

Vol. VIII, No. 11**February 19, 2009**

Looking out from Chaos

“Even before the onset of the current financial crisis, the global forest sector was experiencing some of the most fundamental changes in markets and public policies since the end of the colonial era ... explosion of the Asian wood deficit ... revolution in electronic communication ... prospective pricing of carbon ... wildly escalating energy costs ... fundamental forest tenure reforms in Russia, China, India ...” This bleak assessment set the stage for a comprehensive look at the industry’s weaknesses, but also at its strengths and opportunities to transform itself. The occasion was a keynote presentation on February 3 at Paper Week in Montreal, authored by CPBIS executive director Jacquelyn McNutt and Don Roberts of CIBC World Markets. The complete presentation is available for viewing on the CPBIS Web site, at

<http://www.cpbis.gatech.edu/news/090202%20Looking%20Out%20From%20Chaos-Final.pdf>

Management Course Announced

Program details have just been announced for the 2009 offering of the CPBIS-NCSU-PIMA short course, *Management Development for Enhanced Performance*. The course, which is aimed at current and future managers in the paper and forest products industries, has a near-perfect track record of favorable participant reviews. The new offering will begin on Monday, June 22 and run through Friday, June 26 at Georgia Tech’s Global Learning Center in Atlanta. It is built around eight major program elements. The schedule:

Monday, June 22

8:30 to 12:00 – **The Art of Leadership** (Luis Martins, Professor of Organizational Behavior, Georgia Tech College of Management). Get the most out of yourself and your people. Learn various leadership approaches and how to use them to maximum effect. Understand the key differences between management and leadership and use both to achieve your objectives.

1:00 to 4:30 – **Successful Bargaining and Negotiation** (Christina Shalley, Professor of Organizational

Behavior, Georgia Tech College of Management). Learn how to develop the clear and concise thought process required to plan, conduct, control, and succeed at bargaining and negotiations at all levels.

Evening – Enjoy cocktails, dinner, and a presentation of the latest industry performance data by CPBIS executive director Dr. Jacquelyn McNutt.

Tuesday, June 23

8:30 to 12:00 – **Customer Relationship Management** (Nicholas Lurie, Professor of Marketing, Georgia Tech). Learn how to establish customer strategy and identify relationship objectives for target segments; how to develop a system process, technology, knowledge and culture for customer service and relationships; how to change “commodity” customers to valuable customers.

1:00 to 4:30 – **Capital Effectiveness** (Mr. Robert Kinstrey, Director, Process Technology, Jacobs Engineering). Learn how to ensure effective spending through evaluation of paper industry technologies, markets and economic models; adoption of best practices; understand the criteria for capital planning; understand the relationship between technology, markets and strategic planning.

Evening – Enjoy cocktails, dinner and a presentation by Mr. Kinstrey.

Wednesday, June 24

8:30 to 12:00 – **Effectively Managing Change** (Luis Martins) Learn how to address the broad organizational context in which changes are embedded in concert with the specifics of the changes themselves.

1:00 to 4:30 – **Leveraging People Resources for Improved Performance** (Charles Parsons, Professor of Organizational Behavior, Georgia Tech College of Management) Become familiar with valuable people-related strategies to energize your work force and improve organizational performance.

Thursday, June 25

8:30 to 4:30 – **Strategic Decision Making under Uncertainty** (Mr. Dan Cenatempo, Executive Director, FairValue Advisors). Master a powerful approach to strategic decision-making, taught by extensive use of a case study.

Friday, June 26

7:30 to 3:30 – **Effectively Managing High-Performance Teams** (Dennis Nagao, Associate Professor of Management, Georgia Tech). Learn how to ensure that teams generate desirable outcomes and avoid unproductive conflict.

To see more program details and how to register, see:

http://www.cpbis.gatech.edu/education/educationprof/mgt_dev.htm

MillsOnline Updated

MillsOnline is a CPBIS database that allows the user to determine which pulp and paper mills are in operation today and where they are located, together with mill-specific information. This includes mill owner, status (operating or not), product type, tonnage, recovery boiler characteristics, whether an operation makes both pulp and paper at the site, and mill location. To facilitate transportation, labor or cross-industry studies, plant information is linked directly to US Census 2000 information on the community where a pulp or paper mill now operates, its people, and its economy.

Thanks to the diligent efforts of CPBIS graduate research assistant Aselia Urmanbetova, MillsOnline has recently undergone a thorough update. The information in the database is now believed to be current as of January 1, 2009. The updates have included new information on mills that have been idled, mills that have closed, greenfields, corporate restructuring, and capacity changes.

Among the updates are the following mill closures:

- International Paper Co., Bastrop, Louisiana
- Sonoco Products Co., Rockton, Illinois
- Caraustar Industries, Inc., Lafayette, Indiana
- Caraustar Industries, Inc., Chattanooga, Tennessee
- Caraustar Industries, Inc., Richmond, Virginia
- Schweitzer-Mauduit Intl. Inc., Lee, Massachusetts
- Bay West(Wausau-Mosinee Paper), Middletown, Ohio
- Domtar Industries Inc., Port Edwards, Wisconsin
- NewPage Corp.(Cerberus Capital Mgt.), Niagara, Wisconsin

- Smurfit-Stone Container Corp., Vernon, California
- Smurfit-Stone Container Corp., Carthage, Indiana
- Contoocook Paper Co., Inc., West Henniker, New Hampshire
- Sorg Paper Co.(Wausau-Mosinee Paper Corp.), Middletown, Ohio

In addition, the following mills were idled:

- Alabama River Newsprint Co., Perdue Hill, Alabama
- Fraser Papers Inc., Millinocket, Maine
- Weyerhaeuser Co. (merged with Domtar Spring 2007, co-located with Domtar-operated mill), Columbus, Mississippi
- Caraustar Industries, Inc., Charlotte, North Carolina
- Red Shield Environmental, LLC, Old Town, Maine
- Fraser Papers Inc., East Millinocket, Maine
- International Paper Co., Redwood, Mississippi
- NewPage Corp.(Cerberus Capital Mgt.), Kimberly, Wisconsin
- United States Gypsum Co., Gypsum, Ohio

To access MillsOnline, just click on the map at <http://www.cpbis.gatech.edu/millsonline>. Locations of mills in that state will appear, with quick links to information about the mill and the community in which the mill operates. The data cover more than 600 U.S. mills.

Invitation to Present

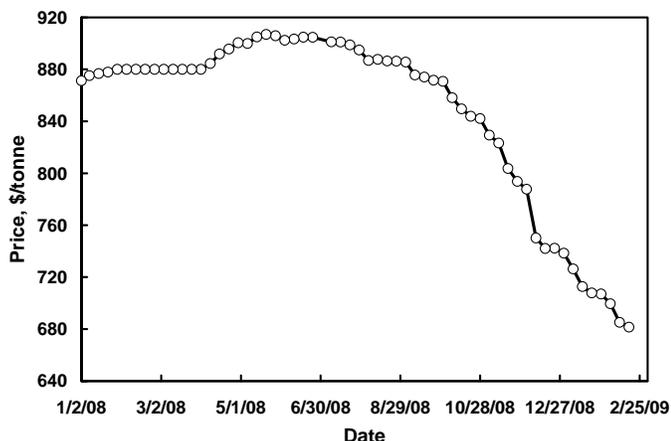
Authors are invited to submit abstracts of pulp and paper business-related papers for presentation in CPBIS-sponsored sessions at this year's TAPPI Engineering, Pulping and Environmental (EPE) Conference, October 11-14, 2009 in Memphis, TN. Examples of topics that would be of interest to this large audience of industry delegates include market studies, human resources issues, competitive strategy, industry structure, innovation, business practices, mill management, supply chain management, and many similar topics. Authors interested in presenting a paper should submit an abstract by e-mail to techpapers@tappi.org noting the EPE Conference as the intended venue. Please also send a copy of the e-mail to tom.mcdonough@cpbis.gatech.edu. Requests for further information can also be sent to the latter address. The deadline for abstract submission has been extended to March 3, 2009.

Statistics Corner: Update on Softwood Pulp Prices

In our article on softwood kraft pulp prices in the October issue, we reported that in mid-2008 the price of northern bleached softwood kraft (NBSK) had begun to exhibit a rapid decline, driven by a correspondingly swift decline in the demand for printing and writing papers. The price fell from a May high of \$907 to \$751 at the time the article was written.

A look at the most recently available data reveals that the downward spiral has continued unabated, as shown by the graph below. The points on the graph represent weekly values of the FOEX U.S. NBSK price index (courtesy of FOEX, <http://www.foex.fi/>). This week, the index stood at \$681.54. This amounts to a drop of 25% since last May, one of the sharpest reversals in the history of the industry. Spot price quotes are currently in the high 400s.

U.S. NBSK Price Jan 2, 2008 - Present (FOEX)



Is there light at the end of the tunnel? Patricia Mohr, a vice president of economics at the Toronto headquarters of the Bank of Nova Scotia, seems to think so. As the New York Times reported yesterday, she pointed to the “relatively favorable” underlying demand for most paper products. “This is a big inventory correction but it will come to an end over the next few months,” she predicted.

Upcoming Events

CPBIS Board of Executives Meeting, Institute of Paper Science and Technology at Georgia Tech, Thursday, February 26, 2009, 10:00 a.m. – 3:00 p.m.

CPBIS-NCSU-PIMA Management Development Program, “Management Development for Enhanced

Performance,” Global Learning Center, Georgia Tech, June 22 – 26, 2009. See article above. ■

YOUR HELP IS NEEDED

Industry sponsorship is a vital component of the resource base CPBIS needs to generate and disseminate knowledge of growing importance to a challenged industry. Sponsors enjoy many benefits, including early access to research reports, the ability to influence our choice of research topics, and free or discounted registration in industry-specific management education classes. Several levels of sponsorship are available. For more information, send a brief e-mail to CPBIS director Patrick McCarthy, patrick.mccarthy@econ.gatech.edu, or executive director Jacquie McNutt, Jacquelyn.McNutt@cpbis.gatech.edu.