

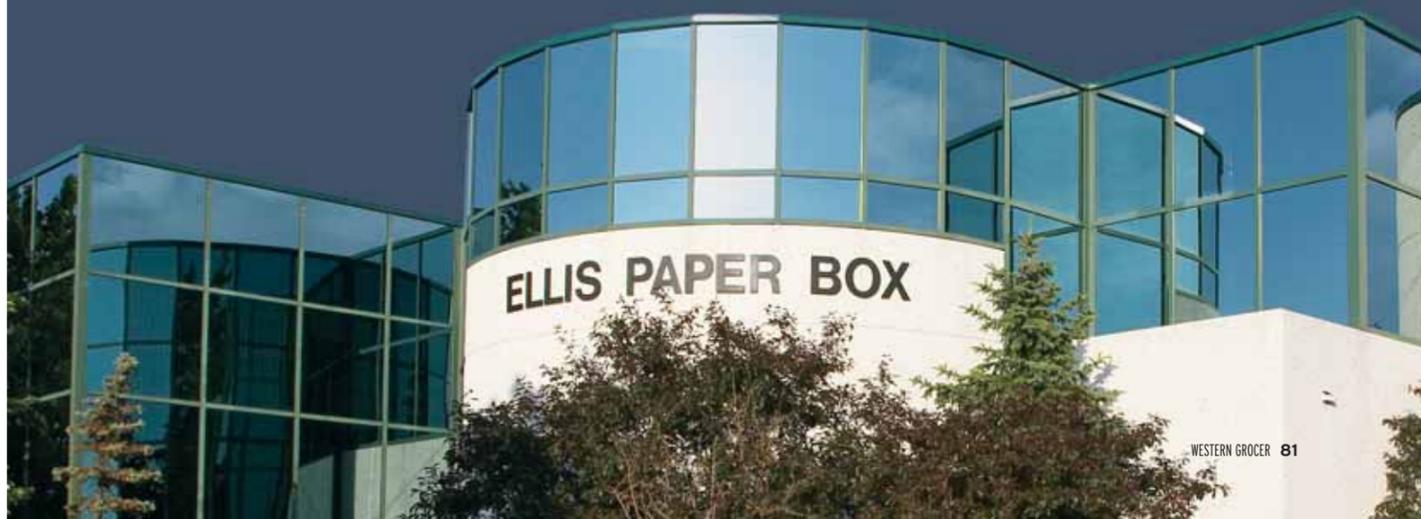
●●●● INNOVATION

A STORY OF INNOVATION

ELLIS PACKAGING GROUP STAYS AHEAD OF THE PACK

By Melanie Franner

For a company whose roots extend back to 1946, Ellis Packaging Group Ltd. can certainly claim to have what it takes to stand the test of time. Since William Ellis purchased the business in 1983, The Ellis Group has used innovation and good old-fashioned customer service to ensure that it remains not only on the cutting edge of technology, but also top-of-mind among its growing customer base.





Caption

Leading a Competitive Marketplace

As a mid-sized North American folding carton converter, The Ellis Group has one of the distinctive claims of being a Canadian-owned, family run business. It was founded in 1946 as Holway Paper Box and subsequently acquired by Redpath Industries in 1976. William Ellis purchased — and renamed — the company in 1983. Since then, it has grown steadily to the point of becoming a central player in the North American paper box industry. Some of that growth can be attributed to acquisition. In 1989, for example, the company purchased Smith Folding Carton. In 2001, it was Elvidge Paper Box and in 2003, it was

Abco Paper Box and Brantford Paper Box. A lot of that growth, however, came from within.

“We’re always open to new acquisitions,” explains Cathie Ellis, daughter of William Ellis and current vice-president of Ellis Packaging Group. “We have significant capacity within our current manufacturing facilities, however if an acquisition potential comes up and makes sense, then we’ll look at it. We are always looking for opportunities that complement our current philosophies.”

Four Facilities is Better Than One

The company currently operates four separate facilities. The Pickering plant (which is fondly referred to as the “mothership”) is an 85,000 square foot, ISO-certified facility that specializes in high-quality folding cartons for the food, liquor, personal care, nutraceutical and pharmaceutical industries. The new state-of-the-art Mississauga facility (which was acquired last year) encompasses 55,000 square feet and caters to the manufacture of folding cartons for the pharmaceutical industry, while the Guelph facility is a 46,000 square foot, lean manufacturing plant that specializes in the food and confectionary industries. The Brantford facility, on the other hand, is more suited to the smaller, value-add folding carton runs typically found in the high-end jewellery and food/confectionary industries.

“We have around 270 employees between the four plants,” says Brad Weale, director of business development for The Ellis

Group, who adds that facilities typically operate five days a week, three shifts a day. “One of our strengths is our ability to turn orders around very quickly and efficiently. The four plants operate independently, but they also ‘share’ accounts as well. This allows us to be ‘horizontally integrated’ and acts as a ‘contingency plan’ for any customer in case of a capacity issue.”

Having four facilities also means that the company is able to meet the demands of an ever-changing market. Although the four facilities are located in southern Ontario, The Ellis Group serves all of Canada. It has a strong representation in the West and also has accounts in eastern Canada. “Western Canada has been an area of focus for us since 2001 when we opened up a regional office there,” says Weale. “We continue to grow that business every year.”

At the moment, the majority of The Ellis Group’s business is within Canada although many of the company’s customers are sending finished goods into the United States. “I would say that the U.S. represents approximately 10 per cent of what we do directly,” he says, adding that the U.S. is certainly a potential market.

Innovation First

Another strength of Ellis Packaging Group is its willingness to invest in technology. In fact, Weale likes to describe the company as “vertically innovative” rather than “vertically integrated.”

“This company has a willingness to reinvest in the market,” he says. “To be leaders in this industry, you need to continually reinvest in machinery and people. The Ellis family has consistently reinvested its profit back into the company.”

In fact, the company’s forecasted capital spending over the current three-year period is \$7.35 million. Accounting for around \$3 million of that is a new, leading-edge “Cartonmaster Primographic” printing press (and infrastructure changes to accommodate it) that will enable Ellis Packaging Group to reduce customer costs by offering more in-line decorating processes to their cartons.

“This technology is something that William Ellis has been interested in for the last five years,” explains Bill McKnight, director, web flexo division, Ellis Packaging Group. “We’ve purchased the state-of-the-art technology and have retrofitted it to add

some proprietary processes that we can use to help differentiate ourselves in the marketplace. We are going to be able to produce state-of-the-art litho-quality in a flexo-style environment.”

The new system is a roll-fed hybrid of flexo and

letterpress, capable of printing UV and water-based inks up to 200-line screen. Some of the advantages include its ability to handle multiple colour reverse, foil transfer, emboss/deboss, and cut/crease — all in-line. The system uses 10 print stations, modular cutting, creasing, and embossing to successfully manage the entire converting process in a single pass.

“It’s all about speed-to-market,” comments Weale. “Everybody wants speed. We’re not only facing competition in our industry. Our customers are facing competition within their own industries. When I started in this industry, turnaround times were 8 to 10 weeks for packaging. I foresee the new Cartonmaster Primographic press reducing turnaround times to 10 days or less in the very near future.”

According to Weale, the new technology is just one example of how the company is “vertically innovative.” Past investments



Caption

Prisco Graphics CA
1/4P x 1-1/2

Central Dies
Supplies Inc.
1/8P x 1-1/2

METRO Waste
1/3P x 3

include Electronic Article Surveillance (EAS) technology, UV capability in two of the company's four facilities, as well as cold and hot foil application — to name just a few.

A Family Operation

Being a family-owned and operated company means that The Ellis Group can make decisions about technology fairly quickly. It also means that it can maintain

an entrepreneurial spirit — one that fosters that innovation so critical to its ongoing success.

"We're all about our people," explains Ellis, who adds that she believes in promoting from within. "More and more of our competitors are being purchased by equity fund groups. Being an entrepreneurial, family run organization is what differentiates us. We've got captive involved owners at the helm of our company who cares about our customers and about our people. We view our people as an extension of our family."

Weale adds that happy employees translate into happy customers. "Keeping our customers happy requires a total commitment by all of our employees in order to give our customers the best possible value by guaranteeing them

perfect-quality cartons at a competitive price," he says. "Our employees are paramount to our success."

Weale also speaks of the importance of quality and service, qualities reflected in having long-standing and experienced employees.

"We believe that reinvestment is needed to stay ahead of the pack so to speak," he says. "The folding carton market continues to be very competitive, where driving out cost is critical. But quality and service are paramount to survival. You may win business on price, but you will keep it because of quality and service."

Looking Forward

With annual sales exceeding \$50 million, it would seem that The Ellis Group has the formula for success down pat. The company's new investment in its Cartonmaster Primographic press will only add to that, as is evidenced by the interest and excitement already garnered by its customer base.

"Going forward, we believe that this new technology will take us to the next level of customer service," concludes Weale.



Caption

MAN Roland Canada
1/2P x 3