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Perspectives

THE INDUSTRY REPACKAGING ITSELF



The firms who supply plastics and paper see a successful business in helping cut down on waste. Now they need the workforce to pull it off.

**The problem:**

Packaging firms are embracing a new world where most plastics and paper are recycled, but they are having trouble finding workers.

Why it matters:

More than \$80 billion of plastics alone goes to waste. Companies that can cut that waste down could be environment heroes and financial successes.

The solution:

Firms need to not only rethink where they find workers but also give those workers incentives to stick around.

The best example of how much Bob Beckler's professional world has changed didn't come at the office or on a business trip. It happened at a college food court.

He was there having lunch with his daughter, who attends the school. It's probably no surprise that Beckler—the chairman of packaging manufacturer TemperPack—couldn't help but focus more on the containers holding the food than on the food itself. There were no plastic straws, no plastic bowls, no plastic cutlery, no plastic *period*. The other diners, mostly students like his daughter, didn't balk at paying the extra few cents for the nonplastic stuff, and when they were done eating, they had no problem throwing excess food in the compost bin and everything else in a recycling bin.

These kids, Beckler thought, will expect every other company they interact with to use less throwaway packaging and find ways to recycle the packaging they do use. "Next time they go to a restaurant that



has a plastic straw and lid, they'll either feel really guilty using it or just not get it," he says.

That process, in Beckler's line of work, is called the *circular economy*, and it's tearing through the packaging industry. In the past, most consumers thought very little about the plastic bottles, paper containers, boxes, and anything else that held goods. Those were, after all, just the stuff that they tore through to get to the actual item they wanted. But over the last half decade, driven by a desire to be more environmentally conscious, consumers have shown an increased willingness to pay for biodegradable and reusable packaging. Consumer packaged-goods companies and big-box retailers have noticed, too, and want to reduce the amount of packaging they use—or at least have it designed for recyclability and made from recycled content.

For companies that make those bottles, boxes, and packages, the change couldn't be more dramatic. At least \$80 billion of plastic packaging alone is landfilled or improperly disposed of each year, according to various estimates. Clearly, firms that can put even a fraction of that back into circulation will see huge upsides, both in manufacturing more efficiently and in meeting the new consumer demand. But there's one big hang-up: it takes a special breed of workers to make the more environmentally friendly packages and get to know the market.

Indeed, experts say that despite early efforts, the industry, in aiming to deliver more sustainable products, is finding the way it hires people unsustainable. Some of the larger firms have the people who can market and manufacture materials well but not the expertise, or drive, to create cutting-edge products. At the same time, many smaller firms don't have the people with the

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marketing, sales, or operations skills to deliver some of their more innovative wares. And like many legacy manufacturing firms, packaging companies aren't used to dealing with younger employees who don't want to stay in the one industry their entire careers.

“You have to change the business in all regards, but particularly recruiting,” says Jeff Kellar, a packaging executive who has been in the industry since the late 1970s: “everything from factory floor to chief executive.”

In one year, the world produces more than 310 million tons of plastic, more than one-quarter of which goes into packaging, according to the World Economic Forum. But more than 40 years after the launch of the first universal recycling symbol, only 5% of that plastic actually gets recycled into material for future use. Paper fares slightly better: 58% gets recycled. Experts say it's only in the last decade that there's been a



real push to actually reclaim more packaging. The trend started in Western Europe—mostly because it was running out of landfill space. The European Union has set a 55% target recycling rate of plastics and aimed to decrease landfill waste.

The idea of recycling packaging material en masse has, in the last five years, crossed the Atlantic. Companies have embraced it as not only an environmental move but a way to reduce costs. For instance, grocery store Albertsons wants to be plastic free by 2030; and Walmart is trying to have zero plastic waste by 2025, an effort that will impact the packages and supply chains of more than 30,000 different products it sells. However, the driving force behind recycling, according to people within the packaging industry, is ordinary consumers. “Consumers are more comfortable and willing to pay,” says George Wurtz, CEO of Appvion, which makes special papers used in boarding passes, sales receipts, and package labels. That change can happen quickly. Within a couple of years after a Vermont nine-year-old highlighted the particular destructiveness of plastic straws to the environment, restaurants were replacing them and cities and countries worldwide were banning them.

The problem, say experts, is that many companies have recognized that their industry is changing fast but can't keep up internally. “The strategy and the plan that got us here won't take us there,” says Ron Malachuk, a principal at Korn Ferry who helps packaging firms find leadership talent. Indeed, packaging firms need to have more of a consumer bent now, taking customers' pulse to see the types of packaging innovations they want and are willing to pay for. And once they develop something new, the firm must convince consumers—or the retailers who sell to them—to adopt it.

That's easier said than done. Wurtz's firm is the largest North American producer of the paper that's used in receipts. Traditional receipt paper contained chemicals that could enter the bloodstream of people or animals, so the firm developed a new version without that risk. The problem has been that they can't sell it, Wurtz says. His sales force can talk about the technical specifications of the paper but not about the



The Right Package for Younger Workers

Millennials and Generation Z workers have different priorities than their predecessors did at the same age. Here's how packaging firms can attract and keep today's young workers.

Create a career architecture

Give employees a view of a variety of roles throughout the organization. It may show some of them that they actually can satisfy their career aspirations at one firm.

Help employees upgrade

Provide robust development programs so employees can continually refresh their skills.

Make development a company priority

Have a group of leaders accountable for career management and responsible for increasing employee engagement, reducing turnover, and ensuring that high-potential employees progress in their careers.

value the new receipts have to people or the environment. "I've gotten team help from outside on how to give elevator speeches about receipt paper," he says.

Besides retaining existing workers, the industry finds itself needing to repackage its recruiting efforts. Some manufacturers still rely on "Help Wanted" signs outside factory buildings for new workers. But while that may have worked decades ago, Beckler says, it's not attracting the types of people with the skills needed to operate the factory machinery now.

Packaging also has to find a way to better relate to younger workers who have no desire to stay 30 years at the same company or industry. These so-called career nomads are becoming an increasing percentage of the workforce, even among chemists and engineers, roles whose occupants traditionally looked forward to staying at one firm for life. Wurtz always used to ask new candidates where they wanted to be in five to 10 years, but he's cut that time frame down because many of the candidates now say, "I haven't really thought that far."

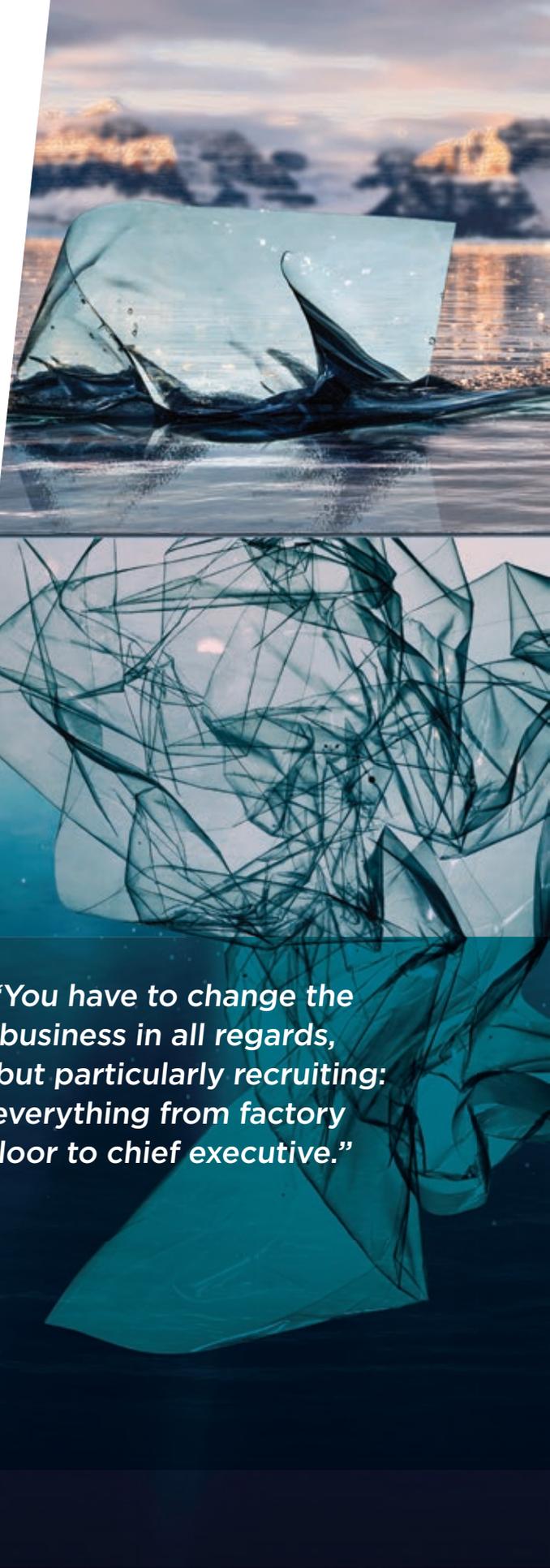


Experts say the best bet for packaging firms is to step back and modify their talent strategy to fit with their new business strategy. Since the industry is now aiming to create products that will satisfy ordinary consumers, it needs employees who understand how those consumers think and act. Wurtz, besides bringing in help for his receipt sales force, created a whole new specialty division completely focused on end consumers. The leadership of that group all has consumer-products backgrounds, he says. He believes it's inspired the firm's three other divisions to be more consumer focused as well.

Some companies have also tried to incorporate purpose into their businesses, framing themselves as helping ordinary people save the environment. That type of signaling, if it's communicated well internally, can make a huge impact on getting existing workers to commit to the changes they need to adopt for success in the circular economy, says Steven Russell, the outgoing vice president of plastics for the American Chemistry Council.

Just as importantly, that mind-set could help attract younger high-skilled workers who may find themselves leaning toward tech firms, Malachuk says. But the firms also have to develop compensation, retention, and career development programs to keep that talent.

At TemperPack, Beckler is trying to find the talent for the rapidly growing business. He's looking for staff for the firm's facilities in Richmond, Va., and Las Vegas, often using Facebook, LinkedIn, and even Instagram to get the word out.



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Because TemperPack's products are designed to be sustainable, he feels that the company sells itself to new recruits. But he knows that the firm has to give those new workers many ways to learn new skills and advance in their careers. "They're there for the experience and advancement, first and foremost. Maybe the cause and purpose can create some more stickiness."

For more information, please contact Ron Malachuk at ron.malachuk@kornferry.com.