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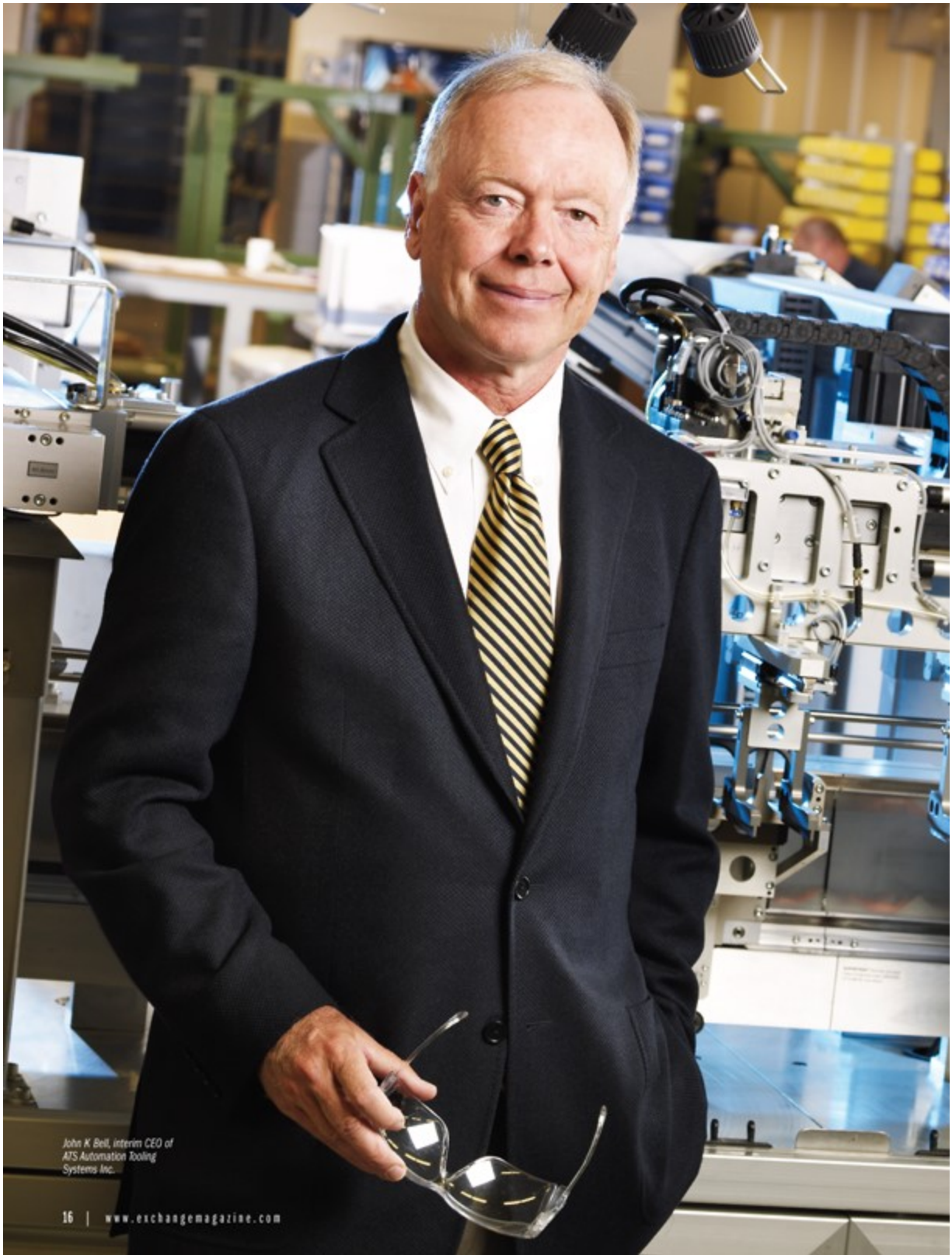
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AFTER THE EARTHQUAKE

John K. Bell leads ATS out of an unprecedented shake-up

INSIDE:
Execulink goes head to head with Bell & Rogers



John K. Bell, Interim CEO of
ATS Automation Tooling
Systems Inc.

AFTER THE EARTHQUAKE

BY PAUL KNOWLES

John K. Bell leads ATS out of an unprecedented shake-up

September, 2007, was a month of earth-shaking surprises at Cambridge's ATS Automation Tooling Systems Inc. First came the challenge from ATS investors, calling for a change in the company's performance, which had been weaker than expected in recent quarters. That crusade was led by two investment companies – Goodwood Inc. of Toronto, and U.S.-based Mason Capital Management, LLC.

The call for change was met with initial resistance by the ATS Board, and its top managers, but within days, the ATS Board had resigned (effective September 13), along with CEO Ron Jutras, and Vice President and CFO Gerry Beard (who remained during the transition but has now been replaced by new CFO Garry West). Jutras had moved up to the CEO position following the death of ATS founder, noted entrepreneur and philanthropist Klaus Woerner, February 7, 2005.

In what investment experts termed an unprecedented move in Canadian business history, the entire board was replaced by nominees of Goodwood and Mason Capital. The new board, elected September 13, 2007, includes Neil D. Arnold, Gordon Presher, John K. Bell, Peter H. Puccetti, J. Cameron MacDonald, Neale X. Trangucci and Michael E. Martino.

In a move that caught most local observers by surprise, Bell was also appointed interim CEO of ATS.

The final surprise – so far – came during the next few days, as Bell began each working day on the shop floors of ATS, spending an hour each morning shaking hands and chatting with employees, something the rank and file workers had not experienced for some time.

September, 2007, was a month of earth-shaking surprises at Cambridge's ATS Automation Tooling Systems Inc.



PHOTO: BERNI SLUDING PHOTOGRAPHY

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Technicians test the AECL nuclear generator refurbishment equipment in the simulation room at the ATS facility in Cambridge.

John Bell took a brief break from his new responsibilities to talk to Exchange Magazine, two weeks after he took on the post of interim CEO. He is clearly enthused by his latest challenge; he's a man brimming with energy and optimism.

He told Exchange that "this is a wonderful opportunity, and part of being a person of this community. This company is so much a part of the community."

He paused: "And I knew Klaus. He was a great Canadian entrepreneur, and this is a great Canadian company, on its way to

"I knew Klaus. He was a great Canadian entrepreneur, and this is a great Canadian company, on its way to being a great global company."

being a great global company."

"I want to restore some of the entrepreneurial culture," he added. "I want to be a bit of Klaus."

Klaus Woerner

Klaus D. Woerner founded ATS-

Automation Tooling Systems in 1978. He was born in Germany in 1939, completed a four-year apprenticeship as a precision mechanic in Switzerland, and then came to Canada in 1960 to study engineering at Concordia University in Montreal and then at Ryerson in Toronto.

From small beginnings, ATS grew into an international company with 24 divisions around the world, today employing 3,500 people. Information from ATS describes the company's core business: "ATS Automation Tooling Systems Inc. provides innovative, custom designed, built and installed manufacturing solutions to many of the world's most successful companies, [serving] multinational customers in industries such as healthcare, computer/electronics, automotive and consumer products."

Woerner was the heart and soul of ATS, widely respected on the community and in his industry. He and his wife, Anna, were also known for their community involvement, including a multi-million dollar donation to the Kitchener-Waterloo Symphony. He had been named Business

Leader of the Year by the Kitchener-Waterloo Chamber of Commerce and in 1997, was honoured as Canadian Entrepreneur of the Year.

Almost from the instant of his death, the

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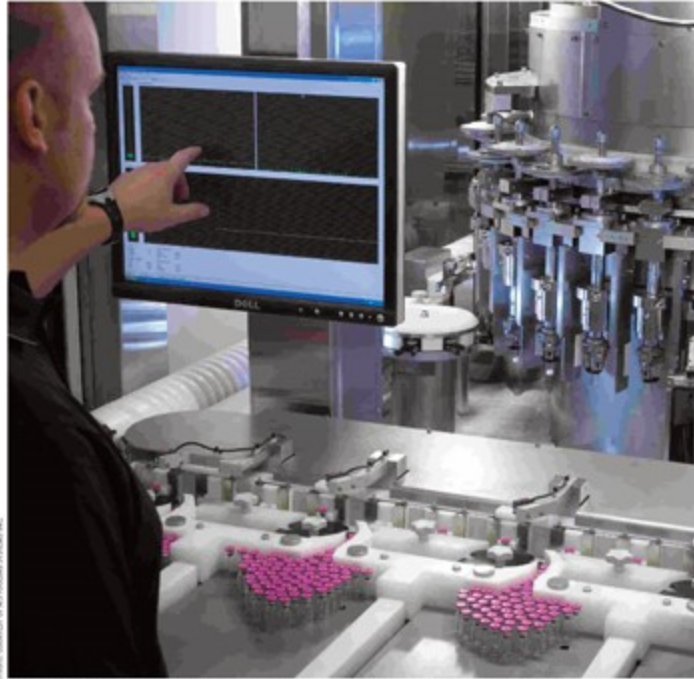
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performance of ATS seemed to falter, attracting close attention from its investors. John K. Bell, another noted local entrepreneur and community activist, was a shareholder with one of those investors, Goodwood Inc. He became part of the solution, although he told Exchange that when the investors sought improvements

ATS provides innovative, custom designed, built and installed manufacturing solutions to many of the world's most successful companies

at ATS, no one expected the unprecedented shake-up that has occurred. "The original intention was to promote change in the company. It wasn't to take over the board. We were surprised by this... it's unusual in Canada. I absolutely do not understand why it [a more moderate solution] didn't happen."

His role developed almost at the last minute. A week before the complete



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changeover he says, "I wasn't planning to be here." But "here" he most certainly is, with the big John Bell smile and warm handshake.

The new CEO

So is Bell capable of bringing "a bit of Klaus" back to ATS? Bell has a lot of admirers who think so. When he was appointed to the post - which he insists is definitely an "interim" step, noting that the search for a new CEO is already on, and should be completed within the year - Bell, who is 60, was simply continuing a dynamic and successful 30-year entrepreneurial career. He has specialized in start-ups, growth and "turnaround" operations, especially in companies involved in technology, innovation, and automation.

He's also a "Cambridge man", in the southern Ontario sense of that word - he lives in Cambridge, and is involved in his community in a number of ways, most prominently as chair of the board of Cambridge Memorial Hospital, an institution that has seen its own turnaround in the past few years.

Bell's first entrepreneurial effort took place in 1977, when he founded Shred-Tech Limited, which he grew into a multi-national leader in recycling, and which developed the mobile document shredder which is now a best-seller, world-wide. He sold that company, and in 1996 purchased the assets of Polymer Technologies, saving it from closing. The theme of "growth" recurs here, because over the next decade that single plant operation became a global leader in automotive parts and technology, with eight plants in five companies. Bell smiles when he notes that Polymer happened to be "a small competitor to the plastics division" of ATS.

He sold Polymer in 2005, and today sits on the board of two public companies - Newport Partners Income Fund, and BSM Wireless Inc., and has other business interests, as well.

"Growth, profitability and community"

Given his history, and his enthusiasm for an unexpected challenge, it is not surprising that Bell talks about growth as priority one for ATS. He says he comes to the CEO's office - even if it is for a short term - with "a vision of growth, a vision of profitability and a vision of being part of this community. It's a great community, the Region of Waterloo. The support we've had has allowed this company to grow."

He claims it is his community-mindedness that brought about the offer of the interim CEO position: "They reached out to me because of my connection to the community," he says.

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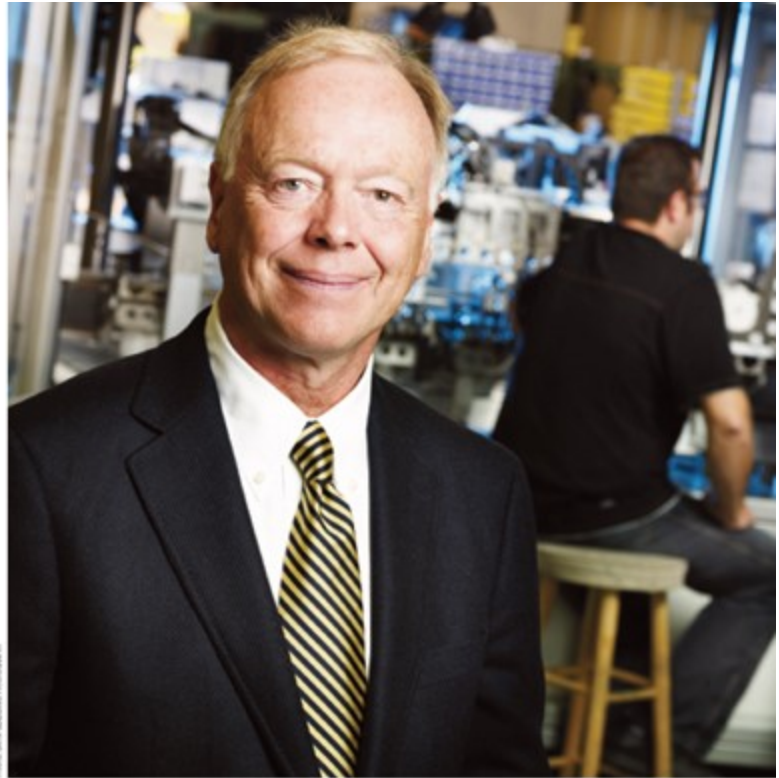
But he's not showing up for work just to be a pleasant community face. He talks about his commitment to returning ATS to its position of "global leadership," and about "improving the bottom line."

He's also there to provide "some more visible leadership." He notes that "Klaus was a very visible and dynamic leader," in com-

"We have continued to grow our knowledge base. The core of this company is rock solid."

parison to his successor, Jutras: "Ron was more systems oriented." As Bell spends a hour each morning greeting employees, it's clear which model he is emulating.

He believes that kind of leadership is important in order to "restore employees' faith in themselves." And that, he argues, is key to returning ATS to its former glory. It's the corporate confidence that has suf-



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ferred, not its competence. "Our intellectual infrastructure is world class," he says. "The engineers have by and large remained here." Even during some tough times in the last two years, "we have continued to grow our knowledge base. The core of this company is rock solid."

So the new CEO and the new board have something to build on, says Bell. The foundation is strong, and the new impetus "is going to give it a big boost forward."

Bell will be one of the boosters, as long as he is involved. And while he believes his tenure in the CEO office will be rela-

tively short - "I'm not here as a guy looking for a career, I'm here as a shareholder's representative. We are looking for a permanent CEO" - he also hopes to continue, long term, as a member of the Board of Directors.

However, he hasn't set a time limit on his term in the boss's chair. "Whether it takes two months or a year, I'm going to see it through. We're going to do what's right for the company."

"Enthusiasm and support"

Bell instantly communicates energy, vision, and love of life. His new employees have picked up on it quickly - and apart from the arrival of Bell, and Susan Masters his executive assistant of 14 years, there have been no employee changes.

He says the response from the ATS team has been "by and large excellent. I've seen a lot of enthusiasm and support for me. I've shaken as many hands as I can." And not only in Cambridge - within his first two weeks, "I've been to Europe and back and shaken every hand in Europe."

Bell believes the key to having employee support in the pressure cooker role he has taken on is "my ability to listen and relate." He adds that reassuring employees and customers is "one of my major jobs."

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He shakes hands with the employees, and he calls the customers. "I've been on the phone to customers. They're pretty sophisticated; they have pretty good questions."

The new CEO insists ATS is strong, while admitting the need for change in approach. "The core strategy is sound. The

"The core strategy is sound.
The execution is where
the company lagged."

execution is where the company lagged," he says. "We are not making any drastic left or right turns. We are carrying on."

"Carrying on" means dealing with some baggage left from the previous administration. The company was in the process of selling its Precision Components Division, and that remains "in process." One of ATS' major issues in recent months was a failed IPO of the Photowatt division, based in France. "We're revising the strategy," says Bell, succinctly. Now, the probable conclu-



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sion will be a "spin-out" where ATS stockholders will receive shares in Photowatt.

"Learning and absorbing"

Bell's schedule has been very full during his first weeks on the job. He understates the case when he says, "I've been learning and absorbing a lot," and agrees his sudden move into the CEO chair is like being a federal cabinet minister, the day after an unexpected cabinet shuffle.

His situation is unusual, he admits. More usually, a CEO candidate would have time to get up to speed. And he adds with a grin, "you'd also go to a warm and friendly chair." But he quickly counters that bit of darker humour by insisting that while he "has to work with people who were kind of on the other side, by and large it has gone really well. There are some really neat people here."

But Bell is inherently honest, and he adds, "some struggle, while others welcome my leadership."

He believes one's colleagues are a key to success. He points to "the Goodwood folks from Toronto... very competent people. I really enjoy working with competent people."

His advice to other entrepreneurs captures that conviction. "Surround yourself with smart people. Some people just don't get that. I've always done that, and it has really worked to my advantage."

Bell believes ATS is well positioned to succeed. Asked about the company's strengths, he says, "the core strength is the engineering talent, globally." As well, ATS "now has a global platform," a necessity "when you're dealing with large, multinational companies." ATS is cautious about listing its clients, but Bell notes that their multi-national customers are in health care, automotive and electronics fields, about one-third in each.

He does point to one recent development - ATS "has developed a system for crushing spent nuclear tubes" for Atomic Energy of Canada. That development offers "great opportunities for growth," says Bell.

Life balance

While ATS may be first on his priority list most working days, it is not the sum total of John Bell's life. He has learned - the hard way, he says, admitting that he was a less than stellar father in the early years - to do what is right for his family and his community. He and his wife, Dian, have three adult daughters. Dian is Chair of the Cambridge Community Foundation.

Only two weeks after Bell took the CEO position, he left town for a one-week bicycling holiday in France with one of his daughters. He spends a similar week each year with each daughter - a lesson in priorities that came late in life, he says, but

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which he finally learned. He talks a lot about balance, these days.

That extends to his volunteer work. "I've always liked to do at least one thing for the community. That's part of a balanced life, part of giving back. It's core to my beliefs."

As chair of the board at Cambridge Hospital - "in the fourth year of a one-year term" - he talks of how the board and management have "brought the entrepreneurial spirit back into the hospital."

"Close to broke"

It is unlikely that John Bell will be CEO at ATS-Automation Tooling Systems, two years from now. But it is very likely that he will be involved in the company... and in several others.

He loves the entrepreneurial game, and he is not adverse to risk. He admits that he has been involved in ventures that have been unsuccessful, insisting that "I've been pretty close to broke, a number of times." He started his first business on a \$10,000 loan from his widowed mother, and then faced the 24% interest rates of the 1980s. "Times," he says, "were tough." But he loves growing companies, and is willing to "live on the edge a bit" to do so.

The business card he offers does not read "ATS" - it's his card from "The Onbelay Group" He chairs Onbelay Automotive, an automotive parts company. He is involved in a number of investments - and when you get John Bell's money, you also get John Bell. He is currently chair of two technology spin-off companies that originated at the University of Waterloo. He does this, he says, because "I like working with bright young people," while he can bring some "wisdom" to the project. He knows the value of his experience - "There are some things I can do in minutes that would take them years."

His longer-term plan is to continue investing in companies that he can help direct. "I'm a value buyer. I look for under-priced assets. I will take significant equity positions and sit at the board level," he says. "I'm a growth manager. I look for opportunities for growth."

And at ATS, Bell is sure he has found plenty of that. In his first official statement as CEO, he said, "Today's changes are a necessary first step in unlocking value and ensuring our continued growth." And as he wrote in his first letter to the ATS family: "We have fresh ideas and a mandate to see positive change occur as we build on our strengths in automation for our mutual long-term advantage. As stewards of this great business, we are ready to serve."

That's John Bell - ready to lead, ready to risk, yet all the while, ready to serve. X

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