

# VISTAGE

## Member Stories

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Dale Andersen, President  
Delkor Systems, Inc.  
St. Paul, Minn.

### *At a glance*

**Role:** President & CEO

**Industry:** Manufacturing

**Employees:** 150+

**Vistage chair:** Jim Anderl

### Company background

*Delkor Systems manufactures state-of-the-art packaging equipment for cartoning, case and tray packing, flat pad (Spot-Pak®) shippers, as well as an assortment of shelf-ready packaging solutions for retail needs. With 40 models of automated machines designed to form, pack, close and seal secondary packaging, Delkor serves a large cross section of the packaging industry. The company was established in 1973.*

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“The first thing that Vistage gave me was a better way of life,” said Dale Andersen, president and CEO of Delkor Systems in St. Paul, Minn.

“Back in 2001 and 2002, I was truly a classic case of working all the time—70 hours a week and wearing multiple hats. But the role of Vistage is to improve the quality of life for the CEO. By 2004 I had dramatically reduced my commitment in terms of hours per week and the business was running better,” explained Dale.



Dale became Delkor’s president in 1999, when he decided to make the big move from sales manager to owner. In those days Delkor had 15 employees and was about a \$5 million company. In 2014, this manufacturer of packaging machinery generated \$55 million in revenue with a team of 160 employees, with the trend lines moving up and to the right.

Dale attributes much of this growth to Vistage. “I have to credit my participation in Vistage for a big part of that. I’ve learned many things,” he shared.

Dale was recruited to Vistage by Fred Green, CEO of a local manufacturing/assembly company and a long-time member of Vistage Group 313. Ironically, Dale remembers telling Fred that he didn’t have time to join. “Fred laughed into the phone, ‘You’ll always be challenged for time running a business. Vistage is an opportunity to improve your skills,’” said Dale, recalling the conversation. “I never got a sales pitch, but joined because of that call,” he said. Dale

Dale has been a member of Vistage Minnesota for

13 years, most of it in partnership with his Chair Jim Anderl. Out of the 12 meetings a year with his CEO group and chair, Dale makes eight or nine. “I learn a lot from listening to the other CEOs, how they're handling their problems and how they're handling the challenges to their business,” he said. Dale also finds the guest Vistage presentations meaningful, recalling one particularly that led to \$900,000 in cumulative tax credits for his company since 2004.

The presentation dealt with research and development tax credits for small businesses—a credit he thought Delkor didn't qualify for, primarily because of advice from his accounting firm. He did move his business to a new accounting firm after this revelation.

“Some of the other speakers really educated me on how to be a better manager, with a few focused on how you challenge yourself to morph into the role of president and CEO,” Dale shared. He noted it's easy to get stuck without having an outside group to continually challenge you.

The Vistage model encourages sometimes-blunt conversations between members. To be sure, open and honest conversations between members are a hallmark of Vistage. “You won't get this kind of feedback from your employees,” said Dale. “If Vistage is doing what it should do, people are giving you an honest and open critique,” he echoed.

### **Leapfrogging the competition**

Delkor designs and manufactures specialized machinery for packing cases, enclosing and forming cartons, shrink wrapping and more. Its customers are primarily Fortune 500® beverage and food companies, such as PepsiCo, Kroger and Dean Foods, the largest U.S.-based dairy

company. “Within the dairy industry alone, we have over 250 packaging machines in operation at 17 of the top 20 dairy companies in the United States,” said Dale.

Delkor also helps customers design packages that are cost-effective to produce and work efficiently with machinery. “Last summer we developed a case design that when shipped to market, breaks down into a shelf-ready display,” shared Dale. Innovation and speed to market are competitive differentiators in the packaging industry. The innovation is driving machinery sales because Delkor has a patent pending on the concept.

Customers—particularly big brands—are demanding and sometimes the first company with a solution wins the order.

Dale saw this truth play out in 2009, when the company's orders dropped by 35 percent. Instead of hunkering down to wait out the recovery like his competitors, he expanded. “We tripled our research and development budget and added engineers.” The move was risky, but it helped Delkor leapfrog its competition with a new product line that addressed key issues in the market. As a result, Delkor won a big contract from PepsiCo—a contract they are still delivering on today.

“What we learned was the investment we were making in product development was giving us huge rewards. It was the engine behind our growth,” said Dale. Post recession, Delkor is now producing 40 different packaging machines, compared with only 12 machines in 2008. “We probably jumped five years ahead of much of our competition over a two-and-a-half-year period,” he shared.

Dale realizes that Delkor could not have achieved this expansion during a recession without a strong team of people. “Running a business requires good people to support you,” he said. The key to building a strong team, said Dale, is to create an open and honest environment and let them do their work.

He’s realized that partly on his own and through his experiences with Vistage. “There’s so much to learn and so much you need to understand to be a good leader,” Dale said.

“The number one requirement for somebody joining Vistage is that they must be able to be a learner, and humble enough to understand they need more education,” he added. **V**