

Perspective

ONLINE

Barry-Wehmiller Companies, Inc.

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Our Lean Journey

*Barry-Wehmiller begins
the next chapter in Lean*

A BusinessWeek Report

*New approach to offshoring
garners national attention*

Honoring Our Heritage

Profile of William A. Chapman

The Evolution of **FleetwoodGoldcoWyrd**

Conveyance Company
Emerges as a
Leader in Packaging
Automation Industry

Barry-Wehmiller

ACCRAPLY

Barry-Wehmiller
International Resources



MarquipWardUnited

pneumatic
SCALE



Barry-Wehmiller
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FleetwoodGoldcoWyrd

Thiele


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DESIGN  GROUP

Hayssen
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With a corporate history of more than 120 years, Barry-Wehmiller has emerged in the past decade as a strong American company, committed to creating great American and global jobs serving a variety of international markets. With nearly 4,000 team members in 40 locations worldwide, and revenues approaching \$800 million, we are one of the largest and most diversified capital goods producers in the Western Hemisphere.

In recent years, with the momentum of achievements, we have grown to more fully appreciate the impact we can make on the lives of the individuals and families who are part of Barry-Wehmiller. Various motivation and leadership programs have emerged from our experiences and have allowed us to refine our strategy to that of "Achieving Principled Results on Purpose." To sustain and nurture this culture of principled leadership, we are working to institutionalize these programs to create the foundation of a "Living Legacy of Leadership."

Our Motivation Team—now named the Organizational Empowerment Team—has renewed its commitment to fostering an environment of high-performance that provides opportunities for our team members to share their talents and realize their full potential—a goal that will ultimately impact every stakeholder in the organization. By communicating individual and team successes across the organization, we continue to be a learning enterprise, dedicated to building on every successful experience and applying those lessons to other segments of the business.



With a growing reputation for our distinctive culture and proven business practices, Barry-Wehmiller has been fortunate to continue to attract highly experienced leaders throughout our business. We look forward to continuing to build a visionary management team that embraces our key strategies for sustained growth. This spring, veteran Lean consultant Dick Ryan will join Jerry Solomon and our team as we accelerate our journey toward becoming a Lean enterprise. The principles of Lean Production will allow us to make significant improvements in productivity and responsiveness to the market—while empowering our team members through alignment with our Guiding Principles of Leadership—to help establish a long-term competitive position for years to come.

Today, Barry-Wehmiller has four platforms for growth globally: packaging machinery, corrugating machinery, paper converting machinery and consulting. With revenues approaching \$800 million, we believe that our continued focus on a healthy combination

of organic and acquisition growth will allow us to achieve \$1 billion in revenues within the next few years, and we are clearly pacing ahead of this path with the nine acquisitions and the organic growth recorded in 2005.

While the majority of our growth in recent years has been achieved through acquisitions, we feel that over the next two years, the balance will shift to organic growth as a result of the synergism of our business combinations. MarquipWardUnited, PCMC, FleetwoodGoldcoWyand, Design Group and Barry-Wehmiller International Resources are experiencing encouraging growth and appear to have more potential with continued gains in market share.

Our business model and related strategies for growth have allowed Barry-Wehmiller to grow in revenue and earnings despite the overall economic issues facing our markets and manufacturing in general. It is clear that the combination of our strategies, empowerment programs, acquisition disciplines and principles of leadership has created a firm foundation for our future.

While we have experienced record growth, we are confident that there remains considerable value in Barry-Wehmiller today. Our increased focus on organic growth and motivation programs has been enhanced by the continuing growth of our leadership teams, which are applying these principles throughout the organization. This allows us to share best practices and further our creation of a lasting and meaningful business legacy. With this opportunity before us comes the responsibility for stewardship of the rich histories of our 33 companies and, more importantly, the lives and communities that we impact. ■

Barry-Wehmiller Guiding Principles of Leadership

We measure 'success' by the way we touch the lives of people.

- A clear and compelling **vision**, embodied within a sustainable business model, which fosters personal growth.
- **Leadership** creates a dynamic environment that
 - is based on **trust**
 - brings out & **celebrates** the best in each individual
 - allows for teams and individuals to have a **meaningful role**
 - inspires a sense of **pride**
 - **challenges** individuals and teams
 - **liberates** everyone to realize "true success."
- **Positive, insightful communication** that empowers individuals and teams along the journey.
- **Measurables** allow individuals and teams to relate their contribution to the realization of the vision.
- Treat people **superbly** and compensate them fairly.
- **Leaders** are called to be visionaries, coaches, mentors, teachers, and students.
- As your sphere of influence grows, so grows your responsibility for **stewardship** of the guiding principles.

We are committed to our employees' personal growth.

More than Motivation:

Organizational Empowerment Team Refines Its Vision

Central to Barry-Wehmiller's continued growth is our commitment to building a vibrant culture of principled and insightful leadership. The Motivation Team has supported this vision through the development of programs and resources—such as the Commitment Intensity Achievement Award (CIA²) and the Guiding Principles of Leadership—that inspire and empower individuals to achieve a meaningful role in the business.

The Motivation Team recently held a "visioning" session with the objective of articulating a clear vision for the team that would allow its members to focus their efforts for greatest impact within the organization. As a result of that session, the team changed its name from Motivation to Organizational Empowerment and began a new phase in its evolution.

"When you empower people, you provide motivation as well as the knowledge, tools and confidence that naturally fuel people to reach for the best that is within them," explained Director Rhonda Spencer. "Within our organization, this is a process-oriented, measurable and disciplined practice, and it's our goal to align all of our practices to support these ideals so they can be sustained."

The team renewed its mission to develop and foster a culture, organizational systems and leadership practices that allow individuals and teams to realize their fullest potential. By creating opportunities for people to share their talents and by communicating these successes across the organiza-

tion, Barry-Wehmiller is working to build the foundation of a "Living Legacy of Leadership," a tradition of excellence that we actively work to create each day for ourselves and for future generations.

As facilitators of this process, the Organizational Empowerment Team will continue working to identify and amplify successes; engage in the implementation of ideas that can be replicated across the organization;

sponsor and support the continual evolution of motivation and recognition programs that impact performance; facilitate the adoption of Lean philosophies throughout the enterprise, strengthening the connection to the Guiding Principles of Leadership; facilitate the "visioning" process to bring people and processes into harmony; and institutionalize the experiences in motivation and leadership so they can be effectively leveraged within the organization.

"It has always been our task to define what 'winning the game' means to people in any role in the organization and to allow them to see what a vision of success can be for them," said team member Brian Wellinghoff. "Now as the company continues to grow and as new leaders emerge, we want to provide the structures and systems that allow everyone in the company to share more effectively the lessons they've

learned from their experiences."

In doing so, Barry-Wehmiller continues to be a learning organization, dedicated to building on every successful experience and applying those lessons

to other segments of the business. "In order to do that, we need to try to understand what's happening in every situation and to ask ourselves what drives people, what makes people happy and proud to work here, and what creates those opportunities

for personal growth," Rhonda noted.

An upcoming conference sponsored by the Organizational Empowerment Team, for instance, will assemble a group of Barry-Wehmiller team members from around the world to experience our distinctive leadership environment in the U.S. and to explore how the Guiding Principles of Leadership—with its universal concepts of trust, pride and growth—can be incorporated in their own culture.

"It all comes back to creating an environment for high-performance," concluded team member Jennifer Smith. "That's personally unleashing your potential, sharing your gifts with the organization, and directing those gifts and abilities toward the team goal. In the end, that touches all of the stakeholders in the organization. And it's what it means to create your own legacy within Barry-Wehmiller." ■



The Never-Ending Journey:

Barry-Wehmiller Begins the Next Chapter in Lean

What does Barry-Wehmiller have in common with Toyota Motor Corporation? Japan's automotive giant is credited for developing the Lean Production system, whose proven success at transforming even the most successful companies has inspired Barry-Wehmiller to begin its own Lean journey. Now in various stages of implementation across the organization, we are working to become the next Lean success story.

Becoming "Lean" is a commitment to a never-ending journey that promotes continuous improvement. By improving business processes, you make whatever professional tasks people do more meaningful because they're constantly challenged to do them better. It is estimated that as much as 70 percent of the things we do is wasted effort. Yet Lean is about much more than eliminating waste—it's about empowering people to help create their own future in a way that's engaging and meaningful.

"Lean is naturally an empowering system. It asks people not just to come in and do the same thing every day, but to think about the process they're a part of," said Barry-Wehmiller Chairman and CEO Bob Chapman. "It's about refining the process that you go through to complete any type of task—whether that's processing accounts payable to running a machine tool. Lean is empowering because it asks you to play a role in what the team is doing and how that converts into value for the customer."

The Lean system of production and leadership incorporates a collection of tools and techniques into the business processes to optimize time, resources and productivity, while improving the quality of products and services to customers. For Barry-Wehmiller, an



Lean consultant Dick Ryan joins Barry-Wehmiller on its Lean journey.

equally important goal is the ability to recognize misalignments in what we do relative to our Guiding Principles of Leadership in order to realize our vision of a vibrant leadership culture.

"Lean provides us with an established methodology that if articulated within our GPL will allow us to take our principles to everyone in the organization and will underpin a dramatic change in productivity through empowerment," Bob continued. "We believe that the productivity we will realize, combined with the quality of our responsiveness to the market, will help us establish a long-term competitive position for years to come."

To support these goals, Bob has invited Lean consultant Richard Ryan to join Barry-Wehmiller to help accelerate and expand our Lean journey to encompass the entire organization. Dick is well-known in the "Lean community" as a member of the leadership team at The Wiremold Company, which became one of the most successful American manufacturing businesses to adopt Lean methodology. Dick was president of two subsidiaries between 1992 and 2003 and helped lead the transformation of Wiremold from a \$100 million business to a \$460 million business. After retiring in 2004, he established a consulting service, Lean Advantage, Inc., and has been actively involved in supporting other organizations along the Lean journey.

"Adding Dick to our leadership team to work full time with our divisions shows the level of our commitment to the Lean journey and its concepts, which were first introduced to us by Jerry Solomon at MarquipWardUnited," Bob said. A resident of St. Charles, Ill., near Chicago, Dick will partner with Jerry and other team members to accelerate the process of bringing Lean to the rest of the organization.

"I have been so impressed by the GPL and Bob Chapman's 'measure of success,' which promote the kind of positive and insightful communication that is vital to the success of the Lean journey," Dick said. "The ideals of trust, empowerment, education, communication and respect that are shared by the GPL and Lean are going to make the biggest difference in the success of Barry-Wehmiller's journey."

I really can't describe how excited I am to be able to work with the team to create a great American company and take Lean to another level."

The Lean system will enable Barry-Wehmiller to become a more efficient supplier of equipment to its customer base—to help them achieve their objectives—by empowering people to work more effectively. Studies have shown that 70 percent of time spent in an office or factory environment is non-value-added. With Lean, the unnecessary steps are removed by standardizing many of the required processes.

"In the Lean journey, you lead people, but you manage processes," Jerry explained. "It's not about making people work harder, but eliminating the waste in the process so that all they're working on is value-added. This allows our team members to get more enjoyment from their jobs by spending more time doing the 'right things.'"

The result is a single, uninterrupted work flow in which team members complete "paced" work based on the daily amount required to meet orders. This process often relies on bold visuals to show "actual" versus "expected" performance in clear, accessible formats throughout the workplace.

At MarquipWardUnited in Hunt Valley, Md., the accounting department under Beverly Sandroni has experienced success using Lean techniques, dispelling the myth that Lean applies only to manufacturing. The accounts payable team had become increasingly frustrated by the endless

stacks of paperwork facing them daily. To combat the backlog, Beverly and her colleagues developed a system that distributed the piles of paperwork equally among team members, in two-hour work segments, into large bins mounted on the wall. No longer facing a seemingly impossible task, the team began to enjoy a sense of achievement as bin after bin was emptied.

"Like the salesman who sold \$20,000 in parts, we could feel that we had achieved our goal for the day," Beverly said. "The result is that instead of feeling frustrated because we were behind, there's now a great sense of morale. We're making better use of time and getting more done—and there's no more backlog."

"In the Lean journey, you lead people, but you manage processes," explained Jerry Solomon of MarquipWardUnited.

Historically, our corporate motivation programs have been most innovative in the sales and customer service areas, offering clear measurables that allow team members to relate their personal contribution toward company goals. The Lean system will enhance our ability to define performance measures in all facets of the business.

"Measurables that apply throughout the organization will allow Barry-Wehmiller to put its own stamp on Lean by bringing out the recognition opportunities that have been so much a part of the motivation program," said Organizational Empowerment Director Rhonda Spencer. "By aligning the Lean journey with our GPL and empowerment programs, Barry-Wehmiller adds a more powerful 'people message' to Lean. We believe this is the next chapter in Lean to be written." ■

The Five Principles of Lean

Value: How much money the customer is willing to pay for certain products, features and services. Eliminating waste and cost from the business processes allows the customer's price to be achieved at great profit to the company.

Value Stream: The entire flow of a product's lifecycle. You must define and understand the whole stream in order to identify non-value-added steps.

Flow: The creation of a value stream in which the product never stops in the production process, where each aspect of production and delivery is fully synchronized.

Pull: The way to ensure that nothing is made ahead of time, building up work-in-process inventory that stops the flow. Production is "pulled" through the factory on a quick schedule, requiring each step in the value chain to know what is required of it each day.

Perfection: Total quality management—to continuously remove the causes of poor quality from the production processes so that the plant and its products are moving toward perfection.

Cover Story:

FleetwoodGoldcoWyard Emerges as an Industry Leader

We have felt for years that achieving a position of leadership in conveyance and material handling was a strategic focus for Barry-Wehmiller. "Nine acquisitions later, Barry-Wehmiller has achieved this core objective with the emergence of FleetwoodGoldcoWyard," stated Bob Chapman, chairman and CEO of Barry-Wehmiller.

Under the purposeful leadership of David Brown and Neal McConnellogue, FleetwoodGoldcoWyard has the foundation of a \$100 million diversified supplier of conveyance and material handling systems and is clearly one of the largest packaging machinery firms in the Americas. The foundation of this business evolution was set well over a decade ago and has evolved over the years as the strategy was refined.

The packaging industry has not seen such a leader since the peak of Simplimatic Engineering when it dominated these markets during the last quarter of a century. The underlying strategy is a blend of the best of the historic Simplimatic strategy refined by Barry-Wehmiller's focus on "visioning," which has resulted in a \$100 million business today that has the potential for significant future growth.

The combined experiences of the Fleetwood, Goldco, Wyard and Ambec teams, integrated within the Barry-Wehmiller organization, have established a dynamic group committed to a position of market leadership.

This new vision—based on a commitment to innovation, financial strength and customer service—has already allowed FleetwoodGoldcoWyard to achieve significant synergism of its products, serving a wide range of markets with integrated systems.

"Our goal was to make sure that if we brought these companies together, they would help each other as a result of the synergies between product lines and technology, and we are seeing that," David said. "Likewise, it's beneficial to belong to the larger Barry-Wehmiller

"We worked hard to create a conveyor business that had a balance of technology, markets and customers, and we succeeded,"
said Group President Phil Ostapowicz.

organization, in which the individual core competencies of the seven packaging divisions complement each other, creating new ways to provide customers with total solutions."

The story of FleetwoodGoldcoWyard, which illustrates the importance of balance and diversification, began in 1987 with Barry-Wehmiller's earliest acquisition—that of a small conveyor company located outside of Orlando, Fla., called ABC Conveyor, Inc.

Barry-Wehmiller had recently developed the "Strategy for Growth, Value and Liquidity," which focused on diversifying product offerings and improving the balance of markets served. "We realized that there could be significant potential for a leading conveyance and material handling

competency within our group, and we wanted to build this group with a good balance of markets served," said Group President Phil Ostapowicz. "It was apparent that there was a very fragmented group of suppliers serving this market and that we could accelerate the realization of our vision with a deliberate acquisition strategy."

Armed with this philosophy, the Barry-Wehmiller leadership team went on a trail of acquisitions and, in 1991, acquired both Jetstream Systems in San Francisco and Meyer Conveyaire in Denver. Both companies were leading suppliers of high-speed air handling systems. They were combined with ABC Conveyor and merged into a single entity located in Denver, called Jetstream Systems, Inc.

At the same time, Barry-Wehmiller began targeting Fleetwood Systems, Inc., and by the end of the decade, the opportunity developed to bring Jetstream and Fleetwood together to dramatically enhance capacity and balance.

With more than 40 years of industry experience and facilities in the Chicago and London metropolitan areas, Fleetwood was a leader in container and closure handling systems. Barry-Wehmiller acquired Fleetwood in 1999 and merged it with Jetstream, which was relocated from Denver to Fleetwood's existing facility in the Chicago area.

The combined new company, Fleetwood, Inc., became a leading manufacturer of a broad range of packaging automation products, including

automated feeding and line conveying, air and mechanical conveying, can-end conveying, magnetic conveying, and material handling equipment. The markets served by Fleetwood complemented those already served by Barry-Wehmiller and further strengthened its position within the fragmented packaging automation industry.

David Brown, who had joined Jetstream in 1995, and Neal McConnellogue, now vice president of sales for Fleetwood-GoldcoWyard, assumed leadership of the new company.

"We made some changes to our operational structure and adopted a business unit philosophy," David said. "Then Neal was able to recruit a number of highly experienced sales executives. Those two things coming together really propelled us forward into the future. We were able to execute projects better, on time and with higher quality. And at the same time, Neal had executives in the market who had long-standing relationships with our customers. We were able to grow from \$25 million in our first year to about \$40 million at the end of 2004. That's about 12 percent growth each year."

During that time, Barry-Wehmiller also acquired I&H Systems and merged its coolers, rinsers, pasteurizers, tray denesters and low level depalletizers into Fleetwood's existing product lines.

"We worked hard to create a conveyor business that had a balance of technology, markets and customers, and we succeeded in that," Phil added. "We sell to the can manufacturing, food and beverage, and pharmaceutical industries, and we've got a variety of products that serve those industries."

By 2004, Fleetwood had become a

\$42 million business and had reached its maximum operating capacity in Chicago. Phil presented a "bulk-up" strategy for Fleetwood that would further expand its capabilities to include distribution equipment, such as case conveyors, palletizers and depalletizers. In March 2005, the com-



FleetwoodGoldcoWyard's state-of-the-art facility in Loveland, Colo.

pany acquired Wyard Industries in Minnesota, and in April, it closed on Goldco International, Inc. in Colorado, greatly expanding Fleetwood's existing line of palletizers and depalletizers.

The two companies were fused with Fleetwood to form Fleetwood-GoldcoWyard, with operations in Chicago; London; Lino Lakes, Minn.; and Loveland, Colo., where it retained Goldco's modern 140,000-square-foot facility. The dual acquisitions vaulted annual revenues from \$42 million to about \$70 million.

"These two companies helped us broaden our market reach and expand our product lines, allowing us to be more in the market without being redundant," Neal explained. "With the addition of Wyard and Goldco, we found ourselves participating in just about every existing market with pretty deep product offerings."

Five months later, Barry-Wehmiller added both Ambec, Inc. and CVC Systems to FleetwoodGoldcoWyard. Located outside of Baltimore, Md., Ambec was founded in 1960 and is a leader in stainless steel conveyance systems. The acquisition also included the Ambec operations in Lynchburg, Va., and added nearly \$30 million in annual revenues.

"It has been an amazing period in the life of this organization," David said. "Through product development and by developing our people, we were able to break into new markets and carve out a niche that is really strong for us. The combination of Goldco and Wyard, for instance, has created many more opportunities than we anticipated. Our line of palletizers and depalletizers is now operating at a pace that's 60 percent higher than expected."

Today, FleetwoodGoldcoWyard has emerged as a major force in the packaging world, offering a breadth of conveyance and material handling equipment that is unparalleled in the industry. Just as important, the Fleetwood, Goldco, Wyard and Ambec teams provide the talent and experience of those who carry the knowledge of the product lines and the rich history of each business with them.

"You can design and build any piece of equipment you want, but it's the expertise of the key people that really makes or breaks the success of an organization," David concluded. "The balance and diversification we've brought to FleetwoodGoldcoWyard helps bring clarity to the market. It opens our eyes to new opportunities, and it opens the door to continued growth." ■

Honoring Our Heritage:

Bill Chapman, Barry-Wehmiller President, 1953-1975

The following story is the first in a collection of histories that will appear in each issue of Perspective magazine to honor the founding members and families of the businesses that comprise Barry-Wehmiller Companies today.

The story of William A. Chapman is one of determination, sacrifice and risk taking that sustained a tradition of family ownership for Barry-Wehmiller that has endured for more than 120 years. During his 25 years of leadership, Bill Chapman dedicated his efforts to the transition from the legacy of Barry and Wehmiller family ownership to a new future with the Chapman family. This transition was occurring at a time when there was a critical need to develop initiatives to navigate the economically challenging market conditions that threatened the mere existence of the company.

Born to a loving family of modest means on a small farm near Cedar Rapids, Iowa, a young Bill Chapman helped earn money for his family through a variety of menial jobs, from paperboy to drugstore delivery boy to the bellhop at a local hotel. After graduating from high school, he was hired as a bookkeeper by Pennick & Ford Syrup Co., where he worked for six years, earning just \$75 a month. Having reached his maximum potential within the company as a high school graduate, Bill was encouraged to enroll in college at the University of Iowa in Iowa City, which accepted his application for financial assistance.

"He was hysterically happy," said Bill's wife, Marjorie, whom he would meet at a university dance and marry his junior year. "He sold his car that same day and got a job at the university, typing for a dietician at Children's Hospital to earn money for the dorm. He also continued to work summers at Pennick & Ford,

whose owner had strongly supported Bill's dream of a college education."

In 1941, Bill received his bachelor's degree in accounting and accepted a position at Arthur Andersen in Chicago. With \$100 in his pocket and the deep desire to provide a sound future for his family, Bill made the move to Chicago with his new bride. In just four years, he was promoted to manager, and in 1945, he was offered the opportunity to transfer to St. Louis, where he would help establish a new office for the firm.

Meanwhile, Barry-Wehmiller was experiencing a period of financial turmoil, and in 1949, the Wehmiller family, at the insistence of its bankers, enlisted Arthur Andersen to conduct an external audit, providing the opportunity for Bill to come to know Barry-Wehmiller. Impressed by Bill's integrity and ability, Barry-Wehmiller President Fred Wehmiller invited Bill to join the company as treasurer and assistant to the president.

"I asked Bill why he would consider leaving Arthur Andersen, where he had the security of a professional career, to go to Barry-Wehmiller, which was having all of these financial troubles," Marjorie said. "We discussed it for two weeks, and he decided that this was a unique opportunity and worth the risk. He didn't want to be in public accounting all his life, and he felt that the long days and extensive travel he had gone through in nine years at Arthur Andersen were beginning to take their toll."

Bill joined Barry-Wehmiller in 1950 and worked with Fred Wehmiller until the president's sudden death in 1953.



With no other family members in a position to lead the company, the Wehmillers entrusted Bill to serve as president while working to find new ownership. However, as a result of the company's unstable financial record and emerging challenges in the beverage market, no investor was identified.

During the '50s and '60s, cans and non-returnable glass containers began to dominate the beverage industry, and U.S. brewers like Schlitz and Coors did not pasteurize beer, so the demand for bottle washers and pasteurizers came primarily from foreign breweries. These trends created uncertainty for the company's future and limited investor interest. Bill made several efforts to diversify into markets with more promise, but these efforts failed to improve the company's prospects.

During this time, Bill had begun purchasing modest amounts of stock as often as he had the opportunity, eventually accumulating \$30,000 to own a small fraction of the company. In 1963, a

financing company in Chicago proposed to advance the company a loan against its receivables in order for the company to retire the Wehmiller family stock, which would result in 57 percent ownership for the Chapman family. This investment approach, now called a management buy-out, was viewed as the chance of a lifetime despite the obvious risks.

"The first year they made a little money, they painted the factory, and Bill was proud to be able to invest in the business," Marjorie remembered. "He worked diligently to stabilize the company so that the investment could provide some financial security for his family. After two heart attacks and other health problems, that was all the more important to him."

The change in ownership added to the financial leverage of the company, yet its associates welcomed the new ownership and the professionalism that Bill brought to the company. A longtime Barry-Wehmiller employee, Bob Pehr, had joined the company out of high school in 1944 and provided his dedicated service for more than four decades. He credits Bill with keeping the company moving forward through even the most challenging market conditions. "One thing about the business we were in: it had its ups and downs, and we probably had more downs than we had ups," Bob said. "It was really Bill who kept the place afloat, in part by rebuilding the leadership team with fresh outside talent."

Bill also worked to expand Barry-Wehmiller's international market presence, developing a global list of licensees and joint ventures in countries such as Japan, Argentina, Colombia, England and Australia. "As a businessman, he invested time to develop an understanding of the international picture, which represented the primary markets for the washer and pasteurizer product lines," explained Bob, who became vice president of sales during Bill's tenure.

In the mid-1960s, Barry-Wehmiller began a strategic relationship with Owens-Illinois, which was working to develop a revolutionary glass container design to compete with the efficiency of the can. Owens-Illinois hired Barry-Wehmiller to develop the machinery that could handle a high-speed glass container. This relationship provided significant funding that was critical to keeping Barry-Wehmiller alive as it faced continued market challenges.

"Bill would be exceptionally proud of what has evolved from his hard work, resourcefulness and persistence, to see the strength of Barry-Wehmiller today," said Bob Pehr, a longtime colleague and friend of Bill Chapman.

At one point, Bill asked Owens-Illinois if it would consider buying the company in order to eliminate the financial uncertainty that might inhibit the completion of the research project. The Owens-Illinois mergers and acquisitions team reviewed the business and told Bill that it would be unable to help. In fact, the team reported, it looked as if Barry-Wehmiller would be out of business in 30 days. "He came home devastated because that was his last hope," Marjorie remembered. "But then he said, 'Well, I guess we're just going to have to try and make it.' Bill always persevered; he never gave up and never complained."

Soon after, Bob received an order for a bottle washer from Pabst Brewing Company in Peoria, Ill., along with a significant down payment, the first of a critical source of forward funding. "I doubt we would have survived financially if Pabst

hadn't given us such a sizeable down payment," Bob said. "I was in my office waiting for the phone call from Pabst, and Bill was out in the hall pacing back and forth. Pabst agreed to go with us, and that was a big turning point in our business."

In the late 1960s, a capacity battle ignited when Philip Morris bought the Miller Brewing Company and began to introduce light beer, creating a worldwide phenomenon. Miller and Anheuser-Busch began to invest in additional capacity during this intense national market share battle, but as a consequence, the other historic breweries began to decline and reduce capacity just to survive. Barry-Wehmiller happened to be well-positioned with Anheuser-Busch, its first pasteurizer customer in 1901, and Bob worked to develop a new relationship with Miller. This placed Barry-Wehmiller in a position to supply all the washers and pasteurizers to meet the dramatic growth in capacity needs that continued for the next several years.

Growing excitement was taking place at the Chapman home as well. Bill's son, Bob, had received his MBA, started his career at Price Waterhouse and passed his CPA exam on the first sitting. "I sensed an immense amount of pride from Dad and the beginning of an adult relationship of respect and friendship," Bob said. In 1969, Bill convinced his son to join him at Barry-Wehmiller in a management development role, and they worked together until Bill's death in 1975.

"The company was just beginning to experience a little 'lift' from the capacity race when Bill passed away, but Bob was given the chance to carry his father's legacy forward," Bob Pehr observed. "I know Bill would be exceptionally proud of what has evolved from his hard work, resourcefulness and persistence, to see the strength of Barry-Wehmiller today. His life mattered to so many in his family, his church and the company." ■

A BusinessWeek Report:

Barry-Wehmiller's Value-Added Approach to Offshoring

Barry-Wehmiller's value-added approach to offshoring recently garnered the attention of *BusinessWeek*, which was working on a follow-up to a previous article citing Barry-Wehmiller, titled "Building Dream Machines—In India" (Oct. 17, 2005). In an on-site interview at PCMC in Green Bay, Wis., Barry-Wehmiller Chairman and CEO Bob Chapman, along with team members from Barry-Wehmiller International Resources (BWIR), PCMC and MarquipWardUnited, discussed how many American businesses are now looking at offshore resources not only for the cost advantages, but to meet strategic business objectives.

"The offshore model provides us with the opportunity to accelerate investments in new technology," Bob explained. "The key is to constantly improve our competitive position in the global marketplace by providing productivity tools for our teams in all facets of our business. Offshoring, like investments in new machine tools or Lean leadership techniques are simply ways to enhance our ability to remain competitive."

Barry-Wehmiller is working to build a strong American company with great American jobs serving the global markets. Fundamentally important to this goal is our ability to provide our customers with expanded

access to expert technical resources. Employing the offshore model as a component of our strategy allows for business process improvements and quick turnaround of cost-efficient products and services, which enables us to be more responsive to customer needs.

"Prior to its acquisition by Barry-Wehmiller in 2000, Marquip developed the India-based resource pool to help meet the challenges of a period of explosive growth," explained BWIR Managing

growth rate of 30 percent during the last three years. The offshore division—now known as Barry-Wehmiller International Resources—was leveraged to accelerate investment in technology across the organization and to grow into a source of revenue to enhance shareholder value.

Similarly, PCMC has been challenged by its traditional customers to dramatically reduce cost. Encouraged to move manufacturing to China in order to do so, the company instead began exploring strategic technology initiatives that matched the strengths of the BWIR team to help increase productivity and lower cost.

"The PCMC team proved itself to be a thoughtful and deliberate group that understood how the offshore model would fit from both a strategic and operational standpoint," Vasant noted. "Likewise, the team from MarquipWardUnited clearly conveyed what kinds of projects were good candidates and what it took to make the overall initiative successful."

The utilization of the offshore model and other flexible resources will enable PCMC—as evidenced by MarquipWardUnited—to handle the inevitable market fluctuations in the capital equipment business. In combination with Barry-Wehmiller's commitment to the Lean Production model and our Organizational Empowerment programs, the principled use of offshore resources will allow us to face current and emerging competition from across the globe as we continue to build a great American company. ■



Partner Vasant Bennett. "The time difference between the U.S. and India offices offered a unique response capability, allowing engineering and IT functions to take place around the clock."

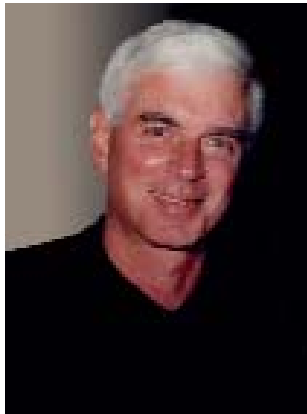
Since Marquip's merger with Ward Machinery Company and United Container Machinery, the combined MarquipWardUnited has experienced a compounded annual

Distinguished Leaders:

The Barry-Wehmiller Board of Directors

The Barry-Wehmiller board of directors plays a pivotal role in the continued growth of the organization, bringing a sense of professionalism to our leadership and sharing their unique experiences in the global business community. "We are extremely grateful for the level of commitment to the company that these individuals have demonstrated over the years," said Barry-Wehmiller Chairman and CEO Bob Chapman.

"I made a decision in the late '70s, upon the death of my father, that I wanted to surround myself with experienced business professionals who would challenge and encourage me through my career," Bob continued. "It is very unusual for a private company controlled by a family to have a legal board of this caliber. I made a commitment to each of them as they considered the board that we would be respectful of their time and strive to engage them and perform in such a manner as to allow them to be proud of their association with Barry-Wehmiller."



Richard F. Ford
*Former Managing General Partner of Gateway Associates
Former President of Centerre Bank and Centerre Bancorporation of St. Louis
B.A., Princeton University
Trustee: Washington University
Director: ClientLink, CompuCom Systems, Inc., D&K Wholesale Drug, Inc., Spartan Light Metal Products Company, and Stifel Financial Corporation*

A 15-year board member, Dick Ford shared the two factors that to him distinguish Barry-Wehmiller: "a strategy that includes a unique blend of products and services to provide a strong balance of revenue and mitigate the capital goods sector cyclicalities—and people who are dedicated, resourceful and caring of each other both inside and outside of the company. I look for Barry-Wehmiller to be 'the' packaging machinery company in the U.S."



Robert H. Chapman
*Barry-Wehmiller Chairman and CEO
MBA, University of Michigan
Director: Midwest BankCentre, Inc. Holding Company
Board: LaBarge, Inc.*

Brian W. Hotarek
*Executive Vice President and CFO of Ahold USA, Inc.
MBA, Babson College
Trustee: South Shore Hospital*



"When I reflect on what distinguishes Barry-Wehmiller from other organizations, I keep coming back to the cornerstone of our corporate culture," said Brian Hotarek, who met Bob Chapman in 1994. "We are a company of fully engaged, highly ethical associates who think and act for our customers and our shareholders. I believe that the company's unwavering commitment to its vision of leadership has created an environment that has developed an outstanding management team committed to the same vision and fully capable of executing our business plan. They will sustain the values of our company for all of our stakeholders."

Board of Directors...continued on page 14

Board of Directors...continued from page 13

Robert J. Lanigan
*Chairman Emeritus of
Owens-Illinois
Founding Partner of
Palladium Equity Partners
Honorary Doctor's Degree
in Business Administration,
Nathaniel Hawthorne
College
Director: DaimlerChrysler
AG
Trustee: Toledo Museum of
Art (honorary) and Toledo
Symphony*



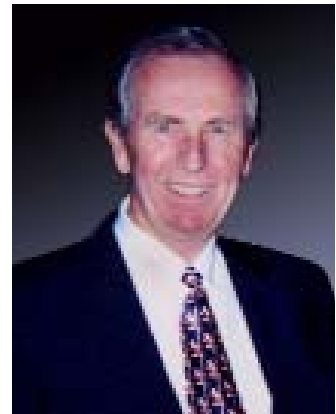
Bob Lanigan became involved with Barry-Wehmiller 26 years ago after attending a meeting in Tampa, Fla. Reflecting on his history with the company, Bob said, "The most distinguishing factors—and there are many—at Barry-Wehmiller are: a genuine desire to see associates succeed and to grow into better business people, a willingness to make hard decisions in a clear-cut manner, and exceptional skill at acquisitions."

James W. Lawson
*Barry-Wehmiller Vice President and CFO
Former President of Pneumatic Scale
Corporation
MBA, Northeastern University*



Jim Lawson was recruited as controller of Pneumatic Scale Corporation in 1990 and appointed to the board when he was promoted to CFO of Barry-Wehmiller in 1997. "Barry-Wehmiller has a committed strategy to build shareholder value and develop the potential of all of its associates, but while many

companies have a similar strategy, few have been able to make it happen," Jim said. "The entrepreneurial spirit at the company supports the values that it espouses and provides a supportive and rewarding work environment."



Louis F. Umsted
*President of Umsted Investments
Former Vice Chairman of American
National Can Company (ANC)
B.A., University of Washington*

"In 1980, I took a year and a half away from American National Can to help Barry-Wehmiller set up a Soft Drink Division designed to broaden the traditional beer business of the company," Lou Umsted said. "I was invited to join the board and have been extremely pleased to be part of a company whose sales were \$18 million when I joined to the undeniably sound and diversified organization that it is today. Simply put, the strength of the company is the group of people totally dedicated to the principle of success through teamwork, morality and the desire to serve the customers of its many products and services. Put all of this together and it is easy to see that the future of Barry-Wehmiller is solid, profitable and a growing force in the packaging, corrugating and tissue markets."



Marjorie E. Abernathy
Mother of Bob Chapman

Ownership of Barry-Wehmiller passed from the Wehmiller family to the Chapman family in 1963. Marge Abernathy has served as a member of the board of directors since Bob became president of the company in 1975.

William F. Ward, Jr.

*Former Chairman and CEO of Ward Machinery Company
B.E.S., Johns Hopkins University
Trustee: Johns Hopkins University*



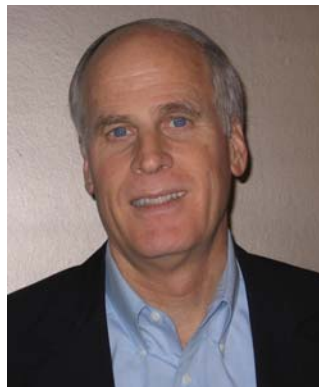
Bill Ward joined the Barry-Wehmiller board when Ward Machinery Company merged with Barry-Wehmiller in 2002. "I believe that the company's efforts to involve the employees at all levels in the growth of each division and the company as a whole sets Barry-Wehmiller apart from all others," Bill said. "It would be my expectation that the leadership team would continue using acquisition as the primary method of generating significant growth in shareholder value."

"It is very unusual for a private company to have a legal board of this caliber," said Barry-Wehmiller Chairman and CEO Bob Chapman.

W.W. "Chet" Walker

*Former Managing Partner of Bank of America Capital Investors
MBA, Harvard University Graduate School of Business Administration
Director: ESP Systems, LLC and Roll-Rite Holdings, LLC
Advisory Board: Copeley Capital Partners I, L.P. and Academy Venture Fund, LLC*

Chet Walker was introduced to Bob Chapman through his senior role at Bank of America. He has since come to admire the company for its integrity, respect, good people, competence, hard work, results and fun. "What distinguishes Barry-Wehmiller from other companies is the respect that its associates have for each other," Chet said. "I have been involved in some capacity with over 100 companies, and it is extremely rare, if not unprecedented, to see this level of respect for each other permeate so deeply throughout an entire company. I believe that the leadership team at Barry-Wehmiller is on a journey to build a great American manufacturing company in times when very few believe it can be done."



William D. Smithburg

*Former Chairman and CEO of The Quaker Oats Company
MBA, Northwestern University
Director: Abbott Laboratories, Corning Incorporated, The Northern Trust Company and Smurfit-Stone Container Corporation
Trustee: Northwestern University*

"The vision and strategy of the leadership team at Barry-Wehmiller is most impressive," Bill Smithburg remarked. "It is easy to see the long-term synergistic business and value-building potential of each business segment enhancing the other. A commitment to becoming the sales and technology leader across each segment of the company—and the constant drive for balanced internal and acquisition growth—is what sets this organization apart. Few companies in the industry can match the breadth of this strategy. Barry-Wehmiller is clearly established as having the human and financial resources to achieve outstanding long-term leadership for its shareholders, employees and customers." ■

"Achieving principled results on purpose"

Barry-Wehmiller Companies, Inc.
 St. Louis, MO
 Robert H. Chapman, CEO
 Revenues \$805 Million • Employees 4,000

Packaging Automation Platform
 Revenues \$338 Million
 Employees 1,510

Engineering/Consulting Platform
 Revenues \$82 Million
 Employees 405

Corrugated Platform
 Revenues \$195 Million
 Employees 885

Paper Converting Platform
 Revenues \$190 Million
 Employees 1,200

ACCRAPLY
 Minneapolis, MN
 Los Angeles, CA
 Toronto, Canada
Gregory Tschida, President
 Revenues \$35 Million

CBI
 Doncaster, UK
Stewart Brown, Managing Director
 Revenues \$20 Million

Hayssen
 Packaging Technologies
 Greenville, SC
 Thetford, UK
 Mexico City, Mexico
Daniel Jones, President
 Revenues \$56 Million

Thiele
 Technologies
 Minneapolis, MN
 Fergus Falls, MN
Laurence Smith, President
 Revenues \$45 Million

Barry-Wehmiller
 Company
 St. Louis, MO
 Phillips, WI
Timothy Sullivan, President
Scott Steiger, Vice President
 Revenues \$15 Million

pneumatic
SEAL
 Akron, OH
 Clearwater, FL
 St. Albans, UK
William Morgan, President
 Revenues \$67 Million

FleetwoodGoldcoWyard
 Chicago, IL
 Denver, CO
 Minneapolis, MN
 St. Albans, UK
 Lynchburg, VA
 Baltimore, MD
Phil Ostapowicz, CEO
 Revenues \$100 Million

DESIGN GROUP
 St. Louis, MO
 Greenville, SC
 Philadelphia, PA
 Chicago, IL
 San Francisco, CA
 Sacramento, CA
 Los Angeles, CA
 San Juan, P.R.
Stahlman Group
 Concord, NH
 Sacramento, CA
Phil Ostapowicz, Group President
Joseph Wilhelm, Managing Partner
 Revenues \$78 Million

Barry-Wehmiller
International Resources
 Chennai, India
 St. Louis, MO
Craig Hergenroether, Group Director
Vasant Bennett, Managing Partner
 Revenues \$4 Million

MarquipWardUnited
 St. Louis, MO
 Phillips, WI
 Baltimore, MD
 Madison, WI
 Barcelona, Spain
 Athlone, Ireland
 Budapest, Hungary
 Frankfurt, Germany
 Sao Paulo, Brazil
 Singapore
 Shanghai, China
 Taiwan
Timothy Sullivan, CEO
 Revenues \$195 Million

PC
 Green Bay, WI
 Plymouth, UK
 Frankfurt, Germany
 Tuscany, Italy
 Sao Paulo, Brazil
 Yokohama City, Japan
 Beijing, China
Timothy Sullivan, CEO
 Revenues \$190 Million

"We measure success by the way we touch the lives of people"

Barry-Wehmiller

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Corporate Headquarters

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