



By Jackie Schultz

Two priorities have guided Jim Hodges throughout his career. He is equally passionate and humble about both. “One of the most fulfilling things is providing top notch quality employment and being able to give back to the community,” he says.

Hodges is President and CEO of Royal Paper Box Co., Montebello, California. Located in Los Angeles, the folding carton company embraces a corporate culture that reflects Hodge’s management style and goals. It emphasizes professionalism, high quality, pride, community service and good old fashioned fun.

“You can’t buy that culture,” says Vice President Darryl Carlson. “The real difference at Royal is that every person in the shop or office knows that Jim Hodges cares about him or her as a person. It’s a real family environment.”

That caring extends beyond the carton plant. Hodges is a loyal supporter of the folding carton industry through his active participation in the Paperboard Packaging Council (PPC). In addition, he has a long history of volunteering his time to helping those less fortunate.

This month the PPC will honor Hodges with the Gair Award, PPC’s highest distinction. The award, which will be presented at the association’s Spring Outlook & Strategies Conference, March 16-18 in San Diego, California, recognizes individuals who have

JIM HODGES

2011 **ROBERT T. GAIR** AWARD WINNER



demonstrated a lifetime of significant and lasting contributions to the paperboard packaging industry.

"Jim Hodges makes our industry look good," says John Zeiser, PPC Executive Committee Member who nominated Hodges for the Gair Award. "He has built an outstanding business, has innovated in our industry and his civic mindedness is unsurpassed. Jim really demonstrates that you can do well and do good at the same time. We are all very pleased to recognize Jim for his many accomplishments. It's especially meaningful because Jim is so modest about the many things he does for others."

Hodges is the 17th individual to receive the Gair award. "The committee did an outstanding job in choosing Jim Hodges as

our honoree," says Ben Markens, PPC President. "The Gair is not given every year and is only awarded when there is a nominee of sufficient merit. The 17 individuals who have been recognized with the Gair Award, including Jim, are a stellar group and are role models for all of us in terms of their business acumen, their leadership, and their support of community."

"Jim Hodges is a credit to our industry, and we are very excited that our highest industry honor is going to Jim," says Steven Levkoff, PPC Chairman. "The Robert T. Gair Award is named for an individual who basically began in the folding carton industry, and it's our way of celebrating the ideals and values of our organization."

Father-Son Team

Royal Paper Box was founded in 1940. Hodge's father, Clary, worked at the company almost from its inception. In 1956, Clary, along with a group of investors and employees, bought out the founder.

Hodges started working at Royal when he was a teenager, taking a few years off after graduation to join the Marine Corp. and serve in Vietnam. "I don't know that it was ever my intention to rejoin the business after I got out of the Marine Corp. I had an interest in cars and had a dream of owning my own mechanic shop," he says. "My father and his partner at that time asked if I would rejoin the company and the rest is history."

Today, Hodges is the only stockholder.

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Technology supports Royal's ability to provide a quality product. The company recently invested in new Bobst diecutters and folder-glueers.

His father passed away 20 years ago.

"My father and I had a unique relationship. We became best of friends in the business," Hodges says. "My dad and I really meshed well. He was a good mentor for me. We definitely agreed on strategies and had an extremely close relationship. I miss him dearly."

The father-son team built the company on a reputation of consistent high quality, on-time delivery, state of the art facilities, trained personnel and outstanding customer service. Continued growth and expansion has prompted several relocations. The current 172,000-sq-ft facility sits on 10-acres and has 175 employees.

The company serves customers that have a strong emphasis in government

PPC GAIR AWARD

regulated industries with difficult FDA requirements. Seventy percent of the product mix is in the biotech, pharmaceutical and medical device industries. The remaining 30 percent is in cosmetics, nutraceutical and confectionary.

"Some of the boxes that we make today are for products that nobody in their wildest dreams had thought about a decade or two ago," Hodges says. "What's around the corner for California, I don't think anybody knows. We are the leaders in innovation. I don't know what tomorrow's market brings, but we are certainly willing to adapt."

Value Proposition

Technology supports Royal's ability to meet the rigors of consistently providing a quality product — often in industries that have stringent regulations. From a cost and regulation standpoint, operating in the state of California can be challenging. "California is not the most expensive place to do manufacturing, but we are definitely up there in terms of labor, workmen's comp and medical insurance," Carlson says. "Newer technology can reduce our burden or allow us to create more product and have higher productivity without adding labor. We are definitely up to date on our technology where it makes sense for us.

"Jim is very on top of what's going on in the industry and keeping his finger on the pulse of what the different equipment manufacturers are offering," he continues. "Royal has never been shy about pulling the trigger on purchasing equipment that makes sense."

Royal has five printing presses, including Heidelberg 30 and manroland 40 and 50-inch, and is currently looking to upgrade its printing equipment. The company recently invested in new Bobst diecutters and folder-glueers. In addition, the company is state of the art when it comes to plate and diemaking, quality control, and finishing options, such as hot foil stamping, embossing and custom coatings.

"Our strategy is to be absolutely committed to staying up to date on any technology or equipment that makes sense for our market," Hodges says.

Adds Carlson, "If there are unseen markets that we can tap into via technology, via equipment, that is all explored. It's that adaptability that has kept Royal current. To my chagrin, Jim will not let us turn our backs on any possibilities. There is never a dull moment here. We will investigate everything. There are no stones left unturned."

"Jim likes to add his experiences to our discussions to help us come up with the best solution and if he thinks we're going the wrong way, he'll emphasize those a little greater," Carlson says. "He is involved with all aspects of our company and is very much abreast of what is challenging this company at all times.

"He has been doing this for quite some time and he has a lot of knowledge for solutions for some of those challenges," Carlson continues. "He really relies on his management team and challenges us to come up with the solutions first and then he likes to poke holes in them and give us other things to think about to make sure that those solutions are the best for the company."

"I like to think of myself as viewing situations from 30,000 feet," Hodges says. "When you're on the ground in the forest you can't necessarily get a grasp of the whole picture. I'm kind of a big picture guy."

While these back-and-forth strategy

discussions can be time-consuming, Carlson says Royal's senior management wouldn't have it any other way. "It's nice to be able to tease back and forth. Jim is a wonderful navigator who constantly keeps us on our toes. He is appreciated here beyond words can describe."

Giving Back

Royal Paper Box is a long-time member of the PPC, and Hodges has served on the Board of Directors. "I feel very strongly that the Paperboard Packaging Council is the only voice that we as converters have for the industry in Washington. PPC has done a tremendous job of representing the folding carton business as far as the Walmart initiative goes," he says.

It is a reciprocating relationship. In return for the value Hodges receives, he believes strongly in giving back by supplying the PPC with carton plant data.

This same philosophy of giving back holds true in his private life. Hodges is actively involved in a variety of philanthropic causes. One example is Operation Christmas Child (OCC). A ministry of Samaritan's Purse, the program distributes shoeboxes filled with personal care items, toys, candy and school supplies to needy children around the world.

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Hodges first became involved with OCC in the mid '90s through his church. "I had our sample department make me an empty shoebox because I throw mine away," he says. Since then, Royal has donated more than 10 million shoeboxes over the years to help. "We make the shoeboxes at Royal Paper Box or have them made somewhere else and we financially support it," he says.

Hodges has even traveled to Nicaragua, Mexico City, Equador, and Bosnia to help distribute the shoeboxes.

He is also involved in other Samaritan's Purse projects. The humanitarian organization has met the needs of poor, sick and suffering people in more than 100 countries.

Closer to home, Hodges supports local rehabilitation centers, schools and many other charities. Every year a group of elementary school children visit Royal and sing Christmas carols as a way of saying thank you.



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Family and Fun

Hodge's philosophy of giving back adds to the overall sense of employee pride, which he says is very gratifying. "I feel that I've got a group of employees who are appreciative of our company and understand how much I appreciate them."

Adds Carlson, "There is definitely a synergy and a feeling of connection that the employees are connected to the owner and the owner is connected to the employees for more than just the profit."

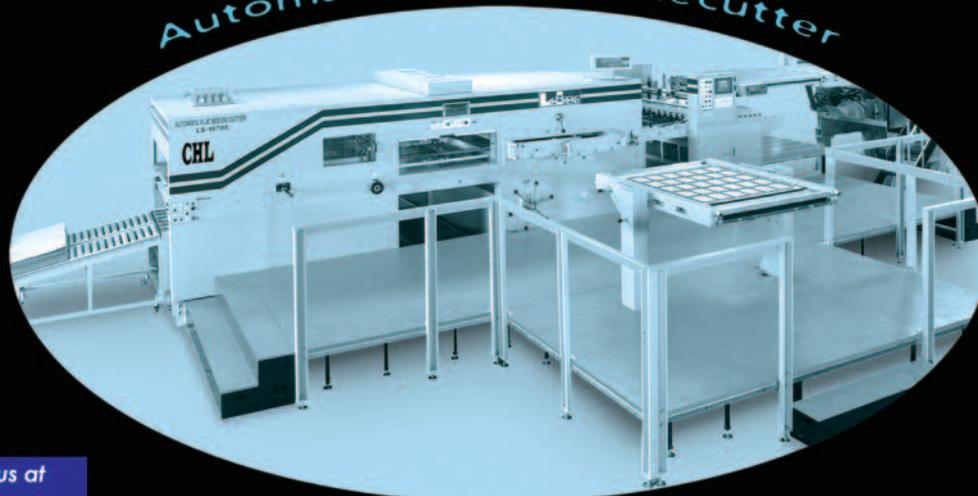
"A high priority for me is to keep it a fun atmosphere. Enthusiasm breeds enthusiasm. Gloom breeds gloom," Hodges says. "I think the working conditions are something that is appreciated as much as compensation at our company. We try to run it like a family and have fun."

Hodges, who is 65, says he has no immediate plans to retire. However, when he does, he says the company will be in good hands. "We have a strong senior management team which is part of the succession plan."



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