

COMPRESSED AIR BEST PRACTICES

Sullair Celebrates 50 Years of Air Compressor Excellence

By Neal Lorenzi, February 2015

A culture change is in the air at Sullair, a pioneer in air compressor technology, as the company celebrates its 50th anniversary. A global manufacturer of rotary screw air compressors used to power air-driven industrial equipment and tools used in manufacturing as well as the energy, mining and chemicals industries, Sullair operates five manufacturing facilities worldwide.

Sullair was founded in 1965, when it produced its first portable air compressor, and has continued to evolve and grow. Over the years, the company delivered the first 500-psig portable compressor (2003), introduced the Industrial S-Energy compressor line (2006) and unveiled ShopTek compressors (2008) to the industrial market.

In December 2012, Sullair's parent com-

pany, United Technologies, divested its industrial division to the Carlyle Group and BC Partners for \$3.46 billion. In early 2013, a new company was created called Accudyne Industries consisting of Sullair, Milton Roy, Sundyne, Haskel and a number of

other niche-focused brands. Accudyne was created to establish a global leader in compression and flow control technologies that will leverage the synergies amongst these brands, increase investment in product and market development and accelerate the companies' growth.

A new management team is in place at Sullair to bring that vision to reality led by President Scott Nelson. Nelson brings more than 28 years of leadership experience in channel management, product development and strategic growth. He previously led Bobcat Company, a construction equipment manufacturer, after Ingersoll Rand sold this division to Doosan Infracore in December 2007.

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Scott Nelson,
President, Sullair

Rebecca O'Mara
Senior Director Business
Development, Sullair

Culture Change

Sullair is one of the pioneers of air compressor technology. However, the company needs to return to its roots to reinvigorate that spirit and regain the trust of its channel partners, according to Nelson. On the plus side, Sullair has a strong brand with an enormous reputation and recognition in the marketplace.

"Joining the company was an opportunity for me to help strengthen the Sullair brand even further," Nelson says. "The brand's reputation for reliability and durability is second to none. In fact, our research continues to bring back the term 'bulletproof' when describing our air-end durability. We want to continue that legacy of durability, but add to that a new layer of innovation—leading the marketplace in efficiency and productivity."

The fact that Sullair's sole focus is on the compressed air business gives the company a competitive advantage: It can be more nimble and focused to move quickly to execute in the marketplace.

"Looking back at our history, having a finger on the pulse of our customers was a key driver in product development and solution efforts. Over time, we've become distanced from the end customer, and to a certain extent, from having a meaningful dialogue with our distributors," Nelson says. To bring back that spirit of camaraderie, Sullair is undertaking a number of initiatives, which include:



Sullair operates, in Michigan City, Indiana, one of the world's largest and most advanced production facilities for air compressor airends and full-feature portable and stationary air compressors.

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chance recently to speak with Nelson as well as Rebecca O'Mara, Senior Director, Business Development; and David Andrews, Director, Marketing Communications in Sullair's new Chicago offices.

- Tiger Teams: small groups focused on specific problems, challenges and plans. Comprised of both Sullair employees and distributor representatives, these teams work on key initiatives that benefit all parties.
- Increased support at the field level, specifically with field personnel in sales, aftermarket and service.
- Increased investments in R&D, aftermarket support and field personnel, and increasing the speed to market of new initiatives and improved products.

"We have a unique opportunity as we enter the 50th year of Sullair," says Andrews. "The heart of the company is a strong brand and solid products—that perhaps for a while did not have a chance to shine. Our new ownership group and leadership team have a clear focus on growth and innovation.

Since the acquisition, Sullair has been developing an infrastructure to support future growth, and has just begun to see the fruits of that labor with new product introductions beginning in Latin America in 2014, and more to come in the future globally. "Now, Sullair has the opportunity to re-establish its role as a leader in the compressed air industry," Andrews adds.

The Chicago Office is home to the new Commercial Business Unit, which focuses on product management, channel management and aftermarket product management as well as new product development. The office is located about 20 miles northwest of Chicago, near O'Hare International Airport. The office location serves two purposes. It allows easy travel out to visit customers, and serves as a convenient meeting point for incoming customers. "Our new office is located directly in the flight path of O'Hare. In fact, the sound of airplanes flying over is a constant reminder that we need to be in constant contact with our customers and distributors," Nelson adds.

Logistics

In a move to better serve its aftermarket and parts business, Sullair has partnered with third party logistics (3PL) provider, Neovia LLC (previously Caterpillar Logistics) utilizing Neovia's Fairfield, Ohio warehouse facilities. Neovia is being counted

on to help Sullair build models of optimal inventory levels to better support its customer base.

"Neovia's heritage is based on its roots with Caterpillar," says Rebecca O'Mara. "They understand what our customers require and logistics are their core competency. We anticipate significant improvements in our operations—specifically in the areas of on-time delivery and order fill rates —by utilizing Neovia's capabilities. Key among these capabilities is inventory management and simulation."

Neovia is being utilized only for Sullair's aftermarket and parts businesses. All whole goods will continue to be managed from Sullair locations throughout the world.

Sullair also has initiated a Sales and Operational Planning (S&OP) process to help ensure that customers receive the right product at the right time. Via this process, operations and planning and sales teams take macroeconomic data, historical sales and customer input to generate estimates of the right production levels. For distributors, this means improved product availability and delivery time.

"The process has been developed in collaboration with our sales partners. Improved information flows will ultimately help improve product availability and lead times. So we will be spending more of our time producing the products our customers are looking for, which helps increase inventory turns and productivity," O'Mara adds.

A sales configurator – Big Machines - also has been added to the mix of tools. It accelerates the sales conversion process by automating the order and quoting process to the exact specifications required by the customer. Sullair's distributors will be able to accurately develop quotes and submit orders automatically through the configurator.

Distributor Councils

In addition to the previously mentioned Tiger Teams, Sullair is utilizing formal distributor councils to improve the dialogue with its sales channels. These councils serve multiple functions. Key among them

Sullair History

Milestones: Last 50 Years

- 1965: Sullair founded — portable air compressor first product produced
- 1972: Sullair goes public on the Over the Counter market, under the symbol SULL
- 1977: Sullair Asia established in Singapore
- 1978: Sullair Argentina joint venture established
- 1979: Branch office in Taiwan established
- 1981: Sullair listed on NYSE under the symbol SUL
- 1984: Sundstrand obtains 100% control of Sullair
- 1986: Sullair commits fully to independent distribution model
- 1994: Shenzhen Asia joint venture formed
- 1999: Sundstrand acquired by United Technologies Corp. (UTC); Hamilton Sundstrand division created
- 2002: Sullair acquires Champion Compressors of Australia
- 2003: Sullair delivers the industry's first 500 psig portable compressor
- 2006: Industrial S-ENERGY compressor line introduced
- 2007: New line of CE Certified portable air compressors introduced
- 2008: ShopTek compressors introduced to market
- 2012: Private Equity firms BC Partners and Carlyle Group acquire Sullair and other industrial brands from UTC
- 2013: Accudyne Industries Brand introduced
- 2014: Portable Remanufacturing "Reman" program introduced
- 2014: Expanded ShopTek product line introduced first into Latin America
- 2015: Sullair celebrates its 50th anniversary

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is holding Sullair accountable to its distributor partners, but also serving as a forum and focal point for collaboration, planning and communication.

Many distributors value the strength of the Sullair brand, as is reflected in the comments of Kevin Merritt, president of Metropolitan Air Compressor Co. Inc., Roseville, MI, a Sullair distributor since 1997. The company sells Sullair products exclusively to industries ranging from cabinet shops to

automotive manufacturing plants throughout Michigan.

“The Sullair line has the most available control options, which allows us to give our customers the best solutions to meet their needs. The product quality and warranty are the best in the market,” Merritt notes.

Blake & Pendleton, Macon, GA, has been a Sullair distributor since 1979. Its terri-

tory includes Georgia, northern Florida, eastern Tennessee, western North Carolina, Alabama, and central and southern Mississippi. The company supplies compressed air systems to all types of industrial manufacturing plants, which include mineral processing, pulp and paper mills, power plants, textile, chemical, military bases, automotive, aviation and electronics.

“Sullair’s number one strength lies in its long-life, severe-duty, compressor air end,”



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The plant excels in packaging air compressors for a wide range of customers including customized open-frame compressors for oil and gas-field work to sound-attenuated enclosed packages for manufacturing environments.



Airend manufacturing and packaging for Sullair mobile air compressors.

says Allen King, president. "We have applied Sullair compressors in difficult applications and environments, with excellent air end life, as compared to our competitors. This reputation has allowed us to grow our compressor business in difficult applications such as mining, chemical, power plants and paper mills."

Blackhawk Equipment Corp., Arvada, CO, has been a Sullair distributor since 1987. The company sells Sullair products to a variety of industries including food and beverage, light and heavy industrial manufacturing, oil and natural gas, petrochemical and pharmaceutical. Blackhawk covers Colorado and southern Wyoming, and has a key international account based in Colorado.

"We started out as a portable and industrial dealer," says Chris Gordon, president. "The previous owner of Blackhawk was a Sullair Rocky Mountain employee and we've had the line ever since. When I joined Blackhawk we had eight employees; we have since grown to 30." Gordon says Sullair's strength lies in its robust compressor design, support for distributors and path to market through distribution.

Sullair continues to expand its presence internationally, especially in China, Latin America, EMEA and Australia.

"China is accelerating its role in driving product development globally. In addition, as a business unit, our Chinese operations are investing in Southeast Asia with field personnel and distribution development," Nelson explains. "Our Chinese operations are exploring new capabilities with our oil-free businesses with both oil-free rotary screw compressors for Asia, as well as centrifugal offerings in conjunction with our JV partner, IHI."

In Latin America, Sullair is increasing its field personnel and distributor coverage, as well as introducing new products, such as the recent ShopTek launch to meet the requirements of its customer base.

With the recent transition of manufacturing to China from Australia, Sullair's business there is now focused on being a world-class seller and servicer of air compressors supporting industrial, mining and construction sectors with multiple branch locations, enabling strong product support and customer intimacy.

Europe, Middle East and Africa (EMEA) is another key area. "We recently had a number of Sullair individuals in Abu Dhabi for a distributor conference to discuss our current and future business in the region," Nelson says. "We've added sales support in Dubai, which will help us bolster our

distributor coverage throughout the region. In addition, by utilizing our global manufacturing capabilities, we will be better able to introduce products into the region sourced from both our China and Michigan City, IN, facilities."

Looking ahead, the new team at Sullair is focused on the Diamond Decades ahead. "Our Diamond Warranty provides 10 years of coverage on our stationary compressor line—which means the Diamond Decade to our customers," says Andrews. "Our goal is to experience a company-wide Diamond Decade. When we celebrate 60 years of Sullair, we will be looking back on a decade of change and growth, setting the course for the future as we reach for 100 years of Sullair."

For more information, please visit Sullair at www.sullair.com

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