

## Moving with the Times

### Survival in Business Depends on Change

When you look at which businesses are the largest according to Fortune 500, you will realize these are the businesses that have changed with the times – for example: Berkshire Hathaway (textiles), 3M (mining), Goodrich (Tires) and GE (appliances). The railroad businesses made a huge mistake decades ago because they didn't realize they were part of something bigger than themselves - the transportation industry.



To not only survive but thrive as a business owner, you have to be opportunistic. None of the businesses that were mentioned above would have survived without the benefit of acquisitions. If anything, acquisitions are going to be greater in importance in the future because of the constant change the world is going through.

We only have to look at the Harsco Corporation as proof of where businesses will have to go to survive as times change. The business started back in 1742 as a horseshoe and nail maker. As the 21<sup>st</sup> Century dawned, Harsco shed its skin as a domestic manufacturing business to join the global economy as an industrial services firm.

It shut down or sold old-line U.S. businesses like pipe fitting foundries and plastic divisions. It sold off a large unit used for making military ground vehicles. With the help of a couple of buyouts, 70% of Harsco's \$2.5 billion in annual revenue now comes from services, not manufacturing. Additionally, 60% of the company's revenue comes from outside the U.S. The largest part of the firm's business (and half of its profits) comes from providing services to steel mills around the world – raw materials management, scrap metal recovery and flame technology is also included.

With Harsco providing services to approximately 160 steel mills in 40 countries, including Brazil, China and several in Europe; the company is an example of a zebra changing its stripes. Once an old-line manufacturing business, centered primarily in the U.S., now they are a global industry firm.