serve as alternate contact.



## Domtar to Host Fall 2012 ASPI Customer Alignment Meeting

Domtar has agreed to host the ASPI Fall 2012 Customer Alignment Meeting. Domtar Corporation is the largest integrated manufacturer and marketer of uncoated freesheet paper in North America and the second largest in the world based on production capacity, and is also a manufacturer of paper-grade, fluff and specialty pulp. The Company designs, manufactures, markets and distributes a wide range of business, commercial printing and publishing as well as converting and specialty papers including recognized brands such as Cougar®, Lynx® Opaque Ultra, Husky® Opaque Offset, First Choice® and DomtarEarthChoice® Office Paper, part of a family of environmentally and socially responsible papers. Domtar owns and operates Ariva™, an extensive network of strategically located paper distribution facilities. The Company employs approximately 8,500 people.

In September 2010, Domtar launched their Paper Because campaign, an initiative designed to highlight the key role paper plays in our lives and the reasons why it's an environmentally sound choice.



To learn more about Paper Because, visit [www.paperbecause.com](http://www.paperbecause.com). To learn more about Domtar, visit [www.domtar.com](http://www.domtar.com).

Dates for the meeting have not yet been announced. ♦



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