

STEEL Makers

With a production capacity of three million tonnes of steel per year, ArcelorMittal Ostrava is the largest of its kind in the Czech Republic.

Images courtesy of ArcelorMittal Ostrava

ArcelorMittal Ostrava is a leader in the steel-and iron-making industry. It sells its products to more than 40 countries in Europe and around the world and, with its subsidiaries, employs more than 7,500 people.

Tapas Rajderkar was appointed to the role of CEO in 2011. He has had experience in a variety of functions within the business including chairman of the board—which he still holds—general manager, global marketing and sales, and financial controller.

Tapas studied a Master of Business Administration, specialising in finance and general management, and chartered accountancy in India before he moved to Europe in 2002 and joined the ArcelorMittal Group. Prior to that he had worked in a finance role with Indian publisher The Times Group and as CFO of Foil & Packaging Division of Indian

Aluminium, a subsidiary of Alcan Aluminium Canada.

“When I joined Mittal Steel in those early days it was its first acquisition in Eastern Europe—Romania,” Tapas says. “I joined there as a financial controller and then I was moved to marketing and sales of the tubular product segment all over the world in places such as North America, South America, Europe, Africa, and Kazakhstan. It was a big change for me to move from finance, which was my comfort zone, into the commercial sales and marketing of global products.”

Throughout his time with the ArcelorMittal Group, Tapas has adapted his business strategies to overcome a variety of challenges. “When I joined the group in Romania we took over a company which was privatised and making a negative EBITDA of almost US\$1 million every day. Within one year

our aim was to convert it into a profitable organisation. So there was a group of expats who were brought in and I was one of those. We had many challenges but we succeeded.

“We changed the way the business was run and brought in finance discipline. We needed to train the people and tell them the best way to do things. It wasn’t easy but it gave us a lot of satisfaction from the perspective that we saw the result in front of us. The company turned around, started making money, and it kept on making money.

“So that was the first challenge. Then in 2005, when I took over the role as the commercial head, it was completely new for me and I was not that keen to take up a sales and marketing role. I took up the challenge and there were people who were reporting to me who were experts in sales and marketing. So I had to, first of all, >



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WE ARE THE ARCHITECTS OF LOGISTICS

○ The company BUDAMAR LOGISTICS, a.s. has built its position on the transport market with its offer of complex services in the field of railway, road, river, sea, multimodal and intermodal transports. As well as in architecture, our services present unique technical, economic, organizational but also “artistic-aesthetic” solutions. Only the best ones have a chance of attracting customers.

Top 3 in the Long Run

○ The position among the three largest freight forwarding companies in the Slovak market is not only our commitment to satisfied customers’ needs but it forces us in particular consideration of competition to constantly improve and streamline logistic processes and look for new and often even innovative solutions.

A Complex Solution is a Half Success

○ Providing transport capacities is only a minimum for our customer that does not need to be sufficient for establishing business contact. Enhanced services before, after and during a transport are very often the added value which becomes the weight on the imaginary scales outweighing customer preference in our favour.

It does not work without Strategic Partners

○ To satisfy the complicated demands of our customer, we need solid foundations in the form of stable partners, both in Slovakia and abroad. Our partners in European countries, the Russian Federation, and Ukraine enable us to provide superior conditions and give our customers’ goods safe delivery at reasonable costs to end users almost all over the world.

Markets of High Importance

○ Flow of goods from the Commonwealth of Independent States (CIS) have enormous potential for providing quality logistic services. Not only mineral resources but also semi-finished and/or final products are in the game where import to the EU is dominating in mutual balance. This was a reason why our investments were re-directed for building of the transshipment terminal on the Ukrainian-Slovak border. It offers unique technology for transshipment of bulk substrates. An unlimited operation of a rotary tipper is supported in winter time by the defrosting hall which is a part of the complex. Justness of our decision as well as increased demand for reloading capacities flow into our new investment in building of the second rotary tipper planned for 2015.

ArcelorMittal

○ Only high level of offered services and tailor-made solutions is the reason why our company has been chosen by ArcelorMittal as a long-term supplier for transport of raw materials and final products. One of our most important customers prefers high value of cost-benefit ratio as a result of individually designed solutions. Using of the rotary tipper, planning of despatch of raw materials on the Ukrainian as well as Slovak and Czech part is the necessary minimum for just-in-time supply chain management.

develop my skills and get their confidence so that they believed in me, which took some time. In the end I was successful and I had a great team.

“The next challenge was to work out how we could become one face to the customers all over the world. So we went about setting up the organisation appropriately to follow this principle, and to do this we needed to have very strong commercial governance. To put that system in place was not easy for the simple reason that there were so many different countries and cultures to manage.

“Then came the global financial crisis in 2008 and 2009. As an international company, some places were very badly hit, particularly in the US and Europe. To manage that crisis we had to be proactive. We took several steps towards cost reduction and optimising productivity.

“The situation improved a bit in 2010 but when I moved to Ostrava in the Czech Republic the next year it was a completely new challenge as there was a second round of the crisis hitting Europe. All the investments stopped and it was very difficult to motivate the team here. People didn’t know what the future was for this unit. So motivating them and building the right team became a big challenge.

“But we had a very motivated team and we were able to convince the investors we would maintain the production level and would become stronger and stronger. So despite the crisis, the unit became stronger financially and competitively. We also improved our market share and our service. Productivity has always been a key focus at ArcelorMittal Ostrava and a high level of efficiency is encouraged through staff and technology. Tapas says one way this is achieved is by having a good relationship with the trade union.

“My philosophy is to maintain full transparency with them. There is



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- Tapas Rajderkar

no hiding things. We have regular communication and every fortnight I meet with them. I give them feedback on what is happening in the market, what the constraints are, and what the good things are that we are doing.

“We have meetings where we have groups of 200 to 300 people coming together to share everything and ask questions. This is the way we have tried to improve the productivity. This is the first step.

“We had to invest a lot into the environment, which means we have less money to invest in the technology. The second step now is that we are investing in automation and technologies so that the productivity improves. We are now at the stage where we are trying to build an organisation and create a more automated concept. This is so we can produce more with less people.”

A top priority of ArcelorMittal Ostrava is to ensure it produces safe and sustainable products

which are of a high quality. Through its safety-management systems it is vigorously working towards a goal of zero accidents and injuries.

“At any cost, we do not want to sacrifice on the health and safety of our employees, whether it is our own employee, a temporary employee, or a contractor,” Tapas says. “Even for contractors we have regular communications to ensure they maintain the correct safety practices and behaviours. Very recently we started a health and safety campaign to make this unit—and we will probably be the first one in the group in Europe to do this—stop smoking by September 2015.”

The business takes an integrated approach to reducing pollution to the environment. It prides itself on being sustainable while still producing a product of a high standard. Tapas says ArcelorMittal wants to be a good corporate citizen in every region and country it operates in. “We are in the Czech Republic and in this region are >





"I'm glad to say that through the years we've built a strong and stable partnership based on professionalism and efficiency. It's been a pleasure conducting business with a company which put the principles of honesty, accountability, and trust at the top of their priority list."
- Martin Liptaj, CEO, Lentimex

considered a very important social partner and a good corporate citizen, continuously contributing not only to the economy but also to community development through our active involvement in social, educational, and cultural events.

"In order to do this we have very transparent communications. I meet quite frequently with all the mayors in this region surrounding this unit, and we have a roundtable to share everything. We have a strong partnership with the local communities in education, culture and special projects, and our people also do volunteering. This is a continuous process and our intention for the long term."

ArcelorMittal Ostrava considers staff to be the most valuable asset to its business. The company invests greatly in training and development, which in turn contributes to economic results and a good reputation for the brand.

"We encourage education and training," Tapas says. "We are working with the local technical university very closely and we had roughly 100,000 hours of courses and training in 2013 to develop the employees' skill and knowledge. We have launched a steel academy with the local technical university experts.

"We have a talent program which is being led by me. I meet the participants quite frequently in small groups and talk on a one-to-one basis with them to motivate them. This talent is not only the white-collars but also the blue-collars.

"We also launched a very strong gender diversity program where we are promoting women to become leaders in the future, and we are well ahead of other units in the group with this.

"Furthermore, we have a trainee pool for graduates who are coming from secondary technical

schools and universities. We induct about 50 people into these trainee pools every year to develop them, and some of them have gone extremely well."

Positive partnerships with key suppliers are also crucial to the success of the business. Tapas says that without these relationships it wouldn't have been able to achieve what it has so far.

"We treat the supplier in the same way as we treat our customers. Of course there are negotiations where we want to reduce prices but we discuss all those things and we see them as more of a long-term and sustainable strategy partner. That has always been our motto.

"It becomes very difficult when there is a crisis and the suppliers and ArcelorMittal Ostrava are in a tight situation. How to balance that and maintain the relationship can become a big challenge. We believe in long-term relationships

built on mutual trust, and we believe that we get the best services and solutions from that. We also try to make no compromises on the quality, as that is one of our values. So I would say this is the approach we take towards our key suppliers and partners."

Tapas believes that ArcelorMittal Ostrava has a great future ahead of it. Investments are coming back and profits are looking positive. "We have a good strategic plan," Tapas says. "The only one thing which is very important in this whole process is that we expect the government to give us a level playing field against the other European Union member states or countries, and against the imports. That remains a challenge, but looking at the way we have worked over the past few years I would say we are cost competitive and have become more resilient to any type of crisis.

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"We see a very strong future but it will need to come with a lot of support from the government, because investors have choices today in a market with over-capacity. We are focusing on the modernisation of what should be the next step in technology. We have already done a lot of investment in minimising our environmental footprint as well as on the high-value-added products so that we are protected from the commodity market. We will try to further increase the share of value-added products and we want to continue to be the preferred employer.

"We want to be the best supplier—the supplier of choice for our customers. Furthermore, we want to continue to be the pillar of the Czech economy and, of course, a responsible corporate citizen and strong social partner having the lowest possible environmental footprint. So that's how we see ArcelorMittal Ostrava going in the future." •

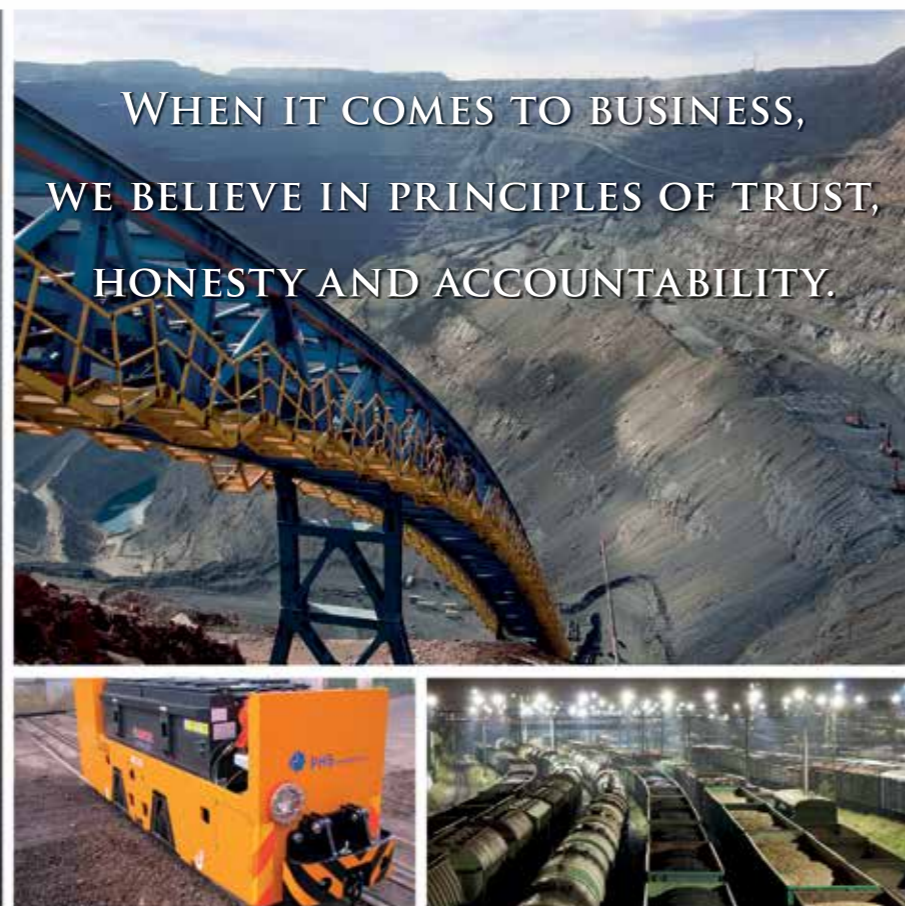
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