

Bell Tolls for High-Volume Business

This folding carton converter is getting attention in the independent world by winning integrated-size contracts.

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Paperboard Packaging



Bell's management team (from left): Ben Arndt, assistant general manager; Marianne Von Seggern, general manager; Mark Graham, president; and Ben Graham, vice president, sales and marketing.

Mark Graham took quite a gamble when he purchased Bell Inc. in 1976. He was putting his money into a company that specialized in setup boxes for the local retail trade in the Sioux Falls, S.D., region. As an entrepreneur with a sales and marketing background, he knew he had to energize the staid, sleepy culture of this company or it would fold up as many other folding carton converters were destined to do in the coming years. He was a man with a mission.

"I was always intrigued by manufacturing," he explains. "When I looked at this business I thought, if we could find new customers, as well as new opportunities to differentiate ourselves, we'd find markets we could compete in."

The formula he found would be expensive, but it would bring Bell a collection of Fortune 500 customers who were willing to buy into Graham's vision of vitality. It's a vision shared by his son and his son-in-law, who are ready to carry Mark's vision

forward.

"We're targeting customers who will partner with us long term to allow us to invest in our manufacturing and in the technology that will continually take costs out of the system," says Ben Graham, Bell's vice president of sales and marketing. "We focus on 'total cost of ownership' for our customers and work with them to reduce total system costs associated with their folding carton buy. The best purchasers understand that price is one of many considerations. They certainly can't ignore the effect that cartons, supplier processes, and changes have on run speeds, productivity, waste, inventory, resources, etc."



Bell is finding those customers in the consumer packaged goods, frozen and dry food, convenience foods, and overnight courier service segments. Mark Graham says these customers understand the need for contractual relationships because they have the type of volume that demands it.

Bell
Delivers for
the Postal
Service

General Electric is an example. Bell invested heavily in equipment and tooling to produce

the packaging for this company's light bulbs. In the past, GE used singleface corrugated to protect its light bulbs. GE's partnership with Bell allows it to leverage an intricate folding carton package design that has provided a significant overall cost advantage via raw materials savings, high-speed conversion efficiencies, and less processing time in GE's plants.

Under Bell's business model, it seeks major customers who are willing to collaborate for a period that allows Bell to invest in the technologies that will give customers what they want. There are only a few dozen of these clients, but they represent \$60 million in annual sales for Bell.

"Other companies our size have 120 customers," Ben Graham observes. "We seek relationships with larger customers so we can focus more exclusively on them, manage their buy, and help them manage their total cost of ownership."

Ben Graham and the rest of the Bell management team aim to double their sales in the next few years.

A Simple Business Model

One of Mark Graham's mantras is, "If you're going to be the low-cost seller, you'd better be the low-cost producer." He adds, "I believe we know our costs better than anyone, and that means we can price as competitively as anyone out there and still maintain the profitability necessary to continue to be successful."

Much of that cost equation depends on raw material sourcing. With so many U.S. paper producers consolidating, that makes low-cost materials rare commodities indeed – unless you go offshore. That's part of the reason Bell became part of the Independent Carton Group (ICG), which is a consortium of independent converters that pool their purchasing power.

"We have the buying power of a \$500 million organization," Mark Graham explains. "So we bring to the table the buying power of an integrated, but we retain the flexibility and responsiveness of an independent converter."

Bell's long-term contracts with customers also make it an attractive customer for raw material suppliers.

"Through our business model we can go to our supply base and say 'I have a three year contract, which means steady tonnage from ink to adhesives, transportation and paperboard,'" Ben Graham says.

The application of leading-edge technology also helps Bell make the most efficient use of those materials. Bell's assistant general manager, Ben Arndt, was hired to make sure the company lived up to Mark Graham's low-cost seller/producer mantra on a day-to-day basis.

"This is an industry where many are trying to squeeze small incremental improvements out

of old technologies and old equipment," he says. "The real efficiency and cost improvements for customers come from our continued focus on the web platform and from smart investments in the newest printing, finishing, and handling technologies."

Certified Processes

To ensure a good base upon which to assemble those technologies, Bell maintains an ISO 9001:2000 quality system certification. Bell's General Manager Marianne Von Seggern is in charge of making sure this certification is more than just wallpaper and actually means something to customers and to Bell employees.

"We don't set up procedures just to get accredited and then go on with business as usual," she says. "We've assimilated it into our culture and that has allowed us to be methodical about how we review business and offer customers a quality product based on their requirements. It's been a big advantage for our organizational culture. A lot of companies wrote the procedures and used outside consultants to get certification but it wasn't part of how they did business every day. Everything we do operationally revolves around the basic quality management system methodology."



Bell also is certified by the American Institute of Baking (AIB). This tells customers in the food industry that Bell has facilities, equipment, processes and people that make food-safe packaging. "That's an annual audit, and we maintain a superior rating which puts us in the top ten percent," Von Seggern adds.

Bell also maintains HACCP (Hazard Analysis and Critical Control Point) certification, which further ensures food safety via a safe working environment and safe chemical handling.

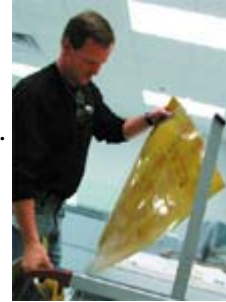
Bell's Drent Goebel VSOP runs full out at 1,300 linear ft per min.

Bell's 24/7/365 operation is staffed by 180 people across four shifts. That doesn't include its customer service representatives. Having only select major accounts makes it easier for Bell to dedicate customer service reps to each one. These CSRs communicate with customers several times a day and act as their ombudsmen. Bell's CSRs have direct responsibility for ensuring customer satisfaction. That satisfaction is monitored via twice-yearly customer surveys.

Gaining Pull with a Press

The technology Bell invested in to help its CSRs deliver on their promises involves some of the newest press and computer-to-plate technologies. The center of attention is a variable sleeve offset press (VSOP) purchased from Drent Goebel. This is the first press of its kind installed in a North American folding carton plant. Bell installed the press in a 180,000-sq-ft building it acquired recently, located near its original plant.

One of the most striking features of the VSOP to those seeing it for the first time, besides its ability to run at 1,300 linear ft per min., is the new lightweight variable sleeve system. Past attempts to combine a web platform with offset printing's visual benefits required expensive cassettes. Procuring cassettes could take months and up-front costs were high. As a result, old web-offset technology was only feasible for exceptionally long print runs with no changes.



Chris Gehrman, Bell's pre-makeready technician

The variable sleeves on the VSOP allow job changeovers at a fraction of the cost and time. For a folding carton converter with customers the size Bell serves, the VSOP's ability to process variable print lengths with fast makereadies is key. The technology allows Bell's customers to get offset print quality with significant time and cost savings versus typical sheet-fed offset presses.



"Before, you had to buy cassettes that cost \$10,000 to \$20,000 per unit per size," Mark Graham explains. "Web offsets were dedicated to specific products. The VSOP rounds out our capabilities as a web producer. The plates are mounted off-press, but until recently the presses were not servo driven. Servo technology has changed the ability to address the repeat length of the sleeves. Allowing that to change has a huge impact on costs. You can be doing a make ready offline, change to a different repeat length, and be back on press in three minutes per color."

Bell dedicates five finishing lines to specific customers. This one is running GE light bulb boxes.

Bell's VSOP can run sleeves of any circumference between 15 and 30 in. That enables Bell to choose the repeat length that's most appropriate for the job.

Additionally, because Bell is targeting more customers in various food segments, the VSOP's ability to support EB (electron beam) curing helped this technology fit.

"You have to cure ink one way or another on a web offset," Mark Graham notes. "Food producers have always had an inherent bias against UV. A lot of that has been corrected, but there are companies that don't want UV because they don't want anything that could taint the quality or texture of their product, especially dry food. That's why we chose EB. Although it's a little more complex and expensive of a process, we think EB eliminates the risks of odor and contamination."

How Tech and People Mix

"Our team members are our greatest asset," Von Seggern states. "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."

Bell has dedicated five of its finishing lines to specific customers and product lines. This ensures the best uptime and throughput. Furthermore, it uses rotary diecutters instead of platen, which enable faster cycle times and increased consistency in performance of packaging on customer filling lines.

By knowing its costs, maintaining a window into every aspect of these operations and choosing the most efficient technologies, Bell can help customers identify ways to take costs out of their own operations.



Bell's Variable Sleeve Offset Press (VSOP), manufactured by Drent Goebel, runs jobs through eight printing stations. At the end of the line, printed paper is cut and scored using Bell's proprietary rotary diecutting technology.



Bell's President Mark Graham (left) and Facilities Manager Kevin Erickson look at plans charting the new facility's future growth. Robotic palletizers and automatic guided vehicles eventually will be used to help the company maximize plant throughput.

"Helping customers understand the costs of any part of their buy will help them maximize spending power," Ben Graham says. "Our online inventory reporting systems help them better forecast their usage and manage inventory. We employ supplier-managed inventory programs, such as min/max inventory for some customers, minimizing their holding costs and inventory levels. We can fulfill requirements on a shorter lead time so they don't have carrying costs or obsolete copy sitting in a warehouse."

In-House Platemaking

Bringing platemaking in house was another time-saving Bell investment. It's critical for maintaining process control and allows for flexibility in production scheduling. Bell incorporated Creo's CTP (computer-to-plate) front-end system, which can produce both flexo and offset plate.

"This equipment has dramatically decreased production time from beginning to end," says Chris Gehrman, Bell's pre-makeready technician. "That means from the time a job is created as a file to the time it can go on a printing press... it's hours instead of days.

"When we outsourced everything, we relied on outsiders who dictated our schedule," he continues. "Now if there is a plate problem on the press or an opportunity for improvement to graphics reproduction, we can make a change and produce everything in house and be back up in a fraction of the time."

Industry analyst and consultant Ben Markens is impressed with what Bell has done as an independent folding carton converter.

"They've done a good job of leveraging technology and developing a vision for moving forward," he says. "That's key in identifying niches. It's one thing to target a niche of high volume, but it's another to be the low-cost producer."