

Sharon Hoffman Avent recently succeeded her mother, Ebba Hoffman, as CEO of Smead Manufacturing Co., an office products firm based in Hastings. The company is one of the nation's largest women-owned businesses.

Smead Manufacturing stays in the family

*Following in her mother's footsteps,
Smead president takes leadership role*

By Susan E. Peterson
Star Tribune Staff Writer

Over the years, Sharon Hoffman Avent has learned a few things from her mother— how to keep a low profile while running a multimillion dollar business, how to win respect as an astute businesswoman while maintaining a reputation as a caring employer and how to cope when suddenly thrust into a corporate leadership role by personal tragedy.

Avent, who in July succeeded her mother, Ebba Hoffman, as president and chief executive of Smead Manufacturing Co. of Hastings, has learned those lessons well. While she gives her mother and Smead managers and employees most of the credit for the company's success, she's taking the office products manufacturer in some new directions and is planning to continue its impressive record of profitable growth despite a trend toward industry consolidation.

Avent recently completed a European acquisition that will boost Smead's annual sales to about \$400 million and employment to 2,900. She also has been a champion of the company's move into electronic records management through the acquisition of a software company three years ago.

*Smead
Manufacturing Co.*

► **Headquarters:** Hastings

- **Employees:** 2,900 at 10 plants in North America and the Netherlands, including its flagship Hastings plant.
- **Products:** More than 2,500 filing products, ranging from file folders to indexing systems, shelving and electronic management software.
- **Annual sales:** \$400 million
- **History:** Founded in 1906 in St. Paul to manufacture a bandless file — an envelope closed with metal clasps rather than the customary rubber bands. Moved to Hastings in 1908; bought by P.A. Hoffman, present CEO Sharon Hoffman Avent's grandfather, in 1916.



Star Tribune photo by Stormi Greener

Sharon Hoffman Avent, standing in the production area of Smead Manufacturing Co. in Hastings, runs a \$400 million business that has 2,900 employees at 10 plants. Besides serving as CEO of the company, she shows horses and is involved in many civic activities.

Avent tackles major decisions but keeps a low-key approach

A private, family-owned company, Smead doesn't disclose profits, but Avent said the firm has been a consistent money-maker. "I don't ever remember losing money," she said. "Our growth was a little flat in the '80s, and some years are better than others....It's harder to make a profit today, but that's where you have to be creative, with new products, and new ways to market those products."

Personally, 52-year-old Avent is a genial woman who doesn't stand on ceremony. Although her mother, Ebba Hoffman, prefers to be addressed as "Mrs. Hoffman" by even longtime employees and

business associates, everyone refers to Sharon by her first name. That by no means shows any lack of respect, observers said—it's just a difference in style and generation.

It was Mrs. Hoffman who took over what then was a struggling filing products business after the unexpected death of her husband in 1955, and built it into an industry powerhouse.

During her 43 years at the helm, she built Smead from a company with 350 employees and annual sales of \$4 million to a bustling enterprise of 2,500 employees and more than \$315 million in sales.

Nowadays Smead is one of the largest firms in the global filing and document management industry, and recently was cited as the 44th-largest woman-owned U.S. business by Working Woman magazine.

For her accomplishments, the Minnesota Business Hall of Fame made Ebba Hoffman its first woman member, inducted in 1977.

Those are some big pumps to fill, but Avent seems committed to building the company, as she has been taking on more responsibilities in recent years as her mother's business activities have slowed.

Mrs. Hoffman, 87, no longer visits the office every day, but she remains chairman and continues to be vitally interested in the company and its employees. She said in a recent interview that she is proud of her daughter's achievements, and that Avent has earned the chance to run the business.

Dislikes debt

"One thing I taught her was to pay our bills," said Mrs. Hoffman, who developed a strong aversion to borrowing money after struggling to deal with a heavy debt load when she took over the company as a widow with two young children.

Avent speaks of her mother's accomplishments with deep respect and admiration. She said she wasn't in any hurry to take over as CEO. "I'm not a person who's hung up on titles," she said. "I've always had a job to do, and it was more important to do the job than to worry about what people called me."

Avent and her brother, John Peter Hoffman, grew up immersed in the business, often accompanying their mother on business trips and spending time at the plant. Both dropped out of college to work at Smead—Avent in the administrative arena and John Peter in production and building new plants.

After John Peter died of complications from a bleeding ulcer in 1986, at age 38, Avent pretty much had to run the company for more than half a year while her mother recuperated from the shock and grief of losing her son and heir apparent. She emphasized that she had lots of help from compassionate managers and workers.

Since taking a bigger role in the company after her brother's death, Avent has made lots of smart decisions and been willing to invest in needed improvements, said David Fasbender, senior vice president of sales and marketing and a 37-year Smead veteran.

"As consolidation continues to take place, our business gets tougher and large customers get more demanding," he said. "Both Sharon and Mrs. Hoffman have done a lot of modernization and refocused all our manufacturing processes to become more productive and competitive. If they hadn't done that, I don't think we'd be in business. We're selling things today for less than we did 10 years ago, and labor and raw materials costs have all gone up."

She gets high marks from observers inside and outside the company for the way she handled things after her brother's death and the progress she's made since.

"I think the way Sharon grasps things, and the way she walked into the business and made decisions, is a lot like her mother," and Millett O'Connell, a Hastings attorney who has been on Smead's board since 1956.

"She does a lot of inquiring, and determining what the facts are—she doesn't just jump at something," he said. "She has a wonderful facility of weeding out the stuff that's inconsequential, and getting to the meat of the problem. Then once she's got the facts, she doesn't hesitate."

Frank Tschida, owner and CEO of S & T Office Products in St. Paul, said Smead has been a major supplier for his firm for 27 years and has built a reputation for superior customer service. He credits Avent and her mother for inspiring loyalty from Smead's employees, suppliers and customers and establishing strong business relationships.

"The whole company has very high integrity," he said. "There have been periods of time when paper has been in a real shortage, but we never, ever were without paper products from Smead. They got the job done when a lot of other vendors had problems."

She's approachable

Randy Gesch, president of Local 6-717 of the Oil, Chemical and Atomic Worker's Union, which represents production workers at the Smead plants in Hastings and River Falls, Wis., said employees were relieved when Avent's promotion to CEO was announced.

"If anybody can run this company with a heart, Sharon is the one," he said. "There's always a concern when leadership at a private company changes hands, but employees as a whole thought it was a real positive thing for her to take over in July."

Avent, like her mother, is regarded widely as an approachable boss who gets to know employees and takes the time to listen to their concerns, he said. "I think anybody can walk into their office and feel comfortable talking about anything," he said.

Nevertheless, Gesch said, union workers are concerned about the company's establishment of amaquiladora operation in Mexico several years ago and its recent announcement that more work will be transferred there from the River Falls plant. Maquiladoras are foreign-owned plants set up along the Mexican border to take advantage of low-cost labor and tax advantages. Managers told workers last month that the total cost per hour for the buildings, equipment and people is \$4.50 an hour in Mexico, and they needed to move some product lines there to be able to compete.

Even though the company has said there will be no U.S. layoffs because of the pending move, “we do not feel that the working conditions [at the maquiladora] fit with the Hoffman family’s philosophy,” Gesch said. After subtracting over-head costs from the \$4.50 per hour, he said, “We don’t think that’s a livable wage.”

Avent said that while some work is being shifted to Mexico, other product lines are being brought back to River Falls and that plant is hiring, not cutting back. Workers at the maquiladora are treated fairly and are represented by their own union, she added.

“People need to remember that our competition is in Mexico and has been there much longer than we have,” she said. “In order to compete, we have to have that same advantage.”

She said, however, that the 1992 decision to establish the maquiladora in Reynosa, just across the border from McAllen, Texas, was one of the toughest issues she has faced.

“There were some job losses [19 River Falls workers were laid off and others were transferred] and that was difficult,” she said. But demand for Smead’s labor-intensive expanding-file products had declined because of price competition, and moving that line from River Falls to a lower-cost environment was essential, she said.

Workers stay

She said Smead’s policy has been to avoid layoffs whenever possible. The company has dealt with slow times by cutting back hours or encouraging workers to take time off without pay, she said, and she and her mother are proud of the large number of employees who have been with the company for 25, 30 or 40 years. There are even a few 50-year veterans, and three people have been there more than 60 years, she said.

Avent said she and her mother intend to keep Smead as a family-owned firm for the foreseeable future, but the long-term ownership picture is a little murky at this point. One of her two stepsons, Casey Avent, 26, works as a Smead salesman in Dallas, but so far there have been no family discussions about whether he eventually might play a larger role at the company, she said. Her stepson Clay Avent, 28, has no connection with the company.

Avent said that since taking on more responsibility at Smead, one regret is that she has a lot less time to devote to her passion of Tennessee walking horses. That’s an interest she shares with her husband, Terry Avent, who manages the family farm and their herd of 30 horses.

“She’s busy all the time—she never slows up,” said Terry Avent. “If she’s not taking care of me, she’s taking care of her mother.” He noted that

she won the 1997 championship in her amateur class in the Tennessee Walking Horse National Celebration, a major U.S. horse show, but said she’s hardly had a chance to ride since then.

She does make time for serving on the boards of Shattuck-St. Mary’s School, which she attended for four years, the Regina Health Care Center in Hastings and the Minnesota Historical Society. She is a valuable board member and a generous contributor to those institutions, her colleagues said.

Unlike some corporate executives, she doesn’t have any need to grab center stage or dominate proceedings, fellow board members said.

“She’s mission-driven, not ego-driven,” said Nina Archabal, director of the Historical Society. “I’ve known a lot of people who were a lot less busy, but who make a lot more of who they are and what they do. Unless you know about the responsibilities Sharon carries, you’d never guess it from her.”



Sharon Hoffman Avent

- ▶ **Born:** Feb. 7, 1946
- ▶ **Family:** Husband, Terry Avent; two stepsons, Clay and Casey Avent; mother, Ebba Hoffman
- ▶ **Home:** Hastings
- ▶ **Education:** St. Mary’s Hall high school (now Shattuck-St. Mary’s), 1961-64; Hamline University, 1964-66.
- ▶ **Career:** Worked for Smead Manufacturing in the summer of 1965 as a secretary; joined full time in 1966 as assistant in the credit department; 1969-87, assistant to the president; 1987-95, execution vice president; 1995-98, senior executive vice president; 1998, president and CEO.
- ▶ **Interests:** Riding and showing Tennessee walking horses, gardening, spending time with family.