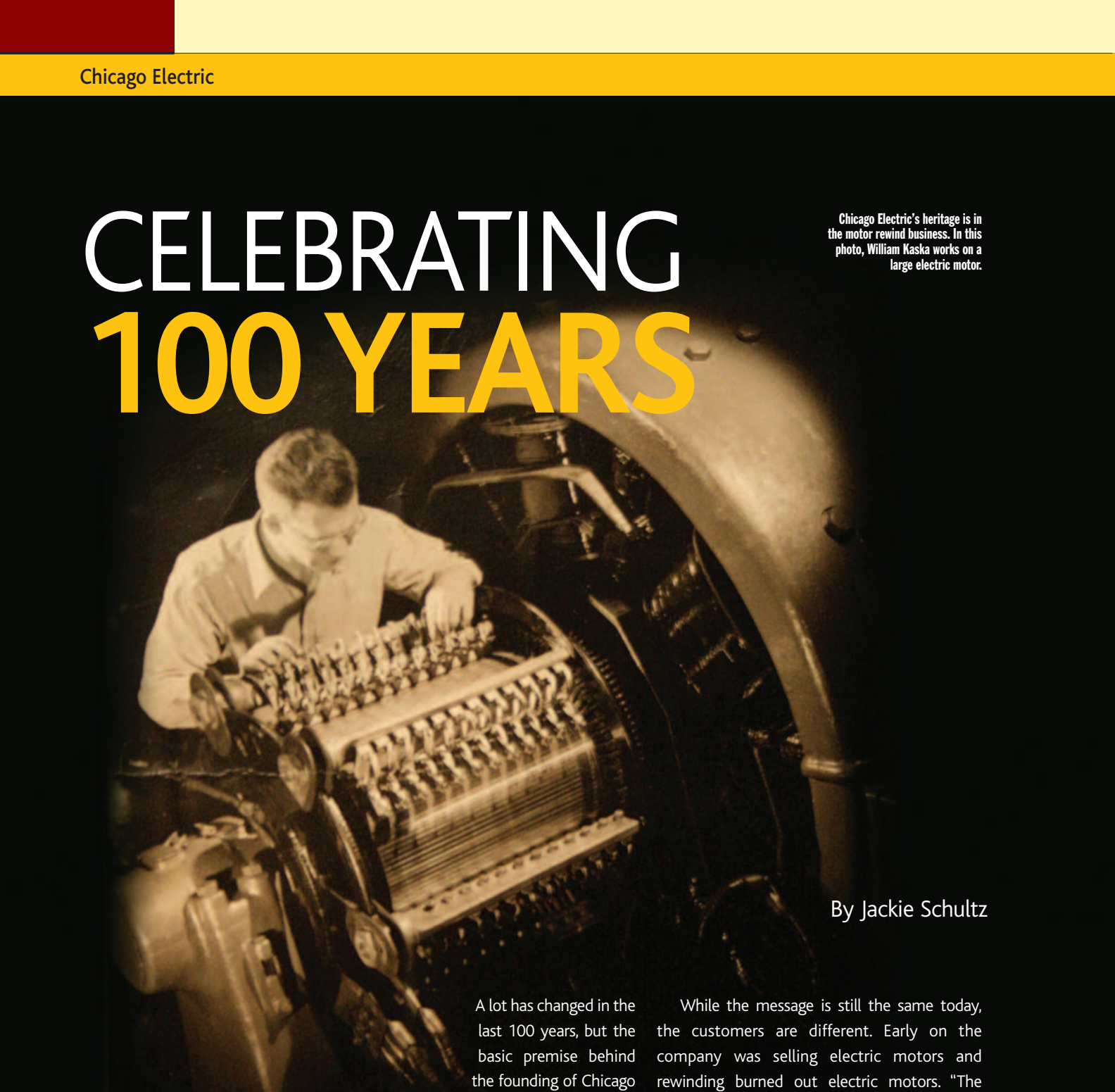
CELEBRATING 100 YEARS



Chicago Electric's heritage is in the motor rewind business. In this photo, William Kaska works on a large electric motor.

By Jackie Schultz

Chicago Electric has provided a century of innovation and adaptation for the electric motor business, helping the corrugated industry along the way.

A lot has changed in the last 100 years, but the basic premise behind the founding of Chicago Electric is virtually the same. This year marks the 100th anniversary of the drive and control technology company, which was founded by Charles B. Kaska in 1910.

"It's interesting how very similar the concept of what we're doing today is," says Bob Kaska, President, and grandson of the founder.

A sales flyer from 1926 touts the headline: "Men and the Clock" and references the fact that time is money. "It's really the same message we have today of drive and control technology to improve productivity," Kaska says.

While the message is still the same today, the customers are different. Early on the company was selling electric motors and rewinding burned out electric motors. "The heritage for Chicago Electric was electric motor sales and rewinding. In those days the electric motor business was like an Internet company five or 10 years ago," Kaska says. "We had a large facility in the city that could rewind large motors — big enough to stand up inside of," Kaska says.

The company's original location was in downtown Chicago. It relocated four times and is currently based in a 15,000-sq-ft facility in the suburb of Carol Stream.

"The biggest transition was in 1994 when we changed the company completely, gave up the

old facility and went to a modern facility half the size because we were now out of the motor rewind business," Kaska says.

'Better, Faster, Smarter'

Chicago Electric serves a variety of industries. Corrugated represents about 40%. The common thread is web process industries. "We get involved in applications where you have a series of electric motors and related drives as you're processing something in a continuous web. That's corrugated paper, plastic film, metal pipe and tubes, and gypsum wallboard," Kaska says. "Our approach and our success in corrugated and in other industries has been to develop retrofit solutions to improve existing machines."

Chicago Electric has been serving the corrugated industry for about 20 years. The first customer was Stone Container. Smurfit-Stone Container Corp. remains the largest customer in terms of installed base.

Chicago Electric founder Charles B. Kaska.

Today, Chicago Electric has more than 1000 installations in the corrugated industry and 80% of those are at integrated companies.

Installations are all related to the corrugator and range from wrap arm controllers to corrugator direct drive upgrades to complete corrugator control systems. One recent product development is the Pro Display™ video, which shows corrugator speed, lineal footage, downtime and uptime.

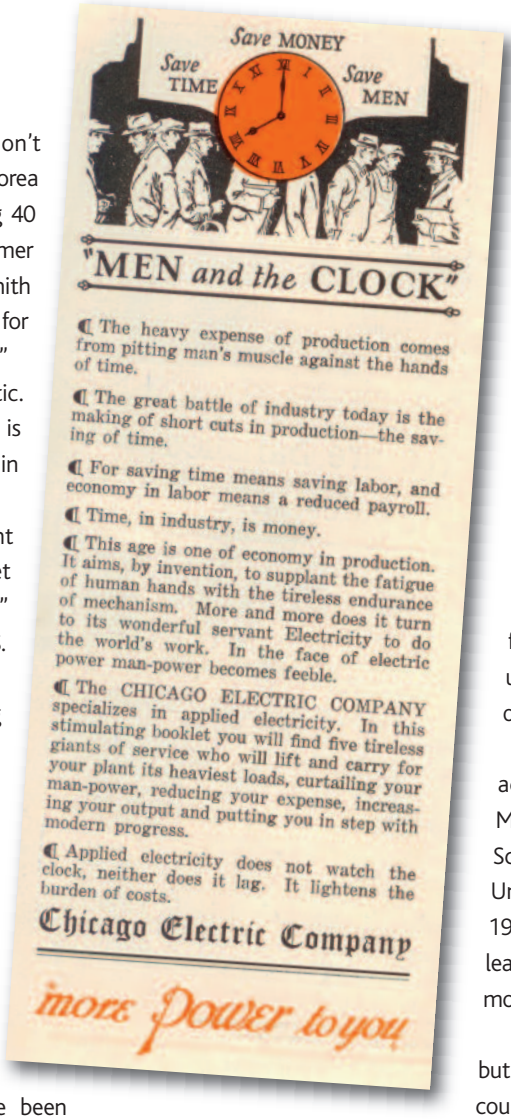
"We're using off the shelf flat screen video and combining that with other standard industrial control products to give the customer an innovative productivity tool. You can go buy the screen from Best Buy, but it's not going to tell you how fast your corrugator is running," Kaska says. "Our products are geared more toward information and web-based so you can see on your iPhone how your corrugator is doing. Soon we will be releasing an iPhone application.

"Our business cards, our sign out front and our advertisements all talk about 'Better, Faster, Smarter.' That's what we are trying to sell. We sell productivity improvements that are available with new technology. We're typically putting that new technology on an existing machine. Often, the base machine is fine. It's the control technology that has changed in as little as 15 years. From our perspective, the growth ambitions that we have, there is plenty of opportunity."

Kaska admits that serving a manufacturing industry in the U.S. has been challenging, primarily because so many companies have

Bob Kaska, President, is the third generation to run the company, following in his grandfather's (Charles), his father's (William), and his uncle's (Robert) footsteps.

OUR APPROACH AND OUR SUCCESS IN CORRUGATED AND IN OTHER INDUSTRIES HAS BEEN TO DEVELOP RETROFIT SOLUTIONS TO IMPROVE EXISTING MACHINES," SAYS BOB KASKA.



The message from this 1926 sales flyer is no different today, says Bob Kaska. Drive and control technology to improve productivity.

closed or moved overseas. "I don't understand why countries like South Korea or Taiwan that had no manufacturing 40 years ago are the epicenters for consumer electronics. I used to drive by the Zenith color picture tube plant in Chicago for years and today the company is gone."

Nevertheless, he remains optimistic. "This is still a gigantic economy. There is the capability to manufacture things in the Untied States."

He referenced a recent advertisement in the Wall Street Journal that said, "Automate or Die." That concept is what will keep U.S. manufacturing alive, he says.

"The only way U.S. manufacturing is going to survive is to become highly automated because you're never going to get the labor costs in line with China. The companies that automate their manufacturing and do it cost-effectively, they'll be here," he says.

Chicago Electric recently joined with a local software company, Professional Automation Services (PAS). "It adds the part that we've been missing, which is the stronger capability in software development. We've been more hardware than software, but now with the addition of PAS it gives us that upper layer," Kaska says.

The PAS merger adds to the Chicago Electric team a sales manager, engineering manager and three more engineers.

Continuing The Legacy

Kaska joined his family's company in 1980, following in his father's (William), and his uncle's (Robert) footsteps. "It was an opportunity to be part of that legacy," he says.

He has a bachelor's degree in business administration from the University of Michigan and an MBA from the Kellogg School of Management at Northwestern University. After receiving his bachelor's in 1978 he went to work for Reliance Electric, a leading supplier of drive control systems and motors.

"If you want to work at Chicago Electric but you want to start at a big company for a couple of years, that was the right move to make," he says. "If anything I should have worked longer outside the company. But when I came to the company my dad was 60 so I was running out of time to get into the family business."

Kaska attributes Chicago Electric's success to its founding business philosophy. "When somebody asks, 'How do you stay in business 100 years?' our basic business strategy is sound. The company has never grown that much. Currently we're 22 employees. We've never had more than 50 employees and that's part of the survival. Companies go out of business because some get too big and some aren't big enough to sustain, or the ideas they have come and go.

"The key in any business that is 100 years old is that we've been able to continually adapt, but it's the technology that changes — the concept of applying that technology for the industrial manufacturer has not changed," he adds.

The original facility (above) was in downtown Chicago. The company is now based in a 15,000-sq-ft facility in the suburb of Carol Stream, Ill.

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