

VISTAGE

MemberStories

Dan McKeown, President
Specialty Manufacturing Company
St. Paul, Minn.

Role: President

Industry: Manufacturing

Employees: 150+

Vistage chair: Al Gorsett

Company background

Specialty Manufacturing Company (SMC) is a family-owned business that's been part of St. Paul, Minn. for over 110 years. SMC is organized into eight integrated divisions with 200 employees. Its two leading product lines are valves and hydraulic couplers. The Valve Products division manufactures a wide variety of valves and check valves made of brass, stainless steel and plastic materials. These finely machined, miniature products are used in the medical, communications, dental, automotive and mechanical industries. The company also has a significant contract manufacturing operation serving the needs of small to Fortune 500®-sized companies.

The president of SMC, Dan McKeown, runs a business with an enviable history: It hasn't lost a dime in its 110-year history. If your impression of a family-run business is a quaint, simple company with a few products, SMC will change your mind in a nanosecond.

“We are diversified into several divisions, many of which were once family-owned



companies, too,” explained Dan. To be sure, most of the divisions still use their pre-acquisition names: Safeway Hydraulics, Marr Valve, Rola Chem and Perceptive Engineering, amongst several others. SMC also has a unique division, New Ulm Precision Tool, which makes large mechanical fixtures for other company’s factories like John Deere and Bobcat.

SMC’s largest division—about half its business—comes from a niche valve manufacturer for custom applications like commercial chemical dispensing machines and beverage dispensing systems, according to Dan. “We did a special project for Olympic torches for Bombardier in 2010, creating the valves and burner systems for over 15,000 torches,” he said, but remarkably, the same factory can also churn out 100,000 valves in massive production runs.

Dan defines SMC as a “larger business that operates as a family business. Our relationship starts in the engineering office, not in the purchasing office.” The company’s business is mostly custom work where

employees work directly with engineers and inventors to help them solve problems and provide innovative answers.

Dan's been a Vistage Minnesota member for more than seven years—a founding member of Chair Al Gorsett's CEO group. Since 2007 different group members have come and gone, but the energy levels and enthusiasm coming from Al and members have remained constant. "Vistage has taught me to ask better questions," said Dan, referring to the rigor and thoroughness of his monthly CEO meetings.

"As I grew into my business I wanted to have people that could help me with where we're going. Sometimes, when you're with a smaller business, the scalability issues don't apply," explained Dan. Nonetheless, he talked about one member from a smaller company who consistently has thoughtful recommendations ... "A wise soul with a different way of looking at any issue."

The value of Vistage

"I also saw the value of being in a group with other business leaders that were in different industries," he said. Dan refers to his CEO group as a sounding board and cross check for decisions affecting SMC, even though he also has a board to answer to at his company.

In the about 50 Vistage speakers he's heard at monthly meetings the past several years, Dan can count on one hand the ones where he was unable to apply the content to his business. "If you go to a meeting you come away with a couple of ideas that help pay off your time investment," he said.

Frequent one-on-one meetings with Al have led to a stronger strategic planning process. Dan shares his plan with Al to vet details and processes, or ask questions. "I'm a big fan of having a detailed plan, but I'm not about following it blindly to the end of the year," Dan yielded. As a private company, SMC isn't concerned about making quarterly sales goals public. "We think if we do our job and take care of the customer the numbers will take care of themselves." Dan believes if SMC focuses on profitability, it ensures the company's future. The company wants to ensure it provides employees with ample career opportunities and a healthy profit sharing plan that keeps them there.

A hands-on company

Retention has never been a problem for SMC; average employee tenure is 17 years. Dan shared the company has only gone through one significant layoff. He learned from a Vistage speaker and fellow Vistage members the best way to conduct the layoff was to make a single cut and move on quickly.

While painful, the company did vow to keep the remaining employees above a 30-hour per week level so everyone could maintain their health benefits. SMC also maintains a family-centered culture. "We're not about a 60 to 80 hours per week culture," said Dan. "We work hard when we're here, and we go home."

To keep the workforce lean, SMC is a hands-on company. Many executives have multiple duties, "Sometimes I shovel snow," Dan quipped. They may have a need for a facility manager, safety manager and a quality manager, but the company tries to find an individual with all skillsets instead of three

separate hires. For this reason, “Our HR department is important for us,” said Dan.

With its low overhead culture and empowered employees, the company is laser-focused on solving customer problems. And its 200 employees are doing just that. This year SMC will generate a highly profitable \$45 million in revenue. **V**