

Recognition serves as testament to Bell Inc.'s planning, executive says

BY RANDY HASCALL • MAY 6, 2009

At a time when the manufacturing industry is struggling, Bell Inc. is producing millions of folding cartons for some of the nation's largest companies and expects to add a Fortune 50 customer next year.

In an industry not known for green initiatives, Bell has been recognized several times for its environmental commitment.

Those achievements are a reflection of the Sioux Falls company's strategies and long-range approach, said Ben Graham, vice president of finance, sales and supply chain. Bell's two strategies are to grow with existing customers and to target food manufacturers within 1,000 miles of Sioux Falls.

"When you talk about the current business environment, we manage for the times," Graham said. "We take a much longer-term approach."

That approach helps the company succeed even though its customers are affected by drops in consumer spending, he said. Graham said private businesses such as Bell can focus more on long-term plans than public companies, which must report to shareholders on a quarterly basis.

Bell manufactures folding cartons for Kraft Foods, General Electric, McDonald's, Hormel, Tyson, Wells Dairy and Barilla pasta. It also makes more than 200 million courier envelopes annually for the U.S. Postal Service.

The company is "in the process of inking a long-term deal beginning in 2010" with a Fortune 50 company that Graham isn't ready to identify publicly. That deal should create more jobs at Bell,

which will spend a significant amount of money to increase its production capacity.

That doesn't mean Bell didn't struggle at times last year. Customers cut back their orders toward the end of the year, and the company closed down for nine days in December, a step it had never taken before.

Bell still achieved its business plan for 2008 and by the first week of 2009 was running at full capacity again. The company credited its established approach to supplier relationships. Bell buys most items from multiple suppliers and has flexible contracts that allow it to renegotiate. When raw fiber costs took a price drop, Bell took advantage.

The company, originally named Bell Paper Box, is more than 80 years old. When Mark Graham, the company's president and chief executive officer, bought it in 1976, the company had one full-time employee and did less than \$40,000 in sales.

The company has 225 employees today and had sales of nearly \$68 million in 2008. Bell has two Sioux Falls plants and operates four production lines. Its capacity has increased sixfold since the early 1990s. Most equipment runs around the clock five days a week.

As it expanded, the company added new technology and increased its automation to become more efficient, Ben Graham said. After that change, the company has more skill-based positions such as engineers and electricians.

"We're fortunate to have this business in Sioux Falls, given the labor pool," he said. "Our success is a direct reflection of the commitment of our folks."

The additions included a refurbished press with a flatbed die cutter instead of a rotary style used by the company's other presses for critical, high-volume cutting. The flatbed die cutter can be used for many projects and saves considerable amounts of time and money.

"The press rounds out Bell's ability to to put the right job on the right machine at the lowest cost," said Marianne Von Seggern, Bell's vice president of strategic development.

Bell also has taken numerous steps to become more environmentally friendly and meet customers' demands. That includes the switch to mostly water-based ink, reuse of scrap materials, recycled paperboard and pallets.

Ben Graham will go to Washington, D.C., on May 11 to accept a national sustainability award presented by the postmaster general to a few of the Postal Service's vendors.

The envelopes that Bell manufactures for the Postal Service meet Cradle-to-Cradle certification standards for environmental health and sustainability. That certification assesses materials and production. Ink, tape, tear string and adhesive must all meet standards.

"With partners like Bell, we have raised the standard so customers can send a very green message along with their mail," said Anita Bizzotto, the Postal Service's chief marketing officer.

Graham said the environmental steps were important to the Postal Service and also give Bell Inc. a marketing tool to attract and retain customers.