

A Unified APPROACH

AH Industries operates across a variety of industry segments, bringing a host of skills and knowledge to these sectors while leveraging off its network of suppliers and customers.

Images by Jerry Nielsen

Knud Andersen, CEO of AH Industries, has worked for 25 years in industrial companies across refrigeration, OEM, and turbine manufacturing. He was appointed to his current position in mid-May last year, bringing with him a keen understanding of the wind-energy industry and the other industrial markets in which AH Industries operates.

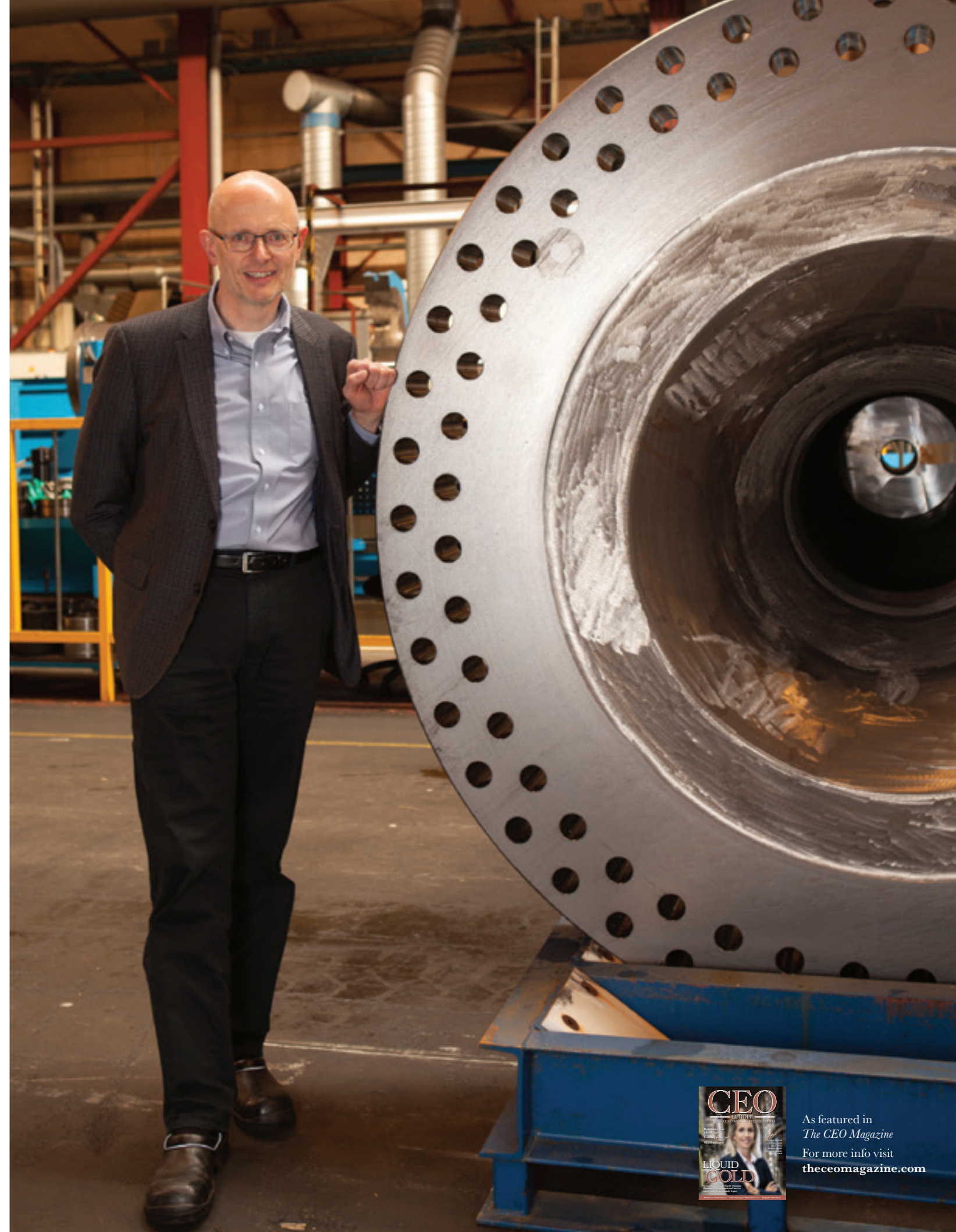
The company offers solutions in applied technology, wind energy, marine and offshore, plus cement and minerals. Each market presents its own challenges that AH Industries has had to address. "It's no secret to anyone that the wind sector and the cement and minerals sector have been a little

bit under pressure for the past two or three years due to the financial crisis in 2008. Therefore, we have had to work intensively on improving performance, which has happened in very good dialogue with our board, our owners, and the organisation on defining how we must win the battle. When I had the pleasure of starting as CEO here, it was already very well on the way and I only had to re-energise some of the projects and put a little bit more speed into them.

"A lot of the things that I received responsibility for were already in good progress and shape, so I focused on that. We experience cautious optimism in our business and, like a lot of other companies, we feel that we have improved our

cost efficiency so that we can compete and we're ready for growth again. Therefore, our focus going forward will be growth driven, because we have already rationalised our business in a good manner. We feel we are in a good position to develop again on the top line."

Since AH Industries is a decentralised company of different divisions, collaboration across the different arms of the business helps streamline operations and offer a more comprehensive service. "We have very strong managers in the five divisions, all with a long and proven track record for being good leaders and for being very experienced in the business they are in. This means they are very >



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competent partners for our customers to have a dialogue with and form a partnership with, which is important for us. We have people who know their business in detail as managers. My function is more to work closely together with these very good colleagues and their organisations.

“Across the company we can utilise the synergy in things like the necessary administration, in bookkeeping, and so on. We can utilise these synergies because of our size. If we had been five individual companies, we would have needed, for example, five bookkeeping departments. We only need one—which gives us a competitive advantage. In other words, we utilise synergies where it makes sense.

“Particularly in administration it makes sense because that’s not what our customers buy, so that has to be kept at an absolute minimum. We run our businesses with high focus and an

organisation that is dedicated to, for example, the cement industry. This means we have to know in every detail what the situation is for our customers, how we can help them and make products in safe environments, with the right quality, the right performance, and the right competitive price.”

Knud explains that knowing customers’ businesses, plans, and challenges gives AH Industries the best opportunity to understand, help, and serve them better. “Our customer base is not a number of hundreds of customers; it’s mainly 20 or 30 customers. For that reason, we believe our business is relationship driven. It is our obligation to understand our customers, to see how they develop, and then make sure, through these relations and through this dialogue you can have with customers, that we develop further. If you don’t have a close dialogue, you may diversify so slowly that you don’t even recognise it until you reach the

point where you don’t really match each other’s expectations any more. We want to make sure that we develop along with our customers and are always fit for serving them and solving their issues.”

Working closely with customers gives AH Industries peace of mind when it comes to major capital investments. “When we do invest, we have huge investment programs and it’s very expensive equipment that you need to machine these complex and very large components. If you do not have any form of commitment or long-term relationship, it is impossible to justify such investments. Like any relationship, it’s a matter of commitment from both sides so that you can develop your business.

“Being a partner of AH Industries is more than just a confirmation of our skills and competences, it makes us an integral part of surging for a better future.”
- Finn Melgaard, CEO, REUTHER GmbH

“For instance, we have, with one of our long-term customers, agreed to machine some of their very new and very big components. We ordered the production equipment in August last year, and we will turn the machinery on in October and we will be in serial production by January 2015. So it takes between one and a half to two years from pressing the button until you are actually in a normal supply situation. There are long lead times and you need a long-term view with your customers. You need to look at and make these decisions together—otherwise you can’t make them in a viable manner businesswise.”

AH Industries is a member of the UN Global Compact and supports the 10 principles within human rights, labour, environment, and anti-corruption. “A lot of the investors in wind projects around the globe are typically pension funds. Pension funds, being owned by school teachers or nurses, they definitely value that the products they have their pension money invested in have been finalised or produced with respect for the principles of the UN Global Compact. For instance, there’s liberty of organisation within AH Industries, there’s a guarantee that we don’t use child labour, and there’s a guarantee that we will work with our suppliers to the best of our ability to minimise potential risks in our supply chain.

“Of course, supply chains can be five or 10 companies long, so I think it’s important to talk with your partners about it, which we do. I think that CSR can make a difference in the supply chain as to who will be the successful winner of the business. Also, for our owners, it means a lot. They have decided that all of the companies owned by Ratos should develop along those guidelines, so that we use the principles to improve our business long term. From a sustainable business perspective, our owners believe that it makes sense that we follow the principles of UN Global Compact.”

Knud believes the Compact is a lever to improve the business and



minimise risks. “If we can use this to push for better living conditions for people around the world, and if we feel a little bit better by doing so and at the same time create a good business, then it’s even better. We do it because we believe it’s a tool that can help us control risk, a tool that can systemise our work with environment and climate, and with developing our business. We do it for various reasons, but also because it makes good sense.”

One thing that strikes Knud is the incomparable technical competency of AH Industries and its drive for continuous improvement. “By daily close collaboration with our customers, we are always challenged with capabilities and a need for better performance. The way we work with lean is one of our tools in always creating daily improvements. It’s difficult to create huge leaps in technical developments, so in our mind it is better to develop in smaller steps, but continuously. The way we do this is by smaller and continuous technical or supply-chain projects that we run internally ourselves, or together with our customers, or partners on the supply side, such as foundries and steel mills,

where we also have the same long-term collaborations.”

AH Industries is well positioned for growth in its various industry segments as market conditions improve. “We have very good and modern installed machines, we have good owners and board of directors, we have a very competent organisation, we are well on the way in our lean transformation—creating more and faster flow—and we have a strong organisation with good leaders and very good competent employees. We have strong owners behind us, which is important and means a lot to us, so we can look five or 10 years ahead and still be in the business.

“We have a strong development plan for the next five years, so I believe that we will be able to develop together with our customers and also to invest in the new technologies so we can follow the innovation of our customers. I’m actually pretty optimistic because we are an execution-oriented and cost-efficient company that can invest in the future, so I believe we have a strong future with a lot of growth potential.” •

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