

How to Hammer Out a Niche in Copper

BY JOHN VALENTINE

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By the mid-1980s, most people who looked at the U.S. copper industry saw it as the pits. Not John Gross. He saw a golden opportunity.

Battered by cheaper imports, the U.S. copper giants were closing plants, firing workers and selling off affiliated companies. An industry that long had been fully integrated — the same companies that dug the copper from the earth also manufactured it into a finished product and marketed it — suddenly was splintered. Often, the proud new owners of a copper product manufacturing plant found that they knew little about how to buy copper, for example, and even less about how to manage their metal profitably on the increasingly volatile world commodities market.

"Many people thought the copper industry was dying," Mr. Gross says. "I saw a new copper world shaping up with a special place for me." After 15 years of preparation, he left his job as a metals buyer for New York-based Cablec Corp. in April to form J.E. Gross & Associates Inc., consultants to the base and precious metals industries. The aim, essentially, is to show the new owner of a copper-wire manufacturing plant, for example, how to reduce the cost of buying metal from the mine owner, or how to get the optimum value out of scrap, as well as how to implement administrative and financial controls.

"Many of these executives not only had to learn about copper, but a whole host of daily business practices to which they'd never been exposed," Mr. Gross says. "They were independent companies that had to stand on their own. Overnight, literally, these executives had to become well-rounded metals industry experts if the firms were to survive and prosper." To many of them, he says, it seemed "an impossible task."

Mr. Gross says he had seen it all coming and decided to hammer out a niche for himself in a rapidly changing copper business. Over the years, he says, he planned carefully, painstakingly learning the business from the ground up.



NAME: John Gross

AGE: 37

POSITION: President, J.E. Gross & Associates

CAREER PATH: After serving in Vietnam, attended night school and worked in numerous metals industry jobs before founding his own consulting company in April.

CHALLENGE: To make a go of it as a consultant to a traditional-minded industry

Fresh out of Vietnam in 1970 with a Bronze Star and a Purple Heart, he set to work in the metals industry, deliberately moving from job to job, here learning how scrap metal moved in the yard, there learning the fast-paced precious metals market.

"Some people thought I was job-hopping," Mr. Gross concedes. With good reason: After putting in seven years with Amax Copper Inc. as manager of administration, he changed jobs just about every two years. He was manager of trading for Hudson Bay Marketing, the New York arm of a Canadian mining firm, where he traded copper and precious metals on both the Commodity Exchange in New York and the London Metal Exchange. He was an account executive with Johnson Matthey & Wallace, the futures brokerage division of the Johnson Matthey PLC precious metals concern of London. Then he became manager of metal procurement for Cablec. In his last job before going out on his own, he organized and managed the metals department for Cablec's five plants, which consumed about \$75 million annually of copper, aluminum, lead and tin.

Ultimately, he says he was able to give "the type of service that didn't exist before. I put myself in the middle of the equation, as it were, among producers, consumers, futures brokers and merchants, all of whom I had worked for and whose functions and needs I understood first-hand."

Many in the business say they're impressed. "John Gross has a unique background that very few people, if any, in the metals industry have," says Tak

Kawashima, general manager of the First Metals Department of Mitsui Co. (USA) Inc., in New York. "For example, you have producers and consumers at opposite ends of the industry, with trade firms and brokerage houses in the middle. People usually know one sector or the other, but none, to my knowledge, know them all from experience the way John does. To cite one instance, producers and consumers don't always know how to use the futures markets for hedging, to protect prices. John does, because he's done it."

Harry C. Schell, president of Cablec, the largest power cable manufacturer in the U.S. and Mr. Gross' last employer, says Mr. Gross was especially adept at handling the scrap production of Cablec, a former unit of Phelps Dodge Corp. "He knows when to sell it and when to have it recycled so we can use it again," Mr. Schell says.

Mr. Gross gave up corporate security and a substantial income to open his own company. "But it was something I had to do," he says. "The time was right, the need was there. . . It was as if I had been training for just that moment."

How successful has he been in five months? "It's been rough, but not bad," he says. He has three clients and "several other prospects."

Even Mr. Gross concedes that the copper business clings hard to old ways and that his venture is far from a sure bet, but he says he's optimistic.

"I'd say that, for a guy who's been in business for only five months, I'm doing well, despite the bumps," he says.

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