

Smyth Companies

Through strategic acquisitions and investments in people and technology, this industry leader is all about growth.



SMYTH COMPANIES, LLC

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Founded in 1877, Smyth Companies has a long, storied history. Yet the company can point to several recent milestones and accomplishments that have played an integral role in it becoming one of the top ten label manufacturers in North America. To stay in business and succeed in the label and package printing industry for 140 years, Smyth has had to evolve – recognize and adopt the right technologies – while thriving as a truly innovative industry leader.

Smyth Companies is headquartered in St. Paul, MN, USA, once a frontier town and gateway to the West. It's a fitting location for Smyth, a label industry pioneer that's taken a leadership position among its peers. Smyth has a collaborative approach to both serving its brand owner customers and working closely with supplier partners.

For a company that's been around as long as Smyth, it can of course point to many pivotal moments in its history and has celebrated many successes. The company's founder, Henry Martin Smyth, established Smyth Companies to be a commercial printer for local businesses in the Twin Cities area, specializing in glue-applied, cut-and-stack labels. Food and canned goods packaging were early areas of focus, and among its customers were brands such as Green Giant and Hormel Foods – big brands today that grew alongside their label supplier.

In 1948, ownership changed hands when Henry Smyth sold his company to William Hickey. Under the Hickey family – which has led the way through four generations – the company thrived. A pivotal moment came in the mid-1980s, with the first investment in a flexo press and Smyth's initial entry into the pressure sensitive (PS) label market. As flexography would go on to become the preferred printing process for the PS label industry, the Hickeys placed their business at the forefront,



With the Domino press at the Green Bay facility, from left: Kristin Helms, Shane Magle, Roxanne Beth, Allen Hallberg, Glen Herlitz and Scott Fisher.

investing in machinery with an emphasis on producing labels of the highest quality. Today, Smyth operates 11 facilities throughout the US.

Smyth Companies is led by CEO John Hickey, of the aforementioned Hickey family, and Scott Fisher, president, who came on board in 2013. In fact, this is Fisher's second stint with Smyth, as he previously worked for the company from 1990 to 1997. Prior to rejoining the organization, Fisher served as COO of WS Packaging Group. During his 12 years there, he was instrumental in successfully integrating more than 10 acquisitions for the company.

Fisher has now worked in the label industry for 38 years. He has vast knowledge of converting technologies, brand owner needs, as well as an understanding of the importance of relationship building with customers and suppliers. In particular, his comprehensive experience with mergers and acquisitions has been and continues to be a key asset to Smyth – the company is on its way in meeting or exceeding its aggressive growth targets.

GROWTH THROUGH ACQUISITION

In 2010, the Hickeys sold their company to Novacap, a Toronto, Canada-based private equity firm with over \$1.6 billion in assets. This would prove to be a turning point for Smyth Companies, with Novacap providing the financial backing it needed for serious growth by way of a series of strategic acquisitions in relatively quick succession.

Shortly after getting Novacap's support, Smyth made one of its most important acquisitions to date, at least as far the company's presence in the PS label market is concerned. In May of 2011, Smyth acquired Dow Industries of Wilmington, MA. The move was crucial for a number of reasons: Smyth now had a foothold on the East Coast, but perhaps most notably, Dow provided Smyth with its first digital printing assets – Dow had a reputation for producing award-winning, high-end digitally-printed labels using HP Indigo technology. Also, Dow had a strong presence in the health and beauty markets, thus adding to the variety of label markets Smyth serves.

One of the most impressive aspects of Smyth is in its diversity and scope of products and services offered. While the company produces more than four billion labels annually, it has evolved to become far more than simply a label supplier. PS labels make up nearly 60% of the overall business, but there's also the cut-and-stack side to the label segment, in-mold labeling (IML), as well as shrink sleeves, promotional products and commercial



Smyth's "Implementation Lab" at company headquarters in St. Paul, MN

printing. In addition, two recent, separate acquisitions now have Smyth entrenched in both flexible packaging and tube decoration and fulfillment.

A deal for Phoenix, AZ-based Pure Pack Technologies (PPT) was announced in March 2016. Now equipped with wide web technology acquired in the PPT transaction, Smyth is able to offer customers unsupported and multi-layer film structures, roll stock, pouches, bags and shrink sleeves. Just a couple months later, Smyth acquired Flexible Container Systems of Pleasantville, NJ, a specialist in tube labeling services for the personal care, and health and beauty markets. Smyth's offerings gained through this acquisition now have the company providing what Fisher says is the fastest, most efficient, turret capping and labeling system in North America, as well as a wide selection of flexible tubes, caps, tube label products and dynamic label placement options.

Across its many facilities, Smyth Companies currently counts more than 550 employees, with manufacturing space totaling a combined 350,000 square feet. The largest label-making facility is in Minneapolis, at 75,000 square feet. That plant alone – which runs 24 hours a day, six days a week – employs 115 and recently recorded annual sales of \$43 million, Fisher says. In fact, throughout the organization, all of the manufacturing facilities run either 24/6 or 24/5.

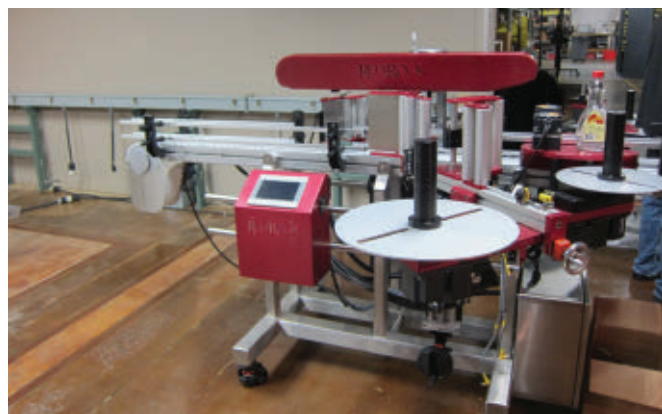
'ALL ABOUT GROWTH'

With Fisher at the helm, having an eye for acquiring companies that are a strategic fit is part of Smyth Companies' growth strategy – and it's working.

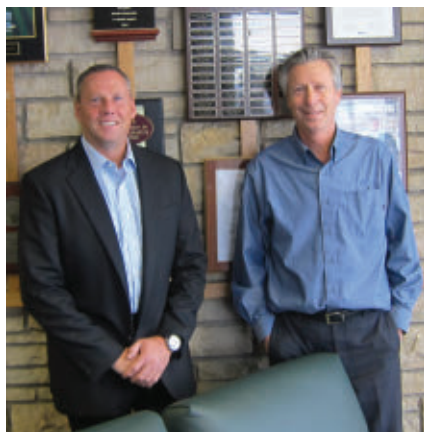
"A five-year plan was implemented in 2014," Fisher explains. "We're looking to double in size – 60% by acquisition and 40% organically – and we're on pace to do just that."

Fisher points out that Smyth has recently revamped its sales structure, a product of having grown to become spread out geographically throughout the US. In addition to the newest operations in Arizona and New Jersey, close to the St. Paul headquarters are three Minnesota facilities – roll-fed UV flexo in Minneapolis, sheet-fed offset and commercial printing in Austin, MN, and also commercial printing in Rochester, MN. The former Dow Industries now operates as Smyth in its Massachusetts location with a focus on digital and UV flexo PS label printing. More sheetfed offset technology is in Bedford, VA, and bottle labeling is handled in Golden, CO.

Fisher says, "We now have an Executive Vice President of Sales



The company manufactures custom label application machinery.



President Scott Fisher (L) & CEO John Hickey

and Marketing, Bill Challoner, who oversees the entire company, and we have restructured most of our sales territories.”

At one point, before Smyth was so far-reaching, its salespeople worked out of the St. Paul office. “We’ve since broken that apart and are now putting people into specific regions,” Fisher says, adding

that Smyth’s sales are all direct. “What may be somewhat surprising is that we have a relatively small list of clients – in the hundreds, not thousands – however, that is something we’re looking to change. We hired four new salespeople in the last few months and will continue to add more as we build out our sales regions.

“Our business model is all about growth,” Fisher adds. “In order to get the growth, we need to have operational excellence, better than standard turnaround time, high quality and a sophisticated graphics department. Our Executive VP of Sales and marketing oversees our IT efforts, as we have developed a lot of tools behind the scenes. Our clients can work with us online – we have found ways to automate the whole process. This is something that not everyone is doing, but it can be an advantage.”

Adding to Smyth’s efficiencies, platemaking is done on site with the Green Bay and Phoenix locations being the only exceptions. For those sites, the prepress process takes place in St. Paul, handled by a team consisting of 17 graphic artists and plates are sent via overnight delivery.

There’s a lot more that happens in St. Paul besides the company’s administration and prepress department. It’s here where Smyth manufactures its custom-made Red Rock label application machinery, thus another way to position itself to customers as a one-stop-shop for all label and packaging needs. The St. Paul headquarters is also unique in that it houses equipment and technology that can not only create 3D prototypes, but can also simulate what a product will look like in a variety of different environments such as bars, restaurants, retail and grocery stores.

CEO Hickey and Fisher are also based out of St. Paul when they’re not on the road. Fisher – who travels 48 weeks a year – has a leadership approach based on face-to-face meetings at the president and CEO level with both customers and suppliers alike.

“These meetings,” Fisher explains, “often turn into brainstorming sessions. We look for ways to utilize our technologies to create innovative products that will help our brand owner customers’ products stand out from the competition.

“We are on the leading edge,” Fisher adds. “I’d rather that we lead than follow. At least for us, and our history goes back multiple generations, we’ve always taken on the role of being the leader – assessing risk and saying ‘hey, let’s do this!’ And now, since being backed by private equity, we can make funds available to help make things happen. What sales rep

doesn’t want to talk to clients about innovation? If you’re not innovating, you’re in a slow death spiral,” he says. “We’ve added a lot of depth to our organization in both technology investments and human capital.”

GREENFIELD IN GREEN BAY

Fisher notes that today Smyth is looking at some rather large, potential acquisitions. “We’re not done yet from that standpoint,” he says, speaking to the five-year plan of 60% growth by acquisition. However, to see Smyth’s perspective on the organic growth side of the plan, as well as the technologies the company sees shaping the future of the label industry, look no further than Smyth’s Green Bay “Greenfield” facility.

The Green Bay outpost began operations in January 2015. The basis for doing so was to provide close proximity to much of the company’s vendor base, but also to serve as a center for digital printing, attacking mid-level markets it hadn’t been in previously – with digital technology being the driving force for entry.

Smyth’s most recent digital press acquisition in Green Bay came in the spring of 2016 with the installation of a Domino N610i UV inkjet label press. The company had experience with digital for a number of years with HP Indigo WS4000 and WS6000 Series presses, but the new Domino marks its first foray into inkjet technology.

Fisher recalls, “When it came to the choice of technology for the new press we were adding, we looked at the ease of operation, both for our clients and ease of operation internally. In terms of making a decision to go with Domino there were two key components. First, like anything else, we ran through a standard ROI model. We looked to make sure that we could generate the right return from a value creation standpoint. But more importantly, when it came time to making a decision, there was one key factor – the white.”

Fisher stresses that Smyth chose the Domino because of the opacity of the white, the brightness and expanded gamut of all the colors, the high-definition print quality, and also the speed of the press and lower costs for consumables. He says, “When we started the process, we sent out a file that had some very complex pictures in it with vignettes and gradations. This is when the original trial was run. We asked that the file be run at multiple speeds and that was the catalyst for us taking a closer look at Domino. Samples were run at 165 fpm. When we compared those to our flexo samples we saw little, if any, variation. With the Domino, the color was better than we anticipated with drop-on-demand technology. So immediately there was some credibility in the Domino technology in how it could replicate the files that were being provided to it.”

Fisher believes that digital and also hybrid technology is rejuvenating the label industry as a whole. “It’s all about the flexibility to provide personalization and uniqueness – instantly,” he says. “With our service model, turnaround time is key, and so is giving the customer the flexibility to wait until the very last second to place an order. Our Green Bay location is delivering in five days or less – and the facility has doubled in size since we opened it.”

Concludes Fisher, “We went into a market with all new digital printing technology, and we ended the year close to \$7 million dollars in sales at a new facility. And the sales are mostly from brand new clients – new business that we had never touched before. That’s an indicator of where the label market is going.” **LNW**