Preferred citation: J. Ehretsmann. The role of the contract research laboratories in fundamental paper-making research. In **The role of fundamental research in paper-making**, *Trans. of the VIIth Fund. Res. Symp. Cambridge*, 1981, (Fundamental Research Committee, ed.), pp 1063–1068, FRC, Manchester, 2018. DOI: 10.15376/frc.1981.2.1063.

## THE ROLE OF CONTRACT RESEARCH LABORATORIES IN FUNDAMENTAL PAPER-MAKING RESEARCH

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#### Abstract

The particular role played by a contract research laboratory such as Battelle will be examined. This role is affected by the different approaches which a contract research laboratory has necessarily to adopt. Specific single-company sponsored research, as opposed to government or multi-company programmes, is seldom fundamental. However, the advantages of using a nonspecialised laboratory to address specialised problems are several, and examples will be given of the results which can be obtained in this context.

#### Introduction

The contribution that a contract research laboratory can make to the development of a company's operation is obviously very different to that of the company's own R & D facilities. A contract research organisation's contribution is, by definition, marginal. Marginal, not in the sense that the effects of a contract awarded are of only relatively low importance, but marginal in the sense that a company exploits contract research, generally speaking, as a complementary facility.

In this respect the influence of a contract research organisation is modulated by the role which it is <u>allowed</u> to play. This becomes clear if the various modes of collaboration between such laboratories and their sponsors are considered. Three main types of such interactions can be identified:

- A company with little or no R & D potential, addresses itself in an on-going fashion to a contract research organisation. Here the latter more or less replaces the non-existent facilities and plays, as long as it is allowed, the role of an in-house institution.
- A company enters into a time-and-cost limited agreement with a contract research organisation with a view to solving a specific problem.
- 3) A company is attracted to a contract research organisation by a particular innovation proposed by the latter. Here we have the case of the organisation's being able to exercise considerable influence on research policy since we assume that the innovation exists (either as a result of an internally funded programme, or of a "technology transfer" from another industrial area), and will in any case come to fruition with somebody.

The role of a contract research organisation can thus be, in the limiting cases 1 and 3 above, passive or active. In the former case, its quantitative contribution to research will of course depend on the willingness of its sponsors: its qualitative contribution will depend on the solidity of its resources and on the scientific and technical level of its personnel. It is in the latter case, however, that these organisations can blossom and play a very positive role in furthering innovative research. As a corollory to this it should also be stated that only if the laboratory continues to be innovative, can it exploit the third possibility.

It appears judicious to limit further considerations to just this last, pro-active case, and study by what mechanisms a contract research laboratory can play an active role for the paper-making, or any other industry.

#### Out-of-house research organisations

Laboratories carrying out contract research can be classified in two categories:

- professional research organisations set up by the government or by an industrial sector to pursue research in that sector
  dozens such laboratories were set up, particularly in the UK, in the postwar period, covering coal, cement, leather, etc.,
- . contract research organisations, as exemplified by Battelle, covering a wide range of disciplines under a single roof.

The former are generally financed partially by a direct levy on the sales volumes of the companies making up the particular industrial sector, and partially by a government grant. In addition, specific research contracts can also be arranged, and in these latter cases the mode of operation will converge towards that of contract research organisations. In many cases, professional research organisations have been subjected over the last few years to the negative effects of the industrial economic situation; falls in sales, mergers between firms, and falling "guaranteed" revenue has necessitated a change in strategy, often exemplified by a more positive and aggressive attitude to contract research.

#### The organisation of internal research

If, as we intended to do, consideration is given only to the pro-active approach to contract research, the question arises as to how a contract research organisation can ensure that it attracts companies, and maintains a satisfactory level of business in its laboratories? Just as the R & D activities of an industrial company determine to a large extent the success of the company's future operations, so in the same way, but perhaps to a lesser degree, does a judicious choice of internal R & D topics influence a contract research organisation's future development.

It is essential therefore, in this latter case, that management address itself to the problem of the selection of objectives, and distribution of internal resources with the maximum degree of perspicacity.

Complex factors must be taken into consideration for this purpose:

- . the economic evolution of industrial sectors, both individually and in relation to each other
- . the specific problems and requirements of industry
- . the impact of new technologies, or those "transferred" from one industrial technical area to another
- . also internally, the ability, a priori, of material and human resources available to pursue successfully a proposed approach.

In practice, the choice of internal R & D topics is made in two different contexts: either a pronounced identified industrial need justifies the attribution of an internally funded study (initially zero innovation), or an idea thrown up by one or more scientists is estimated to be plausible in terms of a potential market. In order to operate a valid selection it is imperative that use is made of all relevant data. This implies the cooption, in the selection process, of persons qualified in the scientific comprehension of the proposed topic and also of those qualified in the technical and commercial aspects. This selection process can be termed "validation", i.e. a comprehensive analysis of the potential of an embryonic topic considered in terms of

- . the scientific feasibility
- . the market feasibility (commercial viability)
- . the financial feasibility in-house (i.e. the relative availability of internal funds, taking into account other projects).

From the management point of view, this implies an organisational structure which provides resources, essentially people, with the capability profiles for contributing to this process.

We believe that this validation process is an important management tool and must be formalised, and that in addition to the scientists and management concerned, it is indispensable for contributions to be made by persons with a sound knowledge of the industry concerned in the proposed research. In Geneva, this input is assured by one of several key people who each has the responsibility of representing one industrial sector. These persons represent the interface between the research groups which are essentially disciplinary, and the market-place, which is obviously not. They are not directly involved in research but have the mission of confronting, creatively, the requirements and needs of industry, with the capabilities and innovative proposals of the research groups.

#### The innovative process

We have stressed the importance for a contract research laboratory of adopting a pro-active attitude towards potential clients. This implies originality and quality in research programmes developed and proposed for sponsorship. Although originality cannot be made to order it can be strongly favoured by the appropriate management structure and working environment. The two key components for achieving this, apart obviously from the quality of the research personnel, are the motivation of that personnel, and the possibility of disciplinary interactions leading to new approaches. The former is attained by decentralisation of responsibility, tempered by the identification and definition of specific objectives at the research scientist level.

The latter has become one of the most positive aspects in the development of new research programmes, mainly because of the increasing complexity of problems confronting industry today, and the competition in new product and process development. There are many examples of the fruits of such interaction, and a few will be presented.

#### Conclusion

This short analysis has concentrated on particular aspects of contract research to the exclusion of certain considerations, such as management and costing of projects which are not significantly different from situations encountered in other research contexts, and probably less acute to the extent that contract research programmes are generally cut and dried, financially speaking, before being undertaken. From the management point of view, suffice it to say the advantage of a contract programme allows modulation of the research team, within the constraints of the financial envelope, to ensure that optimum capabilities are devoted to the programme at all times. This advantage, combined with the scientifically and technically original contributions which contract research laboratories can very often make, justifies the confidence which is increasingly placed in such organisations.

### **Transcription of Discussion**

## Discussion

# Discussion following prepared discussion contribution from Dr. J. Mardon.

#### Mr. D. Attwood, PIRA, UK

Dr. Asaoka, in your preprint you discuss Japanese government subsidies to your institute. Can you tell us please a little more about this, in particular, what ratio of funding you expect from industry and from government?

#### Dr. H. Asaoka, JPRI, Japan

The Japanese government gives no subsidy to any industry. If the government wants work done in a particular field, it discusses this with the appropriate companies, who put up the necessary money. Thus, in general, the government doesn't subsidise any industry.

#### Mr. A. Ibrahim, AccuRay Corporation, USA.

Mr. Justus, references to the concept of the extended nip press can be found as long ago as 1967-68, where Wahlström and others showed that the applied pressure and its duration could be varied to achieve optimum pressing of a specific grade. This work was supported in publications of Beloit's own research. I see Beloit's development of the extended nip press as the first stage in the practical application of these results. Does your Corporation have any plans to go to a second stage, in which the applied pressure and the drainage flow are under operator control, and variable to suit the product?

#### Mr. E. Justus, Beloit Corporation, USA.

The extended nip press is a project on which Beloit have been working for over ten years. On a three dimensional plot, showing sheet moisture as a function of both nip residence time and nip pressure, the area of practical interest can be enlarged with the extended nip press to include nip residence times of up to 30 ms, at pressures up to about 600 psi, leading to increases in sheet dryness of some 25% over conventional presses. Physically, the heart of the extended nip press is a curved shoe fitting beneath the press roll. It is about ten inches long in the machine direction, and loaded hydraulically to about 600 psi, equivalent to about 6000 pli in a conventional nip. There is a belt adjacent to the shoe, and the two felts and the paper sheet run between the belt and the Venta-nip press roll.

Lubrication is by oil applied between the belt and the shoe, whose mechanics are the same as those of a crown-controlled roll. The first commercial unit was assembled and run in the shop, and has been running on a paper machine some nine months. A full report will be given on it at the Tappi meeting shortly.

It is imagined that an extended nip press could be used in a liner-board machine as second after a double felted first press. This combination should give drynesses into the dryer section of above 45% dry. The advantages of the extended nip press seem to include a reduction of about 25% in the amount of water to be evaporated, and an approximately 15% increase in sheet density.

Mr. S.F. Brailsford, Reed International Consultants Ltd., UK

Mr. Justus, you implied that it was best for machinery development to be left to the manufacturers. However, surely the interests of the paper and board machinery suppliers are diametrically opposed to those of the paper manufacturers? We, the paper producers, prefer to use the least quantities of chemicals and the cheapest machines possible, which must surely be against the interests of the chemical suppliers and machinery builders. Thus I put it to the panel that the paper manufacturers find it hard to believe that it is in their own best interests to leave all R & D to the suppliers.

#### Mr. E. Justus

I don't want to travel with an airline that designs its own aircraft and I don't believe that in the long run it would be economical for airlines to do so. Machine building is a specialised trade, and the builders are to be commended for eliminating expensive and difficult to maintain, but very profitable, items from machinery (e.g. suction rolls). Machine speeds have doubled on almost every grade of paper over the past twenty five years, and the cost of machinery per unit of production has increased less in the paper industry than in almost any other.

#### Dr. A. Mawson, Wiggins Teape, UK

Many people in paper-making argue as Mr. Brailsford, but I believe that competition forces suppliers to continue improving the performance and productivity of machinery. While I believe that discontinuous innovation is most likely to arise outside the industry, I am sure that incremental technical improvements will always come from within.

#### Mr. B.W. Burgess, PAPRICAN, Canada

The position isn't at all clearly defined. No organisation has a monopoly of expertise, so I don't agree with Mr. Justus that all machinery development should be left to the manufacturer.

#### Dr. D.A.I. Goring, PAPRICAN, Canada

Mr. Justus, is your Corporation working on air-forming for high speed machines?

#### Mr. E. Justus

No, and there is a reason. It seems to us that what gives paper its particular characteristics, is the hydrogen bond. Dryforming is for speciality products, while my Corporation is in the business of supplying machinery for making commodity grades. We intend leaving dry-forming to the speciality machine builders.

#### Dr. A.H. Nissan, Chairman

This issue doesn't need to be polarised, and while I would hate to suppress inventiveness amongst users, I think that I am in favour of most of this development being done by machinery builders. The cost of research by suppliers can, except for royalties, be distributed over a large number of units if it is successful, whereas this is not the case of research by users.

#### Mr. B.W. Attwood, Consultant, UK

Mr. Justus must realise from his own experience that machinery innovation can be a two way process. His corporation has made use of ideas developed by paper-makers and developed them to levels unattainable by their originators.

On the subject of air-forming, it is important to bear in mind that it is a speciality process, not for general application. I am concerned that, unless it is being done in secret, none of the major machinery manufacturers is investigating either this or any other of several new ideas, which may be the precursors of technology discontinuities. It looks very much to me as though the main research effort at this time is into evolutionary modification.

#### Dr. N.K. Bridge, PIRA, UK

A report on innovation and the factors influencing it has been prepared by the Science Policy Research Unit at the University of Sussex. One of the conclusions presented there was that innovation is often initiated by users, then further developed by the suppliers. This seems very natural, and I am sure that Mr. Justus recognises the approach.

#### Mr. F. El-Hosseiny, Weyerhaeuser, USA

I think that the development of machinery should be left to anyone who wants to do it, though I agree that the manufacturers are likely to make a better and cheaper job of it. But papermakers have to be careful not be inveigled into buying extremely expensive equipment that they neither understand nor need.

#### Dr. J. Colley, APPM Ltd., Australia

Development and innovation doesn't stop as soon as equipment is delivered to the paper mill machinery house. Most installations have an element of speciality about them, and no manufacturer can expect his machines to suit every application straight away. The last stage of development, in the paper mill, is usually conducted by the paper-maker, though with the manufacturer usually present too.

#### session 8 (part 2) discussions

#### Dr. J. Mardon, Omni-Continental, USA

Dr. Justus has a valid point, from one particular viewpoint. The key to managing R & D lies not in knowing what to do, but in knowing what not to do. By tying up a lot of limited resources of expertise and equipment in machinery research you are not equipped for, your research operation will be very ineffective and you would have done better leaving it to the manufacturers. I am sure that is what Mr. Justus was referring to, as both he and I have seen many examples of it. If a paper-maker has an innovative idea, then his most effective way to exploiting it, is to develop it himself as far as he reasonably can, before taking it to the machine builder for further improvement. But to try to produce large scale pilot plant is a mistake.

#### Dr. A.H. Nissan

Without wishing to take sides, I will just mention that Tsai Lun, M. Robert, and the Fourdrinier brothers were all users. The twin-wire was a user development, and I think George Tomlinson was a user. But machinery builders have produced revolutionary changes also. Dr. Mardon's point about when to take a developing idea to a machine builder is important, because, whatever else, the builder does have experience of how to design and make pieces of machinery that work, and the outcome of the idea will be much influenced by whether or not it works. There isn't however a god-given law about this.

#### Mr. G. Place, Proctor and Gamble, USA

I believe there is a god-given law on this subject, which is that the R & D management and the general management of a company must have a very clear view of what business they are in. What I hear from Mr. Justus is a very clear view of his business, and therefore a very clear view of the research his company will undertake. If a revolutionary change does come about then Beloit either will have to have made arrangements with their research group to switch to the new technology, or go out of business. Thus the primary strategic question for a company is to resolve what business they are in, and for both R & D and general management to see it the same way. This view of the business can be as narrow and specialised as you like, provided there isn't some discontinuous change of technology. As soon as one occurs, the view will have to be widened if the company is to remain in business.

#### Mr. E. Justus

A lesson I saw illustrated very well the other day during a visit to the Imperial War Museum is that the simplest way of doing a thing is the best. The example I saw was of World War II aero engines, amongst which the successful ones stood out by virtue of their simplicity and cleanliness of design. I thought this example one of the best of the artistry and rightness of design that I have ever seen.

#### Dr. A Mawson

The similarity between two of the engines you looked at, the Rolls and the Daimler Benz, probably illustrates a point we are overlooking, namely that we learn much from our competitors.

#### Dr. A.H. Nissan

Before bringing the discussion back to paper-making, I must just say that the most successful aero-engine design has been the turbine, developed by an RAF engineer, a user.

#### Mr. B.W. Attwood

What happens to an innovator from a paper mill who has a idea, but who can't interest anyone, either machinery builders or other paper-makers, in it? He must have something material to show them, because innovation is concerned with doing things differently.

#### Mr. P.E. Wrist, Mead Corporation, USA

I see a difference between invention and innovation. The innovation mentioned by the previous speaker was not in widespread, successful, commercial use and therefore was not, as I understand it, an innovation. It was only at the stage of invention. To qualify as an innovation, as I see it, an invention has to be in commercial use.

#### Mr. J. Gough, Wiggins Teape, UK

Mr. Wrist, in the last diagram you showed in your presentation, demonstrating the relationship between the research resources required and the rate of growth sought, what was the scale of the x axis, the research resources? If it was percentage annual sales, then it implies that for a major breakthrough, it is necessary to spend around 6% of annual sales revenue on R & D. This is an unheard-of figure in our industry.

#### Mr. P.E. Wrist

Those figures were drawn from the examples firstly of a number of companies undertaking minor product development, who seemed to be spending, on average, rather less than 1% of annual sales: secondly, those who, while doing good development work, were remaining within their industries, spending 1-3%: thirdly, some examples of companies breaking into new markets. I would be the first to agree that present annual sales is a poor way of quantifying expenditure. For a conglomerate, with enormous sales, the amount required to penetrate a new market is a rather small percentage. My main point in that diagram was, to make a major breakthrough a company must spend on R & D atfar higher rate than it need just to maintain market position.

#### Dr. A.H. Nissan

If, in a business with annual sales of \$1 m, a product improvement is introduced that increases sales to 2 m, then it doesn't follow that R & D spending should double. So, this annual sales percentage issue is very misleading. I have seen only one article, many years ago, where an attempt was made to calculate, accurately, recommended levels for R & D expenditure. The calculations were involved, and required taking account of product life and profitability, amongst other things.

#### Mr. D.G. Croxon, Kimberly-Clark

Mr. Wrist, would you think it advisable to involve research workers in discussions of profitability, or do you believe they should be left totally in isolation, not even allowed telephones?

#### Mr. P.E. Wrist

I don't think taking their telephones away will much improve profits. There is an advantage in having at least the research managers know something about business and the factors that influence profit. However, that isn't their primary concern, which must be the identification of new technical opportunities to be brought to the main management's attention. They must point out the advantages, while recognising that the company is a team effort in which there are others more skilled in making financial judgements. This way lies the course to a true corporate decision on the viability of new projects. Profitability is very difficult to relate to R & D, and by loading such matters onto R & D personnel, the risk is of giving them too much to worry over, such that their performance is impaired. Still, they should be aware that making a profit is one of their company's objectives.

#### Dr. J.L. Brander, Wiggins Teape, UK

Expenditure on R & D is sometimes believed to be a function of what industry you are in. In other branches of machinery building 6% of annual sales is considered adequate to keep market position, without expecting any breakthroughs. I would like to ask Mr.Justus if the same is true in paper machine building?

#### Mr. E. Justus

6% is a lot and we would like to have a budget like that, but we don't.

#### Dr. M. Hussain, Abitibi-Price, Canada

From one of the charts in Dr. Asaoka's paper, I see that Japan consistently spends less as a sales percentage on R & D than we do in USA, in every industry except iron and steel.

#### session 8 (part 2) discussions

Since we all recognise that the Japanese economy is doing better than that of the US, is there something significant in that? Also, I would like to ask Mr.Justus if he would care to comment on the suggestion I have heard, that Beloit deliberately held the extended nip press back in order to protect their foundry business?

#### Mr. E. Justus

The reason for the extended nip press' long development period, was arriving at a suitable mechanical arrangement that would survive in a paper mill. The belt was the most difficult part of the assembly. Our first design made use of hydrostatic rather than hydrodynamic bearings. The development has been hard work, and if you were to see our annual expenditure figures you would see that we weren't trying to hold back on it. We are in competition with the world in machinery production and if we have a development that will make more paper at lower cost, we won't hold back on it.

#### Dr. A.H. Nissan

The development time of the extended nip press was not unusually long.

#### Mr. A.G. Marriott, BPBIF, UK

There has been very little discussion about the financial justification for R & D, though it has been suggested, especially by Mr. Wrist, that it is essential for a company's survival. Would anyone of the panel like to comment on the quite widely held belief that it doesn't pay to be market leaders in an innovation, and that the second group in, the copiers, stand to do much better? The Japanese at one stage of their post-war development seemed to illustrate the truth of this.

#### Dr. A. Okagawa, JPRI, Japan

Japanese industry spends roughly 0.3 to 0.4% of sales on R and D, which is comparable with what is found in other countries, not less as has been suggested.

#### Dr. W. Adams, AccuRay, USA

We have discussed to some extent how inventions come about, before being developed into innovations. I think they usually come into being wherever a problem is well identified, and where there is stress. The greatest inventiveness is shown in time of war, or when companies are in trouble. So if people of inventive minds are subjected to stress, then inventions result. To develop further, to the innovation stage, using Mr. Wrist's definition, involves people with marketing skills. So, bearing in mind what I've said, I would like to ask anyone on the panel if they have ever tried taking their problems to their suppliers in a stressful way?

#### Dr. A.H. Nissan Can anyone on the panel define "a stressful way"?

Mr. P.E. Wrist

The big thing that helps change an invention into an innovation is an identifiable market need. The chance of rapid adoption of an invention when there is a need for it are great. This shows in statistics too, such that some 80% of innovations can be shown to be in response to previously identified market needs, whereas only 20% arise without a market need. That doesn't mean that the latter group is unimportant, because when such inventions finally gain acceptance they often provoke change, revolutionary rather than evolutionary.

Lasers are a good example. For years after their development they were virtually unexploited, yet now we see that they will probably be at the heart of the next revolution in communications technology. We need both kinds of inventions, but in an industry where it is important to make a profit every year, it is probably better to look for inventions that meet market needs, rather than the other sort.

#### Mr. E. Justus

If a customer with an invention wants to provoke a response from us, then his best chance is to spell stressful "M-O-N-E-Y".

#### Dr. A.H. Nissan

On that, which defines the essence of all our involvement in the industry, I think we should call a halt.

Today we have had fourteen panelists give their views on various aspects of R & D, and I think that the fact that I have had to cut short the discussions must testify to the high standard of their various presentations. Thank you for putting such efforts into the preparations.

#### **Concluding Remarks**

#### Mr. M.I. MacLaurin

Firstly, I want very much to thank Dr. Nissan for so ably chairing today's proceedings. It required much preparation and hard work, but the results have well justified the effort. So, on behalf of us all, Alfred, thank you.

Thank you, also, the Engineering Dept. Staff who have been working behind the scenes, handling the audio equipment and projectors, as well as the very efficient people, Sandra and all the UMIST students, who have been doing all the microphone work, and the two girls, Katherine and Dawn, who have been manning the front desk.

I will be brief in closing this symposium because many people have a lot of travelling to do this evening, and I want to sustain our reputation for being on time. But I shall speak for a few minutes about the next, the eighth, to be held in 1985.

Firstly, a large number of delegates has in fact responded to my request for opinions yesterday, and it is quite clear that we shall be at Oxford unless some compelling difficulty arises. We shall start investigating right away, to see how things can best be arranged to overcome some of the problems we have had here. But is does seem that a majority would prefer being at Oxford.

Secondly, this particular meeting in its first morning and its last day, has departed somewhat from the tradition of these symposia, and I think that format has been timely for 1981, especially as regards todays discussions. However, I think it is not something we shall repeat too soon, and the 1985 meeting will be essentially scientific throughout, with a return to the format of previous symposia in the series.

Thirdly, you may recall that, in my opening remarks on Monday, I suggested we didn't need a theme for 1985. Well, even before the first working session Dr. Rance had put his disagreement on record, and it has become clear during the week that most people here disagree with me on that. So I am now persuaded of my folly and publicly repent.

What really convinced me was the emergence during the week, based upon a lot of help from everyone, of an idea for a theme, endorsed by the committee. We shall have to sort out the wording of it, but, as we all know, the paper-making processes and the properties of paper products depend very much on the properties of the pulps we use and the processes by which we prepare them. In 1985 we intend to bring those relationships together as the theme for the symposium. If anyone has ideas about this, even if you think it is utterly wrong, I would like you to write to one or other of the committee.

Now, all that remains to be said is thank you to everyone for taking part in the week's events. Travel home safely, and let's all meet again in 1985.