

## THE BEGINNING



Dr. Adam T. Schildge

The roots of CRP go back to the founder, Dr. Adam T. Schildge, who immigrated from Germany to the United States in 1924, and his hometown friend from Rüsselsheim, Josef Uebel. After World War II, Uebel, then chairman of Continental AG in Hannover, Germany, suggested to Conti managers that they look up his old friend, Adam Schildge, in New York City if they wished to develop new export business in North America. This occurred in 1948.

Adam owned a company, Transmares Products, and had the entrepreneurial spirit to recognize a business opportunity when he saw one. Thus began a business relationship with Continental that still exists almost 70 years later, albeit in a different form.

Initial products were industrial rubber goods, such as conveyor belting, industrial hose and sheet rubber. From the start, Conti quality and prompt, reliable deliveries, together with the Schildge organization's selling and customer service skills, were the formula for success.

In 1954 Conti Rubber Products Inc. was formed to focus solely on the sale of Continental products in the USA. A key financier of this venture was Adam's mother-in-law, Antonia M. Bunce, a granddaughter of the well-known and respected German engineer and bridge builder John A. Roebling.

With a larger business, the need for a certified accounting firm became clear and Roy Tarlow of the accounting firm Tarlow & Co., along with his young assistant

Charles Golden, started their work with Conti Rubber Products in 1955. Banking assistance came from Adam's friend and advisor Heinz Gottwald, then with the Chemical Bank. Legend has it that on a dark rainy day, the Schildge Enterprises, then housed at 15 William Street in New York City, needed a banking relationship. The most convenient bank was the Corn Exchange Bank, located in the basement of their building. That is where the first accounts were opened. Corn Exchange was subsequently acquired by the Chemical Bank, who, in turn, bought Manufacturers Hannover, which then was bought by Chase Bank. Subsequently the Chase Bank was merged with JP Morgan to become JP Morgan Chase, which continues today as one of CRP's major banks.

## EARLY SUCCESS

Business with industrial rubber products proceeded well as Conti Rubber gained customers throughout the USA. Initially all products were shipped directly from Germany, but as business expanded, inventories were built and a branch office in San Francisco was opened in 1957. Bigger things were on the way, however, in the form of tires. In 1958 the success of the Volkswagen Beetle in the USA made having tires available in the US essential for Continental and its most important customer, Volkswagen. Thus began the quest to build a network of tire dealers and, most importantly, contact with a company that would figure prominently in

the future of Conti Rubber Products and its successor CRP Industries: Volkswagen of America (VoA). The initial contact at VoA was Gunther Kittel, then the VP of Parts. Gunther was an energetic, highly capable parts executive who helped establish Volkswagen in the US market with great success. He was also a supporter of Continental tires and at one time even convinced the VW parent in Wolfsburg, Germany, to mount only Continental tires on cars destined for the USA. That lasted until Goodyear complained. Still, business with Volkswagen of America flourished as did CRP's business with independent tire dealers with both car and later truck tires.



## **NEW JERSEY**

In the early 1960s it became apparent that the offices in New York City with a public warehouse in Brooklyn were no longer adequate for a growing Conti Rubber Products business. Plans were drawn for moving the business to New Jersey and several locations, including Secaucus and Carteret were selected. In the end, a 4-acre piece of land in Carteret was purchased and in 1962 a 20,000 square foot warehouse and office were built at exit 12 of the New Jersey Turnpike on Minue Street. One of

the highlights of this building was a large sign on the roof proclaiming "Continental Tires" with a twelve foot high sign that, at night with its neon lights blinking, looked very much like a rotating tire. This building was expanded three times in succeeding years, until it reached 63,000 square feet and was still too small for a growing company. It was sold in 2007 to the PC Richard & Sons Company of Long Island for their New Jersey headquarters.

## GROWING IN THE SIXTIES

In 1964, George H. Schildge, Adam's son, returned from military service and joined the Schildge enterprises. As a graduate mechanical engineer from Cornell University, who also had spent a year at the Technical University in Hannover, Germany, he took interest in the machinery business being conducted by the Transmares Corporation. With time, he left that business in the hands of his capable brother Ronald in order to concentrate fully on the developments at Conti Rubber Products Inc. The industrial rubber business continued but became increasingly difficult with the arrival of other overseas suppliers, notably from Japan and Taiwan. The tire business, on the other hand, flourished as German cars such as VW. BMW. and Mercedes became more popular in the United States and needed replacement tires. Business with VoA

grew steadily, especially for the Beetle tire 5.60x15. The network of tire dealers expanded rapidly, as the VP of Sales, Mel Robetz, and his crew of salesmen crisscrossed the country in search of new customers. To support CRP's growing western business, a distribution center in Fremont, CA, was built in 1969 and operations were moved there from San Francisco. At the time, Conti Rubber Products was operating from an office in downtown San Francisco in the Ferry Building and had a public warehouse on Army Street. CRP was looking actively at land in South San Francisco near the airport, but then, fortunately, was able to purchase 12 acres in the East Bay town of Fremont for the same price as one acre in South San Francisco. Thus started Conti Warehouse of California. The first building there was

Fremont, CA Facility



a 25,000 square foot warehouse including office, located immediately adjacent, and with good signage opportunities, to the Nimitz Highway, also known as I-880. In subsequent years, additional buildings were built on the vacant land and a small industrial park was realized.

In the late 1960s, as Conti Rubber Products was selling progressively more tires to VoA and tire dealers, a new type of customer group made itself known. These were independent warehouse distributors (WD) selling parts for Volkswagen and later other European cars. The success of VW in the US and the high prices being charged for parts created this new distribution channel. First contact was with a Southern California outfit called WAWD whose owner Harold Schreier blithely stated that if CRP wouldn't sell them tires he would continue to buy them from German exporters. Interestingly enough, his assistant at the time was Hanns Hederer, a young German destined

for great things, including being an icon of the industry and president of a large WD, IMC. Conti Rubber Products also had a young German destined for great things: Christoph von Lenski. Chris had been referred by Günter Kittel of Volkswagen and in the late 1960s had been stationed in California by Conti Rubber to oversee the move into the new building in Fremont. He quickly took over responsibility for the WD customers and built it into a strong business, not only for tires but also fan belts and fuel hose. It was most helpful that Chris played soccer on Saturday mornings with an influential group of Germans such as Hans Kopecki, Eddie Grauf, and Hans Dörfler, all who were instrumental in the development of IWD's in North America. Dörfler was the president and owner of World Parts and one day brought a new voung assistant from Germany, by the name of Hans Wolff, another icon of the trade. World Parts eventually became Worldpac.

## **PERSKE**

In 1974 another opportunity came CRP's way with the death of Georg von Opel, a friend of Adam Schildge. He owned the Georg von Opel Corporation in Westfield, NJ, US agent for a few German companies, mostly in the field of power transmission. His executor wanted to close the business and for a fee, Conti Rubber Products did the liquidation. George Schildge visited the German principals and was very impressed by the Perske Electric Motor Company and its owners, Walter Perske and his son Ulrich, whom he met at the annual industrial show in Hannover. Germany. The other agencies were less of a fit or went their own ways. Chris von Lenski, by then back from his stay in California, added selling Perske motors to his portfolio of work for Conti Rubber. With time Chris found, and CRP hired,



George Schildge & Ulrich Perske

a young German, George Schwenk, who was already experienced in selling motors for a competitor. Thus the Perske business, as known today, was born.



## TRANSITION

In 1973, Continental enlisted Dr. Carl Hahn as its President and CEO. Hahn came from Volkswagen where he had been head of sales. Prior to that, Carl Hahn had been the President of VoA and certainly could take credit for the organization and success of Volkswagen in the United States. This smart move by Continental's Board Chairman, Dr. Alfred Herrhausen, launched Continental into an era of expansion and development of products and markets. One of Hahn's goals was to have his own operation, at least for tires, in North America.

That came to pass in 1977 when CRP was visited by Horst Urban, CFO, and Dr. E. Peter Möller, Export Manager, in late May. This led to the forming of the Continental

Products Corporation as of January 1, 1978, and the renaming of Conti Rubber Products to CRP Industries. During the negotiations it was clear that Continental's prime interest was the tire business. Accordingly, it was agreed that CRP could continue to buy and sell all non-tire products, however, without an exclusive contract. In the split Continental bought the inventory without question, purchased the computer system and other assets, took over certain employees, rented the Fremont warehouse and paid one year of profits. All in all, this was a fair settlement and CRP and Continental went separate, yet intertwined, ways. CRP sales in 1977 were \$14,709,000, of which approximately \$2,700,000 were non-tire product sales.

## STARTING ANEW

January 1, 1978, started the first year of CRP Industries. There were challenges, dreams, good people and a strong balance sheet. What CRP did not have were robust sales, so the obvious challenge was to increase the topline sales to support the organization. To do this, CRP needed more customers, more products, and more geography. This expansion was the focus for the next 15 years and beyond.

Customer responsibilities were divided with Chris von Lenski handling independent automotive markets plus Perske, Bob Fornierer took over industrial and George Schildge concentrated on the Volkswagen and BMW organizations plus the general well-being of CRP and its employees. Volkswagen of America and Canada were treasured customers, especially for tires, since 1958. Relations with the parts organization and its leaders Günter Kittel and later Ulrich Fahrun were excellent. CRP was buoyed when it received a letter from Ulrich Fahrun in late 1977, thanking the company for a good tire business and offering support and council as CRP diversified and moved forward without tires. Little did CRP understand then what this support would bring in the future. The initial products delivered to VoA were fan belts

and fuel hose from Conti. This expanded rapidly as new suppliers and products were found. An example of this were seals from a new German supplier, Bruss. On a visit to VoA with the Bruss sales manager, Konrad Ellegast (later to be president of Phoenix) CRP learned of an urgent need for a larger quantity of valve cover seals. Konrad assured them of a quote within days and supplies shortly thereafter, even though he later admitted to having no idea where he would get them. He must have known, since the quote was made, the order received and CRP began delivering the well known "blue half moon and red banana" for years to come.



## VOLKSWAGEN

The hallmarks of business with VoA were approved quality, functional packaging and JIT deliveries. This reduced VoA's inventory levels and improved their service to dealers, which were most important to them. In 1984 Ulli Fahrun, VP of VoA Parts, asked if CRP could package 350,000 NOX recall kits that happened to include a piece of hose CRP was delivering. The other components VoA had in stock. With only a vague idea on how to do it and over the protests of others at VoA, CRP got the order for delivery in four weeks after receipt of parts. Luckily CRP knew an industrious Vietnamese refugee family living in Red Bank, NJ, and the patriarch, Hien Vi Tran organized the labor in their rented home. CRP supplied manual bagging and sealing equipment plus the components and VoA had their kits in three weeks, not four. This started CRP's packaging group, where in

theory it figured to make margins on both the parts and the package. Hien and crew were established in a double garage in Leonardo, NJ and started making VW valve cover gasket kits. Within six months that operation moved to Carteret and the rest is history.

In 1974, Volkswagen decided to build a factory to produce Rabbit vehicles and later Jettas and Golfs near Pittsburgh, PA. By 1980, CRP was delivering some products there, notably fuel hose, door gaskets from Henniges and window seals from Phoenix. That factory sputtered on until it was closed in 1988 and production moved to Puebla, Mexico. That gave the impetus to try to sell the same products to VW Mexico, an effort which failed, but led to the founding of CRP de Mexico in 1993, for whom VW Mexico became a major customer.

## **BMW**

BMW is another German car manufacturer who has had great success in North America. The US branch in Woodcliff Lake, NJ, employed a dynamic and clever procurement manager, Bruno Dehler, who once worked at VoA and knew of CRP. At a per chance meeting in a restaurant, Bruno expressed interest in having CRP as a supplier. That resulted in visits to Woodcliff Lake and quotations for belts and hoses

that languished for a year or more while the BMW organization, including the German parent vacillated over the matter. In the process, however, CRP found an additional ally in Hans Dünzl, VP of Engineering at BMW NA and responsible for aftermarket activities. After meeting with CRP and Helmut Engel of Conti, Mr. Dünzl told the organization "to get the ball rolling" and within days CRP got the first order.

## INDEPENDENT MARKETS

At the same time Chris von Lenski and members of his team were scouring the US and Canada, and later Mexico, for import warehouse distributors (IWD), who specialized in European car parts. Team members included Mark Malone, Ekkehard Marquardt, Alex Hasenclever, and Anton Nicolas. The ground was fertile as many German trained technicians set up independent repair shops, parts were in demand and OE quality parts were

especially prized. With Conti as the lead brand, the team expanded the IWD business quickly with many new customers and new brands such as Bruss, Veritas, Glöckler, Phoenix, Trelleborg, Henniges, Metzler and others. CRP even inaugurated its own brand for kits in 1981, called Meistersatz. Another important brand joined the CRP stable in 1984, and that was Pentosin, but more about that later.



Ekkehard Marquardt (left) & Chris von Lenski at customer open house.

## INDUSTRIAL PRODUCTS

Industrial products did not achieve the growth anticipated. Much of this was due to the generic nature of the goods being sold, i.e. industrial hose, conveyor belting and some sheet packing. Forays into specialties such as concrete pump hose, Corrowall fabricated belts and cold vulcanizing cement were less than successful due to market size, competition and lack of focus, since automotive was on a roll. Industrial did get a boost and redirection starting in 1981 when CRP was introduced to Hans Schwarz, owner of a German high pressure hose producer, Polyflex, via a previous CRP West Coast manager Hans Grethe. Polyflex was looking for a US partner to replace their agent in Colorado who recently had gone bankrupt. Hans Schwarz was an ingenious engineer and entrepreneur who started Polyflex in his garage and built a growing specialty business with 100 employees.

Eventually he sold that company to Parker Hannifin; however, not before CRP got its feet on the ground and had some good market knowledge. With Hans' guidance CRP figured out what to do with Polyflex, hired a sales manager, Joe Haff, followed by Pete Sanquini, and got started in a new, and ultimately successful direction.

Although the industrial business remains small in comparison to automotive, it has been consistently profitable and offers a diversity upon which CRP can build. The market segment, opened with the Polyflex products, has been expanded by other offerings, specifically: Euro Power, Transfer Oil, Tudertechnica, and the CRP brand "Reinflex". Add to this other specialty hoses and hose accessories along with the Perske line and a nice industrial business is possible for CRP.

# **NEW SUPPLIERS**

During the 1980s CRP added a number of important supplier partners, trying to fill the needs of the market as well as the requests from customers. This led to numerous, sometimes lengthy trips to Germany and other parts of Europe to acquire new parts. This required selling CRP as the quickest, surest, and safest way into the US market. Trade fairs such as Automechanica and, to a lesser extent, the International Automobile Show (IAA) in Frankfurt were additional venues to meet suppliers and CRP's customers.

An important addition to the CRP stable of brands came in 1984 via VoA. The energetic president of a German supplier of hydraulic fluid, Pentosin, visited CRP's contact at VoA in Troy, Michigan, with the hope of developing a direct selling relationship. VoA told him he needed a US partner and recommended CRP! By chance, George Schildge happened to be in Troy that day and met Jürgen Niemax that evening for a first discussion. Although business with VoA was the initial interest, that became possible only two years later. In the meantime. Chris von Lenski and his team took the products to the IWD customer base, none of whom carried fluids at that time. After overcoming initial resistance, a growing and flourishing Pentosin business was launched.

## **MEXICO**

In 1988, Volkswagen closed their assembly plant in Westmooreland County, PA, leaving a million-dollar hole in the CRP sales budget. Subsequently, VW decided to move the production to Puebla, Mexico to bolster an old but struggling plant there. A new concept was adopted by VW, one in which various regions of the world would be grouped around a production facility and a regional management. Therewith, North America became a region for VW. This area later became known as NAFTA. Since VoA was the major customer for CRP at that time, it was decided to follow a similar path, which lead to the founding of CRP de Mexico in 1993 and CRP Canada in

2005. The Mexican business began in the late 1980s with direct sales of automotive products using a local agent. Later, a CRP employee in Mexico was found to be more effective and finally a subsidiary company (CRP de Mexico) with warehousing and a staff that grows with the business was decided upon. Although the Mexican market size is only 10% of US potential, there are a high number of Volkswagen cars, so an interesting business can be generated. In addition, CRP de Mexico gives CRP and its suppliers a larger overall market to serve. For CRP this adds to the reputation for having a NAFTA-wide reach.

## JOINT VENTURES

Pentosin was not the first experience CRP had with a lubricant manufacturer. The first occasion was in 1990 and led to the first of three joint ventures (JVs) that CRP developed in the later part of the 20<sup>th</sup> century. All three JVs were structured to help CRP both tactically and strategically, were 50/50 in ownership, and all ended with the partner buying out the CRP interests after six to ten years.

In 1978, CRP's sister company Transmares, sold a large German extruder to Exxon Plastics in Baton Rouge, LA. In a surprise to both Transmares and CRP, Exxon airfreighted numerous barrels of a German gear oil for the initial fill of the very large gearbox on this extruder.

Thereupon CRP contacted the German producer to understand why the largest oil company in the world would use and fly in a competitor's, very expensive product. The producer of this oil was a company in Munich with the name Optimol and owned by the Heinrich Maltz family. It is a patented high-load capacity gear oil that prevented pitting and scaling and had been specifically used to solve these problems at an Exxon Plastics facility in Belgium. After some visits back and forth, CRP acquired the exclusive agency for Optimol but later formed a joint venture, called Optimol Lubricants Inc. (OLI), since startup costs and risks were substantial. OLI paid its own costs and CRP provided management and logistics for a sales fee. The business

grew slowly, but steadily and profitably for ten years until Castrol purchased Optimol in 1990 and therewith became CRP's JV partner. Neither Castrol nor CRP wanted to continue the joint venture so a deal was struck to sell the CRP shares to Castrol. Financially it was good for CRP, but an interesting product line was lost.

In 1997, CRP formed a joint venture in Mexico with a German supplier of fuel hoses and assemblies, called Veritas. Veritas had become a good supplier, starting in 1979 and a warm relationship with the owners Ursula and Jürgen Krebaum developed over the years. As a VW production supplier, Veritas needed to internationalize its production facilities and a plant in Mexico to supply VW there, as well as other North American automotive producers, made sense, CRP de Mexico

could supply support staff, Mexico knowhow and even one of the initial managers, so a JV was again a logical decision. A plus for CRP de Mexico was that the combined companies, CRPM and Automotive Veritas de Mexico, needed ample space. So a roomy, expandable warehouse building was found and shared by the two companies side by side. Later AVM moved out and allowed CRP to expand into its space. By 2002, it was clear that the JV conception, in this case, lacked common purpose in that Veritas wanted to make all the profits in Germany, which it could control by transfer pricing. Accordingly, AVM was consistently unprofitable and starved for cash due to rising inventory needs. CRP refused to put more money into the venture and eventually sold its shares at a profit to Veritas in Germany.

The third joint venture was formed in 1998 with Phoenix in Germany and with the help of an old friend from Bruss, Konrad Ellegast, by then president of Phoenix AG in Hamburg. Phoenix of North America (PNA) was a sales company charged with the selling of Phoenix products such as tunnel seals, highway expansion joints, printing blankets and assorted industrial products in North American. The Phoenix automotive products, specifically coolant hoses and engine mounts, continue to be sold through CRP. Market and management difficulties limited the success of PNA and both partners were relieved when Continental AG purchased Phoenix AG in 2004 and PNA was shut down without losses.



Puebla, Mexico, left to right: Uwe Hehl & Jürgen Krebaum, Veritas Roberto & Carlos Komori, George Schildge, CRP

## STARTING THE NEW CRP

In 1998, big and positive changes came to CRP with the arrival of a third generation Schildge, specifically George's son Daniel N. Schildge. Daniel had just completed eight years as an officer in the US Navy, stationed on-board a nuclear submarine and later based in London, England. Prior to his eight-year stint in the US Navy, Dan had completed both a bachelor's and master's degree in mechanical engineering at Cornell University.

A few months after Dan's arrival, a very important visit from the head of Continental's belt group, Heinz-Gerhard Wente, took

place. During this visit Gerd Wente urged CRP to expand the belt business, especially timing belts, beyond its traditional market for European cars. This concept and challenge led to two important initiatives: first, to reach out to distributors of parts for all cars (DWD) and second, to develop a timing belt kit program. The timing belt kit program (TBK) was initiated by the then product development manager Ekkehardt Marquardt and later finalized with great effort and diligence by Abe Garweg. Both initiatives, thanks to Gerd Wente's urging and CRP's efforts, led to long-term growth and relevance in the market.



Over the subsequent ten years the old management team of George Schildge, Chris von Lenski, Ekkehardt Marquardt, and Mike Campisi retired and Dan Schildge brought together his team of Mike Palm, Kevin Stock, Rachael Sobon, Abraham Garweg, and Scott Shea. One of the many notable achievements of Dan Schildge was the sale in 2007 of CRP's 45-year old building in Carteret to PC Richard & Sons and the move to a newly constructed warehouse of 100,000 square feet in Cranbury, New Jersey in 2009. Storage capacity was tripled as was the operational efficiency needed to serve many and larger customers.

Dan's team introduced new brands and new products, such as many additional belt kits. Some of the new brands introduced by Dan's team were Rein, Ajusa, Tudertechnica and Reinflex, and AAE. With these actions, CRP business grew substantially and on a continuous basis.

CRP Leadership Team from left to right:
Abraham Garweg, VP Innovation
Daniel Schildge, CEO
Michael Palm, VP Sales & Marketing
Rachael Sobon, Director of Human Resources
Kevin Stock, CFO
Scott Shea, COO





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