

Heraeus—a company in transition

Jan Rinnert has been Chairman of the Heraeus Holding GmbH Board of Management since 2013. In our interview, he talks about how the company has changed—and the challenges of the future.

Mr. Rinnert, our world is more connected, more dynamic and more complex than ever before. How is Heraeus dealing with this?

[JR] As a family-owned company, we are interested in sustainable development. Therefore, we must combine two virtues: foresight and speed. In just a few years, we have consistently advanced the modernization of our production landscape, launched a variety of Lean and Excellence initiatives, introduced a new leadership model, standardized our system landscape and further systematized our innovation effort. Our goal was not to work through a checklist of specifications. Rather, these initiatives reflect a fundamental attitude that remains crucial for us in the future as well: We want to consistently focus on the market and on our customers, develop new business models, and steadily improve in every area of our organization.

A particular catalyst of current changes is digitalization.

How is Heraeus responding?

[JR] The digital transformation is certainly one of the greatest upheavals of our time. It is penetrating every company regardless of type and size, introducing new and often disruptive business models, and changing our working world. So far, we have undertaken about 150 digital projects in order to take advantage of this development. The digital transformation is helping us to better understand our customers' future requirements and find new ways to respond with digital solutions. It enables us to design our processes more efficiently and to develop not only products and system solutions, but also new business areas and business models. Properly implemented, digitalization thus offers major opportunities for us and additional benefits for our customers. One example is our online platform myHeraeus.com. It enables customers to conduct their precious metals business comfortably from anywhere.

So, digitalization is triggering greater innovation, also and especially when working with our customers. What about our traditional, product-related innovation work?

[JR] This has changed a great deal in recent years; for example, collaborations now play a much greater role. As a result, our developers must do more networking—among themselves, but also with external partners. Internally, we took a major step forward in early 2018, opening the fiftyONE innovation and communications center in Hanau. It reflects a new understanding of interdisciplinary and cross-functional cooperation, which is also increasingly being brought to bear internationally. In addition, we are further



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Chairman of the Board of Management,
Heraeus Holding GmbH

expanding our external network and engaging in specific collaborations such as research institutions. And our systematic search for appropriate startups is already starting to bear fruit: For example, we have now invested in the Finnish startup Forciot, which focuses on stretchable electronics and sensor technology. The exchange of knowledge helps us to continually improve and to adopt new perspectives.

How can change be culturally embedded in the company?

[JR] The management team plays a special role here, because the dynamic change of our time is not merely a challenge for each of us as individuals. It also places special requirements on good management, which we aim to continue strengthening through our Leadership Program. This is now being rolled out worldwide, including in our production teams. In my opinion, we should avoid stagnation by merely being satisfied with the “status quo.” Whether in the office, in the laboratory or in production: I would like to encourage our employees to find new ways to improve their workplaces.

Mr. Rinnert, from your perspective, what makes fiscal year 2018 special?

[JR] In 2018, we embedded our excellence initiatives even more broadly within the group and made good progress in regard to innovation and digitalization. A special feature of the past year, however, was the number of construction projects that we were able to complete around the world, enabling our business units to expand their production and broaden their position in the market. After all, we are not a typical export company; rather, we produce where our custom-

ers are. By opening the world's largest precious metals factory in Nanjing, for example, Heraeus is consolidating its position as the leading trader, processor and recycler of precious metals for China's growth industries. In addition, Heraeus is making an important contribution to the “circular economy” that ranks very high on the country's political agenda. The site we opened in September at a cost of about 120 million US dollars, including expansions, represents the largest single investment of recent years.

What does 2019 bring?

[JR] In 2019 we will continue to invest in our research and development, advance the digital transformation and expand our infrastructure. Excellence remains a crucial lever that will enable us to continue steadily optimizing our processes, workflows and methods. And then we rely on the talents of our employees. Their track record of excellence and innovation will help us succeed as we embark on these new challenges.