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# Chapter Forty-Seven

## *Sample Plan Highlights*

### Marketing Communications Highlights Thermadyne 2010

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#### Overview

Thermadyne Marketing Communications (MarCom) consists of a core program that includes print advertising, public relations, interactive media, direct mail, and quarterly promotions. Priority is given to delivering a solid integrated foundation of routine scheduled communications. These programs are managed by a lean and mean team sometimes referred to as the Fab Five (Wes Morgan, Michelle Chamberlain, Tony Tatar, Annie Mertzlufft, Patty Schokmiller).

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The core program has been in place since 2006. Our approach is based on some simple and straightforward ideas. We understand that resources are limited. We also understand that the equity in our industry leading brands must be leveraged and fortified over time. Everyone on the MarCom team has the following marching orders. If we do our job well, we add value to the company.

1. DO WHAT YOU SAY YOU WILL DO.
2. FINE TUNE ROUTINE.
3. BE DEAD SERIOUS ABOUT DEADLINES.
4. HAVE A BIAS FOR ACTION.
5. ONE COMPANY - NOT AN ISLAND, NOT A SILO.
6. BE A DRIVER OF BEST PRACTICES

*This document outlines our core program, strategy and executional highlights. It is a roadmap we hope to follow closely. It does not suggest that we are inflexible or insensitive to short term situations or needs. It simply means that we will always focus on high quality, well planned Marketing Communications as a top priority.*

**DO WHAT YOU SAY YOU WILL DO.**

“EXCEEDING CUSTOMER EXPECTATIONS” BEGINS WITH DELIVERING ON PROMISES. UNDER PROMISE/OVER DELIVER. CREDIBILITY IS KEY - AND IT MUST BE EARNED EVERY DAY. OUR CULTURE MUST SHIFT AWAY FROM MISSED OPPORTUNITIES. STRETCH GOALS ARE OKAY - BUT MUST BE RECOGNIZED AS SUCH.

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**FINE TUNE ROUTINE.**

PEOPLE SHOULD HAVE A SENSE OF MISSION. LIKE A JOURNEY - WE MUST HAVE A SENSE OF WHAT IT WILL TAKE EACH DAY TO ARRIVE AT OUR DESTINATION. WE NEED A SHARED VISION. WE'LL ALWAYS HAVE SURPRISES - BUT WE SHOULD BE ABLE TO DEAL WITH THEM AS ROUTINE. EVEN DURING A FIRE ALARM - THE PRUDENT THING TO DO IS TO STAY CALM AND WALK TO THE EXIT. IT IS EASIER TO PLAN FOR PREDICABLE EVENTS. WOULDN'T IT BE GREAT TO COME TO WORK EACH DAY WITH A CLEAR IDEA ABOUT WHAT YOU WANT TO ACCOMPLISH? HASTE MAKES WASTE. YOU WOULDN'T PLAN TO FAIL SO DON'T FAIL TO PLAN.

**BE DEAD SERIOUS ABOUT DEADLINES.**

WE ARE A COMPLEX ORGANIZATION AND IT TAKES A LOT OF DIFFERENT KINDS OF PEOPLE TO MAKE THE WORLD GO AROUND. IF WE CREATE AN INTERNAL CULTURE OF MEETING DEADLINES, WE'LL GET BETTER AND CHALLENGE OURSELVES TO DELIVER ON-TIME OR AHEAD OF TIME. WINNING TEAMS HAVE PRECISION TIMING - THE MEMBERS OF THOSE TEAMS UNDERSTAND HOW CRITICALLY IMPORTANT TIMING TRULY IS.

**HAVE A BIAS FOR ACTION.**

LOOK AROUND THE ROOM AND ASK YOURSELF HOW MUCH THE MEETING IS COSTING THE COMPANY. YOU WERE HIRED TO DO A JOB. DO IT! SURE, IT'S IMPORTANT TO BUILD BRIDGES OF UNDERSTANDING IN CROSS-FUNCTIONAL RELATIONSHIPS AND BOND, WITH CO-WORKERS BUT YOU HAVE TO TAKE OWNERSHIP OF YOUR POSITION. BE A LEADER. TAKE APPROPRIATE RISKS. PUTTING THINGS OFF AND WAITING COSTS A FORTUNE (WHEN COMPARED TO TIMELY AND THOUGHTFUL DECISION MAKING).

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**ONE COMPANY - NOT AN ISLAND, NOT A SILO.**

NO MAN IS AN ISLAND. GET HELP WHEN YOU NEED IT. THE SILO YOU BELONG TO EXISTS FOR A GREATER GOOD. KEEP YOUR FOCUS ON THE BIGGER PICTURE. IF WE ARE LUCKY ENOUGH TO BUILD A QUALITY CULTURE - THE WHOLE WILL BE SO MUCH LARGER THAN THE SUM OF THE PARTS. EMBRACE OUR DIFFERENCES.

**BE A DRIVER OF BEST PRACTICES**

STUDY BEHAVIOR YOU ADMIRE. MODEL BEHAVIOR YOU HOPE OTHERS WILL ADMIRE. APPLY WHAT YOU HAVE LEARNED IN OTHER ARENAS. SET THE BAR HIGHER THAN STATUS QUO. GOOD ENOUGH IS NOT ENOUGH. RUN FASTER THAN THE SLOW HERD WITH WHICH YOU ARE RUNNING. BE PASSIONATE ABOUT THE RIGHT THING - AND DO THE RIGHT THING EVERY CHANCE YOU GET.

## **Print Advertising**

### **Profile Campaign Concept**

We continue to leverage our association with individual lives of end-users by profiling them as artisans, craftsmen and professionals. The campaign will draw attention to real names, occupations, unique stories of end users while reinforcing the benefits of our broad spectrum of brands. Initially we developed the campaign as a response to news from industry associations i.e. American Welding Society and a report published in the Wall Street Journal in 2006 about the shortage of welders and other skilled workers.

All of the individuals in our campaign are real people. They have reinforced our feeling that our brands have a very real connection to working people. The campaign allows us to learn more about end users.

Our print media scheduled does not permit us to feature all of our profile ads in our limited paid print media program. However, the pursuit of these stories and product/application experiences has vastly improved our portfolio of case histories and photography available for other purposes such as direct

mail, web and public relations.

As we evaluated the campaign in 2009 (versus competitive advertising activity) we noticed that some of our competitors were employing some of the same techniques. In particular Miller was running ads with allegedly real people touting their website and Lincoln was showing more people in their ads. In both cases, they looked like models to us and the copy seemed contrived and disingenuous.

In four years we created more than thirty profiles of end-users. The campaign has been celebrated. Through this campaign we were able to align ourselves more closely with the skilled individuals who choose our brands. The campaign also had a great by-product as well. Our own employees anticipated each execution in the series of ads and started to get a greater appreciation for the products we manufactured. The real user/testimonial approach also keeps the copy honest and real.

### **Public Relations**

Our ongoing public relations (PR) efforts include a steady effort to place information in relevant industry publications. PR puts its attention on the editorial side of media. Editors are busy people. They are often short of staff. They need help. They want to create an editorial environment that will attract and retain readers. They work for publishers who want to attract advertisers as well. We must be sensitive to these realities as we promote our products and our brands. We are only as effective as our ability to work with select media (editors) in providing quality content they can use. The shared goal is to produce copy that is of interest to readers as well distributors and end users. If we can interest editors in case study examples, expertise or news about our brands and people, it will rise to the top and be featured in a favorable light.

There is no fair comparison of advertising and public relations (paid advertising and public relations are different animals). The measurement system we use is a relative process that helps us to evaluate how we are doing each quarter and each year as time passes. The measurement system helps us evaluate PR

results during the year. Our relative measure assumes a positive placement can be worth up to twice that of a paid ad. Using this relative measure we have achieved significant results. Evidence of results is provided by Brighton Public Relations, our public relations partner, 30 days after each quarter. The report includes an accounting of successful media placements and “greatest hits” (most favorable articles that ran in the quarter). A detailed calculation of relative media value and a summary of releases and editorial interactions is provided in these quarterly reports.

Public Relations is a powerful tool. Employees are invited, as they encounter examples of exceeding customer expectations, situations where technical expertise and products improve end user productivity, a high profile project or application using our branded equipment, to contact the marketing department. (Our front line sales personnel have been particularly helpful in this ongoing pursuit.)

### **Greatest PR Hits**

The investment we made in ongoing efforts to garner positive press about our people, expertise, processes and products paid off annually with great press. A handful of “greatest hits” if calculated using our agreed upon system of approximate advertising value would add to nearly half a million dollars worth of free advertising and reach over two million readers. (*“Greatest Hits” is our affectionate term for cover stories, by-line article placements and the highest scoring placements. The measurement system is based on the cost of advertising space but is weighted by quality factors. By-line article with photos and cover stories will get the highest marks.*)

### **Product Marketing Update Bulletins**

The marketing team, in an effort to be more considerate of our customers’ mail load, has developed a routine that streamlined communications to our distributor network. Product Marketing Update Bulletins are driven largely by product line management (PLM). MarCom includes this quarterly activity on the calendar as a reminder of this opportunity. These bulletins

are designed to act as a sort of summary/abstract of product news, promotions and literature. These bulletins are designed to be a quick read and reference for distributors and our own sales personnel. These mailings provide data-at-a-glance and information such as part numbers and product availability.

### **Sales & Marketing Newsletter**

The Sales & Marketing Newsletter will be published again three times during the year.

The publication focuses on people, products and promotions. The format allows us to present and highlight key initiatives, product news, case histories/successes, and other news. It will also be three-hole punched for ease of storage (i.e. in a binder). The newsletters are also posted on the intranet and available as PDF files. The publication schedule is quarterly in the first half of the year. In the second half of the year the issue is a combined 3rd and 4th quarter issue.

### **Targeted Mailing List**

The Sales & Marketing Newsletter and Product Marketing Update Bulletin direct mail success depends on a good distribution list. Periodically, we will review and update our customer database information. We will ask our distributors to validate and confirm the contact information we have in our system. Our Information Technology (IT) department is a partner with MarCom in this effort. Collecting and updating data is very important, and we will also need to make provisions for timely data integration as the new information is made available.

### **Promotions**

Promotions are designed to create excitement and sales velocity, usually for a limited period of time. Our preference is to develop promotional activity that adds value instead of simply reducing price (and margin). In all cases we encourage everyone to plan promotions well in advance to allow for an appropriate amount of lead time for distribution sell-in activity. The promotions calendar is designed to have a primary focus on

a product or product group on a quarterly basis.

### **Website and interactive marketing**

Thermadyne has invested in a complete overhaul of its website over the past 2-3 years. Initial plans were very ambitious. Thermadyne has been successful in significant improvements and enhancements to its internet presence. The focus now must be on improving the website experience and on the top priority of “exceeding customer expectations.” Since our primary customers are a network of distributors we will follow a business-to-business communications model.

Thermadyne continues to struggle with the website strategy. Problems include the “back-of-the-house” naming conventions for products which makes researching product and availability difficult and improving the secure site interface with distributor customers. Still we have a robust system of e-mail blasts (twice a month) and we’ve used micro-sites effectively and creatively as a key for product launch activity.

### **2010 Thermadyne Website/Interactive Strategy**

**BUSINESS TO BUSINESS:** When it is the practice of one business to sell products or their services to other businesses, governments and commercial institutions.

**BUSINESS TO CUSTOMER:** When it is the practice of one business to sell products or their services directly with consumers as opposed to other businesses.

**GOAL:** To exceed customer expectations globally through dynamic and user friendly websites.

**MISSION:** As a global B2B company, our password-protected sites will take priority and focus on providing a useful online tool for core distributors. Convenience and accuracy will be key. Our public site will provide basic company and product information for all visitors as well as allow access to all global sites. Both B2B and public sites will offer information in a clean and concise manner for easy navigation.

**BUSINESS PURPOSE:** To provide all external visitors (including stakeholders, investors etc.) a marketing tool. The distributor site is designed to make Thermadyne a company with whom it is easy to do business - by providing quick and easy access to product and account information on a daily basis.

### **e-mail Blasts**

We are also building a database of e-mail addresses for electronic e-blast communications. Distributor response to this ongoing effort appears to be positive with a low “opt out” rate. Every effort is made to balance the messaging across welding and cutting product lines. The schedule for the e-blasts is twenty four times a year (twice a month). The program is cost-efficient and usually produced in-house by Annie Mertzluft.

### **Tradeshow Schedule**

The proposed schedule for 2010 will again limit trade show/conference activity to fewer events. FABTECH AWS is by far our greatest trade show investment.

<b>2009 Event</b>	<b>Location</b>	<b>Dates</b>	<b>Size</b>	
AHR Expo	Chicago, IL	Jan 26-28	40 X 15	Over 1,800 manufacturers and suppliers of the latest HVAC&R systems, equipment, products and services including: AC, Heating & Refrigeration Systems, Equipment & Components Building Automation, Controls & Facility Management Products Specialized Climate Control Systems, Radiant Heating & Hydraulic Systems, Plumbing Products Ventilation.
GAWDA SMC	Chicago, IL	Mar 22-24	10 X 10	GAWDA is a 60-year-old trade association serving 500 gases and welding supply distributors and 275 manufacturers. The major trade association representing the industrial gases and welding supply industry.
NACE	Atlanta, GA	Mar 22-26	10 X 10	Features the world's best in corrosion control.

2009 Event	Location	Dates	Size	
FDIC	Indianapolis, IN	Apr 23-25	10 X 20	Fire and rescue exhibition and training conference.
GAWDA SMC	Asheville, NC	Apr 22-24	10 X 10	see above
ISRI	Las Vegas, NV	Apr 27-29	10 X 20	Largest scrap recycling industry trade show and exposition.
Dakota Fest	Mitchell, SD	Aug 18-20	50 X 50	Over 500 companies rely on the show each year to showcase the latest products and services at the Schlaffman Farm in Mitchell. Dakotafest is a one-stop shop for attendees to interact with manufacturers, attend forums and meet with elected representatives.
Husker Harvest	Grand Island, NE	Sep 15-17	10 X 70	Visitors have the opportunity to see everything from the latest in technology, seed to crop chemicals, field demonstrations, livestock handling and equine events. Husker Harvest Days was one of the first farm shows to conduct cattle handling demonstrations. And the Nebraska Farmer Hospitality Tent holds one of the largest health screening services available anywhere at an agricultural event.
GAWDA Nat'l Conv.	San Antonio, TX	Sep 20-23	10 X 10	See above
Oil Sands Show	Edmonton, Alberta	Sep 23-24	10 X 10	World's premier oil and gas event, combining a high-profile industry business and technical conference with a remarkable exhibition showcasing the latest innovations in the energy industry. 60,000 registered attendees. 2,000 exhibiting companies.
FABTECH AWS	Chicago, IL	Nov 15-18	50 X 20	The FABTECH International & AWS Welding Show is the largest event in North America dedicated to showcasing a full spectrum of metal forming, fabricating, stamping, tube & pipe, and welding equipment and technology.
Chem Show	New York, NY	Nov 17-19	10 X 20	The latest in process equipment, systems and products from leading suppliers. Learn how to increase process efficiency, reduce costs and be more green and sustainable in your operations in comprehensive educational programs.
WELSCO Open House	Little Rock, AR	Dec 2-4	20 X 30	Distributor event

2010 Event	Location	Dates	Size	
Acklands-Grainger	Edmonton, Alberta	Jan 13-15	10 X 20	Acklands-Grainger is our 2nd largest customer in Canada. Their product expo is their venue to spotlight products from their tier 1 suppliers. The invitees are all of their 165 Branch Managers across Canada. In addition their National Sales Teams and Welding Specialists attend.
AHR Expo	Orlando, FL	Jan 25-27	40 X 15	
Cast Expo	Orlando, FL	Mar 20-23	10 X 10	CastExpo represents the single largest trade show and exposition in North America for metal casters. More than 450 companies from across the globe displaying the latest advancements in equipment, technology and services for metal casting, CastExpo'10 also will unveil a Cast in North America Exhibition in which metal casters (foundries and die casters) can exhibit their casting capabilities for their customers.
National CMX	Toronto, Ontario	Mar 25-27	10 X 20	The CMX-CIPHEX Show is held once every two years in Toronto. It is now two shows in one - the Canadian Mechanical Exposition and the Canadian Institute of Plumbing and Heating Exposition. All sectors of our industry are represented here - heating, air conditioning, plumbing, piping, refrigeration and ventilation. For TurboTorch, it is not only the best platform to preview new products and an unequalled selling opportunity.
FDIC	Indianapolis, IN	Apr 19-24	10 X 20	Fire Department Instructors Conference.
OTC	Houston, TX	May 3-6	10 X 10	Offshore Technology Conference (OTC) is the world's foremost event for the development of offshore resources in the fields of drilling, exploration, production, and environmental protection.
ISRI	San Diego, CA	May 4-8	10 X 20	Institute of Scrap Recycling Industries (ISRI) represents 1,600 private for-profit companies.
Firehouse Expo	Baltimore, MD	July	10 X 10	Fire and rescue exhibition and training conference.
AISTech	Pittsburgh, PA	May 3-6	10 X 10	AISTech 2010 will feature international technologies from the world over, allowing steel producers to compete in today's global market. Association for Iron and Steel Technology (AIST).
DakotaFest	Mitchell, SD	Aug	50 X 50	See above.
Husker Harvest	Grand Island, NB	Sep	40 X 70	See above.

2010 Event	Location	Dates	Size	
SEMA	Las Vegas, NV	Nov	10 X 30	The SEMA Show is the premier automotive specialty products trade event in the world. It draws the industry's brightest minds and hottest products to one place, the Las Vegas Convention Center. As part of the AAIW, the SEMA Show attracts more than 100,000 industry leaders from over 100 countries for unlimited profit opportunities in the automotive, truck and SUV, and RV markets. I
AAPEX	Las Vegas, NV	Nov	10 X 20	AAPEX is a leading trade fair for the Automobile industry in USA. AAPEX is sponsored by the Automotive Aftermarket Industry Association (AAIA) and the Motor & Equipment Manufacturers Association (MEMA). AAPEX is a major feature of the annual Automotive Aftermarket Industry Week.
Fabtech	Atlanta, GA	Oct 2-4	50 X 20	See above.
STAFDA	t b d	t b d	10 X 10	The Specialty Tools & Fasteners Distributors Association (STAFDA) is a not-for-profit educational trade association comprised of distributors, manufacturers, and rep agents of light construction, industrial, and related products. STAFDA has 2,650+ members from the U.S., Canada, and overseas.
Workboat Show	New Orleans, LA	Dec	20 X 20	The Workboat Show is the largest commercial marine tradeshow in North America. 1,000 companies display products and services for commercial vessels and the companies that build, service and operate them.

The trade show schedule represents a significant investment of not only execution details around the trade show exhibit but also personnel time and travel. Furthermore, many shows require commitments to space as much as a year (or two) in advance to secure high-visibility locations on the show floor. As you evaluate your trade show plans, it is a good idea to take a hard look at this activity. Ask yourself if you are participating because it is consistent with your overall marketing plans or if it is to maintain some sort of industry “status quo.” It’s alarming how often the answer to that basic line of questioning is not met with a clear sense of return on investment. Beyond that, once you do commit to a schedule, you need to give consideration

to how you can maximize the investment. Pre and Post Show mailings, customer follow-up, industry press interface and timely assessments of competitive activity are all elements of your ongoing responsibility to make sure the dollars spent on trade show activity is appropriate. (Easier said than done.)

### **Employee Communications**

The FOCUS Newsletter is produced quarterly and initially e-mailed to ALL EMPLOYEES at the beginning of each quarter. All employees are invited to submit articles, photography and suggestions.

Employee communications is a very important part of getting everyone on the same page. A formal newsletter can be a great tool. The newsletter can be delivered in electronic form and/or as a printed newsletter. Your ability to deliver this internal document each month or each quarter depends on a routine flow of information that is consistent with your objective of providing timely/enjoyable/informative reading for your employees. A word of caution: The best employee newsletters are very careful with tone. Be respectful of your audience.

### **Quarterly Calendar of Events**

The attached quarterly calendars are provided as a reminder that each element of the Thermadyne Marketing Communications program requires advance planning. The best way to assure consideration is to get into the planning cycle well in advance if you would like MarCom resources to be committed to a particular objective or customized tactic. The calendar of deadlines is the most often reviewed part of your plan as a year unfolds. As you deliver quality communications, you will see more company stakeholders interested in getting their messages integrated into the routine. This is a great outcome – as long as these latecomers appreciate that it requires planning on their part too.

### Schedule of Key Dates for MARCOM 2010

First Quarter (JFM)		
Publication	Deadlines	Description
Sales & Marketing Newsletter	December 1, 2009 (Tuesday)	copy due
		final design/proofing
		printing and binding
		sort and postage
	January 5, 2010 (Tuesday)	in mail
FOCUS Employee Newsletter	November 20, 2009 (Friday)	copy due
		final design/proof
		limited edition print run
	January 5, 2010 (Tuesday)	e-mail to all
	January 5, 2010 (Tuesday)	intranet posting
Product Marketing Update Bulletin	December 28, 2009 (Monday)	copy due
		print and postage
	January 12, 2010 (Tuesday)	in the mail
FABTECH AWS 10	January 29, 2010 (Friday)	Recap and key learning due (approx. 10 weeks after show)
	February 19, 2010 (Friday)	broad strokes plan for 2010 show
Twice monthly e-mail blasts	December 23, 2009 (Wednesday)	copy input due for January e-blasts
	January 20, 2010 (Wednesday)	copy input due for February e-blasts
	February 17, 2010 (Wednesday)	copy input due for March e-blasts

### Q2 Schedule of Key Dates for MARCOM 2010

Second Quarter (AMJ)		
Publication	Deadlines	Description
Sales & Marketing Newsletter	March 2, 2010 (Tuesday)	copy due
		final design/proofing
		printing and binding
		sort and postage
	April 6, 2010 (Tuesday)	in mail
FOCUS Employee Newsletter	February 19, 2010 (Friday)	copy due
		final design/proof
		limited edition print run
	April 6, 2010 (Tuesday)	e-mail to all
	April 6, 2010 (Tuesday)	intranet posting
Product Marketing Update Bulletin	March 30, 2010 (Tuesday)	copy due
		print and postage
	April 14, 2010 (Wednesday)	in the mail
FABTECH AWS 2010	May 3, 2010 (Monday)	six months out plan
		(determine layout and design)
Twice monthly e-mail blasts	March 24, 2010 (Wednesday)	copy input due for April e-blasts
	April 21, 2010 (Wednesday)	copy input due for May e-blasts
	May 19, 2010 (Wednesday)	copy input due for June e-blasts

### Q3 Schedule of Key Dates for MARCOM 2010

Third Quarter (JAS)		
Publication	Deadlines	Description
Sales & Marketing Newsletter (Q 3-4 combined issue)	August 6, 2010 (Friday)	copy due
		final design/proofing
		printing and binding
		sort and postage
	September 8, 2009 (Wednesday)	In mail
FOCUS Employee Newsletter	May 21, 2010 (Friday)	copy due
		final design/proof
		limited edition print run
	July 6, 2010 (Tuesday)	e-mail to all
	July 6, 2010 (Tuesday)	intranet posting
Product Marketing Update Bulletin	June 29, 2010 (Tuesday)	copy due
		print and postage
	July 14, 2010 (Wednesday)	in the mail
FABTECH AWS 10	August 3, 2010 (Tuesday) 90 Days out	(update any graphics/display plans)
	September 2, 2010 (Thursday) 60 Days out	(Final meeting to finish up display)
Twice monthly e-mail blasts	June 23, 2010 (Wednesday)	copy input due for July e-blasts
	July 21, 2010 (Wednesday)	copy input due for August e-blasts
	August 18, 2010 (Wednesday)	copy input due for September e-blasts
Sales Support Plan	September 1, 2010 (Wednesday)	Put in presentation form by November 2. (subject to final scheduling)

### Q4 Schedule of Key Dates for MARCOM 2010

Fourth Quarter(OND)		
Publication	Deadlines	Description
Sales & Marketing Newsletter		Begin planning and identifying content for Q1 2011
FOCUS Employee Newsletter	August 6, 2010 (Friday)	copy due
		final design/proof
		limited edition print run
	October 5, 2010 (Tuesday)	e-mail to all and post on intranet
Product Marketing Update Bulletin	September 28, 2010 (Tuesday)	copy due
		print and postage
	October 13, 2010 (Wednesday)	in the mail
FABTECH AWS 10	October 1, 2010 (Friday) 30 Days out	(finishing touches on display and plans)
Twice monthly e-mail blasts	September 22, 2010 (Wednesday)	copy input due for October e-blasts
	October 20, 2010 (Wednesday)	copy input due for November e-blasts
	November 17, 2010 (Wednesday)	copy input due for December e-blasts

*The following speech is an early draft but will give you a pretty good idea how Thermadyne responded to economic downturns that began in 2008. WEMCO is the Welding Equipment Manufacturers Committee, a group formed by the American Welding Society. Martin Quinn, Thermadyne's president, is scheduled to be a speaker in the Spring of 2010. Note: this is the proposed text and some suggestions on PowerPoint slides to accompany the messages. At this stage this is a work-in-progress but you can get a good idea about the challenges Thermadyne faces in this global economic environment,*

### **Emerging through a Recession**

**Thermadyne – Martin Quinn, President**

**ROUGH DRAFT for WEMCO PRESENTATION**

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**Prepared and submitted 10/16/2009 (rev. III - 11/09)**

This presentation is about emerging through a recession or economic downturn. But it is ironic that emerging from such a business climate depends a great deal on managing through those rough patches and making some key decisions along the way that allow you to come out a better and stronger enterprise.

Beginning in Q4 2008 we saw the same signs everyone did about a faltering economic climate. In fact we saw signs of the slowing economy as early as April 2008. (CHART of Steel Shipments)

We have found the Steel production trends around the globe has been a solid indicator of what our business might do. It is not our only indicator, but it has shown to be pretty reliable. There is no panacea, but for us Steel shipments has been an exceptional gauge of what we can expect. (There has been a high degree of correlation in trends.)

The simple facts made it necessary for us to act quickly and decisively about our cost structure and our continuing operations. The good news, while we had to make some pretty tough decisions, we put ourselves in a position to emerge a smarter, stronger, better company.

As we begin to see signs of economic up-tick today we are pretty upbeat about the future. We're not out of the woods by any stretch of the imagination, but we are well poised for a global recovery. (And we believe it will be a recovery – not a boom. So we still need to be cautious and careful as we move forward with our business plans.)

At the end of 2008, we moved swiftly to cut our expenses. We did some practical things and we did some creative things to cut our overhead, selling and general administration (SG&A) expenses. We offered innovative sabbatical leave, shorter work weeks, vacation buybacks, early retirements and cut back on shifts in our manufacturing and distribution centers consistent with slowing demand.

We deferred or delayed expenses where-ever possible. All the time being very open and honest with our employees. (I have

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to say our work force was actively engaged in finding ways to save money – down to the voluntary payments for coffee and refreshments in our office locations.) It was a truly extraordinary time in our company history. Note that I've been involved in some area of this business for 25 years, having started pre-acquisition with CIGWELD.

During this period of time we launched some pretty important initiatives too.

I'm please to report that we made the right decision to forge ahead with these initiatives instead of cutting back in these areas. As the global economy improves, I believe we'll see dividends from these initiatives.

SLIDE: (Five Dysfunctions of a Team – book cover)

FOCUS ON TEAMWORK – We used a training model developed by Patrick Lencioni based on his best selling business fable Five Dysfunctions of Team. Nearly all of our executives have participated in training designed to improve team effectiveness. It has really helped us understand what it takes to ultimately focus on RESULTS.

SLIDE: (ECE – book cover)

EXCEEDING CUSTOMER EXPECTATIONS – We studied the success of Enterprise Rent-A-Car, the world's largest car rental company (that just happens to be headquartered, as we are, in St. Louis). With this inspiration we launched our own ECE program. Today, the ECE program at Thermadyne includes groups dedicated to Distributor Relations, Culture and Communications and Benchmarking. We've made a number of meaningful improvements to our company by simply recognizing how critically important our distributor partners are to our continuing success. (I won't kid you, we still have a long way to go, but our focus is in the right place now and each and every employee from the shop-floor to the C-suite knows how important it is for us to find ways to exceed customer expectations.

SLIDE: (Brand Logos: Victor, Arcair, Tweco, Thermal Dynamics, Thermal Arc, TurboTorch, CIGWELD)

We are blessed as a company to be guardians of industry leading brands. When you have strong brands you benefit from the trust distributors and end-users have in offerings that bear those brand names. The continuation of the brand equity inherent in each of these brands must be managed over time or that equity and goodwill could be lost. For us, the brands have allowed us a platform to introduce new and innovative products to the marketplace that are safe, reliable and a level of quality the customers have come to expect.

SLIDE: (Board of Directors Chart)

A big secret weapon for Thermadyne is our board of directors. We have a diverse/small group of extremely talented and engaged directors. A couple of notable examples: Joe Adorjian has shared with us a number of manufacturing strategies he learned from his success at Emerson that have served us well. And Marni Gordon never lets us forget about the value keeping our eye on the dashboard of key indicators. When you have people like this in your corner, you are going to emerge from setbacks.

SLIDE: (Org Chart with previous structure – prior to Q4 2008)

SLIDE: (Org Chart showing PLM structure as of October 2008)

We took advantage of the soul searching that was necessitated when we saw economic indicators that looked to us like a bumpy road ahead. We reorganized our Product Line Management (PLM) into global teams of Welding and Cutting products. Believe me, this structure change made a big difference in streamlining how we go to market.

Another thing we were pretty careful about was to keep the lines of communications open. We took time to keep our employees informed. We continued our Distributor Advisory Council regular meetings. We cut back on marketing and advertising but we were careful to keep a sustained presence out in the marketplace. We are mindful of the fact that companies who advertise through recessionary periods generally come out

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on the other end better off in the long run. (Again – it's the combined equity/asset in our industry leading brands that we need to preserve).

SLIDE – (apparent steel use)

A bit more on steel production. The global activity is telling too. Steel production in China was up while the rest of the world was down. Some of that may be due to protectionist governmental activity but it is still an indicator. A couple of things we think might be happening in global steel production that are indicators:

1. Government subsidizations
2. Activity could be a guide for global trends

SLIDE – (pie chart of industries THMD serves)

Some other important things we need to analyze include industry segments. As you can imagine these industries will certainly have an impact for the need or our hard goods. While we always work with distributor partners, we are often on site looking at ways to improve productivity, decrease costly downtime (due to things such as welder fatigue) and ways to improve consumable parts life.

SLIDE – (McGraw Hill Construction trends/Engineering News Record)

Looking at just one of these segments, albeit an important one for us, construction: Commercial and Residential construction trends when looked at together may account for as much as 25-27% of our business for welding and cutting hard goods). Not to mention the enormous investment in infrastructure brought on by the economic stimulus programs in the U.S. and other world economies.

Oil & Gas/Energy, Transportation, Railroad car production, Trailer manufacturing, the Automotive industries and automotive after-markets, ship-building, aerospace and mining are all industry segments we need to understand on at least a fundamental level. The best way for us to monitor these industries is as we work hand in hand with our distributor and welding supply houses.

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SLIDE – (GDP in top worldwide economies)

The currency exchanges and the ongoing monitoring of economies and Free Trade agreements (such as LAFTA and NAFTA) are global conditions in which we try to respond as they can result in shifts of demand for our products.

SLIDE – (ETL vs. UL listing agencies)

Agency listings and government regulatory issues such as OSHA for safety and other regulatory concerns. An example of cost savings is our recent move to ETL as our listing agency. ETL and our fully accredited lab program is giving us some efficiencies and economies of scale as we look for ways to standardize our product offerings as much as is possible for markets around the world.

SLIDE - (Economic Outlook from Department of Labor and Statistics)

If you watch the shift in skilled labor (supply and demand) and the economic outlook for these various skilled professions you will note that the demand continues to grow. As global economies look at ways to meet these demands our products will continue to be in demand.

SLIDE – (Consolidation of distributors)

Another obvious trend that will continue to have an impact is the global trend towards consolidation of distributors. Just look at the comparison of Airgas and Praxair 3 years ago vs. today.

SLIDE – (Show number of products in any part of our business 3 years ago vs. today)

We are also taking a hard look at product rationalization. This slide is a dramatic example of just one of our product lines. Just three years ago vs. today – shows how many MIG guns we had in our line up. Today we have a better and more comprehensive line of Tweco MIG guns that serves 99% of the demand...

Another important aspect of our business and protecting our brands and product lines is our relentless pursuit of competitive knock offs. With manufacturing around the world, the way it is, we need to protect our product the rightful leadership positions we have earned by vigorously pursuing violation of our patents/

brands.

SLIDE – (GLOBE)

The world is getting smaller. We are seeing a truly global economy. I could give countless examples of how we try to account for this fact in everything from Global Sourcing of components and global sourcing of labor (i.e. Mexico, China) to cost containment and manufacturing strategy.

I would be remiss if I didn't at least put in a word or two about our product innovation, in spite of the economic downturn. We've been more selective about what we pursue and what we attach our brand names to. But this past year alone we've introduced some pretty exciting products.

Consider the Thermal Dynamics Cutmaster True series plasma cutting systems, Victor Professional Edge Series regulator, Thermal Arc 95 S portable welder, and other innovations in the pipeline related to inverter technology.

Finally, Training is critical everywhere we look. We want our distributor partners to get comfortable selling our product. We know distributors as they consolidate and get bigger, they sometimes cut back on training and repair functions. End users are screaming for qualified help as they struggle with purchase decisions and application questions. Training for us, as we complete our move from a specialized sales force to a leaner more generalized sales organization will require an expertise that suggests a fuller understanding of processes applications and full line brand expertise.

### **A Word about Research**

As you execute your communications program elements it is important to recognize that you are on a quest for messages and an overall message strategy that is truthful, relevant and compelling. To do this properly, you need to get outside the hallways of your own company headquarters. You also need to consider the value of listening in an unguarded and thoughtful way. Thermadyne is like a lot of companies who suffer from analyzing sales trends and speculating why there may be a loss of share or dollar volume. Research initiatives such as well-

planned FOCUS groups can help provide valuable insight into the purchase dynamics of your brands. It can also save you from disaster. (Never forget that an assumption – even at the highest level of your organization – can still be wrong.)

Furthermore, nothing is worse than research designed to do nothing more than validate the course you are already on. If you want a true gauge on customer satisfaction, for example, you are going to have to find metrics that are not just designed to yield “feel good” results. Faulty research methodology will surely deliver faulty results. Flawed decision-making follows. Get objectivity if you are really looking for the truth. The results from the home grown feel good research will cost you. Believe me.