



Fortaleza Hall, Designed by Foster + Partners

Faculty Study Tour 2014

SC Johnson, Racine

SC Johnson Faculty Study Tour

In November 2014, faculty from Columbia Business School traveled to Racine, Wisconsin to tour the headquarters and facilities of SC Johnson & Son, Inc.

The visit was at the invitation of H. Fisk Johnson, the fifth generation in his family to lead the company, Chairman and CEO. Mr. Johnson was the winner of the 2013 Deming Cup awarded by the Deming Center at Columbia Business School which recognizes a world leader who has made outstanding contributions in the area of operational excellence and has fostered the culture of continuous improvement in an organization.

The objective of the visit was to broaden faculty exposure to practical operations and, in consequence, enrich the business school curriculum with an industry perspective.

Participants

Columbia Business School faculty members from the departments of *Decision, Risk, & Operations (DRO)*, *Finance & Economics*, and *Management* were joined by graduate students, as well as partners from General Electric and Citigroup.

Participants from top-left:

Abigail Schlaifer, *ECLA '15*

Jim Peterson, *Director, Corporate Initiatives Group, GE*

Nelson M. Fraiman, *Professor of Professional Practice, DRO*

Agustina Besada, *M.S. in Sustainability Management, Columbia University*

H. Fisk Johnson, *Chairman & CEO, SC Johnson & Son, Inc.*

Medini Singh, *Senior Lecturer in Discipline in Business, DRO*

Garret van Ryzin, *Paul M. Montrone Professor of Private Enterprise, Chair of DRO*

Suzanne Denton, *Director, Third Party Management Process Control, Citigroup*

Kathryn Harrigan, *Henry R. Kravis Professor of Business Leadership, Management*

Gabriel Weintraub, *Sidney Taurel Associate Professor of Business, DRO*

Nachum Sicherman, *Professor, Finance and Economics*

Angela Quintero, *Associate Director, The W. Edwards Deming Center*

Jacob D. Leshno *Assistant Professor, DRO*

Yash Kanoria, *Assistant Professor, DRO*



Columbia University cohort with H. Fisk Johnson.

The Council House

The business school cohort arrived in wintry Chicago, and were warmly greeted by Manager of Community Affairs, Matt Wagner. During the short trip north along Lake Michigan, Mr. Wagner briefed participants on the tour schedule and shared information on various community initiatives being developed by SC Johnson, such as discussions with local and state officials on building a high speed rail linking Chicago with Racine to attract potential younger employees, particularly in the field of marketing.

Upon arrival in Racine, home to SC Johnson for 128 years, faculty and visitors were welcomed to the Council House. All were struck by the cozy beauty of the hotel and meeting space developed under the late Chairman Emeritus, Sam Johnson during the 1960s. After checking in to find welcome bags laden with treats, along with kindly handwritten notes, visitors were treated to a tour of the Council House and the full range of amenities offered there. Participants greatly enjoyed viewing the vast art collection, showcasing invaluable works from around the world, each piece hailing from one of the 70 countries in which SC Johnson has operational facilities.

Lively conversation was held over a delicious meal, prepared by executive chef Dawn Knutson. Guests were joined by Senior Director of Global Lean and Manufacturing, Julian Wiles, as well as Senior Director for Global Public Affairs and Community, Jam Stewart .



Council House dinner with Julian Wiles and Jam Stewart

Gateway & SC Johnson iMET Center

The next day began with a tour of Gateway Technical College and the SC Johnson Integrated Manufacturing and Engineering Technology (iMET) Center. President and CEO, Dr. Bryan Albrecht gave an overview of the many programs and certifications offered to their 24,000 students. Gateway's "boot camp" requires a steadfast commitment of 40 hours a week for 15 weeks and boasts a 95% employment rate upon completion.

Deborah Davidson, VP of Workforce and Economic Development, discussed the college's outreach to businesses. Gateway strives to bring industry to the table to ensure that the training their students receive addresses the key, sought-after skills that will result in a more appropriately skilled workforce.

Additionally, under Stephanie Sklba, VP of Community & Government Relations, the college began a sustainability initiative seven years ago that culminated with Gateway being the recipient of the prestigious Genome Award, bestowed upon community colleges that demonstrate "exemplary support for sustainability practices, programs and training."

The tour also included a tour of the Fab Lab, containing computer-controlled tools that allow for creative and innovative manufacturing. Students use this MIT-developed concept to spur innovation and promote dialogue by connecting various locations via video.

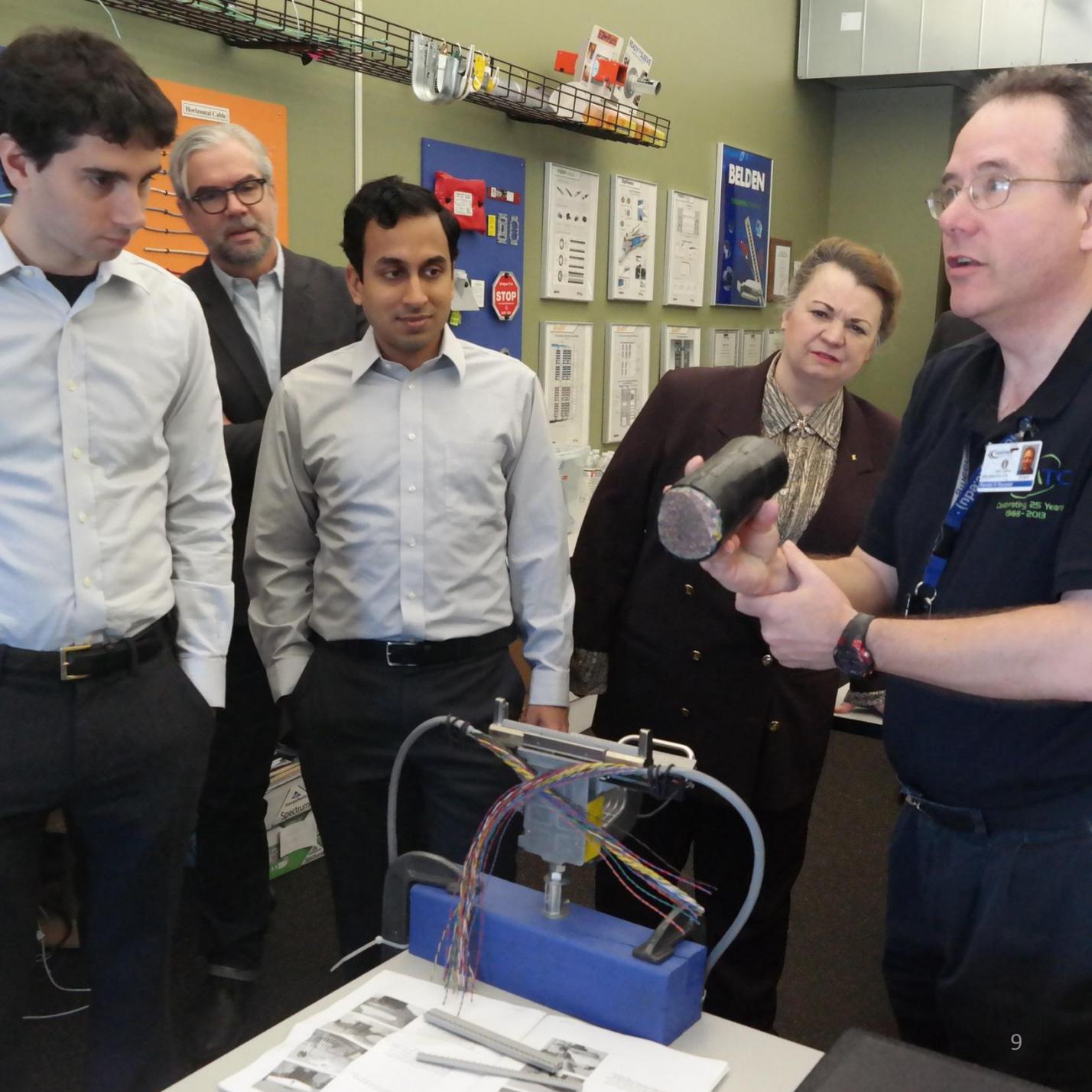


Dr. Bryan Albrecht presented an overview of Gateway Technical College.



During the tour, the Columbia cohort visited the laboratories in which students learn and practice industrial skills.





Waxdale Facility Energy Generation

Joined by Oscar Debernardini, Sr. Director of Global Safety, Health and Environment, Julian Wiles and Matt Wagner, the group's next stop was an up-close look at the energy produced onsite at the Waxdale facility.

The towering 415-foot wind turbines were built in 2012 to increase the clean energy used at the plant and make it 100% on-site energy sufficient. Running from North to South, the turbines produce approximately 15% of the energy needs at the Waxdale facility.

In addition to the turbines, the facility sources its energy from two cogeneration systems that use waste methane gas from a nearby public landfill along with natural gas to generate 85% of the energy used at the plant. More than 20,000 pounds of steam are generated by the co-gens that goes back into the factory for heating purposes. The combination of the wind and co-gen turbines produce an average of 100% of needed electrical energy onsite.

Many of their facilities and plants across the globe are also exploring more sustainable, clean energy, including the SC Johnson plant in Indonesia, where they are using palm husks to generate steam. While the payback on the wind turbines will take years, it serves as an investment in sustainability.



Waxdale wind turbine view from the route.

Waxdale Plant Tour & Discussion

Covering the span of 36 football fields, Waxdale is the largest global manufacturing facility of SC Johnson, generating more than \$1 billion in product each year. It is here that the company produces brands including Glade®, Windex®, Pledge®, Scrubbing Bubbles®, Shout®, Raid®, and OFF!®, among others. Julian Wiles noted that there are more than 700 million pounds of “juice” pumped through the plant. With four main processing areas, the main aisle is more than ¾ mile long. Everything from chemical processing to packaging is done on-site.

Walking down this main aisle gave visitors a chance to see the production and packaging of Windex, as well as Edge Shaving Cream up close. Altogether, Waxdale produces 60 million cases of product each year. Each completed box is loaded on to an AGV (Automatically Guided Vehicle), a driverless car digitally programmed to bring completed pallets of particular product to the appropriate loading dock based on its ultimate shipping destination.

The Columbia delegation was joined by senior leadership of SC Johnson for a roundtable discussion that touched on topics ranging from strategic operations, pricing, new product development, and supply chain management. In addition to Oscar Debernardini, Matt Wagner and Julian Wiles, participants included Darian Griffin, Senior Director of Sales and Finance; Joe Knott, Senior Director of Global Procurement; Ralf Schwarz, Senior Director of North America Product Supply; Julie Wickman, Senior Director of Global Quality; and Meg Sranske, Senior Director of R&D, Enabling Innovation.

Various pricing strategies dependent on strength of brand, limited assortment, volume discount, and shelf versus advertised price were discussed. Additionally, Mr. Griffin described strategic partnerships with sales teams that include Category Captains who are educated to make decisions based on quantitative data including information on sales, shelf height, down to the number of items displayed in a row. Years of established relationships and tenure empower the sales force to work directly with vendors.

Joe Knott and Ralf Schwarz discussed the complexities of production and sales in the global marketplace. The brand's value proposition is in setting up the complexity, and then the supply chain has to meet the challenges. There are consistent problems and decisions to make regarding procurement and distribution that require flexibility.

Meg Sranske noted that in the last four years, SC Johnson launched four times more new product than their largest competitor. Ms. Sranske explained that as a privately held company, there is more long-term planning and strategy. Expansive new product takes longer to bring to market and inherently carries more risk. The goal of all SC Johnson brands is to be Number 1 or Number 2 in each market in which they can compete.

Discussing operational efficiency, several participants noted that the economic downturn of 2008 was in fact transformative for the company in that it led to a synchronization and complexity-reduction. The company has spent a great deal of effort to "Johnson-ize" various strategies such as Lean and Six Sigma to bring greater operational efficiency and results.



Landmark Architectural Tour

The visit concluded with a tour of the global headquarters, including the Frank Lloyd Wright-designed Administration Building and Research Tower as well as Fortaleza Hall, given by Betsy Davis, Community Relations Representative.

Dating back to the 1930's, a solid relationship was formed between the world-renowned architect and H.F. Johnson. The Administration building, decorated throughout in its trademark "Cherokee red" is lauded as one of the top 25 buildings of the 20th century. It is still in use by corporate headquarters and currently houses the legal and human resources departments for SC Johnson.

Fortaleza Hall is a LEED, Gold-certified building. It blends modern flair and sprawling amenities with the historic buildings on campus. It is also home to the legacy gallery highlighting the history and values of the company.

H. Fisk Johnson joined the group during the tour of Fortaleza Hall, accompanying the delegation to *The SC Johnson Gallery: At Home with Frank Lloyd Wright* exhibit during which he shared personal stories about his grandparents and their relationship with the architect. Several professors posed questions to the Chairman on topics as varied as the direction of future product to community affairs.



Above, Headquarters offices. Below, Frank Lloyd Wright furniture used by Columbia Faculty.



Thank You

Columbia Business School is grateful to H. Fisk Johnson for facilitating the Faculty Study Tour and to the entire SC Johnson team for their warmth and hospitality.

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