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TAPPI SEMINAR GIVES ANSWERS

Are You Properly Positioned for Recovery?

By Mark Arzoumanian
Editor in Chief

s the U.S. economy approaches two years in recession, the collective box making industry has to be asking itself one question over and over again: When will we see a recovery? Box shipments have been down for months and finished box prices have taken a beating. But a rebound is inevitable. Manufacturing activity is slowly starting to pick up. What do box makers need to possess to prosper when the demand for their products picks up?

According to Tom Pearce, president, Pearce Corrugated Consulting, it comes down to:

• Management commitment;



- Equipment;
- · Processes; and
- People.

Pearce participated in a seminar on positioning for the economic recovery. It was

Continued on page 4

Transacted Containerboard Prices

Average transacted price levels are tabulated by obtaining paid prices from independent converters purchasing linerboard and medium. All prices are intended as a reference standard only. Transactions may be concluded at any time at any price agreed upon by seller and purchaser. These are delivered prices for week ended previous Tuesday. Price ranges listed are per short ton.

promote recoupy						
	Northeast	East Central	Southeast/ South Central	North Central	West	
42# Fourd. Kraft Linerboard	\$470-480	\$480-490	\$480-490	\$490-500	\$475-485	

Kraft Linerboard Upcharges (Nationwide):

26#: \$50/ton

33#: \$30/ton

31#: HP* \$30/ton

35# HP: \$25/ton

57# HP: \$20/ton

Recycled:

35#: HP Recycled: \$30/ton

26# .009 Semichemical Medium

\$405-415 \$410-420

410-420 \$430-440

0 \$420-430

\$430-440

Semichemical Medium Upcharges (Nationwide):

23# SM:** \$20/ton

33# HP: \$25/ton

40# SM: \$10/ton

*HP: High Performance **SM: Semichemical Medium

3.5%

Settlement Proposals Dues in IP Explosion Suit International Paper Co. and

International Paper Co. and two brothers who were severely burned when a boiler exploded at its Vicksburg linerboard mill had until Sept. 11 to submit proposals to settle a federal lawsuit.

The family of Terry and Kenneth Townsend sued International Paper after the explosion killed a contract worker and injured 22 others at its Redwood, Miss., plant on May 3, 2008.

The blast killed 28-year-old Marcus Christopher Broome. The Townsends and several others were severely burned when the 12-story boiler exploded during an attempt to restart it after annual maintenance.

In an answer to the lawsuit filed last year, IP acknowledged that the boiler had been shut down for maintenance, there was an explosion and the company knew workers would be present that day. However, the company argued that workers "may have failed to exercise reasonable care for their own safety" and "IP is immune from common law liability."

International Paper spokeswoman Amy Sawyer says the company works "very hard to ensure the safety of everyone at our mill every day."

Sawyer said the company does not discuss specifics of cases in litigation.

Total Board Inventories Climb

Total containerboard inventories (mills and box plants combined) rose 3.5 percent between June and July, AF&PA reports. p.10

INSIDE:

Rival Unions at MWV Mill to Hold Elections p.3

Stone Readies for Kapstone Expansion OCC and ONP Swap Prices Edge Higher p.8 conducted as part of TAPPI's CorrExpo Conference in Chicago, held earlier this month.

"Leaders must be willing to make the tough decisions for the long term," he says. "Is cost cutting king or are we also committed to supporting improvement activities through training and machine repairs?"

He added that management has to commit to strategic alliances (for the long-term) that involve employees, customers

D. Target

and suppliers.

When it comes to equipment, it's important to focus on reliability issues and drive out unplanned outages. Don't overlook the importance of the starch system, roll handling, the boiler, the steam system, and waste and material handling.

Robust processes must include:

- A lubrication program that maintains the equipment status;
 - Proper housekeeping;
- •Regular checks for paper temperature, gaps, bonds, caliper;
- Incoming paper condition inspections;
 - •Warp measurement; and
- Center lining by board grade and speed.

"Select your people carefully and then train all person-

nel," he states. "Provide the resources to train, the materials, the place, and the time. Use a training matrix to manage and measure execution. There can't be mixed messages between the goals and the expected improvement results."

It's Tough Out There—"You have to do a better job of telling your crews how competitive it is out there," stresses Dick Target, owner, "On Target" Consultants, who also participated in the seminar. "They need to understand and respect the competitive nature of the business. In addition,

"You have to do a better job of telling your crews how competitive it is out there."

—D. Target, "On Target" Consultants

seasoned operators are a great source of information, so meet with your crews."

Target believes the current slow business level is a perfect time to clean plants, organize tools, and arrange the floor for better production support.

"Some plants have been dirty for so long no one sees the dirt any more," he states. "Position your company to sell your

production facility through customer visits."

He also believes it is important to:

- Identify past mistakes and be proactive in fixing them;
- Review accounting methods and be sure they are accurate and current in a growing economy; and
- Use current methodologies in tracking lead times, production capabilities, and production efficiencies.

On Your Mark—Jeff Hahn of Rapid Cycle Improvement Consultants LLC, compared the box making business to NASCAR, pointing out that the best seem to get better, some "teams" are beset by problems, and the same top teams win week after week.

"Like the start of a race, when you stomp on the accelerator will your equipment and team respond as expected?" he asks. "Your equipment must be competitive. That doesn't mean the latest and the greatest. Plenty of older machines print well and run at competitive speeds. New equipment that's poorly maintained may not be competitive."

He noted that poorly maintained equipment costs money every day through:

- Longer setups;
- Misfeeds;
- Jam-ups;
- Poor print quality; and
- · Electrical kick outs.

"You can't win the race in the garage but you can be ready to win the race when it starts with efficient and effective maintenance," he says.**OBM**

TAKING ADVANTAGE OF ECONOMY

Stone Readies for Kapstone Expansion

Roger Stone, who led expansion of family-owned packaging company Stone Container Corp., is now focusing on taking maximum advantage of the economic downturn by expanding his newest venture, Kapstone Paper & Packaging Corp., reports the *Chicago Sun-Times*.

Stone says pricing in the industry is stabilizing, operating rates are rebounding and his costs are falling. The Chicagobased Stone is expanding Kapstone Paper in Northbrook, Ill., and intends to grow Kapstone into a \$2 billion company in the next two or more years, reports the *Sun Times*.

Although China is expected to become the world's largest supplier of all paper grades in the next two years, Stone believes the U.S. industry is fast regaining balance in supply and demand and that the sector will have begun bottoming out this summer and will see momentum building in 2010, the *Sun Times* reports.

A few years after Stone, now 74, retired from Smurfit Stone Container Corp., which had resulted from a mid-1990s merger of Stone Container Corp. with Jefferson Smurfit, he moved on to a special purpose acquisition company, Stone Arcade. Stone raised \$120 million, the firm was soon renamed Kapstone, and it is among the top U.S.