

# *Opportunity Profile*

President/Chief Executive Officer



The world's leading manufacturer of  
automated egg processing equipment

*Ketchum & Associates, Inc*

"WHEN LOCATING AND SELECTING THE RIGHT LEADERSHIP  
IS A MATTER OF CRITICAL IMPORTANCE"

## INTRODUCTION

Thank you for your willingness to review the enclosed profile. I believe the following pages will accurately describe an outstanding opportunity for an experienced president who would enjoy driving international growth and product diversification within a technologically advanced, entrepreneurial environment.

The following profile was written as a result of a recent visit to our client's facility, located in Farmington Hills, Michigan. During the four days we spent onsite, Jim Agle, representing the ownership of Diamond Systems, and Dick Dibbs, Diamond's current President & CEO, allowed us unfettered access to Diamond's executive team. This enabled us to assess the culture of the company, the personalities that make up the management team and the company's goals, objectives, capabilities and hindrances. I believe this is important for you to know because as consultants to management, rather than recruiters, we are committed to thoroughly assessing each client who retains our services and each individual desiring candidacy. Only then can we make the right match that results in long-term economic value for our client and career satisfaction for the chosen candidate.

We would welcome the opportunity to talk with someone you know who meets most or all of the requirements described in this profile. From us, individuals can expect the following courtesies:

1. **They can be assured of complete discretion on our part.** Neither their comments nor any other information they might share with us will be distributed to anyone, including our client, without their permission.
2. When dealing with our firm, interested parties will **be interfacing directly with our senior management.** There are no junior associates employed in our firm.
3. **We treat everyone the way we would want to be treated if our positions were reversed.** Practically, this translates into doing what we say we are going to do and in a timely manner. We promptly return phone calls and provide frequent and honest feedback to both candidates and clients.

As to our veracity in adhering to the above mentioned points, we would invite all interested parties to "check us out" by contacting anyone we have done business with in the past. You will find we are unique in these respects.

Thank you again for your willingness to review the following profile.

Jeffrey R Ketchum  
Chairman & CEO  
Ketchum & Associates, Inc.

## **THE OPPORTUNITY**

For more than seventy years Diamond Systems, a \$43 million dollar privately held company, has been a driving force throughout a niche of the agricultural industry. Known for the continuous introduction of technological advancements, the company's revolutionary products have positively impacted egg grading, packaging and breaking operations throughout the world.

Poised well for both product and market expansion over the next five years, the company is currently seeking an experienced President/CEO who can grow top-line revenues, while improving bottom line margins, thus positioning Diamond Systems as the #1 supplier of egg processing systems in the world.

This opportunity would be well suited for a seasoned President/CEO who would appreciate the entrepreneurial environment surrounding Diamond Systems and the operating autonomy provided by ownership. Furthermore, the fact that this is a mature, profitable business with long-term "value oriented" capital backing could be additionally appealing.

Many reasons may lead an experienced President/CEO to explore this unique opportunity. Perhaps a candidate is working for a publicly traded company whose focus is bent on meeting quarterly earnings estimates rather than managing for maximum long-term value. Another candidate may be employed by a large holding company that provides extensive operational oversight which often infringes on a candidate's management style. Still another executive may be attracted by the opportunities involving international growth and product expansion. While another may be motivated to pursue a career path leading to group oversight within the private holding company that owns Diamond Systems.

The right candidate will be attracted to the company's people, its products and the tremendous potential for growth. This is truly an exceptional opportunity for the right leader.

## **THE COMPANY**

### **History:**

With its heritage extending back many years, Diamond Systems has a notable history that sheds light on the culture and technical innovations of the company.

In 1934, Everett Keen of Vineland, New Jersey, began developing equipment for the poultry industry, which included feeders, watering equipment, egg washers and graders. With the addition of Tony Siciliano in 1942, Keenco developed the first true automation in egg production. During this same time period but in a different part of the country, George Bliss began experimenting with

electronic blood and crack detection. He merged his ideas with Clarence Page of Detroit, Michigan, in the 1950's to form Page-Detroit.

In the 1960's Diamond International, a multi-billion dollar packaging, paper, lumber, match and machinery business purchased Page-Detroit and Keenco. The new company became known as Diamond Systems.

By the late 1960's and throughout the 1970's, Diamond Systems was installing many large systems around the globe. These major projects occurred in Europe, Japan, Australia, the Middle East, and North America. The major projects, along with international market exposure, accelerated Diamond's research, knowledge, and services to the global egg industry.

In 1983, Diamond Systems became a private company through a management-led, leveraged buyout. Also, that year the company introduced a revolutionary new concept in egg grading, the 8200 egg processing system. Over the next 3 years, the company installed 100 of these systems and the 8200 system became the industry standard. In the years following, Diamond Systems increased their international efforts and gradually began penetrating the grading and farmpacking markets in England, Holland and Spain. Additionally, the Latin American market for Diamond's products began to rapidly expand.

In 1986, the company was purchased by its current owner, Talon LLC, a Detroit, Michigan based private holding company that invests in middle-market size industrial companies with revenue ranging between \$10 million and \$100 million. Unlike most private equity funds or turn-around firms, Talon invests its own capital with a "value oriented" long-term horizon. It should be noted that operational talent is not a current part of Talon's management team, and as such, a new President/CEO will be expected to run Diamond Systems as if they were its owner/operator.

**Today:**

With 70 years of experience and success, the company today ranks #2 worldwide among suppliers of egg processing systems and is gaining on the #1 position. The business is both profitable, and in most respects, stable. As such, this opportunity will afford a President/CEO the time to make the right long term decisions for the company and its shareholders, rather than being subject to the "immediacy thinking" required in turn-around situations or competitive market/price wars.

Company revenues are currently in the range of \$35-45 million dollars, but are subject to fluctuations due to the volatility of the U.S. egg market. Recognizing this, current management has made several key improvements to increase financial stability. First, they have transitioned manufacturing operations from being fully integrated to being assembly focused. Secondly, they have made several operational improvements, including laying the foundation of a quality system and implementing lean principles throughout the plant, e.g., cellular manufacturing and kaizen teams. Furthermore, both current management and ownership recognize the need for increased market penetration in Europe and product diversification, which will be a central focus for the new President/CEO.

Diamond Systems currently employs approximately 120 individuals and manufactures its product lines in a 150,000 square foot plant in Farmington Hills, Michigan. Additional sales, parts and service locations are in Europe, Latin America, and Asia. The company's product lines are in 3 main areas:

- **Farmpackers** gather and pack unsorted eggs at the farm production units at a rate of 25,000 to 72,000 eggs per hour.
- **Grading Systems** load, wash, inspect, weigh and pack eggs into cartons and trays at a rate of 10,000 to 150,000 eggs per hour.
- **Breaker - Separators** load, wash, inspect, break and separate the egg yolks from the egg whites at a rate of 1,000 to 144,000 eggs per hour before pasteurizing, drying or freezing.

The company enjoys a leading market share for several product segments in the Americas, while in other product segments and geographic regions of the world the market share is less than 20%. Throughout all markets the company continues to maintain its reputation for "taking care of the customer" which is so critical in the fraternal industry in which it operates. As such, a prospective candidate will appreciate the dynamics of a "relationship driven" industry rather than one that is driven purely by price.

## **THE POSITION**

Diamond Systems is currently seeking a new President/CEO due to the retirement of the company's current President/CEO, Dick Dibbs. It should be noted that Mr. Dibbs is committed to a successful transition period and will be available for support and assistance, should the new President/CEO so desire.

The President/CEO will oversee all operations of Diamond Systems and will be based in Farmington Hills, Michigan. The position will report directly to Jim Agle, Talon's President, and will directly manage four executive vice presidents of the company - Craig England (Sales & Marketing), Doug Flege (Engineering), Jeff Day (Finance/Administration) and Ron Merlino (Manufacturing).

The President/CEO's performance will be measured by the execution of his duties and the ensuing financial results related to setting strategy and vision, building culture, leading the team, and allocating capital as explained below.

### **Strategy and Vision:**

A primary duty of the President/CEO will be to set, implement and manage all aspects related to strategy for Diamond Systems. In doing so, he/she will rely on previous planning and current insights of senior management and will receive select input from ownership. The following are key strategic issues that will be addressed:

- **Developing and managing a global growth strategy for the business.** With a leading market share in the Americas, most short term growth for the company will occur in Europe, where its products hold a 20% market share. Given the cultural diversity of the region, varying quality standards and packaging preferences for each country, the new President/CEO will address Diamonds Product offerings and adjust each accordingly. In Asia, where 70% of the market is for non-automated equipment, the new President/CEO will address longer term issues of strategically aligning the company with these emerging markets.
- **The growth of underdeveloped product lines.** The company has a line of egg breakers/separators that are technologically superior to their competition, but which have been neglected due to a traditional focus on egg graders. With additional attention and resources, the company believes they can leverage their technology and reputation to become a provider of turnkey liquid egg processing systems and pasteurization facilities.
- **The increase of adjacent revenue streams via joint ventures, licensing agreements or acquisitions.** Traditionally, Diamond Systems has focused on supplying the most technologically advanced egg grading, packing and breaking equipment. In the future, the company would like to incorporate additional equipment such as conveyors, automatic palletizing and packaging equipment into a complete system offering.
- **The continued development and implementation of a quality management system.** In recognizing the need for improved quality throughout all areas of the company, management implemented a quality operating system. Over the last two years a formal quality department has been established and procedures have been implemented. However, the system is still relatively immature and is underperforming. As a result, the new President/CEO will need to focus on further refinements in order to substantially reduce both internal and external quality costs.
- **Improved inventory management.** The basis for which orders are placed, how much is ordered and the timing surrounding orders are all areas that need to be significantly improved on.
- **Enhanced leadership development and increased morale.** With a need for increased bench strength and management competency throughout all levels of the organization, a training and development program would be welcomed by all. Effective delegation and competent hiring/promotion practices are also key focus areas. Additionally, the new President/CEO will focus on increasing cohesiveness among staff and creating a work environment that is fun and exciting to be employed within.

**Vision:**

The President/CEO will communicate their vision throughout all ranks of the company so that the entire business will be aligned and operating according to this vision.

**Building Culture:**

The new President/CEO will continue to develop a team oriented culture within Diamond Systems. They will strive to build a culture of openness, cooperation, and collaboration in an environment that focuses on continuous performance improvement, employee empowerment, responsibility, and well-being.

**Leading the Team:**

The new President/CEO will create measurable performance criteria for the executive team and will hold each member of the team accountable for their performance. He/she will recognize the importance of retaining the key performers in the business, developing the “B” employees and encouraging non-performers to seek alternate employment.

The President/CEO’s success at team-building will be measured through scheduled lunches that Talon’s President, Jim Agle, regularly shares with each Vice President. Regular team assessments will help track the team’s progress and hone the President/CEO’s abilities to keep the team performing at its best.

**Capital Allocation:**

The new President/CEO will set budgets within Diamond Systems and will manage the company’s capital in a manner that parallels shareholder interests. They will fund initiatives which support the growth strategy, and ramp down initiatives which lose money or don’t support the growth strategy. Of particular interest to a prospective candidate might be the availability of Talon capital, which is available for growth initiatives provided that plans are presented and accepted by Talon’s management.

The President/CEO will be responsible for providing monthly management reports to Talon LLC, detailing progress against key strategic initiatives. Additionally, the President/CEO will give full business reviews on a quarterly basis to Talon’s Executive Committee.

**QUALIFICATIONS**

The right candidate will preferably have prior experience as a President/CEO and will be able to successfully meet the current challenges of Diamond Systems as noted above and reflected below in the required qualifications.

The right candidate will have an impressive track record of accomplishments in the following areas:

**Top line revenue growth:** The right candidate will have prior experience in **developing and managing a global growth strategy** for a manufacturer of custom configured or “built to order”

capital goods. (Preferably they have experience in “food processing equipment, although this is not mandated.) They have an understanding of international business practices and understand the cultural nuances of the European marketplace. Prior business experience in acquisitions and/or joint ventures is also highly preferred as the company has placed an emphasis on **product diversification**.

**Improvement of bottom line margins:** In improving bottom line margins, he/she will have experience and involvement in **business process improvements**, including:

- **Quality:** Although the candidate might not have had direct responsibility for directing a quality system in past positions, they been involved in the implementation or continued refinement of a quality operating system. They will be familiar with the principles of TQM and will be able to foster the understanding and acceptance of a quality operating system that will decrease warranty and service costs resulting in increased customer satisfaction and loyalty.
- **Inventory Management:** As a needed area of improvement within the Diamond Systems, a candidate who has prior experience in attaining balanced inventories is required. Knowledge of Pareto Analysis, Just-In-Time (JIT), and Material Requirements Planning (MRP) and the application of these principles within a custom engineered, “built to order” environment would be of particular interest to the company.

The right candidate will be capable of encouraging “boundaryless behavior” within Diamond Systems, which will enable departments to work more closely together rather than in vertical silos. Prior experience in transitioning a business from a vertical hierarchy to being **structured horizontally around key business processes** would be of specific interest to Diamond Systems.

The right President/CEO will have a strong record of effective, collaborative leadership. He/she will have put their time and energy into **developing people** within prior places of employment. As a result they will be able to mentor the management team of Diamond Systems in the areas of effective delegation and individual empowerment, thus allowing the **next generation of leadership within the company to develop and emerge**.

The right candidate will have strengths in the areas of **strategic planning and monitoring**. He/she will look to the future for change and be able to identify short, medium and long-term trends within the current/future product and market areas.

An engineering degree is highly preferred in this position, but not an absolute. What is required is someone who has strong technical inclinations. Diamond Systems designs, manufactures and services a highly automated, engineered product that is specific to a customer’s application. As such, a candidate who understands high speed automation and is technically oriented will be able to maximize his/her contribution to the company. Additionally, someone who has a strong engineering skillset will be able to assist the company in further enhancing a product development program.

## **PERSONALITY AND MANAGEMENT STYLE**

### Specific Preferences:

Talon LLC is a private holding company that is currently structured without any operational executives. As such, the candidate will need to be extremely independent in their operational style. Additionally, they will need to be tolerant of Jim Agle's involvement as an informed shareholder in the business.

Given the "value oriented" investment philosophy of ownership, the right candidate will have a temperament that fits ownership's risk/reward profile. He/she will be able to think from a shareholder's perspective and encourage this type of thinking throughout the management team.

Currently, there are some disagreements among some members of the management team, related to the implementation of a quality program. As a result, the right candidate will possess mediation skills and will be able to resolve any differences between senior team members and keep them working together in a common direction.

Ideally the new President/CEO will be coming from a business that is somewhat larger than Diamond Systems, but is "hands on" and will thrive in a "small company" environment. They must possess a high degree of energy and passion about their work.

The right candidate is considered by others to be very creative. He/she likes complex problems and in the past has come up with solutions that resulted in meaningful growth for their employers and shareholders.

### General Preferences:

At the core, the new President/CEO will be a "principled leader" and will exude integrity and honesty to the highest degree. He/she is progressive in nature and maintains an insatiable desire to improve themselves and the company on a daily basis. He/she will have passion for knowledge and will look forward to learning about the egg business in fervent measure.

The right President/CEO will possess a high degree of intellectual firepower, combined with the ability to communicate exceptionally well. The new President/CEO will preferably have a strong appetite for outreach. He/she will be accessible and have an "open door" management policy. They will be skilled at relationship building and will be visible and available to employees, customers and key suppliers.

The right individual is confident in their decision making skills and history has proven them right. They are collaborative in their approach and foster respectful, open discussions, carefully considering opposing viewpoints and perspectives.

## THE LOCATION

It is quite probable that the right candidate has enjoyed living in a locale similar to Southeastern Michigan, an area with “Midwestern” values and metropolitan accessibility. Perhaps the candidate grew up in Michigan, Illinois, Indiana, or Ohio and would like to return to their roots. Regardless, they will value the quality of life in the Midwest and see it as a great place to live.

Located in Southeast Michigan, Farmington Hills is situated within minutes of the Detroit River, Lake Huron and Lake Erie. Water recreation for eight months of the year abounds. Boaters enjoy the beauty and vastness of these beautiful Great Lakes, while the sportsperson may take advantage of plentiful fishing in these waters all year long.

Known as “The Fraternal Twins”, Farmington and Farmington Hills offer an atmosphere that fosters business growth and progress as well as an exceptional standard of living for its 95,000 residents. The Cities make up a total of 36 square miles, consisting of a unique balance of historical charm and a sense of high-energy business growth and progress. With an average home price of \$192,000, this community offers living accommodations 20% less than the national average. Situated in the heart of Southeastern Michigan, the Farmington/Farmington Hills region offers accessibility to major thoroughfares. Located at the crossroads of Interstates 696 and 275, our corporate and residential communities find access in and around Southeast Michigan to be easy.

For the individual with a love for the arts, Southeastern Michigan has much to offer. The City of Farmington is home to the historic Farmington Civic Theater, fully restored to preserve its 1940's flair and décor. Surrounding areas offer music and theatre at such well known places as the Fox Theatre, Detroit Symphony Orchestra, and Detroit Institute of Art, just to name a few. Southeastern Michigan, rich in history and culture, is also home to many museums and cultural exhibits.

For the sports enthusiast, the Detroit area has much to offer. Detroit is well known for its NHL Stanley Cup team, the Detroit Red Wings and the NBA Champion Pistons. Detroit is also home to a MLB team the Detroit Tigers and an NFL team the Detroit Lions. Additionally, the area was host to the 2005 MLB All Star Game. In coming years Detroit is scheduled to host the 2006 NFL Superbowl, the 2008 NCAA Midwest Regional Finals and the 2009 NCAA Final Four.

With over 125 golf courses, Southeast Michigan has been ranked #8 in the country in courses with real estate according to the National Golf Foundation. Golf Digest has rated Michigan as the 12<sup>th</sup> best golf destination in the world! The area is also home to the Buick Open (Warwick Hills Golf Resort), 2004 Ryder Cup (Oakland Hills Country Club) and Ford Senior Players Championships (TPC, Dearborn).

Residents of Southeast Michigan place a great emphasis on quality education for youth and adult students alike. In addition to a number of highly acclaimed private institutions, Southeast Michigan is home to two Big Ten schools: University of Michigan and Michigan State University, as well as other top rated universities: Oakland University, Wayne State University, and the University of Detroit.



Our client is an equal opportunity employer and does not discriminate on the basis of race, age, color, religion, sex, ethnic or national origin, or physical handicap.

If you know someone who meets most or all of the requirements described in this brochure, please feel free to suggest that person for consideration. If possible, it would be helpful if that person were agreeable to your nominating them.

We fully respect the need for confidentiality of information supplied by interested parties and assure them that their backgrounds and interests will not be discussed with anyone, including our clients, without their prior consent. Additionally, reference contacts will not be made until mutual interest has been established.



*Ketchum & Associates is an international management consulting firm specializing in retained executive search & selection. We are a generalist firm and focus our efforts on senior level leadership positions throughout industry.*

*Our mission is to perform the most professional, highly ethical search work, which results in the creation of long-term value for our clients.*

*Gladstone, MI \* Fort Myers, FL \* Akland, Norway*

For further information on, or consideration for this position, please contact:

**JEFF KETCHUM**  
Chairman and CEO

**CONNIE HARDIES**  
Director

*Ketchum & Associates, Inc*

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