

2018 Company of the Year - Plastic Products

Company History:

The history of Plastic Products goes back to the “adolescent” period of injection molding technology. Founder Willard “Smitty” Smith was a tool maker at Minnesota Mining and Manufacturing (3M) in St Paul when he decided to venture out and form his own tool and die shop in Lindstrom, MN in 1957. He named it Smith Metal Products. To better serve his key customer, 3M, an injection molding press along with contract assembly of molded parts was added in 1962, thus giving birth to Plastic Products Company, Inc. (PPC). Several new customers and presses were added into the following decade. Upon Smitty’s passing in 1975, his wife Marlene Smith took over the role as President/CEO of Plastic Products. At this time the company has 20 molding machines and two customers.

Plastic Products is a premier custom injection molder and contract manufacture with 9 divisions in six states throughout the Midwest. In 1988 Marlene sold 30% of the company to the employees and that began our ESOP journey. This not only helped to facilitate employee pride in the company, but also enhanced employee involvement in production of high quality parts and servicing customers. In 2003 we took advantage of the S Corp status for Plastic Products. As a succession planning tool, the family sold the remaining shares to the ESOP in 2013 and we are 100% employee-owned. Currently, we have 705 ESOP participants enjoying the ownership journey.

Company Information Relating to ESOP:

Our ESOP committee’s focus is to spread knowledge, benefits and fostering a sense of ownership and pride in our company.

Duties of our ESOP Committee:

- Educate about ESOP and how does it benefit us.
- Educate how our business works.
- Foster a culture of competence, dignity, and teamwork.
- Sponsor charitable, recreational, philanthropic and community projects and activities.

Our ESOP committee has two representatives from each facility with a three-year term. Members are select by volunteering for an open position and with numerous responses, a drawing is held.

The committee has monthly call-in, with internal meetings within the facility to plan events and activities. Purpose of monthly call in is to share activity ideas and results of previous events. We have used the ESOP Midwest conference as an opportunity for a planning session with all our members attending and participating in the event. It was overwhelming for new members to experience the conference sessions and use the time to meet, plan and learn Plastic Product’s agenda. We have separated the activities with an annual workshop with our Executive staff in the spring as new members come onboard.

We have an informal budget for ESOP activities and events, it's all part of our corporate expense and requests are submitted to our ESOP advisor. We fully participate National ESOP month with cookouts, treats, contests, prizes, and charity giving. In 2017 we had blood drive at one of our locations, coat drive and food donations at several locations. We have holiday parties at every location with employee owners and a guest that includes entertainment, food, games, and prizes.

We offer an annual survey after October Month for feedback on work environment and ESOP topics. It's a perfect vehicle to give employee-owners a voice. Included is a question for feedback to help with shareholder meeting topics.

We celebrate in "guess the share price" at each location, with theme inspired displays. We offer a cash prize for the winner at each location and the overall winner has the opportunity to participate in the National ESOP conference in Washington, DC. Plastic Products host combined shareholder's meeting by demographics to interested employee owners, last year was at Nashville's City Music Center, Isle Casino, Bettendorf, IA and Grand Casino, Hinckley. Summer events include picnics, hometown parades, vesting day, and Cinco de Mayo celebration. We celebrate new babies born to PPC employee owners with PPC future owner onesies and a stuff animal. We participate in community service throughout the year with volunteering food and service at community dinners. Back to school days with backpacks that include school supplies to our local charities. Spring river cleanup along the Mississippi River as an organized event for Earth Day.

Plastic Products board of director structure is three external members and two internal members. ESOP advisor reports to the board of directors and currently is a management employee. We have an external trustee and board members are selected by the Chairman of the Board and approved by the external trustee.

We have a traditional distribution/diversification policy with normal retirement at 62 years and diversification at 55 years of age and 10 years as an ESOP plan participant.

We have participated in the AACE awards and anxiously waiting for our first win. We have entered for the past 3 years in the categories of special event, series of events, video, printed material, and posters. This year we are entering special event, series of events, and poster.

June 2015, we hosted Eggs and ESOP at our corporate office in Lindstrom, MN with 70 in attendance. As a company in 2015, we challenged all our locations to host a Congressman with our corporate group presents the program and the facility was responsible for the tour. We had responses from four different state congressmen with tours and Senator Paul Rand, Kentucky sends a letter encouraging ESOP support for all his constituents in Kentucky. We have continued to reach out to Congressman Nolan, from the eighth district in Minnesota for his support of ESOP's, including hill visits. The remaining state without a response, final accepted an invitation for a tour in our facility in Moline, IL this past week. Representative Cheri Bustos from Illinois, has agreed to sign the current Pro-ESOP bill.

We have promoted Employee ownership through packaging, cups, apparel, mugs, banners, candy and we have the ESOP flag waving at every site. We have updated our website with facts about employee ownership and studies that indicate we have more engaged employees with ownership from literature provided by the National ESOP Association. We have design contests for t-shirt promotion for ESOP month and shareholder meetings in the spring. We have taken great pride with our participation in

chapter meetings, Midwest conference and Annual ESOP conferences. We are known as the bowling team! We love to “borrow ideas” from the tried and true ESOP companies and what better way than through conferences and chapter meetings to glean ideas. Our company has participated in panels for chapter, Midwest and Annual conferences.

We have taken great pleasure sponsoring a hole at the ESOP golf tournament at Bunker Hill, meeting other ESOP companies and providers while they are teeing off. Of course offering some swag is always appreciated. We support the ESOP foundation with silent auction items that provide a little local flavor for conferences and fund raisers.

In 2017, we have introduced ESOP learning bytes to educate employee owners with ESOP topics, plan entry, vesting, distribution, diversification, and how to read my statement. Meetings are voluntary with several sessions throughout the day and we provide treats! Questions are open to all ESOP topics and it's hosted by our ESOP advisor. We are ready to roll out the presentation to all facilities to spread our knowledge and help answer questions. This is a great tool for new employees and help ensure material is consistent throughout our organization.

Our motto “ESOP is a journey, not a destination”. This provides us the concept to create ownership culture as the first step of our journey, but it's not the end. The next step is to maintain culture, which is a constant drum beat of training, educating and accountability for all employee owners. We all need to make ESOP ownership sustainable and profitable for all.