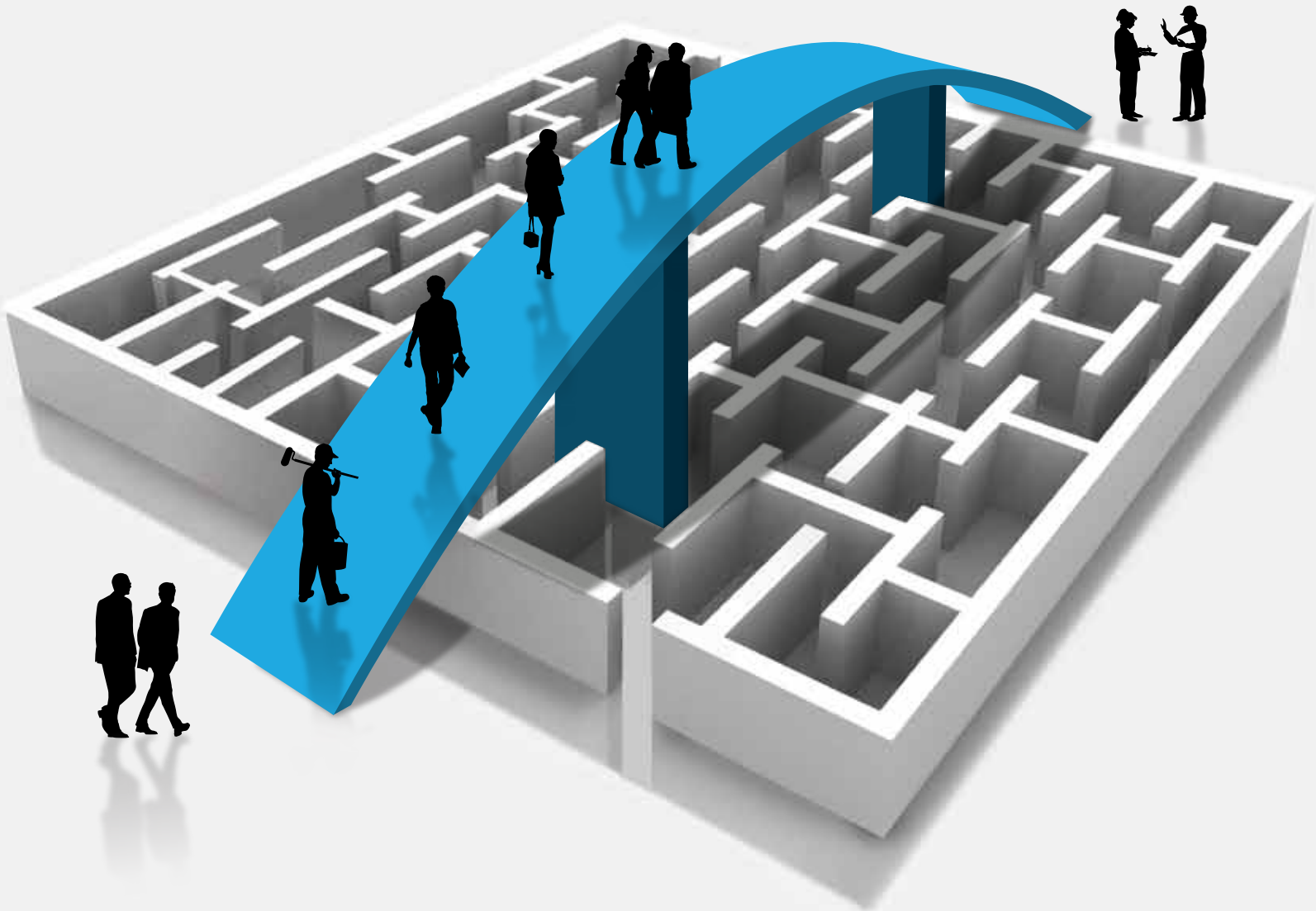


# InVision

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

**"THERE IS ALWAYS  
A BETTER WAY."**



“I constantly see Leggett’s people bring creativity to the challenges we face and the opportunities before us”



Kenny Gay

Safety Director, Winchester, Kentucky



Vijay Ramanathan

Logistics Director, Shanghai, China



Greg Wandzilak

Mechanic, Sunrise, Florida



Kevin Stout

Sales VP, Carthage, Missouri



Kristijan Babic

Financial Controller, Prelog, Croatia



Julie Etter

Quality Control Technician, Carthage, Missouri



Remy Feng

Regional Sales Manager, Jiaying City, China



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Material Handler, Grand Rapids, Michigan



Josilaine Moreira Alves de Oliveira

Pocket Coiler Operator, Camanducaia, Brazil

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We welcome your feedback and ideas for future issues: [InVision@leggett.com](mailto:InVision@leggett.com)

# "THERE IS ALWAYS A BETTER WAY." ~Thomas Edison

Thomas Edison patented over 1,000 inventions during his career. Edison frequently gave tours of his home to show off dozens of labor-saving devices he had installed. Along one path to the house, visitors had to pass through a surprisingly stiff turnstile. One guest asked Edison why, with all the other clever gadgets around, he had such a heavy turnstile. Edison laughed in reply, "Everyone who passes through the turnstile pumps three gallons of water from the well to the tank on my roof."

I constantly see Leggett's people bring similar creativity to the challenges we face and the opportunities before us. We're continually changing as we adjust to market conditions, develop new products and create new opportunities.

This second issue of *InVision* focuses on our people's adaptability, ingenuity and determination in difficult or evolving circumstances. To continue our success, we must have a team that embodies Leggett's spirit of innovation and takes pride in the quality of our work.

The articles that follow highlight our partners' efforts in many parts of the company. But *InVision* only provides a few examples from around Leggett. I encourage you to recognize excellence in your own operations and departments as well.

Like Edison and his turnstile, the potential for ingenuity is present in every business unit, facility and position here at Leggett & Platt. We're all counting on one another to keep looking for a better way.



Karl G. Glassman  
Chief Operating Officer





# BUILDING A WINNING TEAM

Finding a better way is ultimately a search for *who*, not for what. Sometimes we get it backwards. We think success depends on a brilliant strategy or a revolutionary product, when it really depends on the right people to develop, execute and manage those opportunities. CEO Dave Haffner has mentioned on several occasions that “the key to Leggett’s past, present and, most importantly, future success is our employee-partners.”

When a machine breaks down on the shop floor, you probably won’t call the branch accountant to fix it. At the same time, you probably wouldn’t ask an *InVision* writer to file your taxes. Having the right people in the right positions matters.

That’s why Leggett is more focused on our people than ever before. “We’ve seen it time and time again,” explained Karl Glassman. “Our best performing operations are those with the strongest teams and the most engaged employees. We’re working to hire, develop and keep the best people to generate the best results.”

Part of building a winning team is recognizing and learning from the strong performers across L&P’s different operations and functions. Their examples show what it takes and why the effort is worthwhile.



George Seay, Cindy Kelley, Brandon Ferrell, Mike Kuperus, Pete Lankheet, Carlos Lamas, Jeff Agar and Chris Magrum. Rob Williams not pictured.

## Commercial Fixturing & Components

### Genesis Seating

Genesis Seating recently won a contract to supply Herman Miller with all of their Eames Plastic Chair models in North America. This influx of business came with real challenges:

- The Eames Plastic Chair comes in 160 combinations— 2 chair types, 10 colors, 4 bases, 2 glide alternatives.
- Production demand ranges from orders for a single chair to a 5-year program for 100,000 units.

Genesis formed a group from across the business—including the plant, continuous improvement and IT managers, along with shipping, materials and production staff—to work directly with Herman Miller.

“We got out of the conference room and onto the shop floor to create a flexible work cell that relies on cross-trained employees to accommodate demand spikes,” said CI manager Cindy Kelley. The team also collaborated on IT solutions to provide crucial information for materials availability and production scheduling.

This cross-business team enabled Genesis to consistently deliver a higher quality product with savings of \$3 million versus the former supplier.

## Industrial Materials

### Jacksonville Wire Mill

Our wire mill in Jacksonville, Florida, is known for making the best and brightest galvanized steel wire in the U.S. Even our competitors agree and buy thousands of tons each year.

The wire’s brightness matters to every customer, especially those using it for display products. When Jacksonville’s wire began turning dull and blemished, the mill and its customers noticed. Five partners from maintenance and the production line stepped up to the challenge: John Scully, Mike Donnelly, Danny Branistareanu, Mike Thompson and Darrell Nelson.

“We traced the problem to the chiller, which was no longer spraying water hard enough or cold enough to brighten the wire after it passed through the molten zinc,” explained John. “We tried to fix the unit several times, but ultimately it had to be replaced.”

One capital request later, the team at Jacksonville installed the replacement and immediately restored the mill’s shining reputation.



Mike Thompson, Darrell Nelson, John Scully and Danny Branistareanu. Mike Donnelly not pictured.



Jim Walter, Larry Sprague, Gary Coffey, LaVaine Murphy, Jeff Martin, John Mitchell, Harold Long, Dennis Irwin, Blake Wortley, Steve Haslip and Russell Webb.  
Back Row: Antonio Valtierra and Scott McDermott. Sales team not pictured.

## Specialized Products

### *Flex-O-Lators*

In 2008, the North American Automotive Group saw an improved seat cushion suspension being used in Europe and set out to become the top supplier of the technology in America.

According to Group President Barry Jones, "An 'overmolded' suspension is made of formed wires with molded plastic sections that link the wires together. The complete suspension then attaches to the seat frame and allows simplified attachment of components underneath the suspension to reduce our customers' assembly costs."

Credit for Leggett's transition to this more profitable alternative goes to two teams in the Automotive Group:

- The engineering and machine shop personnel at Flex-O-Lators in Carthage, Missouri, have converted their processes and equipment to make the product while meeting tight deadlines and quality standards.
- The North American sales team of Scott Irwin, Karin Bogacz, Mary Kipfer, Matt Sokolik and Gert Sokoli out of Troy, Michigan, has convinced customers that this higher-priced component provides overall savings.

Their combined work has helped L&P keep our automotive customers and create additional opportunities.

## Residential Furnishings

### *Tupelo Sleeper*

Long-lasting customer relationships power Leggett's business. When La-Z-Boy asked Tupelo Sleeper to help improve their profitability, Stewart McKell and Kathy Billings quickly championed a team to investigate. "When we help our customers, it puts us both in a better competitive position," Stewart said.

Tupelo found they could lower La-Z-Boy's shipping expense by increasing the payload per truck, lowering our products' total cost without sacrificing quality. The packaging had to ensure stability during transportation and allow for safe and efficient unpacking, all of which lowers damaged goods.

The team included supervisors familiar with the overall process and front line employees who package and load the mechanisms. Greg Crump, Robby Scruggs, James McGaughy, Adam Oliver and Michael Hall from Tupelo worked closely with La-Z-Boy to find a mutual solution.

The new method gets 50% more product on each pallet. "A year later, we've eliminated 900 extra pallets and reduced La-Z-Boy's freight from three to two shipments per week," explained Stewart. "Our team's solution saved a key customer \$40,000."



Stewart McKell, Kathy Billings, Michael Hall, Greg Crump, Adam Oliver, James McGaughy and Robby Scruggs.

**"People are not your most important asset.  
The right people are."**

~ Jim Collins, *Good to Great*



# BECOMING A KEY PARTNER TO THE AUTO INDUSTRY

Given Leggett & Platt's history in the furniture and bedding industries, most people are surprised to learn that we supply parts for a high percentage of the passenger vehicles made each year. L&P may not have the name recognition of General Motors or Toyota, but nearly every automotive manufacturer depends on us to deliver the parts to keep their assembly lines moving.

L&P had little interest in the automotive business until 1988, when we acquired Flex-O-Lators,

a manufacturer of components for vehicle seating and furniture.

"Flex was a good fit with our furniture and bedding operations," explained Jack Crusa, President of the Specialized Products Segment. "After the deal, we studied the automotive opportunity and found we could develop a competitive advantage. Flex became the founding member of the Automotive Group, followed by No-Sag, Pullmaflex and Schukra."

## Lumbar Support and Massage Systems

The Automotive Group is the world's leading manufacturer of seating comfort systems. Our top-line systems are used in vehicles like the Bentley Flying Spur, Cadillac DHS and the Volkswagen Phaeton.

## Seat Cushion Suspension Systems

This product has been a mainstay of our automotive business since it began. Through continued innovation, we remain the world's leading manufacturer.



## Motors for Power Windows

The Automotive Group's expertise with small motors and actuators brings comfort and convenience to all parts of the vehicle, from power windows and sliding doors to seat controls and rear window wipers.



## Stabilizing Headliners

The Fabric Converting Unit provides material to stabilize vehicle headliners and to bind seat cushioning together.



## Improving Vehicle Comfort, Control and Organization



## Piston Rings and Springs for Brake and Clutch Assemblies

The Wire Group provides auto makers with high-strength wire for key mechanical systems like transmissions, pistons and brakes, as well as specialty wire for dip sticks and cable casings.



Today, Leggett & Platt's automotive components business includes:

- 6,000 employee-partners.
- 35 manufacturing facilities in Austria, Belgium, Canada, China, Hungary, India, Korea, Mexico, South Africa, the United Kingdom and the U.S.
- 5 L&P Business Units serving the industry—Automotive, Tubing, Wire, Fabric Converting and Commercial Vehicle Products.
- Annual sales in excess of \$500 million.

So, next time someone asks, "What does Leggett do?" say, "Let's go for a drive, and I'll tell you about it."

#### Control Cables for Accelerators, Seat Controls, Trunk Releases and More

Our partners at Pangeo Cable in Changsha, China, manufacture most of these cables, both for other L&P operations and outside customers.



#### Second & Third Row Seat Frames

The Tubular Products Unit provides the steel tubing for these frames, along with supports for windshield wipers, instrument panels and trunk hinges.

## WHAT'S DOWN THE ROAD?

The auto industry thrives on change, creating demand with new models and new features every year. Our automotive operations are not only keeping pace, but they have pushed the technology frontier forward in a number of areas. Some of our recent innovations include:

#### Helios Wireless Power

The Automotive and CVP Groups have integrated L&P's Helios technology into vehicle consoles, shelves and computer docking stations—turning them into wireless charging stations for compatible mobile phones, cordless tools and other electronic devices.

#### FastLoc

In addition to selling tubing as a raw material to automotive manufacturers, the Tubing Unit has increased its fabrication work (piercing, shaping, welding) to provide more valuable and profitable products such as FastLoc, a new seat frame component with heavy-gauge wire attachments to secure child safety seats.

#### Polyester Fiber Seating

L&P has engineered a new seating solution that is breathable, more comfortable and can improve fuel efficiency by replacing heavier foam cushioning. Our new polyester fiber product uses an innovative design (rows of fiber set at alternating angles) to provide excellent support and improved durability.

### Commercial Vehicle Products (CVP) Transforming Vehicles into Work Spaces

The Commercial Vehicle Products Group works with auto makers, utility companies, emergency services and small businesses to transform vehicles into mobile work stations. CVP designs, manufactures and installs a wide variety of equipment and upgrades for people who take their office on the road.

Computer docking stations, sirens and bulletproof door panels.

Storage and organization equipment for service vehicles.



Our business units have used various approaches to execute Leggett's strategic plan announced in 2007. Store Fixtures made significant changes as they moved along the C-Curve, especially as they refocused the business to **improve returns**. Their shift from pushing sales growth to improving margins has cast their customers, facilities and production in a new light.



### Not All Customers are Created Equal

With this new direction, Dennis Park, Jay Thompson, Ron McComas, Joel Katterhagen and their team analyzed each element of the business. They started with their customers, allocating costs and profits to each program to determine where Store Fixtures was making or losing money. Some customers just weren't profitable, either due to volume issues or because their product specifications didn't fit with Store Fixtures' areas of expertise.

The customer analysis confirmed their strongest lines were shelving fixtures that took advantage of longer production runs and the group's metal and wood manufacturing expertise. Their broad capabilities provide solutions that smaller competitors can't deliver, letting the group select projects with better margins.

"There's no question that strengthening our relationships with value retailers like Wal-Mart, Dollar General and Target has helped, especially in the struggling economy," said Joel Katterhagen, the unit's chief of sales.

### Under-Used Assets Won't Generate a Profit

Following years of adding new business through acquisition, Store Fixtures operated a wide range of facilities. Unfortunately, those overlapping operations created high overhead and excess production capacity.

As segment head Dennis Park described, "After an in-depth analysis of our plants and customers, we were able to map out which accounts could be served



Store Fixtures makes shelving, counters and garment racks for retail stores. Whether shopping for a can of green beans, a t-shirt or computer paper, almost everyone has taken a product from a Leggett & Platt fixture.

through alternate facilities, and plan the transition in detail." The resulting consolidation created several robust operations in place of numerous plants running part time with inconsistent production runs and painful seasonal layoffs.

### Adjusting for Seasonality

Store Fixtures is a very cyclical and seasonal business. "To get ready for holiday shoppers, most retailers build new stores or refurbish old ones in the summer and early fall," Dennis explained. "This shift creates a spike in demand for the shelving and custom fixtures we supply, followed by a rather dramatic decrease in 4<sup>th</sup> quarter shipments."

Enhanced relationships with key customers and better facility planning have eased the extremes of the business' seasonality and helped maintain profitable monthly volume levels.

### Real Results

The new course set by Store Fixtures' management and the dedication of employees throughout the unit have led to improved performance and profitability. The unit's on-time and complete shipment rate leads the industry at nearly 98%. Excess inventories written off because customers no longer need them are about half what they were in 2009. These and other improvements have helped profits grow by 40% since Leggett's strategic plan was announced in 2007.

The time and trouble of these changes have resulted in a significantly consolidated portfolio, increased pricing discipline and more balanced production volume. COO Karl Glassman pointed out,

"They've come a long way, and they've done it in a very tough economy. Significant challenges remain, but I believe Store Fixtures is on track for higher, more consistent returns."