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SCORE

A PUBLICATION OF THE
ASSOCIATION OF INDEPENDENT
CORRUGATED CONVERTERS

January/February 2009
Volume 13, No. 1



Growing Your Business:

STRATEGIES & TACTICS FOR THE LONG TERM

INSIDE THIS ISSUE:

**The Independent Boxmaker's
Economic Survival Guide**

No Pain, No Gain!

**Learnings from the Combined
Board Converting Loss Study**

**AllpakTrojan Shares Insights to
Winning Ways**

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ASSOCIATION OF INDEPENDENT
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The Association of Independent Corrugated Converters is an international trade association representing a majority of independent North American manufacturers of corrugated packaging products and the suppliers to the industry. AICC has 714 boxmaking members and 359 supplier members and offers both segments a full array of membership services, programs and benefits.

Contents:

- 5** Chairman's Corner
- 7** Meet Jerry Frisch, our New Chairman and Champion of Diversification
- 11** The Independent Boxmaker's Economic Survival Guide
- 15** Important Issues Facing Corrugated Manufacturers in 2009
- 17** No Pain, No Gain!
- 21** Learnings from the Combined Board Converting Loss Study
- 22** Sales Demand a New Approach
- 23** AllpakTrojan Shares Insights to Winning Ways
- 25** Members in the News
- 27** ICPF Update
- 31** The Final Score

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EDITOR

Taryn Pyle, tpyle@aiccbox.org
Director of Member Services

Janeth Arrazabal
Membership and Education Coordinator
jarrazabal@aiccbox.org

Laessa Gaitan
Administrative Assistant/Receptionist
lgaitan@aiccbox.org

DESIGN

Griffin Communications, Inc.

CONTRIBUTORS

A. Steven Young, President syoung@aiccbox.org
John Bacot, Vice President of Operations jbacot@aiccbox.org
Taryn Pyle, Director of Member Services tpyle@aiccbox.org
Cindy Guarino, Director of Meetings cguarino@aiccbox.org
Maria Frustaci, Administrative Director mfrustaci@aiccbox.org
Richard Flaherty, ICPF President richard@icpfbox.org

SEND NEWS / LETTERS TO:

AICC • PO Box 25708 • Alexandria, VA 22313
Phone (703) 836-2422 • Toll-Free (877) 836-2422
Fax (703) 836-2795 • tpyle@aiccbox.org
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Now's the time for all of us to communicate with our employees!



Jerry Frisch

At a recent meeting of AICC's Board of Directors, I was discussing the challenging business conditions with a fellow box maker and we discussed how our employees today are nervous and uneasy in these difficult times. He mentioned to me that a few of his employees came to him and asked him what they can do NOT to lose their jobs. His answer was to "be 100% indispensable." On my return flight I read an article in *Money* magazine that provided "six smart, field-tested strategies" on how to "fireproof your job" that hit the nail on the head.

Keep in mind that our employees are surfing the internet, reading local papers and listening to the news just as we are, and they're seeing the same depressing articles as we do: Home Depot lays off 7,000; General Motors trims 10,000; Boeing cuts 10,000; Starbucks closes 600 stores. It's a scary time for all of us so I believe we need to communicate to our employees your business conditions.

Thus when I read *Money* magazine article, it was a wake up call to me as a business owner that I had to do my part to help our employees understand that especially in times like these everyone of us has to step up, we need 110% out of everybody today – not 90% or even 100%. We need everyone to recommit themselves to the customer, their jobs and to the company. And that includes us as leaders and owners.

So what are the "six smart, field-tested strategies?" Well, I'll paraphrase and re-phrase them from the point of view of an owner in the corrugated packaging business, they go something like this:

"Stand out and step up:" Encourage employees to take on additional projects and to chip in where needed. In our business, this could mean some extra effort on the part of customer service or design to suggest more efficient purchasing schedules for your customers or a re-design of their product to use less board.

"Be a money-maker:" What can all your employees – not just customer service and sales – do to help bring in new customers and new sales revenue – or collect what's owed? We all know that receivables are often the first thing to slip in an

economy like this. Or what about cost savings? Know your costs; teach your employees to look for savings, so they, too can "be a money-maker."

"Don't be Negative:" Complainers are dangerous for the company and its morale, so it stands to reason that if someone has to go, the negative complainer is an easy decision. This is true no matter how "valuable" the person may be. In short, remind everyone that a bad attitude is a surefire way to get noticed, but not in a positive light.

"Increase your value:" Help your people increase their knowledge of the industry by using resources such as AICC, the trade press and other venues. In most places there are low-cost community college courses available in computer applications, communications or other subjects that are applicable to an employee's job. Even if your company doesn't reimburse for these, you can still encourage participation.

"Go beyond your job description:" We all have to do more. Encourage people to chip in where needed, even if its outside their job description.

"Make a Sacrifice:" For all of us who have started our own businesses, the words "make a sacrifice" is a way of life. It is a stark reality that many of your employees may be called upon to make some sacrifices this year when it comes to their jobs, pay and benefits. Employees who recognize that the company's resources may be strained and look for ways to help will be the ones we keep.

The message I take from the *Money* magazine article is simple: communicate with your employees about the reality of today's situation. Even if things are going well for your company it's good to remind everyone that we cannot take our customers for granted; we cannot assume our jobs will always be there and we certainly cannot rest on our laurels of past success.

These days, stepping up to the plate is a message we can all use – to fireproof our jobs. Even mine!

Jerry Frisch
Wasatch Container Corp.
North Salt Lake, Utah
Chairman, AICC

“

The message . . .
is simple:
communicate
with your employ-
ees about the
reality of today's
situation.

”

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Meet Jerry Frisch, our New Chairman and Champion for Diversification

By Taryn Pyle

Some AICC members will tell you that the best way to grow a business is by taking carefully planned and risk averse steps. Others say that bold steps and seizing opportunities as they present themselves are the best ways to go. Jerry Frisch, Chairman, elected last Fall will tell you that both are right. And a look at the history of what he has done with Wasatch Container, the company he started in 1994, proves him right from the get-go.

But it's more than just planning and being able to recognize and capitalize on opportunities in our field. As Jerry pointed out to me recently, "You can only grow a company so much until you reach its potential in the area you serve. Then you either have to get into expensive head-to-head competition or you have to diversify the services you offer and expand your customer base." In case you missed his acceptance speech at AICC's 2008 annual meeting in Atlanta, he made this point clearly and confidently when he said, "Packaging diversification has set us apart from our competition and greatly increased our profitability."

A Man from a Packaging Family

Jerry is the first person to chair AICC who has a college degree in packaging engineering, granted by the prestigious University of Wisconsin-Stout. His father had risen to be VP of engineering of the Champion Paper in St. Paul, MN. During his high school years Jerry worked as an apprentice in a printing plant. After graduating college he didn't start right out in corrugated, but spent fifteen years with Flour City Press Packaging in Minneapolis, an independent company manufacturing folding cartons and rigid boxes. So, you can see where he's coming from.

He went to work out of college as the new kid on the block at Flour City Press pack and rose to be the president by age 31. The company owners didn't have a succession plan in place, and when the owners put the company up for sale Jerry tried to purchase it. After an unsuccessful attempt to buy Flour City press Pack Jerry packed up his

young family and moved to Salt Lake City where he went to work with Paul Keyser at Utah Paper Box. UPB is a company that manufactures folding cartons and rigid paper boxes. Soon after Jerry's arrival Utah paper Box decided to expand into E and F single face laminations.

Utah Paper Box, as well as three other UPB customers was tired of doing business with their current corrugated suppliers. So Jerry and Paul put together a business plan to start up a green field corrugated box plant. The four companies offered to give Wasatch 100% of all of these corrugated business if they would service them better than what they have been currently getting from their current suppliers. With that commitment Wasatch Container was started and still today Wasatch Container still manufactures corrugated containers for all four original clients.

From Snappy Color Graphics to the Brown Box Business

I asked Jerry about how it felt to move from a sophisticated color folding carton graphics plant to plain brown boxes and he replied, "It's a whole different industry. We had a lot of new and different challenges in manufacturing, to design to choice of materials and marketing. There's even a new and different language. But, no matter which industry you are in there's a learning curve and you have to master it." And he mastered it well and did it quickly.

Bold steps have bold consequences, and Jerry said that when he discovered just how different the corrugated business was from what he had been used to in folding cartons, he immediately turned to AICC. He's quick to say thanks for making his learning experience a short one, but we have to thank him in turn for what he has brought to AICC, namely the knowledge and experience he has had in diversification. And, as you should know by now, this is an issue that AICC believes in very strongly,

— continued on page 9



Taryn Pyle

“**Packaging diversification has set us apart from our competition and greatly increased our profitability.**”

”

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Meet Jerry Frisch, our New Chairman and Champion for Diversification

— continued from page 7

Adding Foam to the Family

At the turn of the century, Wasatch purchases a local small foam fabricator but after several years they discovered that the foam business wasn't growing and doing that well. Jerry's first step to get things moving was to hire sales pro and a top plant manager. That got the ball really rolling and the next step was to acquire another foam fabricator and invest over a half a million dollars in the latest new specialty foam equipment. It's not surprising that Wasatch is now the most sophisticated foam fabricator in intermountain area.

Just a few years ago Jerry had another opportunity to continue to be a complete packaging and divers company. One of America's largest aircraft manufacturers had been a Wasatch customer for years and they asked if Wasatch could build crates for them for their expensive large and sensitive small parts. Crates were about as foreign to Jerry as corrugated had been years earlier, but his answer was an immediate and positive, "Of course we can!" Today, Wasatch builds crates which sell individually for what most corrugated manufacturers would consider a princely sum for an order of thousands of small units. Opportunity for diversification knocked and Jerry answered! Not many would have taken on that challenge.

Recognizing Opportunities and Moving on them quickly

Although Jerry stresses diversification as a key to Wasatch Container success. Being diverse you can expand your company with your current clients and you can develop new markets Jerry states this Can you imagine how scary it must be if the majority of your business was in the Home building, auto industry or RV's. You could be in real trouble. Diversification not only allows you to expand your services with new and existing customers but it also allows you to expand your customer

base. Today, Wasatch Container service customers in the consumer products, auto industry, aerospace, military and medical device fields, to name a few. This provides stability to our company and our employees.

Jerry is quick to add that when he talks about diversification that he is talking about both home grown as well as acquisition ventures. He explains, "Unless a new venture strategically fits into your current business you already in, it can be very risky. Diversification can also be a huge distraction. It can also get you so stretched that you loose focus on your current business which can be very dangerous in these times. All of Wasatch Container diversification has been within the packaging fields."

He has already demonstrated what can be done with conglomerate diver-

sification by acquiring facilities that add to the products and services he already offers to customers and potential customers. It's often easier and far more efficient to acquire a going operation that adds to the diversity of your service than to start up from scratch in a new field.

As you might imagine, we are looking for great things from Jerry during his chairmanship of AICC for the coming year. He has already been discussing the idea of creating a new association of various other manufacturers of other kinds of packaging. The bringing together of other entrepreneurs from other packaging related businesses to help our members. It looks like it's going to be an exciting, productive and profitable year for all of us.

Jerry, the helm is yours!



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The Independent Boxmaker's Economic Survival Guide

By Mitch Klingher, CPA, Principal of MS Ackerman & Co., Fort Lee, NJ

Although I have been a practicing CPA for 30 years now, my undergraduate degree is in economics and I can tell you with a high degree of certainty that in general, economists are pretty clueless. There are many interesting theories out there and there are a multitude of measurements but there is no single theory that can accurately predict what is going to happen in the future and no single set of measurements that can be universally relied upon to help explain what's going on. Those of us in the "real world" have been seeing an economic slowdown for quite some time now, even though the dreaded R word (recession) still has not been used by many economists. Well we are in a recession and, in my opinion, it's going to be pretty ugly out there for a while. The only question for those of us who are in business is what should we be doing about it? So, here is my top ten list of recession fighting moves for the independent boxmaker:

1) Cut your overhead early and aggressively. There are many theories on how to measure profitability in a manufacturing company. I am a believer in the KISS (keep it simple, stupid) theory which can be summarized as follows:

"Contribution dollars less fixed costs equal profits"

Contribution dollars are simply sales dollars less the variable costs associated with completing each order. Fixed costs are all the other costs. With demand for boxes declining there will be downward pressure on prices and box makers will be working with less contribution dollars. Therefore they must reduce their fixed costs to compensate. It is time to make dramatic painful cuts and those who do them early in this recession will be far better off than those who wait.

2) Stay in tune with the market for containerboard. Despite their efforts over the past few years, paper producers have not been successful in getting the supply for containerboard in equilibrium with its demand. The weak dollar of the past few years has helped them export some of their excess

capacity, but in recent months the dollar has strengthened somewhat. This, coupled with the weak demand for boxes, should cause the price of containerboard to drop, unless there are massive closings of paper mills, which is not so easy to do. It is imperative that all independent converters, particularly sheet plants who only consume containerboard indirectly, keep their fingers on the pulse of this declining market to make sure that they are not paying more for their basic raw material than their competitors are. History has shown that box makers increase their contribution margins when the price of containerboard increases and lose contribution margin when the price of containerboard decreases. If there are decreases in our immediate future and the current spot market for containerboard indicates that prices are eroding right now, then the smaller independent companies must manage this process aggressively by fighting for every dollar from their suppliers. If the real price for linerboard drops \$30 per ton, then a sheet plant selling boxes that have a basis weight of 120lbs/MSF, wanting to maintain its profitability, should seek a corresponding reduction in their sheet prices. You won't get it if you don't ask.

3) Stay ahead of the consolidation curve. Although converting capacity cannot be measured with anywhere near the precision of paper-making capacity, everyone involved in this industry knows that there is a tremendous amount of excess converting capacity. A recession will make this condition even worse. Box makers with too much machine time to sell competing for fewer orders will serve to further depress box prices, thus weakening most companies. The smart move for a weak company right now is to either find another weak company to merge with now, before things deteriorate further or to sell out to strong company now, while their business is still worth something. The smart move for a strong company right now is to look for acquisitions, before the target companies have to seek Bankruptcy Court protection, which makes things more difficult, more expensive and much



Mitch Klingher

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The Independent Box Maker's Economic Survival Guide

— continued from page 11

riskier. The smart operators will be at the forefront of the next wave of consolidation so that they can cut their best deal. Those who procrastinate will be sorry for their inaction.

4) Review and re-negotiate your banking and financing agreements. Right now, despite the congressional bailout money, the world of banking is in chaos. Banks are balking at renewing lines of credit, their existing mortgage and equipment loans that they thought were over collateralized are now under collateralized and interest rates are at an all time low. If you have a strong balance sheet, this is the time to go to your local friendly banker and improve your deal. If you are a weaker company, start shopping for new lenders now. If you wait until your agreements expire, or if you become in technical default of your loan covenants, it will be much more difficult to renegotiate financing.

5) Search for talent now. If there are a lot of weak companies out there and there is a wave of consolidation in our immediate future, then it stands to reason that salespeople, designers, engineers experienced customer service representatives and other talented and experienced people may become available. Anyone not under contract and not subject to a non-compete agreement will be “in play” and may be looking to upgrade their situation. Although this is the time to reduce fixed costs, it also may be a good time to “upgrade” your personnel and it is always a good time to find a new salesperson.

6) Lock in your key people (and get rid of your marginal ones). If number 5 above scared you, then you better do something to keep your key people in the fold. You can't get a non-compete agreement from an existing employee without giving consideration, but you may be able to get a non-disclosure agreement. The key here is to meet with your key people and let them know how important they are to you. Talk to your local counsel as to how best to get

some contractual protection in your state, but find ways to keep your sales and other key employees from jumping ship.

7) Look for deals on equipment. If further consolidation of converters occurs, there will be a lot of used equipment out there. Prices for used equipment are pretty low now and they will get lower if there is more equipment on the market. New equipment manufacturers will also see a downturn in business fueled by both the economic downturn and by the increase in used equipment inventories. This may be an opportune time to upgrade your capabilities if your balance sheet can support it.

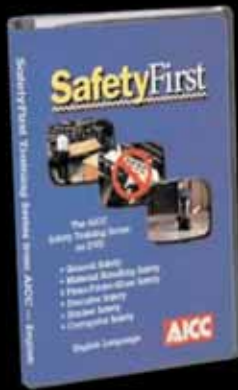
8) Improve your efficiencies. A very wise man once said that in order to improve something you must first measure it. When we're busy, it's easy to ignore many basic business measurements. Plant floor reporting gets sloppy and inaccurate and many other key measurements fall by the wayside. This is the time to mandate that your people tighten things up. Firstly they will probably have more time on their hands and secondly and more importantly greater efficiency may become integral to your survival.

9) Manage vendor relationships. If cash flow is an issue, this is the time for honest communication with your key vendors. Don't promise them a check and not send it. You must honor your deals and be candid with your suppliers. If you lose their trust, it will be difficult to get it back.

If you have the wherewithal, this is the time to strike a payment terms discount arrangement with your vendors. Cash flow is king right now and many customers are paying slowly. Interest rates are as low as they have ever been. If your average purchases for a month are \$750,000 and you have to speed their payment up by 20 days to take advantage of a 2% discount, then you will have to borrow approximately \$500,000 on your line of credit. On an annual basis this will save you \$180,000 ($2\% \times \$750,000 \times 12$) against an interest cost of \$30,000 (assuming a 6%

rate). At a time when everyone starts paying slowly, why not ask for 3% or 4%?

10) Understand bankruptcy rules and avoid preference exposure. The bankruptcy process in the United States is ugly and unfair and the only group of people who consistently benefit from it are the lawyers who specialize in it. If a customer files for bankruptcy court protection and you are an unsecured creditor, you will be very lucky to get 5 or 10 cents on the dollar. However, adding “insult to injury” you will probably be sued in the process for all of the money that you received from this customer during the 90 days prior to the bankruptcy filing in what is called a preference action. The theory is that all vendors of the same class (secured, unsecured, and administrative) must receive the same treatment. If one creditor was paid a greater percentage of his outstanding debt, then the funds should be returned and reallocated to all of the debtors. The reality is that except in really egregious cases, this simply creates greater potential for the lawyers to collect fees at the expense of unsecured creditors that have already been badly hurt. The question is what can you do to prevent it? There are 2 defenses to a preference action – the first is that the payment created new value for the debtor such as a COD payment for merchandise. The second is that the payment was in the normal course of business, such as a payment in 30 days on an invoice whose terms are net 30. A COD payment will never be attacked, but who knows what the normal course of business really is. It is clear however, what is not in the normal course of business and that is receiving a payment on a 90 day plus invoice. Therefore if you are working with a customer who is paying you COD plus something against older invoices, make sure that they pay the 30 day invoices, before they pay the older ones and make sure you post your books that way. At least you'll have a defense when you get sued.



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ASSOCIATION OF INDEPENDENT
CORRUGATED CONVERTERS

Important Issues Facing Corrugated Manufacturers in 2009

AICC members have unique opportunity at 2009 Corrugated Industry Washington Fly-in

According to the National Association of Manufacturers, the manufacturing sector (which includes containerboard and corrugated box manufacturing) employs nearly 14 million workers, contributes more than \$1.6 trillion to the U.S. economy, is the largest driver of economic growth and accounts for the lion's share of private sector research and development. Manufacturers also export some \$60 billion in products each month—far more than any other sector—and exports are rising much faster than imports. The containerboard and corrugated sector contribute an estimated \$25 billion of this value, and employ around 70,000.

Despite these robust figures, a host of challenges are facing the US manufacturing sector and the corrugated industry which supports it.

According to the Institute of Supply Management's (ISM) December, 2008, report on manufacturing activity, the manufacturing sector contracted again – the fifth straight

month of decline. The Purchasing Manager's Index (PMI) registered 32.4 percent, 3.8 percentage points lower than the 36.2 percent reported in November. This is the lowest reading since June 1980 when the PMI registered 30.3 percent. A reading above 50 percent indicates that the manufacturing economy is generally expanding; below 50 percent indicates that it is generally contracting.

November's corrugated box shipments showed another decline, -14.4% on actual basis, according to Fibre Box Assn., reflecting the decline in manufacturing overall.

Against this backdrop comes a new Administration and Congress. Generally the outlook in Washington is hopeful with many analysts seeing an improvement in the economy based solely on the fact that there's a new resident in the White House. Past statistics show that there is always an economic bounce

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“
Members will visit their elected representatives and senators to offer their positions on these issues as well as convey the importance of the corrugated packaging industry to a healthy manufacturing base.
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2007 Washington Fly-in attendees pose for a group photo on Capitol Hill.

Important Issues Facing Corrugated Manufacturers in 2009

— continued from page 15

with the inauguration of a new administration and this year, armed with a nearly \$1 trillion stimulus package, the president will have significantly more power over the economy than any of his recent predecessors.

What are some of the key policy areas likely to affect manufacturing – and thus the corrugated industry – in the coming year?

- **Energy:** We're all aware of the effects of oil prices have on manufacturing and our industry. Fuel and energy prices are major drivers of containerboard pricing, and rising fuel prices erode profitability on the converting level with little opportunity to recoup these costs. According to the National Association of Manufacturers' "Letter to President-Elect Obama," higher energy prices have cost the US economy nearly 3.7 million jobs. Expanding the domestic energy supply, therefore, is likely to be a major issue in this coming

year as Congress convenes and the President takes office.

- **Corporate Taxes:** The US has the second highest tax rates in the world, reports the NAM. Reducing the corporate tax rates to 25 percent, says NAM – competitive with other industrialized countries – would increase economic growth and job creation. Also included in the NAM tax agenda are proposals to reduce individual tax rates which would benefit Sub-S corporations; enactment of a permanent R&D tax credit (the current credit is temporary); and expansion of investment tax cuts to encourage new investment to spur growth.
- **Labor Policy:** One of the most critical issues facing US manufacturers is the so-called "Employee Free-Choice Act" which eliminates secret ballots for union elections. Business organizations in Washington are united in their opposition to this legislation, which the Democratic Congress and President are likely to push early in 2009. This and many other labor policy initiatives, such as mandatory paid sick leave and easing of discrimination complaints could be harmful to manufacturers, especially smaller companies.

Other issues likely to surface in the new administration and which are important to smaller manufacturing companies are health care costs and transportation infrastructure, both of which were key components of the new administration's platform.

AICC members will have a unique opportunity to help frame the debates around these issues at the 2009 Corrugated Industry Washington Fly-in, Wednesday, April 1, 2009. Members will visit their elected representatives and senators to offer their positions on these issues as well as convey the importance of the corrugated packaging industry to a healthy manufacturing base. The Fly-in is being held conveniently in conjunction with both the Fibre Box Association and AICC national meetings taking place in Washington.

For more information, and to register for the 2009 Corrugated Industry Fly-in and AICC's 2009 Spring Meeting, go to www.aiccbox.org/Meeting.

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You'll take away business practices that will not only help you survive the current economic situation, but take advantage of it for future growth.

Keynote and Industry Speakers:

Senator Orrin Hatch is the ninth-most senior member of the U.S. Senate, and the fourth-most senior Republican, representing Utah for over 30 years. Hatch values hard work and understands and supports the important role manufacturing plays in America's sustainability and role as a global leader. Positions on the Senate Finance Committee and Joint Committee on Taxation gives Hatch the ability to influence policies that can help or hinder the health of US manufacturers and his near 100% National Association of Manufacturers (NAM) voting record exemplifies his support of American business.



Senator Orrin Hatch
Utah (R)



Charles A. Feghall
Managing Director,
Interstate Resources, Inc.

Mr. Feghall is the Managing Director of Interstate Resources Inc., an independent supplier of kraft linerboard, recycled medium, graphic displays, corrugated and waxed containers. Interstate has nine plants – paper mills and converting operations – between Massachusetts and Florida. Currently, Mr. Feghall is managing the construction of Evergreen Community Power (ECP), a unique state of the art energy facility in Reading, Pa. ECP will produce 300,000 lbs per hour of high pressure steam using environmentally friendly circulating fluidized bed combustion technology, and generate up to 30 Megawatts of power all from solid materials (primarily wood waste/biomass) that presently is sent to landfill.

Barry-Wehmiller Companies, Inc. (parent company of MarquipWardUnited) has leveraged strategic acquisitions and organic growth initiatives to become a leading provider of manufacturing technology and engineering consulting solutions to a global customer base. Mr. Chapman spent five years in a self-created leadership development program that provided hands on experience in every discipline. His commitment to people-centric leadership, continuous improvement and disciplined growth has helped transform Barry-Wehmiller into a well-balanced and financially solid company with dedicated team members.



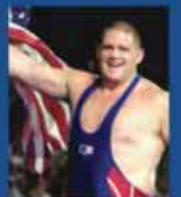
Robert Chapman
CEO of Barry-Wehmiller Co.



Michael Treacy
Entrepreneur, MIT Professor and
Best Selling Author

Mr. Michael Treacy, best-selling author of *Double Digit Growth: How Companies Achieve It No Matter What*, Entrepreneur & MIT Professor will offer "real world" examples of companies that have achieved double-digit growth by taking a "diversified" approach in their business. He will discuss the five disciplines which leading companies around the globe use to reshape strategies, bolster competitive positions and dramatically improve top and bottom line performances and foster growth. Mr. Treacy will also provide a framework for applying these to your company. He is the founder of Treacy & Company Inc., a new venture and consulting firm that launches new businesses and advises established companies on issues of strategy, growth, and profitability.

Mr. Rulon Gardner former Olympic wrestling champion discusses the "7 Steps to Success." His sense of determination, self-confidence, fighting spirit and the strength to stand up against seemingly unbeatable odds – will inspire you to NEVER GIVE UP – NEVER STOP TRYING – AND WIN! When Rulon Gardner took the Olympic gold medal for wrestling in Sydney, his victory rocked the world. He will share his sense of determination, the self-confidence and the fighting spirit that gave him the strength to stand up against seemingly unbeatable odds. His latest accomplishment is his book *Never Stop Pushing*.



Rulon Gardner
Olympic Wrestling Champion

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**Remembering our Nation's Heroes –
Tour of Arlington National Cemetery,
Air Force Memorial and 9/11 Memorial**

1:00 pm – 5:30 pm • \$65.00/person



Friday, April 3, 2009

**George Washington's
Mount Vernon Estate Tour**

12:30 pm – 5:00 pm • \$100.00/person

**NHL at the Verizon Center
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and Happy Hour at
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Wednesday, April 1, 2009 7:00 pm – 10:00 pm

**AICC Opening Night Reception, Dinner & Entertainment
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Thursday, April 2, 2009 6:30 pm – 7:30 pm

AICC Evening Reception – The J.W. Marriott Hotel



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2009 Corrugated Industry Fly-In



Plan to participate in the 2009 Corrugated Industry Fly-In to show your support for legislation that benefits the domestic manufacturing base and improves the competitive climate in North America. With a new administration and a change in political viewpoints, we can also expect a flurry of new legislation. **NOW** is the time to be in Washington to make history together as **One Industry, with One Voice, for One Cause.**



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No Pain, No Gain!

Increasing fixed costs can hurt a bit at first, but the long term benefits can be quite rewarding

By Chris Heusch

CNN, MSNBC, FOX or your local newspaper, wherever you look it seems that with each new issue we hear, or read, that more workers have received pink slips, a business has closed down or another company has filed Chapter 11. The government has stepped in to bailout — with our tax dollars — those responsible businesses that have a solid recovery plans in place, such as Wall Street and the auto manufacturers! The rest of us, well perhaps we've been left to cure our own ills.

The current financial and economic crisis stems from two ills: the need of some people for instant gratification (Let's buy another boat on credit) and the very myopic view of many business leaders. Many businesses today are run for maximum short term profit; always focusing on the next quarter-annual report. Yes, we are good at those quarter-annual reports, but often fare poorly when it comes to five, ten and twenty-five year plans. Long term financial plans are often lacking, or virtually non-existent in many private and business lives. *This is even evident in our government as ever increasing federal deficits do NOT qualify as a financial plan!*

This, unfortunately, is not limited to the hired guns ("professional" managers hired by stock holders to look after corporate affairs). Through the leverage of banks and investment firms, this short-range view has encroached on many private businesses, as well. Business owners and managers are rarely willing to increase fixed costs in order to reduce overall cost structure, especially in traumatic economic times. They are far more comfortable reducing variable costs to meet the next report.

The corrugated industry has a diverse mixture of both corporate and privately owned businesses and an equally diverse range of management and cost structures. However, whether corporate or privately owned we still often see this short-sighted profit structure and a hesitance to increase fixed costs. Even when it's obvious that it will have a positive impact on our long term growth and profitability.

While the main fixed costs stem from maintaining an ongoing business such as facility, machinery and administrative costs. The vast majority of costs lie on the variable side in the form of materials (paper fiber alone often represents

about 50% of the cost of the box), labor and shipping.

Several companies have successfully tackled the "shipping" cost line item by aggressively and proactively managing their shipments. Yet, clearly the biggest opportunities to reduce cost hide in "material" and "labor".

Labor, truly is not entirely variable though some corporations often view it that way. In a family business which is a "good corporate citizen", labor is pretty much fixed. Particularly where and when capacity of existing shifts is not taxed, as is often the case today. If labor is a fixed cost, managers must ensure that it's leveraged to the optimum potential. Make sure you're maximizing your MSF per labor hour.

Education and training certainly help as you work to maximize your potential, but the biggest opportunity may lie in process automation and maximizing the output of your equipment. Not only can smart automation increase throughput of machine centers (by increasing productivity rates and multi-out utilization), it can also reduce health and safety risks when applied properly and therefore, offer additional benefits through reduced loss of time incidents and insurance costs.

For most companies in our industry, the largest opportunity to save is on the material side. Specifically fiber. It's widely agreed that even after the recent drive for "sustainability", corrugated boxes in the US market are still overbuilt by about 30%. It's nothing short of astounding how much less fiber is required to construct a solid ECT-/BCT-case using modern corrugators and true non-crush converting machines. The AICC degradation study impressively illustrates these issues. Add to that recent design enhancements such as shelf-ready and multi-piece, reinforced packaging and the fiber can be reduced from 50% of box cost to 40% in many applications!

However, to yield such astounding reduction, a completely modern manufacturing facility is needed with extended nip single-facers, a reduced glue application double-facer, no-crush hot plates, no-crush conveyance, fully-automated and no-crush converting line and light-



Chris Heusch

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Education and training certainly help as you work to maximize your potential, but the biggest opportunity may lie in process automation and maximizing the output of your equipment.

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— continued on page 19

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No Pain, No Gain!

— continued from page 17

touch load forming. Yes, if we wish to reduce the line-item “fiber or paper” significantly, we must be willing to increase the line item “depreciation” equally significantly. The amount you’re willing to invest will be directly related to what you can expect to save.

Admittedly, interest will have to be paid, but overall, replacing variable costs with fixed depreciation-cost is a great trade. Depreciation, remember, flows into the stockholders pockets.

Be encouraged to replace variable costs in materials and labor — and some profit — with fixed depreciation cost. Trade short term profits for long term growth.

All it takes is commitment. I know that’s very easily written and much harder to execute. Not to mention that today even some financial institutions have a problem understanding that an investment in fixed costs can have a very positive impact on the sustainability and future growth of your company.

The advantage of variable costs is that they can be turned off quickly. A hand full of pink slips will have an immediate impact on your bottom line. However, there is a great disadvantage to losing well trained, perhaps long serving talent that may not return, especially when the industry seems to be bleeding talent anyway. Ceasing or reducing maintenance on

equipment is also an instant money saver, but will usually come back as a larger expense in the future and quite often when you least expect or need it.

Yes, fixed costs will stay with you. However, if you are an entrepreneur, and by definition optimistic and expect your business to be around for a few years, decades, generations or centuries, then take the leap. Reduce fiber consumption through modern processes, maximize labor productivity through automation and replace variable costs with long term investment that can lead to long term growth!



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Learnings from the Combined Board Converting Loss Study

By *Ralph Young, AICC Technical Advisor*

By now the entire spreadsheet with all the specific test results from the Degradation Study has been mailed to the participating members and the labs that performed the testing. While we presented the initial findings at the Eye Opener in September and again in more detail in a Webinar in December, we are still receiving combined board samples for testing and many questions from the findings.

Recapping just one item, we learned that incoming sheets labeled as 32# ECT from outside suppliers and in-house corrugators ranged from 28# to 43#. These sheets become the raw material for corrugated boxes and must have a MINIMUM 32# ECT after converting. The third party labs reported back to us that the actual after converting results ranged from 20# to 38#. Do you also find it strange that the entire portion of the sample lot below 32# ECT still performed for the end user?

Are we still over packaging? Do sales, design, and customer service personnel really know how to understand the performance requirements of their customer's packaging? And are we as converting operations asking our suppliers for certificates of compliance or any documentation that their sheets will withstand the rigors of the converting processes? A few sheet plants are buying and utilizing crush testers to at least begin to understand the quality levels of incoming sheets from different suppliers and the combined board physical strength losses from their own operations.

It has been asked by more than one member, 'What should be the ECT values off the corrugator?' This was actually addressed when each participating member received a written evaluation from me that went along with the actual test values from their submitted samples. While

I have always maintained my own Expected Value Chart, I have been reluctant to share it and publish it because there are so many variables to consider. We will publish a chart with calipers, pin adhesion targets, and ECT and FCT ranges in a future issue of BoxScore.

Information from the study, my files, and containerboard properties identified by the AF&PA will be our resources.

You will need to take this template and established your own chart. The one we publish will be a good model, but it needs to be adapted to your specific suppliers and processes. Included in the chart will be physical properties of common grades of linerboard and medium that are typical of domestic production. Imports from Canada and other countries will not be included; however I have this information if you want to contact me directly.

One needs to remember that basis weight or substance is a poor indicator of strength properties of the intermediate product of combined board and the final product of the boxes themselves. We only need to go back to the study to observe that the difference in ECT development from the "same" containerboards varies as much as 40 percent among corrugators. Technology and process controls do have a significant impact on the final strength of combined boards. We will continue to seek a wider participation in the AICC's Sheet Feeder Council to investigate this reality.

If you have an Expected Value Chart that you share with sales, design, customer service, and production please e mail it to me at ryoung@aiccbox.org. The information will be kept confidential. I have several myself that I carried forward from my former companies. We are looking for as much input as possible so that we can all learn from a shared experience.



Ralph Young

“
Technology and process controls do have a significant impact on the final strength of combined boards.
”

Sales Demands A New Approach

By Kerry Drake, Vice President Sales & Marketing, PackageX Inc and Ronald Guilbert, Co-Writer



Kerry Drake

In December 2006, Don Tapscott published *Wikinomics – How Mass Collaboration Changes Everything* in which he examined how the old business models of hierarchy and control were rapidly “giving rise to powerful new models of production based on community, collaboration, and self-organization”. He compared these hierarchical, closed, secretive, and insular multinational practices that dominated the practices of corporations in the last century to four principles that increasingly define how 21st century companies compete: openness, peering, sharing, and acting globally.

You don’t need to look far to find out that times they are a-changing, and they are changing very, very quickly. The packaging industry is an excellent example of an “old-school” business model that can benefit immensely by studying and adopting these changes. Packaging companies that embrace them will thrive, those that do not will not.

Consider, for example, your employees. How many of them are part of this country’s 81-million “Net Geners” born between 1977 and 1997? What do they want from you? Are they getting their information from newspapers, magazines, TV, or radio or do they turn to on-line sources for their information and for their community (FaceBook, LinkedIn, MySpace, etc.)? Will they accept your hierarchal business methods, or will they simply move on to a better competitor?

Tapscott’s research showed that Net Geners want to be loyal employees, but they usually last only about two years on the job. Some of the reasons they gave for such an alarming turnover rate included their reluctance to accept their current employers’ failure to adopt collaboration and to office bans on Facebook participation.

Are you open to using these technologies or are you afraid to try? Perhaps you think you are modern enough. After all, you have introduced several tools including a company Web-site, a modern ERP system, and have provided each sales rep with a Blackberry or similar device. These may be adequate first steps, but they will not tap the creativity and loyalty of your “tomorrow’s managers”.

While these technologies provide part of the solution to retaining your Net Gener employees, the tools you adopt must also help you manage your customer’s projects and, more importantly, tighten your relationships with them. Your Net Gener employees will understand these technologies intuitively – as will your competitors’ Net Gener employees!

So what are these new technologies? They include: collaboration, interactive portfolio management, and a virtual community with relationship building elements. Collaboration is now a familiar concept that has been adopted by many high- and low-tech companies.

Interactive portfolio management allows you to add features to your collaboration site to respond instantly to customer inquiries with, for example, descriptions and pictures of each of your physical facilities, their key management personnel, design and manufacturing success stories, machines on site, and the site’s capabilities. Providing access to a virtual community allows your company to build new and deeper relationships with both customers and prospects.

Yesterday, we built fences around our assets, including the people who worked for us. But today’s younger employees, yours and your customers’, expect, and even demand, greater openness. If you don’t provide it, they will find it elsewhere. Tapscott says it this way:

“The difference today is that organizational values, skills, tools, processes, and architectures of the ebbing command-and-control economy are not simply outdated; they are handicaps on the value creation process. In an age where mass collaboration can reshape an industry overnight, the old hierarchical ways of organizing work and innovation do not afford the level of agility, creativity, and connectivity that companies require to remain competitive in today’s environment.”

You must take the leap to use these modern sales technologies with your customers. We know that change can be scary. After all, it is easier to continue doing things the old, familiar way. But not changing is even more frightening.

“

Providing access to a virtual community allows your company to build new and deeper relationships with both customers and prospects.

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AllpakTrojan Shares Insights to Winning Ways

Building an Award-Winning and Profitable Niche with Unconventional Assignments

Many packaging designers, converters and printers seek the comforts of large customers and long press runs. This makes good sense. These factors represent a tried and true approach to profitability. This traditional model, however, does not represent the only formula for success. Significant revenues and promising profits loom beyond standard, cookie-cutter assignments.

AllpakTrojan offers customers a one-stop option for a wide range of complex packaging challenges. The company, headquartered in Renton, Wash., actively seeks out the most difficult and demanding packaging projects. They want unique and unusual challenges. Even small runs are welcomed.

“Weird is good!” is the mantra for Wayne Millage, the company’s innovative president/general manager. “We don’t consider ourselves to be in the packaging business, we see ourselves as problem solvers,” explains Millage. “We embrace innovation and never shy away from the unique and unknown.”

Working together as a team, AllpakTrojan solves unusual and challenging assignments. Their success builds organizational confidence, which strengthens their leadership role. The company knows how to take ownership of the process and gets all parties aligned with a common mission.

“The focus is always on the customer experience,” says Millage. “Our sales force is viewed as the internal customer and a barometer of how our work is ultimately perceived. If the sales force has a good experience, the customer will too.”

The importance of great supplier relationships also maintains a top priority at AllpakTrojan. The company gets the most out of every relationship



AllpakTrojan used Color Resolution International’s TrueColorBalance™ ink process to match the outer carton of this Krusteaz Pumpkin Spice Quick Bread Box to the customer’s already existing box.

because they seamlessly incorporate outside partners into their multifunctional team. Supplier selection is based on the partner’s ability to align with AllpakTrojan’s business model and demonstrate a compatible strategic mindset. Partners are expected to bring ideas, new products and technical support throughout project implementation.

Color Resolutions International (CRI), a leading ink manufacturer that specializes in packaging inks and coatings for fine graphic reproduction, has been a valued supplier for many years. Their expertise is not limited to ink, but encompasses knowledge of the entire printing process.

“We enjoy being brought in at the conceptual stage,” says Paul Fulton, vice president of strategic accounts for CRI. “AllpakTrojan encourages suppliers to introduce new products and resources, use their company as a testing facility, provide operator training and be onsite to help identify and solve customer challenges.”

The approach is working. AllpakTrojan has enjoyed double-digit sales growth for the past five years. During that same period, profit levels have outpaced the sales increases. It also has generated lots of industry recognition. This past year, AllpakTrojan won 35 packaging and printing industry awards. The list of honors includes the Best of Show Award from the Association of Independent Corrugated Converters’ design competition, CorrPack 2006 TAPPI Awards and the FTA Excellence in Flexography competition (for the second consecutive year).

Redefining Your Niche

Prospects have not always been so rosy. Not all that long ago, AllpakTrojan’s business focus was narrowly defined – primarily serving a small cluster of customers in the electronics industry. Their business suffered significantly when a large percentage of the work in that segment moved to Asia.

In 2002, Millage was brought in to revive the company. His strategic focus was to diversify the account base. The new focus targeted growing companies and aggressively pursued the latest consumer trends.

Today, AllpakTrojan serves some of the best-known national brands. It also provides creative package and structural design, fine graphics, commercial printing and advertising and point-of-purchase displays for many small- and medium-size companies. For many of these companies, AllpakTrojan serves



Wayne Millage

“Many competitors have the same tools, but few if any know how to develop their infrastructure to support the full-scope of their capabilities,” . . .

— continued on page 24

AllpakTrojan Shares Insights to Winning Ways

— continued from page 23

as a single-source packaging supplier, taking projects from concept to completion.

Customer Is King

When serving the most complex niche, packaging solutions require a thorough grasp of the customer: knowing the customer's capabilities and their constraints; understanding the marketplace and the outside factors that influence it; and, recognizing customer expectations and how they define success.

Top-tier customers, such as Nike, Starbucks and Nintendo, require higher quality packaging. Graphics play an important role in their brand image and marketing efforts. Typical assignments in this market segment often are filled with complex, not-so-typical design needs. These customers want innovation, they need more sophisticated solutions and they demand business-building results.

AllpakTrojan targeted Nike for more than two years. The business courtship included a sustained due diligence effort. The team gathered background, analyzed information and explored insights to prepare for future and, at this point, uncommitted assignments.

In 2006, when AllpakTrojan got a foot in the shoe company's door, they were set to hit the ground running. The big break started small, with a single flexo project. The opportunity quickly expanded, and the scope dramatically changed. The second assignment involved four more-complex display jobs, with a five-day completion window. Most companies could not accommodate these demands. Many would not even try. For AllpakTrojan – with their advanced preparation, along with well-designed implementation systems and capable human resources – they were able to deliver. Today, the two companies partner on numerous packaging assignments each month.

"Many competitors have the same tools, but few if any know how to develop their infrastructure to support the full-scope of their capabilities," said Millage. "It begins with customer intelligence that is supported with solid mental capital, effective communication and efficient project coordination."

It Takes a Village to Build High-End Niche

Understanding the customer is important, but it's not enough. Success in the top-tier packaging niche also requires superior internal resources. Companies hoping to compete in this niche must take a long, hard look within.

AllpakTrojan constantly focuses on the internal elements of the business equation. The ISO 9001:2000 certified company recently hired an Organizational Development Manager to help uncover talent within the company. For years, they have proudly employed one of the industry's highest ratios of support to sales personnel. The company also uses the latest development tools. In fact, the company recently hosted a Kaizen event for employees and suppliers to help key team members gain the confidence to seek out and master challenging assignments.

One specific example of how the process works is a recent project with Ghirardelli. Complex and demanding packaging needs for the world-famous marketer of premium chocolate products are recognized throughout the industry. AllpakTrojan and CRI recently teamed up on a project that required multiple shades of brown, including solids, shadows, midtones, and highlights, as well as blue and gold. The flexo team met, gathered critical input from CRI, and devised a solution through the team approach. The graphics were modified, ink was formulated, and all the other variables were defined and controlled. The team delivered impressive results.

"Ghirardelli was extremely pleased with the product we delivered and as a result they've assigned many more projects," said Bruce Hutcheon, vice president of sales and marketing at AllpakTrojan. "CRI played a huge role on this project. They consistently deliver and are such a trusted partner. On

the Ghirardelli work, they literally came through with flying colors."

AllpakTrojan plans to continue down the strategic road less traveled. They have proven that "weird" can indeed be good. The company has carved out a solid niche, providing value-added services and one-stop shopping to companies aggressively seeking innovative packaging ideas. With a bring-it-on attitude, an eagerness to take on challenging assignments and strong relationships with trusted suppliers like CRI and others, the future looks very bright indeed.

Since 1962, AllpakTrojan has been providing customized packaging solutions for an ever-increasing customer base. The Renton, Wash.-based company possesses one of the largest graphic and structural design teams in the Pacific Northwest, allowing them to provide customized packaging solutions. In addition to corrugated packaging, folding cartons, single-face laminate and point-of-purchase displays, AllpakTrojan offers "AstroGuard™" insulated thermal packaging and "CushionFold™" an environmentally sustainable protective packaging alternative to foam and wood. AllpakTrojan can be contacted at www.allpaktrojan.com or (800) 227-7775.

Color Resolutions International (CRI) is an international packaging ink company focused on water-based and UV inks for corrugated, flexible packaging, envelopes, tags and labels, and folding cartons. CRI uses proprietary InkChemistry™ to custom tailor inks for any application. The company provides technical assistance and expertise in resolving printing issues. For more information about CRI, visit www.colorresolutions.com or call toll free at (800) 346-8570.



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“
The Chair Affair was developed by ICPF and AIAS to introduce architecture students to structural design careers in the corrugated packaging and display industry.
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International Corrugated Packaging Foundation

Fifth Bi-Annual Chair Affair Competition

The International Corrugated Packaging Foundation (ICPF) recently announced its fifth bi-annual architecture student competition for the Spring 2009 academic semester.

The *Chair Affair* is sponsored and co-managed by ICPF, in partnership with the American Institute of Architecture Students (AIAS) that administers the competition. AIAS is comprised of more than 6,500 members at almost 130 chapters around the world.

The *Chair Affair* was developed by ICPF and AIAS to introduce architecture students to structural design careers in the corrugated packaging and display industry. The competition additionally challenges architecture students, working individually or in teams, to explore a variety of issues related to the use of corrugated board in design, construction and production.

The competition is open to architecture and design students in North America. Competition entries will be the work of individual undergraduate students (freshman, sophomore or junior); or teams consisting of all freshmen, sophomores or juniors, or combination. Architecture seniors or graduates may participate on a team, but the team will consist of at least 50% freshmen, sophomores or juniors, or combination. Submissions will be principally the product of work in a design studio, building materials class, design charrette, or a person's spare time.

Chair entries will be constructed only of corrugated board and glue, and must elevate a user of an undetermined size off the ground comfortably for an extended period of time. Evaluation criteria includes clear and easily comprehensible design; originality; ergonomically comfortable; aesthetically pleasing; and cleverness of craft and details.

The postmarked deadline for entries is March 12, 2009. Judging will occur in two stages with the top six designs displayed and judged at the 2009 American Institute of Architects National Convention and Design Exposition in San Francisco. On April 1, 2009 the six finalists and the four merit awards will be announced. Finalists' chairs will be displayed at the National Building Museum in Washington, DC, July 23-26, 2009.

The top ten winning students/teams will receive cash prizes totaling \$4,500.00, with the top two prizes being \$1,500.00 and \$1,000.00. First and second place winners will receive their prizes during the annual Fall meetings of the International Corrugated Packaging Foundation and Association of Independent Corrugated Converters on October 5-7, 2009 in Las Vegas.

The winning entries will be displayed on the ICPF and AIAS websites, appear in various nationally read articles published by ICPF, and in the Fall 2009 issue of *Crit, Journal of the AIAS*.

Visit www.careersincorrugated.org for more competition details.

Second Annual Fundraiser Another Success ICPF Announces Next Holiday Weekend in New York Scheduled for December 11 & 12, 2009

This past December, ICPF's second annual *Holiday Weekend in New York* fundraiser posted a record of 20 companies participating and providing tax deductible contributions to ICPF educational operations. ICPF wishes to thank the executives and spouses from the following companies for their support: Amtech, Atlas Container, Bates Container, Board Converting News, The Bobst Group, Color Resolutions International, Esko, Fitzpatrick Container, Gerber Innovations, JB Machinery, Lansmont Corporation, MichCor Container, Mid Atlantic Packaging, Packaging Corporation of America, Pratt Industries, Simpson Paper, Sumter Packaging, Temple-Inland, Testing Machines, Inc., Triad Packaging, the Association of Independent Corrugated Converters, and the Fibre Box Association.

Conducted as a social weekend with free time for shopping and touring, this year's ICPF participants began with a Friday evening reception hosted by Mike Harwood and Pratt Industries in Mr. Pratt's home overlooking Central Park at the Sherry-Netherland. Views of New York were spectacular, including a panoramic view of ice skating in the Park's Wollman Rink, which has been a regular scene this winter in commercials, TV programs and movies. The Saturday Broadway matinee, *Jersey Boys*, also was a special hit with the ICPF

— continued on page 28

couples, and it is clear why it had been a sold out performance for over a year.

This year's planned surprise for participants was Marion Scott's visit during the Saturday night reception and dinner at *Fresco by Scott* restaurant to personally sign the ICPF menu and Scott's Cook Book. The cook books were provided to participants as an ICPF holiday gift by The Bobst Group. The diverse Italian dinner served by the Scottos that evening was as good as earlier reported on *The View*, *Today Show*, *Extra*, and *The Ellen Degeneres Show*.

John Bird, CEO of JB Machinery, summed up the ICPF group's responses to the weekend. "It was wonderful to be able to mix with industry peers in a totally informal and social environment." New ICPF Partner, Steve Gore, President of Gerber Innovations, indicated like many others that he is looking forward to attending for a third time next year. And, he can be assured that ICPF already has begun planning for another new and unique holiday weekend venue.

The next Holiday Weekend in New York is Scheduled for December 11 & 12, 2009. The annual NYC event is conducted on the second weekend following the Thanksgiving holiday weekend. Contact rflaherty@icpfbox.org for more information.

Innerpac Pledges \$50,000 to the International Corrugated Packaging Foundation (ICPF)

ICPF is pleased to announce that new CorrAlliance Partner, Innerpac Inc. has pledged \$50,000 to support the International Corrugated Packaging Foundation.

"We are pleased to support the educational and recruitment initiatives conducted by the International Corrugated Packaging Foundation," said Gene Marino, Jr., President and CEO of Innerpac. "This past year, I personally had the opportunity to see the value of ICPF's efforts when I was invited to serve as one of the industry panel speakers during the ninth annual Careers in Corrugated Teleconference

broadcasted live to 15 packaging and graphic design schools across the country.

ICPF Chairman Mike D'Angelo of the Bobst Group commented, "Innerpac is the best kind of partner to welcome to the ICPF CorrAlliance because it has invested both precious time and resources to the important mission of ICPF. We're grateful to Gene for speaking at the teleconference and for following that up with a pledge."

Innerpac is a leading innovator and manufacturer of specialty custom corrugated and chipboard partitions in the United States. Products and services include corrugated interior packaging, corrugated partitions, chipboard partitions, protective packaging, recycled packaging alternatives and custom packaging design services. Since its founding in Cicero, Illinois in 1986, Innerpac has grown to five manufacturing facilities across the country, which includes locations in El Paso, Texas and Keene, New Hampshire, and most recently Sante Fe Springs and Stockton, California with its September 2008 acquisition of Bar-A-Enterprises.

Student Internships and Work Programs A Valuable Recruiting Tool

The International Corrugated Packaging Foundation has begun its 2009 campaign to identify internship openings for packaging and graphic design students at corrugated manufacturing and design facilities around the country. ICPF encourages AICC and FBA members to notify ICPF of anticipated openings for this summer or the upcoming fall semester. ICPF will then alert faculty and students of the potential positions in your area or region.

If you are contemplating creating a new opening for a student this year, ICPF has acquired guidance from faculty and former intern employers that will be helpful.

Employers are expected to serve as mentors to students participating in internships and work programs. Rotating the student from area to area also allows him or her to experience different operational issues. Student internships are more structured than work programs, since

students are often graded on the experience. Following is a cross section of student internships and work experiences as reported by corrugated companies and faculty this past year.

1. We believe the key is to have a set agenda for the student that touches on all aspects of the business so the student worked on multiple projects. One project involved tracking data for our molded foam cushion operation. Student also provided a study comparing the density of various foams that we can use in this operation. Student worked on various projects from design of cartons to POP displays. Student was very helpful in assisting our design engineers during busy times. We would love to hire the student. The student (connection provided by ICPF) is a very talented individual and possibly the best intern we have had.

2. Student performed quality checks of NA press samples to be used as the color targets for subsequent press runs. Audited, corrected and reorganized the inventory of process print standards utilized by printing. Informally supervised the temporary employee involved in the process print standards project. Assisted with ink formulations and draw downs for customer color samples. Performed several back exposure tests for digital thermal plates. Assisted with plate making process control manual. Led the intern project of designing and replacing the Intern Employer Day exhibit. Developed a Process & Development Team training presentation (excellent job with minimal guidance). Created a library for spot colors in Kaleidoscope for proofing. Learned the basics of Esko's Packedge and the Epson 4800 proofer. Participated in customer visits and other press runs.

3. The duties included understanding and navigation of corporate database, comprehension of artwork development process for accurate qc and billing preparation, comprehension of graphic materials and associated costs for accurate and efficient graphics invoicing, accurate and thorough qc inspection of supplied artwork to HP,

— continued on page 29

ICPF

— continued from page 28

colorkey, contract proof, and LEN files. Student performed very well in all of these duties and contributed to the overall success and growth of the department.

4. Prepress – assisted with daily department activities; color management; ICC profiling; fingerprint reading and analysis. Quality – assisted in troubleshooting print quality complaints; collection of data for edge trim study; film evaluation. Production – spent hands-on time with each production department – pressroom; prepress; converting; ink department; observed and performed duties as press assistant.

5. Student has assisted the technical service and R&D with the design of a corrugated box for the marketing department, preflighting jobs on Kodak Prinergy rip, imaging and processing digital flexo plates for customers, flexo gauge study, per-

formed flexo shrinkage test, evaluation of new Shore A equipment, designer of customer posters, and performed analysis of customer press characterizations, plate ink compatibility test, and UV light frequency evaluation.

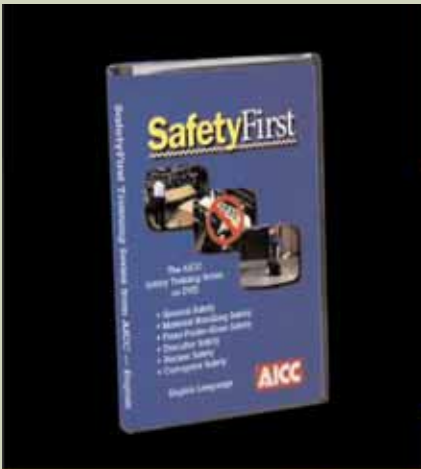
6. Student has worked in our National Applications lab for Packaging Inks as a lab technician. He has performed testing, assisted on press runs, and milled inks.

7. Student designed point of purchase display renderings/concepts for multiple customers, developed themes or messaging for a variety of projects, assisted with prototypes and prepared production files for litho and flexographic printing. She worked with our graphic designers and structure department to develop a variety of display illustrations. She also designed materials for internal and external presentations.

8. Prepress Technician – processing digital files to create impositions to be plated for press. Assisted with proofing, inventory, and QA.

Some packaging and graphic design programs require up to two full semesters of internships at one or two employers in order to qualify for graduation. The intern is required to work full time during the standard work week. A very few employers provide housing, but most provide assistance finding housing. The average pay across the nation is currently \$10-\$12/hour, with overtime compensated using standard company policies. However, student internship and work program salaries vary from area to area, with the students being paid in relation to the work they are expected to perform.

Contact rflaherty@icpfbox.org for more information, or to alert ICPF of any student internship or work program openings anticipated this year.



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Take Advantage of the Times

Good, Experienced, Corrugated-Industry Talent will be Looking for New Opportunities



Steve Young, AICC President

This column is a bookend to the one written by Jerry Frisch at the front end of this issue of *BoxScore*. His is a great reminder to all business owners that frequent and direct communication with employees is critical, especially in these economic times. He also stresses that everyone in the company has to double the tempo and recommit to the customer, the company and its well being if their futures are to be secure.

This is sound advice, but even with the best efforts, economic conditions in our industry and others are going to mean that people will be let go, downsized, RIF-ed or just plain fired to reduce costs. The headlines are all around us, and in our own industry the second largest player has sought to reorganize under Chapter 11 of the bankruptcy laws.

On page 11 of this issue we've printed a great article by Mitch Klingher, CPA, Principal of MS Aekerman & Co., Fort Lee, NJ. Mitch's 10-point "The Independent Boxmaker's Economic Survival Guide."

In this article Mitch gives a simple blueprint for your company's economic survival. All are good points to remember, but two in particular stand out. Mitch's point 5, "Search for Talent Now," and point 6, "Lock in Your Key People..." remind us that the best companies are conscientious about attracting and retaining outstanding employees. And of this current economic situation, says Mitch, "Although this is the time to reduce fixed costs, it also may be a good time to "upgrade" your personnel and it is always a good time to find a new salesperson."

This is a great opportunity for independent: finding good, experienced people who want to flourish in an independent, entrepreneurial environment. Not too many years ago members I talked to had a common complaint: it was difficult to find good workers who brought a good attitude, a dedication to the job and competence in their skills. Whether in production, plant management, customer service, design or sales, there just weren't enough good people to fill the jobs. Now the

landscape is changing. Baby-boomers who were contemplating retirement in a year or two now look at shrunken 401k statements and face the cold, hard fact that they'll have to keep working far longer than they anticipated. Industry professionals who have put in many years now find themselves out of a position as a result of a merger or plant closure. So what was at one time a mounting talent crisis in our corrugated manufacturing companies is now a talent surplus.

In every seemingly negative situation there's a silver lining. In the corrugated packaging business, the struggles and challenges which some companies are facing can be worthwhile opportunities. Be on the lookout for good people with good attitudes and dedicated work ethics. These good, experienced corrugated professionals will be looking for new opportunities, and they're likely to thrive in the creative and entrepreneurial environment.

Steve Young
President
AICC

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