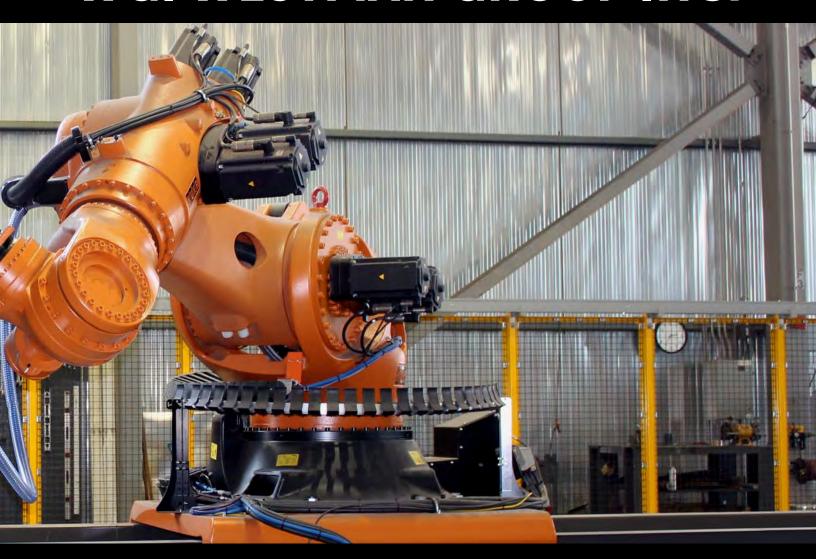
# WGI WESTMAN GROUP INC.



www.westmangroup.com





The name Russ Edwards may not be known to the average Canadian but the incredible business affluence achieved by he and his company WGI Westman Group Inc. over the past four decades is anything but average. Within the steel industry his is a well-known success story and one that could patently be promoted as an ideal case study in proving that hard work, top-quality workmanship and dedication to the well-being of employees and clients are the cornerstones to prosperous corporate longevity.

AIDED BY A handful of employees who manufactured corrugated steel culverts for highways, Edwards launched production in 1976, having incorporated his business the year prior. Forty years later the Winnipeg-based company has about 1,600 employees in four main divisions, operated as separate entities, with more than 1.6 million square feet of factory and office space.

Throughout its four main divisions, WGI
Westman produces culverts, roll-formed
steel roofing and siding, pre-engineered steel
buildings, galvanized corrugated grain bins,
powder-coated steel smoothwall bins for grain,
seeds, and fertilizer, as well as fuel tanks, mobile
fuel tanks, seed tenders, grain augers and



WGI Westman Group Inc. started in 1976 with just a single culvert mill. Today, WGI has over 1,800 employees in 29 locations throughout North America. Founder Russ Edwards has grown WGI to become one of Western Canada's largest and most technologically advanced users of raw steel, providing steel solutions for use in agriculture, oil and gas, recreational, industrial, commercial and mining sectors, to name a few.

Through its companies, Canada Culvert, Westman Steel, Behlen Industries and Meridian, WGI continues to expand into a strong international force and leader in its markets. Aikins Law is very proud to be providing WGI with legal counsel throughout this expansion and congratulates WGI on this latest milestone of success.

AIKINS, MACAULAY & THORVALDSON LLP 30th Floor – 360 Main St. Winnipeg, MB R3C 4G1





conveyors for agriculture and industrial use.

"I started production in April of 1976 with six employees," Edwards recalls. "Those employees had previously worked for me at the company I had worked with, which had its head office in Oshawa, Ontario."

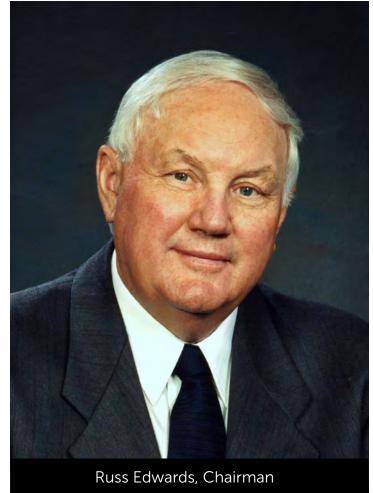
Now 83, Edwards serves as the company's chairman while leaving the day-to-day operations to President and CEO Paul Cunningham, who has been with WGI Westman for 19 years. As a tandem the pair is in constant communication and effectively oversees operations of the entire conglomerate. During our conversation with the two senior executives, it quickly becomes evident there is a very high level of trust between them. The authority, autonomy and trust Edwards

bestows upon Cunningham are essential factors in his being able to run a successful enterprise.

"It's been the ride of my life," Cunningham begins. "I couldn't imagine working anywhere else. I can go to him and say 'Russ I think we should buy this company and this is what we should pay' and he says 'go for it'. In 30 minutes we can sit down and decide whether we're going to spend \$30 million."

WGI Westman currently has 34 factories as well as a distribution centre and sales office located in Edmonton. In 2015, WGI Westman flirted with international gross sales of \$500 million and it's still growing. It's anticipated there may be a slight retraction this year with agriculture and oil and gas, but as both Edwards and







- Russ Edwards, Founder and Chairman, WGI Westman

Cunningham point out, it opens up the possibilities of further acquisitions as a means of expanding the overall business portfolio.

One fundamental testament to a company's business practices centres on the way it treats its employees. A happy employee doesn't spend



time looking for another job. At WGI Westman there are many long-tenured employees because they feel they are treated with respect. The company has remained in private hands – avoiding any temptation to go public. Both Edwards and Cunningham say there's a very simple, straightforward reason for that.

"We've never had the need to go public or wanted to go public," Edwards responds. "We want to keep the profits in the company."

"The Edwards family are the ultimate owners," Cunningham replies. "I used to always say we're the opposite of the income trusts. They used to pay out 90% and keep 10%. Russ probably paid out 5% and I got to keep 95% and play with it."

# Congratulations!

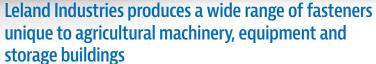
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### **Expansion through Acquisitions and Innovative Technologies**

Throughout the history of WGI Westman the parent company has always sought out avenues to expand its portfolio by developing more products internally but also through an aggressive, well executed acquisition planning. Most recently Edwards and Cunningham spearheaded the purchase of a company in the spring called Elias reliaBELT, a conveyer manufacturer in Morden, Manitoba. Since then they have announced the acquisition of Convey-All Industries and Nusteel Industries. Convey-All is a manufacturer of conveyors and seed tenders and Nusteel is a manufacturer of steel buildings.

"We are going to close in September,"

Edwards confirms. "We typically don't announce before we close but this is another major employer in the Winkler marketplace where we are also a major employer."

The acquisition adds another 140 employees, which at its peak may be closer to 300 once the oil and gas sector rebounds.

New technological solutions are a constant in this industry and it's something Edwards and Cunningham keep a close watch on all the while continuing to invest in innovative platforms that make their products that much more efficient.

"In the three years prior to this we spent roughly \$100 million on capital," Cunningham reveals.

WGI Westman has the most modern computer-operated coil handling systems in its







"We don't make our money off our employees; we make our money with our employees."

> – Paul Cunningham, President & CEO, WGI Westman

factories that do a lot of roll forming of steel and robotic welding. In Cambridge, Ontario the company has a very large facility where three of the largest manufactured robots are handling sheet steel plates to produce multi-plate culverts used for bridges and underpasses. The company employs an innovation expert, who is the former IT

manager. He is the one spearheading the robotics and new methodologies for conducting business.

### **Health and Safety**

A sizable quantity of time and effort is devoted to ensuring the health and safety of every single employee with an entire department dedicated to that very aspect. Many of the company's locations are used for training for the safety inspectors of the various provinces.

"Each time I speak to an employee group the first thing I talk about is safety and one of the beautiful things about the Edwards family is they don't need the money. If we need to put additional money towards safety, we can do it.



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MANUFACTURING » WGI Westman Group Inc.

It makes no sense for us to cut a corner to risk someone's safety. We don't make our money off our employees; we make our money with our employees," Cunningham emphasizes.

During busy times in the oil and gas industry, WGI Westman has been known to bring in foreign workers from other countries to work in the factories. Some of those people arrive in Canada unable to speak English. The company, along with participating local governments, has incorporated schooling whereby they are taught English as a second language.

Each of the four main divisions within the WGI Westman group of companies has a vice president or senior vice president in charge of daily operations, with those individuals reporting directly to Cunningham.

"Within all our companies we have 17 engineers, 29 certified engineering technicians (CETs) and 11 chartered accountants who are CPAs," Edwards reveals. "Accountants are heading the company with one exception, where Behlen is run by an engineer."



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> Congratulations to The Westman Group on your 40th anniversary. We are proud to be a partner in your success.



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Meridian prides itself on being the front-running manufacturer of top quality storage and handling products in serving the agricultural, industrial and oil & gas sectors. Meridian consists of seven sister facilities, each accommodating a large sales region with the company being known as an innovator in producing SmoothWall hopper bins.

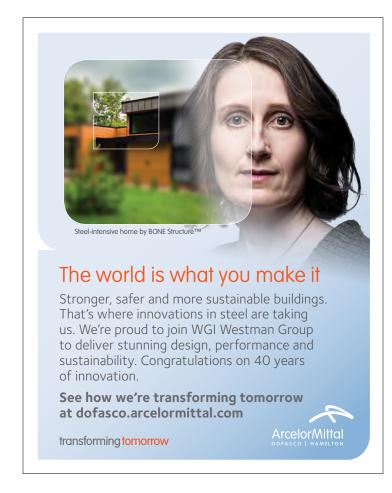
"Meridian was the innovator of powder coating of such a large product probably anywhere in the world," Cunningham says. "They

"We're always looking at new products to incorporate into our existing lineup to improve and upgrade."

- Russ Edwards

were doing it before BMW became the first auto manufacturer to do it on cars. If you think about it, some of these tanks are 80-feet long. We put them inside a powder room and roll them into an oven, close the doors and bake





them. I would suggest we have the largest five ovens in the world."

Meridian makes seed tenders and is the largest hopper cone manufacturer in North America. In 2009, Sakundiak Equipment was acquired and rebranded to Meridian. It produces the auger that is recognized as the quietest, smoothest operating auger in the marketplace. Because the company spends the necessary time and resources on its product, there is what's known as continuous flighting. There are no joints in the augers, which mean no rattling.

"We continue to develop new products. We've developed in-house conveyors. Now we've bought Convey-All," Cunningham says.

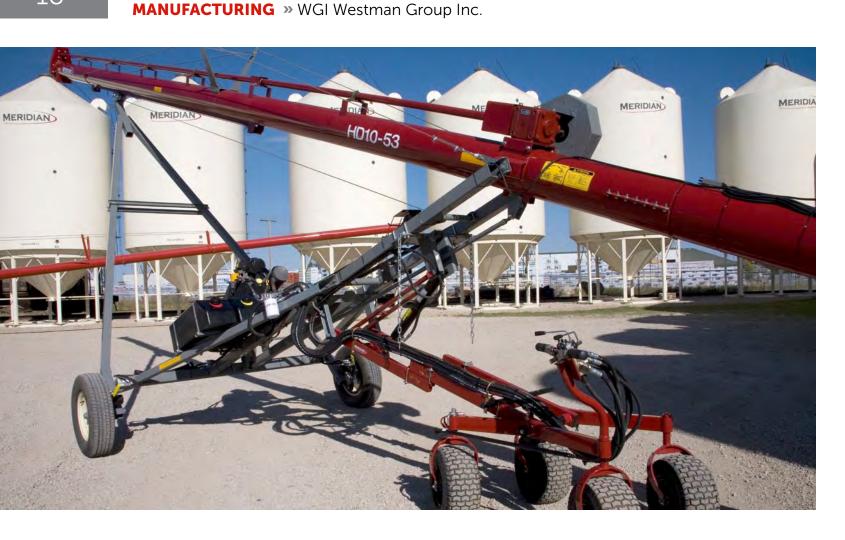
"We're always looking at new products to

incorporate into our existing lineup to improve and upgrade," Edwards adds.

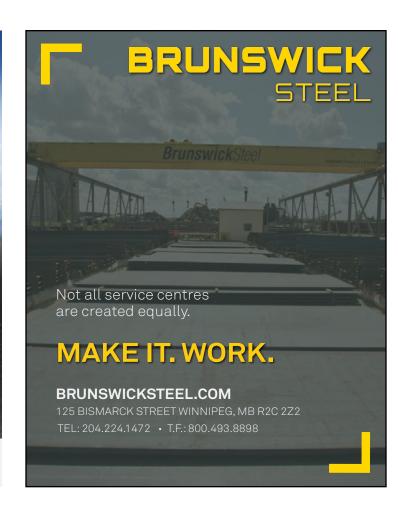
There is also an extendable auger intake system that allows the operator to alter the reach of the auger up to six feet and it will function anywhere within that six-foot range. If a truck is parked too far away it can be pushed out a little further to catch it. No other company has the capability of emulating what Meridian can provide. It's a patented product that is scheduled for release later this year.

"It will be a game-changer in the auger industry," Cunningham predicts.

Due to enormous size, special permits are required to take the large bins down highways with a front and rear pilot car along with







the transporting truck. WGI Westman has its own proprietary trucks and trailers. Meridian developed its trailer, which is backed up to the bin where it clamps onto the legs of the bin and actually lays it down on the trailer bed and at the site it can stand the bin back up. From most all of western Canada and parts of eastern Canada you can see thousands of white bins standing up in rows traveling along the highway and virtually all of them originated with Meridian.

"When I drive across the Prairies and even into Ontario I see our Quonsets, grain bins, SmoothWall and Bolt-Together augers and the buildings, I tell Russ he's leaving his mark on western Canada," Cunningham says.

Staffed by industry leading designers and

engineers, Meridian has the capabilities to produce the best solution for each particular project. There are now six world-class manufacturing locations across North America: Lethbridge and Camrose, Alberta; Regina, Saskatchewan, Winkler, Manitoba, Cambridge, Ontario and Storm Lake, Iowa.

### **Behlen Industries**

Behlen is a preeminent supplier of steel building solutions for commercial, industrial and recreational solutions and is the largest manufacturer of pre-engineered steel building systems in Canada. Through a network of international authorized builders the company continues to expand on a global level.

"It was our first acquisition," Edwards says fondly. "We acquired it after I had already started making pre-engineered buildings on a small scale, getting our feet wet in Winnipeg. Behlen Industries became available through an American company that had gone into Chapter 11 so the company in Canada became available and we bought it."

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Behlen already had an engineering division and building division that was making CORR-SPAN frameless buildings, the popularity of which quickly took hold due to its simplicity, as well as its strength and longevity.

"The largest clear-span building ever made without posts of 100 metres is in Siberia and it's a FIFA-approved soccer facility," Cunningham says. "It's pretty neat because that means our

"The largest clear-span building ever made without posts of 100 metres is in Siberia and it's a FIFA-approved soccer facility. It's pretty neat because that means our building is going to be on all the FIFA video soccer games now."

#### Paul Cunningham

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building is going to be on all the FIFA video soccer games now," Cunningham laughs.

"It means we can build all over the world for FIFA having met their standard and exceeded it," Edwards says.



Right around the time Cunningham joined the company it had just received a major piece of equipment. It was a million-dollar piece of equipment, which as Cunningham says, was unheard of nearly 20 years ago. "We bought the largest automatic beam welder in North America. We bought it out of Finland brand new. With Russ's Midas touch the next thing you know there were quotes and orders coming out for buildings that nobody else could build in North America but us."

The next acquisition to become a leader in building manufacturing was focused upon putting in the most modern equipment available, which was a Purlin C section roll former.

It's a line that runs at 200 feet per minute and is about 150 feet long.

"We bought that out of Bradbury in the U.S., where they make the best quality of roll forming equipment anywhere. That really helped us get into the big markets," Edwards states.

When a building is difficult to construct and it requires a great deal engineering while being completed on time, Behlen is the company that gets the call.

"We like to say that we make ugly look pretty," Cunningham chuckles.

Behlen Industries was also the first North American steel building manufacturer registered to ISO 9001 and is certified to CSA standard A660, the Canadian standard for Steel Building Systems. Builders the world over are supported through qualified regional sales managers, in-house engineering and technical customer service representatives in offices throughout North America.

"Behlen has a building in Chile and Ellesmere Island so we like to say we have the top and bottom of the world covered," Cunningham says.

# Westman Steel Industries

For almost 40 years Westman Steel has been recognized as one of premier manufacturers of premium steel products anywhere in the world. Through continued innovation, improved product quality and effective support material, the company is the foremost manufacturer of metal roofing and siding products, predominantly for agriculture,

residential and light commercial sectors.

Westman has an exceptionally robust presence in the agricultural market. The company always buys the best steel but Cunningham says the only real way to differentiate oneself from the competition is through excellent, unmatched service and delivery. "It's really a testament to our sales, manufacturing and logistics teams to shine in that market," he says. "I would suggest we are now the largest in western Canada – if not all of Canada – in the agricultural market."

The product line includes: cladding, fasteners & accessories, flashing, liner panels, roofing and CannonBall.

With an increased demand for steel-related products in the residential market, both Edwards and Cunningham envision the residential sector as being a vast potential market with steel becoming more acceptable in mainstream construction with each passing day. Using steel means a roof that will last for 50 years, which is more than double that of a conventional wooden roof.

"You just have to look at Fort MacMurray and see all the homes that burned that had either cedar shakes or asphalt shingles," Cunningham says.

#### **Canada Culvert**

The new Canada Culvert is wholly owned by the WGI Westman Group following the amalgamation of five companies that have more than 150 years of combined culvert manufacturing experience. As the single source of innovative products, solutions, and expertise to meet the



"When you're driving across the TransCanada Highway you're driving over our culverts."

Russ Edwards

needs of its customers and their soil and water management challenges, the company's catchy and very apropos mantra states that "Innovation Flows from Here".

Edwards and Cunningham started in the culvert business and grew the enterprise by being thoroughly aggressive in the marketplace and were the first ones in western Canada to install a helical mill.



"We're so focused on tomorrow and the next deal that we sometimes forget to turn around and look at how far we've come."

#### - Paul Cunningham

"That part of the business grew because of the type of equipment we put in," Cunningham proudly says.

"When you're driving across the TransCanada Highway you're driving over our culverts," Edwards adds.

### **Competitive Edge**

There's no doubt that WGI Westman has gained a substantial competitive edge over other similar companies in this industry and is one of just a handful of Manitoba-based companies that is a platinum member of the Best Managed Companies in Canada. Edwards is also a member of the exclusive Manitoba Manufacturers Hall of Fame. He modestly says that geographic location has been important to the corporation's success, but Cunningham immediately interjects and says that it's much more than that.

"Trust breeds trust. You can't do what we did without trusting people," he says. "We empower people and they run their divisions like entrepreneurs. We pay well and have a stronger talent pool than our competitors. You don't hear this in business very much, but we love Russ and his family



and you simply don't want to let him down."

Neither Edwards nor Cunningham are the type of individuals to pat themselves on the back for a job well done because – in addition to their modesty – both are always intently focused on the next big opportunity that is waiting just around the corner.

"We're so focused on tomorrow and the next deal that we sometimes forget to turn around and look at how far we've come,"

Cunningham admits.

From an overall perspective, Edwards and Cunningham estimate 20% of their entire business is from the U.S. with close to 80% in Canada.

"In terms of absolute dollars our export is maybe 10%," Cunningham says. "We are now in the process of rethinking our approach to exporting particularly in terms of buildings and markets such as Georgia and Kazakhstan. If you ask me next year the percentage could be quite significant."

While the company has reaped tremendous success, both men say the plan is to change their approach on some of their strategic initiatives. One aspect they want to address is looking to become more of a general contractor, so that a \$4 million sale could have the potential to be \$40 million.

## **Community Support**

WGI Westman is known for its generous support of a number of community initiatives and charitable foundations including medical research with St. Boniface Research Centre in Winnipeg. The company donated \$1 million in taking a leadership role in helping to obtain new equipment including a Cardiac MRI machine allowing for the processing of four times as many people in the same amount of time. The Edwards family has made a conscious decision to allocate a certain portion of the annual corporate profits to charity including support for the Alzheimer's Association along with Cancer Care, MS and Diabetes, among others.

Another \$1 million was contributed by WGI Westman for the starting of the Winkler Recreation Centre, which will be called the Meridian Exhibition Centre.

"Our vice president at Meridian is based out of Winkler and has grown the company to the point where we can't have our Christmas party there because there's no building big enough. But the new recreation centre will have a banquet hall big enough so we also bought those naming rights, and it will be called the Bernard Thiessen Banquet Hall because he's the reason they needed to build it," Cunningham says.

In an exceedingly generous display of

"My job is to ensure this company is profitable and stable. Every day we get up and put our nose to the grindstone. We have four exciting divisions, all with growth opportunities."

Paul Cunningham



community spirit, Edwards and Cunningham also had the company donate all the necessary steel for building the fire hall in Whiteshell Provincial Park, which happens to be the only unpaid fire hall for volunteers in all of Manitoba. The fire hall is completely volunteer-based in the true sense of the word and therefore must fundraise for virtually everything with no money being allocated by the province.

# **Future Expansion**

Cunningham says that if a strategic plan had been written 15 years ago the company wouldn't be anywhere near where it is today largely because many of the opportunities that ultimately came forth would not have been anticipated. For Edwards and Cunningham it's not about being the biggest, but rather it's about being the best.

"My job is to ensure this company is profitable and stable," Cunningham states. "Every day we get up and put our nose to the grindstone. We have four exciting divisions, all with growth opportunities. If we did nothing but run our businesses for the next five years it would be an exciting five years but I don't think that's all that's going to happen. I think we're in for a lot more excitement along the way."

Both men take great pride in the solid reputation of WGI Westman and by extension they want everyone who works for them to feel that same pride as well. Espousing values of safety, customer service and product quality are at the

"Keeping everlastingly at it brings success. You never give up. You keep moving forward."

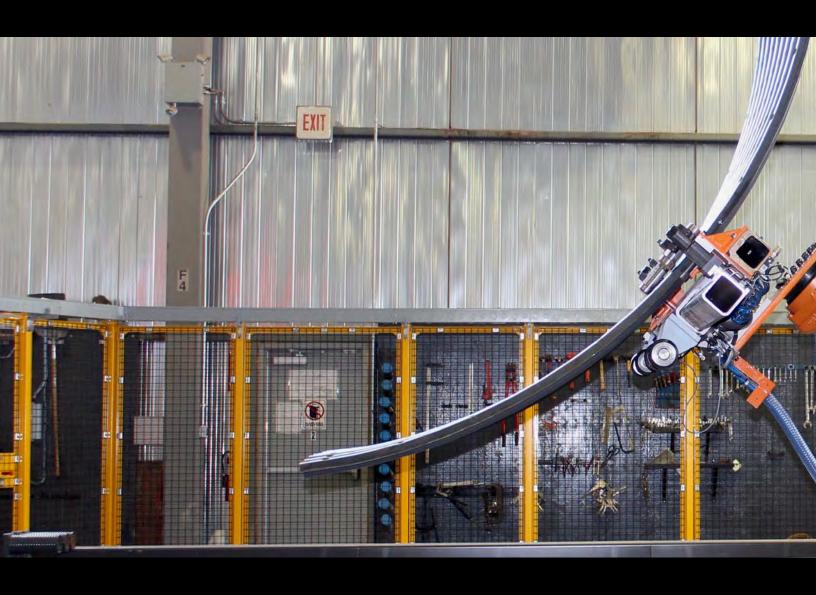
- Russ Edwards

very core of WGI Westman's mandate. "We exist because our customers choose to do business with us and they do so because of the quality of the product, the quality of our people, our delivery, our compassion and our honesty," Cunningham says.

Meanwhile Edwards is in the process of writing his memoirs, which he started five years ago and jokes that it may take another five to finish. From his much earlier business days, working with another company, Edwards continues to embrace the same motto to this day.

"Keeping everlastingly at it brings success," he recites. "You never give up. You keep moving forward." **CBJ** 

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