



# MARK GRAHAM

2009 ROBERT T. GAIR AWARD WINNER

By Jackie Schultz

**M**ark Graham remembers a time in the 1980s when his company was struggling. One of the managers asked him, 'How do you deal with this?' His reply was, "Every day I wake up and say, 'This is the day we're going to find the magic and figure out how this is going to start working.'"

One could argue that it was Graham's positive attitude and passion for results that led to the magic that transformed Bell Inc., a Sioux Falls, South Dakota, folding carton company that Graham purchased 33 years ago. The company has grown from \$40,000 in sales in 1976 to become one of the 20 largest independently owned manufacturers of folding cartons in the U.S. Today, sales are more than \$60 million.

Graham's list of achievements is long and enviable and encompasses both business and personal endeavors. He is driven by the desire to help people reach their goals.

In October, the Paperboard Packaging Council (PPC) will present Graham with the Robert T. Gair award during its fall meeting in Austin, Texas. Fifteen people have received this award since it was first given in 1988.

"I'm extremely honored but very humbled by it," Graham says. "The list of prior Robert Gair award recipients is impressive. I have a hard time putting myself in the same category as those people."

The award is based on contributions to the PPC, the folding carton industry and the community.

"Mark has a great vision," says Ben Markens, PPC President. "His philosophy is to take things that other people would consider a commodity and find a way to drive a penny or a half a penny out of each one and make money. He has set up a culture of driving costs out by identifying small and incremental changes that in and of themselves aren't necessarily going to light

## AWARD WINNER

the world afire, but when you get them all together and work it all out you can make some money.”

Graham has often been quoted about his penchant for driving costs out of the converting process, saying “If you’re going to be a low-cost seller, you’d better be the low-cost producer.”

This business model, which he embraced after attending an executive MBA course at Harvard Business School in the 1990s, is set up to analyze and measure every job according to cost, time, personnel and even process. It is what convinced him many years ago to convert Bell from sheetfed litho to web flexo.

“He decided that this is where the future of the business was and turned to a completely different business. He’s really a pioneer and an entrepreneur,” Markens says.

### Think Long-Term

Bell has captured several market niches by convincing customers to sign on long-term. In return, the carton converter invests in the technology to run jobs faster at reduced cost and waste. Many customers have patronized the company for more than 20 years.

“We get in and we marry ourselves to our customers,” Graham says. “We don’t have a lot of customers. Some people have models where they have a little bit of business with a lot of people. We have major pieces of business with a few people. That allows us to invest in technology to bring the value to our customer base.”

As one example, Graham references the courier envelope business. Bell is one of the largest producers of overnight courier envelopes in the world. The US Postal Service and UPS have been customers for more than 20 years.

Retaining that business required a touch of magic and a lot of exploration. “We looked at it from all different angles, from the time the board is made at the mill to the time it gets to the customer,” Graham says. “We dissected every ounce of cost and logistics and how many times it’s handled.

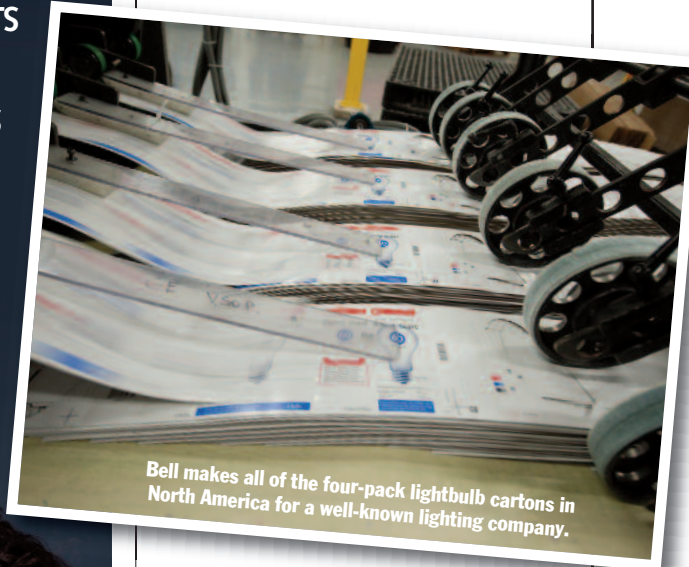
**GRAHAM ANTICIPATES THAT THE CLAMSHELL BUSINESS WILL SOON REPRESENT THE LARGEST PERCENTAGE OF SALES. HE CREDITS HIS SON, BEN, VICE PRESIDENT OF SALES AND MARKETING, FOR GETTING THAT BUSINESS.**



Ben Graham

“We identified a new process. Originally we were making these on a sheetfed press and we needed to go to a web press. That’s when we decided to convert from a sheetfed offset house to a web platform.”

In conjunction with ordering a flexo press, Bell worked with an engineering firm to analyze ways to apply the string and tape on the envelopes so that the user could



easily seal them. The result was dedicated custom equipment that provides unique features for the customer. After the equipment was installed, production personnel worked to perfect the lines to run faster and with less waste.

“Those are the kind of things we do to differentiate ourselves. That’s where we talk about employing technology — thinking outside the box to allow us to drive costs out but also provide unique products to our customers to allow them to capture more market share and grow.”

### Market Successes

The courier envelope business is just one of many success stories at Bell. The company supplies the packaging for a private label lawn leaf and trash bag manufacturer. It makes all of the four-pack lightbulb cartons in North America for a well-known lighting company, and it makes clamshells for a national fast food company.

## AWARD WINNER



**A key market segment is clamshells for a national fast food company.**

Graham anticipates that the clamshell business will soon represent the largest percentage of sales. He credits his son, Ben, Vice President of sales and marketing, for getting that business. Ben also secured the lightbulb carton business.

"Ben followed the model that we had developed," Graham says. "He approached the customer and said, 'You put this out to bid every year and the fact is you have a very complex product. From end to end it's 26 inches long with about seven folds, and it's one piece of paper.'"

Ben proposed a longer-term contract that would allow Bell to invest in the technology to run the carton faster, with less waste and at a reduced cost.

"We invested multiple hundreds of thousands of dollars and now have a piece of equipment specifically made to run this item," Graham says. "This is not a piece of equipment that's universal that one minute we're running lightbulb sleeves and the next we're trying to run something else."

Bell operates out of two facilities totaling 300,000 sq ft. Both have rail access and operate 24 hours, seven days a week. There are four eight-color web presses with inline diecutting and seven gluers.

The web presses add to the efficiency of the plant, Graham says. "Prior to the web presses we were sheeting, printing, diecutting and gluing. We had eight or nine people. Today, we put the paper in one end and it comes out the other end printed, diecut, stacked, and ready to go to the gluer — and it only requires three people."

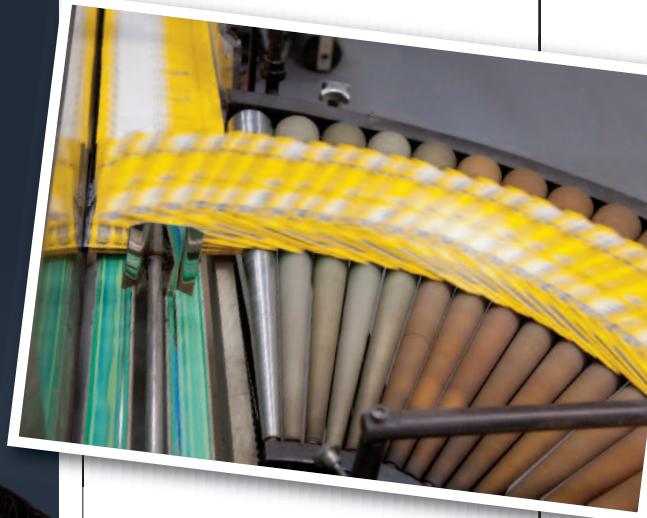
**BELL INC. WILL BEGIN A NEW CHAPTER WHEN GRAHAM RETIRES. BEN GRAHAM WILL BECOME CEO, AND GRAHAM'S SON-IN-LAW, BEN ARNDT, WILL BE CHIEF OPERATING OFFICER.**



**Ben Arndt**

Graham is currently looking to add more converting capacity in preparation for significant growth in the next three years. The move is somewhat of a departure from the web platform.

"We are looking at new high speed offset sheetfed presses and evaluating the impact they would have on our costs to determine if this is a direction we want to go," Graham says. "We continue to research all new



technologies to determine what cost, quality and performance gains the new technology will bring to our bag of tools that we bring to the marketplace."

### **Early Role Model**

Graham grew up in a small town 60 miles west of Sioux Falls. He credits his father, Floyd, an entrepreneur in the grain business, for his keen sense of business. One of Graham's favorite memories is traveling with his dad on business trips. "That was my education of how business works. He was a great mentor. My basic value stream came from him.

"The one thing he both told me and taught me was, 'say what you do and do what you say.' I try to live this everyday. It was the basis for a big part of my early success when I got started. I needed people as suppliers and customers to believe in me and trust me to do what I said I would or could do," Graham says.

## AWARD WINNER

Prior to purchasing Bell, Graham worked in various sales and marketing positions. Buying the company was his introduction to the folding carton market. Early on, the company made bakery and pizza boxes for the local market.

The previous owner didn't believe in a sales force so Graham's first objective was to expand the company's geographic reach and customer base. "It's the age old story. You sell it then you have to figure out how to make it for less than you sold it for and hope there's enough left over to pay the heat, light and salaries."

The company began making the packaging for a product called 'bone guard' that was used in the pork industry. "We had been very successful with that and had grown. I decided if I was going to stay in the business I had two choices. I could just keep riding that success which would eventually die or I could invest the money from that and get into the traditional folding carton market."

In 1985 the company relocated to a 50,000-sq-ft building about three blocks away and installed its first multi-color offset press. That's when it started doing business with the private label lawn leaf and trash bag manufacturer.

"One of the best ways to know if you're successful is to look at your customers," Graham says. "To this day we're still doing business [with the lawn bag manufacturer] even though the company has changed hands through three or four owners. Instead of having one plant in Sioux Falls they now have a half dozen plants around the country and Bell has kept the business."

### A New Chapter

In April, Bell will begin a new chapter when Graham, who is 65, retires. Ben will become CEO, and Graham's son-in-law, Ben Arndt will be chief operating officer.

"They're two very bright young men. Both have MBAs from the Kellogg School of Management at Northwestern University in Chicago. We just spent 18 months working

with a group out of Boston to facilitate a multi-generational family business," he says.

Graham, who will remain chairman of the board, isn't sure what he will do with his spare time and admits to some apprehension. "This has been my life," he says, adding that he needs to get used to the idea of relaxing.

"I hope to continue to stay involved and do some of the strategic and technology things that I love. I enjoy having someone throw an opportunity on the desk and say, 'How do we do this? How are we going to make this work, and with what equipment? How do we differentiate ourselves?' That's how I've always done it."

Graham doesn't use monetary milestones as the barometer for his achievements. Instead, he talks about Bell employees. The company has 225 of them.

"I am very proud of what I have done to create a work force here. We have many success stories of people. Our manufacturing manager started 21 years ago making loads to put in the back of offset presses. Our lead person on gluers used to do troubleshooting. All these people learned here. They didn't come from somewhere else.

"I'm a dreamer. I'm fortunate to have had a staff through the years to help me perfect those dreams and make them come true. It's a tremendous organization."

**GRAHAM IS CURRENTLY  
LOOKING TO ADD MORE  
CONVERTING CAPACITY  
IN PREPARATION FOR  
SIGNIFICANT GROWTH IN  
THE NEXT THREE YEARS.**



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