Finding New Value in Established Businesses

Synopsis:
Seeking to rise above its 50-year old forest products image, Boise’s senior management discovered a new lens for comprehending what business they were really in: its identity. Suddenly, separate operations including paper, construction products and office supplies — when looked at collectively — revealed new possibilities for understanding Boise’s value creating potential as one enterprise. It was never just about “trees.”
Finding new value in established businesses: Boise Cascade discovers its core identity

Larry Ackerman

Larry Ackerman is a group director at Siegel & Gale, based in New York City. He is a pioneer in the field of identity-based management and a recognized leader in corporate brand strategy. Larry’s consulting experience is international and multi-industry in scope. He has directed assignments for such diverse companies as Aetna, Alcoa, Baxter Healthcare, Boise Cascade, Dominion Resources, Dow Chemical, Dun and Bradstreet, EDS, Fidelity Investments, Lockheed Martin, Norsk Hydro, Interbrew, Maytag, National Australia Bank, Raytheon, Ernst and Young, USF&G Insurance, and Westinghouse. Larry writes and speaks frequently on identity and culture and their impact on growth. His first book, Identity Is Destiny: Leadership and the Roots of Value Creation, was published in January 2000.

Today’s business landscape contains many organizations that stand like great mountains: grand in scale and complex in their particular topography, they are best known by the diverse business lines, divisions, products and services, and reporting structures that are the most visible aspects of the enterprise.

As impressive as they may be, however, the really striking aspects of these giant companies—the answers to how they create value—typically lie well hidden beneath their surface. Often, as a result, these complex organizations do not receive the credit they deserve. Multiplied hundreds of times, it is not hard to imagine the staggering amount of value that goes unseen—and unrewarded—by stakeholders, ranging from employees and recruits to customers and investors.

Some organizations face especially difficult challenges when it comes to managing complexity. These include traditional conglomerates like General Electric, United Technologies and Textron, where a portfolio of businesses confounds any easy attempt to understand the nature of the enterprise as a whole. Conglomerates are not alone in this regard. Other multi-line businesses, such as Lockheed Martin and Boise Cascade, also qualify. Collectively, the multifaceted constructions of these companies defy facile explanations.

Getting to the value-creating core of these institutions, to their core identities, is not easy, but it is worth the endeavor, especially when it comes to building the brand. The history of gold mining offers a particularly useful frame of reference.

Since the days of the California gold rush, in the 1800s, the possibility of discovering gold “in them that hills” has always captured the imagination of hardy prospectors in search of new wealth.

Confronted by rough and rocky terrain, miners always realized that the surface of the land hid elusive treasure. They would dig with pick axes and use sieves to separate useless pebbles and sand from telltale nuggets that signaled the existence of pockets, or veins, of gold. While not every attempt produced the hoped-for result, many did. It was worth the effort.

Tapping the core

We have worked with many management teams who, at the outset of an engagement, were understandably suspect about whether their multi-line organizations contained a single identity that could reliably inform corporate brand development. With the possible exception of true holding companies, whose sole function is to buy and sell unrelated assets, we have never failed to unearth unique characteristics that reveal how complex organizations create value—the proprietary contribution they are capable of making in the marketplace.

In many ways, we have been their guides as these companies began the process of discovery. Boise Cascade offers a useful example that illustrates the remarkable results that can come from digging below the surface of the enterprise.
Each business had opted to design and build its own website. Taken together, there was little if any resemblance among them. As a whole, these sites—all Boise-branded—unintentionally served to highlight the ongoing debate about the fundamental nature of the company.

Boise from the inside out

Best known as a forest products company, Boise Cascade has evolved over half a century into a far more complex organization. Today, the company has three main businesses: paper; building materials, including wood products and distribution; and office products distribution that supplies customers with everything from paper clips to technology products and furniture. In scale, the combined distribution businesses are now larger than the traditional forest products operations. To call Boise a “forest products company” does not do the organization justice.

What business was Boise really in? Was it essentially a manufacturing company or a distribution company? A hard assets, upstream forest products operation or a downstream, service-based enterprise? These questions informed the brand challenge we faced, especially whether the whole of Boise remained greater than the sum of its parts. Some observers questioned, did the parts now represent fundamentally different businesses, requiring their own brands and the independence with which to build and manage them?

One of the main factors that finally forced managers to confront the question about the corporate brand was the Internet. Each business had opted to design and build its own website. Taken together, there was little if any resemblance among them. As a whole, these sites—all Boise-branded—unintentionally served to highlight the ongoing debate about the fundamental nature of the company.

Getting to the core of Boise Cascade involved deconstructing the enterprise—looking through all the layers of organization structure, products, services, and processes that constituted easy distractions from locating the company’s value-creating core.

In the end, we found that all three lines of business—from the asset-heavy paper operation, with its timberland resources, to the quick-response, speed-driven office products distribution business—shared a common identity: collectively, they were driven by the need to support customer operations in essential ways. Arguably, Boise Cascade was in the customer operations improvement business—a fact born out by how customers defined the value Boise created for them.

What did this central discovery mean for branding? It meant translating Boise’s value-creating identity into a brand strategy that would change perceptions and behaviors among employees, recruits, customers, and, potentially, investors.

Today, the Boise brand is defined by the company’s promise to help people work, build, and create. “Work” refers to the impact Boise has on workplace productivity via the combined impact of its newly named office solutions and paper solutions businesses. “Build” refers to Boise’s contribution to the construction of homes and offices, through its building solutions business. “Create” constitutes a call to action to Boise employees, and to direct customers as well as to end-customers, to make the most of their talents and imagination by using the materials, tools, and ideas Boise supplies.

The benefits of Boise’s brand initiative have emerged in several areas. On the strength of the company’s capacity for supporting customer operations, Boise can begin to tell a different story to Wall Street—one based on knowledge assets rather than simply hard assets. This shift suggests the possibility of achieving a higher valuation over time, given the premium typically assigned to knowledge-based service businesses compared to those tied solely to bricks and mortar.

On the strength of the company’s identity, the brand also clarifies Boise’s central role in ensuring a healthy, productive society, given its direct impact on the workplace and the home. This idea is helping to instill a greater sense of pride among employees, and Boise is able to attract and retain talent more easily. The new message is a call to action for people who can help solve customer problems in innovative ways, partner with them, and drive performance improvements as a result.
Some key lessons

Mining for organizational gold can be fraught with danger. Size and complexity make the effort anything but cut-and-dried. The highly visible product and service terrain, to which people naturally gravitate, can sidetrack efforts, masking the true pathways. Here then are three thoughts to keep in mind to help ensure a successful result:

1. Complexity is an advantage

When it comes to brand building, big, complicated companies often envy smaller, simpler ones—companies with one or two main product lines, where the brand story seems to be more straightforward. This is a mistake. In truth, the larger enterprise is at an advantage because it typically has more to work with: more assets, more competencies, more experience managing different businesses, more culture. As a result, there is more to discover. Brand outcomes are richer. Complex companies that understand how they create value are actually in a position to tell a more compelling story than others.

2. Deconstruction is “the way in”

Before you can know what you have in the way of organizational identity, you must first take things apart. You need to clear a path so you can find your way to the core. The process of deconstruction offers a useful discipline. Deconstruction begins by taking nothing for granted: Do our products and services define the brand? No. Mentally pull them to one side. Do our lines of business, our divisions, define who we are? Of course not. Imagine they are not there. Do our process skills—lean manufacturing, efficient order entry, outstanding distribution, sophisticated call centers, or customer service hot lines—determine our promise? Not likely. Look beyond them.

With deconstruction, the idea is to raise questions unencumbered by the obvious trail markers that prescribe the business. Suspend disbelief. Start with a clean slate.

3. Value creation is the key to reconstruction

Having cleared the path, we can now determine how the company creates proprietary value. Reconstruction is deceptively simple. More than likely, senior management has talked in depth with numerous people inside and outside the enterprise, studied the history of the organization, and evaluated communications at all levels and in all forms. There in all these activities is not to find the answer, per se. No one customer, supplier, or employee will be able to articulate how the company creates value. The aim is to collect clues. The challenge then is to add up these clues in a way that makes the institution’s value-creating potential self-evident.

In the final analysis, getting to the answer about value creation requires asking a key question: If you strip away what the company makes and sells, and if you regard the thousands of employees who make up the organization as one individual, then what is it that this particular “individual” is really good at? What are the unique skills, expertise, and talents that this individual has honed over time? The answer to this question defines identity and informs brand development. It is the vein of gold.
Conclusion

Managers bent on building successful corporate brands in highly diverse, complex organizations have no choice but to tap the core. Too much value is at stake to do anything less. To be sure, these executives have a singularly tough job when it comes to unearthing the identities that reside within their organizations, but the payoff in doing so promises to be great:

- Understanding the brand through the lens of identity can help illuminate the logic of the whole to interested stakeholders. These may include financial analysts and investors grappling with valuation, as well as recruits and employees seeking to understand career development opportunities.

- Managers will be in a position to recognize and exploit previously hidden competencies that inform customer relationships and influence growth.

- The company will have a platform for cross-pollinating leadership, based on management development systems designed to build upon and deepen organization-wide strengths.

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Managers will have created a new lens through which to identify and evaluate acquisitions and divestitures. Beyond economic criteria, understanding the company's institutional strengths offers clues to what sorts of organizations are most likely to fit in or not, and why.

The organization can realize significant savings that accrue from streamlining everything from hard costs such as printing (e.g., the total amount of literature the company produces in a given year), to soft costs, including those associated with trademark management and the considerable time involved in shaping and managing communications with different stakeholders.

Most important, managers who find the veins of gold buried within their organizations will have forged a powerful foundation for building a brand that is not only authentic, but, because it is a proxy for value creation, can become a catalyst for growth and constructive change.

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Boise Holders May Overlook Trees for the Forest

By Russ Sniezko

When Boise Cascade Corp.'s shareholders meet today in Atlanta to vote on the merger of its forest products business with International Paper, some 99% of its $1.8 billion of assets, many will overlook the fact that a few hundred miles to the west, Pacificorp, one of the nation's largest forest-products producers, has filed for bankruptcy.

Out of the Woods?

As Boise Cascade deals with its purchase of Officeworks, Boise's shareholders are already taking on a new future. The Officeworks deal represents an important point in Boise's transformation from an old-line paper and forest-products maker into a modern, diversified company that is more aligned with the needs of the 21st century.

- Boise last year dropped the Cascade label, which some consider to be a barrier to growth. Instead, it is focusing on the future by investing in new businesses and technologies that are essential to its success in the coming years.

Boise last year dropped the Cascade label from some references to the company, saying it was too restrictive for the company's future goals. The company is now focused on growing its core businesses, including paper and forest products, and expanding its reach in other industries such as healthcare and logistics.

As part of its evolution, Boise is vastly expanding its presence in the global market, with investments in new facilities and partnerships around the world. The company has also been investing in new technologies to improve efficiency and reduce costs, such as the use of blockchain for tracking its forest products.

Boise has a strong management team with a proven track record of success, and the company is well-positioned to continue its growth and expansion in the years to come. With a focus on innovation and sustainability, Boise is poised to become a leader in its industry and a driving force for positive change in the world.