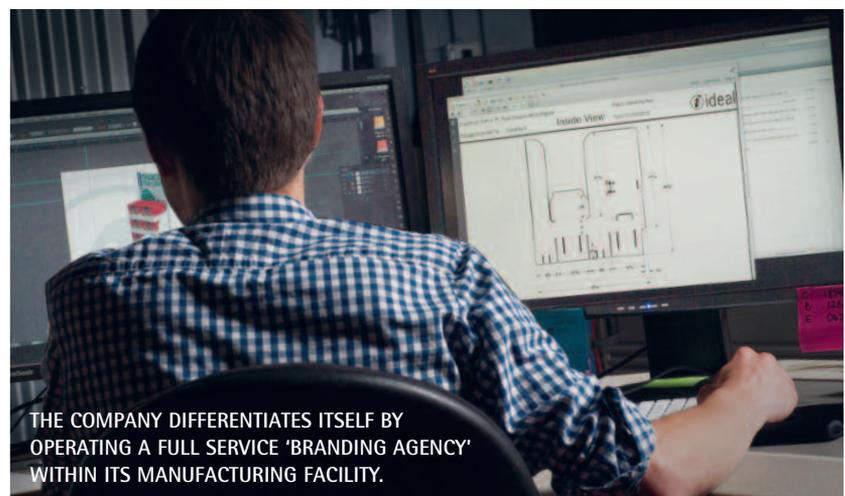


Ideal Box Co.

IDEAL BEGAN ITS MULTI-YEAR CAPITAL REINVESTMENT IN MACHINERY WITH THE PURCHASE OF A HIGH-SPEED, FIVE-COLOR BOBST DRO DIECUTTER.



Chicago-based Ideal Box is a powerhouse of corrugated manufacturing and design services that continues to expand in an increasingly competitive environment. By Nick Griffin



THE COMPANY DIFFERENTIATES ITSELF BY OPERATING A FULL SERVICE 'BRANDING AGENCY' WITHIN ITS MANUFACTURING FACILITY.

EXECUTING AN IDEAL PLAN FOR GROWTH

A little over 10 years ago when Yale and Scott Eisen joined the company as the fourth generation in their family business, it was known as Ideal Box and Graphics. "Our great grandfather started the Ideal Box Company in 1924. It was, at the time, a manufacturer of wire-bound wooden crates," explains Scott, Ideal's President. "The problem with having 'and Graphics' as part of the name was that some people got the impression that we were

only another graphic printer. So, we realized that instead of trying to use our name to describe what we are — still a box company, still a corrugator, and doing point-of-purchase displays — why not just call ourselves simply Ideal? We know we're not Amazon or eBay, but we wanted to stick to a single name so we're the ones explaining to the market who we are and what we do rather than being categorized by our name."



SCOTT (LEFT) AND YALE EISEN ARE GROWING IDEAL ACCORDING TO PLAN.

So, what is Ideal today? "Presently we're corrugating and converting approximately 750 million square feet of board a year," reports Yale, Chief Operating Officer. In addition to our design department in Chicago, we also have a design and sales office in Cincinnati and Kansas City, and sales offices in Burbank, Seattle and suburban New York."

"And," chimes in Scott, "Ideal also has a partnership with Origin, an innovative visual merchandising firm in Burbank, Calif.," making Ideal one of the dominant design-driven corrugated companies in North America

"Basically, 60% of our output is still brown box," states Scott. "But increasingly, more of our focus is on our display division or, to put it another way, our high-end graphics business."

"Our plan when we took over the business from our father had been to grow revenue, primarily with P-O-P, and that required executing several steps," says Scott. "Number one, we had to make sure a new management team clearly understood our growth goals and strategies. So, we went through a big

BECAUSE THE COMPANY WAS ON STRONG FINANCIAL FOOTING, THE RECESSION ACTUALLY PROVIDED THE PERFECT OPPORTUNITY TO IMPLEMENT THE STRATEGIC VISION.

change of bringing in new managers and getting them on board and in sync with our plan. Even with the aggressive growth in point-of-purchase and other high-end graphics, we never wanted to lose the fact that, at the end of the day, we are manufacturers."

Making The Transition

Step two in Ideal's growth plan involved re-configuring its design department into a full service 'branding agency' — an internal resource that approaches P-O-P and packaging as a branding opportunity. Scott explains, "We're not competing with the external agencies. We're not out there selling design like an ad agency would or billing design projects on an hourly basis. But we are able to easily speak the language of our graphics customers so they're talking to a company who truly 'gets it,' and is a step ahead."

With the design agency set around the manufacturing base, Scott explains, "We worked to find employees who could understand and work between these two different environments."

Ideal's clientele spans a spectrum. The company works with some brands that have their own agencies and use Ideal to help in the execution phase. But, Scott explains, "There are also some companies, maybe a little younger and not as developed in their branding, who may not understand packaging. So, for them, we are their branding agency. They come to us for advice on how to sell in particular retail environments and give us full range to innovate and help their products stand out."

Yale adds, "We had to bring in the type of designers that ad agencies and branding agencies have, but have them work in this manufacturing setting. We had made the changes to the management structure, we'd brought in a whole new type of employee, and we provided the storyline of how we were going to grow and invest in the plant."

Then, the recession of 2008 happened.

In 2008, businesses across virtually all sectors became cautious and pulled back any capital spending or expansion plans. But not Ideal. Because Scott and Yale's father kept the company on a strong financial footing, the recession actually provided the perfect opportunity to implement the company's strategic vision.

Yale says, "We were very lucky to inherit a very strong company that gave us the strength to capitalize on a future economic recovery. That is something that Scott and I don't make light of. Financial stability enabled us to clearly define what kind of a company we wanted to be, how we wanted to operate internally, and how we wanted

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to face the market. And, as difficult as this transition was, it enabled us to create a blueprint and provided a springboard for making those changes.”

“We had all these great new people that bought into our vision for Ideal, and we had to clearly communicate that, despite challenges, we were moving forward,” stresses Scott. “We did a gut check with Jeff Craig, our Vice President of Sales, who had just started with us. Since Jeff would have a major role in the future, his ‘buy in’ was critical.”

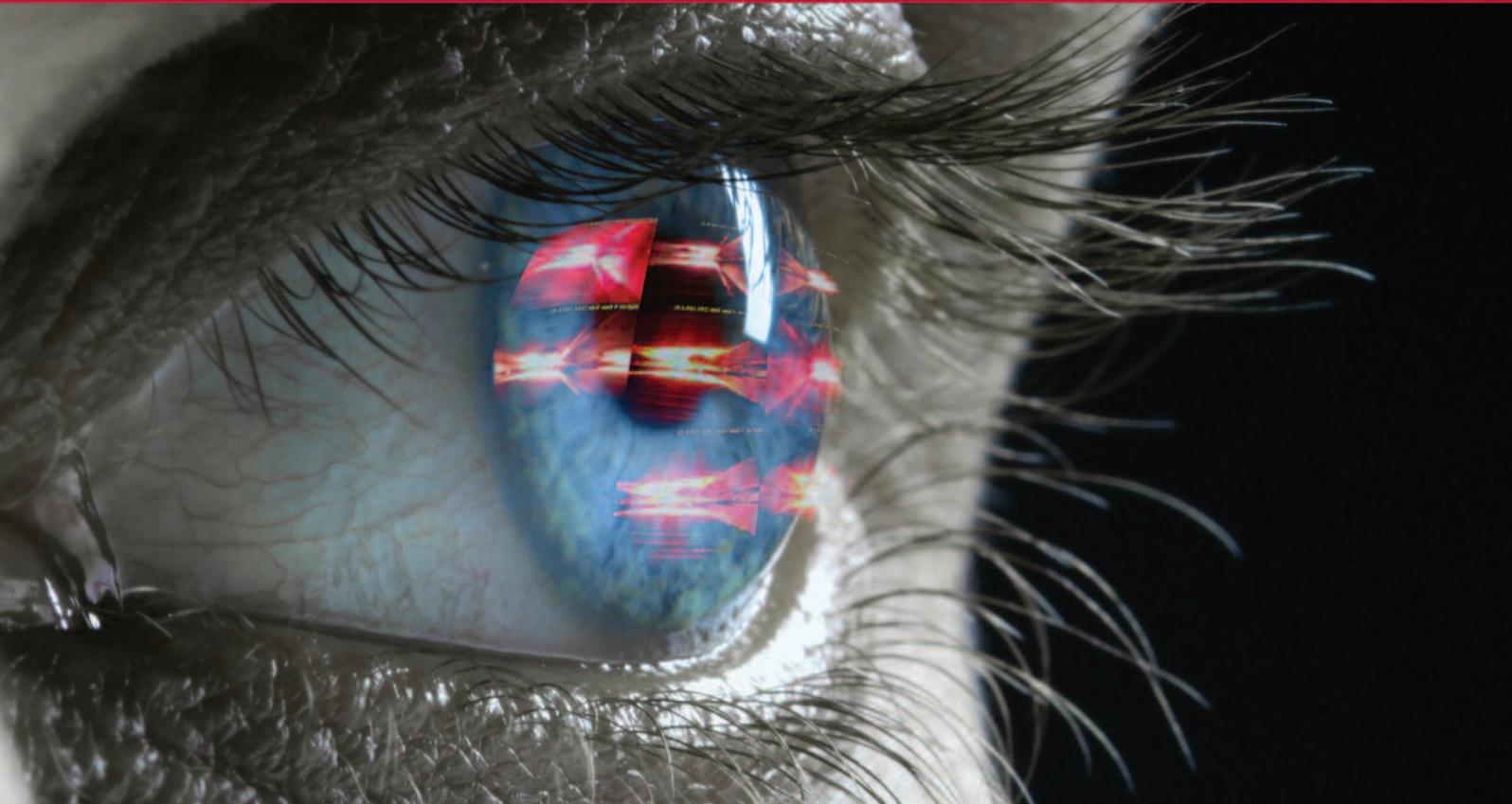
With Jeff and other employees on-board, Ideal implemented step three of their strategic plan – reinvestment. Ideal opened new offices in 2009 and 2010 and continued with its planned capital expenditures.

As Scott describes, the company “set



MIKE SEBRING (RIGHT), VICE PRESIDENT OF OPERATIONS, WAS ONE OF THE NEW MANAGERS BROUGHT IN TO HELP REALIZE THE EISEN BROTHERS' PLAN FOR GROWTH.

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out to, independently, be a great design firm that is co-located with a superb manufacturing facility. And that nuance — that different way of looking at the market — has been the basis of our year to year double digit growth.”

Mike Sebring, Vice President of Operations, was one of the new managers brought in to help realize the Eisen brothers’ plan for growth. Coming from senior management positions within large litho printing corporations, Mike brought new ways of doing business to Ideal.

“When we were recruiting Mike Sebring, we wanted someone who would bring a new style to the operation,” says Yale. “Things like having clearly defined metrics and creating a more formalized structure with training

and targets and incentives. While I wouldn’t call the way we had been doing things antiquated, I would say there was room for improvement.”

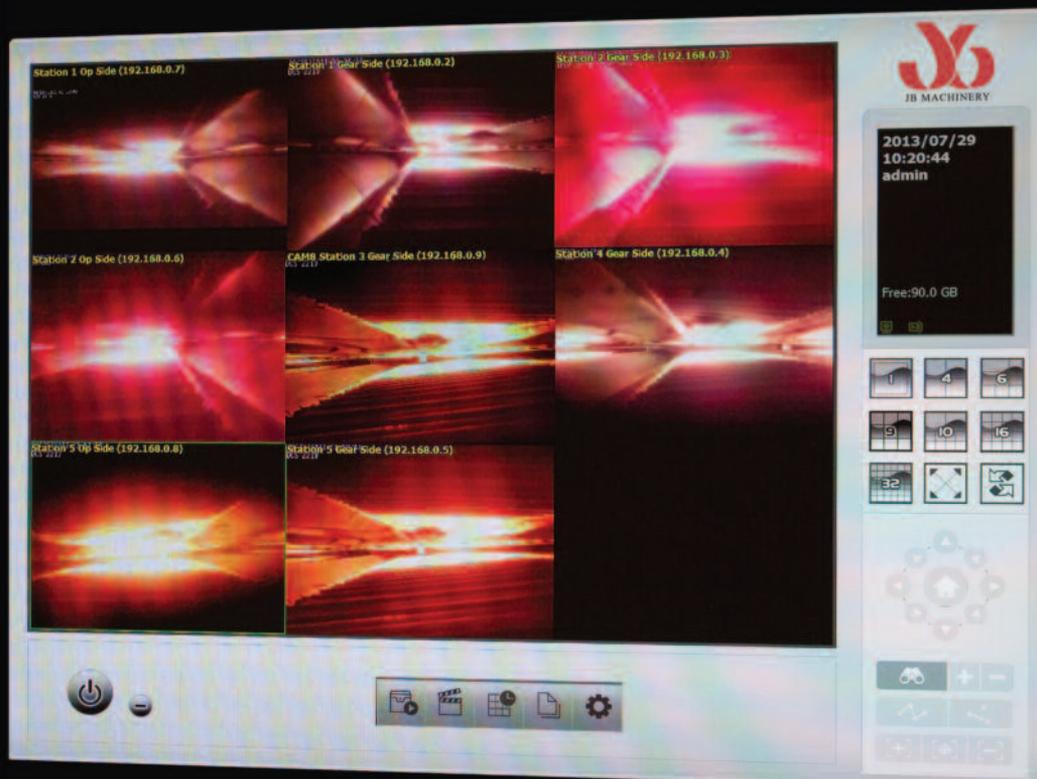
To find this match, Scott and Yale were open to finding someone with a similar background to theirs — someone outside the industry but with an entrepreneurial vision who would help Ideal become more competitive.

In Mike, the company found someone who not only “bought in” to the metric-driven production, but who wanted to share information more frequently and directly with leaders across the company.

“As to Ideal’s recent changes, I want to express a lot of gratitude to our previous Vice President of Operations Bill Heintz, and stress that, like our

father, Bill deserves a lot of the credit for the foundation that we’ve been able to build on,” says Scott. “Bill was a major part of our business for 30 plus years before retiring at the end of 2012. Absent the foundation that he and our father built, I’m not sure we would have been able to get as far as we have.”

“To grow in an increasingly competitive environment, we wanted to incorporate new, entrepreneurial ideas,” adds Yale. “Now, we use metrics on a far more frequent basis, and we report on them to the appropriate internal stakeholders. Mike has instituted systems and metrics that are part of the daily conversation, regardless of your role in the company. That may seem simple, but it is a very advanced practice.”



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Capital Investments

Until 2012, Ideal's most recent piece of equipment had been the Bobst Asitrade litho-laminator, added in 2005. The company hadn't invested in new technology or whole new machines for a while.

This left Ideal with a lot of gaps to fill. "After review, we felt that we needed to upgrade three main areas of operations," says Yale. "But, because of the breather we had taken from investing in the plant, we didn't differentiate and prioritize further. Each was equally important."

Ideal began its multi-year capital reinvestment in machinery with the purchase of a high-speed, five-color Bobst DRO diecutter with a full complement of JB dryers and a Geo. Martin breaker line. According to Sebring, the diecutter improved company metrics, across the board. "The difference from our old two-color diecutters to that of our new Bobst DRO is eye opening. Of all the machines we looked at, this was the closest to the lithography-type quality we needed, and it is able to deliver it on a consistent basis.

"The Bobst diecutter provides a level of automation that adds to our plant's efficiency. In particular, we are able to quickly set up and, after a one or two box test, we can have product running." Sebring also points to the lack of crush and the precision of the machine. "The thing that really impresses me is once we set that machine up and lock it down, it holds. Be it a 1000-count run or a 50,000-count run, this diecutter is incredibly precise, from the first sheet to the last sheet."

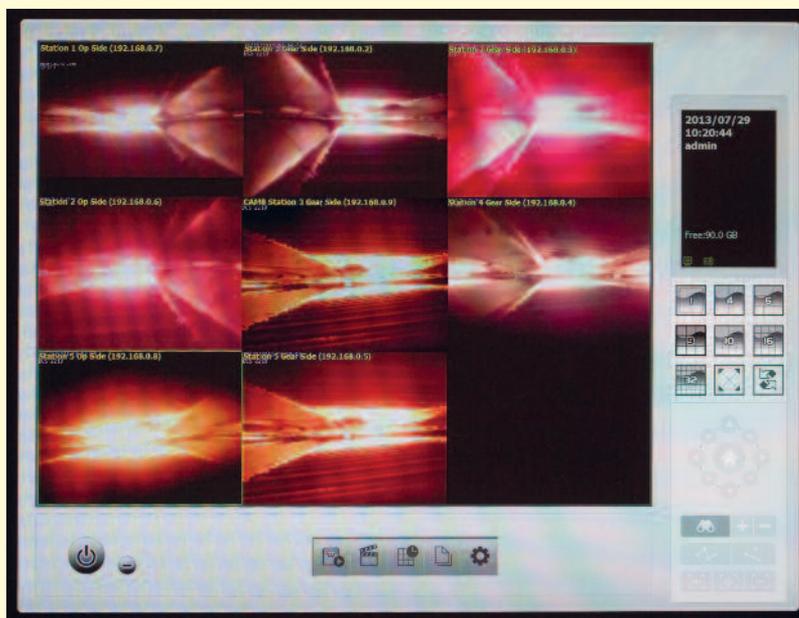
The next addition, which came on line this spring, addressed the need for large format diecutting. The new

First in the World

Ideal's DRO diecutter isn't unique in its utilization of JB Dryers. But it is the first installation in the world with JB's new VisionMaster real-time Inpress Dryer Monitoring and Inspection system.

According to Mike Sebring, Director of Manufacturing at Ideal, "While the dryers give us the ability to do high hold-out kind of work at a good run speed, the VisionMaster lets us keep running. For example, if we have a warped sheet or some dust or another problem inside the press, before VisionMaster we'd have to open the whole press to go in and visually check each unit and then hit a reset button before we could close back up and get running again. The VisionMaster system allows us to make those kinds of checks without having to open the whole press up, so we're saving about 10 minutes every time we have a jam-up or a problem with a board. That savings really adds up, giving our productivity a substantial boost."

The VisionMaster offers multiple views so it can show the camera from a single station in full screen mode as well as four, six, nine or more cameras at once. It also includes built-in DVR (digital video recorder) memory and playback allowing historical incident review.



JB'S NEW VISIONMASTER REAL-TIME MONITORING SYSTEM.

Mastercut 2.1 is a 50- x 80-inch diecutter able to run sheets of that size at 7000 an hour.

"When we were looking at other options we couldn't find anybody that could run that fast. The ability to set up the next job while one is running is incredibly helpful at limiting downtime.

And probably what matters the most for us is its Power Register, which gives us the ability to precisely register cut-to-print for each and every sheet from the first to the last," said Sebring.

Within the bigger picture, Yale explains, Ideal wanted to be able to follow the Bobst Asitrade with a large

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THE BOBST DIECUTTER PROVIDES A LEVEL OF AUTOMATION THAT ADDS TO THE PLANT'S EFFICIENCY.

format flatbed and follow that up with high-end gluing. The goal is to continue finding efficiencies.

"For example, with a large format diecutter we can now nest multiple jobs together," says Yale. "We realized that if we were going to change the plant, we had to change it a lot. Because the way our business had changed, where we used to have a run of 60,000 of one item at a time, now, it could be 12 separate runs of 5000 each. In that environment, we had to have machinery that could memorize the setups.

The third part of Ideal's investment in new capabilities is a Bobst Expertfold 300 specialty folder-gluer with a stand-alone FS Polyjoiner. "We see the new Expertfold, along with the Polyjoiner as opening up more of the shelf-ready packaging market for us — high-quality, brand-oriented kind of packaging," explains Scott.

Sebring elaborates, "The new folder-gluer is a perfect fit for the other assets we already have in place. It allows us the opportunity to marry pieces coming off the Asitrade to the large format

diecutter, all with a high level of precision and in one pass. The Expertfold, while faster than the generation of gluers we had, also brings some brand new capabilities in P-O-P and with display-ready packaging. This allows us the ability to innovate and constantly drive new value."

"I would say that we conducted due diligence on each of the machines that we purchased, and I fully evaluated machines from different manufacturers," says Yale. "In doing the due diligence it ultimately came down to the fact that one manufacturer, with a great reputation and history with our company, offered the solutions that we wanted so we felt that there was only one logical choice in the end."

The Next Move

So what does the future look like from Scott and Yale Eisen's point of view? When posed with this question Scott laughs. "You can almost become addicted to these more efficient, more productive high speed machines and

you realize as great as it is to have one, how great would it be to have two? So from a capital expenditure standpoint we're finding success with this current round of investments and it's sort of accelerating the pace at which we look for other investments and improvements.

"The other part is looking out at the competitive landscape. We're considering how this company can grow geographically," he adds. "Do we need another manufacturing location? Even with our California presence, our Cincinnati location and the others, this (Chicago) is our only core manufacturing hub. Are we developing a clientele where there needs to be at least a niche plant of some sort in a different place? These are all under consideration and review." Yale is more succinct, but open-ended in his analysis. "Our future, as well as our present, is based on our ability to remain adaptable and progressive employees and managers. In whatever we pursue, we want to preserve that focus because that is how we will ensure that Ideal continues to represent top-tier quality, efficiency, and safety." ■