

# Evolving

with the Industry

*"The success of Southbend and Star caught the attention of Middleby leadership, and it acquired the companies in 1989 and 2007 respectively."*



*Southbend and Star Group are divisions of the Middleby Corporation specializing in the manufacture of commercial cooking equipment.*

**Written by Ryan Cartner**

The company now known as Southbend was established in 1898 by a pair of South Bend, Indiana real estate agents as the Malleable Steel Range Manufacturing Company. Jacob Woolverton and William Kizer were successful entrepreneurs with a keen eye for profitable investments. They brought in Harry Engman, and Irving Sibley, both of whom were already connected to the industry and began building coal- and wood-fired kitchen ranges at a small location on East Tuft Street.

This location was a strategic choice, due to its proximity to a steel foundry that would produce many of the necessary steel parts for the products they were manufacturing. This facility served them well for a decade, but soon the high quality ▶▶





**John Perruccio**  
President of Southbend & Star Group

**Selim Bassoul**  
CEO of Middleby Companies

► of Malleable Steel Range products began to garner a reputation for the company. By 1908, it had outgrown Tuft Street and moved on to a much larger factory on the west side of South Bend with a much higher capacity and access to a rail line for shipping product. The company began operating under the name Southbend Range Company, though it would not adopt the name officially until 1950.

manufacturer and provided a significant portion of the team's expertise. He quit to open his own operation. Despite Engman's experience, the competitive nature of the marketplace prevented his success, and his company did not survive the 1920s. All the while, Southbend Range Company prospered, and by 1930, it began to expand its product line to include kitchen equipment for hotels and restaurants.

***"The added space has enabled the company to expand its product line and overall productivity."***

Running this new factory required a much larger workforce of roughly two hundred people, but the result of the expansion was an increased capacity that could produce 25,000 products every year. For the time, this was a very productive operation, the sides of the ranges were cut from sheet metal, the cooking surfaces were cast of malleable iron, and the stoves were assembled by two-man teams. Business was good, and the future was bright.

With the rising success of the company, Woolverton bought out the rest of the founding team, and his family took over the leadership. Harry Engman, one of the early members of the Malleable Steel Range team, was the son of a stove

This new category of customers came with their own needs, particularly in terms of the size and shape of the equipment. The company found that it could design custom ranges by fitting the standard parts into sheet metal housings specially fabricated to suit each customer's requirements. The company's product line shifted from nickel-plated wood and coal stoves to enameled gas stoves in an array of colors, broilers, steam tables and more.

It began to shift more and more toward commercial equipment, and by the end of the Second World War, it had changed its line completely, offering hotel and restaurant equipment exclusively, never again building products for the home. Ever



since this first transformation of its product line from domestic to commercial products, the company has kept its focus on the constant improvement of its products, particularly regarding energy efficiency, safety, cooking speed and automation.

In the city of St. Louis, Missouri, in 1921, just as the Southbend Range Company was hitting its stride, Star Manufacturing was established. It offered a wide-ranging product line of commercial kitchen equipment including hot dog machines, deep fryers, popcorn makers and toasters. The company quickly grew into a formidable presence and began to expand through acquisitions, buying several manufacturers with the intention of adding to its product line. By Acquiring three companies, Toastmaster, Holman and Lang, Star was able to expand its catalog to include commercial toasters, food warmers, panini grills, waffle presses, conveyor equipment, convection ovens and marine equipment.

The Middleby Corporation is a publicly traded family of food service and kitchen equipment brands with a multinational presence. The success of Southbend and Star caught the attention of Middleby leadership, and it acquired the companies in 1989 and 2007 respectively. Middleby recognized the potential in each and the value of having them within its family of kitchen equipment brands.

Today, after more than one hundred and thirty years, Southbend is still growing. Recently, the company increased its 125,000-square-foot manufacturing facility by adding an additional 45,000 square feet. The added space has enabled the company to expand its product line and overall productivity.

As a member of the Middleby family of brands, Southbend has found an avenue for further growth, but it has also been given the flexibility to maintain a long-standing, family-first culture that the company believes is a significant factor in its many ►

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► successes. "Southbend puts a high emphasis on family," says John Perruccio, group president of seven Middleby Companies including Southbend and Star. "We hire based on the core values within people. It's about working from the customer experience backward, ensuring everyone we do business with in the channel wins."

One of the key things that Southbend believes sets it above competing companies is a commitment to understanding the always changing needs of the industry and fitting those needs into its own business plan. This philosophy of concentrating growth on the demands of customers has led the company to great success, with this year's earnings reaching its highest revenue level to date – nearing one hundred million dollars – but progress does not come without challenges.

Within the commodity portion of the product line, the challenge is to compete with the influx of similar products that are imported from regions with low-cost labor. Many dealers are now importing products that are manufactured for them overseas, which results in a reduced overall cost for the company and making it more challenging to compete against them.

"The challenge is to consider the current channel support on the line while determining how to grow overall," says Perruccio, "to grow within the same channel, or begin to create an additional market channel to do business in." These challenges are significant, but Southbend and Star have faced them with great success as a result of understanding the needs of the industry and developing products to meet them.

TruVection and TruVapor are two recent examples of innovative solutions that the company has brought into the marketplace. Customers were in need of convection and combination cook-and-steam ovens that were more space-efficient than



the options that were already available. Southbend developed these two technologies to meet that need. "Southbend is the only company offering these items built into the cooking line," says Perruccio. "This functionality is otherwise only available in standalone models that take up four feet of space."

It is this customer-centric nature of Perruccio's group of companies that has enabled it to maintain its competitive edge. The company employs the 80/20 principle, a philosophy that says that eighty percent of the results an organization achieves come from twenty percent of its effort. To live by this rule is to acknowledge that a great deal of effort is wasted and to give every aspect of an operation a close shave, increasing efficiency by eliminating waste in every conceivable area. Through this approach, Southbend and Star are positioned to be very flexible with the needs of customers in ways that many competing companies cannot match. "It puts more pressure on the organization internally to perform at higher levels," says Perruccio. "We have an amazing team of individuals who manage our production to the thin line."

This dedication to customers extends beyond the product line and into technical service. The Service First service program offered by the company is rated among the top in the industry. The industry's average score for a service program successfully repairing a piece of equipment on the first attempt is roughly seventy percent. Southbend and Star have been able to achieve an unheard of first-time repair rate of ninety-seven percent and have maintained that level for the last three years.

Through a dedication to meeting customer needs in products and services, Southbend and Star are continuing to on a path further success. "We simply put our money where our mouth is. Pick a partner who wants to work together with you, and create win-win opportunities together. It's much easier to grow with people," says Perruccio. ■

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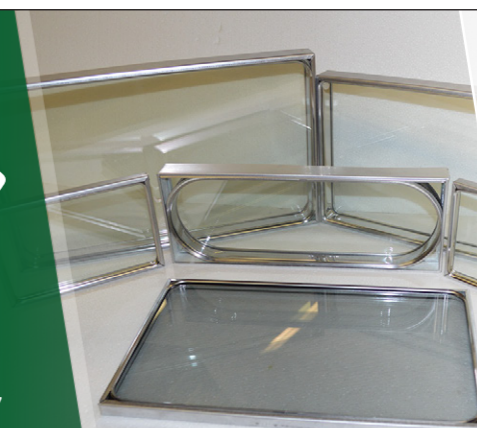


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