

Menasha Packaging Corp. – Strategic & Innovation Timeline

New Strategy, August – September 2005: Strategic Direction, Communication, and Management Practices

- **New Strategy Process & Creation:** We engaged Deb to help us with a new 3-year planning process to be completed before the annual fall budget process. Deb's approach included a 360° analysis of the business engaging employees at many levels for a bottom-up, top-down, and sideways approach; for example we:
 - Assessed our existing and potential customers' worlds, their challenges and opportunities, their customers' needs, etc. through Voice of the Customer interviews we still do regularly (Sideways);
 - Assessed global and domestic marketing, industry, economic, demographic, regulatory, etc. trends and potential impact (Sideways);
 - Learned about our own challenges and opportunities through interviews and discussions with employees from the plant floors on up; "Voice of the Employee" interviews were done by marketing and HR with all levels of employees to understand their views of MPC and their own plant/location's strengths, weaknesses, opportunities, challenges, what they liked/disliked about their jobs and working environment, where they would like to see the company go, what they thought worked and didn't work (Bottom-Up);
 - Included non-Leadership Team members at the planning retreat (e.g., General Managers of plants that would be most impacted);
 - Created the strategic plan by reviewing the findings from the 360° analysis and bottom-up/top-down/sideways approach
 - Designed a structure to support the strategic plan, compared that with the current structure, identified gaps and included the reorganization into the strategic plan itself (and executed it);
 - Implemented execution schedule for regular monthly plan monitoring and review, yearly focused updates and any impromptu reviews as needed.
- **Alignment of Budget with Strategy:** If we were serious about the plan, then our money had to be where our mouth was - a powerful way to communicate our commitment. In the annual fall budget process we aligned resources with the plan including investment in **training, career development** and **equipment** that made jobs more effective and productive as well as enabling new products. Since we were undertaking a major change to our business model, the resources had to support new initiatives:
 - Investment of a robust, easy to use sales toolbox to understand and communicate the new value proposition to customers in our three targeted CPG markets;
 - Investment in new equipment to create faster iterations of prototypes for customers and make entirely new types of products;
 - Increased deployment of Lean training and tools along with clearly defined Standard Operating Procedures and Leading Indicator Metrics for prevention, not punishment. Lean training used cross-functional, usually peer to peer, teams to identify challenges or problems and create solutions. Depending on the solution, it could be implemented without management approval. Training included the people directly involved in the challenge and solution – the real 'users'. Because the team approach was working (and fun), employees expanded self-organized teams and applied Lean problem solving tools in non-Lean areas. Issues were resolved without needing management; productivity and effectiveness increased; employee pride and confidence increased and self-organizing teams became more pervasive. Management realized their people were fully capable of successfully

addressing issues and increasingly stepped out of the way, removed obstacles, and gave people more and more autonomy. It became a way of working. Those managers that couldn't make the transition moved on.

“Our strategy and vision have been more visible than in the past. I think part of this is because all employees can relate to our customers – we all buy Kellogg’s cereals, Hershey bars, etc., so it makes it more meaningful to us. Since we are our customers’ customers, we are more cognizant of their needs. When we hear about them in the news, we know it has a direct impact on our business. This wasn’t the case with our industrial customers. Lean has also taught us how to look at problems differently and think out of the box. This meant we were already thinking innovatively.” Dan Murton, Director of Lean Solutions, retiring March 2012 after 43 years with MPC

- **Strategy Communication Plan:** To overcome the trust gap, we had to make our commitment to the plan clear, tangible and iteratively communicated. We wrote a letter, mailed to all employees’ homes, stating our commitment to the plan and accountability to our people (the letter is in “Helpful Materials: Documents”). This had a big impact. Mike visited each facility, communicating the plan and reinforcing leadership’s commitment to all employees. He showed how their input had directly impacted the strategic plan, that their voices had indeed been heard. A yearlong communication plan was implemented that continues today as well as regular reviews and updates of the plan. Additionally, HR started aligning everyone’s goals and performance with the plan, further communicating commitment and focus. (See **Challenges & Solutions Section: 1. Trust** for details).
- **Management as Facilitator:** Within 18 months, improvement in the culture was palpable. Almost everyone, at all levels, knew the ‘what’ and ‘why’ of the strategic plan and their role in execution. Many of the 3-year goals were already met or exceeded! Why? Because we were very focused on our strategy and management got out of the way. With the success of self-organizing teams both vertically and horizontally across the organization, management increasingly realized their role needed to be a facilitator and advocate vs. a traditional manager. We trained our people and managers on how to facilitate, how to problem solve, how to learn when to get out of the way and when to intervene and help. The innovation culture spread with ideas coming from plant floors, customers, cross-functional/geographic teams, and customer co-creation. As employees saw needs or issues, regardless of where the need/issue came from, they started organizing their own teams to create solutions. Because of the Lean teaming/self-organization success cited above, employees were willing to self-organize more and more. They learned when and how to bring management in to help or approve. There was no formal process for creating a new self-organized team. They arose as needed and dispersed when done. For instance, a “Design Brief” was created by the designers, production staff, and salespeople to streamline the “idea from/for customer’ to ‘prototype’ to ‘feasibility’ process. This is now used across the company. This has expanded more in the past 3 years (See “Self-Organizing Teams” below). Production employees were so excited with the new equipment they tried different ways to “work” and create new products (and still do).

“We have very smart people running this company because when things got bad, they changed course and came up with new plans. They invested in new equipment and got us ahead of the curve so we survived. People are working together better. You see people on the floor helping each other more and a more positive attitude. The new machines make things more exciting and fun. I have to start over with a new machine and that’s fun. They have given me opportunities to learn at other plants without feeling pressured so I can come back and train people here. There are always things to work on and improve in life and I have the tools to learn here. Learning is a gift, even if pain is the teacher!” Eugene Moseng, Flexo Folder Gluer operator on a new \$5M Flexo Machine, 35 years with MCP.

Updated Strategy, 1H08: Strategic Direction, Communication, and Management Practices

- **Intense Ideation -> Innovation Process 1Q08:** Before starting the next major planning period, Jeff felt MPC needed to radically innovate around one of the strategies and asked Deb to help. He organized a cross-functional/geographic team that did extensive Voice of the Customer iterations, refining needs and solutions from about 30 down to 10. Using a simple, but thoughtful process, the team iteratively vetted and prioritized the 10 ideas down to 4 and presented these to us for the strategic planning process. As the strategic plan was being updated, we sensed the economy was in trouble. We didn't know how severe it would be or that the innovations would help us keep pace, let alone grow during the recession. 2008 thru 2010 were still growth years, at varying rates.
- **Major Strategic Plan 2008-2011 Update:** We did the same process as in 2005 and evaluated the current plan vis-à-vis what worked, what didn't, why/why not and applied the learning to the new plan. While the strategies didn't significantly change in the new plan, the tactics did. We continued to push innovation at the plant floor level, to further position management as facilitators and obstacle removers, and drive accountability at the team level.
- **Self-Organizing Teams expand:** Self-organizing teams became more typical. Self-organizing teams routinely prototype and experiment customer and internal innovations. As employees saw needs, they'd organize the relevant parties to create solutions that they'd take to management for input and resource allocation. Teams varied by size, members, geography based on the need. Management's involvement in the team depended upon an invite by the team. When the 'job' was done, the team ended. Team leaders arose based on passion and expertise more than position. We've found the more freedom we give our people, the more innovative ways they redesign work and make products that solve real customer problems (More examples of self-organizing teams under **Updated Strategy, 2012-14**)
 - **Resource Allocation:** In many cases, resources were 'self-allocated' – employees would make it part of their work and help each other. If more resources were needed, or for longer periods of time, they would make the case to management to have those resources allocated. In addition to the annual budget process, any team of employees that saw a need could create a 'business case' on why they thought their idea merited additional financial or human capital resources. The business case needed to show how it tied to the strategic plan, how it solved a customer or internal need, why that was the best way and the expected payback (time, money, market presence, etc.). The employees provided numbers for the various ROI elements that Finance used to calculate the estimated ROI. The business case was reviewed, refined and vetted by the team's management and if it passed, was sent to us for review. Rarely have we turned down a solid business case. This also demonstrated to our people that we take their ideas, their knowledge and experience seriously – we trust their views and we're willing to invest in their ideas.
 - **Examples:**
 - With new equipment arriving, production employees redesigned the layout of the plant floors for efficiency, effectiveness and of course, safety.
 - Sales gathers designers, marketing, production staff, press operators and customer service to brainstorm on solutions to customer problems. These result in prototypes that are iterated and co-created with the actual customer.
 - Production staff figures out a way to do something and shares that new capability with marketing and sales to see if there is customer interest.
 - At one plant, an employee noticed safety hazards and, knowing people really want to take care of them, started "Safety Snags" - a system for employees at any level to report hazards. They are not criticisms – there is no politics or blame – they are

observations with a suggestion that gets action. It rapidly took off and is now corporate-wide, preventing many injuries. She was awarded both the President's Award and Living the Vision Award (see **Challenges & Solutions Section: 1. Trust – Solution** for details).

- Safety Snags evolved into a game at a few of the plants. At one in particular, one mechanic challenged himself to find 100 potential safety issues. He learned to look for the obvious, not just the difficult and now employees are challenging each other – other mechanics, electricians, etc. – with \$100 gift cards as the prize.
- Recognizing the need for more thorough project management, several employees started coordinating their activities to streamline the steps and handoffs for customer projects. They identified best practices across MPC and created a system to support customers, project managers and functional experts (e.g., design, creative, estimating, customer service, operations, fulfillment, finance, procurement). They created the business case, which was approved. Then, they wrote up their requirements and selected a customizable off-the-shelf packaging. Today, there's even an app for that! And the branded ProPlus™ program will save us almost twice as much as it costs.

Updated Strategy, 2012-14: We decided to start the 2012-14 planning process with a blank slate. Deb took us back to square one to eliminate confirmational bias and dependence on status quo. The resulting plan is very similar to the “old” one with our increased willingness to take risk in innovative opportunities given our learnings and successes. This validated that the foundation was solid.

- The freedom our employees have to create solutions reinforces their passion and enhances our innovation culture. Our people are continually experimenting and prototyping better ways to make existing and new displays both in terms of structure and design. The success of these “grass-roots” solutions is evidenced in the [awards](#) we've won. They take the initiative to solve problems they run into by creating their own teams:
 - A Clamp Truck driver was consistently seeing damage on the outer wraps of new roll stocks when opening railcar or trailer deliveries. He asked a co-worker on another shift to start inspecting the rolls as well. They uncovered much more damage than thought and started photographing and measuring the waste. They involved the local Lean person who tracked the rolls to mills. The result was a significant credit back to MPC, less time on paperwork, and less hauling of waste to the baler.
 - Customer service co-workers were rushing about a city block in length to the opposite end of the building to get proofs over 8' long from the internal shuttle van. Proofs were getting mixed up or misplaced and they were always rushing. Their solution? They gave the driver a badge to let himself into their area and added a stop by their location in the building for pick up and delivery.
 - Agile Development is being adopted by IT to spread the experiment/iterate innovation culture within IT and its relationships with the businesses. Small teams of IT staff and business end-users took a phased approach to a project, evaluating how the business' ideas played out with each iteration/phase so it could be tweaked at each stage instead of requiring a major rewrite. The solutions are delivered faster and meet the business' needs and expectations.