



February 2017

100  
YEARS

A Family Business  
Born and Built in Chicago-1917



**Fellowes**  
Brands™

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# CELEBRATING 100 YEARS of Fellowes



As Fellowes celebrates its 100th anniversary this year, OPI takes a good look at the manufacturer, its history, ethos and values, its product journey and its leadership team – past and present

**F**ellowes Brands celebrates its 100th anniversary in 2017. A mainstay of the office products industry for nearly the same length of time, it has grown from a small Chicago speciality manufacturer of file boxes for banks to a leading global manufacturer of a broad line of business products. It continues to be a family business, owned and operated by the Fellowes family.

The story began with a partnership of two unlikely entrepreneurs who combined their talents to build a great company. Walter Nickel joined a company from Lincoln, Nebraska, shortly after graduating from the University of Nebraska in 1916. He was hired as a sales rep to sell the company's file box which was designed for old bank records. His selling success, however, was impeded by a poorly-designed product.

When the young sales rep brought this to the attention of his boss, he was largely ignored. In time, Walter left the company and set out on his own. He designed a similar product which addressed the problems his customers had shared with him. The file box fit standard-sized bank forms properly and was made out of a rugged new material Walter had noticed – corrugated fibreboard. This was first introduced for shipping boxes which would ultimately replace

**Co-founder and first President of the Bankers Box Company, Harry Fellowes**



wooden boxes. Walter set up shop in an office building in the tailoring quarter of Chicago in September 1917.

Harry Fellowes, a custom clothes maker, happened to work on the eighth floor of the same building. He had a nice small tailoring business, but he was restless and had his eyes open for a better opportunity. Harry, a curious and outgoing man by nature, contacted Walter and in the process learned about his business. He soon became intrigued with the innovative little file box which seemed to be warmly received by banks.

One day, Harry noticed Walter packing up as though he was closing. When he enquired, he learned that Walter had been drafted into military service for WWI. He was to report for active duty on 2 May 1918, just a few days hence. Harry acted upon his instincts and offered to buy the business. For Walter this seemed

**[Harry Fellowes] soon became intrigued with the innovative little file box which seemed to be warmly received by banks**

Fellowes' first product – a records storage box



a convenient way to dispose of his inventory and monetise his fledgling venture. Harry bought the business for \$121.40 – roughly the cost of the inventory.

The war was over six months later and Walter wrote to Harry to ask if he might be willing to sell the business back at a nice profit. In the meantime, Harry had fallen in love with the business and had no interest in selling. But he recognised Walter's talent

had worked as a boy in his father's foundry and was naturally drawn to technical matters and processes. And he had an inventive mind.

The 'flint and steel' combination made a great spark. The partnership flourished as they soon began expanding by selling boxes to other industries: insurance, automotive, trucking and others. New box sizes were added.

## It was not long before Harry began to get enquiries from stationery dealers about stocking the products locally

It was not long before Harry began to get enquiries from stationery dealers about stocking the products locally. This seemed a promising way to expand the business. For many years the company sold both directly to commercial end users and also through the trade. In time, however, the trade channel won out.

A second generation of the Fellowes family joined the business in the 1930s during the Great Depression. A third Fellowes family generation led the business from the 1980s through to July 2014 when the fourth generation took over. For most of its history two generations have served side by side in the business. Today, James Fellowes – grandson of Harry Fellowes – serves as non-executive Chairman of the Board while John Fellowes II is CEO of the company.

**Right: Fellowes ergonomic, quick set-up record storage box introduced in 2013 shares many similarities with the original Bankers Box from 1917**  
**Below: The first Bankers Box Company production line in circa 1925**

and his own shortcomings, so he invited Walter into a partnership. They incorporated the following year, in 1919, as the Bankers Box Company, which continued as the corporate name until 1983.

The two partners were as different as chalk and cheese. Harry was 39 years old and the more experienced. He had an expansive personality and a natural gift in selling and marketing. He was the President, the strategist and the spark plug. Walter was 15 years younger and more reserved and yielding. He



# Fellowes Brands: INNOVATION IN MOTION

Fellowes Brands has been shaped by four generations of leaders, each with their own unique opportunities and challenges. What links them all is a core set of values, a passion for innovation and a relentless drive to remain relevant

**T**here are two generations still working side by side at Fellowes. OPI's Heike Dieckmann speaks to non-executive Chairman of the Board James Fellowes and current CEO John Fellowes to find out more about the enduring appeal of this company that now stands for so much more than a storage box.

**OPI: What were the initial principles and values that the founders of Fellowes established ?**

**James Fellowes:** One of the most impressive things about the co-founders was their idea that principles and values, not circumstance, should form the basis of decision making. My grandfather had been working jobs and running a small business for 25 years when the Bankers Box opportunity presented itself so he had plenty of experience in both good businesses and bad ones. He knew the pitfalls of a weak company and wanted to build an enduring business on principles that worked for the long term.

Business integrity formed the centre of his thinking. This meant delivering on promises, beginning with the quality and performance of the product. It meant dealing honestly and respectfully with all parties in the business equation: customers, employees and suppliers alike. Both Harry Fellowes and Walter Nickel built teamwork among the workforce and trust between staff and the owners of the company. They worked hard and imaginatively to continuously improve the product as well as the processes in the business.

**OPI: Are these values still at work today?**

**James:** Yes, you could say the co-founders' fingerprints are clearly in evidence at Fellowes

Non-executive  
Chairman of the  
Board James  
Fellowes



Brands after 100 years. About a dozen years ago our board formally adopted four core values: integrity, initiative, passion and teamwork.

These values were identified by a taskforce of Fellowes employees who studied a very critical question for several months: who are we and what do we stand for? They came up with these four core values that were embodied and practiced by the co-founders.

**OPI: Has the relationship between the family and the business remained much the same over the past 100 years?**

**John Fellowes:** Yes, pretty much. Like previous generation CEOs, I am fully engaged in the business with my mind, heart, and soul. I work closely with our team with the goal of making the business stronger, faster and better.

My grandfather reminded me of a long-standing family principle when I began to rise in leadership. He said: "Our family serves the business; the business does not serve our family." I think this has been a real differentiating factor for Fellowes over the past 100 years. Our people see it, emulate it and it shapes our culture. We are committed to thinking about our roles at Fellowes from the perspective of 'service'.

**OPI: You mention the team. How is your senior leadership organised and how do you keep a global business on the same page?**

**John:** Our executive team consists of seven individuals who represent all aspects of the business. We meet formally nearly every week, but our communication is more or less continuous. Within this team I work especially closely with Mike Parker, Global President; Michel van Beek, EMEA President; and Jim Lewis, our Chief Operations Officer.

Each of these three positions carries important responsibility and all of the individuals are remarkably gifted and empowered to achieve our high standards and goals. We have worked together now for some years. We know and respect each other and have learned how to work together effectively.

In turn, each of our executive members of staff is working with teams that serve at functional levels of the organisation.



**Collaborative work environments encourage teamwork at Fellowes Brands' headquarters**

Teamwork is a core value and something we do particularly well. Cross-functionality in our teamwork is critical to its success.

**OPI: You have been listed for a number of years as one of Chicago's best companies to work for. What is it about your company that makes it attractive to employees?**

**“ Teamwork is a core value and something we do particularly well. Cross-functionality in our teamwork is critical to its success ”**

**John:** We have received this recognition on numerous occasions in connection with an annual employee survey which has been run by the *Chicago Tribune*. We have performed well because we are committed to an excellent workplace culture and ensure our people share and practice the timeless values of the business. We also have a high level of engagement in the survey, with 89% employee



participation. Our people know that we take the results seriously and use the feedback for continuous improvement purposes.

**OPI: Fellowes product range has changed substantially over the past 100 years. Can you share with us its progression?**

**James:** Sure. There is a logical flow. Until 1982 (our first 65 years), 100% of our range was made up of Bankers Box records storage boxes and drawers – all made from corrugated fibreboard. Up to that date, we had designed many styles and offered solutions for several kinds of records forms, but we always stayed inside this boundary.

By the 1980s we were beginning to find this boundary confining. We sensed we needed to broaden the product offering because the industry was beginning to consolidate.

We began to expand by 'adjacencies'. Paper shredders were adjacent to our records storage boxes because records destruction follows storage in the life cycle of a record. So we began our shredder business in 1982. This adjacency led to another one – binding and laminating. Our customers tended to combine these two categories alongside shredders and we added binding and laminating through an acquisition in 1998.

In 1983, we also moved into plastic trays for diskette storage which was adjacent to our corrugated diskette boxes. This led us to venture

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## Our tried and tested Bankers Box products still represent about 25% of the total business

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into the broader category of computer accessories which we developed over the 1980s and 1990s. We expanded our computer accessories offering one category at a time through internal new product development or acquisitions.

By the year 2000, computer accessories had expanded to over 40 sub-categories and represented nearly 50% of our global sales. Today, this business takes the shape of our Mobile Accessories segment for mobile digital devices and Workspace Management products which promote 'well-being' in the workplace.

During this journey we have acquired 30 companies and launched hundreds of new products. That said, our tried and tested Bankers Box products still represent about 25% of the total business.

**OPI: How have these product categories fared in the face of digitisation and the decline in the usage of paper?**

**John:** Paper consumption is the driver for the traditional office products market. We have soberly assessed the decline in paper usage since 2005 when consumption peaked and then began to reverse. While the trend line points gradually downward, we are working with great energy and resolve to develop new categories that shift us away from paper dependence. In particular, we have invested in products which promote health and productivity in the workplace.

A good deal of our investment and early success has come from our AeraMax air purification products. In five years' time we have established a good market position in both the household and SOHO market. In addition, we have broken new ground with an innovative commercial-grade machine designed for 'shared space' applications like bathrooms, locker rooms, kitchens, medical offices and other places where odours, allergens or germs otherwise prevail.

We are also launching new categories in 2017, which enable an active working environment. For

CEO John Fellowes



example, this February we are introducing our new Lotus Sit-Stand workstation (see below). This is an innovative solution with patent-pending technology that enables employees to effortlessly transition between sitting and standing.

**OPI: Fellowes is a family business. What has each generation of leaders brought to the table?**

**James:** Each generation in the business has been successful in taking Fellowes to the next level. Harry Fellowes and Walter Nickel really pioneered and established the market for orderly inactive records keeping. They built a great business and persevered in the face of the Great Depression and World War II.

The second generation, Folger Fellowes and John Fellowes, began in the grim 1930s. Their employment was interrupted during WWII, but when they returned, they built the Bankers Box Company to a national business, with national distribution through wholesalers and dealers in the US. They also sowed the first seeds of business in Canada and the UK.

With my brother, Peter, our third generation worked to take Fellowes to another level. We expanded geographically to become a global enterprise with 15 overseas subsidiaries on five continents, with about 50% of our revenues coming from business outside the US. We also expanded the product range into new categories. About 75% of our sales today come from product categories that were added after 1982.

From the founding of our business in 1917 up until the last decade, increased paper consumption has provided a helpful wind in our back. But, of course, the wind has shifted. Now we navigate through a moderate headwind with paper usage declining.



“ Each generation over the past 100 years has dealt with the challenges of its time. Declining paper usage just happens to be ours ”

Above: Fellowes AutoMax 500C Auto Feed Shredder

In 2014 we completed the transfer to the fourth generation with John Fellowes II now serving as CEO. John and his team are leading us into growth markets to ensure that we grow and prosper.

**OPI: John, this sounds like additional pressure on the fourth generation and your team, particularly given the challenging market situation. How are you coping with that?**

**John:** Well, each generation over the past 100 years has dealt with the challenges of its time. Declining paper usage just happens to be ours. The good news is that paper consumption is declining slowly and predictably.

In addition, our family, our board and our leadership team are committed to investing disproportionately in new exciting growth categories. We are investing in both core and expansive new product development and seeking acquisitions to help reshape our product portfolio.

**OPI: Finally, what plans do you have for celebrating your 100th anniversary this year?**

**John:** We have planned a year-long schedule of events and initiatives that will culminate in September. That month marks the moment when Walter Nickel ventured out on his own with his newly designed file box for bank records.

We are organising employee and customer events in our 16 country locations around the world. My father is currently completing work on a 100th Anniversary Fellowes Brands History. It should be fun!

The Lotus Sit-Stand Workstation provides a solution to prolonged periods of sitting in the office





# YEARS

Innovation in Motion™ Since 1917

**Fellowes**  
Brands™