



## **Peter Browning and Continental White Cap (A)**

On April 1, 1984, Peter Browning assumed the position of vice president and operating officer of Continental White Cap, a Chicago-based division of the Continental Group, Inc. Having completed a successful five-year turnaround of Continental's troubled Bondware Division, Browning found this new assignment at White Cap to be a very different type of challenge. He was taking over the most successful of Continental's nine divisions—"the jewel in the Continental crown," as one Continental executive described it. White Cap was the market leader in the production and distribution of vacuum-sealed metal closures for glass jars.

Browning's charge, though, was to revitalize and reposition the division to remain preeminent in the face of threatened, but not yet fully realized, changes in the competitive environment. Sales were stable and costs were up. Recent years had brought changes in the market: one competitor in particular was utilizing price cuts for the first time to build market share, and the introduction of plastic packaging to many of White Cap's traditional customers threatened sales. White Cap had not yet developed a plastic closure or the ability to seal plastic containers. After more than 50 years of traditional management and close control by White Cap's founding family, corporate headquarters decided it was time to bring in a proven, enthusiastic manager to push the business toward a leaner, more efficient, and more flexible operation—one capable of responding to the evolving market conditions.

From the very start, Browning recognized two major obstacles that he would have to address. First, few managers or employees at White Cap acknowledged the need for change. Business results for more than 50 years had been quite impressive and when dips were experienced, they were perceived as cyclical and transient. Second, White Cap had a family-style culture characterized by long-term loyalty from its employees, long-standing traditions of job security, liberal benefits, and paternalistic management. Attempts to alter these traditions would not be welcome.

Reflecting on his new assignment at White Cap, Browning recalled that at Bondware he had walked into a failing business where he "had nothing to lose." Now he was entering "a successful business with absolutely everything to lose." One White Cap manager observed: "White Cap will be the testing period for Peter Browning in the eyes of Continental." Browning's success in reframing the business would be critical for his future in corporate leadership there. Browning thought about the stern words of caution he had received from his boss, Dick Hofmann, executive vice president of the Continental Group: "White Cap needs changes, but just don't break it while you're trying to fix it. Continental can't afford to lose White Cap."

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*Research Associate **Mary Gentile** prepared this case under the supervision of Professor **Todd D. Jick** as the basis for class discussion rather than to illustrate either effective or ineffective handling of an administrative situation.*

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## White Cap Background

In 1926 William P. White and his two brothers started the White Cap Company in an old box factory on Goose Island, located in the Chicago River. From the beginning, the White Cap Company was active in many areas: in closure production and distribution, in new product development, and in the design of cap-making and capping machinery. Thus, White Cap promoted itself as not only a source of quality closures but also providers of a “Total System” of engineering and R&D support and service to the food industry. It claimed the latest in closure technology—for example, in 1954 White Cap pioneered the twist-off style of closure, and in the late 1960s it developed the popular “P.T.” (press-on/twist-off) style of cap. It also took pride in its capping equipment and field operations service. White Cap’s customers were producers of ketchup, juices, baby foods, preserves, pickles, and other perishable foods.

In 1956 the Continental Can Company bought White Cap, and in 1984 the Continental Group, Inc., went from public to private as it was merged into KMI Continental, Inc., a subsidiary of Peter Kiewit Sons, a private construction company. The White Cap Company became Continental White Cap, the most profitable of the parent firm’s nine divisions—each of which produced different types of containers and packaging.

Despite the sale of White Cap in 1956, the White family continued to manage the organization, and its traditional company culture persisted. As the manager of human resources at the Chicago plants expressed it: “I really think that many employees felt that White Cap bought Continental Can, instead of the other way around.” W.P. White, the company founder, and later his son, Bob, inspired and encouraged a strong sense of family among their employees, many of whom lived in the Polish community immediately surrounding the main plant. Once hired, employees tended to remain and to bring in their friends and relatives as well. At the two Chicago plants in 1985, 80% of the employees had over 15 years of service.

The Whites themselves acted as patrons, or father figures. Legends recounted their willingness to lend money to an hourly worker with unexpected medical bills, or their insistence, in a bad financial year, on borrowing the money for Christmas bonuses. In exchange for hard work and commitment, employees received good salaries, job security, and the feeling that they were part of a “winner.” In an area as heavily unionized as Chicago, these rewards were potent enough to keep White Cap nearly union-free. Only the lithographers—a small and relatively autonomous group—were unionized.

White Cap was rife with rituals, ceremonies, and traditions. In the early days of the company, Mrs. W.P. White would prepare and serve lunch every day for the company employees in the Goose Island facility. Over the years, White Cap continued to provide a free family-style hot lunch for all salaried employees and free soup, beverage, and ice cream for the hourly workers.

A press department manager, a White Capper for 28 years, explained:

For work in a manufacturing setting, you couldn’t do better than White Cap. White Cap isn’t the real world; when the economy is hurting, White Cap isn’t. White Cap always lived up to the ideal that “our people are important to us.” They sponsored a huge family picnic every year for all White Cappers and friends. When they first instituted the second shift in the factory, they lined up cabs to take late workers home after their shift. They sponsored golf outings and a softball team. People generally felt that nothing’s going to happen to us as long as we’ve got a White there.

But in 1982, Bob White stepped down and turned the management over to Art Lawson, who became vice president and executive officer. Lawson, 63 years old, was a veteran White Capper, and

many saw him as simply a proxy for the Whites. Even Lawson would say that he saw himself as a caretaker manager, maintaining things as they had always been.

At about this time, price competition began to heat up in the closure industry. White Cap had been the market leader for over 50 years, but customers were beginning to take the Total System for granted. There were by then five significant manufacturers in the national marketplace and 70 worldwide who offered the twist-off cap. Competitors like National Can Company were beginning to slash prices, aware that the very advantage White Cap had maintained in the market (i.e., its R&D and full service) made it difficult for it to compete effectively with drastic price cutting.

Just at this time, plastic containers—requiring plastic closures—began to be available (see **Exhibit 1**). In 1982 the Food and Drug Administration had approved the use of a particular plastic substance as an appropriate oxygen-barrier for food containers. Subsequently, the American Can Company's Gamma bottle, a squeezable plastic container, was adopted by the Heinz Company for its ketchup and by Hunt for its barbecue sauce. (White Cap had held 100% of the ketchup business worldwide.) Welch's jams and jellies also adopted this new technology, and the reasons were typical:

Welch's expects the new packaging to help revitalize a relatively flat product category, having conducted research indicating that their customers are willing to pay more for the convenience of the squeezable plastic bottle.<sup>1</sup>

Another major White Cap account had announced plans to introduce a new juice line in plastic containers for the spring of 1986, as well. Without a competitive plastic closure, White Cap would continue to lose customers. Senior White Cap management, however, had been reluctant to allow R&D to commercialize plastics developments because such plastics threats in the past had never materialized.

In 1984, two years after Bob White had left, Peter Browning was named vice president and operating officer, reporting to Art Lawson. He took over a division with \$175 million in gross sales, 1,450 employees (of whom 480 were salaried), 12 sales offices, and 4 plants (2 in Chicago, Illinois, 1 in Hayward, California, and 1 in Hazleton, Pennsylvania).

## Peter Browning's Background

I'm Peter Browning and I'm 43 years of age. I have four children—three girls, 20, 16, and 12, and a seven-year-old son. My undergraduate degree is in history, and while at White Cap, I earned my MBA through the Executive Program at the University of Chicago. I have been with Continental for 20 years.

This was Peter Browning's characteristic opening each time he presented himself and his ideas to a new audience. On first impression, Browning appeared enthusiastic, charming, and intellectually and socially curious. Various employees and managers described him alternately as "Mr. Energy," "ambitious," "direct," "the most powerful boss I've had," "the quintessential politician, shaking hands and kissing babies." His speeches to management and staff were peppered with inspirational aphorisms and historical, often military, metaphors, repeated as refrains and rallying cries.

In spring 1985 the Continental Group arranged for each of the nine divisional managers to be interviewed by industrial psychologists. The psychologist's report on Browning stated:

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<sup>1</sup>Melissa Larson, "Dispensing Closures Revitalize Flat Markets," *Packaging*, August 1985, p. 25.