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Vorwerk plan tech centre in Poland

Ten years ago, Vorwerk & Sohn set up a manufacturing plant in the Polish city of Brodnica. Results from the Saminex plant have been so successful that Vorwerk now wants to set up a similar plant for anti-vibration products a few kilometres down the road. This time, the company wants to bring in its suppliers from Germany and elsewhere. Furthermore, the company will set up a CAD centre in Brodnica to help overcome a shortage of trained CAD engineers in Germany.

By David Shaw, ERJ staff

Vorwerk Autotec has been in Brodnica, Poland for ten years through its joint-venture subsidiary, Saminex. To celebrate, the company held a party in Brodnica in June, where the director of Vorwerk Autotec, Peter Cöllen announced that the company is setting up a kind of technology park 15 km away in Nowe Miasto.

According to Cöllen, Vorwerk has bought 10 ha of land there, to house a number of supplier companies and is currently completing the roads and other services. Eventually, said Cöllen, Vorwerk hopes its German suppliers and others will set up their own factories on the business park.

Cöllen said the idea echoed that of its clients in the automotive business, who set up a car-making factory, and encourage their suppliers to set up satellite factories to make components used in the manufacture.

Cöllen said he wanted to work with suppliers who were committed to a long-term relationship with Vorwerk, and hoped that if they moved some capacity from Germany to the new business park, that would help both Vorwerk and its suppliers to cut costs.

Vorwerk itself has laid the foundation stone for a 10 000 m^2 factory on the Nowe Miasto site, and expects to begin production of the rubber-to-metal parts there during 2004.

The town of Brodnica has become prosperous following a series of plants built by Vorwerk and it's Polish partner, Michal Kowarski. Together, the joint owners operate Saminex, which makes extrusions and rubber-metal components and Samindruck, a printing company. Saminex alone employs over 600 people, bringing the local unemployment rate down well below the national average, and creating a mini-building boom in large villas on the edges of the town. While there is not yet a labour shortage in Brodnica, Cöllen said the new plant will be a few kilometres away so that it does not compete with Saminex for the best workers.

The new site, said Cöllen, is now developed with streets and other services, ready for construction of factories and office space. Vorwerk expects to help its suppliers to recruit staff, acquire equipment and deal with any red tape involved in setting up in Poland. "We have good management and we understand how to move production from Germany to Poland so we understand what people need to do, and what training and education they need," he said.

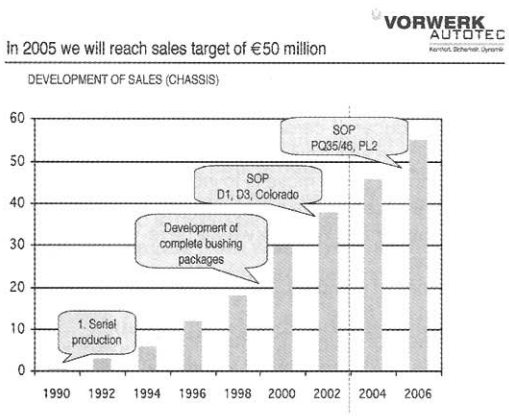
Asked why Vorwerk wanted to bring its suppliers to Poland, Cöllen answered, "We want to work with companies who are loyal to us and committed to our company and our business. Also, we think that we can help them to reduce their costs, which will help everyone."

He added that the aim is to have a low-cost manufacturing and technology base in a country that is also geographically close to the markets and customers in Germany. Cöllen said there were two main reasons behind this decision. The first is that anti-vibration parts are relatively small and dense, so the shipping costs are fairly small, even over long distances. "In the anti-vibration business it is not necessary to be global. We can fulfil the requirement with one or two tools in terms of metal, plastics and vulcanisation, so it is not necessary to set up plants in China, Brazil, and other places where the car makers are going. We can do it from here. The components are small and fairly dense, so the logistics cost is relatively small."

The other reason, he said, is that Vorwerk deals primarily with the German car makers. Vorwerk has only limited business with Japanese and US-based car makers, who tend to want their suppliers to follow them into developing countries. Vorwerk's main business partners are based in Germany. "Since our business tends to be with Daimler-Chrysler, VW and BMW, this arrangement [factories in Germany and Poland] is good for some years to come," said Cöllen. He said the relationship between Vorwerk and these companies is strong for a number of reasons. Partly, he said, it is the strong emphasis on technology at the German car makers and at Vorwerk; partly it is that these specialist manufacturers have lower volumes, and this suits the relatively small manufacturing capability at Vorwerk.

Mostly, however, it is technology and a flexible attitude to problem solving, which reinforces the relationships Vorwerk has with its customers, said Cöllen. "Currently we put most of our emphasis on these German customers. If an order comes from the other customers, then of course we are very happy about it, if the prices are right and so on, but we do not fight for these orders."

Cöllen said the company has been in the vibration control business only for about 10 years. It "has



Top: Peter Cöllen, director of Vorwerk's Autotec unit has seen sales grow from nothing to €50 million in about 10 years.

Beneath: Michal Kowarski, equity partner in a number of Vorwerk projects in the Brodnica region.

History of Vorwerk

1827 Foundation of Vorwerk & Sohn, Barmen

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1992 Opening of new production site in Saminex, Poland
1993 Joint venture (50%) for Polymer-Technik Elbe
1996 Sale of the Rotatec business (focus on automotive business)
1998 Foundation of TOPLOG GmbH (logistics)
2001 Acquisition of the sealing business of Magna Spiegelsysteme and foundation of Vorwerk Dichtungssysteme GmbH
2002 Foundation of VORWERK AUTOTEC GmbH & Co. KG

Helge Förster, marketing director of Vorwerk Autotec says the company delivers good technology to its German automotive partners

grown to about €45 million in 2003 from nothing 10 years ago," said Cöllen, adding that sales will be about €50m in 2005, following the launches of the BMW 3-series and VW's E60 platform.

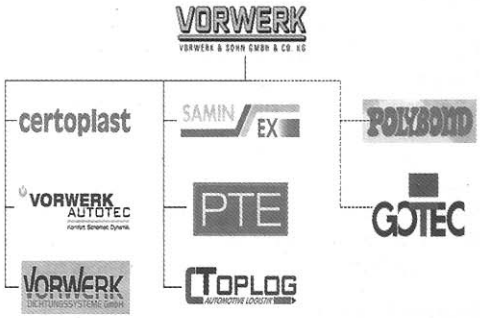
Initially, said Cöllen, Vorwerk concentrated on the high-end premium sector of the market. Gradually, he added, some of the solutions proposed for luxury vehicles have been designed into the higher-volume vehicles, and these components require different manufacturing solutions. The new factory in Poland is one way to deliver higher unit volumes at lower prices than is possible from a manufacturing base in Germany.

Helge Förster, marketing director of Vorwerk Autotec said the company matches the cost and technology requirements of the process and the product against its various manufacturing options. Products made in India, he said, tend to be high volume with a relatively low technology input and medium process technology, whereas products made in Germany tend to be of the highest technology in terms of both product and process technologies.

The Polish site currently makes mid- and high-range components, but that will change as the Nowe Miasto plant develops, said Cöllen. He said Vorwerk intends to set up a computer-aided design (CAD) centre in Brodnica, for example, to alleviate the pressure on the main computer-aided engineering centre in Wuppertal, Germany. Cöllen explained, "for the time being we will keep product technology and process technology at Wuppertal." But, he added, "we are establishing a new CAD centre at Brodnica to start new technology there, once more to encourage the workforce and to show them that we trust them and that they can make a strong contribution to our company."

He said there is a general shortage of good CAD engineers in Germany, and if Vorwerk can train some Polish engineers to drive CATIA and Pro/Engineer workstations, then those people can support the engineers in Wuppertal. "We hope to train people from Poland to use these systems and then to set up a unit here in Poland to make use of Polish brains and intelligence. There are many types of CAD analysis that we can do from here," said Cöllen.

Overview of the Vorwerk und Sohn Group



Organisational structure of the Vorwerk group, showing the Saminex and Autotec divisions

Changing the emphasis

Back in the early 1990s, said Cöllen, Vorwerk Autotec was primarily about rubber engineering. The company specialised in rubber and looked for applications to take advantage of that specialism.

In 1992, when Ignacio Lopez was in charge of buying at GM in Europe, the company saw its order volume fall by 30 percent and prices fall by 25 percent. This led to a complete re-think of corporate strategy, said Cöllen. The result was that all compounding activity was spun off to Polymertechnik Elbe (PTE) in a joint venture with WoCo. With the removal of the compounding unit, Vorwerk was free to develop as a problem solver, or solutions provider, rather than as a rubber company. "We changed our approach to recruiting people. We did not look for people who knew about rubber, but instead we looked for engineers who could solve problems and use all available technologies to deliver good solutions," explained Cöllen.

Innovation and creativity

One of the key reasons for the rapid growth of the Vorwerk Autotec business is its ability to deliver intelligent solutions to real-world problems, said Cöllen. He said the re-structuring of the 1990s had created some very large Tier-1 systems suppliers but that, in many cases, these companies were not able to respond quickly enough to the car makers' needs, or with sufficient creativity to solve some specific problems. "These large Tier-1 companies are very good at general engineering and assembly and commodity systems, but they do not understand each of the technologies well," said Cöllen.

He added that the structure of Vorwerk and other Mittelstand companies in Germany, by contrast, suited the car companies very well. "The private companies with strong shareholders, family shareholders, can offer the flexibility, the speed of decisions and the innovation that these large companies demand," he said. "The management of the family company does not change quickly, so we can afford to take a longer view. Shareholders are part of the company so they are more interested in understanding the company," Cöllen concluded. *erj*

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