

PAPERBOARD PACKAGING

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WHY ROYAL STRESSES SIMPLICITY

Empowering employees makes for happy customers.

BY MARK ARZOUMANIAN | CONTRIBUTING EDITOR

Photos by Traye Dudgeon

Every single employee here needs to be capable of making decisions,” says Kim Nelson, general manager, Royal Containers (RC), Brampton, Ontario, Canada. Tiffany Park, one of the sheet plant’s customer service representatives, can testify to that.

Seven years ago, she started working at RC while a student at a local high school in Brampton. In 2005 she became a customer service representative. Nelson, who’s chairman of the Association of Independent Corrugated Converters (AICC), is a big proponent of training that goes beyond how to do your job. She knew an indecisive customer service rep could be deadly for business. So she made certain that Park and all of RC’s customer service representatives went through decision-making training.



Tiffany Park (l), customer service rep, and GM Kim Nelson.

“We want our customer service reps to ask questions so that they’re certain to understand the customer’s needs and can deal with them in a real, quick and efficient way,” she says.

Park’s decision-making training paid off four months after she started as a customer service

rep. One day she had to make a decision on the fly. It went smoothly; the customer was happy.

“Afterwards, Tiffany told me that she thought first and put herself in the customer’s shoes,” says Nelson. “I told her she was on the right path.

“It’s all about simplicity, not putting someone on hold, and doing what you say you will do.”

It’s also Nelson’s way of conveying to her 200 employees that, no matter what their job, their decision-making capabilities are important to the company’s success.

“Every person here is responsible for the growth of the company,” she stresses. “All costs associated with solving a customer’s problem won’t outweigh the cost of losing that customer. When [customer] complaints go down, you have happy people. It’s not difficult to do your job and feel satisfaction, knowing that you’re contributing to growth. People here feel that they are worth at least 10 percent more to each customer than that of our competitors.”

Dynamics Have Changed

Approximately half of RC’s production volume goes to other local box makers and box distributors. Nelson points out that the dynamics at the company, founded by her father, Ross Nelson, in June 1980, have changed. Running a business by serving local manufacturers

alone is no longer viable. Instead, the company is riding the service wave; today it has hundreds of sales reps. Durable goods make up 15 percent of its volume with another 10 percent of business coming from displays and graphics.

The rest of its customers are in the food processing and furniture industries. Four years ago the furniture industry accounted for most of the sheet plant's revenue.

Nelson finds that many of her durable goods clients are entrepreneurial, whether it's a small chair-making company or a nuts and bolts manufacturer.

Entrepreneurial would be an apt word to describe Ross Nelson, who, like many of his peers, started his box making career working for an integrated producer (MacMillan Bathurst). After working for integrators for 14 years, in the 1970s he went off on his own and started Norbram Packaging. In 1980 he established RC.

Modest Man

He named his new company Royal Containers because it was simple, streamlined, and most importantly, didn't include his last name, which new sheet plant founders were doing regularly at the time.

"Growing up in the family business, I came in and helped," says Nelson, who worked six summers in the plant during her school days. But when it came to a career, she was determined to become a lawyer. She graduated from Brock University, majoring in business economics, and was accepted to Western Law School. Then she found a job at the law firm Stikeman Elliott in Toronto.

One day while at work her father called her and

At a Glance: Royal Containers

Headquarters: Brampton, Ontario

Other location: London, Ontario (formerly Morphy Containers)

Established: 1980

Principals: Owner and President Ross Nelson, General Manager Kim Nelson

Annual revenue: \$25 million to \$50 million range

Footprint: 100,000 sq. ft.

Employees: 200

Mix: 85% brown box; 15% graphics

Key equipment: A two-color 66-in. Martin flexo folder-gluer with diecutter; two rotary diecutters, one specialty folder-gluer; two flatbed diecutters

told her that RC's receptionist was on vacation.

"Come in and help me out," he said to her. That day she agreed to aid her dad. But she was still pursuing her law career when Ross' long-time friend and current sales manager at RC, Bill Routledge, took her out for lunch one day and asked her, "Do you realize the opportunity you have here?" She still wanted to be a lawyer. But after thinking it through and seeing what her dad had built, she realized that she could grow RC even further. So in 1992 she joined the family business. That same year, her brother, Steve Nelson, started working at RC, too. Today he's RC's plant manager.

"I graduated in business," Kim Nelson says. "This [working at RC] is a segue into a business."

At Royal Containers, orders usually move out less than eight hours after being produced.



As the years went by and she worked her way up, the company kept growing. In 2001, the sheet plant moved into a custom-designed 100,000-sq-ft building close to the Toronto airport.

Inside Track on Morphy

In April 2009, RC continued its growth mode with its purchase of Morphy Containers, a sheet plant headquartered in London, Ontario.

It's now known as RC-London. Unlike RC in Toronto, this plant is design-focused and produces multi-color displays that serve the produce growers in the region. For example, it makes strawberry trays and pepper boxes and uses wax alternatives regularly.

The Nelsons knew that the best way to grow RC was through acquisition. So when they learned that Don Morphy, founder of Morphy Containers, wanted



A 'Trying' Culture

“We have more employees here that are of the learning mind,” says Kim Nelson, general manager, Royal Containers. She's always learning from reading business books and studying new training programs for her employees. “Our ability to execute change is above normal. We embrace change and challenge everything we do.”

She calls it “a culture of trying” and encourages her employees to give new techniques a chance. If the concepts don't work out, she assures the workers that they can go back to what they had been doing.

“We must be flexible and willing to change,” she says. “We have to recognize and adapt to our customers' needs.”

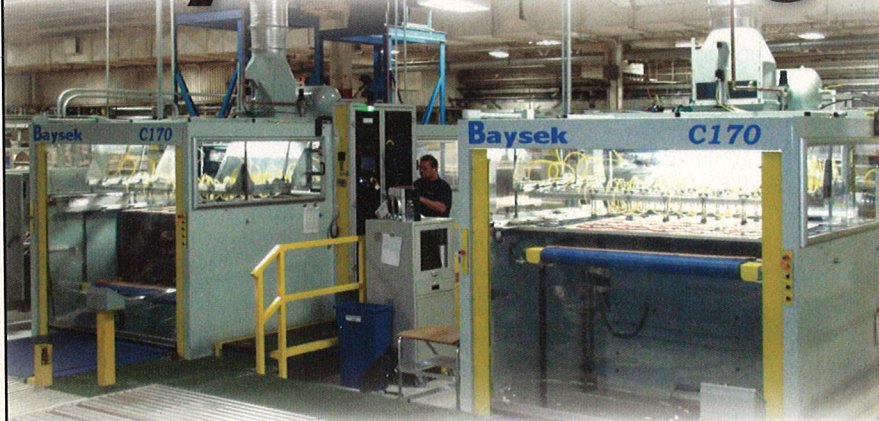
to exit the business, they immediately saw it as a great opportunity. Morphy and Ross Nelson knew each other for years.

“The number-crunching part [of the acquisition] was easy when compared to changing business models,” Kim Nelson says. “The transition of cultures is tough to do. But we're doing it one step at a time by staying as open-minded as possible.”

RC has about 500 customers in Brampton and another 500 in London; not one of them is more than 5 percent of the company's total business.

These customers always demand delivery speed. They constantly want to know how fast they can get their order. So Nelson constantly strives to make RC easy to deal with; no jumping through hoops when you place an order with RC.

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"All costs associated with solving a customer's problem won't outweigh the cost of losing that customer."

Kim Nelson

"We don't inventory," she stresses. "We tell our customers that whatever they need we can get it to them when they need it."

Owning part of TenCorr, a sheet feeder in Toronto, allows RC to back up its words. It buys all its sheets from TenCorr. The other two partners in TenCorr are the Coyle Group and Pearce Containers, two other sheet plants in the Toronto area. TenCorr



Royal Containers is headquartered in Brampton, Ontario, with another location in London, Ontario.

runs two corrugators, one in Toronto and one in Mississauga. RC can place its sheet orders remotely and get them within 24 hours.

While some sheet plants might talk about transparency, RC takes the transparency prize regarding customer access to pricing information. The plant's "Quick Price" system allows a client to immediately get a price online for its boxes. The system has already established a customized mark-up so when a customer enters an order, the total price is quickly calculated, removing any dickering. The customer knows the costing system. So the price RC charges is final.

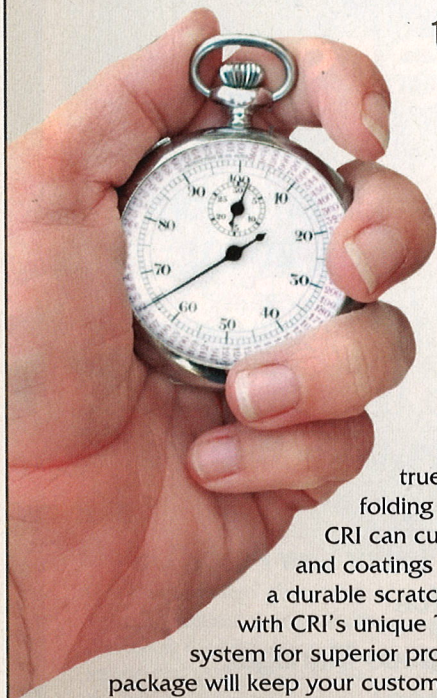
Darren Ramsay, IT manager for Gerity Corrugated & Computer Co., Concord, Ontario (a former RC employee) worked with RC to develop this program. Most of the customization that allows the "flute" operating system to be accessible to the customer is done by RC in-house.

"It's a living software system, you can't let it stagnate," Nelson says. "Sixty-six percent of our orders are now received online and more than 70 percent of quotes are done by the customer. It's not e-mail or fax but online. It has eliminated a day's worth of administration.

"Access to our information goes beyond Quick Price. Our customers have access to everything in the company, including a complete history of the cartons we've made for them."

At RC, Kim Nelson is making certain that stagnation will never occur. It's all about efficiency and simplicity. Just ask the employees. **PBP**

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