

Set in Motion

After having Australian operations for only 30 years, SEW-EURODRIVE is one of the leading players in the drive technology and drive-based automation industry.

Images courtesy of SEW-EURODRIVE

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- Robert Merola

Founded in Germany in the 1930s, SEW-EURODRIVE manufactures and distributes geared motors, as well as a range of electronics, frequency inverters, and servo drives, and a comprehensive range of heavy industrial gears. Employing over 16,000 people worldwide, SEW-EURODRIVE opened its first Australian office in Australia in 1982 and has been growing steadily in the local market ever since.

Proudly proclaiming to be ‘global yet local’, the company prides itself on providing the best of both worlds. *The CEO Magazine* spoke to managing director of SEW-EURODRIVE Australia Robert Merola about how the company has expanded in Australia, its investment in facilities, extensive training for staff and customers, and why SEW-EURODRIVE has foresight where its competitors may not.

The CEO Magazine: What was your professional background prior to coming to SEW-EURODRIVE?

Robert: I was an apprentice fitter and turner back in the early 70s with an Australian manufacturer called McKay Dynamics. I spent the first 10 years of my working life with them. I ran the machine shop for a while, progressed to the drawing office, then into internal sales, and finally as a sales engineer out on the road. I was retrenched during a recession in the early 80s, so after that I got a job with a company called William Adams. They were a distributor for the company that I was previously working for, and I worked in an internal sales role with them for about a year.

I’d heard that SEW was planning on setting up in Australia, so every month or so I’d ring up Telecom and ask if they had a listing, until one day I finally got a number. When I applied for a job at SEW, it

was as a sales engineer. The son of the owner—Jurgen Blickle, who now runs the company globally in Germany—was responsible for the set-up of the Australian operations. They had no internal sales or systems in place, so he didn’t want to employ an external person until they had set up the internal structure. So I said, “I have experience in that area. Give me a job and I will help you set that up and we’ll go from there.” My official title was sales office supervisor, but the only person I was supervising was myself at the time. In 1984, I was promoted to sales manager, but then Jurgen was called for duty to the USA and inherited the role of general manager. In 1997, I was appointed as managing director, a role that I fulfilled until today.

How have you seen the company grow and expand in the Australian marketplace?

When I was appointed at SEW, I was asked, “What do you think the



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growth potential is in Australia for us?" I said it was around \$6 million back then. Jurgen was surprised at that; he thought that was quite ambitious. But we only took two years to get there. From memory, we turned over around \$5.8 million in the second year. Obviously, we have had our ups and downs, but all in all the growth has been strong and steady. We now have around 200 people fully employed in Australia, and it's a team that I am very, very proud of.

Throughout your time as managing director, what have been the highlights of the role?

Being the new kid on the block, we seemed to be always running second in a lot of larger projects, but we were given a fantastic opportunity and a vote of confidence by winning part of a Rio Tinto project over in Western Australia. That was probably our most recent win in the industrial gear sphere, and the project was delivered on time and

commissioned and, from all reports, was very, very successful. We were the talk of the minesite, so hopefully that stands us in good stead going forward. We have proved that we can mix with the best.

What have been the biggest challenges, and how have you worked to overcome them?

One of our biggest challenges is always to keep your people gainfully employed and busy. I pride myself on the fact that we have never had to retrench one person in the 32 years that I have been here due to the downturn in business at the time. I have always tended to be overstaffed because when we do experience our growth spurts, we can grow painlessly and seamlessly. This is because I have already got the people on board well trained with the knowledge and expertise. We don't really have 'growing pains' because we tend to grow into our own skin. That's probably been one of my unconventional strategies, and I

think it has proven to be a winner for us up until now.

Do you invest in the training and development of staff, and do you have particular programs in place?

Absolutely! We have a full-time trainer and qualified engineer who is committed to that very role. We have various levels of training, levels one to six as we know them internally. Every person employed at SEW, regardless of their role, does at least level one. For example, level one training is a broad information briefing about what we do, what our products are, and where they are used. Then those training levels increase up to level six, where we have the high-end, highly skilled application engineers and systems technicians that look after the sophisticated electronics that include robotics and system integration. We have a very complex and comprehensive training regime, not only for our

staff but also for our customers. We have regular training sessions for customers, tailor-made to suit their own requirements, whether they be for maintenance and reliability staff or information on our new products or systems being launched.

How do you work with key suppliers and other partners to achieve success?

My name is 'Robert' and I have and use a lot of 'R' words with my team. One of the 'R' words that is very important with our suppliers is 'Relationships', and that is one of my favourite key 'R' words because we have a lot of longstanding, existing relationships with numerous suppliers. Our business cycle is made up of the 'R' words, namely 'Requirement', 'Resources', 'Response', 'Reliable', 'Respect', 'Relationship', 'Reputation', 'Return'.

Unlike many, we don't shop around on price. Although it is an important factor, we value long-term relationships and high service levels. We expect high service levels from our suppliers because at the end of the day they are another extension of us, providing service that our customers expect from us. It's all about relationships, being open and transparent, addressing issues if and when they arise. Obviously, we want them to be competitive, but we don't really sit them down and expect them to match a competitor that comes in with a political price, offering a price just to get in your door, so to speak. We are realistic, we look at the market, and we demand and insist on high levels of service.

So have some of those relationships been developed over long periods of time?

Well, a lot of our relationships are quite long term. Our bank, for example, is the ANZ, and we have only ever had one bank in 32 years in Australia; suppliers like NSK and SKF, also a 30-year relationship; freight forwarders like DHL, maybe 20 years-plus with them. For us to change a supplier, there has to be something drastically wrong: they've either



industry. We have well over \$20 million worth of inventory on the shelf at any one time, and we are able to meet the needs and requirements and demands of 98 per cent of our customers from our own stockholdings. It really needs the strength of a global player to be able to achieve those sorts of outcomes.

Being a family-owned business, one of the most important things that we have is foresight. A lot of public companies' policies are usually short sighted because it's all about shareholder returns, and how much money can we make in five years, or what is the return on investment.

What is your vision for the future of SEW-EURODRIVE in Australia?

I still am quite upbeat about the growth for us locally. We live and work in a very mature market, but we have recently expanded our horizons into some new product areas. The shareholders of SEW have backed my judgement by allowing me to invest heavily in new plant and equipment to help the company grow into its next chapter. My personal goal is to have the company turning over \$100 million before I call it a day, and we are tracking nicely towards that. We still have a way to go, but I am still pretty upbeat that we can get there in the next few years. We have the products, the facilities, and the team to achieve this. ●

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gone out of business or they've dropped the ball totally—you know, that we haven't been able to get things back on track. But fortunately for us, this has been far and few between over our journey.

How has being part of the global network helped SEW-EURODRIVE achieve success in Australia?

We have centralised manufacturing facilities in four or five strategic regions around the world, and assembly and technical offices in 150-plus sites supporting that. It's been the key to our success, because we are allowed to keep a considerable amount of stock to help support the Australian

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