

# MBE<sup>®</sup>

MINORITY BUSINESS ENTREPRENEUR

A detailed oil painting of Sharon Avent, a woman with short, wavy, light-colored hair, wearing a white top with a dark blue or black trim and a brown jacket. She is smiling slightly and looking towards the viewer. The background is a textured, abstract mix of purple, blue, and pink tones.

**SHARON AVENT**  
Smead Manufacturing Company



# A CENTURY



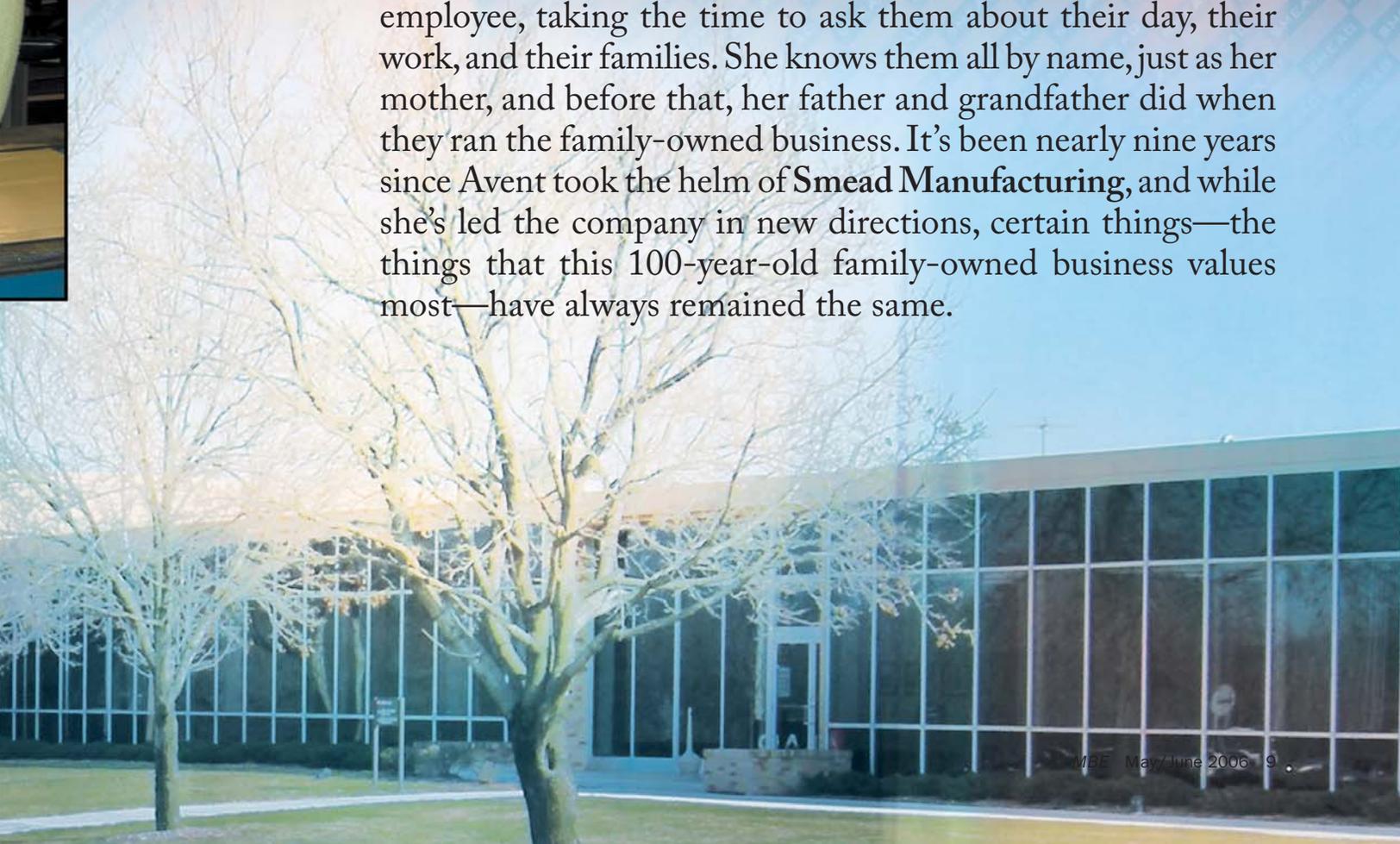
Three pallets of Smead products are displayed against a background of a repeating 'SMEAD' logo. The pallets are stacked with tan, green, and red products. Each pallet has a small white label on top.

# JURY of SUCCESS

**Smead Manufacturing Company's ongoing legacy.**

*By Emily Richwine*

It's the kind of thing that would have made her mother proud. As Sharon Avent walks the floor of her Hastings, Minnesota, manufacturing facility, she stops to say hello to nearly every employee, taking the time to ask them about their day, their work, and their families. She knows them all by name, just as her mother, and before that, her father and grandfather did when they ran the family-owned business. It's been nearly nine years since Avent took the helm of Smead Manufacturing, and while she's led the company in new directions, certain things—the things that this 100-year-old family-owned business values most—have always remained the same.



“Maybe that’s why we are who we are today,” Avent says. “There are still companies out there that are devoted to their employees and still operate with a mission of being respectful and participating in their communities as best they can. I think we’ve always tried to give back more than we’ve gotten. That’s the kind of culture that’s been here forever. One of the biggest challenges I have today is to try to maintain and protect that; to me, it’s precious.”

So far, Smead has been able to hold on to those old-fashioned values while securing a promising future for itself. Today, the company is one of the most well-known office filing products manufacturers in the country. It reported nearly \$520 million in sales last year, has more than 3,000 employees, and currently produces an extensive line of more than 5,000 products. With six U.S. production facilities and now a European presence, Smead is quickly becoming a global leader in its industry.

Smead Manufacturing came from humble beginnings. **Charles Smead** founded the company in 1906, which was then just a one-room operation that produced one product, the bandless file. Ten years later, an employee, **P.A. Hoffman**, Avent’s grandfather, purchased the company. Smead Manufacturing has been in the Hoffman family ever since. Avent’s father, **Harold Hoffman**, took over day-to-day operations after the elder Hoffman suffered a stroke in 1928. He was eventually named president upon his father’s death in 1954.

“I grew up with the company,” Avent recalls. “We spent a lot of time out front in the car with my mother waiting for my dad to come down to go home with us and have dinner. On the weekends, he would go down to the plant, and my brother and I would always go with him. We were running around in the back hallways playing hide and seek, always around the company, and we knew everybody. It was just the way life was.”

Life for Avent, however, changed when she was just 9 years old. Her father, while on a business trip to Buffalo, New York, passed away unexpectedly. Avent remembers very little about that time, but she knew enough then to realize the loss affected many people.

“All I can remember is all of the flowers,”

Avent says. “There were flowers everywhere, all over the house. I remember you couldn’t sit down, you couldn’t even walk. He knew a lot of people, so obviously a lot of people came to the funeral. I remember that.”

Although coping with private tragedy, Avent’s mother, **Ebba Hoffman**, had a very public decision to make. Not only was she unexpectedly widowed with two young children, but she was also now the owner of Smead Manufacturing, which was struggling with debt. At a time when few women worked outside the home, let alone as corporate executives, many expected Hoffman to simply sell the company and cut her losses. But Hoffman, who had limited work experience and just an eighth grade education, surprised them all.

“I remember after my father died there was this big decision about my mother and what she was going to do,” Avent recalls. “Was she going to take over the company? Was she going to sell it? What was she going to do? She talked afterward about the fact that my father had always wanted to build the company so he could leave it to his children. So she decided that’s what *she* would do, even though I don’t know if she really even knew then *how* she was going to do it.”

Ebba Hoffman found a way. On November 15, 1955 she took her seat as president of Smead Manufacturing. Ignoring at least one company executive who asked her when she would be leaving so he could move into her office, Hoffman got right down to work.

“When she took over, she did have a little bit of a hard time finding financing to keep the company going,” Avent says. “The bank we had been using did not extend a very good offer to her. I think it was because there was a woman now running the company. But she went to another bank and began working on the debt. One of the things she did, and was noted for, was that she paid all of her bills and she paid them on time. Her credit was extremely important to her.”

With the company’s finances in order, Hoffman made the first of many changes. Relying heavily on her own observations and woman’s intuition, she first tackled the company’s drab packaging, revamping the plain brown box (which Smead and all of

its competitors used at the time) with what became the company’s signature plaid. Her focus then switched to adding color to the products themselves.

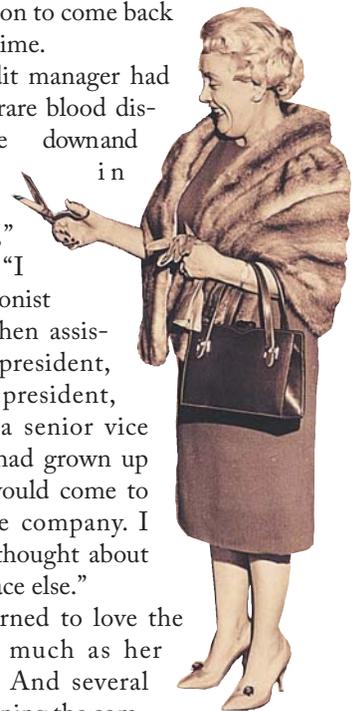
“I can remember sitting at the break room table one day during a coffee break when she brought up coming out with 10 new colored file folders,” Avent recalls. “The men at the table said they would never outsell the plain manila, but they would be a nice addition. Of course, it wasn’t long until the colors became really successful.”

By the end of her first year at Smead, Hoffman had achieved annual sales of \$4 million. Building on that momentum, she started expanding the company. In 1958, she purchased California-based Yale Filing Supplies Company which opened Smead up to several new west coast markets. Three years later, she centralized the company’s Hastings headquarters, building a brand new 14,000-square-foot corporate headquarters and manufacturing plant. Two years later, the company opened a new factory in Logan, Ohio, to keep up with growing demands.

Things were going well when Avent formally joined the company in 1965. Up until then, both Avent and her younger brother, John Peter, had worked summers at Smead. But while attending Hamline University in Saint Paul, Sharon was called upon to come back to work full time.

“Our credit manager had developed a rare blood disease, so I came down and worked in the credit department,” Avent says. “I was a receptionist for awhile, then assistant to the president, then a vice president, and finally, a senior vice president. I had grown up knowing I would come to work for the company. I never really thought about going any place else.”

Avent learned to love the business as much as her mother did. And several years after joining the com-



pany, she added a new love to the mix. In 1971, she married husband Terry and welcomed his two children, Clay and Casey, into her life. (Casey now works for Smead in sales and marketing at the company's manufacturing facility in South Carolina.)

But in 1986 tragedy struck the family, and the company, once again. Avent's brother, who was also working at Smead at the time, died suddenly of complications from a bleeding ulcer. Avent's mother took six months off to grieve. It was Sharon, this time, who had to deal with private tragedy while stepping up to a new public role.

"It was suggested then that it would be a good idea for me to take over the company" Avent says. "I was doing everything but signing the checks, but I still didn't like that idea. I knew it had to be her decision." Hoffman eventually returned to the helm, and Avent remained at her side for the next decade. Together, the two women continued to lead the company. Continual re-evaluation and development of new products were always part of the business plan.

"I remember when we first talked about electronic filing," Avent recalls. "It was years and years ago, so for her to be able to come in and think about computers, or the computer age, and to invest money in something she had no understanding of—electronic document management—was really forward thinking. She was excited about it, even though we weren't exactly sure how it was going to work. She always wanted the company to have something new and fresh."

Then, in the early 1990s, off-shore manufacturing started taking over the manufacturing industry. While investing in innovation was something both Hoffman and Avent believed in, they had mixed feelings about the new trend.

"We had just done a big 'Made in Amer-

ica' advertising campaign, so I remember it was pretty traumatic for us because [if we manufactured off shore] we couldn't say all of our products were made in America any more," Avent says. "Our workers ran around with buttons protesting it, but it was a decision made on cost. We had done what all the other businesses [in our industry] had done."

With no more options left, in 1993, Hoffman and Avent were forced to make what was perhaps one of the most difficult decisions of both their careers—they outsourced the handwork for the five-piece product line that was being done in River Falls, Wisconsin, to Mexico. Avent kept the remaining production work for that product line at the River Falls plant until 2004, when it was transferred to Mexico and the plant was closed. Unwilling to let her employees down, Avent took extraordinary measures to assist the affected workers, finding some new positions within the company and helping others get into training and education programs.

"I think by the time we got done reassigning them, we lost maybe six employees," Avent says. "We, of course, had new challenges working in Mexico. Some of the employees we hired didn't speak English so we couldn't communicate with them that well. I remember after we had gone down there a few times we discovered that our conveyor belt was getting awfully sticky. The machine had a glue pot that kept the glue at a certain temperature, but I guess it had broken or something and they were using this Crock Pot kind of thing to heat the glue, and of course, it would get cold and sticky. But they figured that they had to find a way to fix it themselves. We had to explain that if they let us know about problems, we could help them."

Despite the language and cultural challenges, Smead eventually saw the

pay-off on their bottom line. But, just as the company was finding its groove again, another industry trend exploded onto the scene—customer base consolidation. As office superstores grew in popularity, dealers joined together to create their own buying groups, and soon Smead saw its customer base start to shrink at a rapid pace.

"It happened really quickly," Avent recalls. "By the mid-1990s there was full-fledged consolidation of just about everybody. Most places embraced it and wanted to have one place to go to buy office products. At the same time, the dealers started to consolidate and stores like supermarkets and drugstores started carrying office products. Everybody started getting into everybody's else's marketplace, and everybody was banding together to try to save their portion of the market."

Smead did what it could to stay in the game, but consolidation has changed the way it does business. Once a supplier to thousands of independent stationers and office supply companies, the company now services a much smaller customer base of wholesalers, distributors, buying groups, dealer organization, and office superstores.

Despite industry challenges, Hoffman and Avent grew the company to \$315 million in annual sales and 2,500 employees by 1998. That same year, Hoffman (who passed away in February 1999) formally turned over the reins to Avent, who, just like her mother, hit the ground running.

Within one month of taking over as president and CEO, Avent oversaw an acquisition that gave the company a new global presence, something she felt the company needed in order to continue to compete.

"We were told by the dealers and the superstores that they wanted to do business with global companies," Avent says. "They told us if we wanted to do business with them, we had to become a global player. At the time, we weren't sure what global meant. Did that mean that we just had to be in Europe? Or did we need to be in the Middle East or Asia? But Europe seemed like where they were focusing so we initially tried to do a partnership there."



Avent thought a partnership would mean less risk for Smead, which was fairly new to international dealings, but she soon found that most European companies were not interested in such relationships. Some, however, did seem interested in selling outright.

“We finally found a potential partner, but they came back and asked if we’d entertain buying them,” Avent says. “We hadn’t thought about it, but we considered it, and thought it would be a good thing for us. They had sales offices in a lot of the countries we wanted to do business in, so we thought it would be a good fit.”

The company was Atlanta-Hoogezand B.V., a privately held 150-year-old office products manufacturer headquartered in Hoogezand, Netherlands. With annual sales of approximately \$70 million and 350 employees, Atlanta-Hoogezand manufactured and marketed office products throughout Europe under the Atlanta, Office Data, and Pocket Memo brand names and distributed Rolodex and Bisleley brand products. With three manufacturing plants in the Netherlands; distribution subsidiaries in France, Germany, the United Kingdom, Switzerland, Austria, Belgium, and Spain; and exports to more than 50 additional countries worldwide, Atlanta-Hoogezand seemed like the perfect complement to Smead’s strong U.S. presence.

“They had some different capabilities,” Avent says. “They had a facility that was doing plastic injection molding [for products like storage containers] and another that did metal products like rolling file carts and waste bins.”

Smead purchased the company for an undisclosed price (with cash and a loan

that has since been repaid), and slowly got to work retooling the old company to meet its needs. Eventually, the company was renamed Smead Europe.

In May 1999, Smead acquired Document Control Solutions (DCS), a technology company based in Fullerton, California, that specialized in the development, sale, and support of document management software, including labeling systems and label production, and bar-code tracking. The acquisition allowed Smead to integrate one of DCS’s major products, ColorBar Gold, a well-known color coding and bar code label system, into its product line. A few years later, Smead acquired filing and office products manufacturer, S & W Manufacturing, Inc. in Florence,



South Carolina, which allowed the company to bolster its product line even more. And in 2003, Smead expanded its European presence still further by purchasing certain subsidiaries of Norway-based The Lindegaard Group. The subsidiaries, located in Norway, Denmark, Estonia, Finland, France, Sweden, and the United Kingdom, strengthened Smead’s breadth of product offerings, expanded its geographical coverage, and established a manufacturing base in the Eastern Europe.

“It’s really been a learning experience,” Avent says. “We bought the first company [in Europe] and then decided we wanted to complete our line, so we bought the second company. But when we bought that second company it was maybe not as integrated with Smead as it should have been right

from the start; there was some duplication. So what we’re doing right now is reorganizing and refocusing on the products we want and need to manufacture.” The product line, Avent knows, is key to Smead’s ability to continue to compete.

In order to stay new and fresh, the company is always working on new, innovative products. For example, in 2004 the company launched its new line of Retrospect scrapbooking and paper crafting organizational products. In 2005, Smead launched M.O., a line of stylish high-fashion inspired school and office supplies. And the company recently introduced a full line of antimicrobial products, which guard against the growth of bacteria, odors, algae, mold, fungus and mildew, making them

idea for the use in medical and dental offices, daycare centers, and schools.

“You think about manufacturing a manila file folder for 100 years, and you say how boring, but it turns out, there’s a lot you can do with paper,” Avent says. “This is really exciting for us. We’re going to different shows from those we’ve attended in

the past, and targeting different markets. It’s one of those things you’d better stay on top of, because if you don’t, you’re not going to be around long.”

Avent, now 60, has done a great job of positioning Smead Manufacturing for the future. But as Smead celebrates its 100<sup>th</sup> anniversary this year, she is careful to hold on to the company’s past.

“I know retirement is one of those things that is looming in my future, but we haven’t come up with any kind of conclusion just yet,” Avent says. “I’d like to see it stay a private company. I think when you’re a private company you’re not as focused on numbers; you’re focused on what is best for you, your employees, and your company.”

It sounds like a philosophy that’s worth preserving. ♦

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