


# Moving into High Gear

Manufacturing and supplying parts to some of the largest car brands in the world, Voit Automotive has had great success for what was initially a small, family-run business.

Images courtesy of Voit Automotive

Voit Automotive loves cars. The German car-parts manufacturer supplies car parts, components, and tools to more than 60 per cent of the leading car brands, including VW, Audi, BMW, Ford, Jaguar, Mercedes-Benz, and Land Rover. More than 140 million Voit parts are installed into cars annually—a huge accomplishment for Voit, which was founded by Willy Voit as a family-owned company in 1947. Willy was a true entrepreneur, who started Voit with a self-made spindle press and set the base to grow it into the giant it is today. Now, 68 years later, the company, most of which is held by a strategic investor group, is continuing to grow despite the setback the global financial crisis had on the entire car industry.

Carsten Schubert, CEO of Voit Automotive, started at the company just before the GFC began. After 17 years with Ford Motor Company, Carsten moved to lead Voit as the first chief executive in the company's history who was not part of the Voit family. Carsten was excited by the challenge the role posed, and says he started planning a revamp and new strategy for the company as soon as he found out he had the job. "What was very important for the success story of Voit was that I started to develop a strategy before I started here," Carsten explains.

"When I was still with my former employer I used a lot of time, together with the former CEO and a member of the Voit family, to develop a strategy. The most difficult thing was, for around about a 60-year-old company, the cultural change. At that point in time, there was only family management as leadership in the business and this was the first time that they decided to go to an experienced international management team. That was a crucial change."

Carsten's first focus, before the GFC hit the industry in full force, was this cultural change. The company needed restructuring, and he revamped the management team to allow this happen. Carsten wanted a fresh start for the company to allow new levels of growth and innovation. "What does it mean to pursue a cultural change? Well, there was a clear differentiation between the former management and us.

"We now have a cooperative leadership attitude. We make very fast decisions on an 80:20 point of view. We are modern, and I would say we have aligned the responsibilities into the organisation. Definitely what we did, we started to measure each and every personality in the management team. We set targets—and that was completely different from the way of management ›

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before—and we pushed them to fulfil the targets. That was the one cultural change. On one hand, we had be very respectful and open minded, but also be rigid and tough in terms of the set targets."

After the impact of the GFC started to be felt, Carsten says he learned three key lessons about how to effectively run a company during a crisis. "I would say I learned three different things," Carsten says. "First of all, a very essential one: speed in communication is a key factor for success. You have to be fast; you cannot wait long. When we thought [the GFC] was going to be worse, we immediately contacted all the stakeholders of the business, all partners, management, employees, suppliers, and customers.

"We involved them; we made them part of that problem and then afterwards we made them part of the solution. And what I learned was that speed in communication and open communication is very essential. Transparency too—you have to generate transparency; you have to open up the books and tell them, 'this is the situation'. Nothing should be hidden; everything must be on the table. Especially supplier development—first of all communicate, even with the local suppliers; you communicate the task and the economic pressure of an international automotive industry.

"Nobody is really aware of that. We get in touch, or we are permanently in touch with them, and make them part of our year-over-year efficiency process. We bundle the requirements, especially in terms of raw material; for instance, in aluminium we have one supplier now who's buying the raw material for us and also handling the complete scrap process. That gives us the possibility to regain even more profit out of the material process. It's a matter of economy of sale—we bundle fluids, electronics, especially for maintenance activities."

The other major factors in Voit's bounceback after the GFC was that the company increased investment instead of cutting costs, and ensured they had a good crisis-management strategy and team. This was contrary to what many other companies did at this time and proved to be the most successful route for Voit. "A lot of companies then just wanted to push in savings and stopped all the growth plans, and we did exactly the opposite. In 2009, already with a disastrous result, we could ensure that in the following year we could invest more than €26 million in the whole group by pulling each and every string to generate cash. And that was a success, and after the crisis we have been growing tremendously, and that's what I learned.

"The other thing is, when in a crisis situation you have to have a good crisis-management and you

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have to have the buy-in of all stakeholders for all your actions. It means you have to be safeguarded by the shareholder team, and by your management. You have to stand up and talk openly to them, and say, 'This is the issue and we are going to go this way'. I said, 'If there is anybody who does not agree, just tell me, and if not, that's the way we are going to go'. And even in that situation, you have to follow your prevailing strategy, and I think that's probably the most difficult thing."

The other main factor that allowed Voit to emerge from the GFC stronger than ever was its investment in its people. The company invests a large proportion of its profit back into training, which Carsten says is essential for its future. "We invest around about €1 million to €1.2 million for our complete education scheme in our facilities and our plants. That comprises apprentices: 30 apprentices in Germany, 30 apprentices in Mexico—the whole apprentice area and, of course, special training for all our technical trainings, and so on. Spending €1 million a year for training and education means spending about 15 per cent of our profit that we invest in our people.

"The mission statement and the values of a company are very essential. At a certain point in time when you only struggle with the day-to-day business and with survival and the crisis, you often think it's not urgent enough. But the importance and the urgency of this is very critical at a certain point in time and you have to do it, and then you get people behind you, and people have power, and you should never forget that."

This training is also important given the large amount of variety in the products Voit manufactures. As Carsten explains, Voit uses three different technologies, which requires more training but also makes the company unique. "When you look at Voit's footprint in general, you can see that in our company size we are rather unique.

"We have about 1,600 people working worldwide but we are offering three different technologies. When you sit with a customer as we do with VW or Daimler or BMW for example, we can offer them a whole variety of different processes that we can apply to the part designs. And we can make that idea of our customer feasible in one or the other process technologies, and that's unique. That is our unique competitive edge."

Moving forward, Carsten plans to continue the development and growth trajectory the company has had for the past few years, including looking to the Chinese market for further global expansion. "We just invested €21 million in Germany to establish two huge presses," Carsten explains. "They are 1,900-tonne presses for a power train product here in Germany. We also expanded our plant in Poland; we doubled the size—we built 4,000 square metres.

"We are going to support a customer in Mexico from Poland as well. So we double revenue and profit as well in Poland and we are going to expand press technology to our plant in Mexico. We also want to establish two new presses there. We will look towards China in the future. We are about to look for a partner in China, because we need a Chinese partner to gain access to the Chinese market, which is for us very essential. We need and we want that global footprint."