



Strategic Solutions NW

Process Improvements in Finance, Payroll and Information Technology



Process Improvements Resulted in Substantial Cost Savings at Longview
Fibre Paper Mill



Background

KapStone Paper and Packaging Corporation was formed in April 2005 by industry veterans to establish operating businesses in the paper, packaging, forest products and related industries. Headquartered in Northbrook, Illinois, KapStone is a leading North American producer of unbleached Kraft paper and corrugated packaging products. KapStone’s annual revenues exceed \$3 billion.

In June 2013, KapStone bought Longview Fibre from private-equity fund Brookfield Capital Partners II — which is managed by Brookfield Asset Management Inc.. Brookfield, turned the money-losing Longview mill into a profitable, expanding enterprise since purchasing it in 2007. Longview Fibre makes high-quality containerboard, lightweight high-performance multiwall paper, specialty Kraft papers and corrugated containers. The mill has five paper machines that produce 1.15 million tons of containerboard and Kraft paper annually.

Project Description

Longview Fibre was purchased by Brookfield Asset Management, who was in the process of reviewing all of the operations of the company. Strategic Solutions NW, was hired to assess the functioning and efficiency of the Finance Department. The assessment focused on designing an efficient and effective finance organization, streamlining the close process, optimizing the chart of accounts and decoupling the financial and management reporting to better manage the business.

FINANCE AND ACCOUNTING

The results of implementing the opportunities identified in the assessment were as follows.

First, SSNW did a restructure of the Financial Department which resulted in a reduction of 6 FTE’s. Next, improvements to the system resulted in a reduction of 10 workdays to close and distribute the financial package. SSNW was also responsible for a re-sequence of the chart of accounts to align with financial reporting needs of the

BUSINESS BENEFITS

- Finance reorganization
- Streamlined close processes
- Optimized chart of accounts
- Decoupled financial and management reporting

company. Lastly, a simplification of the management reporting structure was introduced by establishing 2 main profit centers and 1 cost center for corporate expenses.

INFORMATION TECHNOLOGY

In addition to the assessment of the financial sector of Longview Fibre, SSNW also engaged in an evaluation of the IT organization. The results were a set of key initiatives to improve the performance of the IT department, a simplification and standardization of the application architecture, and an overall reduction in the cost of the information systems by more than 20% per year.

PAYROLL

The last part of the organization that SSNW focused on improving was the Payroll Department of Longview Fibre. We identified opportunities for streamlining and reducing costs by recommending a third party solution where much of the payroll activities would be outsourced. In conjunction with outsourcing, SSNW did an examination of the best case use of technology and associated costs as well as formulating highest value process, organization and technology changes. As a result, Longview Fibre experienced a reduction of 7 FTE's in the Time Entry and Payroll departments at the Longview location, as well as at the Twin Falls and Spanish Fork container plants. With the overall improvement in streamlining of processes and outsourcing to the third party payroll provider, Longview Fibre can expect to receive total savings of around 180,000 dollars per year.

About Strategic Solutions NW

Strategic Solutions NW is a technology and management consultancy with many years of experience exploring and applying technology solutions to improve business functionality. We encourage you to browse our site, and invite you to contact us to discuss how we may help your business realize its full potential.

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