



Roger Wiig (left) PrePress Manager, and Jason Taggart, PrePress Technician, prepare for a project.



Marianne Von Seggern, Vice President of Strategic Development

Bell Incorporated Manufacturing growth

By Rick Killion

In a rather nondescript building next door to the Sioux Falls Regional Airport, folding cartons, mailers, overnight envelopes and packaging for Fortune 500 companies is being churned out by the millions at Bell Incorporated's main production facility.

The company initially specialized in setup boxes for local retailers in Sioux Falls.

When it was purchased by Mark Graham in 1976, the company had just one full-time employee, annual sales of less than \$40,000 and only a handful of customers. More than three decades later, Bell Incorporated is one of the nation's largest and fastest-growing independently-owned folding carton manufacturers. The Sioux Falls-based company employs about 245 and had 2008 sales of about \$68 million.

Bell Incorporated's success was built on innovation, ingenuity, a focus on meeting customers' needs and finding ways to efficiently trim costs.

"We developed the first pre-cut, pre-glued 'bone guard,' an essential component of the gas-flush packing process that revolutionized the fresh pork industry," said Graham, now the company's president and CEO. "The bone guard helped meat packing companies double the shelf life of fresh pork. It was a huge market for us. That product built this company."

Graham's son, Ben Graham, the company's vice president of finance, sales

and supply chain, said Bell generated enough cash flow in the late 1970s and early 1980s to finance capital investments in state-of-the-art equipment for printing and producing folding cartons.

"In the late 80s and early 90s we converted all our processes to web printing technology (printing from a roll of paper instead of sheets), providing significant cost advantages on medium and long runs," Ben Graham said. "This removed a lot of labor intensive steps so we could re-formulate the value mix and provided much more competitive price, especially on high-volume orders."

Marianne Von Seggern, Bell's vice president of strategic development, said the company's formula of applying innovation through continually upgrading technology and automation has paid off.

"We follow a different business model in the sense that we make major investments in equipment that fulfills the specific requirements of large companies like McDonald's, General Electric, Barilla pasta, Wells' Dairy, John Morrell and Berry Plastics," said Von Seggern, who is also a board member on the Dakota Manufacturers Extension Partnership (Dakota MEP).

Approximately 96 percent of the company's business comes from long-term contracts. Bell is also the world's largest independent provider of overnight letter

envelopes for the US Postal Service, DHL and UPS.

Bell, which also has a Chicago office, has added a second Sioux Falls location and is deploying North America's first Variable Sleeve Offset Press. As one of the nation's most innovative independent folding carton converters and co-founder of the Independent Carton Group consortium, Bell enjoys the benefits of a purchasing program that along with Bell's scale enables the firm to negotiate prices for raw materials like paper, ink, plates, films and coatings.

"If you're going to be the low-cost seller, you'd better be the low-cost producer," Mark Graham said of his company's strategy for competing with major paper companies that operate carton operations as subsidiary business units. "Our competitors have tried to cut costs by achieving scale economies. We did it through technology."

Bell has finished a complete renovation of its main production facility and achieved a number of certifications to help meet the requirements of major customers. The company also focuses on recruiting talented employees from the area.

"We've gone to great lengths to preserve our entrepreneurial customer-focused culture," Von Seggern said. "We empower people to make decisions and want them to feel a sense of ownership. That's why we're



The Bell management team (left to right): Ben Arndt, Vice President-Operations; Marianne Von Seggern, Vice President-Strategic Development; Mark Graham, President/CEO; and Ben Graham, Vice President-Finance, Sales and Supply Chain



willing to step up when a customer faces an emergency.”

Bell stresses personal service at all levels. The company earned the Cradle to Cradle certification of environmental health and sustainability for the 200 million-plus courier envelopes it manufactures for the US Postal Service. Bell is ISO 9001:2000 certified and is also certified by the American Institute of Baking and Hazard Analysis and Critical Control Point (HACCP) certified to ensure food safety through a safe working environment and safe chemical handling. Bell has also received the top rating 11 years in a row during unannounced inspections by the US Food and Drug Administration (FDA).

“We’re an integral part of the Sioux Falls business community, a town that has been a good fit for us,” Ben Graham said. “When we embrace technology it works to our advantage and is part of the LEAN

concept of continuous improvement (a process promoted by Dakota MEP). We also invest in training our employees and provide performance-based pay incentives.”

Bell invests heavily in its employees, which company officials say has led to strong worker loyalty and low turnover. The company provides the training necessary for highly-skilled jobs.

Benefits include performance-based pay incentives, ‘stay-on’ bonuses for new employees, plenty of internal and external training and a mentoring program that teams veteran workers with new employees.

“Our team members are our greatest asset,” Von Seggern said. “A hard-working, focused and cost-conscious culture combined with an effective performance-based bonus system for all employees ensures that both employee satisfaction and throughput are maximized.”

BOTTOM LINE: Bell Inc.

Headquarters: Sioux Falls
Founded: 1920
Management: Mark Graham (president/CEO), Ben Graham (VP-Finance, Sales and Supply Chain), Ben Arndt (VP-Operations), Marianne Von Seggern (VP-Strategic Development)
Employees: About 245

2008 sales: Approximately \$68 million
Products: Folding carton packaging for consumer and food products, overnight envelopes
Major customers: General Electric, US Postal Service, Barilla, Berry Plastics Corporation, Wells’ Dairy, UPS, DHL
On the web: www.bell-inc.com