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Pumped for SUCCESS

Already armed with one of the most efficient water-pump portfolios in the world, Wilo is ambitious about its future success in the manufacturing sector.

Images courtesy of Wilo

“Our key values are integrity, respect, and fairness. They define how we work with one another as well as how we conduct ourselves outside the company as representatives of Wilo.”

- Oliver Hermes

In 1872, Wilo was formed as a copper and brass goods factory in Germany by Caspar Ludwig Opländer. In the years that followed it was responsible for the invention of the world’s first circulation accelerator, the first high-efficiency pump for heating, ventilation, and air conditioning (HVAC) and the first decentralised pump system. Thanks in part to several acquisitions, Wilo has experienced significant growth throughout its existence and today boasts 15 production sites, 7,500 employees, and more than 60 subsidiaries globally. Oliver Hermes, CEO of Wilo, spoke to *The CEO Magazine* about Wilo’s success story. In 2013, the business had a turnover of €1.23 billion with an EBIT margin of 10.2 per cent. That is forecast to increase by 2020 to €2 billion with an EBIT margin of over 10 per cent.

The CEO Magazine: What key values are paramount to Wilo?

Oliver: Our success is largely based on shared values and ethical principles that influence the way we act every day. As a result of our global operations, the Wilo Group unites a wide variety of cultures

under one roof. Therefore, creating a balanced and shared system of principles and values for all cultural groups is of fundamental importance to the Wilo Group. Our key values are integrity, respect, and fairness. They define how we work with one another as well as how we conduct ourselves outside the company as representatives of Wilo.

Our employees’ dealings with one another are based primarily on mutual trust. They are required to conduct themselves honestly and fairly, respectfully, and with integrity in their working environment. Friendly, objective, and appropriate dealings with colleagues, business partners, official bodies, and other third parties is expected. Our employees are our most important asset for which we, as a family foundation-owned company, assume a special responsibility. Their personal commitment, creativity, versatility, skill, and energy are of critical importance for our leading position in our markets and for our long-term success and innovativeness. It’s important for us that our employees feel like a member of the global Wilo family from the moment they decide to work for us.

The personal skills, expertise, and technical qualifications of every employee are developed through targeted training and education measures in order to maintain and enhance their high performance level and ensure high-quality work. Therefore, we have established an internal education facility, the Wilo Academy, with various international campuses. Within our global talent management, career paths are developed and we ensure that employees have access to the knowledge and the acquisition of skills to remain up to date and also to prepare for future challenges.

Quality, health, safety, environment, and energy are essential pillars of our company’s corporate culture. We attach great importance to the wellbeing of our employees due to our social responsibility and to foster the sustainability of our workforce. We developed a business healthcare program that includes our annual ‘Wilo health days’, which take place in the German subsidiaries. In order to create a long-lasting wellbeing at the workplace, we tested a new software called ‘back-guard’. This program reminds the person working at a >



computer to take short exercise breaks and it is going to be installed on Wilo computers in the near future.

How does Wilo separate itself from its competitors?

It is our customers' needs and desires that form the basis for our actions and products. Our claim 'pioneering for you' is a direct promise to our customers and partners to maintain a continual focus on practical applications and to confront new challenges every day. As one of the world's leading manufacturers and suppliers in the industry, our aspiration is to continuously improve the technical knowledge and competence in order to further cement our status as an innovation and technology leader. 'Pioneering for you' reflects the high standard for making our products ever smaller, more economical, more intelligent, quieter, more durable, and simpler. It reflects our passion for technology, our virtuous behaviour

and our promise to deliver ultimate convenience to our customers.

The strong corporate culture is essential for us. We are people and team orientated. As a consequence, we develop strong relationships with our stakeholders and, for example, the Wilo logo reflects the fact that people are continuously in focus. Wilo's culture is strongly influenced by its long-standing family tradition, reflected in the company's shareholder structure, and mainly represented by the Caspar Ludwig Opländer Foundation, which guarantees Wilo's long-range orientation and independence.

What are some of the changes that have been made to modernise the company's operational processes and structure?

In 2010, we moved from a technologically driven company to a customer- and market-driven enterprise. We shaped our strategy and organisational structure

according to the three main market segments we cover: building services, water management, and industry. The market segment approach ensures a strategic fit of our products and services with the current and future demands of our customers. This includes the identification of future sales potential, development of new solutions, identification of alternative applications and services, and the continuous improvement of market-specific knowledge.

In 2012, we did a major revision of our goals and strategy. As the world and our markets become more and more complex and dynamic, we enriched our future vision with corporate foresight and megatrends. We outlined how the world could look in 2030 and beyond in order to anticipate the transformations the company might need. The outcome of this strategy update projects our brand value proposition in a future-oriented vision. One of our megatrends is globalisation and

the uprise of new economic power centres. Here, we closely monitor the development of Africa, South-East Asia, and Latin America. Africa, which until just recently was considered as a difficult region, is now being assessed in a considerably more positive fashion. Growth rates in many African countries are now regularly higher than the global average. The Wilo Group is prepared for this and has systematically expanded its presence in these future regions on a targeted basis. Advantages associated with energy efficiency and top German technology are our strongest arguments in developing countries. Therefore, we set up the 'Wilo-pioneers' and localised our production according to local market needs. New plants have been founded in India, China, Korea, Turkey, and Brazil as a consequence.

In 2013, we reshaped our brand value proposition to be more authentic and at the same time to differentiate ourselves from our competitors. Wilo moved from a more rational to a more emotional approach and successfully aligned the Wilo brand with customer and employee needs to drive preference, ensure clear differentiation and continuous growth of Wilo in the market. We reshaped our innovation management process and set up a new management tool called WINGS. This innovation portal follows the logic of crowdsourcing and gathers Wilo's global intelligence and creativity.

How does Wilo leverage global megatrends to develop its strategy and to achieve its long-term goals?

Wilo is a future-oriented company. We make our decisions today with a clear vision of tomorrow in mind. We understand the global trends and developments that will influence our company and our business. We call these the Wilo megatrends: globalisation, urbanisation, energy shortage, water shortage, climate change, and technological progress. We use

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- Oliver Hermes



this term to describe trends that are particularly far-reaching, lasting, and that significantly impact society, the economy, the environment, and technology. As long-term change processes, they influence and characterise our world view, our values, and our thoughts. The six global Wilo megatrends represent additional guidance for Wilo's management and were used for the forward-looking development and optimisation of our corporate strategy. They allow us to take a systematic look into the future, identify opportunities and risks more easily and enhance our strategy. They give us the ability to begin responding to future challenges today.

How does Wilo collaborate with key suppliers and other partners to achieve success?

The success of our products and services largely depends on the performance of our suppliers concerning quality, costs, timing and technologies. Wilo is selecting innovative suppliers, which, from this perspective, contribute to our excellence based on total costs. The Wilo Group collaborates with more than 2,300 production-material suppliers worldwide. We value a fair and long-term relationship with our suppliers.

For our last global Wilo Group Suppliers' Day we invited more than 300 guests. During an awards ceremony, we honoured the best international suppliers for their performance in four different categories. We also organised presentations, plant tours, and workshops. Among the VIP guests at the event were many executive board members and CEOs of the most important top global suppliers. The event is intended to recognise how highly we value our global partners, who contribute daily to Wilo's success.

Looking forward, what does the future hold for Wilo?

Through years of successful growth, Wilo has developed as a stable and sustainable organisation. With excellent liquidity management, continual innovation, and a worldwide presence in all market segments, we pave the way for a secure future. We are now striving for growing over market average in Asia, Africa, and Latin America. Our goal is to continuously increase our market share through qualitative growth as a system and solution provider. The Wilo megatrends positively impact Wilo's business opportunities. The future holds promising opportunities for us that we will seize. •



SOLUTIONS FOR YOUR IDEAS

Headquartered in Zandt, Germany, Zollner Elektronik AG, a family-owned company, has successfully grown to become one of the largest EMS (Electronic Manufacturing Services) providers in the world today. By continuously investing in our own organic growth, the Zollner Group has evolved into a mechatronics service provider.

Support along the entire value chain – from customer-specific development and design at the start of the product lifecycle, throughout the prototype and serial production phase, including supply chain management, all the way to refurbishment and after-sales service.

Wilo – one of the world's leading manufacturers of pumps and pump systems for heating, ventilation and air conditioning as well as water supply, sewage disposal and wastewater treatment – has been a customer of Zollner's for several years. We work in close partnership during the industrialisation phase. Our best-cost-country approach includes production sites in Romania where we produce electronic components and systems for companies such as Wilo.

Regardless whether the customer makes use of our complete know-how along the entire value chain, or just a part, one can depend on us as a partner, regardless of the sector in which one operates.

The latest addition to Zollner's 17 locations worldwide is its modern manufacturing and technical support services plant in Cartago, Costa Rica. Zollner's global presence includes 8,700 employees at 17 sites in Germany, Hungary, Romania, China, Tunisia, the USA, Switzerland and Costa Rica.



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