

# 100

YEARS *of powering progress*



1911-2011

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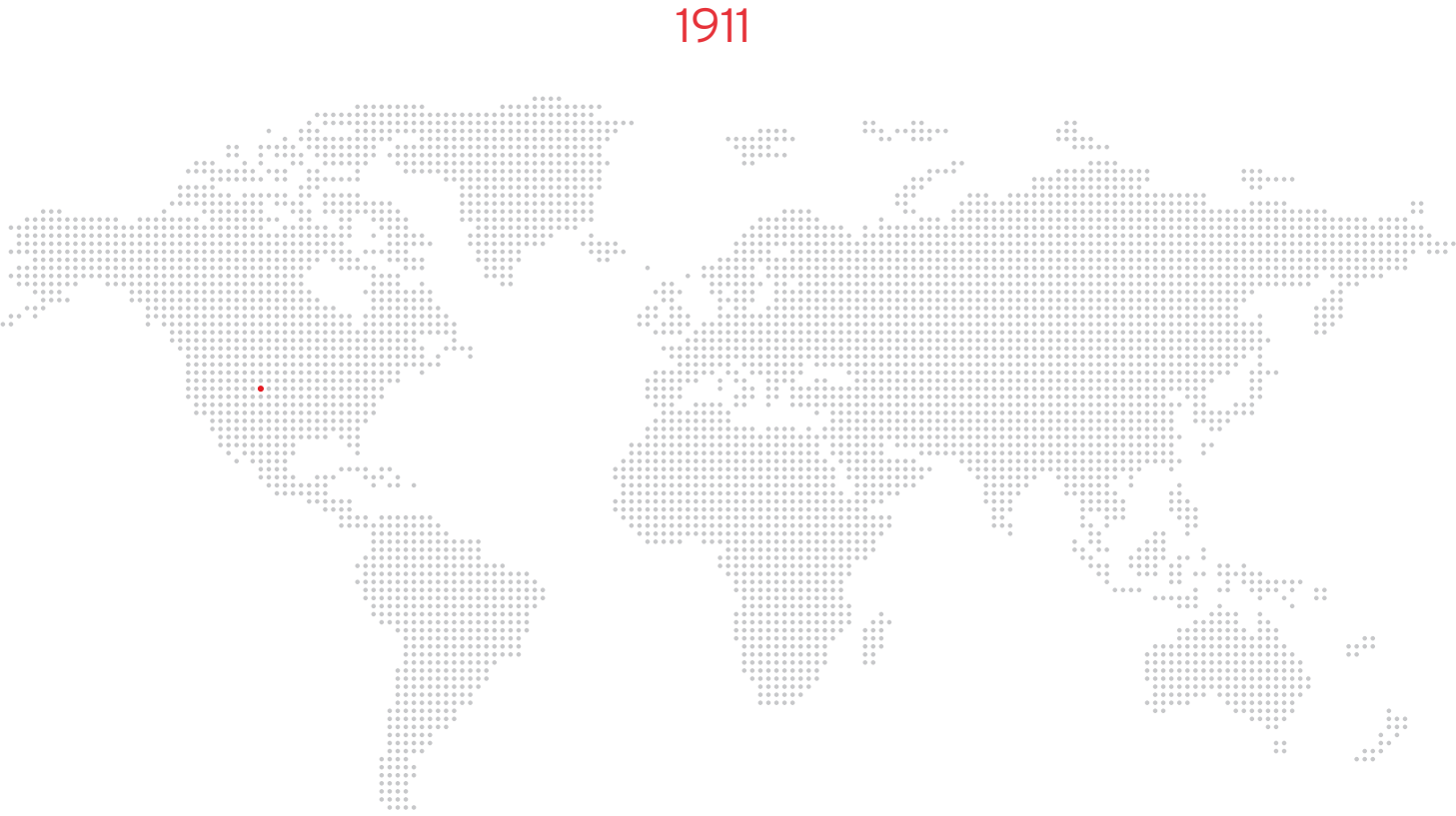
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100 YEARS of Powering Progress

October 1, 2011 marks the 100th anniversary of Gates Corporation. Founded in 1911, the company has grown from its home in Denver, Colorado and today spans the globe. The Gates story commemorates the history and accomplishments of a special family and the employees who helped to build the

company during its 100 years. It is a tribute to the striving spirit that lives in all of us - that drives us to build, to contribute, to achieve. It’s the spirit that motivated Charles Gates Sr. to toss his hat across the creek and begin a tradition of excellence that still inspires us today.



# 1800-1911

## Once upon a time IN THE WEST

Explorer Stephen Long looked out over Colorado’s vast plains one day in 1810, sighed heavily, and declared the region “wholly unfit for cultivation... uninhabitable.”

Most settlers agreed, taking little interest in Colorado’s barren terrain as they passed through on their way to Oregon or California. But in 1858, a band of Cherokee Indians found gold in a stream near Pike’s Peak. News of the discovery stirred an economically depressed nation and thousands of fortune hunters flooded into Colorado.

Gold fever was still going strong in 1904 when young Charles Gates came to the Rocky Mountains. He’d just graduated with honors from Michigan College of Mining and Technology and taken a job as a mine superintendent near Tin Cup, Colorado.

Charles spent some tough years in this rugged, uncivilized area. His brother John writes that when Charles returned to Denver sporting the rugged, ruddy look of a mountain miner, no one recognized him.

In 1906, a big gold strike lured Charles to Nevada. He worked for the Nevada United Mines Company as a mine engineer and John joined him a few months later as the firm’s assayer.

Those were tough times. John describes the settlements as little more than tent cities. He writes, “It was the wild and woolly west with prospectors, claim jumpers, gamblers and investors looking for new fields to conquer.”

The primitive conditions and the constant travel to remote mines finally wore thin for Charles Gates. In 1910,

**FACING PAGE:** Denver, Colorado in the early 1900s was a wild and woolly town beckoning the adventuresome and those eager to build new and prosperous lives.

*Courtesy, History Colorado: Gates Rubber Co. Collection*

**RIGHT:** The little shop where it all began became Jonas Brothers Taxidermists when Gates moved. At left, is Charles Gates with the first employee, Paul Steel.

*Courtesy, History Colorado: Gates Rubber Co. Collection*

the 32-year-old gave up his nomadic life and returned to Denver to settle down.

And settle down he did. Within weeks after moving to the Mile High City, Gates met a pretty 18-year-old brunette by the name of Hazel LaDora Rhoades.

The two courted on the back steps of Mrs. Hayden’s dance academy. “He had darkish brown hair with a little bit of gray over each ear,” Mrs. Gates recalls in a 1961 Denver Post interview. “He was an older man, and I fell in love with those white hairs.”

After a whirlwind romance, the couple married on April 4, 1910, just six weeks after they met.

According to Mrs. Gates, her new in-laws in Michigan viewed the marriage with skepticism. “They thought anyone who lived out west must wear chaps and carry a gun. And they thought I was too young. None of them expected it to work out. But it did for 51 of the happiest years any woman ever had. “

Marriage had a settling effect on Charles and he turned his thoughts toward buying a business. Opening the pages of The Denver Post, Gates saw three businesses for sale. One made toilet



paper, the other made soap, and the third, a mail order firm, made tire “covers.” “Neither toilet paper nor soap appealed to Charlie, so it was tire covers,” Mrs. Gates told The Post in 1961.

The firm at 1025 Broadway was called The Colorado Tire and Leather Company. The owner showed Gates a single day’s stack of orders and guaranteed him a \$150 profit per month.

So, on October 1, 1911, Charles and Hazel Gates pooled their savings and bought the little company for \$3,500. But they soon learned you could salt a business as well as a mine. The orders had been collected over several weeks. And what’s more, many of the “buyers” were friends who withdrew their orders when the company changed hands. Charles Gates had purchased a lemon. What was he going to do with it?



# 1911-1914

## THE AGE OF LEATHER *comes to an end*

Things looked bleak for Charles Gates in the fall of 1911. A few weeks after he bought the Colorado Tire and Leather Company, he realized the little tire shop he'd sunk his life savings into was a dud. The stacks of orders the former owner bragged about didn't exist. Bills - but very few orders - rolled in.

The business was little more than a one-room shop with a rented typewriter, a few pieces of equipment and some leather scraps. There was one employee, 18-year-old

Paul Steel. Gates kept him on the payroll because Steel knew where the tools were.

The company's only product, called Durable Tread, was a steel studded band of leather that fastened to the flimsy tires of the day to extend their mileage. Charles sent product samples to his brother, John, in Nevada. Charles described its virtues to his brother and persuaded John to join the business.



**LEFT:** Buffalo Bill brought his Wild West Show to town, met Charles Gates, and a new ad campaign was born. He claimed "Gates halters never break."

**FACING PAGE:** Charles Gates believed that "Difficulties are but opportunities in working clothes."

**RIGHT:** Many people said a manufacturing firm as far west as Denver was doomed to failure. Charles Gates challenged that belief and attacked distant markets with direct mail.



John strapped one of the Durable Treads onto his Indian motorcycle and headed for Denver. But the tire blew out, throwing John headlong into a patch of tumbleweeds. It was far from an auspicious beginning.

Actually, the Durable Tread proved to be a solid product. Gates' major problem was that he was far from his market. In 1911 there were only 5,000 cars in all of Denver. Most of the newfangled horseless carriages were thousands of miles away in the East.

How could he reach them? The answer was aggressive promotion. Charles and John labored over sales letters, slogans and ads. "Many times," John Gates wrote, "C.C. would spend

hours, even days, developing a more persuasive phrase or sentence. This was a matter of life or death for our newly acquired business."

The brothers read every advertising book they could find, and kept careful records of ads that worked - or didn't work - for Gates. Their philosophy was to find something that worked and multiply it. Each time they hit on a phrase that brought in orders, they'd use it again and again in presentations and letters. Their efforts paid off. Eight months after the business started, it had



*“Many times C.C. would spend hours, even days developing a more persuasive phrase or sentence.”*

- John Gates

18 employees, including one stenographer. The total profit was only \$200.13 and the cash account read \$18.25. Still, the fledgling business was on its way.

The Gates brothers learned early about the value of advertising and promotion, and when their big opportunity came in 1912, they knew what to do. That year, Charles Gates persuaded Buffalo Bill Cody to try the horse halters Gates made from leather scrap. Cody's "never-break" testimonial boosted sales. Gates halters were almost twice as expensive (\$1.25 vs. 75 cents), but with Buffalo Bill's help, the company became the largest halter manufacturer in the West.

Mrs. Gates spent her afternoons sewing those halters and the fabric lining for the leather treads. By her side, baby Ruth slept peacefully on the soft scraps of elk hide. Mrs. G. used to joke that none of her seven children could sleep well at home. They all needed the gentle hum of the factory machines to lull them to sleep.

The next few years were prosperous for the company. It expanded to larger headquarters at 1320-40 Acoma.



**LEFT:** The founder's brother, John Gates, joined the company a few months after its start.

The company increased its product line, adding car fan belts, blowout patches and emergency boots for tires.

But gradually, a new material began to appear in many products. That material was rubber. Its corrosion resistance and its flexibility, adhesion, temperature stability and resilience made rubber ideal for tires, belts, hose and many other products. In 1914, Gates made the first of its famous retreads out of fabric and rubber. For Gates, the age of leather was over.



**ABOVE:** John Gates took this photo of the entire Gates staff in 1912 gathered around the company's first—and at that time, only—product, a Durable Tread.



## PROSPERITY *transforms the company*

# 1914-1920

By 1914, the transformation of the little retread shop into a major enterprise was well on its way. Sales were good, production was up, and the company was rapidly outgrowing its rented space on Acoma Street. So Charles Gates decided it was time the firm had a building of its own.

He looked at sites close to the city's center, but decided to move to the suburbs where there was room to expand. "We bought six lots at 999 South Broadway," explained John Gates in his memoirs, "believing this would be ample for a long time to come."

At that time, Broadway south of 1st Avenue was a gravel road with no sidewalks. But it was a good location, because the streetcar ran down Broadway from Denver to Englewood, and the railroad lines were only two blocks away.

The Gates brothers spent \$15,000 to construct a small two story building on the site known as Unit 1, the Administration Building. When finished, halter manufacturing occupied the second floor. Below it, on the first floor, were offices and manufacturing for a new product - the Half-Sole, a kind of rubber retread that was cemented over worn tires.

**FACING PAGE:** Gates fought a nationwide flu epidemic with exercise in 1918.

Charles Gates thought of the name for his new product while walking down Logan Street to work one morning. According to John, Charles turned to him and said, "You half-sole your shoes, why not your tires? We'll call it the Gates Half-Sole!" The name of the product became its own best promotion.

The Half-Sole used rubber, a new material that gradually was replacing leather in many applications. Made of rubberized fabric, the new Half-Sole replaced its leather predecessor, the Durable Tread, as the Gates tire cover. Gates entered the rubber business.

In 1917, Charles Gates changed the name of the company to the International Rubber Company. He molded the letters IH into the new Half-Sole tread to add traction and to remind customers of the company's new name. The I stood for The International Rubber Company; the H stood for Half-Sole.

The Half-Sole was successful, but it was another Gates product that stood the auto industry on its ear. That product was the world's first rubber and fabric V-belt, invented by John Gates in 1917.

John's first belt was made of grocery store twine dipped in rubber cement, then coated with fabric and vulcanized in a

**BELOW:** During those prosperous years, it seemed like construction never stopped. Charles Gates (left), Ruth Gates, Denver's Industrial Commissioner, and Hazel Gates at the groundbreaking for Unit 10.



**ABOVE:** Horses and cars kick up dust on an unpaved Broadway in 1914.





**LEFT:** Gates World War I garden.

10-minute outdoor calisthenics. It worked, and flu cases dropped to an average of three a week.

Charles was enthusiastic about the results. “The increase in good health and business capacity is worth many times what these 20-minute layoffs each day cost us,” he said in an interview in The American Magazine.

During the war years employees spent their more festive times in the company’s new Roof Garden. When the celebrated cafeteria opened it created a sensation with its beautiful garden walkways, flower boxes, fish pond and porch swing. A band played while employees danced the fox-trot in the Roof Garden during their lunch hour.

John Gates was in the band. He played the mandolin but soon switched to the saxophone after being drowned out by the piano and comet. John described the band as “pretty fair even if we did all play by ear.”

On November 11, 1918, the Armistice was signed and the war was over. Gates employees celebrated by meeting at the Civic Center for the Armistice Day Parade. Mrs. Gates led the procession driving her Cole 8 coupe.

**RIGHT:** The Roof Garden thrived as the Gates social center during the war years.

In those days, Gatesville, as the company was sometimes called, was small. Everyone knew each other, and a camaraderie developed between employees and the Gates family.

In the spring of 1919, the company had some special fun when 35-year-old John Gates announced his engagement. Mrs. Gates’ little brother, Burt Rhoads, led the pranks. He and his friends put John in a cage labeled, “The Latest Man Captured” and “He Eats ‘Em Alive!” They drove him all over town in an open roadster and then dumped him, cage and all, in front of the Administration Building.

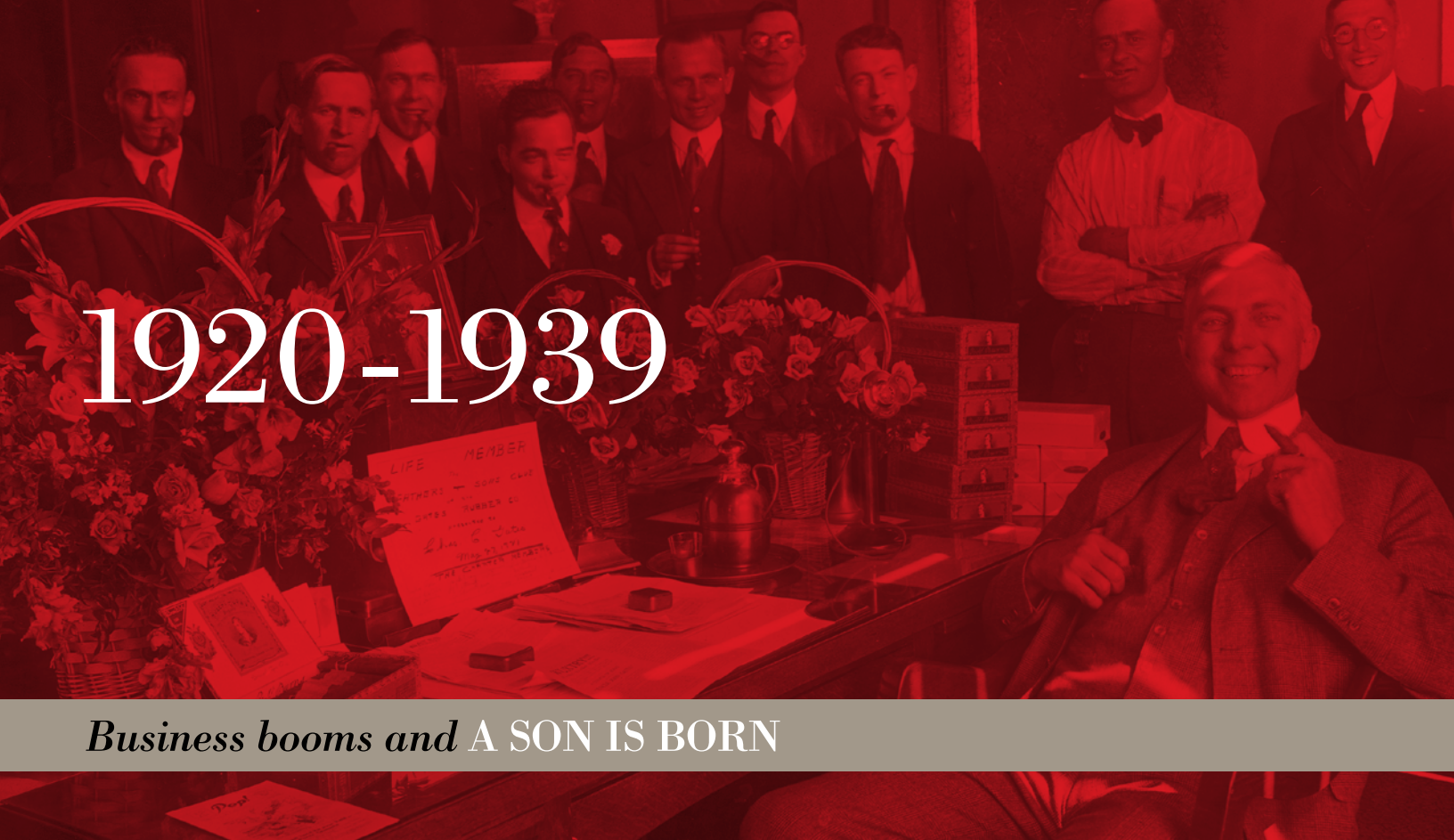
Meanwhile other changes affected the business. At the end of the war, the price of rubber fell from \$1.25 to 15 cents a pound. Because tires were cheap to replace, tire covers lost their appeal.



In 1919 the company started to phase out the Half-Sole and began to manufacture a new product, the balloon tire.

The company was renamed The Gates Rubber Company in 1919. By this time, it had expanded many times. The company had added a new warehouse, machine shop, and more factory space. Charles Gates had created a prosperous business he could be proud of. But, as 1920 began, there was still something missing. Charles Gates wanted a son.





# 1920-1939

## *Business booms and* A SON IS BORN

In 1920, a year after the war ended, the economy crashed, foreshadowing the Great Depression of the '30s. Encouraged by the low cost of rubber and the booming auto industry, tire companies had stockpiled huge inventories. Now they were forced to slash prices and cut operating costs.

Gates was in a spot. The company was on the verge of a major product introduction. Gates new Super-Tread tire, with its wider, thicker tread, had attracted national attention for its extended mileage.

Gates had a choice. It could pull back or move aggressively ahead. Charles Gates decided to go forward. He increased advertising and added more salesmen.

The results were astounding. In 1921, Gates tire sales increased a whopping 40 percent. Nationally, tire sales dropped 35 percent.

Meanwhile, the introduction of the automobile generator doubled V-belt sales. Gates strengthened its market position further by developing 20 belt sizes to fit 95 percent of all cars, setting an

**LEFT:** Employees welcomed Charles Gates into Gates Fathers and Sons Club.

**RIGHT:** Despite a nationwide recession, Charles Gates introduced Gates Super-Tread tire. The result was record profits.

industry standard. By now, half the cars in Denver had Gates belts under their hoods, and Gates had earned a new title as the world's largest manufacturer of V-belts.

Business was good. Charles Gates was a wealthy man. He had a fine family and a beautiful home near Evergreen. He was a success. And he had every reason to be happy. But he wasn't.

"My husband desperately wanted a son," Mrs. Gates explained in an interview with The Denver Post. "Every time I was pregnant, he'd talk about his plans for Charles Gates Jr. Then we'd have a daughter. We had four girls in a row."

Then on May 27, 1921, Charles Gates Jr. made his rousing debut. Charles Sr. delivered his own son in the family roadster while the car barreled down Bear Creek Canyon. The couple never made it from Evergreen to the doctor in Denver.



The next day the Gates factory whistle blew for 15 minutes. Passers-by, who thought the place was on fire, found signs on the factory doors, "Under new management. Charles C. Gates Jr."



*“My husband desperately wanted a son ... we had four girls in a row“*

- Mrs. Charles Gates Sr.

When Charles Sr. arrived at work, employees put pillows on the street for him to walk on. He passed around cigars and candy, gave everyone the day off, and went home to admire his new son. A year later, the Gates family invited the entire town of



**ABOVE:** The Gates Rubber Company in 1930. Note the Roof Garden adornments and the streetcar tracks down Broadway.

**BELOW:** Every Christmas, Gates gave away thousands of presents at a party for employees’ children. This unique tradition continued even during the Depression.



Morrison to a party to celebrate the baby’s first birthday.

The years that followed were happy ones. Two more children were born: Harry in 1923 (he died of cancer in 1955) and Bernice in 1926.

After seven children, Mrs. Gates said that was enough. “I might have had four more daughters, so we stopped,” she said in a Denver Post interview.

During the ‘20s, the company began several waves of expansion. It added molded rubber goods such as hydraulic seals and hog

paddles. In 1927, Gates built a hose plant and began to make garden hose. It soon added radiator hose, cleverly marking the sizes along the side to make dealer installation easier.

Even as the Depression approached, Charles Gates optimistically pressed on.

In 1929, Wall Street crashed, banks failed and millions were out of work. Charles Gates responded by putting more men into the field to develop business. The company kept its employees, gained market share and dealer loyalty, and maintained profitability.

At the same time, Gates research programs made great strides. Gates invented new, specially engineered products. It also hired more chemists and developed a knowledge of rubber compounding that proved invaluable in the days ahead.

Prosperity was around the corner. But it took a great war to make it happen.

**BELOW:** Charles Gates Jr. makes friends.



**ABOVE:** A Model T Ford and several men are held up by the strength of a Gates Vulco Cord Belt in this advertising promotion.



## *Gates wins “E” Award for* WAR EFFORT

# 1939-1954

Gates made it through the Great Depression virtually unscathed. Clever promotions, such as the popular Automotive Mystery Car Campaign for service stations, boosted sales and kept dealers loyal. Gates geared salespeople to sell Gates products as specially engineered items, avoiding cut-rate distributors and selling on the basis of quality.

While other businesses faltered, Gates aggressively pulled ahead and continued its trend of doubling sales every decade. By 1934 Gates had annual sales of \$13 million, employed 2,500 people and was the nation's sixth largest rubber company.

Gates made industrial hose, molded products, tires, belts and radiator and heater hose - 4,000 items in all. But the company wasn't willing to make just any rubber product. Charles Gates was selective. He only made things people would always need. He called them “necessary accessories to essentials.” These “necessities” became critical in 1941 when Japan bombed Pearl Harbor, and the nation found itself at war.

Gates workers, including hundreds of newly recruited housewives, went into action. They became “soldiers of production.” Employees worked 6-day, 48-hour weeks to produce vital rubber products for the home and war fronts.

**FACING PAGE:** Gates worked hard to keep the Allies supplied with essential rubber goods. In return, the company received the Army/Navy “E” Award.

**RIGHT:** Employees packed Denver Auditorium to see Charles Gates Sr. (second from left) accept the award August 23, 1943.

Gates made belts for invasion boats, tires for jeeps, trucks and planes, dozens of parts for bombers, fighters, tanks and ships, rubber buckets to hold TNT, and hoses to load and unload ships. Gates was doing its job to keep America's fighting forces supplied. But in 1942 the rubber industry ran into a monumental problem: Japan seized Singapore and the Dutch Indies, and the Allies lost 90 percent of their natural rubber supply.

The War Department panicked. Its stockpile of natural rubber would be gone in just six months. To extend the supply, the industry needed 200,000 tons of scrap rubber to recycle.

The American people went into a frenzy of action. Boy Scouts poked around old barns and vacant lots. Neighborhoods competed with each other to see who could find the most rubber.



People deprived themselves of rubber products in any form. Family cars sat tireless on cement blocks in the backyard and people walked home in the rain without raincoats or rubber boots - all to conserve the precious material.

But it wasn't enough. Synthetic rubber was the country's only long-term solution.

Before now, rubber companies had always made their products from cotton and rubber. There was very little synthetic rubber. Chemists had made lab samples of rubber out of hydrogen and carbon. But make an ounce in a lab and producing millions of tons were two different things.



*The War Department panicked. Its stockpile of natural rubber would be gone in just six months.*

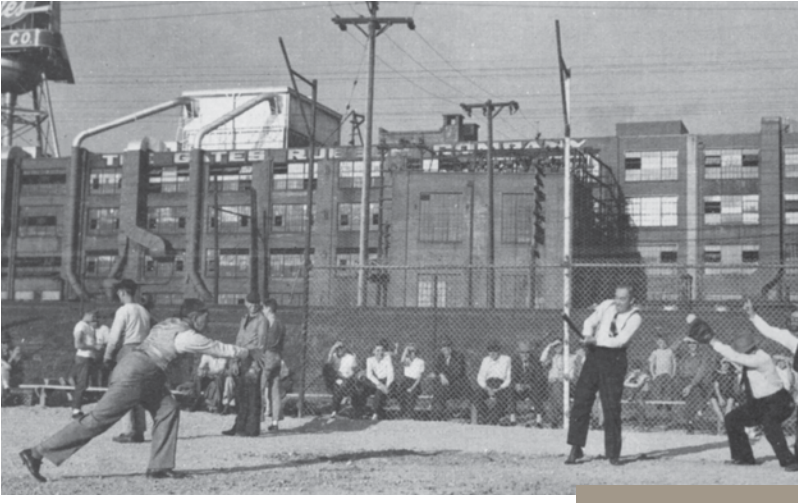
The rubber industry mobilized to meet the challenge. Gates entered into a joint venture with several other rubber companies to produce synthetic rubber at a new company called Copolymer Corporation in Baton Rouge, LA.

Charles Gates Jr. got his start at this new firm and spent three years as its assistant chief engineer. He'd just graduated from Stanford University and was hard at work preparing to take the reins of the family business.

The push to produce synthetic rubber was a tremendous success, and the new million dollar industry was a major factor in helping America win the war.

On August 29, 1943, the Government recognized Gates for its help in the war effort. The company became one of a few select Denver firms to win the coveted Army/Navy "E" Award for

excellence. Proud Gates employees and their families and friends, packed Denver's City Auditorium to see high-ranking Army and Navy officers present an "E" Award plaque and flag to Charles Gates Sr. and "E" pins to 25-year employees.



**ABOVE:** John Gates pitches a strike, opening the employee softball field in 1947. Recreation has always been important at Gates.

The company won the "E" Award not only for its on-time deliveries, but also for its help in the development of synthetics, both at Copolymer Corporation and at its own Denver factory. Gates was the first rubber company to produce a totally synthetic rubber belt. It also used synthetic rubber in tires and other products, a bold move since most people thought synthetic rubber was grossly inferior to natural rubber.

During the war, raw materials shortages also brought about intensive development in the field of synthetic fibers. Gates supported the research by hiring dozens of chemists, physicists and engineers. The new technical staff developed compounds and found new uses for synthetic fibers, such as rayon and nylon, as reinforcing materials. By 1948, the expanded engineering group needed its own building, so Gates constructed the R&E (Research & Engineering) Building at 1001 South Broadway.

New technologies, pent-up demand for rubber and other goods, and economic growth characterized the post-war years. Gates

**BELOW:** Servicemen toured Gates Denver factory to get a first-hand look at how the company contributed to the war effort.



sales skyrocketed. From 1946 to 1954, sales grew from \$59 million to \$82 million.

These were prosperous years. But the company's founder wasn't one to rest on his laurels. Explains Charles Gates Jr., "We had to keep looking for new apples to polish."



# 1954-1980

## Gates goes MULTINATIONAL

By 1954, Gates employed 5,500 people and was Denver's largest firm, the nation's sixth largest rubber company and the world's largest manufacturer of V-belts. Annual sales totaled \$82 million.

Despite its success, Charles Gates Sr. knew his company was a long way from achieving its full potential. He recognized that the business had to keep growing. The question was, where? In 40 years Gates had expanded repeatedly, from a single building to more than 30 interconnected structures. There just wasn't room at the company's 53-acre site in Denver for much more growth.

It was quite a problem - a good problem, but still a problem. Charles Gates looked for the solution beyond U.S. borders. He found the answer in Canada.

Gates became a multinational corporation when the Brantford, Ontario, plant opened its doors in January 1954. It not only was the first Gates operation outside the U.S., but it also was the first venture outside of Denver for Charles Gates. But it was far from his last.

In 1958 he opened a rubber covering plant in Sioux City, Iowa. Early the next year, despite a recession, Gates announced a bold 10-year expansion plan "to take us ahead despite the bearish trend," he said.

He established Gates Rubber de Mexico in Toluca, Mexico, opened a Nashville, Tenn., tire plant and built new warehouses in Cleveland and Charlotte, N.C. The company also completed a \$1-million Denver factory addition and tripled the size of its Canadian plant.

*Charles Gates refers to these early years at the helm as his "gunslinging days."*

**FACING PAGE:** Although his father had expanded the company with an ever-increasing list of products, Charles Gates Jr. began looking for more 'grow' power.

**RIGHT:** Gates was a family enterprise even into the early '60s. Founders John Gates (left) and Charles Gates, Sr. (right) pose with their successor Charles Gates, Jr.



In 1960 the company opened a tread rubber plant in Chicago, bought a metal sheave plant in Wichita, KS, and announced plans for a new hose plant in Galesburg, IL.

At the time of his death in 1961, the 83-year-old Charles Gates was still laying the groundwork for the next decade. "He was a man who always lived about 10 years in the future," one Gates executive recalled.

When he died, the elder Gates left a considerable legacy. In half a century, he had built a small business into a vast rubber empire that employed 7,300 people and distributed products around the entire world.

"His work was his life, his hobby, his pleasure," his son, Charles, once said. "Some men work awhile and play awhile. He did both at the same time."

Charles Gates Jr., then 40, succeeded his father as president and chairman of the board. He'd prepared all his life for the job, rising through the ranks from factory worker to engineer, vice president and executive vice president.

When he took over in 1961, Charles Gates Jr. had a new vision for his company. He realized that the V-belt and hose markets, which had fueled the company's mighty growth for 50 years, had matured and wouldn't grow as rapidly in the decades ahead.

The younger Gates moved quickly to diversify into other businesses. "As a private company you can operate more freely," Gates said sometime later in a Business Week interview. "Maybe you can make more courageous mistakes too."



*“We have to broaden our base to hold our own in the battle with the giants.”*

- Charles Gates, Jr.

He bought a cattle and guest ranch (A-Bar-A, Inc.), an automated egg farm (Gates Cyclo), a trucking company (IML Freight), and a chain of aviation service facilities (Combs Aviation). Mr. Gates also took advantage of the mid-60s investment boom by buying a mutual funds business (Financial Programs).

Gates biggest coup, during his early years as president, came in 1967 when, after 11 hours of negotiations and a handshake, he bought the financially troubled Learjet Corporation from Bill Lear. Gates Learjet was so broke, according to a 1981 Colorado Business story, Gates had to pump cash into it for almost 18 months before it started to show a profit. Gates turned the business around and Learjet was remarkably successful for many years.

Charles Gates refers to these early years at the helm as his “gunslinging days.”

“In some of these ventures, in the ‘60s, I started shooting from the hip, getting into some different types of businesses. I’m

sure a lot of people thought I’d really lost my marbles.

“You can’t just say this is big enough for me,” Gates explained

to Business Week magazine in a 1965 interview.

“We have to broaden our base to hold our own in the battle with the giants.”

Not all of these ventures panned out. Yet, under the younger Gates’ leadership, the company came of age as an international organization. In 1962, he formed the International Division to coordinate overseas operations. Gates established Gates South Africa and built a belt and hose plant in Belgium in 1963. Two

**BELOW:** The Gates water tower became a part of Denver’s landscape for generations of Gates employees and their families.



years later, he opened a plant in Venezuela and in 1968 began a Brazilian operation. Meanwhile he continued domestic expansion, building a plant in Rockford, IL in 1963. In 1964 he added plants in Elizabethtown, KY and Wichita Falls, TX.

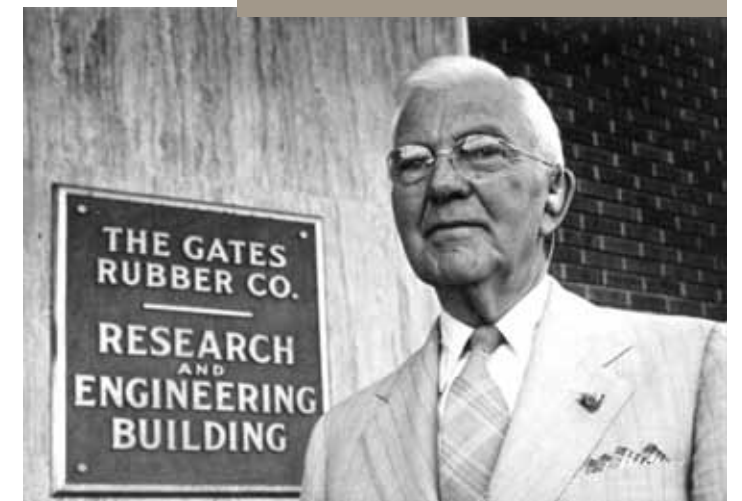
But, in 1972, Gates ambitious growth stalled. The nation was gripped by a deep recession. The slow-down was particularly hard on energy-dependent, capital-intensive industries such as Gates.

Something had to give. When the recession hit, Gates was about to retool its tire operations to make increasingly popular radial tires. In fact, the handwriting was on the wall: Make radial tires, or don’t bother to make tires at all.

So, in 1974, Charles Gates made what he said was his toughest company decision: He withdrew from the tire business. The Littleton tire plant, a brand-new facility, was closed. For Gates, an era was over.

Still, the recession era was not without a bright spot. In 1973 Gates engineers and electrochemists discovered a way to produce the world’s first commercially viable, completely sealed lead-acid rechargeable battery. In the depths of a deep recession, Gates found one of the keys to prosperity.

**BELOW:** Charles Gates Sr. had a motto: “Find something that works—then multiply it.”



When the recession finally broke, the company rebounded and once again began to expand. Gates built plants in places such as Iola, KS; Siloam Springs, AR; Jefferson, NC; Excelsior Springs, MO; Charleston, MO; Versailles, MO; Red Bay, AL and Poplar Bluff, MO. These small, modern operations were more efficient and more profitable than the competition’s large, outdated factories. The new plant locations also cut transportation costs because they were located closer to Gates’ primary markets. Gates was profitable, prosperous, and growing.



# 1980-1996

## CONTINUED GROWTH *and expansion*

Growth continued in the 1980s. In 1982 the company bolstered its presence in the hydraulic market when it bought Imperial Eastman's hydraulic coupling operations in Britain and France. The next year, Gates bought Murray Rubber's molded products business in Houston. And in 1984 the company purchased Gates Formed-Fibre Products. GFFP made automotive trim and trunk liners from non-woven fabric.

In 1986 Gates made several bold moves to secure its leadership in its core automotive and industrial belt and hose markets. A \$20-million expansion in Elizabethtown, KY, was completed to launch Poly Chain® GT® synchronous belts, one of the most innovative products in Gates history.

Gates became the world's largest synchronous/timing belt manufacturer that year when it acquired the Uniroyal Power Transmission Company. The acquisition included five synchronous belt plants along with the Uniroyal green Wellington boot, conveyor belt and carpet underlay businesses.

In 1987 Gates sold its controlling interest in Gates Learjet. The sale, prompted by Gates' commitment to focus on its core automotive and industrial markets, ended the company's 20-year foray into the high-tech business jet market.

In 1987 Gates purchased Industrias Vulca S.A. of Barcelona, Spain, and renamed the company Gates Vulca. Soon thereafter Gates also bought the V-belt business of its former Spanish licensee, Firestone Hispania, and merged it into Vulca.

With its purchase of Spun Steel Inc. in 1988, Gates realized its goal to become a tier-one supplier of accessory drive systems to the auto industry. The acquisition, now part of the Gates Power Transmission Division, brought with it 425 employees and four facilities in the U.S. and Canada that produce pulleys, tensioners and accessory drive systems.

In 1989 Gates established a joint venture in South Korea, with belt manufacturing beginning in 1991.

**FACING PAGE:** The Charles C. Gates Award for Excellence symbolizes Gates' commitment to continually seek new opportunities.

Expansion continued in the 1990s. In 1990 Gates opened a new V-belt plant in Balsareny, Spain, and a synchronous belt plant in Dumfries, Scotland.

In 1994 Gates purchased the belt and automotive hose business of Kleber Industrie of Nevers, France. At the time of the acquisition, Kleber was well established as a leading supplier of radiator and heater hose to French automotive manufacturers and aftermarket customers. Kleber was also a leader in industrial belts. The acquisition enhanced Gates' position as an automotive hose supplier throughout Europe and further strengthened Gates' leadership position in the European power transmission market.

Gates began new joint ventures in two of the world's emerging economies during 1995. In India, Gates joined with Anand, an Indian manufacturing company, to form Anand Gates (India) Limited. The hose manufacturing joint venture, located in Chandigarh, serves India's industrial sector.

In China, Gates teamed with long-time partner Nitta to form The Gates Nitta Belt Company (Suzhou) Ltd. Located near Shanghai, the joint venture provides automotive Micro-V® belts, V-belts and timing belts to Chinese customers as well as markets throughout Asia.

**RIGHT:** Under Charles Gates Jr. leadership, Gates emerged as a worldwide leader in the markets it serves.

That same year, Gates broke ground in Singapore on a new warehouse site and opened a sales office in Beijing to oversee company sales activities in China.

No discussion of the 1990s could be complete without mentioning the worldwide emphasis on quality. While Gates built its reputation by providing the highest-quality products and services, it embarked on a journey designed to boost the company's quality to ever higher levels. This journey was the Gates Quality Commitment, or GQC. GQC focused Gates on the customer: To meet and exceed customer expectations.

To increase recognition of teamwork, Gates created the Charles C. Gates Award for Excellence. The award, a bronze sculpture of a hand throwing a western hat, came from a phrase company founder Charles C. Gates was fond of saying: "Throw your hat across the creek."



*No discussion of the 1990s could be complete without mentioning the worldwide emphasis on quality.*

The expression came from the Old West, where crossing rivers and creeks was difficult for pioneers and their wagons. These pioneers sometimes threw their hats to the other side of a creek as an incentive to cross.

Gates presents the award annually to the individual or team that best exemplifies this spirit through superlative achievement.

While growth and expansion were the hallmark of the 1990s, the decade also saw some eras come to an end. In March of 1991 the Denver manufacturing facility produced its last belt. The closure of the plant ended eight decades of manufacturing in Denver, although the Company’s world headquarters remains in Denver today.

In 1993 the company sold Gates Energy Products and its industrial battery business.

That same year, the company sold Gates Molded Products Company. Gates had a long history in molded product

manufacturing dating back to 1914. The company’s first molded rubber product, a bucket made from scrap rubber, was the fourth product Gates marketed, right behind the Durable Tread tire boot, Never Break horse halters and Half-Sole tire treads.

Yet as these eras came to an end, another new era began. In 1995 The Gates Corporation and its Gates Rubber Company subsidiary announced plans to merge with Tomkins plc of London, England, ending 85 years of ownership by the Gates family. Tomkins, a diversified industrial management company with 1995 sales of \$5.7 billion, had business interests at the time in food products, industrial products, garden and leisure products, fluid controls, milling and baking, and industry services.

When the merger was announced, Charles C. Gates Jr. said, “The Gates Rubber Company has grown to the point where remaining privately held doesn’t permit it to fund competitive growth opportunities. Tomkins brings Gates that growth opportunity as well as a very promising future for both businesses.”



**ABOVE:** The Gates plant closed its doors in 1991, although the Company’s world headquarters remains in Denver today.

*Courtesy, Frank Ooms Photography*

At the time of the merger Gates was the largest non-tire rubber company in the world, with approximately 13,500 employees worldwide. Gates had plants, distribution centers and sales centers around the world and annual sales of more than \$1.6 billion.

While The Gates Rubber Company became a wholly owned subsidiary of Tomkins as a result of the merger, the Gates family continued its ranch operations, real estate ventures and oil and gas businesses as the Cody Company, headquartered in Denver.

The history of Gates is inseparable from the story of the Gates family. Yet the company’s 100-year history is more than a monument to one family’s enterprising spirit. It’s also the product of thousands of employees who have cared for the company and for their work.

In a 1971 interview with The Denver Post, Mrs. Charles Gates Sr., then 80, said Gates was “the finest organization in the whole

**BELOW:** Charles C. Gates, Sr. was fond of exhorting people to “throw your hat across the creek.”



world. It has something money couldn’t buy - the loyalty of its employees. There are people who have worked for the company 35 and 40 years, and they’re interested in what we do.”

Shortly before her death, Mrs. Gates still saw the vision and felt the indomitable family spirit that had transformed the little retread shop on Broadway into a major corporation.

“I believe you can be anything, do anything, have anything you really want - if you try hard enough and hurt no one in trying,” she said. “I know. We did it.”



# 1996-2003

## A NEW PARTNERSHIP *for growth*

When the Gates family sold The Gates Rubber Company to Tomkins plc of London in December of 1995, the story did not end. It only opened a new chapter.

Global expansion continued and actually picked up the pace with the strong financial backing of Tomkins. A new Gates Power Transmission plant was opened in Poland, a second Hose and Connector facility in India, a PT joint venture with Gates Japanese partner, Unitta, in a new facility in Thailand, a new Air Springs plant in Mexico, an OE Hose and Connector assembly facility was built in Greenville, South Carolina, and a PT core treating facility was established in Columbia, Missouri. In 1998,

Gates opened the Automotive Technical Center in Rochester Hills, Michigan to support research and development. And in 2004, Gates acquired Mectrol Corporation's polyurethane belt business with locations in Salem New Hampshire and Pfungstadt, Germany.

The success formula that Tomkins realized with Gates in the automotive parts industry was repeated when Tomkins acquired Stant Corporation in 1997, Schrader-Bridgeport in 1998, and ACD Tridon in 1999. The aftermarket sales and marketing efforts for all those automotive companies were managed by Gates in Denver.



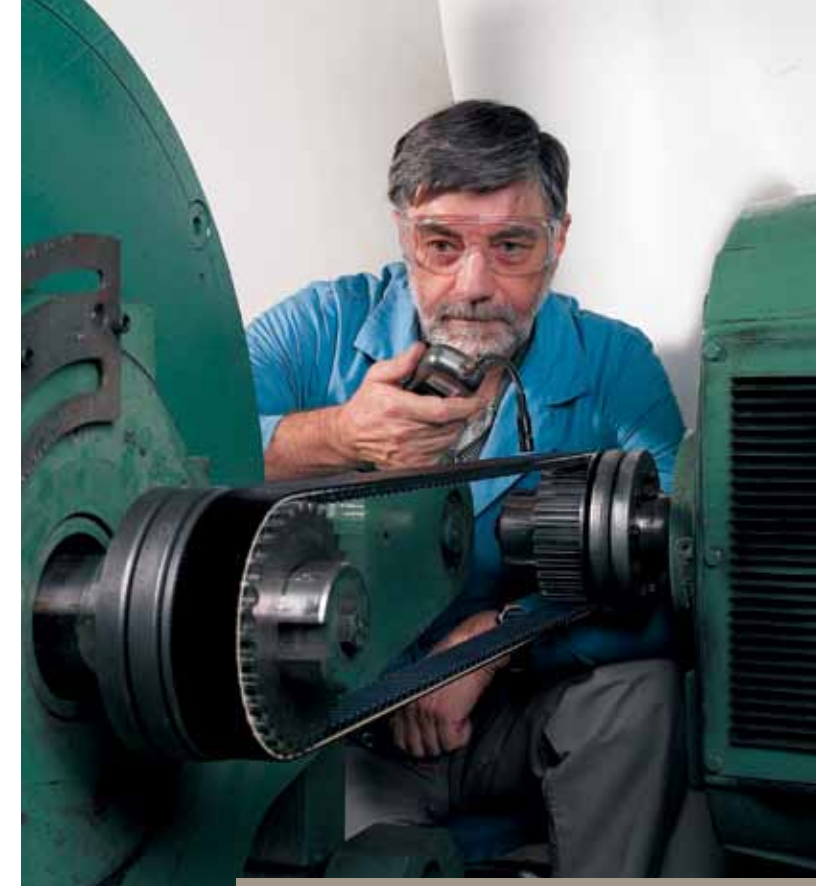
**ABOVE:** New facility in Rayong, Thailand represented a new style of manufacturing with sophisticated operating systems.

**FACING PAGE:** Gates former headquarters at 999 S. Broadway was a Ford Motor Company assembly plant for Model T trucks.

In 1999, Gates developed an e-business unit to assist the company in expanding its operations to include electronic business transactions. One of the results was that in 2000 and 2001 Gates was recognized by eWeek magazine as one of the Top Ten innovative manufacturing companies deploying new technologies that were needed to execute business strategies. The majority of the company's business was transacted electronically and distributors ordered millions of dollars of products through the company's Internet-based PowerPro system.

The turn of the century represented an era when Gates concentrated its efforts on process efficiencies, lean manufacturing, and quality improvements. The Gates Business Leadership Process (GBLP) became a way of life at Gates.

**RIGHT:** The Gates complex in Denver ultimately housed more than 30 units including test labs, machine shops, a print shop, and warehouses.



In 2001, Gates sold the 50 acres west of Broadway to Cherokee Investment Partners II, L.P. The sale included all of Gates property west of Broadway and was the largest sale of land in the Denver metropolitan area in many years.

In 2002, Gates announced that the company would move its world headquarters from the location they occupied on south Broadway for over 90 years and recommit to the City of Denver by signing a 15-year lease for a new 285,000 square foot, high-rise office building in the Lower Downtown area of Denver. At the time of the announcement, Gates President Richard Bell told employees, "The move to Downtown Denver offers Gates the



opportunity to be recognized and valued for what our company is today - a vibrant, global manufacturer of highly technical products and systems. While I place immense importance on our heritage, I also believe that the future of our company will be best served at a location that provides the energy and amenities to truly support our global vision of Gates today and in the future."

In 2003, Bell announced that the company would officially use its corporate name "Gates Corporation," instead of "The Gates Rubber Company." He said, "The move reflects the view that Gates today is much more than a rubber company and that the name should more accurately represent the company within the manufacturing industry and the international community. While our customers and the community have known us as the Gates Rubber Company for 84 years," he said

**BELOW:** Gates-engineered products and systems became part of vehicles such as the Saturn Vue, Chevy Malibu and Ford 150 truck, among many others.

*Courtesy, General Motors*



"the company has advanced into areas of technological and manufacturing development that encompass a much broader scope. While innovative belt technology had its birth with The Gates Rubber Company, our position as the world leader and innovator of highly technical products and systems will be better communicated to our worldwide customers as Gates Corporation."

Gates innovation began with the invention of the v-belt in 1917 and continued with systems like the electromechanical drive (EMD) stop start system and the Gem10 system module for the



**LEFT :** Gates fluid power products and systems became the industry standard for excellence in quality and reliability.

automotive OEMs from Gates Power Transmission Division. Gates Hose and Connector Division developed a new TuffCoat® plating that exceeded salt spray test requirements by over 10 times. And the Aftermarket Division was first to introduce automatic tensioners and kit timing components for the aftermarket.

In late 2003, Gates said farewell to its former headquarters at 900 South Broadway in Denver, Colorado and began a new chapter when the Company relocated to its current home at 1551 Wewatta Street in Downtown Denver.

**BELOW:** Industrial customers relied on Gates-engineered products to perform in every kind of condition.



# 2003-2011

## *The* GLOBAL ERA

As Gates progressed toward its centennial year, the company continued its journey of global expansion, ultimately establishing an even larger global network that included new manufacturing, distribution, and sales and service facilities in the Asia Pacific region and Middle East. In response to a changing global market and with the needs of its customers always in mind, the company shifted production among its many facilities to improve product service delivery to developing markets.

Expansion started in 2005 with the opening of a new fluid power assembly center in India, and the acquisition of Eifeler

Maschinenbau GmbH in Germany (renamed Gates EMB). New operations in Spain and China came next, including a joint venture with Winhere, a Chinese manufacturer of automotive aftermarket water pumps. In the Middle East, Gates acquired Fleximak, adding capabilities in engineering, fabrication, testing and services for fluid transfer products in that growing region. Through a joint venture agreement with Halla Group, Gates began to produce automotive parts in Korea, strengthening the company's position in the Asian market. Gates also invested in a new power transmission facility in the Izmir Free Trade Zone in Turkey.

**FACING PAGE:** Gates embraced the mission to support global sustainability with its development of a new line of energy-saving products that offered practical, energy-saving solutions.

In 2009, Gates acquired the Hydrolink Group of Companies, headquartered in Dubai, United Arab Emirates, where it gained fluid engineering expertise in the oil and gas markets of the Middle East. Gates also opened a new fluid power hose manufacturing facility in Changzhou, China. And in 2010, Gates acquired TransHose in Australia to better serve the needs of the oil and gas industry in that region.

It was during this period that Gates acknowledged the importance of global sustainability to its customers, employees and consumers, and undertook a variety of actions in support of this global call for action. Not content to focus on one specific area alone, Gates embraced the mission to reduce its global footprint by implementing a number of energy-saving initiatives. Among them were pioneering technologies such as the Gates Energy Solutions product line that continues to evolve and that gained international awareness for offering practical, energy-saving solutions. Products such as the Gates Electro-Mechanical

**BELOW:** As Gates grew globally it continued to focus on the future, seeking opportunities to apply the products and advanced technologies to new applications.



Drive System™ (EMD) start-stop technology (used on hybrid vehicles at the 2008 Summer Olympics in Beijing), E3 Drive™ System, Barricade™ fuel line hose and Quick-Lok™ couplings offered greater energy efficiency and reduced emissions and pollutants to a world seeking more advanced energy conservation solutions.

Gates facilities took up the challenge as well by implementing forward thinking energy conservation approaches in the use of building materials, more efficient lighting and cooling systems, and use of natural gas instead of oil when possible. Gates headquarters became the first in downtown Denver to earn LEED (Leadership in Energy and Environmental Design) Gold certification. It was also the first commercial office building to



implement a progressive, new recycling program that incorporated composting, becoming a model for other companies seeking similar conservation methods. These strategies, coupled with moves by Gates facilities around the world to leaner, greener systems allowed for continued improvement year after year.

In 2005, Gates opened the Customer Solutions Center (CSC) in Englewood, Colorado to offer its customers a technical center devoted to advanced fluid power transfer solutions. The CSC brought together Gates engineers, scientists and technicians to research and develop fluid power technologies for the future while providing customized engineering and training support.

The middle of this global era was marked by another milestone event in the company's history. After decades as the visionary leader of the company his father founded, Charles G. Gates,

Jr.—who left the company in sound hands in 1996, but who kept a watchful and grateful eye from a distance—died on August 28, 2005 at the age of 84. He left a legacy that embodied a pioneer's spirit and hunger for adventure and change. "I was born in motion," he once said. He truly lived the values he is best remembered for—innovation, courage, love of the outdoors, and a drive to make the world a little better.

As Gates grew geographically, the company continued to focus on the future, and planted seeds for the next generation through its support for education. During this period, Gates joined with the National Science Foundation, leading universities, and industrial companies to establish a \$21 million Fluid Power Engineering Research Center to advance technology in the application of liquids or gases to transmit power in the form of pressurized fluid.

**FACING PAGE:** Gates century-long history of providing high-quality automotive products and services made it a preferred partner to automobile manufacturers around the world.

Gates also became a major supporter of *FIRST* (For Inspiration and Recognition of Science and Technology). Through donations of power transmission products and support from employee volunteers, Gates offered promising high school students from around the world a chance to design and compete in robotics competitions and inspired future careers in science, engineering and math.

In August 2011, Gates announced it would sponsor a 48-seat classroom at the University of Colorado Denver's new business school located in downtown Denver. Scheduled to open in 2014, the Gates Corporation Centennial Smart Classroom will help train and develop tomorrow's workforce.

Before the era ended, another milestone event occurred that brought a change of a different sort to Gates. On September 24, 2010, Tomkins plc announced its acquisition by a Canadian consortium made up of Onex Corporation and the Canada

**RIGHT:** The Gates Carbon Drive™ Belt System revolutionized bicycling around the world and introduced another generation to the power of Gates.

Pension Plan Investment Board. The change put Gates, through its connection to Tomkins, on an exciting, new trajectory and opened up new opportunities for growth and advancement. But would the company be ready?

As the first decade of the 21st century drew to a close, Gates leaders recognized the need to prepare the company for the potential challenges and changes on the horizon. Already the company was making strides in the development of new products for previously untapped markets such as the dynamic bicycle market, where its revolutionary Carbon Drive System™ was causing a sensation. Trade publications and organizations around



the world were singling Gates out for recognition of its energy-saving products, systems and services. The company realized it had much to do in order to prepare for a level of world competition unlike anything it had seen before.

In 2010, Gates embarked on a global initiative to reshape the company as a world-class organization. It launched an effort aimed at improving every facet of the company's operations and driving innovation from the ground up through employee-focused ideation programs such as Winners Circle, launched in January 2011.

Gates also undertook to complete a re-branding initiative begun in 2007, aimed at refreshing and reinvigorating the iconic Gates brand for a new generation of employees, customers and markets.



**LEFT:** Today, Gates provides the tools and expertise for a new generation of industrial customers who are moving the world forward.

And in preparation to offer its global solutions to the new world of 21st century customers hungry for productivity gains and armed with cutting edge communications tools, Gates re-aligned its global marketing strategy to put the company's focus squarely on its global customers and major end markets.

Today, 100 years since its founding, Gates Corporation is poised for a new century of progress. From the perspective of its centennial year, one can look back and see a remarkable journey—from humble beginnings as a tire and leather company to a global company focused still on advancing the science of motion performance. Gates today is more than a provider of products and services, but a company shaping the field of power transmission and fluid transfer, serving our customers, and improving the lives of people all over the globe. "This is an exciting time to be a part of the Gates organization," said Jim Nicol, Chairman and CEO of Gates Corporation, "We are about to start a new chapter, with exciting growth opportunities ahead." As Gates celebrates its 100th anniversary, we will continue powering progress—today, tomorrow and into the future.

2011







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