

IN THE SPIRIT OF COMPETITION

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PHOTOS BY GEOFF SCOTT

Leading U.S. distiller uses Canadian machine-building expertise to spike up crucial product launch

It's not exactly turning water into wine, but for the 165 employees at the sprawling, 250,000-square-foot distillery operated by **McCormick Distilling Co., Inc.** in Weston, Mo., using the locally-sourced limestone spring water to produce popular brands of distilled spirits and cocktail mixes is something of a sacred tradition in its own right.

After all, when you've done it as well as McCormick has been doing it for almost 150 years, it's tempting to think there just may be higher powers at work.

Today ranking as the oldest continuously-operated distillery in the U.S., and also listed on the country's **National Register of Historic Sites**, McCormick traces its origins back to 1856, when founder Ben Holladay started using the local springs to distill whiskey, which he then sold to the endless bypassing wagon trains of early American settlers making their way out west.

Holladay then used the money to launch the **Overland Stage Line** and **Pony Express** transportation networks, whose millions of thirsty travellers provided a perfect captive market for the whiskey and other spirits produced in Weston.

The distiller's ownership changed hands several times over the next few decades, incorporating McCormick into the name after the 1895 purchase of the McCormick label from a nearby rival distiller.

In 1993, the present-day McCormick Distilling was bought out from **Midwest Grain Products, Inc.** by a group of private investors, headed by the company's current president and chief executive officer Jim Zargo. Under his helm, the company has enjoyed a 100-percent increase in sales of its core brands over the last decade, with some brands establishing themselves as undisputed category leaders.

"We now supply our spirits to all the 50 states in the U.S. and to 31 foreign countries," Zargo told **Automate Now**. "Our McCormick's Vodka is the number two best-selling domestic vodka in America, and our Tequila Rose is the second-best-selling cream liqueur."

Zargo credits a large part of the company's recent marketplace success



SPS/PHIN Limited general manager Hugh McCrie standing in front of the SM3600 labeler assembled at the company's east-end Toronto facility.

to its moderate pricing strategy, encapsulated in the corporate motto: "Premium doesn't have to be expensive"

This price-sensitive approach helped McCormick ship a company-record 3.6 million cases in 2004, and Zargo says it is already on course to surpass that total this year.

BANNER YEAR

"We are confident that 2005 will continue our recent success, that we will ship close to four million cases this year," Zargo states. "We did over US\$150 million in sales in 2004, and we aim to do even better this year."

"These days we produce a very broad range of bottled spirits from vodka to gin, to whiskey, to cordials, and to ready-made drinks," says Zargo, listing **Tequila Rose, KeKe Beach, Taantula Azul, Taantula RTD, PandoVilla, Montego Bay - West Indie Rum, McCormick's Vodka, Wisar's DeLuxe Canadian Whisky** and **Irish Cream Liqueur** as some of the brands enjoying healthy market growth in their respective segments.

One of the brands showing particularly promising market potential, according to Zargo, is the **Tequila Rose Strawberry Cream**, a smooth combination of strawberry-flavored

cream liqueur mixed with tequila, which was recently listed on the closely-monitored *What's America Drinking?* consumer survey in the U.S.

To cash in on the surging popularity of this not-too-sweet, 15-percent-alcohol concoction, McCormick came up with a new stylized, painted-glass bottle—decorated with classy, black-silver-pink labels—scheduled to make its store-shelf debut in North America this month. (See Picture)

Zargo says the company has taken all the steps to

ensure that the market launch of the new, attention-grabbing 750-ml container goes off without a hitch.

One of these steps included recent installation of a brand new, model **SM3600** cold-glue label applying machine, manufactured in Toronto by labeling equipment specialists **SPS/PHIN Limited**.

"When McCormick Distilling came to us and told us what they needed, we began with our SM 3600



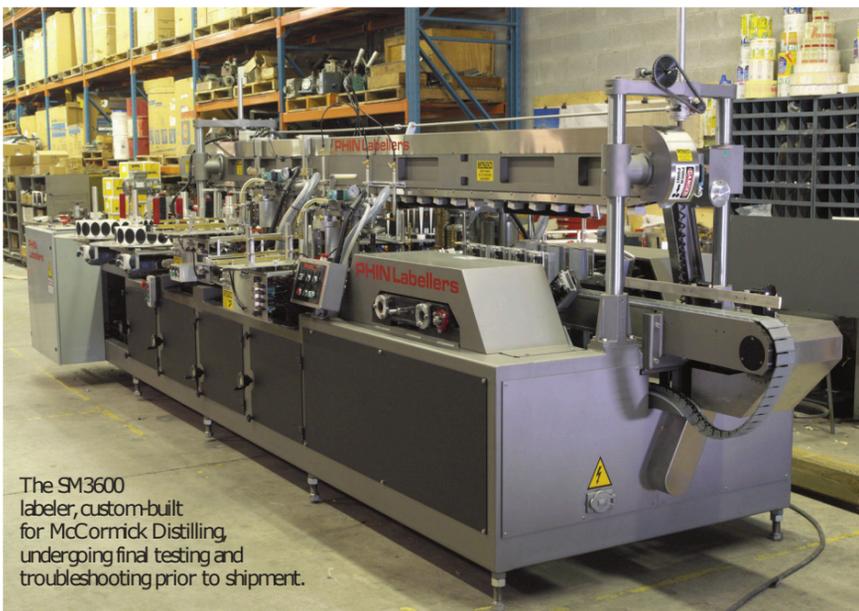
A series of Allen-Bradley Micro-Logix PLCs (programmable logic controllers) forms the heart of the SM3600 labeler's control system.

machine ... and then we began to hybridize it, changing it and altering it to within their specified footprint," says SPS/PHIN general manager Hugh McCrie, adding that this SM3600 model was the fifth labeling machine his company has custom-built for the Weston distillery over the years.

"I have been down to the McCormick plant many times over the years we have been doing business there," recalls McCrie. "The last time I was there, I saw this really old machine, which was so simple in comparison to the SM 3600 we sold them, that I started laughing ... until I realized that it was my company which originally built it, over 30 years ago."

"I can't even begin to fathom how many bottles it has decorated over the life of it, but I guess they got their money's worth, and then some."

McCrie says he has no doubts that the new SM3600 will prove to be every bit as wise an investment, describing it as an extremely reliable and user-friendly piece of equipment.



The SM3600 labeler, custom-built for McCormick Distilling, undergoing final testing and troubleshooting prior to shipment.



A series of Allen-Bradley PowerFlex variable-speed drives helps ensure smooth and quick product changeover on the SM3600.

"As our equipment has progressed over the years in sophistication, we tried to remember the machine operator," says McCrie. "In our view, there is no need for the operator to know the guts of the machine—just how to operate it.

"If he has to know the guts of the machine, it means that the machine just isn't reliable enough."

And proven machine reliability is precisely of the key selling points for SPS/PHIN, an employee-owned enterprise that by its very nature promotes close teamwork and knowledge transfer among the 22 employees.

LOYAL WORKFORCE

"We've got a few guys working here that have been with the company for over 40 years. You can't buy that kind of dedication or loyalty," extols McCrie.

"And the best thing about these guys is that they aren't afraid to share their knowledge and expertise with the younger co-workers."

Serving a consistently growing client base, which now includes the likes of **Allied Domeq**, **Starplex Scientific** and **Nestlé**, keeps SPS/PHIN very discriminating about the sort of components it incorporates in its machinery.

For electric motors, it often turns to **Leeson Canada**, Mississauga, Ont.-based distributor of motors, gears and controls manufactured by parent company **Leeson Electronics**.

The new labeling machine bought by McCormick is powered by a Leeson **AC 10 hp 230/460 three-phase TEF** (totally-enclosed fan-cooled) motor, and Zargo has nothing but high praise for the machine's performance to date.

"We got a machine that is very accurate in its application of labels, and it also gives us a chance to setup new products quicker and easier," he states.

"To us that means savings and productivity improvement; we can add new products with new shapes to extend our line without worrying about whether our equipment can handle it."

Zargo says the important thing in his business is not necessarily having the most advanced machinery, but having what he calls "relevant machinery" that addresses his plant's specific production needs.

"We're a distiller that makes lots of different brands of spirits, so we need to be able to change from one product to another quickly and without any trouble," Zargo sums up. "That's why we try to keep things relatively simple, like buying all our labeling machines from the same manufacturer, SPS/PHIN.

"It simplifies training and machine operation, and it also saves us on maintenance and parts, should anything ever break down." □

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