



## Selling Packaging to your CEO

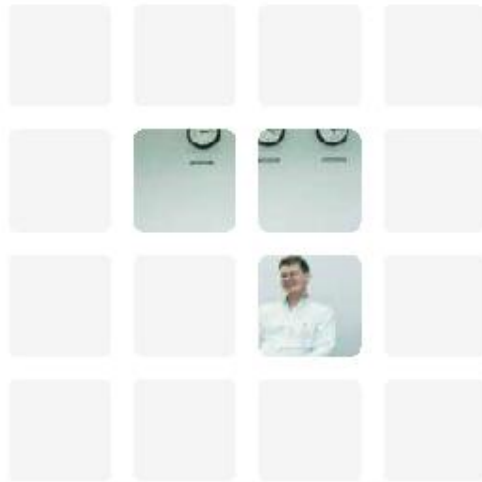
Strategies and Techniques on how  
to gain support for the packaging  
function

*(or getting the respect you deserve)*

Paul G. Russell, CPP/Fellow  
Enterprise Packaging Process Manager  
Hewlett-Packard Company  
January 2001

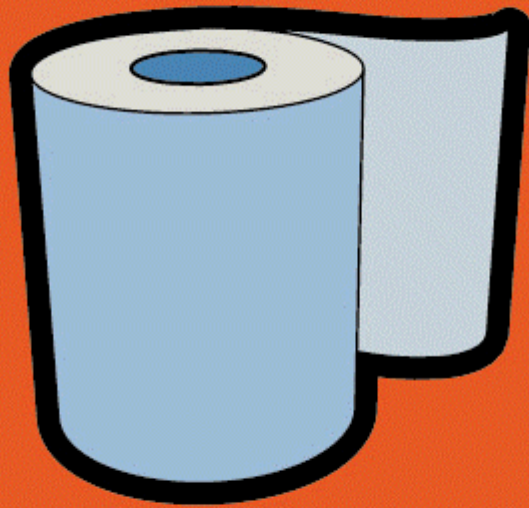
# HP 2000 Annual Report

(page 32)



**supply chain management** How does someone apply their rather obscure interests in real options theory and perfect market dynamics, to solving a basic business challenge at hp? Corey Billington did it. He wanted to help hp figure out a better way to manage the supply chain risks inherent with volatile technology markets, so he assembled a team and built TradingHubs.com, a prototype online exchange that enables hp and its partners to buy and sell excess parts and inventory in an auction environment. (Today, TradingHubs.com is at the heart of hp's contribution to eHITEX (now Converge.com), the Internet marketplace founded in June 1999 to serve the supply chain needs of the high-tech community.) Corey's team is on a roll. Through their pioneering work, they've created a way for hp to save up to 30 percent in inventory costs. They also reinvented the hp product distribution packaging process, saving the company \$35 million this year.

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## Disclaimer

Caution – this person is not an expert

Why do this presentation?

- HP had recognized value of packaging function.
- We only talk among ourselves
- We – as a community, need to increase general awareness of packaging's contributions
- Others should step forward - my deficiencies in this presentation might inspire others next year



## It's like a religion

- Spread the gospel
- Two types of people
  - Converted
  - Non-believers (heretics)



# Overview

## Foundation

- Understanding the value
- Community
- Collection of ideas

- Communication Plan

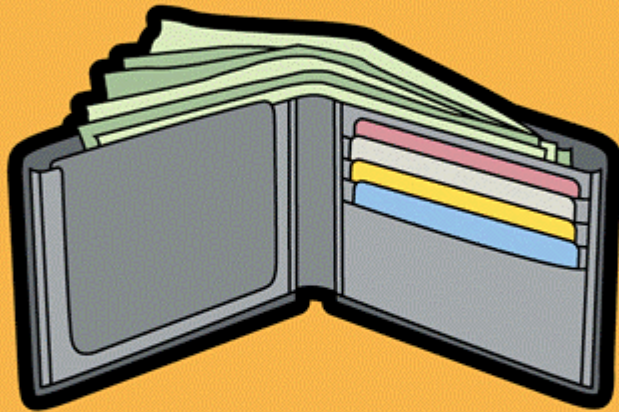
## Approach

- What you are up against
  - Challenges / why it hasn't worked before
- What you'll need to Pitch
  - MICE / Language / Items they understand / Process
- Who you need to Pitch
  - Low and move up / champion

## Sustainability

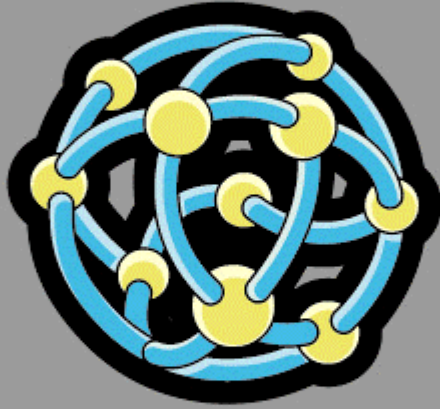
- Adaptability
- Quick wins
- Metrics Purpose
- 12 rules

Foundation



## Value of Packaging

- **Branding**
  - Customer selectability
  - Promote Brand Equity
- **Product Protection**
- **Linkage to bottom line**
  - Material costs
  - Storage
  - Logistics (1 to 5X)
- **Linkage to other functions**



## Community

Identification of community (who is doing the work)

- Cross functional connection
  - Key organizational contacts (identify process interactions and the key players)
  - look for new ideas / approaches from others
- Core Identity (everyone in packaging knows everyone else in packaging)
- Drives sustainability
- Keep community informed
- Good communication process Newsletters, Webshops, E-mail dist. Lists, & Phone Lists
- Clear understanding of current state, arising issues, and potential solutions/outcomes





## Collection of ideas

- Things to Measure
- Things to Investigate
- Things to Improve



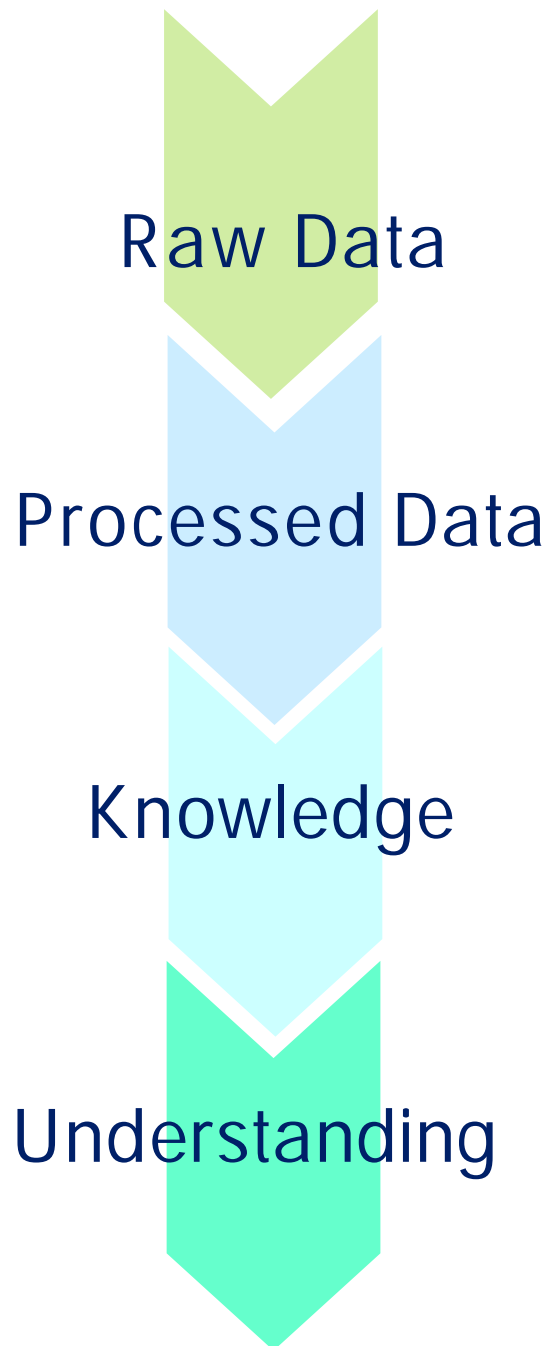
Aim for the 70% percent solution.

" I'd rather have a good plan, ...  
executed today, than a perfect plan  
tomorrow"

General George S Patton

## Foundational questions that need answers

- How many people are involved in packaging (engineers, procurement, regulatory, logistics, customs, etc.)?
  - FTE
  - Where do they report?
  - Are there communications (how good)?
- How much do you spend on packaging?
  - % of cost of goods sold (COGS)
  - How many vendors are in the picture?
  - Are your buys centralized or decentralized (why)?
- Have you done any benchmarking?
  - Inside your industry
  - Outside your industry



## Metrics to capture

(what is measured is managed/Improved)

- Operational reviews
  - Regulatory compliance
  - Test documentation & product protection profiles
  - Pkg/product cost review
  - Linkage to other functions
  - Supplier performance
- Costs savings and avoidance
- Competitor benchmarking
- Total packaging costs (people/materials/process)
- Increased productivity & flexibility
- Reduced cycle time
- Increased supplier quality & service
- Shared Metrics
  - Tight linkages to other organizational metrics to maximize effectiveness and accountability.



## Desired Outcome

- Resources
- Enlightened Representation
- More influence and recognition
- Build Strong Credibility
- Expand boundaries of Pkg. Value Add

Belief that upper management has the capability of understanding and being faithful

# Communication Plan

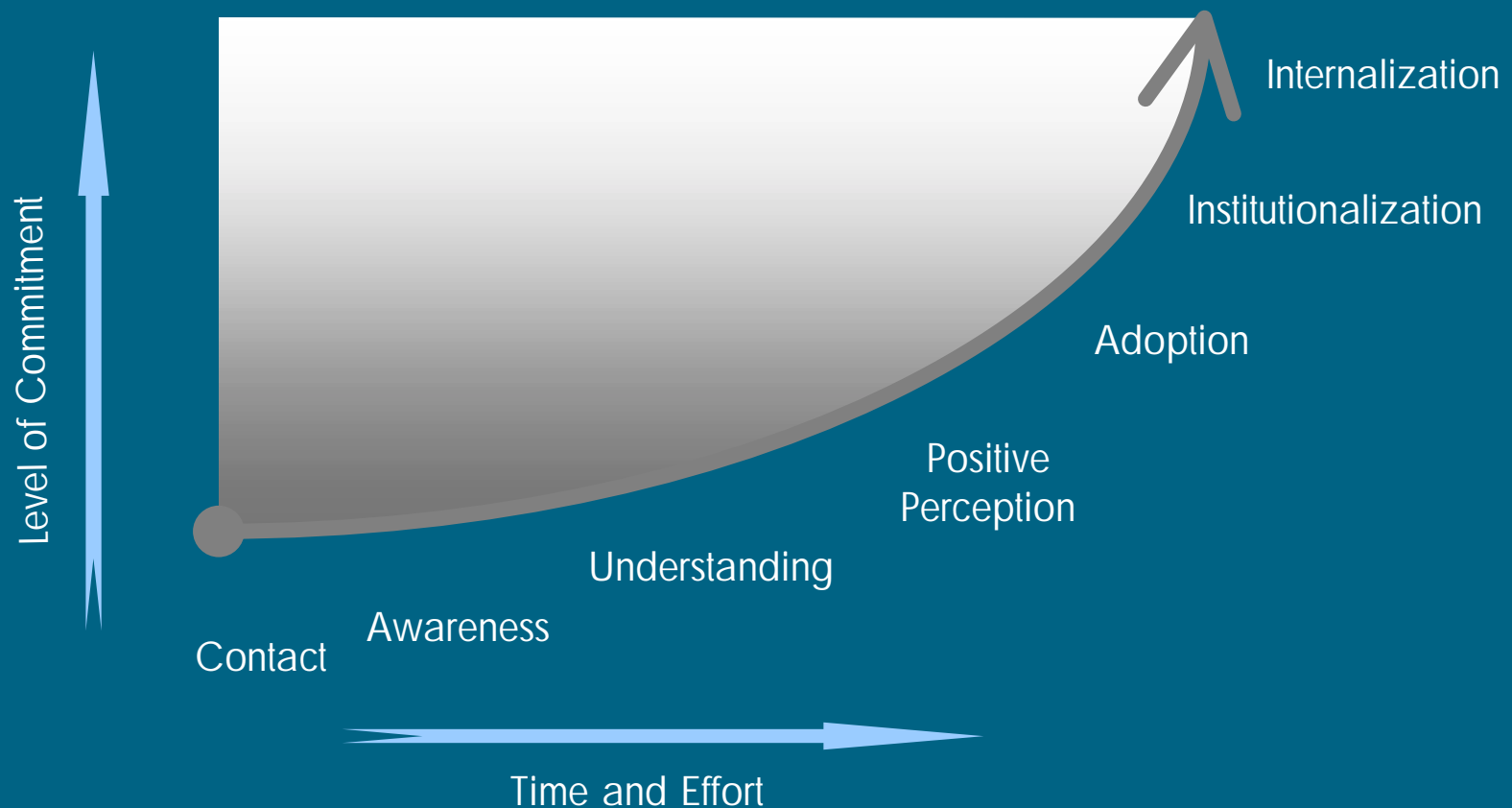
Over communication is impossible, but try anyway

Packaging People abhor ambiguity, you'll need to communicate early and often using personal visits, presentation, e-mail, phone, and the web.

- Your communication needs to be engaging and vivid. You'll need to market your ideas/projects to capture the imagination and provoke curiosity.
- Keep it simple, consistent, and realistic.
  - Develop clear "end state" vision
  - Develop strategies to get to vision state
  - Tactical projects - how they map to the strategies and time line
- Focus communications on quick wins to prove case and retain support



# Communication Continuum



## Communications:

- Goal is to facilitate movement from left to right
- Communications is limited in its ability to move commitment past Understanding and Positive Perception
- It is critical to understand how audiences will be impacted and then either pushed upward or pulled backward along the continuum

What you are up  
against



## The Challenge of talking to management

- They insufficiently understand packaging and its interplay
- They are used to fundamentally different thinking styles
- They are uncomfortable with the unknown
- They have no personal experience with the packaging process
- They are concerned about negative personal implications/repercussions
- They are emotionally resistant to change
- They are fed up with unfilled initiatives





# Why don't they get it?

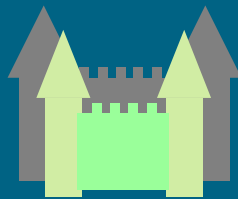
## They Can't

- Unaccustomed to or uninterested in packaging
- Not analytically or systems oriented
- Misapprehend packaging
- Accustomed to point rather than systemic packaging interactions

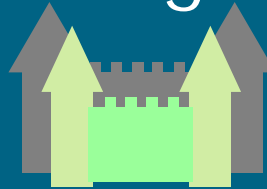
## They don't want to

- Uncomfortable with apparent lack of control
- Disinclination to try something new or unfamiliar
- Mistrustful of empowerment

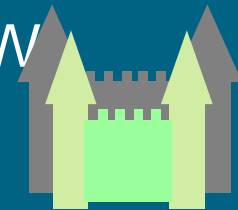
# Traditional Organization View



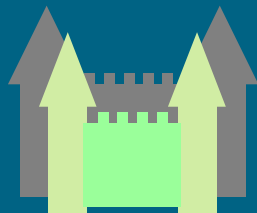
Quality Assurance



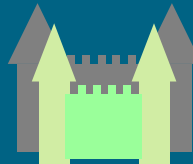
Marketing



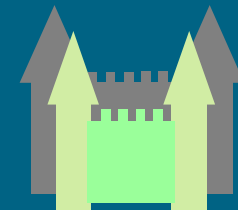
Manufacturing Engineering



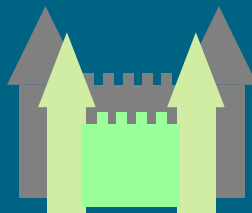
Materials Engineering



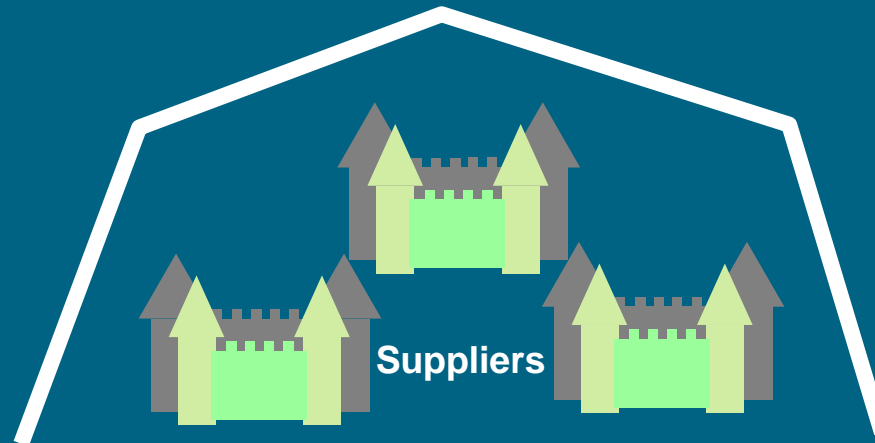
Packaging



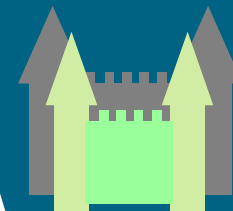
Distribution/Logistics



R&D



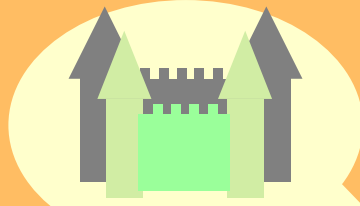
Suppliers



Sales & Service

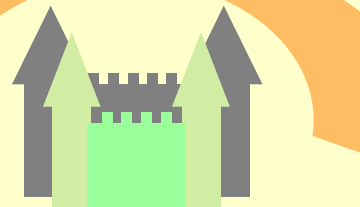


# Packaging's View



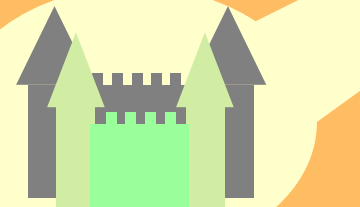
## Quality Assurance

Environmental Test Standards  
▪ Product/Packaging Design



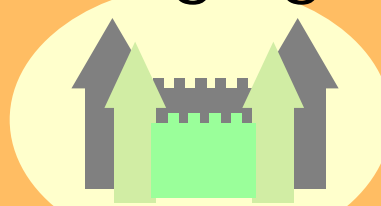
## Materials Engineering

Supplier Packaging  
▪ Receiving  
▪ Material Handling  
Outbound Product Packaging  
▪ Technical Specification/Design  
Price leverage



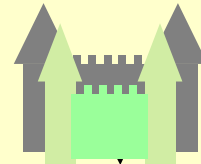
## R&D

Product Design  
▪ Mechanical Stability  
▪ Reliability  
▪ Logistical Considerations  
▪ Design for Mfg.

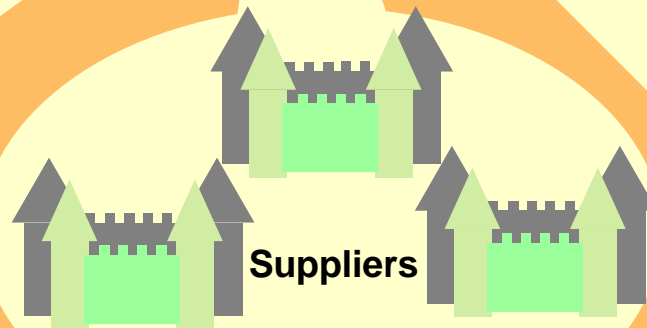


## Marketing

Graphics Standards  
▪ Customer Perception  
▪ Legal Requirements  
▪ Language Issues

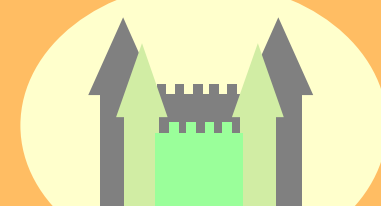


## Packaging



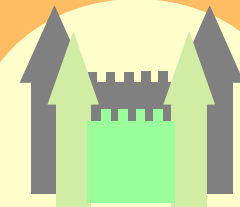
## Suppliers

Managing Relationships



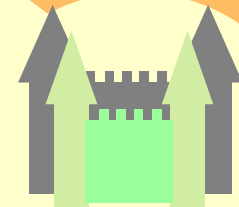
## Manufacturing Engineering

Material Handling  
Electrostatic Discharge (ESD)  
Process Flow  
▪ Manufacturability  
▪ Reliability  
▪ Manufacturing Costs  
OEM Contract Mfg.. Relationship  
Post Mfg. Support (conflict resolution)



## Distribution/Logistics

Process  
Shipping Costs  
Regulatory Compliance



## Sales & Service

Customer Satisfaction  
▪ Warranty/D.O.A.  
▪ Environmental Concerns



## SPIN

- Observing, collecting, and harvesting of information then putting it into a proper or advantageous context for yourself and your management structure.
- Inspires confidence
- Keeps you in the game
- Keep it Honest

What you'll need to  
Pitch

## Put yourself in their shoes

You are a senior executive, being asked to approve an important initiative. What kinds of initiatives will you be comfortable approving? What kinds of things will you not be comfortable with, even if the supporting data seems compelling?





## What is important to your management

M	Money
I	Ideology
C	Conscience
E	Ego

When selling up, orientate your  
communication or idea to show how it  
will help them reach a minimum of one of  
these items





## Content and presentation

- Use their language (MBA terminology and style)
  - Avoid theological fanaticism
  - Relate to business imperatives
  - Express progress in financial terms
- Big picture thinking
- Elevator speech
  - issue simple, but solution could be complex
  - KISS - keep it short & simple
  - show data in understandable form
- Easy win - Sure thing
- Present/exude command authority
- Successful conclusion leads to MICE

## SWPM Regulatory Restrictions



Figure 1: Adult beetle and larval tunnels.

# Situational Awareness

## Theater

- Regulatory, Procurement

## Impact

- Customs Fines, increased materials costs, & delay in shipments

## Strategy

- Reduce operational and Logistics costs and assurance of supply

## Initiative

- Bug free solid wood packaging materials

## Requirements

- Knowledge of global regulations
- Knowledge of supply chain utilization of SWPM
- Develop clear knowledge of cost impact (approved materials, shipment delays, fines, etc.)
- Clear escalation path (ownership)

## Status

- Strength: Tracking for over a year, Regulatory and Logistics' organizations aware of issue
- Weakness: no clear plan of attack or which organization has ownership

## Action

- Put together task team to address and resolve

# Management Prioritization

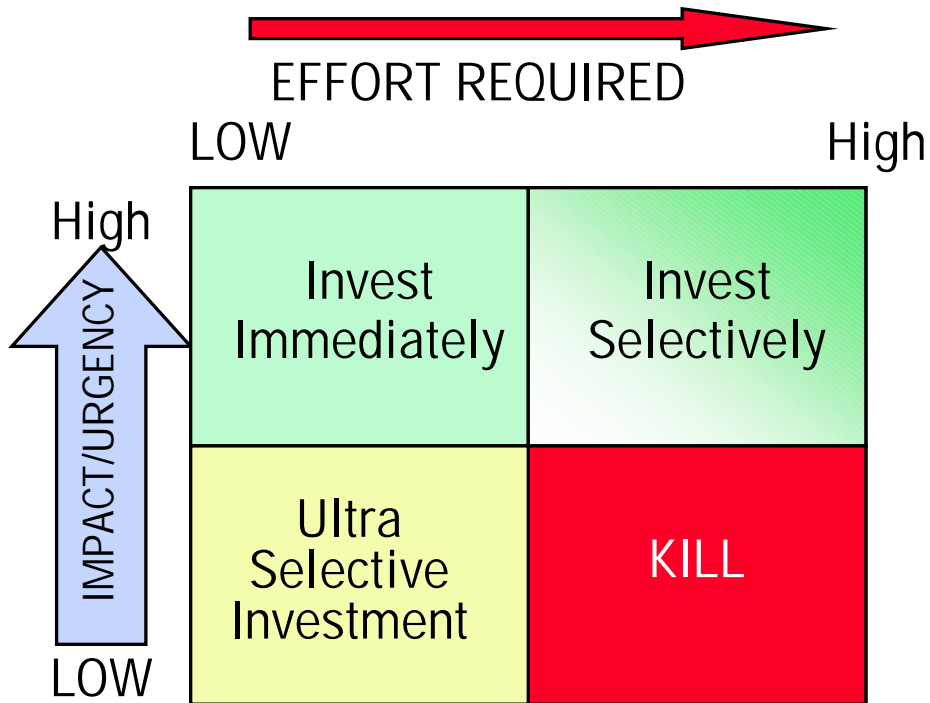
Projects are ranked on IMPACT vs. Effort Required

## IMPACT Levels

- *Profit/Cost/ROI*
- *Customer Satisfaction*
- *Strategic Initiative*
- *Technical*
- *Crisis*

## Effort Levels

- *Duration*
- *Resources Required*
- *Span of Control*
- *Technology/Skill Req'd*



# Mission Architecture Model



# Example

Mission: Reduce operational(or total) costs and increase customer experience

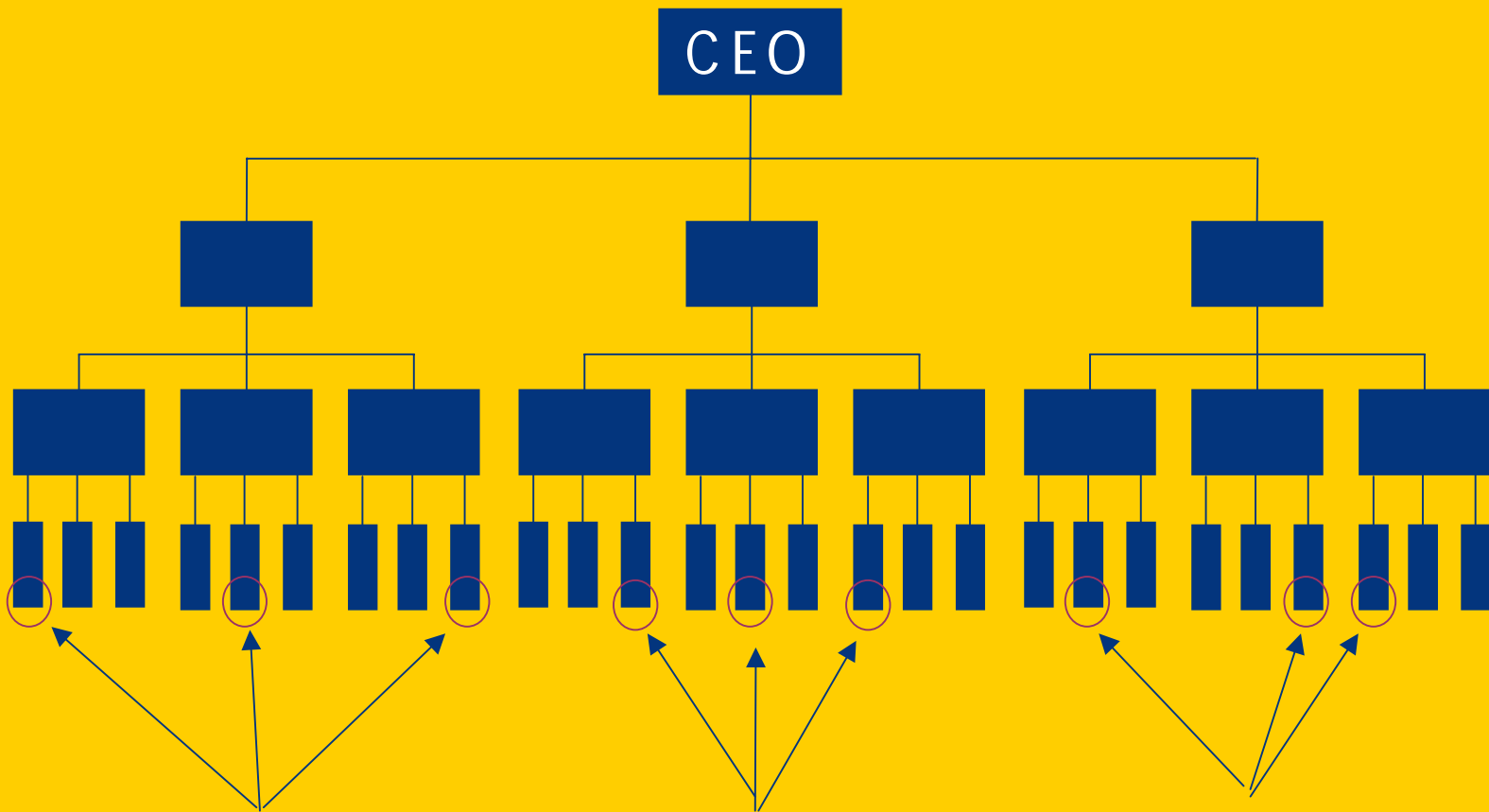
Strategies or how to get there

- Characterize and improve processes & increase effectiveness
- Sustain strong community and increase information sharing
- Insure legal compliance to retain competitive advantage
- Pioneer new technologies, processes, and support infrastructure to increase market position
- Leverage total procurement buys to outperform our competitors

Projects: All projects you work on should fall into one of the above strategies



Who you need to  
Pitch and when



- Educate at lower levels to build common thread
- Some of these individuals will move up the chain

Remember - Others guard the CEO's time  
They decide what the CEO sees and doesn't see



## Find a champion

- Pitch to mid level managers that you think “get it” and can carry the ball
- Give them a good understanding and foundation
  - Teach them to speak the packaging language
  - Osmosis from field-trips
  - Work into the conversation
  - Ongoing literacy campaign
- Convert your ideas & proposals into theirs
- Work on fast win projects first
  - Give your champion something to brag about
  - Track all benefits and distill to a few concepts that are easy for the champion to describe
- Help sell the value at lower levels and identify the champion as the driver



Who do you need to  
sell to

Executive management  
Business unit management  
Staff unit leaders  
Functional managers  
Middle managers  
The masses  
Customers



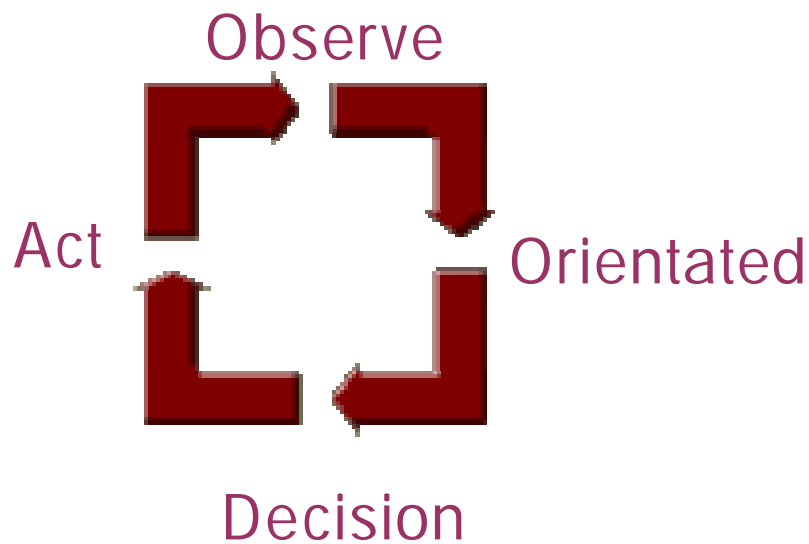


## Steps to success

- Formalized roles and responsibilities
  - Assign distinct accountability for each individual
- Set of agreed to deliverables and objectives
- Published and tracked schedule
- Hold frequent meetings or teleconferencing to assure accurate interpretations, allow for clarification and articulation of ideas and concerns



Sustainability



## Adaptability = Survivability

Operate in a dynamic state

- Observe your surroundings and current management or business issues
- Orientate your attention to those issues and define objectives
- Decide what activities you will engage in to meet those objectives
- Take action
- Observer to see what effect your actions had on the overall issues

**Results in speed** - the ability to respond quickly to customer or market demands and to incorporate new ideas and technologies quickly into business processes,

# Balanced Scales

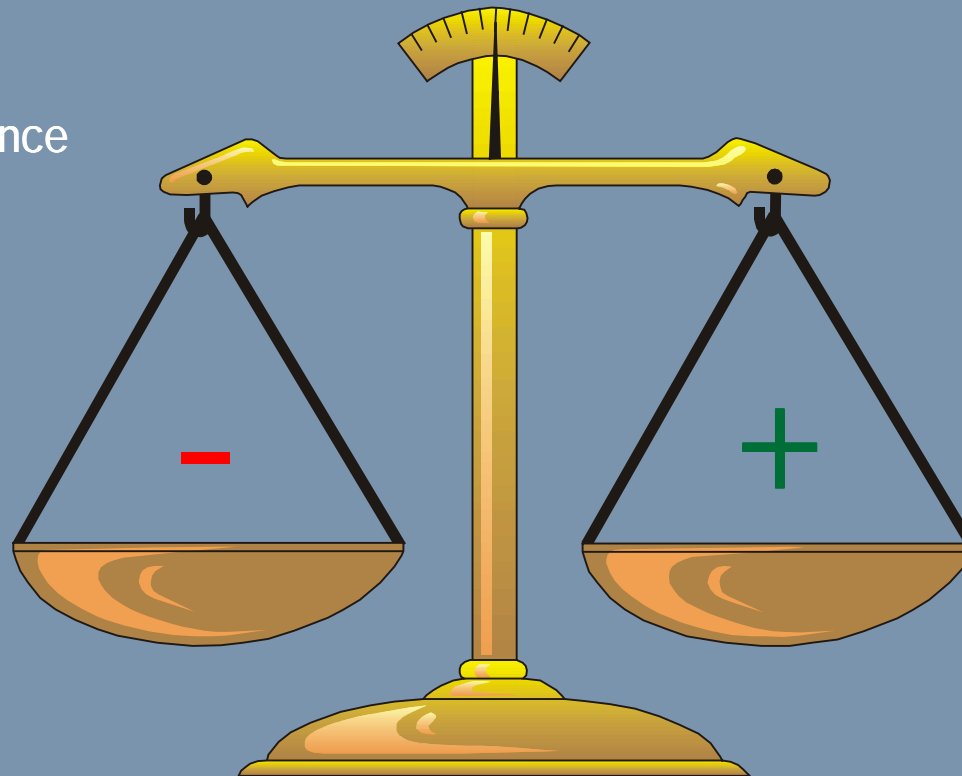
Change Resistance

Problems

Pushback

Failure

Set Up Costs



Quick wins

Success Stories

Positive Feedback

Value of Program

New different  
way of doing  
things

Potential Savings

# Maintaining momentum

Nothing succeeds like success

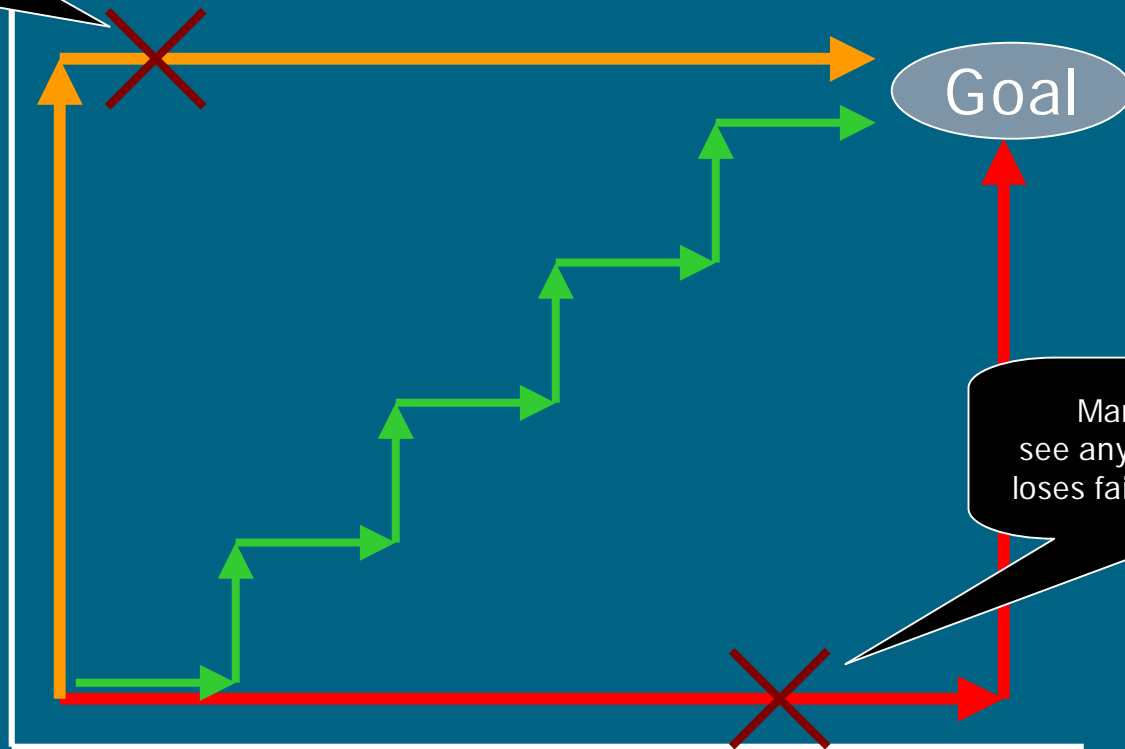
- Early results build momentum and maintain resources
- Early tangibility reduces uncertainty
- Early clarity reduces anxiety
- Early value silences critics

# Progress

Tempo through small successes

Too much change too quickly means high up front costs, leads to frustration, reduction in performance, and management under pressure for "bad decision"

Change



Management doesn't see any change or progress, loses faith and cancels project

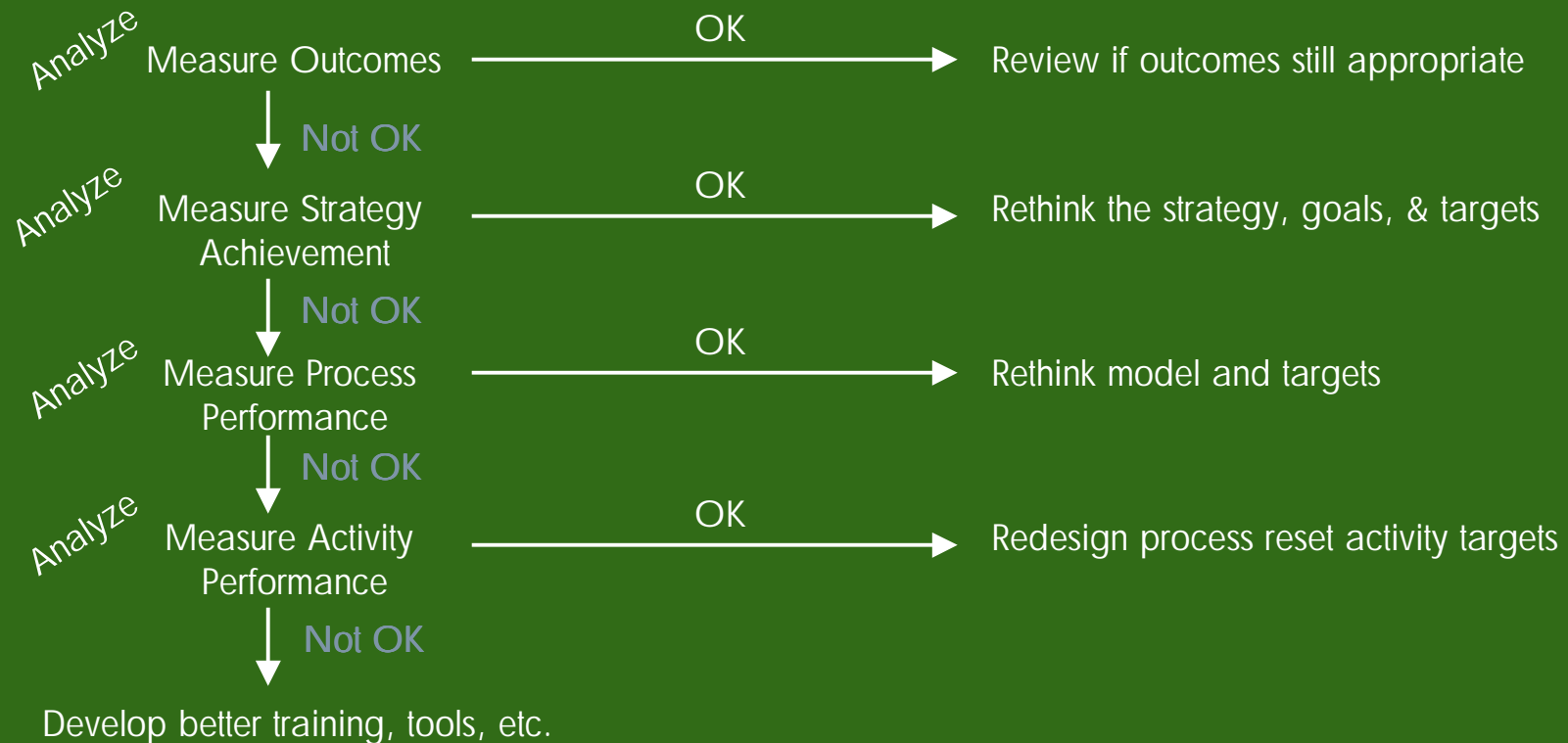
Time

\* Hammer and Co.



# Review protocol and know where to intervene

- Having a clear process focus through measures shows where to intervene.



\* Hammer and Co.



## Cool Ideas

### Demo Area

- Setup in the cafeteria or front lobby
- Have your suppliers come up with "concept cars" type ideas and package samples
- Have all your suppliers engaged and manning their tables

### Hold an Open House

- Put your value add projects and ideas on posters and display around the room
- Put out packaging designs that are conversation starters
- Display a chart that shows all the functional groups packaging interacts .

# The twelve rules

1. Aim for the 70% percent solution. It's better to decide quickly on an imperfect plan than to roll out a perfect plan when it's too late.
2. Find the essence. When it comes time to act, even the most complex situations and missions must be perceived in simple terms.
3. Orient to speed. The ability to react quickly and effectively in chaotic environments usually trumps other competencies.
4. Organize according to the rule of three. In times of stress, most people can efficiently handle exactly three key responsibilities.
5. Focus on the small team. Most of the organization's critical tasks are accomplished by the lower level managers and their subordinates, so anything done to make them more effective will have a large payoff.
6. Operate by end state and intent. Tell people what needs to be accomplished and why, and leave the details to them.
7. Establish a core identity. Everyone in the organization should feel they're performing an aspect of the same job.
8. Make tempo a weapon. Controlling the pace of opposition can exhaust and demoralize them.
9. Keep plans simple and flexible. It's better to have a few options that can be easily adapted to changing situations than to try to make specific plans for every contingency.
10. Make organizational doctrine a living thing. It's good to standardize practices, as long as one of them is to continually refine and occasionally change the practices.
11. Build new tactics around new technology. Fully leveraging technology requires new styles of operating.
12. Get an outside perspective. Insights into organizational improvement can often come from people in seemingly unrelated fields.





## Conclusion

Benefits I hope came across

- Exposure and an appreciation of different styles of communicating to different groups
- Techniques and tactics to increase awareness of the value of packaging
- Leads to your own management support
  - Raises, Resources, Job Security
- Not Prescriptive but Reflective
  - What does this mean to you

# Thank You

Any questions?