



RESOURCEFUL Solutions

Russian company Magnezit Group is a leading manufacturer of high-class refractory products.

Images courtesy of Magnezit Group

From its own resource base, Magnezit Group has been providing quality refractories and innovative solutions to an international market for more than a century. *The CEO Magazine* spoke to CEO Sergei Odegov about how he works closely with managing director for Europe Dmitry Borzov in the daily running of Magnezit Group, the challenges the business has faced, and its period of growth in the 2000s.

The CEO Magazine: What is your professional background leading up to and including your current role with Magnezit Group?

Sergei: I was born in Satka in the Chelyabinsk region, Southern Urals, the very city where in 1901 the first commercial production of magnesia refractories in Russia was started in the Magnezit plant. The Satka production site is still the largest industrial site of Magnezit Group, which employs more than 6,000 people—almost 20 per cent

of Satka's adult population. I have been working for Magnezit Group for more than 25 years.

I started in different positions at the Satka production site and then, from 2001 to 2005, I headed the representative office of the group's trade house in Moscow and was responsible for the international development of the company. My experience, both in the production sphere and as a trader, helped me to take the Magnezit Group's CEO chair in 2005.

How would you describe your leadership style and how is it shaped by your past experience?

I don't think there could be just one leadership style. You'll mix and match to engage your team and meet your goals. But for me, it is quite important to motivate others to move forward, and to believe in my team. Trusting others is an important thing that can give great results. I think the ultimate measure of a leader is what

happens in his absence—the best leadership moments are the ones that the leader does not even see.

How do you work with Dmitry Borzov to ensure the success of the business?

We have worked together for more than 10 years. We both lived in Satka and started at the Magnezit plant. We share the same values and work in close cooperation. For us, transparency is essential. We meet monthly to review progress and keep the efforts on track.

What have been the greatest challenges you have faced and how have you worked to overcome them?

A major challenge for me as a CEO of Magnezit Group was the crisis of 2008–09. The non-payment stage began, many manufacturers were forced to curtail investment programs, and we needed certain willpower not to succumb to the general panic >

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and to accomplish the process of the technical modernisation of the Satka production site.

Just before the peak of the crisis, we launched a new shaft kiln with an annual capacity of 50,000 tons of dead-burned magnesia—our first link to innovative clinker technology, which we are proud of. As it turned out, it was the most competent strategic decision. Since then, innovative policy has become our top priority. We realised that to succeed we must always go forward.

Magnezit Group has been in operation for more than 100 years. How has it grown and expanded to become the world's leading manufacturer of high-class refractory products, how has the industry changed during that time, and how has the business had to adapt and change?

The Magnezit plant started its operations in 1901 in Satka and gave the birth to the refractory

industry in Russia. During the Soviet Union, the plant was the biggest refractory plant of the country. After a short-term stagnation in the 90s, the 2000s were a time of geographical expansion for the company with new plants in Europe and Asia becoming part of the group. This allowed the company to maintain its status of the largest in Russia and the CIS [Commonwealth of Independent States] producer of refractory materials, occupying today more than 75 per cent of the market share of magnesia refractory materials in Russia and 70 per cent in the CIS.

During 2010–15, the company took a course to a comprehensive quality improvement in all stages of management and production. In 2011, Magnezit Group obtained a licence to develop the Talsky magnesite deposit in Razdolinsk (Krasnoyarsk Territory)—the largest high-quality magnesite deposit on the continent. The group also realised

a large-scale modernisation of the two main production sites in Satka and Razdolinsk. Nowadays, the company fulfills the strategy of sustainable growth, which is focused on both quality and innovation.

Since the birth of the company, a lot of things have changed in the industry. Most of them are related to changes in steel production—the main consumer (65–70 per cent) of refractories. The refractory industry and steel production are inextricably linked—the modernisation of one determines the development of the other.

One of the major trends in the global refractory industry is the increase of the long-term use of multifunctional refractories. This is a response to the demands of the

"After eight years of strong partnership, we now jointly charter new territories, leading the way into sustainable development for the next decade. The trust, respect, friendship, and exceptional skills of the Magnezit team makes us confident for a successful future. We thank them." - Gilles Le Jean, General Director, Timab Magnesium

steel industry due to the development of modern steelmaking technologies.

Another trend is that there is an increase of unshaped refractories application in the total output. In order to meet the new requirements of consumers, Magnezit Group constantly develop its products. The manufacture of new products is a quarter of the total production undertaken at Magnezit.

What makes Magnezit Group unique compared to its competitors in the market?

High-quality raw materials, innovative manufacturing technologies and a unique engineering centre are the key competitive advantages of Magnezit Group. Nowadays, one of the main factors of successful development of any industrial country is an access to quality raw materials. Deliveries of raw materials from China could be high, but not so efficient in terms of quality and time.

Magnezit Group possesses its own unique magnesia deposits in Siberia that outperform all other known deposits on the continent in terms of qualitative characteristics of magnesite ore. Together with reserves of magnesite in the Southern Urals and in Slovakia, the total reserves of the group amount to more than 270-million tons of crystalline magnesite. This guarantees 100-per-cent security in deliveries of magnesia materials of the highest quality for the company for a period of over 100 years.

Over the past years, Magnezit realised huge investment projects aimed at the modernisation of all production sites and a transfer to market clinker technology, which was unique to the CIS. In Satka we have built a state-of-the-art complex for the production of dead-burned magnesia clinkers. Created from scratch, it houses the most advanced equipment used in the production process: a multiple-hearth furnace,

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grinding and briquetting equipment, two shaft kilns for burning magnesia powder.

Now in the territory of Russia and CIS, Magnezit Group is the only manufacturer of dead-burned magnesia clinker—high-quality material for the manufacture of advanced refractories.

We are incredibly proud of our Engineering Centre for Technology Development in Satka. It unites devoted and talented specialists, who create new solutions and push the progress of the whole company. Our competitive advantage is also proximity to our clients. We have more than 18 representative offices in CIS, Europe, and China, which, not just in sales, provide a comprehensive service to clients.

How does the business work with key suppliers and other partners to ensure success?

'In everything, treat people the same way you want them to treat you.' This famous phrase describes our approach to suppliers and all partners. We are building partnerships with all stakeholders on the principles of mutual trust and respect, as well as professionalism, commitment, and inviolability of information transparency.

What is your vision for the future of Magnezit Group?

Magnezit Group today is an integrated company with a unified management system and clear strategic objectives. Each of the six production sites in each different country fulfils its unique challenges, contributing to the company's business development. The company's strategy of sustainable growth includes not only the development of the supply of refractories, but also adherence to the growing technological demands of consumers—best quality and price ratio.

We intend to actively invest in new, modern production facilities, including the construction of a second multi-hearth furnace in the Satka production site, and have workshops of fused magnesia in Satka and Razdolinsk, develop our raw material base, and do energy-saving and environmental protection projects. The emphasis will also be put on elaboration of new products with high added value.

Today, we are confident that we will be able to strengthen the group's leading position in the refractory industry. We will continue long-term cooperation with all our partners and it will contribute to mutual success. ●



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