

GREEN BUSINESS QUARTERLY

FALL 2009

CONSUMER PERCEPTION STUDY

Sustainability remains priority to purchasers; businesses have opportunity to increase brand value

GREEN FRANCHISING

Redefining the traditional general store

Greening Your Office

Creating a healthy, productive,
and efficient workspace for employees

PLUS

CITY TO WATCH: BRADDOCK, PA,
TRANSFORMING A CITY HIT
HARD BY ECONOMIC CONDITIONS



Koneta supplies the industrial market with ergonomic and anti-slip matting made from 100% recycled scrap material mixed from tire production and post-consumer recycled tires.

INDUSTRIAL SOLUTIONS

Naturally, manufacturers are a key cog in the sustainability movement. By both reducing energy and waste in production and making products that are easily reused or greenly disposed, these companies have a direct and forceful impact on the fate of our planet.

Using biodegradable, compostable, or recyclable materials and packaging is an easy but

important means to this end, as is ending the usage of toxic and ozone-depleting chemicals.

More and more manufacturers around the country are vowing to change their companies for the better, and any step, large or small—like selling scrap metal, reclaiming plastic waste, or reusing discarded cardboard—helps us all.

Koneta

Rubber product manufacturer weathers economy with long history of sustainability

BY JOEL CUSUMANO

FOUR DECADES OF ENVIRONMENTALLY friendly manufacturing is a legacy that any business would love to have in the burgeoning, green world economy. Founded in the 1950s by entrepreneur Harlan Lea, Wapakoneta, Ohio-based Koneta, Inc. was one of the first to manufacture mud flaps for the heavy-truck markets. In 1971, Lancaster Colony Corporation of Columbus, Ohio acquired Koneta from Lea, and in 1978, Koneta invented and introduced the custom-fit bed mat as a light-truck accessory, expanding its target markets to include light-truck owners. Koneta also achieved QS 9000 certification in 1997, and ISO/TS 16949 with design in 2003—ISO 14001 certification was achieved in 2003.

Kinderhook Industries LLC, a New York private-equity firm with a vast company portfolio, purchased Koneta from Lancaster Colony in March 2007, combining Koneta under the KN Rubber Company holding company with National Rubber Technologies (NRT) of Toronto. Having commonality in basic equipment and processes, Koneta and the former National Rubber Industries had worked closely together under a 1999 marketing alliance. Annually recycling—on a combined basis—over 32 million pounds of green textile tire-cord friction, 12 million pounds of green tire compounds, 3 million pounds of polyethylene camelback film scrap, and over 1.2 million scrap tires, these companies are the largest premier recycler of these combined waste streams.

Koneta president John Kepler says, “Koneta has had, for over four decades, a symbiotic relationship with all of

ProTecta bedmats, made from 100% recycled tire rubber, provide unparalleled protection for truck owners.



North America’s tire industry as an effective and highly integral and necessary cog in the recycling necessities for these waste-stream commodities that are generated at the tire plants across North America.” Indeed, in that time, Koneta and NRT have developed the capability to process and convert waste-stream materials into “commercially saleable products.” The companies have effectively developed the markets to complete those recycling efforts.

KN Rubber Company has longstanding material specifications based on the physical properties of these material blends, established and approved at North America’s automotive, light-truck, and heavy-truck OEMs, and the aftermarket. With customers spanning the globe, Koneta and NRT have major market positions in splash guards, quarter fenders, wheel chocks, and other heavy-truck products; bed mats for the OEM manufacturers of pickups and for the aftermarket; matting for the industrial and agricultural

marketplace; masticated-sheet stock and rolls for the die-cutting industry; Symar load-grip matting for the transportation industry; roof walkway pads for commercial roof applications; Symar acoustic control underlay and OEM die cut under the hood parts and injection-molded parts for the automotive, light-truck, and heavy-truck industries.

“These companies are highly sensitive to their unique stature in the recycling and environmental market position they have developed,” Kepler says. “We take our stewardship of these facilities for energy consumption, emissions, water use, land use, and waste management very seriously with appropriate capital expenditures to enhance and improve our environmental sustainability.” Moreover, KN is fully committed to growing its shareholder’s value through a number of environmental and social practices, thanks to its green initiatives.

To illustrate its growth process through sustainability and business perspectives,

AT A GLANCE

LOCATION:
WAPAKONETA, OH

AREA OF SPECIALTY:
HEAVY-TRUCK PRODUCTS, PICKUP TRUCK BED MATS, AND MATS AND MATTING

EMPLOYEES:
147

CLIENTS:
FORD, TOYOTA, FREIGHTLINER, BALKAMP/NAPA, INTERNATIONAL, VOLVO, GM, KEYSTONE, DEE ZEE, PACCAR PARTS



Top: National Rubber Technologies uses 100% recycled tire scrap material to produce masticated sheets for die cutters and other niche markets.

Bottom: Koneta's Spraydown Splash Guard System utilizes air-flow management to reduce fuel consumption.

“On a much smaller scale, we like to think that KN, Koneta, and NRT are the quiet giants of environmental sustainability within our business sphere of influence.”

John Kepler, President

Koneta has been monitoring many new ideas and products for improved splash anti-spray reduction and fuel-saving designs across the globe for heavy-truck splashguards since the early 1980s, when spray-suppression legislation, in relation to splashguard application, was the hottest topic in the industry. Koneta has been offering its widely accepted and best versions of anti-spray guards throughout the years, but federal legislative efforts to mandate minimum standards for spray suppression, even after re-review in 1993 and 1998, never got beyond the litmus test requirement of demonstrative visible improvement for the drivers and the passing motorists in the difficult, often dangerous rainy conditions experienced frequently on highways.

In 2006, John Downes established Spraydown Ltd. of Sterling, Scotland to commercialize the conceptual design employing computational fluid dynamic studies for an air- and water-separator mud flap. Spraydown owns the IP and has worldwide patents in place. In 2007, the highly renowned Transport Research Laboratories (TRL) of Britain performed detailed studies of the Spraydown guards versus the best available technology; and on a comparative basis, it demonstrated a remarkable breakthrough of an additional 43-percent reduction in spray by the Spraydown guards. Koneta's quest for a breakthrough technology was finalized late in 2008, with an exclusive sales and marketing agreement for the Spraydown guards in North America and Japan.

Kepler says, “Our engineers and Spraydown engineers promptly developed the transition adapters for vehicle application fit requirements for North America, and Koneta very recently launched this amazing new product.” He goes on to say that the guards' fuel-conserving qualities were a most welcome byproduct of the extensive testing and ongoing fleet testing in the United States and Europe. This ties in with the company's social responsibility for improving safety on US highways, with a potential for reducing heavy-truck-generated carbon footprints.

In 2007, Koneta received Freightliner's Master of Quality Award—out of more than 1,800 worldwide suppliers to the wholly owned subsidiary of Daimler. Only 2.4 percent have been recipients of this honor. Koneta also received Toyota's Quality Alliance Platinum Award, recognizing supplier excellence in 2007.

Koneta is still currently one of Toyota's top 83 North American suppliers in Toyota's quality-standards rating system. “Toyota has a great reputation as a forward-thinking environmental company and they have imbedded that philosophy into their very successful business strategy,” Kepler says. “On a much smaller scale, we like to think that KN, Koneta, and NRT are the quiet giants of environmental sustainability within our business sphere of influence, both upstream to our symbiotic relationship with the tire industry, and downstream to the customers who buy our recycled products that we have developed and nurtured for so many decades.” GBQ