

## Not just an Automotive Aftermarket Abrasives Company, with a Strong Marketing Engine in place Shark Industries is focused on Growth through Product Diversification bringing to market their ISSE Snow Sock that Slips over an Automobile Tire for Greater Traction in Snow and Ice

**Industrial  
Abrasives**

**Shark Industries  
6700 Bleck Drive  
Rockford, Minnesota 55373  
800-537-4275  
www.SharkInd.com**



**Diana Mini  
CEO**

**BIO:**

Diana Mini attended American Fashion College in Lucerne, Switzerland and Chicago Design Academy in Chicago, Illinois. She further studied fashion design at Freeman Fashion Academy in Chicago and started her first company in 1976 called The Mini Ways of Design. She began her career in the Automotive Aftermarket in 1980. Diana started Shark Industries in 1983, and has spent the last 33 years in the aftermarket, selling across the US, Canada and exporting to 5 other countries.

**About Shark Industries**

Shark Industries was established in 1983 by Diana Mini in Chicago, IL. In 2001, Shark relocated the company to a new facility in Rockford, Minnesota. The 50,000 square foot building houses our expanded manufacturing/packaging/assembly plant. Among the top products manufactured are Star-Brite premium surface conditioning discs and Aluminum Oxide Resin Bonded Cut-Off Wheels.

**Interview conducted by:  
Lynn Fosse, Senior Editor  
CEOCFO Magazine**

**CEOCFO:** Ms. Mini, what was the concept when you began way back when and where are you today?

**Ms. Mini:** I think the idea or concept was to enhance a product line that I was marketing for my Father's company at the time. I was in the process of working for him as a National Sales manager. He had an industrial, small carbide tool manufacturing company and he was about to lose one account he had that was in the Automotive Aftermarket. I went to work for him, setting up a separate organization or marketing group to the Aftermarket when at the time, he was strictly distributing into the Industrial market. About three years later, I wanted to expand the line and add abrasive products; which he declined on the basis that he was not familiar with that segment of business. I suggested that I would market the abrasives under a separate company, that I would operate under his roof and we could split future show expenses, etc. I would continue to be his national sales

manager and I would form another company called Shark Industries Ltd. He agreed. That is how it started.

**CEOCFO:** When did you move to Minnesota?

**Ms. Mini:** I moved to Minnesota in 2001.

**CEOCFO:** Would you tell us about Shark Industries?

**Ms. Mini:** We do some manufacturing. About 30% of what we sell is manufactured by Shark. We manufacture Automotive Aftermarket abrasives. In particular, small diameter cut-off wheels and surface conditioning discs. We private brand products for some of our customers; packaging under their labels. We then import products that we do not manufacture from other countries such as China and Italy. We also import welding supplies, which complement our abrasive line. We also have another venture that we expanded into a couple of years ago and we are still trying to get that new product off the ground. It is called the ISSE Snow Sock. It is a traction device used as an alternative to tire chains.

**CEOCFO:** Would you tell us about the competitive landscape for the markets in which you deal?

**Ms. Mini:** It is extremely competitive. We compete with 3-M and Norton as well as companies like them. We sell through the same distributors they sell to and we try to convince the same distributors to try to sell our products; as the products perform as good as 3-M and Norton; yet cost less money. I would say that probably twelve years

ago, I thought that a small company in the automotive aftermarket would become extinct because everybody wanted to deal with the blue chip product lines and Fortune 500 companies. To be a very small company seemed to have a negative perception to the distributors. I felt that we would eventually be squeezed out by the big players. Then the whole marketplace turned around. The distributors became disgusted with having to deal with giant corporations who did not care about their business; and continued to place larger sales quotas on their companies to continue to be a distributor of their products. They would not handle their returns in a timely fashion nor would they respond to their requests for credit memos, etc. for long periods of time. Their customer service representatives had little to no product knowledge. As that whole dynamic evolved in the marketplace, dramatic changes started to take place and our niche began to grow larger and larger. The customers grew more and more weary of dealing with huge corporations.

**CEO CFO:** How are you able to make your products cheaper?

**Ms. Mini:** I do not know necessarily if our manufacturing costs are a lot less than most of our competitors. However, we sell our products for less money. They are probably somewhat less costly than our competition because we are smaller, have lower overheads and are a non-union shop. If you looked around the country for these type of manufacturers, there would definitely be very few companies making small diameter cut-off wheels today. When we first started making those wheels in 1996, there were probably ten to fifteen companies manufacturing those wheels in the US. Today I bet you could probably find maybe four or five companies that make cut-off wheels in the US. There are very few US manufacturers of cut-off wheels and they charge a lot for their products. I think it is because most manufacturers want to keep their profit margins larger, where as we are willing to work on smaller margins. Also, we always look for ways to reduce our manufacturing costs.

**CEO CFO:** Would you tell us about the Snow Sock?

**Ms. Mini:** The Snow Sock is a product that has been used in Europe for the last eight years. It is a textile material made out of polyolefin. It basically looks like a donut with elastic on the inside and outside and slips over the tire. You just put it over your tire under your wheel well and it will self-align. It gives you traction in snow and ice. It does not hurt the road and it will not hurt your car.

**CEO CFO:** Where are you in the process of getting that out?

**Ms. Mini:** We signed an exclusive for the United States and Canada with the European manufacturer in Spain about two years ago. We brought in our first container about a year ago this past December. Unfortunately, last year was a very mild winter across the United States. That became an issue. Because it is a winter item, people buy it by August or September. We kind of missed out on that first selling season. This year has also been a relatively mild winter up until the last 3-5 weeks. We do have product on hand. This spring we will be approaching retailers. We are also launching some television ads in February on the 24<sup>th</sup> and March the 3<sup>rd</sup>. The ads will cover some markets across the North and will run for two weeks.

**CEO CFO:** How does the pricing compare with snow chains?

**Ms. Mini:** There are two versions of the Snow Socks. One sells for \$99 for a pair and the other sells for \$149. You only need two for your car; so that cost is per pair. I think that you can get inexpensive tire chains from China for probably in the neighborhood of \$50 to \$60. The real advantage over chains is that it is almost impossible for somebody who has never put on chains to put them on. Many people came up to us at the national show and told us that they normally pay \$40-\$50 to have typical chains installed by men who wait at the bottom of the mountain passes specifically to chain up cars prior to going up the mountains. In comparison to paying \$40 for installation alone, it is not a big investment at all.

They are reusable and washable. You can probably get three to four years out of them; or maybe five depending on how many snow falls they have to go through per season. They will not hurt the roads and keep in mind that chains are prohibited on most roads for that very reason. However, these are more of a product designed to be used in urban or rural areas when you have a snowfall and the plows have not been out on the roads. Snow Socks are great for days when you hear there have been three hundred car accidents during the morning commute. You are just leaving for work, it is extremely slippery out and the snow is falling so fast that the plows cannot make an impact.

**“One of the things I found when I switched to automotive abrasives was that if you give the customer a quality product at a reasonable price and you can deliver quickly, he will eventually buy it. I have been in this industry for thirty-three years and it is just a matter of understanding your marketplace, your customer base and being willing to respond to your customers’ wants and needs in a timely fashion.”- Diana Mini**

**CEO CFO:** Would that be in addition to snow tires or instead of snow tires?

**Ms. Mini:** It can be either way; but really for regular tires. They were designed to be sold to people who do not have snow tires because if you have snow tires, there is not a need. However for a person who does not have snow tires, this is what you would want. It is possible to put them on top of snow tires; but they were designed for use with regular tires.

**CEO CFO:** Business is good and you made the Inc 5000 list. How do you manage when so many people feel manufacturing is dead?

**Ms. Mini:** First of all, I think we have kept an interesting perspective because we have gone over to China to buy some of the raw materials for the

products that we manufacture here. I have approached some manufacturers here to sell them some of these raw materials; explaining to them that this is how they will keep their prices lower, make their products more affordable, yet still be able to say it is made in USA. I explained how they can have the best of both worlds by reducing some of their manufacturing costs with these imported raw materials, and keep manufacturing jobs in the US. They just did not seem to get it. Either they were comfortable with the business they had; or did not feel the need to put more profit to the bottom line. That was the direction that we went and it served us well. The other thing about our product line is that is we also buy many products that we do not manufacture in the US in China. We have seen pricing go up and up in China to the degree where we will probably have to begin manufacturing these products in the US. I think that if many of these American manufacturers had kept one foot in manufacturing here and the other foot overseas, they would have a better understanding of what is going on in both marketplaces. This would have given them better foresight on how to leverage the best of both the US and Chinese marketplaces.

**CEO CFO:** Will you need to expand at some point?

**Ms. Mini:** Probably. We have fifty thousand square feet here and we have been leasing out a small portion of that space; which is probably

twelve thousand square feet. We know that we can utilize that space if we grow. From the beginning, we have talked with the ISSE company in Spain regarding manufacturing the Snow Socks over here; which is really optimum. If you have a bad winter, you have the 4-6 week lead time to ship the product; and you have to guess how many units you will sell a year that Winter. Manufacturing over here allows you to respond immediately if it is a heavy winter and sell through your stock quickly and can't meet the larger sales demand in a timely fashion. I would hope we would be able to do that in the next couple of years; once we have the market distribution throughout the US.

**CEO CFO:** What is ahead for the company?

**Ms. Mini:** We always have our antenna up looking for new things to market in the US. Some people have come up to us at the national show and ask what Snow Socks have to do with abrasives and welding supplies. To me, once you have your marketing and national distribution in place, there are many other products that you can slide into your distribution channels without a lot of new capital. I have no idea where we will be in the next five years but I am sure we will reinvent ourselves as we did back in 2000. We were not into welding supplies yet capitalized on an opportunity to source them for our largest customer. We quoted on, and subsequently were awarded the business.

That volume allowed us to take those items and create a new product line; which we then brought to our regular distributor base.

**CEO CFO:** What is the most important thing you bring from your original sales background that has been helpful for you with Shark?

**Ms. Mini:** I started out in the fashion design business. One of the things I found when I switched to automotive abrasives was that if you give the customer a quality product at a reasonable price and you can deliver quickly, he will eventually buy it. I think that is one of the most important aspects of any business that sells commodity items. I have been in this industry for thirty-three years and it is just a matter of understanding your marketplace, your customer base and being willing to respond to your customers' wants and needs in a timely fashion.

**CEO CFO:** Why should the business and investment community pay attention to Shark Industries?

**Ms. Mini:** Maybe they should not. On one hand, we are small, agile and doing our own thing; staying focused on our customer's needs and satisfaction. Those are attributes that make many things possible that are sometimes not possible or difficult for larger corporations. On the other hand, we are growing and we must be doing something right.

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