



WESTROCK BRAZIL DISCLOSURE



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## CORPORATE CULTURE AS COMPETITIVE ADVANTAGE

Company cultures, shaped through time and experience, result in the way how people work, or better, define how they behave or interact, many times in accordance with principles and values that guide the interface of human behavior and relationship.

In view that their business models and cycles are based on the intensity of capital invested and that, by nature, require the challenge of making decisions and consistently executing them in the long-term, the paper industry can usually carry the history of cultural formats still deemed traditional, where technical hierarchy has vital importance for protecting and sustaining the capital intensity strategy.

Thus, the historical paradigm of strategic differentiation is the access to capital, differentiated productive assets and domain of the associated technology. This has undeniably always exercised a fundamental impact on the sector's usual culture.

However, there's clear proof that current times present challenges to the paper industry through the experience of our customers in the markets they do business. Throughout the world, our customers are required to deliver a high level of flexibility and accuracy in service and product development, agility in presenting solutions in increasingly tighter time-to-market cycles. Therefore, it's natural that such market challenges be transferred to other sectors, like paper.

A new strategic competitive paradigm is being formed in our sector, which is culture adapted to new times, substituting for good the traditional model.

Within this context, in order to develop their long-term competitiveness, companies in the paper sector have an important strategic consideration that must target the balance of sustaining

the strategic value of their assets with two other emerging aspects in our reality: the ability to adapt and innovate at a pace certainly never before required from the sector; and the ability to capture/retain talents from new generations who truly seek meaning and a closer relationship with the company mission in relation to markets, as well as more experiences.

That is, the future that presents itself to our sector will require, from both our markets and our people, decision agility, organizational fluidity, constant flow of ideations and room for entrepreneurship, all at the same time.

The culture that develops in this environment goes through the change from an accountability model for one's own success or the result of one's individual work, to accountability for the company's success as a whole for its customers, where the exchanging of ideas and active collaboration will be the most valued aspects.

It will be fundamental to make potentially-abstract themes tangible, like empowerment, leadership by influence, alignment of objectives, in order to create room for the sustainability of a truly adaptable culture.

With this mindset, there won't be space for sustaining traditional or technical hierarchy, much less functional silos. In companies, business will be more integrated through the collaboration stimulus between functions and the acceleration of decision-making and problem-solving.

The result: an agile culture capable of adapting, functioning like a real competitive advantage, inherent to the company, acknowledged by customers and employees. A new competitive advantage, complementary to productive assets, technology and historical experience. ■