

Royal Containers' New St. Thomas Plant a Showcase of Smart Design



Royal Containers' St. Thomas leadership (from left): Greg Marcella, vice president of operations; Kim Nelson, president and CEO; and Michel Alvarez, plant manager.

Company: Royal Containers Ltd.
Established: 1980
Joined AICC: 1980
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Website: www.royalcontainers.com
Headquarters: Brampton, Ontario
President and CEO: Kim Nelson

Kim Nelson, president and CEO of Royal Containers Ltd., has created in her company's new plant in St. Thomas, Ontario, an elegant marriage of efficiency and style.

The 152,000-square-foot plant, which hosted its grand opening this past September, strikes visitors with its architectural appeal and engages employees with a fluidly flowing office and production environment. And though the St. Thomas plant stands today as the product of a deliberate, creative plan, the site was nearly ruled out at first. "When we looked at the outside of this building, and where we're sitting today, it would be one of those moments when you say, 'You really need a great vision to see this,'" says Kim. "So, we dismissed it at first."

Royal Containers is based in Brampton, Ontario, in the Greater Toronto area, colloquially known as the "GTA." It was founded as a single sheet plant in 1980 by Ross Nelson, and Kim Nelson joined the company in 1992. In 2009, Ross handed on the leadership to his next generation, and Kim became president and CEO. In addition to its sheet plant locations in Brampton and St. Thomas, Royal Containers is also a shareholder in TenCorr, a sheet feeder in neighboring Mississauga, founded in 1983 by Ross, and nine other independents. In 2013, Royal further integrated vertically when the company, along with Cascades, TenCorr, and Jamestown Container Cos., became a shareholder in Greenpac Mill, a 600,000-ton-per-year recycled containerboard mill in Niagara Falls, New York. Royal Containers employs 300 people in its two converting operations.



Royal Containers' plant in St. Thomas, Ontario.

The long road to Royal's new plant in St. Thomas began in 2010, when Royal acquired Morphy Containers Ltd., a sheet plant in London, Ontario, 120 miles west-southwest of Toronto. Continued growth in this market, combined with the physical limitations of Morphy Containers' existing building, were two of the reasons forcing the decision to relocate. The third was Royal's 2020 acquisition of C&B Display Packaging in Mississauga. "We were having to do some major infrastructure changes, and the building was quite old," Kim says of the Morphy site. "We were starting to burst at the seams in London, and then in January 2020, we purchased C&B."

Now faced with two existing plants, both overcapacity in a very tight commercial real estate market in southern Ontario, Kim had a decision to make: Invest in a new building in Toronto or

find a location farther west and combine both plants. “We initially said, ‘Let’s go find something in the GTA,’ but we exhausted everything that was build-to-suit with nice highway exposure,” she recalls. “So, we started looking toward Cambridge,” referring to the city of 150,000 people about 50 miles west, “and there’s nothing available there either. So, we expanded the search geographically, and we found this spot.”



St. Thomas Bobst flexo folder gluer crew (from left): Tika Ram Humagain, Mohammed Ali, and B.J. Desmond.

Kim possesses a key strength that makes her a great entrepreneurial leader: She knows her own limitations and has surrounded herself with a great team. Royal’s key management team consists of Vice President of Finance Connie Van Boxel, Vice President of Operations (GTA) Brent Hill, Vice President of Sales Kirk Cormier, Vice President of Administration Terri-Lynn Levesque, and Vice President of Human Resources Steve Robinson.

Greg Marcella, vice president of operations (West) at the St. Thomas site, has been with Royal for 10 years. He was a key player in scouting out a new location for Royal. After earning a degree in packaging development technology at Mohawk College in Hamilton, Ontario, he began his career at Unilever in Brampton, where he dealt with the company’s vendors of plastics, film, paperboard, and corrugated. “That got me experience with everything,” he says.

After leaving Unilever, he worked for other industries in their packaging needs, ending up squarely on the paper side of the business at Sonoco. From there, in 2013, he joined Royal. “I’ve been here 10 years,” he says, “and I was the plant manager, then vice president of operations, now the general manager.” Pointing to the conference room around him, he adds, “It’s been a crazy journey to realize something like this.”



Employee break room at Royal Containers’ St. Thomas plant.

Marcella recounts the first visit to the prospective location: “I said, ‘Kim, I think we found a building.’” The building was the former site of an injection-molding company that had gone bankrupt. “Just watching Kim’s face as we drove up, I thought, ‘This isn’t going to work. I don’t think we can sell the vision or paint the picture for her to believe we can get there,’” he recalls. “It was a gut moment, for sure.”

How, then, did Kim Nelson and her team arrive at the decision to lease the St. Thomas facility that was, for all intents and purposes, ruled out? First, consider its location. St. Thomas is 18 miles south of London on the north shore of Lake Erie. Thus, for the employees of former Morphy Containers in London, the new location was convenient. “We could have moved to northern London and added 45 minutes to everyone’s commute and still be in the same city,” says Marcella.

However, he adds, they saw in the St. Thomas site an opportunity to give the employees “an improvement that we could deliver to everybody’s life.” The town is an attractive destination, having been named in 2021 by *Maclean’s* magazine as the best place to live in Ontario and the third best place in all of Canada. The region is largely agricultural, although St. Thomas itself, historically a railroad center, has maintained some of that heavier industry such as metal stampings. Automotive is also moving in, with Volkswagen AG building what it calls “the world’s largest” electric-vehicle battery plant, which is slated to open in 2027.

Kim explains the larger reason for the change in their first impression of the site: “Driving away I said, ‘Greg, we have a decision to make: We can invest in real estate—it’s always a great investment. Even if we have to put in \$20–\$25 million to build a building and own it, we can do that. We’ll put everything from the two companies there with existing equipment.’”

This option, however, did not sit well with her because she felt that level of investment would not benefit the next generation of owners—a real estate play would be too long a payback for them, and they would be limited in the marketplace with the older equipment from the former Morphy and C&B sites. The other option was to lease a building and invest \$15 million in new equipment, a choice she made because of a lesson she says she learned from her father, Ross. “I can’t be expert in everything. Ross taught me to stick to what I know, which is manufacturing boxes. I don’t know the real estate market. I don’t know the large investment markets. I know how to manufacture boxes.”

Readying the St. Thomas plant to run that first box fell to Marcella and his team, while newly appointed Plant Manager Michel Alvarez managed the London plant during the transition. Alvarez spent the first 10 years of his career at Kruger’s packaging division, where he started on the machine take-off crew. He worked his way up to supervisory positions, eventually becoming an ISO auditor and a health and safety trainer. “Kruger gave me a lot,” he says, “and one of the things I learned from a human resources person there was whenever the company gives you an opportunity to get educated, take it. If you ever leave, you take that with you.”

While still at Kruger, he met Bill Routledge, then sales manager for Royal in Brampton. “I’m very familiar with equipment, and I knew what Royal could do,” he says. “I knew what Royal could sell. That’s when I became a sales rep at Royal.”

After seven years at Royal, Alvarez returned to Kruger, spending another seven years in ISO, Six Sigma, and process improvement before being recruited by Menasha for a position at the company’s plant in Brampton. He spent three years there creating training, motivation, and incentive programs to improve the workplace culture. While at Menasha, he happened to be guiding a tour of the facility, and Kim was in the group. He remembered the conversation: “‘If you ever leave,’ she told me, ‘Don’t you dare take another offer until you talk to me.’” He returned to Royal in June 2021.

In working to set up the new plant in St. Thomas, Marcella and his team were given a blank canvas. The conscious decision to lease, rather than buy, a building meant dealing with the building’s new owner, but this also provided unforeseen advantages. Marcella explains, “Our landlord purchased the building and all the contents just before we signed the lease. The prior tenant—the injection-molding business—had invested a great deal of electrical infrastructure, which was left behind and destined to be scrapped. We were able to build the entire electrical services using only labor; we repurposed switchgears, breakers, panels, transformers, and multiconductor wire. This saved us roughly 40% on the budget for electrical and allowed us to stay on track.”

In addition to the electrical infrastructure, the site had an enclosed rail siding for receiving carloads of plastic resin and pellets. Marcella and his team converted it to house the dust- and

scrap-collection machinery, isolating it from the converting equipment, thus creating a cleaner and healthier plant environment.

In choosing the St. Thomas location, Kim and her team ensured their equipment investments complemented the company's entire mix of business. The workhorse is a 37" x 98" three-color Bobst 924NT flexo folder gluer. In addition, Royal St. Thomas has two Bobst die cutters—a 66" x 113" Bobst DRO 1628NT and a 66" x 113" Bobst Masterline DRO, both with A.G. Stacker's XRI SERIES stackers; a 64" x 100" Stock laminator; a 47" x 63" Cobra flatbed die cutter; a 55" x 67" Baysek C-170 die cutter; a Brausse specialty gluer; and a Bobst Expertfold 230 specialty gluer. This mix of high-speed converting, die cutting, and finishing equipment allows Royal to accommodate the display business it picked up in the C&B Display Packaging acquisition, as well as to serve the predominantly brown-box customer base it shares with Royal's Brampton location.

"We don't really sell geographically," Kim explains, describing the mix of customers in the southwest Ontario market and how the plant's equipment mix serves them. "We've got 1,500–1,700 active customers between both our plant locations, and we schedule to our capabilities in each," she says, noting that the customer base is so diverse it insulates Royal from being top-heavy in any one industry.

"If I could sit here and say to you that 10% of our sales goes to this one industry, I would, but we can't," she says. "We do not still to this day have a customer that accounts for more than 6.5% of our sales."

Showing pride in the accomplishments of her team, Kim adds, "Last year, Royal Containers reached \$100 million in sales. This is a humongous milestone in our company."

Mohamed "Mo" Azzouz is Royal's continuous improvement manager in St. Thomas. From the start, he worked with Marcella and Craig Andrews from C&B to ensure the optimum layout and workflow through the new facility. (Andrews has since moved over to TenCorr.) Azzouz came to Royal in 2017 and assumed the role of continuous improvement lead in 2019. He was instrumental in supporting the acquisition of C&B and the move of its assets to London.

Azzouz and the Royal St. Thomas team set and measure their improvement metrics utilizing the *obeya* principle, a practice of lean manufacturing first put in place in Brampton in 2019. *Obeya* (Japanese for "big room") is a tool in which a dedicated room is set aside for employees to meet and make decisions about a specific topic or problem. The idea behind an *obeya* is to break down the barriers that prevent employees from collaborating and sharing information. Azzouz credits Les Pickering of Quadrant 5 Consulting for laying down the foundation of workplace organization and standardized work. Azzouz then introduced *kaizen* events and lean training to target specific improvements or work areas. A tour of the St. Thomas plant will likely include a visit to its *obeya* room, high on a mezzanine, so operators can see nearly every machine center and the work in process. The room's walls host an array of visual information about lean *kaizen* events' key performance indicators, showing progress and potential problem areas. "At Royal Containers," Azzouz says, "our utmost priority is the well-being of our employees. We firmly believe that fostering a culture of continuous improvement can have a profound impact on

employee retention, morale, and customer satisfaction. Royal's commitment to continuous improvement is not merely a concept but an absolute necessity in our commitment to delivering the highest value to our customers."

In agreement, Kim adds, "We bought into lean manufacturing from the very beginning. I would say now we are a professional lean manufacturing company; we live it and breathe it every day."

Royal Containers has a strikingly simple mission statement: "Building Partnerships in Packaging." This ethos is infused in the company and extends not just outwardly to the company's customer base but to its suppliers and, notably, to its employees as well. Kim and her team are passionate about the Royal Containers culture. "Luckily for us, we have defined our culture," she says. "We know what it means—what it looks like, smells like, and sounds like."

At Royal, she explains, the company's culture sounds like, "If I want to be responsive, how can I help you? What are we doing? What can I do to support you with that? Everything is transparent; it's authentic."

These values are reflected in the St. Thomas plant's physical space. "If I want to be happy, I want to be in a beautiful place," says Kim. "If I'm in a dark and dingy place, I can't be happy. You want everyone to feel and have a beautiful working environment, and that's what we've done here."

Michel Alvarez agrees, adding, "There's transparency, too. You look at this whole place, and it's all open space. There's nothing blocking the windows—no secrets."

As a footnote to this story, the St. Thomas business community has welcomed the Royal Containers' relocation with open arms. Says Marcella, "When local business leaders came in and did our tours, they clued into the fact that we're producing a 100% recycled product and that we're not a hazardous business. We are a very clean industry. The town absolutely loves that story."

Royal Containers' St. Thomas plant showcases smart design with a purpose: to be the best corrugated box manufacturer, to be the best in quality and service, and to be the best place to work in southwest Ontario. At the plant's grand opening in September, Kim said, "Investing in our Royal West operations is a deep source of pride resulting from the insight, collaboration, and mutual hard work of the team. We know only too well the challenges brought on by the pandemic as well as the shifting economy, but Royal enjoys a collaborative culture with our employees and a loyal relationship with our customers. We open our new facility today with huge appreciation for both."



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