TheRecord.com http://news.therecord.com/Business/article/618340

# Boehmer overcomes boxload of challenges

**BY CHUCK HOWITT, RECORD STAFF**

KITCHENER — When Mark Caines joined Boehmer Box as president and chief operating officer in 2006, he faced numerous challenges.

Peter Lee, Record staff
Mark Caines, president of Boehmer Box, joined Boehmer in 2006 after the Kitchener company emerged from bankrtupcy protection.

Pummeled by a strong Canadian dollar, excess capacity in the North American packaging industry, rising energy prices and debt leftover from the company's move to a new plant on Trillium Drive the year before, Boehmer Box was reeling.

Its owner, Roman Corp. had sought court protection from creditors while it attempted to restructure debts and sell off assets, including Boehmer.

The stakes were high. If Boehmer folded, it would close the books on 132 years of corporate history. Launched by August and Charles Boehmer in 1874, the company started out making boxes for the button industry and for many years was located at 156 Duke St. W., in a building that now houses the Duke Street Manor apartments.

The company had done well during 100 years of family ownership, but two subsequent owners had not brought the same dedication to the business.

A business on the ropes is not something most people would want to run. But Caines was restless and looking for new opportunities. He had spent the past 14 years in Edmonton as a senior vice-president of Quebecor World, managing six commercial printing plants that printed phone books, magazines, flyers and the like.

"The commercial printing business was stressed," he said of those days in 2005. "Boehmer was an opportunity that interested me. It was a well-equipped plant, it had material assets. But the execution was weak."

The challenge of reviving a struggling company also intrigued him. "I enjoy looking at a plant and improving what's there."

Caines was confident in his ability to turn things around. Ambitious and talented, the Halifax native had started his career working at a Dominion store and so impressed his bosses, they offered to let him manage his own store at 21.

So when a recruiting firm came calling about the Boehmer opportunity, he decided to make the leap. It didn't bother him a great deal that the company had just been sold to Atlas Holdings, a diversified industrial investment company based in Greenwich, Conn.

"You have to be confident in your abilities," he says.

Armed with equity from the new owner, Caines set about transforming Boehmer into a leaner, more efficient food-packaging operation. He began by making the difficult decision to lay off 65 employees, including a whole layer of supervisors.

"I've always believed in a flat-management structure," says Caines, 51. "If a message changes hands, it gets distorted."

The goal was to drive decision-making down to the floor.

Caines is a big believer in the Japanese philosophy of Kaizen, or continuous improvement. Individual employees were tapped for suggestions or taken off assembly lines for a week to brainstorm about ways to improve production. The focus was on customer service, quality and reducing unit costs.

Production schedules were ramped up. Prior to Caines' arrival, Boehmer ran three shifts a day seven days a week, churning out 420 million boxes a year. Caines cut that back to three shifts a day, five days a week. At the same time, he cranked up the throttle. By reducing down time and increasing machine speeds, he was able to increase production by 100 million boxes a year.

Companies focused on improving the bottom line sometimes take short cuts in health and safety. Not the new and improved Boehmer. It could not afford to ignore this area.

By 2005, accidents had become so frequent that the company was facing an audit by the Ministry of Labour over safety concerns at the plant. Boehmer was also paying surcharges on its workers' compensation premiums because of its above-average injury rates.

An ineffective health and safety committee was re-energized and given a new leader, Joseph Brick. A former plant manager with 47 years of service at the company, Brick had a lot of credibility. Suddenly, safety was top priority. The committee began doing safety audits and encouraging employees to call out safety violations and make suggestions for reducing hazards. An ergonomics committee suggested ways of retrofitting equipment and altering work habits to reduce repetitive strain injuries.

The focus on safety paid off. Boehmer has gone more than two years without a lost-time accident and was recognized by the Paperboard Packaging Council as the safest paperboard manufacturing facility in Canada and third-best in North America for its performance in May and June.

Caines believes the poor safety record was symptomatic of a deeper problem at Boehmer. "Safety is a product of the environment in general."

Today, Boehmer Box appears to be back on solid ground. Annual revenues are almost $70 million. With new customers coming on board, the plant recently went back to a 24/7 operation and now produces about 600 million boxes a year. Twenty-five laid-off employees have been brought back, pushing total employment to 265.

The company makes food packaging boxes, mostly for private-label lines such as President's Choice by Loblaws, Compliments from Sobeys and Great Value from Wal-Mart. Eighty-five per cent of sales come from Canada, the rest from the U.S.

Boehmer has two plants, each 160,000 square feet in size, located side by side on Trillium Drive. One serves as a manufacturing facility, the other as a warehouse.

Box plants are not all that different than newspaper printing plants. Rolls of paperboard shipped from Boehmer's sister company, Strathcona Paper, and other suppliers are stacked near one end of the plant. The "board" as Caines calls it, makes its way through one of several six-colour presses, where it is printed using a digital process, then coated and waxed depending on whether it is destined for freezers. Trimming, folding and gluing follow, after which the boxes are packed for shipment.

The company uses 100 per cent recycled boxboard and low-emission coatings. Environmental sustainability is "a huge focus," he says.

On a tour through the plant, Caines stops at a workstation where cookie boxes are being packed for shipment. A woman grabs a flat piece of cardboard, quickly folds it into a box and sends it down a conveyor belt. Meanwhile, another conveyor belt snakes overhead. As the box moves into a position, a row of flattened cookie boxes slides quickly and smoothly into place. The loading process takes about two seconds.

The machine is capable of packing 60,000 boxes an hour, says Caines.

The warehouse next door awaits the loaded boxes, which are then shipped to "co-packer" companies such as Morrison Lamothe, Marsan Foods and New Food Classics. Those firms pack the boxes with food before shipping them to their final destination at Loblaws, Sobeys, Wal-Mart and other customers.

In the future, Caines would like to see the company expand its reach beyond food into packaging of pharmaceuticals, health care products or beauty aids. Servicing those markets requires a different manufacturing process, which would likely mean acquiring another facility, he says.

In the meantime, he's happy trying to make the existing operation more productive. "We're getting there. We still have a ways to go."

*chowitt@therecord.com*