

CANADIAN[®] EXECUTIVE QUARTERLY

NOVEMBER/DECEMBER 2010

Persevering Through Parity

HOW YOUR BUSINESS CAN SURVIVE
THE LOONIE'S HIGHS AND LOWS

Travel Advisors

A LOOK AT FOUR OF CANADA'S
TOP TRAVEL COMPANIES

BUILDING A FAMILY BUSINESS INTO A TOP-RATED
SUPPLIER TO THE GLOBAL POWER INDUSTRY

Engineering Success

"I'm willing to redefine how the industry
and the business does things by taking a
more strategic and focused approach."

—Faisal Huda, President & CEO of CSL Silicones

COVER STORY

46 CSL Silicones Inc.

Faisal Huda, president and CEO of CSL Silicones Inc., built on his father's legacy by introducing the company's top-selling product to a new, receptive market—the global electric power industry.

51 Persevering through Parity

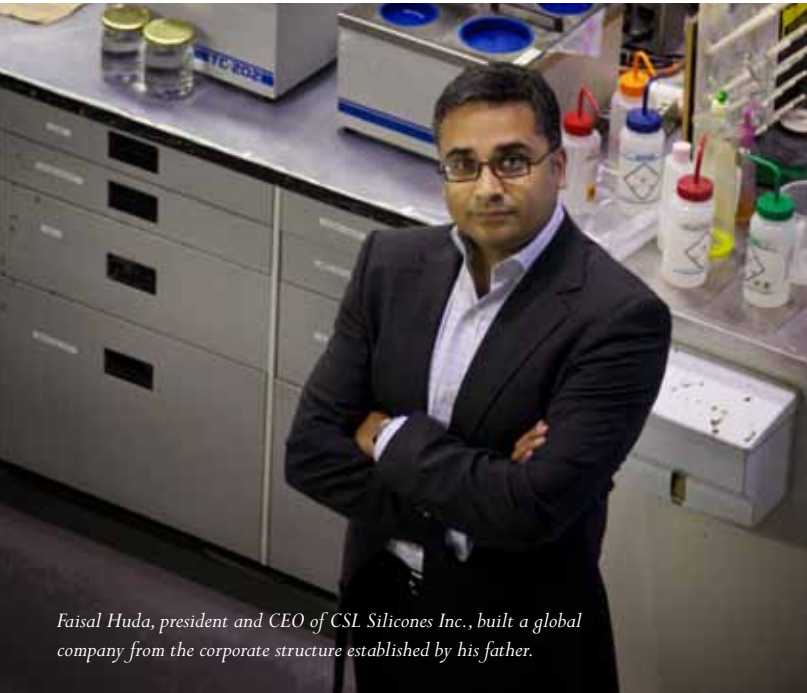
Canadian businesses can emerge from the currency climate stronger than the high-flying loonie.

55 Travel Advisors

The heads of Canada's leading travel agencies show that, even in the era of discount online booking, person-to-person service offers the best way to save on a holiday.



Faisal Huda, President and CEO of CSL Silicones Inc.



Faisal Huda, president and CEO of CSL Silicones Inc., built a global company from the corporate structure established by his father.

Rather than ending the year with a look back at where we've been, this issue of *CEQ* focuses on what's ahead—offering forward-looking insights from executives and other leaders in finance, energy, communications, travel, and healthcare (among other sectors) on the issues that will have the greatest influence on their industries in 2011.

Canada, the last country to join the group of G7 nations (albeit in 1976), came out of the global recession ahead of most of its peers. A strong loonie has been one of the many results, which has brought with it the complicated advantage of being at the top. The Canadian dollar will likely stay at or near parity with its United States counterpart for the near future, and financial experts offer business leaders guidance on how to make the most of it (p. 51).

Faisal Huda, president and CEO of CSL Silicones Inc., capitalized on the strengths of his firm's top-selling product to introduce it to a new, exponentially larger market (p. 46). Thanks to Huda's smart strategies, the company that was founded by his father (an immigrant to Canada from India) is now one of the leading suppliers to the worldwide electric power industry.

Canadian Executive Quarterly is preparing for big changes, as well. With our January/February 2011 issue, the magazine will relaunch as *Advantage: The Magazine for Canada's Business Leaders*. Our message and mission—to highlight the best practices of Canada's business and organizational elite—will stay the same, but we'll be delivering both to you in an updated, expanded format that will offer even more perspectives from preeminent business innovators. We're looking forward to introducing it to you in the new year.

Lena Singer
Features Editor



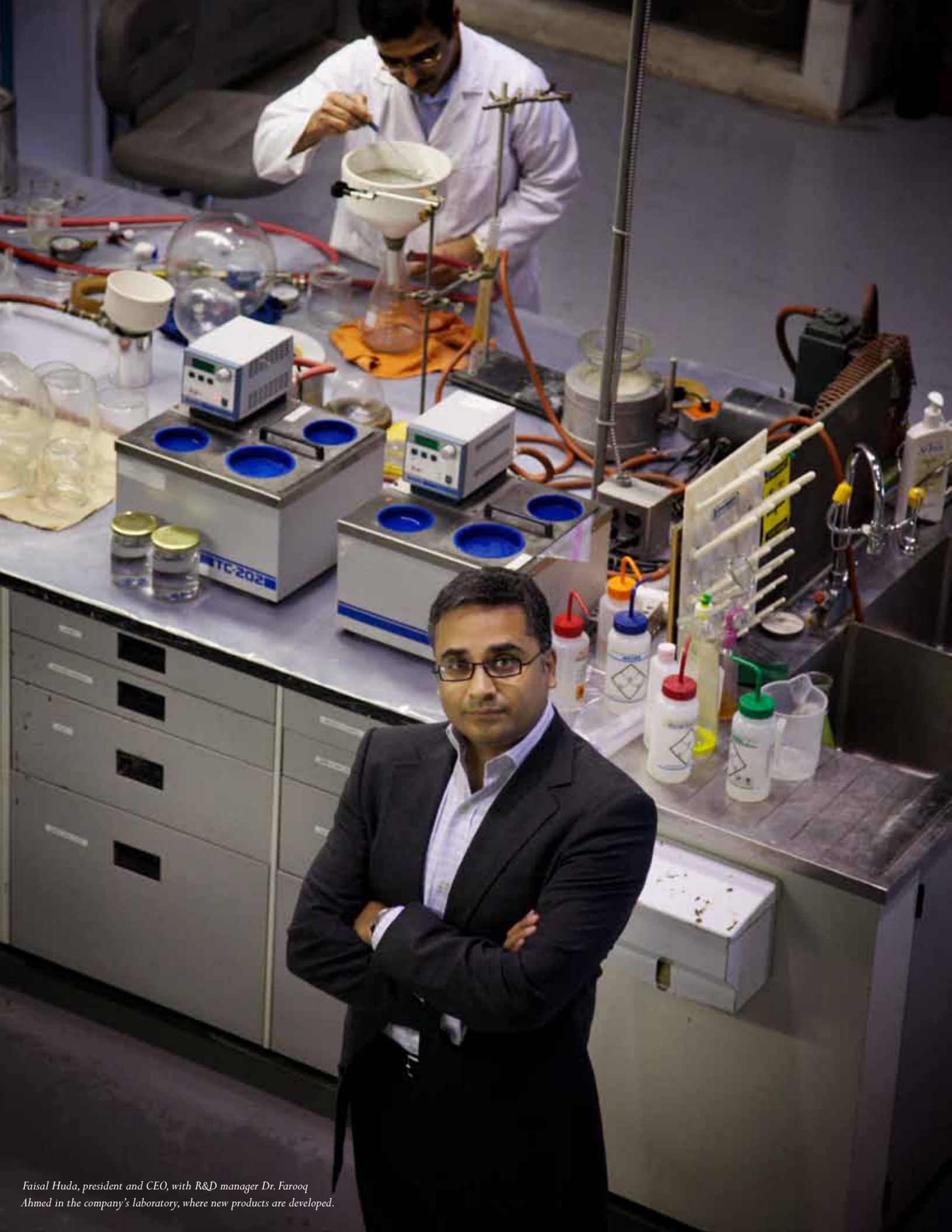
INTRODUCING THE ALL-NEW ADVANTAGEMAGAZINE.CA

Formerly *CanadianExecutiveQuarterly.com*, the new *AdvantageMagazine.ca* will offer even more features and capabilities:

- **View** the latest issue of *Advantage* in a full-sized readable format
- **Get inspired** by the success stories of featured executives and businesses
- **Discover** what's in store for upcoming issues, and how you can get involved
- **Find out** what events the *Advantage* staff will be attending

and more!





Faisal Huda, president and CEO, with R&D manager Dr. Farooq Ahmed in the company's laboratory, where new products are developed.

CSL SILICONES INC.

As a son builds on his father's legacy, a company emerges as the leading supplier of coatings to the global electric industry

BY ANITA R. PAUL

WHEN FAISAL HUDA'S FATHER, Seraj, came to Canada from India as an engineer, he was determined to be successful. Ambitious and focused, he built a thriving business through trial and error and a number of interactions that some would call "lucky." After his father's death in 2008, Faisal took over the fledgling company and has since been focused on taking it to the next level. The company, CSL Silicones Inc., provides the top-rated coating for insulators for the electric-power industry.

The value of CSL's product is far-reaching for global electric power. Insulators—used to support or hang electric power-transmission conductors—are intended to resist the flow of electricity. The silicone coating eliminates the flow of electricity along the surface of insulators. It also helps them resist the negative effects of outdoor elements like water, dirt, and pollution, which can eventually cause the devices to lose the ability to insulate effectively. Since taking over the company, Huda has built upon his father's foundation to move CSL in a new direction, one that could

lead the company to become the global leader in silicone solutions.

CEQ: How did you prepare yourself to take over the company?

Faisal Huda: When my father passed, it hit me. It suddenly fell into my lap. Mentally, I thought I was prepared. Until you are at the top of the pyramid, you're sheltered from the realities of running the business. For two years, I had no shares in the company but had to run it as an owner, without actually being an owner. The company was restructured, and I now own it 100 percent. I realized that my father was moving the business forward to survive. He was looking to pass on the company.

CEQ: What complementary technologies have you introduced into the business?

FH: We've invented a device that will apply product to insulators more efficiently. This machine is mobile; it can be used anywhere in the world. Because it is an enclosed environment, material is applied under the same conditions

LOCATION
GUELPH, ON

FOUNDED
1984

EMPLOYEES
50

AREA OF SPECIALTY
SILICONE COATINGS,
SEALANTS, LUBRICANTS,
AND ADHESIVES

CSL COMPANY TIMELINE

1984

Seraj Huda establishes CSL Silicones to produce sealants and adhesives for the construction industry.

1990

CSL partners with an American coatings company to launch its flagship product, CSL-570, in the United States; sales mushroom.

1997

CSL-570 undergoes a rebranding; the product's market explodes when applications for electric-power transmission lines are identified.

2007

Seraj Huda taps son, Faisal, to become CSL's president. Faisal Huda adds CEO to his title following Seraj's passing in 2008.

1987

Seraj Huda taps into CSL's new research and development labs to oversee creation of a sprayable silicone coating for the electric power industry.

1994

CSL-570 receives a US Patent, affirming its uniqueness in the industry. An anti-corrosion coating is released for the power, petro-chemical, and transportation sectors.

2000

Si-COAT is established as the umbrella brand for all of CSL's silicone coating products.

President and CEO Faisal Huda (centre) stands with CSL's core management team: Karen Yoshida, sales manager, and Chris McConery, operations manager.



regardless of environmental variations. This machine allows for more consistency in the application of the product—it helps bring down cost and is more efficient because it minimizes waste. Secondly, to address the need of customers to measure and monitor the performance of insulators, we have a product that does this before and after applying the silicone coating. Customers need to know if there is a problem and how severe it is.

CEQ: Why shift to these new technologies?

FH: We are developing engineering solutions. There's an opportunity to improve the transmission efficiency of insulators. We see insulation as the low-hanging fruit in the global mandate for improved transmission efficiency. I am willing to redefine how the industry and the business does things by taking a more strategic and focused approach.

CEQ: What is your vision for the company?

FH: My vision is to exploit the niche that we have carved out. We've become recognized as the technologically leading supplier of coating for the world electric-power industry. Our products work flawlessly. In 23 years, we have not had a single failure. No other company can say that. I want to be a provider of solutions centred around silicone that promote sustainable electric-power transmission. I don't have the aptitude to start an industry the way my father did. However, I'm well cut out to take this business to the next level.

CEQ: Where would you like to take the company in the future?

FH: Over the course of my career, I want to drive penetration of the insulator coating as high as possible. I would also like to match our technological leadership with commercial leadership. We currently have about 35 percent of the market. Today penetration of this technology globally is only about two percent. When my father was running the company, he sold 12 metric tons in a year, and that was good. Now, the average is 200 metric tons a year. That is huge growth over 10 years, but we haven't even scratched the surface. There is still massive room to grow. I want this company to become a Canadian success story. I want Canadian business to stay on the map for the long term. I would

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—Faisal Huda, President & CEO

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Laboratory tensile testing of a silicone sealant manufactured by CSL Silicones Inc.

like to see this company become a flag bearer for the country.

CEQ: What has been your smartest business move?

FH: To capitalize on the credit the market has given us for our technology. We have focused efforts on figuring out how to grow, and we've exploited that. In the last few years, we have earned tremendous kudos from major players and tier-one suppliers in the world electric-power industry. We recognize that we're a small company. Commercially, we'll take the business forward.

CEQ: What do you like most about what you do?

FH: What is most exciting for me—and I only recently figured this out after listening to Michael Lee-Chin speak—is that this business meets Warren Buffet's five key criteria for successful investors:

- Be focused; own only a few high-quality businesses.
- As the investor, know and understand the business and its industry.
- Ensure the business is part of a long-term growth industry.
- Make sure that if the business uses leverage, it uses it prudently.
- Be prepared to hold the investment for the long term.

I'm investing in CSL; it's all sweat equity. I know I'm in the right place at the right time. Global factors drive home the fact that this is the business for me to be in now.

CEQ: How do you think your dad would feel about the direction in which you have taken the business?

FH: He would be pretty proud. I know what he was going after, but he was never able to hit those marks because he didn't know how. In a few years, we've done it.

CEQ: How do you measure success for yourself on a personal level?

FH: My ability to fall asleep at night knowing that I'm making a difference, creating value; knowing that my mom is going to be looked after; and finding fun in it sometimes. **CEQ**

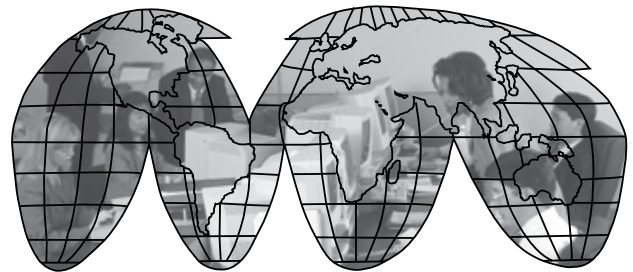
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We've become recognized as the technologically leading supplier of coating for the world electric-power industry. Our products work flawlessly.

—Faisal Huda, President & CEO

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Global Intelligence: Creating International Business for a Growing Family of Nations



Through a global network of more than 700 offices and subsidiaries worldwide, Mitsubishi Corporation sees the earth as a vast, interconnected community.

This global perspective heightens our respect for the shared environment in which we all live. And it intensifies our appreciation of the many communities in which we live and work.

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