

“Best in Foam” for over 80 years

Interview with Dr. Michael Riedel, CEO of FoamPartner

The Conzzeta board of directors has elected Dr. Michael Riedel as the new CEO of FoamPartner. He started his new role on 1 January 2018, thereby also joining Conzzeta AG's Executive Committee. This top-level change at FoamPartner was part of the company's growth strategy. Michael Willome, Conzzeta Group CEO, says: "Michael Riedel offers the ideal combination of experience and skills required for the next stage in FoamPartner's development. In terms of business scale, we are venturing into new territory with the integration of Otto Bock Kunststoff. Together, we want to take advantage of the growth opportunities, also those that have emerged from the recent reorganization of the joint ventures in Asia and North America." During a management meeting in Hamburg, we had the opportunity to talk to Dr. Riedel about his new role and the future orientation of the FoamPartner Group.

PU Magazine:

To start with, would you please introduce yourself to our readers and tell us a bit about your professional background?

Dr. Michael Riedel:

After completing my PhD in chemistry at the University of Münster, I joined the central research division of what was then Hoechst AG in 1995. Later on, I moved to Celanese to gain my initial leadership experience, first in research and application development, then as operations manager of a syngas plant in Texas. After seven years, I moved on to SGL Carbon, where I passed various stations, both in the corporate centre and in the business units. My last role there was as Head of the Business Line Composite Materials with responsibilities for sales of glass and carbon fibre-based materials, which are used, for example, in the wind and automotive industries. From 2009, I took on various roles at Clariant in Switzerland: around 3.5 years in corporate functions related to building up "Clariant Excellence", which is a company-wide initiative for ongoing improvement, and to the integration of Süd-Chemie; then another 3.5 years as head of the EMEA regional business unit of the company's Industrial Consumer Specialties business segment (BU ICS). For the last 1.5 years, I headed Clariant's Group Human Resources department.



"We want all of our customers to perceive FoamPartner not only as a leading provider of foam and foam solutions, but also as their partner."

On 1 January 2018, I started my current role as CEO of the FoamPartner Group. The challenges inherent to the integration of Otto Bock Kunststoff are part of what made this change particularly attractive to me. The wide range of applications FoamPartner covers with its foams is very exciting as well.

PU Magazine:

Can you tell us a little bit about FoamPartner? How is this company involved with Conzzeta AG, and which companies belong to FoamPartner?

Dr. Michael Riedel:

FoamPartner, which started out as Fritz Nauer AG in 1937, has over 80 years of experience in the foam business. We think of this as our Swiss heritage, which is now complemented with the heritage of Otto Bock Kunststoff. Since the acquisition of Otto Bock, the FoamPartner Group is now active at over 13 locations in all three larger economic regions. But even before that, we grew strongly through acquisitions, such as Reisgies Schaumstoffe GmbH in Leverkusen in 1992, Kureta GmbH in Stadtallendorf in 2008, and Benien Produktionstechnik GmbH in Delmenhorst in 2014, all in Germany.

Conzzeta is a Swiss holding company, which stands for innovation, reliability and long-term orientation. We are an essential part of this holding company, which has recently become evident again with the acquisition of Otto Bock. In my role as CEO of FoamPartner, I'm a member of the Executive Board of Conzzeta AG.

PU Magazine:

With the acquisition of Otto Bock Kunststoff in 2017, FoamPartner's sales are set to almost double. How does that affect the relevance of previous business sectors?

Dr. Michael Riedel:

For Conzzeta AG, Chemical Specialties, which also includes FoamPartner, is a strategic growth sector. This became clear with the acquisition, and it will also increase the relevance of FoamPartner within the entire holding company.

PU Magazine:

The takeover meant that you had to restructure your management organisation. What does the new structure look like? Where are the largest changes, and what advantages do you expect?

Dr. Michael Riedel:

In the future, FoamPartner will be headed by a global Management Committee. The main change is the clear allocation of business responsibilities to our three regional directors Victor Liu (Asia-Pacific), Gregor Gaisböck (Europe), and Olaf Vorwald (Americas).

I am convinced that regional structures will lead to enhanced agility and improved customer focus. In addition to the Management Committee, we have the Head of Global Operations, CFO and CEO.

We also have five global business units, whose responsibility it is to combine the know-how of markets and applications and push for innovations for their business segments. I am convinced that you have to be strongly rooted in a region to be successful in it, and that you simultaneously have to ensure that the business segments strategically do the right things across regions. Our organisation can be best described as “global competences combined with local entrepreneurship and a drive for excellence”.

PU Magazine:

Does the restructuring process also involve a strategic reorientation of your company?

Dr. Michael Riedel:

No. We want to bank on the strengths of FoamPartner and Otto Bock Kunststoff, true to our motto, “Jointly Stronger”, and extend our business in all regions through our five global business units.

PU Magazine:

Globalisation plays a key role for your company as well. In your opinion, what is the significance of the three regions of Europe, the Americas and Asia for your business?

Dr. Michael Riedel:

At the moment, with a share over 50 % in our sales, Europe is still our most important region. I think Europe will remain an important pillar in the future, and we will have to move forward to become a provider of solutions, for example in terms of top-notch mattress designs.

In Asia-Pacific, the joint venture between Otto Bock and FoamPartner proved very successful in the past, and we are planning to further expand our business activities significantly in the next few years.

Thanks to the acquisition, we have now also reached a critical size in North America,

which will allow us to reposition ourselves there and exploit opportunities for growth.

In general, I am convinced that you need a good position in all regions in the world to stay successful in the foam business.

PU Magazine:

Your polyurethane foams are used in a large variety of applications, from standard applications such as mattresses to special applications such as filter foam or seals. How does the Otto Bock acquisition change your product portfolio and your market presence in the individual market segments?

Dr. Michael Riedel:

Our Specialties segment is essentially not affected by the integration of Otto Bock Kunststoff. The attractive Systems segment, in which Otto Bock Kunststoff has been very successful in the last few years, is new to us. With its rolled goods for interior car applications and acoustic and thermal solutions, it is going to add significantly to our Mobility growth segment. This will improve our market access and help us become a leading provider of polyurethane-based foams for modern mobility solutions. Our Living & Care portfolio will be expanded as well. Overall, the integration of Otto Bock is a great addition with very little in the way of overlap.

PU Magazine:

Which synergies will arise as a result of the merger of FoamPartner and Otto Bock Kunststoff? I am thinking of support functions, such as logistics, accounting and human resources, but also research and development.

Dr. Michael Riedel:

There will be synergies in all common areas. Let me give you one example: Currently, the individual legal entities are working with different IT systems. Of course, consolidation to a group-wide uniform solution offers potential for optimisation.

One of our top priorities for the next one to two years will be to establish a uniform ERP system for the whole FoamPartner Group.

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Just think of customer relationship management as an example. We expect to achieve better information flow and increased transparency.

Overall, I consider the top-line and technology synergies particularly important. By combining our research capacities and expertise, we will be able to generate more sales in the future. Furthermore, our new production sites, especially Duderstadt, Germany, will allow us to optimise this production network. The key topic here is “site-specific focus on certain product families and competencies”.

PU Magazine:

What will change for your customers after the restructuring process?

Dr. Michael Riedel:

We do not expect any negative changes for our customers. On the contrary – our “Best in Foam” claim is a promise, and our objective will be to satisfy our customers’ needs even faster and better in the future. Of course, this promise includes timely delivery of the desired quantities of our products and services to our customers.

PU Magazine:

Such extensive changes are a great challenge. Which measures are you taking to ensure acceptance on the part of your employees?

Dr. Michael Riedel:

I think the best way to reach acceptance is being open and transparent about the integration process and involving as many employees as possible. For example, recently, we had an initial workshop with the extended leadership team to define how we want to act as a leadership team, where we see our strategic priorities, and how to position the FoamPartner brand on the market and to

present our “Best in Foam” claim jointly in the future.

PU Magazine:

Can you tell us something about the values and the group culture after the merger of FoamPartner and Otto Bock Kunststoff?

Dr. Michael Riedel:

It might be a bit too early for that because we have just started this process and are in our development phase. Here is one thought, though: we can look back on 80 years of experience in the foam business and are a market leader for reticulated foams and automotive rolls. Based on that, FoamPartner represents innovation and performance. When customers face a challenge with their application, their first thought should be FoamPartner – as we offer competitive foams and solutions. Our aspiration is to be “Best in Foam”, and our aim is to live it with all of our employees.

The values and skills determining our daily interactions include openness and transparency, keeping our promises, empowerment and agility. Using standardised processes, we give the team the required instruments to simplify its work and enable it to make decisions quickly and flexibly.

PU Magazine:

What are the next steps? Where are you in your restructuring process?

Dr. Michael Riedel:

My main tasks in the first few weeks included visiting the individual locations in China and Europe, and in the next few weeks I’ll also visit those in the USA. This will help me gain a better understanding of the industry and familiarise myself with it. But back to the actual process: it is more accurate to call it a “merger of equals” than a “takeover”. We

therefore prefer talking about integration rather than restructuring. Obviously, we are still at an early stage of integration, but the first few steps have been completed: we have created a new organisation, and the extended management team has set clear priorities.

Right now, we are in the process of finalising the organisations in the regions and are working on turning the planned synergies into reality in the next few years. We plan to have fully implemented the merger of FoamPartner and Otto Bock Kunststoff by the end of 2018. It is our aim to ensure that our customers will see positive effects only.

PU Magazine:

What are your long-term goals?

Dr. Michael Riedel:

In the long run, we are aiming at profitable growth, and by that I mean significant growth above the GDP in all regions. Furthermore, we want all of our customers to perceive FoamPartner not only as a leading provider of foam and foam solutions, but also as their partner. We are aiming at industry-leading profitability and above-average growth.

PU Magazine:

Which goals do you have for the current year?

Dr. Michael Riedel:

In the current year, we intend to take all steps necessary to successfully complete the integration into a new FoamPartner, as this will be the only way to reach the long-term goal set out above.

PU Magazine:

Dr. Riedel, thank you for this interesting conversation. All the best for your plans and goals.

