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# 1999 BOX AND CARTONMAKER PROFILE

What doesn't come in a package? That was a question posed by a professor of packaging when one of the respondents to BOXBOARD CONTAINERS INTERNATIONAL'S 12th annual Box and Cartonmaker Profile & Salary Survey was in college and trying to decide what to claim as his major. The professor's query sparked the respondent's interest so much that he decided to pursue packaging as his vocation. (And now he's answering trade journal surveys, for which we are eternally grateful.)

Did that respondent know, back when he was in college, that he would be entering an industry as basic yet complex, and as steady and reliable yet fluctuant and temperamental as the corrugated and folding carton industry? We would venture to guess that he probably didn't, as it seems no one can be genuinely prepared for this dynamic and challenging, though sometimes frustrating, industry until he dives in and gets his feet wet. Once the members of the folding carton and corrugated industry get in the water, however, few of them ever leave—as you will see in the results of this year's survey.

Many thanks go out to the 260 industry members who responded to this year's survey. The response was, in fact, one of the best that BCI has experienced in recent years with a 13% rate of return. (We sent out 2,000 surveys.) As you peruse the results, please note that not all of the percentages will add up to 100, as some respondents checked off multiple answers while others skipped some of the questions entirely. Also, please bear in mind that the statistics contained here reflect industry activity in 1998.

## CORRUGATOR PLANTS

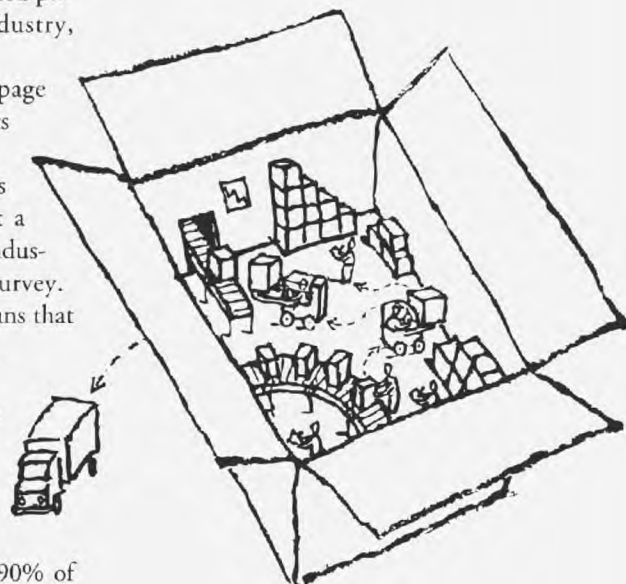
Sixty corrugators responded to this year's survey, 46.7% of whom are general managers, 13.3% vice presidents, another 13.3% controllers and 8.3% presidents. The remainder of the respondents are employed as sales managers (5%), production managers (5%) and a combination of CFO's, plant managers and chairmen of the board. The number of respondents (56.7%) from integrated companies was higher—though not significantly—than independents, which comprised 41.7% of the total.

This year, most of the companies (75%) report involvement in the production of food and its kindred products, down from the 94.2% figure reported in 1997. Fifty percent produce consumer durables while just under 42% are involved in industrial/engineering/scientific packaging. Another 40% converts boxes used primarily in the automotive industry, down from 62% in 1997.

As shown in the chart on page 42, all of the industry segments served by corrugators reflect a drop in representation. Reasons for this might simply be that a different cross-section of the industry responded to this year's survey. Quite possibly, however, it means that more companies are focusing on fewer markets. In other words, they are developing niches due to increased end-user demands for product specialization in place of diversification.

It comes as no surprise that 90% of survey respondents are male, while only 6.7% are female, indicative of the tradi-

*by the BCI Editorial Staff*



## box and cartonmaker profile

tionally male-dominated corrugated industry. However, since last year's corrugator profile indicated a male dominance of 98%, this seems to reflect a trend toward further integration of women in the industry. Most respondents, 65%, are well educated having received at least a bachelor's degree. Despite the 23.3% of respondents who feel an advanced degree is necessary in order to succeed, only 18.3% have actually received master's degrees. Just over 33% of respondents studied the field of business, while more than 18% concentrated on finance and

accounting and another 13% on engineering. The remaining respondents studied marketing, education, industrial management, economics and English. Just one actually studied packaging.

Most respondents, 85%, believe that going without a packaging degree hasn't

handicapped their advancement. "Common sense and experience outweigh a degree," says one president in Kentucky. Adds a Californian president, "It's an esoteric field of study at best." So if it wasn't packaging that they studied, how did they get involved? "By chance," says a general manager from Indiana. "It's a family business," says another in Massachusetts. It's no big secret that packaging isn't a high-profile or highly sought-after industry. Many, such as one general manager from Pennsylvania, claim to have fallen into the industry "by accident" while others, such as a general manager from Colorado, heard about an available job from a friend. Although most seem to land in the industry by chance circumstance, they seem to stay in it for a very long time.

Despite the fairly rocky road traveled by many veterans of the corrugated industry due to inconsistent swells in its economy, and in the face of economic uncertainty that lies ahead, it appears that—for the most part—optimism still prevails. "I see stability in the industry, in spite of its ups and downs," says one CFO from Missouri.

Another, a company president from California, says, "I'm enjoying what I do." In fact, more than 88% of the respondents plan to retire having remained a member of the corrugated industry until the end. Ten percent, however, plan to leave before they reach that point. One controller from an integrated plant in California is "dissatisfied with compensation, training support and travel opportunities versus other industries." Another slightly more disgruntled respondent, an integrated general manager from

Wisconsin, would like to "find a stable industry not driven by corporate executives feeding their own pockets."

Considering the average retirement age of 62.5, perhaps it's no surprise that many members of the corrugated industry plan to stay until that point. Half of its members are already more than 51 years old. More



**Total 1998 Sales Volume, Corrugators**  
(% of Respondents)

Less than \$1 million	0
\$1 million-\$5 million	1.7
\$5 million-\$10 million	0
\$10 million-\$30 million	35
\$30 million-\$50 million	35
\$50 million-\$75 million	13.3
\$75 million-\$100 million	6.7
More than \$100 million	1.7



**Biggest Industry-Related Concerns, Corrugators**  
(% of Respondents)

The Economy	46.7
Globalization of the market	21.7
Price of raw materials	46.7
Distribution/supply chain management	16.7
Source reduction	11.7
Reducing operating costs	46.7
Excess inventories/overcapacity	53.3
Lead times/JIT	43.3
Encroachment of competitive packaging materials	20
Government/environmental regulations	30
Keeping up with changes in technology	28.3
Industry mergers and acquisitions	55
Customer mergers and acquisitions	30
Maintaining quality workforce	60
Training employees	58.3
Proliferation of Internet retail commerce	0
Growing number of trade shows	0



**Annual Base Salary of Corrugator Executives**  
(% of Respondents)

	1997	1998
Less than \$20,000	0	0
\$20,000-\$30,000	0	0
\$31,000-\$40,000	0	0
\$41,000-\$50,000	0	1.7
\$51,000-\$75,000	7.7	18.3
\$76,000-\$125,000	52	53.3
\$126,000-\$200,000	32.7	21.7
More than \$200,000	5.8	3.3

**Industries Served by Corrugators**  
(% of Respondents)

	1997	1998
Food/Kindred Products	94.2	75
Industrial/Engineering/Scientific	58	41.7
Consumer Durables	75	50
Consumer Soft Goods	73.1	35
Cosmetics	33	13.3
Drugs/Pharmaceuticals	46.2	20
Automotive	62	40
Other	N/A	11.7

specifically, almost 37% are 51-60 years old, and more than 13% are 61-70. Fifteen percent are 31-40 years old.

More than 33% have been in the industry for 31-50 years, while 30%—a close second—have been involved for 21-30 years. For the most part, the respondents are content with their salaries, with 63% responding that they're paid adequately. And it's no wonder, for no respondents reported making less than \$40,000 per year, and only one earns less than \$50,000 annually. An overwhelming 53.3% falls into the \$76,000-\$125,000 per year category; almost 22% reports earning \$126,000-200,000 each year; and more than 3% reports earnings of more than \$200,000, not including bonuses.

One area manager from an integrated in Illinois claims to be underpaid. "I'm still considerably lower than the person I replaced." However, a controller from a California integrated says his salary is "competitive with local standards for other industries." Just over 88% reported increases in this year already of between 0% and 10%, while 5% received raises of 11% -20% and 3.3% earned increases of 21%-30%.

Almost 72% of respondents reported being given an additional commission last year. Nearly 12% of those commissions were 0%-10%, about 8.3% fell into the 11%-20% category and 11.7% earned bonuses of more than 21%. Some respondents recorded commissions of \$30,000, \$65,000, and even \$90,000 in only one year. Seventy-one percent claim bonuses as a result of profits, while 55% claim them as a result of good performance and merit. However, one female integrated general manager from Oregon describes her company's method of awarding bonuses as based not on any particular method, but on a "bizarre company Ouija board."

The corrugated industry appears to be overworked, with 66.7% reporting an average work week of 50-60 hours, and almost 17% reporting to work for 60-70 hours per week. According to one integrated general manager from Indiana, the increase is "probably more self-imposed than anything else." Conversely, another general manager from Pennsylvania attributes long hours to "staffing reductions." Another reports a decrease in workload, offering praise for this fact to "well-organized assistants." —*Kristin Reynolds*

## SHEET PLANTS

It's nice to see that although sheet plants are finding it difficult to make ends meet, many of the senior executives are still making time for their families and have not lost their sense of humor. One president of an independent sheet plant in North Carolina says he has managed to keep his hours the same because he needs "a few hours to go home, feed the dog and pet the wife." A general manager out of Pennsylvania responded

to the same question by capitalizing on Nike's famous mantra, "Just do it!"

Overall, the 120 sheet plant respondents (89.2% of which hail from independent operations) are going through some rough times, yet remain strongly committed and, in fact, endeared to the corrugated industry. This is evidenced by the 94.2% of respondents who say they plan on staying in the corrugated industry until they retire, using such expressions as, "I love what I do," "It is a passion," and "I'm having fun." The rocky road has not yet dampened their enthusiasm.

Perhaps this sentiment may be explained, at least in part, by the fact that nearly half (47.5%) of the respondents hold the position of president, and many have grown up in the industry. Twenty percent are general managers, as are vice presidents, and the remainder are controllers, sales managers, plant managers, CEOs and designers, among others.

Slightly more than 34% of these operations house 50-100 employees, with the next highest percentage (19.2%) coming from plants with 36-50 employees. Nearly 16% work at smaller plants with only 11-25 employees, and nearly 12% work at larger plants with 100-200 people.

End-use markets served by the sheet plant respondents covered a wide range of products and services, with the largest percentage (63.3%) producing packaging for the industrial, engineering and scientific sector. Half of the sheet plants serve the food/kindred products market, and nearly half (47.5%) manufacture for consumer durables customers. Forty-five percent create packaging for the automotive sector.

Reflecting the gender gap in the market, 96.7% of the responding executives are male. More than 74% have at least a bachelor's degree, some of which also have master's degrees and juris doctorates. However, when asked if an advanced degree is necessary to succeed in the corrugated business, an overwhelming majority (nearly 80%) say it is not. One general manager of an integrated plant in Mississippi writes, "Desire is more important." A vice president of a Michigan sheet plant confirmed this notion when he says,



### Annual Base Salary of Sheet Plant Executives (% of Respondents)

	1997	1998
Less than \$20,000	1.2	0.8
\$20,000-\$30,000	0	0.8
\$31,000-\$40,000	2.3	3.3
\$41,000-\$50,000	5.8	3.3
\$51,000-\$75,000	15.1	13.3
\$76,000-\$125,000	43	36.7
\$126,000-\$200,000	18.6	23.3
More than \$200,000	9.3	15.8



### Total 1998 Sales Volume, Sheet Plants (% of Respondents)

Less than \$1 million	2.5
\$1 million-\$5 million	24.2
\$5 million-\$10 million	31.7
\$10 million-\$30 million	31.7
\$30 million-\$50 million	5.8
\$50 million-\$75 million	1.6
\$75 million-\$100 million	2.5
More than \$100 million	0

## box and cartonmaker profile

"Good common sense and relating to people can't be taught in school." Yet there are also those that disagree. One president from Florida contends, "Knowledge never hurts in any industry. I wish some of my competition would learn how to make money [as opposed to price cutting]!"

An even larger percentage (84.2%) believe that a degree in packaging is not required. Of these naysayers, one president in North Carolina writes, "You can also earn a degree in packaging from the school of hard knocks." Another general manager in the midwest concurs, adding, "Nothing beats the streets." Perhaps indicative of these sentiments is the fact that only one respondent actually reports graduating from a packaging school. Most of the respondents who didn't grow up in the industry, found it by accident. Some report answering blind ads, while others found their way to corrugated through friends or acquaintances. The president of a sheet plant in Oklahoma said, "It was my first job out of college, and it paid \$25.00 more a month than the next highest job. The total was \$525.00 a month." This same executive now reports making more than \$200,000 a year.

However, not surprisingly, more than a quarter of the respondents (25.8%) feel they are underpaid for their efforts. Even several presidents and plant owners fell into this category. One blamed his situation on high taxes, but another concedes that his plant "isn't doing well right now." Yet, despite tight profit margins and increasing demands, the majority of respondents (65.8%) said they feel they are paid the right amount. One Indiana sales manager says, "My compensation is based on my accomplishments and those who work for me."

Yet, what are the numbers that these executives are either griping or grinning about? More than a third (36.7%) report a base salary of \$76,000-\$125,000. The next largest group (23.3%) reports earnings of \$126,000-\$200,000. Nearly 16% report making more than \$200,000, and 13.3% earn \$51,000-\$75,000. The remainder, less than 9%, make under \$50,000.

However, these numbers do not reflect additional bonuses and commissions, which are largely based on year-end profits. More than 73% report receiving additional money over their base salary, ranging from \$2,000 to \$375,000. Many of these inflated figures may be indicative of the sampling—nearly 70% of the respondents report having spent more than 20 years in the industry and are now reaping their just rewards. Needless to say, the majority (71.7%) are 41-60 years of age. None are younger than 25, however, 13.3% are 61-70 year old and a small percentage (1.7%) are 71-75.

While many of the executives polled (45%) have made a concerted effort to strike a balance in their lives by keeping the number of hours they work the same in the face of additional demands, 37.5% say they have lengthened their work days, and 56.7% report an increased work load. Either way, the numbers reflect the long hours often necessary to succeed, with 44.2% claiming work weeks 50-60 hours, and 33.3% report working 40 to 50 hours per week. A small percentage (5.8%) work 30-40 hours per week, however 14.2% work 60-70 hours. More than 3% haven't come close to achieving a balance, working more than 70 hours a week.

Late hours, long work weeks and more travel are often attributed to increased business, lack of good labor and increased customer demands, according to the respondents. Surprisingly, automation has brought little relief. One general manager from the Midwest writes, "Computer programs have decreased report times, but added more reports!" In fact, keeping up with automation and changes in technology concern 26.7% of the respondents. Yet, the largest percentage (69.2%) are concerned with maintaining a quality workforce, followed closely by pricing of raw materials (64.2%). The president of a North Carolina box plant leaves his colleagues with one final piece of advice concerning their worries. He writes, "To worry is non-productive! Do what you can and move on."

—Robin Levine

### Industries Served by Sheet Plants (% of Respondents)

	1997	1998
Food/Kindred Products	73.3	50
Industrial/Engineering/Scientific	88.4	63.3
Consumer Durables	74.4	47.5
Consumer Soft Goods	60.5	27.5
Cosmetics	24.4	9.2
Drugs/Pharmaceuticals	44.2	22.5
Automotive	59.3	45
Other	N/A	15.8



### Biggest Industry-Related Concerns, Sheet Plants (% of Respondents)

The Economy	54.2
Globalization of the market	15
Price of raw materials	64.2
Distribution/supply chain management	16.7
Source reduction	18.3
Reducing operating costs	39.2
Excess inventories/overcapacity	26.7
Lead times/JIT	36.7
Encroachment of competitive packaging materials	15
Government/environmental regulations	35
Keeping up with changes in technology	26.7
Industry mergers and acquisitions	36.7
Customer mergers and acquisitions	22.5
Maintaining quality workforce	69.2
Training employees	50
Proliferation of Internet retail commerce	5.8
Growing number of trade shows	2.5

## FOLDING CARTON

A total of 75 (29%) executives from folding carton plants responded to this year's survey, 32% of which are presidents; 25% are vice presidents; and 25% are general managers. The remaining 23% of the respondents represent a handful of other positions, including managers in sales, information systems, purchasing and human resources, a few controllers and a cost accountant. Although women make up only 10.7% of the respondents, their representation in this year's survey (at a total of eight) increased significantly over 1997, when only one woman responded. Four of the respondents manufacture both folding carton and rigid set-up boxes, and one respondent produces only rigid set-up.

The majority of the respondents (90.7%) come from independent companies, while 13.3% represent integrated companies. Most of the respondents manage medium- to larger-sized companies, with 34.7% having 51-100 employees; 26.7% having 101-200 employees; and 17.3% having more than 200 employees. About 15% of the respondents have 36-50 employees and 8% have 11-25 employees.

Folding carton executives are, in large part, a well-educated bunch, with 65.3% of the respondents holding at least a bachelor's degree and 14.7% possessing a master's degree. Another 16% of the respondents have a high school education, while 8% have associate's degrees. Only one of the respondents has an industry-specific degree from a packaging school. Almost half of the respondents (49.3%) majored in business or business-related fields in college, including economics, marketing, finance and accounting. The other half studied a mixed bag of subjects from chemistry, biology and psychology to philosophy, food science and political science. As is often the case in the packaging industry, many of the respondents stumbled onto the business when they answered a Classified ad out of the sheer need for a job. That, or they are members of a family-owned business.

For the most part, folding carton executives think "on-the-job training" (or OJT, as it is affectionately called) is the best form of education for people who want to succeed in the industry. In fact, 72% of the respondents do not think a college degree is necessary. As the vice president of an independent in Nebraska notes, "hard work and common sense still prevail." On the flip side, a small but growing number of industry leaders see some value in an advanced degree. The vice president at an independent plant in New Jersey writes, "Today, I think it's more important because the technology and computerization makes it more complicated to

pick up without any background."

As BCI reported in its World Market Profile (January 1999), the folding carton industry enjoyed substantial gains in shipments and the value of those shipments in 1997, with those trends expected to continue (in smaller increments) in 1998 and 1999. The results of this survey seem to support those predictions. Direct comparisons in sales volume figures are difficult to draw between 1997 and 1998 because the question regarding sales volumes was modified this year. Just by eyeballing the statistics, however, it seems the number of respondents whose sales fell within the range of \$1 million-\$5 million dropped from 28.1% in 1997 to 14.7% in 1998. However, the number of respondents who made \$5 million-\$10 million in volume sales jumped from less than 10% in 1997 to 21.3% in 1998. (For more statistics on sales, see the chart below.)

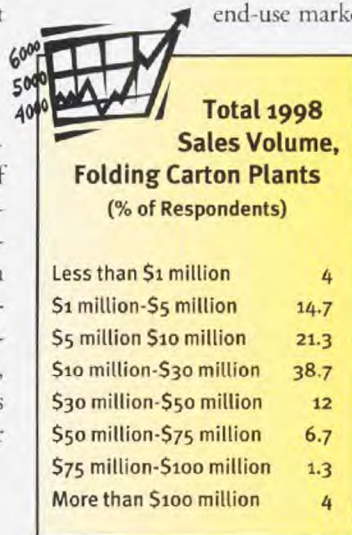
Though the food products end-use market continues to decline for folding carton manufacturers (69.3% in 1998 compared to 75% in 1997), the consumer durables and consumer soft goods markets have seen considerable gains.

Cosmetics, pharmaceuticals and the automotive end-use markets, on the other hand, have also

declined significantly. (For more information on end-use markets, see the chart on page 46.) The secretary/treasurer of an independent company in New York suggests that customer reductions in packaging and the increased popularity of competitive materials have affected the use of folding carton in some of its traditional end-use markets. For example, deodorants that at one time were packaged in a secondary folding carton container are now displayed on

the store shelves in only their primary plastic containers. And diapers and dog food, which were once typically packaged in folding carton containers, are now packaged in plastic bags.

Perhaps another major industry trend that might explain some of the decrease in traditional end-use markets is the proliferation of customer mergers and acquisitions, which 44% of the survey respondents cited as a big concern. A common result of customer merg-



### Annual Base Salary of Folding Carton Plant Executives (% of Respondents)

	1997	1998
Less than \$20,000	0	0
\$20,000-\$30,000	0	0
\$31,000-\$40,000	0	2.7
\$41,000-\$50,000	0	5.3
\$51,000-\$75,000	31.3	20
\$76,000-\$125,000	40.6	46.7
\$126,000-\$200,000	21.9	18.7
More than \$200,000	3.13	9.3

## box and cartonmaker profile

ers and acquisitions is single-sourcing, in which the parent companies wish to reduce their supplier bases. Although the products are still being produced and consumed, many independent packaging suppliers are feeling squeezed out of the bidding wars. In the words of the president of an independent in New York, increased customer mergers and acquisitions has created an "uneven playing field on global bids" and has led to a general "lack of loyalty by customers." The vice president of an integrated company in Alabama writes, "Our customers are all getting larger through acquisitions. Business gains or losses are in bigger pieces. Our employees are being asked to do more on a regular basis."

In order to compete in today's folding carton market, some companies are investing in technology. However, 36% of the survey respondents listed "keeping up with changes in technology" as one of their prime concerns. "Equipment costs and lead times are so staggering that a technology leap could literally put one out of business. Equipment decisions are crucial," writes the executive vice president of an independent plant in Minnesota.

Also ranking high on respondents' lists of concerns are: maintaining a quality workforce (64%); the economy (48%); the price of raw materials (37.3%); and excess inventories and overcapacity (33.3%). While the industry's own recent wave of merger and acquisition activity is expected to help reduce those excess inventories and overcapacities, respondents still aren't sure what to think about the price of raw materials—especially when those prices are in the hands of a fewer, bigger players. The production manager of an independent in Georgia writes that he is trying to address that potential problem by "selecting the best suppliers and contracting prices."

More than a third of this year's respondents (36%) are 41-50 year old, while 33% are 51-60 year of age. Another 21.3%

are 61-70 years old; 9.3% are 31-40 years old; and 4% are 25-30. Two respondents are 71-75 years of age, indicating a tendency among folding carton executives to put off retirement as long as possible.

Folding carton executives—much like their corrugator and sheet plant counterparts—are dedicated to the industry, as 30.7% have been in the business for 31-50 years; 20% have put in 16-20 years; and 18.7% have clocked 21-30 years. Another 12% of respondents are relatively new to the industry with only 2-5 years of experience.

It seems only logical for folding carton executives to stay in an industry that is known as "Steady Eddie" in investor circles. The folding carton business is a lucrative one, awarding healthy annual salaries of \$76,000-\$125,000 to 46.7% of survey respondents. (For more salary information, see the chart on page 45.) More than half of the respondents (53.3%) received a salary increase in 1998, with 76% of them reporting increases between 1% and 10%. About 8% of respondents received increases of 11%-20%. Bonuses and commissions in the folding carton industry ranged from \$3,000-\$350,000.

Not surprisingly, about 65% of respondents feel they are paid about the right amount of money, while 28% feel they are not adequately compensated. Granted, the majority of the satisfied respondents are the decisionmakers in their companies, so they would naturally award themselves generously. But it seems many of them deserve their salaries, as they are often putting in more hours per week with reduced staffs and increased business.

Roughly 63% of respondents report an increase in hours worked, with almost half (49.3%) putting in 50-60 hours and 36% putting in 40-50 hours. The same number of respondents (63%) attributed their increase in hours to an increase in their work load, which—in 24% of the cases—is a result of downsizing. On the upside, another 37.3% of respondents said their increased work load is a direct result of increased business. —Christine Lyall

### Industries Served by Folding Carton Plants (% of Respondents)

	1997	1998
Food/Kindred Products	75	69.3
Industrial/Engineering/Scientific	31.3	25.3
Consumer Durables	34.4	37.3
Consumer Soft Goods	34.4	42.7
Cosmetics	40.7	26.7
Drugs/Pharmaceuticals	75	46.7
Automotive	50	34.7



### Biggest Industry-Related Concerns, Folding Carton Plants (% of Respondents)

The Economy	48
Globalization of the market	28
Price of raw materials	37.3
Distribution/supply chain management	14.7
Source reduction	32
Reducing operating costs	60
Excess inventories/overcapacity	33.3
Lead times/JIT	42.7
Encroachment of competitive packaging materials	32
Government/environmental regulations	30.7
Keeping up with changes in technology	36
Industry mergers and acquisitions	44
Customer mergers and acquisitions	44
Maintaining quality workforce	64
Training employees	45.3
Proliferation of Internet retail commerce	9.3
Growing number of trade shows	0