

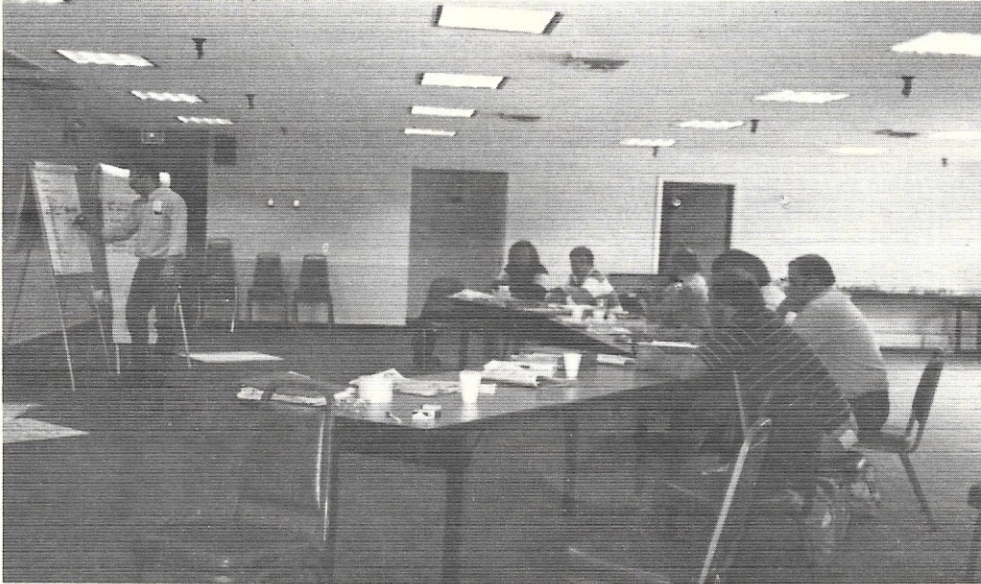


THE STOCK LINE

Northeast Communication Papers
Berlin-Gorham Operations
Berlin-Gorham, New Hampshire

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It's not all "fun and games" for the CCP Design Team. Long hours and serious discussion fill their day!

COATED CARBONLESS PAPERS (CCP) DESIGN TEAM UPDATE By: Gordie Roberge

Since the last time we talked the CCP team has been busy completing the Technical Analysis phase of the #1 paper machine redesign. This fact-finding process pinpoints variances or problem areas within the existing production system. By gaining a better understanding of the way each unit's operation works, we can then begin to initiate "Better Way Solutions" to these problems.

With this portion of the socio-technical redesign completed the team was off to Oberkirch, West Germany for a two-day mill tour of the Koehler facility. Koehler is one of Europe's leading manufacturers of carbonless copy papers and as you may have heard, Koehler and James River have signed business agreements which will aid and enhance our successful entry into the carbonless papers market.

With this in mind, the group set out to view the carbonless process in an effort to gain insights which will assist in the redesign of the #1 paper machine. Many

questions were asked during our visit in respect to all phases of the carbonless process from stock prep through to shipping. The results of the trip were two-fold in value to our team: first, the entire process was viewed and analyzed and secondly some specific areas of concern were identified during the Koehler visit.

With the trip behind us, the design team is now working on the social analysis of the redesign. This part addresses the social characteristics involved in the workplace - issues such as traditional boundaries, worker interaction, job responsibility and feedback. As part of this social analysis a jobs' survey was conducted recently at the Cascade plant, in an effort to understand how workers feel about their jobs. The results of that survey are now being tabulated and will be forthcoming.

Please make an effort to communicate your concerns to the design team. Your input is of vital importance to the future of J.R. Berlin/Gorham.

TO: ALL EMPLOYEES

This facility is committed to the maximum utilization of all human resources and the goal of Equal Employment Opportunity. I wish to reaffirm that commitment and bring to the attention of all employees that these objectives are reflected in all aspects of our daily operations. We shall continue to recruit, hire, train, and promote in all job titles without regard to race, color, religion, national origin, sex, age, handicap, marital status or sexual orientation, except where age and sex are essential bona fide occupational requirements, or where handicap is a bona fide occupational disqualification. Furthermore, we shall continue to provide Equal Employment Opportunities for qualified disabled veterans of the Vietnam Era.

Every effort shall be made to ensure that all employment decisions, company programs and personnel actions are administered in conformance with the principal of Equal Employment Opportunity. Each of us has a responsibility to support these objectives and to ensure that this Policy is fully implemented within our organization.

I have designated Ross H. Beattie as Facility Equal Employment Coordinator and have charged him with the responsibility to maintain the necessary programs, records and monitoring procedures for our Policy objectives. Questions or problems should be referred to your supervisor, Equal Employment Coordinator, or the writer. All referred matters will be held in strictest confidence with no fear of reprisal or job jeopardy.

Just as we all share the responsibility for meeting the challenges of our business objectives, each of us must assume a leading role in making our Equal Employment Program work effectively.

JOHN F. SHANK
V.P./General Manager
Northeast Group

GUEST COMMENTARY**"IT'S JUST HUMAN NATURE"****by: Ray Danforth***Director, Environmental Services*

How many times have you heard this statement? "It's just human nature." Or others such as: "People are like that", "You can't teach people anything", "They'll never learn", "They've been that way forever" or "You can't change him". We have all heard and said these statements, and probably had them said about us. Since they are said so often they must be true, like old wives tales, there is truth in ancient sayings. So much truth in the above statements that we just accept them and accept defeat, the status-quo, and all other problems that come with it. In summary, we are all losers as soon as we accept that, "It's just human nature".

Today we need to try some of the other slogans, such as "Try a little harder" or "Work smart". At James River, we are being constantly immersed in new slogans all of which imply improvement: "Work Team Development", "Find a Better Way", "Re design" and many others. In today's world, there are improved ways of doing processes being developed all the time. All of these changes make jobs easier, more efficient, faster, safer and more enjoyable. At JR, we are all expected, because changes happen so rapidly, to be both teacher and learner every day.

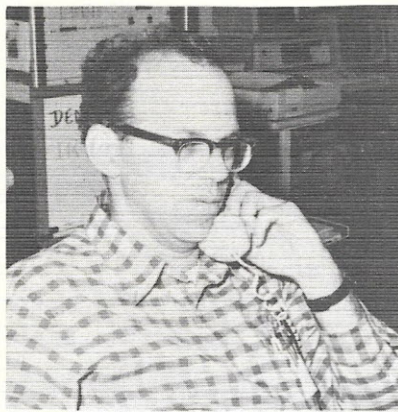
Why is it then that we frequently see people doing things the old way? Do the improved procedures make it more difficult and less efficient to work? Perhaps. Are people afraid of change? Perhaps. Are workers concerned about ridicule for using a safety procedure? Perhaps. Are people incapable of learning and changing? **NO**.

Well then, if people are capable of learning and changing, then why don't they? For all of the imagined reasons above, and probably many more. So what can we all do to make change happen more readily? Many things, but let's discuss a few.

- When a new idea is presented, be open minded and try it. Try it again. Work with the concept to make it usable until it either is accepted or rejected for good cause.
- If a safety idea is presented don't belittle it because it might slow the work or make you less "macho". An injured worker is not "macho" and certainly will be slower than a safety conscious healthy person.
- Change is frightening, so if presenting a new idea, teach it, don't dictate it. If ignored, teach it again patiently.

This list could go on. All of these concepts are being taught in the various E.I., safety and other courses. Try to work with and accept change. Those who learn to work with change will be leading in the future, which is where James River belongs.

Remember - "It's Just Human Nature" to resist and accept the status quo, but together we can "Find a Better Way".

**Ber-Gor Bits****RETIREMENTS****MARCH****MAURICE LAFRANCE**

Wood Room 45 1/2 Years

RENE MERCIER

Cascade Maintenance 43 Years

JOB CHANGES**JOSEPH L. CLARK, Jr.** - New Hire - Project Engineer, Engineering.**BRIAN DALGARDNO** - Promoted - from Associate Process Engineer to Process Engineer, Cascade Technical.**JAMES KOHLER** - Promoted - from Engineer, Product Development to Product Development Manager, Business Papers.**FRANK VISH, JR.** - New Hire - Programmer/Analyst, Data Processing.**JOHN FLOYD-JONES** - New Hire - Sales Service Administrator, Marketing.**RAYMOND AUBE** - Job Change - from Assistant Superintendent, Kraft to Assistant Superintendent, Steam.**ARMAND ARGUIN** - Job Change - Assistant Superintendent, Steam to Fire Marshall, Asbestos Coordinator.**JOHN THOMAS** - Promoted - from Foreman to Assistant Superintendent, Kraft.**FEBRUARY****SERVICE AWARDS**

45 YEARS

Albert Saucier

35 YEARS

Lawrence Littlehale

Pauline Robichaud

20 YEARS

Leo Donaldson

Leo Croteau

Richard Payeur

John Wilkinson

15 YEARS

Leonard Gallagher

Roger Letellier

Francis Borowski

Guy Lemieux

10 YEARS

Normand Fortier

5 YEARS

Patricia Tremblay

TENTATIVE WELLNESS SCHEDULE**Basic Health Screenings**

- April 28, 1988 - (full day)
- July 9, 1988 (just blood pressure) - (full day)
- October 6, 1988 - (full day)

Nutrition/Diabetes Workshops

- May 17, 1988 - (2 hours)
- August 16, 1988 - (2 hours)
- November 15, 1988 - (2 hours)

Smoking Cessation

- May 31, 1988 (1-night - 8 weeks) (2 hours)
- October 18, 1988 (1-night - 8 weeks)

Annual Health Fair

- September 21, 1988 (full day)

Stress Management

- April 18, 21, and 25 (8 total hours) (2 1/2/nights)
- Hope to schedule quarterly

Breast Self Exam

- June (?)
- Hope to do quarterly or on demand

Flu Immunization

- September through November

Education

- Quarterly home mailing
- Health newsletter

Weight Watchers

- Next program April 4, 1988
- Continue current program frequency

Fitness Maintenance - Currently sponsored at 50%

- Bodyline Health Club
- Spartan Weight Lifting
- Hi-Rise Health Spa
- Slimmer Trimmer You
- J-Saw and Aerobics

Any questions, please call Greg Nolin at extension 2514.

VP MESSAGE

The good news is that our markets are very strong and pricing is in excellent shape. Within the last few months prices on most of the grades we make from the Groveton and Berlin Paper Mills have increased somewhere between \$30 and \$40 per ton as well as a recent price increase on pulp of about \$40 - \$45 per ton. Most of these prices are holding. The market for white communication papers is still very tight as is the market place for market pulp. New increases of up to \$50/ton on products shipped from Groveton and other eastern communication papers mills, and specialty papers area are in place.

I was at the API (American Paper Institute) convention in New York this past week and met with a number of customers as well as our sales and marketing people. The general feeling in the industry is that the market remains tight. There is some inventory building in finished goods but it looks like the rest of the year is encouraging. There could be a slight cloud on our horizon since some of the business parameters nationwide tend to indicate a possible slow down in the economy in late 1989 or 1990. Currently the business climate is fine for our products.

We have introduced the new carbonless products, developed some trial orders and prospect orders with three to five different customers. We are currently receiving finished product from Koehler in Germany pending start-up of the modifications on our #1 paper machine.

Profit levels for period 10 and 11, which are basically February and March, will be slightly over plan for the Northeast with strong showings by both the Marathon Pulp Mill being over plan as well as pulp from Berlin. In addition, we

have had some outstanding performance from the Cascade Paper Mill running well over plan with good quality levels which put that operation over plan profit levels. The area that is giving us concern is the Groveton Operation where profit levels are substantially under plan for most of this year. The main problem area in the northeast is pricing, compared to the plan prices at Groveton. Our costs, primarily at the beginning of the year, were over plan as was our production under plan. We certainly are back on track now.

These items as well as our proposed capital budget and issues brought up by the Foreman's Employee Involvement Committee were discussed at a meeting we had at the Town & Country, attended by about 250 people on March 16. We showed that our proposed capital budget for next year was a substantial increase beyond past years, since we need to spend a fair amount of money at the Berlin operations to upgrade our facilities, prepare for the second phase of improvements on #1 Paper Machine, as well as some incremental expansion and upgrading in the Berlin Pulping Operations.

I think this holds well for all of us since it reinforces Ernie Leopold's (our group executive) confidence in our capabilities and shows that James River is willing to invest money in an operation that has potential and shows the adaptability and capability for change, with good employee relations and team work to bring that capital to fruition.

In the future there is going to be some new capacity coming on stream, both from Canadian operations as well as some domestic ones, such as the announcement by Willamette Industries for construction of a paper mill in South Carolina producing 200,000 tons of fine

paper. If we can continue the progress we have shown in terms of our capability to work together to meet these competitive challenges, as well as spend our capital wisely, we will be in a good position to take on this competition and retain our customer base with decent pricing.

We are also looking at some major capital improvements at Marathon to increase our pulping capacity, pulp quality and meet environmental demands. Incidentally, Marathon was cited as having the second best safety record in Ontario and the 5th best in the entire nation of Canada in the last calendar year.

One major opportunity for us at Berlin, Gorham, and Groveton is to enhance our safety performance. I had some discussion with personnel from the woods operation, as well as the Cascade Paper Mill, covering a couple of serious accidents they had recently and I was pleased to listen to their response. This makes me believe if we haven't come all the way at least we are working towards making safety totally equal to production and quality, which is my belief that it should be.

Also our Solka Floc Division is generating new ways to use their product, such as Aunt Jemima's new Lite Pancake Mix and working at some other similar food preparations. Great Progress.

All in all, I have some very positive vibrations, even though I have only been here a short period of time. It looks like the market place is cooperating along with our performance to enhance our profitability and attractiveness of the Northeast Communication Papers to James River for future investments.

John Shank

SAFETY TIPS

Safety is more than a set of rules and attitudes that keeps you from getting hurt on the job. It's something that you should take home with you and share with your family. Children are impressionable. They copy the actions and attitudes of their parents.

That means when you reach too far from a ladder or drive a nail with a beat-up, taped-up hammer, children may get the idea that that's the way it's supposed to be done.

What your children do and how they do it is important to their safety. They're

influenced by what they've learned from you.

When you bring safe attitudes and actions home with you, it brings home the importance of safety to those you love.

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The number of people killed by falls is second only to the number who die in motor vehicle accidents.

Most of these falls wouldn't occur if people would watch where they step.

How do people fall?

- They trip over objects — from books to boxes to pulled-out drawers.
- They slip on spilled liquids.
- They fall stepping from one level to another — curbs, floor levels, steps.
- They fail to turn on lights and fall over objects in the dark.
- They don't expect the unexpected. That one more or one less step than they figured on is their downfall. You can avoid falls like these, and most other kinds too, by following a simple rule — watch your step!

POETIC

By Bob Pope

Two elements of the Communication Papers Business strategy are:

- 1) "one face" to the customer and
- 2) effective use of information to manage the business.

These two come together under an umbrella system known as "POETIC", an acronym which stands for Production planning, Order Entry, Traffic and Inventory Control System. How will these two strategy elements and the computer systems which support them impact the Berlin-Gorham Group?

Several of the impacts have already been seen:

- the formation of a national sales force within Business Papers which has two arms selling for us, Converter Sales under Tony Santucci and Commercial Printing Papers under Gene Coder,
- the separation of sales and manufacturing responsibility for paper,
- and the formation of an integration team to bring together the former Communication Papers East & West.

The integration team was composed of top managers from both the business and the affected mills. They examined some of the implications of "one face to the customer" from a single sales force and centralized customer service down to using a common invoice form and roll label. Then, in light of the effective use of information strategy they examined the computerized information systems available to support the organization which had been created, including the option of starting from scratch with a new system. While all systems came up deficient in some respects, POETIC was chosen as the best available alternative.

The next step was for eastern "site assessment" teams to visit the western mills which have POETIC in place to learn just what POETIC was and how it worked. Following this, western teams visited the east (Berlin, Groveton and Southampton, Pa) to see the operations and their systems. The local site assessment teams, with the help of the western teams, then

formulated a plan to install POETIC in their mill. These plans were then reviewed by local management and approved by both the integration team and by Communication Papers management, including Mr. Leopold.

The impact of POETIC in Berlin is as follows:

- 1) Customer services will be relocated from the mill to Southampton, as will production planning and credit. This is scheduled to occur sometime during April without POETIC. There will be interim support for this move out of the mill's RISC system. Once POETIC is in place we anticipate a local loss of 4 jobs.
- 2) Invoicing and outbound freight activities will move from the mill to the Portland Financial Services organization. This will impact about 2 1/2 jobs.
- 3) Additional impact has just been thrust upon us with the decision to locate the Northeast warehouse in Berlin rather than Chicopee, Mass.

With the exception of one job which is eliminated, the jobs lost locally will be re-located in either Southampton or Portland, Oregon. The jobs are in Local 345 and salaried positions and will move when the mill goes on POETIC, somewhere in the October/November time frame. Further job relocations (8) are anticipated as the Floc and Pulp Divisions are placed on POETIC, some 6 months after paper.

Needless to say the loss of some 14 salaried and Local 345 jobs will have an impact on the individuals involved and the operation even with the employment security statement. Management and Local 345 are discussing how to deal with this and the hope is that a "win-win" solution can be found within the requirements of the contract.

Out of all this work, activity and change we expect to form a business which is internally stronger and more focused; externally easier for our customers to deal with, making us a preferred vendor assuming prices and quality are equal with the competition.

CHOLESTEROL AND YOUR HEART

By Elaine Bugeau

Many factors play a role in heart disease, high cholesterol is one of them. This year 540,000 Americans will die of heart attacks. This number could be reduced by 100,000 if we lowered our blood cholesterol levels by 10%.

The National Cholesterol Education Program recommends that cholesterol testing become a part of our annual physical exam and that all adults should be aware of their blood cholesterol level. If your tests show a level of:

- * 200 mg/dl or less you are probably in the low risk group. You should be retested with every physical or at least every 5 years.
- * Over 200 mg/dl, a second blood test is needed for confirmation.
- * Over 200 mg/dl but under 240 mg/dl on the retest you should be advised to go on a low-cholesterol diet.
- * Over 240 mg/dl on the second test, the laboratory will be asked to provide a breakdown of blood lipids. Depending on these results a strict diet and lifestyle change may be prescribed. Medication may be needed at this point.

High cholesterol counts are usually attributed to a fatty diet,

lack of exercise, being overweight and a consumption of more than 5-6 cups of coffee per day. A smart diet consists of more fish and poultry, limited red meat consumption, no more than two egg yolks per week, limited cheese consumption and avoiding foods high in saturated fats (i.e. coconut oil, non dairy creamer, prepared breadings mixes and commercial baked goods. Avoiding fried foods is highly recommended).

The same rules apply to our children. Consider having a cholesterol count done on any child that is overweight or whose family history shows predisposition to heart disease.

Play it smart. Have your cholesterol level checked and follow these basic rules:

- * Eat Smart
- * Watch your weight
- * Exercise

Stay Happy and Healthy

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