



Aspire to Impact Education

**An Interview with Al Stroucken,
Chairman and Chief Executive Officer, Owens-Illinois (O-I)**

EDITORS' NOTE *During his seven years at O-I's helm, Al Stroucken has led the company through extensive change. After divesting the company's plastics operations in 2007 to focus solely on glass, Stroucken shifted the emphasis from driving volumes to enhancing margins. He began restructuring O-I's footprint to better leverage capital and improve free cash flow. Under his leadership, the company expanded its global market for glass through acquisitions and joint ventures in Brazil, China, Argentina, Malaysia, and Vietnam. Today, Stroucken is creating the structural and process change needed to reposition O-I glass packaging as the most sustainable packaging choice.*



Al Stroucken

COMPANY BRIEF *Owens-Illinois, Inc. (o-i.com) is the world's largest glass container manufacturer and preferred partner for many of the world's leading food and beverage brands. The company had revenues of \$7.0 billion in 2013 and employs approximately 22,500 people at 77 plants in 21 countries. With global headquarters in Perrysburg, Ohio, O-I delivers safe, sustainable, pure, iconic, and brand-building glass packaging to a growing global marketplace.*

How has Owens-Illinois evolved over the years?

The origin of the company came from applying an engineering approach to an old craft. In the early part of the last century, Michael Owens developed a machine that could automatically manufacture bottles and containers on a fairly large scale. This was of significant interest to the industry because it allowed them to get economies of scale that they weren't able to get before.

Over time, the company became a partner of choice for acquisitions and for consolidation in the industry.

Owens-Illinois grew significantly through the decades and became fairly diversified. We were active in a variety of industries – from plastic to aluminum, paper, and paperboard – and, at one time, we were the largest corporate owner of land in the U.S.

Then, as often happens, the company came to realize that concentrating on the core might not be a bad idea. So, today, we're exclusively a glass container company.

What has led to the resurgence of glass as a packaging material, and what are the benefits that glass offers?

Today, there is a different approach toward packaging, particularly glass packaging in North America and Europe. In the '60s and '70s, ease of use became an important motivator, so there was a search for packaging you could buy, use once, and throw away. Glass traditionally was always a reusable package.

During that time period, the packaging environment in the U.S. became much more diverse, with plastic and aluminum options, as well as glass. In the emerging markets, on the other hand, glass is the preferred package. This is

largely attributable to the widespread use of the returnable glass container, which is still the most economical packaging solution.

Has a lot of innovation taken place and is technology changing the production of glass?

About seven years ago, we started to invest considerably in innovation, as well as in research and development. Last year we established an innovation center and pilot plant at our headquarter campus. The innovation center serves an important role in advancing R&D projects and new product testing. In collaboration with the new product development and commercial teams, we have significantly accelerated our speed to market. We have also brought new ideas into the markets, like blue glass, black glass, and red glass. Those had been available before, but we were able to create much less expensive color characteristics, which increased the potential for use in markets that had not seen innovation from this industry.

Why did you decide to focus your philanthropic efforts on early childhood education?

Early childhood education captured my interest more than 20 years ago because I was working in a technology-oriented industry, and we had great difficulty getting the skill sets and talent we needed into our companies. We found that the root cause was in early childhood development.

In the '40s, business drew women into the workforce because a lot of the men were overseas. After the war, these women stayed in the workforce. This had a fundamental impact on the social fabric because we were taking both parents out of the home, and those were the people who always provided the foundation of early childhood education.

What impact has the Aspire program had?

Aspire is part of the StriveTogether, which is operating elsewhere in Ohio and in other states in

the country. It's based on the concept that education is a continuum – it has to start even as early as pre-natal and includes making sure the parents-to-be understand some of the challenges they will face.

All of the mechanisms and support organizations in place in our educational system have evolved to become almost remedial in nature rather than dealing with root causes. There is the need to understand that this continuum has a series of handoffs, and a handoff cannot mean you get rid of your problem and push it into the next section of this continuum.

Treating education as a continuum requires the involvement of business, educators, community services, medical services, legal services, and others. Aspire attempts to understand what the root causes are so we can deal with those. Once we do, we will see an improvement of the entire system. Businesspeople have a longer-term perspective than policymakers sometimes do, so business can be an important driver to tie the community together and to get to a solution that is effective.

Are you frustrated to see how slow the progress has been in this area?

The dialogue is there, but we still haven't found the commitment and resolve of policymakers to spend the money on initiatives that may not lead to immediate results.

As business leaders, we can be helpful by also providing support for policymakers if they have to make those decisions by publicly stating that this is the right investment.

Being a CEO means you're constantly frustrated because nothing is moving at the speed you would like things to move, but by keeping the pressure on, we will get the outcomes we seek over time.

How critical is it that we're training people for the jobs of tomorrow so that we will remain competitive globally?

Engaging ourselves in providing skilled training that people cannot get in the school system is the better choice.

In our facilities around the country and overseas, we have apprenticeship programs where we take people who have a high-school or equivalent education and bring them into our operation. The apprenticeship program can take a few years and they are gaining skill sets and capabilities that are very germane to our business, but also capabilities they can use in a more technologically oriented, general manufacturing environment. ●