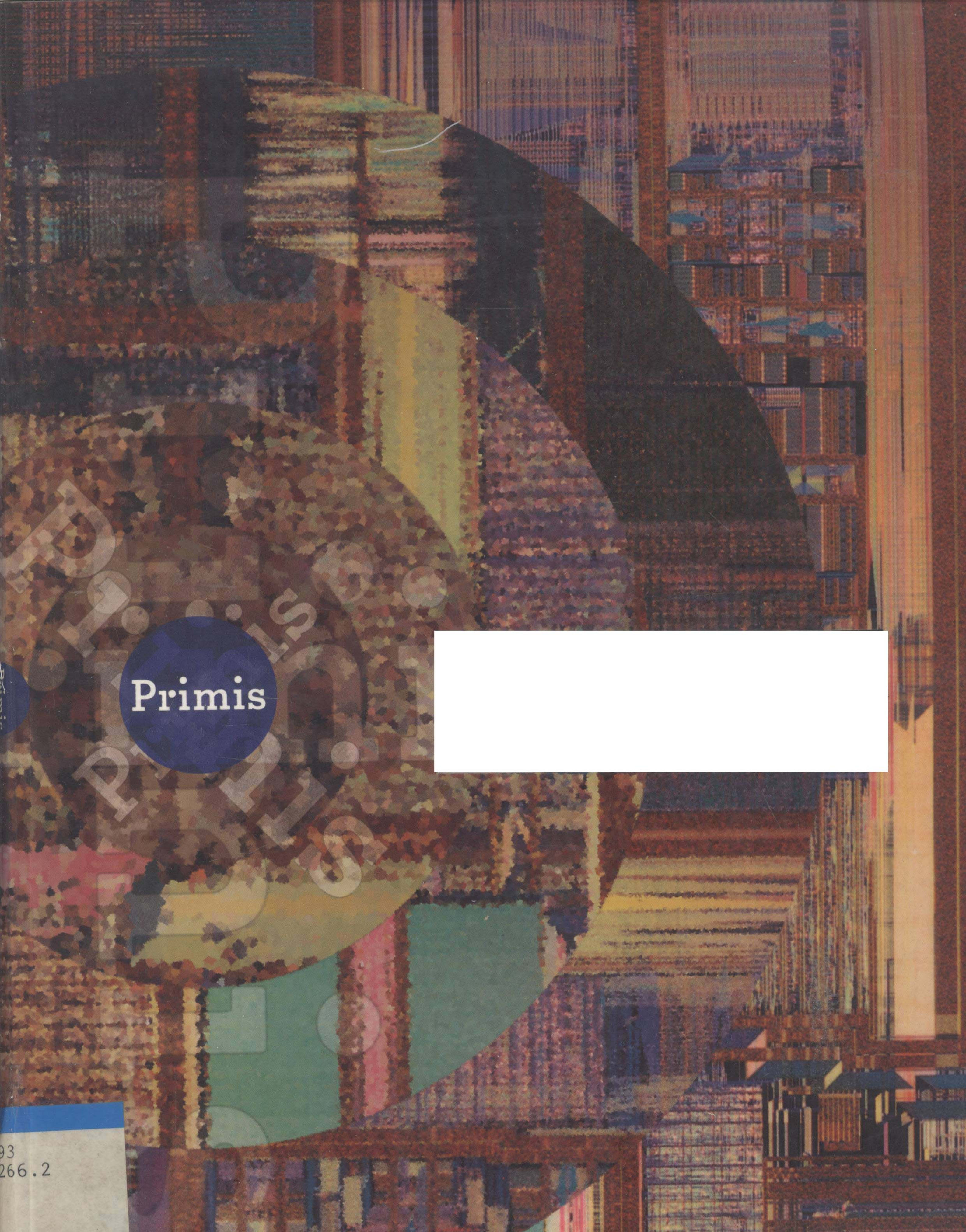
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NACRA

Fraser River Plastics Ltd.

By Christopher K. Bart and Marvin G. Ryder, McMaster University, Hamilton, Ontario L8S 4M4, Canada. Management cooperated in the research for this case, which was written solely for the purpose of stimulating student discussion. All events and individuals are real. However, names have been disguised at the request of the principals involved.

It was early in 1993. Elinore Wickham-Jones, President of Fraser River Plastics Ltd., was uneasy about the crosscurrents of opinion that were developing regarding the company's future direction. Although the differences of view had perhaps been held for some time, they had surfaced in recent weeks as the merits of several projects—among them a move toward international expansion and an acquisition—were being reviewed. There was, Wickham-Jones felt, more than normal agitation in the atmosphere. Lines were hardening on the questions of how aggressively, and in what direction, the company should proceed.

The Canadian Plastics Processing Industry in 1993

Although the history of plastics and plastic products goes back over 100 years, in 1993 the industry was still generally regarded in North America as young and growing. In fact, it had only been since the second world war that plastic had begun to achieve its status as a major primary or substitute manufacturing material.

In 1993, there were over 1400 firms engaged in plastic processing in Canada, with most of the companies located in Ontario and Quebec. Of these Canadian firms, the majority had sales of less than $2 million. The bulk of company shipments constituted proprietary products. The remainder were either produced on a custom basis or as "captive operations" for a larger manufacturing entity. This breakdown, however, was difficult to confirm precisely due to the variety of business practices in which any one manufacturing concern engaged.

In terms of the future, world shipments in the plastic processing industry were estimated in 1993 to be moderately "favourable" given the tentative signals of economic recovery. The factors contributing to this projection were an anticipated moderate level of economic growth; a continuing substitution of plastics for traditional materials; and the emergent growth in the manufacturing sector. Costs depended largely on the type of process used. For instance, reinforced plastic products (e.g., boats and storage tanks) were relatively labour-intensive, whereas extrusion products (e.g., pipes, films, etc.) were relatively capital-intensive.

In comparison with other global industries the plastics industry was still considered a labour-intensive area. For example, in plastics the capital investment per production-related employee ranged between Cdn$5000 and $42,000, while in petrochemicals it was about Cdn$200,000.

It was anticipated that Canadian plastic manufacturing capacity would be sufficient to meet Canadian demands. In addition, Canadian resin prices, which at one time exceeded world prices by 10 percent, were seen as becoming more competitive with U.S. and other international prices given the recent Canada–U.S. Free Trade Agreement. The prospect, in 1993, of a potential free trade agreement between Canada, the United States, and Mexico was expected to result in significant downward pressure on world prices and consolidation of the North American industry participants through mergers and bankruptcies.

Corporate History

The Early Years: 1984 to 1988

In the fall of 1984, two Vancouver, British Columbia, businessmen, Herbert Rudd and Oliver Farthingham, visited Portland, Oregon, on a tour sponsored by the Vancouver Board of Trade. Of the several plants they visited, one facility, Damian Plastics Inc., particularly caught their attention. This plant used an injection moulding process to manufacture heavy plastic products such as utility crates, garbage cans, and packing cartons. Damian used advanced techniques to minimize the raw material weight in the large products it produced, while retaining, through unique design, the essential rigidity and toughness. Both men, and especially Farthingham, who had experience in plastics, felt there was a ready market for the products in Canada because (1) they would have a competitive edge over comparable but more expensive plastic products and (2) they could be used instead of their metal counterparts. The two men returned home with a tentative licensing agreement for all of Canada which included technical assistance from Damian and access to all mould designs.

The immediate problem facing Rudd and Farthingham was raising the $160,000 equity needed to build a plant and get into operation. By November, they had put together a group of local business people and raised the required funds. Some of the backers, like Elinore Wickham-Jones, were associated with wholesale and industrial supply firms and could assist by providing initial markets for the new plant's output. On December 9, 1984, the company was incorporated under the name of Fraser River Plastics Ltd. Its three major shareholders were Farthingham (20 percent), Wickham-Jones (18 percent), and Rudd (13 percent). Farthingham became Fraser River's first president. Rudd was made secretary-treasurer, and Wickham-Jones became a vice president.

Rudd located a 2-acre site for the company's manufacturing plant in Chilliwack, British Columbia—a small town near Vancouver. Tenders were called on the building's construction in February 1985, and manufacturing equipment was ordered. During this early period, the company was being run by the three officers on a part-time basis, since all had their own full-time businesses as well. On April 1, 1985, Gunther Heinzman, a former plant manager of a Victoria plastics firm, was hired as general manager of Fraser River.

Heinzman recalled:

> Elinore took me out to the site in Chilliwack. It was just a ploughed field! A few days later we did the first public showing of our products at a trade fair in Victoria. All that I had available was two plastic garbage cans, three sizes of the packing cartons, and six pieces of Damian's literature.
>
> One week later, the first carload of products arrived from Portland. Most of it had to be stored in a small warehouse owned by one of our shareholders since there were no storage facilities yet.

In August 1985, production began at Chilliwack while finishing touches were made on the plant. There was a ready and substantial demand for the products. The price, although high, was accepted, and the products were acceptable substitutes for conventional products. It was not long before the company was operating in the black.

Through 1986, the company's operations expanded dramatically. A temporary office annex was erected at the Chilliwack site, and the plant's capacity was increased to accommodate demand. Substantial orders for the company's products also came in from Alberta. To cut transportation costs and get local exposure, Fraser River purchased an empty plant in Calgary, ordered equipment, and hired a general manager to take charge there. The Calgary plant was in full operation by June, 1986.

In time, Fraser River's success became known among those familiar with plastics processing. Not surprisingly, in 1987 another group of entrepreneurs set up a facility to produce similar injection moulding products; their plant was in Prince Rupert, British Columbia. Fraser River had no legal remedy, since the products and processes it licensed from Damian were poorly protected by patents. In addition, the initial barriers to entry—such as the special moulds and knowhow—started to crumble. Although the new firm marketed its products under its own name, there was little, save some cosmetic design differences, to distinguish the Prince Rupert products from those manufactured by Fraser River. As one company executive put it "The plant in Prince Rupert was the first time we really experienced direct competition."

Fraser River's response was an offer to purchase the Prince Rupert competitor. This offer was accepted in November 1987, and Fraser River retained the old company's major shareholder as general manager. The purchase was not well received, however, by the Prince Rupert company's minority shareholders. They took their proceeds from the sale and shortly thereafter set up another injection moulding plant in Nanaimo, British Columbia.

By 1988, Wickham-Jones and Farthingham had become concerned about the limitations of the present three-person board in light of the company's growth and changing external circumstances. There were also signs, particularly in relation to the acquisition of the Prince Rupert company, that some of Fraser River's minority shareholders were disturbed and would like to see a broader representation of views at the board level. As a consequence, three new members were added to Fraser River's board: Owen Palmer, head of a local supermarket chain; Joanna Young, a management consultant who ran the local office of a large national firm; and Michelle O'Reilly, Fraser River's legal counsel.

Up to this point, the organization of the company had been loosely structured. Each of the firm's plants—in Chilliwack, Calgary, and Prince Rupert—had its own managers and field sales force reporting to Gunther Heinzman, the company's general manager. Wickham-Jones, Farthingham, and Rudd were considered the overall management committee. They had the primary responsibility for major decisions such as site selection, price, expansion, and capital investments, but they were also involved on an ad hoc basis in many overlapping operating functions.

The First Transition: 1989 to 1992

At the suggestion of Farthingham, Joanna Young reviewed the company's organization in early 1989 to "assess the marketing strengths and weaknesses of the company and to suggest desirable changes." Her principal recommendation was as follows:

> There is a clear need for greater continuity, consistency and detail in the top supervision of overall operations. The current dispersed nature of responsibilities among the company's executives should be focussed in the hands of a single chief executive with time for close day-to-day contact with the organization. As chief executive officer, this person would be responsible for all company operations and for initiating and implementing policy changes with the concurrence of the board.

Prior to submitting her report, Young reviewed its content with Farthingham and discussed the need for a full-time president. Farthingham agreed with the notion, but noted that his own commitments in other companies prevented him from assuming this expanded role. It was not, in any case, his cup of tea: "I've always considered myself a front-man, an entrepreneur, a hustler." As a consequence, Farthingham suggested that he become chair and Wickham-Jones become president. In taking on the president's role, Wickham-Jones agreed to reduce the time spent on her family business and to run Fraser River on a full-time basis.

At the time of the reorganization, Gunther Heinzman was made manufacturing vice president. Although his title changed, his operating duties with respect to plant operation and supervision remained the same.

Heinzman commented on the reorganization:

> It was an inevitable change. As general manager, I didn't have the time needed to run the sales organization. I didn't like the pressure at the top. Besides, my strength is manufacturing. That's what I know best and that's where I'm most comfortable.

Shortly after the reorganization, Lucas Feck was hired for the position of marketing vice president. Feck recounted his early days:

> I suppose it was the entrepreneurial attitude and capabilities of the people at Fraser River which attracted me to the company. It was like running my own business; there was freedom to run things as I thought they should be.
>
> When I joined, Fraser River had experienced no stiff competition from new entrants yet. The company was begging for more structure and policies in its administration. For instance, at Calgary, the sales manager had no fixed sales price. Hell, there wasn't even a price list, so no one in the marketplace—including our customers—knew what the prices of the products were from one day to the next. There was no fixed collection policy for the company, and there was a high turnover in sales personnel.
>
> During my first eighteen months, I restructured the sales organization. I set up the company's first sales forecast and budgets for each territory and established a reporting system so that salespeople knew how they and their region were doing on a monthly basis. I even instituted an advertising budget—another first!

Throughout 1989, the company continued to grow. Demand was strong and prices were reasonable in spite of the advent of significant competition and an emerging economic recession. The year was also marked by two acquisitions: Beaver Plastics in Vancouver, British Columbia, and Simcoe Plastics of Kamloops, British Columbia.

Beaver Plastics was a company owned by Farthingham which manufactured plastic pipe using an extrusion moulding process. In late 1989, Farthingham expressed concern over having to wear two hats in promoting the products of both Fraser River and Beaver. Even customers were associating the two firms as one. Sales representatives from the two companies often called on the same wholesaler/distributor accounts. In fact, some of Fraser River's fittings were made to fit the plastic pipe produced by Beaver. At the same time, Fraser River was looking for opportunities to expand its product lines. With this in mind, in early 1990 Farthingham offered his company for sale to the board of Fraser River. The sale was negotiated for cash and debt, and by year's end Wickham-Jones reported that the sales, profits, and growth resulting from the acquisition were "very encouraging."

Simcoe Plastics was a family-owned operation which manufactured plastic shower curtains and raincoats using a manufacturing process known as calendering. In October of 1989, Wickham-Jones heard the company was for sale. She believed that the purchase of Simcoe would provide Fraser

River with instant product diversification as well as give Fraser River the capability of producing other items, such as plastic wall coverings and backing for upholstery fabrics.

Fraser River completed its purchase of Simcoe by November 1989. The most significant operational change involved experimentation with the production of plastic coated wall coverings. By doing so, the company hoped to take up the apparent slack in Simcoe's manufacturing facilities.

Despite the worsening recession, Fraser River concluded its 1990 fiscal year on a particularly strong note (see Exhibit 1 for 5-year financial statements). The strong profit showing, however, did not completely compensate for a number of developing problems:

1. The plant manager in the Calgary manufacturing facility was fired because of a failure to reduce inefficiencies and waste in the plant.
2. Inefficiency was also a problem at Simcoe, although the waste factor had been reduced substantially since the company's acquisition. Simcoe was experimenting with production of new plastic products. Costs there were mounting rapidly, a matter of increasing concern to Fraser River executives. Some blamed these problems on overreliance on the management that Fraser River had inherited when it bought Simcoe. For example, the plant manager, who had remained when the firm was acquired by Fraser River, did not have the necessary qualifications to successfully oversee the plant's experimental work. As a consequence, he was fired in May 1990, and Heinzman was instructed to supervise more closely the operation of the plant and its product development activities.
3. Two large competitors had entered Fraser River's traditional markets. One, Moldform Ltd., was a subsidiary of a large conglomerate organization. The other, Plastech Ltd., was a division of a company involved in other plastic processing operations. Both operated in British Columbia and Alberta. Market shares were unknown, but a rough estimate gave Fraser River about 40 percent of the western market and 15 percent each to Moldform and Plastech. The balance of 30 percent was made up by many small companies manufacturing partial lines and capitalizing on low overheads and local contacts to operate.

In 1991, the demand for Fraser River products in British Columbia softened, due mostly to increased competition and local market saturation.

To expand the market, the company built a manufacturing facility in Winnipeg, Manitoba. Sales of Fraser River's products in mid-Western Canada had risen during the past several years, but transportation costs had reduced the firm's competitive position and profit margin. The risk of entering the region against established competition was accepted by company executives. The company also had encouraging internal projections covering the size and future growth of the eastern market. (Exhibit 2 shows financial results by separate facilities, through 1992.)

At a board meeting, Wickham-Jones later informed the other members that because of the decline in market growth and increasing competition, particularly in British Columbia, she and Marketing VP Lucas Feck were investigating numerous potential corporate acquisitions for Fraser River including a car dealership, a precision tool manufacturing operation, a hotel, and a corrugated steel manufacturing operation. To date, no "deal" had been consummated.

In September 1992, Wickham-Jones hired Clayton Dunwood as Fraser River's vice president for administration. Dunwood assumed complete responsibility for the accounting and financial affairs of the company. Wickham-Jones felt that Dunwood would be of particular help to her in the area of investigation of future corporate acquisitions. However, Lucas Feck continued to be especially disappointed with Fraser River's efforts in this area. He commented on Fraser River's need for new companies:

> Since 1989 I have been pushing other senior managers to find new areas for investment and growth. Fraser River's bread-and-butter products have become commodity items. The industry is easy to enter. We have to have other businesses to support the overheads which have built up in the company. When I look at our markets here in British Columbia, I don't see anywhere to go,...and it looks like it's going to be an uphill battle to crack the Eastern market. That's why I firmly believe that we should be planning our growth more—with say, 20 percent coming from new acquisitions.
>
> We haven't had a new company here in some time. It's very frustrating when you consider the number of firms that we've looked at. Of course, you get people like Joanna Young and that lawyer, O'Reilly. Whenever we bring a good acquisition to the board, they're always harping on how there are better deals around. Yet, they can't suggest any themselves.

Through 1992, Wickham-Jones also pursued another venture. Through various publications, she was aware of the need for the type of products produced by Fraser River in other parts of the world, particularly in the lesser developed countries (LDCs) in Asia. This represented an opportunity for Fraser River, with its accumulated expertise in plastic products. Wickham-Jones concentrated her efforts on finding a partner to provide the acumen and international contacts which Fraser River lacked. Preliminary discussions were held with one such partner—a Canadian manufacturer of logging and sawmill equipment with sales offices in a number of foreign countries and a record of joint venture projects with nationals of those countries (mainly to set up logging and sawmill operations). The proposed agreement was for the two companies to form a joint venture limited partnership supplying capital, equipment, and expertise for new ventures in the manufacture of plastic products. Hopefully, Canadian-based resin suppliers could be brought into the deal. Conscious of the reactions multinationals received when they "invaded the LDCs," the joint venture company was to keep a low profile in its international undertakings.

By December, Wickham-Jones reported that she had identified several countries in Asia as possible sites for a first undertaking. The pursuit of the joint venture's arrangements was, for the most part, being conducted by Wickham-Jones alone. She was, many felt, personally committed to the project and was devoting more and more of her time to it. Wickham-Jones commented:

> Sure, I'm committed. I really believe we can turn Fraser River into a worldwide organization and provide a useful service to other countries at the same time.
>
> And, yes, this project is taking up a lot of my time. But that's because we don't know anything about operating on an international level. Once I know what's involved, I'll probably hire another vice president and put him in charge of our international operations. In addition, the universities are full of young aggressive people who can be brought on board to help "fill the gaps" created in Fraser River. . . . We should also be able to buy talent either from the market or other organizations. . . .

Exhibit 3 shows Fraser River's corporate structure as of the end of 1992, and Exhibit 4 is an unofficial organization chart for corporate headquarters.

The Situation in Early 1993

In January 1993, Wickham-Jones received drafts of Fraser River's financial statements for the 1992 fiscal year (see Exhibits 1 and 2). Overall, growth in company sales was sluggish, as a result of sharper competition—in particular, from smaller local plastic manufacturing plants. These plants had contributed to the considerable market erosion experienced by Fraser River, especially in British Columbia. The company's share in Alberta, on the other hand, had remained strong. Profits had slipped a bit due to interest payments.

Unfortunately, Simcoe Plastics had not made much progress. To improve the situation, a qualified and experienced plastics engineer had been hired in late 1992 to take over the plant. The Board considered making Simcoe more independent, by hiring a general manager, but that action had been deferred for the moment.

Beaver Plastics was also in trouble. The British Columbia market for extruded pipe was saturated and extremely competitive. At present, there were few growth prospects unless the international and eastern projects began to take off. Unfortunately, the eastern market had become a sore spot. Acceptance of Fraser River's products had not been as favourable as initially thought. Despite this, Wickham-Jones forecast that within 2 years the Manitoba plant would be self-supporting.

In the meantime, two specific issues had arisen that required action. The first concerned the proposed international joint venture. Fraser River's potential partner in that venture had reported that preliminary inquiries conducted by its office in Indonesia had revealed substantial interest on the part of both government officials and local businesspeople. A request had been made for Fraser River to send an investigative team to Indonesia.

Wickham-Jones felt that if she delayed a response too long, the "partner" might begin to doubt Fraser River's good faith or abilities to proceed.

In addition, Wickham-Jones had heard of another plastics company which was for sale and which, if acquired, might serve to strengthen and broaden Fraser River's product line. The company involved, Plasti-Weave, was located in Kelowna, British Columbia—approximately 80 kilometres away from the Chilliwack facility. Plasti-Weave was a very small operation with sales of less than $1 million in 1992 (see Exhibit 5). It had developed a significant and potentially patentable process for "weaving" plastic strips into strong sheets that could be used as substitutes for jute in carpet backing, furniture manufacture, etc. In 1992, Plasti-Weave realized that a major expansion would be required to exploit the potential of the new product. A new plant and warehouse would have to be built in Kelowna at an approximate cost of $750,000. The owner of Plasti-Weave, Clifford Bell, who was also the inventor of the manufacturing process, did not want to commit himself to this level of debt at the age of 62, or to be responsible for managing the company. Two recent heart attacks had resulted in his decision to sell, if the price was right. However, one of the conditions of sale was that he be retained as a consultant to the company for at least 10 years.

Wickham-Jones was enthusiastic about acquiring Plasti-Weave, but was unsure what the board's reaction would be in light of the $1 million asking price. She was confident, nevertheless, that the board would approve the deal—if she pushed hard enough for it.

Fraser River's Executives Look to the Future

As the company considered 1992 results and considered the various paths it might follow in 1993, key executives voiced their own points of view.

Oliver Farthingham—Chairman of the Board

Oliver Farthingham began his own business on graduation from high school. He had interests in an automotive body repair business and a partnership in a Canadian distributorship for narrow-aisle forklift trucks. As chairman of the board, Farthingham's day-to-day involvement with Fraser River was limited, but this did not stop him from what he liked to do best—promote the Fraser River name. In fact he was regarded as one of the most outspoken people in the company. Farthingham commented on Fraser River and its operations:

> As chairman, I'm a "positive thinker." I'm sure not a worrier. . . . I'm a doer and a real strategist. I also think that I have an ability to persuade people and inspire confidence.
>
> Although my job and title around here have changed, I still have the reputation for being a "high price" zealot. Fraser River's prices have generally been the highest in the industry. Sometimes our shareholders question me on this point. I always tell

them that we're not in business to make plastic products—but rather to make profits. People respect me for that.

The world is full of pessimists and timid people. That's not my style. I'm quite innovative and have a knack for foresight. Look at our acquisitions. For instance, there's our plant in Prince Rupert. It made us look strong in our clients' and competitors' eyes. Sure it's not as strong today due to the competition, but that's because the guy we have running the show there has lost his aggressiveness.

As for the purchase of Simcoe, I don't buy the stories about our failure in developing new products there. The problem is that we've just been fooling around and haven't devoted our full efforts to these experimental projects.

Plastics, unfortunately, is a cyclic industry controlled by the economy, crude oil supplies, and costs. This means, therefore, that we have to look for new products and new companies. We should especially be considering more exciting ventures like sports bars, cappuccino kiosks or even roller blade clubs. They're the rage in the U.S. right now. Market demand is phenomenal—200 percent annually. Competition is low. We can get in on the ground floor. And we can buy the managerial talent we need to run them for us. They are opportunities that won't wait for us.

The pessimists, however, say that we don't have the resources to handle these deals. Well, Fraser River has been in this position in the past and we've survived. Look at how we originally got started. To be an entrepreneur takes guts! I'm a risk taker and I know when the odds are in our favour. We can't afford to burden ourselves with negative thoughts.

I feel I have a personal obligation to all of our shareholders to keep our reputation and profits the most attractive in the industry. After all, we still have the same number of shareholders we started out with. To keep them, we have to show them that their investment is better left in the company and to reward them with bigger dividends. We also have to provide them with some vehicle for eventually cashing out. So, I guess this means we'll have to consider going public. I think it would enhance our image greatly too.

Elinore Wickham-Jones—President

Elinore Wickham-Jones had accomplished two of the major objectives in her life—she was financially well off and she had built a company "from the ground up." Wickham-Jones had used most of her personal savings to invest in the formation of Fraser River. As vice president, she had been known for her analytical brilliance. When she became president, she committed herself to making the company grow into a national plastic manufacturing concern.

From 1985 to 1991, we managed to grow in spite of ourselves and our mistakes. To our credit, though, we moved quickly, we were flexible, and did not get bogged down in bureaucracy or paperwork.

Today, not all of our operations are as strong as we'd like, but there is still potential in them. Take Beaver Plastics, for instance. It was a natural combination with Fraser River. Sure, things are slow right now, but once we establish ourselves out east or in other new territories, we will be all right.

Simcoe Plastics is another case in point—and there, our plant manager was not as good as we thought he was. We've learned a lot from our R&D work at Simcoe—even though it cost us $200,000.

> I'd like to see Fraser River grow on an even-keel basis through acquisitions and international expansion. Of course, we're only interested in profitable and growing ventures. But we can't afford to be in it just for the money. We need to maintain our profits so that we can fund other projects as opportunities present themselves.
>
> That's why I'm particularly keen on both our Plasti-Weave acquisition proposal and the joint venture. Right now, we're heavily committed to what are essentially simple plastic products in just one market, Canada. Consequently, we have to reduce the associated risks. We haven't begun to exploit the American market opened to us through the Canada–U.S. Free Trade Agreement, and with a North American Free Trade Agreement soon to be completed, markets in Central and South America are becoming available.
>
> Unfortunately, these new programmes always seem to bring us back to the issue of financing. So, we need more capital and that probably means an equity issue. The question, however, becomes one of when and how?

Herbert Rudd—Senior Vice President

Herbert Rudd completed his schooling up to the tenth grade, but left because his parents needed him to work on the family farm. Like most farmers, Rudd became an expert in home repairs. After he left home, he worked for a small home contractor until he decided to start his own construction business.

As senior vice president, Rudd's primary responsibility had been to represent the company at industry and trade fairs and exhibits both in Canada and abroad. He commented:

> Oliver and I are the real entrepreneurs in this company. So, we make decisions primarily on gut-feel. But I do think I have good business sense and that's what I use to guide me in my judgments.
>
> Looking back, I feel our biggest mistake has been the operation of large plants such as we have in Chilliwack and Calgary. Right now, small competitors have lower overhead and transportation costs and a more competitive price.
>
> The joint venture project is a fantastic concept with unlimited potential for our company. I can't give any firm projections, but something tells me that this is the right road to go on. Look at Mexico. There are more people earning over $50,000 per year than there are living in Canada. I expect a western hemisphere free trade agreement by the year 2000. Some people are worried about staffing international ventures. Heck, there's a lot of talent in this company that's just not being used. After all, a boy doesn't become a man until he has a man's job to do.
>
> Looking at the products we manufacture, though, I can't honestly say if they're better than everybody else's. I know they do the same job. But, looking at them, there's nothing to distinguish them from your ordinary loaf of bread. I also think that we have a problem communicating to our customers. Our salesmen could do a better job finding out what our customers want and what new products we should be producing.
>
> Another major concern of mine is that we're just a limited product company and there's too much risk in it. That's why I'm in favour of diversification. And I really don't care what sort of companies we acquire. We can always hire someone to run them for us.

Lucas Feck—Vice President (Marketing)

Lucas Feck received his bachelor's degree in commerce from a large American University. Upon graduation he joined a multinational chemical company which operated a subsidiary in Canada. Within four years, he became its general manager. After the subsidiary was purchased by another multinational conglomerate, Feck became disenchanted and resigned to start his own small business. Despite the new company's success, Feck became bored and sold his interest. He went back to school and earned an M.B.A. After graduating, he contacted several large executive placement firms looking for a position in a small to medium-sized growth business. This led to his being hired as marketing vice president for Fraser River Plastics.

Feck was by far the most avid promoter of expanding the company by means of acquisitions. Because Feck had been actively involved in a number of acquisition investigations which had failed to result in a concrete purchase, he had come to believe that the company's present structure was standing in the way of its ability to make acquisitions.

> Our neck is really in the noose today because of the competition we're up against, especially in British Columbia. So I'm pretty strong on the idea of acquisitions. They're the key to our future. Personally, I believe we could run or manage any type of company—hotels, food processing, even steel corrugation plants. Others don't.
>
> Take this Plasti-Weave acquisition. It's a natural combination with our business—plastics. But, better still, it represents a real chance for Fraser River to latch onto a proprietary item. It involves a new technology. We can get the jump on the industry and at the same time start moving out of our "commodity product" line.
>
> As for the joint venture idea, I think we have some real problems because we've never considered: (1) who's going to be moving from Fraser River to staff the project, and (2) who we're going to find to fill the gaps created in Fraser River. I've been pushing Elinore on this point, but she keeps saying, "not to worry."
>
> I think our biggest problem around here, however, has to be that senior management is perpetually caught up 110 percent with day-to-day tasks. I don't think that we'll ever find any new growth or good acquisitions as long as we don't free up some of our time. Elinore Wickham-Jones has a problem divorcing herself from finance and administration. She's also been spending a lot of her time these days on the joint venture project. . . . That's her style though.
>
> Oliver Farthingham's style, however, is to "represent" the company. He shouldn't be doing that as chairman of the company. He should be setting goals. After all, isn't the board responsible for the overall direction of the company? So what if "management" wants to do one thing. The board can just overturn it.
>
> I do know this. . . . I only get my kicks from challenges. Day-to-day work is a necessity, of course, but it's not challenging to me. I'm not interested in managing a division. I just want senior management responsibility and exciting work. Otherwise, I get bored.

Gunther Heinzman—Vice President (Production)

Heinzman was in charge of the company's six plants located in Chilliwack, Vancouver (Beaver), Prince Rupert, Calgary, Winnipeg, and

Kamloops (Simcoe). Each plant had its own production manager reporting directly to Heinzman.

A native of Germany, Heinzman had emigrated to Canada with his parents. His first job was in a small manufacturing concern, working on the production line. Since then, he had spent most of his life in production.

> I learned this business from the ground up. Every free moment I had during the day and at night was spent reading every trade journal I could get my hands on. But, I guess you could say that even today, I'm kept pretty busy just keeping my end under control.
>
> I've never been a frivolous person. I suppose it comes from my German background. That's why I have always run a tight ship. If Elinore ever told me to cut costs, I wouldn't know where to start because I think we're already at maximum efficiency. And I've tried to instill this objective into each one of my plant managers. I've trained every one of them, except the Simcoe manager, and I'm very proud of them. Naturally, I'm a little more liberal today but I like to do things as cheap as possible. Sometimes, Elinore has to say to me: "Don't hold the penny so close to your eye Gunther, that you can't see the dollar behind it."
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> When I look at our acquisitions, there are some real lessons to be learned. I don't regret our purchase of the Prince Rupert plant because it has always supported itself. The manager there runs the company as if it was his own. After all, it used to be his own. Simcoe, however, should be a warning to future acquisitions. And, as for this Plasti-Weave deal, I won't say anything about it because I don't know anything about it. And that's because I haven't been involved in the discussions.
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> I'm not opposed to acquisitions but I'm naturally afraid of things that I don't know too much about. Elinore, of course, is more enthusiastic about acquisitions. Me, I'm a little more nervous about them. We have three different kinds of production processes here already—for injection, extrusion, and calendering—and I'm not sure how much more work I could handle.
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> As for this joint venture project, Elinore is again playing her cards close to the vest and I don't think it's such a good idea. It's a big responsibility for her to be carrying alone. Besides, I'm a nationalist. Canada has been good to me and to this company. I think we could spend our dollars much wiser here."