



# Center for Paper Business and Industry Studies

---

Newsletter of the Center for Paper Business and Industry Studies  
A Sloan Foundation Industry Center ♦500 Tenth Street ♦Atlanta, GA 30318 ♦<http://PaperStudies.org/>

---

Vol. I, No. 9

December 20, 2001

## CPBIS Research Highlights

*Gus Giebelhaus, Associate Director for Academic Affairs at CPBIS, and Dr. Steve Usselman, Associate professor in the School of History, Technology, and Society at Georgia Tech, have contributed this article on their current research project, “Policy, Organization, and Innovation in American Pulp and Paper Since 1914: Historical Perspectives on Contemporary Problems.” This is the fourth in a series of articles focusing on active CPBIS research projects. Both Giebelhaus’ and Usselman’s previous research has focused on the nexus among business, economic, and technological history, and has examined historical developments within the railroad, petroleum, soft drink, and computer industries, among others. The third key member of this research team is Hannes Toivanen, Ph.D. student in the history of technology at Georgia Tech and a Fulbright scholar from Finland.*

As historians, we are motivated by the belief that historical analysis is not just an intellectual exercise but a powerful tool that can lead us to better understanding of current problems and future solutions. The pulp and paper industry is undergoing fundamental changes. A new wave of consolidation is sweeping the industry, and in its wake, firms must seek to integrate diverse supply chains, manufacturing facilities, product lines and markets, all within a complex regulatory environment. Our research seeks to provide perspective on this situation by examining similar episodes of transition from earlier in the history of the industry. These changes have compelled industry leaders to rethink the boundaries among firms and between the industry and various regulatory agencies. Our principal aim is to probe key moments of transition by documenting events at the micro level of the firm and the plant. A case study approach promises to

reveal how local and regional conditions interacted with national and international ones and how firms interacted with one another across the industry.

One recent thread of the study illustrates this. Hannes Toivanen has made use of the Westvaco collection at Cornell University to do a careful study of the Hinde & Dauch papers (an independent firm merged into Westvaco in 1953). As a result, he has postulated several distinct lines of inquiry. First, evidence suggests that the post-World War I saturation of the paper market coincided with the 1920-21 economic slowdown in the American economy. In the case of Hinde & Dauch, this also marked a period of significant acquisitions of production capacity. Archival evidence also suggests that the story of rapidly improving technology in the 1920s is not a simple one. Detailed internal discussion of the cost of paper machine downtime, for example, suggests that managers were unwilling to invest in machinery without expectations of increased markets – a fact leading to greater impetus for product innovation. A third generalization drawn from this data surrounds the context of the Westvaco–Hinde & Dauch merger. Contemporary observers saw the merger as a “natural” marriage between a converter of paper that supplied end users and a supplier of paper to industrial users. Yet, the analysis so far shows that, beginning in the mid-1930s, there were numerous comparisons of the benefits of “integrated manufacturers” vs. “independent converters.” A question arising from this micro study of a single merger is whether the wave of antitrust cases in the late 1930s facilitated developments in the competitive environment that eventually had the unintended effect of pushing the

industry toward greater concentration in the 1950s. Additionally, the papers have yielded extensive information on patents and product innovation which we seek to interpret along with trends in industry competition and structure.

These are but a few examples of the types of larger questions that emerge from studying a single firm's experience. Our efforts are currently centered on determining which outcomes matter. At the core of the work, however, lies a fascinating story that is still unfolding. We expect the study to reveal lessons from the past that will be valuable tools for dealing with emerging challenges.

### ***A Merger Close to Home?***

Since relocating to the Georgia Tech campus from Appleton, Wisconsin, 12 years ago, IPST has engaged in mutually beneficial interaction with its new sister institution to an ever-increasing degree. Perhaps the prime example of such interaction was the creation of CPBIS itself, which was the culmination of a notably broad-based proposal development effort involving many players from both campuses. Recent discussions have raised the possibility that the relationship between the institutions could take on a new dimension. These discussions, which have been sanctioned by both governing bodies, have led to the conclusion that a merger of the two institutions may be beneficial and should be further investigated. Presidents Jim Ferris (IPST) and Wayne Clough (GT) have appointed task forces to study the merger option. No decisions have been made, but what will be the effect on CPBIS if a merger goes forward? We are currently studying this question and can see both pro's and con's, but we anticipate that the transition would be a smooth one for CPBIS. This is due to the fact that we have already done much of the work needed to make the IPST-GT collaboration as seamless as possible.

### ***Death and ...***

David Newman, a professor at University of Georgia's Warnell School of Forest Resources and a CPBIS investigator, presented a CPBIS-sponsored seminar at IPST on December 7. His talk was entitled "Property Taxes and Forest Sustainability in Georgia." His thesis was that the future of fiber supply for Georgia's forest products industry is directly affected by the encroaching sprawl, which forces up property values (and taxes) for timberland. He discussed factors relevant to this issue and a state

program designed to counter its undesirable effects on the fiber supply outlook.

### ***2002 Request For Proposals***

In response to our call for input to the process of crafting the Request for Proposals (RFP) for 2002 CPBIS funding, we received 19 concept papers and nine brief research idea statements. With the help of our Research Operations Committee, we have incorporated this input into the new RFP, which was issued this week. The RFP invites proposals in response to specific need areas within the framework of the five CPBIS research themes – Globalization, Workplace Transformation, Commercialization, Enterprise Effectiveness, and Community. The deadline for submissions is Feb. 15, 2002. The RFP is also available for viewing on the CPBIS website, at:

<http://paperstudies.org/research/RFP.htm>.

### ***Misplaced Cheese***

Jim McNutt, CPBIS Executive Director, presented "In Search of Your Cheese" to delegates to the TAPPI Engineering/Finishing and Converting Conference in San Antonio, TX, on December 4. The presentation, co-authored by Dan Cenatempo of Jacobs Consultancy, characterized the industry's status and outlook and offered a prescription for value.

### ***Welcome, NCSU***

We are pleased to welcome North Carolina State University's College of Natural Resources as a sponsor of CPBIS. Dr. Michael J. Kocurek, Professor and Head of the Department of Wood and Paper Science, will serve on the CPBIS Industry Advisory Board, with David Ashcraft as alternate.

### ***Upcoming Events***

CPBIS Brown Bag Seminar: Tom Brown, CEO, Caraustar Industries, 11 a.m., Thursday, January 10, Kress Auditorium, IPST, 500 10<sup>th</sup> St. N.W.

CPBIS Seminar: Dan Cenatempo, Jacobs Consultancy, "Creating Value in Turbulent Times," 11 a.m., Friday, January 25, Kress Auditorium, IPST, 500 10<sup>th</sup> St. N.W.

***\* Happy Holidays! \****