

'Dark and ominous words' from K-C Board Chairman

(The following is the third and concluding part of a speech given by Darwin E. Smith, the Chairman of the Board and Chief Executive Officer of Kimberly-Clark, at a recent public meeting held in Terrace Bay.)

These are dark and ominous words. To me, they represent the greatest failure of my life--the inability to manage the success of one of the largest projects ever undertaken by the company, and the inability to justify the faith I have had in myself and in the people here. Bitter as it may sound to you, I cannot in good conscience pass along to the next generation of Kimberly-Clark management the Terrace Bay problems which all of us now face.

But what does this mean to you? Can you control the price of pulp? The answer is obviously, no; no more than I can. Does it mean that what you earn is out of line? Probably not, if you confine your comparison to this part of Ontario. On the other hand, you exist on your ability to produce something needed and consumed elsewhere, and that market place is becoming larger and larger. It is rapidly becoming as large as the world itself. Those who fail to recognize this are in for a rude awakening.

In my opinion, it's now

a question of "us." No longer is it a question of "the union versus management," or "the mill versus the woodlands," or "Canada versus the US," or "salaried versus hourly," or "employees versus stockholders," or any of the many other meaningless cliches which those trying to protect their own bailiwick are prone to use in situations like this.

In coming here and telling you all of this, do I have a hidden agenda? Do I have a preconceived plan? Have I already decided to sell the mill or woodlands operation, or to close all or part of them? Do I have a deadline in mind? The answer to all these questions is absolutely and unequivocally, *NO!*

God endowed this part of the world with some beautiful natural resources and it is populated with some mighty fine people. All of us must now determine how to solve the problem (and) make this a viable, market pulp mill. To do that, all we need do is to discover how we...I said we...all of us...must change to adapt to the world as it is today...and whether we have to courage to do it.

Returning again to the seriousness of what we are facing, just take a look at some of the things we compete against. Here in

Canada, for example, we compete against mills which are sourced in major part by chips produced as by-products of independently owned and operated sawmills. Here in Canada and elsewhere in the world, we compete against mills which are not solely dependent on the pulp market for their success.

In Brazil, Spain, and Portugal, we compete against emerging new pulp mills which are heavily financed by governments and manned by people whose labour rates are but a fraction of those prevailing here. Like it or not, this is the competition, and it's in this arena we either survive or fail.

In the last ten years, we have been riding on the success of other Kimberly-

Clark units. Now we are faced with the task of pulling our own oar. Now we must ask whether the pioneering spirit of self-sufficiency which opened this territory still lives.

If you accept my statements, and those of you who know me I trust also know that I am not given to idle chatter, then there is only one course of action for us all. We must work together to resolve the problems--and we cannot delay.

Therefore, I hope you will understand that I can no longer justify any significant investments here based on projections of the future. That will be the case until the corner is turned, if that is possible, and until we are well on the road to recovery.

After all this time, the

future should be close at hand. Admittedly, we are in a cyclical business and, if there were a few "ups," we could live with the "downs." All I ask is your help in giving us some "ups." It's all been down for too long.

As quickly as possible, your operations will be evaluated as though we were starting from the beginning. The objective, with your assistance, will be to increase productivity and reduce costs. We will continue to encourage further development of the quality of management process and a more participative style in approaching our work. We will look for new and novel ways to do business.

Will some outside task force be parachuted in to do the job? Absolutely not.

It's in the hands of your local management, and I hope you will cooperate. All the resources of the Kimberly-Clark family are behind you. You are a member of the family and you have fallen on hard times. The family wants to help. The question is, do you want to help yourself, and only you can answer that.

My objective is to complete our studies as soon as possible, but in no event later than the end of this year. Should anything certain develop prior to that time, you will be the first to know. In the meantime, I give you my word that no precipitous action will be taken.

Until we complete our work, we will make no further comment to the news media about the status of

our work. You may all rest assured, therefore, that anything you hear or read as to where we stand will not be from us and will, therefore, be either pure rumor or ill-informed speculation. I say again, you will be the first to know.

Am I optimistic about our chance for success? The answer is only slightly. In the early 1970s I had the unpleasant task of disposing of five Kimberly-Clark mills, one of which has since been closed forever. The people in these mills refused to recognize that their unwillingness to accept unavoidable change meant the end of their future with Kimberly-Clark. Perhaps some of them are happier now. I know many of them are not.

100th year for P.O.

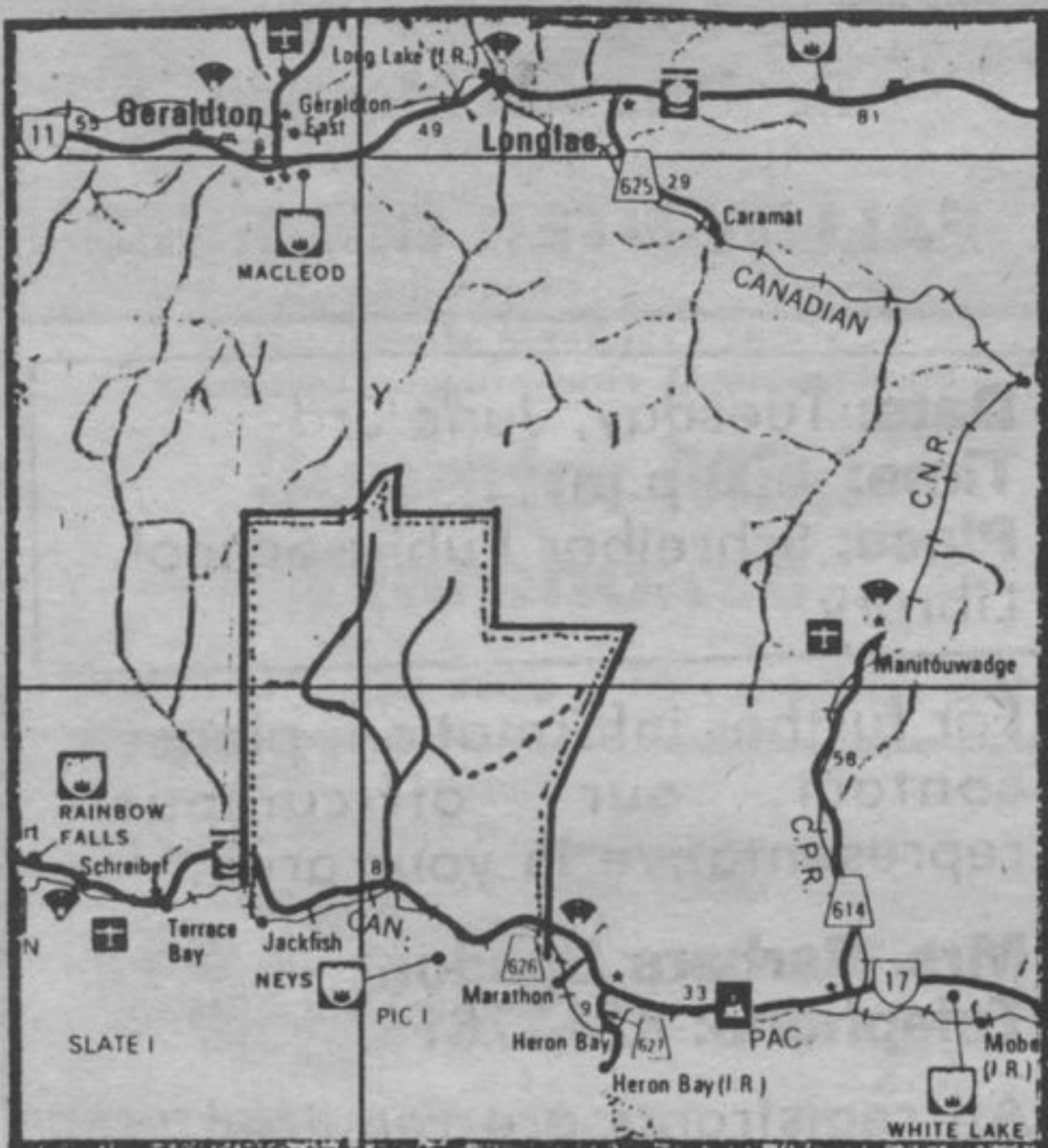
The Post Office in Schreiber will celebrate its 100th anniversary with a celebration set for June 2 starting at 2 p.m. Coffee and birthday cake

will be served to a number of invited guests, including Keith Penner, Cochrane-Superior MP, who said he will attend the event.

PUBLIC NOTICE

April 1st, 1986 - March 31st, 1991
Operating Plan
STEEL RIVER CROWN
MANAGEMENT UNIT

The April 1st, 1986 - March 31st, 1991 Operating Plan for the Steel River Crown Management Unit has received final approval. The approved plan and key map are available for public inspection at the Terrace Bay or Manitowadge offices of the Ministry of Natural Resources. Detailed maps can be viewed at the Manitowadge office. For further information, contact David Gordon, Ministry of Natural Resources, Manitowadge - (807) 826-3225.



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