

INVISTA

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Gary McGrath

Finance Director – Apparel

INVISTA is one of the world's largest integrated producers of polymers and fibers, primarily for nylon, spandex and polyester applications. The company delivers exceptional value for customers through market insight, innovative products, and a powerful portfolio of some of the most recognized trademarks in industries in which it operates.

A subsidiary of privately owned Koch Industries, Inc., INVISTA operates in more than 20 countries. Its innovations in the nylon, spandex, polyester and specialty materials industries play an integral part in items that enrich people's lives every day. Clothing, carpets, luggage, plastic bottles, automobile interiors and airbags – these and many other products originate in one of INVISTA's global manufacturing facilities.

Originally a DuPont company, acquired in 2004 by subsidiaries of Koch Industries, INVISTA is a \$7 billion dollar business, broken into four main business segments. There are two upstream chemical production businesses, one producing nylon intermediates and polymers for fibers and resins, including INVISTA's nylon and spandex businesses, and the other producing polyester intermediates, polymers and resins for applications such as plastic packaging for food and beverages. The two downstream businesses are active in many diverse markets, including the auto industry producing airbags, the housing industry producing carpet (much of which is familiar under the STAINMASTER® fiber brand), and in the apparel industry producing spandex and nylon (familiar under the LYCRA® fiber, COOLMAX® fabric and THERMOLITE® fabric brands).

Gary McGrath joined Koch Industries in 2005, in Europe. Prior to joining Koch Industries, Gary was based in London working for RMC Group plc, a UK-listed company in the building materials industry manufacturing concrete and cement. Gary was with RMC for 11 years, with five different roles split across Germany and the UK, including controller for Germany and head of the global internal audit function in London. The latter role came at a particularly interesting time, just after the Enron and Worldcom collapses. RMC was acquired by CEMEX, a Mexican based multinational company, in 2005. During this time Gary was approached by a recruiter who introduced him to Koch Industries. As one of the world's largest private companies, Koch Industries was looking for someone to build an internal audit function for the company in Europe, reporting to their US-based head of internal audit. This was an ideal fit for Gary and he joined Koch Industries.

Gary sees internal audit as an excellent door into any business, enabling accelerated learning of a new business and its operations, covering multiple business units and meeting a broad cross-section of individuals, including key leaders. Early on, he met the CFO and financial controller of INVISTA in the UK,

and within six months was offered his current position as finance director of one of INVISTA's four main business units, based in Wilmington, Delaware. Gary's role is to contribute to the profitability of INVISTA Apparel through his team's entrepreneurial creativity and engagement. Effective financial stewardship and tracking of key business bets, together with value-creating analysis of past performance and future opportunities form an important element of this. At the same time, he and his team serve as an important link into the INVISTA corporate finance team, providing accurate, consistent, quality data and the necessary information that corporate leadership, as well Koch Industries, require to manage and fulfill their obligations. Gary and his team are not involved in the day-to-day activity of transactional accounting, instead buying these services via INVISTA's philosophy of internal markets. While he retains ownership and accountability for the data, this provides him and his team more opportunity to focus on adding value.

Koch Industries attributes much of its success to its Market-Based Management® philosophy, which Charles Koch has developed and refined (while still pursuing continuous improvement) over many years. Essential to this philosophy are the MBM® Guiding Principles which articulate Koch companies' rules of just conduct and shared values and beliefs:

1. Integrity: Conduct all affairs lawfully and with integrity.
2. Compliance: Strive for 10,000% compliance, with 100% of employees fully complying 100% of the time. Ensure excellence in environmental, safety, and all other compliance. Stop, think and ask.
3. Value Creation: Create real long-term value by economic means. Understand, develop, and apply Market Based Management® to achieve superior results. Eliminate waste.
4. Principled Entrepreneurship®: Demonstrate the sense of urgency, discipline, accountability, judgment, initiative, economic and critical thinking skills, and risk-taking mentality necessary to generate the greatest contribution to the company and society.
5. Customer Focus: Understand and build relationships with customers to profitably anticipate and satisfy their needs.
6. Knowledge: Seek and use the best knowledge and proactively share your knowledge while embracing a challenge process. Measure profitability, whenever practical.
7. Change: Embrace change. Envision what could be, challenge the status quo, and drive creative destruction
8. Humility: Practice humility and intellectual honesty. Constantly seek to understand and constructively deal with reality to create real value and achieve personal improvement.
9. Respect: Treat others with dignity, respect, honesty, and sensitivity. Appreciate the value of diversity. Encourage and practice teamwork.

10. Fulfillment: Produce results that create value to realize your full potential and find fulfillment in your work.

Integrity and compliance come first at Koch companies, and employees are selected and retained on the basis of their values and beliefs. Once this is assured, a key driving force at INVISTA is long term value creation. Since it is a private company, INVISTA is not subject to the same short-term profitability demands and expectations that public company investors can place on public companies. This gives INVISTA and other Koch companies the advantage of being able to plan and perform over longer periods of time, and take a longer term view of business decisions and growth opportunities which maximize net present value. Nevertheless, making profit in the short term is a key focus too, and accessing and improving the financial reporting systems, as well as developing customized financial models, to deliver analytical support which drives short term profitable business decisions as well as long term decisions is an important responsibility of Gary and his team. Additionally, through the application of economic and critical thinking skills, such as marginal analysis and opportunity cost, Gary and his team can focus on best alternatives and incremental margins and, hopefully, improve the profitability of the business.

Koch Industries has an entrepreneurial culture that is quite in line with Gary's management style. His regional teams have financial ownership and responsibility for their respective regions or sub-units. This entrepreneurial approach develops a dedicated team that communicates regularly, has fun at work and enjoys being empowered. Gary has developed a trust in the abilities of the people that work for him, and this earns them a high degree of freedom in making decisions. With humility also an MBM principle, Gary recognizes that being successful today is no guarantee that you will be successful tomorrow. The most difficult part of his job is not stopping too long to enjoy the achievements and team "wins". The culture of INVISTA is to consistently strive to improve.

From a young age Gary knew he wanted to do something in the international environment. He had family living in Brussels, Belgium, and he would enjoy his interactions with these folks from a different culture. He also found languages fairly easy to learn. At thirteen he experienced his first exchange from an English school to a French school, where he spent time with a French student and his family outside Paris. He repeated this two more times in Germany, two and four years later. All were successful, developing strong friendships and having a dramatic impact on his attitude to different cultures and his interest in pursuing a career in the international arena.

At the same time, Gary had an interest in economics and business. He enjoyed languages but did not see many opportunities beyond translation and teaching. Combining languages with business studies seemed a logical path. This eventually led to his first role working as an auditor for one of the large international audit firms, based in London. He found this to be a fantastic way to gain broad access to different industries and different people and provide a stronger basis for him to determine what he

eventually wanted to do longer term. It also gave him a valuable professional qualification, the UK equivalent of a CPA.

Advice that Gary would offer young people entering the business world would be that, to be successful, you have to start by listening to your heart; in Gary's case it was to pursue opportunities in the international business world. Then you need to self explore, understand what you do well and what you enjoy putting effort into. Unless you're certain what you want to do, try to stay open for a number of years; you don't want to be led too far down a particular path if you really don't want to be there.

Look for companies that are more open in their management style and allow creativity, if you are that type of person, like Gary is. You need to know yourself. The right companies can often offer many options on career development, particularly when the employee/employer culture fit is good. Where this is not the case, it is often better to explore options and make a move, even if this feels risky. The outcome will invariably be better for both you and the company.

The future looks exciting and bright for Gary. Moving to America was another big move and part of his interest in exploring the international business world. His career is both challenging and exciting, working in a high growth multinational corporation with a strong compliance and ethics mindset and with a great group of people.

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