



Managers vs. Leaders

Which type of CEO is best for the industry, a manager or a leader? This magazine's award for the Executive Papermaker of the Year raised some interesting ideas about the modern manager (or leader) now making an impression on some companies.

By David Price

I read the interview with Domtar's president and CEO Raymond Royer (*PaperAge*, March/April 2008) several times. Then I read a selection of annual reports from paper and tissue makers, suppliers and Pricewaterhouse-Coopers (PwC) February update on CEO perspectives. So I had the views of about 30 of them and I'm now a bit wiser.

Over the past 12 years I've recorded good and bad times in the industry and I've been irritated, often, by CEOs who pay tribute to the most important part of their operations—the work force—and some time later cut jobs. That trend has gone faster recently as the private equity players strip out costs. It's still happening in Europe as Stora Enso and Norske Skog cut jobs and capacity.

So Royer's comments were refreshing and a welcome contrast to a depressing trend.

He accepts that cutting costs is good business practice, but he also believes in customer focus and employee satisfaction. His reply to the first question he was asked (What brought you to [Domtar]?) was “the people” ... “there was one thing I thought Domtar had that could drive a successful turnaround—



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**—Raymond Royer,
president & CEO, Domtar**

and that was the employees—a motivated group of people who wanted to succeed and who were ready to take an active role in the consolidation of the global fine paper market.”

He sees himself not as a papermaker but as a “value generator.” This is dizzy and exciting stuff and he says

a lot more of it. In a thinly veiled rebuke to the private equity players he says, “I don't like deep pockets thinking in capital intensive industries and I truly believe that spending other people's money is too easy a solution.”

He recognizes that employee attraction and retention is a challenge in itself. Domtar has \$6 billion in sales and 13,000 employees, so the numbers underpin his beliefs.

The PwC survey of CEO Perspectives (February 2008) also has something to say about people. “There is one other basic that deserves attention—the people who drive organizations. A number of executives acknowledge how important it is to focus on people. As John Kotter, one of the foremost authorities on change leadership found in the 1990s and a wealth of new evidence supports today, “people and personal engagement is the key to the success of change projects.” This CEO is one of 26 interviewed for the survey, all of whom are anonymous, but he goes on. “The success with which change is implemented depends on the extent to which people understand their roles in the bigger picture. This requires that leadership teams

be fully engaged. Companies which want to change their business strategies, refocus business models, close mills or implement performance-improvement measures, need to pay close attention to the people issues or risk failing to achieve the results they seek.”

This perfectly illustrates a management problem I flagged up a few years ago in these pages. I wrote critically about Norske Skog, whose ownership and global operations in 11 countries were run by home-based Norwegian management. Corporate lawyers fussed and fumed, but nothing happened. Anyhow, Norske Skog has changed its ways.

A New Breed?

Is the type of manager, exemplified by Royer, a new trend in the industry? Or has it always been there, but buried under the rhetoric of tonnage, sales, market share and global reach?

My other thought is, ‘do Royer’s views have a cutting edge because he came from outside the industry?’ He was a financial analyst and corporate manager for 22 years before joining Domtar 12 years ago.

SCA changed its CEO last year after poor results—their chief executive, who came up through the industry, was replaced by one from the mining and quarrying sector. Will he improve SCA’s results?

Of the 26 CEOs interviewed for the PwC survey, about half came from outside the industry. I’m still trying to fit the CEOs to the companies and tracking results to see if the career paths of the CEOs made a difference.

Are people like Royer leaders or managers? The late and charismatic George Petty of Repap was a leader, but I suspect that there is a world of difference between the business culture of Domtar and the former Repap.

I’m still trying to work things out.

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