

WEGU Manufacturing Inc.

WEGU Inc. is a multi-international manufacturer of molded rubber and plastic products. Product design assistance, engineering, tooling development, prototyping, testing and manufacturing, and materials analysis, are all offered in house. WEGU Inc. prides itself on the ability to consistently meet all of their client's physical and chemical requirements for product durability, flexibility, noise and vibration mitigation, and abrasion resistance.

| | |
|-------------------------|---|
| Headquarters | 1707 Harbour Street, Whitby, Ontario, L1N 9G6 |
| Year Established | 1973 |
| NAICS | 326198 - All other plastic product manufacturing, 326290 - Other rubber product manufacturing |
| Employees | 91 |
| Major Expansions | 1992 |
| Exports | US, Mexico, Brazil, South Africa, EU, Asia-Pacific |
| Parent Company | N/A |
| Other Locations | N/A |

WEGU Manufacturing Inc. is a molded rubber and plastic products manufacturer, based out of Whitby, Ontario. Since its establishment in Whitby in 1973, WEGU has prided itself in providing quality products at competitive prices to customers in a variety of different markets. The reason WEGU continues to stay at the cutting edge of industry is because of its reputation as a leader in research and development and its two-shot injection capabilities.

WEGU began as a German company, specializing in the production of sailboats. Shortly after its move to Whitby in 1973, WEGU began supplying Volkswagen with rubber components. Over time, the sailboat business was phased out in order to focus on the more profitable rubber and silicone components business. In the mid 1990s, after acquiring an industrial rubber parts manufacturer in 1992, WEGU introduced two-shot injection molding to their production process. This addition helped to define its competitive advantage as the process is versatile and enhances product quality. WEGU has been Canadian-owned since 2010 and utilizes the expertise gained from almost fifty years of manufacturing to satisfy various company needs

The company today manufactures around 500 different products for over 100 customers. While WEGU does manufacture a line of its own WEGU-brand products, the majority of its business derives from producing customer-specific products which are uniquely designed to fit individual customer specifications. These products range from windshield clips to conveyer system components, but can be broken down into three

main pillars. Namely, pressure relief valves, rubber over molded products for industrial applications, and industrial and automotive single shot plastic components.

Producing high-quality rubber components is no easy task. Rubber undergoes a chemical change during the manufacturing process and without significant experience and knowledge, manufacturers have a difficult time maintaining the level of quality demanded by customers. That's where WEGU's expertise comes in. As noted by Mark Fuller, Experience Account Manager at WEGU, the company's years of experience and intelligent employees help it to produce high-quality products on a consistent basis. It has also allowed the company to be flexible in the industries they market their products to.

While WEGU manufactures for customers in industrial, military, construction and mining markets, the majority of its business is automotive. Specifically, seventy percent of sales are done with a few large automotive companies. Positioning itself as a leader in the automotive industry helps WEGU tailor to the needs of these customers. These customers need suppliers that are ISO certified, meet delivery and quality expectation and are quick to resolve issues, which are all elements WEGU prides itself in possessing.

Another interesting aspect of WEGU's business is that as of 2014, over 68% of their total sales are through exports. Most of these are to the United States and Mexico, but WEGU also exports to China, Brazil, South Africa and many other countries. Furthermore, WEGU has the capacity to expand internationally in their rubber and plastics division and are looking to increase their business with other OEM companies with global footprints. Having such an international focus allows WEGU to continue gaining expertise in diverse markets.

What sets WEGU apart from its competitors is its expertise in the product-design and manufacturing process, and its two-shot injection molding capabilities. In talking to employees and taking a tour of the plant, we immediately got the sense of how dedicated WEGU is to building and maintaining this reputation for expertise. Attached to the plant is WEGU's own lab where employees manufacture and test prototypes, conduct research, and ensure every product is meeting the necessary technical requirements. The lab is operated by WEGU's in-house chemists. Most companies WEGU's size simply do not have the expertise to build and run a similar lab, which puts it a step ahead of the game.

Two shot injection molding provides WEGU with a comparative advantage because of the cost-effectiveness of this two-step process. First, one material is injected into a mold to make the initial section of the product. After the initial section is created, it is put into a second mold and a material that is compatible with the original material is injected. This technique uses one machine cycle rather than using separate machines, so it costs less for a production run and requires fewer employees to make the finished product. Two-shot injection also improves the quality and aesthetics of the finished product because there is less human intervention in the production process.

Moving forward, WEGU plans to continue utilizing its unique multi-shot injection molding to expand on the high-potential North American market. While they face off-shore pressure on pricing, WEGU is still better able to provide high quality products with shorter lead times, which is something customers value. Another area WEGU is looking to expand is by targeting their industrial elastomers (rubber) in the pump, conveyer, commercial and military industries. The company is positioned to expand in these and other areas because of their production capacity and knowledge in the industries.

WEGU is looking to expand not only into new markets and products, but also in their involvement with various levels of government and organizations. Historically, WEGU has participated in events at both the

municipal and regional level. They regularly attend events sponsored by the Town of Whitby and the Durham Region to promote their business and understand the local community needs. Through the Durham Region WEGU got involved with Excellence in Manufacturing, which enables the company to keep up to date on industry trends and identify areas where it needs to improve.

The company has also utilized programs implemented by the Ontario provincial government. They have had continuous support through the Ontario Jobs grant, which assists with the training of employees on a consistent basis. Other initiatives WEGU has taken advantage of are programs to reduce greenhouse gasses and programs to improve the overall efficiency of their manufacturing process. A final area of government assistance which WEGU is particularly grateful for is their access to Government-funded laboratories at UOIT. WEGU has used these to further their product-knowledge and contribute to their well-founded reputation of expertise.

WEGU is a perfect example of a company that highlights the expertise of Ontario's manufacturing sector. Their success has helped contribute to Southwestern Ontario's reputation for being a hotbed of the automotive industry. With skilled, loyal employees, WEGU is positioned well to continue expanding into new markets and industries. The company also plans to build on their relationships with different levels of government and the community, in order to further their growth and maintain their reputation for expertise on the global stage. We are confident WEGU will be successful in this mission and look forward to following their progress in the years to come!