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Signed, sealed, delivered

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First, let's get the envelope humor out of the way. The envelope business isn't yet licked. And it's not about to fold. Heaven knows, it's been pushed, though. These would not seem to be the best of times for those in the trade of manufacturing envelopes for business and direct mail use. The U.S. Postal Service reports mail volume fell 20 percent between fiscal 2006 and 2010, a drop of 43 billion pieces of mail, as more people relied on the Internet to stay in touch and pay bills.

Yet over the past decade, a CEO with Atlanta roots and an executive team in Roanoke County have rebuilt **Double Envelope**, a nearly century-old Roanoke Valley company, to the point where in the past five years its parent company has made three acquisitions, increasing its market share in the mid-Atlantic and Midwest.

Since 2001, parent company BSC Ventures has doubled the size of the envelope and commercial printing business from annual sales of \$40 million to a projected \$80 million this year, said Ron Roberts, vice president and chief financial officer.

A decade after being acquired at auction in a bankruptcy, **Double Envelope** and its corporate parent and their 400 employees produce 500 million envelopes a month at plants in Roanoke County; Gainesville, Fla.; Baltimore; and Angola, Ind.

They make what's called transactional mail -- custom envelopes for bills, statements, explanations of benefits -- and direct mail pieces, along with niche products such as envelopes for hotel key cards, jewelry repair and online product shipping.

Back to the future

Brian Sass, who had worked for competitor Atlantic Envelope Co. in Atlanta, saw an opportunity to get back into the business when **Double Envelope** and its sister company, commercial printer Convertagraphics, were scheduled to go on the auction block with Diversified Assembly, a file folder company, in the 2001 bankruptcy of Dimac Corp.

In 1999, with business partner Stockton Croft, he had formed BSC Enterprises to acquire a medical imaging products company, Techno-Aide. Before the Dimac auction, they formed a holding company called BSC Ventures and bought the three companies. They later sold Techno-Aide and Diversified Assembly. Croft, an investment banker in Atlanta, remains a minority shareholder and holds a board position.

The 2001 purchase -- followed by moving BSC's headquarters to Roanoke County in 2003, and Sass moving here in 2007 -- brought **Double Envelope** full circle.

Joseph Bear started **Double Envelope**, named after a type of church tithing envelope, in downtown Roanoke in 1917. In 1925, he moved it with partner R.R. Sublette to Luck Avenue, behind the present-day Jefferson Center. His son, Clay Bear, took over as president after his father's death in 1950, built a new plant near Hollins in 1959 and further expanded the company via acquisitions until he stepped down from day-to-day management in 1983.

In 1984, the Bear and Sublette shareholders decided to sell the company, which then had 520 workers and plants in Roanoke County, Gainesville and Louisville, Ky.

Double Envelope was bought and sold by two private equity groups in eight years and went through several ownership configurations in the late 1990s. "It's been a little bit of back to the future" for the company, Sass said, in that it is again a closely held, locally owned company.

Sass describes the company's management structure as flat and quick-moving.

"We're running the business day-to-day, we're not financial guys," he said.

Maynard Benjamin, the longtime president and CEO of the Envelope Manufacturers Association, takes his seven-person staff out of their Alexandria office and into a member plant every summer for a week of what he calls "envelope camp." Last summer the team visited Roanoke County.

"He's really doing very well from our perspective," Benjamin said of Sass and **Double Envelope**, which he called an emerging company. "He's part of a new generation of leaders."

Industry in flux

The envelope industry nationally had \$3.8 billion in sales in 2008, before the worst of the recession, and \$2.7 billion in 2010, Benjamin said. Sales are projected to increase 2 percent so far this year. Mail volume, after a steep decline, is projected to increase slightly this year as the economic recovery gains momentum.

That's good news for **Double Envelope**, which has grown during a period of industry consolidation.

Most of the industry is privately held and serves regional markets, within several hundred miles of a particular plant, Benjamin said. That's because shipping costs make it too expensive to print envelopes and move them long distances for use.

BSC, through **Double Envelope**, has aimed to build brand identity in the new regional markets it entered with two purchases last year: a 65-employee plant in Indiana, part of the former Wolf Envelope Co., and a 100-worker plant in Baltimore it acquired from Oles Envelope Corp.

Those deals followed the 2006 purchase of Champion Printing in Cincinnati. BSC moved Champion's four-color printing equipment to Roanoke to join Convertagraphics and retained a sales office in Ohio.

"What we bring to the mix is enough scale to bring efficiencies. We're trying to operate as one company with four plants," Sass said.

"We like to be very flexible and very customer service driven," said John Draper, vice president for sales. "When you get too big, you kind of lose that focus."

The business mix for **Double Envelope's** Roanoke County plant has shifted. In 2006, direct mail accounted for 60 percent of sales and transactional mail was 40 percent. Post-recession, that has flipped: Transactional mail is 70 percent of business and direct mail 30 percent. The plants in other states have different mixes; overall, BSC splits its sales roughly 50-50 between the market segments, Draper said.

"It's a highly competitive, challenging market from a margin standpoint," Sass said.

Indeed, industry leader Cenevo Inc., based in Stamford, Conn. -- a rare publicly traded envelope manufacturer and commercial printer -- said in a report filed this month with the U.S. Securities and Exchange Commission that after a few very large national companies, its principal competitors in a highly fragmented market are a handful of companies with sales of \$100 million or higher, the range that **Double Envelope** is approaching. Cenevo, which had 2010 net sales of envelopes and labels of \$967 million, last month completed its acquisition of MeadWestvaco Corp.'s Envelope Product Group, which employs 900.

Sustainability has been another major trend. "We recycle our paper, our inks, our wooden pallets," Benjamin said of the envelope industry. "We were sustainable long before it was fashionable to be sustainable."

Paper is **Double Envelope's** second-highest cost, after personnel. Every scrap of waste is recycled, said Jon Peyton, vice president and general manager. The process waste is sent to a machine that produces giant bales of paper that are shipped out for recycling, even as new rolls of paper arrive in the company warehouse.

Low turnover

When you flip through the yellowed newspaper clippings about **Double Envelope**, you notice right away the stories from the 1960s and '70s about the company honoring employees with 25, 30, even 40 years of service.

Despite the rocky 17 years between locally based owners, that tradition has persisted. The company, which employs 150 in Roanoke County, pays its workers \$13 to \$21 an hour and sees single-digit turnover, Peyton said. The nonunion company today has more than a dozen employees with 30 to 40 years of experience and six with more than 40 years. One worker, Wilma Ferguson, retired last month after 36 years of service. There hasn't been a layoff since the BSC acquisition.

Workers are involved in the hiring process and new employees are paired with a mentor during a 90-day probationary period. The idea is to build accountability on the production floor among team members.

Three shifts of workers operate the Roanoke County plant 24 hours a day, seven days a week, running high-speed conversion machines that turn rolls of paper into packable, shippable envelopes for companies such as Dominion Power, Anthem/Wellpoint and many others.

"We feel that it's a challenge to get a job at **Double Envelope** and we want it to continue to be that way," Peyton said.

On the Net: www.bscventures.com www.double-envelope.com
Double Envelope Corp. history

1917 Joseph Bear and partners open **Double Envelope** at 127 W. Salem Ave. in Roanoke. The name refers to a type of tithing envelope made for churches, with one side for current expenses and the other for special causes.

1925 Company moves to 523 Luck Ave. S.W., behind the present-day Jefferson Center.

1950 Clay Bear, son of founder, becomes president upon his father's death.

1959 Company moves to new plant on Plantation Road in Roanoke County, designed by Kinsey & Motley of Salem and built by J.M. Turner Construction.

1964 Opens branch in Louisville, Ky. Later in the '60s, the company expands to Florida.

1984 **Double Envelope** sold to Investment Capital Group of New York.

1992 **Double Envelope** sold again to McCown, De Leeuw & Co. of Menlo Park, Calif., through National Fiberstok. Ownership goes through several configurations including DEC International, later AmeriComm Holdings Inc., which merged with Dimac Corp.

2001 BSC Ventures purchases **Double Envelope**, Convertagraphics and Diversified Assembly from Dimac Corp. in bankruptcy auction. The latter company is sold in 2003.

2006 Acquires Champion Printing of Cincinnati.

May 2010 Purchases Oles Envelope Corp. of Baltimore.

December 2010 Purchases Wolf Envelope Co. with offices in Troy, Mich., and a plant in Angola, Ind.

Caption: Photos by ERIC BRADY The Roanoke Times - 1. An employee checks the quality of a stack of envelopes at **Double Envelope** in Roanoke County. 2. Keith Stewart, a new employee, works on the production floor. 3. Larry Gaking works on a die-cutting machine that makes the envelope form from a large stack of paper. 4. All the waste paper at **Double Envelope** is baled and recycled. Paper is the company's second-highest cost, after personnel. 5. Brian Sass 6. map - **Double Envelope** THE ROANOKE TIMES

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