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A man in a dark suit and white shirt stands smiling in a warehouse filled with large rolls of paper. He is leaning on one of the rolls. The rolls are stacked and some have labels. The lighting is warm and focused on the man.

Paper Chase

Diversification helped this distributor through hard times and has positioned it for future growth

By Alan Hughes

THE WORLD OF PAPER HAS CHANGED DRAMATICALLY IN THE EIGHT YEARS SINCE Edgar L. Smith Jr. launched World Pac Paper L.L.C. (No. 71 on the BE INDUSTRIAL/SERVICE COMPANIES list with \$38.8 million in revenues). Print media and catalogs—once two of the company's largest revenue drivers—have struggled for years as more businesses than ever push employees to reduce paper consumption. This, combined with a brutal business climate, has forced the closure of some of the paper mills with which World Pac conducts business.

But Smith says the national distributor of high-quality printing, packaging paper, and packaging solutions is able to withstand these pressures because when he formed the company in 2004, he had one word in mind: diversification. "When I looked at the world of paper distributors, I oftentimes saw a lot of them were very focused on commercial printing and publishing. Publishing was very, very heavy, whether that's book and magazine publishing, or catalogs and tabloids," says the 51-year-old chairman and CEO.

So while World Pac does service commercial printers, catalogers, and book and magazine publishers, the company also has customers that are integrated and independent corrugated converters, folding carton/rigid box manufacturers, tube winders, and laminators. With customers in the food, consumer goods, and retailing sector such as Procter & Gamble and Macy's, the company generates more than 50% of its sales from supplying packaging grades of paper and packaging solutions. Asserts Smith: "Paper is used in lots of different applications and we sell into a myriad of different applications, so we're not heavy in the commercial print space."

Diversification helped the company weather the worst the economy has thrown at it. While sales dropped more than 20% from 2008 to 2009, World Pac management maintains that the damage would have been much more severe without numerous revenue streams. "We could have easily been 30% to 50% down without that diversification, because the other lines of business that we were in continued to either transact at a flat or growth level," says Richard A. Baptiste, president and COO. The distributor is now seeking to branch out into complementary product lines while expanding its global presence.

AN EYE FOR DIVERSITY

World Pac is primarily a provider of paperboard used in cereal boxes, toothpaste cartons, cake boxes, toilet tissue, pharmaceutical folding cartons, and beverage packaging, among other items. Representing more than 70 paper mills around the globe, World Pac handles the sales, distribution, and supply management for paper products manufactured at these outfits. "Most mills are very interested in keeping their [operations] running and their paper being produced, so they are looking to move that paper into the marketplace," explains Smith. "They have a number of

direct relationships, but they also find it necessary to utilize and count on paper merchants and distributors such as us to continue to optimize the marketplace coverage."

Smith, a graduate of Morehouse College, fell in love with the industry during a two-year stint as a sales representative at RR Donnelley, one of the world's largest printing companies. "Very early on in my career I served and serviced the Macy's account in New York and we went through tons of paper, probably over 30,000 tons, and it really opened my eyes to the use of paper," Smith recalls of his experience in the 1980s. "So I wanted to continue my education about paper and the industry so that I could position myself to do what I do today." Following that position, he worked for major paper products manufacturers James River Corp., Georgia-Pacific L.L.C., and Smurfit-Stone Container Corp. He was also a vice president of national sales with Coca-Cola North America.

By 2004, Smith was ready to launch his venture, initially focusing on supplying paper for catalogs, tabloids, and various packaging applications. It took just a year before World Pac landed its first contracts with a major corporation—some \$250,000 to provide advertising paper for Macy's catalogs. World Pac continues to provide paper products for the retail giant, including corrugated containers, as well as some of its shopping bags.

"When we began the relationship with World Pac, we applied the same search factors as when we're hiring people internally," says Howard Thompson, vice president of purchasing and vendor development for Macy's. "We wanted professional folks who can think out of the box and Edgar fits that model. He's been a good partner for us, and we've been able to grow that relationship with him."

When Smith, Baptiste, and the original management team came up with the business plan for World Pac, they had product and service diversification as a part of the strategic plan from the start. "We said, 'OK, our core is paper and packaging products, but what other synergistic things can we get into that support those industries?'" Baptiste says. "So based on that, clearly we have packaging grades of paper, printing grades of paper, and we have corrugated boxes. Why? Because printed matter needs to go into corrugated boxes to be shipped. We offer tapes because packaging products need to be sealed." ▶

REFOCUSING DURING THE RECESSION

Surprisingly, the growth of the digital space and push for corporations to create paperless office environments haven't had a material impact on World Pac's business model. Says Baptiste, "Absolutely, the Internet and the push for more digital inclusion have had an impact on the paper industry. Have we seen that impact on a significant level? No, we have not. Because copy paper, while it is one of the products in our portfolio, it is not a significant piece of our portfolio at this point in time in terms of us transacting that commodity."

However, the Great Recession that hit just a few years after the company's establishment was another matter entirely. "Our sales dropped because the clients that we were servicing, their sales dropped. So they were advertising less," says Baptiste. "They were buying less paper as a result of them tightening their belts and looking at strategies on how to deliver their messages in a more cost-effective way."

In response to an approximately 20% drop in the company's printing and fine paper business (which is used for catalogs, tabloids, books, magazines, etc.), the company refocused its efforts to its growing packaging grade paper sales. That refocusing helped revenues recover and flourish. Through effective selling strategies (see sidebar), sales increased approximately 40% from 2009–2010. "I think that strategy of having a variety of solutions that we offer and also the ability to create other value-added solutions for our

WORLD PAC: FIVE-YEAR REVENUES



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customers truly helped us," says Toni M. Robinson-Smith, vice president of World Pac.

Looking ahead, Smith forecasts a roughly 8% increase in revenues—to \$42 million—for 2012. Meanwhile, the 25-year sales veteran says he plans to eye growth opportunities and new revenue streams to keep ahead of the competition. Shrink/stretch film, paper towel and tissue paper, point-of-purchase displays, food service packaging, dunnage, plastic returnables, partitions, and pulp are among the products integral to World Pac's expansion plans. "When you work with some of the industry-leading companies you've got to constantly exhibit that technical right to succeed and the ability to handle their issues, concerns, and requirements says Smith. "So you've got to bring it, each and every time."

5 STEPS

TO CLOSING THE SALES DEAL

Edgar L. Smith Jr. constantly relies on his 25-plus years of sales and marketing experience to drive revenue growth as CEO of World Pac Paper L.L.C. (No. 71 on the **BE INDUSTRIAL/SERVICE COMPANIES** list with \$38.8 million in revenues). Prior to launching World Pac in 2004, Smith was a vice president, national sales, with Coca-Cola North America. Selling is a process, just as manufacturing is, Smith says. "Use it to create value." Here are some sales tips from the veteran salesman:

Plan things out. It all starts with a lot of pre-call activity—the planning piece. "You've got to set the call and the meeting objectives, plan the routing of your calls. Put together a collection of calls in an area (or cluster) that you can visit, to minimize drive/travel time and maximize call time with the prospect or customer. This is effective and efficient time and sales territory management."

Establish a rapport. Allow 5 to 10 minutes to do this and exchange pleasantries. People like to talk about themselves and their companies, and a good salesperson will use this time to break the ice. Smith says, "Until they are truly sold on you, they're probably not going to buy anything from you or your company." Then identify a reason to go to the next step—a mutual need for advancing/continuing the process. Following that, understand the decision-making process at the company, along with who the key decision-makers are, as well as any competitors that may be involved.

Build credibility. You can do this by either showing or demonstrating in-depth knowledge of your business and their products and industry. "I really don't care what it is you are selling—it all has its own set of complexities, complications, features, and benefits, etc.," says Smith. "As the subject matter expert, you really have to understand that you've got to instill that confidence with that prospect or that customer."

Identify the needs and opportunities. Work diligently to understand the overall situation. Know what exactly they are looking for. "Sell to the needs. You've got to see the opportunities as the prospect or the customer sees them and align with them on the highest leverage opportunities," says Smith. "You've got to prioritize the various solutions."

Close the deal. You've developed your pre-sell strategy and prepared your customer-focused presentation, complete with your capabilities statement and unique value proposition. You've summed up all the various features and benefits, answering all questions and handling objections. Now it's time to close. "You've got to confirm any and all agreements and mutual commitments around that opportunity and that business, and then you work toward the actual implementation, developing, and executing the plan and reviewing the results against mutually agreed upon measures of success."

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