

Building a team: the Cedar River project

BILL KING, ELGIE HARRISON, AND SALLY LOVE

Weyerhaeuser, BE&K, and Paragon Consulting Group forged a highly effective partnering arrangement during the construction of a greenfield recycling mill in Iowa.

In August of 1993, Weyerhaeuser Recycling and Midwest Recycling formed a joint venture to design, build, and operate a recycled paper facility in Cedar Rapids, IA. The result was to become the Cedar River Paper Co.

The two companies entered into this joint venture with a commitment to conduct business in a very new way. Each had a long track record of successful projects, yet both companies saw in this project the oppor-

In every project, an interdependent association exists. It can become confrontational, negative, supportive, or collaborative; but in any case, it is the reality of the project relationship. Partnering is a vehicle through which collaboration is created between owners and other project stakeholders including engineers, suppliers, contractors, and subcontractors. The partnering philosophy provided a winning solution for the Cedar River project.

Several key factors contributed to Weyerhaeuser's need to change:

1. The concentrated economic leverage resulting from mergers among both suppliers and customers.
2. The need for environmental compliance driven by public awareness.
3. The expectation of quality improvements in all aspects of manufacturing and products.
4. The need for a strong focus on "shared destiny," including employee involvement, gain sharing, and health-wellness-fitness, etc.
5. A growing need to dramatically increase market share.
6. A need to generate higher returns on a shorter timetable than on past projects.

The answer to these challenges came in the philosophy adopted for Cedar River Paper Co. It included:

- A fundamental belief in people and their capabilities
- Uncomplicated supplier and partnering relationships
- An environmentally friendly manufacturing system



Cedar River during construction of the No. 2 linerboard machine

tunity to challenge themselves to an entirely new level of performance. The project team used an encompassing and ongoing partnering process and achieved extraordinary results along their way to producing a successful project.



BE&K employees and subcontractors worked together to build the mill.

- A commitment to set industry standards in quality
- A focus on worker safety and ergonomics
- The creation of an organization based on principles and teams instead of an autocratic organization based on rules.

CONTRACTUAL AGREEMENTS

On the Cedar River project, BE&K was to execute the engineering and construction portion on a lump-sum EPC basis. BE&K's performance was tied to equipment performance and schedule, with the possibility of substantial liquidated damages. The fiber supply and sale of the finished product became Weyerhaeuser's responsibility on a unit-rate basis. Weyerhaeuser guaranteed acceptance of the finished product regardless of market conditions.

On the surface, this might appear to be a confrontational contract format. In reality, it assured that the profitability of each partner was dependent on the performance of the other partner. Many firms, for this very fact, reject the opportunities (lower costs, higher quality, improved productivity, and more) afforded by partnering. They fear that they will become dependent on others. Yet, one must consider that the only reason to pursue partnering is your belief that you can create more working collaboratively than working independently. It is clear that the dependence is both a natural and a healthy occurrence.

On the Cedar River project, the contractual stage was set. The partners would either sink together or soar together.



The forming section of the No. 2 linerboard machine

"We're going to do this project the way we always thought a project should be done." This bold statement embodied the Cedar River project philosophy and was communicated to all people who joined the project. *Easier said than done.* It is one thing to make the statement; it is quite another to make it happen. Once Weyerhaeuser and BE&K agreed on the fundamental concepts of this new project philosophy, they began exploring how to incorporate these concepts into each phase of the project.

It was critical that Weyerhaeuser, BE&K, and the numerous equipment suppliers and subcontractors free themselves of their various corporate cultures. To optimize the partnering relationship, a neutral third party, Paragon Consulting Group, was retained to help develop and sustain their partnering relationships throughout the project.

First, people had to acknowledge what the statement really meant. Many people immediately felt threatened. They thought the implication was that there was something *wrong* with their past performance. There is tremendous pride in the people who engineer, construct, and operate a paper facility. They don't necessarily take well to being challenged to change the way they have always done projects. The project leadership wasn't implying that the old way was wrong—just that it was not the most effective.

It wasn't about right or wrong or good or bad. It was about doing better and doing more in less time with less money. It was about working smarter, not just harder. It was about taking risks, equipping people with the knowledge and tools to enhance their performance, and celebrating accomplishments. It was also about not giving in or giving up; even when times got tough—real tough.

Weyerhaeuser and BE&K had the benefit of having previously worked together, albeit in the traditional roles

of owner and engineer/contractor. This experience with each other simplified the identification of their particular strengths. For Weyerhaeuser, it was operations and marketing. For BE&K, it was engineering and construction.

FUNDAMENTAL BELIEF IN PEOPLE!

The fundamental belief in people was the foundation of the Cedar River project partnering process. The project leadership embraced these principles:

1. That people inherently want to do a good job
2. That people have much more capability than they use
3. That people don't use their full range of talents because organizational systems block them
4. That responsibility for removing the barriers rest first with the project leadership, then with the other team members.

Simply put, if the people were not successful, the fault would not rest with them but instead with the project leadership.

Streamlining and optimizing communications quickly became a critical priority. Trust and communications are highly correlated. It was essential that team members get honest, unguarded answers to their many questions. Through this crucial dialog, individuals began to identify with the project and buy into the overall project objectives.

It is lack of information, not the sharing of it that causes problems. Failing to share information denies team members from using it to influence the project in a positive manner. The rumor mill is truly a marvel of efficiency—a natural reaction to an information vacuum. The sketchier the information, the wilder the scenario produced by the rumor mill. The goal on the Cedar River project was to empower each team member with the knowledge that by sharing information, they positively influenced the outcome of the project.

“KNOWLEDGE IS POWER”

The leadership took a leap of faith and put into action the adage: “Knowledge is Power.” Team members were cautioned against assuming that information, no matter how insignificant it may seem to them, had been shared. The sharing of information became relentless, and the amount of information was staggering. The kinds of information shared? You name it. Safety expectations, productivity indicators, schedule information, cost data, safety incidents, quality information, and much more.

It was very hard work instilling the “Knowledge is Power” concept on the Cedar River project. Change is difficult. Team members were rewarded as they took risks



Inside the recycling warehouse

to share information; after repeated proof that it worked, this behavior became expected from team members. Without a doubt, this became a critical cornerstone in the success of the project.

An important lesson from our communications and information sharing effort was: Don't assume you know what questions, concerns, or issues your people have. Pursue issues from *their* point of view rather than your own. Probably 60% of our issues were central to management and team members. The other 40% (the team members' issues alone) were the ones that, once resolved, made the huge differences in performance gains.

Also, be prepared to handle feedback that is different from what you had hoped for. In this type of environment, candor is essential. But you have to be willing to have an open mind about what your people are telling you. If you assume that you are right and they are wrong, you're sunk.

CLASH OF CULTURES!

Weyerhaeuser and BE&K not only had different strengths, they also had vastly different cultures, which were recognized as being just as consequential.

Many firms entering a partnering relationship or joint venture fail to anticipate that cultural differences between companies can have a broad and sweeping impact. The fact is that differences in culture are real, and simply ignoring them will not make them go away. If not appropriately addressed, they will seriously affect or even derail a project and likely the entire partnering relationship.

One of the most marked cultural differences between Weyerhaeuser and BE&K was the level of formality within the two companies. This resulted in a num-

ber of misunderstandings. A number of Weyerhaeuser team members lamented not being invited to project meetings during which important decisions were being made. At the same time, BE&K team members were irritated that the Weyerhaeuser people were not attending the meetings nor taking an active interest in the important decisions.

In BE&K's culture, simply knowing a meeting's time and purpose is more than an adequate invitation. It is understood that if you are aware of a meeting and believe you need information from the meeting or can contribute to it, then by definition, you are invited. In Weyerhaeuser, however, it is an unwritten rule that you attend only those meetings to which you are invited in writing, complete with a published agenda. This was a case where, depending on the background of the project team member, the same word—*invitation*—held a substantially different meaning. Because of the partnering process, this issue was uncovered quickly and action was taken to involve the right people in contributing to tangible project tasks.

The goal was not to change each company's culture during the Cedar River project. It was to proactively merge the best of each company's culture in order to achieve the desired results.

Numerous other cultural differences were confronted, including communication styles, conflict resolution, staffing, and each firm's internal cultural differences. Staying alert to differences also required continuous effort. The cultural issues changed as the project moved through different phases.

RESULTS!

There are easier ways to manage a project. In fact, this "new way of doing business" is, in the beginning, significantly more difficult and requires greater intestinal fortitude. It is also pretty lonely. People outside the project team don't necessarily understand what you are doing, or why. They see the results but have a hard time making sense of it all.

The "new way of doing business" is, however, vastly more effective. And it is extremely rewarding and gratifying—personally and professionally. People who visited the project consistently commented that they didn't know what it was, but that there was something different about it.

The proof is in the bottom line—in the tangible results produced by the project team. This collaborative effort produced a two-machine, recycled paper mill with a rated output of 1650 tons/day.

The first machine was brought online three-and-a-half months ahead of schedule and achieved monthly design production in five months. Its quality of finished product is outstanding. The second machine, brought online four months ahead of schedule, was producing salable paper within one half-hour of startup. Unlike most facilities with a new machine startup, there was no sag in production on the existing machine. The No. 1 machine actually reached its two highest months of production during the startup of the No. 2 machine.

The mill was completed well under budget. And, over the 34 months of the project, Cedar River Paper Co. received NO change orders.

The construction effort, totaling 2.7 million work hours, was performed without a single disabling injury and the site was awarded STAR designation in Iowa OSHA's Voluntary Protection Program. Construction productivity was outstanding, and employee turnover and rework were well below industry average. Field rework was well below industry norms, and quantities and hours required for engineering were solidly under budget.

Cedar River Paper Co. hired, trained, and mobilized a new high-performance workforce of 225 people, from scratch. The Cedar River Paper Co. teams, empowered and focused, accelerated through a five-year growth plan in an amazing 18 months. And they didn't stop there. The teams, at every level of the organization, have continued to discover new opportunities and to implement innovative solutions in areas not conceived in the initial planning. The power created by implementing a principle-based culture has produced astonishing results.

The Cedar River project set new benchmarks for quality, productivity, and relationships. Each partner, whether large or small, has been able to realize benefits including consistency of performance, great gains in knowledge, outstanding safety performance, tangible bottom-line results, and tremendous pride in a job well done.

Such partnerships aren't about contracts; they are about relationships. We believe partnering creates more value than traditional transactions. Partnering in business isn't just another way of executing a project, it's a better way. **TJ**

King is an EPC project manager at BE&K Construction Co., Birmingham, AL; Harrison is business team leader at Cedar River Paper Co., Cedar Rapids, IA; and Love is president of Paragon Consulting Group, Greenville, SC.

The authors express their gratitude to all the people whose talent, commitment and dedication made the Cedar River project a success.