

PROFILE

Targeting big things from tiny products

Landon Mertz became CEO of nanotechnology firm Cerion in 2012

By KERRY FELTNER

Though he leads a nanotechnology company, Landon Mertz's plans for its future are no small thing.

As CEO of Cerion Technology Inc., which does business as Cerion, Mertz has focused on keeping his company on the track of positive cash flow.

"What I would like to see is the continued and sustained growth of our business that leads ultimately to a monetization event," he says. "We're very open to what that monetization event might look like, but that's what we're focused on right now ... growth.

"I like to try to keep moving as much as possible," he adds.

The company was founded eight years ago by a group of former Eastman Kodak Co. engineers and scientists. It specializes in the development, commercialization and industrial scale manufacturing of transformational, high-performance nanomaterials. It focuses on catalysis, coatings, antimicrobials or additives.

Cerion has three facilities in Rochester: a research and development laboratory on Lake Avenue, a corporate office on Blossom Road and a 20,000-square-foot manufacturing facility at Eastman Business Park. Metz declined to disclose the firm's financial information.

He started with the firm in 2009 as chief financial officer. He then became interim CEO and took the position on a formal basis in 2012.

The company has 40 employees, with plans to add a handful more by the end of the year. Its business is split evenly between domestic and abroad.

Mertz, 37, started his first company, Land-

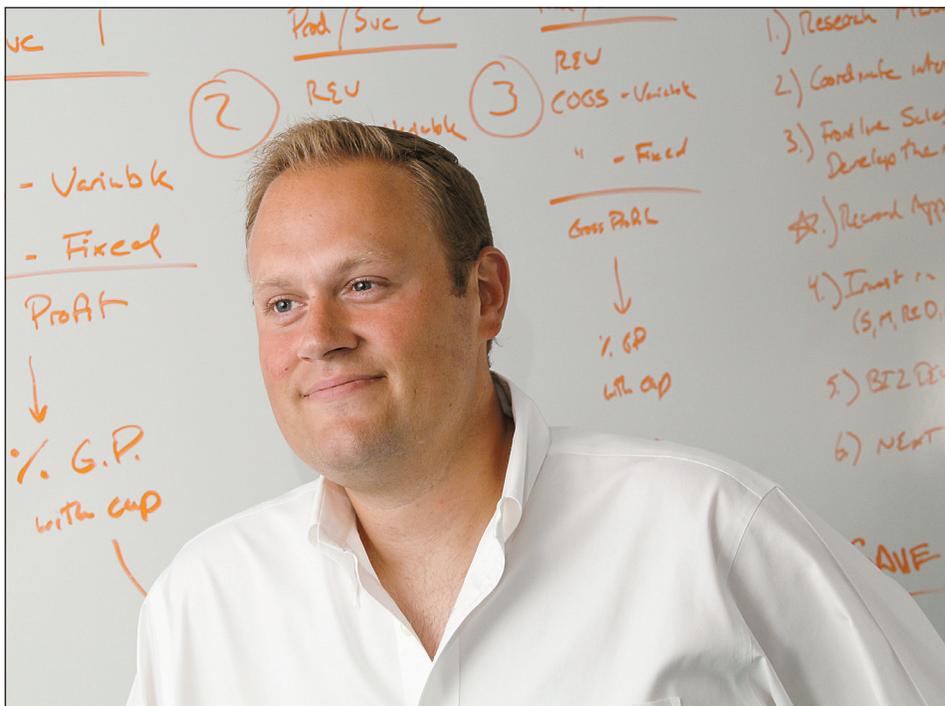


Photo by Kimberly McKinzie

on Mertz Productions Inc., after three weeks at Columbia University. He dropped out of school after realizing the academic world would not sustain his interest for long and entering the business world would give him the education he sought.

"I went to Columbia for all of a whopping three weeks and I was so bored ... so I went to my father and said, 'This isn't going to work out. I'm starting a business and I'm out of here,'" Mertz says.

"(I) totally don't regret it, not in the slightest," he says. "It posed some challenges for me later in life, but for the most part I learned so much in my first four years of business compared to going to school to learn about business. I was already light years ahead of other people because I had made the mistakes. My first four years in business was like a baptism by fire."

Mertz became his own teacher. His cu-

riosity fuels his drive.

"One thing that my father said to me was, 'You always have to promise to self-educate' and that's one of those things that I've carried forward with me for years," Mertz says. "If you're not self-educating you're not evolving.

"I read voraciously (and) I research voraciously, even if it's not necessarily business related," he adds.

Landon Mertz Productions focused on production management for large-scale entertainment events, from magazine launches to high-profile events such as the Grammy Awards. Clients ranged from Hearst Corp. to JPMorgan Chase & Co.

"I grew that business not away from entertainment but incorporating more traditional type stuff (like) big conferences and meetings because frankly the returns were just better," Mertz says. "And that was the last three or four years of my time in that

business and then we ultimately exited. The thing that attracted me to that business was my father was in a parallel business in television.”

Mertz’s father spent 17 years as executive vice president of production and finance at ABC Television Networks.

“I had it in my DNA already,” Mertz says. “I knew I never wanted to get into broadcasting (and) I knew it made sense for me to move into this adjacent area of production and entertainment because I was just drawn to it.”

His firm merged with Intermedia, and after nine years with the firm, Mertz was ready to move on.

From 2006 to 2008 he was the chief operating officer of New York City-based Festival Network LLC where he oversaw festivals worldwide. The firm’s goal was to consolidate the music festival market.

Local connection

There he met a career mentor in Richard Sands, chairman of Constellation Brands Inc. and an investor in Festival Network.

“He is very good at understanding the economics and algebra of business and understanding the points of leverage to help develop the business and ultimately make the business profitable,” says Sands, who is chairman of Cerion and an angel investor in the company. “He has what I consider to be a natural talent in managing people in a very positive, collaborative and inclusive way so you put together those leadership capabilities, his financial mind and his broad base of knowledge and you have an excellent CEO.”

After over a decade in the entertainment industry, Mertz wanted a new challenge.

Landon Mertz

Title: CEO, Cerion Technology Inc.

Age: 37

Education: South Shore High School, 1994; three weeks at Columbia University

Residence: Irondequoit

Interests: Self-education

Quote: “One thing that my father said to me was, ‘You always have to promise to self-educate’ and that’s one of those things that I’ve carried forward with me for years. ... If you’re not self-educating you’re not evolving.”

Sands introduced him to the startup on Blossom Road in 2007.

“I decided I needed to get out of entertainment because the one thing that was clear is the return that you would get on an entertainment property wasn’t nearly as much as being in something like a technology,” Mertz says.

Some might venture to think that a scientist would be a better option for CEO of a nanotech company. Sands disagrees.

“You start thinking about what are your

“It’s about how you implement systems. These are things that you can take to an insurance company, a car dealership or a nanotechnology company.”

alternatives, and you might say it’s such a materials-science-oriented business that you should have a scientist, and that’s a reasonable thought, but you find very often that scientists, especially research scientists, have not been trained in financial matters, financial management and leadership skills that Landon has,” Sands says. “We have come to the conclusion as a board of directors that a financially astute, very smart person with good leadership skills can learn enough of the science to actually lead the business; that’s probably the optimal approach.

“(Cerion’s products are) potentially very transformational in regards to not only economics, but in a lot of instances they have the potential of being transformational on a geopolitical level,” he adds.

Big challenges

Cerion develops and manufactures nanoparticles, with sizes as small as one nanometer, which are used by industry in a variety of products and industrial processes. The company’s strategic competitive advantage is the ability to produce nanomaterials at industrial scale, a challenge that has plagued the industry for the past three decades, Mertz said.

The nanotech industry’s issues were appealing to the new CEO. Its major challenge is scale. Cerion creates material that is 2.5 nanometers, roughly five times as large as a single carbon atom.

Industrial scale is hundreds of metric tons of material, which is difficult for some companies to adapt to, officials say. Cerion’s midsize competitor has a production capacity of roughly one metric ton.

Cerion’s annual capacity is 150 metric tons.

“The thing that attracted me to Cerion was really problems that exist in the nanotechnology space,” Mertz says. “In general a lot of companies can make really interesting nanomaterials on the bench, but

they have a very difficult time manufacturing them at industrial scale.”

Mertz’s management team welcomes his work ethic and business know-how. He has proven his worth to his peers.

“Landon is one of the hardest working executives I’ve ever known,” says Matthew Winslow, executive vice president of business development. “He is hyper-focused around the clock on making our business successful. His drive and work ethic are contagious. We both love building businesses, no matter the industry, and we both love challenges; that’s why we work so well together.

“The sky’s the limit for Landon; he has the strategic vision, focus, business discipline and financial acumen to lead our company from being a growing, independent materials company to a global leader in nanotechnology,” he adds.

The depth of the Cerion team and the potential of the industry also attracted Mertz to the post, Mertz says.

“Nano was just coming up in the industry and so there’s this inflection point and it’s a perfect time with our strategic competitive advantage to seize the market and become the dominant player ...,” he says.

As a CEO, the role of managing people is increasingly important as the company scales up. Mertz understands how to get the best out of his staff, says Alex Wasilov, a Cerion board member.

“I find him an incredibly well-rounded senior manager,” he says. “He has a very strong financial capability stemming from his history of being a CFO in the business. He is very strategic and a very effective problem solver and whenever you can combine the ability to create solutions with clear concise and well-thought-through strategic thinking, you are able to make significant progress in shorter amounts of time.”

Kodak is key

The talent of Kodak’s former employees in nanotechnology helps drive Cerion’s growth today. The skills of each veteran scientist have been indispensable to the firm, officials say.

“Most of the people that we brought on who had left Kodak were materials scientists focused on nanotechnology already,” Mertz says. “And so really the expertise was there and we just kind of picked up where they left off at Kodak, but it wasn’t like a drastic change in the type of work they were doing.”

As the first outside tenant in Eastman Business Park, the firm is indebted to Kodak’s infrastructure. The move to the facil-

ity saved it from racking up expenses, Mertz says.

“I’ve estimated over the number of years that we’ve been operating if we had had to build that infrastructure ourselves it probably would have cost us \$10 (million) to \$30 million dollars,” he says.

Today’s challenge in nanotechnology is timing. Companies such as Cerion are ready to advance now instead of years from now, Mertz says.

“The biggest challenge overall for industry is speeding up the pace of adoption for nanomaterials,” he says. “We’re all working very hard, especially with companies, to help educate them to the benefits of nanotechnology and move that adoption window up so that it’s years rather than decades.

“That’s always going to be a challenge, but that’s a challenge that every new technology that has the potential to be groundbreaking faces,” he added.

The industry learning curve was steep for Mertz. Learning the science has helped him solidify his vision for the company.

“I like challenges and I like big challenges and that’s part of the reason why I think I’ve been attracted to startups and early-stage businesses,” Mertz says. “And this business was sufficiently different from everything else that I had done that it was

really something I wanted to get into.

“The hardest part for me was learning the science; I’ve got it, but it took me some time,” he adds.

With a knack for developing teams, it does not matter what industry a company is in as long as there is adoption of systems, Mertz says.

“The rest of the skills that I built up over the years in my other businesses really transport right to here because it’s all about philosophy of management,” he says. “It’s about how you implement systems. These are things that you can take to an insurance company, a car dealership or a nanotechnology company.”

New York could be the leader in nanotechnology. The state has opportunities throughout the region, Mertz says.

“Governor Cuomo has made a series of investments all throughout Albany, Utica, Rochester and Buffalo really trying to position the state as being the forefront of nanotechnology, so we’re contributing to that overall effort obviously in different ways,” he says.

The U.S. has been the innovator in nanotechnology so far, but other countries are ready to strike. The investment has to be there on multiple levels for the U.S. to succeed, officials say.

“Europe, Russia and Southeast Asia specifically recognize that there is this deficit in manufacturing nanoparticles and doing it at scale and so those countries are investing heavy dollars into academic institutions, private companies—anything to help get the edge over the United States, who has been the dominant force so far,” Mertz says. “The United States hasn’t done that, so we find ourselves actually disadvantaged in that regard and we’ve been lobbying very hard at the federal level to get that changed.”

Operating in Monroe County has helped Cerion find its strength, officials say.

“As Kodak has downsized there were really not opportunities for materials scientists to do anything here and so we’re obviously recapturing jobs that were lost and hopefully with success over the long term we’ll continue to grow and provide economic benefits locally to Rochester that otherwise would have not been here,” Mertz says.

For Mertz it is all about growth: for his company and his skillset.

“No organization is perfect, but you can see the growth and the evolution of the business and that’s something that you had a direct hand—along with your management team—in making happen,” he says.

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