

The Story Behind



The Power of Blue[®]



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*Agile...responsive...and committed
to distributor and customer success.*

Something remarkable happens when welding distributors and customers tour Miller Electric Mfg. Co. facilities.

Just one visit, and they're sold on doing business with Miller.

It's not because Miller "wows" visitors with ultra-modern strategies or mega machinery. On the contrary. It's because visitors see how a well-planned, in-line manufacturing approach, a few timeless management principles and an empowered workforce make Miller more agile, more responsive and more committed to distributor and customer success than any other welding equipment company.

We realize in today's high-tech world that our back-to-basics approach may sound a little too simple. But once you've visited us in Appleton, you'll know that it works because it's not a mere strategy.

It's The Power of Blue.

Allow us to explain.

Born from Innovation

It all started in 1929.

A young Niels Miller watched area blacksmiths using the ancient hammer-and-forge technique to weld, and knew there had to be a better way. The only welding equipment in use then was large, expensive and operated on three-phase power, which wasn't available in rural Wisconsin. With no money for raw materials, Niels used scrap sheet metal, core and coil to hammer together the first affordable, lightweight welder that would operate on AC power. He couldn't know this would spark a long line of innovations that would change welding and cutting forever...but it did.

Success came because Niels—and later his staff—was determined to uncover customer needs and devise “better ways” to meet them. That quest for innovation still underlies everything we do—today Miller is the world's leading supplier of arc welding and cutting equipment and one of the leading patent issuers in the welding industry.



Infused with Visionary Thinking

Fast forward to 1993.

Illinois Tool Works (ITW), a multinational company ranked as one of the 100



“Most Admired American Corporations” by *Fortune* magazine, purchased the thriving family-owned business from Niels' descendents.

While the alliance gave Miller resources that added muscle in the global welding industry, the most dramatic impact was ITW's introduction of five simple principles to Miller's business: **Simplify, Flow, Focus, Trust, Empower.**

Adopting these principles took a shift in thinking for Miller's entire workforce, challenging the company's “large manufacturer” mentality and pushing each employee to think and act like an entrepreneur. It wasn't long before customers saw the benefit of Miller's re-energized operating culture—not only did workmanship improve, but delivery lead times were cut from eight weeks to *one day*. And “The Power of Blue” took form to communicate Miller's cumulative strengths to lead a global industry.

Acting on Principles

Today at Miller, the five ITW principles are practiced together, by everyone, at all levels of the company. Here's how they work:

Principle #1: SIMPLIFY

Every product, process, policy, transaction and communication is scrutinized: does it add value for our customers? If not, it's revised or eliminated. That's one of the reasons Miller is considered one of "the easiest companies to do business with."

Principle #2: FLOW

Buy it when you need it. Make it when you need it. Deliver it when you need to. By acting like a small company, we're able to keep customer costs low and responsiveness high—customers find an unparalleled 90 percent of Miller machines in stock when they order.

Principle #3: FOCUS

More than 20 Business Units within Miller each focus on specific markets, giving customers the benefit of working with an enterprising supply-partner who understands their needs...and has the world-class resources to meet them.

Principle #4: TRUST

Any smart company can employ the first three principles, but trust can't be streamlined, scheduled or dictated. Miller's business is built on mutual trust between employees, suppliers and customers. Because of it, Miller customers expect more from us...and know we'll deliver what we promise.

Principle #5: EMPOWER

Trust leads directly to empowerment, which in turn leads to a more stable workforce—Miller has less than 2 percent annual turnover and an average employee tenure of 19 years. Our entire workforce is empowered to make decisions, take risks and break down barriers—and that leads to smarter solutions for our customers.



In 2002, Miller became the first U.S. welding equipment manufacturer (and one of few U.S. manufacturers overall) to comply with ISO 9001:2000 quality standards, giving customers around the world added confidence that Miller products are unsurpassed.

The ITW Influence

For decades, ITW has championed **80/20** to improve manufacturing processes throughout its divisions—a key reason the company and its divisions stay keenly competitive in a continuously changing economy. Based on the principle that 80 percent of business is derived from 20 percent of products and customers, **80/20** helps focus ITW's resources to areas that deliver the greatest return for customers and other stakeholders.



Blue At a Glance

NAME Miller Electric Mfg. Co.

LOCATION Headquartered in Appleton, Wisconsin

PROFILE World's leading supplier of arc welding and cutting equipment

SIZE Over 1,350 employees

MARKETS Manufacturing, Maintenance, Construction, Fabrication, Farm & Ranch, Motorsports and Hobbyist

DISTRIBUTION Sold through more than 2,600 U.S. distributors and distributors serving 100 countries worldwide

PARENT CO. Illinois Tool Works (NYSE: ITW), Glenview, Illinois, a Fortune 200 company with 700 decentralized Business Units employing 50,000 people worldwide

Miller: Advancing the Welding Industry

Since our founding, Miller has worked shoulder to shoulder with customers to understand real-world challenges, then develop solutions—like the examples below—that revolutionize the way welding is done.

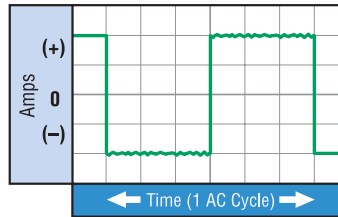
1971

Businesses like body shops could finally afford MIG welding equipment thanks to the first-ever all-in-one wire feeder and power source: the Millermatic® 35. Today, the Millermatic series continues to lead the all-in-one MIG category.



1975

Miller's patented Squarewave technology gave TIG welders AC balance for controlling the arc cleaning action, while providing a more stable arc and consistent output. This industry exclusive improved the weldability of aluminum and eliminated the instability and arc outages associated with sine wave AC technology.



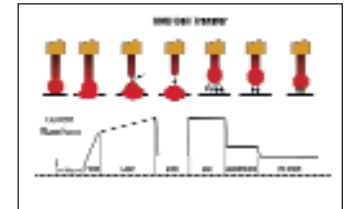
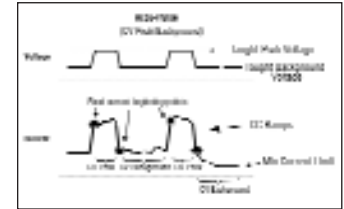
Mid-1990s

Welders on the go had to re-link their machines at every location that had differing primary power, then worry about power fluctuations that could affect weld quality—until Miller's patented Auto-Line™ Power Management Technology came on the market, ultimately solving major problems for users.



2003

Industry-standard MIG welding quality and productivity took a giant leap forward with two new Miller technologies: Accu-Pulse®, which provides precise arc control to help increase wire feed speeds and weld depositions; and Regulated Metal Deposition™ (RMD), which controls the MIG short-circuit transfer, improving weld quality and reducing welder training time.



2003

The portability and convenience of welding and cutting equipment was dramatically improved with the development of Miller's patented Fast Switch inverter technology. Machines now weigh a fraction of earlier models and allow the operator to bring the equipment to the work site to complete jobs faster.



Connected for Total Solutions

Customers can find the same visionary principles at work for them in all the ITW welding and cutting companies. Together with Miller, the ITW companies below offer the most comprehensive, well-crafted welding systems and solutions available anywhere.

BERNARD

The premier source for industrial MIG welding guns, consumables and accessories.



HOBART BROTHERS

The leading supplier of welding filler metals, including the industry's four most recognized brands.



SMITH EQUIPMENT

The complete source for high-quality gas cutting, welding and heating equipment.



WELDCRAFT


The world leader in TIG welding torches and accessories.



★ ITW WELDING COMPANY LOCATIONS

- MILLER ELECTRIC MFG. CO.** Appleton, WI
- BERNARD** Beecher, IL
- HOBART BROTHERS** Troy, OH
- SMITH EQUIPMENT** Watertown, SD
- WELDCRAFT** Appleton, WI

● DISTRIBUTION WAREHOUSES: Fort Worth, TX Lawrenceville, GA Neenah, WI Portland, OR Rancho Cucamonga, CA Swedesboro, NJ



Put the resources of ITW and the
Power of Blue[®] to work in your operation.



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