

Client Profile: Flexpak Corporation

By Ron Zollars



The medical industry is an enormous and lucrative business today for many companies. Its medical products that are distributed are abundant. The U.S. Food and Drug Administration, however, sets rigid standards for sterilization of products that must be met. Manufacturers of these devices are reliant on companies that can provide thermoforming and packaging for these individual pieces of equipment.

By brief definition, thermoforming is an in-line manufacturing process whereby a plastic sheet is fed into an oven mold and heated at an extremely high temperature until the plastic material becomes pliable. The plastic material is formed to a shape on an aluminum mold and trimmed.

One particular company, Flexpak Corporation, has been a leader in providing thermoforming and packaging services to its clients for many years. The employee-owned company, founded in 1974 by Donald Bond is headquartered a few minutes from downtown Phoenix, Ariz. Bond is

still active today and serves as chairman of the board at Flexpak. The 84,000 square-foot facility produces millions of custom-thermoforming products annually. Employees specialize in the following six areas: sales development; design and tooling; manufacturing and materials control; quality assurance; finance; and administrative support.

Steve Murray, Flexpak's president and chief executive officer joined the company in 2004 as executive vice president and chief financial officer. In January of this year, Murray was promoted to president and CEO. Previously in his career, he held senior management positions in both finance and quality assurance and worked in the aerospace, marketing and distribution industries, primarily in the Midwest.

"In the early days, Flexpak was primarily involved with contract packaging, providing shrink wrapping for numerous store products," said Murray. "The company also did a lot in the packaging of items for mothers of newborn babies as they would leave the hospital. The bags were stuffed with sample diapers, baby toys, coupons and other items. Later, Flexpak migrated into thermoforming and medical device packaging. Today more than 50 percent of our business is in the medical device space."

Recently the company received notoriety for being selected and featured in a segment of the popular TV program – "World's Greatest" which is part of the ION Television network. The premise of the series is dedicated to highlighting the world's greatest companies, products, places and people.

"Flexpak Corporation is exactly the type of company that we like to feature on 'World's Greatest.' They're an award-winning company that has been supplying progressive solutions to the custom thermoforming and contract packaging industry since 1974; market driven and customer focused, they have a great story to tell," said Gordon Freeman, executive producer of the show. The program aired in early May. Visit this link to view the segment.

www.flexpakcorp.com/packaging-suppliers.php

Flexpak also was recently selected as a finalist for the prestigious 2011 Arizona Manufacturers Council - "Manufacturer of the Year" award.

In 1987, the company decided to pursue doing an employee stock ownership plan (ESOP). The founder, Donald Bond, after attending a seminar on succession and taxation felt convinced that having an ESOP would be beneficial not only for himself but also for the future of the company.

"I believe there is a lifecycle to ESOPs. Early taxation is an imperative and then succession

later becomes a factor as the owner gets closer to retirement,” said Murray. “As the percentage of ownership builds it is important to think about the culture. We have a mission statement that says we are committed to being a world-class supplier, dedicated to our employees and focused on the customer. The decisions we make are fair, honest and the right thing to do.”

Murray reiterates that employee ownership creates the building blocks for a highly productive organization. Former CEO Donald Bond believes that employee ownership also will attract higher qualified employees. “You have to be intentional about using employee ownership,” said Bond. “The Beyster Institute is helping in setting the goals and setting an exit plan. How do you finance this and how do you conduct the buyout? We also believe we want to be a 100 percent S corporation and use those tax savings to fund the buyout and future retirement benefits.”

We asked Murray if there were any impediments initially in setting up the ESOP and if it was well received. He said that at first it was a little slow because people didn’t really understand the concept but over time and through concerted communications efforts from line management, employees became familiar with employee ownership and what it can mean individually to them. At Flexpak, employees are eligible to participate in the ESOP after they have been employed for 12 months and have amassed 1,000 hours. Typically that takes a year to 18 months.

“The ESOP has helped form the culture of the company,” said Murray. “Employee motivation is a big factor. Employees look for cost savings as if they have a stake or own the place. You treat things differently when you have a vested interest.”

Murray discussed one facet in their work environment for which he is very proud. “We now have achieved ISO 9001:2008 registration for our quality management system. We have medical validation processes in place and we want to capitalize on those technical skills in the medical device industry.”

Murray acknowledged that the company has an incredible team of hardworking, dedicated people. “Each individual employee and our managers work to ensure that we have met our goals and adhere to our core policy – doing the right thing,” said Murray. According to their Web site the core policy presents an ethical checklist: Is it honest? Is it fair and reasonable? Is it the “right thing” to do? Does it make good business sense in the context of our established objective? If you can answer yes to all of the above then proceed. “Employees are reminded

that everyone is accountable to Flexpak's core policy in making the right decision and the ESOP is what helps differentiate Flexpak from other organizations."

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Steve Murray, president and CEO, Flexpak Corporation