

## 2011 Award Nomination Information - Van Meter Industrial Iowa-Nebraska Chapter of the ESOP Association—ESOP Company of the Year

In May 1928, just before the start of the Great Depression, The Van Meter Company was founded by R.L. Van Meter and R.W. (Pete) Lemley. They began in a 3,200-square-foot building located at 6<sup>th</sup> St. and 4<sup>th</sup> Ave. in Cedar Rapids, Iowa. Even then, Van Meter was setting the standard for innovation—it was the first building west of the Mississippi to have fluorescent lighting. Van Meter and Lemley were the only employees and their motto was “Service is our first thought.”

As one of the area’s first electrical distributors, the company was committed to supporting what was still a new and developing technology. The struggle of starting a business during such tough economic times became a major test.

During those difficult times, Van Meter did more than survive. The company grew because employees knew that hard work wasn’t enough. They succeeded because they believed that owners, employees and customers should treat each other like family.

Beyond electrical products, we provide a broad range of value-added services, from wire services, technical support and continuing education classes to project management, quotes, inventory management and more.

Our purpose is to be our customers’ competitive advantage. We do this by creating a culture where the right people come to work, stay and achieve their potential.

### OUR BELIEFS (5P’S)

- We have a culture that is committed to the development and well being of our **people**. In 2009 and 2010 we sent out an Employee Engagement survey to all employees. Van Meter’s engagement level in 2010 was 58.6%, which is 27% above the national average for employee engagement.
- We don’t run the business to make a profit...we make a **profit** to run the business. Each year, a portion of Van Meter’s profits are allocated to our three business regions’ Charitable Giving Committees. The committees then decide where the money would be best placed throughout different organizations in their communities.
- We are blessed by our communities and our **place** in them. We support our communities with our time, talents and monetary treasures. In 2010, Van Meter employees volunteered 5,657 hours. VMI allows the employee owners to take up to two full days a year during normal working hours to give back and volunteer in the communities in which they serve.
- We strive to take care of those who **provide** us the opportunity to be in business. As employee owners, we are encouraged to create innovative solutions for our customers and suppliers, which is what keeps us in business. This sense of confidence and trust is what we value in our culture.
- **Continuous improvement** is essential for our future. We believe in improvements happening every day, from everyone. In 2010, our goal for each employee was to submit two Quick Kaizens, which are ideas that improve the efficiency, safety and/or quality of our business.

Van Meter became 100% employee-owned on January 1, 2005. This means everyone working for our company is an owner with a stake in our future. As owners, our people are empowered to make decisions, take educated and calculated risks and do what they feel is right to best serve our customers. Over the past 80 years, we’ve built a unique culture where every employee is an equal owner in the company...where we value continuous improvement...where we give back to the community...and where every investment we make is made to improve service for our customers.

The Van Meter ESOP Committee was formed in 2003. It is a group of employee-owners who represent various divisions and regions of Van Meter and are committed to improving the understanding of the ESOP by all employee owners. The purpose of the ESOP Committee is to make ownership at Van Meter meaningful to all. The mission of the ESOP Committee is to maximize the value of ownership in Van Meter.

### **What does employee ownership mean at Van Meter?**

All employees of Van Meter...

- have ownership in the company.
- share in the risks and rewards of being an owner.
- influence future success of the company.
- own an interest in the company at no cost to them.
- share in financial results.

### **How does employee ownership benefit our customers?**

- Customers speak to an employee owner with decision-making power every time they call.
- Customers receive service from employee owners who have a vested interest in their success.

The ESOP Committee throws an event every spring called "Guess the Value Contest." Everyone in the company has a chance to guess what Van Meter's stock value is. The contest winner receives ten times the amount of the stock value (last year the stock value was \$82.39). There is also a traveling trophy that the winner displays for the entire year.

Recently, the ESOP Committee rolled out a "Work 10 Years and Get 5 Years Free" campaign. This was a way to help employee owners understand more about their future with ESOP and to help them think about longevity with the company. An example was given to the employee owners using a median employee salary and ESOP account balance and some "what if" numbers assuming there would be a nice annual contribution and stock growth. This campaign has been effective and is continuing to help employee owners understand the effect they can have on growing the company and their future.

The ESOP Committee rolled out a Super-Sized Gain Share Program in 2006 and it continues today with a goal of motivating employee owners to beat gross profit (GP) goals each month. To do this, Van Meter gives monthly, monetary rewards based on how many percentage points we are above our GP goal for the month. Beating GP goals is one of the best ways to keep our stock price growing.

After a new hire has reached their six month anniversary, the company throws an "I'm In" Meeting, celebrating his or her official initiation into the employee stock ownership program, or ESOP. During this meeting, we provide fact sheets on the basics of the plan, educate the new employee owners on the history and value of our ESOP and inform them of tools they can utilize to better understand ESOP (an example is an ESOP link at our Intranet site where we keep all of our information electronically).

Each October, Van Meter celebrates Employee Ownership Month with a different theme. In 2010, the theme was ESOPtoberfest. We had brats and root beer at an employee celebration lunch to go along with our theme. We also had many activities to encourage employee owners to become more involved with employee ownership. Each year we also hold an ESOP Poster Contest. We use the same guidelines as the AACE awards and enter our winner in the national contest. In 2010, we had more than 90 employee owners submit poster entries for our contest and it took the committee a full day to narrow it down to three finalists. After the three finalists were chosen, we sent out voting ballots to all employee owners, who then voted on the winning poster concept. Each year, the winner receives \$1,000, the two semi-finalists receive \$100 and all of the remaining entries go into a drawing for 10, \$50.00 gift cards.

The ESOP Committee holds an annual ESOP statement roundtable discussion at all locations where we announce the contributions, stock price and educate one another on the company valuation. We also give history education and try to build on financial literacy from year to year. The roundtable discussions typically have anywhere from five to a dozen employees at each sitting so that an environment is created where intimate questions can be asked and plenty of time can be spent with each employee owner on education.

In 2010, Van Meter was named one of the top 20 small company workplaces by *Inc. Magazine*. This honor is shared with 19 other companies who are all successful in their various industries and relate their success back to the cultures in which they work in. We feel very humbled to have received this great honor.

During the 2010 ESOP Association Conference in Washington D.C., ESOP committee members at Van Meter visited all of the congressmen, senators and/or their aids in hopes to spread the great word of ESOP. This lobbying is critical to ESOP companies because it helps leaders in our state and country understand how valuable it really is. In the early part of 2010, Senator Charles Grassley visited Van Meter's Cedar Rapids offices. He was given a tour of the Cedar Rapids facility and was told about Van Meter's employee ownership. He even did his weekly radio segment from one of our conference rooms.

In 2010, Van Meter's website was completely redesigned. We wanted to make sure that our website accurately reflected how important employee ownership and culture is to Van Meter's employees. Our culture is what allows us to be successful as a business because when you have the right people coming to work every day and an environment that fosters employee empowerment and decision making, the rest tends to fall into place. To accomplish this feeling on our website, we included videos of employee owners talking about why they like working at Van Meter and what employee ownership means to them and included a page solely to the culture at Van Meter and employee ownership.

Van Meter Industrial also had the privilege to have the ESOP Association's President, Michael Keeling visit in 2010. Michael gave a presentation in a "town hall" meeting format where our employee owners got a chance to ask questions. Michael got a chance to tour our facility and talk with many of our employee owners.

Van Meter Industrial has a CEO (Certified Employee Owner) Program that continues to build a foundational level of knowledge about our ESOP and our culture for all employee owners. This is especially helpful for newer employee owners.

Van Meter Industrial also has three charitable giving foundations. Each of these foundations has a donor-advised fund with the local community foundation, which we contribute to it based on company profits. We have three community foundations across the state of area in order to touch all the communities in which we do business. These regional alliances are the Greater Cedar Rapids Community Foundation, the Community Foundation of Greater Des Moines and the Community Foundation of the Great River Bend. These allow us to accomplish our corporate giving goals in an efficient and effective manner. Each region has a charitable giving committee comprised of employee owners who consider grant requests and work closely with their respective community foundations. Our partnership with these community foundations has assured all of us that our donations are reaching those charities in need and that money is being used as intended. Encouraging community participation provides our employee owners with a feeling of pride and ownership in their communities.

Van Meter Industrial held a Better Health Biggest Loser Contest last year. This is to promote a culture of good health. The winning male and female each received five hundred dollars in this twelve week contest.

Van Meter Industrial also provides Financial Peace University in the Workplace classes to its employee owners. Studies show that employee owners with finances in order are more productive owners.

**Other ESOP involvement** – In 2010, Rod Reinertson, Director of Automation and VMI's Past ESOP Committee President served as President-Elect of the ESOP Association's Iowa/Nebraska Chapter. Rod helped plan the Iowa/Nebraska Chapter Winter Conference in 2010 where he also lead a session titled, "The Ownership Culture Check-up". Rod wrote an article for the February 2010 edition of the ESOP Associations' ESOP Report, "Fostering Health and Financial Wellness in an ESOP Company". Rod served on the planning committee for a very successful four chapter Midwest Regional ESOP Conference held this past September in Minneapolis where he also lead a session titled, "Valuation, Presentation Ideas for Younger Employees". Rod is currently serving as a member of the ESOP Association's Ownership Culture Committee where he assists with content and speaker selection for the communication program tracks for the national conferences in DC and Vegas. Rod presented a session at the DC conference in May 2010 titled, "The Ownership Culture Check-up".

Barry Boyer, CEO of Van Meter, is very involved in the community and sits on A "CEO Roundtable" with other ESOP company CEO's in Iowa. Barry co-presented a session at the 2010 Midwest Regional Conference titled, "Hiring, Developing and Keeping Employee Owners". Barry was the keynote speaker at the inaugural Midwest Regional Conference the prior year.

Lura McBride, COO of Van Meter, was a co-presenter with Barry at the Midwest Regional ESOP Conference in Minneapolis this past September titled, "Hiring, Developing and Keeping Employee Owners".

Mick Slinger, CFO; Anne Niebuhr, Eclipse Administrator and VMI retiree, Bill Manning did a spot for a video production series titled America Rebuilds with The Principal for the Principal Financial Group. The video shows how ownership empowers employees of Van Meter to persevere and excel through a difficult economy.

<http://www.principal.com/planningcenter/advisor-videos.htm?title=VanMeterVideo>

All of the ESOP Committee members take turns attending the various conferences held throughout the year to make sure we all have a chance to learn new things about ESOP and how to communicate the value of it to our company.

Van Meter Industrial is honored to be awarded the ESOP Association's Iowa/Nebraska Chapter's "2011 Company of the Year". This is the third time in the last four years we have won the award. The previous years were in 2008 and 2010.