

Relationship Matters

Pred Materials International is building on solid business relationships as it embarks on its second decade.

We've all heard the phrase, "It's not personal, it's just business." Not necessarily, according to Steve Pred, co-founder and president of Pred Materials International, Inc. Pred, along with business partner Helga Grill, founded Pred Materials in 1996. "From the outset, I realized that the company's future would depend on ensuring the loyalty of customers and suppliers who value our market knowledge, contacts, and prompt customer service," he says. "Forming solid and lasting relationships with suppliers and customers has certainly helped us grow."

Early Challenges Lead to Opportunities

Pred Materials' initial product focus was on distributing materials and other products for the battery and refractory markets. "Our company was founded to take advantage of what we expected to be the enormous growth and development of domestic lithium ion battery producers," Pred explains. "In 1996, a number of U.S. firms had plans to establish large commercial plants supplying batteries for the '3C' market (computers, cellular phones and camcorders). We focused on cathode, anode and electrolyte salt raw materials, as well as copper foils. We also had a core of strong refractory products, including powdered silicates and fused mullites. Our sales were 70% battery and 30% refractory during 1997, our first full year of operation."

With fierce competition from Japan, the U.S. battery industry did not develop as anticipated, and Pred Materials suffered some losses due to customer bankruptcies. Other opportunities presented themselves, however, and the company persevered. "To my surprise, we were able not only to survive those setbacks, but to thrive despite them," says Pred. "Though the major U.S. battery companies didn't become our customers for huge quantities of lithium ion materials, start-ups appeared and purchased hundreds of tons of materials from us. We learned the hard way about dealing with customer bankruptcies, but we were able to make smart financial decisions to cushion the blows. And we learned a great deal about managing customer relationships."



Tools for Growth

Throughout the company's history, Pred has focused on the business of relationship building to help it grow. One milestone occurred when he visited Japan in 1996. "I was asked by one manufacturer to introduce a specific product to one U.S. customer," he says. "That business developed into one of the most important we've had, and it came about because of the manufacturer's faith in our dedication to customer service." Another beneficial relationship, with Hohsen Corp. of Osaka, Japan, was developed more recently. "We are pleased and honored to be Hohsen's exclusive North American distributor of battery-making equipment and parts," says Pred. "This has been a mutually beneficial relationship over the past three to four years. We were recommended to them by one of our customers, which was particularly gratifying."

Pred takes an active daily role in developing new supplier and customer relationships. "My job involves monitoring a constant flow of new products, people, companies, ideas and challenges that come in," he says. "For example, I'm in contact with scientists on the leading edge of a variety of technologies, introducing them to new raw materials and suppliers they might never have been able to locate themselves. New applications are being developed every day for old materials, new materials are being developed for old

applications, and new materials are enabling new technologies. I monitor each new project from the perspective of reviewing the optimal corps of suppliers for each market, the commercial viability of the project, and what other opportunities can emerge from it.”

Pred Materials also relies on its website to provide customers and suppliers with up-to-date details on its wide range of product offerings. “One of the nice things about the Internet and having an informative and easy-to-use website is that many suppliers from around the world inquire about our interest in selling their products,” says Pred. “This is an unexpected benefit of our website, which I thought would simply be a sales tool.”

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The company’s business has grown over the years, and in 2000 its office space was expanded by 25%. “Though we still rely heavily on our extensive network in Japan, our worldwide team of suppliers now includes manufacturers of battery materials and nano-sized ceramic powders from Taiwan, Korea, Latvia and mainland China,” says Pred. “Key customer markets that have developed over the years include microelectronic packaging, medical devices, battery-making machinery and parts, fuel cells, petroleum industry wear ceramics, and a wide variety of battery technologies. And we still retain a strong presence in traditional refractory and ceramics markets, with mullites from Cermatco (UK), silicates from INEOS Silicas (Netherlands), and a large range of ceramic powders and rare earths from top Japanese manufacturers. It’s gratifying that we have established a solid reputation in a variety of markets.”



Steve Pred

Looking to the Future

Though Pred Materials has had a successful first decade, Steve Pred is not complacent. He and his team are always focused on how to best meet customer needs into the future. “We are constantly learning how to add value for our customers,” Pred says. “New products come along and we are either buying or selling them for new applications. This is a constant challenge. Fortunately, our trading business permits us to be extremely

flexible and our expertise in a wide range of products continues to grow.”

Some company leaders might possessively insist on maintaining control as long as possible, but Pred takes a more practical view. “When I started Pred Materials, I assumed that it would only exist as long as I was around to give customers my personal attention,” he says. “But I feel we have a continuing obligation to our suppliers and customers beyond my career lifetime, so we are looking forward to bringing in a bright, capable person (or persons) who might someday be able to take the company reins. That’s one milestone I hope to achieve within the next five years, but finding the right kind of person won’t be easy.”

Pred adheres to the philosophy that new products should bring in 30% of total sales each year. Such growth doesn’t come without a lot of hard work, but he believes strong relationships are the key to long-term success. “We consider ourselves a true team player, and that team includes the customer, the supplier and Pred Materials,” he says. “When all three recognize each other’s value, that’s when we all succeed. Many companies talk enthusiastically about the team approach as long as it benefits them. It’s important to keep that approach through the tough times as well, so everyone wins in the long term.”

For additional information regarding Pred Materials International, Inc., contact Steve Pred at (212) 286-0068, fax (212) 286-0072, e-mail steve@predmaterials.com or visit www.predmaterials.com.