



# Center for Paper Business and Industry Studies

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*Newsletter of the Center for Paper Business and Industry Studies*  
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## ***Game Global: CPBIS Joins New International Research Partnership***

*by Steve Usselman, Assoc. Dir., Research*

Two members of the CPBIS management team traveled to Finland last month to help kick off a new collaborative research venture. Dubbed “Game Global” by its Finnish instigators, the venture is intended to bring together an international team of researchers focused on the globalization of the pulp and paper industry. CPBIS Director Patrick McCarthy and Associate Director for Research Steve Usselman were featured speakers at a one-day workshop held at Lappeenranta University of Technology. McCarthy discussed the implications of shifting regional demands for the North American industry, while Usselman sketched ongoing and projected CPBIS research examining the role of policy in shaping innovation, business strategy, and industry structure. Speakers from Finland and Brazil rounded out the program.

In addition to attending the workshop, McCarthy and Usselman joined fellow participants for meetings with industry executives and tours of several facilities. Strategists from UPM-Kymmene and from Stora Enso’s packaging and consumer boards division shared their perspectives on global trends and the Finnish response. Stora Enso also opened its doors for a tour of its large manufacturing and design facility at Imatra, near the Russian border. The day of tours ended with visits to modern pulping facilities operated by Botnia and M-real at Joutseno. The latter makes extensive use of fibers obtained from aspen imported from Russia.

Game Global is the brainchild of Hannes Toivanen, who completed his doctoral dissertation at Georgia

Tech with assistance from CPBIS and later assumed a post on the faculty at Lappeenranta. In coming months, the team plans to add members from other regions, including Russia and China, and lay out an agenda for future research. Look for updates in future newsletters. In the meantime, McCarthy and Usselman welcome your input and cooperation in helping them comprehend the implications of globalization for the North American industry.

## ***Course Planning Underway***

Planning has begun in earnest for the next offering of the CPBIS professional development program, *Management Development for Enhanced Performance* (May, 2006; exact dates to be determined soon). Vinod Singhal, Associate Director, Education, reports that the course will include sections on Leadership, Negotiation, Human Resource Management, Managing Customer Relations, Managing Change, Capital Effectiveness, Process Management, and Teams, all in a paper industry context. Past attendees have provided favorable feedback, remarking upon how being able to interact with their peers enhanced the learning experience and how well the material taught complements ongoing corporate initiatives within their firms. Detailed information can be found on the CPBIS Web site. Click on <http://www.cpbis.gatech.edu/mgtdev>

## ***TechnoBusiness Proceedings Available***

Proceedings of the successful 2005 Forest Products Industry TechnoBusiness Forum, held at the Georgia Tech Hotel and Conference Center on September 19 and 20, are now available on the CPBIS Web site. To access the proceedings, click

on the link, [www.2005TBF.CPBIS.org](http://www.2005TBF.CPBIS.org). A CD is available upon request. "Lessons Learned and Path Forward," a concise summary of the proceedings, is included.

The theme of the 2006 TechnoBusiness Forum will be *The Forest Products Industry Workforce -- In Revolution or Evolution?* It is scheduled for August 29-30 at the Georgia Tech Hotel and Conference Center in Atlanta. Note that this is a change from the dates provided in the 2005 Forum handout.

For more information on the 2006 Forum, contact David Bell ([David.Bell@cpbis.gatech.edu](mailto:David.Bell@cpbis.gatech.edu)).

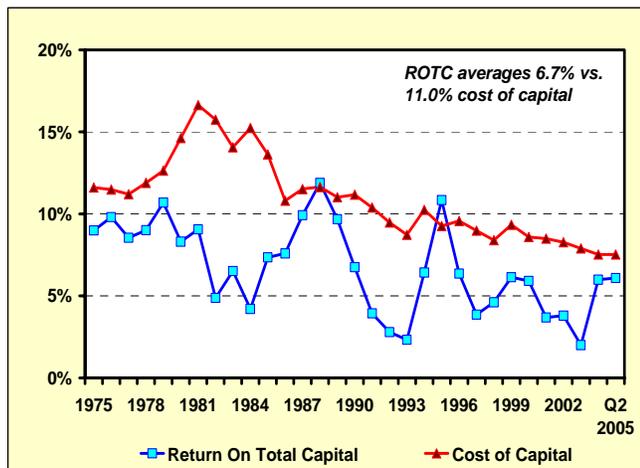
### CPBIS at Sloan Conference

CPBIS will be represented on the program of the 2005 Sloan Industry Studies Annual Meeting (Cambridge, MA, December 14-16). Professor Phil Shapira will present "Adoption and Impacts of New Integrative Technologies and Techniques in the Paper Manufacturing Sector in Georgia." More generally, the meeting will address innovation and globalization.

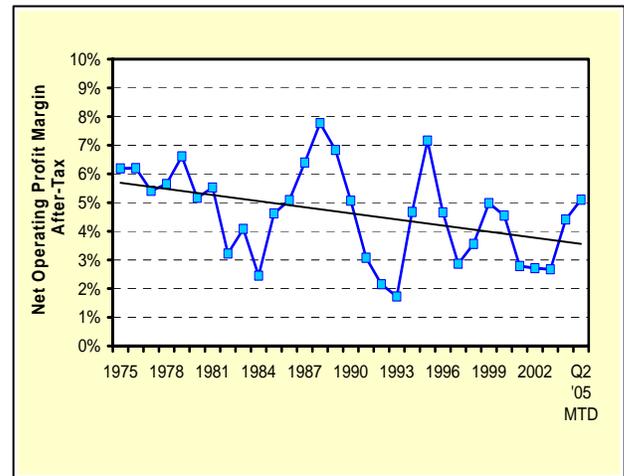
### Some Observations on the State of the Industry

by Jim McNutt, Executive Director

The US paper industry's financial performance has been poor on an absolute basis and persistently weak from the late 90s through today. In fact, the industry has only met or exceeded its cost of capital twice since 1975. Although we have seen improvements since late 2004, the somewhat better 2005 returns are still below a needed sustained target return level – and rational investors will not easily allocate capital to a poorly performing industry. A key question here – *is the industry situation changing enough to show sustained earnings improvement?*



The industry's profitability continues to trend downward, but has improved since 2003. However, in spite of the recent improvements, it is expected to weaken in the short term. Key factors are international economics in general and influences of hurricanes Katrina, Rita and Wilma on the domestic economy. Expect domestic GDP to decrease by 0.6 to 2.0 points in 2006, and that high energy costs will remain and moderately increase the risk of a recession. All of this, in turn, will probably drive down volume and prices in paper, packaging and market pulp grades in 2006



### Upcoming Events

**2005 Sloan Industry Studies Annual Meeting**  
Royal Sonesta Hotel, Boston, MA, December 14-16. See <http://web.mit.edu/ipc/sloan05>.

**PIMA/CPBIS Spring 2006 Webcast Series:**  
"Understanding and Putting Lean Manufacturing Principles to Work in the Paper Industry." More information coming soon.

**CPBIS Management Development Course.** May, 2006. Global Learning and Conference Center, Georgia Tech. For info or to register, visit <http://www.cpbis.gatech.edu/mgtdev> or call 404-894-1488

