

# Alcan Case Study

## Lobbies Aim to Make Dent in Can Market

### by Jennifer Hunter

The messages began to litter Andrew Brandt's desk from the moment he took office as Ontario's Environment Minister last July. Everyone who telephoned - the glass bottlers, the steel and aluminum companies, all the lobbyists - wanted to know how Mr. Brandt was going to clean up the Environmental Protection Act. In particular, what would he do about the rules governing soft drink containers?

"I can't honestly say it was a top priority (at first)," Mr. Brandt recalls. "But it was one that moved rapidly near the top of the list only because of the intensive lobbying..."

While each interest group had its own concerns about the pop containers, two of the most anxious lobbyists were the aluminum and steel industries. Although Ontario's environmental rules are designed to hold down the use of cans, their popularity keeps rising. And the rules say: the only type of soft drink can allowed in the province is one made mainly of tin-plated steel. This gives a monopoly on pop cans to Dofasco Inc. and Stelco Inc.

1 When Alcan learned the environmental rules were under review decided it wanted to dent Ontario's \$50-million-a-year pop can market. The way to do that, the company figured, was to present the Environment Ministry with a recycling project for a cans and other, reusable materials, such as glass bottles and newspapers...

2 To Mr. Brandt's Cabinet colleagues, Alcan offered other, hopefully attractive, arguments. Frank Miller, Minister of Industry & Trade Development, was told of the money that could be saved and the jobs created through Alcan's waste management program. He was also reminded that Alcan was his constituent, with two plants in his Muskoka riding.

3 Hiring the handicapped to work on recycling projects was the plum offered to Frank Drea, Community and Social Services Minister and Margaret Birch, Social Development Minister. Labor Minister Russel Ramsay was told: "Yes, there might be a few steel jobs lost if aluminum was allowed on the market, but more jobs would be created through recycling." Deputy Premier Robert Welch was told that aluminum cans were energy-efficient. To every Minister we stresses the idea of consumer competition and the problem of monopolies," said Alcan vice-president, Allan Wakefield.

4 While Alcan sounded persuasive, there was the giant steel industry on the other side... telling Ontario Cabinet ministers that the tin can directly supported 607 Ontario jobs and \$75-million Ontario steel investment. Alcan, steel executives noted, was the subsidiary of a Quebec-based company.

5 Steel had 27,000 Ontarians on its payrolls, compared with Alcan's 3,800. Then there was the matter of the almost \$3 billion spent on factories and equipment over the past decade, mainly in Ontario. Steel had proved its economic commitment to the province and had devised its own recycling project, to boot...

6 Alcan has put its executives on the front line in this issue, sending a vice-president, Mr. Wakefield, to meet the press and sell the recycling project. Dofasco officers have pushed the podium to their public relations dept. and the Canadian Tinplate Recycling Council. Stelco executives try not to duck public scrutiny, but find it uncomfortable to be the candid about their lobbying methods...

7 At first, steel used the basic, economic argument when meeting Cabinet ministers. Executives and their spokesmen talked not only about job loss, but about how hard the industry had been affected by a slowdown in car sales and construction. They underlined steel's investment in the provincial economy.

8 "They asked if we understood the consequences of allowing another material in the market to replace steel cans," said John Tory, senior adviser to Premier William Davis. "It was only later, much later that they began to talk about that in beginning."

9 Noting the appeal of Alcan's litter-management efforts, Dofasco and Stelco developed their own recycling project, and two member Tinplate Council with its \$150,000 annual budget was born. Unlike Alcan, which hired outside consultants to do scientific studies and help executives with lobbying, the steel initiative was in-house.

10 Ronald Deans from Stelco's marketing department, was named chairman of Tinplate Council. Dofasco employee Paul Parker was named president. Neither man had been in managerial position. But now the two were doing most of the lobbying legwork for their companies, speaking to Kiwanis Clubs and Rotarians, in such communities as Premier Davis' hometown of Brampton and Mr. Brandt's Sarnia.

11 In their speeches, they urged the audiences to write to Mr. Brandt and "tell him not to change the regulations concerning pop cans, "reminding listeners of the jobs at stake. It is lobbying method that one of the senior civil servant described as "20 years out of date."

12 A stronger impression has been made by the personal visits of steel executives. Just before Christmas, Ross Craig, vice-chairman of Dofasco, and Peter Gordon, chairman of Stelco, met Premier Davis...

13 Although Alcan executives have not yet met Premier Davis, Government officials say steel has been less visible at Queen's Park than aluminum. "I could count the contacts I've had with them (steel) on one or two hands," said Mr. Tory. "The contact I've had with Alcan and the bottlers has been many more times than that..."

14 When Alcan decided to lobby Queen's Park, the company knew it faced a formidable opponent in Ontario's native steel industry, so it lined up allies in other industries. "The political game plan required the support of allies," conceded Mr. Wakefield of Alcan Products. "If Alcan alone faced up to the steel companies in Ontario, we'd lose everything."

15 The strategy married Alcan to some strange bedfellows. Mr. Brandt said: "Interestingly enough you have people who are competitors in (soft drink) business coming together and saying: "Look, we can put in multifaceted recycling program and we feel it will work."

16 So in that particular instance, you have glass and paper and plastics supporting aluminum, even though plastics would fight tooth and nail (against Alcan) to go their share of the market if a new plastic container is allowed."

17 Not only that, but Alcan decided to approach some of its grass-roots foes to woo them on the recycling issue. "It was a frightening prospect, at first Wakefield said. "We don't normally go and consult with Pollution Probe."

18 Alcan's battle budget has been huge - about \$1-million has been spent in Ontario alone, compared with the Tinplate Council's \$150,000. And unlike the Tinplate Council, Alcan and its allies have avoided business luncheons. "We don't find you can get much coverage out of a speech," Mr. Wakefield said: "You have to have more of an event."

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## Stakeholder- and Transition-Risk Mitigation

### Objective: Mitigate Project-Implementation Risk (Case Description Provided in Advance)

The management of change is fraught with perils and resistance particularly during the implementation phase. Negotiators and project leaders can anticipate and mitigate transition risk with proven stakeholder-analysis tools (*Psychographics, Factional Analysis and Power & Readiness for Change*). They examine beforehand the sources of *resistance to change* and the consequences of change, both positive and negative. They also craft a step-by-step scenario to build allies and draft a positioning strategy to effectively manage the transition toward the objectives.

Stakeholders	Current Stance or Position			TREND Future Stance If We Do Not Intervene		Required Position to Achieve Project Goals		Brainstorm: Invent Mutually-Beneficial Scenarios to Mitigate Implementation Risk
Role & mission of each player	Risks & opportunities	Faction	Power group	Faction	Power group	Faction	Power group	
<b>Who is the ultimate target (rarely more than one person)? Once this target is on board, the goals can be achieved. The game is over for the opponents.</b>								
A. Premier	None	F4	Rider	F4	Rider	F3	Rider	Identify the critical mass. Plan to gain its Commitment
B. C.	Trend (next 2 cells up) ↗ Worst-Case (opposite 2 cells) →			F5	Rider			Contingency plan, Maintain a low profile.
<b>What is the critical mass?</b> Minimum number of people whose commitment is necessary to bring the 'target' on board								
d. Envir. Minister	None	F4	Rider	F5	Rider	F3	Rider	Same as above
e. Soc. Dev. Minister	None	F4	Rider	F5	Rider	F3	Rider	Same as for Premier
h. Trade Minister	Portfolio	F3	Rider	F4	Rider	F3	Rider	Same as for Premier
<b>What are the entry points to get to the critical mass? Enlist those with competence, integrity, and longevity and within your sphere of influence (fairly accessible).</b>								
k. Dir. Env. Protect.	None	F4	-	F5	Champ	F2	Local Conductor	Offer recycling
l. Dir. Job Creation	None	?	?	F5	Champ	F2	Local Conductor	Job for the handicapped
m. Ontario Rep. NY	None	F3	-	F4	?	F2	Local Conductor	Export for Ontario
p. Pollution Probe	Support	F5	Champ	F5	Champ	F3	Non-Objector	Funding recycling & two pilot experiments
<b>Key Stakeholders and Levers to Reinforce the Risk Mitigation Strategy</b> Who are your natural allies? Supporters who may have leverage on the entry points. Use these allies to cement your strategy.								
v. Du Pont								
w. Domtar								
x. Dominion Glass								

**Selected risk-reduction scenario:** \_\_\_\_\_  
**Contingency plan** \_\_\_\_\_