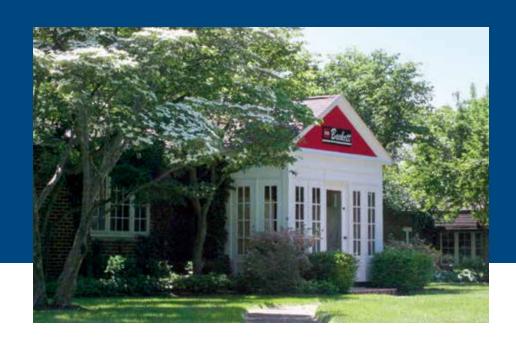
## BECKETT AT 75 YEARS

25 YEARS OF GROWTH 1987-2012





DEDICATED WITH GRATITUDE TO MRS. R.W. "JEAN" BECKETT (1905-1994)



# BECKETT 75 YEARS

#### INTRODUCTION

Twenty-five years ago, the R.W. Beckett Corporation emblazoned on its entrance: "Commemorating 50 Years; Challenging the Next 50."

Now, we're halfway through that next 50.

In Beckett at 75 Years we look back. We trust that chronicling the past in this way will add clarity to our future. History can be dry, so as we approached this project we asked: What worked for us over this quarter century? What didn't? Why? Were there things that seemed small at the time but turned out big (and the other way around)? Did we learn? Did we shed the unproductive? Redeploy assets? Make the tough decisions? Did we sow for tomorrow, and did that seed bear fruit?

There's another important reason to look back, for in an organization's history one finds its cultural distinctiveness-values and philosophies that stabilize and guide. Though invisible, they are essential, like the keel of a ship. For example, at Hewlett-Packard, the "HP Way" is more than nostalgia. It's the lifeblood that built and has sustained a great company through any number of storms.

Five decades — 1937 to 1987 — were well summarized in our first commemorative book. "Beckett — The First 50 Years." This is the update. My thanks to all who contributed in myriad ways. I trust this account will add value in the years to come and that the practice of chronicling our history will continue. The next, God willing, will be at our centenary. What will grace our entrance then? "Commemorating the First 100; Challenging the Next..." We'll let others determine that horizon. For now, we'll focus on an incredibly dynamic quarter-century: 1987 to 2012.

John D. Beckett



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## **OUR STORY**

#### CHAPTER 1 – PROGRESS: BIG STEPS AND SMALL

Progress often comes in breakthroughs, like when a boy becomes a man. I asked our sons when that occurred with them. One said, "When you let me carry the canoe to the next lake." I never would have guessed it at the time. But it was big.

When I look at the past 25 years, I see some breakthroughs at Beckett:

- Launching Beckett Gas, Beckett Air and Beckett Canada
- Becoming a world-class manufacturer
- Establishing the company's Core Values and Roadmap
- Building a corporate board with seasoned outside board members
- Writing Loving Monday as a result of a documentary on Beckett by ABC News

- Getting serious about the commercial market
- Seeing Kevin's development and succession to president/CEO
- Developing robust electronic capabilities
- Establishing an ERP information system across the companies
- · Expanding into China

Several of these large events are covered in detail in this book, both in "Our Story," the narrative, and in "Highlights"— several essays written by folks who have been integral in their achievement.





Context for business matters hugely. Industries shift. The economy gyrates. Political disruptions wreak havoc. Even with a sturdy keel, the experienced sailor must adjust for wind gusts, storms and hazards. Many companies didn't survive the tumult of the last few decades. By God's grace, we did.

We generated \$50 million in sales in our 50th year and employed 155 people. Today we generate more than \$100 million in sales, all companies combined, and employ 650 people (our operations in China included). R.W. Beckett has generated some \$1.8 billion in sales revenue over our 75 years, with \$1.4 billion in the past 25 (\$3 billion/\$2 billion respectively in 2011 dollars). Much of our profit has been plowed back into growth and some redeployed into a variety of important causes, ultimately for the benefit of others.

But history isn't all about breakthroughs. Much happens at the margins. Not so visible, but no less important. These are the things that take place day in and day out. For example the hires, plant floor upgrades, quality improvements, efforts toward employee safety, computer solutions — even the graciousness with which phones are answered and visitors greeted. Each of these influence whether we're on course, or drifting. I'm convinced that attention to or neglect of the little things prosper or doom businesses as much as the big things.

We never hear much about the stuff at the margins, nor do we adequately reward people for their contributions toward these things. But they matter — they really do! The cumulative decisions, disciplines, devotion and daily execution by hundreds of Beckett employees have made us who we are today. So we say thank you. In a very real sense, the success we've enjoyed these past 25 years is because of each and every one of you.

#### CHAPTER 2 – GROWTH: BEING UPWARDLY MOBILE

"Without continual growth and progress, such words as improvement, achievement and success have no meaning." — Benjamin Franklin

The four days of 50th anniversary activities had been stunning. People throughout Beckett pulled together events that many guests from far and wide concluded were the best anniversary celebration they'd ever experienced. No wonder! Our celebration included an original music composition, *Bach at Beckett*; world-class speakers, including James Humes who brilliantly impersonated Winston Churchill; a lobster fest; dancing; and fireworks.

Afterward, we experienced the normal letdown—the kind that follows an athletic victory or a successful political or military campaign. But it was more than that. The year following our 50th anniversary celebration was strangely unsettling. We were a bit "wobbly" as we sought our way forward. The employees felt it. In fact, there were some union stirrings for the first time in 15 years. I felt it. At one point I committed to go into the office early one day each week — solely to pray. Some others joined. We sensed God was with us, guiding us through whatever valley we were in.

Eventually, I realized what we were experiencing was a precedent to — even a catalyst for — growth. For Beckett to move onto a sustained growth trajectory would require us to make changes and take risks on a grander scale than any time in my memory. To this point, we'd been able to grow by increasing market share. But now we were approaching the upper



limit of the burner market that we could reasonably expect to achieve. It was time for Act 2. My dad had thoroughly schooled me in the axiom "If you're not growing you're falling behind." I knew the status quo was not an option.

Determined to escape the gravitational pull of decline, in 1988 we launched two new businesses within months of each other: Beckett Gas, then Beckett Air. We embarked on a "World Class Manufacturing" pursuit, seeking to reenergize and improve our systems and methods of making burners. We began the development of a new line of commercial oil products, designated CF. We began systematic educational programs to increase the skills of our employees.

In time, like a fighter recovering from taking too many jabs, we regained our bearings.

Some years later, and fully committed to growth, Kevin, as CEO, reformulated our corporate mission: "By God's grace we will..." and the first mandate was GROW! We wouldn't be ruled by industry ups and downs, competitive threats or the ebb and flow of the economy. Yes, these

would always be factors, but like a ship navigating variable winds and adverse seas, we would sail resolutely toward a brighter future. Of course we would be duly constrained by financial capacity, for we were cautious about taking on too much debt. And we would be mindful of our people — they needed to stretch, but not break. But we were determined that our slogan at the anniversary — to "Challenge the Next 50" — must be aggressively pursued, not just adorn the company's front entrance.

So a purposeful posture toward growth, uncomfortable in some ways, was essential in propelling us into these 25 years we've now lived to tell about.



#### CHAPTER 3 – INNOVATION: THE ENGINE FOR GROWTH

At the outset of these 25 years, we faced a dilemma common to mature companies. As noted, we were determined to grow.

The question was how?

Some earlier attempts to innovate and diversify within our core business — especially our entry into the submersible pump business in the early 1980s — had taught us an important lesson: It is very difficult for a secondary product line to get the attention and resources it needs when the primary product, which is producing most of the revenue, needs those same resources. The new kid on the block was always at risk of being neglected, even orphaned.

I remember the day when it became clear to me that innovation, to be successful, required a different mindset and approach. The key word was focus. That one word, and the meaning behind it, radically altered how we would shape our growth strategy. A direct result was that the two new ventures — gas combustion and blower wheel manufacturing — would not be developed within our core business but independently. Yes, the 50 year-old parent would provide a lifeline to

get them going, but they
had to sink or swim on
their own. That they
almost sank is another
story, but that they
ultimately swam — even
winning some Olympic
golds! — validated the
approach. Separate essays tell
the dramatic stories of the founding of
Beckett Gas and Beckett Air.

But other than taking a congratulatory bow, where did that leave the parent? With the long-term trend for oil heating in decline, we would have to be more innovative within our core business. Not every new idea warrants a new company to bring it to reality! Fortunately, the lessons learned establishing the new companies enabled us to apply the principle of focus within our four walls — and to see some great successes. We had dedicated (focused) teams, made some key hires that brought outside expertise, allocated required resources, used separate P&Ls to gauge performance and, where necessary, made a new development "Mission Critical" to give it needed visibility within the whole organization. Where helpful, we've even employed the concept of a "factory within a factory," enhancing the prospect that the newcomer wouldn't be left out in the cold.

While some ventures have failed or have been only marginally successful, others including our commercial burners and electronic controls are now healthy contributors — and platforms on which further innovation and growth can occur.

1 kW lithium ion battery module controlled by Beckett Battery Management System (2012)

#### CHAPTER 4 – **CULTURE: CORPORATE DNA IN THE MAKING**

The culture of an organization is, to me, one of the most fascinating aspects of corporate life. As with the personality of one's spouse or child or neighbor, there's an enigma to what makes a business tick. How much of corporate culture is found in a company's DNA? How much can culture be shaped? What do you do when "the way we do things" pushes back against new ideas and initiatives? How is culture transmitted generationally, or with new hires or across to acquisitions or multidivisional facilities? How does it play out when you build operations in China where societal norms are so different?

Through much of our first 50 years, I took our culture for granted. Unlike today, we were small and very hands-on. In fact, as CEO, I had for years interviewed every finalist for employment

> and personally conducted our new employee orientation. We wanted to and set the right

find the right people tone from the beginning of a person's

employment.

Obituary — H.C. Beckett — Hamilton Spectator (Nov. 28, 1921)

H. G. BECKETT WAS WIDELY KNOWN

Quite recently, I found two documents — a news clipping and an essay — that helped me understand how deeply certain values were embedded in our family's history. Following is a quote from my grandfather's obituary published Nov. 28, 1921, in Ontario, Canada's Hamilton Spectator. Apparently H.C. Beckett had taken a forceful public stand against unwarranted and unhealthy practices in Canadian business activities in the early '20s.

"If you want the people to think right, you must first adopt a standard that stands for the highest principles for honor in business for just, equitable treatment for all."

Grandfather's principled approach to business rubbed off on his son - my father and our company's founder, R.W. Beckett. Following graduation from the University of Toronto in 1923, my father wrote this concerning the engineering profession:

"The sublimest duty of an engineer is to keep the faith — with the community, the public welfare, the client, his fellow engineers — that he will remain true to science - that he will magnify, not cheapen it."

As I got to know my dad — eventually my employer and boss — I saw firsthand a deep understanding and integration into his behavior of the difference between right and wrong, truth and falsehood, fairness and injustice. While not written into formal documents, these deeply rooted guiding principles were invisibly woven into ways we functioned as a company. And my dad's subordinates, including me, sure heard about it when any of us stepped out of line!



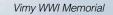
#### A Soldier's Story

There was another ingredient that shaped my dad as a man and defined us as a company: stamina. What kept him going when, shortly after our launch in 1937, he had to stop making oil burners (critical materials like steel and copper were directed almost exclusively toward WWII) and for the next four years insulate homes in Northeast Ohio to keep the business afloat? What made him persevere during the '50s when natural gas invaded markets that, until then, were oil territory, with the effect of pummeling oilheat's residential market in the Midwest?

A visit to the north of France on a chilly day in 2008 helped me appreciate how the convulsive forces of WWI built stamina into Reg Beckett as a teenage infantryman serving in the Canadian Army. As my wife, Wendy, and I stepped onto the former battle-field called Vimy Ridge, we surveyed the bunkers and trenches that formed the grisly landscape of that war's battles. We learned that more than 10,000 Canadians died in a four-day campaign against deeply entrenched German forces fought

over Easter weekend in 1917 — the infamous "Battle of Vimy Ridge." Then it all became clear. Dad survived that battle because any quit, any weakness, even any self-doubt could well have been fatal. So never mind the bitter damp cold, the stench of dying men and horses, the carnage of hand-to-hand combat. Dad persevered.

That I had to visit the scene where a majestic memorial now marks the sacrifice and victory rather than learn it firsthand from Dad, speaks volumes about how he determined that this chapter of his life would not land as a heavy burden on his children. Those days were past. Though silent in the telling, the lessons of three-plus years on the front lines were profound in forging who he was. It was on a bloody battlefield where he developed the stamina to later press through challenge after challenge to build a sturdy business — one that reflected values gained at high cost.



#### Corporate Roadmap

Roots set in such soil produce rugged trees, and rugged trees produce good fruit. Yet as the branches of Beckett businesses spread in the late '80s, now involving new companies and increasing complexity, it became clear we should be more systematic about defining our culture. A singular event in 1994 was catalytic in defining and promulgating our corporate culture and in specifically developing our Corporate Roadmap (see essay, p.32). Not only did this effort solidify our long-standing but undocumented values — Integrity, Excellence, Profound Respect for the Individual — but it also served as the launch pad to promote these values throughout our companies.

Service

These now-defined values gave the "why" to our emphasis on employee education, our fitness center and leading-edge policies such as enabling mothers of newborns to be home with their children for up to three years and return to equivalent work afterward, guaranteed! These values formed a kind of spinal column, supporting the rest of the body. It was now our job to protect the core, for it would surely be tested.

Never were our core values, especially Profound Respect for the Individual, as fully challenged as they were in January 2007 when, for the first time in our 70 year history we had to lay off 27 hourly employees. I watched Kevin walk through this process face to face with these incredulous employees, and do so without the slightest compromise of our core values. The company searched out alternative work options and provided transitional coaching and letters of recommendation with a catalogue of the employees' work history, specialized training and education. To my amazement, the tearful parting was also met with hugs of appreciation. Crushing news had been delivered with compassion and grace. People were left whole, not fractured. High standards of individual worth had been maintained.

As we celebrate 75 years, now with a matrix of businesses, we can affirm the important elements of our culture are intact and flourishing throughout the ever-growing family of companies that bear the Beckett name.

### **ENDURING VALUES**

to be embraced and applied throughout our companies:

- Integrity
- Excellence
- Profound Respect for the Individual

## CHAPTER 5 – FAITH: BELIEF SYSTEMS THAT UNDERGIRD CULTURE

"Unl<mark>ess</mark> the Lord builds the house, they labor in vain who build it."

Culture, as described in the previous chapter, does not emerge from a vacuum. Culture is grounded, certainly in the practices and traditions of an organization's founder. But dig deeper and there is generally a belief system that informs those practices and molds those traditions.

My father and grandfather were "God-fearing people" who spoke easily of the role and rule God had in their lives. For example, I have a Bible my grandfather gave my father at Christmas, 1919, citing Matthew 6:24 in the inscription: "No one can serve two masters...." My grandfather was a successful Canadian businessman who was instrumental in expanding the wholesale grocery business from a regional activity in Ontario to distribution that spanned Canada. Apparently he had worked

#### — Psalm 127:1

through the issue of two masters and wanted this verse to be a pointed reminder for his son.

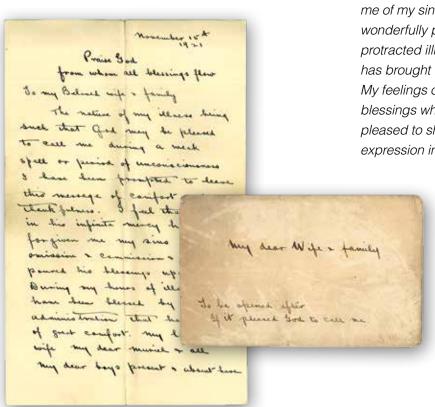
I am fortunate to have found a beautifully handwritten letter my grandfather wrote Nov. 15, 1921, to his wife and family with instructions "To be opened after if it pleased God to call me." He died two weeks later at age 61 from an illness that was never fully diagnosed. His letter



H.C. Beckett, 1860 - 1921

begins, "Praise God from whom all blessings flow" (from the *Doxology*, sung in many churches). He continues:

"I feel that God in his infinite mercy has forgiven me of my sins of omission and commission and wonderfully poured his blessings upon us. My protracted illness has been a blessing in that it has brought us through prayer nearer to God. My feelings of thankfulness for the manifold blessings which God in his mercy has been pleased to shower upon us all cannot find expression in words."





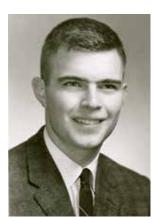
Reg Beckett (top right) with his mother and five brothers

To his six sons he added, "My dear and loving sons, my ambition has been to see you all grow up men of honour and I thank God that my hopes have been realized." Finally he closes, "God bless you all my dear family, my dear relatives and staunch friends. I die in faith of everlasting life. Your loving and devoted, Father."

Here are roots of faith that run deep! The impact of my grandfather's final words had to be enormous on his family, including Reg, his fourth of six sons, who was 24 years old at his father's passing. To the end of their lives, both my parents regularly attended our local Episcopal Church, and they made sure my two sisters and I were likewise active.

#### My Personal Journey

As much as I gleaned from the faith-friendly home I was raised in, my personal understandings of God and his ways were shallow well into my twenties. "God has no grandchildren" was a truism that applied to me. I needed to establish a personal, not inherited, relationship with God. That took some doing. It seems



we engineers, with our need for everything to be logical, can be tough nuts to crack when it comes to spiritual matters. Two events in rapid succession formed the needed nutcracker: my father's sudden death in February 1965, followed by a devastating fire the following August that nearly destroyed our manufacturing facility. The impact was the needed antidote to my strong self-sufficiency, and in my late twenties I fully surrendered my life to the Lordship of Jesus Christ. I continue to find the transformation from that surrender amazing — and marvel that the great God of the universe would take one like me and make me his very own.

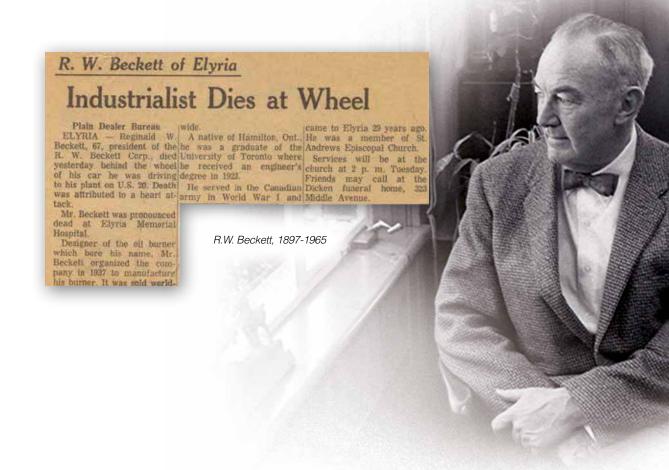
I soon realized, however, that my large step of faith had also created a dilemma. I had been unwittingly influenced by the widespread notion that faith is faith and work is work and "never the twain shall meet." Yet I strongly sensed my life's work was to be in business, not church-related activity. The dilemma was resolved when I committed to be more than a Sunday Christian; I committed to be one who would integrate my walk of faith and world of work as fully as I could. As I look back, I can almost hear my grandfather and father cheering me on!

The specific and intentional integration of these two elements — biblically based faith and principle-driven work — has now defined Beckett for more than four decades. This synthesis actually undergirds the whole concept of "integrity," a synonym for which is "soundness" or "wholeness." People can be themselves, freely expressing and walking out their beliefs. None is expected to conduct his or her work in ways that violate personal core values. Thus, biblically rooted faith has been and is the belief system that undergirds the Beckett culture.

The ultimate test of whether corporate culture reflects the high standards of the Christian faith is found in day-to-day attitudes and actions. Are people truly valued, even loved, and not just tolerated, not just appreciated? Are we postured to passionately serve customers and fellow employees, knowing our example — Jesus — is one who came to serve, not be served? Do we maintain confidences? Do we honor commitments? Do we insist on excellence in our products, communications and relationships — even when it may be

costly to our pride or pocketbook? Are we generous, mindful of the needs of those less fortunate? Do we think long term? Are we a fun place to work? Do we despair in downturns, or do we accept them as opportunities for change? Is success only financial, or are there other metrics that matter as much, even more?

Faith that is really faith is organic, not tacked on. It works into the fabric the same way the most beautiful dye permeates every fiber of cloth. I can say without hesitation our desire to honor and serve God in our corporate life is THE most essential ingredient to who we are at our 75th anniversary, for at the end of the day, whose we are will always shape who we are. Cheer on, Grampa! Smile with great satisfaction, Dad! Your legacy of honoring your God, and ours, is alive and well.



#### CHAPTER 6 – FAMILY: GENERATION TO GENERATION

No small amount of controversy surrounds family members who work together, and for good reason.

Legion are the sad stories of families that have been ripped apart, the result of business-related strife. Wounds coming out of workplace disputes have caused such deep rifts that some relationships are never reconciled. It's wise to be cautious!

After my father's passing, one of our suppliers told me that Dad often wondered if I would join the family business. But he had never telegraphed that desire to me. In fact, I was shocked when he first raised the subject. It was after dinner one evening at my parents' home. "John, my business partner is going to retire. How'd you like to come to work with me?" I was just as surprised at my immediate response: "I really haven't thought about this — but

Reg Beckett, instructing on the "3Ts" of combustion — Time, Temperature and Turbulence

it sounds good to me. When can we get started?" In an exchange lasting but a few seconds, my life lurched onto a totally new track.

I'd been employed in the aerospace field as an engineer for 3½ years. I loved my work. During the early '60s, space exploration was America's new frontier, so the appeal was not leaving aerospace. Nor was it the size or stature of Beckett at that time; the company had \$1 million sales and 12 employees. What appealed to me was a golden opportunity to work with Dad — he the mentor, me the understudy. With Dad in his mid-sixties, and apparently in good health, I fully expected a collegial work bond for the next decade or more. His sudden death — a heart attack while driving to work just a year later — dashed those hopes. Yet looking back, I realize that even that one year was an extraordinary experience — in some ways the best year of my work life. Dad had been magnanimous, sharing his expertise gained over decades of radical entrepreneurship. He had been patient as I strained to grasp the nuances of combustion technology, more an art than a science, that for him was second nature. Spending long hours in our lab, he was continually in pursuit of what he imagined as "the perfect flame." He included me in discussions about finance, legal issues and complex customer and supplier relationships.

In the years that followed, I thought often about the amazing opportunity I'd been given to lead the family business. Dad's example became a major consideration for me as our own children grew and equipped themselves for the work world. As Dad had been with his children, I was careful not to put

expectations on our three sons and three daughters. Each needed to find God's unique plan for their lives. But I could still make provision, so while the oldest of our children was in her teens, I began quietly laying the groundwork so that, should that day come, it would be possible to move our company to the third generation.

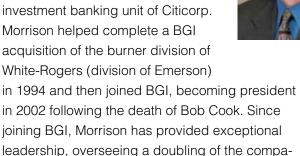


#### The Next Generation

Kevin, our oldest son, began exploring work options as he was completing his undergraduate study at Clarkson University in 1991. One choice was to begin with Beckett. At that point our 3 year-old company, Beckett Gas, embodied the "wild west" nature of a start-up, and Kevin saw in it a great fit. At BGI, he was able to learn from Bob Cook, my longtime business partner at R.W. Beckett who had become increasingly active in BGI. After six years at BGI, Kevin joined R.W. Beckett where he immersed himself in every aspect of the business. Learn he did and six years later, in November 2003, Kevin became R.W. Beckett's third president and CEO.

Morrison Carter joined Beckett as controller, also in 1991. Several years earlier, he had married our oldest daughter, Kirsten, and they moved to Sydney, Australia, for three years where Morrison worked in the investment banking unit of Citicorp. Morrison helped complete a BGI acquisition of the burner division of White-Rogers (division of Emerson)

ny's sales to \$43 million.



Wendy's younger brother, Garth Hunt, a resident of Canada with his wife, Margaret, had joined the board of Beckett Canada at its founding in Guelph, Ontario, in 1990. Two years later, we needed to change leadership at Beckett Canada and asked Garth, who had been leading a Christian ministry activity, to step in. Garth, with an incredible capacity to build and sustain strong relationships, put Beckett Canada on the map north of the border, serving until his retirement in 2009.

Some years later, in 2000, our second son, Jonathan, joined R.W. Beckett. Jonathan's initial work following graduation from Hillsdale College in Michigan in 1996 had been in regional sales for MTD, a large manufacturer of lawn and garden equipment. At Beckett, he stepped into leadership of our small but growing commercial burner division, and then became corporate sales manager in 2006.







The Beckett family in 2011—
celebrating John and Wendy's 50th anniversary

While brother reporting to brother can often be challenging, Jonathan and Kevin have been intentional about maintaining open and healthy communications. With any family there will be misunderstandings, disputes and friction. But by God's grace, our siblings and in-laws have been aware of the possible pitfalls and have made a real effort to cultivate relationships that are harmonious and productive.

As this quarter-century draws to a close, all of Wendy's and my adult children and their spouses get together once or twice each year in meetings facilitated by outside advisors, a forum to address issues unique to family business. A common desire is to continue the practice of providing opportunity to those who follow. This is no small task, given the complexity of a network of businesses, domestic and international, and a family that, with all grandchildren present and accounted for, totals 30.

Importantly, there have been many opportunities for non-

family to excel and exercise senior leadership. Most, I believe, subscribe to the unique benefits of a family business: ownership commitment, stability of leadership, a longer-term perspective and a work atmosphere that parallels the natural family — especially on those occasions when the concern and compassion of those who really care are paramount.

Charles Dickens penned this phrase in *A Tale of Two Cities*: "It was the best of times; it was the worst of times..." We are grateful that our experience of family business, and family in business, has been good, actually very good — "the best of times."



#### CHAPTER 7 – LEARNING: MAKING IT A WAY OF LIFE

During the past 25 years, Beckett became a learning organization.



Lunch & Learn class on managing arthritis, May 2012

It began with our commitment to the Crosby Quality Program in 1985, which required extensive "QES" (Quality Education System) training of our entire workforce. We built an education classroom, graduated all our employees from Crosby training and, in May 1987, celebrated Zero Defects Day, just prior to our 50th celebration. Phrases like "do it right the first time" and "zero defects" became ubiquitous. The stage was now set to build on the quality platform.

The following year we focused on a comprehensive, integrated approach called World Class Manufacturing. Excerpting from our key document at that time:

"We are motivated to be a step ahead of customers' expectations by being pro-active rather than re-active. Companies that are only reacting or that resist change are companies in decline. Eventually they are forced to change or they cease to be relevant. Upgrading of skills through education and training will be a way of life, enabling employees to increase their capabilities in their present jobs and to be promotable to larger responsibilities."

Later that same year, we initiated Dale Carnegie classes in-house for salaried employees. As I sat through those 12 evening classes, I watched person after person catapult in confidence as they gave Carnegie's trademark — and often quite humorous — two-minute speeches in front of their peers. Who among us can forget Ed Seabold detailing the recurring argument with his wife, Nancy, about whether toilet paper should be installed end against the wall or away from it!

These initiatives were the first steps in what has become a vital ongoing process, expanding the capabilities of our people throughout our companies. Other programs followed including Lean Manufacturing and Six Sigma, healthy living classes, supervisory training, electronics training, annual Balanced Scorecard/values training, ethics training, software training, business/technical writing, and mistake-proof grammar and proofreading.

Within the last several years, supervisors have worked with employees to establish annual learning goals. These are achieved through a variety of options sponsored on site and also through outside courses, paid for or subsidized by the company.

Continuing education has become a way of life at the company and is one of the most tangible expressions of our core value: Profound Respect for the Individual. It reflects a different philosophy than is often found in business, where talent is hired as it is needed rather than developed internally.

More than we realized at the time, our continuous learning environment has undergirded new ventures such as electronics and battery management systems because we know our people have the educational background and capacity to tackle new technologies and manufacturing approaches.

Has everyone embraced this focus on education? Obviously some more than others, but among the strong majority who have, we are building capacities to have high quality, challenging and rewarding jobs in all our companies. We realize in days of intense global competition we must continuously "earn the right to manufacture in Northern Ohio," and key to this is a well-educated, highly motivated workforce.



#### CHAPTER 8 – IMPACT: SIZING UP THE FOOTPRINT

Ask young people what they want to do with their lives, and many will say, "Make a difference," or "Leave the world a better place." Idealistic? Perhaps, but also laudable. Hopefully these same people will one day look back on a lifetime that has made a positive contribution.

Organizations can have similar aspirations.

Anniversaries are a good time to assess impact.

What do we see as Beckett celebrates 75 years?

An accounting might include:

- Homes kept warm by our products
- Heating oil conserved through gains in combustion efficiency
- Families benefited by work at our companies
- Value provided to our communities and nation
- Resources deployed in helping others

#### **Homes Heated**

Over these 75 years we've produced nearly 12 million residential oil burners. Today, in North America, approximately 8.5 million homes (7.5 million US, 1 million Canada) are heated with oil, a high percentage of which are with Beckett burners. Taking past and present, we estimate more than 15 million families, perhaps some 60 million people, have been kept warm from the use of Beckett burners.



#### Heating Oil Conserved

Today's average home consumes roughly half the heating oil used a few decades ago. This includes factors for which we have not been responsible such as improved home insulation, windows and weather-stripping. Yet improved burner performance has resulted in half of the overall savings, such that today's customers are using approximately 300 fewer gallons of heating oil per year as a direct result of Beckett's advances.



What does this mean in aggregate? Through innovative, reliable, cost-effective technologies Beckett burners have saved on average 2.5 billion gallons of heating oil each year for more than 30 years. The cumulative result is a staggering 75 billion gallons conserved. It helped me to imagine 75 billion gallons this way: That volume of fuel would fill 2.2 million railroad tank cars which, end-to-end, would form a train long enough to encircle the globe! This is further evidence that the best environmental payback comes from improvements in energy efficiency, and boldly underscores Beckett's longstanding commitment to wisely steward the resources God has made available to us.

A TUDY

AquaSmart®, introduced in 2009, is at the leading edge of fuel saving controls technology

Now, new Beckett technologies, such as the AquaSmart® boiler control, promise further fuel savings — as much as 120 gallons per year for the average household or equivalent savings in natural gas applications. So the quest continues to make a difference. No doubt Beckett has made a powerful "green" contribution to world energy savings.

#### **Families Benefitted**

R.W. Beckett currently employs 175 people. With extended operations in China and Canada, plus Beckett Gas and Beckett Air, that number swells to 650 people. Including family members, we are able to influence the well-being of some 2,600 people. During an extended period of nagging high unemployment, it is rewarding to realize so many people are benefiting from good quality jobs in stable companies.

#### Value to Communities and Nation

Most obviously, our communities and the nation benefit from tax revenues generated by our companies and their employees. Each year, millions of tax dollars flow into local, state and national coffers. But contributions go beyond taxes. Many employees volunteer time in community activities and on boards that, in turn, are a positive influence, assisting agencies and organizations focused on local needs.

#### Resources Deployed

In addition to contributing many volunteer hours, the company and its people have invested in important charitable activities and causes. These contributions have benefited health and education services for the less fortunate and support for ideas and ideals critical to the well-being of our nation.

This brief summary isn't to "toot our horn," but rather to highlight a few of the broad and varied ways Beckett has extended sustainable benefits into our markets, families, communities and nation.

## CHAPTER 9 – FACILITIES: BRICKS AND MORTAR IN A DIGITAL WORLD

Beckett moved into its current facilities in North Ridgeville 60 years ago, in 1952.



R.W. Beckett Corporation — circa 1952

Here and there are reminders of construction features from that period, like the knotty-pine paneled front offices, but that said, most everything has changed. While several plant expansions marked the period from '68 to '83, during the most recent 25 years the focus has been on reconfiguring and improving the use of existing space.

Gains in space utilization have been a direct outgrowth of new approaches to manufacturing, especially reducing work-in-process inventory, establishing cellular work stations, generating just-in-time supply of major components, eliminating waste, providing visual control systems and more. We did make a few small additions, including an expansion of the employee lunchroom and construction of new offices immediately west of the lunchroom in 1989. We even freed up part of a warehouse for a fitness center in 1991. In 1993 we constructed a 2,400 square foot commercial burner test facility and, in 2003, an outdoor pavilion for smoking as well as for special events, enabling us to become totally smoke-free within our plant and office facilities.





#### **Beckett Technology Park**

By 1993, Beckett Air was experiencing sufficient growth that we built a new plant in our Technology Park off Race Road. This park was expanded when we acquired an additional 52 acres in 1997 and now encompasses 232 acres. In 2004, we constructed a road bordering the west side of this property, which was then dedicated to the city of North Ridgeville. This enabled land for future development to be unencumbered by a formerly planned city street that would have bisected the property. It also set the stage for the 1998 construction of Beckett Gas's new facility. Today, a total



Betty Baracskai (seated left) at the dedication of a rose garden in her honor

of 285,000 square feet is under roof in Beckett's Technology Park, and a master plan envisions several additional facilities, large and small, on this attractive, well situated land in North Ridgeville.

By 2007, Beckett Asia Pacific launched construction of a new plant facility in Daxing, China, a suburb of Beijing, our first plant on foreign soil. BAP's facility was formally dedicated in October 2009, amidst many festivities including fireworks that misfired and, instead of heading toward the sky, shot sideways, directly at the beautiful new building!

Beckett at 75 Years — the book you are reading — liberally displays the dramatic floral color, trees and wildlife that grace our properties. Many of these photographs were taken over decades by Bill Drennen, a Beckett employee since 1978. How fitting that this attention to beauty continues, for the company's earliest architect, Harold C. Beckett, my dad's older brother, was first and foremost a keen landscaper. Several choice specimens, carefully planted 60 years ago, remain deeply rooted in the wonderful sandy soil that was once the shore of Lake Erie. A quarter-mile walking path to the front of our Center Ridge Road property weaves through a park-like setting, to which we most recently added a rose garden, dedicated to Betty Baracskai who retired in 2007 after 56 years at Beckett — a record that won't be challenged any time soon.

#### CHAPTER 10 – PEOPLE: THE ULTIMATE LEGACY

Names of some of the people who have shaped the company these 25 years are sprinkled throughout this book. It would be impossible to fully recognize the hundreds upon hundreds who have contributed in thousands of ways.

Forty-one current employees were with the company at our 50th anniversary, including five who relocated to BGI and BAI. Twenty-six have served more than 30 years and, of these, six have served for more than 35 years. Others, after working



Betty Baracskai

for Beckett much of their careers, have retired. We think of the remarkable contributions made by Betty Baracskai; Don Faulhaber, a Beckett stalwart in sales and marketing for 24 years and who became VP of Sales in 1989; Doris Fahrney, who was the first woman in production beginning in 1968 and was with Beckett for 27 years; and Rex Payne; Frank Andolsek; Gloria Machovina; and so many others.

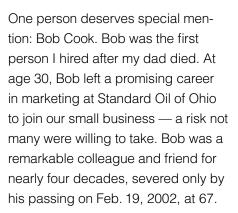
Some have passed on but are remembered for their many years of service: Stanton Fitzgerald, my father's initial business partner who retired in 1965 (after 26 years); George Merle (30 years); Howard Rathwell (33 years); Russ Sage (26 years); Paul Deuble (14 years); Larry Wilson (34 years); Bud Crist (17 years); and Don Greeley (18 years), to name but a few.

Jack Eschweiler, who passed away in 2011, served Beckett for 26 years until his retirement in 2004. Jack made an enormous contribution as he rose to VP of Manufacturing and led many of the growth initiatives that helped Beckett move forward.



Jack Eschweiler

Myron Cooperrider passed away at age 94 as this book was being finalized. Myron, for 19 years, skillfully guided our product development including the Models A, AF and AFG burners.



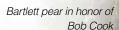


Myron Cooperrider



Bob Cook

We were a team with complementary skills. Bob thought outside the box and was a natural risk taker. Periodically I had to define the boundaries of that box and balance risk with reality, but we flowed well together, even in our disagreements. I wrote Barbara, Bob's wife, on the recent 10th anniversary of his passing, saying that the Beckett organization simply wouldn't be what it is today without the enormous contribution Bob made during a period exceeding half our 75 years. Portraits of Bob in the lobbies of our companies and trees planted in his honor serve as a small remembrance of a man who truly made a difference and deserves a special place in our corporate annals.







## **HIGHLIGHTS**



# Beckett Gas: From Humble Beginnings to Industry Leader Morrison Carter – President and CEO, Beckett Gas

Beckett Gas began modestly January 13, 1988, literally with a desk, chair and computer, and situated at the historic Samuel Cahoon House on Beckett's Center Ridge Road property. Before long, the fledgling business leased manufacturing space in Mills Industrial Park in North Ridgeville.

BGI's earliest employees established a tradition of creativity and entrepreneurship that has enabled the company to navigate from startup to stable, from standard to customized products and from top-down initiatives to total team involvement. Learning and evolving as opportunities have presented themselves, Beckett Gas has developed its own business model, culture and strategic approach as a pure OEM supplier.

Throughout the journey, we have realized large victories by building on incremental successes. Two-dollar gas manifolds in 1991 were complemented by \$25 combustion assemblies



in 1996 and then by \$1,000 complete heat module systems in 2001. Acquiring the gas burner division from White Rogers in 1994 brought to the company an established product line,

customer list and much-needed sales revenue.

Strong customer engineering relationships led to the highly successful furnace inshot burner, more than 100 million of which have now been produced, helping to heat an estimated 25 million homes in North America. A superior aluminized steel water heater burner was then developed, followed by the next generation of low NOx (LN) water heater burners (ahead of regulatory trends) and ultra-low NOx (ULN) furnace and water heater burners. Most recently, BGI has begun designing customized ULN furnaces and unit heaters for OEM customers.

The year 2002 was one of major transitions. Bob Cook had served as BGI's president from 1992 until his passing on Feb. 19, 2002, after which Morrison Carter was named president/CEO. The board added two new directors that year, Kevin Keough and Bill Newton, and Rich Case joined the board two years later. Further, in 2002, BGI developed the strategic growth model that is in use



Beckett Gas Board Seated: Bill Newton, Morrison Carter, John Beckett Standing: Rich Case, Kevin Beckett, Kevin Keough



today to both expand horizons and safeguard past successes — a model that assesses past mistakes and builds protective structures to address those mistakes. Ultimately, this model has enabled BGI to make key decisions that define who we are and who we aspire to be as a company.

In the past 15 years the company has undergone four major reorganizations. First, in 1998 we consolidated three separate facilities into our current location, a 135,000 square-foot plant and office facility in Beckett's Technology Park. Second, in 2002, we moved the company to full cross-functional teams and included some manufacturing people in the mix.

Third, in 2006 and 2007, we made adjustments to position the company for growing uncertainty in technology and market conditions by raising the bar on individual performance, recognizing that not all our people would be willing or able to adapt to the change. We then repositioned those who remained into areas that fit their greatest strength. The result was that we entered 2008 with the right people in the right positions. This enabled a commitment to a no-layoff policy, even in the face of continued deterioration in the broader economy. This policy built a level of trust and commitment with our employees beyond that of any other single program or action.

Fourth, in 2010 we collapsed most of our crossfunctional teams and created new teams charged with delivering specific results in product development, improvement or process effectiveness. Today, changing the organizational structure to meet market needs is a cultural norm and offers a clear competitive advantage.

BGI has shaped a culture that emphasizes excellence while retaining an open and innovative approach to communications and technology, garnering widespread respect and recognition in our industry. Internally, one is respected not so much by title as by what one brings to coworkers and the company.

The journey in some ways is just beginning. However, much of what we've achieved is overshadowed by the recognition of God's providence and guiding hand. Every plan has been birthed out of prayer. Every employee has been lifted up for protection, skill and inspiration, and many others for health concerns. We have seen every blessing as coming from God's hand, with nothing taken for granted. Our goal is to reflect His ways in our daily business. Not every employee believes or understands this reality, but each appreciates what it means to them and their families when they see it in practice.



#### Beckett Air: An Air-moving Journey

Chuck Visocky - President and CEO, Beckett Air

The seeds that grew to become Beckett Air were planted in 1980 when John and Wendy Beckett visited the Fergas AB factory in Linköping, Sweden.

Fergas, then a 30 year-old family business that produced highly engineered blower wheels, possessed air-moving technology that would soon become critically important to Beckett as it developed its AFG burner in the mid-1980s. Fergas founder, Lennart Wallman, had invented an air guide — the "kona"— that, when matched with their patented blower wheel, provided significant performance advantages for the new burner. The Beckett's visit to Sweden was the beginning of a warm personal and business relationship with the

Wallman family — people whom we've found have aspirations and values very similar to our own.

Burner housing with pressure-enhancing air guide

sions with Lennart's son, Bo Wallman, then CEO of Fergas, with the idea of producing Fergas' products in the US. At the same time, Ventra, Beckett's US blower wheel supplier, indicated an interest in divesting its product line. Beckett and Fergas saw the acquisition as the perfect opportunity to launch a new business. On June 28, 1988, Beckett Air became a reality when Ventra's business was acquired and moved to a 20,000 square-foot rental facility just a mile from R.W. Beckett's plant. The new BAI team included several Beckett employees who helped provide a cultural foundation for the start-up. Dan Mobert, previously the controller at R.W. Beckett, became BAI's first president.

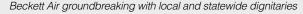
A few years later, Bob Cook, always looking for

opportunities for Beckett to grow, began discus-

In the early '90s, new regulations mandated that furnace producers dramatically improve energy efficiency — requirements that were best met with a powered draft inducer system. Fergas had exactly the right product for this application, with superior

performance yet competitive pricing, and BAI quickly became the supplier of choice for its customers.

By 1993, BAI broke ground on a new plant — the first in Beckett's Technology Park. The 65,000 squarefoot facility was dedicated in 1994.







Beckett Air Board. Seated: Rikard Wallman, Chuck Visocky Standing: John Beckett, Kevin Beckett, Scott Sorensen, Bob Balfantz

Demand remained strong for Beckett Air products into the late '90s, and in 2001 the footprint of the company's manufacturing space was increased by 70,000 square feet, bringing total space to 135,000 square feet. Scott Sorensen, who had helped BAI with market studies, joined the board in 2003. A year later, blower wheel production reached its all-time peak of 6.5 million units.

Soon, though, Beckett Air faced new challenges: a significant loss of market share to Asian wheel manufacturers who were willing to compete at drastically lower prices, followed by a severe housing market downturn in the US. Several BAI as well as Fergas customers were relocating manufacturing to China, which opened an opportunity for a joint venture between the two companies in southern China. The new company, Fergas Asia Pacific, opened for production in 2005 in a new 65,000 square-foot plant, office and dormitory facilities.

In early 2007, Chuck Visocky, who had worked a decade earlier at R.W. Beckett, became Beckett Air's president/CEO. The following year, the company acquired a Chicago-based manufacturer, PM Motors, a producer of axial and radial fans, and moved it to Ohio. And in 2010, the company began producing tangential wheels for the commercial HVAC market, a product line that now accounts for 30 percent of total revenue. In the same year, Bob Balfantz joined BAI's board.

Beckett Air has achieved much in its 25 years, not the least of which is the total production of more than 100 million blower wheels. Throughout, the company's leadership has been intentional about integrating the well-established Enduring Values of the Beckett companies. Now, Rikard Wallman, Bo's son, is the third generation CEO of Fergas in Sweden and a board member of BAI. He and the Beckett Air team sustain what has been a remarkable family and business relationship. Today, that bond results in a powerful presence in North America, Europe and Asia, providing global solutions for the tightly knit companies' ever-growing offerings of air-moving products.





## World Class Manufacturing: Earning the Right to Manufacture in Northern Ohio

Victor Takacs - Director of Operations, RW Beckett

During the golden anniversary of the R.W. Beckett Corporation, John Beckett anticipated the challenge and charted the path for the next 50 years. He spoke of the need for "internal motivation within our company to be a world-class manufacturer, building world-class products, preserving jobs in America and in our community. We must perform with excellence in our manufacturing while avoiding any kind of complacency," he said.

The journey to become World Class took a huge leap forward in 1988. After months of preparation, our burner assembly system was transformed over a single weekend from our traditional linear assembly lines to a cellular design using one-piece flow methodology. After an initial — and predictable — loss of productivity, people settled in to the radical change, and we saw sustained productivity increases exceeding 15 percent, along with improved quality and reduced waste.

This assembly design was steadily improved and served us well for almost two decades until we again transformed the entire production floor in 2007 to a Lean Assembly System. In this approach, even the smallest amounts of waste were identified and eliminated. Later, Lean methodology was transferred into other areas, not just on the plant floor but in offices as well. A specific benefit emerged: a new electronics manufacturing platform from which fresh areas of competency, including the capacity to vertically integrate, could be developed.





Beckett safety team reviewing improved safety record

Twenty-five years into the journey, our vision for excellence in manufacturing has been supported by two important pillars. The first is a quest for continuous improvement. The second is respect for the individual. The importance of these pillars is demonstrated in practice with an empowered, educated and adaptable workforce. These pillars, built on strong values and rooted in people, keep the vision of the organization intact. They have also produced a progressively safer work environment such that, during this anniversary year, the company celebrated its third consecutive year without an OSHA-reportable accident — a rare achievement in today's manufacturing world.

Today, Beckett enjoys a culture that embraces change management as a core competency. The result has been hundreds of improvement events that have transformed the Beckett production floor. Some evidence: improved production synchronized to the demands of the customer; quality

assurance for consistent performance; proper inventory levels for industry requirements; radically reduced throughput time for production; and ergonomic improvements for a safe environment for our workforce.

Our world-class transformation, guided by a company-wide commitment to be an outstanding manufacturer, and geared for continuous, purposeful change, has positioned R.W. Beckett on a manufacturing platform that will support multiple growth opportunities, now and into the future. We are, indeed, continuing to "earn the right to manufacture in Northern Ohio."

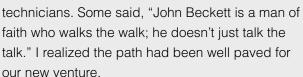


#### Beckett Canada: North by Northeast

Garth Hunt - General Manager (Retired), Beckett Canada

In 1990, Beckett took a major step in international distribution by establishing R.W. Beckett Canada, Ltd., in Guelph, Ontario, not far from Toronto. For many years, a few Canadian OEMs had been importing Beckett products, especially the W.H. Olsen Co. in Tilbury. But now new manufacturers and a growing aftermarket were emerging. An added impetus for expansion: a major European competitor was beginning to make inroads in the Atlantic Canada provinces. Beckett's physical presence in Canada would help checkmate that competitive threat.

As I stepped into the general manager's role in 1992, I discovered the high level of respect and admiration for which our industry held the Beckett Corporation. Words like integrity, fairness, trustworthiness and passion for oilheat were often used to describe my new employer when I met with customers ranging from manufacturing CEOs to oil burner





By the mid-1990s, we had established a competent team of employees focusing on sales, technical service, training and general management. Our goal was to offer the finest customer service in the Canadian oilheat industry, including quick order processing and helpful problem solving. Within a few years, Beckett Canada became the sup-

plier of choice among Canada's growing network of HVAC wholesalers. The OEM burner business also continued to expand, helped by a favorable exchange rate that allowed smaller Canadian appliance manufacturers to compete effectively with larger US companies on both sides of the border.

We needed to think through how Beckett Canada could have the distinctively Canadian flavor preferred by this marketplace, and settled on several strategies:

- Enable Canadian companies to easily buy Beckett products from a Canadian company in Canadian dollars.
- Develop a Canadian image, including a corporate brochure which tied the Beckett family back to its Canadian roots and Reg Beckett's distinguished service in the Canadian Army during World War I.
- Create a logo displaying the red maple leaf, which is so closely identified with Canada.
- Embed French-speaking capabilities and bilingual literature into our communications.
- Establish a presence in Atlantic Canada, an area rich in oilheating, much like New England is in the US.

Beckett Canada's commitment to the indigenous oilheat industry was enhanced through its support of the Canadian Oil Heat Association where our key personnel served in several major leadership positions. The company sponsored what became a popular annual award called "Delivering the Goods," which was given to industry personnel who had gone beyond the normal call of duty to serve their customers or their communities.



Grand Opening — Beckett Canada

Today, Beckett Canada is the dominant supplier of oil burners in the Canadian market, with a share that parallels R.W Beckett's achievements in "the south 48." All of us who have served as employees of Beckett Canada deeply appreciate the legacy that has been entrusted to us and are grateful for the opportunity to represent the Beckett family to the Canadian heating industry.



#### Core Values: Our Corporate Spinal Column

John Beckett - Chairman, The Beckett Companies

One compelling factor led to the establishment of Beckett's three core values: Integrity, excellence, and a profound respect for the individual. That factor was growth.

Not only was the company growing as it began these last 25 years but, as noted, new entities had been forged: Beckett Air, Beckett Gas and Beckett Canada. We believed autonomy for these business units was essential to their survival. Each unit needed to be the best in the world at what it did. Each needed to be unencumbered by approaches that may have been well suited to the parent but didn't fit the offspring.

That said, what we did not want to happen was a divergence of corporate character. Cultural continuity among our related businesses was essential — then and into the future. We knew a critical component would be the language we chose to describe such lofty ideas as who we were, who we weren't, what we stood for and where we were going.

To facilitate this process, we convened a forum of the senior leadership in our companies. We met off-site — at our local community college — and engaged a facilitator, Rick Schleufer, a Colorado businessman who had the right skill set and temperament to steer this process. We spent a good part of two days together — hard work! — forging statements of vision, mission and values.

In the years since, we have made modest adjustments to our mission and goals, but the commitment to our three core values has not wavered. They have become a corporate spinal column, giving stability to every aspect of our



1994 team who established Beckett's Mission, Vision and Core Values



Gift by a customer for R.W. Beckett's 70th anniversary

business life. We aspire that, by God's grace, these values will endure indefinitely into the future. We believe they have staying power for one important reason: they are foundational ideas rooted in the timeless truths of scripture. They're not variable like this month's special flavor of ice cream. They are noble ideas, ones that appeal to the deepest yearnings of most people. Who doesn't want to produce excellent products? Why wouldn't a person want to work for a company that respects him or her deeply, even while willing to challenge that person's specific behavior if it goes off course? Just how appealing is it to be in a work environment that puts a premium on honesty, truthfulness, integrity?

We are continually challenged that our commitment to these values must be more than skin-deep. Slogans, nicely framed on corporate walls, won't alter behavior. The fall of Enron in December 2001 was a sobering reminder of this, for Enron had essentially the same core values

as ours! Rather, to mean anything, values must be ingrained in people's hearts and attitudes. They will and should be tested, even daily, for in real-world application their ongoing validation is affirmed. Are we consistent? Do we make the tough choices these high standards require? Are our values modeled by leadership?

Ultimately, the documentation of these foundational ideas came together in our Corporate Roadmap. Though simple, it is profound, clearly laying out our most important beliefs. No single document has better served us in our 25 — or even 75 — years. We trust the path it prescribes will serve us as well in the next quarter-century, and beyond, even as it has these past almost 25 years. ■

## The Beckett Board: Not Quite Ordinary

John Beckett

Some might question having outside board members in a privately held company. In fact, one study shows that less than 15 percent of such businesses have outside board members.<sup>1</sup> Most small business owners see the board of directors as a necessary legal requirement — nothing more. So the board typically includes the principal owner, his or her spouse, maybe a few other family members and a corporate attorney. They meet once a year.

We functioned this way ourselves for many years, but over the past few decades we made a significant departure from the norm in all our companies. Why did we do it? What has been the result?

The big shift for me came as I wrestled with these questions:

- Where is the accountability for the CEO in a privately held company?
- Are interests of all shareholders properly represented?
- What can we learn from public companies, especially those employing "best practices" in corporate governance?
- Might there be talented, experienced executives able and willing to serve on our boards?

I concluded that with carefully selected outside board members we could only enhance our capacity to make good decisions, grow and wisely steward the businesses entrusted to us.

This decision has been validated many times over. We have been able to identify and engage exceptionally talented and seasoned outside board members. They share our values. They take time to understand our businesses. They know how to ask the right questions — often tough questions. They are collegial, building on the ideas and comments of others. They know their contribution is greatest when they're focusing on larger, strategic issues — not getting buried in minutiae. Who are these talented "outsiders" at R.W. Beckett?

Gene Ricchetti, a lawyer and financial advisor, well versed in issues unique to smaller companies, has served since 1972.

Dr. Joachim Gerhard joined in 1987 and travels twice each year from Germany, where he directed one of Europe's largest privately held companies.



RW Beckett Board Seated: Joachim Gerhard, John Beckett, Wendy Beckett, Kevin Beckett Standing: Gene Ricchetti, David Pugh, Jeff Coors, Bernie Duchinsky, Morrison Carter, Jonathan Beckett

Bernie Duchinsky spent his career in manufacturing. Prior to joining our board in 1989, Bernie was CEO of a major heating and air conditioning company.

David Pugh until recently headed a large public company in the industrial products sector. David joined the Beckett board in 2002.

Jeff Coors, who joined in 2004, comes from a remarkable family, now in a fifth-generation business.

These distinguished executives, along with family board members, have made extraordinary contributions — in succession, product development strategies, resource allocation, planning and much more. We sincerely thank this wise and able team for all they have and continue to contribute.

### ABC News: Beckett in the Spotlight

John Beckett

Out of the blue one day, we received a call from New York requesting that R.W. Beckett be the subject of a story to air on network TV. The topic of merging faith into the work-place was getting a lot of attention in the mid-1990s, and ABC had learned we were quite active in this area.



"It seems to us that everywhere you turn in America these days, millions of people are searching for greater meaning in their lives. Tonight we're going to concentrate on the growing tendency of business leaders in America to have their personal faith make an impact in their companies. In other words, they are using the Bible as a guide to business." - Peter Jennings

But Beckett had kept a low profile in the cornfields of Ohio for nearly six decades. Did we really want to talk about this aspect of our corporate life to a national audience of 12 million viewers?

Though reluctant at first, we finally agreed, and that's when a correspondent from Dallas, a producer from New York and a camera crew from Chicago swooped in. For a day and a half they interviewed employees, customers, suppliers — probing, pry-

ing, seeking to understand what made us different. From some 15 hours of video, a four-minute piece was produced and aired on "World News Tonight with Peter Jennings" on Sept. 5, 1995.

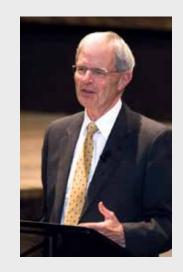
Wendy and I held our breath as we watched Jennings' broadcast. The wrong spin or network sarcasm could inaccurately portray the corporate culture we'd spent decades building. Gradually we relaxed. The piece was remarkably fair — even good! Shortly after the evening news, Peggy Wehmeyer, the correspondent, called our home:

"John, I just spoke to New York," she said. "They've had more positive response to this piece than anything in the history of the evening news!"

What had viewers seen? Apparently a compelling case that a business could be successful without

compromising basic values, a business that was on a journey to integrate the fundamental truths of biblical Christianity into the fabric of such diverse areas as customer relations, finance, and human and community relations.

Keen viewer interest became the catalyst for my first book, Loving Monday: Succeeding in Business Without Selling Your Soul—



a story that has now been published in 19 languages and resulted in my giving hundreds of speeches on the topic. Unexpectedly, a phone call from a news network turned into a message that has gone around the world. In turn, many others have been encouraged and emboldened to look at another way to do business — a way that values people, rewards integrity and executes with excellence.



## Commercial Oil and Gas: From Big Buildings to Batmobiles

Jonathan Beckett - Director of Sales and Marketing, RW Beckett

The expansion of Beckett's product line into the light commercial market has been a leading contributor to our recent history — but one with links to an earlier period. Reg Beckett developed a series of commercial units, up to 13 gallons per hour, within a few years of the company's founding. In time, however, those products became outdated and were never reengineered for changing needs in the marketplace.

Commercial burners are used in schools, apartment buildings, churches and factories, often in major metropolitan cities like New York, Philadelphia and Boston. They provide up to 30 times the heat of a typical residential unit. Some end up in strange places. They've been used to boil down maple syrup and dry tobacco leaves and, in the early 1990s, one was even adapted by Warner Bros. for the flame that powered the Batmobile!



Dick Bartlett — The Chronicle Telegram

The impetus to produce a new series of commercial oil burners came from existing customers. "Give us the same level of performance, quality, delivery and service you provide with your residential products," they told us. We took up the challenge in the late 1980s, but we wanted more than a great burner. Previous efforts at diversification proved we wouldn't succeed without a full-on commitment. We knew when push came to shove, the bread-andbutter business would always get priority.



Beckett's earliest commercial burners

To ensure adequate focus, we deployed a focused factory approach — a "factory within a factory." We provided a separate manufacturing area and dedicated technical, customer service, engineering and management personnel. We built a new, physically separate lab equipped with the huge boilers needed to accommodate flames up to six feet in length. We applied Lean enterprise principles, even using the commercial division to evaluate and model these concepts for the large-volume residential business.



In the early 2000s, our customers further requested that we supplement our commercial oil products with commercial gas. They wanted a supplier who could deliver

product in weeks, not months, as was common in the industry. But for us, commercial gas combustion was a whole new ballgame, and we lacked the needed



Commercial burner team: 2005

expertise. So we looked outside for a partner, someone who could help us adapt our oil technology to natural gas. We found this partner in Dunphy Combustion, Ltd., a family business located in the north of England and a worldwide leader in gas combustion. Dunphy became a great partner, and Malcolm Dunphy, the founder, a good friend.

Next, we developed our own combustion expertise by hiring experienced gas combustion engineers. We implemented the processes and manufacturing techniques to enable us to quickly configure and assemble a complex product. Additionally, we dedicated a key member of our sales team to the commercial department and expanded our sales representative network. These initiatives paid off, and commercial gas has become a growing complement to Beckett's commercial oil.

In the future, we expect commercial markets to expand, especially as we broaden our horizons to Asia, Latin America and other regions where larger units are needed for heating, process applications and, who knows, maybe even the next Batmobile!

# Succession: Passing the Torch

John Beckett

I was 26 when my dad died. He was not only the founder of our company but very much the CEO — knowledgeable about the smallest details of the business and very good at what he did. I was the rookie, having worked with him just over a year.

Following his passing, leadership had to be transferred, but I wasn't ready. I spent the first few months stabilizing our nervous customers, recruiting new managers, and making the inevitable emotional adjustments. Progress came slowly but, in time, I got a handle on the many varied demands on a CEO.

One silver lining from the sudden, gut-wrenching death of my dad was a steely resolve to manage succession differently when it came my turn. Staying healthy was the first requirement. Gratefully, Wendy's good meals, lots of exercise and especially God's grace have combined to provide the "long runway" I'd hoped for to make this transition. Of course, if future leadership were to be kept in the family, we needed successors. Wendy certainly did her part in this regard as well, rearing six wonderful children.

My dad didn't presume I would follow him into the family business, however much he may have hoped for it. Likewise, I avoided clinging to such aspirations for our children. I didn't want them feeling obligated, but rather free to follow their own passions. So it was especially gratifying as one by one several family members became involved in the company.



Kevin Beckett and Ellie Pons, on Kevin's graduation from Kellogg School of Management, Northwestern University (June 2000)

In time it became clear Kevin was the right choice to become R.W. Beckett's next CEO. Several factors stand out in his development:

- Beginning his work career at Beckett Gas, a related but separate company, provided much of the benefit of outside employment experience
- Joining R.W. Beckett in 1997, where he became knowledgeable about our markets, products and people
- Achieving an MBA at Kellogg School of Management in 2000, as he traveled over weekends to Chicago, while maintaining full work responsibilities
- Marrying Ellie, who has proven so supportive of the unique demands on a business leader
- The involvement of our board, which observed Kevin's progress and brought wisdom and objectivity to the succession process
- Circling himself with an outstanding executive team and allowing them to function with creativity, purpose and effectiveness

The capstone of Kevin's succession to CEO occurred on Nov. 17, 2003, in a remarkable event held at Cleveland's Ritz-Carlton Hotel. Attending were our family, board and a wide array of business and personal friends. It remains, for me, the principal highlight of my past 25 years at Beckett.

From my office adjacent to Kevin's, and as I continue as board chair, I observe the wisdom, grace and capacity he brings as Beckett's leader. Former VP Jack Eschweiler, as we approached the transition, noted, "Kevin really has the right stuff." This compact assessment is validated each day. I could not be more gratified with the fine hand Kevin brings to the Beckett helm and the prospect that, under his leadership, the company will prosper and be a blessing to our employees, to those with whom we do business and to the communities of which we're so much a part.





## The GeniSys of Beckett Electronics

John Bohan - VP Business Development, RW Beckett

"In the beginning, God created...."— Genesis 1:1

Genesis: To be born; the origin or coming into being of something — Merriam-Webster

In early 2005, frustrated by unsuccessful attempts to engage existing control suppliers in a partnership to develop a boiler temperature reset control, Beckett considered the possibility of going it alone. It wasn't the first time we had been attracted to the idea of a proprietary control. In the mid-1980s, we introduced a product developed for us by a Swiss controls company, a project that stalled when currency exchange rates made the imported product cost-prohibitive.

At this point there simply wasn't a logical partner on the horizon. Yet for Beckett to develop a microprocessor-based primary safety control from scratch would be a daunting challenge. To evaluate the possibility, I selected a team from engineering and marketing that met over a period of weeks at the nearby Cahoon House. I recall that we plastered the walls of one of the bedrooms with charts showing potential feature sets, circuits, flow diagrams, cost

figures and market data. Though our heads were swimming, a pattern emerged of how we might move forward. Our team could do it!

We garnered the support of Kevin, our CEO, who then took the possibility to Beckett's board of directors. They gave the project a thumbs-up, and GeniSys™, representing a new beginning, was under way. The Cahoon House soon became inadequate for design and test activities, and the team



The Beckett electronics team (Oct, 2006)

relocated to leased space at the Lorain County Community College. Within this "skunk works," we had the best chance to stay focused and keep our activities confidential. A talented supporting cast was assembled and included a veteran of electronics design, John Butkowski, whose vision and expertise helped pave the way for Beckett to gain the attention of suppliers for critical components. "This company will be an electronics powerhouse," John told people he knew in the industry. "They need big-player pricing."

The functional design of the product's intricate circuits and layout went well, but we realized we lacked the necessary element of artistic design. Just when specialized help was most needed, Brownlie Design, a New York industrial design firm, contacted Beckett with what seemed to be a pricey proposal. Though reluctant, we hired Brownlie and they were terrific. With their keen eye for contemporary packaging, we created a unit where form and function were artistically knit together, an exception in our function-driven industry.

Next, we needed to meet the demanding test requirements of Underwriters Laboratories (UL). This step could present formidable hurdles for a company new to electronics. Gratefully, a longtime friend of mine at UL volunteered to help Beckett avoid the normal pitfalls associated with being listed. GeniSys was approved on the first attempt — a rare event and a great credit to our fledgling team.



As often happens, bringing the product to full production involved many unforeseen hurdles: personnel issues, part failures, production testing challenges, assertions of patent infringement and more. Yet in every instance our team found a way forward.

Now, with some half-million GeniSys controls in use performing with near flawless success, the company and team can breathe more easily and celebrate our success. One more chapter in Beckett's progress, affirming our mission: By God's grace, we will grow, relentlessly improve and passionately serve our customers and fellow employees.



### Data: Making Plain Vanilla Work

Mark Kasinec - Director of Purchasing and Administration, RW Beckett

Responsibility for halting production and sending the workforce home is the last thing you want on your resume. We thought we had done all the right things but, in the final plant floor implementation of our mammoth Enterprise Resource Planning (ERP) conversion, burner labels didn't print! No labels, no burners, no production. Paraphrasing the proverbial rhyme: For want of a nail the shoe was lost, for want of a shoe the horse was lost, for want of a horse the battle was lost, for want of a battle the kingdom was lost – all for the want of a horseshoe nail!

In a data-driven age, moving to an enterprise system was a step that simply had to be taken, whatever the peril. Our 25-year legacy software,

TERM, had become outdated and unreliable. So in mid-2006 a task force — with leadership from R.W. Beckett, Beckett Gas and Beckett Air — began

#### THE TIMELINE

Dates blur. "When did we do that?" "Could it really have been that long ago?" So here's some data. Dry reading, for sure, but hopefully a useful reference — anchoring some of the larger events and turning points in this dynamic quarter century at Beckett.





- Beckett Gas (1/13) and Beckett Air (6/28) launched
- World Class Manufacturing focus initiated
- CF commercial burner development begins
- George H.W. Bush elected President

- Beckett Assembly System activated
- Commercial burners moved to Race Road
- Commercial burners expanded to 35gph
- Beckett Canada opens in Guelph, Ontario

1987 1988 1989 1990



- Policy introduced for mothers of newborns
- John and Wendy Beckett visit with Prime Minister Margaret Thatcher
- Bernie Duchinsky joins RWB board
- AFII burner launched
- Employee lunchroom expanded and west offices added
- Berlin Wall demolished



the process of selecting a new ERP system. Our choice, from several strong proposals, was QAD, a mid-sized firm with good manufacturing experience.

We hired consultants and established a full-time project team of employees from the various companies who would become QAD experts. They would learn the software, define standards and move between companies to roll out the new system. Each facility dedicated a "war room," site leaders and local champions.

The old system had been designed around a customized approach where people could request

their own special functions. With QAD we concluded we would force ourselves to make the new software work without modification. In other words, "plain vanilla" would be the only flavor.

In January 2007, Beckett Asia Pacific, in Beijing, both small and manageable, was the first to "go live." Beckett Gas went next. Though the transition was rough, BGI took orders, made shipments and printed invoices in June of that year — on time and on budget. Then the team relocated to R.W. Beckett for what would be the most complex implementation. Many core technologies differentiated the manufacturing processes from the other companies.



- Bob Cook becomes president of Beckett Gas
- Beckett Air plant facility established on Race Road
- Garth Hunt joins Beckett Canada
- Bill Clinton elected President

1991 1992 1993

- Desert Storm commences
- Lorain County 2020 established (John Beckett chairs)
- Kevin Beckett begins at Beckett Gas
- COR integration of specs, bills and work procedures
- Company places 1st in Elyria's Corporate Challenge
- Chuck Visocky becomes plant superintendent
- Beckett Gas moves to Taylor Woods building
- Morrison Carter begins as controller
- Beckett Fitness Center opens

- Ed Seabold, founder of Beckett-sponsored Advent Industries, dies at age 61
- Beckett Air building construction begins
- Oilheat Manufacturers Association formed
- EEOC issues guidelines restricting religious expression in the workplace (John Beckett initiates counter-effort)



ERP Team — 2006

- Billy Graham Crusade held in Cleveland
- Beckett Air plant opened
- White-Rogers gas burner division acquired by Beckett Gas
- Burner sales hit all-time record (461,720)
- Beckett Roadmap (Vision, Mission, Core Values) developed
- Mildred Jean Beckett dies 12/28 at age 89

- Don Faulhaber retires
- Joel Mohar becomes plant superintendent
- Jack Eschweiler named VP–Manufacturing
- Company awarded "Employer of the Year" by Employer Resource Council
- Atrium and office areas remodeled

1994 1995 1996 1997



- Morrison Carter moves to Beckett Gas
- ABC News story on RWB airs 9/5
- Loving Monday writing begins

- Kevin Beckett joins RWB after six years at Beckett Gas
- NX burner project launched
- Beckett Gas building construction begins

On a particular Monday in November 2007, we thought R.W. Beckett was ready to pull the switch. Tensions were high. Our data folks didn't get much sleep that weekend. Piece after piece fell into place that fateful Monday, except for the dreaded labels! They simply wouldn't print. That's when, unable to build burners, we sent our assemblers home. By afternoon, the code error was found and fixed. Whew! Tuesday morning was a new day and, to our great relief, we were fully functional.

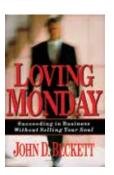
In March 2008, the project team implemented QAD at Beckett Air. Team members returned to their respective companies, where they've become highly skilled resources. Their ERP knowledge, coupled with the new, adaptable software, has

helped the Beckett companies absorb into our systems three newly acquired business lines within a four-year period.

At QAD's 2008 annual conference, Beckett was recognized with a "Rapid Achiever Award" for the deployment of QAD at four companies in 18 months — all the while staying "plain vanilla."

As I look back, I believe this complex implementation has helped our companies overcome the fear of taking on high-risk but necessary changes. Something stiffens the spine when you take on a big assignment, mobilize a cross-company team, meet deadlines and budgets, and even shut down a factory!

- RWB sales engineers hired, replacing commissioned reps
- First dealer fly-in held at RWB
- $\bullet$  Lorain County 2020 sunsetted after 6% years
- Loving Monday published by InterVarsity Press
- Beckett Gas plant opened



- Y2K transition occurs with no glitches
- Jonathan Beckett joins company, heads commercial division
- George W. Bush elected President

1998 1999 2000



- John Beckett named Christian Businessman of the Year by Christian Broadcasting Network
- Use of PSC motors, R7184 controls begins
- AFG housing upgraded

Beckett Sales Team – ready for action





## Beckett Asia Pacific: A Bright Light South of Beijing

Kevin Beckett - President and CEO, RW Beckett

Beckett planted a new seedling in China. Now, five years later, it's looking more and more like a healthy fruit-bearing tree.

Our motive in the start-up of Beckett Asia Pacific (BAP) was to build a new platform for growth that would help secure and diversify our future. We wanted to extend the "practical application of biblical values throughout," as articulated in our Corporate Vision, to a new culture and region — our core values providing the foundation. We considered Psalm 67:2. "Send us around the world with news of your saving power and eternal plan for all mankind." We prayed for God's will, timing, people, purposes and attitude.



- Six Sigma, Lean Manufacturing and Balanced Scorecard initiatives introduced
- Bob Cook dies 2/19 at age 67
- Morrison Carter becomes president of Beckett Gas
- Commercial gas burner development begins
- Master plan for Technology Park developed
- David Pugh joins RWB board
- Loving Monday video with Peggy Wehmeyer produced
- Mark Kasinec joins RWB as director of IT

2001 2002 2003

- Igniter business purchased from France Mfg. Company
- National Oilheat Research Alliance (NORA) established
- Kevin becomes president/COO
- CleanCut fuel unit developed
- Weil-McLain's QB burner line acquired
- Ducane's burner line acquired

- Columbia space shuttle disaster (2/1)
- Iraq War launched (3/19)
- John Beckett named "Entrepreneur of the Year" by Ernst and Young
- Purchased majority interest in Logisync
- Scrib Fauver retires from RWB board
- Outdoor pavilion constructed
- NX burner launched
- Vic Takacs becomes plant superintendent
- Kevin becomes RWB's third president and CEO-11/17

The Beckett oil burner igniter was a logical place to begin. The reasons were compelling. We were already procuring igniters from a company in southern China — production we could move to our own facility. There, we could more fully control costs, quality and intellectual property. We knew the product well, as we were also producing it in Ohio in limited volumes. We would not compromise employment of any of our US-based people. We would achieve needed low cost on a high-value component — an essential ingredient to our being a successful assembler in Ohio. It all added up!

In partnership with Pacific Resources International and temporarily using some space in one of their facilities, BAP began shipping oil burner igniters in January 2007. Heading the effort was Joel Mohar, previously the director of operations for R.W. Beckett. Joel and his wife, Kelly, moved to China for almost two years. Under Joel's leadership, BAP secured land, designed and constructed a world-class facility and assembled an excellent team of associates in Beijing.

- John Bohan joins RWB as director of business development
- Jack Eschweiler retires
- Fergas Asia Pacific (FAP) established in Guangdong Province, China
- Jeff Coors joins RWB board
- HeatManager control launched
- Beckett Additives LLC established
- George W. Bush reelected



Fergas Asia Pacific

- Lifesgreatestquestion.com website launched
- Grand Opening of Fergas Asia Pacific in China
- Jonathan Beckett named director of sales
- ERP initiative launched, and software selected
- Beckett Lean Assembly System launched

2004 2005 2006



- John Beckett authors Mastering Monday
- RWB takes equity position in Boston Power
- Beckett Asia Pacific (BAP) established
- Commercial gas burner sales begin
- Lean Steering Team launched





Beckett Asia Pacific - Daxing, China

There is a saying in China: "Everything is possible. Nothing is easy." We learned this firsthand, experiencing slow VAT refunds, shifting government building requirements and corresponding cost escalations. During construction, China dramatically tightened lending standards and the bank reneged on a previously committed loan. At home, we experienced an unexpected rapid decline in the US oil heat market (from a rapid run-up in heating oil prices), followed by a severe recession. Were you to ask, we would caution: "It is hard to overestimate the financial and human resources a start-up in China requires."



- BAP moves into Daxing facility in China
- Oil price spikes to \$147/barrel
- Fuel Armor additive introduced
- QAD implemented at Beckett Air
- Financial crisis / collapse of Lehman Brothers
- Barack Obama elected President



New England Training Center

2007

2008

- Chuck Visocky becomes president of Beckett Air
- Layoffs announced at RWB, first in 70 years (later rehired)

• Vic Takacs becomes director of operations

- Aero burner line purchased from Bradford-White
- Betty Baracskai retires after 56 years at Beckett
- Ethics Policy introduced at all Beckett companies
- GeniSys control introduced
- QAD implemented at BAP, Beckett Gas and RW Beckett



#### 2009

- GeniSys 12 Vdc Control introduced
- New England Training Center opened
- Beckett solar water heating introduced
- Garth Hunt retires from Beckett Canada
- Jonathan Beckett adds to his responsibilities the leadership of Beckett Canada
- "Distributed Energy Storage" project launched
- AquaSmart® boiler control introduced

Tony Arns, previously with Boeing, followed Joel as our general manager in mid-2008 as we settled into our new facility in Daxing, south of Beijing. Jerry Herron, an employee with more than 30 years of experience at Beckett, moved to China to train the team on combustion products. We discovered road repair equipment as a niche starting point to leverage existing products and combustion expertise in the domestic China market.

Core competence in sourcing and electronics production became a major platform for growth over the next several years. As evidence, BAP has successfully secured contracts with a large private Italian company that manufactures controls for the

European electric heating market. A partnership with Hope Tech Global, an electronics design firm that became a BAP tenant in 2011, has triggered several other contract manufacturing opportunities.

Today, BAP is targeting more than 50 percent of sales from customers other than R.W. Beckett. The competencies and products at BAP might look very different from those at R.W. Beckett, but we believe they will be right for the markets they will serve and ultimately form a strong, sturdy tree, "For God has planted them like strong and graceful oaks for his own glory" (Isaiah 61:3). ■

- "Beckett Energy Systems" brand established
- John Bohan named VP business development
- BAP begins selling custom controls to Italian company

- Remodeling of offices
- Three years Accident Free safety measure achieved
- Myron Cooperrider dies 5/9 at age 94
- Acquisition of Firomatic<sup>®</sup> fire safety valve product line
- 75th anniversary celebration

2010 2011



2012

- Jack Eschweiler dies 1/8 at age 72
- GeniSys control becomes OEM standard
- Oil Equipment Manufacturing LLC (fuel tank accessories) acquired
- Beckett Electronics manufacturing platform established

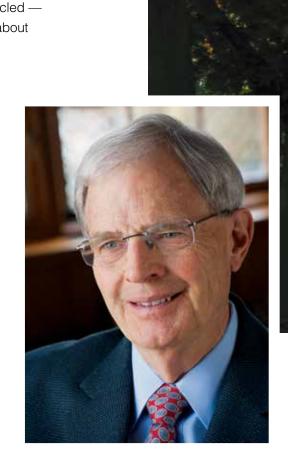
#### **CONCLUSION**

Beckett at 75 Years has, of necessity, been about the past — especially the most recent 25. These years need to be and have now been chronicled however inadequately. But Beckett is really about the future. A rich legacy in oil heating, far from over, has set the stage for dynamic years ahead. We will advance in oil and gas combustion, and excel in air moving. We will build our electronics capability and bring to fruition a major new venture in energy storage. We will see further manufacturing and production systems innovation. We will broaden our reach internationally, especially into Asia with our China base. We will attract the "best and brightest" young people who will be challenged in our modestly sized but leadingedge businesses. We will hold fast to our core values: Integrity, Excellence, Profound Respect for the Individual.

As much as we can influence the future, the Beckett companies will, by God's grace, continue to be guided by committed leadership and timeless principles.

Thank you — all 650 who serve our businesses now — and those who will shape our next 25 years and beyond.

John D. Beckett Chairman







## COMMEMORATING THE PAST 25 YEARS BECKETT'S SEVENTY-FIFTH ANNIVERSARY

R.W. Beckett Corporation P.O. Box 1289 Elyria, Ohio 44036