



## SPECIALTY EQUIPMENT MARKET ASSOCIATION

### **BOARD OF DIRECTORS CANDIDATE QUESTIONNAIRE 2018 ELECTION YEAR**

# **KIM PENDERGAST**

## **Part 1 – Personal/Professional History**

1. Please provide a history of your professional background and education (including professional development). Feel free to attach your résumé and/or bio. Describe the specifics of your current job responsibilities:

I am currently CEO, chairman and majority owner of Magnuson Products. We design, manufacture and sell superchargers for OEMs and the aftermarket.

I confess to being a serial entrepreneur with intense passion and focus on whatever I am doing. After founding five companies, I purchased an automotive aftermarket company that provided R&D engine technology to Dodge for its Sprint cup program and sold/leased 300 race engines per year. We developed an aftermarket company for Dodge products and recently sold that business to a veteran of this industry who I believe will continue to expand this company's 50-year heritage.

It was our quest for power in the Dodge/Hemi aftermarket that brought me to Magnuson's supercharger business, which I purchased with other investors in 2010. Magnuson is now my sole business focus. As CEO, my job responsibilities pretty much cover every aspect of the aftermarket and OEM supply business—both outward and inward facing.

The five companies I founded prior to entering the automotive aftermarket all taught lessons valuable in my current business. They were:

1. A logistics company, with \$100M in freight in the first year.
2. An environmental services company.
3. Client distribution services—a book distribution business—which I took from \$0 to \$70 million in eight months.
4. Pendergast Group, an investment banking and strategy consulting services company (clients included: ATT, ABB, Le Groupe Videotron, Alco Standard, and McCann-Erickson).
5. And Pendergast Partners, which I created to acquire operating companies in the automotive aftermarket focused on powertrain.

Prior to founding my first business, I worked for Continental Can Co. and then

Savin Corp. in finance. I was asked by the Savin board to be president, but declined. I sold the company later for twice their highest earlier offer.

BS and MBA from Indiana University with honors in finance. Studied one year at Universidad de Madrid, worked on two occasions in Germany, and learned (some) Spanish and German.

2. Indicate your historic and/or current involvement with automotive industry initiatives specifically, as well as other professional and philanthropic associations, societies and organizations you have been actively involved in. Please be specific about other boards (if any) on which you have served or are currently serving:

SEMA—Member and supporter of SBN

- Chairman, SEMA 2017 Person of the Year Task Force

Board Member

- Waters Global Forum
- National Art Museum of Sport
- Learning Spring Elementary School (for children with Asperger's Syndrome)

I was one of four people who helped found Learning Spring school for children with Asperger's Syndrome in New York City. It has grown from 29 to more than 100 students. It was published in in the *Indiana University Business Journal*. Once ranked 16<sup>th</sup> in the United States in Tornado Class (an Olympic class race boat). I currently run the Waters Global Forum, a not-for-profit cultural program that started more than 60 years ago to build cross cultural relations. We meet in a major city in the world and dig deeply into the culture with four days of seminars (e.g. Kyoto, Istanbul, Shanghai, Grenada, Kiel, Athens, St. Petersburg) with participants from all over the world. In 1997, I was one of 20 leaders nationwide selected to the inaugural class of the Henry Crown Fellowship Program at the Aspen Institute, and continue my participation annually in this now-global leadership program.

3. Please highlight specific career accomplishments including, but not limited to, patents received, product innovations, awards and recognitions, publications, marketing or business programs, presentation to business and/or industry symposiums. Share any and all significant or notable accomplishments:

Career achievements significant to me:

- Two quality awards from Toyota.
- Led company with responsibility for Sprint Cup engine R&D for OEM.
- Led the introduction of the best-known Dodge/Hemi aftermarket website in the world.
- Led Magnuson transformation to IATF Quality certification.

- Speaker and section head for CSCMP Annual Conference (Council of Supply Chain Management Professionals).
- Published in *Indiana University Business Journal*.
- Took publishing distribution business from \$0 revenue to \$70 million in eight months.
- Seven years working with the head of strategic planning for AT&T.
- Selection in inaugural class of Henry Crown Fellowship.

4. Please mark each of the skill categories where you believe you possess a level of expertise:

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|--|--|
| <input checked="" type="checkbox"/> Manufacturing            | <input checked="" type="checkbox"/> Motor Sports/Racing                |
| <input checked="" type="checkbox"/> Distribution/Logistics   | <input checked="" type="checkbox"/> Vehicle Shows/Auctions/Exhibitions |
| <input checked="" type="checkbox"/> Supply Chain             | <input checked="" type="checkbox"/> Financial Planning/Management      |
| <input type="checkbox"/> Engineering                         | <input type="checkbox"/> Accounting                                    |
| <input type="checkbox"/> Vehicular/Product Design/Innovation | <input checked="" type="checkbox"/> Human Resources Management         |
| <input type="checkbox"/> Product Management                  | <input checked="" type="checkbox"/> Business Management/ Development   |
| <input type="checkbox"/> OEM Design/Technology               | <input type="checkbox"/> Sales   |
| <input type="checkbox"/> Brand Management                    | <input checked="" type="checkbox"/> Business Technology                |
| <input type="checkbox"/> Advertising                         | <input type="checkbox"/> Data Management                               |
| <input checked="" type="checkbox"/> Marketing                | <input type="checkbox"/> Internet Utilization                          |
| <input checked="" type="checkbox"/> Strategic Planning       | Other (specify):   |
| <input type="checkbox"/> Public Relations                    | <input checked="" type="checkbox"/> Quality (IATF certification)       |
| <input checked="" type="checkbox"/> Crisis Management        | _____  |
| <input type="checkbox"/> Regulatory Compliance               | _____  |
| <input type="checkbox"/> Legislative/Lobbying                | _____  |

**Part 2 – Personal/Professional Attributes**

5. What are your specific areas of expertise? What unique skills or perspective do you think you could bring to the leadership of SEMA? What business or life experience do you have that prepares you to help shape the direction of the industry? What industry issues are you particularly passionate about?

My degree and first business experience were in finance but now my overriding passion and interest is directed to the challenge of building small companies and developing the people within them. After starting five companies I think I know how. I chose the automotive aftermarket because I love the people in this industry and the challenges of the powertrain business in particular. I'm interested in applying my background to help SEMA create a robust marketplace that allows and encourages small businesses in the automotive aftermarket to focus on what they love—creating better and more innovative products for vehicles.

The powertrain is at the heart of some of the most difficult questions facing the aftermarket.

- How to have balanced, mutually helpful relationships with OEMs.
- How to facilitate access to OEM-created interfaces—such as calibration software to calibrate hard part changes to vehicles.
- How to work with the government to gain support for and understanding of our industry.
- How to adapt to a new world: Next-generation relationship with automobiles, self-driving cars and electric cars.

6. What would you say is/are your most notable achievement(s) to this point in your career? What are you most proud of?

- Inaugural Class of Henry Crown Fellows at the Aspen Institute (1997). Established to develop the next generation of community-spirited leaders.
- Co-founded and built a school for children with autism in Manhattan in one year. Opened in Manhattan September 2001. The school currently has more than 100 students.
- Building 2 businesses with revenue of \$100 million and \$70 million respectively.
- 12 years owning, operating and building businesses in the automotive aftermarket.

### Part 3 – Industry Perspective

7. What do you consider to be the top opportunities or threats facing the specialty parts aftermarket over the next five years? Try to be specific to industry trends. You may comment on macroeconomic issues (inflation, unemployment, health care, etc.) but only if they are relevant to your perspective on industry issues.

- **Next generation’s relationship with vehicles** leading to electric cars, self-driving cars and shared vehicle usage. Is the enthusiast spirit waning, and can it be revitalized?
- Relationship with OEMs—**Managing OEM Risk**. OEMs have a love-hate relationship with the aftermarket. The keys to the aftermarket kingdom are access to calibration and early access to vehicles and accurate vehicle specifications. There is a creative tension within the OEMs which ebbs and flows. It is the trade-offs between what their customers want—fast cars that can be modified—and the concern and cost of additional warranty and product liability. How do they manage the opportunity and risk the aftermarket provides at the same time?
- **Government and political apathy** for the automotive aftermarket. CAFE restrictions are becoming tighter. This causes automakers to

downsize vehicles and make the very cars our customers want less available. Government encouragement of automation makes consumers question whether we should even drive our own cars.

8. Of the issues you identify above, which ONE concerns you the most as to how it will impact the industry's future? What would you do to initiate change to either expedite a positive outcome or prevent a potential disaster?

My biggest concerns are:

- 1) We understand our future.
- 2) We take active steps to shape it.
- 3) We help our constituents thrive in that future. If nothing else, early information will give us time to react.

The key is understanding and embracing what the relationship will be between customers and their vehicles. It is at the core of what is pushing all the stakeholders in our industry. Is it transportation a status symbol, entertainment (hobby, racing, the pleasure of driving, working on or building vehicles) or something else? How will that relationship influence government and political apathy or support for the automotive aftermarket? How will it influence the way OEMs embrace and support the aftermarket?

Initiating change:

- A) We need to work both sides of the aisle.
- B) We need to gather the underlying data on industry impacts—environmental impacts of electric vs. combustion, jobs, etc.
- C) We need to identify the opportunities for our SEMA members.
- D) Our members need to embrace the future.

#### **Part 4 – Association Specific Observations**

9. Do you feel that the Board of Directors and SEMA are currently pursuing the initiatives that are critical to our business segment? What would you place more emphasis on? What would you discontinue? What would you add?

While I cannot pretend to know all of the initiatives supported by SEMA, I know the ones that touch our business and here I believe SEMA is on track. Certainly, its promotion of technology sharing and a CARB testing location are good steps.

I would invest more of SEMA's efforts in activities which would help us understand and prepare us for our future (market research and education on how to thrive in a very different aftermarket).

10. As a SEMA Board member how do you feel you would be uniquely qualified to help address the issues you identified above?

I have had the benefit of experience gained working in very large companies at a senior level (AT&T) and have owned and run small companies both within the automotive aftermarket (12-plus years) and outside its borders. I have both worked and lived in the United States and overseas. I have experience in developing long-term strategy and understanding underlying economic impacts. At the same time, I know what it takes to put food on the table for employees each week. I am a good team player and have no problem stepping into a leadership role when required. My financial education and my experience in strategy, business development and as a serial entrepreneur founding and leading companies, are a unique mix that I believe qualify me to promote SEMA's aims as a Board member.

11. What do you see as SEMA's weaknesses?

1. The inability to engage the full political spectrum in the support of our industry.
2. Inability to target communications so that member companies take advantage of the ones most useful to them. Perhaps this is a strength; there are so many.
3. A potential weakness (or untested strength), the ability to re-invent yourself and thrive in a very different market place.

12. How about its strengths?

1. The caliber, dedication and energy of its leadership and board.
2. Its size and diverse membership across all aspects of the automotive aftermarket.
3. SEMA's ability to convince OEMs to participate vigorously.
4. Its organizational attitude: passion, compassion and inclusiveness.

13. If you were chosen to chair the Long-Range Planning Committee, which topics or issues would you want your committee to be deliberating on?

- The relationship between consumers and their vehicles.
- What does the aftermarket look like in 10 years and what does that mean for SEMA members? Where are the opportunities?
- How do we embrace both sides of the political aisle?
- How can improved quality practices help SEMA members?
- How can we help companies with issues of size and scale?

## Part 5 – About You

14. Questionnaires can be very limiting. In the space below, share with us anything we didn't ask that you believe will help the Nominating Committee develop a better understanding of you as a candidate:

I grew up in a small-business environment outside Terre Haute, Indiana. We had a farm and a manufacturing plant. My parents worked six and seven days a week. They weren't too worried about whether we developed hobbies. Some who know me might say business is my hobby, and it is true I love business and, in particular, manufacturing. I enjoy tremendously watching and helping employees develop. At any point in time, I mentor two to three people outside my business. I love to garden—a tribute to my farming side. Businesses, like gardens, produce both blooms and weeds that affect overall success. I'm an avid reader and would always prefer to be on or near the water.