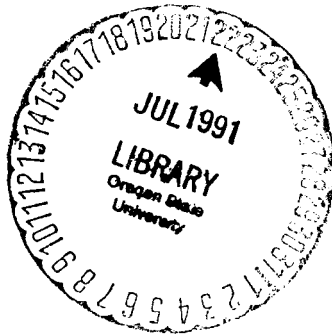


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College of Business
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Studies in Management and Accounting for the **FOREST PRODUCTS INDUSTRY**

EDUCATION IN BUSINESS: A TOOL AND A RESPONSIBILITY

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Executive Summary

The low educational achievement of America's work force has finally become a public concern, but the business world has been coping with it for a long time. Today it threatens our ability to compete in world markets and erodes the leadership we've come to expect.

Business can't wait much longer for government to solve the problem with an overhaul of the educational system. For now, the limitations of workers are part of the challenge of doing business--and workers' failures are part of the cost. Here is the story of how one Oregon business owner met this challenge against great odds.

Bill Gregory found himself facing the extinction of his newly-launched business. He had just bought a rundown, obsolete lumber mill, expecting to modernize it and use his management skills to make it profitable. But his timing was bad: the great recession of the early 1980s hit the lumber industry soon after. And equally serious, he found his workforce unable to operate his new high-tech equipment efficiently.

Located too far from vocational education facilities that might have helped, he found it necessary to upgrade his employees' educations in-house, starting with the teaching of basic literacy. Finding the workers willing to learn, he added classes leading to GED's--high school equivalency--and eventually to college-level courses with credits towards academic degrees.

The following pages describe the Gregory Forest Products educational program and some of the problems any managers might expect in setting up a similar one. What emerges is the picture of an unusual businessman whose childhood with educationally-deprived parents gave him a deep empathy with others in the same situation--and a strong desire to help in practical ways.

Bill Gregory's unique solution may not be for everyone, but its elements are basic and many could well be adopted as parts of another program. Why it worked in his case is quite clear and is explained in some detail.

Was it worth it? Bill has often been asked this question by business students, who seem to view an educational program as altruism hard to justify in terms of profit and loss. "What is the bottom line?" they ask.

Although he can't show its value in specific number or as a percentage of product cost, he is totally convinced it has been well worth all of the money and effort he has put into it. His answer comes through on two levels: as a thoughtful, concerned person, he sees the program's real importance to be its effect on human lives; as a successful business owner, and former CPA with 20 years of experience working with forest products firms, he credits it with helping to save his business

from initial disaster and for helping to keep it alive and competitive. In Bill's view, the prime objective of a business, after all, is to survive. --- T.G.B.

INTRODUCTION

Late in the 1980s, stories began to surface about a small mill town in Southern Oregon where revolutionary things were being done to combat illiteracy in the workplace.

The surprise was two fold: first of all, this was happening where generations of workers had dropped out of school to work in the mills; and secondly, the revolutionary things were being done, not by educators or interested social services, but by a mill owner--and at his own expense.

Bill Gregory, a professional CPA with Arthur Anderson & Co. for 20 years, had become an entrepreneur in 1981 by purchasing a rundown sawmill and plywood plant in Glendale, Oregon, from the Robert F. Dollar Co., of San Francisco.

Dollar had owned and operated them for many years, but shareholders had long ago lost interest in making further investments in them. The buildings and equipment were both worn out and obsolete. If no buyer had shown up, the whole operation could well have been scrapped. Gregory got them all--a sawmill, veneer mill and plywood plant, plus a smaller veneer mill in Klamath Falls--for \$3 million. Skeptics thought he had made a big mistake.

Not much later, Gregory himself thought they might be right. Not only would revamping the properties be a tremendous job--which he was looking forward to--but soon after his purchase the industry had entered a period of depression that would prove fatal to a number of Oregon mills more viable than his was at the time. The market for forest products had plummeted and he found himself saddled with high-priced timber contracts he had purchased before the drop. Only 17% of the timber under contract with the Federal government was harvestable at a break-even point.

"When we looked at what had to be done...and at those high log prices," he says, "we thought that maybe we should just give up." But they didn't.

Drawing upon his years of experiences as a CPA for client firms in the forest products industry, Gregory came up with a solution that a traditional mill owner might not have tried. He brought his employees together and made them an offer: if they would take a \$1.00 hourly cut in wages on a temporary basis, he would return the dollars to them as soon as the company began to make a profit--and also give them a 10% share of that profit.

The profit sharing plan worked. The employee's money helped make possible a \$4 million modernization program that included new equipment, much of it computerized, to get more lumber and plywood out of the high-priced logs. By 1985, the

company was operating at a profit and the employees received their promised share, which amounted to thousands of dollars each profitable year.

But it wasn't the modernization of the mill that raised eyebrows all over the country. It was Bill Gregory's further bargains with his workers. After the profit-sharing plan, he went on to involve himself more deeply in their needs as individuals, especially in the areas of education and self-development. What has emerged is an adult education and training program that is one of the most complete in the United States--conducted in-house by a small company for the benefit of its employees and the community in which they live.

Gregory's interest in his employees might be mistaken as merely philanthropy or paternalism, but he sees it as being in the true spirit of "enlightened capitalism," in which the employer sees the importance of investing in his people as freely as he does in new equipment. "What's the use of spending millions of dollars for sophisticated equipment if your employees don't have the skills, or interest, to operate it effectively?"

Beyond that, Bill Gregory has a genuine interest in people. He knows first-hand the life and hopes of a manual laborer, and likes to help those who want to better themselves. A large part of the GFP program is designed to help employees and their spouses equip themselves for better jobs within the company--or, should the very worst happen, to find jobs outside the forest products industry.

That worst-case scenario has loomed ever larger in the industry during the last two years. The first rumblings of a major threat to GFP jobs came at the end of 1990, when the sawmill was shut down temporarily due to high log prices and low lumber and plywood prices caused by the nationwide slump in home construction. By the end of the year, employment was almost back to normal.

Because of their dependence on federal timber, the mills in Southern Oregon are particularly vulnerable. Gloomy predictions of further cutbacks and more job losses have had a severe impact on the personal lives of all millworkers and their families in the area. While it is still too early to gauge how those who have taken advantage of Gregory Forest Products's unique program will fare, it is clear that they are more fortunate than most. They have at least been given a chance to prepare themselves for new jobs--and a whole new life outside the lumber industry--if it becomes necessary.

BACKGROUND

It's an axiom in business: no new development can succeed in a company unless it starts at the top and involves the participation of those at the top. The success of the education and training program at Gregory Forest Products Co. rests directly on the shoulders of owner Bill Gregory, and stems from his own experience. Long before he became a mill owner, he had developed a deep interest in continuing education, both for himself and for others.

Born to a hard-working couple employed on a farm in Nebraska, he was early exposed to the consequences of a poor education. Since his father had left school after the 8th grade, and his mother after the 5th, they were never able to qualify for more than manual or unskilled jobs. As a result, they were both determined that their son would get an education. Their support, however, could not be financial, so it took the form of encouragement from childhood. His father used himself as an example of how hard a person must work if he doesn't have an education. His mother imbued him with the idea of "going to college some day."

That goal became more realistic when Bill's parents moved to Tacoma, Washington, where they got jobs in a well-to-do neighborhood--his father as a gardener and his mother as a cook. He went to school with children of the wealthy, who Bill says, "constantly let me know that I was poor," even though he had never thought of himself that way until then.

When he finished high school, he went to work as a parts runner in a lumber business and earned enough to enroll at the University of Washington. Once there, he got campus jobs to pay for his expenses.

These jobs, Bill says, were part of his education, but more than that, they left him with the life-long realization that everyone needs some kind of help along the way. "I could see," he says, "that even though I didn't have a scholarship in the strict sense, I was being helped by the people of Washington who supported the University and kept the tuition low. In other words, my education was being paid for by someone else."

Others helped him, too. A neighbor helped him get a job at St. Regis Paper Co., where he found himself the only summer worker who wasn't the child of a manager. Again, he learned something he would later put into practice in his own company. "I don't want to have just the children of company people working here. We have to go out into the community and help others get into the business world."

There were many other things Bill learned from his summer jobs, including the choice of his career as a CPA. When he found that accounting students could get good summer jobs as interns, he switched to an Accounting Major. Subsequent jobs with Weyerhaeuser, Boeing and the CPA firm of Haskins and Sells, convinced him that he wanted to make accounting his career.

That decision gives added insight into both his pragmatism and his concern for others. Because of his childhood experiences, he had always been attracted to the social sciences, and seriously considered going into social work as a career. But realizing that he could earn more as a CPA, he concluded that he could do more good for others as a businessman than as a social worker.

Possibly the greatest influences on Bill Gregory was his years with the large CPA firm, Arthur Andersen & Company. He started there right out of college and grew

steadily with the company, eventually becoming a partner and head of its Portland tax department.

At Arthur Andersen he was exposed to the philosophy that learning is a life-long process. As a new employee, he was sent immediately to school for three weeks--and found the emphasis on education and training to be on-going and given precedence over other activities. If an employee was scheduled to go to a class, he could not be detained by a new assignment from his office.

"Arthur Andersen helped me to see education as a part of the culture of business," he says, "and made it seem natural to educate and train, educate and train, on a continuing basis."

This conviction fostered Gregory's willingness to try an idea that was almost unheard-of in the forest products industry: a company-sponsored program for the continuing education of employees--not limited to job-related training, but embracing self-improvement to the highest degree an individual might aspire.

ORIGINS OF THE PROGRAM

After the operations of his plants were modernized with new equipment, Gregory also began to introduce new management methods and techniques, taking care to gain employee acceptance of these advances along the way.

The profit-sharing plan had helped to build a growing rapport with the workers, including the union, so that an atmosphere of mutual trust had begun to take shape. There was a general consensus that in order for the company to survive, it was necessary to do everything possible to increase productivity.

One way was the introduction of a Quality Control Program. Mike Babb, who had recently completed his work for a Master's in Forest Products at Oregon State University, was hired in June, 1986, to head up the program.

Babb began his new job by touring the plant daily--carefully studying each operation, observing how things were being done, and trying to evaluate how things could be done better. In the process, however, he found problems he had not expected.

On one occasion, he saw two men doing what he thought should be the work of one. While a fork-lift operator was loading a truck, a second man standing nearby wrote down what was being loaded. Mike felt the paperwork should have been part of the driver's job. When he investigated, he found that the driver could not read or write, and that the other worker was helping him.

After that, he discovered other situations in which employees with limited literacy skills were working together on reports and helping each other read instructions to operate machines.

Convinced that the problem might be widespread, Babb approached Bill Gregory with a plan, getting his approval to survey the employee group about a problem both knew many would be reluctant to admit. To prepare the workers, they preceded the survey with a statement explaining what most of them already knew--that a literacy problem existed and that it was costing both the company and themselves a chance to succeed in the marketplace.

Because of his own parents' experiences, Gregory understood the problem well. He also realized that until now, the lack of these skills had not been a concern for either the employees or for the previous mill owners and supervisors--many of whom had little more education themselves. In the past, employees had always been hired without any requirement for reading and writing skills.

It's a measure of employee trust in Bill Gregory that almost 50% of them responded to the survey and that 35% of those admitted they needed help and would be interested in classes. With that encouragement, Gregory assigned Babb to go about setting up a basic literacy program.

The first attempt was made through Umpqua Community College, based in Roseburg, about 50 miles away. At Gregory's expense, the College provided a teacher and a curriculum from its Community Education Program. But the program had disappointing results. The teaching methods designed for UCC's Roseburg campus proved to be mismatched with the needs of manual-laborers--lumber mill employees who had dropped out of a traditional educational system in the first place. Clearly, a new approach was needed.

Reluctantly, Gregory terminated the program and re-evaluated the problem from the standpoint of the workers. It was obvious that the kind of pre-designed programs available through established educational systems were not the answer. What workers really needed was a program of their own, tailored to their own needs and administered by someone in-house who could coordinate courses, arrange necessary time-off from work and be familiar enough with the employees as individuals to analyze their different skill levels and capabilities.

To find such a person, Babb conducted a large-scale search for an administrator, contacting universities that offered basic education courses and placing advertisements in newspapers throughout the West coast. More than 200 applications were received, providing a wide selection of qualified people from which to choose.

The final choice was an applicant with a strong background in social work and community education programs in Idaho, and who had received a Masters degree in Adult Education from Oregon State University. Neil Phelps, with 18 years of

experience in Adult Education, has proved to be the ideal person to set up and administer a program for the employees of Gregory Forest Products.

Phelps combines the skills of a professional educator with the enthusiasm and sincere interest in people that abides in born teachers. Like Bill Gregory, he also understands the pride and independent spirit of men and women whose families have worked at manual jobs for generations, having grown up in a family of Wyoming ranchers. "I have a real feeling for people who are capable of doing great things," he says, "but whose academic backgrounds have been stunted in some way."

It is largely due to Neil Phelps' capabilities and efforts, together with the total backing of an employer like Bill Gregory--whose early inclinations might have made him a social worker himself--that the Educational Services Program at Gregory Forest Products Company has been such a success.

THE PROGRAM

While the initial focus of the Educational Services Program at GFP was to solve the problem of illiteracy, it soon became apparent that there was a much larger job that could--and should--be done. As a result, the program grew into a three-pronged approach to adult education that embraces:

1. Adult basic education.
2. Vocational and management training to help employees keep current with changing technologies and methods in their fields.
3. Courses in personal development, tailored to the interests and needs of individual employees.

Adult Basic Education

"There are actually few employees who can't read or write at all," Neil Phelps says, "but there are some who just don't--for whatever reason." He found that while only a few were functionally illiterate, there were many more who felt frustrated and trapped because they had dropped out of high school before graduating.

Most were married, with families, and all were virtual prisoners of their culture, confined to a remote area by their limited skills. They couldn't think about quitting and moving to the city. They knew that living costs were higher there and that they could qualify only for manual jobs.

When this became apparent to Phelps and Gregory, they decided to help. The emphasis of the program was shifted away from teaching basic literacy to providing make-up high school courses--allowing drop-outs to earn the equivalent of a high school education by working towards GED (General Educational Development)

certificates. While there was some reluctance at first, a number of employees and spouses decided to join the program--and by the end of 1990, twenty had received their GEDs.

What seems even more remarkable, 40 others are currently working towards college level credits with correspondence courses from Indiana University and the University of Wisconsin Extension. Most are taking general college courses, but 13 are taking basic management and one a purchasing management course. "Both of these universities run their independent study program with their regular professors," says Phelps, "not with a special 'correspondence school' staff. No one can accuse GFP of using diploma mills."

The high degree of success in the correspondence courses is due, to a large extent, to Phelps' ability to motivate and encourage students to keep up with their assignments and to persevere towards completion. He stays in touch with each person and is always available for discussions.

Vocational and Management Training

Job training, of course, is much less unusual for a company to undertake, although it had not been extensive at the Glendale operations before Gregory took them over. What is different at GFP is the depth of training and the degree to which it goes beyond the basic requirements of a given job. Again, the emphasis is placed on the individual's opportunity to learn as much as he wants to learn, not on how much the employer wants him to.

Once workers realize that they are the prime beneficiaries of what they learn, they are more willing to sign up for classes and to make the necessary efforts to succeed. Most of the subjects are at levels that can help them progress in their jobs: blueprint reading, lumber grading, welding, and forklift safety, for instance. Courses like these are popular and relatively easy to administer.

More unusual are the specialized courses that help individuals advance their own careers. Courses like industrial electricity, hydraulics, and various machine-oriented subjects make it possible to earn certification as master electricians or millwrights, offering additional job security, both in the company and in the larger market outside. GFP encourages groups of employees to request courses like these.

Bill Gregory found his supervisors the toughest nut to crack in trying to upgrade educational levels in the Company. His concept of "continuing education," so important in his years at Arthur Andersen, fell on deaf ears with many of the older managers. Unused to the idea, and largely trained on the job through experience, they felt threatened by the prospect of "going back to school." Some resented the implication that they weren't doing their jobs properly. One old-timer even retired to avoid taking any of Bill's courses.

But Gregory insisted, convinced that the challenge of the times required a management staff willing and able to learn state-of-the-art techniques and to be able to develop new ones of their own. He made the training mandatory. Two programs were instituted: for the management staff--80-hours of continuing education every year; and for line supervisors--50 hours.

As it turned out, most managers discovered that it was not the burden they thought it might be. In fact, they even showed less concern about being graded than was expected. A group enrolled in a University of Wisconsin Extension course in business management was given the option of taking it on a credit or non-credit basis. Most opted to take it for credit, even though it meant taking exams and being graded on the results.

Why does management training work so well at GFP? Only because of its involvement at the top management level. Bill Gregory is not only involved in the program, he participates in it. Not only has he taken management courses from Harvard University, but he is also its star Indiana University Student, having completed three courses. Typically, when he was appointed chairman of the Oregon Health Services Commission, he felt the need to learn medical terminology--which he found in an Indiana course.

Personal Development

No doubt the most unusual aspect of the GFP Educational Program is its provision for continuing education in areas that have no relationship to employees' jobs or to academic goals. For instance, an employee can be reimbursed for taking guitar lessons!

It's a measure of how much Bill Gregory values the learning process as a growing experience, no matter what the subject is. He feels that a person who long-ago stopped learning in school might well find guitar lessons less threatening than the prospect of re-entering the world of textbooks and tests. Once he has conquered a subject totally new to him, however, he might be encouraged to try something more challenging. "If an employee can cultivate the habit of continually learning new things, he becomes more valuable to the company," Bill says. "To the extent that a person becomes mentally stimulated, he or she develops the ability to better analyze and evaluate things in general. That person then becomes a better employee."

Bill tells of a union negotiator who became interested in astronomy. His request for a course being approved, he dived into it enthusiastically and became immersed in its mathematics and problem-solving. Next he took a course on the history of the union movement, which exposed him to both its favorable and unfavorable aspects--the downside of which he had not known. Gregory is convinced that the intellectual growth this man experienced made him a better union negotiator and one who can be counted on for more thoughtful and balanced judgments.

Of course, some of the personal improvement courses have led to employees leaving the company for better jobs elsewhere, changed vocations, and even for up-graded careers. Despite the loss to the company in money spent training them, Gregory is sincerely gratified to have had such an impact on their lives.

Actually, the entire community of Glendale benefits from some of GFP's special interest courses. More than 100 women, not all spouses of company employees, have taken primary and advanced computer courses to learn commercially saleable skills.

CHANGED LIVES

Until now, we have been talking mainly in academic terms about an unusual mill owner and why he was motivated to develop an adult education program that is unusual in the forest products industry.

To give added depth and meaning, however, let's look at how the program has actually changed the lives of people whose futures seemed bleak, and even frightening. It's inspiring to talk to them, because they share an awe that comes from suddenly having a "second chance" to influence their own futures. They are convinced that they have been a part of a modern miracle: the renewing of hope to a group of people living under the threat of economic extinction.

RON KIDWELL, Green Chain Off-bearer

Ron is in his mid-thirties and has worked for several mills since he dropped out of high school in 1972. During that time he has been laid off 12 times when mills cut back due to falling lumber prices, but has always been able to get work when times improved. He has been with GFP for five years.

"I've worked for a lot of mills, but this is the only one that has anything like this program," Ron says. "Bill Gregory has not only given us a chance to get our GED's, but he's paid for the course and paid us for the time we took off to do the work. The Company trained my wife, too, for a job in Quality Control."

"When I left high school you didn't need a diploma to work in a mill. There were a lot of good-paying jobs for a eighth-grade education--or less. But you can't do that now." Ron has a teenage son at Glendale High School now and wants him to finish high school and go to college.

Getting his GED was a high point in Ron's life. His certificate is mounted on a plaque hanging on the wall of his home. He went through the course in a group of twelve and now his group is pressuring others to get their GED's as well.

"It was a surprise to me, after being out of school for 15 years, that I hadn't forgotten it all. Everybody felt that way. All of us said: it's too late--I can't

possibly go back to school now. Not with a bunch of kids." He and his friends discovered that the GED courses have no contact with the high school, but are made up entirely of people his own age, or older.

"After the first test, though, we found out that we still remembered a lot of it. It all comes back once you start using the part of your mind that you used back in high school--when you thought you weren't learning anything."

Now that he knows he can still learn new things, Ron is encouraged to go on with his education and take courses to qualify for an electrical apprentice's program at the mill.

One of Ron's friends is already in the apprentice program. "He goes to work three days a week and goes to school three days. It's all part of the job, so he gets paid while he's going to school. When he graduates, he gets reimbursed for the money he's put out for the cost of the course." Ron shakes his head as he speaks. "That's what stops people from going to school--the money part of it."

Other friends are training for jobs outside the company--things they have always wanted to do, but could never afford to take time or pay tuition for. One wants to become a male nurse, another wants to get into police work. Does it help the company when people are trained for jobs outside? "You bet," Ron says. "Everybody knows about it and feels good about it. It's like we're all appreciated." What does his son think of him getting his GED? "He couldn't believe it when I started going back to school," Ron says. "He helped me with my math!"

Ron says he urges his son to get his homework done as soon as he gets home from school. Remembering his own youth, he knows that if homework is put off until after dinner, his son will probably go out and ride his motorcycle until late. The homework won't get done.

Now when he gets home from work, Ron asks his son, "Have you finished your homework?" His son asks, "Have you finished yours?" Then father and son sit down at the kitchen table and do their homework together.

JENINE DONEY, Housewife and Mother

Jenine is the wife of a GFP employee. Married young, she didn't graduate from high school. In following years she thought about going back, but never took it very seriously--lack of money and time made it easy to put it out of her mind. Besides, the longer she was out of school, the more she felt incapable of studying any more.

Last year, with great effort, Jenine joined the Gregory program. Now she's glad she did. She has gotten her GED and has completed two computer courses that will help her get a job when the children are old enough to go to school. "I feel a

lot different about myself now," she says. "Before I was on the outside looking in, and it was scary."

Breaking the old patterns wasn't easy, though, Jenine says, "I didn't have any self-confidence and was sure that I couldn't keep up with the work. But Neil encouraged me and told me not to be under pressure, but to take my time with the studies. It helped that I was doing it for myself...and not because someone was telling me to."

Not being ready is one of the biggest obstacles that people face when they think of going back to school, Jenine told us. Besides the financial cost of tuition, Glendale residents have the added burden of long travel time to either of the closest community colleges--at Roseburg or Grants Pass. "Without the Gregory program, I couldn't have done it," she says.

For the women of Glendale, there is an added obstacle that may be harder to surmount: the cultural attitudes formed through generations of mill families. "A lot of women have grown up feeling it's not necessary for them, as housewives, to get a better education," Jenine says. This saddens her, because she knows that things are changing in the outside world. "I just hope that they never have to be out there on their own...without their spouses and without skills."

What would happen to her if the mill closed? "I have more confidence now that I have some training. I think all of us who have improved ourselves will be able to make it somewhere else. But I hope we never have to leave Glendale. It's a nice little town and there aren't many like it left. There isn't a better place to raise children."

BRICE FOSTER, Sawmill Grader-inspector

Brice is a quiet, soft-spoken man approaching retirement age. He is both rough-hewn and sensitive--a man who has worked a lifetime with his hands, but who holds a thoughtful view of things going on around him. Brice expresses himself very well when he talks, but doesn't say any more than is necessary to a stranger with a notebook.

A product of the mill tradition, he grew up in the area, the son of a millworker. A certain amount of school was considered important then, but there was a limit to what a person might need.

"I always enjoyed school," he says, "but dropped out of high school in my junior year, 1958, when I went into the service right after the Korean War. Later on, I regretted it. And if it hadn't been for this program, I never would have gotten my GED."

Not only has Brice gotten his GED, but he has taken to his renewed education very seriously. Besides a computer class and classes in lumber grading and supervision,

he has bitten off a real chunk that tells you the measure of this man: he has signed up for a four-year general studies course at Indiana University, beginning with correspondence courses in accounting that take up most of his spare time.

Looking ahead, Brice says, "If you want to graduate from Indiana, you have to go there for the last two semesters." What a grand idea--a wiry, rough-handed, sixty-ish, flannel-shirted Oregon millworker, sitting in classes surrounded by fresh-faced young campus types from the Middle West.

Needless to say, his grown children think it's great that Brice is doing this. But it's not just an ego trip for him, nor an attempt to show the younger generation what an older person can accomplish. His approach is logically simple and carefully thought out: knowledge of accounting could provide him with a new livelihood if conditions in the lumber industry cost him his present job.

"I'd like to take all the accounting and business classes I can, and get my CPA. I'm not sure exactly how it would work out," he says, "but I think it would be a big help."

Brice wishes that others would join the program. "Mr. Gregory is giving us all a chance to better our education," he says, "it's a shame not to take advantage of it."

Doesn't it take a lot of his time? "Some people say they don't have time to take a class, but it only takes a couple of hours a day. You still have time to go out and golf or fish. But it's no problem for me...I enjoy it so much that sometimes I stay up all night working on my assignments."

There are many others we talked to who could give similar accounts about the way their lives have been changed. Tim Miller, a mill-wright, for instance, actually had more education than most of the others, but didn't pursue it. After finishing high school and two years at a community college, he succumbed to the lure of good money at the mill, settled down and turned his back on further education.

"Now I can see I wasted eight years when I could have kept on with my education," Tim says. "Technology is changing all the time and I'm going to have to keep up with it for the rest of my life." He is currently taking a management course.

Mary Heilner, assistant director of the GFP program, is herself taking advantage of it. While helping to administer it, she is deeply committed as a student--in her fourth year of college courses in elementary education. Because she realizes so clearly the unusual opportunity Bill Gregory is giving everyone, she has sometimes suffered pangs of conscience. One day she told him, "I feel guilty. My dream is to be an elementary school teacher. But you're paying my full tuition, paying for my books and everything else I need to get a degree--so that I can leave the company!" Bill told her not to feel guilty--she might end up teaching at the Glendale Elementary School.

But Bill's real answer to us was, "I'm not losing out with people like Mary Heilner. She won't suddenly be anointed with a burst of knowledge when she gets her degree. She's gaining that gradually with every course she takes, and is becoming more valuable on the job everyday."

WHY THE PROGRAM HAS WORKED AT GFP

There is no guarantee that what has worked at Glendale will work somewhere else. Much of the program's success has come from the timing of events, the particular needs of the business, the character of the work force, the isolation and tightly-knit nature of the community, and many other factors that might not be duplicated in another situation--not to mention the somewhat unusual business philosophy of this particular management.

Nevertheless, we can isolate a number of steps that definitely can be duplicated--and probably must be, if a similar educational and training program is to work:

A. TOP MANAGEMENT MUST BE INVOLVED.

The program cannot be merely imposed on the employee group from above. All levels of management should be involved, including the top.

B. IT MUST BE BASED ON SOUND PRINCIPLES.

Management must see the importance of investing in people as well as in equipment. Better trained people can get more out of high-tech equipment. Poorly trained people can't be expected to operate it effectively, and may damage it.

Continuing education keeps people growing and capable of adapting to change. Better educated people can make important contributions to their jobs.

C. IT MUST HAVE THE SUPPORT OF THE EMPLOYEES.

They must be brought into the plan right from the start and must perceive that they share the company's need for such a program. Management must already have earned a measure of their trust and respect.

D. IT MUST BE A WELL DESIGNED PROGRAM.

It must cover all phases of training: adult basic education, technical and vocational training, and education for personal development. It must be convenient and "do-able."

E. IT MUST BE WELL ADMINISTERED.

Programs must be professionally handled, schedules must be carefully designed and maintained, and good records must be kept to validate the credits earned by students. It needs a director who can build a genuine rapport with the employees and encourage them to do their best--someone who under-

stands the relationship between the needs of the employee and the need for a company to make a profit.

HAS IT BEEN WORTH IT?

No one can tell Bill Gregory that making his effort hasn't been worth it. Even though his industry is currently buffeted by economic downturns and environmental upheavals, he looks at the progress the mill has made since the dark days back in 1982, shortly after he bought it. "After analyzing our position," he says, "we wondered if we should give up. Instead, we went ahead." He sees the mill's success in the following years as due to the combination of new, high-tech equipment and the improvement in his work force through education and training.

"Traditionally," he says, "mills in trouble would cut payrolls back to minimum wages. But even if the people had worked for nothing, our mill would have gone broke without the changes we made." The employees' willingness to take moderate cuts in exchange for a profit-sharing plan allowed the investment in new equipment. Then their willingness to undergo a comprehensive training program made them more competent and profitable workers.

Bill hopes that other companies will follow his lead and take the initiative in upgrading their employees' educations. He sees this as a function business should help with, rather than leaving it totally in the hands of government, whether federal, state or local. In his view, no one is better equipped to know and understand the needs of workers than American business: "Continuing education should become a permanent fixture in our business culture."

Asked whether American business should adopt the paternalistic attitudes of Japanese industry, Bill answers, "We can't, and shouldn't approach the workplace in the same way that the Japanese do, given the great differences in the two cultures," Bill says, "but we must try to improve the way in which American business is conducted. We have to work more closely as teams and take advantage of everyone in the plant, encouraging them to contribute as much as they can to a company's success."

While some other firms have started educational programs since Gregory's national media coverage, the academic world has been quicker than business to appreciate what he has done. Colleges and universities have asked him to speak to enthusiastic groups of faculty and students. And while they welcome his views, Bill says he has to emphasize that he is not a philanthropist, but a business man who must make a profit to survive.

His favorite question asked by students after hearing about his program, is based on their view of him as a business owner who has the luxury of trying new things without having corporate bosses breathing down his neck: "If you were the CEO of a Fortune 500 company and had to worry about a bottom line, what would you do?"

This normally mild man becomes animated when he thinks of this question. "Do you really think I'm not concerned about the bottom line?" he says, "I OWN the company and I don't want to see it closed down. It's because I AM concerned about the bottom line that I'm doing these things."

Question: "Yes, but when times get tight, won't you cut this off?" The answer is, "No, because it's a long-term investment. Not only that, but when people start improving their education, they become more valuable right from the start--because they begin to think differently. Some are working on college courses that might take four or more years, but they don't remain ignorant until they earn their degree--they are learning and growing all along the way."

But whatever Bill Gregory says to the contrary, it is clear that his concern for his fellow man is deeply embedded in everything he does. When we asked whether the real "payoff" from this program can ever be evaluated in numbers, whether in terms of balance sheets or in success stories of employees who have benefitted, he agreed it would not be easy to determine. "The ultimate success of the program won't be in numbers or in new jobs. It will be measured by the way lives have been affected, the new ways in which people see themselves, new abilities to learn...and horizons broadened."

This answer is pure Bill Gregory. He really believes it and, leader that he is, he communicates this philosophy effectively to others. But there actually is an answer more satisfactory to the "bean-counters": the real "payoff" from the program has been SURVIVAL.

Without the program, Bill Gregory could not have taken a run-down mill at the start of the early-80s recession and brought it to life, making a profit to share with the employees. Without an efficient work-force he could not have kept costs down enough to compete in the economic climate of the late 80s. Without continuing education as one of this business tools, he could not have kept the company alive during one of the stormiest decades in the history of the forest products industry. Even if the company closed tomorrow, Bill Gregory's story of survival will have been phenomenal.

**STUDIES IN MANAGEMENT AND ACCOUNTING
IN THE FOREST PRODUCTS INDUSTRY**

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