

The Millar Western Case Study

Continuous Improvement In Action



Millar
Western,
McMillan
Bloedel,
Crofton Pulp
and Paper,
Pacific Forest
Products--

Richard Clark has more than 30 years experience in the wood products industry. His fields of expertise range from executive leadership to production management, mill construction, and business development.

The semi-retired former Vice President of Solid Wood Products at Millar Western, one of Western Canada's largest privately owned forest product businesses, is a great believer in continuous improvement processes.

“My objective,” says Clark, “is to create an environment where people can do their job, do it well, and do it with a sense of pride and ownership while maximizing earnings.”

The secret to a successful implementation resides in understanding the components of a good improvement process. Clark

recently worked with Millar Western's two Alberta sawmills.

LEADERSHIP

Any company considering a performance improvement initiative, according to Clark, should devote the time and energy necessary, making certain that the commitment from the top is there.

“In my view, that's often what makes the difference between success and failure. When we hired Performance Quest International, (PQI), we knew that success lay in the level of our commitment.”

PQI Consultants worked with management to help articulate the kinds of attitudes, actions and processes that govern high performance workplaces.

According to Clark, PQI consultants functioned as coaches, modeling the types of human interactions that motivate and sustain people.

“Firing someone was the easy way out,” says Clark. “You could easily replace the guy with someone worse. If you can turn people around, then you've really gained. It's a different mindset. It really shows what you're about.”

Since Clark worked as a tradesperson, a journeyman instrument tech, before going back to school and becoming a mechanical engineer, he knew what it was like to work on the floor.

“I knew what it was like to be ignored. I knew what it was like to have good ideas with nobody listening. “

The philosophy of transferring accountability to the employees on the floor seemed radical to some, but Clark was more than ready to listen. He had been there.

“Collaboration can be so powerful.”

“I believed that so much more could be gained by tapping into the collective intelligence of the company. But I knew that some of our front line supervisors, even though they were great people, needed help in making the adjustment.”

INVOLVEMENT

Richard Clark has not only seen the results of workforce involvement, but he sees no other choices ahead for operations that want to compete globally.

“Collaboration and involvement are the future now, but a few years back, not everyone believed that such spectacular results were possible.”

“I knew in my heart that involvement was the right direction, but I also knew I had a big job trying

to change the minds of the some of the people I had working for me.

Clark realized it was his job to unleash the energy, creativity and passion of his employees, but at the same time, he knew that change is often very threatening.

“PQI surprised me by how unthreatening they were.

They quickly gained the confidence of managers, supervisors and people on the floor.”

Clark personally gained confidence from the like-minded consulting company and spearheaded the improvement process.

“We set out with key performance indicators in six areas, and I was really surprised at how quickly the employees on the floor bought in.”

According to Dean McLay, (PQI president), “Richard never wavered in showing the commitment needed from the top. His integrity and honesty inspired everyone.”

One of the things Clark did was attend monthly business review meetings where employees stood up, displayed their key performance indicators and articulated their achievements.

“We thought it was all about productivity, but we learned that it’s really about business.”

“Once we showed our employees the impact that their work had on

the bottom-line, they began to see how their productivity translated into dollars and cents.

“While some managers had difficulty letting the reins go,” says Clark, “most discovered for themselves that improved results and a more positive working atmosphere were possible. I had a fabulous team.”

THE SCORECARD

Clark agreed with PQI’s belief that performance must be measured. He also agreed that performance means continually making improvements in costs and efficiency

Moreover, says Clark, “The right tools have to be in the right hands.”

During a stand-up business review, one of operators said to us, “Management set the target at 230,000 per shift. Well, we’ve set the target at 250,000. You got a problem with that?”

It wasn’t long before the operators ending up exceeding 270,000. They proved something to themselves and management.

According to Clark, “our employees learned Business 101, the business fundamentals. Every body learned how to read the balance sheet. They could see their own impact. In the end, it was about accountability.” People began to understand the dollar impact of their decisions.

THE RESULTS WERE ASTOUNDING

“Our people become really involved to the point of changing their behavior in the workplace. They really enjoyed coming to work. They knew they would be listened to and that their contribution was valued. And finally, they knew the score when it came to their performance. They understood what success meant.”

“The people didn’t have to check their brains in at the gate. We quickly saw new leaders emerging. It was fun!”

THE FINAL TEST

When developing the plans for a new \$40 million dollar sawmill, VP Richard Clark wondered if the project would challenge the skills of his employees.

“It’s our job as coaches/mentors to transfer our knowledge and experience so that our people can carry on the process of improvement long even after we are gone.”

“But this modern mill was still a pretty big task. We wondered if the skills had truly transferred.”

The new mill was built on time and on budget, and the total involvement of the workforce created a mill with many specials enhancements.

“In short, our results were spectacular,” says Clark.

“Whenever we met a challenge or problem in the planning or

construction” continues Clark, “we used what we learned from PQI. We got together, we problem-solved, and we utilized the resources of the team.”

“But, I want to point out that this isn’t management by consensus. A leader must still lead. You’re still responsible for results. This kind of leadership still requires hard work and commitment.”

“And it doesn’t hurt to have the set of tools PQI helped us develop and hone.”

“Millar Western is doing extremely well, despite the tough times in the forest industry. By harnessing the collective genius of its great workforce, it’s not hard to see why.”

THE BOTTOM LINE

Boyle Operations
(Woodlands and mill).

- Decrease in costs by \$50 per MFBM
- **\$ Impact = \$25 Million**

Whitecourt Operations
(Woodlands and mill).

- Old Mill - Decrease in costs by \$20 MFBM
- **\$ Impact = \$18 Million**

Whitecourt Operations
(woodlands and mill).

- New Mill - Decreased costs of \$20 per MFBM
- **\$ Impact = \$18 Million**