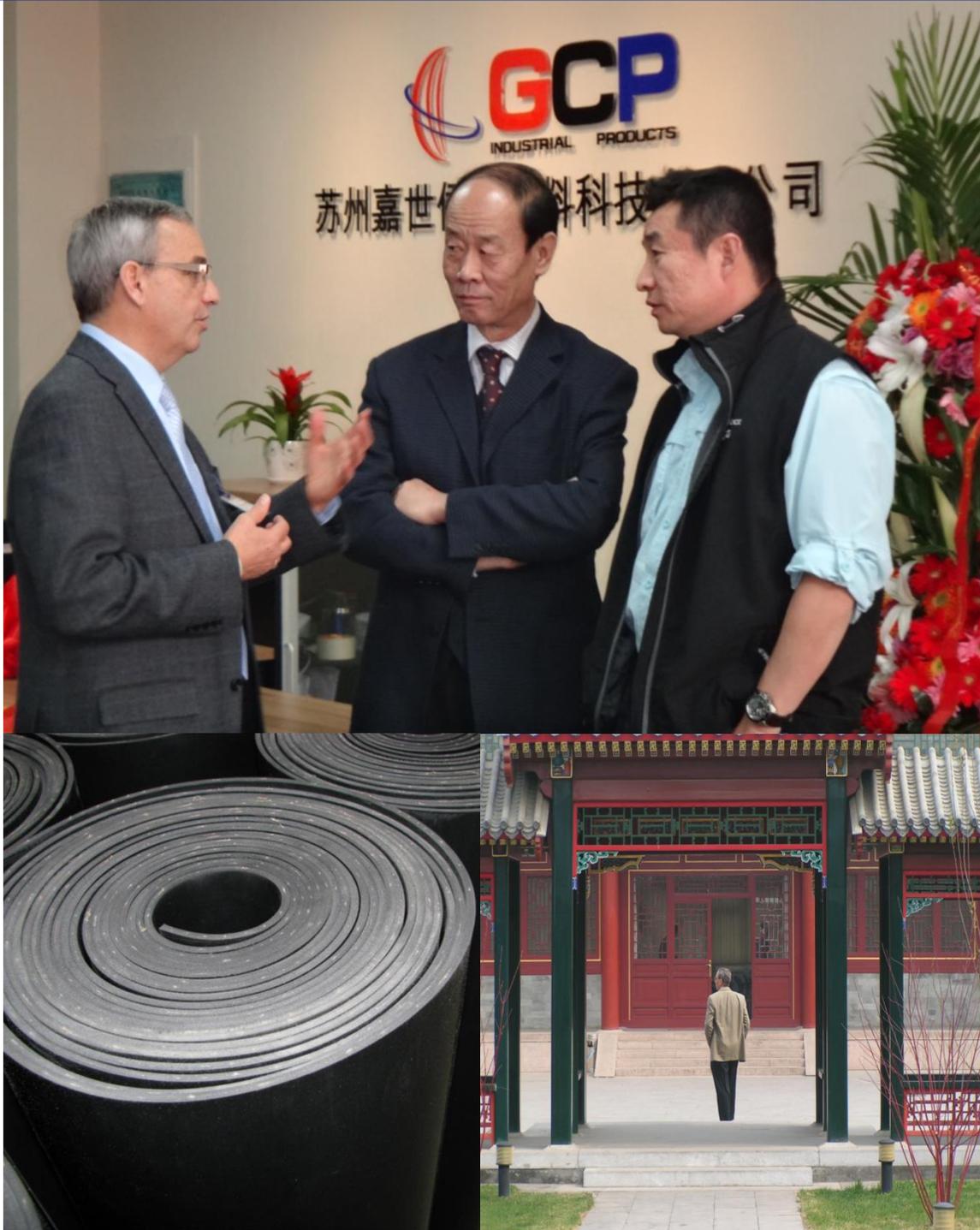


GCP Industrial Products



In today's competitive marketplace, businesses are continually seeking ways to streamline processes and trim their expenses, all while consistently delivering a quality product. So, for some, extending their supply chain to include a middle man may seem counter intuitive.

With the rise of globalization, the four corners of the globe have never been so reachable; yet this doesn't mean the playing field is level for companies wishing to capitalize on the prospects that exist out there. The presence of international players in manufacturing, specifically China, has created a wake of challenges for those seeking to source their product abroad. Consequently, the opportunity was primed for GCP to step in.

"Our best customers are the ones who have gone out and tried to do it themselves," says Gary Mottershead, CEO at GCP Industrial Products, the successful sourcing and supply company from Kitchener, Ontario.

With connections around the world--China, India, Indonesia, Malaysia, Europe, Canada, and the United States--this is a team who knows the nuances of countries and cultures, as well as the industries and products available, and essentially what it takes to get the job done. Sourcing a product is what they do, which can sometimes entail evolving or inventing a product to ensure it's of the best quality and precisely to their customers' specifications—always their ultimate goal.

In the beginning, Mottershead knew the wave was coming when he saw opportunities surging around business ventures in China. "I remember watching surfers when I was young, and the commentators were always saying, 'You have to go and catch the wave.' But you never truly knew if what you were catching was a big wave or not," Mottershead says. "But I felt the wave from China was coming in the industrial products market. We'd certainly seen that with consumer products."

Remembering that those who waited too long missed the wave altogether, and those who caught it too early were crushed by it, this entrepreneur knew timing was everything--to get the best ride, he needed to take a chance.

With extensive experience in international dealings for over 15 years, Mottershead wasn't concerned with the typical issues facing his colleagues and competition. Comfortable with the challenges, he decided that if this was indeed going to be a wave, he wanted it to be a good ride. And sure enough, today, Mottershead's company is positioned on the crest, as it continues to roll forward.

In addition to great timing, GCP's commitment to understanding their customers, fostering mutually beneficial relationships, and providing the best international sourcing options available, explains how and why the company is offering a superior service to their rivals. Specializing in large orders of commodity and high performance products, they've managed to establish a solid foothold in the supply chain since their founding in 1999.

Still, despite their undeniable success navigating these global waters, GCP remains a humble company, quick to highlight its simple beginnings. Starting with only one person, one supplier, and one product (commercial sheet rubber), Mottershead began the sourcing and supply venture as a follow-up after getting out of the tire recycling industry.

Snowballing from his solo efforts in 1999, into a multinational company that now has a second office in China and a worldwide network of connections, Mottershead's business continues to grow into something much bigger than he'd initially dreamed.

Trained as an engineer, Mottershead's technical aptitude still plays a part in his work today, as it has throughout his career. In 1989, prior to GCP, he helped found a company called Recovery Technologies Inc. There, he helped pioneer the breaking down of tires using liquid nitrogen (to freeze, then crack them), and additionally trail-blazed the concept of creating rubberized sporting grounds, such as soccer pitches and football fields, in collaboration with a Montreal company. "They were the field guys and we were the rubber guys," he says, with a laugh.

Despite the technical successes, for Mottershead the venture wasn't financially successful. Even still, it would be those contacts that ultimately opened the doors leading to GCP Industrial Products.

In the mid '90s, Mottershead was in touch with Americans working in China. When the subject of working with the Chinese came up, he was more than happy to try and sell them tire recycling units. While the interest was never there for that product, when Mottershead eventually left Recovery Technologies he found himself at a crossroads, and opportunity knocked again: his contacts from China wanted to know if he would like to go and sell for them.

Surprisingly, considering his relationships with China today, Mottershead initially resisted. It wasn't until a few years later, in 1999, at a time when he was uncertain of what the future might hold, that he agreed to give it a shot and thus founded the new company.

With a first order in October 1999 for roughly \$25,000, GCP Industrial Products hit the ground running. In 2000, their first full year in business, revenue was around half a million dollars. By 2001, it shot up to \$2.5 million. And the deals continued to accumulate. Business was booming.

"We grew fairly significantly in a short period of time," Mottershead says. "But as always, if you don't keep your eye on the ball, you kind of lose it. And in 2004, we lost a couple of big customers who went around my back and dealt with China directly."

With business down a third and a significant shift in the Canadian dollar, which hurt many Canadian companies at that time, GCP refocused and repositioned itself for a better year in 2005. After somewhat of a recovery period, they kick-started the new year by bringing in a team of people -- Melanie Tonkin, Nathan Pike, and George Qu -- to get things back on track and to set themselves up for another round of growth and success.

It's important to note all who joined that year are still involved with GCP, and are significant contributors in controlling the company's day-to-day operations as well as long-term growth potential.

Today, the company is a long way from the simple, one-product line that Mottershead started off with -- commercial rubber sheeting, often used to create ribbed rubber matting, the type one might use on the floor at the entranceway of restaurants or hotels.

Certainly it might be hard to initially imagine how a business could grow from this solitary product. Nevertheless, as orders rolled in, customers began asking for different patterns, and in turn, GCP sought them out and made custom products when necessary.

Sheet rubber is just one of dozens of products GCP now handles, in a dizzying list of industries it deals in. Yet, despite the variety, the company understands its unique skill set. You won't find housewares or toys on their product list. With over half the staff being trained engineers, the company focuses on sourcing products that have some technical component, are engineering-related, and allow them to utilize their expertise to the fullest extent.

Furthermore, Mottershead is quick to explain GCP's pervading presence across so many different fields. "It's because we're involved in the gasket industry. So, any time two pipes have to go together, any time somebody wants to dampen vibration, they usually put rubber in there."

And while for years the company has had a firm handle on sourcing and supplying custom industrial products, the manufacturing component of the business evolved organically for Mottershead's team.

Simply put, they had never gone to a factory where somebody made exactly what they wanted. Consequently, everything is essentially a custom job, made to order for their customers and, as such, there was much more to be done than just finding an available factory to do the work.

Indeed, GCP does so much more than simply facilitate the international acquisition process for their clients. Instead, they're part of the process, manipulating what the product might be, or making and perfecting it to match exactly what their customers require.

Involved with every aspect of the product -- from the initial design, to scouting the best factory on a global scale, to handling the communications between customer and manufacturing company, to providing quality control checks throughout -- it soon became apparent that taking an active role was precisely what was needed to guarantee the best results for all sides. And with a corporate

strategy that centers on building long-term, mutually beneficial relationships, GCP was happy to step up to the plate.

“When you start to look at all the functions we touch, there is much more of a manufacturing style than an initial outlook might perceive,” says Craig Mottershead, GCP’s Director of Marketing and founder Mottershead’s son.

A graduate of Williams School of Business at Bishop’s University, the younger Mottershead admits joining his father’s company was never part of his career plans. Though, when an opportunity arose at GCP, he says it just made sense to join his father at the company.

Craig Mottershead plays his position well within the organization, leaving no doubt he’s a valuable asset to the team. Heading up their marketing efforts, his competence shines through in GCP’s emerging online presence and comprehensive website.

No doubt some of the lessons from the past are kept in mind as the Mottersheads look to GCP’s future. As with most companies, there were the inevitable growing pains that came along in the early years, perhaps even more so due to the bespoke nature of the products involved. Yet, their customers stuck with them, knowing the company had their best interests in mind.

Mottershead senior tells the story of how they were once asked to find these specialty ceramic tiles. An incredibly pure product, used to dissipate heat, the tiles were intended for the grain handling industry due to the high friction and high heat generated as grain passes through the shoots.

Although they’d never done it before, Mottershead agreed to try and find the tiles for his customer. After seven months and ten factories, GCP finally found someone who could supply the tiles, albeit with significant modifications to be completed: the factory’s current, comparable tile was 4 inches thick, while GCP’s customer needed them 1/4 of an inch thick, with consistently square edges so the tiles could match up.

“We had to be as good as, if not better than, our competitor’s quality at a better price to sell it,” Mottershead explains. “Ten factories later, we make a product that stands up better than the name competitors make today.”

Over the years, GCP has worked hard to establish a network of manufacturing contacts they call Approved Suppliers, who can provide the type of quality they demand. As a result, they're not a company that hops from supplier to supplier, preferring to utilize their trusted contacts instead. "We don't represent any factory," Mottershead says. "In essence we represent the customer and the marketplace."

Even still, GCP maintains such close relationships with their approved suppliers that GCP is often thought of as their marketing arm; a role they're happy to adopt. In fact, it suits them perfectly as they've been known to look for businesses that might have a deficiency in an area they can bring their strength to. For instance, if a supplier doesn't have North American marketing capability, but they do have a strong manufacturing capability, GCP is happy to try them out. Similarly, if a business isn't large enough to have their own people onsite at a manufacturing location, or even a dedicated outsourcing purchasing department, then GCP acts as an offshore purchasing arm for them, and as a consolidator of suppliers if that's what their customer needs.

Additionally, keeping in touch with the needs of their North American customers is vital to GCP's success. While years ago a cost-saving/profit-increasing proposition might have garnered interest from a prospective client, today quality is of the utmost priority. It's also become a cornerstone of the company's philosophy.

As a result, one of GCP's primary responsibilities when they take the lead on sourcing a product is ensuring the quality is top-notch, and the workmanship is up to the clients' expectations. Yet, it wasn't always this way. In 2003, a 30% savings would have been enough to get a business owner's attention, though they would still have been looking for more incentives before coming aboard. Today, however, from Mottershead's experience, if a conversation begins with the proposed savings, owners automatically assume the product quality must be low to make up the price difference--and a drop in quality isn't worth any amount of savings.

"We really made the shift in our business around the end of 2007, going into 2008, to focus on providing a quality product first and foremost," Mottershead

explains. Once quality is established, the team at GCP then works with the manufacturers to arrive at an acceptable market price.

And again, as they're never buying simply on price point, the GCP team are in a position to look at their relationship with the factory and their long-term goal of having that business relationship. Realizing that their future is reliant on creating high quality products, GCP never takes their eyes off of that ball, because, as Mottershead says, "Our customers aren't going to stand for it, and their customers won't either."

Business today is much more than simply finding a factory to source a product; companies need to know the product they're receiving is going to work properly, without the cost and liability of defects from poor workmanship. Consequently, that's a fundamental element of what GCP can offer--guaranteed quality, in a risk-free environment.

And the connections GCP has fostered, one of their greatest strengths as a company, would never have come about, Mottershead admits, without the personal recommendations and being introduced to the right people. He tells the story of one of GCP's best customers, a well-traveled gentleman who had joined them on a trip to China. This customer ventured out on his own to tend to some other business during the trip. Successfully sourcing on his own was something he had done before, but on this occasion, the result was a sketchy meeting with an ill-prepared contact, an uncomfortable stay in a cockroach motel, and a whole container, paid in full up front, full of product whose quality was below par. This customer was reminded the hard way about the perils of going at it alone can sometimes produce. Now GCP is now one of his largest trusted suppliers.

Because of this reality--the ever-present risk of poor, unreliable product quality--GCP has found success with their risk-free sourcing offer. Employing a list of precautions, they aim to deliver exactly what someone expects in terms of product specifications and, of course, always at the expected quality.

In 2007, amidst the tumultuous period where quality issues from China were a seemingly daily news story -- from melamine in milk, to lead in the paint of children's toys -- the company confirmed quality was the fundamental issue facing their customers. Needing a product they could rely on, the GCP team

decided this would be their focus, the issue they had to solve, to provide that confidence for their customers.

Although they'd always guaranteed their customers' money back in the event of dissatisfaction, the company formalized the process entirely, calling it The Risk-Free Sourcing Solution™. With that they began fine-tuning the communications between all parties--customers to GCP, and GCP to the factory--to ensure that all sides are always on the same page.

So, as a result of communication being paramount for success, GCP created a series of tools, from code-names for factory use, to improved communication set-ups with the manufacturing team.

Worth mentioning here is their Vital Factors Checklist™, which details all the specifics the customer is expecting when they open their container. If the product doesn't match up, or if the deal doesn't work out, GCP pays for it and the arrangement doesn't have to go forward. Ultimately, this makes it virtually risk-free for the customer; GCP assumes all responsibility for the transaction, from start to finish.

And to ensure there's nothing lost in translation, the GCP team find interpreters are an invaluable resource when doing business abroad, especially in China. Though Mottershead toyed with the idea of becoming proficient in Mandarin, he made the calculated decision to continue using a professional translator instead. Although a language gaff would be fine during lunch, he knew just how important it was to be able to communicate effectively in business meetings.

Thus, talking in his native tongue via a translator allows Mottershead to conduct himself as he normally would, without the risks of a communication breakdown associated with negotiating the terms of a contract or the level of detail needed to convey a customer's specifications or concerns. It also allows him to have a genuine, clear conversation that can further the relationship, rather than fumble it through a language misstep. "You have to be authentic. You have to be who you are," Mottershead explains. "They read the person. That's what they trust and that's where the relationships come from."

Having left containers sitting on the factory doorstep because quality wasn't acceptable upon inspection, Mottershead notes that it's not a good situation for either side when there's a gap in communication. Consequently, nobody wins if the product isn't up to the right standard, which is why GCP works so hard to ensure expectations are met and surpassed. "I've had approved suppliers tell us, of the 80 countries they deal with, we demand the best quality of anybody," Mottershead adds.

By establishing ongoing relationships with proficient, approved suppliers, and through their detailed communication with all parties involved, GCP seems to have found a winning formula for sourcing quality products from around the world.

With a full-time employee on the ground in China since 2007 and a local office, now with three full time staff, GCP has set their sights on growth. Armed with a business license, the company is positioned to import, export, and even do business within China itself.

But the company doesn't solely rely only on approved suppliers in China. Always crunching numbers to find the best quality and price for their clients, GCP is willing to go wherever it makes sense for their product sourcing, like India, for example.

"We bring in over 300 containers a year and some of those products are from India," Mottershead says. "And when we bring a natural rubber product in from there, we can acquire it cheaper, because natural rubber is indigenous to India."

Indeed, Mottershead is well versed in the slew of factors that go into making a sourcing decision. Raw material is one piece of the equation, as are labour costs. But even though the latter is significantly cheaper in China than North America, GCP also considers the fact that productivity might not be as good. Transportation, logistics, and manufacturing processes are all variables to manage as well. GCP aligns the sourcing of products to our customer's growths plans and strategy. We want the supply chain to be strategically aligned so all parties grow and prosper.

With each factory, region, and country having their own strengths, GCP's customers benefit from working with this in-the-know team. "We call it 'Right Shoring'," Craig Mottershead explains. "It basically means we look for the areas around the world where they'll have a certain advantage." And with links to manufacturers in Canada, the U.S., India, China, Malaysia, Turkey, and Indonesia, the company is certainly not afraid to search far and wide for the perfect fit.

GCP sources from different countries for different reasons, with a goal to match the customer's needs to a factory's technical capability. And with a good match increasing the overall quality level and product success, it's certainly something they take seriously.

Yet, weighing up raw materials costs with labour, and ultimately with quality, is a challenging matter the GCP team seem to have mastered. With an aim to find the best people for the job, they leave no stone unturned when searching for the right factory. For example, GCP buys a lot of industrial hose from Turkey. Although they can get it made in China, they've spent countless hours and tried numerous factories, and as it turns out, the best industrial hose, at a competitive price, is in Turkey.

Hoses and GCP's other sourced products, directly and indirectly, find their way into some of the biggest brands, from John Deere, to Toyota, to GE. With all of this knowledge and their strategic position in the industry, it might seem like GCP is poised to expand their product lines even further. However, they're starting to focus in, rather than out, for their future plans; instead of expansion, GCP's goal is more aligned with a narrowing focus on their expertise and the products they excel at.

Perhaps their desire to take a tighter focus stems from the early company philosophy--seizing whatever opportunity showed up. Growing from a business that dealt with one factory in 2005, to two, three and four factories in 2007 and so forth, GCP learned what they could and couldn't do successfully. And acting on that knowledge, Mottershead is set to zero in on their most successful areas. He likens it to the diversity and variety of interests as children, and how a child refines their interests as they grow, eventually focusing on one or two they're the

best at. For Mottershead and GCP, the narrowing down philosophy makes the most sense at this stage of their growth.

With a more narrow focus in mind, GCP has targeted their star products, creating a list of five or six they intend to brand with their name, and then promote. Additionally, the company will be reducing their product offerings, but broadening the marketplace they serve, including China specifically.

GCP has already begun to buy and sell inside China, beginning with an aramid fiber--think bullet-proof vests – which is manufactured in the west of the country and sold to some of their current approved suppliers, and others, in the eastern part.

“We see an opportunity for the Tier 2, Tier 3 manufacturing in China to grow,” Mottershead says. “There’s Tier 1 in the automotive industry, and agricultural; all the products we buy end up in those industries in both North America and Europe, so we see an opportunity to be a part of that infrastructure growth in China.”

Mottershead believes it may be the next wave approaching, and is therefore positioning the company accordingly. Sitting at the crest of the wave, with materials that you can’t buy in China, GCP is ready to supply high quality materials back to the world’s most populous country, venturing into an industry that’s just in its infancy.

Furthermore, the company recently acquired an exciting intellectual property, with the hopes of bringing the product to market. Now in possession of a recognized trade name, Rubatex®, the GCP team is leading the manufacturing process of the product, which is taking place in the U.S., and looking forward to marketing it on a worldwide level. “We see that as a growing piece for us” Gary Mottershead explains.

Key to this new direction are Craig Mottershead’s efforts, as he takes the helm on the marketing front and aims to raise the company’s profile in the industry beyond being the middle man. “We’re always going to be a relationship-style business,” Craig Mottershead says. And while a product might get them in the door, he acknowledges it’ll take more than that to get someone to buy. “We see it

as three phases we have to pass: Someone first has to know you, then like you, and then ultimately trust you,” he explains. As such, he’s not looking to market their products blindly, but rather focus on getting them in front of the right buyers, in the right space, as a means of opening that first door of recognition for the GCP brand.

With more opportunities on the horizon, and having doubled the business in the last five years, there is one other secret behind their success—Gary Mottershead’s role as a coach for The Strategic Coach®. For the past 17 years, Mottershead has coached more than 2,500 entrepreneurs and conducted more than 350 workshops. In 2006, he committed to being the head coach at GCP, recognizing that everyone’s position was more important than his own. “We’ve always looked for people who have unique skills and we put those people together, just as you would for a hockey team or a football team. I always say: if we fail, it’s because of me. If we succeed, it’s because of the team.”

Mottershead was the man who started it all, the first employee of GCP, shaping its vision. Yet he remains humble and hardworking, as does his company. “We want to be like the guy next door, who just happens to deal around the world.”