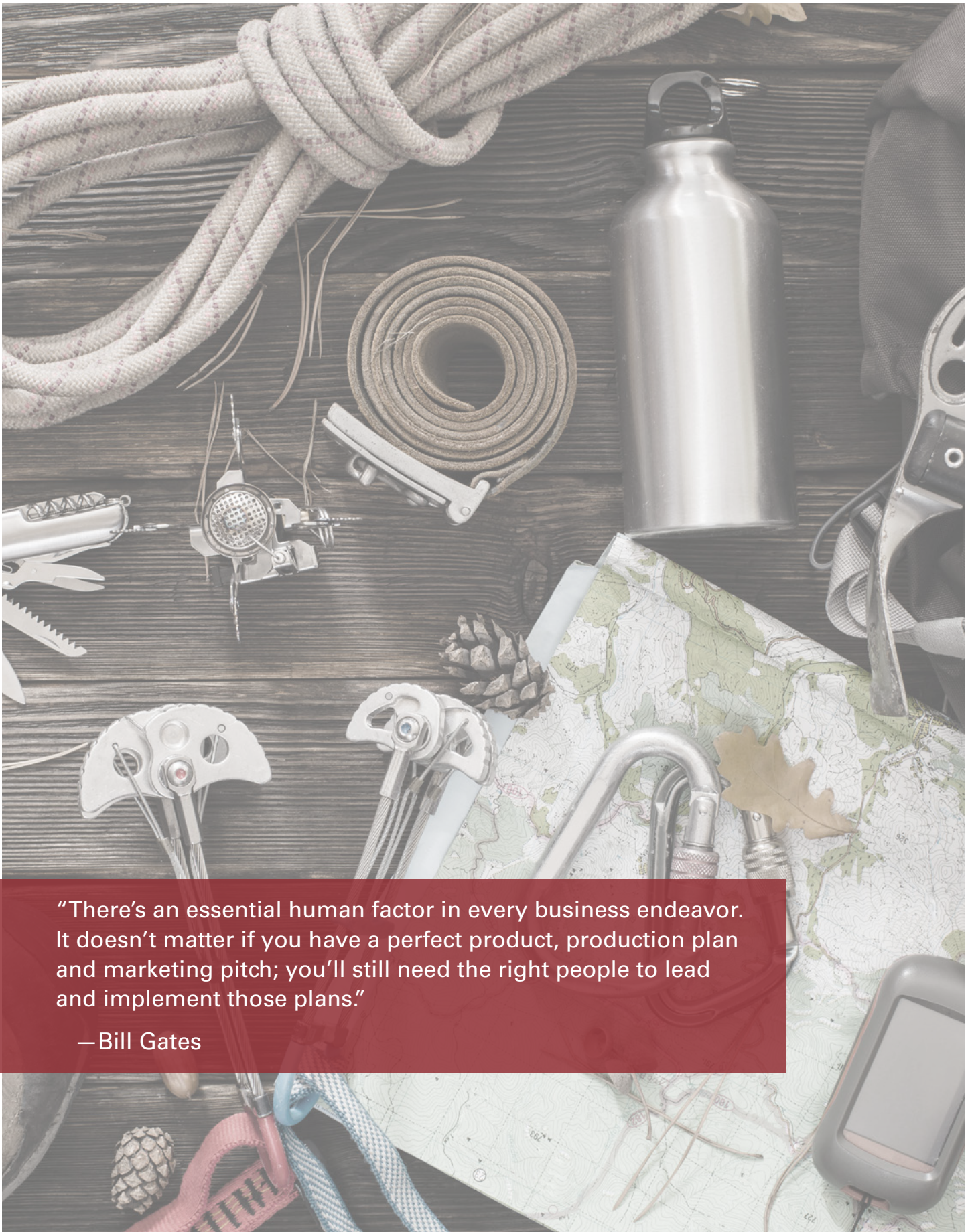


InVision

A look **inside**.
A look **ahead**.



THE POTENTIAL OF OUR
PEOPLE



“There’s an essential human factor in every business endeavor. It doesn’t matter if you have a perfect product, production plan and marketing pitch; you’ll still need the right people to lead and implement those plans.”

—Bill Gates

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Throughout the last issue of InVision, you likely noticed the theme of growth and Leggett's redefined strategy to make it happen. Growth isn't possible without the right people in place, but it's more than that. Growth takes a workforce that is engaged, creative, and committed. After taking on my new leadership role in Human Resources (HR) nine months ago, I feel more obligated than ever to help us get there.

I've always believed HR to be in a unique position within the Company, serving somewhat as a middle ground. We certainly support the Company and management to profitably serve our shareholders. Equally important, though, is HR's responsibility as an advocate for the most critical part of our business – our employees. We must stay focused on attracting and retaining the skilled talent we need to grow and meet our goals. We're making strides, but there is more to do.

Hopefully you've noticed an attempt by management to improve communication. After all, it's hard for our people to be engaged if they don't know what's going on with the big picture. The Leggett Together town hall event was a start, along with broader circulation of acquisition and divestiture information, and increased transparency of our company goals and performance.

We've also seen an increasing commitment to employee development throughout the organization – expanded online learning content and the Emerging Leader Academy are just two examples. I'm especially pleased by the representation of international participants in the Academy, which mirrors our continued focus on our outstanding global workforce.

As Leggett grows, maintaining a highly capable and skilled employee base becomes critical, whether it's improving benefits or offering additional development opportunities. To reach our long-term financial goals, we'll continue to celebrate our culture of hard work, ownership, and integrity. We'll continue to harness the strength and capabilities of our people. And we'll continue to create an environment where we invest in you, our dedicated employees.



A handwritten signature in black ink that reads "Jason Gorham". The signature is fluid and cursive, written in a professional style.

Jason Gorham, Vice President
Human Resources

Edging Out the Competition: The Many Minds Behind Quantum Edge

In the early 2000s, more and more mattress manufacturers began replacing perimeter edges of steel coils with foam. Over the next decade, foam edging proved to be less durable than a coil edge, especially in taller mattresses. According to Eric Freeman, Bedding Group VP and Director of Sales, "Foam firmness is unpredictable and breaks down over time in a way that steel innersprings simply don't."

A growing dissatisfaction with foam perimeters presented an opportunity for Leggett. "We realized we could provide an advantage to consumers with an all-comfort-coil product that eliminated sagging and collapsing foam and provided a firm edge," said Guido Eigenmann, Bedding Chief Engineer.

In early **2012**, Guido and Darrell Richmond, Director of Product Development & Technology, brainstormed a new idea – standard-diameter comfort coils surrounded by a perimeter of small-diameter coils to provide a firm, smooth mattress edge. Erin Wampler joined the team as Product Engineer, and they set to work developing this new product and the manufacturing method. Nearly two years and 134 prototypes later, Leggett introduced Quantum Edge to the market.

In **2014**, Branch Manager Gerry Rigney and his team at High Point Spring organized production for Quantum Edge. "This was a challenging opportunity," said Gerry, "because Quantum was a new manufacturing process. We had to develop new production capabilities." Using existing assembler technology, the initial process was a labor-intensive three-step process that included manually attaching the side edge coils.

A machine was needed that could meet the anticipated demand. Over the course of 18 months, Guido and Randall Wood, Group Vice President of Manufacturing for the Bedding Group, worked with Andreas Fischer and the Spühl engineering team to develop the PA-494, a new generation of assembler for Quantum Edge. Their creation, essentially three assemblers in one, builds an entire Quantum Edge unit and eliminates the need to manually attach the



QUANTUM
EDGE®
STEEL PERIMETER

edge coils. "The team at Spühl did an incredible job," said Randall. "It took 18 months to develop the machine, and it worked on day one."

In the fall of **2015**, TempurSealy added Quantum Edge to its 2016 Stearns & Foster line, becoming the first national account for the product. And after a sales and marketing push, Sealy came on board with a Sealy-branded product line in 2017. "Quantum Edge checks all the boxes," said Mark Kinsley, Staff VP of Marketing for the Bedding Group. "It serves the consumer by eliminating the foam durability issues and providing a great edge feel, and serves the manufacturer by simplifying sourcing and production."

Building on the success of Quantum Edge in the premium, luxury market, Leggett developed ActivEdge, a new range of products that displaces foam perimeters using variations on the coil edge. "We've added products in the ActivEdge line that are appreciably less costly to produce, which will make this technology accessible to the rest of the market," said Jason Jewett, Bedding Group Vice President of Product Development.

ActivEdge products are quickly gaining momentum throughout the market, and Leggett is ramping up to meet that demand. By the end of **2017**, 18 Spühl PA-494 assemblers will be in place at six bedding branches. The new product will play a significant role in sales growth. According to Eric Freeman, "We've shown our customers that we can beat a foam edge in price, quality, durability, and manufacturing time and cost."

Making the Impossible Possible: The Rising Popularity of Roll-Pack Mattresses

Like so many stories, the story of the roll-pack mattress first started with the belief: "It cannot be done."

Historically, it has been commonplace for manufacturers in the bedding industry to compress mattress springs and roll encased coils to reduce shipping costs. The rolling of finished mattresses, however, had seemed too difficult a challenge to overcome. But about a decade ago, when low-end foam mattresses from Asia began entering the market – with the finished mattresses rolled and boxed – the challenge was renewed.

A Roll-Pack Partnership

Leggett & Platt's Global Systems Group (GSG) noticed customer interest in a roll-pack approach and sought out Italian manufacturer Teknomac for a solution. Since GSG already partnered with Teknomac on a number of machine solutions, it was a natural pairing.

Terry Myers, Director of Engineering at GSG, served as an advocate to test and perfect the Teknomac roll-pack machines. Ultimately, the Teknomac provided a workable solution for GSG customers – one previously thought impossible.

Terry is optimistic about the Teknomac roll-pack machines and the opportunities they provide for customers. In just one minute, the machines can prepare up to three mattresses for shipment, whether they're foam, spring, or encased coil mattresses. And the roll-pack process is fascinating: the machine encloses the finished mattress in plastic, compresses it to be about an inch thick using a 60-ton press, folds it, rolls it, wraps it in a second plastic bag, and finally places the compacted mattress in a box for shipping.

Looking to the Future

According to Tony Garrett, President of GSG, almost every bedding manufacturer today has a roll-pack product offering. In the last decade, GSG has sold over 60 Teknomac roll-pack machines to our bedding customers in the United States.

Customers utilizing the roll-pack process have discovered several advantages. Contrary to initial concerns from the bedding industry, compression actually preserves the integrity of the finished mattress once it is opened and recovers. It also helps to prevent foam layers from shifting and spring unit wires from tangling.

Roll-pack mattresses use only 25% of the shipping space of mattresses shipped flat, greatly reducing delivery costs. They can also be shipped directly to consumers, which saves warehouse space.

Among the fastest growing retailers of roll-pack mattresses are e-commerce mattress startups, which offer consumers the mattresses shipped to their homes. One of these sites, www.sapirasleep.com, now sells Leggett's complete Quantum Edge mattress, which is manufactured and roll-packed at our facility in Tupelo, Mississippi.

Following the growing demand for roll-pack mattresses, we began piloting direct-to-employee sales of complete roll-packed ComfortCore ActivEdge mattresses to U.S. employees this past March.

It Takes Two: Installing and Servicing the Machines

Somewhat behind the scenes, but still vital to the roll-pack process, are two 2-person teams from our Gribetz facility in Sunrise, Florida. With a combined 112 years of service to Leggett among them, they work diligently to install and service the Teknomac roll-pack machines sold by GSG.

Field Service Technicians Jose Ramirez, Jesus Aponte, and Ramesh Narinejit, and Technical Training Instructor Jorge Gutierrez each travel across the United States for 40-45 weeks per year as they set up and maintain the machines at various locations. Depending on the machine model, the team can complete a Teknomac roll-pack machine installation in just five to ten days.



Teknomac installation and service team members, headquartered at Gribetz in Sunrise, FL

Left: Jesus Aponte, Field Service Technician with 27 years of service. Right: Jorge Gutierrez, Technical Training Instructor with 36 years of service.

Perfecting the Process



Above: Tony Garrett, President of GSG with 41 years of service, and Terry Myers, Director of Engineering at GSG with 25 years of service, with a Teknomac machine and roll-pack mattress.

Gearing Up for Great Things Ahead: Transition to Teamwork at L&P Automotive Europe

“Leggett’s people are our greatest asset,” says Karl Glassman, President and CEO. “But it’s really about the right group of people, empowered with the right knowledge, resources, and authority, working together in the right roles for the right result.” At L&P Automotive Europe, this concept is transforming Sales & Operations Planning (S&OP) from the ground up.

A New Direction

With a goal of profitable growth, a teamwork-based approach is revolutionizing the way the group interacts, reacts to customer demand, and plans for the future. Group collaboration across the entire S&OP process has all team members engaged in each step, and it allows their areas of expertise to enhance operations at every level.

According to Mitch Dolloff, President of Specialized Products, “The Automotive Europe leadership team became determined to imbed S&OP as the core process of the operation. While I anticipate continued evolution, the S&OP process is now truly integrated into the business. The team owns it, and the positive impact is evident in their culture, performance, and opportunities for growth.”

“When you layer group trust on top of personal accountability and responsibility, S&OP stops being just a series of monthly meetings, and becomes a process that we all live and breathe together,” said Sonia Smith, President of Automotive Europe. “We are strengthening our position not just for the business we have today, but also for future growth.

“Our whole mindset changed. It’s not just the responsibility of the sales department to ensure growth. We all need to focus on LEAN processes, designing for cost, and innovating for demand – and each person brings a key element that contributes to our overall competitiveness,” continued Sonia. “The focus is on the team, but we are also growing our individuals and developing the next generation of leadership.”

Wilfried Martin, Sales Director in Germany, has been with Leggett for 15 years. “There’s new energy in our organization,” he said, “We’re challenging operations at every turn. It’s not only about doing your own job the best you can, but really seeing how you fit into the bigger picture and working together to win new business.”



“Visibility enhances our adaptability,” added Gunnar Seen, Plant Manager for Austria and Hungary. “Wilfried’s group keeps us updated on customer expectations so we can quickly adapt our production. As raw material prices shift, we are in constant coordination with engineering to make changes and maintain profitability. We are always looking for ways to do a little better tomorrow.”

A New Chapter

Even despite challenges, the new direction is already reaping rewards. “Customers see us in a different light,” revealed Wilfried. “We’re providing a broader range of products with far more volume of possible growth and new technologies for the future.”

And the vision doesn’t stop there. According to Sonia, Automotive Europe wants to be an example of passion, commitment, and success. “We want to create an environment where we work hard, play hard, and believe that ‘impossible is nothing!’”

Sales & Operations Planning is a five-step process to review projections for demand, supply, and the resulting financial impact, which in turn helps with inventory management, promotional planning, accuracy in budget forecasting, and managing product lifecycles.



RECIPE FOR SUCCESS – It’s not all hard work and no play for this dedicated team. Monthly team-building activities – including go-cart racing, parkour golf, and even a cooking class – add a little levity to the mix. (From left to right) Sonia Smith, Wilfried Martin, Koen Dejaeghere, Roland Koenig, Eric Lorenz, Gunnar Seen, Michael Hampel, Alex Bleha, Jan Vitek, James Handyside, Jurgen Feihl, and Stefaan Deceuninck

Harnessing the Potential of Partnership: LBSO Plays Essential Role in ABG's Expansion

Exponential Growth – A Good Problem to Have

Since beginning to operate as a business unit six years ago, the Adjustable Bed Group (ABG) has experienced ongoing rapid growth. Beginning with a single facility in Georgetown, Kentucky, the initial production rate was manageable but was quickly pushed to capacity as ABG took strides in product development and the adjustable bed market exploded.

To meet rising demand and keep shipping costs low, in early 2015, ABG expanded to a second facility in Joplin, Missouri, which was shortly followed by a third in Juarez, Mexico. After these successful expansion projects, they looked to another strategic distribution location, and within a twelve-month period, ABG rounded out their operation with a fourth facility in Spring Hill, Florida.

Although the rapid expansion meets the production and shipping needs of ABG, it doesn't come without obstacles. "It's exciting because we're growing and still able to meet demand," said Jay Thompson, ABG President. "But transitioning from a single- to multi-plant operation poses a real logistical challenge."

LBSO – Helping to Provide a Solution

To help them navigate these challenges, ABG turned to the capable minds of the Leggett Business Systems Office (LBSO), an initiative-based department focused on improving business practices. LBSO was formed in 2008 out of Leggett & Platt's commitment to continuous improvement and serves as a tool to pull our businesses to greater success.

The men and women of LBSO are resident experts on three main initiatives: Customer and Product Profitability (CPP), Materials Management, and Sales and Operations Planning (S&OP). For example, the inventory optimization processes behind Materials Management have significantly reduced working capital from 2016 for one ABG branch.

In the case of the ABG expansion, it is LBSO's mastery of S&OP, a form of mid-range business planning, which has helped smooth out the kinks in their multi-plant supply network. By integrating the S&OP data with material requirements planning (MRP), visibility and accuracy throughout ABG's Replenishment Process has been greatly improved.

"S&OP is a well-known but rarely well-executed business practice," said Jeff Mitchell, Vice President of LBSO. "Our office has a leading understanding of the process, and we're helping Leggett businesses implement it in an effective way."

A Shared Success

No one person or group can claim responsibility for the success of Adjustable Bed's expansion project, but Jay is quick to offer praise for the assistance of Leggett Business Systems Office.

"The multi-plant environment just doesn't work without S&OP, and Leggett Business Systems has helped make our processes efficient and effective."

The partnership between the two groups is ongoing, and LBSO will continue to provide guidance as ABG gets settled into their new system of operations.



The many brains behind LBSO use their data-crunching superpowers to assist our production employees with remaining competitive in their markets. From left to right: Kendra Tilton, Jim Spena, Amber Jewett, Chad Cole, Brian Hill, Nolan Munch, Jeff Mitchell, Christopher Davidson, Howard DeCelis, Jonathan Francis, Jeff Howrey, Jared Lightle

What Lies Beneath: The Remarkable Success of LP Carpet Cushion

“It seems pretty strange,” said Segment President Perry Davis, “That we have a Business Unit that’s the largest producer in the United States, a leader in innovation, and has consistently improved its profitability in recent years, but they’re still under the radar.”

“I guess, when you’re in the carpet cushion business, you’re used to being overlooked and walked all over,” he joked. “But there’s no denying that Larry Dunn and his team have overcome many obstacles to succeed in a tough market.”

A Challenging Market

The way people traditionally thought about making money in the carpet pad business was to just sell more of it – keep the prices low and keep the machines running. When Larry took the reigns as Division President in 2010, the U.S. housing market was suffering its worst downturn in decades, and he knew there wasn’t enough volume out there for that approach to work.

Just as the housing market began to rebound, hard flooring surfaces such as laminate, ceramic, and luxury vinyl tile (LVT) took off. For the first time in decades, carpet accounted for less than 50% of residential flooring, a shift also occurring in the commercial and hospitality sectors.

Adapting to Survive and Prosper

The leadership at LP Carpet Cushion recognized the need for a new game plan. Larry tasked his team with changing their focus to superior products and service, rather than chasing more sales at diminishing profits.

LP Carpet Cushion developed a broad array of offerings that enhanced the carpet’s feel and durability, improved noise absorption and insulation, protected against stains, mold, and odors, and even lessened environmental impacts. They had superior products, but needed to drive demand. “We had our work cut out for us,” explained Larry. “Except for the day it’s installed or ripped up, carpet pad is out of sight and out of mind for homeowners.”

They took a dual approach to create awareness and demand. First, they commissioned market research to better understand how to reach consumers, then created in-store displays so buyers could experience the difference offered by premium carpet pad. Second, they educated their customers on selling higher quality pad.



Larry Dunn and Erik Kempf



Rather than see their sales and profits erode with the market’s shift toward LVT, LP Carpet Cushion also developed Whisper Step®, a premium underlayment for hard surface flooring.

According to Erik Kempf, VP of Sales, “We feel that our efforts with LVT underlayment have us positioned to thrive as this trend gains momentum.”

Rising to the Challenge, Together

“Change isn’t easy for any organization,” said Larry. “And we needed to redirect our efforts in nearly every aspect of our business.” The sales force had incentives to promote premium offerings. The production staff became more adept at switching between product lines, and automation in key areas improved efficiency to keep costs in check.

“Larry has incredible knowledge of the industry,” explained Erik. “But he’s the type of leader who encourages input from the entire team. Every employee has contributed to the turnaround of LP Carpet Cushion. We’ve proven that we can adapt to what the market throws at us, and, together, we’ll be ready for whatever comes next.”