

FOCUS ON LEADERSHIP

David Rothberg, chairman and CEO of Laticrete, is a modern Renaissance man: pursuing extreme outdoor achievements; supporting his wife, an attorney who for a time served as mayor of their hometown; and searching for that next big “blue sky” concept, as he calls it, all while running a successful, forward-thinking, family-owned company with its sights set on giving more than it takes.

David’s parents, Dr. Henry M. and Lillian Rothberg, started Laticrete in 1956. Two of their seven children, Henry B. and David, joined the business, which next year will transition to yet-to-be-named, non-family leadership for the first time in its 64 years, as David takes a less active role, a decision he sees not as a matter of need but principle, “I am healthy and enjoy working, but I am a firm believer in that Chinese saying, ‘The new won’t come until the old goes.’ I have to make room. I have lots of great, hard-charging young people in the company, and I need to get out of the way.” That big-picture view and essentially entrepreneurial approach is representative of the strategy that has kept Laticrete pushing innovation for more than six decades.

Q: You’ve attended some of the finest schools—Emory, Harvard, Massachusetts Institute of Technology (MIT) and IMD. What drove you to pursue this education?

A: It was mostly accidental. My older brother, Henry, went to Georgia Tech, and when I was in high school, I went down to Atlanta to visit him. We went out to a party near Emory, and I thought, this is pretty great, so I applied to Emory.

When I was finishing up at Emory, one day I was walking through the student union building, and they had different graduate schools making their pitches, and I wandered into a presentation by Harvard Business School, sat in the back, and the guy was explaining that they don’t use textbooks. Everything is based on real world cases, and I thought, that sounds pretty interesting.

While you’re at Harvard, you’re allowed to take courses at MIT. I took courses at Harvard law school, and at MIT, I took courses in the law of the sea.

IMD, as you know, is in Switzerland. I studied there after I started working at Laticrete to help me get a more global perspective on business.



David Rothberg at the South Pole.

Q: Your initial education focus was geology. What attracted you to that area of science versus chemistry, which your father studied?

A: I did take a ton of chemistry courses, but I’m an outdoors person. I’m a scientist that likes the outdoors, and geology is an outdoor science. You have to work in the field; you climb mountains; you go out and take samples from the bottom of the ocean. It’s what I call science in the woods.

Q: Considering the public service that you and your wife do, it’s clear that you believe in giving back. Why do you think that’s important?

A: We refer to it as “healing the world.” The Rothberg family has been blessed, and we want to help, to do something. Laticrete has helped build hospitals in Haiti and Uganda. It’s just the way we are.

My wife, Nan Birdwhistell, was mayor of Woodbridge, Connecticut, the town I grew up in and we raised our kids in, a town of about 10,000 people. She enjoyed being mayor, but the history of New England is all about resistance. A mayor’s term is two years. That means you’ve got to start running again

one year in. She was the first woman and the first Democrat in 250 years, so every election was a battle.

Q: What sets Laticrete apart?

A: A couple of things. One is that we are owner-operators. That means the people who own the business are in the business, face to face with the customers. We're hearing what we're doing well, and we're hearing what's not going well. Before cell phones, Henry and I had our home phone numbers on our business cards. You just don't see that often. It's customer-centricity.

In addition, our sales force utilizes net promoter scores [which are used to gauge the loyalty of a firm's customer relationships], and our valuations are almost as high as companies like Apple. Our people care about the customers. They hustle. They take care of what the customer needs.

In addition, the family's made an evergreen commitment, which means we're never selling. We're in it for the long run. We may not always have a Rothberg as CEO. But the business will be owned by Rothbergs forever. Think of how that changes the perspective—how you look at a customer or a claim or how you invest. You do what's right, fix the problem, as opposed to the short-term compromise, which is rampant.

Q: How has the company's core competency evolved since your father's initial thinsset breakthrough?

A: Fifty years ago, we were essentially a one-product, or maybe a three-product, company. My dad came out of chemical engineering school at the end of World War II. He was setting tile, and he applied modern polymer chemistry to make this wonderful tile adhesive, which he called Laticrete.

Today we're a flooring company. We've shifted from ceramic tile and stone products to products for all hard surface flooring. We now work with any chemistry. We don't make tile or any floorcovering, but we are in resin flooring now. In the case of resin, the floor is the chemistry; the chemistry is the floor.

The other thing in terms of competency that we've worked towards is the competency to do acquisitions. That was a capability we had to develop. As you know, you can screw things up quickly if you don't handle an acquisition correctly. We've had our bumps, but we've got good core competency now in being able to do acquisitions, to bring companies into the Laticrete fold. We bought Stonetech from Dupont. We got into resin flooring through a company called Spartaco.

We just bought a private, mid-sized manufacturer of tile and stone adhesives in Italy. It's very similar to the original Laticrete business. In Europe, it's very difficult to build a factory from scratch and develop land. This is right in the heart of the tile industry, in Sassuolo, where 400 porcelain factories exist. Being able to bring the company in and not chase away the good employees—not screw it up—this is a skill we had to develop.

Q: What approach and metrics do you use to determine if an investment in a new innovative product will pay off?

A: We break it into two areas. One is what we call "blue sky." Blue sky is fundamental. We don't even have a product in mind, so there is no real payoff. It's just done on a hope and a prayer. We decide how much money we want to put into something,

which years from now may pay off. For example, we are doing 3D printing of buildings. We've been pursuing that for maybe seven years. There is no real payoff. No metric other than that something good may come out of it. The world may be printing buildings eventually, and we want to be active and recognized and a contributor to that. Or smart floors—putting intelligent devices into a floor that could be tied to an alarm system or tell the store owner which aisles people are standing in. Those are blue sky concepts. There is no real payoff.

Then there's the more practical stuff—the evolutionary changes in products. We do market and voice-of-the-customer research. We talk to contractors and other users, asking what problems they are having, what changes are taking place. Right now, for instance, we are seeing gauged porcelain in the market, and there are some unmet needs there. Our people are out in the field, and a customer might say, "The contractor is having trouble using the regular materials. Can you develop something that's thinner?" With those sorts of endeavors, you have an actual calculation. The investment will be X millions; we expect to sell X millions of dollars with this—the typical ROI calculations.

Q: What is Laticrete's focus when it comes to sustainability?

A: One thing is incorporating recycled materials wherever possible, whether it's ground-up bottles or plastic, glass beads, or the byproduct of coal combustion. We are using recycled components wherever we can formulate it in.

We did something really cool. As you probably know, we do a lot of epoxy product, and we now use the world's first bio-sourced epoxy. It comes from cashews, epoxy resin from cashews.

We're also putting in some software for transportation optimization—the kind of stuff that UPS does—using the least number of miles to achieve the delivery schedule. The transportation of building materials is a big user of fuel.

Q: The Rothberg family has a history of significant achievements. What is the family secret?

A: My grandparents—all four sides—fled Europe at a young age. No cell phones. No contact with their family. These are inherent risktakers. Who would cross the ocean in the bottom of a ship to live in a place where you don't speak the language? There is some kind of selection there.

Q: What mentors helped shape who you are?

A: My father always said, "Be curious. Look around. Study everything around you and ask questions all the time." He would educate himself. If my dad was on a flight beside a petroleum engineer, by the end of that flight he would know a hell of a lot about petroleum engineering.

Q: You like to challenge yourself outdoors. Tell us about your favorite pursuits.

A: I used to do a lot of backpacking. Now I'm doing a lot of bicycling, long bicycle trips. Canoeing. Cross country skiing.

My most memorable experience is my trip to the South Pole. It is super, super remote. As a kid, I was always interested in the Arctic and Antarctic explorers, so to be in the footsteps of Roald Amundsen, the first guy to the South Pole, was pretty cool.

Q: Why do you believe it's important to balance your life with these types of activities?

A: I find that the outdoors, especially these more remote trips, boils everything down to basics: staying warm, shelter. It's super simple and highly focused, instead of all the distractions.

Plus, there is an element of risk. There is no risk in modern life. There really isn't. [Modern life is] good, but everything is pretty damn safe and secure. And I have one or two of those risk genes, I guess.

And finally in the outdoors, you develop a tolerance for adversity—rain, cold, snow, failing to get to the summit—and that is something that is missing in a lot of people today.

Q: What advice do you have for the new generation that is entering the workforce?

A: My father always said, "Pick a job you love, and you'll never work a day in your life." He worked as hard as anyone you've ever met. He'd work all day and go back to the office after dinner. He loved inventing stuff and traveling the world.

And then, I would hope that the new generation would understand the idea of conscious capitalism. It's not just about

making more, selling more. You have to give something back. You have to make the world a better place.

Q: What do you look for when you hire someone?

A: First and foremost is passion. Are they excited about this? Passion is super contagious. If someone believes in something and gets up there excited about it, you believe too.

I like people who are well read. And I like people who are worldly, who can find Switzerland on a map.

I also like people who are curious. That's how you find out what problems are or come up with a better way of doing something.

And I don't know if it's totally politically correct, but I like someone who has self-esteem. People who can look you in the eye.

Q: How do you manage a smart phone so that it's a useful tool and not an interruption?

A: I see a smart phone as a liberator, not a burden. We have a twelve-hour rule at Laticrete; you have to answer any email or return any call in twelve hours. And I have to set an example, so if someone asks me a question, I have to get right back to them. It's that customer-centricity I was talking about. ■