Think strategy – think leadership – think vision¹

by V.J. Nordin²

Introduction

I have taken the title for this presentation from the Chinese warrior-philosopher, Sun Tzu, a contemporary of Confucius, who wrote his book on strategies, *The Art of War*, about 2500 years ago (Cleary 1998). Originally a treatise for success in battle, this classic has vastly exceeded its inceptive purpose.

Remarkably, it is perhaps the most influential book on strategy, leadership, and vision that has been written, and it is current even today for it describes how to achieve success with humanity, alacrity, simplicity, and with strategic leadership characterized by vision and collaborative spirit. At least one contemporary book deals with Sun Tzu's principles and their application to management in today's business strategy (Tech and Grainger 1995).

The Art of War is required reading in schools of Business Management and by the Russian political/military hierarchy. Mao Tze-Tung copied Sun Tzu almost word for word in his *Little Red Book* of strategic and tactical doctrine, and Oliver Stone's film, "Wall Street," cites *The Art of War* as a guide for leadership success. It has been described as the ultimate manual for successful strategy, with the peak of efficiency of knowledge and strategy being to make conflict altogether unnecessary.

As a parallel in the Canadian forest resources sector, amongst all stakeholders, instead of asking as we have been prone to do in the past, "how am I going to cope with environmental groups on this issue" or "how am I going to cope with the industry in protecting the environment," we should be asking, "what can we stakeholders do together to solve the forest resources issues of the 21st Century and remain open and receptive to one another" (Nordin 1997).

This is a particularly pertinent question today because the forest resources sector is operating in turbulent times punctuated as it has been by serious restructuring, budgetary and regulatory restrictions as well as by unproductive confrontations between an economically troubled industry and groups concerned with the integrity of the environment.

Someone once said, those who live by the crystal ball are sure to die of broken glass. Fortunately, we can recognize trends and issues as we enter the 21st Century and work with some degree of confidence based on facts without incurring the risk of broken glass.

That we can't predict the long-term future with precision is not crucial. There are just too many influencing factors including demographics, the unbelievably fast developing tools of the information age, the Internet, and the evolving miracles of biological technology and genetic engineering.

What is much more significant, is that we can *shape* the future: that we try to envision the future we want in the forest

resources sector and then set about making it happen (Hammond 1998). Even now, we have the necessary tools and essential information. We simply need to use them.

But as Sun Tzu indicated 2500 years ago, to shape the future, strategies are not enough – bold actions are needed.

With this background, the future of the Canadian forestry sector will be examined by reviewing Canada's solid forest resource base, the role and leadership of the forest industry, the strategies and leadership of our governments and stakeholders, and summarize with conclusions and suggestions for action.

Canada's Forest Resources

Canada's forests are an integral part of our nation's heritage and are essential to our economic, social, and environmental fabric. Consider these facts (CFS 1998a):

- Canada has a 300-year experience in the forest industry sector. Further, our forest tradition is centuries old in First Nations' history.
- Canada's forests comprise 10% of the world's forest land and are an important part of the world's ecological cycles.
- Canada's forests cover 45% of the country's land mass (417.6 million hectares), an area 12 times the size of Germany.
- An area equivalent to the total forest land in Finland, Norway, Germany, Switzerland, and Austria combined is protected from harvesting as heritage and protection forests. While substantial compared to other countries, whether or not this is appropriate will be a continuing debate for the 21st Century.
- The forests provide wildlife and fisheries habitats for more than 140 000 species.
- The forests are significant to moderating the climate and providing clean air and water. Forests enrich the soil and prevent erosion and regulate water flow.

Economically,

- Canada is the world's largest exporter of forest products.
- The forest products sector is the largest contributor to Canada's balance of trade, more than the combined value of agriculture, gas and oil, fisheries, and mining (\$31.7 billion in 1997).
- Canada's domestic and foreign shipments are valued annually at \$50 billion.
- The forest sector is Canada's largest industrial employer. One in 17 Canadians is directly or indirectly employed in the forestry sector with incomes totalling some \$8 billion.
- The forests ensure the livelihood of 337 single industry communities.

¹Keynote Address, Sylvicon '99 Conference, 17 February 1999, Fredericton, N.B.

²V.J. Nordin Associates Inc., Ottawa, Professor and Dean Emeritus, University of Toronto. E-mail: vidar.nordin@sympatico.ca

- The forests attract a multi-billion dollar tourism and recreation industry.

Canada's strength, therefore, depends significantly on its forest resources and our nation has a lot to gain provided it's strategies and implementation actions are sound for the 21st Century.

The Forest Industry in the 21st Century

There are already indications of industry trends in recent consolidation activities through mergers and acquisitions that are happening in Canada and internationally (Smith 1999).

In the forestry sector in Canada, several mergers have occurred recently including Kruger and Scott, Domtar and Cascade, and most recently, Abitibi-Price and Stone Consolidated and Tembec/Crestbrook.

Internationally, Sweden's Stora and Finland's Enso created a single global firm in an increasingly competitive industry. The results for Stora/Enso are synergy benefits that will improve the firm's operating profit by \$300 million EUR dollars by 2002. The recent merger of Smurfit/Stone created the world's largest manufacturer of containerboard and this organization is now a leader in North America, Latin America, and Europe.

These mergers to consolidate resources permit these enlarged companies to better compete on a global level. At the same time, these merged companies are specializing and focussing on core products and divesting non-core assets. Already, then, we see Canadian forest industries consolidating, globalizing, and specializing in order to survive on world market levels and this trend will reach well into the 21st century when there will be fewer, more powerful players (Smith 1999). As a caveat to mergers, Carl Steidtmann³, PricewaterhouseCoopers, New York, pointed out the record on mergers is not always successful with 80% of mergers not fully meeting expectations. This is due mainly to a lack of synergy from the inadequate evaluation of fundamental intangibles like culture, relationships, and information. Industry will need to correct these deficiencies so that 1 + 1 will add up to an effective, integrated 1. Further, consolidation and growth through acquisitions rather than mergers may well be the norm for many firms.

According to Smith (1999) the forest products industry landscape will need to look like this in the 21st Century:

- Fewer, merged companies will have at least \$10 Billion in annual sales. Today, only two companies have sales of \$5 billion.
- Companies will be organized around specialized core products
- Companies will have world-class logistics, including global supply chain integration.
- Companies will have a clear fibre supply strategy (and I would add, consistent with the integrity of the environment).
- I would also add further: CEOs will need to be those who exercise visionary, action-oriented leadership.

But where is the forest industry leadership as it concerns a clear fibre supply strategy consistent with the integrity of the environment?

³Keynote address, 12th Annual PricewaterhouseCoopers Forest Industry Conference, 9 March 1999, Vancouver, Canada.

The signs are encouraging and industry CEOs are increasingly adopting Sun Tzu's approach to visionary leadership and collaboration with all stakeholders to meet economic objectives along with a serious concern for the environment.

Let me cite an outstanding example of visionary industry leadership. He is Tom Stephens, the new CEO of MacMillan Bloedel (M&B), who is the first to challenge traditional concepts.

In the early months of his mandate this past year, he was concerned with confrontations with environmental groups and communities particularly regarding clearcutting and the management of old-growth forests.

He and his team of specialists came up with a replacement process to clearcutting, "Variable Retention," to more closely mimic nature. The plan is to phase out clearcutting over five years. Twenty percent of this objective has already been accomplished. In fact, the M&B plan has four key elements: landscape zoning, old growth conservation, variable retention and independent validation.

In describing these key elements, Beese (1998) emphasizes that foresters in B.C. must evaluate variable retention principles in relation to their own situations and he states further, "our forest types may not be appropriate for the Rockies or for boreal forests." Handley (1998) believes M&B has the knowledge and resources to succeed in implementing its new strategy but offers the following caveat. "I anticipate that changes in social policy, advances in ecological knowledge and the vagaries of weather and pests, rather than silviculture, will prove to be the critical factors as MB struggles to apply its strategy and remain profitable."

Unquestionably, Tom Stephens has really shaken up the forestry sector challenging the industry to develop new patterns of thinking and acting with his bold vision for B.C. forests.

He has demonstrated courage and vision in looking beyond the next quarterly results. Instead of confrontation, Stephens is successfully promoting collaboration in the most transparent sense, communicating effectively with environmental groups, with society at large, as well as with M & B employees.

I quote from his perceptive editorial in the March/April 1999 issue of *The Forestry Chronicle*:

Challenging old ways of doing things can be scary. Forcing change can make you feel vulnerable. But ultimately, these are the attributes of a leader. And a leader sets trends (Stephens 1999).

Tom Stephens and Sun Tzu would get along extremely well together.

Governments and Stakeholders – On Track for the 21st Century?

Through the initiatives of the Canadian Council of Forest Ministers and the Canadian Forest Service in concert with the forest industry and major non-governmental stakeholders, nine strategic directions, first articulated in 1992 and recently updated (CCFM 1998), are as follows:

1. Forest Ecosystems: Multiple Values
2. Forest Management: Practising Stewardship
3. Public Participation: Many Voices
4. The Forest Industry: A Global Competitor
5. Forest Science and Technology Management: A Team Approach.

6. Communities and the Workforce: Living with Change
7. Aboriginal Peoples: Issues of Relationship
8. Private Woodlots: A growing Opportunity
9. The Global View: Canada on stage

Undoubtedly, important progress has been accomplished with these strategies through the establishment of 11 national and 8 international model forests, the development of codes of forest practice, a shift of focus by educational and research institutions in the application of sustainable forest management (SFM), and the development of national and international criteria and indicators to measure SFM.

These strategic directions and Canada's Forest Accord deserve high marks especially for the excellent work of the Canadian Forest Service (CFS 1998b) in collaboration with the Canadian Council of Forest Ministers (CCFM) and several non-governmental organizations (NGOs). However, data are not uniform or consistent across the nation and progress is constrained by increasingly limited financial resources particularly by all levels of government. At the same time, there appears to be no evidence of new, innovative partnerships to offset steadily eroding government financial resources. I therefore ask this question: Is there sufficient political will and commitment for the forest resources and environmental sectors? According to the federal Auditor General's office (Emmett 1998), Canada makes environmental and sustainable development commitments much more freely than it keeps them.

Canada is falling well short of its Rio commitments regarding climate change, biological diversity, and the management of ozone depleting substances. On climate change, Canada is well behind its Rio commitments, emitting roughly 15% more greenhouse gases in the year 2000 than it was in 1990. And six years after Rio, we still don't know how well Canada is doing in protecting its plants, animals, and bird habitats. The Canadian government's management of its own ozone-depleting substances lags behind the best private sector practices.

In the forestry sector, we have strategic directions developed for progress towards SFM, but why do we not bridge policy and effective implementation? For example, of the 96 commitments in the 1992 National Forest Strategy, six dealt with Aboriginal issues. Of these six, none has been fulfilled.

Effective management structures are needed, therefore, *to link policy to action, to tie promises to implementation*. Not enough attention is given presently to the *mechanisms and the arrangements required to ensure that implementation actually happens*. These are significant challenges for the 21st Century. Good intentions, strategic directions, "green" plans, and blue ribbon panels are necessary but for real leadership and to succeed, that extra step must be taken: vision, creativity and timely action are vital. Philosopher Sun Tzu knew this in 500 B.C.

We also must keep the promises we make to ourselves and to others and we need to do what we say we are going to do. According to Emmett (1998),

I continue to be surprised at the number of times I have reported to Parliament that the government of Canada simply doesn't know how much it is doing, where these efforts are focussed, what it costs, and whether or not they are having the desired effects. And I'm sure for most of you, it does not require a great leap of imagination to visualize what would happen in a corporate boardroom if this was the annual report, year after year after year.

Together, we in the forestry sector need to try harder to develop creative partnerships that work and that deliver. The Canadian forest industry partners with governments, universities, suppliers and customers in the several world-class industrial research agencies it supports (Boswell 1995).

Why can't such creative partnerships be established in the forest research sector? As public funds continue to deteriorate and erode our world-class forest research capacities, the timing is overdue for new and dynamic alliances and partnerships. This would mean more substantial coordinated resources to support forest research and sustainable forest management. Multi-stakeholder governance can build on existing world class forest research strengths. ***Why don't we do it?***

Further, we have to do a better job to ensure our political representatives and the public and society at large are knowledgeable of the forestry sector so that they become part of the solution process. We all must share in this communication responsibility. And it needs to be persistent and coordinated in ways they can understand, in ways that invite them to support the search for solutions to forest resources problems.

The recent establishment of FORCAST (as described in the Nov./Dec. 1998 issue of *The Forestry Chronicle*), a coordinating and communications body to advance science and technology in the forestry sector, is an excellent step in the right direction.

If an agency like FORCAST could be mandated to undertake an ongoing, comprehensive, coordinated communications program of regional, national, and global scope – newspapers, radio, television, Internet, and other ancillary approaches – it will have accomplished a significant tour de force that has eluded the "strong and silent" Canadian forestry sector (Zimmerman 1998). ***Why don't we do it?***

The combination of creative vision with meticulous attention to detail and delivery are enormous challenges. But none of us would be involved in the forestry sector if we did not fervently believe that our forest resources and environment, in fact life itself, are worth it.

Conclusions

- Canada has a forest resources base that is the envy of the world. Our forest sector environment in the 21st century also will be of global excellence provided we are smart enough to develop and implement appropriate strategies in timely fashion.
- Although the future is difficult to predict, we must envision the future we want and then shape our strategies and develop enabling resources through innovative, creative collaboration that will make this future possible.
- The forest industry will consolidate and globalize in a borderless world economy environment in the 21st century. CEOs, however, will need to be persons of creative, visionary, and action-oriented leadership, thinking beyond the next quarterly results.
- Strategic directions have been articulated that will take the forestry sector confidently into the 21st century provided innovative, effective management procedures are established.
- New, dynamic partnerships are needed that will deliver and implement forest research results to solve problems.
- The strong but silent forestry community must finally meet the challenge of mounting an ongoing, coordinated, and

comprehensive communications program of regional, national and global scope.

Summary and Suggestions for Action

We need to communicate much more effectively; we need to create visionary partnerships; we need innovative management structures to tie policy to implementation, to tie promises to deeds; we need to translate sound strategies to creative, timely actions; and we need leadership from all sectors of the forest resources community that is creative and action-oriented.

I therefore recommend to regional stakeholders in the Maritimes that they get together as a group to evaluate the idea of stimulating a national workshop that would consider the initiatives suggested in this presentation. The positive results from such a national dialogue could be taken to the CCFM or other political forum for action. Details would need careful review. This is just one thought. Other approaches will come to mind. Such an initiative could well be an exciting project that could reach fruition by the year 2000.

I leave this mandate with you. *Tuum est!*

Epilogue

Finally, in the philosophy of Sun Tzu, think strategy – think leadership – think vision. Working together, government, industry, and NGO stakeholders will find the avenues to ensure success for the Canadian forestry sector in the 21st century. About this, there are no doubts.

Acknowledgements

The author is grateful to Roxanne Comeau, Brian Haddon and Glen Patterson for reviewing this presentation.

References

- Beese, W.J. 1998. The forest project: charting a new course. *Forum*, Sept./Oct.: 20–22.
- Boswell, E.F. 1995. Editorial: Customer Focus and Sound Governance Required. *For. Chron.* 71: 682.
- Canadian Council of Forest Ministers (CCFM). 1998. National Forest Strategy, 1998–2003. Natural Resources Canada, Ottawa.
- Canadian Forest Service. 1998a. The state of Canada's forests 1997–1998. Natural Resources Canada, Ottawa.
- Canadian Forest Service. 1998b. Strategic plan, 1998–2003. Natural Resources Canada, Ottawa.
- Cleary, T. 1998. Translation, *The Art of War* by Sun Tzu (circa 500 B.C.). Shambhala Publications, Boston/London.
- Emmett, B. 1998. Thinking Fire. Paper by Canada's Commissioner of the Environment and Sustainable Development, presented at the Resource Renewal Institute's Green Plan Leadership Program Launch, 10 December 1998. San Francisco.
- Hammond, A. 1998. Which world? Scenarios for the 21st century. Island Press/Shearwater Books. Washington, D.C./Covelo, California.
- Handley, D. 1998. Is MB a phoenix rising or a flash in the forest? *Forum*, Sept./Oct.: 23.
- Nordin, V.J. 1997. Editorial: Greenpeace – time for constructive change. *For. Chron.* 73: 398, 400.
- Smith, D. 1999. The business of mergers. *For. Chron.* 75: 261–263.
- Stephens, T. 1999. Editorial: A company in conversation. *For. Chron.* 75: 178–179, 182.
- Tech, Foo Check and P.H. Grainger. 1995. Sun Tzu on management, the art of war in contemporary business strategy. Butterworth-Heinemann Asia, Singapore.
- Zimmerman, A. 1998. Editorial: Strong and silent is not enough. *For. Chron.* 74: 142.