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Part C: Changes at Gaska Tape after 2007

After Judy left, I noticed we had been complacent about the number of employees we had at GASKA, and the overhead costs were out of control. Given the economic downturn and the pressures of the legal battle between Judy and me (Exhibit 2), getting the costs down was critical over the next three years.

In 2009, a judge ruled that I was entitled to buy GASKA from my sister. It took us two years of litigation, and the commitment to the legal battle was debilitating. Banks were reluctant to give me a loan, encouraging me to work out my conflict with Judy instead or even suggesting I should sell. Since that was not what I wanted, I still found a way. I had to meet a strict payment schedule, or I could lose it all.

I knew the buyout could go wrong. I knew I could lose it all. I was not blind to what was happening to the economy; it was not pretty at all. In such a context, the average person would have sold out to a third party. But I never hesitated to take this bull by the horns and just run it myself.

Professor Andreas Widmer (The Catholic University of America) and Professor Tatiana Rodríguez (Universidad de los Andes) prepared this case. This case was not funded by the company. Funding for the development of this case was provided by EnFocus and the Institute for Entrepreneurial Communities. .

We indeed went down in 2008 and 2009. The economy had collapsed. And as I remember it, our sales went down by half, easily. Under such pressure, I made drastic structural changes, and they worked. Today, the company is outstanding in its innovative product development, delivering customized solutions to a range of industries, including housing and automotive.

Some examples of Gaska's products include weather strips for window manufacturing. These strips are waterproof and elastic, allowing for significant expansion and contraction of glass within aluminum frames, a critical feature for temperature fluctuations.

In the automobile industry, the company's invention of foam tape that dampens sound and vibration revolutionized the car manufacturing process. A recent source of pride is our solution for Johnson’s and Johson’s band-aids. Do you know that stubborn black mark left behind by the glue when you peel off a band-aid? Our innovative glue eliminates that problem. It doesn't react to the heat of your skin in the same way, so you won't have to deal with that irritating sticky residue anymore.

Gaska Tape's success lies in its customer focus, production of high-quality, customized solutions to specific problems, and ability to innovate and adapt to changing industry dynamics. The company's product quality and strategic client diversification have enabled us to navigate economic uncertainties while maintaining a strong market presence.

The growth of Gaska is, I believe, directly linked to the management decisions I made in the critical years of 2007 to 2009. Here are some of the key initiatives we implemented to transform the company:

- **Rightsizing:** Acknowledging the mismatch between our workforce and our sales trends, we undertook a rightsizing initiative, decreasing our staff from 145 to 66 (see Exhibit 3). The economic downturn in 2008 and 2009 impacted us all, necessitating a recalibration of our company size to align with our sales at the time. This resulted in layoffs, a tough decision but one that was made to ensure the survival of the remaining team members.

  Making this decision was crucial to keeping the company afloat during a business downturn. But more than that, I viewed rightsizing as a strategy to stabilize sales cycles. A leaner and more versatile team would be more adept at managing unexpected spikes in demand without compromising profit margins during fluctuations in sales volume.

- **Customer-Centric Approach & Service:** At the heart of our strategy is a customer-centric approach, prioritizing the understanding and meeting of customer needs with high-quality service rather than just chasing sales and short-term profit. I believe many manufacturers get it wrong in two critical areas. Firstly, they push their teams to produce quickly with inferior equipment to maximize margins, only to incur double costs when defective products necessitate re-manufacturing. We take a different route: we produce right the first time, ensuring efficiency and customer satisfaction. Secondly, unlike others who develop products in isolation and then seek buyers, at Gaska, we collaborate closely with our clients. We identify their immediate challenges that can be addressed with tape or foam solutions and then tailor our products to these needs. This approach sets us apart from the competition and means that each product we sell is uniquely designed for the client who requested it, eliminating direct competition.

- **Quality and R&D:** We invested in research and development, upgrading our equipment, and refining our processes to guarantee our products are consistently high-quality and reliable.

  Our mantra is achieving quality. We aim to deliver products that are not only of high quality but also consistent, ensuring that when customers open their shipment, they find exactly what they expected—no surprises, just confirmation. 'Yes, this is what I ordered.'"

- **Commitment to Domestic Manufacturing:** Despite the push to outsource production abroad, Gaska Tape steadfastly chose to manufacture within the U.S., tapping into the unique opportunities and benefits of domestic production.

  Three decades ago, I was questioned about setting up a plant in China. My response was, 'Why would I?' The U.S. is brimming with opportunities unmatched by any other country, making it clear to me that our manufacturing belongs right here, not overseas."

- **Continuous Improvement and Waste Reduction:** Adopting a mindset of perpetual enhancement, we are committed to identifying and eliminating inefficiencies throughout our operations, optimizing for efficiency and cost savings.

  The essence of our approach is rooted in continuous improvement. Regardless of the task, the goal is always to refine and enhance. We constantly ask, 'What

are we doing? Where are the issues? Where is the waste?' and then eliminate it. As I've often said, the goal is to produce a product once and be compensated once. Producing the same item twice for a single payment goes against our philosophy.

- **Investment in Equipment:** Gaska Tape's commitment to excellence led us to invest heavily in advanced testing equipment and machinery, significantly enhancing our product reliability and value. Additionally, we inaugurated a new facility, ensuring it was outfitted with the latest technology.

  After having established a foundation for certification in both the construction and automotive industries, we turned our attention to creating product lines specifically designed to meet our customers' unique needs. This involved a deep collaboration with our clients, understanding their specific challenges, and developing products that provide real, tangible value to them. We are always ready to solve the most difficult challenges our clients have. And therein lies our competitive edge.

People and Culture

Our company's greatest assets are our people and the culture within which they work. I firmly believe that our competitive advantage stems from our team. Often, there's too much emphasis on machinery, products, and optimizing productivity. These elements are important, but real results are achieved by focusing on our people and building a cohesive team. This approach has been central to my contributions. I prioritize hiring individuals who are more knowledgeable than myself and allow them the freedom to work independently. I'm not one to micromanage. By providing a clear, overarching direction and encouraging everyone on the team to pursue innovative ideas, I empower my employees, fostering a culture of well-being through empowerment and collaboration.

However, we recognize that we still have significant room for improvement, particularly in our efforts to reduce attrition rates among new employees. Our retention strategies are more effective with employees who have been with us for over three years compared to those in their initial years. The first two years see the highest turnover. I think that this time is a kind of long test period. While generational differences and industry-specific trends play a role, we must clearly enhance our cultural and operational strategies to support our newer team members better.

Our impact beyond the industry

Our company's influence extends beyond the immediate scope of our industry, thanks in large part to our commitment to philanthropy and community engagement, which are made possible by the success of our manufacturing business.

We have also taken steps to preserve the rich heritage of the American automotive industry. I have created the JBS Collection, restoring vehicles from the early 20th century's Brass and Classical eras. This displays rare and unique cars and is a tribute to automobiles' artistry, design, engineering, and historical significance. It underscores their role in crafting American automotive culture's narrative (Exhibit 5).
Certainly, thoughts of Judy linger. This case, which you are reading, stands as proof. But Gaska has allowed me to fulfill so many dreams, and I wouldn't want to change that for anything.

I have never done this alone. Building on my father's legacy and with Laura's support, my strategy has been to surround myself with top-notch talent. Elkhart is the ideal setting (Exhibit 6). It embodies the American dream, pulsing with an entrepreneurial spirit. Here, someone starts with an idea in a two-car garage and thrives. That's the story of Gaska. What sets Elkhart apart is its "get it done" attitude—opportunities are grabbed, and entrepreneurship blossoms.

Exhibit 1:

ABOUT GASKA TAPE

Established in 1965, Gaska Tape Inc. started its operations in the humble environment of a two-car garage in Elkhart, Indiana. Today, we are an internationally recognized company, a pioneer in innovative product development technology and production processes in the foam and adhesive industry.

In the early days, Gaska Tape was a service provider to the local market, converting foams and adhesives to meet the needs of their customers. The company's direction and ethos underwent a transformative change in 1976 when one of the founding entrepreneurs, Jack Boyd Smith, and the Smith family took ownership. Their vision of growth, expansion, and commitment to excellence created a solid foundation upon which the company stands today.

Now privately owned, Gaska Tape Inc. operates from a 250,000-square-foot manufacturing space, consistently pushing the boundaries of innovation in the industry. From the start, our mission has been to analyze and meet the unique needs of our customers, and this principle guides every aspect of our business.

We attribute our success and growth to our aggressive research and development programs, state-of-the-art manufacturing, and laboratory facilities, and a management team that fosters innovation and vision. We are not just a tape manufacturer; we are a solutions provider that works closely with each client to develop custom foam products that cater to their specific needs.

In our quest for excellence, Gaska Tape Inc. has become a valued partner for businesses across various industries such as automotive, construction, HVAC, industrial, leisure, retail, and medical, among others. This is testament to our high-quality products, reliable delivery schedules, and our drive for innovation.

Throughout the decades, Gaska Tape Inc. has held true to its commitment to quality, which is reflected in our ISO certification. We take immense pride in our relationships with our customers, their positive testimonials a proof of our dedication to ensuring customer satisfaction and providing world-class service.

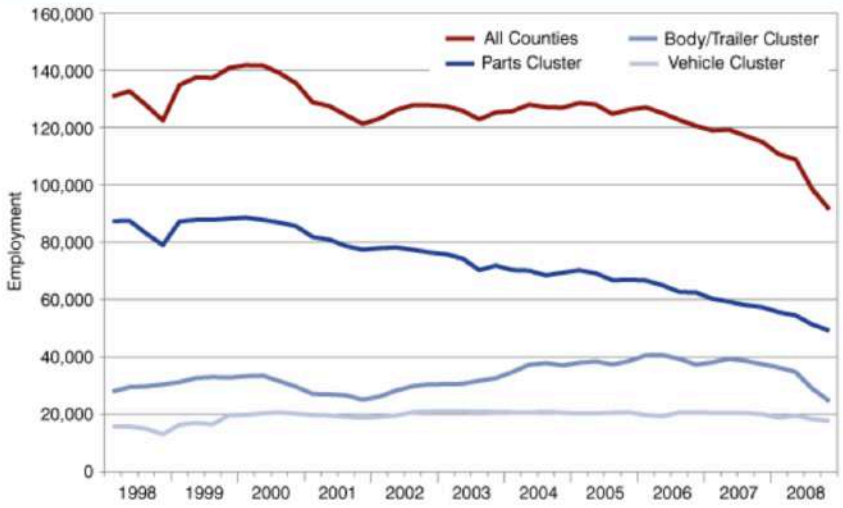
As we look towards the future, we aim to continue setting new standards in the foam technologies industry. We invite you to join us on this journey and discover how our foam solutions can make a difference in your manufacturing process.

Source: Company's Website

Exhibit 2: Industry 2008

Source: https://fred.stlouisfed.org/series/DAUPSA

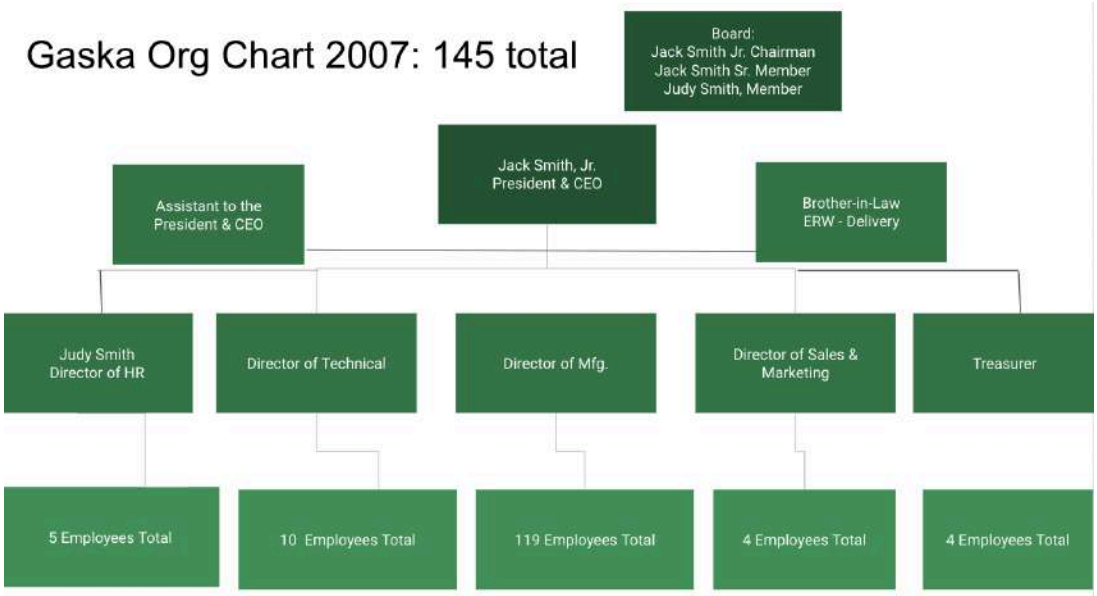
Figure 2 : Indiana Employment by County Automotive Manufacturing Cluster, 1998:1 through 2008:4

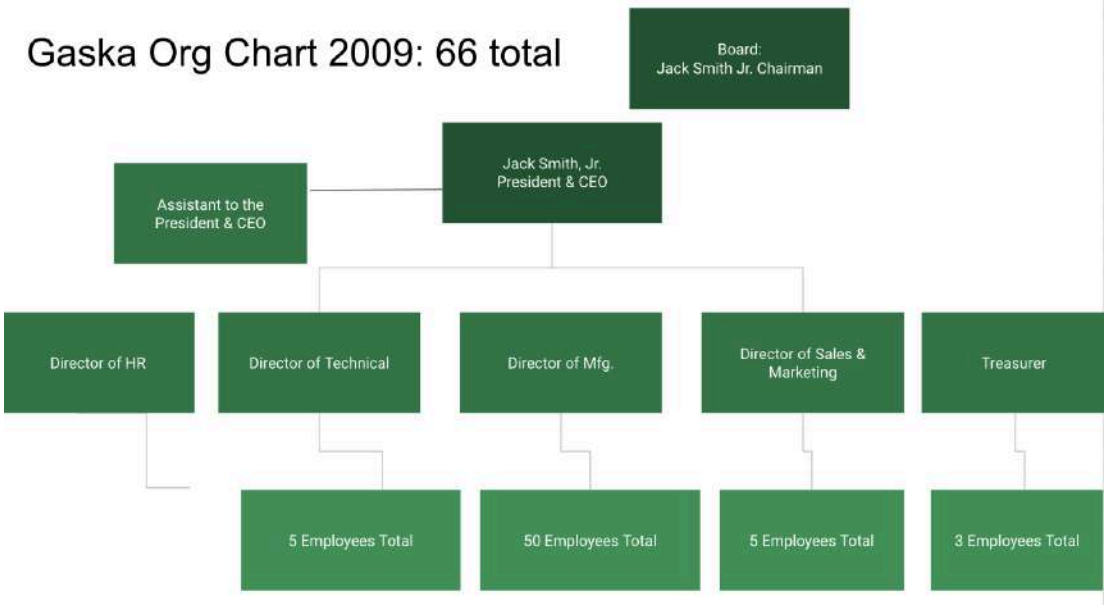


Note: Hash marks indicate quarters of each year. This chart uses combined employment data for motor vehicle manufacturing (NAICS 3361), motor vehicle body and trailer manufacturing (NAICS 3362), and motor vehicle parts manufacturing (NAICS 3363). The 80 Indiana counties that have employment in these sectors have been divided into these three clusters based on their similarities.
Source: Hoover's, Inc.; Dun & Bradstreet; and U.S. Bureau of Labor Statistics

Source: https://www.incontext.indiana.edu/2010/may-june/article2.asp

Exhibit 3:





Source: Company's Documents

Exhibit 4:

Elkhart Police to get new equipment thanks to community donor

by Ed Ernstes, WSBT 22 Elkhart County Reporter
Tuesday, Aug 22nd 2017

"Elkhart Police Department's law enforcement evolves and the tolls that we have to do our job also evolve. We're actually going multi-caliber, we are offering the 9mm and the 45, and basically it's just an officer preference," said Assistant Chief Todd Thayer.

It's a somewhat expensive undertaking. Jack Smith, of Gaska Tape, will make up the difference between the cost of the new handguns and the trade in value of the old guns.

Smith will also buy new holsters and magazine pouches for each officer.

"It is not new, we do it every year. We work with the police and the fire department, try to find something that's not really in their budget, that they normally would not be able to procure through their budgetary process. And we purchase them to try to help the community," said Smith.

The police department, like any department in the city, has budget constraints that it has to abide by and follow. Sometimes there might be gear that they would like to have on board, but the city financially cannot procure it.

The department is very grateful for his donation.

"We all have budgets and we have to live within those budgets. If somebody steps up and helps us out with something, we think is well worth investing in and they take it out of their own funds, their private funds and donate it to the city it just puts us way ahead of the game," said Chief Ed Windbigler.

Source:
https://wsbt.com/amp/news/local/elkhart-police-to-get-new-equipment-thanks-to-community-donor

Vatican's Swiss Guards wear new 3D-printed helmets

Delia Gallagher, CNN

(CNN) — For more than 500 years, Swiss Guards have protected the Pope at the Vatican wearing metal helmets which scorched their skin in the hot Roman sun – but those days are over for the 120 members of the Holy See's private army.

The old metal helmet has been replaced by a 21st century high-tech, 3D-printed version, made of UV-resistant PVC, a common type of plastic.

The first wave of 95 helmets out of a total shipment of 150 has arrived at the Swiss Guard headquarters in the Vatican on Tuesday, where cadets prepared to wear them for the first time.

American businessman, Jack Boyd Smith, President of Gaska Tape Inc. in Indiana, and his wife Laura sponsored part of the project. "I think it's exciting," Smith said. "Change is always good; it's new and modern but it will still conform with the old guard, so to speak."

Tuesday marked the 513th anniversary of the Pontifical Swiss Guard, which was founded officially on 22 Jan. 1506. As the guards arrived to receive their new helmets, Swiss Guard Nicolas Albert said there was an air of contained enthusiasm. "A lot of them are looking forward to wearing them because they didn't really like the old helmets," he said. "But you wear what you get," he added.

Source: https://www.cnn.com/style/article/vatican-swiss-guard-new-helmets-intl/index.html

Exhibit 5

Source: The JBS Collection Instagram Account

Exhibit 6: Elkhart Manufacturing by 2021

Top Cities Where Manufacturing is Thriving

1. Elkhart, IN

Elkhart, Indiana, was the top manufacturing city in our study, and one of two midsize cities in the top five. Elkhart is a city in northern Indiana just fifteen miles east of South Bend, the economic and cultural center of Northern Indiana. Elkhart and the surrounding cities in Elkhart County are referred to as the "RV capital of the world." Fifty-two percent of all RVs produced in the United States are produced in Elkhart County.

In 2019, the city produced 584% more jobs for manufacturing, on a per-capita basis, than the average U.S. city and had a manufacturing output of $9.1 billion. During the study period, manufacturing output grew by a compounded annual growth rate of 6.1%, while manufacturing employment grew by 2.1%. Manufacturing output per capita in Elkhart was $44,137 at the end of the study period.

Source: https://advisorsmith.com/data/top-cities-where-u-s-manufacturing-is-thriving/