

ASPI NEWS

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

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Association of Suppliers to the Paper Industry Headquarters

15 Technology Parkway South,
Peachtree Corners, GA 30092

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

Email: info@aspinet.org
Website: www.aspinet.org

Nebel and Hobson Honored with ASPI Awards

Randy J. Nebel, President, KapStone Kraft Paper Corporation, was honored with the ASPI 2015 Customer Executive of the Year Award at the ASPI 2015 Spring Meeting. KapStone Kraft Paper Corporation is a wholly-owned subsidiary of KapStone Paper and Packaging. Nominated by Ken McCormick (Nalco), Randy was recognized for his role in leading the successful integration and ongoing optimization efforts of the company's mills, which in turn has helped to position KapStone as a major player in the paper and packaging arena.



(left to right) Ken McCormick (Nalco), Randy Nebel (KapStone) and ASPI President Mike Gray (Valmet)



(left to right) Rob Quarles (Buckman), Tony Hobson (Graphic Packaging) and ASPI President Mike Gray (Valmet)

Tony Hobson, Vice President and Resident Mill Manager, West Monroe, Louisiana Mill, Graphic Packaging International received the **ASPI 2015 Excellence in Leadership Award** for his accomplishments at the West Monroe mill. Nominated by Rob

Quarles (Buckman), Hobson was recognized for improving the mill's safety record by over 60%, supporting the professional development of his people, and bringing capital into the mill for valued projects. ♦

Mark Watkins Honored with ASPI Special Recognition Award

Mark Watkins was honored with the ASPI Special Recognition award at the ASPI 2015 Spring Meeting in Naples, Florida in February. Mark was instrumental in helping ASPI launch its Customer Alignment Initiative and in securing MeadWestvaco (MWV) as the first customer host. After MWV hosted the first meeting in 2008 and validated the value of the initiative, NewPage, Verso, Temple-Inland, Domtar, Boise, and International Paper all followed as hosts in subsequent years.



(left to right) David Withers (Coldwater), Jukka Tiitinen (Valmet), Bob Gallo (Voith), ASPI Awardee Mark Watkins, and ASPI President Mike Gray (Valmet)

ASPI was pleased to have Mark attend the 2015 Spring Meeting to accept his award. Mark is now retired, leaving MWV in the fall of 2014 where he held the position of Senior Vice President.

"We were always looking for ways to work better with suppliers," noted Mark, "and ASPI's Customer Alignment Initiative brought that." Mark noted that at the MWV

Customer Alignment Meeting held back in 2008, there was very good attendance from MeadWestvaco. This reflected the value of ASPI as an association and because of the senior level people that participate.

Mark also challenged ASPI attendees to protect industry associations and work to drive innovation in the industry. Mark noted that associations like ASPI and research centers like the Renewable Bioproducts Institute at Georgia Tech are vital to the industry and need support from suppliers.

"As manufacturers let go of their R&D groups as they could no longer afford to keep them," commented Mark, "suppliers have carried innovation for the last 20-25 years." Mark urged the ASPI members in the audience to work together to continue to drive innovation. "Groups like Agenda2020 are important as they provide venues to discuss open innovation on pre-competitive projects."

Mark concluded by encouraging attendees to help the industry stand up for itself. The paper industry is based on a renewable resource and so has a wonderful story to tell. ♦

KapStone Today – Think Big, Act Small

After receiving his award, Randy Nebel gave an overview of KapStone's products and businesses, focusing on how KapStone's three guiding principles shape interactions across the company. Nebel also shared KapStone's pre-requisites for business, the importance of benchmarking, and supplier relationships.

About KapStone

KapStone was founded in 2005, and today produces 2.8 million tons of product securing \$2.3 billion in sales as of the end of 2014. A

leading producer of containerboard, unbleached kraft paper, specialty paper products and corrugated packaging products, KapStone has 4 paper mills (11 machines),

one lumber mill, 7 chip mills, 21 converting plants and 4,500 employees.

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KapStone Today

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Nebel shared that KapStone is one of the fastest growing companies in the US. Since 2007, net sales have increased at a compound annual growth rate (CAGR) of 40%. EBITDA has grown 37% from 2007 to 2014. 20% of KapStone's products are exported, to over 30 countries.

KapStone offers a broad range of paper and packaging products. KapStone is the largest producer of kraft paper in North America, and is the only producer in the U.S. to make high performance multiwall paper. Kraft papers include high performance multiwall, specialty papers – like Kraftpak® and DuraSorb® Saturating Kraft – and linerboard grades and corrugating medium. Packaging products include industrial packaging, retail packaging and display products, bulk bins, corrugated sheets and solid fiber slip and tier sheets.

What Makes KapStone Different?

“We are small enough to listen and act quickly, but have the resources of a big company,” says Nebel when describing KapStone's first principle. KapStone treats employees and customers alike – like a small, family-oriented company.

Nebel emphasized that the company's three core principles are at the heart of how it differentiates itself. The first principle, “We Think Big and Act Small,” has to do with ensuring the company has the right resources and skill sets that would be expected of a large company, yet at the same time, treating customers and employees like a small, family-oriented company.

The second principle, “We Take



Randy Nebel, President, KapStone Kraft Paper Corporation

Care of Our Partners,” speaks to being keenly focused on satisfying both customers and employee partners, and to the belief that shareholder satisfaction is a function of customer and employee satisfaction.

KapStone's third principle is “We Do Business the Right Way.” This refers to having integrity in all things, and conducting business by following the highest ethical and business standards.

Business Prerequisites

Nebel emphasized that there are two fundamental prerequisites for their business: safety and environmental protection. “Our goal is to become the safest company in the paper and packaging industry,” Nebel stated. KapStone's dedication to keeping their workers safe is clearly shown by the reduction in the incident rate by nearly 30% over the last seven years. KapStone has made excellent progress in embedding safety in their culture, by having clear expectations, active engagement in all

levels of the organization, and other training and auditing processes.

Environmental protection is the second prerequisite for KapStone. This element has been integrated into all aspects of the company, from raw materials, manufacturing, and delivery of products. Nebel shared KapStone's progress on meeting the 2020 Sustainability Goals.

Nebel shared a story of KapStone's commitment to the environment by helping protect Humboldt Bay near Eureka, California – the “Oyster Capital for the West Coast” – from the impacts of an abandoned pulp mill. The Samoa Pulp Mill had tanks filled with caustic liquor, where many tanks were losing their lids and increasing the risk to the environment. KapStone removed the liquors from the tanks, and sent them to the Longview Mill for processing.

Investing in the Future

Nebel shared how KapStone was continuing the investments in their facilities. He shared capital investments in 2014 – about \$60 million in four facilities – and plans for investment in 2015. These include a new corrugator at the Aurora, Illinois facility, plus other projects aimed at building capacity, improving energy efficiency and productivity, and decreasing costs.

Nebel explained how KapStone used benchmarking in all aspects of their business to keep raising the bar. From benchmarking operational parameters like productivity and energy, to financial performance, pay and benefits, and customer satisfaction.

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KapStone Today
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Supplier Expectations

Nebel emphasized that first and foremost, KapStone expects integrity from their suppliers. KapStone is looking for value, and practices competitive sourcing. Nebel shared that KapStone expects suppliers to honor KapStone principles, and continually improve their products. “Help us innovate,” Nebel commented, “and partner with us, especially for our strategic needs.” ♦

KapStone’s 2020 Sustainability Goals Progress Highlights (as of end 2013)

| | |
|--------------------------------------|----------------------------|
| 100% Chain-of-Custody certification | • Achieved 75% of goal |
| Reduce energy use by 10% | • Reduced by 3% since 2010 |
| Reduce GHG emissions by 15% | • Reduced by 7% since 2010 |
| Reduce criteria air emissions by 25% | • 54% reduction since 2010 |
| Reduce water use by 10% | • Reduced by 14% |

See 2013 report on KapStone website for full details.

Changing the Culture at Graphic Packaging’s West Monroe Mill

After receiving his award, Tony Hobson, Vice President and Resident Mill Manager, Graphic Packaging International, Louisiana Mill, shared recent accomplishments at the mill, production results, and the changing mill culture.

The Mill

The mill in West Monroe was founded in 1923, and the owner’s original house still sits on the property today. What began with one machine rose to seven, and is currently at four machines. One machine makes a super-strong medium sheet, of which GPI is the only producer. Another machine produces bag paper. Two machines produce coated board SUS, one producing product for beverage containers, the other for pizza boxes and cartons.

West Monroe Results

Hobson described a number of significant achievements made at

the West Monroe mill over the last several years. With regard to safety, West Monroe has increased their safety performance by about 60% over the last six years. This brought the mill’s incident rate down from a high of 1.64 in 2008 to the 0.73 in 2014.

The mill also worked diligently with lots of different groups over several years to decrease electrical downtime. The mill is now at a 0.34% of electrical downtime in 2014 versus 1.00% in 2008. Mechanical downtime also improved, dropping from 2.76% in 2008 to 0.35% in 2014.



Tony Hobson, Vice President and Resident Mill Manager, Graphic Packaging International, Louisiana Mill

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Changing the Culture

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The mill also worked with the DOE to decrease energy use (from 13% to 10.2%), which led to a correlated reduction in water use. At the same time, however, pulp production has increased by 15% through improving digester operations. Overall, production has increased by 250 tpd over the last eight years. All of these accomplishments were done with very limited capital investments. How? By changing the culture.

Changing the Culture

As noted above, West Monroe has made significant improvements in safety, production, and efficiency over the last eight years. Making high-impact changes in a short period of time with limited resources requires the right culture. Hobson shared with ASPI Spring Meeting attendees how culture changes were made at the West Monroe mill.

“Pride,” noted Hobson, “was the easiest thing for people to rally around.” The process of changing the culture at West Monroe began by developing pride. By improving the work environment, increasing ownership, and listening to the people, the mill developed direction and purpose. Creating pride was a key element in establishing a productive culture. By improving the environment – just cleaning up a little – people were more motivated. By listening to the people, employees felt more ownership.

Pride was nurtured in employees by increasing activities in several areas. Elimination of obsolete equipment produced a cleaner work environment. West Monroe demolished and removed 19 structures, 3 paper machines, a semi-chem production line, removed a recovery boiler precipitator, and removed and/or replaced over 2 miles of fence. This went a long way helping employees feel proud of their entire mill campus.

Another key activity in developing pride is developing people. West Monroe made significant investments in training, and worked to implement key performance indicators and improve accountability. This resulted not only in promotions at the mill site, but many promotions that extended throughout the GPI corporation.

Systems planned a key role in changing the culture at West Monroe. Critical Key Performance Indicators were developed for the mill and are used daily to stay focused on goals. Each mill department maintains their own set of KPI's that feed into the daily mill report. Then, for each department, each critical component has their own set of KPIs. Operators helped to build some of the reports to ensure they had input into generating meaningful information.

Partnerships with suppliers also played a key role in changing the culture at the mill. Several projects that were completed in partnership

with suppliers improved mill operations. These included:

- Improved machine speed by customizing clothing
- Increased number of tall oil cooks, which is a good small side business
- Reduced maintenance and electrical downtime. Suppliers that can make a lunchtime presentation like a lunch-and-learn are a great benefit
- Relocated application points to reduce chemical usage
- Customized coating to reduce board complaints. Japan leads the customer expectation level for the mill

All of these projects contributed significantly to West Monroe's bottom line, and employee pride.

The final element in changing the culture at the West Monroe mill was R&D. By running a pilot coater, the mill can invest in new product development. Suppliers have been a great resource in working on this equipment.

Now that the mill has reached a sustainable level, Hobson said that they are looking how to move forward, and are thinking about some capital investments. Areas of focus will likely be in producing more tons, reducing costs, and productivity projects. ♦

How Suppliers can Support Success at Georgia-Pacific

Steve Single, Director of Capital Procurement for Georgia-Pacific, gave an overview of GP's four business units and GP's philosophy on Strategic Sourcing. As GP will host the ASPI 2015 Fall Customer Alignment Meeting, October 10-12, 2015 in Atlanta, Georgia, Single's comments set the stage for what suppliers could expect to hear this fall.

Single began his remarks by noting that "the role that the supplier plays in this process is paramount. This will be clear to you today and at the alignment meeting this fall."



Steve Single, Director of Capital Procurement, Georgia-Pacific

There are four key businesses at GP – Consumer Products Group, Cellulose Business, Containerboard and Packaging and Building Products. GP employees 35,000 people, delivering over 24,000 truckloads of product each month, which is second only to Walmart. Single commented on some of the business and operational challenges in a large, global company. One of the key challenges is transferring knowledge between the very different sites.

Four Areas where Suppliers Can Have Impact

Single described four main areas where suppliers can have a significant impact:

Health & Safety - While the health and safety of GP employees has always been of highest priority, there is a renewed effort this year to take a closer look at improving safety. This is an area where GP needs suppliers to really take a closer look at how they can help.

Accelerating the Rate of Improvement – "We understand where the gaps are and what the capabilities are," Single commented on the capital projects in their queue. GP has three new engineering groups to support projects, plus the data and financial resources available. However, "we need to close these gaps faster," noted Single.

Advancing Innovation - "Help us get above the base case" noted Single when addressing how to advance innovation. This is our biggest opportunity.

Investment – ROCE – "We have a lot of capital projects," noted Single, "and many of these are really solid." Many of these projects are to sustain current production and prevent decline. Projects that provide incremental improvement

with a true rate of return are what get people excited and we need to execute faster."

Expectations of Suppliers

Single shared a general overview of GP's procurement organization, with the level of spend and suppliers. With over 14,000 suppliers, there are expectations for suppliers. Single shared his thoughts on several aspects:

1. Aligned Vision – maximum long-term value is created when the vision between customer and supplier are aligned.
2. Integrity/Compliance – basic requirements to do business with GP
3. Culturally Develop and Educate Your People – develop yourselves culturally to align with us
4. Strategic Agreements – having these types of agreements in place promote efficiency and help to manage risk
5. Plant the Seeds – suppliers need to try to get a seat at the capital table. You are a part of the capital expenditure process.
6. Embrace Platform Thinking – move away from competitive bidding
7. Deliver Total Value – focus on consistency, quality, market-based analysis and benchmark-

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How Suppliers can Support Success

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ing. Bring innovation – new to the world as well as new to GP, as well as continuous improvements. Quality has become a serious issue – whereas once quality was assured, we see it as a challenge.

8. Take Away the Drama Meter – there are always going to be issues. If so, we would like to get a call from the supplier before we get one from the mill and work quickly to resolution.

Single emphasized that suppliers need to get in a position to be a partner. Also, suppliers need to tell

GP when they think GP is going down the wrong path. “You need to challenge when you disagree,” explained Single, “It is always positive to challenge an idea as opposed to a person.”

Market Based Management

Single also discussed GP’s Market Based Management philosophy. The Market Based Management system (see detailed article on page 10) is composed of ten Guiding Principles. “The best relationships are with those who understand our core values and beliefs,” noted Single. “This needs to

be a key element in the lives of GP suppliers.”

While all ten guiding principles are important, Single noted that above integrity and compliance “fulfillment is the most important principle to me.” He noted that suppliers should continually ask themselves if they are creating value and enabling decision rights. Decision rights, one of the five dimensions of MBM, are defined as “Ensuring the right people are in the right roles with the right knowledge to make decisions.” ♦

Preparing for the Departure of Your Most Knowledgeable Employees

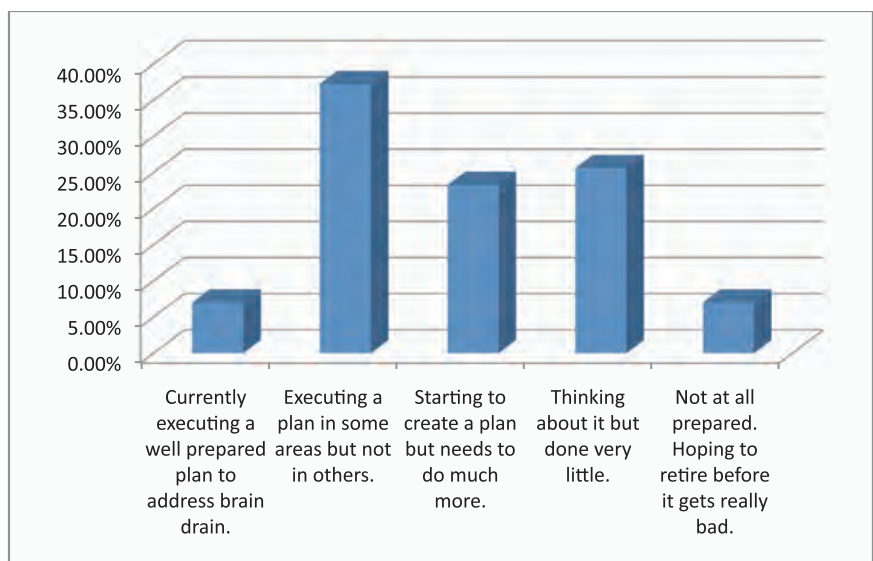
Tom Davidson of Leadership Nature and Ron Chapman, The Training Coach, participated in ASPI’s Spring meeting in Naples, Florida by presenting an engaging interactive session on what can be done to stop the brain drain challenge facing the supplier industry. Tom Davidson focused on addressing the loss of leadership skills and Ron Chapman addressed the loss of technical skills.

The two presenters started by conducting a quick survey of the audience’s expectations using an audience response system. The remote clickers captured everyone’s opinions and posted results on the screen. The results showed that the majority of the organizations represented had work to do in addressing the brain drain problem for the senior leaders and technical staff.

Approximately half of the group also felt that there was an equal challenge in dealing with the loss of leadership/management skills and technical knowledge and skills.

The presentation then shifted to a five step model for addressing the

In addressing the challenge, my organization is...



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Preparing for the Departure

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brain drain challenge which was presented in the form of a checklist containing self-assessing questions. Each step applies to both the loss of leaders and the technical staff. After reviewing a step, the audience broke into groups of three to discuss their situation and ideas for using that step.

Looking at process maps can provide an indicator of where the critical decisions are made. Most decisions require knowledge that is acquired by experience and is not recorded anywhere. An example would be knowing when a roll of material gets to a certain size, the operator needs to know how to check the tension

addressing brain drain challenges.

Step 3 – Assess the Risk. By using a scale developed by the TVA, you can assign a numerical score to each employee based upon their known or anticipated departure date. Next you assign a numerical score based upon how difficult it will be to backfill and train a replacement

By multiplying the numbers you get an overall risk factor for that position and its associated skills and competencies. That rating allows you to prioritize which positions need attention now versus those that can wait.

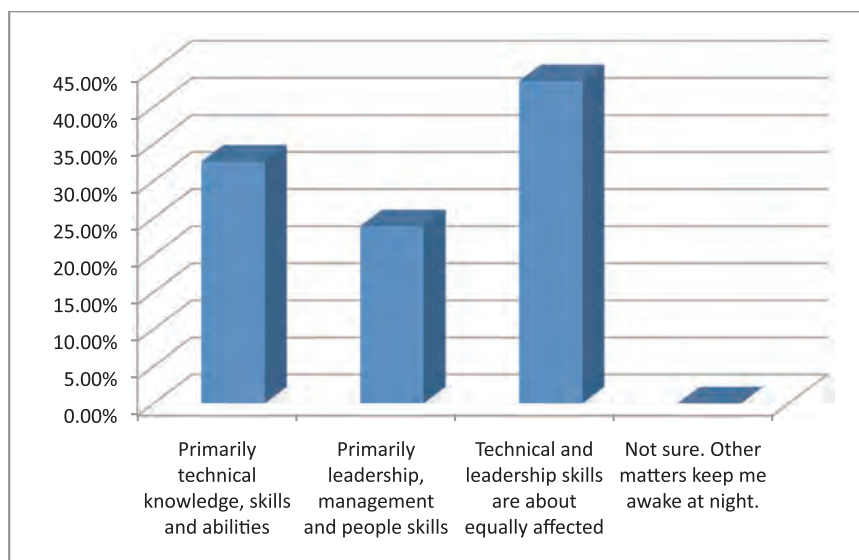
Step 4 – Assess the Knowledge Retention Options. For both leadership and technical skills there are a variety of methods for addressing the challenge of capturing knowledge and skills and passing them on to others.

In developing leaders, the range of options runs from simple professional reading programs to assessment centers that help leaders see their strengths and weaknesses and provide tools for improving their skills.

In retaining job skills, there are two categories of options – people and technology. People options include structured interviews of critical staff to identify the knowledge that isn't written down and OJT where trained senior employees provide a structured process for learning the job skills.

Technology options can be as simple as video recording senior employees doing their job to identify the steps that are not written down anywhere. On the more

In what areas is the brain drain most urgent in your



Step 1 – Assess Skills and Competencies. What are the job skills and leadership competencies that are critical to the operation of the business?

Leadership competencies are a collection of skills used together to lead successfully. For example, a Written Communication Competency will include a combination of document composing skills, editing skills, formatting skills, etc. The mix of these competencies and their importance will vary between first line, mid-level and senior leaders.

Technical job skills also vary in importance to the organization.

on the material to ensure it doesn't become misaligned.

Step 2 – Identify Skills and Competencies at Risk. Not all critical skills and competencies are at similar risk of leaving the organization. In this step, we determine which ones are at most risk. Tom and Ron suggested using a spreadsheet to identify the staff that are eligible to leave in the next 5 years, which is typically the longest time needed to fully train up a replacement in the most complex job. The spreadsheet was originally developed by the Tennessee Valley Authority (TVA) and is now seen in many industries as a standard for

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Preparing for the Departure

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sophisticated end of the spectrum are digital knowledge warehouses that continually capture lessons learned, incident reports, customer feedback, process improvement steps, etc. This knowledge is available to anyone needing answers to do their job.

Step 5 – Finding the Right Mix.

With so many options it is important to find the ones that will work best in an organization's culture and available resources. For example, an organization with strong IT resources may find it easier to use technology options.

It is also important to consider the differences in generational learning preferences when looking at any set of options. The younger generations prefer individualized learning that emphasizes technology to provide hands-on information when they need it. Older generations are more comfortable with classroom instruction. Transferring knowledge from one generation to the next provides its own set of challenges.

In summary, Tom and Ron provided their recommendations on what options would work best for the supplier organizations.

For leadership development

Tom recommended:

1. Training combined with Experiential Learning. Training on its own is not enough. It must be combined with reinforcement on the job to ensure the lessons are fully learned and retained for the long term.
2. Coaching and Mentoring. Nothing helps a young leader develop their skills like having a good coach or mentor. A well trained coach can accelerate the learning and success of a developing leader.
3. Developmental Centers. These centers provide scenario based situations that develop leadership skills under realistic circumstances. Nothing accelerates the development of leader more.

For technical skills, Ron recommended:

4. Conducting structured interviews of employees in critical positions and documenting their knowledge and skills. Interviewing several employees at the same time can stimulate ideas and memories of the skills they use without thinking on a daily basis.
5. Cross-training to provide a backup for those skills at risk is the quickest way to ensure some coverage should an employee depart suddenly. However, cross trained employees rarely learn all the details of what is needed on the job.
6. Structured OJT Program. The best solution is to develop and train younger employees. This is more than "just follow him for a while until you learn what to do". The senior employee has a list of tasks and skills for the new guy to learn and the appropriate order to learn them. The OJT instructor has training on how best to conduct sessions with the junior employee. ♦

ASPI Seeking Nominations for 2016 Awards

Nominations are now open for two 2016 ASPI awards, including Customer Executive of the Year and the Excellence in Leadership Award.

The Customer Executive of the Year Award is the highest honor that ASPI can bestow on an individual, and is presented annually to a customer executive.

The ASPI Excellence in Leadership Award honors senior level managers for unique and creative leadership of their employees and key suppliers during major projects.

Any ASPI member can nominate a candidate and nominations are due by June 1, 2015. Forms are available on the ASPI website. ♦

Georgia-Pacific to Host ASPI 2015 Fall Customer Alignment Meeting



GP will be the eighth customer host of ASPI's Customer Alignment Initiative (CAI), which was launched in 2007 to assist suppliers in aligning their procedures and products with the evolving needs and requirements of their customers.

Customer Alignment meetings give ASPI members an excellent opportunity to network with their customer's senior executives. With a program focused around strategic directives, discussions go beyond day-to-day issues and provide a better understanding of broader customer issues and priorities.

Registration for the ASPI 2015 Fall Meeting is limited to members only. Members may register their representatives according to the following criteria:

\$2,500 Dues Level – One Registrant

\$3,000 Dues Level – Two registrants

\$3,500 Dues Level – Three registrants

As the date nears and there are available seats, ASPI will allow each member to send one additional attendee. Check the ASPI website for details. ♦

ASPI 2015 Fall Customer Alignment Meeting Preliminary Schedule

Monday, October 12, 2015

3:30 – 5:30 PM ASPI Board Meeting (invitation only)

6:30 – 9:30 PM Welcome Dinner and Reception

Tuesday, October 13, 2015

7:00 – 8:00 AM Continental Breakfast

8:00 – 12:00 AM Morning Presentations by Georgia-Pacific

12:00 – 1:30 PM Lunch

1:30 – 5:00 PM Afternoon Presentations by Georgia-Pacific

6:30 – 9:30 PM Dinner and Reception

Wednesday, October 14, 2015

7:00 – 8:00 AM Continental Breakfast

8:00 – 11:30 AM Morning Presentations by Georgia-Pacific

11:30 – 1:00 PM Lunch

1:00 – 2:00 PM Koch Economist

2:00 – 2:30 PM ASPI Business Meeting

3:00 – 4:00 PM ASPI Board Meeting (invitation only)

Koch Industries Market Based Management (MBM[®]) System – Start Learning Now

In his remarks to the ASPI 2015 Spring Meeting attendees, Steve Single, Director of Capital Procurement for Georgia-Pacific, recommended that all suppliers become fluent in Market Based Management, the guiding philosophy of Koch Industries. With a new book out in October, MBM[®] continues to be the backbone for GP.

Market-based Management[®] is defined as a philosophy that enables organizations to succeed long term by applying the principles that allow free societies to prosper. The essence of it is that one only becomes successful by making others better off. It was a philosophy developed by Charles Koch, which took a span of 40 years to create that

included reading, learning, applying, re-thinking, modifying, failing, achieving, and then evolving. MBM[®] today encourages innovations that

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Koch Industries MBM® System

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create value for both the company and the society. The goal of sharing MBM® is to sustain a culture of entrepreneurship and free enterprise.

“The Science of Success” was published 2007 and was created to help Koch Industries share MBM® internally and externally. In the book, Mr. Koch presents the evolution of his company and the “Science of Human Action” which MBM® is based upon. Koch’s updated volume, “Good Profit: How Creating Value for Others Built One of the World’s Most Successful Companies” is due out this October and will include many personal anecdotes and offer dozens of new examples of MBM® in action.

The Five Dimensions of MBM®

It is with these five dimensions that Koch companies can systematically bring the power of the free market into their operations.

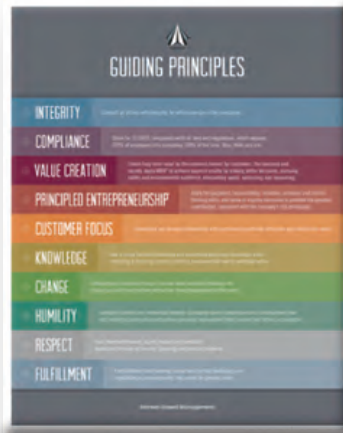
Vision: Determining where and how the organization can create the greatest long-term value.

Virtue and Talents: Helping ensure that people with the right values, skills and capabilities are hired, retained and developed.

Knowledge Processes: Creating, acquiring, sharing and applying relevant knowledge, and measuring and tracking profitability.

Decision Rights: Ensuring the right people are in the right roles with the right authority to make decisions and holding them accountable.

Incentives: Rewarding people according to the value they create for the organization.



The Ten Guiding Principles of MBM®

A few attributes are required to set the standards for evaluating policies, practices and conduct, establishing norms of behavior and building the shared values that guide individual actions. The following guidelines articulate Koch companies’ rules of just conduct along with shared values and beliefs

Integrity - Conduct all affairs with integrity, for which courage is the foundation.

Compliance - Strive for 10,000% compliance with all laws and regulations, which requires 100% of employees fully complying 100% of the time. Stop, think and ask.

Value Creation - Create long-term value by the economic means for customers, the company and society. Apply MBM to achieve superior results by making better decisions, pursuing safety and environmental excellence, eliminating waste, optimizing and innovating.

Principled Entrepreneurship™ - Apply the judgment, responsibility, initiative, economic and critical thinking skills, and sense of urgency necessary to generate the greatest contribution, consistent with the company’s risk philosophy.

Customer Focus - Understand and develop relationships with customers to profitably anticipate and satisfy their needs. Knowledge - Seek and use the best knowledge and proactively share your knowledge while embracing a challenge process. Develop measures that lead to profitable action.

Change - Anticipate and embrace change. Envision what could be, challenge the status quo and drive creative destruction through experimental discovery.

Humility - Exemplify humility and intellectual honesty. Constantly seek to understand and constructively deal with reality to create value and achieve personal improvement. Hold yourself and others accountable.

Respect - Treat others with honesty, dignity, respect and sensitivity. Appreciate the value of diversity. Encourage and practice teamwork.

Fulfillment - Find fulfillment and meaning in your work by fully developing your capabilities to produce results that create the greatest value. ♦

A Time for Leadership – A Survival Guide for the 21st Century

Scott Hunter

The continuing uncertainty around the present state of the economy and the impact that it is having on virtually everyone is a subject on every person's mind today. On the one hand, we appear to have hit bottom and the economy is slowly recovering. But it is slow. Unemployment is still high, our government continues to run massive deficits, companies are afraid to invest, and in the latest Gallup poll, it was reported that 7 out of 10 surveyed workers are either "checked out" or actively disengaged.

The 1980's and 1990's were truly the golden years for most businesses. Growth was the order of the day and the opportunities for success were plentiful. Now, the golden years are clearly over. Businesses are still laying people off or not hiring, cutting back, and positioning themselves to survive.

As clearly stated over and over by Tom Peters in his many books on excellence and also by other writers on business success, a prescription for success in the past is no guarantee for success in the future. As explained by futurist Joel Barker in his tape series "The Business of Paradigms", when the rules change, the slate gets wiped clean, and everyone has an equal chance of success in the future.

Today, the rules have clearly changed and this is the biggest challenge for the 21st century. Unfortunately, most businesses leaders are preparing for the years ahead in the same way they prepared for the eighties and nineties, and these formerly successful strategies are destined to fail. In these difficult economic times, new approaches are required to succeed and prosper. Now more than ever, what it is going to take to survive is leadership. True leadership must include the following:

A vision for the organization

Essential to any successful organization is a powerful vision for its future. A powerful vision serves as a source of inspiration for the employees, unleashing their creativity, productivity and effectiveness. Without such a vision, work quickly becomes exactly that, work, sapping people of their natural aliveness and motivation and leaving them feeling disempowered and resigned. No organization can be effective under such circumstances.

A classic example of what a powerful vision did for an organization was what President Kennedy's vision of landing a man on the moon and returning him safely did for NASA. The circumstances for NASA in the early sixties were certainly no better than those facing us today. At the time of Kennedy's famous pronouncement, NASA did not have the money, the rocketry, the materials, the computer technology, the manpower, or anything else needed to accomplish his stated objective. Yet, the vision was so powerful and so compelling that it mobilized thousands of people into action, and on July 20, 1969 the mission was accomplished.

In an organizational setting, a vision for the organization is equally important, although it obviously does not have to be so grandiose. It should, however, include a statement of the organizations fundamental commitments and values; its commitments to its customers, to the quality of its work, to its employees and owners, and to the community in which it operates.

Our view of a vision differs from most. We consider a vision to be a statement of what an organization will look like "some day." Not next year, not in 5 to 10 years, but what the organization will look like when all of the hopes and dreams of all of the stakeholders becomes a reality. A well crafted vision is something to work toward, realizing that it will likely never be fully realized.

Once such a vision is established, the next step is to stand in the vision and look backwards and see how much of the vision the stakeholders want to take on in the next 5 years. We call this the strategic objective. The final step is to recreate the organization to be what it will be when the strategic objective is fulfilled. Standing in the future and managing from

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there starts the process of the future becoming a reality. It can be effortless and fun, and it surely eliminates the struggle that is so much a part of the way most organizations are managed these days.

An empowering culture

Whereas the vision sets forth the fundamental purpose of the organization, the culture provides “the rules of the road”. Every organization has a culture, but unfortunately it is usually not one that is consciously and thoughtfully designed. In most organizations, the culture permits idle gossiping, complaining, competition, a short term focus, and many other behaviors that disempower by pitting individuals against each other. If an organization is to survive in the 21st century, it is going to have to develop and implement a culture designed to inspire people and to forge people into a cohesive group.

Everyone in the organization must be aligned on a common future and must operate according to the rules of team. The culture must empower people to build relationship and promote communication. In the years ahead, those with the greatest commitment to quality and excellence are the ones that will have the greatest chance of survival. Essential to success will be a culture designed to promote this. An environment that eliminates gossip and complaints, resolves competitive tension, focuses individual achievement on the success of the entire organization, and provides customers with more than they expect, will be absolutely imperative.

There are 10 critical components of an empowering culture:

1. A shared vision – without this, as discussed earlier in this article, everyone does their own thing making it impossible for the organization to move forward powerfully.
2. Inclusion – when people don’t feel included in decisions that affect them, they withdraw. So it is essential that when an issue needs to be addressed, those in a leadership position consider all points of view and work to create consensus.
3. Trust – in the ordinary course of events, people need to earn trust. We suggest another approach in which people agree to trust one another simply because that’s what works.
4. Listening to each other – mostly people don’t listen. Most times, when people speak to another, it feels like they are speaking to a wall. In an empowering culture, people are willing to stop what they are doing, turn off the internal conversation, and really take the time to listen to others.
5. Respect for each other – respect is very much like trust. In an empowering culture, people naturally have respect for each other and honor the dignity of each human being.
6. Open and honest communication – people tend to talk behind other’s backs and gossip. Both are incredibly disempowering. In an empowering culture, there is no gossip and people learn to speak directly to others and not withhold their upsets and disappointments. They also feel free to offer their suggestions and ideas for improvement.
7. Compassion for each other’s feelings – faced with another’s upset, co-workers can generate compassion, can take the time to listen, can try to understand and appreciate how it must be for the upset individual.
8. No competition – in a company, competition between employees appears to be healthy. It isn’t. Imagine what it would be like on a sports team if the individual players competed with each other. It’s bad enough people in companies feel the need to compete with others in other companies. In an empowering culture, people work together for a common results.
9. No righteousness – not only are individuals oriented toward being right, they are mostly committed to being right. Unfortunately, when a person is committed to being right, that person leaves others who have been made wrong in his or her wake. In an empowering culture, people would rather be happy than right.
10. Embracing the differences – a workable company has finders, grinders, minders and binders and all are equally appreciated and acknowledged.

Goals, Objectives, and a Plan

A critical element of leadership is clarity as to the goals and objectives of the organization and a plan for their achievement. Most organizations fail to complete even a one year plan, let alone a five year plan, and both are critical. A strategic objective, a comprehensive picture of where the organization will be and what it will look like in five years,

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as discussed previously, allows people in the organization to see their future through the organization and mobilizes them into action to achieve that future. Furthermore, with a strategic objective, management can establish yearly objectives, monthly goals, and weekly targets. These elements serve to focus people's activities and tends to take the power and energy existing in the organization, which is typically scattered in a number of different directions, and align it on a defined future.

The strategic and yearly objectives also form the basis of designing a plan. As the Cheshire Cat told Alice in *Alice in Wonderland*, "If you don't know where you are going, it doesn't matter what path you take." If an organization doesn't have a clear picture of the future that it is committed to, it's impossible to create a plan to get there and to mobilize people to action. It is the job of leadership to make sure that everybody is clear about and focused on the future the organization is committed to.

A Suitable Organizational Structure

The final essential element of an organization well structured

for the challenges ahead will be an organizational/power structure which "pulls" for the fulfillment of the organization's mission. Most organizations attempt to operate by committee or consensus. While it seems like a reasonable approach, it is neither efficient nor effective. In most organizations, once the leadership has aligned on a vision, a culture and a strategic objective, what will be necessary is for someone to assume the responsibility of leader and for all others to be committed to empowering that leader.

The primary job of the leader then becomes keeping the vision alive and in front of everyone in the organization and making sure that the culture is understood, appreciated and followed. Another function of the leader is to make sure that the goals and objectives are understood, regularly reviewed and updated and that a plan is established for the accomplishment of all objectives. A third function of the leader is to hold people accountable for fulfilling on their commitments and keeping their promises, for no organization can succeed if people don't take seriously what they take on. The final function of the leader is to

make sure people are acknowledged and rewarded for the contributions that they make to the organization.

The fundamental role of everyone else in the organization is to empower the leader. This involves listening, embracing the vision, being willing to make commitments and promises, being willing to be held accountable and, above all, making the leader right. People in organizations must understand that their interest is served only when the leader wins and that everybody loses when the leader is criticized or otherwise made wrong.

The importance of leadership in these times cannot be ignored or minimized. Those in management that are presently operating under the old rules are already finding themselves having great difficulties. Continuing to ignore the realities of the present economic circumstances has already proven fatal to many organizations and will continue to claim casualties in the future. By exemplifying leadership, by mastering the elements discussed herein, the management of organizations can gain control over their futures and, with a great deal of predictability, insure not only their survival but their success. ♦

ASPI Benchmarking Survey

One of the benefits of ASPI membership is to participate and receive the results from the bi-annual ASPI Performance Benchmarking Survey. This survey assesses trends in bookings and Net Contribution Margin (NCM), a general term to indicate the profitability of a product line. Data is included for both North America and global businesses, for six different sectors: Capital Equipment, Chemicals, Consulting and Field Services, Consumables, Engineering and Construction Services, and Spare Parts.

This survey is conducted every six months by supplier executives. Respondents are primarily in Management (71%) and Sales and Marketing (23%), providing a very

high level assessment of industry trends.

All survey responses are strictly confidential. Individual surveys are not shared, and only aggregate

ASPI Benchmarking Survey

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data is available to members. Survey results for the July – December 2014 period are available, but only to ASPI Member companies. Please contact Colleen Walker at cwalker@aspinet.org if your company is a member and you would like a copy. ♦



The primary job function area of ASPI member respondents are Management and Sales & Marketing.

ASPI Staff Key Contacts

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|---|--|
| <p>Eric Fletty ASPI Executive Director +1 770-209-7535 efletty@aspinet.org</p> | <p>Colleen Walker Director of Member Relations +1 770 209-7349 cwalker@aspinet.org</p> |
| <p>Marilyn Jeans ASPI Meeting Planner Office: 770-209-7296 Cell: 404-580-7923 mjeans@aspinet.com</p> | |

ASPI Welcomes New Members

ASPI welcomed three of its newest members with membership plaques at the 2015 Spring Meeting. Jennifer Powell (Roberts), Magnus Nilsson (UMV Coating Systems), and Todd Popson (Technidyne) were presented membership plaques by ASPI President Mike Gray, (Valmet) ♦.



Jennifer Powell, Business Development Manager for ROBERTS (left) and ASPI President Mike Gray, Area SVP, Sales and Paper Business NA, Valmet (right)



Magnus Nilsson, Commercial Director, UMV Coating Systems AG (left) and ASPI President Mike Gray, Area SVP, Sales and Paper Business NA, Valmet (right)



Todd Popson, President and CEO, Technidyne (left) and ASPI President Mike Gray, Area SVP, Sales and Paper Business NA, Valmet (right)

ASPI Welcomes New Director and Board of Directors Class of 2018

ASPI welcomes its newest Director, **John Fox**, President, Voith Paper North America to the ASPI Board of Directors. John was nominated and elected to the Board to replace for Bob Gallo, who has taken a new position as President and CEO of Voith Hydro. Bob Gallo has served on the ASPI Board of Directors since 2009 and served as ASPI President from 2010-2012.

During the ASPI membership meeting at the ASPI 2015 Spring Meeting in Naples, Florida in February, the membership elected the slate of nominated directors for the Class of 2018. These directors are: Carl Luhrmann (Andritz), Ray Edmondson (Yates), David Withers (Coldwater Group), and John Fox (Voith). ASPI thanks these members for their service and support of the association. ♦

ASPI Board of Directors

Class of 2016

Mike Gray, ASPI President

Area SVP, Sales and Paper Business NA
Valmet
mike.gray@valmet.com

Lynn Townsend-White

President and CEO
Western Polymer Corporation
Ltownsend-white@westernpolymer.com

Carl Howe, ASPI Past President

Vice President, Sales
Kadant Paperline
carl.howe@kadant.com

Keith Kemp, ASPI Vice President

Vice President, Paperchine Sales – Americas
AstenJohnson
Keith.Kemp@astenjohnson.com

Class of 2017

Tony Fandetti

Vice President – Sales
Sulzer Pumps Solutions Inc.
Tony.fandetti@sulzer.com

Robert Quarles, ASPI Secretary

Director of Strategic Marketing
Buckman USA
rpquarles@buckman.com

Marcus Pillion, ASPI Treasurer

Director, Marketing and Engineering
Colfax Corporation
marcus.pillion@colfaxcorp.com

Rod Young

Chief Economic Advisor
RISI
ryoung@risi.com

Bob Harrison, ASPI Emeritus Director

Principal
RHarrison Inc.
Rharrisoninc@aol.com

Class of 2018

John Fox

President
Voith Paper North America
john.fox@voith.com

Ray Edmondson

Business Development Manager
YATES
redmondson@wgyates.com

Carl Luhrmann

Senior Vice President
Andritz Inc.
carl.luhrmann@andritz.com

David Withers

President
Coldwater Group Inc.
d.withers@coldwatergroup.com