



Alco Spring Industries:

Rooted in the Rail Industry

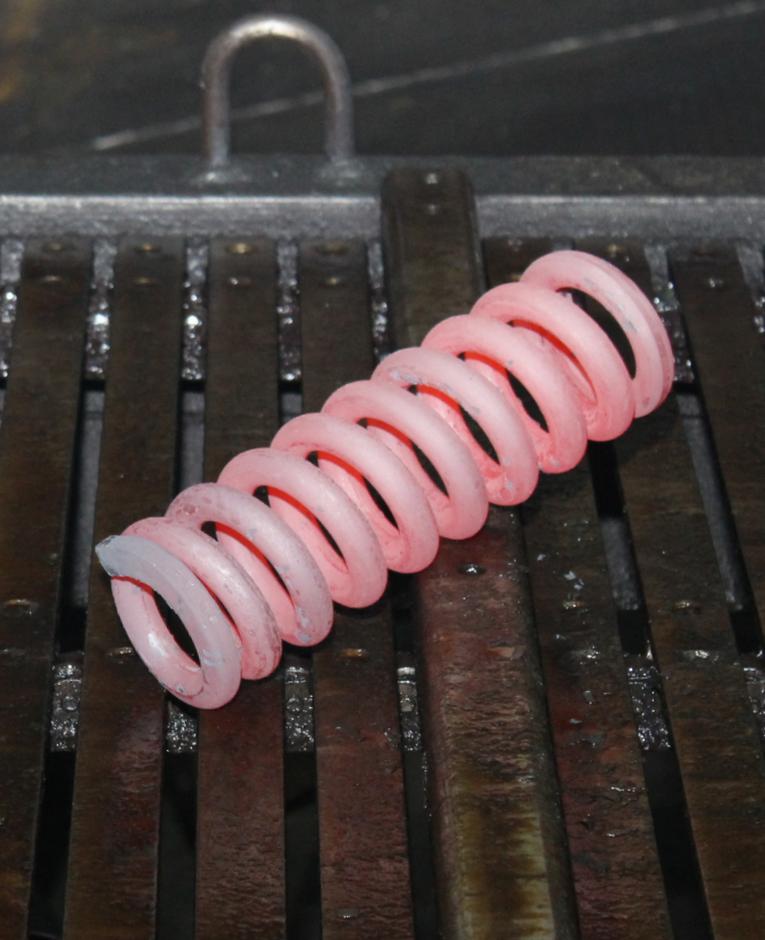
By Gary McCoy, Managing Editor

Alco Spring Industries still sits on the same 27-acre parcel where it was founded in 1908 in the far south Chicago suburb of Chicago Heights, Illinois. When you stand inside the hulking 150,000 square foot facility, the rumbling of trains can be heard from time to time due to the tracks that run adjacent to the property.

The railroad industry has played a significant role in the history of Alco Spring, and it is still one of several sectors to which the company supplies springs.

Clayton Baker, vice president and general manager of Alco Spring, says the more than 100-year old company was initially owned by American Locomotive Company (Alco) based in Schenectady, New York. As a component supplier, Alco Spring would ship finished products via railroad car to Schenectady for final assembly.

"They supplied springs for the locomotives, including freight car springs and leaf springs," explained Baker. "On a steam locomotive you see the big wheels. There's actually a rim that goes on each wheel, and Alco used to make the rims here."



He adds, “At one time, Alco was probably larger than General Motors. Here at the Chicago Heights plant there were numerous buildings that supported the operations, and they even had their own electricity producing power plant on the property. It was quite an operation.”

Alco Spring is now a subsidiary of A. Stucki Company (see related article on page 50), and continues to be one of a few SMI member companies that exclusively make large hot wound coiled springs. Baker first came to work at Alco Spring in 1989. That proved to be a significant year because he got married to his wife, Jill, on Dec. 31, 1989.

Before coming to Alco Spring, Baker had worked as a consultant, spending many days on the road.

“Getting married, I needed to get a job closer to home,” he explained.

Baker had been introduced to Bill Schroat, the vice president of sales at Alco Spring by a friend. “I was determined not to be in sales,” explained Baker, “but this guy saw something in me and thought I should be in sales.”

As it turned out Schroat hired him and became one of Baker’s mentors. Baker laughs when he looks back on how his first tour at Alco Spring began.

“Basically, my career start here was: ‘Here is your desk, here’s your phone, the bathroom’s down the hall; now get to work.’”

At that time, Alco was still predominantly railroad focused. Baker started with some basic accounts and learned how to sell freight car springs.

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He eventually branched out into industrial accounts before leaving with his mentor to work at various railroad supply companies.

Baker later went to work for A. Stucki Company when it was still family-owned.

In 2003 Bill Kiefer became the president and CEO of A. Stucki Company, the first non-family member to occupy those roles. After the untimely death of one of the last remaining Stucki family members, Kiefer put together a management group that included Baker to purchase the company.

Baker said Kiefer and the team faced a dilemma: “Are we going to be one of the companies that is bought out by somebody, or are we going to grow?” Baker said the decision was “grow.”

To grow, Stucki started buying up component suppliers to the railroad industry. One of those components was springs, which involved the acquisition of Alco Spring in 2008.



“Since I told our president (Kiefer) how I could have run Alco better when I was there the first time, he remembered that and said: ‘Here you go,’” explained Baker.

From day one of the acquisition in 2008, Baker was tapped by Kiefer to run Alco Spring.

Coming Back to Alco

At that time of acquisition one of the strategic decisions by A. Stucki Company was to get Alco Spring back into supplying springs to the freight car market. Alco Spring had produced less rail car springs after Baker left in the ‘90s.

Baker said one of his first tasks was to contact former customers to try and rekindle some of the former railroad and industrial business they had lost.

His next task was to improve the physical structure of the plant with better lighting, new furnaces and upgraded equipment, a priority by Stucki to invest capital into the facility.

Baker said his primary focus was on the management and sales side of the business to solidify the customer base, but acknowledged early on that he needed help with operations.

“After the acquisition, we had some good operational people come in here to help implement lean manufacturing principles to the company,” said Baker.

Another focus was to improve the engineering and quality departments of the company.

Baker says one of the business philosophies he follows is: “Make it easy for the customer to give you the order.” Baker says it’s a principle he learned from his mentor, Schroat.

“I tell our employees all the time to ‘do whatever you have to do to get an order and make the customer happy.’”

He said he also likes being the “silent supplier.” Baker explains that it means “you’re supplying the product and things are going along well, so the customer doesn’t need to contact you or worry about anything.”

Baker advises that you still need to be in touch with the customer from time to time to nurture the relationship. He says Alco has enjoyed many long-term relationships with customers, but even that has changed over the past few years.

He says many customers are being pressured by price. “They don’t necessarily care that you’ve had a relationship for the past 15 years, they just think: ‘I’ve got to save 20 percent on my buy.’”

Needed Change

Baker says when he was tapped by Kiefer to run Alco Spring, a change in culture was needed. He looks at this as being one of his greatest challenges.

He said some Alco Spring employees embraced the change, while others who had been with the company had a difficult time adapting. Baker talked extensively about the implementation of lean manufacturing to Alco Spring in a Summer 2015 *Springs* article titled “Go Lean and Do It Your Way.”

Part of the lean process was focusing on what Baker described as a “pull-through approach.” This involved lowering the work-in-process so excess inventory was not



About Alco Spring's Parent Company

Based in the Pittsburgh area, A. Stucki Company is a leader in the rail supply industry offering a full line of highly engineered dynamic control products, brake products, springs and other services to the freight car, locomotive and transit industries. Through its subsidiaries (including Alco Spring) the company also provides freight and locomotive component repair and reconditioning services; hot wound coiled spring manufacturing; high quality iron castings; precision CNC turning and milling; and custom molded urethane products.

The company was established in 1911 to fulfill a growing need in the railroad industry led by Arnold Stucki's vision with manufacturing and fulfillment of freight car parts. It continues to be privately owned.

A March 2015 *Smart Business* article on A. Stucki Co. tells more of the company's story and how Bill Kiefer leads the company. To read more visit: <http://www.sbnonline.com/article/stucki-co-bill-kiefer-grow-family-companies-one-goal/?all=1>

You can visit the company's website at www.stucki.com.

sitting on the shelf and only enough springs were being coiled to meet the orders for the day, explained Baker.

"We use that machine to coil another order the same day," he said, "whereas before we would wait to do it another day."

In the *Springs* article, Baker said employee buy-in to lean principles is one of the most important steps in the process. "Without the active participation and support of your staff, your company will be hard pressed to set realistic goals, let alone achieve them."

For Alco, the process of going lean was crucial to facing the dilemma of rising costs, excess inventory, too much waste and increasing inefficiency.

Baker says that has been especially true in the past year.

"I've been involved in the industry for more than 25 years and this is the first time I've seen almost every market segment down," explained Baker.

He says the challenge in a down market is not to get too aggressive because it could cost you later.

"We are going after new markets and new products, but not too aggressively," Baker said. "I want to expand our offerings and explore what other kinds of materials we can utilize to make products for customers."

The raw material department at Alco Spring is much larger than most SMI member companies. The company works with bar diameters of ½ inch to 4 inches, a free height of up to 60 inches and an outside diameter of 1 ½ inches to 26 inches. The company's single, double and



Clayton Baker (right), vice president and general manager of Alco Spring Industries, is pictured with Mike Burke the company's production manager. Burke, who has been with the company for 44 years, is a third generation employee. Both his father and grandfather worked at Alco Spring Industries.

triple coil springs can weigh from as little as one lb. to as much as 2,000 lbs.

The company's current product offerings include: bolster pocket wear plates, freight car hot wound springs, gibs, horizontal wear liners, inner and outer springs, locomotive hot wound springs, pedestal filler blocks, retainer plates, slope plate, vertical ring wear liners, wear plates and yoke pins.

Never Become Complacent

One of the things Baker has learned during his more than 25-year industry career is to never become complacent. "You can never presume that everything is going along fine," said Baker. "I used to tell my children, 'Life isn't a movie. It isn't that you have an issue and then it's resolved within two hours, that's not the way it works.'"

As a company leader he's also learned valuable lessons.

"Part of my nature is to run everything and have my hands in everything, thinking I know best," he said with a laugh. "I've learned over the years that you really have to give expectations to people of what you want and let them do it. At the end of the day that may not be the same as what you thought it was going to be, but sometimes that's a good thing."

He's also learned that: "You really don't do it alone. People are the most important asset you have. Good people are hard to find and even harder to keep. I really try to foster people's growth and keep them."

At Home

Baker is a Chicago area native and a 1984 graduate of Augustana College with a degree in psychology. Though a business minor was not available at the time, Baker says he was fortunate to take many business courses during his college career. He graduated from Augustana into a tough job market and ended up working for Enterprise Leasing.

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He said he learned a lot about sales and customer service from the experience.

"It's easy dealing with a company when you're on the phone," he explained. "When you're dealing face-to-face with somebody, you really learn what customer service is."

From that experience Baker landed in the consulting world that resulted in a lot of travel. "Consulting gave me a good understanding of manufacturing," he said. "I went from a cheese factory to a mine in Australia, where I worked for seven months."

He said one of the basic principles of consulting is that no matter what area of a business you are looking at, "you need to understand what your processes are and how to schedule accordingly."

Baker said understanding the complete flow of everything helps you understand what needs to be done, where there are redundancies and areas to make improvements.

"What was interesting is that a lot of people could see the problems, but they didn't know how to or didn't want to make the change."

Baker says having a consulting mindset has helped him tremendously and was valuable when he took over the operations at Alco Spring in 2008.

When he's not running the plant at Alco Spring or traveling to see customers, Baker describes himself as a "Discovery Channel junkie."

He also enjoys being outside, pursuing skiing and golf.

Lately Baker said he's been spending more time riding motorcycles. He calls it an "almost therapeutic thing." He owns a Harley Street Glide.

Baker says his wife of 28 years, Jill, does not enjoy riding, so he's been sharing that passion with his brother. Last year the pair embarked on a three-day ride to Minnesota.

The Baker family includes a son who's a 21-year old junior at the University of Illinois in Champaign-Urbana, and an 18-year old daughter who's a freshman at Marquette University in Milwaukee, Wisconsin.

“We adopted both of our kids from Korea,” explained Baker. He said the lessons that he and Jill have learned from the adoption process are endless. “It (adoption) is a unique experience that many people can’t relate to. We always enjoy spending time with other parents who’ve adopted children because we have so much in common.”

Baker said he’s excited to continue leading Alco Spring. And as one of the newest companies to join SMI, Baker said he looks forward to tapping into all the resources SMI has available.

“I want to make sure we get more involved, especially my engineering and quality people,” explained Baker.

Like many SMI members, Baker has made friends with other industry colleagues, including Greg Suth, the president of Hoosier Spring in South Bend, Indiana.

“Just like I said before about the value of being able to relate to other adoptive parents, it’s nice to be friends with someone like Greg who’s also a spring manufacturer.”

Baker looks forward to meeting and “adopting” more friends and colleagues as he gets more involved in the spring industry. ■