

Excerpt from "In Search of a Better Way: The Lives and Legacies of Gary and Matilda Vermeer," 2008

In Search of a Better Way

The Lives and Legacies of Gary and Matilda Vermeer

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Going International

To make a business successful, Gary has said, you first need a product and secondly, you have to be able to sell it. Production comes third because you don't need to produce anything unless you can sell it.

Although Gary was a farmer and tinkerer at heart, he never underestimated the importance of sales.

"He was a natural marketer. Lots of people are inventive, but Gary also knew how to make something work, market it, and run a business. That makes him unique--part of a special subset of people. That is what founders are made of," said son-in-law Dale Andringa.

While Vermeer agricultural products are mostly sold through a network of agricultural equipment distributors, most of them farmers, the industrial products are marketed and sold differently.

In the late 1950s, with the trencher and the stump cutter both selling well, the company decided to establish Vermeer-exclusive dealerships--the forerunner of today's industrial dealerships. The first such dealership was opened in Findlay, Ohio in 1960 by Art Van Weelden, who had been the first salesman at Vermeer.

The second dealership was in Iowa. Initially called Pella Irrigation and Equipment, it sold a variety of Vermeer products, including irrigation equipment. Stockholders included Gary and Harry Vermeer, Leonard Maasdam, Carl Boat, and Case Vander Hart. Additional Vermeer-exclusive dealerships soon followed.

Even before Vermeer industrial dealerships domestically, the company was selling product internationally. Beginning in the early 1950s, the fledgling company sold abroad through export managers in New York City. By 1955, Vermeer machines were in use in Europe, Asia, and Latin

America. Ralph Vermeer is credited for much of the company's early worldwide sales, and those efforts laid the foundation for the company's subsequent international success.

During the 1950s, personnel from Vermeer Manufacturing Company worked with Jan de Bas to start Vermeer Holland, which was incorporated in the Netherlands to handle sales and later, some manufacturing in Europe. As the years progressed, Vermeer Holland became a separate and independent entity owned by Jan De Bas that manufactures some of its own products but sold some of Vermeer Manufacturing Company's products as well. At the same time, Vermeer Manufacturing Company created Vermeer International, a wholly owned subsidiary in Goes, the Netherlands, to focus solely on international industrial product sales. Jaques de Jonge was its first managing director.

In 2008, the international sales group is made up of three groups. The Pella group handles Latin America. The Vermeer regional office in Goes, the Netherlands, covers Europe, the Middle East, and Africa. The regional office in Singapore covers Asia and Australia.

Currently, Vermeer Corporation offers sales, parts, and service through a worldwide industrial dealer network consisting of 115 North American industrial dealers and 63 international dealer locations, in addition to its more than 400 agricultural distributors. Vermeer has a global focus as it has industrial dealerships located in 51 countries and every continent except Antarctica.

Another reason for Vermeer sales success has been the company's early recognition of the need to train dealers and their service technicians. In early years, Harry Vermeer had traveled to the dealers and helped them with bookkeeping and taxes. The company began its first service schools in the mid 1960s--an important tool enabling dealers and their service technicians to provide excellent service to Vermeer customers.

That training continues. More than 100 service technicians and more than 100 parts and service managers annually attend factory schools at Vermeer headquarters. In addition, the company provides web conference training, regional service training, and additional sales force training.

"Vermeer has been good to dealers," said Dealer John Vos. "Dealers have a relationship with Vermeer Corporation that no one else in the industry has. We are a team. A husband and wife don't always agree, but they have respect for each other and work through their differences. That is the way it is with Vermeer Corporation and the dealers."

Pg. 71

Awards and Honors

Over the years, Gary received many awards honoring him and his business. Pella leaders honored him with a Community Service Award in 1977. In 1984, he was named the Iowa Inventor of the Year. In 1986, he was inducted into the Iowa Business Hall of Fame. In 1992, he was inducted into the Junior Achievement Business Hall of Achievement. In 1996, he was inducted into the Construction Equipment Industry Hall of Fame.

The qualities that led to these awards--qualities like innovation, integrity, and stick-to-itiveness--continue to be essential to Vermeer Corporation. Bob and Mary recognize the value of these qualities, as do Mary's son, Jason, and Bob's daughter, Allison, who have joined the business as members of the third generation.

Bob and Mary were named "Entrepreneurs of the Year in Manufacturing" for Iowa and Nebraska in 1998. They also were inducted into the Pella Industry Hall of Fame in 2007. The company received the prestigious presidential "E Star" award in 1990 and 1998 for significant growth in export sales. Under Bob and Mary's leadership, many of the company's products--from the groundbreaking Vermeer Navigator horizontal directional drill to the Vermeer RC9120 and RC5120 Mower/Conditioners--continue to win awards for their design and innovation.

"Gary laid the foundation. Gary built a financially strong business with strong values. Then it was up to the next generation. He gave them an opportunity many people don't get--to run a very successful company," said John Vos. "It was a transition to go from Gary's way of thinking, keeping the same core values, and to keep up with the changing times. Stan provided an initial transition, making possible the transition to Bob and Mary. Bob and Mary are doing a good job, one that is appropriate for the twenty-first century."

And, as always, the company continues to search for a better way.

Throughout its sixty years in business, Vermeer Corporation has manufactured hundreds of different products, today more than 125 product models. It has been issued 169 patents, including 31 from other countries. Gary himself has been issued seven patents, including his first patent in 1959 for a stump-cutting apparatus, one in 1973 for a "method and machine for forming a large round bale of a fibrous material," and his most recent, in 1996, for a direct drive system for a baler.

The company now encompasses 1.5 million square feet--more than 33 acres--under roof. It includes seven manufacturing plants and a parts distribution center that annually ships more than 15 million pounds of freight to customers, as well as the Vermeer Global Pavilion. The 75,000-square-foot Global Pavilion, opened during the company's fiftieth anniversary celebration, provides a state-of-the-art training center that includes nine classrooms on two levels, as well as the Vermeer Museum.

The company processes 150 tons of raw steel and uses 129 miles of weld wire each day. In 2007, with roughly 2,000 employees, sales reached more than \$600 million.

Under Bob and Mary's leadership, the company has reorganized around its customers, dividing itself into four market segments:

Underground Installation: Among the products are the company's Navigator horizontal directional drills. These machines were introduced to the market in 1991 and have been a boon to contractors needing to install utilities with minimal surface disturbance.

Environmental Transformation: This includes an exhaustive line of equipment from brush chippers, tub and horizontal grinders, stump cutters, tree spades, and other products used for land clearing, green waste management, and tree care.

Specialty Excavation: In this area, the company seeks to meet the needs of customers involved in road demolition, surface mining, and site preparation with products that include track trenchers, trench compactors, and a Terrain Leveler attachment.

Forage Management: Besides a wide array of balers, the company offers hay handling tools to transport, wrap, and unroll the bales as well as baler options such as bale monitors, bale ejectors, and automatic twine tie systems. Other products include mower-conditioners, mowers, rakes, and rock pickers.

Vermeer Corporation's retail customers represent a far more varied group than the farmers or nurserymen who made up a large share of the customers in Gary's heyday. And the company continues to recognize, as Gary did from the beginning, the importance of innovation and developing new products. The spirit of Gary's entrepreneurship lives on at Vermeer Corporation. Today's engineers may say it differently, but they are always striving to develop a new product that would have led the company founder to say "Hey, I think we have something here."