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A Will of Steel

Wuppermann Staal has seen remarkable changes in the past few years as the company deftly dealt with the recession and laid firm foundations for future growth.

Images courtesy of Wuppermann Staal

With a focus on operational efficiency and safety performance, Wuppermann Staal has grown continuously and sustainably over the past few years as many European companies are still struggling to recover from the GFC.

As the largest and most modern production site in the Flat Products Business Unit for the Wuppermann Group, Wuppermann Staal is developing innovative new ways to operate and interact with its employees.

The CEO Magazine sat down with Dr Peter Jongenburger, Managing Director of Wuppermann Staal and a member of the Board of Management of the Wuppermann Group, about the company's strategic survival during the recession and its ambitious program of continuous improvement.

The CEO Magazine: How have you led the evolution of Wuppermann Staal since 2008?

Peter: When I arrived I think a couple of things were already very

good. The concept of the plant was very good. It had the potential to be a very low-cost operation but a couple of things weren't very well organised. The turnover of personnel was high and I firmly believe that if you want to build you have to have a stable organisation.

One of the first things we did was to ensure that the turnover of personnel was reduced. At that time, we had around 20–25 per cent of staff leaving us every year, which we had to replace with new people, and that's not a firm basis for growth.

How did you survive the GFC and grow from there?

It was interesting because it hit the steel industry very hard. I started working here in the beginning of 2008. We made fantastic plans for the next five years and then six months later we were hit extremely hard by the whole crisis. That happened in October 2008, and suddenly in a period of two weeks, all customers started to withdraw their orders. The steel price halved from 800 euros per tonne to 400 euros per tonne. There was an enormous devaluation of our stocks. It was a very challenging time.

We had to reduce production and personnel. Fortunately, we had a flexible layer of personnel so we could do that without any hardships there. In 2008 and 2009, although we were still profitable, we had very meagre profitability figures.

It was at about that time that we started a major continuous improvement program, in which we focused on all the operational parameters that have an impact on our bottom-line result. We started in a very fair, structured, and consistent way to work on improving all the operational parameters. That's been a program that's been going on for around five to six years now, and we call it ACE, which stands for Achieving Competitive Excellence.

In that program, we use all the well-known and existing methods, particularly the Japanese methods, for continuous improvement. That has been shown to be extremely important for us because margins and volumes have been under enormous pressure during these past five to six years. Despite this we've been able to save a lot of money by producing better and producing less scrap and non-prime material. >



What do you think have been your greatest achievements and milestones at Wuppermann?

I think there have been a couple of things. We've established a very good management team here with a very clear purpose and vision around which direction we wanted to head in. We have good diversity in the team and we work very well together. In doing that, we've drawn all our employees in the same direction. It really makes working a pleasure.

How have you improved the safety performance of your operations and staff?

When I arrived, safety performance was very poor. Under the former management, there had been no focus on safety. I came from Tata Steel where they'd been working for the past 15 years on improving safety performance, and there was a huge gap between safety performance at Wuppermann and at my former employer.

We elevated it to a top-priority issue because, as management, you feel responsible for creating a safe work environment where your employees can work in a healthy way and leave at the end of the day in a healthy way. We've had some external support but most of the work we've done ourselves. We've implemented a safety committee, safety training, and safety rounds conducted by management. At every meeting we put safety as number one on the list.

That way we've been able to improve the safety performance drastically. In the first couple of years we've been able to halve our incidents rate from year to year. In the last two or three years we've been pretty stable. We're still not free of accidents, and that's our final goal. After enormous improvements in the first few years we've now plateaued and we're still trying to figure out how we can bring safety to the next level.

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Kemira is one of your closest suppliers. How have you nurtured that partnership?

I don't remember how we got in contact with Kemira. I think we were already buying some hydrochloric acid from them. In our optimisation and continuous improvement work here, one of the ideas that we had was instead of regenerating the spent acid that we produced, we could also supply that to Kemira in exchange for fresh acid.

We established contacts and relationships at management level and what we clearly found was that there was a potential for a win-win situation. We've been able to enlarge the cake itself and we made a fair split of the benefits and synergies that we could

"Kemira partners with Wuppermann in Acid Steel Service, providing the raw material and taking back spent pickling acid, a by-product that can be used in water chemical production. Together we have been able to optimise the process for mutual benefit" - Paul Leen, Portfolio and By-Product Manager, Kemira

achieve by working closely together. I must say, we've made up all the necessary contracts, and from that moment on we've had excellent cooperation from which both parties really benefit. We're going to intensify that relationship in the years to come.

We're working on expanding this relationship to other plants as well. It started in the Netherlands, it worked well, and we'll be expanding it to other plants and relationships as well.

How are you ensuring the continual engagement of your employees through innovation and gaming initiatives?

Simply put, through communication, communication, and communication. On the production and technological side, we've been working with a lot of equipment suppliers in the past 10-15 years and we're trying all the new stuff. One of the things that we've done is look further than just the technological improvements and innovations; we've started to look more at social innovations.

We realised that it's extremely important that the commitment of our employees needs to be assured, because good commitment is essential in getting good results. That's not only working hard but also everybody needs to use their brains to find new opportunities. We've been looking at how we can increase the engagement and commitment of our employees.

We've done that through reaching out to a gaming company that produces computer games and is active in the area of 'serious gaming'. What we've done is we've made big screens with advanced software in which the real-time production performance is displayed, and that is the first step in communicating better and faster with the employees to give them immediate feedback on how well they are performing.

However, this is still one-way communication. It looks very



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- Peter Jongenburger

advanced but we're going to make this whole interaction with the employees much more interactive than it has been before. It's an area where there's no global experience because it's running at the forefront of social innovation. That's why we're developing together with this gaming company a way of interacting with the employees in order to increase their engagement and commitment. To not only make sure that they're well-informed but to make sure that all their great ideas are collected, screened, and implemented.

Where do you see Wuppermann Staal going in the next few years and in the long term?

Wuppermann Staal is a part of the Wuppermann Group, which is a family-owned, German-based company. We've sailed through the crisis pretty well and one of the things that helped was that the family is very clear on the fact that the first purpose of this company is continuity. Our shareholders want

to hand over their shares to their children and their grandchildren and they want to be held securely by the company.

The result is that, on the financial side, we are financed very conservatively. We have no debts with the banks, which at this time is ideal and gives us a lot of strategic freedom. We've been able to purchase a number of companies in the past couple of years because we have a very solid balance sheet.

We've been able to remain comfortable over the past five to six years and we've been able to keep investing in better, faster, and higher quality equipment so that the performance of our production, which is extremely important in the steel industry, is improving year after year after year. It's the whole principle of continuous improvement that ensures that today is better than yesterday and tomorrow will be even better than today, which helps us stay ahead of our competitors. •



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