

Weber grills much more than a kettle of briquettes

By Bryan Gruley, Bloomberg

Sixty-one years ago, George Stephen got tired of wind and rain messing up his cooking on an open-air grill, the main barbecue tool of the day. He grabbed a buoy made where he worked, Weber Brothers Metal Works in Illinois. He sliced it in half and fashioned a tight-fitting dome lid. It didn't work very well until a neighbor suggested he poke holes in the kettle so air could fuel the fire. The Weber grill was born.

Stephen eventually bought the Weber metal shop, creating Weber-Stephen Products of Palatine, Ill., which is now the world's largest grill manufacturer. The privately held company doesn't disclose financials, but Euromonitor International says Weber-Stephen claims 35 percent of the \$2.5 billion U.S. market, with rival Char-Broil a distant second.

In 1971, Stephen hired Mike Kempster, Weber-Stephen's current chief marketing officer. He calls himself the "godfather of the brand." In a warehouse adjoining a plant in Huntley, Ill., Kempster gestures at thousands of shrink-wrapped boxes of grills and smokers stacked in 20-foot towers. "Looks like a big supply, right?" he asks. "It's probably less than a week." He won't specify how much the factory produces, but around 80 trucks haul stuff away daily. Shipments peak at about 110 semis a day just before July 4.

That's a lot of barbecues, but grill sales have flattened over the past few years, partly because of the U.S. housing downturn, Kempster says. While the company sees that turning around, it still faces challenges from Europe's financial struggles, volatile commodity costs, and low-cost overseas manufacturers.

Weber-Stephen has changed more in the past decade than it did in the previous half-century. It contracted to have grills built in China to go with production in Huntley and Palatine. It agreed to stop labeling products "Made in USA" to settle a class-action lawsuit that accused it of buying components from China and Taiwan suppliers. (The company denied wrongdoing.) It also introduced a line of compact grills designed for dense urban areas such as those sprouting up across Southeast Asia.

The biggest change was financial: In 2010 the Stephen family sold a majority stake to BDT Capital Partners, the Chicago merchant bank run by Byron Trott, the former Goldman Sachs executive known for his close ties to Warren Buffett. Kempster says BDT's investment will help Weber-Stephen push overseas. The first nonfamily member to run the company, Thomas Koos, formerly of Jacuzzi Brands and Black & Decker, took over as chief executive officer in April.

The grill maker emulates General Motors' Chevy-to-Caddy range of products, targeting consumers as they climb the income ladder. Weber-Stephen hooks college kids with the \$29 Smokey Joe, a miniature kettle, then keeps them buying until they can afford a \$799 Genesis gas grill or – if they need a backyard kitchen – a \$5,000 Summit Grill Center, a behemoth with six gas burners, a built-in smoker, and an infrared rotisserie. There's no fridge, just a cooler. "Consumers told us all they really needed is ice," Kempster says.

When gas grills grew popular in the 1970s, the company offered a kettle fitted with a propane tank. "The shape was so associated with charcoal grilling, it just never caught on," Kempster says. In 1985, Weber-Stephen introduced the rectangular Genesis gas line with triangular "Flavorizer" cooking bars designed to minimize flare-ups while mimicking the mouthwatering effect of meat and fish juices sizzling on hot coals. Today, four of Consumer Reports' top seven midsize grills for 2013 are Webers, and the company's new cookbook is an Amazon.com bestseller. Its U.S. call centers handle 500,000

questions a year, from how long to cook a pork tenderloin to the best way to grill a squirrel.

The new Weber-Stephen CEO has asked Kempster, 66, to stay for at least two more years. Kempster has nine Weber grills and smokers in his backyard, including a pair of 36-inch kettles he uses to cook for crowds. His go-to dishes are beef tenderloin and Alaskan king crab legs. He suggests snipping off the thicker ends of the crab legs and cooking them for 10 to 12 minutes before putting the thin ends on the grill.

Meathead Goldwyn, the barbecue impresario (given name: Craig) who runs the website Amazingribs.com, has more than a dozen grills and smokers in his suburban Chicago backyard—and a beat-up Weber kettle he bought for \$50 about 20 years ago, Goldwyn says. “For what I do, which is help people learn to cook, you have to have a Weber kettle, because it’s ubiquitous.”