

## **What Would YOU Do?**

### **You Are on the Board of One Public Company with Two Corporate Cultures.**

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Papermill, is a public a Delaware-incorporated regional paper company headquartered in New York State with five Mid-Atlantic offices. It reached a strategic inflection point as digitization, remote work, and the rise of AI reduced demand for its core paper products.

The company's challenges intensified when its largest customer, the national stationery superstore Rivets, canceled its contracts amid multi-year store closures affecting communities in Norwalk (CT), Howell (NJ), Whitehall (PA), and Scranton (PA), creating immediate commercial and local ripple effects.

In response, Papermill acquired Franchesca, a 2019 startup founded by Frankie Javitz that offers tiered subscriptions and online services for remote workers, leveraging platforms such as **Canva** for customization to enable a pivot toward digital services while maintaining legacy lines.

### **Governance Context and Leadership Landscape**

Papermill's board comprises seasoned industry directors and one relatively new member, Director Anna Adams, who brings technology and organizational change expertise but has limited exposure to heavy operations—a mix that shapes the board's approach to oversight during the transition.

The management team is led by CEO Michael Scott, who is determined to reposition Papermill through Franchesca's digital model without abandoning the company's legacy products, reflecting a dual-track strategy. Meanwhile, the workforce is anxious, local communities brace for secondary impacts from the Rivets closures, and suppliers express concern about near-term volumes as Papermill updates its forecasts, signaling broad stakeholder sensitivity to the company's next moves.

### **The Emergency Session: Establishing a 90-Day Stabilization “Flight Path”**

Within days of the Rivets cancellations, the Board Chair convened a special session to test organizational resilience and define the first 90-day “flight path” for stabilization, aiming to balance urgency with disciplined oversight.

The CEO outlined both the immediate revenue loss and the deeper structural risks tied to digitization, hybrid work patterns, and AI-enabled alternatives, framing the crisis as both cyclical and secular. The CFO presented downside sensitivities indicating that the cash runway could be at risk if volumes decline more rapidly than expected and seasonal back-to-school orders soften, elevating liquidity management as a near-term imperative. The CHRO emphasized morale headwinds and a need for rapid reskilling to support a subscription-and-services business, underscoring the critical human capital dimension of the pivot.

## **Reframing the Board’s Role: From Crisis Response to Change Governance**

As debate intensified, Director Anna Adams reframed the discussion around a central question: What is the board’s role in guiding change so that a market-driven crisis is not compounded by execution failure? Adams urged the board to make the case for change explicit, align leadership and culture, and install disciplined oversight using leading indicators rather than relying solely on lagging financial metrics, thereby sharpening governance of the transition.

Acting on this guidance, the board authorized a targeted 90-day plan to: protect the base, stabilize cash, and stand up an integration office to blend Franchesca’s product, technology, and customer experience into Papermill’s go-to-market approach. The board also requested a communications program to clearly explain the pivot, its rationale, and the personal “what’s in it for me” for employees and frontline managers, recognizing that clarity and credibility are essential to execution.

## **Six Months In: Mixed Outcomes and Emerging Tensions**

At the six-month milestone, results were mixed: subscriber trials exceeded plan, yet churn was significant in the lowest tiers, suggesting early product–market fit but challenges in sustaining value at entry levels. Operationally, supply chain constraints and legacy systems created friction that slowed subscription box fulfillment, illustrating integration and process hurdles as the business model evolves.

Culturally, friction emerged between Franchesca’s startup culture and Papermill’s process-heavy routines, complicating collaboration and speed of decision-making. Founder Frankie Javitz remained engaged but raised concerns about resource bottlenecks, indicating a retention risk absent greater autonomy and clear success metrics, thereby elevating talent and incentive alignment as priority issues for the board and management.

**YOU ARE ANNA ADAMS AND YOU HAVE SCHEDULED LUNCH WITH MICHAEL SCOTT. WHAT DO YOU PLAN TO SAY.**