



**To:** Otterbine Distributors, Owners  
& Managers

**From:** Charlie Barebo, CEO

**Date:** April 11, 2017

**Re:** Letter from our CEO

Dear Colleagues,

2016 was a year of solid accomplishment and growth for Otterbine. In the last three years, we have grown revenues a solid 36% in total. We simply get fantastic support from all our stakeholders – our consultants, vendors, distributors, and the fine people we get to work with every day, our employees. Together, our founders called us the Folks at Otterbine. A little bit more about that. There is more to a business than just making money. Chuck and Terry Barebo made that clear right up front when they bought the business in 1980.

How we treat people is a big part of our culture and one of the reasons WHY we are in business. Chuck Barebo, one of our two founders, says it best, “We wanted to create a fun, fulfilling environment that enriched our employees’ lives and treated them like partners. We shared critical operating information with them, we put an annual review and performance bonus in place, we share our profits with them, and we put a health insurance plan in place that included the entire family. Frankly it surprises me whenever anyone leaves us, be it a customer, distributor or employee.” In 2016 our average length of employee tenure was 14 years. We celebrated 5, 10, 15 and 35-year employment anniversaries at our annual supper on Feb. 3<sup>rd</sup>. Herb Kelleher, legendary CEO of Southwest Airlines likes to say, “If you take good care of your employees, they’ll take good care of your customers.” We are going to treat people – customers, distributors, vendors, and employees like people; valuable, creative, inspiring and loyal.

This value was re-enforced at a strategic planning meeting about seven years ago when the second generation led team decided that the best way for us to compete is to be the easiest aerator and floating fountain company to work with. That covers a lot of territory and gives each one of us something to work on every day. This is part of valuing people, one of the reasons WHY we are in business, the core of our culture and value system.

Secondly, Chuck said, “We wanted to make water cleaner, to make the world a prettier and healthier place.” Most of our revenues came from the catfish market at the time, as we pioneered the niche in keeping water clean in the golf and landscape industries naturally, with oxygen and circulation. It led to our industry leading practice of having third party independent test facilities test our products – for performance and safety. Our initial tests at LSU for oxygen transfer rates set the industry standard.” A practice that we still honor with all new products today. Our recent

ground breaking testing with the new Air Flo 3 system proves two ground breaking principles with diffused aeration:

1. The systems run at peak transfer efficiencies at around 5 meters or 15 feet in depth. A small reduction in depth, say to 2.5 meters or 8 feet, **reduces transfer efficiencies almost 40%. Air diffusion is not an effective or efficient choice in 8ft or 2.5 meters in depth.**
2. Most commercially available systems place so many diffusers on a compressor that the diffusers may be driven below 25% of their capacity. Less diffusers, less tubing can equal the same transfer efficiencies.

Our values shape almost everything we do. And people remain our number one value. In 2016 we said farewell to Drew Bleiler, Roger McLaughlin, Linda Mohr, Randy Latza and Paul Weber and thank them for their many contributions. We welcomed aboard Andrew Dottery in shipping, Craig Kohler – panel assembler, Jeff Minnich – Accounting Mgr. and Alan Steele – NE Regional Sales Mgr. We're excited about our new teammates and look forward to their contributions for many years to come.

From a product vantage point, we continually seek to improve our products and services every day. In 2016 we improved the Concept3 motor baseplate tool again to provide a tighter fit with the bulkhead insert, (eliminating the occasional oil weeping around the insert). We believe we solved the age-old problem of serial number deterioration on the motor housing by investing in a laser etcher to etch serial numbers as well as HP, voltage and model into the can. In 2017 we are adding two new spray patterns in the Giant Fountain line – the Aries and Equinox patterns. We seek to answer the market's request for new color changing lighting systems for the 1-5 HP line before the end of 2017 and higher wattage color changing LED's for the Giant Fountains after that.

Probably the biggest change we're making in 2017 is back in our core value area, people. We are changing an inside sales position into a service-inside sales position to give more consistent levels of service when Robert is out or teaching a service school. We have budgeted to bring on a second Mfg. Engineer to improve our levels of service and quality as well as reducing development time. We're tweaking our regional management territory alignment and staffing. More on this in the third quarter. Saving the best for last..... Robyn Barebo, our first full time third generation family member employee, joined the staff in February as our Digital Marketing and Public Relations Coordinator. We're proud of Robyn and the possibilities that our third generation brings to the table.

We look to a future filled with promise while keeping the promises our founders made in 1980 – people and sustainability. And we couldn't do it without you. Thanks for the role you play in that.

Best Regards,



Charlie Barebo  
CEO